



MATAMATA-PIAKO

LIFESTYLE. OPPORTUNITIES.
HOME.

PŪRONGO Ā-TAU 2018/19 ANNUAL REPORT

FOR ADOPTION 2 OCTOBER 2019

STATEMENT OF COMPLIANCE

COMPLIANCE

The Council and management of Matamata-Piako District Council confirm that all statutory requirements of the Local Government Act 2002 have been complied with in relation to the preparation of this Annual Report.

RESPONSIBILITY

The Council and management of Matamata-Piako District Council accept:

- Responsibility for the preparation of the annual Financial Statements and the judgements used in them.
- Responsibility for establishing and maintaining a system of internal controls designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the opinion of the Council and management of Matamata-Piako District Council, the Financial Statements for the period ended 30 June 2019 fairly reflect the financial position and operations of the Matamata-Piako District Council.



Janet E Barnes, Mayor



Don McLeod, Chief Executive Officer

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WELCOME

A MESSAGE FROM THE MAYOR



MAKING OUR DISTRICT A PLACE OF CHOICE

The 2018/19 financial year was the first year of our new 2018-28 Long Term Plan with the vision of making Matamata-Piako District the 'place of choice'. This is a vision we have worked hard to maintain and I believe we have hit the nail on the head. We have three thriving towns, quality infrastructure and services and projects which will look after our communities now and into the future.

ECONOMIC DEVELOPMENT

Our relationship with the business community has been strengthened through the continuation of the Big Business Breakfast, roll out of ultra-fast broadband and the successful start of the Provincial Growth Fund projects.

The Provincial Growth Fund is providing a feasibility study to investigate the benefits of a business hub for Waharoa and to grow Te Aroha into a vibrant health and wellness tourism hub. Both of these projects would greatly enhance our economic growth, provide a mecca for tourists and continue to develop the district into a desirable place for new residents to call home.

DEVELOPING INFRASTRUCTURE

We are continuing to ensure our service levels remain high by investing in new infrastructure for our district. A great example of this is connecting Te Aroha West to the town's water main, ensuring this community is able to access safe water. The expansion of the Hauraki Rail Trail from Te Aroha to Matamata is helping to ensure that our communities and those visiting have connections and activities to partake in across the district. This part of the trail will showcase to our visitors one of our best natural features – the stunning Kaimai Range, which includes Wairere Falls, the highest waterfall in the North Island.

“We have three thriving towns, quality infrastructure and services and projects which will look after our communities now and into the future.”

SHOWCASING OUR COMMUNITY FACILITIES

We have continued to enhance the ties we have with the wider community through a variety of events hosted by Council. Our annual Waitangi Day celebration was a success with over 500 people attending. This event showcased our Morrinsville Swim Zone facility and allowed people to explore one of our popular parks and reserves, it also highlighted our strong relationship with Iwi.

ANZAC Day memorial events saw the community come together across the district to remember and reflect.

A breakfast during the Tech Week Waikato event was co-organised by Council in collaboration with Cultivate IT and Mata Digital. The theme for Tech Week 2019 was 'Innovation that's Good for the World'. Our event focussed on free or low cost digital tools that everyone can benefit from.

These events showcase our beautiful and well utilised event centres throughout the district, as well as building partnerships with local businesses.

INVESTING IN THE FUTURE

We have also continued to invest in the future through the Matamata-Piako Volunteer Youth Ambassadors (VYA) who provide a voice for youth to Council. Their flagship event, the Youth Awards shined the spotlight on our young people who are doing their part to benefit their community.

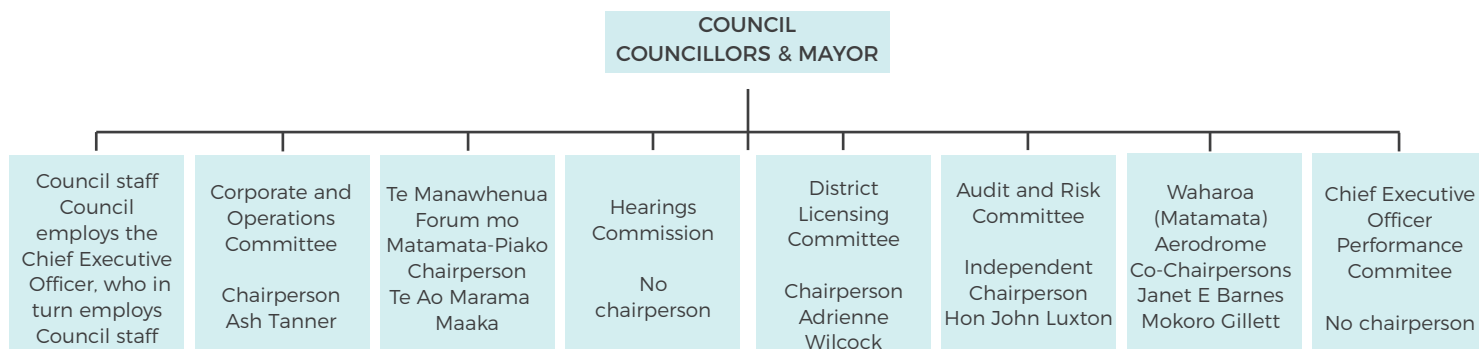
I am incredibly proud of our young Ambassadors; they are successfully juggling their schoolwork and exams, their commitment to the VYA and other extracurricular activities. It is a lot for any young person to take on, but they are in there, at the VYA, with their metaphorical shovels, digging in.

With what we have achieved this year, we have proven that we are punching above our weight and it is our aim to continue to do so. We have a strong platform from which to continue to grow and develop our communities and make this district a place we can all be proud of and continue to call home.



JANET E BARNES
MAYOR

MAYOR AND COUNCILLORS



JANET E. BARNES
MAYOR



TEENA CORNES
TE AROHA WARD



PETER JAGER
TE AROHA WARD



ASH TANNER
TE AROHA WARD



BRIAN HUNTER
MATAMATA WARD



JAMES SAINSBURY
MATAMATA WARD



KEVIN TAPPIN
MATAMATA WARD



ADRIENNE WILCOCK
MATAMATA WARD



JAMES THOMAS
DEPUTY MAYOR
MORRINSVILLE WARD



DONNA ARNOLD
MORRINSVILLE WARD



PAUL CRONIN
MORRINSVILLE WARD



NEIL GOODGER
MORRINSVILLE WARD

INDEPENDENT AUDITOR'S REPORT

Independent Auditor's Report

AUDIT NEW ZEALAND

Mana Arotake Aotearoa

To the readers of Matamata-Piako District Council's summary of the annual report for the year ended 30 June 2019

The Auditor-General is the auditor of Matamata-Piako District Council (the District Council). The Auditor-General has appointed me, Leon Pieterse, using the staff and resources of Audit New Zealand, to report on the information in the District Council's annual report that we are required to audit under the Local Government Act 2002 (the Act). We refer to this information as "the audited information" in our report.

We are also required to report on:

- whether the District Council has complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- the completeness and accuracy of the District Council's disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014.

We refer to this information as "the disclosure requirements" in our report.

We completed our work on 2 October 2019. This is the date on which we give our report.

Opinion on the audited information

In our opinion:

- the financial statements on pages 19 to 62 and 65:
 - present fairly, in all material respects:
 - the District Council's financial position as at 30 June 2019;
 - the results of its operations and cash flows for the year ended on that date; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards;
- the funding impact statement on pages 63 to 64, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's long-term plan;
- the statement of service performance on pages 75 to 131:
 - presents fairly, in all material respects, the District Council's levels of service for each group of activities for the year ended 30 June 2019, including:
 - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
 - the reasons for any significant variation between the levels of service achieved and the intended levels of service;
 - and
 - complies with generally accepted accounting practice in New Zealand; and
- the statement about capital expenditure for each group of activities on pages 77 to 121, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the District Council's long-term plan; and
- the funding impact statement for each group of activities on pages 86 to 132, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's long-term plan.

Report on the disclosure requirements

We report that the District Council has:

- complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- made the disclosures about performance against benchmarks as required by the Local Government (Financial Reporting and Prudence) Regulations 2014 on pages 66 to 67, which represent a complete list of required disclosures and accurately reflects the information drawn from the District Council's audited information and, where applicable, the District Council's

long-term plan and annual plans.

Basis for our opinion on the audited information

We carried out our audit 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. We describe our responsibilities under those standards further in the "Responsibilities of the auditor for the audited information" section of this report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the audited information.

Responsibilities of the Council for the audited information

The Council is responsible for meeting all legal requirements that apply to its annual report.

The Council's responsibilities arise under the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014.

The Council is responsible for such internal control as it determines is necessary to enable it to prepare the information we audit that is free from material misstatement, whether due to fraud or error.

In preparing the information we audit the Council is responsible for assessing its ability to continue as a going concern. The Council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to amalgamate or cease all of the functions of the District Council or there is no realistic alternative but to do so.

Responsibilities of the auditor for the audited information

Our objectives are to obtain reasonable assurance about whether the audited information, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of this audited information.

For the budget information reported in the audited information, our procedures were limited to checking that the budget information agreed to the District Council's long-term plan.

We did not evaluate the security and controls over the electronic publication of the audited information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District Council's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We determine the appropriateness of the reported intended levels of service in the statement of service performance, as a

reasonable basis for assessing the levels of service achieved and reported by the District Council.

- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the District Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the audited information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the District Council to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Information

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 2 to 6, 10 to 18 and 68 to 74, but does not include the audited information and the disclosure requirements and our auditor's report thereon.

Our opinion on the audited information and our report on the disclosure requirements do not cover the other information.

Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the audited information and the disclosure requirements, or our knowledge obtained during our work, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the District Council in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

In addition to our audit of the audited information and our report on the disclosure requirements, we have performed a limited assurance engagement related to the District Council's debenture trust deed and performed an assurance review over the procurement of a contractor to deliver the Road Network Maintenance 2019-2022 contract. Other than these engagements, we have no relationship with, or interests in, the District Council.

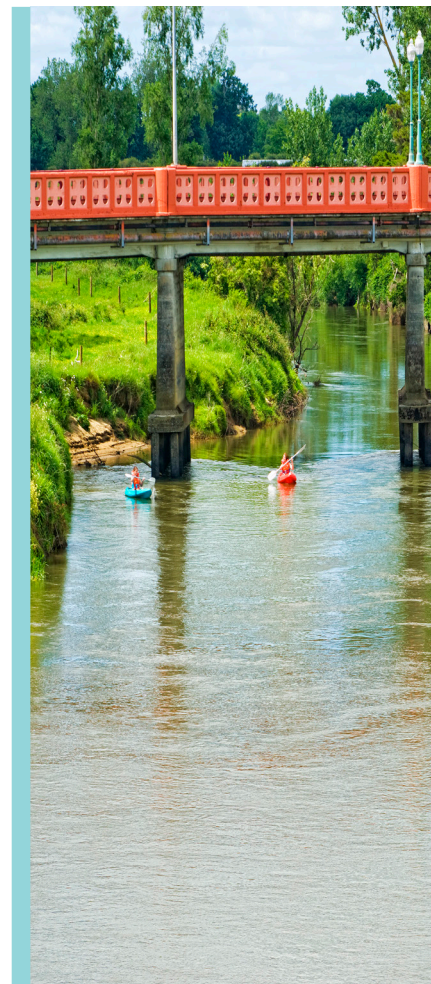
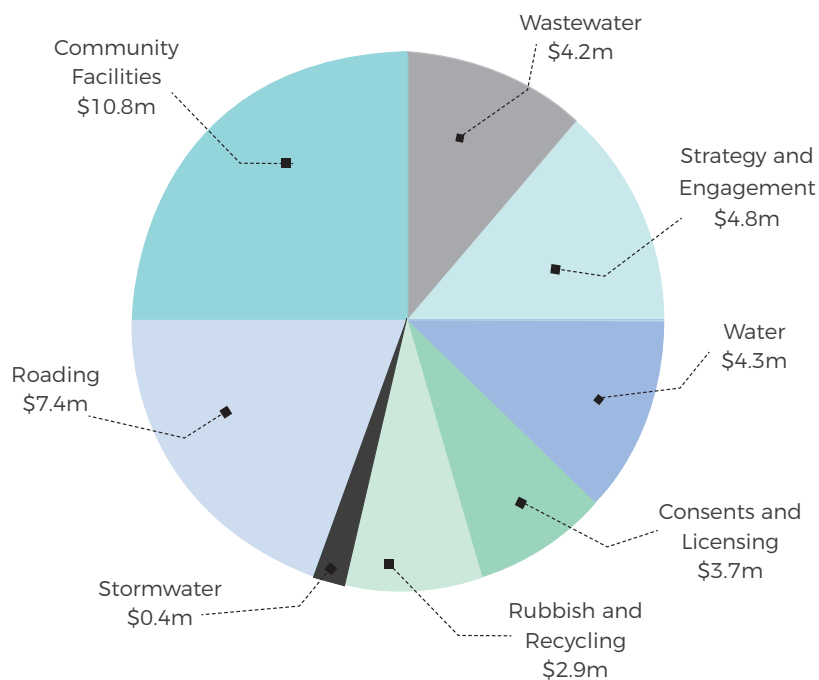


Leon Pieterse Audit New Zealand
On behalf of the Auditor-General
Tauranga, New Zealand

FINANCIAL SUMMARY

	Actual 2017/18	Budget 2018/19	Actual 2018/19
	(\$000)	(\$000)	(\$000)
Summary statement of comprehensive revenue and expense for the year ended 30 June			
Revenue	54,823	50,985	57,125
Expenses	(47,532)	(47,256)	(52,726)
Finance costs	(1,335)	(1,373)	(1,379)
Share of joint venture surplus/(deficit)	2	-	3
Net surplus/(deficit)	5,958	2,356	3,023
Other comprehensive revenue and expense			
Financial assets at fair value through other comprehensive revenue and expense	453	-	1,926
Property, plant and equipment revaluation	19,945	10,415	18,002
Total comprehensive revenue and expense	26,356	12,771	22,951
Summary statement of changes in equity for the year ended 30 June			
Balance at 1 July	581,345	592,151	607,701
Total comprehensive revenue and expense	26,356	12,771	22,951
Balance at 30 June	607,701	604,922	630,652

2018/19 OPERATING EXPENDITURE



Explanations for major variations between the actual results for the year and the budget in Council's Long Term Plan 2018/19 are as follows:

Statement of comprehensive revenue and expense

A key feature reflecting in the financial results again this year is the high level of development activity in the Matamata-Piako District. There was significant subdivision activity in Matamata this year, as well some smaller developments in Morrinsville. Revenue related to development activity was significantly higher than budgeted including:

- Land and infrastructure vested in Council through the subdivision process (\$3.047 million greater than budgeted)
- Development and financial contributions (\$1.653 million greater than budgeted)
- Building and resource consent revenue (offset by increased processing costs, resulting in a net revenue of \$225,000).

There are a number of significant projects underway within our district that attracted Government funding that was not budgeted for during the year including:

- \$1.166 million in grants was received for the work completed to 30 June on the Te Aroha to Matamata leg of the cycle trail.
- We secured funding of up to \$810,000 from the Government's Provincial Growth Fund for a feasibility study into the development of Te Aroha as a health and wellness tourism hub. \$180,000 was received for work completed to 30 June.
- We also secured funding of up to \$800,000 from the Government's Provincial Growth Fund for a feasibility study into the development of a business hub at Waharoa. \$133,000 was received for work completed to 30 June. In addition to the Government funding, four local businesses also contributed \$100,000 to the project.
- Under the Government's tourism infrastructure fund, we also received \$208,000 in funding this year for the upgrade of the Wairere Falls carpark.

There were two significant areas where the level of revenue budgeted for the year was not achieved:

- The budget included contribution revenue of \$860,000 from developers for work to be undertaken on Morrinsville's Avenue Road stormwater project. However this project has been re-assessed as the selected option was not considered affordable for developers.

- From 1 July 2018, we changed the way rubbish collection costs were recovered from being funded substantially from targeted rates to be funded substantially from the sale of rubbish bags (fees and charges). Revenue from the sale of rubbish bags was \$294,000 lower than budgeted, likely due to the community using up their remaining supplies of rubbish bags from previous years.

While revenue overall was \$6.1 million higher than budgeted, our overall expenses for the year were also \$5.5 million higher than the level budgeted. There were two significant activities where costs significantly exceeded budget this year:

- In the Water activity, plant and reticulation costs were \$891,000 higher than budgeted due to a number of one-off extraordinary expenses above what was budgeted, including staff, sampling and reporting costs related to events, catchment risk assessments, water safety plans, and compliance recovery projects. Chemical and power costs also increased.
- The second activity was Rubbish and Recycling, where costs exceeded the budget by \$642,000 due to an increase in the contract price, additional inflationary increased and other variations that have been provided for but are still under negotiation.

Other significant unbudgeted expenses included;

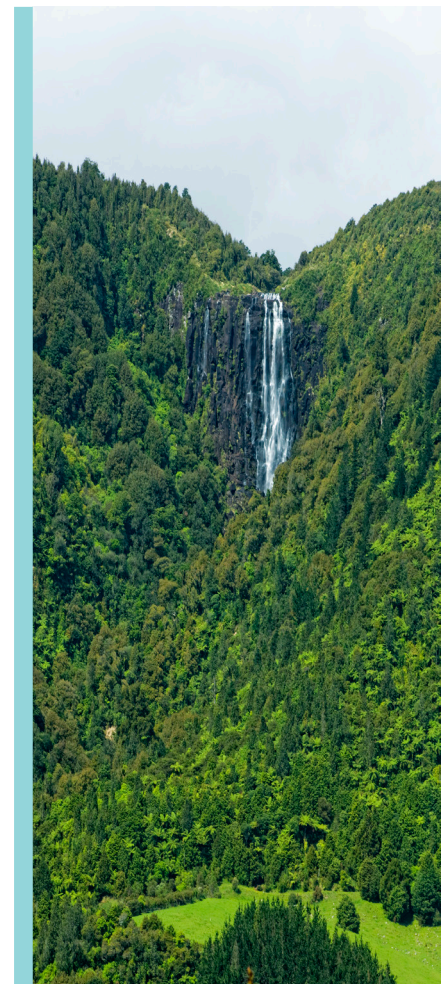
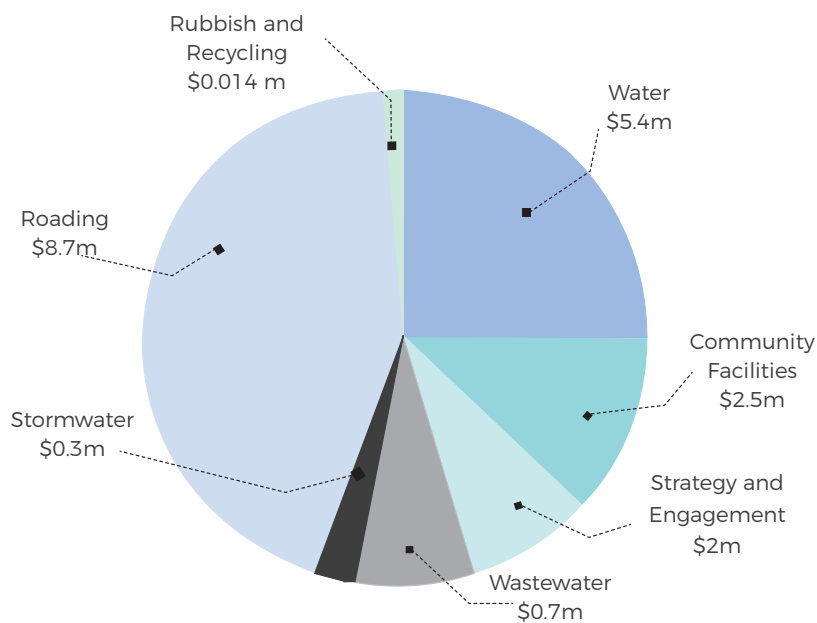
- \$458,000 recognised in the books as a loss on the disposal of assets that were replaced during the period.
- A decrease in the valuation of our interest rate swap portfolio for the year of \$1.01 million.
- \$435,000 of individually minor project costs that have built up in work in progress over a number of years has been expensed this year after a detailed review identified that the preliminary/exploratory work would not result in a capital project.

The fair value of our investment in the Waikato Regional Airport Limited increased by \$1.926 million for the year to 30 June 2019, largely due to a revaluation of the airport's assets during the year.

The revaluation of our infrastructural assets at 1 July 2018, resulted in an increase in values of \$7.6 million more than had been budgeted.

	Actual 2017/18	Budget 2018/19	Actual 2018/19
	(\$000)	(\$000)	(\$000)
Summary statement of financial position as at 30 June			
Current assets	22,418	14,048	18,274
Non-current assets	624,170	634,958	651,971
Total assets	646,588	649,006	670,245
Current liabilities	17,044	4,035	14,090
Non-current liabilities	21,843	40,049	25,503
Total liabilities	38,887	44,084	39,593
Accumulated funds	429,837	425,371	431,350
Revaluation reserves	121,852	122,432	139,854
Other reserves	56,012	57,119	59,448
Equity	607,701	604,922	630,652
Summary statement of cashflows for the year ended 30 June			
Net from operating activities	16,300	16,363	17,736
Net from investing activities	(12,808)	(24,168)	(14,425)
Net from financing activities	(2,191)	8,031	(3,616)
Net increase/decrease in cash held	1,301	226	(305)
Opening cash balance	2,591	835	3,892
Closing cash balance	3,892	1,061	3,587

2018/19 CAPITAL EXPENDITURE



Explanations for major variations between the actual results for the year and the budget in Council's 2018/19 Long Term Plan are as follows:

Statement of financial position

Current assets were significantly higher than budgeted largely due to Government subsidies and grants receivable at balance date.

Non-current assets were higher than budgeted due to the revaluation of assets being significantly higher than estimated for consecutive years and a higher level of assets being vested in Council than budgeted over this time as well. These increases to the value of our asset base were offset by a delay in the delivery of the capital works programme as outlined below. The increase in the book value of our investment in the Waikato Regional Airport was not budgeted for.

Current liabilities were significantly higher than budgeted. Accounts payable at 30 June were high due to the large number of capital works projects in progress at balance date as well as expenses accrued in respect of the variation to the solid waste contract. Revenue received in advance (mainly from rates) was higher than budgeted but in line with the previous year. The current portion of debt maturing this year is higher than budgeted.

Non-current liabilities were lower than budgeted, mainly due to the delay in the capital works programme over consecutive years resulting in less debt than anticipated. Also a liability is recognised at year end for the unfavourable valuation of our interest rate swap portfolio at 30 June 2019.

We did not complete the full programme of capital work budgeted for the year, and we are catching up on some projects carried forward from prior years. This has reflected in our statement of financial position with less assets being added to our books, and also less borrowings being required compared to the level budgeted. During the year we had budgeted to spend \$24.3 million on developing new or renewing our existing assets and infrastructure. We spent \$19.6 million, and some of this included the completion of projects that had been carried forward from prior years. More detail of these projects is included in the full Annual Report.

Additional disclosures and accounting policies

Reporting entity

Matamata-Piako District Council (the Council) is a local authority established under the Local Government Act 2002 (LGA) and is domiciled and operates in New Zealand. The relevant legislation governing the Council's operations includes the LGA and the Local Government (Rating) Act 2002.

Up until 30 June 2019, Council had a 34% interest in a jointly controlled entity, Thames Valley Combined Civil Defence Emergency Management Committee, together with Hauraki District Council and Thames-Coromandel District Council. Each Council had equal representation on the committee. This committee has been disestablished from 30 June 2019, with Civil Defence functions being managed on a regional level.

The Council provides local infrastructure, local public services, and performs regulatory functions to the community. Council has designated itself as a Public Benefit Entity (PBE) for financial reporting purposes.

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000). There have been no changes in accounting policies during the financial year.

Capital Commitments

At 30 June 2019, Council have commitments of \$2.8 million for

projects where contracts have been entered into but goods or services have not been received. (2018: \$1.3 million).

Contingent Liabilities

Local Government Funding Agency

The Council is a guarantor of the New Zealand Local Government Funding Agency Limited (NZLGFA). The NZLGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand. NZLGFA has a local currency rating from Fitch Ratings and Standard and Poor's of AA+ and a foreign currency rating of AA.

As at 30 June 2019, NZLGFA has 30 local authority shareholders and Matamata-Piako is one of 20 local authority guarantors of the NZLGFA. Together with the other shareholders and guarantors, Council is a guarantor of all of NZLGFA's borrowings. At 30 June 2019, NZLGFA had borrowings totaling \$9.531 billion (2018: \$8.272 billion).

The NZLGFA's borrowings of \$9.531 billion is made up of the following:

\$8,935,000	Face value of bonds on issue
\$68,311	Accrued interest on bonds on issue
\$23,000	Bills on issue
\$505,000	Treasury stock lent to counterparties under bond repurchase agreements

Financial reporting standards require Council to recognise the guarantee liability at fair value. However, the Council has been unable to determine a sufficiently reliable fair value for the guarantee, and therefore has not recognised a liability. The Council considers the risk of NZLGFA defaulting on repayment of interest or capital to be very low on the basis that:

- We are not aware of any local authority debt default events in New Zealand; and
- Local government legislation would enable local authorities to levy a rate to recover sufficient funds to meet any debt obligations if further funds were required.

Te Aroha wastewater resource consent

Under the resource consent issued by Waikato Regional Council for the Te Aroha Wastewater Treatment plant during 2016, if Council fails to meet annual nitrate discharge conditions as per the consent, then an annual sum of \$15,000 will be payable to the local Wetlands Trust.

Ministry of Education and Carter Holt Harvey (CHH)

In 2013, the Ministry of Education (MOE) initiated High Court proceedings against Carter Holt Harvey (CHH) and others alleging inherent defects in the shadow clad plywood cladding sheets manufactured and distributed by CHH. The MOE's claim against CHH is for 833 school buildings, 29 of which are located within the Matamata-Piako District. In 2016, CHH commenced proceedings against 48 councils, including Matamata-Piako District Council, alleging a breach of duty in the processing of building consents, undertaking building inspections and issuing Code Compliance Certificates. 28 school buildings (two in Matamata District) built outside the 10 year long stop contained within the Building Act 2004 have since been struck out by the High Court. The court has directed that the trial be staged. The first stage will be a 6 month hearing commencing in April 2020, to determine whether shadow clad is inherently defective.

At present, there is still insufficient information to conclude on potential liability and claim quantum, if any.

Events after balance date

There were no significant events after balance date.

CUSTOMER SURVEY 2018/19

As part of the Annual Report each year we undertake a Community Views Survey. The purpose of this survey is to gauge residents' perception of performance for our services and facilities. The survey is undertaken by an independent research company who conduct telephone and online interviewing of randomly selected residents. The sample size is selected based on the latest population demographic information from Census. This year our sample size was 400 randomly selected residents, from the three wards – Matamata, Morrinsville and Te Aroha, with weighting applied for age and gender. This sample group gave us a margin of error of +/- 4.90% at the 95% confidence interval.

In other words, if this survey were to be repeated again with a different set of randomly selected respondents at a similar time, there would be a very high probability that the results would be within 5% of the original results.

The survey results feed into our performance monitoring for the Annual Report and help us identify areas for improvement and the priorities of our community. Overall satisfaction with Council has decreased 14% this year, from 72% in 2018 to 58% in 2019 (25% very satisfied and 33% satisfied). There was an increase in people who said they were dissatisfied with Council, from 6% last year to 10% this year (7% dissatisfied and 3% very dissatisfied). A further 30% said they were neither satisfied nor dissatisfied with Council. Although some of our survey results did not meet our targets, a few were missed by small margins. For example, one missed by only 1%.

This year's survey was the first for our Long Term Plan 2018-28. The results for each activity can be found in the respective activity section of this document.

YOUR DISTRICT

Area 175,477 hectares	2016/17	2017/18	2018/19
Number of electors (enrolled)*	23,414	23,767	23,768
Number of rating units**	14,890	15,015	15,163
Value of improvements**	\$4,065,600,500	\$4,543,681,400	\$4,619,325,900
Net land value**	\$6,300,578,400	\$8,240,602,000	\$8,272,574,800
Total Capital value**	\$10,366,178,900	\$12,784,283,400	\$12,891,900,700
Total rates***	\$30,821,000	\$31,324,000	\$32,178,000
Average total rates per rating unit	\$2,070	\$2,086	\$2,122

*Electoral enrolment centre.

** At the end of the preceding financial year.

*** Excludes metered water rates, targeted rates from industries, lump-sum contributions and penalties.



COMMUNITY OUTCOMES

LIFESTYLE. OPPORTUNITIES. HOME.

As part of our work for the Long Term Plan we have created a new vision and set of outcomes for the District. We want to offer a unique town and country lifestyle and provide opportunities for growth and investment. Most importantly Matamata-Piako is home - a place we love, a place we are proud of and a place where we belong.

OUR VISION AND COMMUNITY OUTCOMES

Early on in the development of this Long Term Plan 2018-28, we reviewed our community outcomes, which form the basis of Council's vision for our community.






To do this we looked at:

- our existing community outcomes and vision to assess whether they are still relevant to the community needs, and whether they matched with Council's areas of focus and aspirations
- our issues and challenges
- our priorities for the future
- discussed our vision and outcomes with the Te Manawhenua Forum Mo Matamata-Piako.

The outcome of this process was a new 'strategic direction', which is outlined below:

Our vision is to make Matamata-Piako 'the place of choice', this vision will provide guidance and inspiration for Council's activities for the next 10 years and beyond. To make this vision a reality we see ourselves enabling the community in five key areas, with 15 specific outcomes we want to achieve.

OUR COMMUNITY OUTCOMES

CONNECTED INFRASTRUCTURE	ECONOMIC OPPORTUNITIES	HEALTHY COMMUNITIES	ENVIRONMENTAL SUSTAINABILITY	VIBRANT CULTURAL VALUES
				
Infrastructure and services are fit for purpose and affordable, now and in the future.	We are a business friendly Council.	Our community is safe, healthy and connected.	We support environmentally friendly practices and technologies.	We promote and protect our arts, culture, historic, and natural resources.
Quality infrastructure is provided to support community wellbeing.	Our future planning enables sustainable growth in our District.	We encourage the use and development of our facilities.	Development occurs in a sustainable and respectful manner considering kawa/protocol and tikanga/customs.	We value and encourage strong relationships with Iwi and other cultures, recognising waahi tapu and taonga/significant and treasured sites and whakapapa/ancestral heritage.
We have positive partnerships with external providers of infrastructure to our communities.	We provide leadership and advocacy is provided to enable our communities to grow.	We encourage community engagement and provide sound and visionary decision making.	We engage with our regional and national partners to ensure positive environmental outcomes for our community.	Tangata Whenua with Manawhenua status (those with authority over the land under Maaori lore) have meaningful involvement in decision making.

MĀORI PARTICIPATION IN COUNCIL DECISION MAKING

Under the Local Government Act 2002, we need to establish and maintain processes to provide opportunities for Māori to contribute to our decision making processes. Part of Council's vision is to support the vibrant cultural values of our district. A 'vibrant community' will mean different things to different people – but is generally about positivity and the presence of something alive and wonderful. Our cultural values are generally common standards of what is acceptable or unacceptable, important or unimportant, right or wrong, workable or unworkable – and these standards also help shape a vibrant community. We have identified that we will cultivate these values through promoting and protecting our arts, culture, historic and natural resources, encouraging strong relationships with Iwi and other cultures and ensuring Tangata Whenua with Manawhenua status (those with authority over the land under Māori lore) have meaningful involvement in decision making.

TE MANAWHENUA FORUM MO MATAMATA-PIAKO

Te Manawhenua Forum mo Matamata-Piako (the Forum) is a committee of Council that has been developed under a Heads of Agreement with the Forum. The purpose of the Forum is to facilitate Mana Whenua contribution to our decision making. Several Iwi have rohe (ancestral lands) or interests in our district, including Ngāti Hāua, Ngāti Rāhiri Tumutumu, Raukawa, Ngāti Maru, Ngāti Whanaunga, Ngāti Paoa, Ngāti Tamaterā and Ngāti Hinerangi. The purpose of the Forum is to facilitate Mana Whenua contribution to our decision making and is guided by a Heads of Agreement between Council and Forum members.

RESOURCE MANAGEMENT ACT 1991 (RMA)

We are currently undertaking a rolling review of the District Plan. As part of this process we will review how we engage with Iwi through the resource consent process. We also monitor the number of times we seek and receive feedback from Iwi. The results of this monitoring are reported each year in our State of the Environment Report, which is available at mpdc.govt.nz. Changes to the RMA also provide for the development of Mana Whakahono ā Rohe. The purpose of a Mana Whakahono ā Rohe is to provide a mechanism for councils and Iwi to come to agreement on ways Tangata Whenua may participate in RMA decision making, and to assist councils with their statutory obligations to Tangata Whenua under the RMA. We expect these agreements to be developed in the near future.

TREATY OF WAITANGI SETTLEMENTS

Treaty of Waitangi claims and settlements have been a significant feature of New Zealand race relations and politics since 1975. Over the last 30 years New Zealand governments have provided formal, legal and political opportunities for Māori to seek redress for breaches by the Crown of the guarantees set out in the Treaty of Waitangi.

Iwi in and around the Matamata-Piako District are currently negotiating with the Crown and are at various stages of settling Treaty of Waitangi claims. While these agreements are between the Crown and Iwi, we will be affected by the outcome of these settlements, particularly where Iwi are seeking co-governance of natural resources.

HAURAKI TREATY OF WAITANGI SETTLEMENTS

In 2009, the 12 Iwi of Hauraki formed the Pare Hauraki Collective for the purpose of negotiating a Treaty settlement. The 12 iwi are Hako, Ngāi Tai ki Tāmaki, Ngāti Hei, Ngāti Maru, Ngāti Paoa, Ngāti Porou ki Hauraki, Ngāti Pūkenga, Ngāti Rāhiri Tumutumu, Ngāti Tamaterā, Ngāti Tara Tokanui, Ngāti Whanaunga and Te Patukirikiri. The areas of interest of the Iwi of Hauraki extend from the Mahurangi coast in the north to the western Bay of Plenty and include the islands of the Hauraki Gulf/Tikapa Moana. On 1 October 2010, the Crown and the Pare Hauraki Collective signed a Framework Agreement which outlined the process for ongoing negotiations towards settlement of shared claims and included the potential elements of a collective settlement.

On 22 July 2011, the Iwi of Hauraki all signed iwi-specific Agreement in Principle Equivalents which expanded upon the Framework Agreement and included iwi specific offers to negotiate further redress. On 22 December 2016, the Crown and the Pare Hauraki Collective initialled the Pare Hauraki Collective Redress Deed (the Deed). The Deed has been ratified by the members of the Iwi of Hauraki. The Deed includes both cultural redress and commercial redress. It does not include financial redress, which each of the 12 Iwi of Hauraki will receive through their iwi-specific settlements. The full and final settlement of historical Treaty of Waitangi claims of the Iwi of Hauraki will be made through iwi-specific settlements.

NGĀTI HINERANGI TREATY OF WAITANGI SETTLEMENT

Ngāti Hinerangi are an iwi based in Matamata with an area of interest extending from the eastern Waikato to Tauranga including part of the Kaimai Range. In 2014, the Crown recognised the mandate of the Ngāti Hinerangi Trust to represent Ngāti Hinerangi in negotiating a comprehensive historical Treaty settlement. The Crown signed Terms of Negotiation with the Ngāti Hinerangi Trust in February 2014. In December 2015, the Crown and Ngāti Hinerangi signed an agreement in principle which formed the basis for this settlement. On 14 December 2018, Ngāti Hinerangi and the Crown initialled a Deed of Settlement. On 4 May 2019, Ngāti Hinerangi and the Crown signed a Deed of Settlement. The settlement will be implemented following the passage of settlement legislation.

RAUKAWA TREATY OF WAITANGI SETTLEMENT

The Crown has settled the claims of the Raukawa Iwi with legislation to give effect to the deed of settlement signed on 2 June 2012 in which the Crown and Raukawa agreed to the final settlement of the historical claims of Raukawa. The Raukawa Claims Settlement Act 2014 passed into law in March 2014. There were no specific arrangements between Council and Raukawa, such as those in the Ngāti Hāua Claims Settlement Act 2014. As with other settlement processes Raukawa may now be in a position to consider developing documents such as Iwi Management Plans for the areas of their rohe (ancestral lands) that fall within the Matamata-Piako District. Raukawa have also released Te Rautaki Taiao a Raukawa (Raukawa Environmental Management Plan) 2015. Council has been required to include statutory acknowledgements of the Crown in its District Plan.

The purpose of the statutory acknowledgement is to:

- Require relevant consent authorities including Council, the Environment Court, and Heritage New Zealand Pouhere Taonga to have regard to the statutory acknowledgement,
- Require relevant consent authorities to record the statutory acknowledgement on statutory plans that relate to the statutory areas. Also for a period of 20 years from the effective date,
- to provide the trustees with summaries of resource consent applications or copies of notices of applications for activities within, adjacent to or directly affecting the areas listed below,
- Enable the trustees and any member of Raukawa to cite the statutory acknowledgment as evidence of the association of Raukawa with a statutory area.

- The statutory acknowledgements for Raukawa in the Matamata-Piako District cover:
- part of the Kaimai-Mamaku Conservation Park,
- the Okauia and Taihoa geothermal fields,
- parts of the Waihou River and its tributaries,
- part of Lake Karapiro.

More information on the statutory acknowledgements for Raukawa can be found in the Raukawa Claims Settlement Act 2014 (legislation.govt.nz) and Appendix 10 of the Matamata-Piako Operative District Plan (mpdc.govt.nz).

NGĀTI HĀUA TREATY OF WAITANGI SETTLEMENT

Council was engaged in the Ngāti Hāua Treaty of Waitangi settlement negotiations. The Ngāti Hāua Claims Settlement Act 2014 was passed into law in December 2014. The Act gives effect to the deed of settlement signed on 18 July 2013 in which the Crown and Ngāti Hāua agreed to the final settlement of the non-raupata historical Treaty of Waitangi claims. The settlement package includes recognition of breaches of the Treaty of Waitangi, cultural and spiritual redress in the return of significant sites and financial redress. One site of significance to Ngāti Hāua is the Waharoa (Matamata) Aerodrome.

As part of settlement, the Council, the Crown and Ngāti Hāua agreed that a co-governance committee called the Waharoa (Matamata) Aerodrome Committee comprising of Ngāti Hāua and Council representatives (the Committee) would be established for the Waharoa Aerodrome. The Committee was created in 2015 by legislation under the Ngāti Hāua Claims Settlement Act 2014. The Committee includes the Mayor, Deputy Mayor, one Council appointed member and three members appointed by the Ngāti Hāua Iwi Trust Board.

The functions of the Committee, as set out in the Ngāti Hāua Claims Settlement Act 2014 are to:

- Make recommendations to Council in relation to any aspect of the administration of Waharoa Aerodrome land,
- Make final decisions on access and parking arrangements for the Raungaiti Marae land that affects the Waharoa Aerodrome,
- Perform the functions of the administering body under section 41 of the Reserves Act 1977 in relation to any review of the reserve management plan that has been authorised by Council,
- Perform any other function delegated to the committee by Council.

SECTION TWO: FINANCIALS



FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

For the year ended 30 June 2019

Actual 2017/18		Notes	Long Term Plan 2018/19	Actual 2018/19
\$000			\$000	\$000
Revenue				
34,099	Rates	2	34,927	34,824
6,831	Subsidies and grants	2	6,694	7,468
6,990	Fees and charges	2	7,279	7,481
1,790	Development and financial contributions		1,370	3,023
622	Interest revenue	2	254	584
4,491	Other revenue	2	461	3,745
54,823	Total revenue		50,985	57,125
Expenses				
14,015	Personnel costs	3	15,869	15,271
14,018	Depreciation and amortisation	15	14,207	14,396
1,335	Finance costs	4	1,373	1,379
19,499	Other expenses	5	17,180	23,059
48,867	Total expenses		48,629	54,105
2	Share of joint venture surplus/(deficit)	12	-	3
5,958	Surplus/(deficit)		2,356	3,023
Other comprehensive revenue and expense				
453	Financial assets at fair value through other comprehensive revenue and expense	21	-	1,926
19,945	Property, plant and equipment revaluations	21	10,415	18,002
20,398	Total other comprehensive revenue and expense		10,415	19,928
26,356	Total comprehensive revenue and expense		12,771	22,951

Explanations of major variances against budget are provided in Note 25. The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2019

Actual 2017/18		Notes	Long Term Plan 2018/19	Actual 2018/19
\$000			\$000	\$000
581,345	Balance at 1 July		592,151	607,701
26,356	Total comprehensive revenue and expense for the year		12,771	22,951
607,701	Balance at 30 June		604,922	630,652

Explanations of major variances against budget are provided in Note 25. The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

Actual 2017/18		Notes	Long Term Plan 2018/19	Actual 2018/19
\$000			\$000	\$000
Assets				
Current assets				
3,892	Cash and cash equivalents	6	1,061	3,587
3,958	Receivables	7	2,824	5,439
389	Prepayments		-	399
839	Inventory	8	650	650
426	Non-current assets held for sale	9	-	264
Other financial assets				
136	- Investments in CCOs and other similar entities	11	-	-
12,778	- Investments in other entities	11	9,513	7,935
22,418	Total current assets		14,048	18,274
Non-current assets				
1	Derivative financial instruments	10	-	-
Other financial assets				
13,814	- Investments in CCOs and other similar entities	11	13,447	15,692
609,505	Property, plant and equipment	13	620,622	635,549
850	Intangible assets	14	889	730
624,170	Total non-current assets		634,958	651,971
646,588	Total assets		649,006	670,245
Liabilities				
Current liabilities				
6,475	Payables and deferred revenue	16	2,451	9,241
76	Derivative financial instruments	10	-	23
8,616	Borrowings	17	-	2,500
1,661	Employee entitlements	18	1,500	1,874
216	Provisions	19	84	452
17,044	Total current liabilities		4,035	14,090
Non-current liabilities				
1,861	Derivative financial instruments	10	-	3,001
19,000	Borrowings	17	39,115	21,500
380	Employee entitlements	18	450	365
602	Provisions	19	484	637
21,843	Total non-current liabilities		40,049	25,503
38,887	Total liabilities		44,084	39,593
607,701	Net assets (assets minus liabilities)		604,922	630,652
Equity				
429,837	Accumulated funds	21	425,371	431,350
177,864	Other reserves	21	179,551	199,302
607,701	Total equity		604,922	630,652

Explanations of major variances against budget are provided in Note 25. The accompanying notes form part of these financial statements.

STATEMENT OF CASHFLOWS

For the year ended 30 June 2019

Actual 2017/18		Notes	Long Term Plan 2018/19	Actual 2018/19
\$000			\$000	\$000
Cashflows from operating activities				
34,271	Receipts from rates revenue		34,927	34,902
5,719	Subsidies and grants received		6,694	7,354
7,416	Fees and charges received		7,279	7,231
1,796	Development and financial contributions received		1,370	2,221
650	Interest received		254	507
31	Dividends received		-	39
318	Receipts from other revenue		261	356
(18,848)	Payments to suppliers		(17,180)	(18,404)
(13,947)	Payments to employees		(15,869)	(15,073)
(1,323)	Interest paid		(1,373)	(1,284)
217	GST (net)		-	(113)
16,300	Net cash flow from operating activities		16,363	17,736
Cash flows from investing activities				
232	Receipts from the repayment of loans and advances		230	593
21	Receipts from the sale of property, plant and equipment		-	112
6,528	Proceeds from sale/maturity of investments		-	4,386
-	Proceeds from sale of own your own properties		-	162
(19,074)	Purchase of property, plant and equipment		(24,305)	(19,581)
(99)	Purchase of intangible assets		(93)	(97)
(416)	Purchase of own your own properties		-	-
(12,808)	Net cash flows from investing activities		(24,168)	(14,425)
Cash flows from financing activities				
3,000	Proceeds from borrowings		16,531	5,000
(5,191)	Repayment of borrowings		(8,500)	(8,616)
(2,191)	Net cash flows from financing activities		8,031	(3,616)
1,301	Net (decrease)/increase in cash and cash equivalents		226	(305)
2,591	Cash and cash equivalents at the beginning of the year		835	3,892
3,892	Cash and cash equivalents at the end of the year	6	1,061	3,587

Explanations of major variances against budget are provided in Note 25. The accompanying notes form part of these financial statements.

STATEMENT OF CASHFLOWS

For the year ended 30 June 2019

Reconciliation of surplus/(deficit) to net cash flow from operating activities

Actual 2017/18		Actual 2018/19
\$000		\$000
5,958	Surplus/(deficit)	3,023
Add/(less) non-cash items		
(2)	Share of joint venture surplus/(deficit)	(3)
14,018	Depreciation and amortisation expense	14,396
(4,166)	Vested assets revenue	(3,247)
-	(Gains)/losses on disposal of investments in Council Controlled Organisations	4
265	(Gains)/losses on derivative financial instruments	1,088
220	Assets under construction reclassified as operating expenditure	435
(64)	Other non-cash operating items	(351)
10,271	Total non-cash items	12,322
Add/(less) items classified as investing or financing activities		
703	(Gains)/losses on disposal of property, plant and equipment	458
(7)	(Gains)/losses on the fair value of loans and receivables	-
696	Total items classified as investing or financing activities	458
Add/(less) movements in working capital items		
(82)	(Increase)/decrease in receivables	(1,481)
(108)	(Increase)/decrease in prepayments	(10)
(189)	(Increase)/decrease in inventory	189
(256)	Increase/(decrease) in payables	2,766
67	Increase/(decrease) in employee entitlements	198
(57)	Increase/(decrease) in provisions	271
(625)	Net movement in working capital items	1,933
16,300	Net cash inflow/(outflow) from operating activities	17,736

FINANCIAL STATEMENT NOTES

1. STATEMENT OF ACCOUNTING POLICIES REPORTING ENTITY

Matamata-Piako District Council (the Council) is a local authority established under the Local Government Act 2002 (LGA) and is domiciled and operates in New Zealand. The relevant legislation governing the Council's operations includes the LGA and the Local Government (Rating) Act 2002.

Up until 30 June 2019 Council had a 34% interest in a jointly controlled entity, Thames Valley Civil Defence Emergency Management Committee, together with Hauraki District Council and Thames-Coromandel District Council.

Each Council had equal representation on the committee. This committee has been disestablished from 30 June 2019, with Civil Defence functions being managed on a regional level. The Council provides local infrastructure, local public services, and performs regulatory functions to the community. Council has designated itself as a Public Benefit Entity (PBE) for financial reporting purposes.

The financial statements of the Council are for the year ended 30 June 2019. The financial statements were authorised for issue by Council on 02 October 2019.

BASIS OF PREPARATION

The financial statements have been prepared on the going concern basis and the accounting policies have been applied consistently throughout the year.

Statement of compliance

The financial statements of the Council have been prepared in accordance with the requirements of the LGA, and the Local Government (Financial Reporting and Prudence) Regulations 2014 (LG(FRP)R), which include the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP). The financial statements have been prepared in accordance with and comply with PBE Standards.

Presentation currency and rounding

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000), other than the remuneration and the severance payment disclosures in Note 3, and the related party transaction disclosures in Note 22. The remuneration, severance payment, and related party transaction disclosures are rounded to the nearest dollar.

Standards issued and not yet effective that have been early adopted

Standards and amendments issued but not yet effective that have been early adopted are:

Impairment of Revalued Assets

In April 2017, the External Reporting Board (XRB) issued Impairment of Revalued Assets, which now scopes in revalued property, plant, and equipment into the impairment

accounting standards. Previously, only property, plant, and equipment assets measured at cost were scoped into the impairment accounting standards.

The Council has early adopted this amendment in preparing its 30 June 2017 financial statements. From the 30 June 2017 year onwards, the Council is required to assess at each reporting date whether there is any indication that an asset may be impaired. If any indication exists, the Council is required to assess the recoverable amount of that asset and recognise an impairment loss if the recoverable amount is less than the carrying amount. The Council can therefore impair a revalued asset without having to revalue the entire class of asset to which the asset belongs.

Other changes in accounting policies

There have been no other changes in accounting policies.

Standards issued and not yet effective, and not early adopted

Standards and amendments, issued but not yet effective that have not been early adopted, and which are relevant to the Council are:

PBE IPSAS 2 Cash Flow Statements

Applies for annual periods beginning on or after 1 January 2021. Disclosure Initiative (Amendments to IAS 7), issued by the IASB in January 2016, amended IAS 7 Statement of Cash Flows to require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financial assets. The IPSASB subsequently amended IPSAS 2 Cash Flow Statements in Improvements to IPSAS, 2018 and the NZASB amended PBE IPSAS 2 in 2018 Omnibus Amendments to PBE Standards.

PBE FRS 48 Service Performance Reporting

Mandatory for annual periods beginning on or after 1 January 2021. There has been no PBE Standard dealing solely with service performance reporting. This Standard establishes new requirements for public benefit entities (PBEs) to select and present service performance information.

Interests in other entities

In January 2017, the XRB issued new standards for interests in other entities (PBE IPSAS 34 - 38). These new standards replace the existing standards for interests in other entities (PBE IPSAS 6 - 8). The new standards are effective for annual periods beginning on or after 1 January 2019, with early application permitted. Council plans to apply the new standards in preparing the 30 June 2020 financial statements. The Council has not yet assessed the effects of these new standards.

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Financial instruments

In January 2017, the XRB issued PBE IFRS 9 Financial Instruments. PBE IFRS 9 replaces PBE IPSAS 29 Financial Instruments: Recognition and Measurement. PBE IFRS 9 is effective for annual periods beginning on or after 1 January 2021, with early application permitted. The main changes under PBE IFRS 9 affecting this Council are:

- New financial asset classification requirements for determining whether an asset is measured at fair value or amortised cost.
- A new impairment model for financial assets based on expected losses, which may result in the earlier recognition of impairment losses.

Council plans to apply this standard in preparing its 30 June 2022 financial statements. The Council has not yet assessed the effects of the new standard.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies are included in the notes to which they relate. Significant accounting policies that do not relate to a specific note are outlined below.

Goods and services tax (GST)

Items in the financial statements are stated exclusive of GST, except for receivables and payables which are stated on a GST inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense. The net amount of GST recoverable from or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the statement of financial position.

The net GST paid to or received from the IRD, including GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows. Commitments and contingencies are disclosed exclusive of GST.

Foreign currency transactions

Foreign currency transactions (including those subject to forward foreign exchange contracts) are translated into NZ\$ (the functional currency) using the spot exchange rate at the dates of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the surplus or deficit.

Budget figures

The budget figures are those approved by the Council for 2018/19 in its Long Term Plan 2018-28. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the Council in preparing these financial statements.

Cost allocation

Direct costs are those costs directly attributable to a significant activity. Indirect costs are those costs, which cannot be identified in an economically feasible manner, with a specific significant activity. Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities using appropriate cost drivers such as actual usage, staff numbers and floor area. The allocation of indirect costs to the activities of Council has also been benchmarked against neighbouring local authorities for moderation.

Critical accounting estimates and assumptions

In preparing these financial statements, estimates and assumptions have been made concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

- Estimating the fair value of land, buildings, and infrastructural assets – see Note 13.
- Estimating Council's provisions – see Note 19.

Critical judgments in applying accounting policies

Management has exercised the following critical judgments in applying accounting policies:

- Classification of property – see Note 13.
- Fair value of investment in Waikato Regional Airport Limited – see Note 11.

2. REVENUE

Accounting policy

Revenue is measured at fair value.

The specific accounting policies for significant revenue items are explained below:

Rates revenue

The following policies for rates have been applied:

- General rates, targeted rates (excluding water-by-meter), and uniform annual general charges are recognised at the start of the financial year to which the rates resolution relates. They are recognised at the amounts due. The Council considers the effect of payment of rates by instalments is not sufficient to require discounting of rates receivables and subsequent recognition of interest revenue.
- Rates arising from late payment penalties are recognised as revenue when rates become overdue.
- Revenue from water-by-meter rates is recognised as it is invoiced.
- Rates remissions are recognised as a reduction of rates revenue when the Council has received an application that satisfies its rates remission policy.

New Zealand Transport Agency roading subsidies

The Council receives funding assistance from the New Zealand Transport Agency, which subsidises part of the costs of maintenance and capital expenditure on the local roading infrastructure. The subsidies are recognised as revenue upon entitlement, as conditions pertaining to eligible expenditure have been fulfilled.

Other grants received

Other grants are recognised as revenue when they become receivable unless there is an obligation in substance to return the funds if conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as grants received in advance and recognised as revenue when conditions of the grant are satisfied.

Fees and charges

Fees and charges are recognised as revenue when the obligation to pay arises or, in the case of license fees, upon renewal of the licence.

Private works

The revenue from private works is recognised as revenue by reference to the stage of completion of the work at balance date.

Building and resource consent revenue

Fees and charges for building and resource consent services are recognised when received or invoiced.

Infringement fees and fines

Infringement fees and fines related to animal control are recognised when the payment of the fee or fine is received.

Lease and rental revenue

Lease and rental revenue arising on property owned by us is accounted for on a straight line basis over the lease term.

Development and financial contributions

Development and financial contributions are recognised as revenue when the Council provides, or is able to provide, the service for which the contribution was charged. Otherwise development and financial contributions are recognised as liabilities until such time as the Council provides, or is able to provide, the service.

Vested or donated physical assets

For assets received for no or nominal consideration, the asset is recognised at its fair value when the Council obtains control of the asset. The fair value of the asset is recognised as revenue, unless there is a use or return condition attached to the asset. The fair value of vested or donated assets is usually determined by reference to the cost of constructing the asset. For assets received from property developments, the fair value is based on construction price information provided by the property developer. An exception to this is land under roads which is valued using the average land values for the urban and rural areas of the whole district as at 1 July 2001. For long-lived assets that must be used for a specific use (for example, land that must be used as a recreation reserve), the Council immediately recognises the fair value of the asset as revenue. A liability is recognised only if the Council expects that it will need to return or pass the asset to another party.

Found assets

Found asset revenue recognises the value of assets that we own, or where we have full control and management of the asset (and that asset is not recorded as such by any other entity), and these assets have not been previously accounted for. These assets are recognised at their fair value from the time that they are identified.

Donated and bequeathed financial assets

Donated and bequeathed financial assets are recognised as revenue unless there are substantive use or return conditions. A liability is recorded if there are substantive use or return conditions and the liability released to revenue as the conditions are met (for example, as the funds are spent for the nominated purpose).

Interest and dividends

Interest revenue is recognised using the effective interest method. Dividends are recognised when the right to receive the payment has been established.

(I) Breakdown of rates and further information

2017/18		2018/19
\$000		\$000
21,193	General rates	22,485
	Targeted rates attributable to activities:	
1,944	- Metered water supply	1,815
2,428	- Other water rates	2,747
6,684	- Wastewater	7,053
801	- Stormwater	742
1,299	- Refuse	249
97	- Halls	99
136	Rates penalties	147
(483)	Rates remissions	(513)
34,099	Total rates	34,824

The Council is required by the Local Government Funding Agency (LGFA) Guarantee and Indemnity Deed to disclose in its financial statements (or notes), our annual rates income. That Deed defines annual rates income as an amount equal to the total revenue from any funding mechanism authorised by the Local Government (Rating) Act 2002 together with any revenue received by the Council from other local authorities for services provided by that Council for which those other Local Authorities rate. The annual rates income of the Council for the year ended 30 June 2019 for the purposes of the LGFA Guarantee and Indemnity Deed disclosure is shown above.

(II) Breakdown of subsidies and grants

2017/18		2018/19
\$000		\$000
Subsidies and grants for operating purposes		
2,556	New Zealand Transport Agency roading subsidies	2,620
	- Provincial Growth Fund:	
	- - Te Aroha Tourism Precinct Feasibility project	180
	- - Waharoa Industrial Feasibility project	150
134	Other government subsidies	144
	- Silver Ferns Farms Events Centre donations	45
2,690	Total subsidies and grants for operating purposes	3,139
Subsidies and grants for capital expenditure		
4,141	New Zealand Transport Agency roading subsidies	2,955
	- Te Aroha to Matamata Cycle Trail grant	1,166
	- Wairere Falls carpark grant	208
4,141	Total subsidies and grants for capital expenditure	4,329
6,831	Total subsidies and grants	7,468

(III) Breakdown of fees and charges

2017/18	2018/19
\$000	\$000
293 Property lease revenue	262
952 Property rental charges	977
759 Trade waste charges	738
870 Building consent charges	1,061
701 Resource consent charges	688
170 Liquor and health licensing fees	148
583 Rubbish and recycling charges	951
1,080 Aquatic facilities revenue	1,112
113 Library charges	111
171 Cemetery fees and charges	261
267 Community facilities charges	316
1,031 Other user charges	856
6,990 Total fees and charges	7,481

(IV) Breakdown of interest revenue

2017/18	2018/19
\$000	\$000
600 Term and on-call deposits	561
20 Listed bonds and borrower notes	23
2 Community loans	-
622 Total interest revenue	584

(V) Breakdown of other revenue

2017/18	2018/19
\$000	\$000
4,166 Vested land and infrastructure from property development	3,247
39 Fines and infringement fees	37
244 Petrol tax	255
4 Bequests and other donations	64
31 Dividend revenue	142
7 Unrealised gain on loans and receivables	-
4,491 Total other revenue	3,745

Operating leases as a lessor

Council leases its property under operating leases. The majority of these leases have cancellable terms of 36 months. Council also has one perpetual non-cancellable lease for endowment property (2018: one). The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows:

2017/18	2018/19
\$000	\$000
5 Not later than one year	5
19 Later than one year and not later than five years	19
38 Later than five years	33
62 Total non-cancellable operating leases	57

No contingent rents have been recognised during the year.

3. PERSONNEL COSTS

Accounting policy

Defined contribution superannuation scheme

Employer contributions to Kiwisaver, the Government Superannuation Fund, are accounted for as defined contribution superannuation schemes and are expensed in the surplus or deficit as incurred.

Breakdown of personnel costs and further information

2017/18		2018/19
\$000		\$000
13,665	Salaries and wages	14,754
283	Defined contribution plan employer contributions	319
67	Increase/(decrease) in employee entitlements	198
14,015	Total personnel costs	15,271

Chief Executive remuneration

The total remuneration (including and non-financial benefits) paid or payable for the year to the Chief Executive was \$338,185 (2018: \$330,265).

Elected representatives' remuneration

Elected representatives received the following remuneration:

2017/18		2018/19
\$0		\$0
111,972	Mayor, Janet Barnes	116,350
31,289	Deputy Mayor, James Thomas	32,027
27,208	Councillor Donna Arnold	29,090
34,076	Councillor Teena Cornes	31,956
28,448	Councillor Paul Cronin	27,850
27,335	Councillor Neil Goodger	27,850
27,208	Councillor Brian Hunter	27,850
27,208	Councillor Peter Jager	27,850
27,208	Councillor James Sainsbury	27,850
31,289	Councillor Ashley Tanner	32,027
30,568	Councillor Kevin Tappin	27,850
28,448	Councillor Adrienne Wilcock	27,850
432,257	Total elected representatives' remuneration	436,400

The amounts shown include the base salary paid to the elected representatives as well as any hearing fees. In respect of the Mayor, it also includes non-financial benefits, being the use of a motor vehicle, and the Fringe Benefit Tax paid to the Inland Revenue Department in respect of that vehicle.

*Council employee remuneration by band***Total annual remuneration by band for employees (including the Chief Executive) as at 30 June:**

Total annual remuneration by band for employees (including the Chief Executive) as at 30 June:	2018/19
	Number of employees
<\$60,000	155
\$60,000 - \$79,999	54
\$80,000 - \$99,999	28
\$100,000 - \$119,999	9
\$120,000 - \$139,999	6
\$140,000 - \$339,999	5
Total employees	257

Total annual remuneration by band for employees (including the Chief Executive) as at 30 June:	2017/18
	Number of employees
<\$60,000	145
\$60,000 - \$79,999	51
\$80,000 - \$99,999	29
\$100,000 - \$159,999	11
\$160,000 - \$319,999	4
Total employees	240

Total remuneration includes non-financial benefits provided to employees.

At balance date, the Council employed 155 (2018: 147) full-time employees, with the balance of staff representing 56 (2018: 49) full-time equivalent employees. A full-time employee is determined on the basis of a 40-hour working week.

Severance payments

Council did not make any severance payments during the year ended 30 June 2019 (2018: nil).

4. FINANCE COSTS**Accounting policy**

Borrowing costs are recognised as an expense in the financial year in which they are incurred.

Breakdown of finance costs

2017/18	2018/19
\$000	\$000
Interest expense:	
736 - interest on borrowings	809
21 - discount unwind on provisions (note 19)	24
Interest derivatives (presented net):	
578 - held for trading interest rate swaps	546
1,335 Total finance costs	1,379

5. OTHER EXPENSES

Accounting policy

Grant expenditure

The Council's grants awarded have no substantive conditions attached. Non-discretionary grants are those grants that are awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received. Discretionary grants are those grants where the Council have no obligation to award on receipt of the grant application and are recognised as expenditure when approved by the Council and the approval has been communicated to the applicant.

Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term. Lease incentives received are recognised in the surplus or deficit as a reduction of rental expense over the lease term.

Breakdown of other expenses and further information

2017/18		2018/19
\$000		\$000
	Fees to auditors:	
123	- fees to Audit New Zealand for audit of financial statements	125
5	- fees to Audit New Zealand for the Debenture Trust Deed audit	5
78	- fees to Audit New Zealand for the audit of the Long Term Plan	-
-	- fees to Audit New Zealand for independent assurance review	11
437	Donations and grants	534
433	Insurance premiums	513
276	Movement in provision for uncollectability of receivables (Note 7)	(20)
22	Operating lease expense	38
-	- Review of provisions (note 19)	296
265	Unrealised loss on interest rate swaps	1,088
-	- Loss on disposal of investments in Council Controlled Organisations and other entities	4
703	Net loss on disposal of property, plant and equipment	458
17,157	Other operating expenses	20,007
19,499	Total other expenses	23,059

6. CASH AND CASH EQUIVALENTS

Accounting policy

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

Breakdown of cash and cash equivalents and further information

2017/18		2018/19
\$000		\$000
1,492	Cash at bank and on hand	187
2,400	Term deposits with maturities of less than three months at acquisition	3,400
3,892	Total cash and cash equivalents	3,587

Assets recognised in a non-exchange transaction that are subject to restrictions

The Council hold unspent funds, included in cash at bank and investments of \$472,000 (2018: \$394,000) that are subject to restrictions. These unspent funds relate to endowment land sales, reserves development and bequests and trust funds (see Note 21), where the spending of funds is separately monitored. The restrictions generally specify how the funds are required to be spent.

7. RECEIVABLES

Accounting policy

Short-term receivables are recorded at the amount due, less any provision for uncollectability. A receivable is considered to be uncollectable when there is evidence that the amount due will not be fully collected. The amount that is uncollectable is the difference between the amount due and the present value of the amount expected to be collected.

Breakdown of receivables and further information

2017/18		2018/19
\$000		\$000
866	Rates receivables	856
276	Metered water receivables	283
2,164	New Zealand Transport Agency subsidy	1,080
104	GST receivables	217
468	Other general receivables	2,629
333	Accrued income	599
4,211	Receivables (gross)	5,664
(253)	Less provision for uncollectability	(225)
3,958	Total receivables	5,439
Total receivables comprise:		
3,446	Receivables from non-exchange transactions - this includes outstanding amounts for rates, grants, infringements, and fees and charges that are partly subsidised by rates	4,643
512	Receivables from exchange transactions - this includes outstanding amounts for commercial sales and fees and charges that have not been subsidised by rates	796

The New Zealand Transport Agency subsidy receivable at 30 June includes GST of \$59,928. (2018: \$282,290)

Fair value

Receivables are general short-term and non-interest bearing. Carrying value of receivables approximates their fair value.

Assessment for uncollectability

The Council does not provide for any uncollectability on rates receivable, as it has various powers under the Local Government (Rating) Act 2002 to recover any outstanding debts.

The ageing profile of receivables at year-end is detailed below:

2018/19			
	Gross	Provision for uncollectability	Net
	\$000	\$000	\$000
Not past due	5,182	-	5,182
Past due 1 - 60 days	206	-	206
Past due 61 - 90 days	30	(15)	15
Past due > 90 days	246	(210)	36
Total	5,664	(225)	5,439

2017/18			
	Gross	Provision for uncollectability	Net
	\$000	\$000	\$000
Not past due	3,940	-	3,940
Past due 1 - 60 days	18	-	18
Past due 61 - 90 days	-	-	-
Past due > 90 days	253	(253)	-
Total	4,211	(253)	3,958

7. RECEIVABLES (CONTINUED)

All receivables greater than 30 days in age are considered to be past due.

The provision for uncollectability has been calculated based on a review of specific overdue receivables and a collective assessment. The collective assessment is based on an analysis on an analysis of past collection history and debt write-offs.

2017/18	2018/19
\$000	\$000
66 Individual provision for uncollectability	79
187 Collective provision for uncollectability	146
253 Total provision for uncollectability	225

Individually impaired receivables have been determined to be impaired because of the significant financial difficulties being experienced by the debtor.

An analysis of these individually impaired debtors is as follows:

2017/18	2018/19
\$000	\$000
- Past due 1 - 60 days	-
- Past due 61 - 90 days	13
66 Past due > 90 days	66
66 Total individual provision for uncollectability	79

Movements in the provision for uncollectability of receivables are as follows:

2017/18	2018/19
\$000	\$000
186 Balance at 1 July	253
276 Additional provisions made during the year	(20)
(209) Receivables written off during the period	(8)
253 Balance at 30 June	225

The Council hold no other collateral as security or other credit enhancements over receivables that are either past due or uncollectable.

8. INVENTORY

Accounting policy Inventory

Inventories are held for distribution or for use in the provision of goods and services. The measurement of inventories depends on whether the inventories are held for commercial or non-commercial (distribution at no charge or for a nominal charge) distribution or use. Inventories are measured as follows:

- Commercial: measured at the lower of cost and net realizable value.
- Non-commercial: measured at cost, adjusted for any loss of service potential.

Cost is allocated using the first-in-first-out (FIFO) method, which assumes the inventories that were purchased first are distributed or used first. Inventories acquired through non-exchange transactions are measured at fair value at the date of acquisition. Any write down from cost to net realisable value or for the loss of service potential is recognized in the surplus or deficit in the year of the write-down.

When land held for development and future resale is transferred from property, plant and equipment to inventory, the fair value of the land at the date of the transfer is its deemed cost. Costs directly attributable to the developed land are capitalised to inventory with the exception of infrastructural asset costs, which are capitalised to property, plant and equipment.

Breakdown of inventory and further information

2017/18	2018/19
\$000	\$000
Non-commercial inventory:	
106 - Inventory held for distribution	100
550 - Wastewater treatment plant parts	550
Commercial inventory:	
183 - Own your own property	-
839 Total inventory	650

There was no write-down of inventory during the year (2018: Nil). There have been no reversals of write-downs (2018: Nil). Equipment remaining from the Morrinsville wastewater treatment plant upgrade is classified as inventory as the equipment will be used as spare parts for the plant. No inventory is pledged as security for liabilities, or is subject to retention of title clauses (2018: Nil).

9. NON-CURRENT ASSETS HELD FOR SALE**Accounting policy**

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. They are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment losses for write-downs are recognised in the surplus or deficit. Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised. Non-current assets are not depreciated or amortised while they are classified as held for sale (including those that are part of a disposal group).

Breakdown of non-current assets held for sale and further information

2017/18	2018/19
\$000	\$000
426 Own your own properties	264
426 Total assets held for sale	264

During the year, Council sold two 'own your own' properties in Morrinsville. There is one property unsold at 30 June 2019, which is expected to be sold within the next 12 months.

10. DERIVATIVE FINANCIAL INSTRUMENTS

Accounting policy

Derivative financial instruments are used to manage exposure to interest rate risks arising from the Council's financing activities. In accordance with its treasury policies, the Council does not hold or issue derivative financial instruments for trading purposes. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value at each balance date. The associated gains or losses are recognised in the surplus or deficit. The fair value of the derivative is classified as current if the contract is due for settlement within 12 months of balance date. Otherwise derivatives are classified as non-current.

Breakdown of derivative financial instruments and further information

2017/18	2018/19
\$000	\$000
Non-current assets	
1 Interest rate swaps - held for trading	-
1 Total non-current derivative financial instrument assets	-
Current liabilities	
76 Interest rate swaps - held for trading	23
76 Total current liabilities	23
Non-current liabilities	
1,861 Interest rate swaps - held for trading	3,001
1,861 Total non-current liabilities	3,001
1,937 Total derivative financial instrument liabilities	3,024

The notional principal amounts of the outstanding interest rate swap contracts for the Council were \$34 million (2018: \$40 million). At 30 June 2019, the fixed interest rates of the interest rate swaps ranged from 2.53% to 5.05% (2018: 2.53% to 5.05%).

Fair value

The fair values of interest rate swaps have been determined by calculating the expected cash flows under the terms of the swaps and discounting these values to present value. The inputs into the valuation model are from independently sourced market parameters such as interest rate yield curves. Most market parameters are implied from instrument prices.

11. OTHER FINANCIAL ASSETS

Accounting policy

Financial assets are initially recognised at fair value plus transaction costs unless they are carried at fair value through surplus or deficit, in which case the transaction costs are recognised in the surplus or deficit.

Term deposits, and community and other loans (loans and receivables)

Loans made at nil or below-market interest rates are initially recognised at the present value of their expected future cash flows, discounted at the current market rate of return for a similar financial instrument. For loans to community organisations, the difference between the loan amount and present value of the expected future cash flows of the loan is recognised in the surplus or deficit as a grant expense.

After initial recognition, term deposits and community and other loans are measured at amortised cost using the effective interest method. Where applicable, interest accrued is added to the investment balance.

At year-end, the assets are assessed for indicators of impairment. Impairment is established when there is evidence that the Council will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, receivership or liquidation and default in payments are indicators that the asset is impaired.

If assets are impaired, the amount not expected to be collected is recognised in the surplus or deficit.

Investments in Council Controlled Organisations and other entities (fair value through other comprehensive revenue and expense)

Shares in Council Controlled Organisations and other entities are designated at fair value through other comprehensive revenue and expense.

After initial recognition, the shares are measured at their fair value, with gains and losses recognised in other comprehensive revenue and expense, except for impairment losses, which are recognised in the surplus or deficit. When sold, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is transferred to the surplus or deficit.

For shares, a significant or prolonged decline in the fair value of the shares below its cost is considered to be objective evidence of impairment. If impairment evidence exists, the cumulative loss recognised in other comprehensive revenue and expense is transferred to the surplus or deficit. Impairment losses on shares recognised in the surplus or deficit are not reversed through the surplus or deficit.

Breakdown of other financial assets and further information

2017/18		2018/19
\$000		\$000
Current		
Investment in CCOs and similar entities:		
136	New Zealand Local Government Funding Agency - borrower notes	-
136	Total current investment in CCOs and similar entities	-
Investment in other entities:		
12,150	Term deposits	7,900
51	Community loans	35
230	Industry loan	-
347	Banks Road development loan	-
12,778	Total current investment in other entities	7,935
Non-current		
Investment in CCOs and similar entities:		
304	New Zealand Local Government Funding Agency - borrower notes	344
13,250	Waikato Regional Airport Limited	15,177
116	New Zealand Local Government Insurance Corporation	116
89	Thames Valley Civil Defence Emergency Management Committee	-
35	Waikato Local Authority Shared Services Limited	35
20	Hauraki Rail Trail Charitable Trust	20
13,814	Total non-current investment in CCOs and similar entities	15,692

Fair value*Term deposits*

The carrying amount of term deposits approximates their fair value.

New Zealand Local Government Funding Agency borrower notes

At year-end Council has \$344,000 in borrowing notes invested with the Local Government Funding Agency at floating rates of interest (2018: \$440,000). These will mature between May 2021 and April 2027.

Waikato Regional Airport Limited

As an increasing portion of Waikato Regional Airport Limited's (WRAL's) balance sheet is carried at fair value, Council are able to reliably measure its investment in WRAL at fair value using the net asset backing of the company.

Thames Valley Civil Defense Emergency Management Committee

Council initially recognised the value of Thames Valley Civil Defense Emergency Management Committee (TVCDPMC) at cost, and the carrying amount is increased or decreased to recognise Council's share of the surplus or deficit of the Committee after the initial recognition. The committee has been disestablished from 30 June 2019.

Other unlisted shares

The fair value of unlisted shares is measured at cost because there is no active market for these assets. These investments are held for strategic purposes, and there are no plans to dispose of these investments.

Impairment

There were no impairment expenses or provisions for other financial assets. At balance date, none of these financial assets are either past due or impaired.

12. INVESTMENT IN JOINT VENTURE**Accounting policy**

A joint venture is a binding arrangement whereby two or more parties are committed to undertake an activity that is subject to joint control. Joint control is the agreed sharing of control over an activity. For jointly controlled operations, the Council recognises in its financial statements the assets it controls, the liabilities and expenses it incurs, and the share of revenue that it earns from the joint venture.

Breakdown of other financial assets and further information

The Council's interest in the Thames Valley Civil Defense Emergency Management Committee joint venture is accounted for as a jointly controlled operation. The committee has been disestablished from 30 June 2019. The Council's interests in the jointly controlled operation are as follows:

2017/18	2018/19
\$000	\$000
53 Current assets	-
50 Non-current assets	-
(13) Current liabilities	-
- Non-current liabilities	-
136 Revenue	93
(134) Expenses	(90)

The joint venture had no capital commitments, contingent liabilities or contingent assets upon disestablishment at 30 June 2019 (2018: nil).

13. PROPERTY, PLANT AND EQUIPMENT

Accounting policy

Property, plant and equipment consist of:

Operational assets - These include land, buildings, plant and machinery, furniture and equipment, computer equipment, and library collections.

Restricted assets - Restricted assets are mainly parks and reserves owned by the Council that provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions.

Infrastructure assets - Infrastructure assets are the fixed utility systems owned by the Council. Each asset class includes all items that are required for the network to function. For example, wastewater reticulation includes reticulation piping and wastewater pump stations.

Land (operational and restricted) is measured at fair value, and buildings (operational and restricted), and infrastructural assets (except land under roads) are measured at fair value less accumulated depreciation. All other asset classes are measured at cost less accumulated depreciation and impairment losses.

Revaluations

Land and buildings (operational and restricted), and infrastructural assets (except land under roads) are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value and at least every three years.

Revaluation movements are accounted for on a class-of-asset basis.

The net revaluation results are credited or debited to other comprehensive revenue and expense and are accumulated to an asset revaluation reserve in equity for that class-of-asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive revenue and expense but is recognised in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then recognised in other comprehensive revenue and expense.

Additions

The cost of an item of property, plant and equipment is recognised as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Work in progress is recognised at cost less impairment and is not depreciated. In most instances, an item of property, plant and equipment is initially recognised at its cost. Where an asset is acquired through a non-exchange transaction, it is recognised at fair value as at the date of acquisition.

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to Council and the cost of the item can be measured reliably. The costs of day-to-day servicing of property, plant and equipment are recognised in the surplus or deficit as they are incurred.

Disposals

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the surplus or deficit. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to accumulated funds

Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment (other than land and the library collection), at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The library collection is depreciated on a diminishing value basis.

The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Operational assets	Useful life	Depreciation rate
Buildings	2 to 100 years	1% - 50%
Restricted assets (buildings)	2 to 100 years	1% - 50%
Plant and machinery	2 to 15 years	6% - 50%
Furniture and equipment	2 to 20 years	5% - 50%
Computer equipment	3 to 5 years	20% - 33%
Server hard drives	1 year	100%
Library collection	2 to 9 years	11% - 50%
Infrastructural assets	Useful life	Depreciation rate
Roading network		
Street lighting	25 years	4%
Formation carriageway	100 years	1%
Pavement surfacing	7 to 50 years	2% - 14%
Pavement structure	39 to 47 years	3% - 4%
Footpaths	5 to 50 years	2% - 20%
Drainage	60 to 90 years	1% - 2%
Bridges	75 to 90 years	1% - 2%
All other	1 to 57 years	2% - 50%
Utility assets		
Buildings	2 to 100 years	1% - 50%
Wastewater mains	50 to 100 years	1% - 2%
Wastewater other	80 to 100 years	1% - 2%
Wastewater pump station equipment	1 to 120 years	1% - 100%
Wastewater service lines	50 to 100 years	1% - 2%
Water mains	40 to 88 years	1% - 3%
Water valves	35 to 80 years	1% - 3%
Water hydrants	80 years	1%
Water nodes	80 years	1%
Water pump station equipment	3 to 100 years	1% - 33%
Water service lines	40 to 88 years	1% - 3%
Stormwater mains	51 to 100 years	1% - 2%
Stormwater manholes	100 years	1%
Stormwater pumps	15 years	7%
Stormwater service lines	60 to 100 years	1% - 2%
Swale drains	Indefinite	0%

The residual value and useful life of an asset is reviewed and adjusted if applicable, at each balance date.

Impairment of property, plant and equipment

Property, plant and equipment that have a finite useful life are reviewed for impairment at each balance date and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired and the carrying amount is written-down to the recoverable amount.

For revalued assets, the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the surplus or deficit. For assets not carried at a revalued amount, the total impairment loss is recognised in the surplus or deficit.

The reversal of an impairment loss on a revalued asset is credited to other comprehensive revenue and expense and increases the asset revaluation reserve for that class of asset. However, to the extent that an impairment loss for that class of asset was previously recognised in the surplus or deficit, a reversal of the impairment loss is also recognised in the surplus or deficit.

For assets not carried at a revalued amount, the reversal of an impairment loss is recognised in the surplus or deficit.

Value in use for non-cash-generating assets

Non-cash-generating assets are those assets that are not held with the primary objective of generating a commercial return. For non-cash-generating assets, value in use is determined using an approach based on either a depreciated replacement cost approach, a restoration cost approach or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

Value in use for cash-generating assets

Cash-generating assets are those assets that are held with the primary objective of generating a commercial return. The value in use for cash-generating assets is the present value of expected future cash-flows.

Critical accounting estimates and assumptions

Land (operational, restricted and infrastructural)

The most recent valuation of land was performed by independent registered valuers, Curnow Tizard Limited. The valuation is effective as at 1 July 2017.

Land is valued at fair value using market based evidence based on its highest and best use with reference to comparable land values. Where this is a designation against the land or the use of the land is restricted because of reserve or endowment status, the valuation approach reflects the restriction in use. Such land is valued based on rural land value plus a location adjustment to reflect different zoning, which are based on the valuer's judgement. Restrictions on the Council's ability to sell land would normally not impair the value of the land because the Council has operational use of the land for the foreseeable future and will substantially receive the full benefits of outright ownership.

Buildings (operational and restricted and infrastructural)

The most recent valuation of buildings was performed by SPM Consultants Limited. The valuation was effective as at 1 July 2017.

Specialised buildings are valued at fair value using depreciated replacement cost because no reliable market data is available for such buildings.

Depreciated replacement cost is determined using a number of significant assumptions. Significant assumptions used in the 1 July 2017 valuation include:

- The replacement costs of the specific assets are adjusted where appropriate for optimisation due to over-design or surplus capacity. There has been no optimisation adjustments for the most recent valuations.
- The replacement cost is derived from recent construction contracts of modern equivalent assets and compared with other comparable Councils and the Valuers records. For particularly specialised assets, Valuers escalated Councils unit rates using the appropriate Statistics New Zealand Capital Goods Price Index.
- The remaining useful life of assets is estimated after considering factors such as the condition of the assets, future maintenance and replacement plans, and experience with similar buildings.
- Straight-line depreciation has been applied in determining the depreciated replacement cost value of the asset.

Non-specialised buildings (for example, residential and office buildings) are valued at fair value using market-based evidence.

A comparison of the carrying value of the buildings valued using depreciated replacement cost and buildings valued using market-based evidence is as follows:

2017/18		2018/19
\$000		\$000
<i>Operational buildings</i>		
-	Depreciated replacement cost	-
13,182	Market-based evidence	12,910
13,182	Total carrying value of operational buildings	12,910
<i>Restricted buildings</i>		
26,925	Depreciated replacement cost	26,307
7,584	Market-based evidence	7,010
34,509	Total carrying value of restricted buildings	33,317

Infrastructural asset classes: roading, water, wastewater and stormwater networks

The most recent valuation of roading infrastructural assets was performed by Opus International Limited and the valuation is effective as at 1 July 2018.

The most recent valuation for water, wastewater and stormwater infrastructural assets was performed in house by experienced staff as there is an active market and readily available price indices that establish the fair value of these assets with reasonable reliability. The valuation was then peer reviewed by PJ and Associates. The valuation is effective as at 1 July 2018.

Roading, water, wastewater and stormwater infrastructural assets are valued using the depreciated replacement cost method. There are a number of estimates and assumptions exercised when valuing infrastructural assets using the depreciated replacement cost method. These include:

- Estimating any obsolescence or surplus capacity of the asset.
- Estimating the replacement cost of the asset. The replacement cost of an asset is based on recent construction contracts in the region for modern equivalent assets, from which unit rates are determined. Unit rates have been applied to components of the network based on size, material, depth, and location. If recent contract cost information is considered out of date, it is indexed using Statistics New Zealand's capital Goods Price Index (based on the June 2018 quarter index) for civil constructions or the NZTA Index for road and bridge construction to convert them to current dollar value at the valuation date.
- Estimates of the remaining useful life over which the asset will be depreciated. These estimates can be affected by the local conditions. For example, weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then the Council could be over or under-estimating the annual depreciation charge recognised as an expense in the statement of comprehensive revenue and expense. To minimise this risk, infrastructural asset useful lives have been determined with reference to the New Zealand Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration and condition-modelling are also carried out regularly as part of asset management planning activities, which provides further assurance over the useful life estimates.

Critical judgments in applying accounting policies

Classification of property

The Council owns a number of properties held to provide housing to elderly persons. The receipt of market-based rental from these properties is incidental to holding them. The properties are held for service delivery objectives as part of the Council's social housing policy. The properties are therefore accounted for as property, plant and equipment rather than as investment property.

Breakdown of property, plant and equipment and further information

Movements in the carrying value for each class of property, plant and equipment are as follows:

	Cost/ valuation 1 July 2018	Accumulated depreciation and impairment charges 1 July 2018	Carrying value 1 July 2018	Current year additions	Current year vested and found assets	Current year disposals	Work in progress transferred into assets	Current year impairment charges	Current year depreciation	Write back of accumulated depreciation	Revaluation surplus/(deficit)	Cost/valuation 30 June 2019	Accumulated depreciation and impairment charges 30 June 2019	Carrying value 30 June 2019
2018/19	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Operational assets														
Land	23,680	-	23,680	9	-	-	3	-	-	-	-	23,692	-	23,692
Buildings	16,221	(3,039)	13,182	547	-	-	-	-	(819)	2,252	-	14,516	(1,606)	12,910
Plant and machinery	7,131	(5,107)	2,024	978	-	(136)	-	-	(440)	2,778	-	5,195	(2,769)	2,426
Furniture and equipment	2,968	(1,848)	1,120	244	-	-	-	-	(150)	178	-	3,034	(1,820)	1,214
Computer equipment	5,080	(4,448)	632	797	-	-	-	-	(336)	2,059	-	3,818	(2,725)	1,093
Library collections	3,874	(3,370)	504	150	-	-	-	-	(176)	2,666	-	1,358	(880)	478
Assets under construction	6	-	6	82	-	-	(3)	-	-	-	-	85	-	85
Total operational assets	58,960	(17,812)	41,148	2,807	-	(136)	-	-	(1,921)	9,933	-	51,698	(9,800)	41,898
Restricted assets														
Land	18,550	-	18,550	256	-	-	11	-	-	-	-	18,817	-	18,817
Buildings	38,726	(4,217)	34,509	162	-	-	33	-	(1,387)	3,058	-	35,863	(2,546)	33,317
Assets under construction	307	-	307	1,242	-	-	(44)	-	-	-	-	1,505	-	1,505
Total restricted assets	57,583	(4,217)	53,366	1,660	-	-	-	-	(1,387)	3,058	-	56,185	(2,546)	53,639
Infrastructural assets														
Roads	299,863	(11,975)	287,888	5,733	1,134	(417)	375	-	(6,070)	11,975	14,686	309,399	(6,070)	303,329
Land under roads	67,275	-	67,275	-	20	-	-	-	-	-	-	67,295	-	67,295
Water supply - treatment plants and facilities	13,862	(1,296)	12,566	509	-	(4)	669	-	(667)	1,296	124	13,864	(667)	13,197
Water supply - other assets (including reticulation systems)	40,725	(1,883)	38,842	1,125	312	(129)	514	-	(937)	1,883	1,117	41,781	(937)	40,844
Stormwater system	41,622	1,174)	40,448	33	1,331	(11)	81	-	(641)	1,174	670	42,552	(641)	41,911
Wastewater - treatment plants and facilities	31,377	(3,759)	27,618	226	-	(12)	141	-	(1,745)	3,759	483	28,456	(1,745)	26,711
Wastewater - other assets (including reticulation systems)	33,187	(1,424)	31,763	3	449	(14)	-	-	(729)	1,424	1,039	33,240	(729)	32,511
Land	3,569	-	3,569	-	-	-	-	-	-	-	-	3,569	-	3,569
Buildings	2,156	(289)	1,867	3	-	-	25	-	(82)	207	-	1,977	(164)	1,813
Assets under construction	3,155	-	3,155	7,482	-	-	(1,805)	-	-	-	-	8,832	-	8,832
Total infrastructural assets	536,791	(21,800)	514,991	15,114	3,246	(587)	-	-	(10,871)	21,718	18,119	550,965	(10,953)	540,012
Total property, plant and equipment	653,334	(43,829)	609,505	19,581	3,246	(723)	-	-	(14,179)	34,709	18,119	658,848	(23,299)	635,549

The "Write back of accumulated depreciation" column shown in the table above reflects a correction from prior years due to accumulated depreciation not being written back on the disposal of assets or following revaluation of the assets.

Note that disposals in these tables are reported net of accumulated depreciation and include property, plant and equipment classified as held for sale during the year. No items of property, plant and equipment are pledged as security for liabilities.

	Cost/ valuation 1 July 2017	Accumulated depreciation and impairment charges 1 July 2018	Carrying value 1 July 2017	Current year additions	Current year vested and found assets	Current year disposals	Work in progress transferred into assets	Current year impairment charges	Current year depreciation	Revaluation surplus/(deficit)	Cost/valuation 30 June 2018	Accumulated depreciation and impairment charges 30 June 2018	Carrying value 30 June 2018
2017/18	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Operational assets													
Land	17,163	-	17,163	-	-	-	-	-	-	6,517	23,680	-	23,680
Buildings	13,121	(2,252)	10,869	250	-	-	96	-	(787)	2,754	16,221	(3,039)	13,182
Plant and machinery	6,670	(4,752)	1,918	474	-	(13)	-	-	(355)	-	7,131	(5,107)	2,024
Furniture and equipment	2,651	(1,732)	919	307	-	-	10	-	(116)	-	2,968	(1,848)	1,120
Computer equipment	4,873	(4,095)	778	207	-	-	-	-	(353)	-	5,080	(4,448)	632
Library collections	3,724	(3,199)	525	150	-	-	-	-	(171)	-	3,874	(3,370)	504
Assets under construction	99	-	99	13	-	-	(106)	-	-	-	6	-	6
Total operational assets	48,301	(16,030)	32,271	1,401	-	(13)	-	-	(1,782)	9,271	58,960	(17,812)	41,148
Restricted assets													
Land	14,907	-	14,907	637	-	-	271	-	-	2,735	18,550	-	18,550
Buildings	27,948	(3,058)	24,890	6,360	-	-	1,307	-	(1,159)	3,111	38,726	(4,217)	34,509
Assets under construction	1,856		1,856	29			(1,578)				307	-	307
Total Restricted assets	44,711	(3,058)	41,653	7,026	-	-	-	-	(1,159)	5,846	57,583	(4,217)	53,366
Infrastructural assets													
Roads	285,991	(5,989)	280,002	7,547	1,855	(258)	45	-	(5,986)	4,683	299,863	(11,975)	287,888
Land under roads	66,732	-	66,732	-	543	-	-	-	-	-	67,275	-	67,275
Water supply - treatment plants and facilities	13,265	(662)	12,603	266	-	(6)	108	-	(634)	229	13,862	(1,296)	12,566
Water supply - other assets (including reticulation systems)	41,787	(957)	40,830	569	351	(75)	320	-	(926)	(2,227)	40,725	(1,883)	38,842
Stormwater system	39,941	(580)	39,361	23	979	-	-	-	(594)	679	41,622	(1,174)	40,448
Wastewater - treatment plants and facilities	30,447	(1,875)	28,572	354	-	(358)	930	-	(1,884)	4	31,377	(3,759)	27,618
Wastewater - other assets (including reticulation systems)	32,115	(703)	31,412	13	437	(5)	-	-	(721)	627	33,187	(1,424)	31,763
Land	2,943	-	2,943	-	-	-	-	-	-	626	3,569	-	3,569
Buildings	1,945	(207)	1,738	-	-	-	4	-	(82)	207	2,156	(289)	1,867
Assets under construction	2,759	-	2,759	1,803	-	-	(1,407)	-	-	-	3,155	-	3,155
Total infrastructural assets	517,925	(10,973)	506,952	10,575	4,165	(702)	-	-	(10,827)	4,828	536,791	(21,800)	514,991
Total property, plant and equipment	610,937	(30,061)	580,876	19,002	4,165	(715)	-	-	(13,768)	19,945	653,334	(43,829)	609,505

Core infrastructure asset disclosures

Included within the Council infrastructure assets above are the following core Council assets:

2018/19	Closing book value	Additions: constructed by Council	Additions transferred to Council	Most recent replacement cost estimate for revalued assets.
	\$000	\$000	\$000	\$000
Roading (excluding land under roads)	303,329	6,108	1,154	417,102
Water supply – treatment plants and facilities	13,197	1,178	-	22,849
Water supply – other assets (including reticulation systems)	40,844	1,639	312	76,750
Stormwater system	41,911	114	1,331	58,415
Wastewater – treatment plants and facilities	26,711	367	-	40,591
Wastewater – other assets (including reticulation systems)	32,511	3	449	62,221

2017/18	Closing book value	Additions: constructed by Council	Additions transferred to Council	Most recent replacement cost estimate for revalued assets.
	\$000	\$000	\$000	\$000
Roading (excluding land under roads)	287,888	7,592	2,398	388,329
Water supply – treatment plants and facilities	12,566	374	-	20,043
Water supply – other assets (including reticulation systems)	38,842	889	351	74,056
Stormwater system	40,448	23	979	56,139
Wastewater – treatment plants and facilities	27,618	1,284	-	40,578
Wastewater – other assets (including reticulation systems)	31,763	13	437	60,234

Land under roads

Land under roads was valued using the average land values for the urban and rural areas of the whole district as at 1 July 2001. This is considered to be the fair value of the land. On transition to NZ IFRS Council elected to use the fair value of land under roads as at 1 July 2001 as deemed cost. Subsequent additions are recorded at cost or fair value where cost does not equate to fair value. Land under roads is no longer revalued.

Disposals

The net loss on disposal of property, plant and equipment (\$458,000) has been recognised in the statement of comprehensive revenue and expense under 'other expenses' (2018: \$703,000).

Impairment

There was no impairment of property, plant and equipment this financial year (2018: nil).

Assets under construction

Property, plant and equipment in the course of construction by class of asset is detailed below:

Balance as at 30 June 2018	Balance as at 30 June 2019
\$000	\$000
3 Operational assets	85
300 Restricted assets	1,436
723 Rooding	3,267
1,919 Water supply	4,513
100 Stormwater system	267
274 Wastewater	626
139 Infrastructural buildings	154
3,458 Total assets under construction	10,348

Restrictions

Land and buildings in the "Restricted Asset" category are subject to restrictions on either use or disposal, or both. This includes restrictions from legislation (such as land declared as a reserve under the Reserves Act 1977), or other restrictions (such as land or buildings acquired under a bequest or donation that restricts the purpose for which the asset can be used).

Capital commitments

The amount of contractual commitments for acquisition of property, plant and equipment is:

2017/18	2018/19
\$000	\$000
526 Roothing	1,547
804 Water	1,262
1,330 Total capital commitments	2,809

14. INTANGIBLE ASSETS

Accounting policy

Computer software

Computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs associated with staff training and maintaining computer software are recognised as an expense when incurred.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the surplus or deficit. Computer software is estimated to have a useful life of 1 to 15 years and is amortised at a rate of 6.67% to 100%.

Impairment

Refer to the policy for impairment of property, plant and equipment in Note 13. The same approach applies to the impairment of intangible assets.

Breakdown of intangible assets and further information

Movements in the carrying value for computer software is as follows:

	Opening cost	Opening accumulated amortisation and impairment charges	Opening carrying amount	Current year additions	Current year disposals	Current year impairment charges	Current year amortisation	Closing cost	Closing accumulated amortisation and impairment charges	Closing carrying amount
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Computer software										
2018/19	2,296	(1,446)	850	97	-	-	(217)	2,393	(1,663)	730
2017/18	2,197	(1,195)	1,002	99	-	-	(251)	2,296	(1,446)	850

Note that disposals in these tables are reported net of amortisation.

Restrictions

There are no restrictions over the title of intangible assets. No intangible assets are pledged as security for liabilities.

Capital commitments

There are no capital commitments for intangible assets (2018: nil)

Impairment

There were no assets considered to be impaired in 2019 (2018: nil).

15. DEPRECIATION AND AMORTISATION EXPENSE BY GROUP OF ACTIVITY

2017/18		2018/19
\$000		\$000
Directly attributable depreciation and amortisation expense by group of activity		
2,233	Community Facilities	2,527
5,986	Roading	6,071
31	Rubbish and Recycling	31
594	Stormwater	641
2,625	Wastewater	2,495
1,595	Water	1,639
2	Community Development	3
8	Environmental Care	8
13,074	Total directly attributable depreciation and amortisation expense by group of activity	13,415
944	Depreciation and amortisation not directly related to groups of activities	981
14,018	Total depreciation and amortisation expense	14,396

16. PAYABLES AND DEFERRED REVENUE

Accounting policy

Short-term creditors and other payables are recorded at their face value.

Breakdown of payables and further information

2017/18		2018/19
\$000		\$000
3,427	Trade payables	4,714
554	Accrued expenses	1,500
740	Deposits and bonds	949
406	Contract retentions	575
1,348	Revenue in advance	1,503
6,475	Total payables and deferred revenue	9,241
Total payables and deferred revenue comprise:		
2,079	Payables from non-exchange transactions - this includes bonds and deposits for planning, rates and licenses received in advance, and taxes and grants payable	2,451
4,395	Payables from exchange transactions - this includes amounts owing for commercial purchases of goods and services	6,790

Payables are generally non-interest bearing and are normally settled on 30-day terms. Therefore the carrying value of payables approximates their fair value.

17. BORROWINGS

Accounting policy

Borrowings on normal commercial terms are initially recognised at the amount borrowed plus transaction costs. Interest due on the borrowings is subsequently accrued and recognised in accrued expenses (Note 16). Borrowings are classified as current liabilities unless the Council has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

Breakdown of borrowings and further information

2017/18	2018/19
\$000	\$000
8,616 Current loans	2,500
19,000 Non-current loans	21,500
27,616 Total borrowings	24,000

Interest terms for secured loans

The Council's secured loans are mostly issued at floating rates of interest. For floating rate debt, the interest rate is reset quarterly based on the 90-day bank bill rate plus a margin for credit risk.

Credit facilities

Council has a multi-option credit line facility with Westpac Corporate Business. This provides Council with the ability to fund short term revolving requirements. The facility has a limit of \$6 million (2018: \$6 million) and there is \$6 million available to be drawn at 30 June (2018: \$6 million).

Security

Council has an unsecured overdraft. The maximum amount that can be drawn down against the facility is \$500,000 (2018: \$500,000). There are no restrictions on the use of this facility. Council's loans are secured over either separate or general rates of the Council.

Internal borrowings

Information about internal borrowings is provided in the 'Other Legislative disclosures' section of this Annual Report. Internal borrowings are eliminated on consolidation of activities in the Council's financial statements.

Fair values

Due to interest rates on debt resetting to the market rate every three months, the carrying amounts of secured loans approximates their fair value.

18. EMPLOYEE ENTITLEMENTS**Accounting policy***Short-term employee entitlements*

Employee benefits that are due to be settled within 12 months after the end of the year in which the employee provides the related service are measured based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, and sick leave.

Long-term employee entitlements

Employee benefits that are due to be settled beyond 12 months after the end of the year in which the employee provides the related service, such as retirement and long service leave, have been calculated on an actuarial basis. The calculations are based on:

- Likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement, and contractual entitlement information; and
- The present value of the estimated future cash flows.

Presentation of employee entitlements

Sick leave, annual leave, long service leave and retirement gratuities expected to be settled within 12 months of balance date are classified as a current liabilities. All other employee entitlements are classified as a non-current liabilities.

2017/18		2018/19
\$000		\$000
Current employee entitlements		
204	Accrued pay	276
1,101	Annual leave	1,214
53	Sick leave	118
130	Long service leave	111
173	Retirement gratuities	155
1,661	Total current employee entitlements	1,874
Non-current employee entitlements		
138	Long service leave	138
242	Retirement gratuities	227
380	Total non-current employee entitlements	365

19. PROVISIONS

Accounting policy

A provision is recognised for future expenditure of uncertain amount or timing when:

- there is a present obligation (either legal or constructive) as a result of a past event;
- it is probable that an outflow of future economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense and is included in 'finance costs' (see Note 4).

Breakdown of provisions and further information

2017/18		2018/19
\$000		\$000
Current provisions		
191	Landfill aftercare	191
25	Tui Mine site monitoring	25
-	Other claims	236
216	Total current provisions	452
Non-current provisions		
422	Landfill aftercare	398
120	Tui Mine site monitoring	119
60	Other claims	120
602	Total non-current provisions	637

Landfill aftercare provision

Council has resource consents for the following landfills, each of which are now closed:

- Morrinsville Landfill, closed 31 May 2000
- Matamata Landfill, closed 8 December 2001
- Te Aroha Landfill, closed 9 December 1998

Council has responsibility under the resource consents to provide ongoing maintenance and monitoring of these closed landfill sites.

The cash outflows for landfill post closure costs are expected to occur over the next 16 years (to 2036). The long-term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred. The provision has been estimated taking into account existing technology and known changes to legal requirements.

The following significant assumptions have been made in calculating the provision:

- obligations for the post closure work are for 30 years after landfill closure
- a discount rate of 3.16% (2018: 3.21%).

Tui Mine site monitoring

Resource consent monitoring conditions require detailed biological and chemical testing of the former Tui Mine site at five yearly intervals for the next 30 years (at an estimated cost of \$25,000 each time). The long-term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred. The provision has been estimated taking into account existing technology and discounted using a discount rate of 3.16%. (2018: 3.21%).

Other claims

There are no claims lodged with the Weathertight Homes Resolution Service (WHRS) as at 30 June 2019 (2018: nil). Provision for other minor claims against Council has been made based on estimated costs and/or insurance excesses of \$356,000 (2018: \$10,000).

Movements for each class of provision are as follows:

	Landfill aftercare costs	Other claims	Tui Mine Site	Total
	\$000	\$000	\$000	
2018/19				
Balance at 1 July 2018	613	60	145	818
Additional provisions made	-	296	-	296
Amounts used	(14)	-	-	(14)
Unused amounts reversed	(29)	-	(6)	(35)
Discount unwind	19	-	5	24
Balance at 30 June 2019	589	356	144	1,089
2017/18				
Balance at 1 July 2017	639	70	166	875
Additional provisions made	-	-	-	-
Amounts used	(18)	-	(22)	(40)
Unused amounts reversed	(24)	(10)	(4)	(38)
Discount unwind	16	-	5	21
Balance at 30 June 2018	613	60	145	818

20. CONTINGENCIES

Breakdown of contingent liabilities and further information

2017/18	2018/19
\$000	\$000
Uncalled share capital:	
1 - Waikato Local Authority Shared Services Limited	1
5 - Waikato Regional Aerial Photography Service	5
15 Te Aroha Wastewater resource consent	15
21 Total contingent liabilities	21

There are no contingent assets (2018: nil).

Te Aroha wastewater resource consent

Under the resource consent issued by Waikato Regional Council for the Te Aroha Wastewater Treatment Plant during 2016, if Council fails to meet annual nitrate discharge conditions as per the consent, then an annual sum of \$15,000 will be payable to the local Wetlands Trust.

Local Government Funding Agency

The Council is a guarantor of the New Zealand Local Government Funding Agency Limited (NZLGFA). The NZLGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand. NZLGFA has a local currency rating from Fitch Ratings and Standard and Poor's of AA+ and a foreign currency rating of AA.

As at 30 June 2019, NZLGFA has 30 local authority shareholders and Matamata-Piako is one of 20 local authority guarantors of the NZLGFA. Together with the other shareholders and guarantors, Council is a guarantor of all of NZLGFA's borrowings. At 30 June 2019, NZLGFA had borrowings totaling \$9.531 billion (2018: \$8.272 billion).

The NZLGFA's borrowings of \$9.531 billion is made up of the following:

\$8,935,000	Face value of bonds on issue
\$68,311	Accrued interest on bonds on issue
\$23,000	Bills on issue
\$505,000	Treasury stock lent to counterparties under bond repurchase agreements

Financial reporting standards require Council to recognise the guarantee liability at fair value. However, the Council has been unable to determine a sufficiently reliable fair value for the guarantee, and therefore has not recognised a liability. The Council considers the risk of NZLGFA defaulting on repayment of interest or capital to be very low on the basis that:

- We are not aware of any local authority debt default events in New Zealand; and
- Local government legislation would enable local authorities to levy a rate to recover sufficient funds to meet any debt obligations if further funds were required.

Ministry of Education and Carter Holt Harvey (CHH)

In 2013, the Ministry of Education (MOE) initiated High Court proceedings against Carter Holt Harvey (CHH) and others alleging inherent defects in the shadow clad plywood cladding sheets manufactured and distributed by CHH. The MOE's claim against CHH is for 833 school buildings, 29 of which are located within the Matamata-Piako District. In 2016, CHH commenced proceedings against 48 councils, including Matamata-Piako District Council, alleging a breach of duty in the processing of building consents, undertaking building inspections and issuing Code Compliance Certificates. 28 school buildings (two in Matamata District) built outside the 10 year long stop contained within the Building Act 2004 have since been struck out by the High Court. The court has directed that the trial be staged. The first stage will be a 6 month hearing commencing in April 2020, to determine whether shadow clad is inherently defective.

At present, there is still insufficient information to conclude on potential liability and claim quantum, if any.

21. EQUITY

Accounting policy

Equity is the community's interest in the Council and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components:

- Accumulated funds
- Other reserves - other reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by Council.

Other reserves include:

Council created reserves - reserves established by Council decision. Council may alter them without reference to any third party or the Courts. Transfers to and from these reserves are at Council's discretion.

Restricted reserves - those reserves subject to specific conditions accepted as binding by Council and which may not be revised without reference to the Courts or third party. Transfers from these reserves may be made only for certain specified purposes or when certain conditions are met.

Asset revaluation reserves - represent unrealised gains on assets owned by Council. The gains are held in the reserve until such time as the gain is realised and a transfer can be made to retained earnings.

Fair value through other comprehensive revenue and expense reserve - this reserve comprises the cumulative net change in the fair value of assets classified as fair value through other comprehensive revenue and expense.

Breakdown of equity and further information

Accumulated funds

2017/18		2018/19
\$000		\$000
Accumulated funds		
425,934	Balance at 1 July	429,837
(17,410)	Transfers to Council created reserves	(16,836)
(359)	Transfer to restricted reserves	(270)
15,044	Transfer from Council created reserves	15,404
669	Transfer from restricted reserves	192
-	Transfer from revaluation reserves	-
5,958	Surplus/(deficit) for the year	3,023
429,837	Balance at 30 June	431,350

Other reserves

2017/18		2018/19
\$000		\$000
Council created reserves		
42,625	Balance at 1 July	44,991
(15,044)	Transfers to accumulated funds	(15,404)
17,410	Transfers from accumulated funds	16,836
44,991	Balance at 30 June	46,423
Restricted reserves		
705	Balance at 1 July	394
(669)	Transfers to accumulated funds	(192)
359	Transfers from accumulated funds	270
394	Balance at 30 June	472
Asset revaluation reserves		
101,907	Balance at 1 July	121,852
20,135	Revaluation gains	18,119
(190)	Decrease due to disposal of assets	(117)
121,852	Balance at 30 June	139,854
Fair value through other comprehensive revenue and expense reserve		
10,174	Balance at 1 July	10,627
453	Net revaluation gains	1,926
10,627	Balance at 30 June	12,553
177,864	Total other reserves	199,302

Information about reserve funds held for a specific purpose is provided as follows:

Council created reserves

Balance 1 July 2017	Transfers in	Transfers out	Balance 30 June 2018	Reserve fund	Purpose	Activities related to	Balance 1 July 2018	Transfers in	Transfers out	Balance 30 June 2019
\$000	\$000	\$000	\$000				\$000	\$000	\$000	\$000
5,754	1,682	(1,420)	6,016	Community purposes reserve	Funds received and set aside for use on community facilities or for community purposes e.g. grants.	All Council activities	6,016	720	(1,594)	5,142
23,902	837	(828)	23,911	Power New Zealand reserve fund	Funds received and set aside on behalf of the community from the dissolution of the local power board co-operative in 1998. The fund is utilised for internal borrowing or external investment, with returns used to subsidise rates.	All Council activities	23,911	823	(966)	23,768
679	695	(475)	899	Wastewater capital contribution reserve	Capital contribution funds received from industry and set aside to offset future depreciation.	Wastewater	899	684	(448)	1,135
11,775	14,145	(12,305)	13,615	Depreciation reserves	Funds set aside for the replacement of assets and used to fund internal borrowing.	All Council activities	13,616	14,559	(12,313)	15,862
100	50	-	150	Stormwater improvement reserve	Funds set aside to fund stormwater projects.	Stormwater	150	50	(83)	117
415	-	(16)	399	Te Aroha Wastewater desludging project	Funds set aside for the desludging of the Te Aroha wastewater ponds.	Wastewater	399	-	-	399
42,625	17,410	(15,044)	44,991	Total Council created reserves			44,991	16,836	(15,404)	46,423

Restricted reserves

Balance 1 July 2017	Transfers in	Transfers out	Balance 30 June 2018	Reserve fund	Purpose	Activities related to	Balance 1 July 2018	Transfers in	Transfers out	Balance 30 June 2019
\$000	\$000	\$000	\$000				\$000	\$000	\$000	\$000
110	-	-	110	Endowment land sales reserve	Funds set aside in respect of the sale of endowment land in Te Aroha. The proceeds must be used for improvement of services and public amenities for the benefit of the inhabitants of Te Aroha.	Community Facilities	110	-	-	110
569	-	(457)	112	Reserves development	Funds set aside from reserves contributions to be used for parks and reserves.	Developments of parks and reserves	112	-	-	112
-	10	(7)	3	Youth Ambassadors	Funds set aside for initiatives that empower the youth of our district	Nominated purposes	3	10	(13)	-
26	-	-	26	Bequests and trust funds	Funds set aside to be used for the nominated purpose of the bequest or trust fund.	Nominated purposes	26	-	-	26
-	348	(205)	143	Waste minimisation	Funds set aside for the purpose of initiatives encouraging the minimisation of waste	Nominated purposes	143	134	(138)	139
-	-	-	-	Te Aroha Tourism Precinct Feasibility project	Council funds set aside to be used for the Te Aroha Tourism Precinct Feasibility project	Economic Development	-	108	(23)	85
-	-	-	-	Waharoa Industrial Hub Feasibility project	Council funds set aside to be used for the Waharoa Industrial Hub Feasibility project	Economic Development	-	18	(18)	-
705	359	(669)	394	Total restricted reserves			394	270	(192)	472

Asset revaluation reserves

2017/18		2018/19
\$000		\$000
Operational assets:		
17,328	Land	17,328
8,354	Buildings	8,354
Restricted assets		
8,738	Restricted land	8,738
8,528	Restricted buildings	8,528
Infrastructural assets:		
21,124	Roading	35,759
20,629	Water	21,815
22,110	Stormwater	22,773
13,820	Wastewater	15,338
626	Land	626
595	Buildings	595
121,852	Total asset revaluation reserves	139,854

Capital management

Council's capital is its equity (or ratepayers' funds), which comprise accumulated funds and reserves. Equity is represented by net assets.

The Local Government Act 2002 (the Act) requires Council to manage its revenues, expenses, assets, liabilities, investments and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayers' funds are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments and general financial dealings.

The objective of managing these items is to achieve intergenerational equity, which is a principle promoted in the Act and applied by Council. Intergenerational equity requires today's ratepayers to meet the costs of utilising Council's assets and not expecting them to meet the full cost of long term assets that will benefit ratepayers in future generations. Additionally, Council has in place asset management plans for major classes of assets detailing renewal and maintenance programmes, to ensure ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

The Act requires Council to make adequate and effective provision in its Long Term Plan (LTP) and in its Annual Plan (where applicable) to meet the expenditure needs identified in those plans.

The Act further sets out the factors that Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the funding and financial policies in Council's LTP.

Council has the following Council created reserves:

- Reserves for different areas of benefit.
- Trust and bequest reserves.

Reserves for different areas of benefit are used where there is a discrete set of rate or levy payers as distinct from payers of general rates.

Any surplus or deficit relating to these separate areas of benefit is applied to the specific reserves. Trust and bequest reserves are set up where Council has been donated funds that are restricted for particular purposes. Interest is added to trust and bequest reserves where applicable and deductions are made where funds have been used for the purpose they were donated.

22. RELATED PARTY TRANSACTIONS

Related party disclosures have not been made for transactions with related parties that are:

- within a normal supplier or client/recipient relationship; and
- on terms and conditions no more or less favourable than those that it is reasonable to expect the Council would have adopted in dealing with the party at arm's length in the same circumstances.

Further transactions with joint ventures and associated entities (such as funding and financing flows), where transactions are consistent with the normal operating relationships between the entities and are on normal terms and conditions for such transactions.

Key management personnel compensation

2017/18		2018/19
Mayor and Councillors		
12	Full-time equivalent members	12
\$432,257	Remuneration	\$436,400
Executive Management Team, including the Chief Executive		
4	Full-time equivalent members	4
\$999,819	Remuneration	\$1,020,295
16	Total full-time equivalent personnel	16
\$1,432,076	Total key management personnel remuneration	\$1,456,695

Due to the difficulty in determining the full-time equivalent for Councillors, the full-time equivalent figure is taken as the number of Councillors. An analysis of Councillor remuneration and further information on Chief Executive remuneration is provided in Note 3.

23. EVENTS AFTER BALANCE DATE

There were no significant events after balance date.

24. FINANCIAL INSTRUMENTS

24A Financial instruments categories

The carrying amounts of financial assets and liabilities in each of the financial instrument categories are as follows:

2017/18		2018/19
\$000		\$000
Financial assets		
Fair value through surplus or deficit - held for trading		
1	Derivative financial instrument assets	-
1	Total fair value through surplus or deficit - held for trading	-
Loans and receivables		
3,892	Cash and cash equivalents	3,587
3,854	Receivables	4,623
Other financial assets:		
12,150	- Term deposits	7,900
51	- Community loans	35
230	- Industry loan	-
347	- Banks Road development loan	-
20,524	Total loans and receivables	16,145
Fair value through other comprehensive revenue and expense		
13,950	- Investments in Council Controlled Organisations and other entities	15,692
13,950	Total fair value through other comprehensive revenue and expense	15,692
Financial liabilities		
Fair value through surplus or deficit - held for trading		
1,937	Derivative financial instrument liabilities	3,024
1,937	Total fair value through surplus or deficit - held for trading	3,024
Financial liabilities at amortised cost		
5,127	Payables	7,738
27,616	Borrowings	24,000
32,743	Total financial liabilities at amortised cost	31,738

24B Fair value hierarchy disclosures

For those instruments recognised at fair value in the statement of financial position, fair values are determined according to the following hierarchy:

- Quoted market price (level 1) – Financial instruments with quoted prices for identical instruments in active markets.
- Valuation technique using observable inputs (level 2) – Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.
- Valuation techniques with significant non-observable inputs (level 3) – Financial instruments valued using models where one or more significant inputs are not observable.

The following table analyses the basis of the valuation classes of financial instruments measured at fair value in the statement of financial position:

2018/19				
Valuation techniques				
	Total	Quoted Market price	Observable inputs	Significant non-observable inputs
	\$000	\$000	\$000	\$000
Financial assets				
Investments in Council Controlled Organisations and other entities	15,692	-	344	15,348
Financial liabilities				
Derivative financial instrument liabilities	3,024	-	3,024	-

There were no transfers between the different levels of the fair value hierarchy.

2017/18				
Valuation techniques				
	Total	Quoted Market price	Observable inputs	Significant non-observable inputs
	\$000	\$000	\$000	\$000
Financial assets				
Derivative financial instrument assets	1	-	1	-
Investments in Council Controlled Organisations and other entities	13,950	-	440	13,510
Financial liabilities				
Derivative financial instrument liabilities	1,937	-	1,937	-

Valuation techniques with significant non-observable inputs (level 3)

The table below provides a reconciliation from the opening balance to the closing balance for the level 3 fair value measurements:

2017/18		2018/19
\$000		\$000
13,055	Balance at 1 July	13,510
455	Gain/(loss) recognised in the surplus or deficit	1,838
-	Purchases	-
-	Sales	-
13,510	Balance at 30 June	15,348

Changing a valuation assumption to a reasonable possible alternative assumption would not significantly change fair value.

24C Financial instrument risks

Council's activities expose it to a variety of financial instrument risks including market risk, credit risk and liquidity risk. Council has a series of policies to manage the risks associated with financial instruments. Council is risk averse and seeks to minimise exposure from its treasury activities. Council has established Council approved Liability Management and Investment policies. These policies do not allow any transactions that are speculative in nature to be entered into.

Market risk

Price risk

Price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate as a result of changes in market prices. Council is not exposed to any significant price risk.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. Council is not exposed to any significant currency risk.

Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Borrowings and investments issued at fixed rates of interest expose Council to fair value interest rate risk. Council's Liability Management Policy is to maintain not less than 30% of total borrowings in fixed rate instruments. Fixed to floating interest rate swaps are entered into to hedge the fair value interest rate risk arising where the Council has borrowed at fixed rates outside of the 30% target.

Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Borrowings and investments issued at variable interest rates expose Council to cash flow interest rate risk. Generally, the Council raises long term borrowings at floating rates and swaps them into fixed rates using interest rate swaps in order to manage the cash flow interest rate risk. Such interest rate swaps have the economic effect of converting borrowings at floating rates into fixed rates that are generally lower than those available if the Council borrowed at fixed rates directly. Under the interest rate swaps, the Council agrees with other parties to exchange at specified intervals, the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

Credit risk

Credit risk is the risk that a third party will default on its obligation to Council, causing Council to incur a loss. Due to the timing of its cash inflows and outflows, the Council invests surplus cash into term deposits and local authority stock which gives rise to credit risk.

Council invests funds only in deposits with registered banks and local authority stock and Council's Investment Policy limits the amount of credit exposure to any one institution or organisation. Investments in other local authorities are secured by charges over rates. Other than other local authorities, Council invests funds only with entities that have a Standard and Poor's credit rating of at least A1 for short term and A for long term investments. Council holds no collateral or credit enhancements for financial instruments that give rise to credit risk.

Maximum exposure to credit risk

Council's maximum credit risk exposure for each class of financial instrument is as follows:

2017/18		2018/19
\$000		\$000
3,892	Cash and cash equivalents	3,587
3,854	Receivables	4,623
	Other financial assets:	
12,150	- Term deposits	7,900
51	- Community loans	35
230	- Industry loan	-
347	- Banks Road development loan	-
1	Derivative financial instrument assets	-
20,525	Total credit risk	16,145

The Council is exposed to credit risk as a guarantor of all of the LGFA's borrowings. Information about this exposure is explained in note 20.

Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard and Poor's credit ratings (if available) or to historical information about counterparty default rates:

2018/19						
Credit ratings						
	AA-	A+	A	A-	Not Rated	Total
	\$000	\$000	\$000	\$000	\$000	\$000
Cash and cash equivalents	3,587	-	-	-	-	3,587
Term deposits	5,400	-	2,500	-	-	7,900
Community loans	-	-	-	-	35	35

2017/18						
Credit ratings						
	AA-	A+	A	A-	Not Rated	Total
	\$000	\$000	\$000	\$000	\$000	\$000
Cash and cash equivalents	3,892	-	-	-	-	3,892
Term deposits	12,150	-	-	-	-	12,150
Derivative financial instrument assets	1	-	-	-	-	1
Community loans	-	-	-	-	51	51
Industry loan	-	-	-	-	230	230
Banks Road development loan	-	-	-	-	347	347

The counterparties that are not rated for credit quality (as shown in the tables on the left) have no history of defaults in the past. Receivables mainly arise from Council statutory functions. Therefore there are no procedures in place to monitor or report the credit quality of receivables with reference to internal or external credit ratings. Council has no significant concentrations of credit risk in relation to receivables, as it has a large number of credit customers, mainly ratepayers, and has powers under the Local Government (Rating) Act 2002 to recover outstanding debts from ratepayers.

Liquidity risk*Management of liquidity risk*

Liquidity risk is the risk that Council will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Council aims to maintain flexibility in funding by keeping committed credit lines available.

Council manages its liquidity by:

- Appropriate cash flow management to ensure that sufficient funds are available to meet all of its obligations as and when they fall due.
- Maintaining appropriate short-term borrowing facilities.
- Maintaining a prudent debt maturity profile.

Contractual maturity analysis of financial liabilities

The following table analyses Council's financial liabilities into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. Future interest payments on floating rate debt are based on the floating rate on the instrument at balance date. The amounts disclosed are the contractual undiscounted cash flows and include interest payments.

	Carrying amount	Contractual cash flows	Less than 1 year	1-5 years	More than 5 years
2018/19	\$000	\$000	\$000	\$000	\$000
Payables	7,738	7,738	7,738	-	-
Net settled derivative liabilities	3,024	153	153	-	-
Borrowings	24,000	26,462	3,058	14,519	8,885
Total	34,762	34,353	10,949	14,519	8,885

	Carrying amount	Contractual cash flows	Less than 1 year	1-5 years	More than 5 years
2017/18	\$000	\$000	\$000	\$000	\$000
Payables	5,127	5,127	5,127	-	-
Net settled derivative liabilities	1,937	147	147	-	-
Borrowings	27,616	27,803	8,803	11,000	8,000
Total	34,680	33,077	14,077	11,000	8,000

The Council is exposed to liquidity risk as a guarantor of all of the LGFA's borrowings. This guarantee becomes callable in the event of the LGFA failing to pay its borrowings when they fall due. Information about this exposure is explained in note 20.

Contractual maturity analysis of financial assets

The table below analyses Council's financial assets into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows and include interest receipts.

	Carrying amount	Contractual cash flows	Less than 1 year	1-5 years	More than 5 years
2018/19	\$000	\$000	\$000	\$000	\$000
Cash and cash equivalents	3,587	3,599	3,599	-	-
Receivables	4,623	4,623	4,623	-	-
Other financial assets:					
- Community loans	35	35	35	-	-
- Term deposits	7,900	8,062	8,062	-	-
Total	16,145	16,319	16,319	-	-

	Carrying amount	Contractual cash flows	Less than 1 year	1-5 years	More than 5 years
2017/18	\$000	\$000	\$000	\$000	\$000
Cash and cash equivalents	3,892	3,904	3,904	-	-
Receivables	3,854	3,854	3,854	-	-
Net settled derivative assets	1	-	-	-	-
Other financial assets:					
- Community loans	51	51	51	-	-
- Industry loan	230	237	237	-	-
- Banks Road development loan	347	347	347	-	-
- Term deposits	12,150	12,374	12,374	-	-
Total	20,525	20,767	20,767	-	-

Sensitivity analysis

The following table illustrates the potential effect on the surplus or deficit and equity (excluding accumulated funds) for reasonably possible market movements, with all other variables held constant, based on Council's financial instrument market risk exposures at balance date.

2018/19	\$000			
	-100bps		+100bps	
	Surplus	Other equity	Surplus	Other equity
Interest rate risk				
Financial assets				
Cash and cash equivalents	(2)	-	2	-
Financial liabilities				
Borrowings	40	-	(40)	-
Total sensitivity	38	-	(38)	-

2017/18	\$000			
	-100bps		+100bps	
	Surplus	Other equity	Surplus	Other equity
Interest rate risk				
Financial assets				
Cash and cash equivalents	(15)	-	15	-
Financial liabilities				
Borrowings	50	-	(50)	-
Total sensitivity	35	-	(35)	-

*bps = basis points. Decrease by 100 basis point = 1% interest rate decrease.

Explanation of interest rate risk sensitivity

The interest rate sensitivity is based on a reasonable possible movement in interest rates, with all other variables held constant, measured as a basis points (bps) movement. For example, a decrease in 100 bps is equivalent to a decrease in interest rates of 1%.

The sensitivity for derivatives (interest rate swaps) has been calculated using a derivative valuation model based on a parallel shift in interest rates of -100bps/+100bps.

25. EXPLANATIONS OF MAJOR VARIANCES AGAINST BUDGET

Explanations for major variations from the budget set out for 2018/19 in the 2018-28 Long Term Plan are as follows:

Statement of comprehensive revenue and expense

A key feature reflecting in the financial results again this year is the high level of development activity in the Matamata-Piako District. There was significant subdivision activity in Matamata this year, as well some smaller developments in Morrinsville. Revenue related to development activity was significantly higher than budgeted including:

- Land and infrastructure vested in Council through the subdivision process (\$3.047 million greater than budgeted)
- Development and financial contributions (\$1.653 million greater than budgeted)
- Building and resource consent revenue (offset by increased processing costs, resulting in a net revenue of \$225,000).

There are a number of significant projects underway within our district that attracted Government funding that was not budgeted for during the year including:

- \$1.166 million in grants was received for the work completed to 30 June on the Te Aroha to Matamata leg of the cycle trail.
- We secured funding of up to \$810,000 from the Government's Provincial Growth Fund for a feasibility study into the development of Te Aroha as a health and wellness tourism hub. \$180,000 was received for work completed to 30 June.
- We also secured funding of up to \$800,000 from the Government's Provincial Growth Fund for a feasibility study into the development of a business hub at Waharoa. \$133,000 was received for work completed to 30 June. In addition to the Government funding, four local businesses also contributed \$100,000 to the project.
- Under the Government's tourism infrastructure fund, we also received \$208,000 in funding this year for the upgrade of the Wairere Falls carpark.

There were two significant areas where the level of revenue budgeted for the year was not achieved:

- The budget included contribution revenue of \$860,000 from developers for work to be undertaken on Morrinsville's Avenue Road stormwater project. However this project has been re-assessed as the selected option was not considered affordable for developers.
- From 1 July 2018, we changed the way rubbish collection costs were recovered from being funded substantially from targeted rates to be funded substantially from the sale of rubbish bags (fees and charges). Revenue from the sale of rubbish bags was \$294,000 lower than budgeted, likely due to the community using up their remaining supplies of rubbish bags from previous years.

While revenue overall was \$6.1 million higher than budgeted, our overall expenses for the year were also \$5.5 million higher than the level budgeted. There were two significant activities where costs significantly exceeded budget this year:

- In the Water activity, plant and reticulation costs were \$891,000 higher than budgeted due to a number of one-off extraordinary expenses above what was budgeted, including staff, sampling and reporting costs related to events, catchment risk assessments, water safety plans, and compliance recovery projects. Chemical and power costs also increased.
- The second activity was Rubbish and Recycling, where costs exceeded the budget by \$642,000 due to an increase in the contract price, additional inflationary increases and other variations that have been provided for but are still under negotiation.

Other significant unbudgeted expenses included:

- \$458,000 recognised in the books as a loss on the disposal of assets that were replaced during the period.
- A decrease in the valuation of our interest rate swap portfolio for the year of \$1.01 million.
- \$435,000 of individually minor project costs that have built up in work in progress over a number of years has been expensed this year after a detailed review identified that the preliminary/exploratory work would not result in a capital project.

The fair value of our investment in the Waikato Regional Airport Limited increased by \$1.926 million for the year to 30 June 2019, largely due to a revaluation of the airport's assets during the year.

The revaluation of our infrastructural assets at 1 July 2018, resulted in an increase in values of \$7.6 million more than had been budgeted.

Statement of financial position

Current assets were significantly higher than budgeted largely due to Government subsidies and grants receivable at balance date.

Non-current assets were higher than budgeted due to the revaluation of assets being significantly higher than estimated for consecutive years and a higher level of assets being vested in Council than budgeted over this time as well. These increases to the value of our asset base were offset by a delay in the delivery of the capital works programme as outlined below. The increase in the book value of our investment in the Waikato Regional Airport was not budgeted for.

Current liabilities were significantly higher than budgeted. Accounts payable at 30 June were high due to the large number of capital works projects in progress at balance date as well as expenses accrued in respect of the variation to the solid waste contract. Revenue received in advance (mainly from rates) was higher than budgeted but in line with the previous year. The current portion of debt maturing this year is higher than budgeted.

Non-current liabilities were lower than budgeted, mainly due to the delay in the capital works programme over consecutive years resulting in less debt than anticipated. Also a liability is recognised at year end for the unfavourable valuation of our interest rate swap portfolio at 30 June 2019.

We did not complete the full programme of capital work budgeted for the year, and we are catching up on some projects carried forward from prior years. This has reflected in our statement of financial position with less assets being added to our books, and also less borrowings being required compared to the level budgeted. During the year we had budgeted to spend \$24.3 million on developing new or renewing our existing assets and infrastructure. We spent \$19.6 million, and some of this included the completion of projects that had been carried forward from prior years.

Some of the significant projects budgeted for this year included;

- \$1.5 million for the upgrade of Matamata's Headon Stadium. \$226,000 has been spent to date with concept planning and lodging the resource consent. Physical works are expected to be undertaken during 2019/20.
- \$250,000 was budgeted in 2018/19 and \$3.7 million carried forward from prior years for the Te Aroha to Matamata cycle trail. \$2.78 million has been spent to date, and the project is expected to be completed during 2019/20.
- \$600,000 was budgeted for the upgrade of transfer stations, with just \$32,000 spent to date.
- \$860,000 was budgeted for Morrinsville's Avenue Road stormwater project, however this project has been re-assessed as the selected option was not considered affordable for developers.
- \$1.4 million was budgeted in 2018/19 for various service level improvement projects in water and \$3.0 million for the renewal of existing assets. The priorities for water were reassessed during the year in line with findings of the national review of the compliance framework for drinking water. \$1.9 million was spent on service level improvement projects and \$3.3 million on asset renewal, with some of these projects being from budgets carried forward from previous years).
- \$1.2 million was budgeted in 2018/19 for various service level improvement projects in wastewater, but these projects will mostly progress in the 19/20 financial year. We'd also budgeted \$3.1 million for the renewal of existing assets, although only \$659,000 was spent during the year. The renewal projects will also be carried forward to 2019/20 for completion.
- \$5.0 million was spent on the renewal of existing roading assets, compared to a budget of \$5.4 million.

OTHER LEGISLATIVE DISCLOSURES

1. FUNDING IMPACT STATEMENT

for the year ended 30 June 2019 for the whole of Council

Annual Plan 2017/18	Actual 2017/18		Long Term Plan 2018/19	Actual 2018/19
\$000	\$000		\$000	\$000
Sources of operating funding				
21,146	21,300	General rates, uniform annual general charges, rates penalties	22,530	22,601
13,031	12,799	Targeted rates	12,397	12,223
2,689	2,690	Subsidies and grants for operating purposes	2,677	3,146
5,211	6,643	Fees and charges	6,621	7,269
257	622	Interest and dividends from investments	254	622
266	283	Local authorities fuel tax, fines, infringement fees, and other receipts	261	292
42,600	44,337	Total operating funding (A)	44,740	46,153
Applications of operating funding				
30,250	32,162	Payments to staff and suppliers	32,391	36,407
1,766	1,335	Finance costs	1,373	1,379
-	-	Other operating funding applications	-	-
32,016	33,497	Total applications of operating funding (B)	33,764	37,786
10,584	10,840	Surplus/(deficit) of operating funding (A - B)	10,976	8,367
Sources of capital funding				
3,462	4,141	Subsidies and grants for capital expenditure	4,017	4,328
405	1,790	Development and financial contributions	1,370	3,023
7,389	(2,191)	Increase (decrease) in debt	8,032	(3,616)
-	21	Gross proceeds from sale of assets	-	112
-	-	Lump sum contributions	-	-
-	-	Other dedicated capital funding	-	-
11,256	3,761	Total sources of capital funding (C)	13,419	3,847
Applications of capital funding				
Capital expenditure:				
282	299	—to meet additional demand	687	197
11,734	9,345	—to improve the level of service	9,486	7,082
10,397	9,457	—to replace existing assets	14,224	12,370
(573)	1,108	Increase (decrease) in reserves	(2)	(2,491)
-	(5,608)	Increase (decrease) of investments	-	(4,944)
21,840	14,601	Total applications of capital funding (D)	24,395	12,214
(10,584)	(10,840)	Surplus (deficit) of capital funding (C - D)	(10,976)	(8,367)
-	-	Funding balance ((A - B) + (C - D))	-	-

The funding impact statements for each group of activities and the overall Council funding impact statement are prepared in compliance with the requirements of clauses 26 and 30, part 3, schedule 10 of the Local Government Act 2002. Unlike the statement of comprehensive income (in the Financial Statements section), the funding impact statements are not compliant with generally accepted accounting standards (GAAP).

The funding impact statement is intended to show in a transparent manner, how all sources of funding received by us are applied. It does not include "non-cash" income that is classified as income in the statement of comprehensive revenue and expense (as required by GAAP) such as assets that are vested to us through the subdivision process, or unrealised gains on assets. The statement of comprehensive revenue and expense also requires "non-cash" expenses such as depreciation, amortisation, and unrealised losses on assets to be reflected, whereas these are excluded from the funding impact statement. The reconciliation following identifies the differences between these statements.

2. RECONCILIATION BETWEEN COUNCIL'S OVERALL FUNDING IMPACT STATEMENT AND THE STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

Actual 2017/18		Long Term Plan 2018/19	Actual 2018/19
\$000		\$000	\$000
Funding sources as shown in the overall Council funding impact statement			
44,337	Total operating funding	44,740	46,153
3,761	Total capital funding	13,419	3,847
Less capital movements			
(2,191)	Increase/(decrease) in debt	8,032	(3,616)
21	Gross proceeds from sale of assets	-	112
Add non-funded income			
4,166	Vested land and infrastructure from property development	200	3,247
7	Other gains	-	-
384	Income from support activities	658	374
54,825	Total funding sources	50,985	57,125
54,825	Total income as shown in the statement of comprehensive revenue and expense	50,985	57,125
Application of funding as shown in the overall Council funding impact statement			
33,497	Total applications of operating funding	33,764	37,786
14,601	Total applications of capital funding	24,395	12,214
Less capital movements			
19,101	Capital expenditure	24,397	19,649
1,108	Increase/(decrease) in reserves	(2)	(2,491)
(5,608)	Increase/(decrease) in investments	-	(4,944)
Add non-funded expenditure			
14,018	Depreciation and amortisation	14,207	14,396
968	Other losses	-	1,546
384	Expenses from support activities	658	374
48,867	Total funding application	48,629	54,102
48,867	Total expenditure as shown in the statement of comprehensive revenue and expense	48,629	54,102

3. INTERNAL BORROWING

Internal borrowings are utilised to fund capital projects for various activities instead of obtaining funding from external sources. Interest is charged to the various activities for their internal borrowing at a rate equal the mid-way point between our average borrowing and average investment rates obtained in the prior year. For the year ended 30 June 2019, this rate was 3.73% (2018: 3.76%). Internal borrowings are eliminated on consolidation of activities in the financial statements.

Groups of activities	Opening balance 1 July 2018	Additional funds borrowed 2018/19	Funds repaid 2018/19	Closing balance 30 June 2019	Interest paid 2018/19
	\$000	\$000	\$000	\$000	\$000
Community Facilities	14,878	766	354	15,290	570
Roading	9,567	885	-	10,452	389
Rubbish and Recycling	1,186	-	4	1,182	44
Stormwater	71	-	71	-	-
Wastewater	-	-	-	-	-
Water	6,185	2,812	-	8,997	335
Strategy and Engagement	1,089	1,097	-	2,186	81
Total internal borrowing	32,976	5,560	429	38,107	1,419

4. INSURANCE OF ASSETS

The following information relates to the insurance of Council assets as at 30 June:

June 2018		June 2019
\$000		\$000
156,108	The total value of all Council assets covered by insurance contracts	160,080
The maximum amount to which insured assets are insured:		
15,000	- Fire	15,000
150,000	- Other natural disasters	150,000
252,389	The total value of all Council assets covered by financial risk sharing arrangements	208,374
20,000	Maximum amount available to the Council under financial risk sharing arrangements	20,000

In the event of natural disaster, central government may contribute up to 60% towards the restoration of water, stormwater and wastewater assets, and provide a subsidy towards the restoration of roads.

ANNUAL REPORT DISCLOSURE STATEMENT FOR THE YEAR ENDING 30 JUNE 2019

What is the purpose of this statement?

The purpose of this statement is to disclose the Council's financial performance in relation to various benchmarks to enable the assessment of whether the Council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings. The Council is required to include this statement in its Annual Report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information including definitions of some of the terms used in this statement.

Rates affordability benchmark

The Council meets the rates affordability benchmark if:

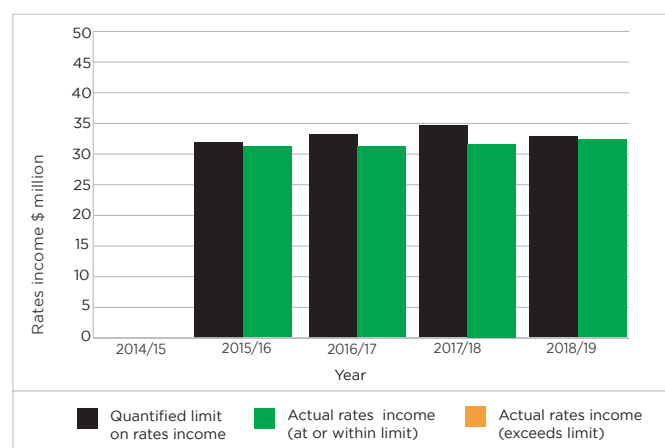
- Its actual rates income equals or is less than each quantified limit on rates;
- Its actual rates increases equal or are less than each quantified limit on rates increases.

Rates (income) affordability

The following graphs compare the Council's actual rates income with a quantified limit on rates contained in the financial strategy included in the Council's Long Term Plan. The first graph shows the quantified limit on rates adopted in the 2018-28 LTP, which changed from the quantified limit on rates from the 2012-22 LTP, shown in the second graph.

2018-28 Long Term Plan

The quantified limit from the financial strategy included in the 2018-28 LTP is: Annual rates income¹ will not increase by more than 4%.

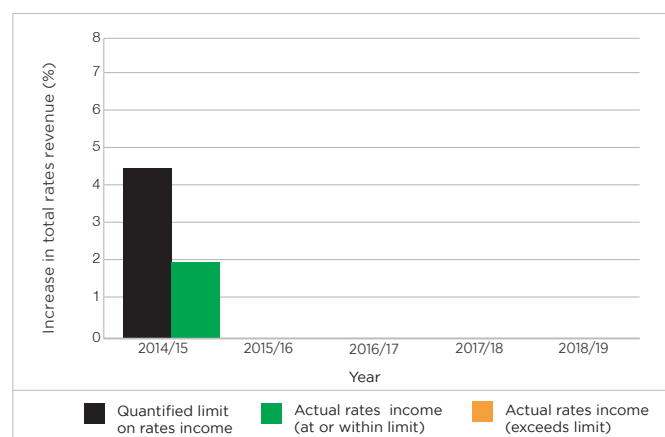


Comment:

The limit on rates income for 2018/19 was set at \$33.2m. Actual rates income (excluding penalties and metered water revenue) was \$32.9m (2017/18: \$32.0m).

2012-22 Long Term Plan

The quantified limit on rates income from the financial strategy included in the 2012-22 LTP was set at a level that was intended to meet forecast increases in costs each year as set out in the 2012-22 LTP.

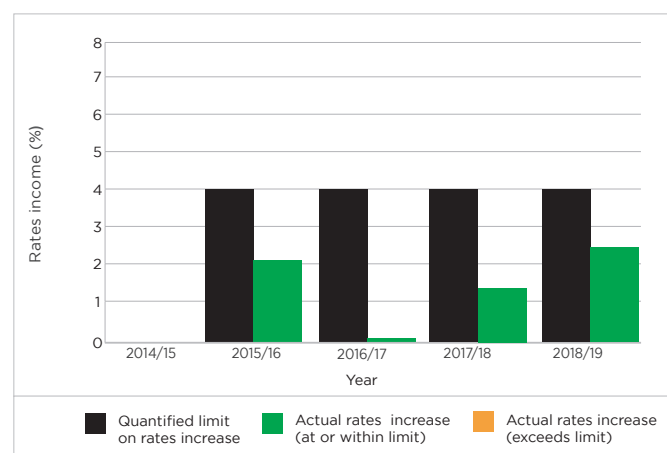


Rates (increases) affordability

The following graphs compare the Council's actual rates increases with a quantified limit on rates increases included in the financial strategy in the Council's Long Term Plan. The first graph shows the quantified limit on rates increases adopted in the 2018-28 LTP, which changed from the quantified limit on rates increases from the 2012-22 LTP, shown in the second graph.

2018-28 Long Term Plan

The quantified limit from the financial strategy included in the 2018-28 LTP is: Annual rates increases¹ will not be more than 4%.

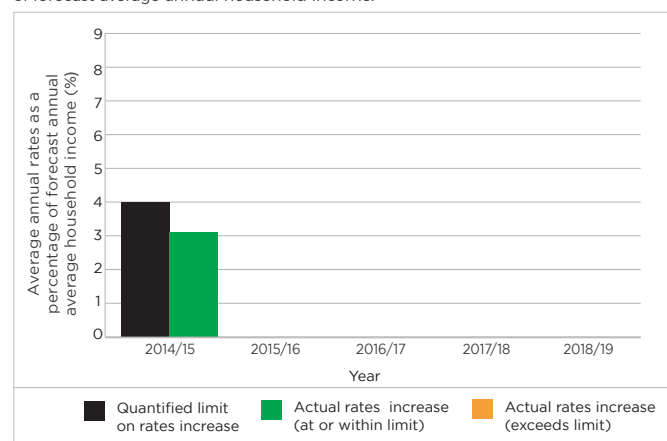


Comment:

The actual rates increase (excluding penalties and metered water revenue) for 2018/19 2.63% (2017/18: 1.33%).

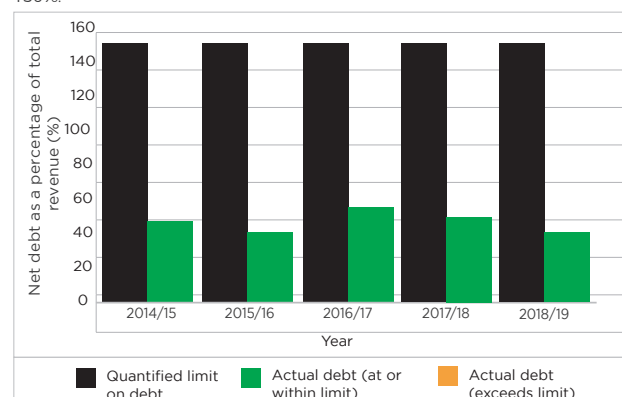
2012-22 Long Term Plan

The quantified limit on rates increases from the financial strategy included in the 2012-22 LTP was: Average annual rates will not increase to more than 4% of forecast average annual household income.



Debt affordability benchmark

The Council meets the debt affordability benchmark if its actual borrowing is within the quantified limit on borrowing. The following graph compares the Council's actual borrowing with the quantified limit on borrowing stated in the Financial Strategy included in the Council's Long Term Plan. The quantified limit is: net debt as a percentage of total revenue² will not exceed 150%.



Comment:

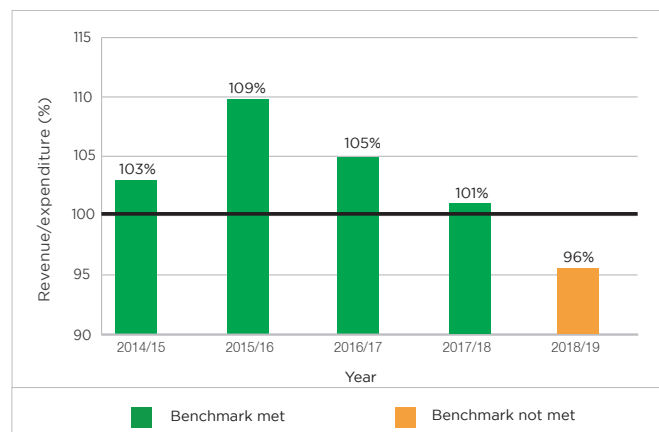
Council's actual net debt as a percentage of total revenue has reduced overall over the last six years from 67% in 2013/14 to 40% in 2018/19. This is compared to the limit of 150%, which is considered (by independent professionals) to be a prudent limit for a council of our size and nature.

¹ For the purpose of these calculations, rates income excludes penalties (which are not budgeted for) and metered water revenue (the majority of which comes from a few large industrial users). These items are excluded as the level of income received is not within Council's direct control.

² Consistent with our Liability Management Policy, total revenue excludes development and financial contributions, vested and found assets and other gains.

Balanced budget benchmark

The following graph displays the Council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant or equipment) as a proportion of operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant or equipment). The Council meets this benchmark if its revenue equals or is greater than its operating expenses.

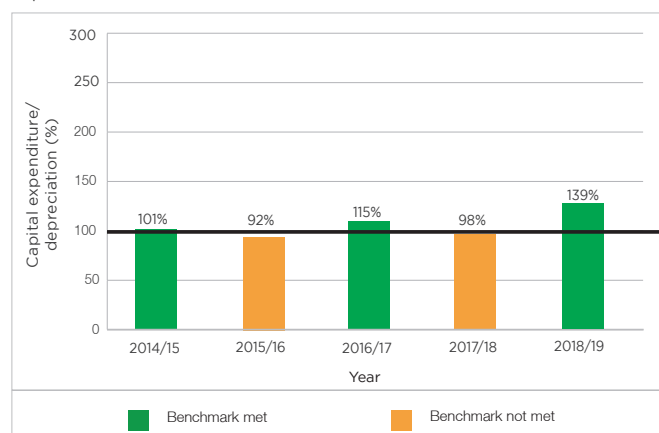


Comment:

When budgeting, Council aims for operating expenses to be covered by operating revenue – to “break even”. For accounting purposes, when we replace assets like pipes and reseal roads, the old replaced assets are “disposed of” and the “loss” from doing so is recorded as “operating expenses”. Council does not rate to cover this. At the same time, operating revenue also includes subsidies that Council receives to maintain and replace roading in the district. This revenue is included in operating, however the cost is not reflected as an operating expense – it is capital expenditure.

Essential services benchmark

The following graph displays the Council's capital expenditure on network services as a proportion of depreciation on network services. The Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.

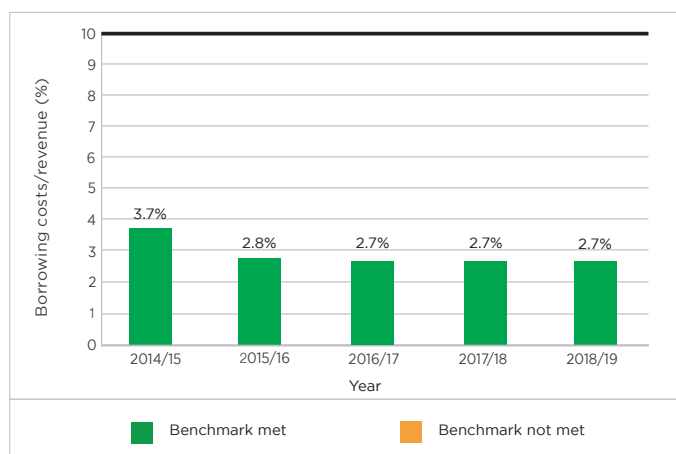


Comment:

Council's capital expenditure before between 2010 and 2012 averaged 205%, so was well in excess of the depreciation charged at the time as Council completed some significant wastewater and water upgrade projects. Capital spending is not programmed on a straight-line basis consistent with depreciation, however over a period of time it would be more closely aligned.

Debt servicing benchmark

The following graph displays the Council's borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment). Because Statistics New Zealand projects the Council's population will grow more slowly than the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue.

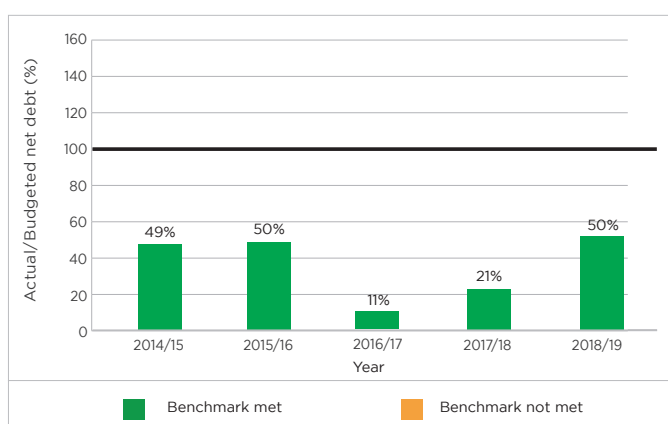


Comment:

Council's borrowing costs are sustainable and well under the 10% limit.

Debt control benchmark

The following graph displays the Council's actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets (excluding receivables). The Council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.

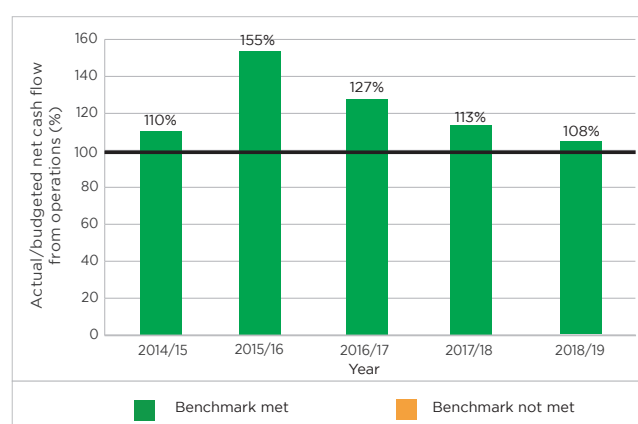


Comment:

Debt over the last five years has been lower than budgeted due to delayed capital spending, and maturing investments have been used to repay debt

Operations control benchmark

This graph displays the Council's actual net cash flow from operations as a proportion of its planned net cash flow from operations. The Council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations.



Comment:

Our actual cash flow from operations has exceeded our budgeted cash flow from operations over the last five years.

INVOLVEMENT IN COUNCIL CONTROLLED ORGANISATIONS AND COUNCIL ORGANISATIONS

Waikato Regional Airport Limited (WRAL)

WRAL was established in 1989 to operate the airport situated at Rukuhia within Waipa District. The local authority part owners negotiated the purchase of the Crown's former share holding to secure the retention of the airport as a major infrastructural facility, important to the economy of the Waikato.

WRAL is jointly owned by five local authorities: Hamilton City, Waikato District, Waipa District, Otorohanga District and Matamata-Piako District Councils. Matamata-Piako's shareholding is 15.625%.

Performance measure	Actual	Target	Actual outcome
Facilitate Health & Safety meetings every 2 months with representatives from each company department.	Achieve	Achieve	Health and Safety meetings are undertaken on monthly basis.
Zero WorkSafe notifiable accidents/injuries.	Achieve	Achieve	There were no notifiable incidents in either 2018 or 2019.
Independently review and audit the health and safety system each year.	Achieve	Achieve	An independent audit of the Group's health and safety framework was undertaken and all recommendations were implemented
To achieve the Airport Certification Standards as required by the Civil Aviation Authority and as evidenced by Civil Aviation Authority audit reports.	Achieve	Achieve	The airport continues to meet the Airport Certification Standards.
Ensure airport is operationally available for all scheduled passenger services (except for uncontrollable events).	Achieve	Achieve	There have no incidences of scheduled flights being operationally impacted by controllable events.
Facilitate noise management meetings each 4 months in accordance with the Noise Management Plan.	Achieve	Achieve	Regular meetings have been facilitated every 4 months.
Collect, document and act (where viable) on customer feedback forms to continuously monitor and improve the customer experience. Maintain a database to ensure recurring negative feedback is promptly acted upon.	Achieve	Achieve	A database is maintained of all feedback forms received. Feedback forms are provided to relevant departments and are considered in planning for future improvements and upgrade projects.
Net surplus/(deficit) after tax*	\$615,000	\$127,000	All financial performance target results were better than planned due to higher than forecast passenger activity driving an increase in revenues. Certain cash flow and funding key performance targets were not met due to the unbudgeted acquisition of the Hamilton Airport Hotel & Conference Centre building, but was in line with the Group's property strategy.
Earnings before interest, taxation and depreciation (EBITDA)*	\$3,964,000	\$3,400,000	
Net Operating cash flow	\$2,310,000	\$1,900,000	
Net Investing cash flow	(\$2,610,000)	(\$4,300,000)	
Funding Titanium Park Limited	\$1,041,000	\$900,000	Titanium Park required more funding than anticipated due to timing of land sale settlements.

Performance measure	Actual	Target	Actual outcome
Net cash flow (operating and investing)	(\$300,000)	(\$1,400,000)	
Shareholders funds to total assets	78%	65%	
Net Debt	\$13,695,000	\$18,000,000	
Total liability/shareholders' funds (debt/equity ratio)	22:78	35:36	All financial performance target results were better than planned due to higher than forecast passenger activity driving an increase in revenues. Certain cash flow and funding key performance targets were not met due to the unbudgeted acquisition of the Hamilton Airport Hotel & Conference Centre building, but was in line with the Group's property strategy.
Interest cover*	7.5	4.0	
Net profit before tax, interest and revaluations to total assets	2.8%	0.5%	
Net profit before tax, interest and revaluations to shareholder funds	3.6%	0.5%	
Net profit after tax, interest and revaluations to total assets	2.0%	0.1%	
Net profit after tax, interest and revaluations to total assets	2.6%	0.1%	
Percentage of non-landing charges revenue*	68%	74%	Due to higher than anticipated aeronautical revenues as a result of passenger growth and renegotiation of commercial charges, the Group achieved higher landing charge revenue than budgeted, when compared to non-landing charge revenues.

* Performance measures exclude the effect of land sales (and cost of land sales) and revaluation gains/(losses)

Waikato Local Authority Shared Services Limited (WLASS)

Local authorities of the Waikato Region have established Local Authority Shared Services Limited as a council controlled organisation by way of a company, in which each local authority in the Waikato Region has a single share.

Matamata-Piako's shareholding is 3%.

WLASS has twelve Directors with each director representing a shareholder council. Unless otherwise agreed by the appointing councils each director is the Chief Executive of a local authority. In addition the board may appoint up to three professional directors to supplement the directors' expertise.

Performance measure	Outcome
PROCUREMENT The Procurement Specialist has developed standard regional procurement policies, templates and procedures and provided training in each council by the end of the financial year	Achieved The regional procurement framework and toolkit were completed, with training provided to participating councils across three workshops held in March 2019.
New suppliers are awarded contracts through a competitive tender process.	Achieved The professional services panel was re-tendered during the year (contracts take effect from 1 August 2019). Any new suppliers are procured in line with the company's procurement policy.
COLLABORATIVE PROJECTS A minimum of three priority projects for collaboration are identified per annum. If considered of value, business cases are developed for approval by the Board, and the projects are implemented.	Achieved <ul style="list-style-type: none"> • LiDAR: A project to establish regional LiDAR supported by PGF funding. Business case approved in principle • Professional Services Panel: A project to re- market and establish a panel of consultants across eight disciplines under an agreed framework to streamline procurement of their services • Energy & Carbon Management: A programme to support councils in energy and carbon management. Business case approved • A regional Health and Safety Management Framework and best practice documents were implemented • Regional reporting indicators for safety performance were approved
EXISTING WLASS CONTRACTS The WLASS Contracts Register is maintained and managed.	Achieved Contracts risk register is maintained.
Contracts which are due for renewal are tested for competitiveness and either renegotiated or retendered through a competitive process.	Achieved Any new suppliers are procured in line with the company's procurement policy. In consultation with workstream managers, contracts with existing suppliers that are due for renewal are assessed as to whether they continue to offer best value, service or continuity of supply and if so, renegotiated. 24 supplier contracts were entered into.
CASHFLOW The WLASS Board reviews the financial statements at least quarterly.	Achieved Management accounts were presented to each of the six board meetings held during the year. The company remains in a strong cash position (funds on hand at 30 June 2019 are \$1.46m [2018: \$1.57m]). It is currently actively seeking to manage down cash reserves that have arisen from revenue received in advance.
COST CONTROL Administration expenditure shall not exceed budget by more than 5%, unless prior approval is obtained from the Board.	Achieved Actual spend (\$440k) exceeded budget (\$300k) but was less than the reforecasted spend of \$446k approved by the Board (and shareholding councils). The additional spend was to support the transformation of the company and was met by prior year cash reserves and additional shareholder contributions.
REPORTING The Board shall provide a written report on the business operations and financial position of the WLASS to the shareholders every six months.	Achieved Half-yearly report and annual report delivered to shareholders within required timelines.
Every second report shall be the Annual Report, which includes a report that all of the statutory requirements of the WLASS are being adhered to	Achieved Completed as set out in this annual report.
WAIKATO MAYORAL FORUM Approved invoices for Mayoral Forum projects are paid by the 20th of the month following their receipt.	Achieved

Performance measure	Outcome
SHARED VALUATION DATA SERVICES (SVDS) The Shared Valuation Data Services (SVDS) is available to users at least 99% of normal working hours.	Achieved The SVDS was available 100% of business hours during the year.
The SVDS Advisory Group meets at least 6-monthly.	Achieved The advisory Group had four scheduled meetings throughout the year.
The Annual Business Plan is accepted by the Advisory Group by 31 March 2019, and includes consideration of strategic and operational risks, a disaster recovery plan, and a business continuity plan.	Achieved
The timetable and milestones for implementing the long-term provision of SVDS Services (as agreed by the Board), are being achieved.	Not Achieved The project has begun. However, data load issues and complexities has caused project delays of approx. six months. There is no increase in total project cost, but the delay has meant that the existing SVDS support is needed longer than anticipated, with associated cost increases. The revised end date is now March 2020. [New measure]
INSURANCE Strategic advice provided by Aon on the insurance programme structure is assessed as satisfactory in the annual WCLASS Shareholders' survey by the participating councils.	Achieved Of the 11 council who responded, 3 were partially satisfied, 7 satisfied and 1 very satisfied.
The day-to-day service provided by Aon is assessed as satisfactory in the annual WCLASS Shareholders' survey by the participating councils	Achieved Of the 11 council who responded, 1 was dissatisfied, 3 were partially satisfied, 6 satisfied and 1 very satisfied.
RATA Reports are presented to stakeholders in October/January/April and July each year.	Achieved
Road Asset Technical Accord (RATA) reports are presented to WCLASS Board as at 30 December and 30 June, and circulated to stakeholders.	Achieved Half and full-year reporting presented to Board within required timeframes.
All data are reviewed for compliance and all good practice requirements are met.	Achieved All data supplied met compliance requirements
Procurement of services complies with WCLASS and NZTA's procurement requirements.	Achieved All procurement was completed in accordance with policy requirements
Present to a national conference on RATA innovations at least once per year.	Achieved Papers presented at IPWEA conference and Sydney Road Maintenance Conference.
At least two RATA guidance documents detailing good practice are produced each year.	Achieved RATA benchmarking report and Regional MIS report delivered
RATA Forums are held 2-monthly to share learnings and experience.	Achieved All RATA Forum presented and well attended by RCA's
WAIKATO REGIONAL TRANSPORT MODEL (WRTM) All modelling reports requested from the model supplier are actioned within the agreed timeframe, scope and budget.	Achieved All reports received and shared with WRTM User Group
A report from RAT A on any new developments and on the status of the model is provided to the WCLASS Board at least every six months.	Achieved Bi-annual reports provided to WCLASS Board.
The quality of the base model complies with NZTA guidelines (as set out in the NZTA's Economic Evaluation Manual), and is independently peer reviewed each time the model is updated.	Achieved Model endorsed by NZTA. Peer review recommendations being progressed.
WAIKATO BUILDING CONSENT GROUP Milestones for the five strategic review work streams are achieved for: • Digital experience and technology: a common online customer experience. Success is defined as user friendly, convenient, quick, end-to end management and communication, measured by customer surveys and systems comparisons.	Achieved On track with both TCDC and Waipa having successfully implemented the preferred online Alpha One System. Waitomo DC is committed to implementing in the 2019/20 year and MPDC and HDC are finalising their procurement process with Alpha One in the mix. ODC is also committed to implementing Alpha One and this will probably be in 2020/21 financial year. Well on track with achieving a common processing system. Works is programmed for 2019/20 to revitalise our web site to enhance the digital experience.

Performance measure	Outcome
<ul style="list-style-type: none"> People capability. Success is defined as a successful recruitment and training programme, measured by compliance with BCA Reg. 8-11 	<p>Partially achieved</p> <p>We have scoped a programme of work to approach secondary schools and tertiary students before the end of the 2019/20 year looking at a cadet type scheme</p>
<ul style="list-style-type: none"> Quality assurance. Success is defined as continued accreditation and increased service consistency, measured by accreditation outcomes, BCA annual audits, and customer surveys. 	<p>Achieved</p> <p>On track with successful IANZ audits for MPDC with good feedback on the cluster QA overall. A review of our QA offering will be undertaken in 19/20.</p>
<ul style="list-style-type: none"> Lift industry competency and compliance. Success is measured by increased industry compliance, with reduced RFLs, and reducing percentages of application or building consent rejection. 	<p>Partially achieved</p> <p>Work has been scoped for a programme to engage industry in the 2019/20 year. The Tech Committee will be continuing to work on consistency across councils on RFI's to enhance a consistent customer experience.</p>
<ul style="list-style-type: none"> Central government: engagement and legislative influence. Success is measured by legislative submissions and outcomes 	<p>Achieved</p> <p>Cluster submission to Building Reform Act was delivered - was very similar to that put together by LGNZ.</p>
<p>There is a common understanding and buy-in by all BCAs for the WBCG vision and actions that are taken to achieve this vision, measured by:</p> <ul style="list-style-type: none"> Full participation in WBCG projects and programmes 	<p>Partially achieved</p> <p>Good participation in the projects when required but could improve.</p>
<ul style="list-style-type: none"> Audits demonstrating implementation and compliance with the agreed QA systems. 	<p>Achieved</p>
<ul style="list-style-type: none"> Consistency in service delivery, measured by customer surveys. 	<p>Not achieved</p> <p>No customer survey this year - customer experience will be a key focus for 2019/20.</p>
<p>Risk management is visible through regular reviews of the Risk Register.</p>	<p>Not achieved</p> <p>Lack of awareness of risk register - will be in the programme of work for the new Strategic Manager.</p>
<p>All funding requirements are met by each of the participating councils.</p>	<p>Achieved</p> <p>Requested funding received in a timely manner by participating councils</p>
<p>Minimum of two reports presented to the WLASS Board on the Group's activities.</p>	<p>Achieved</p> <p>Activity reported to the Board in September and December 2018 and February 2019.</p>
<p>FUTURE PROOF</p> <p>Phase 2 of the Future Proof Strategy is adopted by the Future Proof Implementation Committee no later than December 2018.</p>	<p>Not achieved</p> <p>The draft Future Proof Strategy (phase 2) was reported to the Future Proof Implementation Committee and submitted to MfE in December 2018. However, work has been deferred due to other processes currently underway, namely the Hamilton to Auckland Corridor Plan, review of NPS on Urban Development Capacity, Waikato Proposed District Plan, and sub- regional industrial land study. The phase 2 Strategy is expected to be completed in 2020.</p>
<p>The overall Future Proof work programme is delivered within the approved budget.</p>	<p>Not achieved</p> <p>The Future Proof work programme to the end of 2018/19 ran slightly over budget. However, this was as a result of an approved increase in scope associated with the Hamilton to Auckland Corridor Plan. The deficit is covered by the cash reserves from the previous year.</p>
<p>Future Proof makes submissions (using RMA and Local Government processes), on District Plans, L TPs, growth management planning documents, and any central government initiatives which have the potential to impact growth management planning in the sub-region.</p>	<p>Achieved</p> <p>Future Proof made a submission on the Proposed Waikato District Plan in 2018 and has been working closely with Waikato District on their District Plan and supporting strategic planning documents. Future Proof has also been working with the Waikato Regional Council on upcoming changes to the Regional Policy Statement.</p>
<p>ALIGNED RESOURCE CONSENT PLANNING PROJECT</p> <p>Common forms are in place for all Councils involved by December.</p>	<p>Achieved</p> <p>The suite of initial forms has been completed and is live. The forum continues to meet on a 3-monthly basis to discuss planning issues. Two additional forms are being prepared and the group is considering next steps in the implementation and action plan.</p>

Performance measure	Outcome
SHAREHOLDER SURVEY A survey of shareholders is undertaken each year, and the results are reported to all shareholders.	Achieved The survey was undertaken in the second half of the year with response received from all shareholders [2018: five respondents-42%]. Results of the survey are included in this annual report for shareholders.
REVIEW OF BENEFITS Information on the financial and non-financial benefits being achieved by WLASS are included in the 6-monthly and Annual Report to shareholders.	Achieved Benefits and achievements have been reported in the half-yearly report, this annual report and the statement of intent published in June 2019.
The WLASS website is regularly maintained and updated.	Achieved Relevant information and publications are included on the website.

HAURAKI RAIL TRAIL CHARITABLE TRUST

In 2012 Council consulted on whether it should contribute \$500,000 to Hauraki District Council to construct a cycleway from Paeroa to Te Aroha and to underwrite the maintenance of our portion of the cycleway. The community overwhelmingly supported the project and in May 2012 the cycleway (known as the Hauraki Rail Trail) was completed.

The Hauraki Rail Trail Charitable Trust is a charitable trust formed to manage the cycleway. The Trust has been created by Hauraki, Thames-Coromandel and Matamata-Piako District Councils, who can each appoint three trustees. Iwi in the three districts can also appoint one trustee to the Trust. The Trust falls within the definition of a council controlled organisation, however on 14 December 2011 we exempted the Trust from council controlled organisation reporting requirements under the Local Government Act 2002. The exemption must be reviewed every three years and was last reviewed on 08 November 2017.

The Trust's purpose is generally to operate and facilitate the use and enjoyment of the Hauraki Rail Trail. The defined purposes of the Trust include the specific objectives of expanding the Hauraki Rail Trail where possible and maintaining the Hauraki Rail Trail to appropriate standards. The Trust will oversee the operation and maintenance of the Hauraki Rail Trail by a commercial operator. It will also seek funding from charitable organisations (such as gambling trusts) to fund the extension of the Hauraki Rail Trail.

OTHER COMPANIES AND ORGANISATIONS

New Zealand Local Government Insurance Corporation

This company's prime objective is to ensure the long term provision of stable and cost effective risk financing products for local government in New Zealand. Council holds 1.09% of the shares in the company with the remaining shares being held by other councils in New Zealand.

SECTION THREE: WHAT WE DO



COMMUNITY FACILITIES AND PROPERTY GROUP

WHAT WE DO

Community Facilities and Property is about providing facilities for sport, recreation and cultural activities, affordable housing for elderly people and buildings, and facilities that enable us to provide a range of services to the community. The activities responsible for this are Carparks and Street Furniture, Cemeteries, Housing and Property Management, Libraries, Parks and Tracks, Pools and Spas, Public Toilets and Recreation Facilities and Heritage.

WHY WE DO THESE ACTIVITIES

Community Facilities and Property provide a wide range of community facilities like pools, libraries, and events centres, tourist attractions such as Firth Tower Museum, Te Aroha Mineral Spas, Hauraki Rail Trail, and Te Aroha i-SITE, open spaces like parks and tracks, through to practical facilities like public toilets, carparks and cemeteries. This activity is also responsible for managing Council land and buildings including housing the elderly. These activities all help make our community a great place to live and visit. Council has developed a vision to make Matamata-Piako 'The Place of Choice' – Lifestyle – Opportunities – Home. Community Facilities and Property contributes to this overall vision by providing places for people to participate in sport, recreation and cultural activities as well as play, relax, experience nature and access information. The activity also beautifies our towns, protects sensitive environments, provides facilities for visitors and supports economic growth.

COMMUNITY FACILITIES AND PROPERTY CONTRIBUTES TO THE FOLLOWING COMMUNITY OUTCOMES:

CONNECTED INFRASTRUCTURE

Infrastructure and services are fit for purpose and affordable, now and in the future. ✓



Quality infrastructure is provided to support community wellbeing. ✓

We have positive partnerships with external providers of infrastructure to our communities. ✓



ECONOMIC OPPORTUNITIES

Our future planning enables sustainable growth in our district. ✓



HEALTHY COMMUNITIES

Our community is safe, healthy and connected. ✓

We encourage the use and development of our facilities. ✓



ENVIRONMENTAL SUSTAINABILITY

We support environmentally friendly practices and technologies. ✓



VIBRANT CULTURAL VALUES

We promote and protect our arts, culture, historic, and natural resources. ✓

FOUR WELLBEINGS OF OUR COMMUNITY

One of the purposes defined in the Local Government Act 2002 is for local authorities to identify effects that any activity within the group activity has had on the four well-beings (social, economic, environmental and cultural). Below are the identified effects for the Community Facilities and Property:

WELLBEINGS	COUNCIL ACTIVITIES							
	CARPARKS AND STREET FURNITURE	CEMETERIES	HOUSING AND PROPERTY	LIBRARIES	PARKS AND TRACKS	POOLS AND SPAS	PUBLIC TOILETS	RECREATION FACILITIES AND HERITAGE
SOCIAL	Carparks and Street Furniture provide public amenities that improve the health and wellbeing of the community.	Cemeteries provide public amenities that improve health and wellbeing through the provision of adequate burial facilities	The elderly in the district who use Council accommodation benefit from social housing.	Libraries provide venues for activities as well as improving equality and promoting social inclusion, improving literacy and offering education and lifelong learning opportunities.	The Parks and Tracks provides public areas and facilities for active recreation for the community.	The Pools and Spas provide recreation activities for the community.	Our Public Toilet facilities ensure that visitors and the community have access to these while in the district, ensuring the public have a pleasant experience.	Our Recreation facilities such as the Silver Ferns Farms Event Centre and Matamata-Piako Civic and Memorial Centre provide spaces for the community to use for hosting a variety of meetings or events.
ECONOMIC	-	-	-	Library facilities support learning and development and help overcome socio-economic differences.	The Parks and Tracks activities provides a range of areas that attract events and activities which can result in increased spending.	The Pools and Spas attract peoples from outside the district, which can result in increased spending.	-	Recreational facilities provide drawcards and allow for events and general attractions; which increases spending within the district.
ENVIRONMENTAL	-	-	-	-	Parks and Tracks protect areas of environmental value. They also improve amenity values, preserve native flora and fauna and increase aesthetic values through landscaping.	-	-	-
CULTURAL	-	-	-	The libraries provide summer reading programmes, a diverse range of reading and entertainment media as well as displaying community exhibits and collections	-	-	-	These assist with preserving and maintaining access to local and national history and culture. As well as supporting diversity in the community.

CARPARKS AND STREET FURNITURE

Carparks and Street Furniture is about providing convenient facilities for locals and visitors. This includes providing parking in our three main towns and street furniture like seats, picnic tables, drinking fountains, signs, bollards to improve safety and public art.

OUR PROJECTS FROM THE LAST TWELVE MONTHS

Key projects undertaken in the last twelve months are outlined below.

PROJECTS	WHAT HAVE WE BEEN DOING?	2018/19	
		BUDGET \$000	ACTUAL \$000
Wairere Falls carpark upgrade	We upgraded the Wairere Falls carpark at the end of Goodwin Road to meet increasing demand. Majority of the funds was budgeted in 2017/18 with most of the physical works happening this financial year. Government funding of \$221,000 was also approved for this project.	100	576
Howie Park, Morrinsville - parking	We planned to provide a parking area at Howie Park. Use of the park is currently constrained by a lack of parking space. Initial consultation was undertaken this year. Concepts plans are being developed and costed. Physical works are likely to occur in 2021/22.	150	8
Te Miro, Morrinsville - additional carpark	We planned to provide an additional carpark area at Te Miro Forest. Waterworks Road. This park and its mountain bike tracks are becoming increasingly popular. The new carpark will reduce pressure on the main carpark which is often full. Planning and scoping was carried out this year.	20	7
Rapurapu Reserve redevelopment	We planned to redevelop Rapurapu Reserve by providing a suitable parking area within the park, adding gravel, signage and rationalising the internal road network to reduce maintenance costs and prevent vehicles from accessing the river and causing damage. Planning and scoping was carried out this year with the actual physical works to take place in 2019/20.	46	7
Additional parking and turning area for the Morrinsville Events Centre	Due to the change of scope to provide an all-weather turning area for buses and additional parking at Morrinsville Events Centre on recently acquired land adjacent to the centre. This project went over budget to ensure design and concept were appropriate. Extra funding was sought from other underspent budgets and bulk funds.	20	20
Bulk Funds	This funding provides for minor or unplanned works and currently also funds renewals that fall outside the renewal plans/renewal budgets. Potential projects are assessed against criteria before being approved. Bulk funds of \$131,000 was used towards the Morrinsville Events Centre carparking.	20	131
Total key capital projects		356	749

LEVELS OF SERVICE

What you can expect and how you will know we are meeting your expectations.

ACHIEVED

NOT ACHIEVED

LEVELS OF SERVICE	HOW WE MEASURE PERFORMANCE	PREVIOUS YEARS			TARGET
		2015/16 Actual	2016/17 Actual	2017/18 Actual	2018/19
We will provide well maintained carparks and street furniture and will respond to vandalism and graffiti in a timely manner.	90% or more of damage, vandalism and graffiti complaints regarding Council carparks and street furniture will be responded to within the assigned timeframe.	57%	46.15%	70%	90% or more
					ACTUAL
					92.3%

WHAT'S BEHIND THE RESULTS

To ensure our facilities are safe and maintained to an acceptable standard, we will respond to complaints in a timely manner. Our response rate is measured by generating a report from our Customer Request Management (CRM) system. This year 12/13 (92.3%) complaints were responded to within the assigned timeframes.

*EXPECTED RESPONSE TIMES

COMPLAINT TYPE	DURING WORK HOURS (MONDAY TO FRIDAY 7AM-4PM)	AFTER HOURS/WEEKEND/STATUTORY HOLIDAY
Safety related - An immediate risk to safety, likely to cause harm to users, (e.g. broken glass, discarded needles, severe structural damage).	2 work hours or less	2 work hours or less, counted from the start of the next working day.
Other (e.g. graffiti, blown light bulb, other minor maintenance issues).	2 working days or less	2 working days or less, counted from the start of the next working day.

CEMETERIES

Cemeteries provide spaces for the dignified burial of bodies and interment of ashes, contributing to the social and cultural wellbeing of the community. Our cemeteries provide land for traditional burials as well as areas for ashes burials, ashes interments and memorials.

OUR PROJECTS FROM THE LAST TWELVE MONTHS

Key projects undertaken in the last twelve months are outlined below.

PROJECTS	WHAT HAVE WE BEEN DOING?	2018/19	
		BUDGET \$000	ACTUAL \$000
Ashes Walls	We have installed additional ashes walls at cemeteries as required to meet increasing demand. Including additional ashes walls at Matamata Cemetery. This project was budgeted in the 2017/18 financial year but physical works were carried out in the 2018/19 financial year.	45	7
Te Aroha Cemetery expansion	Our project to expand the capacity of the Te Aroha Cemetery by developing adjacent land to the south of the current cemetery has started with design plans being drawn. The physical works for this project are to be carried out in the 2019/20 financial year.	200	18
Piako Cemetery expansion	We have spent \$350,000 to purchase land for future expansion/development at Piako Cemetery, Morrinsville. This project was brought forward and spent in the 2017/18 financial year instead of 2018/19.	350	-
Bulk funds	This funding is for minor or unplanned works and currently also funds renewals that fall outside the renewal plans/renewal budgets. Potential projects are assessed against criteria before being approved.	15	-
Total key capital projects		610	25

LEVELS OF SERVICE

What you can expect and how you will know we are meeting your expectations.

ACHIEVED

NOT ACHIEVED

LEVELS OF SERVICE	HOW WE MEASURE PERFORMANCE	PREVIOUS YEARS			TARGET
		2015/16 Actual	2016/17 Actual	2017/18 Actual	2018/19
Cemeteries will be maintained to a high standard.	Percentage of people who have visited a Council cemetery in the last year who are satisfied with the cemeteries.	88%	91%	89%	80% or more
					ACTUAL
					89% or more satisfied

WHAT'S BEHIND THE RESULTS

We aim to maintain cemeteries to a standard that satisfies cemetery visitors and shows respect to our deceased. We measure this through our customer survey. This year saw an increase in very satisfied at 58%, with 31% of visitors satisfied, 4% don't know and 7% neither satisfied nor dissatisfied. No one surveyed said they were dissatisfied.



HOUSING AND PROPERTY MANAGEMENT

We own and manage a variety of land and buildings including providing elderly persons housing allowing them to access affordable housing in a quiet, maintenance free and supportive living environment. This activity is also responsible for corporate buildings used to deliver services to the community including Council offices, depots and an animal pound.

We also have 17 community halls, mainly located in rural areas. While we own the halls, the individual halls are operated by hall management committees. There is also a range of land such as undeveloped reserves and general property, and buildings, such as clubrooms on parks, that we lease to others until we need them.

OUR PROJECTS FROM THE LAST TWELVE MONTHS

Key projects that have been undertaken in the last twelve months are outlined below.

PROJECTS	WHAT HAVE WE BEEN DOING?	2018/19	
		BUDGET \$000	ACTUAL \$000
Future proofing corporate property	We have ensured that Council corporate properties (like council offices) have continued to provide efficient, cost-effective services to our community. This year we provided new office accommodation for the water and wastewater unit.	450	184
Total projects		450	184

ACHIEVED

NOT ACHIEVED

LEVELS OF SERVICE

What you can expect and how you will know we are meeting your expectations.

LEVELS OF SERVICE	HOW WE MEASURE PERFORMANCE	PREVIOUS YEARS			TARGET
		2015/16 Actual	2016/17 Actual	2017/18 Actual	2018/19
We will provide housing that meets the needs of elderly people.	Percentage of elderly persons housing tenants who are satisfied with the standard of maintenance and accommodation.	87%	82.6%	80.82%	80% or more satisfied
					ACTUAL
					86.56% satisfied

WHAT'S BEHIND THE RESULTS

We provide elderly persons housing so elderly people can have access to good quality affordable housing. This is measured by an annual survey of elderly persons housing tenants undertaken in April each year.

We will provide affordable elderly persons housing.	Rent charged for elderly persons housing will be below the market median for the district.	Achieved	Achieved	Achieved	Rents are below the market median
					ACTUAL
					Achieved

WHAT'S BEHIND THE RESULTS

Our policy is to set elderly persons housing rents below the market median for the district to ensure it is affordable. This is measured through our annual accounts and review of annual market median rents as supplied by the Ministry of Building, Innovation and Employment.

Elderly Persons Housing will be well utilised.	At least 95% of elderly persons housing will be occupied.	99%	98.73%	99.5%	95% or more
					ACTUAL
					96% occupied

WHAT'S BEHIND THE RESULTS

High occupancy rates of elderly persons housing will ensure we are providing affordable housing in the district. This is measured through our internal records of occupancy. This year we had 96% of our elderly persons housing occupied.

LIBRARIES

Our public libraries have been supplying our communities with library services for over 100 years. While the technology and delivery options may have changed over time, the core roles of the library have remained the same. Our libraries support, and are actively involved in activities such as reading, literacy and information technology for people of all ages, local heritage, providing public space and a community focal point, offering opportunities for lifelong learning and putting people in touch with information. Our libraries are intended to be community hubs providing support in many forms.

OUR PROJECTS FROM THE LAST TWELVE MONTHS

Key projects undertaken in the last twelve months are outlined below.

PROJECTS	WHAT HAVE WE BEEN DOING?	2018/19	
		BUDGET	ACTUAL
		\$000	\$000
Future proofing our libraries.	We have updated the Morrinsville and Te Aroha library facilities to meet changing community expectations and requirements of building regulations by upgrading CCTV cameras for the Morrinsville Library. Planning has also been underway for upgrading the front entrance and front desk area for the Morrinsville Library. Physical works are to be carried out in 2019/20.	100	13
Total key capital projects		100	13

ACHIEVED

NOT ACHIEVED

BENCHMARK

LEVELS OF SERVICE

What you can expect and how you will know we are meeting your expectations.

LEVELS OF SERVICE	HOW WE MEASURE PERFORMANCE	PREVIOUS YEARS			TARGET
		2015/16 Actual	2016/17 Actual	2017/18 Actual	2018/19
Our library services will be accessible to the community.	The number of people visiting our libraries.	186,552	164,055	143,292	Visitor and online user numbers will be within 5% of the five year average.
					ACTUAL
	The number of people accessing library information online.	16,383	25,051	26,594	191,262 visitor and online users.
	The number of library members who have been active (used their library card) in the last 12 months.	New measure			2018/19 benchmark
					ACTUAL
					12,569
Our library resources will support community needs.	The percentage of users who are satisfied with library services.	85%	85%	90%	90% or more
					ACTUAL
					85% satisfied.

WHAT'S BEHIND THE RESULTS

For libraries and library services to contribute to community wellbeing they need to be available for people to access information. This is measured through door count records, website visitor statistics and our customer survey.

A new 2018/19 performance target was introduced in the Long Term Plan 2018-28. This target incorporated visitors both online and physical as one target. This year saw 191,262 visitors and online users which meant we met our target. We also introduced a new performance target of active members who have used their library card in the last 12 months. This year saw a benchmark of 12,569 active members who have used their library card in the last 12 months. Users' satisfaction for the library services has decreased 5% from 2017/18 to 85% in 2018/19. 48% of respondents were very satisfied, 37% were satisfied 10% were neither satisfied nor dissatisfied while 5% of respondents were dissatisfied.

PARKS AND TRACKS

We provide a variety of parks for the community to use and enjoy for a variety of sport and recreation activities. Playground and skate park facilities provide opportunities for recreation, physical development and social activities for children and young people. Our tracks provide opportunities for walking, cycling and experiencing nature. Many of our tracks are developed and maintained in partnership with volunteer community groups.

PROJECTS	WHAT HAVE WE BEEN DOING?	2018/19	
		BUDGET \$000	ACTUAL \$000
Playground in Waharoa	We have undertaken consultation to develop a new playground in Waharoa, the design and physical works are being rolled over to take place in 2020.	75	-
Boyd Park - Turf Irrigation	We have undertaken scoping and project planning to install new irrigation at Boyd Park. Alternative irrigation options are being investigated.	50	-
Park Signage	Improvements to signage of parks across the district has been delayed due to other work projects. Works are scheduled to be carried out early 2020.	8	-
Bulk funds	This funding is for minor or unplanned works and currently also funds renewals that fall outside the renewal plans/renewal budgets. Potential projects are assessed against criteria before being approved.	30	23
Develop a new playground at Bank Road Reserve Matamata	Council has developed a new playground at Banks Road Reserve. This project has had plans designed and drawn. The project is ready to go out for public consultation in 2019/20.	-	46
Hetana Street Reserve Walkway	Council have constructed a walkway from the Matamata i-SITE underneath the oak trees to connect with the Railside by the Green.	-	30
Howie Park - water reticulation improvements	Council carried out works to improve the water reticulation for Howie park. This project was based around reducing treated water consumption that the ponds exerted.	-	14
Lockerbie Park Path	Council carried out works to create a new pathway around Lockerbie Park to allow easier access to the park.	-	24
Others	Council carried out other small scale projects towards improvements to our Parks and Tracks.	-	25
Total key capital projects		163	162

LEVELS OF SERVICE

What you can expect and how you will know we are meeting your expectations.

ACHIEVED

NOT ACHIEVED

LEVELS OF SERVICE	HOW WE MEASURE PERFORMANCE	PREVIOUS YEARS			TARGET
		2015/16 Actual	2016/17 Actual	2017/18 Actual	2018/19
We will provide good quality sports field facilities to meet the needs of users.	Percentage of users satisfied with sports fields.	79%	79%	79%	80% or more users satisfied.
					ACTUAL
					81% of users were satisfied.

WHAT'S BEHIND THE RESULTS

This is measured through our Annual Customer Survey. This year's results saw an improvement of 2% compared to last year. Of the participants surveyed 37% were very satisfied, 44% were satisfied, 14% said they were neither satisfied nor dissatisfied, 4% didn't know and 1% said they were dissatisfied. No participants said they were very dissatisfied. Reasons for dissatisfaction included lack of maintenance of parks and tracks and facilities underutilised.

We will promote and encourage the community to use our parks and reserves.	Percentage of users satisfied with parks and reserves.	79%	83%	84%	80% or more users satisfied.
					ACTUAL
					78% of users were satisfied.

WHAT'S BEHIND THE RESULTS

This is measured through our Annual Customer Survey. This year's results fall 6% below 2017/18 result. Of the participants 40% said they were very satisfied, 38% were satisfied, 12% said they were neither satisfied nor dissatisfied, 1% didn't know, 8% said they were dissatisfied and 1% said they were very dissatisfied. Reasons given for dissatisfaction included poor maintenance and poor presentation.

LEVELS OF SERVICE	HOW WE MEASURE PERFORMANCE	PREVIOUS YEARS			TARGET
		2015/16 Actual	2016/17 Actual	2017/18 Actual	2018/19
Our public playgrounds will be safe.	Playground safety will be assessed on a regular basis.	Achieved	Achieved	Achieved	Inspections will be undertaken once every two weeks, and once every week during school holidays. An external audit will be undertaken annually to evaluate compliance with the relevant New Zealand Standard.
					ACTUAL
					Achieved

WHAT'S BEHIND THE RESULTS

People's safety will not be at risk while using playgrounds. This is measured through our playground safety audit records. During 2018/19 inspections were undertaken once every two weeks and once every week during school holidays.



POOLS AND SPAS

Pools and spas contribute to the health and wellbeing of our community by providing opportunities for swimming and relaxation. Te Aroha Mineral Spas are a popular tourist attraction for both domestic and international tourists.

OUR PROJECTS FROM THE LAST TWELVE MONTHS

Key projects undertaken in the last twelve months are outlined below.

PROJECTS	WHAT HAVE WE BEEN DOING?	2018/19	
		BUDGET \$000	ACTUAL \$000
Swim Zone Splash Pads	The installation of splash pads (water play areas) for pool facilities has been delayed, due to ongoing project planning and design work.	210	-
Swim Zone Morrinsville changing rooms	We have upgraded the changing rooms for Swim Zone Morrinsville.	100	98
Swim Zone Morrinsville filtration systems	The installation of a separate filtration systems at pools in order to ensure good water quality and comply with current pool design standards has been delayed due to the actual costs of the project exceeding the current allocated budget.	60	-
Bulk funds	This funding is for minor or unplanned works and currently also funds renewals that fall outside the renewal plans/renewal budgets. Potential projects are assessed against criteria before being approved.	20	-
Other Projects	Council also carried out small scale projects towards our Pools and Spa facilities, these projects were scheduled from 2017/18, and carried out this year.	-	12
Total key capital projects		390	110

LEVELS OF SERVICE

What you can expect and how you will know we are meeting your expectations.

LEVELS OF SERVICE	HOW WE MEASURE PERFORMANCE	PREVIOUS YEARS			TARGET
		2015/16 Actual	2016/17 Actual	2017/18 Actual	2018/19
Our facilities will be safe for facility users and staff.	Four independent safety and quality audits will be carried out on Swim Zone Te Aroha, Swim Zone Matamata and the Te Aroha Mineral Spas. Two independent audits will be carried out on Swim Zone Morrinsville.	Not Achieved	Achieved	Achieved	Achieved
					ACTUAL
					Achieved

ACHIEVED

NOT ACHIEVED

WHAT'S BEHIND THE RESULTS

This is measured through records of quarterly external audits. Professional pool operation and management ensures people's safety will not be put at risk while using our pools. Audits on our pools and spas were completed in September and December 2018 and March and June 2019.

We will provide well maintained aquatic facilities in the district.	Percentage of users satisfied or very satisfied with pool facilities.	74%	70%	87%	80% or more customers satisfied
					ACTUAL
					72% customers were satisfied.

WHAT'S BEHIND THE RESULTS

This is measured through our Annual Customer Survey. This year's results of 72% satisfaction did not meet our target of 80%. This saw a 15% drop from last year's 87%. Of the participants 35% were very satisfied and 37% were satisfied. A further 13% said they were neither satisfied nor dissatisfied, 5% didn't know, 9% said they were dissatisfied and 1% said they were very dissatisfied. Reasons for dissatisfaction included requests for upgrading facilities, comments about costs and restricted opening hours.

We will promote and encourage our community to use aquatic facilities.	The number of customers using our pool facilities will be maintained.	145,363	169,780	176,466	Visitor numbers will be within 5% of the five year average
					ACTUAL
					198,099

WHAT'S BEHIND THE RESULTS

Measured by attendance records, each visit is counted as one and the figures do not differentiate between residents and out of district visitors. During the financial year we had a total of 198,099 visitors to our pools and spas. This means we meet the five year average target of 147,364.

PUBLIC TOILETS

Our public toilets provide residents and visitors access to safe, clean and convenient toilet facilities.

OUR PROJECTS FROM THE LAST TWELVE MONTHS

Key projects undertaken in the last twelve months are outlined below.

PROJECTS	WHAT HAVE WE BEEN DOING?	2018/19	
		BUDGET	ACTUAL
		\$000	\$000
Morrinsville Studholme Street Toilets	The redevelopment of the old toilet block and potentially providing more modern toilets was delayed pending the completion of the Sanitary Assessment for all toilets. After reviewing the results of the assessment, Council has confirmed that it will install a new public toilet in the Morrinsville CBD. A decision on whether this will be at the Studholme Street toilets or another location is still to be made.	100	-
Toilet Replacements	The project to replace various Public Toilet facilities that have reached the end of their useful life with modern, accessible, toilets. Was delayed pending the completion of the Sanitary Assessment for all toilets which has now been completed. This will guide prioritisation of future toilet upgrades. Council has applied to the Tourism Infrastructure Fund for co-funding towards new toilets at Waharoa and Wairere Falls and is awaiting the outcome of that process as it will affect how this year's \$100,000 is spent	100	-
Baby Change Tables	Providing baby change tables and improve accessibility to current toilets where practicable has been delayed pending the completion of the Sanitary Assessment. This has now been completed and will guide prioritisation of future toilet upgrades.	10	-
Total key capital projects		210	-

LEVELS OF SERVICE

What you can expect and how you will know we are meeting your expectations.

ACHIEVED

NOT ACHIEVED

LEVELS OF SERVICE	HOW WE MEASURE PERFORMANCE	PREVIOUS YEARS			TARGET
		2015/16 Actual	2016/17 Actual	2017/18 Actual	2018/19
Our public toilets will be maintained to acceptable standards.	The number of complaints received regarding dissatisfaction with the cleanliness of public toilets.	22 complaints	34 complaints	36 complaints	20 or less complaints about cleanliness per year
					ACTUAL
					Thirty eight (38) complaints

WHAT'S BEHIND THE RESULTS

Our public toilets will be maintained to ensure the health and wellbeing of our community is not negatively affected. This is measured through the number of complaints about cleanliness reported via our Customer Request Management System.

We received 38 complaints regarding the cleanliness of public toilets during 2018/19. Morrinsville Countdown public toilets and Waharoa were two hot spots for complaints with Morrinsville receiving eight and Waharoa receiving seven. Waharoa is in a high traffic area and does service a high number of the public which can accelerate uncleanliness. There was also three separate incidents across the district that were reported on twice by separate people.

We are continuing to monitor our facilities. We have allocated \$200,000 to replace/renew the Waharoa toilets in 2019/20 as per the Long Term Plan 2018-28 The new toilets will be better able to cope with visitor numbers, easier to maintain, vandal-resistant, more aesthetically pleasing, and able to be relocated if demand changes in the future.

RECREATION FACILITIES AND HERITAGE

Recreation Facilities and Heritage is about recreation opportunities as well as promoting and preserving our cultural heritage and encouraging tourists to our District. Our recreation facilities include an aerodrome, campgrounds, event centres, museums, heritage buildings and information centres.

OUR PROJECTS FROM THE LAST TWELVE MONTHS

Key projects undertaken in the last twelve months are outlined below.

PROJECTS	WHAT HAVE WE BEEN DOING?	2018/19	
		BUDGET	ACTUAL
		\$000	\$000
Equipment for Event/ Civic centres	Providing presentation and other equipment for the District's three main Event/Civic centres went over budget due to the technical demands needed to efficiently equip our event and civic centres. Council approved the expansion of the scope of the project and additional funding late in 2018.	50	148
Matamata Indoor Sports Facilities	We have undertaken concept planning and resource consent has been lodged for the renewal on Headon Stadium. Physical works are to be under taken in 2019/20 once a contractor has been selected for the project.	1,500	226
Total key capital projects		1,550	374

ACHIEVED

NOT ACHIEVED

LEVELS OF SERVICE

What you can expect and how you will know we are meeting your expectations.

LEVELS OF SERVICE	HOW WE MEASURE PERFORMANCE	PREVIOUS YEARS			TARGET
		2015/16 Actual	2016/17 Actual	2017/18 Actual	2018/19
We will provide well-maintained recreation and heritage facilities and will respond to complaints about damage, vandalism and graffiti in a timely manner.	90% or more of damage, vandalism and graffiti complaints regarding recreation and heritage facilities will be responded to within the assigned timeframe*.	57%	90%	83%	90% or more
					ACTUAL
					84.2%

WHAT'S BEHIND THE RESULTS

Our response rate was measured from our Customer Request Management system. We received a total of nineteen complaints about damage to our Recreation and Heritage facilities in 2018/19. Of these complaints 16/19 (84.2%) were responded to within the adopted timeframe.

*EXPECTED RESPONSE TIMES

COMPLAINT TYPE - EXPECTED RESPONSE TIMES	DURING WORK HOURS (MONDAY TO FRIDAY 7AM-4PM)	AFTER HOURS/WEEKEND/STATUTORY HOLIDAY
Safety related - An immediate risk to safety, likely to cause harm to users, (e.g. broken glass, discarded needles, severe structural damage).	2 work hours or less	2 work hours or less, counted from the start of the next working day.
Other - (e.g. graffiti, blown light bulb, other minor maintenance issues).	2 working days or less	2 working days or less, counted from the start of the next working day.

COMMUNITY FACILITIES AND PROPERTY

FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2019

Long Term Plan budget 2017/18	Actual 2017/18		Long Term Plan budget 2018/19	Actual 2018/19	Explanation of key variances to the Long Term Plan budget
(\$000)	(\$000)		(\$000)	(\$000)	
Sources of operating funding					
8,527	8,263	General rates, uniform annual general charges, rates penalties	8,822	8,850	
63	97	Targeted rates	75	100	A number of Hall Committees requested increases to the targeted rates for specific projects planned for their rural halls.
-	4	Subsidies and grants for operating purposes	4	54	Funding was received for the Silver Fern Farms Events Centre for on-going naming rights.
2,762	2,984	Fees and charges	2,775	3,152	The major increase in fees and charges was from increased rents from the Elderly Persons and staff housing units. There was also an increase in activity at the Aquatic facilities, the Silver Fern Farms Events Centre the Waiaroa Aerodrome and Firth Tower. Cemetery income was also higher due to an increase in the sale of plots.
136	159	Internal charges and overheads recovered	160	122	
-	-	Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	
11,488	11,507	Total operating funding (A)	11,836	12,278	
Applications of operating funding					
7,010	7,858	Payments to staff and suppliers	7,713	8,544	Additional asset management work was undertaken compared to budget including the Morrinsville walkway extension, sanitary service assessment, and aerodrome management. Due to an increase in internal charge rates, the operational costs for parks is higher by \$333,000. Pools and recreation costs have increased by \$311,000 due to an increase in activity, which has been offset by higher income. Property costs are higher by \$345,000 due to an increase in maintenance and cleaning costs due to a new cleaning contract. Housing costs (which are ring-fenced) experienced a \$200,000 increase in maintenance costs compared to budget.
458	171	Finance costs	186	161	Debt raised was lower than projected in the LTP due to the delay in the capital programme (as detailed below), reducing overall finance costs.
1,866	2,052	Internal charges and overheads applied	1,814	2,086	Internal Interest cost is higher due to a major capital project completed last year and overhead costs allocated are also higher than budgeted.
-	-	Other operating funding applications	-	-	
9,334	10,081	Total applications of operating funding (B)	9,713	10,791	
2,154	1,426	Surplus (deficit) of operating funding (A - B)	2,123	1,487	
Sources of capital funding					
-	-	Subsidies and grants for capital expenditure	-	208	Council received a contribution from the Government's Tourism Infrastructure fund for the upgrade of the Waiaroa Falls carpark.
58	206	Development and financial contributions	55	349	Revenue from contributions was higher than budgeted due to some significant developments in the district, particularly this year due to subdivision activity in Matamata.
478	6,173	Increase (decrease) in debt	3,317	-	The debt forecast assumed the completion of major capital projects during the year that were delayed including the Headon Stadium upgrade, land purchases of parks and tracks, cemetery expansion and the aquatic splash pad projects.

Long Term Plan budget 2017/18	Actual 2017/18		Long Term Plan budget 2018/19	Actual 2018/19	Explanation of key variances to the Long Term Plan budget
(\$000)	(\$000)		(\$000)	(\$000)	
-	-	Gross proceeds from sale of assets	-	-	
-	-	Lump sum contributions	-	-	
-	-	Other dedicated capital funding	-	-	
536	6,379	Total sources of capital funding (C)	3,372	557	
Applications of capital funding					
Capital expenditure					
157	213	—to meet additional demand	-	-	
2,239	6,455	—to improve the level of service	3,708	922	The purchase of land for expansion of the Morrinsville cemetery was budgeted for this year but was completed in the previous year. Major projects planned but delayed this year included the Headon Stadium upgrade, land purchases of parks and tracks, further cemetery expansion and the aquatic splash pad projects.
847	1,137	—to replace existing assets	1,549	1,586	
(553)	-	Increase (decrease) in reserves	238	(117)	
-	-	Increase (decrease) of investments	-	(347)	Capital spending during the current year has been funded from investments.
2,690	7,805	Total applications of capital funding (D)	5,495	2,044	
(2,154)	(1,426)	Surplus (deficit) of capital funding (C – D)	(2,123)	(1,487)	
-	-	Funding balance ((A – B) + (C – D))	-	-	




STRATEGY AND ENGAGEMENT GROUP

WHAT WE DO

Strategy and Engagement is about making good decisions for the future of our community. The activities responsible for this are Civil Defence, Communications and Events, Community Leadership, and Strategies and Plans.

WHY WE DO THESE ACTIVITIES

These activities ensure our community is informed of Council activities and can be involved in open and transparent decision making. This helps us plan for the long term to ensure that our communities grow and develop in an integrated and sustainable way. The Local Government Act 2002 also has a significant impact on these activities, as it sets a number of legislative requirements that we must meet. Council has developed a vision to make Matamata-Piako 'The Place of Choice; Lifestyle – Opportunities – Home'. Strategy and Engagement contributes to this overall vision by providing leadership that makes Matamata-Piako a desirable place to live.

STRATEGY AND ENGAGEMENT CONTRIBUTES TO THE FOLLOWING COMMUNITY OUTCOMES:				
	CIVIL DEFENCE	COMMUNICATIONS AND EVENTS	COMMUNITY LEADERSHIP	STRATEGIES AND PLANS
 ECONOMIC OPPORTUNITIES We are a business friendly Council.		✓	✓	✓
				✓
 HEALTHY COMMUNITIES Our community is safe, healthy and connected.	✓			
		✓	✓	
 VIBRANT CULTURAL VALUES We value and encourage strong relationships with Iwi and other cultures, recognising waahi tapu and taonga/significant and treasured sites and whakapapa/ancestral heritage.			✓	✓
			✓	✓

THE FOUR WELLBEINGS AND OUR COMMUNITY OUTCOMES

One of the purposes defined in the Local Government Act 2002 for local authorities, is to identify effects that any activity within a group of activities has had on the four well-beings (social, economic, environmental and cultural). These have been identified below for the Strategy and Engagement Group:

WELLBEINGS	COUNCIL ACTIVITIES			
	CIVIL DEFENCE	COMMUNICATIONS AND EVENTS	COMMUNITY LEADERSHIP	STRATEGIES AND PLANS
SOCIAL	Civil Defence ensures that the community and Council are prepared in an emergency. This preparation helps the community remains safe during these times.	Community events such as ANZAC day and Volunteer Morning Tea, encourages and highlights the achievements of the district.	Community Leadership provides fair representation of the communities' wants and needs. Creating a quality social environment for the community to all be represented.	Develops and encourages effective representation and consultation through its policies by improving community participation.
ECONOMIC	-	Community events such as the Big Business Breakfast and Industry Training Graduation support the economic development of the district through highlighting local business achievements and also provides a networking base for businesses in our district.	-	The development of documents such as the District Plan, LTP and Annual Plan identifies and provides certainty around where development is able to occur and provides certainty for community advancement.
ENVIRONMENTAL	-	-	-	Through the provision for and protection of the environment in the District Plan and processes such as the Significant Natural Features project encourage the preservation of significant sites.
CULTURAL	-	Our Waitangi Day celebration is held annually by the Te Manawhenua Forum which is supported by Council staff. This event ensures that Iwi are engaged and Iwi culture is celebrated.	Te Manawhenua Forum provides a platform for mana whenua to be heard and to have serious input into Council decisions.	Our Strategies and Plans develops and encourages consultation through its policies by ensuring Tangata Whenua participation.



CIVIL DEFENCE

Civil Defence Emergency Management (CDEM) is a function and responsibility of regional, city and district councils. Our Civil Defence role includes community, organisational and business readiness, including public education and awareness, training and exercises and local response planning. We are part of the Waikato CDEM Group, which includes the Waikato Regional Council and all 10 district/city councils, as well as emergency services, welfare agencies and utility providers. This group works closely with research institutions, utility operators and central government to reduce risks and improve community resilience. We're also part of the Thames Valley emergency operating area, which provides Civil Defence services locally.

OUR PROJECTS FROM THE LAST TWELVE MONTHS

Running emergency exercises and the regular review of our local and regional plans are the core of this activity. A Disaster Recovery Plan has been developed for our district.

LEVELS OF SERVICE

What you can expect and how you will know we are meeting your expectations.

ACHIEVED

NOT ACHIEVED

LEVELS OF SERVICE	HOW WE MEASURE PERFORMANCE	PREVIOUS YEARS			TARGET
		2015/16 Actual	2016/17 Actual	2017/18 Actual	2018/19
We will be prepared to assist the community in the event of an emergency.	We will have sufficient trained staff within the Thames Valley Emergency Management Operating Area.	35%	36%	42%	45% or more
					ACTUAL
					44%

WHAT'S BEHIND THE RESULTS

We need to have the right staff with the right qualifications to respond to a civil defence emergency in the Thames Valley Civil Defence area. Those positions include the controller, intelligence officers and several other essential roles. We aim to ensure a minimum percentage of those positions are filled (taking staff turnover into account). This is measured through our internal records.

As of 30 June 2019 we have only reached 44% of the positions filled with appropriately trained staff. We provide information to our community on emergency readiness via our website and Facebook. The Thames Valley Civil Defence area was disestablished as of 1 July 2019. A new program and plan is in action from 1 July 2019 to ensure Matamata-Piako is prepared for emergency events.



COMMUNICATIONS AND EVENTS

Communications and Events is responsible for keeping the community informed and actively encouraging people to engage with Council. This involves developing plans and materials to engage with the community, monitoring social trends such as social media, online services and mobility, and implementing improvements to make it easier for customers to do business with us or participate in our processes. Communications and Events also organise events that contribute to a sense of community such as ANZAC Day ceremonies and the Community Volunteer Morning Tea and economic development activities such as the Business Night Out and Industry Training Graduation.

OUR PROJECTS FROM THE LAST TWELVE MONTHS

Key projects undertaken in the last twelve months are outlined below.

PROJECTS	WHAT HAVE WE BEEN DOING?	2018/19	
		BUDGET	ACTUAL
		\$000	\$000
Events	This year we have held the Business Night Out, Volunteer Morning Tea, Industry training graduation and ANZAC Day ceremonies.	40	40
Total key operational projects		40	40

LEVELS OF SERVICE

What you can expect and how you will know we are meeting your expectations.

ACHIEVED

NOT ACHIEVED

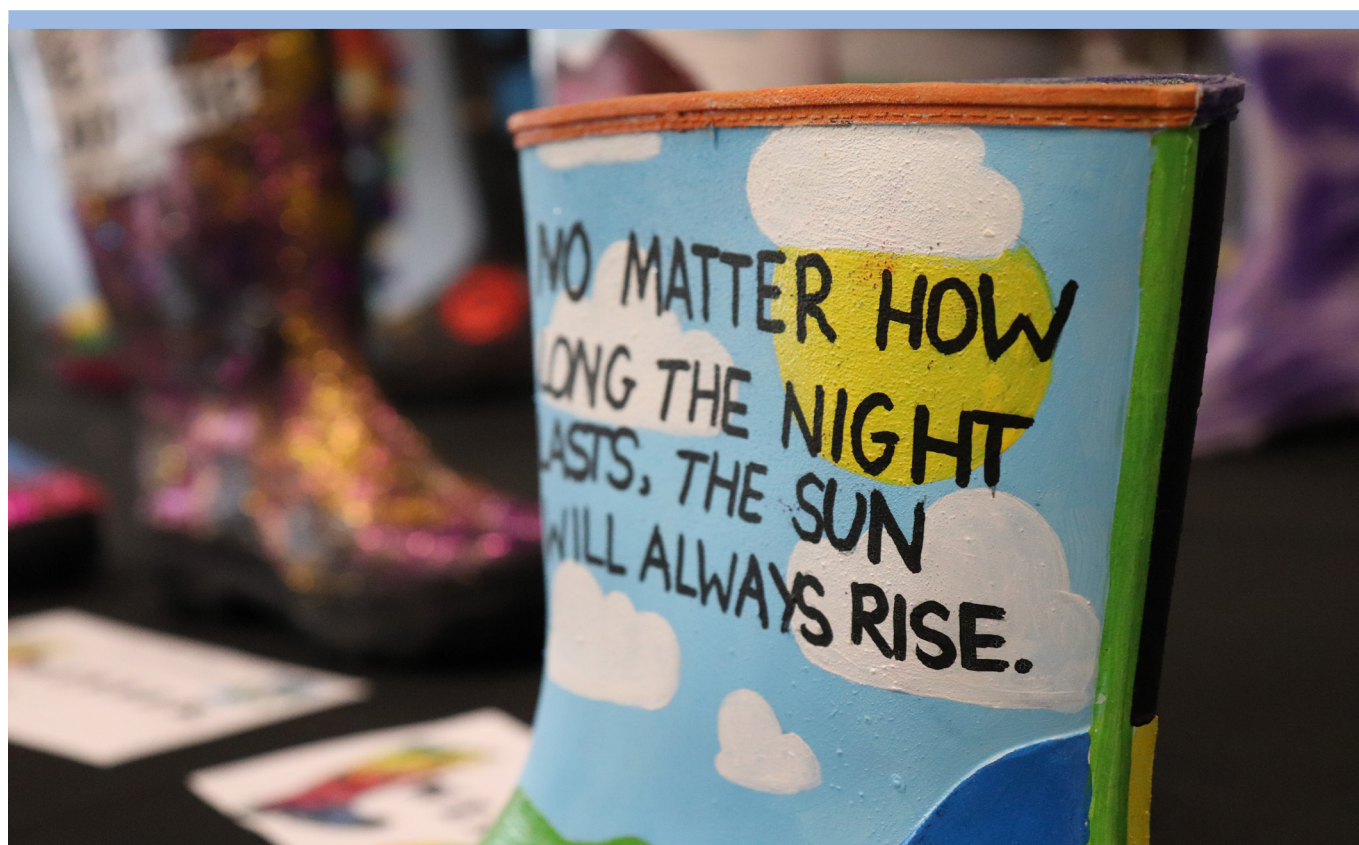
LEVELS OF SERVICE	HOW WE MEASURE PERFORMANCE	PREVIOUS YEARS			TARGET
		2015/16 Actual	2016/17 Actual	2017/18 Actual	2018/19
We will hold events to contribute to economic development, recognise volunteers, and remember our history.	We will hold one function annually to recognise volunteers, ANZAC Day commemorations and two functions to contribute to economic development.			Business Night Out Industry Training Graduation Volunteer Morning Tea ANZAC Day Civic Ceremonies.	We will hold one function annually to recognise volunteers, ANZAC Day commemorations and two functions to contribute to economic development.
					ACTUAL Business Night Out Industry Training Graduation Volunteer Morning Tea ANZAC Day Civic Ceremonies

WHAT'S BEHIND THE RESULTS

A volunteer morning tea was held on 20 June 2019 at the Silver Fern Farms Events Centre in Te Aroha to recognise and thank the groups and individuals that volunteer in our community. Volunteers are the heart of any caring community and many services could not exist without these individuals and groups who freely give of their time and expertise. ANZAC Day Civic ceremonies were held in Matamata, Morrinsville, Te Aroha and Walton on 25 April. These ceremonies give the community a chance to remember and pay their respects to those who served our country. The Business Night Out was held on 11 October, 2018 at the Matamata-Piako Civic and Memorial Centre in Matamata to celebrate business success in our community. Guests were inspired as keynote speaker Lilia Tarawa shared her story about growing up in the community Gloriavale. This event and awards were sponsored by Hobbiton, Bayleys, Fonterra, Gull and Mediaworks.

The Industry Training Graduation was held at the Kaimai Cheese Factory Café in Waharoa on 9 May 2019 to celebrate the success of those who have chosen to complete a qualification through an Industry Training Organisation, and to thank the employers who have supported them through these qualifications. A free breakfast event for Tech Week Waikato was co-organised by Council staff in collaboration with Thomas Coates from Cultivate IT and Tim Hampton from Mata Digital. Over 30 people from the community attended the breakfast and feedback from attendees was positive. The theme for Tech Week 19 was 'Innovation that's good for the world'. The Big business breakfast was held at Matamata Civic Centre, 30 May, with over 60 influential industry and business partners from the Matamata Piako District. Dan Kneebone, the Port of Tauranga's Property and Infrastructure Manager presented to the group. Talk tourism Te Aroha was held at the Silver Fern Farms Event Centre, 20 March. Hamilton & Waikato Tourism CEO, Jason Dawson, local tourist operator and chairman of the Te Aroha Business Association and Hauraki Rail Trail CEO, Diane Drummond shared an insight to the developments within the tourism space and particularly the potential for growth with the PGF funding announcement towards the development of a health and wellbeing precinct within the Te Aroha Domain. Council supported the Te Manawhenua Forum in holding an event to celebrate Waitangi Day this year. This is a celebration of the district's diversity and we welcomed food trucks and entertainers who embrace cultures from all corners of the world.

LEVELS OF SERVICE	HOW WE MEASURE PERFORMANCE	PREVIOUS YEARS			TARGET
		2015/16 Actual	2016/17 Actual	2017/18 Actual	2018/19
We will continue developing online services so residents and ratepayers can access information and interact with Council at any time, from anywhere.	We will develop one new digital service per year to allow customer to exchange money or information with Council.	Recruitment system Service kiosk	Ticket system to purchase gift vouchers	Purchase rubbish bags and recycling bins online Live streaming events	One new transaction/service per year
					ACTUAL
					Antenno App
WHAT'S BEHIND THE RESULTS					
This is measured through our internal records. The Antenno project has been completed, with a soft launch of the app going live in May 2019. The app enables customers to receive Council information directly to their smart phones. The app also has the functionality for customers to be able to report issues back to Council and can include photos. The app uses GPS so the information is accurate even if the customer doesn't know their specific location. Antenno is aimed at being a new tool in our communications toolbox.					
We will make Council information easy for people to find and access.	Percentage of residents who are satisfied with ease of access to Council information.	61% of residents satisfied (benchmark)	63% of residents satisfied	65% of residents satisfied	63% or more of residents satisfied
					ACTUAL
					62% residents satisfied
WHAT'S BEHIND THE RESULTS					
This is measured through our Annual Customer Survey. Of the participants 24% of respondents said they were very satisfied and 38% were satisfied. A further 24% were neither satisfied nor dissatisfied, 5% didn't know, 6% were dissatisfied and 3% very dissatisfied. Reasons given for dissatisfaction included comments about lack of ready access to information, timeliness of response, have to find information yourself and generally unhappy.					



COMMUNITY LEADERSHIP

Community Leadership is responsible for involving the community in decision making. Communities elect members to represent them and to make decisions on their behalf. This involves providing leadership for the community as a whole and involving people in decision.

LEVELS OF SERVICE

What you can expect and how you will know we are meeting your expectations.

ACHIEVED

NOT ACHIEVED

BENCHMARK

LEVELS OF SERVICE	HOW WE MEASURE PERFORMANCE	PREVIOUS YEARS			TARGET
		2015/16 Actual	2016/17 Actual	2017/18 Actual	2018/19
People will have confidence in their local elected members.	Percentage of the community satisfied with the leadership of the Councillors and Mayor.	New measure			Benchmark
					ACTUAL
					55% of the community satisfied
WHAT'S BEHIND THE RESULTS					
This is measured through our Annual Customer Survey. Of the participants 19% of respondents said they were very satisfied and 36% were satisfied. A further 31% were neither satisfied nor dissatisfied, 4% didn't know, 8% were dissatisfied and 2% very dissatisfied. Reasons given for dissatisfaction included comments about lack of communication, lack of action and lack of consultation and not listening to the public. This year saw the measurement change from 'Performance' to 'Leadership' resulting in the 2018/19 result setting the benchmark.					
Council will involve Tangata Whenua with Mana Whenua status in the decision making process.	Percentage of Te Manawhenua Forum members satisfied with progress made towards achieving the identified work streams.	New measure			Benchmark
					ACTUAL
					16.66%
WHAT'S BEHIND THE RESULTS					
This is measured through a survey sent to the members of the Te Manawhenua Forum. The survey allows us to see how we have progressed on the identified work streams. This year two responses were received from the twelve Te Manawhenua Forum members, both respondents were satisfied with progress.					
We will provide a safe working environment with an aim to ensure that every person working on, near or visiting our sites goes home healthy and safe every day.	Monthly reporting to Council showing our progress towards health and safety targets.	New Measure			11 reports to Council per year
					ACTUAL
					11 reports
WHAT'S BEHIND THE RESULTS					
This is measured through our internal records. Monthly reports to Council ensure that Council are providing a safe working environment for every person who is working on, near or visiting our sites, goes home healthy and safe every day. These reports allow Council to monitor and track health and safety progress and detect any issues quickly and ensure they are dealt with efficiently.					

STRATEGIES AND PLANS

There are four key documents developed under the Strategy and Plans activity, involving the community in decision making:

- The Long Term Plan
- The Annual Plan
- The Annual Report
- The District Plan

OUR PROJECTS FROM THE LAST TWELVE MONTHS

Key projects undertaken in the last twelve months are outlined below.

PROJECTS	WHAT HAVE WE BEEN DOING?	2018/19	
		BUDGET \$000	ACTUAL \$000
Long Term Plan	We have started project planning for our 10 year strategic plan, which is reviewed every three years. The next Long Term Plan focuses on 2021-2031.	45	1
Annual Plan	Our annual budgeting plan, which is completed in the years in between a Long Term Plan did not require a hearing therefore the project came well under budget.	24	8
Annual Report	The Annual Report lets the community know whether we have done what we said we would in the Long Term Plan/Annual Plan.	15	7
Policies and Bylaws	We have undertaken a review of a range of policies (for example the Gambling, TAB, Dogs, Earthquake- Prone, Dangerous and Insanitary Buildings Policies, the Legal Highs (Local Approved Products) Policy and the Local Alcohol Policy and Bylaws. We have also undertaken a review of our representation arrangements in 2018, and produced a pre-election report prior to each of the triennial elections.	22	12
Regional collaboration	We have used funding to work on regional collaboration projects with other councils. One of the projects is the development of the Waikato Plan called Waikato: he reo kotahi (Waikato: one voice).	50	23
Economic Development	We have used funding to develop and implement an Economic Development Strategy to support our district's growth.	200	194
Discretionary funding	We have funded a range of organisations within the district – including grants to specific community groups, contestable funds, and supporting Hamilton and Waikato Tourism Limited.	233	233
District Plan review	We have continued to do the rolling review of the District Plan and have processed plan changes in accordance with the Resource Management Act 1991. Due to a private plan change that carried over to the 2019/20 financial year cost associated with this project will be reimbursed to Council in 2019/20.	200	253
Regional Resource Management Act policy work	We have engaged with Waikato Regional Council over changes to the Regional Plan and implementation of the Regional Policy Statement.	50	64
Hauraki Gulf Forum	This fund covers Council's contribution towards the operation of the Hauraki Gulf Forum.	10	9
Total key operational projects		849	804

LEVELS OF SERVICE

What you can expect and how you will know we are meeting your expectations.

ACHIEVED

NOT ACHIEVED

LEVELS OF SERVICE	HOW WE MEASURE PERFORMANCE	PREVIOUS YEARS			TARGET
		2015/16 Actual	2016/17 Actual	2017/18 Actual	2018/19
Our community will have the opportunity to participate in Council consultation processes.	Percentage of the community satisfied that they have been provided with an opportunity to be involved in consultation processes.	52%	49%	56%	52% (Maintain 2015/16 benchmark)
					ACTUAL
					56% of community satisfied

WHAT'S BEHIND THE RESULTS

This is measured through our Annual Customer Survey.

This year's results saw 19% were very satisfied and 37% were satisfied. A further 33% of respondents said neither satisfied nor dissatisfied, 4% don't know. 4% said they were dissatisfied and 3% were very dissatisfied. The main reason for dissatisfaction was a perceived lack of consultation with the public.

We will provide an annual update on progress on land use and development, and the protection of natural and physical resources of the district.	State of the Environment monitoring reports will be updated on Council's website each year.	20 November	18 November	16 November	20 November each year
					ACTUAL
					19 November

WHAT'S BEHIND THE RESULTS

The State of Environment Report 2017/18 was published on our website 19 November 2018. Monitoring and reporting on the state of our environment allows us to identify if we are achieving our objectives to protect the environment and highlights any issues that need to be addressed during District Plan reviews. We update results of this monitoring onto our website annually, we also report on trends that we identify through our monitoring in the Annual Report. Meeting this level of service target ensure that we have vibrant cultural values through ensuring our environment is protected and used in a sustainable manner.

COUNCIL GRANTS AND FINANCIAL SUPPORT SUMMARY

Council has allocated funding to a number of organisations in our district that work to enrich and provide services to our community, such as, operating the I-SITE buildings, street cleaning and maintenance as well as bringing events to the District such as, the annual Morrinsville Fireworks Extravaganza, the Herd of Cows project, the Matamata Christmas Parade and Aroha Cruise in, which all help to make Matamata-Piako District a great place to live. We also provide contestable fund throughout the year for the community to apply for. These come in various grants such as; Community Ward grant, Significant Natural Features grant and Heritage and Protected Tree grant. As well as community groups we also provide funding to organisations that help support the growth and development of our district. Like the Hauraki Rail Trail Charitable Trust and the Waikato Plan.

FUNDING TYPE/ FUNDING TO ORGANISATION	\$ AMOUNT
Long Term Plan 2018-28 Grants for 2018/19	\$238,150
Contestable Grants Annually for 2018/19	\$77,500
Waikato Plan	\$35,000
Hauraki Rail Trail Charitable Trust	\$151,486
Hamilton and Waikato Tourism	\$150,000

STRATEGY AND ENGAGEMENT

FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2019

Long Term Plan 2017/18	Actual 2017/18		Long Term Plan 2018/19	Actual 2018/19	Explanation of key variances to the Long Term Plan budget
(\$000)	(\$000)		(\$000)	(\$000)	
Sources of operating funding					
4,024	4,280	General rates, uniform annual general charges, rates penalties	4,102	4,115	
-	-	Targeted rates	-	-	
-	-	Subsidies and grants for operating purposes	-	337	Council received funding from the Governments Provincial Growth Fund for feasibility studies into creating and industrial hub in Waharoa and a tourism precinct in Te Aroha.
148	590	Fees and charges	129	692	Income from investments allocated to this activity is higher than budgeted as the delay in capital projects has resulted in a higher level of cash investments being held during the year.
774	454	Internal charges and overheads recovered	318	558	Internal interest allocated to this activity is higher than budgeted.
-	-	Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	
4,946	5,324	Total operating funding (A)	4,549	5,702	
Applications of operating funding					
2,521	2,576	Payments to staff and suppliers	2,828	3,229	There were a number of unbudgeted projects (including the consent management module, human resource strategy, digital strategy, online voting and employment of Event Centre operational staff) that Council earmarked to fund in the current year from surplus funds from the prior year.
44	-	Finance costs	1	40	
1,399	1,500	Internal charges and overheads applied	1,481	1,562	
-	-	Other operating funding applications	-	-	
3,964	4,076	Total applications of operating funding (B)	4,310	4,831	
982	1,248	Surplus (deficit) of operating funding (A – B)	239	871	
Sources of capital funding					
-	-	Subsidies and grants for capital expenditure	-	-	
-	-	Development and financial contributions	-	-	
148	(5,753)	Increase (decrease) in debt	98	(1,723)	Investments made to pre-fund debt were utilised during the period.
-	21	Gross proceeds from sale of assets	-	112	Proceeds from the sale of assets relate to fleet vehicles sold during the year.
-	-	Lump sum contributions	-	-	
-	-	Other dedicated capital funding	-	-	
148	(5,732)	Total sources of capital funding (C)	98	(1,611)	
Applications of capital funding					
Capital expenditure					
-	-	—to meet additional demand	-	-	

Long Term Plan 2017/18	Actual 2017/18		Long Term Plan 2018/19	Actual 2018/19	Explanation of key variances to the Long Term Plan budget
(\$000)	(\$000)		(\$000)	(\$000)	
-	-	—to improve the level of service	-	232	New furniture and presentation equipment for the Events Centres was not included in the budget but was funded from the prior year's surplus funds as earmarked by Council.
1,409	694	—to replace existing assets	1,078	1,793	Vehicles and IT equipment budgeted for in the prior year was carried forward and spent in this financial year.
(279)	214	Increase (decrease) in reserves	(741)	1,602	Available investments were applied to reserves.
-	(5,392)	Increase (decrease) of investments	-	(4,367)	Available cash investments were used to repay debt and applied to reserves.
1,130	(4,484)	Total applications of capital funding (D)	337	(740)	
(982)	(1,248)	Surplus (deficit) of capital funding (C - D)	(239)	(871)	
-	-	Funding balance ((A - B) + (C - D))	-	-	

INFRASTRUCTURE

WHAT WE DO

Infrastructure is about having quality, reliable and sustainable infrastructure for our community. The activities responsible for this are Roothing, Rubbish and Recycling, Stormwater, Wastewater and Water.

WHY WE DO THESE ACTIVITIES

The infrastructure activity group ensure Council provide infrastructure that supports our growing population, meets the needs of our community through good connections and reliability and balancing the different needs and interests of residents and businesses in our community.

THE FOUR WELLBEINGS AND OUR COMMUNITY OUTCOMES

One of the purposes defined in the Local Government Act 2002 for local authorities, is to identify effects that any activity within a group of activities has had on the four well-beings (social, economic, environmental and cultural). We must also identify the community outcomes which each activity relates to. These have been identified below for Infrastructure (Roothing, Rubbish and Recycling, Stormwater, Wastewater and Water):

WELLBEINGS	COUNCIL ACTIVITIES				
	ROADING	RUBBISH AND RECYCLING	STORMWATER	WASTEWATER	WATER
SOCIAL	-	Our rubbish and recycling processes ensure residents household waste is dealt with in a sustainable manner to ensure a healthy and clean environment to live and work in.	Our stormwater system provide efficient flood mitigation and protection for resident's homes.	We provide sufficient wastewater and treatment systems for our residents to enable a clean and healthy environment to live and work in.	Our water systems ensure Council provide clean drinking water to our residents to ensure their health and wellbeing are protected.
ECONOMIC	We provide efficient roading networks which encourages local migration and investment.	-	Our stormwater systems provide efficient flood mitigation protecting businesses and industry.	-	We provide efficient water systems to residents and for industrial purposes.
ENVIRONMENTAL	-	Our rubbish and recycling processes ensure resident's household waste is dealt with in a sustainable manner to ensure there are limited effects on the district's environment.	Our stormwater systems provide efficient flood mitigation protection to ensure that environmental damage is limited during severe weather events.	We provide sufficient wastewater and treatment systems for our residents to ensure our wastewater doesn't effect the environment in the district.	Our water systems ensure Council provide clean drinking water to our residents and industry at no cost to the environment.
CULTURAL	-	-	-	We provide sufficient wastewater and treatment systems for our residents to ensure our wastewater doesn't impact on the connection iwi have on the whenua and awa that are in our district.	Our water systems ensure Council provide clean drinking water to our residents and industry without impacting on the connection iwi have with the awa in our district.

ROADING

WHAT WE DO

We own and maintain 1,002 kilometres of local roads within the district, including 951km of sealed and 51 km of unsealed roads. This is all the roads in the district except for state highways which included Broadway and Firth Street in Matamata, Allen Street in Morrinsville and Whitaker/Kenrick Streets in Te Aroha, which are managed by the New Zealand Transport Agency.

WHY WE DO THESE ACTIVITIES

The roading network links areas and connects people

with each other and essential services, enables businesses to access resources/markets and provides people with social, cultural, recreational and employment opportunities. We plan to continue to own, control and manage our entire roading network as one of our core activities. As a result our first priority is to maintain, operate and protect the existing roading network. Council has developed a vision to make Matamata-Piako 'The Place of Choice' – Lifestyle – Opportunities – Home'. Roding contributes to this overall vision by providing transportation connections that enable our community to safely travel to and from their destination, transport goods and services and support economic growth.

ROADING CONTRIBUTES TO THE FOLLOWING COMMUNITY OUTCOMES:

CONNECTED INFRASTRUCTURE

Infrastructure and services are fit for purpose and affordable, now and in the future. ✓



Quality infrastructure is provided to support community wellbeing. ✓

We have positive partnerships with external providers of infrastructure to our communities. ✓



ECONOMIC OPPORTUNITIES

Our future planning enables sustainable growth in our district. ✓



HEALTHY COMMUNITIES

Our community is safe, healthy and connected. ✓

OUR PROJECTS FROM THE LAST TWELVE MONTHS

Key projects undertaken in the last twelve months are outlined below.

PROJECTS	WHAT HAVE WE BEEN DOING?	2018/19	
		BUDGET \$000	ACTUAL \$000
Low Risk/Low Cost Capital improvements*	We have undertaken a mixture of safety improvements, traffic calming measures, guard railing, and improvement to sight visibility etc this year.	850	554
Seal widening	We have undertaken widening of existing roads to meet District Plan requirements for road width this year.	160	148
New kerb and channel	We have extended the existing kerb and channel network in our urban areas this year. There was less urban development than predicted this year which saw less new kerb and channel installed. The remaining budget was contributed to the Morrinsville Events Centre and Wairere car park projects.	55	15
New footpaths	Extending the existing footpath network in our urban areas has been delayed due to resource issues. The funding was instead contributed to the Morrinsville Events Centre and Wairere car park projects.	55	-
New street lighting	Our project to extend and upgrade our existing street lighting in our urban areas has been undertaken this year. LED lighting has been installed across the district. The balance of this budget was put towards lighting for the new Wairere Falls car park and Events Centre car park in Morrinsville.	160	41
Cycleway – Off shoots from existing	On-road off-shoots to our key attractions along the Kaimai Ranges, from the existing trail have been delayed until the completion of the Te Aroha to Matamata extension.	250	
Te Aroha - Matamata Cycleway extension	We have extended the Te Aroha - Matamata Cycleway to help encourage visitors to stay in the district. This will also help promote cycling. We have secured a grant of \$2.6 million from central government which when combined with Council's funding takes the total funding available for the project to \$5.6million. Physical works commenced this financial year and will be completed in 2019/2020.	2,000	2,781
Total key capital projects		3,530	3,539

*51% subsidy is received from NZ Transport Agency for this work.



LEVELS OF SERVICE

What you can expect and how you will know we are meeting your expectations.

ACHIEVED

NOT ACHIEVED

INFORMATION NOT AVAILABLE

LEVELS OF SERVICE	HOW WE MEASURE PERFORMANCE	PREVIOUS YEARS			TARGET
		2015/16 Actual	2016/17 Actual	2017/18 Actual	2018/19
We will provide a roading network that is safe for all users.	The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network expressed as a number.*	Increase of 12 serious or fatal crashes from previous year (2015/16 - 18 fatal or serious crashes, 2014/15 - 6 fatal or serious crashes)	Increase of 6 serious or fatal crashes from previous year (2016/17 - 24 fatal or serious crashes - confirmed by New Zealand Transport Agency (NZTA).	Decrease of 3 serious or fatal crashes from 2016/17. There were 21 fatal or serious crashes in 2017/18 - based off of crash analysis system (CAS) data.	A reduction in the number of fatal and serious crashes from the previous year. ACTUAL Decrease of 3 serious or fatal crashes from the previous year (2018/19 - 18 fatal or serious crashes.)

WHAT'S BEHIND THE RESULTS

Our target for 2018/19 was 20 or less serious or fatal crashes. There were 18 serious or fatal crashes on our local road network in 2018/19. This is a decrease of three serious or fatal crashes from the previous year which had 21 serious or fatal crashes. The 2018/19 result actual is based on interim data available from NZ Transport Agency Crash Analysis System (CAS) up to 30 June 2019, data is not confirmed until late 2019. 2017/18 actual has been updated with the confirmed final figure of 21 from NZTA.

We will provide a roading network that is maintained and developed to provide smoothness and comfort.	The average quality of ride on our sealed local road network, measured by smooth travel exposure.*	98%	Not measured	99.3%	97% or more ACTUAL
					Not measured
	The percentage of the sealed local road network that is resurfaced.*	9.52%	8.7%	9.95%	8.5% or more ACTUAL
					7.94%
	The percentage of footpaths within our district that fall within the level of service or service standard for the condition of footpaths that is set out in our relevant documents (such as our annual plan, activity management plan, asset management plan, annual works program or Long Term Plan)*	Not measured	99%	Not measured	95% or more within the acceptable level of service ACTUAL
					99.4% within acceptable level of service

WHAT'S BEHIND THE RESULTS

This is measured by a smooth travel exposure analysis that is conducted every two years, this survey will be carried out in 2020. Well maintained roads and footpaths provide smoothness and comfort. This is measured by our internal records. We have 950.69km of sealed roads in our local road network. Of these, 75.54km (7.94%) has been resurfaced in 2018/19 this is a decrease of 2.01% on last year. The last three years have seen a large amount of road sealing undertaken therefore the need to reseal road sections has decreased for this year. Footpath level of service is measured by an assessment of our footpaths. Footpaths are given a grade from 1 (excellent condition) to 5 (very poor condition). Ratings 1 to 3 (excellent to fair) are considered to fall within the acceptable level of service. The level of service standard set by Council is that 95% of footpaths shall be grade 1 to grade 3. Our most recent assessment was completed in November 2018.

We will provide a reliable roading network and will respond to customer service requests in a timely manner.	The percentage of customer service requests relating to roads and footpaths that the territorial authority responds within the time frame specified in the Long Term Plan.*	100% of urgent 90% of non-urgent	100% of urgent 88.14% of non-urgent	100% of urgent 97.84% of non-urgent	90% of urgent requests responded to within one working day 90% on non-urgent request responded to within five working days
					ACTUAL 100% of urgent requests responded to. 95.4% of non-urgent request responded to.

WHAT'S BEHIND THE RESULTS

We aim to investigate customer requests within appropriate timeframes. Some complaints can be resolved quickly; others can take time to work through. We received nine complaints regarding urgent roading requests which is six less than the previous year, all were responded to within one working day. The road, street or footpath must be completely impassable for the request to be determined as urgent. We received 590 non-urgent roading requests, of these 563 were responded to within five working days. The main issues were road floodings, blocked culverts, berms and potholes.

* These are mandatory performance measures that have been introduced for all councils around New Zealand.

ROADING

FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2019

Long Term Plan 2017/18	Actual 2017/18		Long Term Plan 2018/19	Actual 2018/19	Explanation of key variances to the Long Term Plan budget
(\$000)	(\$000)		(\$000)	(\$000)	
Sources of operating funding					
6,699	6,219	General rates, uniform annual general charges, rates penalties	6,922	6,944	
-	-	Targeted rates	-	-	
2,607	2,556	Subsidies and grants for operating purposes	2,553	2,621	NZTA has approved additional subsidy for footpath renewal compared to budget.
147	178	Fees and charges	147	188	
590	367	Internal charges and overheads recovered	248	220	
241	244	Local authorities fuel tax, fines, infringement fees, and other receipts	230	255	
10,284	9,564	Total operating funding (A)	10,100	10,228	
Applications of operating funding					
5,792	5,881	Payments to staff and suppliers	5,847	6,018	Additional asset management and footpath maintenance work was carried out this year compared to budget (in line with NZTA's approval of additional subsidy).
303	415	Finance costs	423	444	
831	943	Internal charges and overheads applied	892	974	
-	-	Other operating funding applications	-	-	
6,926	7,239	Total applications of operating funding (B)	7,162	7,436	
3,358	2,325	Surplus (deficit) of operating funding (A – B)	2,938	2,792	
Sources of capital funding					
3,155	4,141	Subsidies and grants for capital expenditure	3,157	4,120	A \$1.1 million unbudgeted Government grant for the Te Aroha to Matamata cycle trail was received this year. This was partly offset by a \$110,000 reduction in the Roding subsidy received from NZTA due to the lower rehab contract price achieved this year.
132	438	Development and financial contributions	328	718	Revenue from contributions was higher than budgeted due to some significant developments in the district, particularly this year due to subdivision activity in Matamata.
847	1,205	Increase (decrease) in debt	683	-	Capital was funded through available reserves rather than debt.
-	-	Gross proceeds from sale of assets	-	-	
-	-	Lump sum contributions	-	-	
-	-	Other dedicated capital funding	-	-	
4,134	5,784	Total sources of capital funding (C)	4,168	4,838	
Applications of capital funding					
Capital expenditure					
64	52	—to meet additional demand	62	-	

Long Term Plan 2017/18	Actual 2017/18		Long Term Plan 2018/19	Actual 2018/19	Explanation of key variances to the Long Term Plan budget
(\$000)	(\$000)		(\$000)	(\$000)	
3,171	1,926	—to improve the level of service	1,468	3,643	\$2.7 million has been spent on the Te Aroha to Matamata cycle trail this year that was largely budgeted in the previous year. Pavement rehab spending is less than budgeted due to achieving a lower contract price.
6,009	6,131	—to replace existing assets	5,480	5,009	
(1,752)	-	Increase (decrease) in reserves	96	(1,022)	Capital was funded through available reserves rather than debt.
-	-	Increase (decrease) of investments	-	-	
7,492	8,109	Total applications of capital funding (D)	7,106	7,630	
(3,358)	(2,325)	Surplus (deficit) of capital funding (C – D)	(2,938)	(2,792)	
-	-	Funding balance ((A – B) + (C – D))	-	-	

RUBBISH AND RECYCLING

WHAT WE DO

We currently provide kerbside rubbish and recycling collection services to 9,500 properties across the district, as well as operating three transfer stations located at Matamata, Morrinsville and Waihou. We provide waste minimisation and sustainability education to schools across the district. We also have three closed landfills at Matamata, Morrinsville and Te Aroha that are monitored under the terms of their resource consents to ensure they do not endanger the environment or public health.

WHY WE DO THESE ACTIVITIES

Our day to day lives generate a lot of waste that must be managed for the health of our community and our environment. Managing this waste effectively and efficiently, and promoting waste minimisation protects our environment for current and future generations. Council has developed a vision to make Matamata-Piako ‘The Place of Choice’ – Lifestyle – Opportunities – Home. The Rubbish and Recycling activity contributes to this overall vision by providing kerbside collection and refuse disposal facilities. The activity ensures the safe disposal of rubbish and recycling, supporting environmentally friendly practices and technologies and protecting public health.

RUBBISH AND RECYCLING CONTRIBUTES TO THE FOLLOWING COMMUNITY OUTCOMES:



CONNECTED INFRASTRUCTURE

Infrastructure and services are fit for purpose and affordable, now and in the future.



Quality infrastructure is provided to support community wellbeing.



ENVIRONMENTAL SUSTAINABILITY

We support environmentally friendly practices and technologies.



HEALTHY COMMUNITIES

Our community is safe, healthy and connected.



OUR PROJECTS FROM THE LAST TWELVE MONTHS

Key projects undertaken in the last twelve months are outlined below.

PROJECTS	WHAT HAVE WE BEEN DOING?	2018/19	
		BUDGET	ACTUAL
		\$000	\$000
Upgrade of Transfer Stations.	The improvements to our services at our transfer stations and upgrade of the infrastructure was delayed to early 2019 where improvements works have progressed. We have completed: concrete work in Morrinsville, new Cardex systems at all RTSs, and drainage works at Matamata.	600	32
Rubbish and recycling education projects.	We have provided education programmes in schools. A Waste Levy Audit was carried out in July 2018 by Ministry for the Environment which found that Council needed to spend accumulated income from previous years on waste minimisation initiatives. This has led to these projects going over the 2018/19 budgets by spending surplus funds.	15	135
Waste minimisation activities.	We have provided general waste minimisation activities. A Waste Levy Audit was carried out in July 2018 by Ministry for the Environment which found that Council needed to spend accumulated income from previous years on waste minimisation initiatives. This has led to these projects going over the 2018/19 budgets by spending surplus funds.	95	
Total key operational projects		710	167

ACHIEVED

NOT ACHIEVED

BENCHMARK

LEVELS OF SERVICE

What you can expect and how you will know we are meeting your expectations.

LEVELS OF SERVICE	HOW WE MEASURE PERFORMANCE	PREVIOUS YEARS			TARGET
		2015/16 Actual	2016/17 Actual	2017/18 Actual	2018/19
We will provide kerbside refuse and recycling collection services to urban and rural townships and transfer stations.	Percentage of residents satisfied with kerbside rubbish and recycling collection services and transfer stations.	80%	82%	80%	80% or more satisfied or very satisfied
					ACTUAL
					65% satisfied

WHAT'S BEHIND THE RESULTS

This is measured through our Annual Customer Survey.

In 2018/19 39% of respondents were very satisfied and 26% were satisfied. A further 11% were neither satisfied nor dissatisfied, 18% didn't know, 4% of respondents said they were dissatisfied and 2% said they were very dissatisfied. The main reason for dissatisfaction was with the rubbish bags being too small or ripping. There was also dissatisfaction with the lack of sustainability with the current service system. Project planning is to occur in 2019/20 to assess the feasibility of changing waste management services from bags to wheelie bins to provide a more efficient and sustainable waste management system.

Reliable kerbside refuse and recycling collection services will be available to the community.	Number of complaints about kerbside rubbish and recycling not collected on the usual collection day.	17 on average per month	15.8 on average per month	10.7 complaints on average per month	20 or less complaints on average per month
					ACTUAL
					5 complaints on average per month

WHAT'S BEHIND THE RESULTS

This is measured through our Customer Request Management system.

During the 2018/19 period we received a total of 60 complaints about rubbish and recycling not being collected on the usual day. This equates to five complaints per month. The majority of these were collected the next day.

LEVELS OF SERVICE	HOW WE MEASURE PERFORMANCE	PREVIOUS YEARS			TARGET
		2015/16 Actual	2016/17 Actual	2017/18 Actual	2018/19
We will encourage residents to minimise waste disposal to landfill by providing more sustainable waste management options.	Total quantity of kerbside household waste sent to landfill	New Measure			Reduction of 1% per person per year*
					ACTUAL
					48.94kgs of waste per person per year sent to the landfill
	Proportion of waste diverted (recycled or composted) from the transfer station and kerbside recycling collection service.	48%	45.77%	51.6%	45% or more of the total waste diverted from the landfill
					ACTUAL
					36.84%
WHAT'S BEHIND THE RESULTS					

This is measured through our records of monthly weighbridge quantities of kerbside and transfer station recyclables. Due to changing government regulations globally there is a decrease in the types of recyclable materials that are able to be recycled. This change in material acceptance has caused a fluctuation of waste that can be diverted from landfill. We are looking into new methods of waste disposal for the district in 2019/20.

A total of 1722.72 tonnes of kerbside waste was sent to the landfill, based on the estimated population of 35,200 this means that on average 48.94kgs of waste per person was sent to the landfill for the year 2018/19. This sets a benchmark for the following year of how much is needed to be reduced by.

*Based on total district population from Statistics New Zealand estimate as at the start of the financial year (June 2018).



RUBBISH AND RECYCLING

FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2019

Long Term Plan 2017/18	Actual 2017/18		Long Term Plan 2018/19	Actual 2018/19	Explanation of key variances to the Long Term Plan budget
(\$000)	(\$000)		(\$000)	(\$000)	
Sources of operating funding					
479	458	General rates, uniform annual general charges, rates penalties	583	585	
1,362	1,299	Targeted rates	249	249	
96	130	Subsidies and grants for operating purposes	120	134	
493	584	Fees and charges	1,384	951	Sales of rubbish bags and transfer station income was lower than budgeted. Stockpiled bags and the effect on consumer behaviour of the new user pays system this year made estimating bag sales with any accuracy very difficult.
-	3	Internal charges and overheads recovered	-	(6)	
-	-	Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	
2,430	2,474	Total operating funding (A)	2,336	1,913	
Applications of operating funding					
2,140	2,074	Payments to staff and suppliers	2,035	2,676	Waste Management costs were higher than budgeted due to an increase in the contract price, inflation and other contract variations
5	24	Finance costs	11	31	
231	235	Internal charges and overheads applied	229	232	
-	-	Other operating funding applications	-	-	
2,376	2,333	Total applications of operating funding (B)	2,275	2,939	
54	141	Surplus (deficit) of operating funding (A - B)	61	(1,026)	
Sources of capital funding					
-	-	Subsidies and grants for capital expenditure	-	-	
-	-	Development and financial contributions	-	-	
(2)	(141)	Increase (decrease) in debt	573	-	The debt forecast assumed the completion of the Morrinsville transfer station upgrade that has been carried forward to next year.
-	-	Gross proceeds from sale of assets	-	-	
-	-	Lump sum contributions	-	-	
-	-	Other dedicated capital funding	-	-	
(2)	(141)	Total sources of capital funding (C)	573	-	
Applications of capital funding					
Capital expenditure					
-	-	—to meet additional demand	-	-	
-	-	—to improve the level of service	600	14	The budgeted upgrade of the Morrinsville transfer station has been carried forward to next year
8	-	—to replace existing assets	3	-	

Long Term Plan 2017/18	Actual 2017/18		Long Term Plan 2018/19	Actual 2018/19	Explanation of key variances to the Long Term Plan budget
(\$000)	(\$000)		(\$000)	(\$000)	
44	-	Increase (decrease) in reserves	31	(1,040)	Reserves required to fund the deficit in operating funding
-	-	Increase (decrease) of investments	-	-	
52	-	Total applications of capital funding (D)	634	(1,026)	
(54)	(141)	Surplus (deficit) of capital funding (C – D)	(61)	1,026	
-	-	Funding balance ((A – B) + (C – D))	-	-	

STORMWATER

WHAT WE DO

We currently have stormwater drainage systems in Matamata, Morrinsville, Te Aroha, Waharoa and a limited system in Hinuera. These systems include a mix of pipes, open channels and drains. We work to ensure there are adequate services and staff to respond to storm events and implement maintenance programs to ensure our systems remain in good condition. We also work collaboratively with Waikato Regional Council as they also own, manage and maintain parts of the drainage system (streams and rivers). Maintaining our assets involves undertaking scheduled and unscheduled maintenance and repair work. We have renewal strategies to allow for the progressive replacement of assets as they are required.

WHY WE DO THESE ACTIVITIES

Stormwater systems safely and efficiently drain surface water to minimise flooding in our communities. We aim to ensure stormwater is well managed and work with property owners to improve stormwater and reduce flooding. Council has developed a vision to make Matamata-Piako 'The Place of Choice' - Lifestyle - Opportunities - Home. Stormwater contributes to this overall vision by providing stormwater drainage for our urban centres, which protects people and properties from flooding and supports the health and wellbeing of our communities, making our towns desirable places to live.

STORMWATER CONTRIBUTES TO THE FOLLOWING COMMUNITY OUTCOMES:

CONNECTED INFRASTRUCTURE

Infrastructure and services are fit for purpose and affordable, now and in the future.



Quality infrastructure is provided to support community wellbeing.



We have positive partnerships with external providers of infrastructure to our communities.



ECONOMIC OPPORTUNITIES

Our future planning enables sustainable growth in our district.



HEALTHY COMMUNITIES

Our community is safe, healthy and connected.



OUR PROJECTS FROM THE LAST TWELVE MONTHS

Key projects undertaken in the last twelve months are outlined below.

PROJECTS	WHAT HAVE WE BEEN DOING?	2018/19	
		BUDGET \$000	ACTUAL \$000
Avenue Road North Stormwater Disposal*	This project has been re-assessed as the selected option was not affordable for developers. Investigations into an optimal solution are continuing and will be completed in 2019/2020.	860	-
Increase capacity of the existing stormwater network	We have undertaken work to increase the existing stormwater network where feasible. This work is mainly the installation of soakage systems. Council resolution saw extra funding approved for works undertaken for Mangawhero Road, Matamata.	100	248
Tower Road Development	This project is to increase the current stormwater retention pond at Tawari Street in Matamata to allow for drainage of the additional growth area. This work is funded from development contributions and will proceed when sufficient development in the vicinity progresses.	400	-
Eldonwood Development	Our project to allow for stormwater soakage as a result of the new road constructed, linking Hinuera and Station Road in Matamata has been delayed due to the growth of this area not progressing as predicted. This work is funded from development contributions and will proceed when sufficient development in the vicinity progresses.	100	-
Total key capital projects		1,460	248

* This work has been identified as a growth project to be funded through an agreements with developers. This will not impact on rates or the development contributions otherwise payable for development in Morrinsville.

LEVELS OF SERVICE

What you can expect and how you will know we are meeting your expectations.

ACHIEVED

NOT ACHIEVED

LEVELS OF SERVICE	HOW WE MEASURE PERFORMANCE	PREVIOUS YEARS			TARGET
		2015/16 Actual	2016/17 Actual	2017/18 Actual	2018/19
We will have an effective stormwater system that provides an appropriate level of protection to minimise harm.	The number of flooding events* that occur in our district. For each flooding event, the number of habitable floors affected. (expressed per 1,000 properties connected to our stormwater system.)**	0 flooding events 0 habitable floors affected	1 flooding events 2 habitable floors affected	1 flooding events 1 habitable floors affected	Zero (0) flooding events Zero (0) habitable floors affected
					ACTUAL
					Zero (0) flooding events affecting Zero (0) habitable floors

WHAT'S BEHIND THE RESULTS

This is measured by our Customer Request Management system.

This year saw zero habitable floors* affected by flooding from our stormwater system.

We will protect the environment from stormwater contaminate discharging into waterways.	Compliance with our resource consents for discharge from our stormwater system, (measured by the number of: abatement notices, infringement notices, enforcement orders, and convictions, received in relation to those resource consents).**	Zero	Zero	Zero	Zero (0)
					ACTUAL
					Zero (0)

WHAT'S BEHIND THE RESULTS

This is measured by our internal records.

Our stormwater system discharges treated stormwater into the environment. The quality and quantity must meet the appropriate standard.

LEVELS OF SERVICE	HOW WE MEASURE PERFORMANCE	PREVIOUS YEARS			TARGET
		2015/16 Actual	2016/17 Actual	2017/18 Actual	2018/19
We will have reliable stormwater systems and will respond to requests for service from our residents in a timely manner.	The median response time to attend a flooding event*, measured from the time that we receive notification to the time that service personnel reach the site.**	0 hours	Median 1 hour 13.5 minutes	Median 1 hour 48 minutes	Median: 4 hours ACTUAL Zero (0)
WHAT'S BEHIND THE RESULTS					
This is measured by our Customer Request Management system. There were no flooding events to habitable floors in 2018/19. Therefore the median response time is zero.					
Residents will be satisfied with the overall performance of the stormwater system.	The number of complaints we received about the performance of our stormwater system, (expressed per 1,000 properties connected to our stormwater system).**	9 complaints	101 complaints	40 complaints	4 complaints per 1,000 connections per year (32 in total) ACTUAL 5 complaints per 1,000 connections per year (40 in total)
WHAT'S BEHIND THE RESULTS					

The number of complaints we receive about our stormwater network is measured through our Customer Request Management system. These complaints relate to the performance of our stormwater system, they are not complaints about flooding of habitable buildings. We received 40 complaints this year. The majority of these calls were logged during periods of abnormally heavy rainfall and were in response to blocked drains. There was also a number of calls in relations to leaves blocking the drains during autumn and winter.

* A flooding event is defined as an overflow of stormwater from Council's stormwater system that enters a habitable floor (the floor of a building including a basement, but does not include ancillary structure such as standalone garden sheds or garages).

** These are mandatory performance measures that have been introduced for all councils around New Zealand.



STORMWATER

FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2019

Long Term Plan 2017/18	Actual 2017/18		Long Term Plan 2018/19	Actual 2018/19	Explanation of key variances to the Long Term Plan budget
(\$000)	(\$000)		(\$000)	(\$000)	
Sources of operating funding					
158	131	General rates, uniform annual general charges, rates penalties	121	121	
970	801	Targeted rates	742	742	
-	-	Subsidies and grants for operating purposes	-	-	
68	-	Fees and charges	-	-	
38	98	Internal charges and overheads recovered	106	99	
-	-	Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	
1,234	1,030	Total operating funding (A)	969	962	
Applications of operating funding					
192	237	Payments to staff and suppliers	163	204	
148	-	Finance costs	-	-	
276	168	Internal charges and overheads applied	189	166	
-	-	Other operating funding applications	-	-	
616	405	Total applications of operating funding (B)	352	370	
618	625	Surplus (deficit) of operating funding (A – B)	617	592	
Sources of capital funding					
-	-	Subsidies and grants for capital expenditure	860	-	The budgeted Stormwater contribution of \$860,000 for the Avenue Road North (Morrinsville) project was not received as there was no progress in this area during the year.
24	167	Development and financial contributions	23	149	Revenue from contributions was higher than budgeted due to some significant developments in the district, particularly this year due to subdivision activity in Matamata.
(56)	(761)	Increase (decrease) in debt	-	-	
-	-	Gross proceeds from sale of assets	-	-	
-	-	Lump sum contributions	-	-	
-	-	Other dedicated capital funding	-	-	
(32)	(594)	Total sources of capital funding (C)	883	149	
Applications of capital funding					
Capital expenditure					
-	-	—to meet additional demand	400	-	The Tower Road development has been delayed and carried forward to next year.
105	31	—to improve the level of service	1,060	248	The Avenue Road North stormwater project did not progress during the year.
-	-	—to replace existing assets	-	33	
481	-	Increase (decrease) in reserves	40	460	Surplus in operating funding was applied to reserves

Long Term Plan 2017/18	Actual 2017/18		Long Term Plan 2018/19	Actual 2018/19	Explanation of key variances to the Long Term Plan budget
(\$000)	(\$000)		(\$000)	(\$000)	
-	-	Increase (decrease) of investments	-	-	
586	31	Total applications of capital funding (D)	1,500	741	
(618)	(625)	Surplus (deficit) of capital funding (C - D)	(617)	(592)	
-	-	Funding balance ((A - B) + (C - D))	-	-	

WASTEWATER

WHAT WE DO

We own and operate wastewater treatment plants (WWTP) in Matamata (which also treats wastewater from Waharoa and Raungaiti), Morrinsville (which also treats wastewater from Rukumoana), Te Aroha, Tahuna and Waihou. The Morrinsville treatment plant also treats and disposes of rural septic tank waste.

Approximately 50% of the wastewater treated in Morrinsville is from local industry. Industrial and commercial wastewater is regulated through tradewaste agreements and our Tradewaste Bylaw which ensure companies pay for the cost of processing their own waste.

WHY WE DO THESE ACTIVITIES

Our wastewater services ensure that wastewater (sewage and the grey water that goes down your drains) is collected, treated and disposed of appropriately. The treatment is particularly important as after wastewater is treated it is discharged into waterways or to land. We aim to ensure wastewater is well managed for the wellbeing of our community and our environment. Council has developed a vision to make Matamata-Piako ‘The Place of Choice’ – Lifestyle – Opportunities – Home. Wastewater contributes to this overall vision by providing wastewater treatment and discharge services to support healthy communities and our environment.

WASTEWATER CONTRIBUTES TO THE FOLLOWING COMMUNITY OUTCOMES:



CONNECTED INFRASTRUCTURE

Infrastructure and services are fit for purpose and affordable, now and in the future.



Quality infrastructure is provided to support community wellbeing.



ECONOMIC OPPORTUNITIES

Our future planning enables sustainable growth in our district.



HEALTHY COMMUNITIES

Our community is safe, healthy and connected.



ENVIRONMENTAL SUSTAINABILITY

We support environmentally friendly practices and technologies.



OUR PROJECTS FROM THE LAST TWELVE MONTHS

Key projects undertaken in the last twelve months are outlined below.

PROJECTS	WHAT HAVE WE BEEN DOING?	2018/19	
		BUDGET \$000	ACTUAL \$000
Main sewer from the west side of Te Aroha	This project is to remove the pipe bridge across Waihou River below Shakespeare Street and replace with a pipe under the river, to eliminate maintenance costs associated with the current structure and provide improved sewage flows. This has been delayed due to work project priorities, CCTV inspection has progressed on the main line.	150	-
Remote control of pump stations	Our project to install remote controlling of pump stations to allow real time control and feedback of key parameters to reduce operator time has undergone planning	50	-
Morrinsville mixer reconfiguration	We have resolved the issues relating to replacing mixers in sequential batch reactor (SBR2) tanks to reduce risks of damage to the polyethylene liner of the tank. The majority of this funding is now allocated to the Matamata wastewater treatment plant inlet screens. These works are to be carried out in 2019/20.	500	14
Lengthen the current pipe along Ritchie Street to Stanley Avenue and divert the Aroha View Avenue rising main directly into new Ritchie Street line in Te Aroha	Our project to reduce the double pumping from Aroha View pump station into the Mount Avenue pump station by diverting some of the sewage flow (that would otherwise be pumped twice) through the extended gravity pipe. This is being re-assessed.	300	-
Upgrades associated with subdivisions	Funding that allowed for the upgrading (to current standards) of short sections of pipe connecting new subdivisions into the existing Council reticulation was not spent as this year no reticulation pipes servicing the new subdivisions were renewed.	50	-
Upgrades associated with renewals	Funding that allowed for the upgrading (to current standards) of short sections of pipe connecting renewed sections of pipe into the existing Council reticulation was not spent this year as reticulation pipes didn't need upsizing.	50	-
The equipment for chemical dosing at Te Aroha plant	Project has been delayed pending outcome of wastewater consenting review.	100	-
Feed forward systems	Using specialised systems to analyse and automate the plant demand (loads). Will allow for more efficient operation of the treatment plants by providing more information to operators about sewage flowing into the plant and thereby allowing for more informed decisions. Has been reprioritised to 2019/20 to begin in conjunction with the water and wastewater control centre.	60	-
Generator cover/ portable generator	We have installed new generator covers and also installed portable generators at our three main wastewater treatment plants.	-	108
Total key capital projects		1,260	122

LEVELS OF SERVICE

What you can expect and how you will know we are meeting your expectations.

ACHIEVED

NOT ACHIEVED

LEVELS OF SERVICE	HOW WE MEASURE PERFORMANCE	PREVIOUS YEARS			TARGET
		2015/16 Actual	2016/17 Actual	2017/18 Actual	2018/19
We will have an effective wastewater system that provides an appropriate level of protection.	The number of dry weather sewage overflows from our wastewater system, (expressed per 1,000 connections per year to our wastewater system).*	7 complaints	7 complaints	7 complaints	1 complaint per 1,000 connections per year (8 total)
					ACTUAL
					1.5 complaints per 1,000 connections per year (12 total)

WHAT'S BEHIND THE RESULTS

This is measured by our Customer Request Management system. We received 12 complaints about sewage overflows into the environment during dry weather. Dry weather applies to days when less than 1mm of rain has fallen during a continuous 24 hour period. Six of these overflows were found to be caused by blockages, the reason or materials of these blockages is unknown. New systems are being put in place to help determine the cause of repeated blockages.

LEVELS OF SERVICE	HOW WE MEASURE PERFORMANCE	PREVIOUS YEARS			TARGET
		2015/16 Actual	2016/17 Actual	2017/18 Actual	2018/19
We will protect the environment by ensuring our wastewater is properly treated before being discharged to our environment.	Compliance with our resource consents for discharge from our wastewater (measured by the number of: abatement notices; infringement notices; enforcement orders, and convictions, received in relation to those resource consents).*	Zero	Zero	Zero	Zero (0)
					ACTUAL
					Zero (0)

WHAT'S BEHIND THE RESULTS

This is measured by our internal records. Properly treating wastewater means the number of contaminants is minimised before the treated wastewater is discharged. Waikato Regional Council monitors our resource consents and provides an assessment on the year's compliance. At the time of writing this report proceedings were underway but an outcome was yet to be determined.

We will have reliable wastewater systems and will respond to requests for service from our residents in a timely manner.	Where we attend to sewage overflows resulting from a blockage or other fault in our wastewater system, we will measure the following median response times:				
	Attendance time: from the time that we receive notification to the time that service personnel reach the site.*	Median: 40 minutes	24.5 minutes	25.8 minutes	Median: 4 hours
					ACTUAL
					Median: 2.7 hours (167 minutes)
	Resolution time: from the time that we receive notification to the time that service personnel confirm resolution of the blockage or other fault*.	Median: 2 hours and 29 minutes	Median: 19 hours and 36 minutes	26.99 hours (1619.4 minutes)	Median: 24 hours
					ACTUAL
					Median: 17.5 hours (1050 minutes)

WHAT'S BEHIND THE RESULTS

This is measured by our Customer Request Management system. Overflows can occur. It is important that the community is aware of this and these events are recorded, reviewed and mitigated where practical. Overflows into dwellings are the most serious as they present an immediate danger to health. It is important that we respond quickly to calls about wastewater overflows. In 2018/19 we received 29 total wastewater overflow complaints with 20 complaints occurring during dry weather. The median attendance time for these calls was 2.7 hours with a median resolution time of 17 hours and 30 minutes. Some overflows do take longer than others to fully resolve.

We will have reliable wastewater systems and will respond to requests for service from our residents in a timely manner.	The total number of complaints received by Council about any of the following: (expressed per 1,000 connections per year)*				
	Sewage odour	3 complaints total	4 complaints total	7 complaints total	16 complaints per 1,000 connections (128 total)
	Wastewater system faults	3 complaints total	36 complaints total	8 complaints total	
	Wastewater system blockages	17 complaints total	22 complaints total	29 complaints total	
	Council's response to issues with our wastewater system	1 complaint total	1 complaint total	1 complaint total	3.12 complaints per 1,000 connections (25 total)

WHAT'S BEHIND THE RESULTS

This is measured by our Customer Request Management system. This year saw a combination of the categories instead of individual counts. We received 25 complaints about our wastewater system.

* These are mandatory performance measures that have been introduced for all councils around New Zealand

WASTEWATER

FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2019

Long Term Plan 2017/18	Actual 2017/18		Long Term Plan 2018/19	Actual 2018/19	Explanation of key variances to the Long Term Plan budget
(\$000)	(\$000)		(\$000)	(\$000)	
Sources of operating funding					
-	-	General rates, uniform annual general charges, rates penalties	-	-	
6,665	6,229	Targeted rates	6,557	6,570	
-	-	Subsidies and grants for operating purposes	-	-	
659	763	Fees and charges	642	738	Higher Income was received due to an increase in the volume of trade waste from industries.
61	213	Internal charges and overheads recovered	164	73	
-	-	Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	
7,385	7,205	Total operating funding (A)	7,363	7,381	
Applications of operating funding					
3,036	3,043	Payments to staff and suppliers	3,356	3,430	
808	524	Finance costs	534	387	Debt raised was lower than projected in the LTP due to the delay in the capital programme (as detailed below).
703	425	Internal charges and overheads applied	468	428	
-	-	Other operating funding applications	-	-	
4,547	3,992	Total applications of operating funding (B)	4,358	4,245	
2,838	3,213	Surplus (deficit) of operating funding (A – B)	3,005	3,136	
Sources of capital funding					
-	-	Subsidies and grants for capital expenditure	-	-	
115	549	Development and financial contributions	626	1,037	Revenue from contributions was higher than budgeted due to some significant developments in the district, particularly this year due to subdivision activity in Matamata.
(308)	(3,144)	Increase (decrease) in debt	759	(1,777)	The forecast increase in debt was not required as capital work was not completed as budgeted.
-	-	Gross proceeds from sale of assets	-	-	
-	-	Lump sum contributions	-	-	
-	-	Other dedicated capital funding	-	-	
(193)	(2,595)	Total sources of capital funding (C)	1,385	(740)	
Applications of capital funding					
Capital expenditure					
31	-	—to meet additional demand	50	-	
207	210	—to improve the level of service	1,210	73	All major wastewater projects has been deferred to next year.
1,060	408	—to replace existing assets	3,064	659	Major reticulation renewal works including (the Morrinsville sewer reticulation renewals project of \$1million) have been started later in year, and will be completed in the next year.
1,347	-	Increase (decrease) in reserves	66	1,664	Operating surpluses are applied to reserves after reducing debt.

Long Term Plan 2017/18	Actual 2017/18		Long Term Plan 2018/19	Actual 2018/19	Explanation of key variances to the Long Term Plan budget
(\$000)	(\$000)		(\$000)	(\$000)	
-	-	Increase (decrease) of investments	-	-	
2,645	618	Total applications of capital funding (D)	4,390	2,396	
(2,838)	(3,213)	Surplus (deficit) of capital funding (C – D)	(3,005)	(3,136)	
-	-	Funding balance ((A – B) + (C – D))	-	-	

WATER

WHAT WE DO

We own and operate seven water supply schemes in the district - in Matamata (including Waharoa and Raungaiti), Morrinsville, Te Aroha and four small schemes in Te Poi, Tahuna, Hinuera and Te Aroha West. We provide water 24 hours a day, seven days a week, which means operating and maintaining equipment, machinery and backup facilities, and training staff to respond rapidly in the event of a problem. We have corrective and preventative maintenance programmes in place to ensure our systems remain in good condition. We also monitor the lifecycles of our assets (such as water mains) and renew them when necessary.

WHY WE DO THESE ACTIVITIES

The Water activity ensures our communities are supplied with clean, safe drinking water to ensure the health and wellbeing of our residents. Council has developed a vision to make Matamata-Piako 'The Place of Choice' - Lifestyle - Opportunities - Home. Water contributes to this overall vision by providing clean, safe and reliable water supply to our community to support healthy communities.

WATER CONTRIBUTES TO THE FOLLOWING COMMUNITY OUTCOMES:

CONNECTED INFRASTRUCTURE



Infrastructure and services are fit for purpose and affordable, now and in the future. ✓

Quality infrastructure is provided to support community wellbeing. ✓

We have positive partnerships with external providers of infrastructure to our communities. ✓



ECONOMIC OPPORTUNITIES

Our future planning enables sustainable growth in our district. ✓



HEALTHY COMMUNITIES

Our community is safe, healthy and connected. ✓



ENVIRONMENTAL SUSTAINABILITY

We support environmentally friendly practices and technologies. ✓

COMPLIANCE RECOVERY PROJECT

This year saw Council reassess the priority of selected water projects. This is due to the National review of the compliance framework for drinking water. This has put more emphasis on audit reporting requirements for compliance with the Drinking Water Standards. This shift in priority has meant that selected projects from the Long Term Plan 2018-28 which were identified to be key projects, have been reassessed as they are now unsuitable for the current and future environment. Council has established a Compliance Recovery Project to focus funding towards projects established to ensure we meet drinking water compliance, this year has seen \$2.8 million spent on water projects in regards to water reticulation renewals and capital projects which are associated with the Compliance Recovery Project.

OUR PROJECTS FROM THE LAST TWELVE MONTHS

The projects associated with the Compliance Recovery are outlined below.

PROJECTS	WHAT HAVE WE BEEN DOING?	2018/19	
		BUDGET \$000	ACTUAL \$000
Te Aroha West water connection.	A new pipe line was installed to supply Te Aroha West residents with potable water from the Te Aroha Water Treatment Plant. This was initiated to ensure the water supply complies with the New Zealand Drinking Water Standards, and was completed in August 2019.	-	493
New UV equipment at Matamata south Tawari water treatment plant, Scott Road Te Aroha and Burwood Road Matamata.	UV equipment has been installed at the small bore supplies across the district. This is to ensure greater compliance with our Drinking Water Standards and is a part of MPDC's Compliance Recovery Program established after the Havelock North Inquiry Report to meet changing regulations. UV's along with chlorine disinfection add double barrier protection against potential pathogenic microorganisms in the water supply.	-	916
New pipe work for Scott Road.	Work has begun on improving resilience in the underground pipework and operations after the pipe break in 2017. Phase 1 was completed in 2018 which involved re-establishing the previously damaged pipe. Phase 2 design has been completed and is focussed on adding further resilience to the operation and to ensure robustness in public health.	-	101
Te Aroha backwash recovery project.	This project is a resource consent requirement to improve the quality of the discharged backwash water at Te Aroha Water Treatment Plant. Design work has begun and the project is due to be completed at the end of 2019.	-	63
Total key capital projects		-	1,573

Other key projects undertaken in the last twelve months are outlined below.

PROJECTS	WHAT HAVE WE BEEN DOING?	2018/19	
		BUDGET \$000	ACTUAL \$000
Install auto shut off equipment on chlorine systems at Tills Road.	This project is to install an automatic chlorine drum and bottle shut off system that will isolate the drum/bottle valve in the event of a chlorine leak. This has been combined into the water treatment Compliance Recovery Program, and is due for completion in the 2019/20 financial year. This is also planned to be undertaken at Morrinsville .	15	-
Implement our water loss strategy.	We have undertaken steps to implement the water loss strategy to reduce our water leaks in our reticulation network across the district. Data improvement actions have been identified and worked through and discussions regarding capitals works options are underway with a planned roll out over the next three years.	50	-
Matamata Tills Road pre pH control.	The project to install CO2 dosing to control the pH levels of the water exiting the plant has been combined into the water treatment compliance recovery program. This has been reviewed and a different treatment process found meaning this specific project will not be undertaken.	50	-
Upgrades associated with renewals.	The project funding for the upgrading (to current standards) of short sections of pipe connecting renewed sections of pipe into the existing Council reticulation will be spent in future as a result of upgrade recommendations from our network modelling consultants.	75	19
Upgrades associated with subdivisions.	The project funding for the upgrading (to current standards) of short sections of pipe connecting new subdivisions into the existing Council reticulation will be spent in future as a result of upgrade recommendations from our network modelling consultants.	75	-

PROJECTS	WHAT HAVE WE BEEN DOING?	2018/19	
		BUDGET	ACTUAL
		\$000	\$000
Taharoa Road Industrial ring-main.	The viability of this project is currently being investigated by our network modelling consultants and physical works have been postponed until this has been identified.	400	-
Water and Wastewater control centre - technology.	The installation of equipment/technology to facilitate and upgrade our current water and wastewater operations systems has been combined into the water treatment compliance recovery program.	100	-
New bore drilling for Morrinsville.	The funding for drilling for a new bore near Morrinsville to find adequate water for future use in the town has been delayed. Quotes for investigation bores have been received, a contractor selected and physical works will proceed in 2019/20.	100	-
Upgrades associated with drinking water standards.	The compliance recovery project (CRP) which began in 2018 is focussing on adding resilience and robustness to critical process operations in the water treatment plants. Upgrades are occurring on monitoring instrumentation and control automation according to industry best practice principles. The CRP is on-going and due to be completed in 2020.	250	231
Morrinsville Water Treatment Plant UV.	The scoping of this project has been completed and has been deferred in favour of implementing UV equipment on the small bore supplies.	250	68
Te Aroha Water Treatment Plant UV.	The scoping of this project has been completed and has been deferred in favour of implementing UV equipment on the small bore supplies.	250	58
Matamata water reticulation.	We have upgraded 990m of undersized water mains this year as part of our renewal program.	10	10
Total key capital projects		1,625	386

LEVELS OF SERVICE

What you can expect and how you will know we are meeting your expectations.

ACHIEVED

NOT ACHIEVED

LEVELS OF SERVICE	HOW WE MEASURE PERFORMANCE	PREVIOUS YEARS			TARGET
		2015/16 Actual	2016/17 Actual	2017/18 Actual	2018/19
We will provide safe and reliable water for household and business use (served properties).	The extent to which Council's drinking water supply complies with: part 4 of the drinking-water standards (bacteria compliance criteria); and part 5 of the drinking-water standards (protozoal compliance criteria).*	Not compliant	Not compliant	Not compliant	Compliant
					ACTUAL
					Not compliant

WHAT'S BEHIND THE RESULTS

The Department of Health provides this information on compliance for the supply and delivery of water so that communities can be informed on the water quality they are receiving. The results for 2018/19 reported here have been confirmed in the final DWSNZ (Drinking-water Standards for New Zealand) Compliance Report 2019. All non-conformances will be addressed by the Medical Officer of Health at the Waikato DHB, who will request updates from MPDC on how these are being addressed to ensure compliance during the 2019/20 compliance period. For more explanation on these results see page 118.

We will ensure that our water assets are well maintained and managed and that the assets are maintained and replaced when required.	The percentage of real water loss from Council's networked reticulation system (using minimum night flow analysis).	24.91% (benchmark)	20.61%	25.22%	25% or less
					ACTUAL
					25.9%

WHAT'S BEHIND THE RESULTS

This is measured from internal records using the minimum night flow analysis as per the Department of Internal Affairs guidelines. In guidance documentation released in 2014 the DIA used a target of 15% as an example for real water loss. This has carried over into our Water AMP. We carried out leak detection work in Te Aroha during September 2017 and Morrinsville in May 2018 and more will be programmed soon. Water meter data improvements and installation of tanker filling stations are underway, both will improve our water balance data.

LEVELS OF SERVICE	HOW WE MEASURE PERFORMANCE	PREVIOUS YEARS			TARGET
		2015/16 Actual	2016/17 Actual	2017/18 Actual	2018/19
We will provide reliable water systems that our community can count on.	Where we attend a call-out in response to a fault or unplanned interruption to our networked reticulation system, we will measure the following median response times:				
	Attendance for urgent call-outs: from the time that we receive notification to the time that service personnel reach the site.*	44 minutes	25 minutes	20 minutes	Median: 4 hours or less
					ACTUAL
					Median: 25 minutes (0.41 hours)
	Resolution of urgent call-outs: from the time that we receive notification to the time that service personnel confirm resolution of the fault or interruption.*	2 hours and 9 minutes	3 hours and 12 minutes	1 hour and 59 minutes	Median: 24 hours or less
					ACTUAL
					Median: 3 Hours and 36 minutes (217 minutes)
	Attendance for non-urgent call-outs: from the time that we receive notification to the time that service personnel reach the site.*	5 hours and 17 minutes	2 working days	1 working day	Median: 3 working days or less
					ACTUAL
					Median: 1.95 days (46.8 hours)
	Resolution of non-urgent call-outs: from the time that we receive notification to the time that service personnel confirm resolution of the fault or interruption.*	21 hours and 15 minutes	4 working days	2 working days	Median: 5 working days or less
					ACTUAL
					Median: 3.03 days (72.75 hours)

WHAT'S BEHIND THE RESULTS

These are measured by our Customer Request Management system. If there are any unplanned supply issues we need to respond quickly to make sure people have a continuous supply of water. We received 21 urgent calls about water. The median attendance time for these was 25 minutes with a median resolution time of 3 hours and 36 minutes. If there are any unplanned supply issues we need to respond quickly to make sure people have a continuous supply of water. We received 330 non-urgent calls about water. The median attendance time for these was 1.95 working days, with a resolution time of 3.03 working days.

Council will provide safe and reliable water for household and business use (serviced properties).	The total number of complaints received by Council about any of the following: (expressed per 1,000 connections per year)*				
	Drinking water clarity:	17	16	60	9 complaints per 1,000 connections across all categories (total of 72 complaints based on 8,000 connections)
	Drinking water taste:	5	3	5	
	Drinking water odour:	0	6	4	
	Drinking water pressure or flow:	24	32	38	ACTUAL
	Continuity of supply:	2	5	10	8.87 complaints per 1,000 connections across all categories (total of 71)
	Council's response to any of these issues:	1	0	0	

WHAT'S BEHIND THE RESULTS

This is measured by our Customer Request Management system.

Each individual call is counted as one. In some instances there were multiple calls about the same issue. Staff responded to and investigated all calls within the assigned timeframes. A substantial number of the complaints (45 complaints) were regarding the drinking water clarity. Ten were from an un-determined incident on the 13/09/2018 in Te Aroha and seventeen were from an incident in Morrinsville that spanned over a series of days and was due to the intake to the Morrinsville treatment plant, the remaining 18 complaints about clarity were spread across the district. We also received 26 complaints that were spread across the remaining categories. This averaged out to be 8.87 complaints per 1,000 connections.

LEVELS OF SERVICE	HOW WE MEASURE PERFORMANCE	PREVIOUS YEARS			TARGET
		2015/16 Actual	2016/17 Actual	2017/18 Actual	2018/19
Council's water assets are managed adequately for the future.	The average consumption of drinking water per day per resident within the district.*	572 litres per urban resident per day (benchmark)	462 litres	467 litres	500 litres or less (bench mark)
					ACTUAL
					457 litres per urban resident per day
WHAT'S BEHIND THE RESULTS					

Measured by our internal records. We have used the Department of Internal Affairs guidelines when calculating this. The performance measure only measures 'drinking water' consumption but it is not only drinking water that is supplied to residential consumers and water used specifically for drinking purposes cannot be calculated. Total average consumption of water per resident in the supplied urban areas is 673 litres per day (2017/18: 683) this includes all industry water usage. Adjusted average consumption is 457 litres per urban resident per day, major industry usage has been deducted from this figure.

*These are mandatory performance measures that have been introduced for all councils around New Zealand.

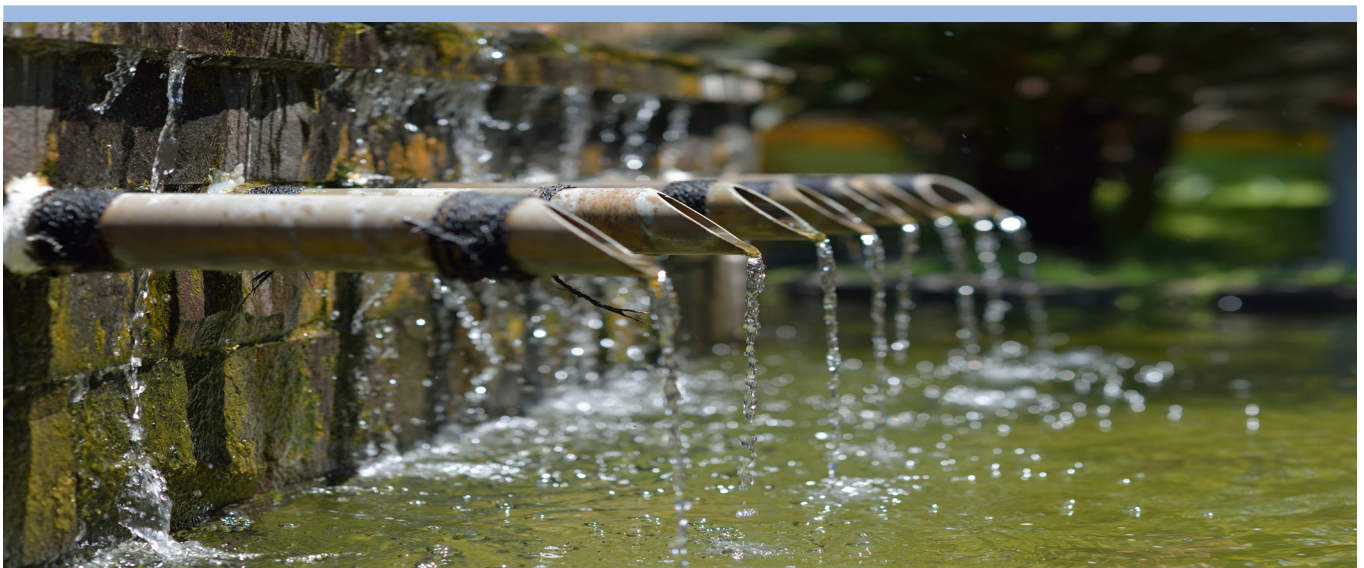
COMPLIANCE WITH NEW ZEALAND DRINKING WATER STANDARDS

Part 4 - Bacterial Compliance, in the Drinking Water Standards New Zealand: the distribution zone and for drinking water leaving the treatment plant. For the 2018/19 compliance period, there are five distribution zones and seven water treatment plants that MPDC will be audited on. It is likely MPDC will show full compliance for all five distribution zones and receive compliance at four of the seven water treatment plants. For the three water treatment plants that are likely to be audited as not compliant with part 4: this is not the result of E.coli being found in drinking water leaving the water treatment plant but due to two events during 2018/19 where samples were received at the laboratory for analysis out of time and specifications and therefore could not be analysed (Investigations into these events found human error with the courier and staff at the laboratory to have been the cause). As a result, MPDC decided to end the sampling contract with the laboratory (located in Wellington) and have sourced an interim agreement with two laboratories in Hamilton to ensure samples are delivered within expected timeframes. Early indications suggest that this action of removing the risk of samples being received out of time and specifications for the 2019/20 compliance period, have allowed the Drinking Water Assessor to grant leniency for three of our water treatment plants. Hence four out of seven treatment plants likely to receive a compliant status.

Part 5 Protozoa Compliance: Seven treatment plants are audited against part 5 for the Drinking Water Standards New Zealand. MPDC is likely to receive non-compliant status against all treatment plants for the 2018/2019 compliance period. Four of the seven treatment plants did not meet the protozoa log requirement due to there being no or inadequate treatment in place for removal of protozoa (MPDC are currently addressing three of these treatment plants via a series of projects for the installation of ultraviolet disinfection (UV) units that are due for commissioning in August/September 2019).

Although the remaining three water treatment plants do have adequate treatment in place for the removal of protozoa, it is still likely MPDC will receive a not compliant status, due to a number of incidents throughout the year. Note that non-compliance in protozoa does not mean that protozoa has been found in the water; only that an event occurred which decreases the treatment effectiveness. Many of the non-compliances are singular events, which has caused the entire year to become non-compliant e.g. a technical failure at Tahuna water treatment plant caused loss of data from an instrument.

To ensure going forward that these events are minimized Council has invested in establishing a comprehensive compliance program. To ensure that our performance measure results are a fair reflection of our drinking water quality.



WATER

FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2019

Long Term Plan 2017/18	Actual 2017/18		Long Term Plan 2018/19	Actual 2018/19	Explanation of key variances to the Long Term Plan budget
(\$000)	(\$000)		(\$000)	(\$000)	
Sources of operating funding					
-	-	General rates, uniform annual general charges, rates penalties	-	-	
5,383	4,373	Targeted rates	4,774	4,562	Revenue from metered water was \$212,000 lower than budgeted due to lower consumption by our large industrial users, particularly Open Country Dairy Limited.
-	-	Subsidies and grants for operating purposes	-	-	
34	161	Fees and charges	36	14	
43	20	Internal charges and overheads recovered	31	(232)	Higher spending on capital and renewals reduced investment and internal interest recoveries.
-	-	Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	
5,460	4,554	Total operating funding (A)	4,841	4,344	
Applications of operating funding					
2,515	2,380	Payments to staff and suppliers	2,343	3,241	Water treatment plant costs were \$745,000 higher than budget due to a number of extraordinary one-off costs (compliance recovery, NH3, resource consent and plant failure costs), and due to significant increases in chemical, power and insurance costs. \$162,000 of costs previously classified as work in progress has been expensed following the a tidy-up of a number of minor projects built up over a number of years after it has been determined that the preliminary/ exploratory work will not result in a capital project. Water reticulation costs were higher by \$222,000 due to unbudgeted maintenance costs including Tower Road, and Scott Road pipe work and other reticulation jobs. Asset management work was underspent by \$70,000.
558	201	Finance costs	218	316	Additional capital and renewal work above the level budgeted has resulted in more finance costs applied to this activity.
619	598	Internal charges and overheads applied	498	703	More capital and renewal work resulted in more internal interest cost being applied than budgeted.
-	-	Other operating funding applications	-	-	
3,692	3,179	Total applications of operating funding (B)	3,059	4,260	
1,768	1,375	Surplus (deficit) of operating funding (A – B)	1,782	84	
Sources of capital funding					
-	-	Subsidies and grants for capital expenditure	-	-	
95	430	Development and financial contributions	338	770	Revenue from contributions was higher than budgeted due to some significant developments in the district, particularly this year due to subdivision activity in Matamata.
(213)	230	Increase (decrease) in debt	2,602	(116)	Debt was not required as forecast, with funding coming from reserves.
-	-	Gross proceeds from sale of assets	-	-	
-	-	Lump sum contributions	-	-	
-	-	Other dedicated capital funding	-	-	

Long Term Plan 2017/18	Actual 2017/18		Long Term Plan 2018/19	Actual 2018/19	Explanation of key variances to the Long Term Plan budget
(\$000)	(\$000)		(\$000)	(\$000)	
(118)	660	Total sources of capital funding (C)	2,940	654	
Applications of capital funding					
Capital expenditure					
42	34	—to meet additional demand	175	197	\$197,000 was spent on the Scott Road UV project during the year.
-	723	—to improve the level of service	1,440	1,950	UV replacement projects were carried forward from the previous year and there was \$860,000 spent during the current year. Some of the work for Mt Misery reservoir was completed during this year, but also budgeted for in prior years. Some number of small projects have been carried forward to next year. The Te Aroha West connection project has spent \$490,000.
1,332	1,087	—to replace existing assets	3,050	3,290	
276	407	Increase (decrease) in reserves	57	(4,469)	Reserves have been used to reduce debt.
-	(216)	Increase (decrease) of investments	-	(230)	
1,650	2,035	Total applications of capital funding (D)	4,722	738	
(1,768)	(1,375)	Surplus (deficit) of capital funding (C - D)	(1,782)	(84)	
-	-	Funding balance ((A - B) + (C - D))	-	-	

CONSENTS AND LICENSING







WHAT WE DO

Consents and Licensing is about carrying out our regulatory functions that we have an obligation to perform under legislation. The activities responsible for this are Animal Control, Building Consents and Monitoring, Licensing and Enforcement and Resource Consents and Monitoring.

WHY WE DO THESE ACTIVITIES

The Consents and Licensing activity group ensures we are protecting the natural resources of the district, keeping our communities safe and healthy, and balancing the different needs and interests of people and businesses in our community. Legislation also has a significant impact on these activities, as it sets a number of legislative requirements that we must meet. Council's vision is to make Matamata-Piako 'The Place of Choice; Lifestyle - Opportunities - Home'. Consents and Licensing contributes to this overall vision by providing regulatory services that make Matamata-Piako a desirable place to live.

CONSENTS AND LICENSING CONTRIBUTES TO THE FOLLOWING COMMUNITY OUTCOMES:

	ANIMAL CONTROL	BUILDING CONSENTS AND MONITORING	LICENSING AND ENFORCEMENT	RESOURCE CONSENTS AND MONITORING
ECONOMIC OPPORTUNITIES				
 We are a business friendly Council.		✓	✓	✓
 Our future planning enables sustainable growth in our district.		✓		✓
HEALTHY COMMUNITIES				
 Our community is safe, healthy and connected.	✓	✓	✓	✓
ENVIRONMENTAL SUSTAINABILITY				
 We support environmentally friendly practices and technologies.				✓
 Development occurs in a sustainable and respectful manner considering kawa/protocol and tikanga/customs.				✓
VIBRANT CULTURAL VALUES				
 We promote and protect our arts, culture, historic and natural resources.				✓

FOUR WELLBEINGS OF OUR COMMUNITY

One of the purposes defined in the Local Government Act 2002 for local authorities, is to identify effects that any activity within a group of activities has had on the four well-beings (social, economic, environmental and cultural). These have been identified below for Consents and Licensing:

WELLBEINGS	COUNCIL ACTIVITIES			
	ANIMAL CONTROL	BUILDING CONSENTS AND MONITORING	LICENSING AND ENFORCEMENT	RESOURCE CONSENTS AND MONITORING
SOCIAL	Animal control ensures animals do not cause harm or nuisance to residents or visitors. This helps to ensure the safety of everyone and means that people can enjoy their pets without undue control and without threat from other animals. Educational programmes are offered by Council to promote animal awareness and responsible ownership.	Building control makes sure buildings are safe and that they have good access for people with disabilities.	Environmental Health Officers help minimise the spread of illness and disease. They ensure that residents are protected from unhealthy or offensive conditions, as well as controlling liquor and gambling.	Implementation of the Resource Management Act 1991 and the District Plan provisions through regulatory planning ensures that due consideration is given to social issues when sustainable resource management decisions are made.
ECONOMIC	-	Processing building consents and regulatory planning consents within targeted timeframes has economic benefits for applicants and minimises waiting periods.	-	Resource consent services ensure that the rules in the District Plan are applied appropriately to maximise long term productivity of land in the district. A responsive and helpful regulatory environment helps to promote development.
ENVIRONMENTAL	-	Building control ensures buildings, particularly those using hazardous substances, are environmentally friendly.	-	Resource consent services ensure that the rules in the District Plan are applied appropriately to manage the use, development and protection of natural and physical resources. Imposing appropriate resource consent conditions and monitoring compliance ensures the integrated management of land and associated natural resources in the district.
CULTURAL	-	-	-	The regulatory planning activity ensures cultural sites in the district are protected.

ANIMAL CONTROL

We have two Animal Control Officers whose job is to make sure people control their animals, are meeting laws and regulations and do not create problems for others. They provide 24/7 service. We also have one dog pound and stock yard that services the whole district. The majority of work undertaken by the Animal Control Officers centres on the administration of the Dog Control Act 1996 - ensuring that dogs are registered, catching wandering dogs, providing owners with information on pet care and following up on complaints about dogs, ranging from barking to aggressive behavior. The Animal Control Officers also respond to complaints about wandering stock. Most complaints about animal welfare and neglect are referred to the SPCA for investigation.

LEVELS OF SERVICE

What you can expect and how you will know we are meeting your expectations.

ACHIEVED

NOT ACHIEVED

LEVELS OF SERVICE	HOW WE MEASURE PERFORMANCE	PREVIOUS YEARS			TARGET
		2015/16 Actual	2016/17 Actual	2017/18 Actual	2018/19
Any disturbances caused by animals will be investigated and reported quickly and efficiently.	Complaints will be investigated within set timeframes.	96.2%	93.6%	87%	95% within adopted timeframes* (see table below)
					ACTUAL
					93.25%

WHAT'S BEHIND THE RESULTS

This is measured by our Customer Request Management system. One of our main responsibilities is following up on complaints made about animals, from wandering stock to barking or attacking dogs. We aim to investigate the complaint and let the complainant know what action (if any) we have taken or intend to take within adopted timeframes. Some complaints can be resolved quickly, others can take time to work through with animal owners and may involve court action. We received 727 requests in 2018/19 as compared to 847 in 2017/18. We responded to 93.25% of calls within set timeframes (678/727). Some complaints, such as barking dogs or wandering dogs are not practical to attend at the time and are followed up the next working day.

We will carry out regular property visits to ensure dog owners are responsible.	Number of property visits per year.	649	718	706	at least 600 property visits per year
					ACTUAL
					621 property visits per year

WHAT'S BEHIND THE RESULTS

This is measured by internal records. Property visits let us check that dogs are appropriately housed and secured on their property. Both of these help to reduce the number of problems caused by animals in our community. We undertook 621 property visits across the district.

We will carry out regular street patrols to keep the streets free from stray animals.	Number of street patrols undertaken in each of the three main towns.	Over the average of 10 per month per town	At least an average of 10 per month per town
			ACTUAL
			34.4 patrols per town per month

WHAT'S BEHIND THE RESULTS

This is measured by internal records. Street patrols allow our staff to check if there are wandering animals that could pose a risk to our community. We undertook 1,240 street patrols across the district. Our street patrols per town are as follows: Matamata 495, Morrinsville 455 and Te Aroha 290.

COMPLAINT TYPE	NOTIFICATION TYPE	0800 - 1700 HOURS	1700 - 0800 WEEKEND / HOLIDAY
Dog bite person	Current incident Reported incident	Phone CRM	1 hour Next working day
Aggressive dog			
Attacked Stock			
Attacked other animal / bird			
Barking dog			
Wandering dog	Current incident Caught in a trap Reported incident	Phone CRM	1 hour Next working day
Wandering stock			
Unregistered dog			
Animal welfare			

BUILDING CONSENTS AND MONITORING

Our primary function is to ensure that building work in our district complies with the Building Act 2004. To do this we process building consents and inspect building work at critical phases of the project. We also carry out audits to make sure that commercial building owners comply with their Building Warrants of Fitness requirements and investigate complaints about illegal building work, taking enforcement action where necessary.

LEVELS OF SERVICE

What you can expect and how you will know we are meeting your expectations.

ACHIEVED

NOT ACHIEVED

LEVELS OF SERVICE	HOW WE MEASURE PERFORMANCE	PREVIOUS YEARS			TARGET
		2015/16 Actual	2016/17 Actual	2017/18 Actual	2018/19
Building consents will be administered quickly and efficiently.	Building consent processing timeframes.	100% (707)	99.5% (802/806)	99.9% (762/763)	100% of building consents will be processed within statutory timeframes
					ACTUAL
					99.9%

WHAT'S BEHIND THE RESULTS

This is measured by a monthly statistical report.

By processing building consents on time we contribute to the timely completion of building projects. By ensuring buildings meet building code requirements we ensure that buildings are safe and more sustainable, for example they meet improved building insulation requirements, and contribute to the health and wellbeing of our community. In 2018/19 we processed 846 of 847 building consents within statutory timeframes.

Currently the statutory timeframes for processing building consents are:

- Ten working days for building consents with a national multiple use approval.
- Twenty working days for all other building consents.

We will respond to complaints of alleged illegal/ unauthorised activity.	Complaints to be responded to within 10 working days.	97.7%	73.68%	91.6%	100% of complaints to be responded to within 10 working days
					ACTUAL
					66%

WHAT'S BEHIND THE RESULTS

This is measured through our Customer Request Management system. In fulfilling our enforcement role under the Building Act 2004 in a timely manner we help to reduce the incidences of illegal and dangerous building work in the district. One of our main roles is to regulate compliance with building code standards. We sometimes get complaints from the community about illegal or dangerous building work or swimming pools. We will investigate the complaint to determine if building work is illegal or dangerous and let the complainant know what action we are taking. Issues regarding illegal building work can be complicated and it can take time to reach a resolution with the building owners. A total of 27 complaints were received with 18 complaints responded to within the timeframe. High demand on staff resources during a staff change over saw the ability for staff to respond to complaints reduced. This was a singular event that is highly unlikely to happen again.



LICENSING AND ENFORCEMENT

Licensing and Enforcement is responsible for processing health and alcohol licence and managers certificates; this also involves inspecting or auditing the licensed premises to ensure they meet the required standards. In 2012 the Sale and Supply of Alcohol Act 2012 replaced the Sale of Liquor Act 1989. The new Act brought in significant changes to the way we regulate alcohol, including the ability to have a Local Alcohol Policy, an annual fee for all premises and a new qualification that must be held by all managers. In addition, we undertake monitoring of food premises. The Food Act 2014 came into force 1 March 2016, changing the way we manage food safety. Food premises are now assessed by registration and auditing instead of annual inspections.

This activity is also responsible for noise control in our community, which is a 24 hour, seven days a week service responding to excessive or unreasonable noise. After hours noise control complaints are handled by our security contractors. Licensing and Enforcement also monitors and responds to complaints about breaches of our bylaws, and have responsibilities under several other Acts. Such as the Gambling Act 2003, Psychoactive Substances Act 2013, Prostitution Reform Act 2003, Hazardous Substances and New Organisms Act 1996 and the Health Act 1956.

LEVELS OF SERVICE

What you can expect and how you will know we are meeting your expectations.

ACHIEVED

NOT ACHIEVED

LEVELS OF SERVICE	HOW WE MEASURE PERFORMANCE	PREVIOUS YEARS			TARGET
		2015/16 Actual	2016/17 Actual	2017/18 Actual	2018/19
We will inspect or audit all food premises, hairdresser, and camping grounds in the district to ensure they are running in accordance with the Health Act and/or health regulations.	Food premises, hairdressers and camping grounds will be inspected or audited in accordance with legislation	100%	100%	100%	100% inspected or audited
					ACTUAL
					100%

WHAT'S BEHIND THE RESULTS

This is measured by an internal monitoring system. Inspecting food premises, hairdressers and camping grounds in the district gives residents confidence that they can safely use these facilities. The introduction of the Food Act 2014 has changed the way in which food premises are assessed from annual inspections to registration and auditing. Given the significant change, Council have assisted premises to transition by offering workshops and mentoring sessions. All transitioning and new businesses were registered in accordance with the Act. Given that some new businesses weren't operating and the scale of work required to transition, not all premises were audited within the specified time however they have all been audited within the financial year. The high inspection rate indicates to Council that this level of service is adequate and affirms to Council that this level of service is contributing positively to achieving the related community outcomes

We will act on all noise complaints we receive.	Percentage of after hours (between 5pm and 8am, weekends and public holidays) noise complaints responded to within two hours.	100%	100%	100%	100% responded to within two hours
					ACTUAL
					100%

WHAT'S BEHIND THE RESULTS

This information is collected through an internal monitoring system.

We received 396 complaints regarding noise after hours. All of these were responded to within two hours. By acting on noise complaints we will be preventing antisocial behaviour, which can negatively impact people's health and wellbeing. After hours responses to noise complaints are made by our security contractors, usually to loud stereos and parties. During working hours (8am-5pm), staff respond to complaints. Complaints during the day usually relate to general household noise or ongoing noise associated with business operations. Noise complaints are investigated and complainants are advised of the action we will take.

We will ensure that all premises in the district with alcohol licences are operating responsibly.	On, Off and Club* alcohol licenced premises will be inspected annually to ensure they comply with alcohol licensing standards.	100%	100%	100%	100% inspected annually
					ACTUAL
					100%

WHAT'S BEHIND THE RESULTS

This information is collected through an internal monitoring system. We have inspected all 72 alcohol premises. Licensed premises that do not comply with liquor licensing standards can contribute to illegal activities and antisocial behaviour. If premises do not comply with the conditions of its licence, they will be given an opportunity to rectify any problems. Ongoing non-compliance may result in an inspector making an application to the Alcohol Regulatory and Licensing Authority for the suspension or cancellation of the premises, alcohol licence.

*Club alcohol licenced premises excludes those Clubs that have been assessed as a 'very low' risk rating by Council.

RESOURCE CONSENT AND MONITORING

Resource Consents and Monitoring helps look after our natural and physical resources for future generations. This activity is responsible for administering the District Plan, advising customers on District Plan and Resource Management Act 1991 requirements, processing applications for land use and subdivision consents, monitoring compliance with land use and subdivision consent conditions, investigating breaches of the District Plan, and taking enforcement action where necessary.

OUR PROJECTS FROM THE LAST TWELVE MONTHS

There are no major projects forecast for the next 10 years for the Resource Consents and Monitoring activity primarily because we provide a service to the community. The core function of this department is to administer, implement and enforce various pieces of legislation and policies. As part of the improvement to Council's online services we offer, we plan to increase the information about licenses available online, and enable licensees to submit and track their application and make payments online.



LEVELS OF SERVICE

What you can expect and how you will know we are meeting your expectations.

ACHIEVED

NOT ACHIEVED

LEVELS OF SERVICE	HOW WE MEASURE PERFORMANCE	PREVIOUS YEARS			TARGET
		2015/16 Actual	2016/17 Actual	2017/18 Actual	2018/19
Resource consents will be administered quickly and efficiently.	Percentage of resource consents processed within statutory timelines.	99.5%	99.5%	100%	100%
					ACTUAL
					99%

WHAT'S BEHIND THE RESULTS

This is monitored through an internal management system. We processed 239 applications for resource consents in 2018/19. Of these, 237 applications were processed within the adopted timeframe. Resource Consents need to be completed within statutory timeframes to ensure development projects are able to be completed seamlessly. The 2009 amendment to the Resource Management Act 1991 requires us to refund a portion of the costs on any resource consents that are not processed within the statutory timeframe. High demand on staff resources during a staff change oversaw two consents processed over the timeframe. This was a singular event that is highly unlikely to happen again.

We will monitor land use consent compliance.	Percentage of land use consents monitored within four months of being granted.	94.7%	98.6%	100%	100%
					ACTUAL
					100%

WHAT'S BEHIND THE RESULTS

This is monitored through an internal management system. The community can rely on us to monitor compliance of resource consents to ensure the character of the towns remains intact. This is the initial visit to see if or how works are progressing and to remind the applicant of all the conditions of consent and ensure they are complied with. Should non-compliance be identified at this time, then we will work with the applicant to rectify the issues. If this cannot be achieved then we will take enforcement action under the Resource Management Act 1991 to ensure compliance. In the 2018/19 year we monitored 132 consents, 100% of these were monitored within the adopted timeframe.

CONSENTS AND LICENSING

FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2019

Long Term Plan budget 2017/18	Actual 2017/18		Long Term Plan budget 2018/19	Actual 2018/19	Explanation of key variances to the Long Term Plan budget
(\$000)	(\$000)		(\$000)	(\$000)	
Sources of operating funding					
1,855	1,949	General rates, uniform annual general charges, rates penalties	1,980	1,986	
-	-	Targeted rates	-	-	
-	-	Subsidies and grants for operating purposes	-	-	
1,440	2,005	Fees and charges	1,762	2,156	Building consent and resource consent income is higher due to increased development activity.
-	12	Internal charges and overheads recovered	-	(7)	
37	39	Local authorities fuel tax, fines, infringement fees, and other receipts	31	37	
3,332	4,005	Total operating funding (A)	3,773	4,172	
Applications of operating funding					
1,921	2,221	Payments to staff and suppliers	2,282	2,434	Staff and consultant costs were higher than budgeted in the areas of health monitoring, and building and resource consent activity due to increased development activity and staff turn over.
-	-	Finance costs	-	-	
1,206	1,297	Internal charges and overheads applied	1,280	1,307	
-	-	Other operating funding applications	-	-	
3,127	3,518	Total applications of operating funding (B)	3,562	3,741	
205	487	Surplus (deficit) of operating funding (A – B)	211	431	
Sources of capital funding					
-	-	Subsidies and grants for capital expenditure	-	-	
-	-	Development and financial contributions	-	-	
-	-	Increase (decrease) in debt	-	-	
-	-	Gross proceeds from sale of assets	-	-	
-	-	Lump sum contributions	-	-	
-	-	Other dedicated capital funding	-	-	
-	-	Total sources of capital funding (C)	-	-	
Applications of capital funding					
Capital expenditure					
-	-	—to meet additional demand	-	-	
-	-	—to improve the level of service	-	-	
-	-	—to replace existing assets	-	-	
205	487	Increase (decrease) in reserves	211	431	
-	-	Increase (decrease) of investments	-	-	
205	487	Total applications of capital funding (D)	211	431	
(205)	(487)	Surplus (deficit) of capital funding (C – D)	(211)	(431)	
-	-	Funding balance ((A – B) + (C – D))	-	-	