ANNUAL PLAN 2019/20

MATAMATA-PIAKO

LIFESTYLE. OPPORTUNITIES.

HOME.

CONTENTS

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ANNUAL PLAN 2019/20

SECTION ONE: INTRODUCTION I WHAKATAKI

WELCOME

MESSAGE FROM THE MAYOR

STAYING ON TRACK WITH WHAT WE HAD PLANNED

The Annual Plan for 2019/20 outlines what is happening for the upcoming year and if we are on track with what was planned in the Long Term Plan. This year we did not consult on the Annual Plan because we were not proposing any significant changes based on what was decided on in the Long Term Plan following community consultation. We want to keep everyone involved on what is happening in the community and the Annual Plan will keep you up to date and let you know what to expect for this year.

We endeavour to make Matamata-Piako District a vibrant 'place of choice' for lifestyle, opportunities and home. Everything proposed in the district is completed with the purpose of aligning with our statement and making our district an even better place to live or visit, do business and an attractive place to invest.

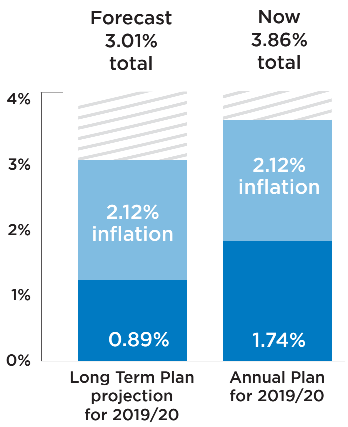
The total rate increase for 2019/20 will be 3.86%

ELECTIONS

2019 is an election year and our aim for this election is to encourage more candidates to stand and to have a larger voter turnout. We believe our district is one of the best and we work hard to keep that position, but there is always room for improvement. We want to encourage candidates to come forward and tell us what they would do differently and give our community the opportunity to vote for the individual they believe represents them best.

OUR FINANCIAL POSITION

Our main focus is the people in our district and we have endeavoured to keep our rates affordable while still allowing projects to go ahead that improve the beauty and functionality of our community. Some of these improvements include increasing support for economic development, upping our game in waste minimisation, revitalising our town centres and committing money to improving our services. Our rate increase for the year 2019/20 is 3.86% slightly higher than the 3.01% increase forecasted in the Long Term Plan but below the self imposed limit of 4%. The recent property revaluation undertaken in the district and the different services received means the rate increase will affect everyone's properties differently. I encourage you to read the Annual Plan and have a look for yourself at what your rates will be on www.mpdc.govt.nz/rates/propertyrates-search. If you have any questions please call our Customer Services centre for more assistance and information.



We're here to serve our community to the best of our ability and I know you will be pleased with what we are looking to achieve going forward.

Ngā mihi / Kind Regards

MAYOR JANET E. BARNES

MAYOR AND COUNCILLORS

Council has established the following governance structure:

COUNCIL

The Matamata-Piako District is divided into three wards: Matamata, Morrinsville and Te Aroha. Our Council consists of 11 Councillors, elected by their respective wards, and the Mayor, elected by all voters throughout the district. The Councillors and Mayor are elected to represent their communities and make decisions for the district. The elected representatives are supported by the Council's Chief Executive Officer and staff who provide advice, implement Council decisions, and look after the district's day to day operations.

THE CORPORATE AND OPERATIONS COMMITTEE

This committee is made up of the Mayor and all 11 Councillors. Council has delegated all of its responsibilities, duties and powers to the Corporate and Operations Committee, except for the ones it can't delegate under the Local Government Act 2002 (like adopting an Annual Plan or Report).

TE MANAWHENUA FORUM MO MATAMATA-PIAKO

Te Manawhenua Forum mo Matamata-Piako (Forum) is a standing committee of Council who advise on cultural, economic, environmental and social issues of significance to Manawhenua groups. The Forum also provides advice to Council about issues that affect Māori in our district, and provides feedback when we are developing plans and policies, such as the Long Term Plan or District Plan.

The Forum includes representatives from Council, Ngāti Hauā, Ngāti Rāhiri-Tumutumu, Raukawa, Ngāti Maru, Ngaati Whanaunga, Ngāti Pāoa and Ngāti Hinerangi. Ngāti Tamaterā also have the ability to join.

THE HEARINGS COMMISSION

The Hearings Commission is responsible for hearing and determining applications for resource consents under the Resource Management Act 1991, such as granting exemptions to fencing requirements under the Fencing of Swimming Pools Act 1987, and hearing and determining objections under the Dog Control Act 1996. The Hearings Commission is made up of five Councillors.

THE DISTRICT LICENSING COMMITTEE

Council has a District Licensing Committee to consider and determine applications under the Sale and Supply of Alcohol Act 2012. The District Licensing Committee considers and makes decisions on alcohol licences (including club, special, on and off licences and manager's certificates). The District Licensing Committee is chaired by a Councillor. Members of the committee are appointed from a list of appropriately qualified people, which may include Councillors, and two of these members sit on the District Licensing Committee.

THE AUDIT AND RISK COMMITTEE

The Audit and Risk Committee ensure we have appropriate risk management and internal and financial control systems. This committee includes an independent chairperson, the Mayor and five elected members.

THE WAHAROA (MATAMATA) AERODROME COMMITTEE

The Waharoa (Matamata) Aerodrome Committee is a committee that was established in 2015 by legislation under the Ngāti Hauā Claims Settlement Act 2014. The committee comprises of the Mayor, Deputy Mayor, one Council appointed member and three members appointed by the Ngaati Hauā Iwi Trust Board trustees. The functions of the Waharoa (Matamata) Aerodrome Committee, as set out in the Ngāti Hauā 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 Waharoa Aerodrome land that affect Raungaiti Marae.
- 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.

CHIEF EXECUTIVE OFFICER PERFORMANCE COMMITTEE

The Chief Executive Officer Performance Committee undertakes a review of the performance and remuneration of the Chief Executive Officer on an annual basis in accordance with the Chief Executive Officer's employment agreement. The Committee includes the Mayor, Deputy Mayor and three Councillors.

COUNCIL
COUNCILLORS & MAYOR

- Council staff
  Council employs the Chief Executive Officer, who in turn employs Council staff
- Corporate and Operations Committee
  Chairperson Ash Tanner
- Te Manawhenua Forum mo Matamata-Piako
  Chairperson Te Ao Marama Maaka
- Hearings Commission
  No chairperson
- District Licensing Committee
  Chairperson Teena Cornes, Adrienne Wilcock to take over on 4 April
- Audit and Risk Committee
  Independent Chairperson Hon John Luxton
- Waharoa (Matamata) Aerodrome
  Co-Chairpersons Jan Barnes Mokoro Gillett
- Chief Executive Officer Performance Committee
  No chairperson

JANET E. BARNES
MAYOR BARNES

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

ANNUAL PLAN GUIDE

WHAT IS AN ANNUAL PLAN?

We produce an Annual Plan in the two years that we don't produce a Long Term Plan. The Annual Plan highlights any significant or material changes from the Long Term Plan.

WHY DO WE DO IT?

We are required to prepare an Annual Plan under the Local Government Act 2002. Apart from the legal requirement it also makes good sense to revise our plans each year. When you are planning and budgeting three years out, things can change, inflation, interest rates, project timing and the like can change plans so these need to be revised if we are proposing a significant or material change from the Long Term Plan.

WHAT IS A LONG TERM PLAN?

The Long Term Plan sets our direction for the next 10 years; outlining our key aims, objectives and priorities for the Matamata-Piako District. A Long Term Plan:

- Describes the type of district our communities have told us they want – our community outcomes.
- Identifies the key projects to take place over the next 10 years.
- Provides an overview of each activity we will carry out and the services we will provide for the next 10 years.
- Determines how much this will all cost and how we will fund it.

WHAT IS AN ANNUAL REPORT?

We produce an Annual Report every year. This reviews our performance, letting the community know whether we did what we said we would. It also checks financial performance against the budget and Financial Strategy.

SO WHAT'S CHANGED FROM THE LONG TERM PLAN

We did not consult on the Annual Plan this year because we were not proposing any significant or material changes from what we planned in the Long Term Plan. We consulted on the Long Term Plan with the community before it was put in place. However, we want to keep our community informed on what our plans are for this year.

YOUR DISTRICT

Area 175,477 hectares	**2015/16**	**2016/17**	**2017/18**
Number of electors (enrolled)*	23,236	23,414	23,767
Number of rating units**	14,877	14,890	15,015
Value of improvements**	$4,064,097,500	$4,065,600,500	$4,543,681,400
Net land value**	$6,292,556,400	$6,300,578,400	$8,240,602,000
Total capital value**	$10,356,653,900	$10,366,178,900	$12,784,283,400
Total rates***	$30,800,000	$30,821,000	$31,324,000
Average total rates per rating unit	$2,070	$2,070	$2,086

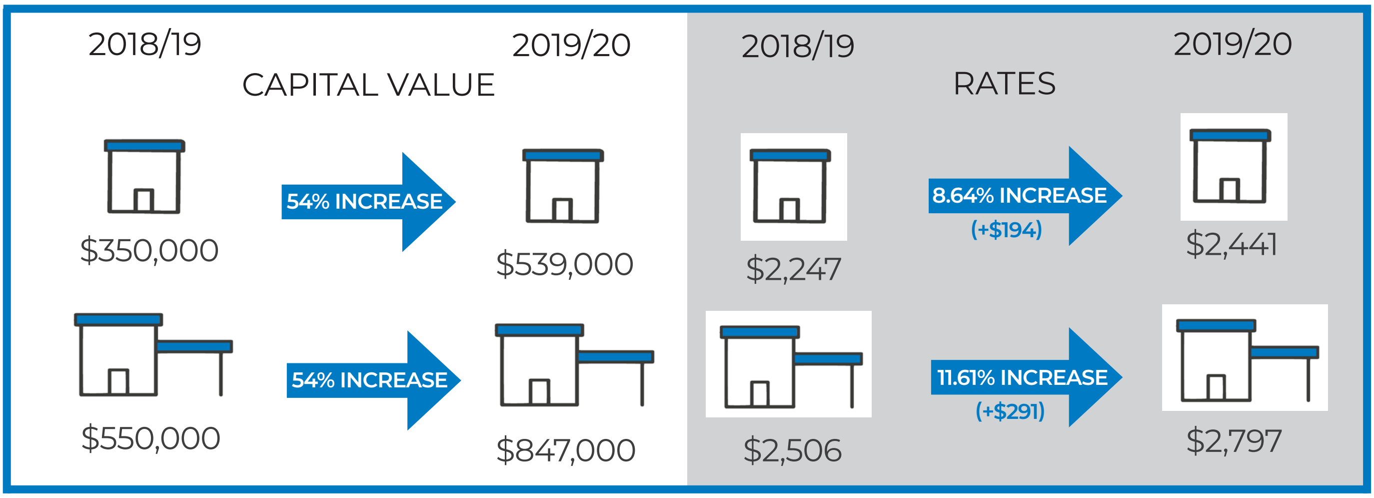
*Electoral enrolment centre.
** At the end of the preceding financial year.
*** Excludes metered water rates, targeted rates from industries, lump-sum contributions and penalties.

HOW MUCH WILL MY RATES BE?

Below are a range of different property types in our district, and an example of what the rates for those properties will be 2019/20. It is important to note that the 4% limit on rates increases as set in the Long Term Plan applies to the total amount of rates we collect from the whole district - so some properties might see a lower increase, while others have a higher one. This year the total rates collected has increased by 3.86%. How changes in rates affect individual properties depends on a number of factors including the value of your property and the services you receive (e.g. water, wastewater, rubbish collection services etc.). To see the impact on your property please visit www.mpdc.govt.nz/rates/propertyrates-search

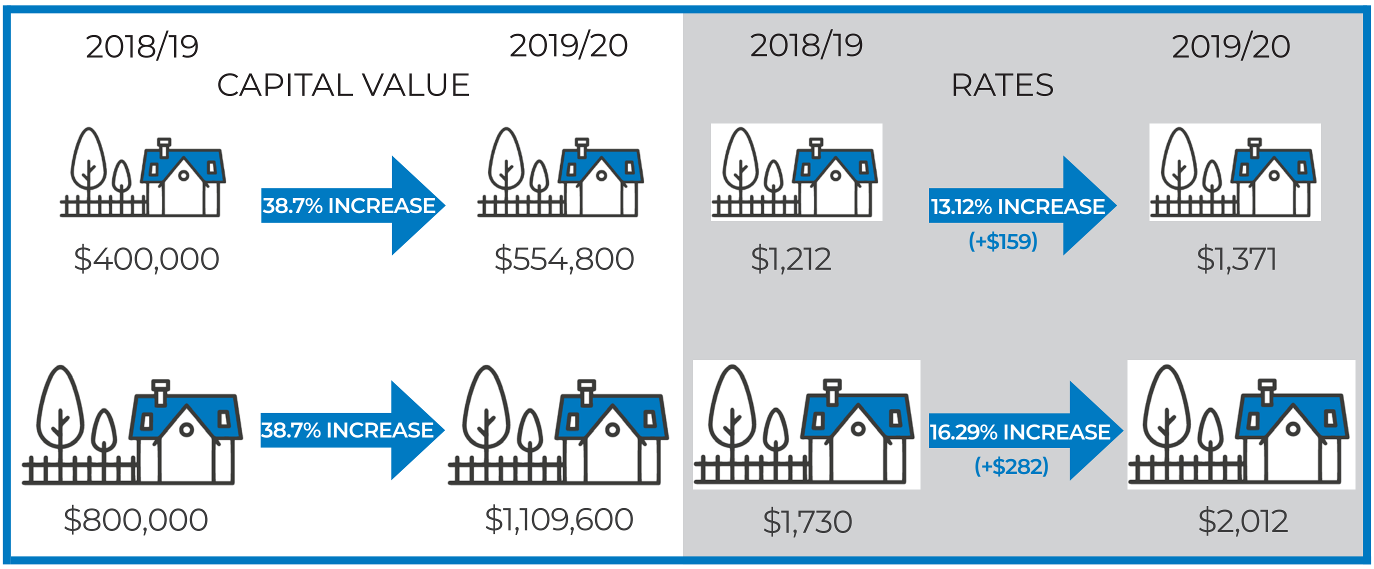
URBAN

An average urban property in 2018/19 is a $350,000 property connected to all services (water, wastewater etc.). The average increase in Capital Value for an urban property through the revaluation is 54%. Therefore we are comparing the rates on a $350,000 property in 2018/19 to a $539,000 property in the 2019/20 year (a 54% increase in valuation results in a 8.64% increase in rates).



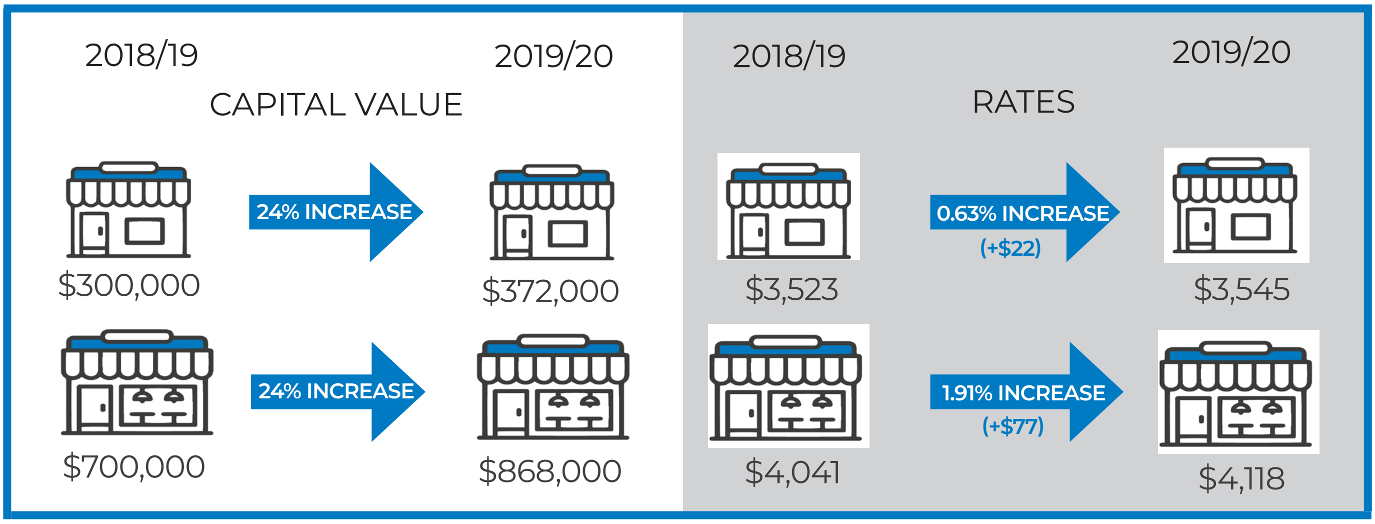
RURAL LIFESTYLE

Likewise, the average lifestyle property in 2018/19 is a $400,000 property with no Council services connected. The average increase in Capital Value for a lifestyle property through the revaluation is 38.7%. Therefore we are comparing the rates on a $400,000 property in 2018/19 to a $554,800 property in the 2019/20 year (a 38.7% increase in revaluation results in a 13.12% increase in rates).



COMMERCIAL

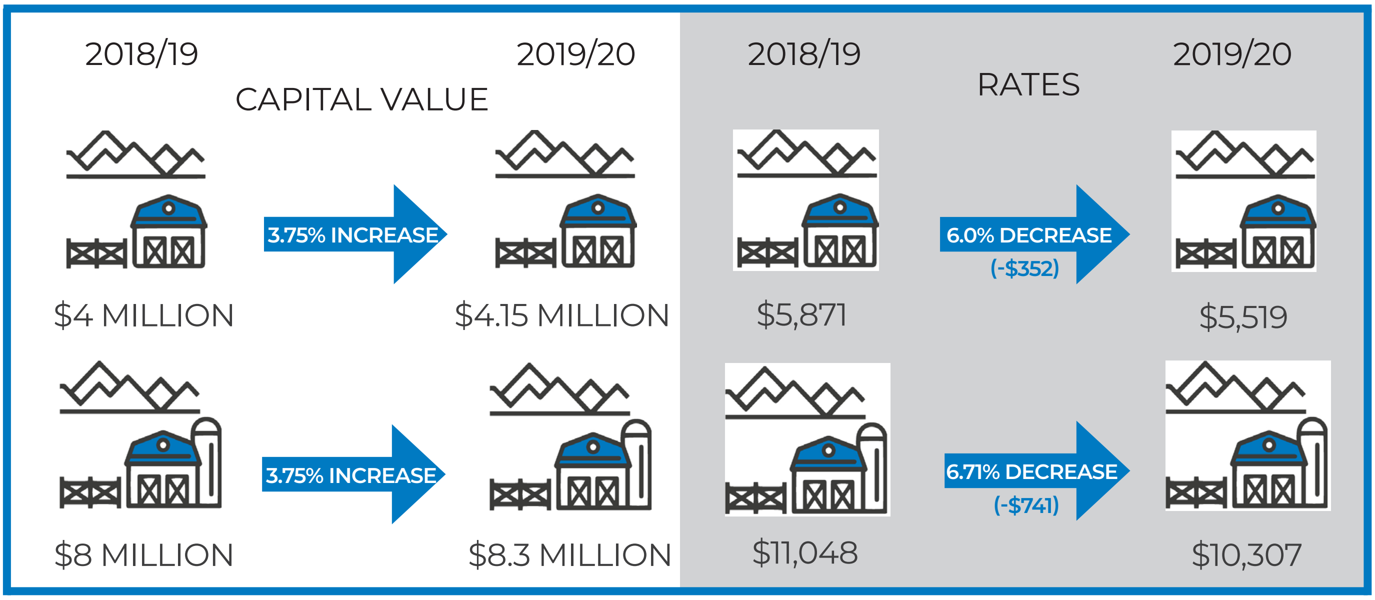
Likewise, the average commercial property in 2018/19 is a $300,000 property with two toilets and is connected to all services. The average increase in Capital Value for a commercial property through the revaluation is 24%. Therefore we are comparing the rates on a $300,000 property in 2018/19 to a $372,000 property in the 2019/20 year (a 24% increase in revaluation results in a 0.63% increase in rates).



RURAL

Likewise, the average large rural property in 2018/19 is a $4 million property with no Council services connected. The average increase in Capital Value for a large rural property through the revaluation is 3.75%.

Therefore we are comparing the rates on a $4 million property in 2018/19 to a $4.15 million property in the 2019/20 year (a 3.75% increase in revaluation results in a 6.0% decrease in rates).



RATES REVALUATION INFORMATION

For 2019/20, Council projects that it needs to collect $34.2 million from rates in order to fund the services we plan to provide. This is $1.3 million more in rates than the budget for 2018/19, or an increase of 3.86%. A district revaluation* was undertaken as at 1 July 2018, and this will be applied in calculating the general rates for the first time in 2019/20.

The 2018 valuation resulted in an increase in the value of the total district of $2.6 billion dollars. In 2015 residential property made up 20% of the total value of the district, whereas in 2018, that increased to 26%. For that reason, under the new valuation, residential properties will pay a greater proportion of the total rates than they previously did. Between the same period, rural properties went from making up 68% of the total value of the district, down to 62%. Again, for that reason, rural properties will pay a smaller proportion of the total rates than they previously did.

*www.mpdc.govt.nz/say-it/have-your-say for graphs showing 2015 vs 2018 District Valuation

ANNUAL PLAN 2019/20

SECTION TWO: FINANCIALS I PUUTEA

FINANCIAL STATEMENTS

FORECAST STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE FOR THE YEAR ENDING 30 JUNE 2020

LTP 2018/19 ($000)		LTP 2019/20 ($000)	Annual Plan 2019/20 ($000)	Explanation of significant variances to the original LTP budget
	Revenue			
34,927	Rates	36,113	36,348	The total rate increase is 3.86%, compared to the 3.01% rate increase set out in the LTP. The 0.85% increase from the LTP is as a result of a number of minor shifts in budgets across a number of activities.
6,694	Subsidies and grants	6,000	6,846	Subsidy of $860,000 for the Avenue Road North Stormwater Disposal project (originally budgeted in 2018/19) is now anticipated to be received from developers in 2019/20.
7,279	Fees and charges	7,586	7,401	Not all activity fees and charges have required inflationary increases as budgeted in the LTP.
254	Interest revenue	267	303	
1,370	Development and financial contributions	1,397	1,370	
461	Other revenue	470	474	
50,985	**Total revenue**	**51,833**	**52,742**	
	Expenses			
15,869	Personnel costs	16,205	16,959	Additional positions have been budgeted compared to the LTP including developer positions, part-time event facilitators, HR administration and in Solid Waste.
14,207	Depreciation and amortisation	14,786	14,729	Depreciation is expected to be lower compared to the LTP due to the reassignment of priority for capital projects and some being carried forward.
1,373	Finance costs	1,637	1,098	Lower debt at the beginning of the financial year and the delayed completion of capital work from that forecast in the LTP has resulted in decreased debt and interest forecast for the 2019/20 year.
17,180	Other expenses	17,666	17,609	
48,629	**Total expenditure**	**50,294**	**50,395**	
-	Share of joint venture surplus/(deficit)	-	-	
2,356	**Surplus/(deficit)**	**1,539**	**2,347**	
	Other comprehensive revenue and expense			
10,415	Property, plant and equipment revaluations	10,842	12,032	
10,415	**Total other comprehensive revenue and expense**	**10,842**	**12,032**	
12,771	**Total comprehensive revenue and expense**	**12,381**	**14,379**	

The $2.3 million surplus forecast for the year includes revenue to be received from capital subsidies and development contributions. This revenue is used to fund the construction of assets, rather than funding operating expenses and spending on assets adds to the value on our balance sheet. The surplus also includes the value of assets expected to be vested in Council through the subdivision process that is required to be shown as revenue. It is for these reasons that the surplus cannot be used to offset rates.

FORECAST STATEMENT OF CHANGES IN EQUITY - FORECAST ENDING 30 JUNE 2020

LTP 2018/19 ($000)		LTP 2019/20 ($000)	Annual Plan 2019/20 ($000)	Explanation of significant variances to the original LTP budget
592,151	Balance at 1 July	604,922	626,768	The projected opening equity has been updated to reflect our revised forecasts to the end of the 2018/19 year.
12,771	Total comprehensive revenue and expense for the year	12,381	14,379	
604,922	Balance at 1 July	617,303	641,147	

FORECAST STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

LTP 2018/19 ($000)		LTP 2019/20 ($000)	Annual Plan 2019/20 ($000)	Explanation of significant variances to the original LTP budget
	Current assets			
1,061	Cash and cash equivalents	1,054	1,280	
2,824	Receivables	2,882	3,958	Projected receivables has been increased to reflect the level of income accrued at year end over recent years, particularly capital subsidy income.
-	Prepayments	-	-	
650	Inventory	664	839	
-	Assets held for sale	-	-	
-	Derivative financial instruments	-	-	
9513	Other financial assets	9,636	6,945	
14,048	**Total current assets**	**14,236**	**13,022**	
	Non-current assets			
-	Derivative financial instruments	-	-	
13,447	Investments in CCO's and other similar entities	13,447	13,814	
-	Other financial assets	-	-	
620,622	Property, plant and equipment	644,966	665,195	Revaluations have increased the value of the existing asset base above what was budgeted in the LTP.
889	Intangible assets	930	850	
634,958	**Total non-current assets**	**659,343**	**679,859**	
649,006	**Total assets**	**673,579**	**692,881**	
	Liabilities			
	Current liabilities			
-	Derivative financial instruments	-	-	
2,451	Payables and deferred revenue	2,651	6,475	Projected payables have been increased to reflect the level seen in recent years, with Council receiving a large balance of rates in advance of their due date, and having large payables at year end due to significant capital projects in progress.
1,500	Employee entitlements	1,532	1,661	
-	Borrowings	7,000	7,000	
84	Provisions	88	88	
4,035	**Total current liabilities**	**11,271**	**15,224**	
	Non-current liabilities			
-	Derivative financial instruments	-	-	
450	Employee entitlements	460	460	
39,115	Borrowings	44,112	35,617	Forecast borrowings have been revised downwards as a result of delayed capital spending.
484	Provisions	433	433	
40,049	**Total non-current liabilities**	**45,005**	**36,510**	
44,084	**Total liabilities**	**56,276**	**51,734**	
604,922	**Net assets**	**617,303**	**641,147**	
	Equity			
425,371	Accumulated funds	425,933	434,071	
179,551	Other reserves	191,370	207,076	
604,922	**Total equity**	**617,303**	**641,147**	

FORECAST STATEMENT OF CASHFLOWS FOR THE YEAR ENDING 30 JUNE 2020

LTP 2018/19 ($000)		LTP 2019/20 ($000)	Annual Plan 2019/20 ($000)	Explanation of significant variances to the original LTP budget
	Cashflow from operating activities			
34,927	Rates revenue received	36,113	36,348	The total rate increase is 3.86%, compared to the 3.01% rate increase set out in the LTP. The 0.85% increase from the LTP is as a result of a number of minor shifts in budgets across a number of activities.
6,694	Subsidies and grants received	6,000	6,847	The subsidy of $860,000 for the Avenue Road North Stormwater Disposal project (originally budgeted in 2018/19) is now anticipated to be received from developers in 2019/20.
7,279	Fees and charges received	7,586	7,401	Not all activity fees and charges have required inflationary increases as budgeted in the LTP.
254	Interest received	267	303	
1,370	Development and financial contributions received	1,397	1,369	
261	Other revenue received	266	274	
-	GST (net)	-	-	
(17,180)	Payments to suppliers	(17,666)	(17,609)	
(15,869)	Payments to employees	(16,205)	(16,959)	Additional positions have been budgeted compared to the LTP including developer positions, part-time event facilitators, HR administration and in Solid Waste.
(1,373)	Interest paid	(1,637)	(1,098)	Lower debt at the beginning of the financial year and the delayed completion of capital work from that forecast in the LTP has resulted in decreased debt and interest forecast for the 2019/20 year.
16,363	**Net cashflow from operating activities**	**16,121**	**16,876**	
	Cashflow from investing activities			
230	Repayment of loans and advances	-	-	
-	Sale of assets	-	-	
-	Proceeds from sale/maturity of investments	-	-	
(24,305)	Purchase of property, plant and equipment	(27,890)	(33,286)	The capital programme has been reprioritised with approximately $6million in capital projects being carried forward to the next year.
(93)	Purchase of intangible assets	(235)	(230)	
-	Acquisition of investments	-	-	
(24,168)	**Net cashflows from investing activities**	**(28,125)**	**(33,516)**	
	Cashflow from financing activities			
16,531	Proceeds from borrowings	11,997	16,859	The timing of external borrowing has shifted due to capital projects being carried forward.
(8,500)	Repayment of borrowings	-	-	
8,031	**Net cashflow from financing activities**	**11,997**	**16,859**	
226	**Net increase/(decrease) in cash and cash equivalents**	**(7)**	**219**	
835	**Opening cash and cash equivalents**	**1,061**	**1,061**	
1,061	**Closing cash and cash equivalents**	**1,054**	**1,280**	

FINANCIAL STATEMENT NOTES

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.

Council has a 34% interest in a jointly controlled entity, Thames Valley Combined Civil Defence Committee, together with Hauraki District Council and Thames-Coromandel District Council. Each Council has equal representation on the committee. Thames-Coromandel District Council is the administering authority.

The Council provides local infrastructure, local public services, and performs regulatory functions to the community. The Council does not operate to make a financial return. The Council has designated itself as a Public Benefit Entity (PBE) for the purpose of complying with generally accepted accounting practice.

The financial information contained within these documents is prospective financial information in terms of Financial Reporting Standard 42 Prospective Financial Statements (PBE). The purpose for which this has been prepared is to enable the public to participate in decision making processes as to the services to be provided by the Council for the 2019/20 financial year, and to provide a broad accountability mechanism of the Council to the community. The financial information in the Annual Plan may not be appropriate for purposes other than those described.

The forecast financial statements of the Council are for the year ended June 2020. The forecast financial statements were authorised for issue as part of the Annual Plan by Council on 26 June 2019. Council is responsible for the prospective financial statements presented, including the appropriateness of the assumptions underlying the prospective financial statements and all other required disclosures.

BASIS OF PREPARATION

The forecast financial statements have been prepared on the going concern basis, and the accounting policies have been applied consistently to all periods presented in these forecast financial statements.

STATEMENT OF COMPLIANCE

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

PRESENTATION CURRENCY AND ROUNDING

The forecast financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars ($000).

OPENING BALANCES

The forecast financial statements have been prepared based on expected opening balances for the year ended 30 June 2019. Estimates have been restated accordingly if required.

A CAUTIONARY NOTE

The information in the forecast financial statements is uncertain and the preparation requires the exercising of judgement. Actual financial results achieved for the period covered are likely to vary from the information presented, and the variations may be material. Events and circumstances may not occur as expected or may not have been predicted or we may subsequently take actions that differ from the proposed courses of action on which the forecast financial statements are based. The information contained within these forecast financial statements may not be suitable for use in another capacity.

SIGNIFICANT ACCOUNTING POLICIES

REVENUE

Revenue is measured at fair value. Revenue is recognised to the extent that it is probable that the economic benefits will flow to us and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

- **Rates** - 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.

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

- **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 licence fees, upon renewal of the licence.

- **Interest** - Interest revenue is recognised using the effective interest method. Interest revenue on an impaired financial asset is recognised using the original effective interest rate.

- **Dividends** - Revenue is recognised when the shareholders' right to receive the payment is established.

- **Rental revenue** - 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 we provide, or are able to provide, the service for which the contribution was charged. Otherwise development and financial contributions are recognised as liabilities until such time we provide, or are able to provide, the service.

- **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.

- **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 e.g. 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.

- **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 e.g. as the funds are spent for the nominated purpose.

BORROWING COSTS

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

GRANT EXPENDITURE

Non-discretionary grants are 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 we 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. The Council's grants awarded have no substantive conditions attached.

LEASES

- Finance leases - A finance lease transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred. At the start of the lease term, finance leases are recognised as assets and liabilities in the statement of financial position at the lower of the fair value of the leased item and the present value of the minimum lease payments. The finance charge is charged to the surplus or deficit over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability. The amount recognised as an asset is depreciated over its useful life. If there is no reasonable certainty as to whether the Council will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

- 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.

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 for 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.

CASH AND CASH EQUIVALENTS

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.

RECEIVABLES

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.

DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are used to manage interest rate risks arising from financing activities. In accordance with our treasury policies, we do 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 in the statement of comprehensive revenue and expense. 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.

The fair value of the interest rate swap is determined by calculating the expected future cashflows 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.

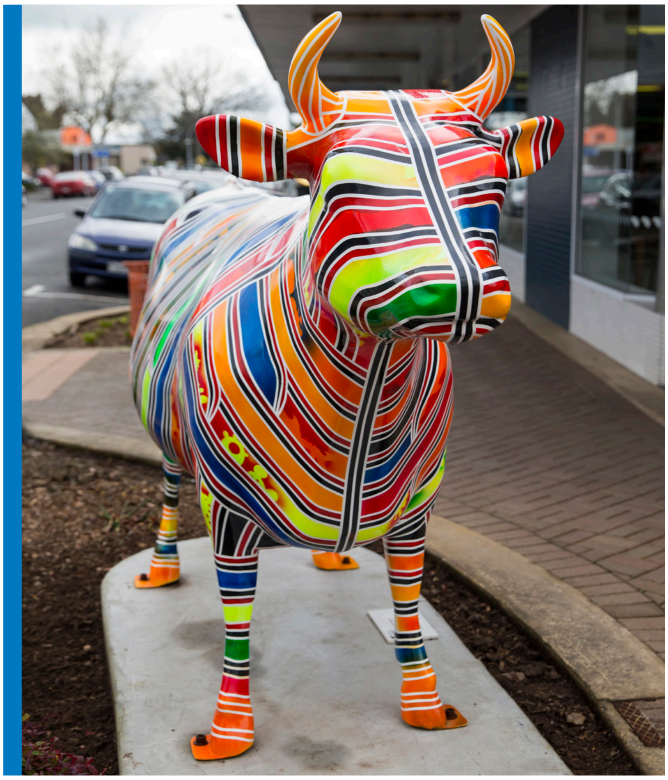
OTHER FINANCIAL ASSETS

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, industry and developer agreement 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 flow, discounted at the current market rate of return for a similar financial instrument. For loans to community and other 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 into bankruptcy, receivership or liquidation and default 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.

Local Authority and other stock (held to maturity)
After initial recognition, Local Authority and other stock (designated as held to maturity) are measured at amortised cost using the effective interest method. At year-end, they are assessed for indicators of impairment. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership or liquidation and default in payments is considered to be objective evidence of impairment. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.



Investments in Council Controlled Organisations (CCO's) and other entities (fair value through other comprehensive revenue and expense)
Investments in CCO's and other entities are designated at fair value through other comprehensive revenue and expense. After initial recognition, investments in CCO's and other entities 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.

For Investments in CCO's and other entities, a significant or prolonged decline in the fair value of the shares below their 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 investments in CCO's and other entities recognised in the surplus or deficit are not reversed through surplus or deficit.

INVESTMENT IN JOINT VENTURE

We recognise our interest in our jointly controlled entity, Thames Valley Combined Civil Defence Committee, using the equity method. This investment is initially recognised at cost and the carrying amount is increased or decreased to recognise our share of the surplus or deficit of the jointly controlled entity after the date of acquisition. Our share of the surplus or deficit of the jointly controlled entity is recognised in our statement of comprehensive revenue and expense. The carrying amount of the investment is shown as shares in the statement of financial position.

INVENTORY

Inventories held for distribution or consumption in the provision of services that are not supplied on a commercial basis are measured at cost (using the first in first out (FIFO) method), adjusted when applicable, for any loss of service potential. Inventories acquired through non-exchange transactions are measured at fair value at the date of acquisition.

Inventory held for use in the production of goods and services on a commercial basis is valued at the lower of cost and net realisable value. The cost of purchased inventory is determined using the FIFO method. The amount of any write down for the loss of service potential or from cost to net realisable value is recognised in the surplus or deficit in the period 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 (work in progress), with the exception of infrastructural asset costs, which are capitalised to property, plant and equipment.

All other inventory is recognised at the lower of cost and net realisable value.

ASSETS HELD FOR SALE

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 of assets held for sale 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. Assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of:

- Operational assets - land, buildings, plant and machinery, furniture and equipment, computer equipment, and library collections.
- Restricted assets - parks and reserves owned by Council that provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions.
- Infrastructure assets - fixed utility systems owned by 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), library books, and infrastructural assets (except land under roads) are measured at fair value less accumulated depreciation. All other classes are measured at cost less accumulated depreciation and impairment losses.

Revaluations

Land and buildings (both operational and restricted), are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value and at least every three years. We assess the carrying values of our land and building assets annually to ensure that they do not differ materially from the assets' fair values. If there is a material difference, then the off-cycle asset classes are revalued. Infrastructural assets (except land under roads) are revalued annually. All other asset classes are carried at depreciated historical cost.

Revaluations of property, plant and equipment 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 us and the cost of the item can be measured reliably. Work in progress is recognised at cost less impairment and is not depreciated. 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.

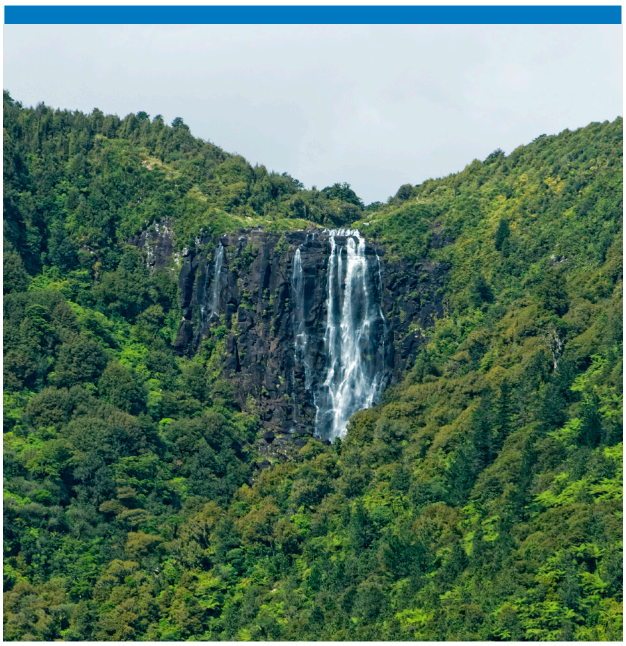
Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to us and the cost of the item can be measured reliably. The costs of day to day servicing of property, plant and equipment are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

Disposals

Gains and losses on disposals are determined by comparing the 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 10 years	10% - 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		
Road 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%- 100%
Utility assets		
Buildings	50 to 80 years	1% - 2%
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 the end of each financial year.

INTANGIBLE ASSETS

Computer software

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

Staff training costs and costs associated with the development and maintenance of Councils website 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 financial year 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 OF NON-FINANCIAL ASSETS

Intangible assets that have an indefinite useful life, or are not yet available for use, are not subject to amortisation and are tested annually for impairment. Assets that have a finite useful life are reviewed for impairment 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 value in use.

If an asset's carrying amount exceeds its recoverable amount the asset is 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 is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where we would, if deprived of the asset, replace its remaining service potential. The value in use for cash generating assets is the present value of expected future cashflows.

PAYABLES AND DEFERRED REVENUE

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

BORROWINGS

Borrowings on normal commercial terms are initially recognised at the amount borrowed plus transaction costs. Interest due on the borrowings is subsequently accrued and added to the borrowings balance. Borrowings are classified as current liabilities unless we have an unconditional right to defer settlement of the liability for at least 12 months after balance date.

EMPLOYEE ENTITLEMENTS

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 the 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 cashflows.

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

Defined contribution superannuation scheme
Obligations for contributions to defined contribution superannuation schemes (such as KiwiSaver) are recognised as an expense in the surplus or deficit when incurred.

PROVISIONS

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'.

Provisions for landfill aftercare and Tui Mine site monitoring
As owner of three closed landfills and the former site of the Tui Mine, has a legal obligation under its resource consents to provide ongoing maintenance and/or monitoring services at the sites. Provisions for post closure and monitoring costs have been recognised as a liability. The provisions are measured based on the present value of future cash flows expected to be incurred, taking into account future events including new legal requirements and known improvements in technology. The provisions include all reliably known costs. The discount rate used is a rate that reflects current market assessments of the time value of money and the risks specific to Council.

EQUITY

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:
    - Council created reserves
    - Restricted reserves
    - Asset revaluation reserves
    - Fair value through other comprehensive revenue and expense reserve.

RESERVES

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. Restricted reserves include those subject to specific conditions accepted as binding by us 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.

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

Asset revaluation reserves represent unrealised gains on assets owned by us. The gains are held in the reserve until such time as the gain is realised and a transfer can be made to accumulated funds. Fair value through other comprehensive revenue and expense reserve comprises the cumulative net change in the fair value of assets classified as fair value through other comprehensive revenue and expense.

GOODS AND SERVICE TAX (GST)

All 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 cashflows. Commitments and contingencies are disclosed exclusive of GST.

COST ALLOCATION

The cost of service for each of our significant activities has been derived using the cost allocation system outlined below. 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 neighboring local authorities for moderation.

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

In preparing these forecast 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 period of the Long Term Plan follows:

Infrastructural assets

There are a number of assumptions and estimates used when performing depreciated replacement cost valuations on infrastructural assets. These include:

The physical deterioration and condition of an asset, for example we could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets, which are not visible, for example stormwater, wastewater and water supply pipes that are underground. This risk is minimised by us performing a combination of physical inspections and condition modelling assessments of underground assets; estimating any obsolescence or surplus capacity of an asset.

Estimates are made when determining the remaining useful lives over which the asset will be depreciated. These estimates can be impacted 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 we 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, our infrastructural assets 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 our asset management planning activities, which gives us further assurance over its useful life estimates. Experienced independent valuers perform or undertake a peer review of our infrastructural asset revaluations.

Provisions for landfill aftercare and Tui Mine site monitoring
The cash outflows for landfill after care and site monitoring costs are expected to occur over 25 years or more. The long term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred. The provisions have been estimated taking into account existing technology and discounted using a discount rate of 6%.

The following assumptions have been made in the calculation of the provisions: Obligations for the work are for the period of the resource consents for these sites. Costs have been estimated based on best information and technology known at this point.

CRITICAL JUDGMENTS IN APPLYING ACCOUNTING POLICIES

Management has exercised the following critical judgment in applying accounting policies to these forecast financial statements:

Classification of property
We own a number of properties held to provide housing to elderly persons. The receipt of rental from these properties is incidental to holding them. The properties are held for service delivery objectives as part of our social housing policy. The properties are therefore accounted for as property, plant and equipment.

FORECAST DEPRECIATION AND AMORTISATION EXPENSE BY GROUP OF ACTIVITY

LTP 2018/19		LTP 2019/20	Annual Plan 2019/20
($000)		**($000)**	**($000)**
Directly attributable depreciation and amortisation expense by group of activity			
2,263	Community facilities	2,338	2,446
6,011	Roading	6,151	6,288
23	Rubbish and recycling	42	31
568	Stormwater	619	608
2,474	Wastewater	2,823	2,685
1,670	Water	1,812	1,717
1	Strategy and engagement	1	2
9	Consents and licensing	9	8
Total directly attributable depreciation and amortisation expense by groups of activities			
934	Depreciation and amortisation not directly related to groups of activities	991	944
13,953	**Total depreciation and amortisation expense**	**14,786**	**14,729**

RESERVE FUNDS

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 us. Restricted reserves are those reserves subject to conditions accepted as binding by us and which may not be revised by us 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.

Council created reserves are established by Council decision. We may alter them without reference to any third party or the Courts. Transfers to and from these reserves are at our discretion. Asset revaluation reserves represent unrealised gains on assets owned by us. The gains are held in the reserve until such time as the gain is realised and a transfer can be made to retained earnings. Details of the specific reserve funds held by us are as follows:

Reserve funds	Purpose	Activities related to	Forecast balance 1 July 2019	Transfers in	Funds will come from	Transfers out	Funds will be applied to	Forecast balance 30 June 2020
Council created reserves ('000)								
Community purposes reserve	Funds received and set aside for use on community facilities or for community purposes e.g. grants.	All Council activities	6,017	-	No additional funding anticipated for this annual plan	(129)	No expenditure anticipated for this annual plan	5,888
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	23,901	695	External interest from the invested portion of the fund, and internal interest from the internally borrowed portion of the fund	(698)	Annual Economic Development funding plus subsidy of rates	23,898
Wastewater capital contribution reserve	Capital contribution funds received from industry and set aside to offset future deprecation.	Wastewater	1,134	674	Annual targeted rates charged to Fonterra and Greenlea Morrinsville	(397)	Fonterra and Greenlea share interest and depreciation expenses	1,411
Depreciation reserves	Funds set aside for the replacement of assets and used to fund internal borrowing.	All Council Services	13,327	14,403	Depreciation funding and interest	(14,171)	Replacement of assets (renewals) and repayment of loans	13,559
Stormwater improvement reserve	Funds set aside to fund stormwater projects.	Stormwater	200	50	Targeted rates funding	-	No expenditure anticipated for this annual plan	250
Te Aroha Wastewater desludging project	Funds set aside to pay for the Te Aroha desludging project expected to be completed in 2015/16.	Wastewater	399	-	No additional funding anticipated	-	No expenditure anticipated for this annual plan	399
Total Council created reserves			**44,978**	**15,822**		**(15,395)**		**45,405**
Restricted reserves								
Endowment land sales reserve	Funds set aside in respect of the sale of endowment land in Te Aroha. The proceeds must be used for the provision or improvement of services and public amenities for the benefit of the inhabitants of Te Aroha.	Community facilities	110	-	Sale of endowment land(if any)	-	No expenditure anticipated for this annual plan	110
Reserves Development	Funds set aside from reserves contributions to be used for parks and reserves.	Development of parks and reserves	112	55	Financial contributions	-	No expenditure anticipated for this annual plan	167
Youth Ambassadors	Funds set aside for initiatives that empower the youth of our district.	Nominated purposes	3	10	General rates funding	(10)	Apply funding	3
Bequests and trust funds	Funds set aside to be used for the nominated purpose of the bequest or trust fund.	Nominated purposes	26	-	No additional funding anticipated	-	No expenditure anticipated for this annual plan	26
Waste minimisation	Funds set aside for the purpose of initiatives encouraging the minimisation of waste.	Nominated purposes	143	130	Government funding of waste minimisation	(130)	Apply funding for waste minimisation program	143
Total restricted reserves			**394**	**195**		**(140)**		**449**
Asset revaluation reserves	**Surpluses from the revaluation of property plant and equipment.**	**All Council activities**	**138,563**	**12,032**	**Assets revaluation**	**-**	**Assets revaluation**	**150,595**
Fair value through other comprehensive revenue and expense reserve	**Net change in fair value of financial assets.**	**All Council activities**	**10,627**	**-**	**Financial assets revaluation**	**-**	**Financial assets revaluation**	**10,627**

RECONCILIATION BETWEEN THE FUNDING IMPACT STATEMENT AND STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

The funding impact statement is prepared in compliance with the requirements of clause 15, part 1, schedule 10 of the Local Government Act 2002. Unlike the statement of comprehensive revenue and expense, the funding impact statement is 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" that is classified as income on 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 of assets to be reflected, whereas these are excluded from the funding impact statement. The reconciliation below identifies the differences between these two statements.

LTP 2018/19		LTP 2019/20	Annual Plan 2019/20
($000)		**($000)**	**($000)**
	Funding sources as shown in the overall Council funding impact statement		
44,740	Total operating funding	46,338	46,633
13,419	Total capital funding	16,617	22,314
	Less capital movements		
8,032	Increase/(decrease) in debt	11,996	16,860
-	Gross proceeds from sale of assets	-	-
	Add non-funded income		
200	Vested assets	204	200
-	Other gains	-	-
658	Income from support activities	670	455
50,985	**Total funding sources**	**51,833**	**52,742**
50,985	**Total income as shown in the statement of comprehensive revenue and expense**	**51,833**	**52,742**
	Application of funding as shown in the overall Council funding impact statement		
33,764	Total applications of operating funding	34,838	35,211
24,395	Total applications of capital funding	28,117	33,736
	Less capital movements		
24,397	Capital expenditure	28,125	33,517
(2)	Increase (decrease) in reserves	(8)	219
-	Increase (decrease) in investments	-	-
	Add non-funded expenditure		
14,207	Depreciation and amortisation	14,786	14,729
-	Other losses	-	-
658	Expenses from support activities	670	455
48,629	**Total funding application**	**50,294**	**50,395**
48,629	**Total expenditure as shown in the statement of comprehensive revenue and expense**	**50,294**	**50,395**

FUNDING IMPACT STATEMENT

Funding impact statement for 1 July 2019 to 30 June 2020 for whole of Council

LTP 2018/19 ($000)		LTP 2019/20 ($000)	Annual Plan 2019/20 ($000)	Explanation and variances from the original LTP budget
	Sources of operating funding			
22,530	General Rates, uniform annual general charges, rates penalties	23,282	23,836	Increased rates requirement to fund increased costs.
12,397	Targeted Rates	12,831	12,513	Estimated depreciation for Wastewater has reduced compared to the LTP, resulting in a reduced requirement from rates.
2,677	Subsidies and grants for operating purposes	2,776	2,773	
6,621	Fees and Charges	6,916	6,988	
254	interest and dividends from investments	267	257	
261	Local authorities fuel tax, fines, infringement fees, and other receipts	266	266	
44,740	**Total operating funding (A)**	**46,338**	**46,633**	
	Applications of operating funding			
32,391	Payments to staff and suppliers	33,201	34,115	Estimated costs have increased over a number of areas including for additional staffing requirements, building maintenance costs, higher cemetery costs, an increase in the cost of the waste management contract, and compliance costs in the wastewater and water activities.
1,373	Finance costs	1,637	1,096	Lower debt at the beginning of the financial year and the delayed completion of capital work from that forecast in the LTP has resulted in decreased debt and interest forecast for the 2019/20 year.
-	Other operating funding applications	-	-	
33,764	**Total applications of operating funding (B)**	**34,838**	**35,211**	
10,976	**Surplus (deficit) of operating funding (A – B)**	**11,500**	**11,422**	
	Sources of capital funding			
4,017	Subsidies and grants for capital expenditure	3,224	4,084	Subsidy of $860,000 for the Avenue Road North Stormwater Disposal project (originally budgeted in 2018/19) is now anticipated to be received from developers in 2019/20.
1,370	Development and financial contributions	1,397	1,370	
8,032	Increase (decrease) in debt	11,996	16,860	The timing of the external borrowing has shifted due to capital projects being carried forward.
-	Gross proceeds from sale of assets	-	-	
-	Lump sum contributions	-	-	
-	Other dedicated capital funding	-	-	
13,419	**Total sources of capital funding (C)**	**16,617**	**22,314**	
	Applications of capital funding			
	Capital expenditure			
687	—to meet additional demand	677	677	
9,486	—to improve the level of service	13,550	18,669	A number of projects have been reprioritised and carried forward from 2018/19 to 2019/20.
14,224	—to replace existing assets	13,898	14,171	Some projects has been carried forward from 2018/19 to 2019/20.
(2)	Increase (decrease) in reserves	(8)	219	
-	Increase (decrease) of investments	-	-	
24,395	**Total applications of capital funding (D)**	**28,117**	**33,736**	
(10,976)	**Surplus (deficit) of capital funding (C – D)**	**(11,500)**	**(11,422)**	
-	**Funding balance ((A – B) + (C – D))**	**-**	**-**	

CALCULATION OF RATES

For 1 July 2019 to 30 June 2020 (These rates shown are inclusive of GST)

		GENERAL RATES		TARGETED RATES	
Source		General Rate	Uniform annual general charge	Stormwater	Waste management
Category		All rateable land in the Matamata-Piako District		Rating units within serviced areas	Rating units within serviced areas
How the rate will be calculated		Per dollar of capital value	Uniform charge per rating unit	Uniform charge per rating unit within the townships of Matamata, Morrinsville, Te Aroha and Waharoa	Uniform charge per separately used or inhabited part of a rating unit to which the service is available
LTP 2018/19	$	0.00129420	694.47	94.05	29.10
LTP 2019/20	$	0.00133403	714.53	97.27	29.67
Annual Plan 2019/20	$	0.00115434	730.73	92.15	29.76

		TARGETED RATES							
Source		Wastewater (sewage disposal)							
Category		Connected single residential house	Connected non-single residential, and non-residential properties						Serviceable properties within 30 metres of Council's Wastewater reticulation network
How the rate will be calculated		Uniform charge per connected rating unit	Uniform charge per rating unit for the first pan on all connected properties, and:	Additional uniform charge per pan (excluding the first pan) for properties with up to 4 pans	Or additional uniform charge per pan (excluding the first pan) for properties with up to 10 pans	Or additional uniform charge per pan (excluding the first pan) for properties with up to 15 pans	Or additional uniform charge per pan (excluding the first pan) for properties with up to 20 pans	Or additional uniform charge per pan (excluding the first pan) for properties with more than 20 pans	Uniform charge per rating unit to which the service is available (but not connected)
LTP 2018/19	$	670.40	670.40	670.40	569.84	536.32	502.80	469.28	335.20
LTP 2019/20	$	675.76	675.76	675.76	574.40	540.61	506.82	473.03	337.88
Annual Plan 2019/20	$	648.48	648.48	648.48	551.20	518.78	486.36	453.93	324.24

		TARGETED RATES					
Source		Targeted rural hall rates will apply to all land within the hall rating area as listed					
Category		Tauhei	Hoe-O-Tainui	Springdale	Kiwitahi	Patetonga	Wardville
How the rate will be calculated		Per dollar of land value					
LTP 2018/19	$	0.00009781	0.00002682	0.00001481	0.00001951	0.00003045	0.00001934
LTP 2019/20	$	0.00009988	0.00002739	0.00001512	0.00001992	0.00003109	0.00001975
Annual Plan 2019/20	$	0.000101585	0.00002682	0.00001481	0.00001951	0.00003045	0.00001934

TARGETED RATES									
Source	**Industry contributions to the Morrinsville wastewater treatment plant upgrade**		**Water supply**		**Water supply (metered) ***				
Category	18 Allen Street, Morrinsville	38 Pickett Place Morrinsville	Connected properties	Serviceable properties within 100 metres of Council's water reticulation network	Metered supply (general)	Metered supply raw water Pohomihi Water Line	Metered supply Braeside Aquaria 1981	Inghams Enterprises (NZ) Pty Ltd supply**	Matamata farm properties***
How the rate will be calculated	Uniform charge per specified rating unit		Uniform charge per separately used or inhabited part of a rating unit to which the service is connected and provided	Uniform charge per separately used or inhabited part of a rating unit to which the service is available (but not connected)	Charge per cubic metre of water consumed (as measured by meter) over and above the first 82 cubic metres of water consumed per quarter or the first 27 cubic metres consumed per month	Charge per cubic metre of water consumed (as measured by meter) over and above the first 82 cubic metres of water consumed per quarter or the first 27 cubic metres consumed per month in the Pohomihi water line supply area	Charge per cubic metre of water consumed (as measured by meter) over and above the first 82 cubic metres of water consumed per quarter or the first 27 cubic metres consumed per month for Braeside Aquaria	Charge per cubic metre of water consumed (as measured by meter) over and above the first 82 cubic metres of water consumed per quarter or the first 27 cubic metres consumed per month for Inghams Factory, Waitoa	Charge per cubic metre of water consumed (as measured by meter) over and above the first 82 cubic metres of water consumed per quarter or the first 27 cubic metres consumed per month for Matamata farm properties that contain the Matamata trunk main from Tills Road
LTP 2018/19	596,651.16	189,406.28	306.22	153.11	1.28	0.92	0.66	0.60	1.28
LTP 2019/20	596,651.16	189,406.28	316.70	158.35	1.31	0.94	0.67	-	1.31
Annual Plan 2019/20	588,118.51	186,697.60	318.09	159.05	1.28	0.92	0.66	-	1.28

*Targeted Rates for a metered water supply are charged in addition to a uniform charge per separately used or inhabited part of a rating unit to which the service is
connected and provided.
** The water supply contract with Inghams Enterprises (NZ) Pty Ltd expired 30 June 2019. From 1 July 2019 the metered water supply general rate will apply.
*** A 50% discount will be applied to this rate if the invoice is paid by the due date.

TARGETED RATES									
Source		Targeted rural hall rates will apply to all land within the hall rating area as listed							
Category		Tahuna	Mangateparu	Kereone	Tatuanui	Walton	Okauia	Hinuera	Piarere
How the rate will be calculated		Uniform charge per rating unit					Per dollar of capital value		
LTP 2018/19	$	38.20	34.80	41.50	61.80	30.00	0.00001549	0.00001401	0.00001781
LTP 2019/20		39.01	35.54	42.38	63.11	30.64	0.00001582	0.00001431	0.00001819
Annual Plan 2019/20		38.20	34.80	41.50	61.80	30.00	0.00001549	0.00001401	0.00001781

TARGETED RATES						
Source		Targeted rural hall rates will apply to all land within the hall rating area as listed				
Category		Mangaiti	Waihou	Elstow	Manawaru	Te Poi
How the rate will be calculated		Uniform charge per separately used or inhabited part of a rating unit				
LTP 2018/19	$	12.65	20.20	21.60	25.80	36.80
LTP 2019/20		12.92	20.63	22.06	26.35	37.58
Annual Plan 2019/20		12.65	20.20	21.60	25.80	36.80

GST

The calculation of rates is shown inclusive of GST at the current rate of 15%. Any future changes in the rate of GST would need to be applied to these rates as appropriate.

REVENUE AND FINANCING POLICY

The rationale for the selection of various funding sources is set out in our Revenue and Financing Policy.

SEPARATELY USED OR INHABITED PART OF RATING UNIT

A separately used or inhabited part of a rating unit is any part of a rating unit that is or is able to be separately used or inhabited by the ratepayer, or by any other person or body having a right to use or inhabit that part by virtue of a tenancy, lease, licence or other agreement.

STORMWATER SERVICED AREAS

These are the rating units within the residential, business and industrial zones in Council's Operative District Plan within the townships of Matamata, Morrinsville, Te Aroha and Waharoa.

WASTE MANAGEMENT SERVICED AREAS

These areas are detailed in the Waste Management Serviced Areas Map (June 2015) which can be found in the pages following and on our website: www.mpdc.govt.nz/plans/long-term-plan

HALL RATING AREAS

These areas are detailed in the Hall Rating Areas Map (1989) which can be found in the pages following and on our website www.mpdc.govt.nz/plans/long-term-plan

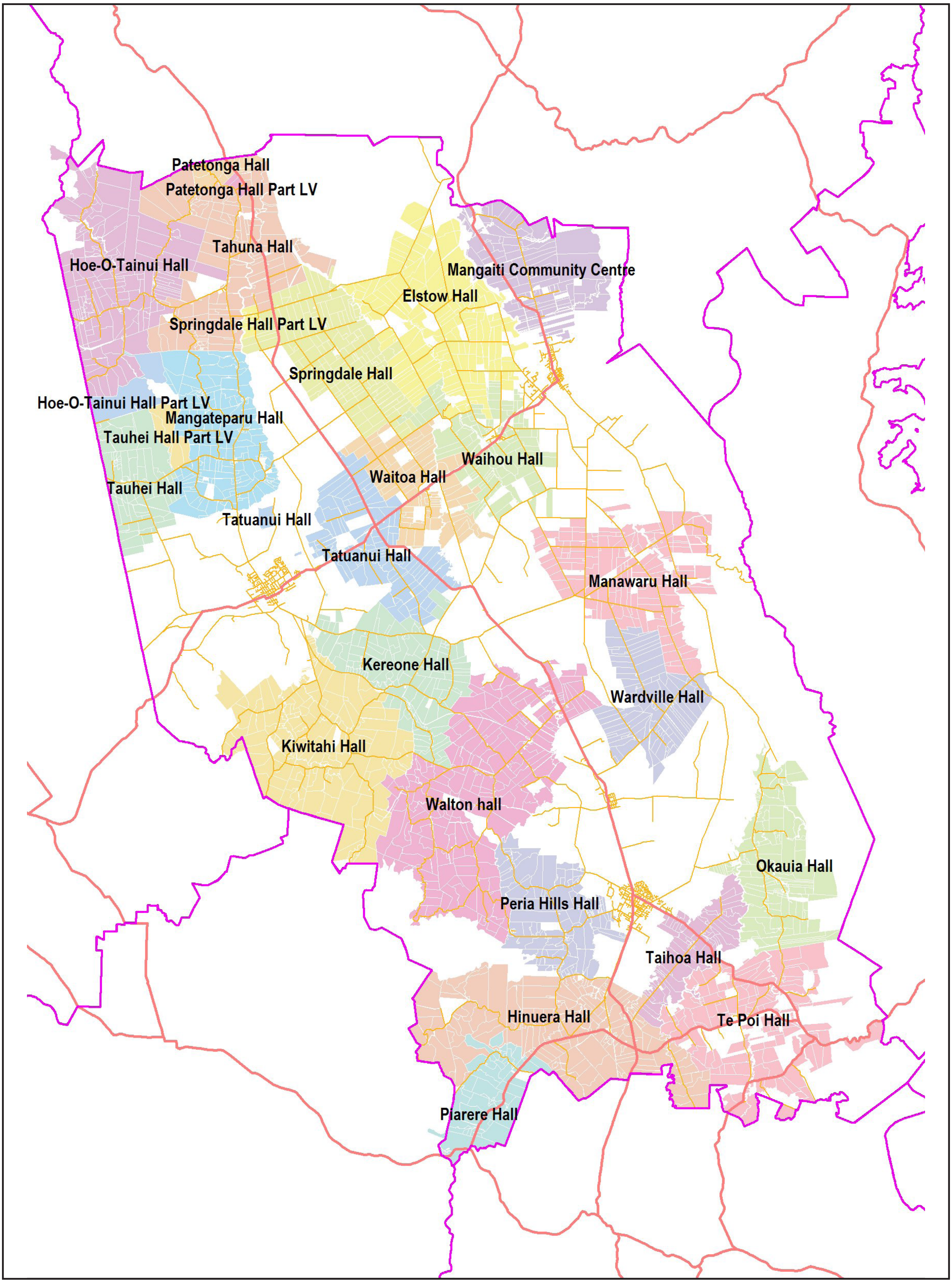
LUMP SUM CONTRIBUTIONS

The Council does not invite lump sum contributions for any targeted rates.

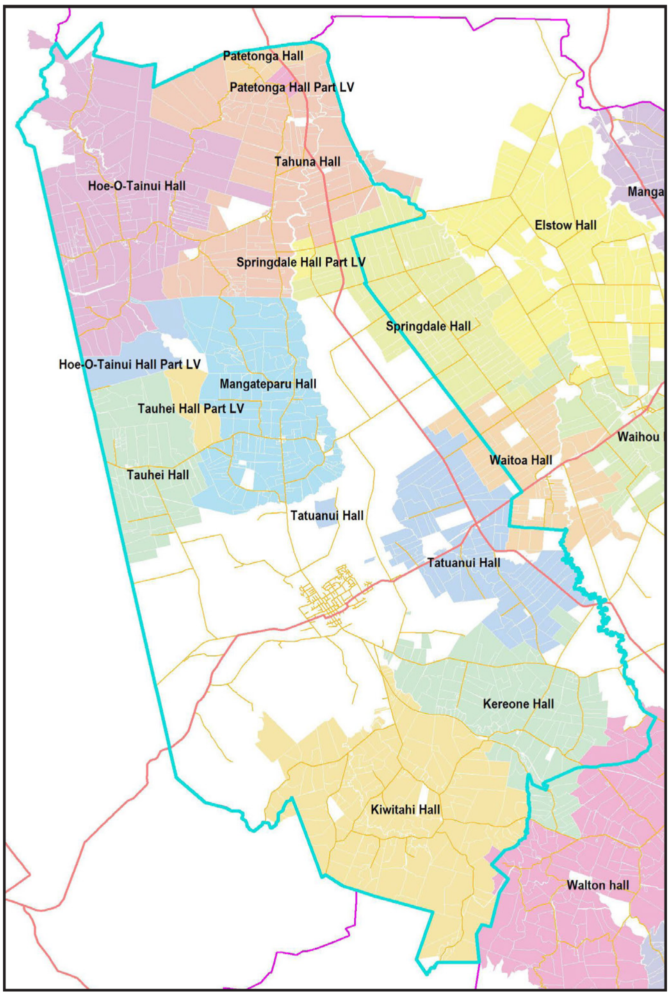
HALL RATING AREAS

Please visit our website mpdc.govt.nz and refer to the Hall Rating Areas (1989) for this information.

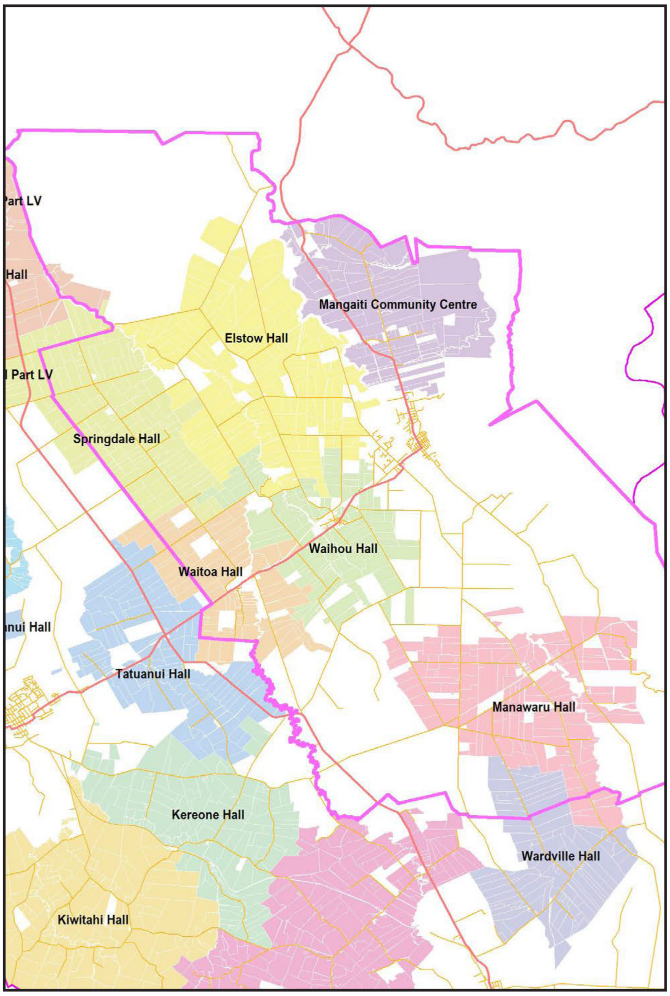
HALL RATINGS MATAMATA-PIAKO DISTRICT COUNCIL



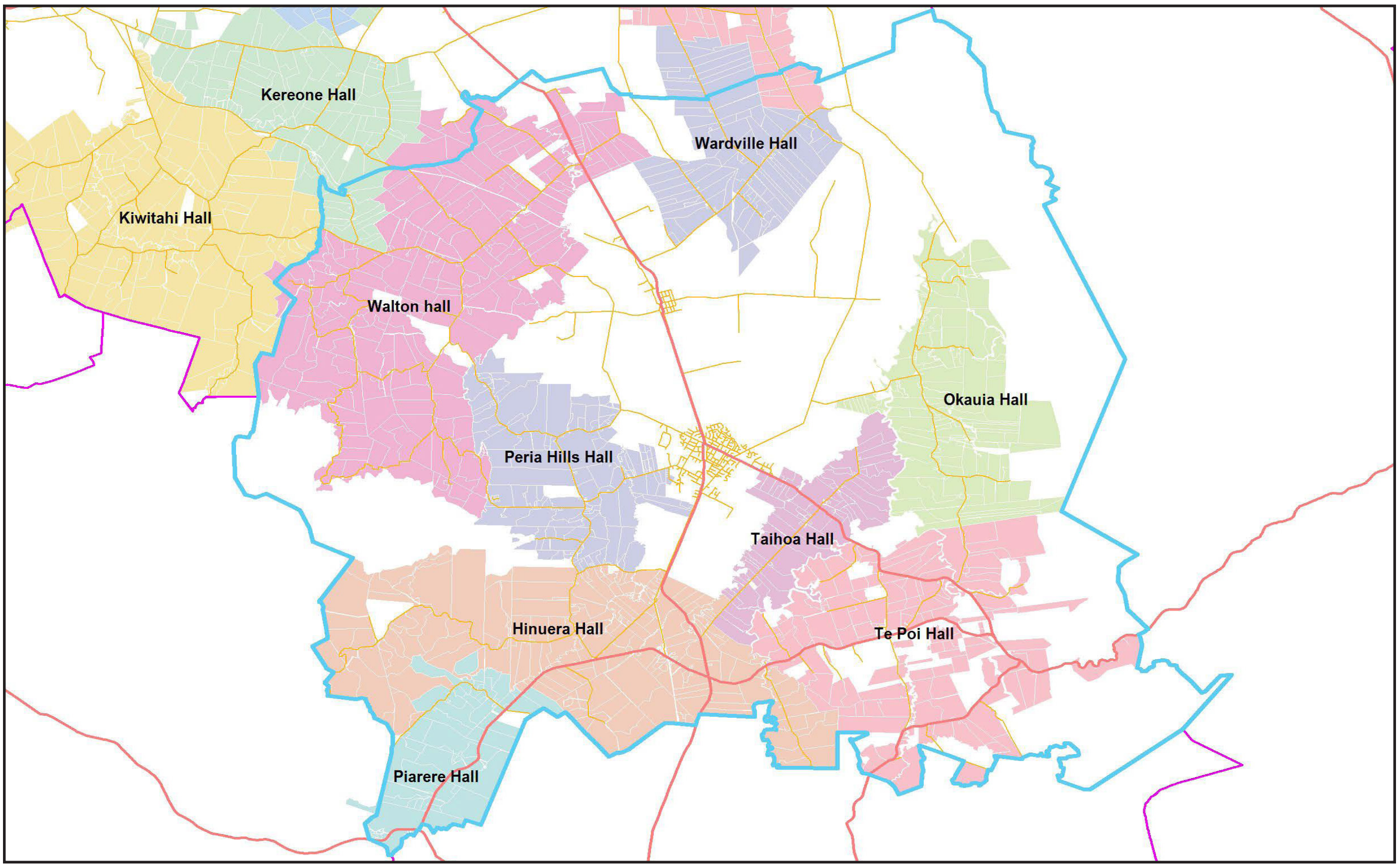
HALL RATINGS MORRINSVILLE



HALL RATINGS TE AROHA



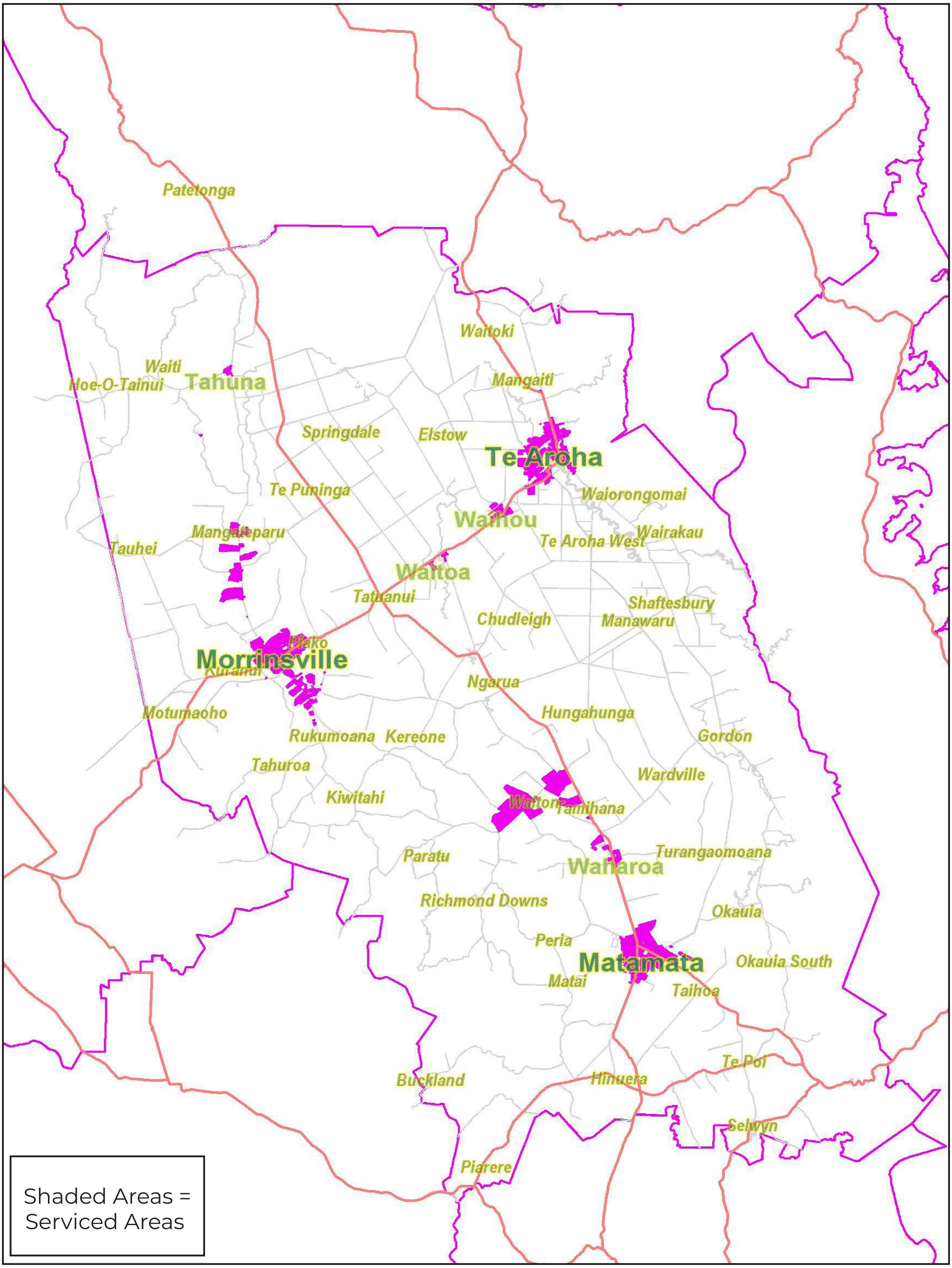
HALL RATINGS MATAMATA



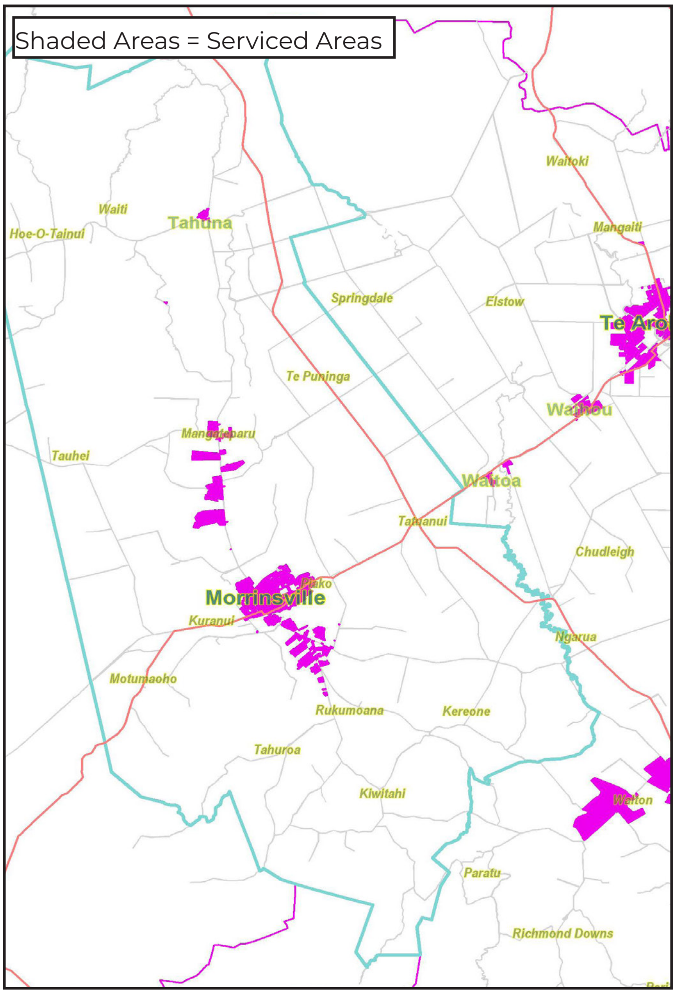
WASTE MANAGEMENT SERVICED AREAS

These areas are detailed in the Solid Waste Serviced Areas Map (June 2015) which can be found on our website.

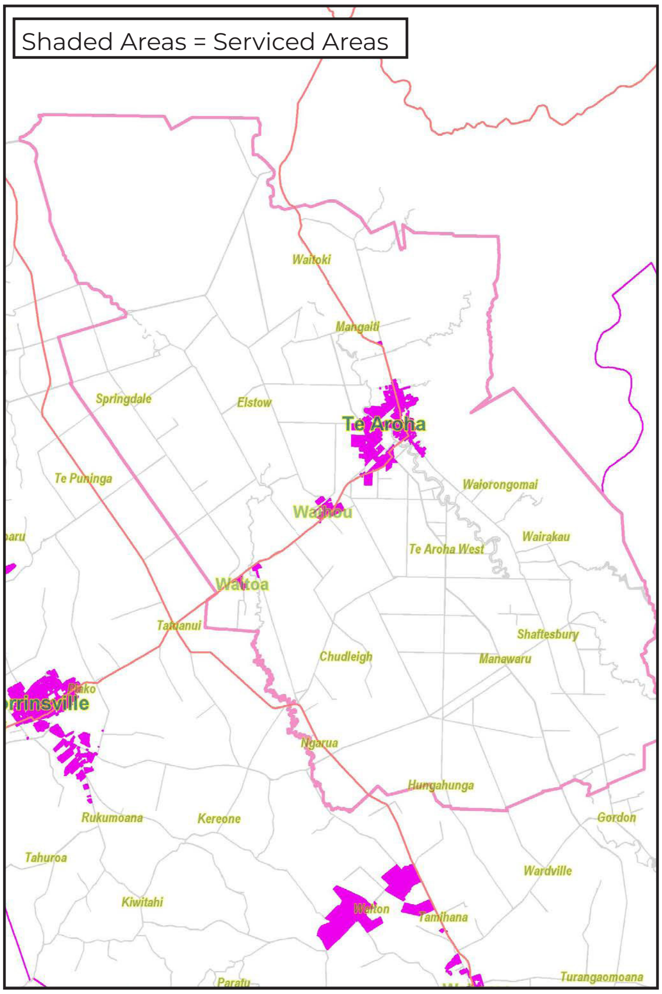
WASTE MANAGEMENT SERVICED AREAS MATAMATA-PIAKO DISTRICT



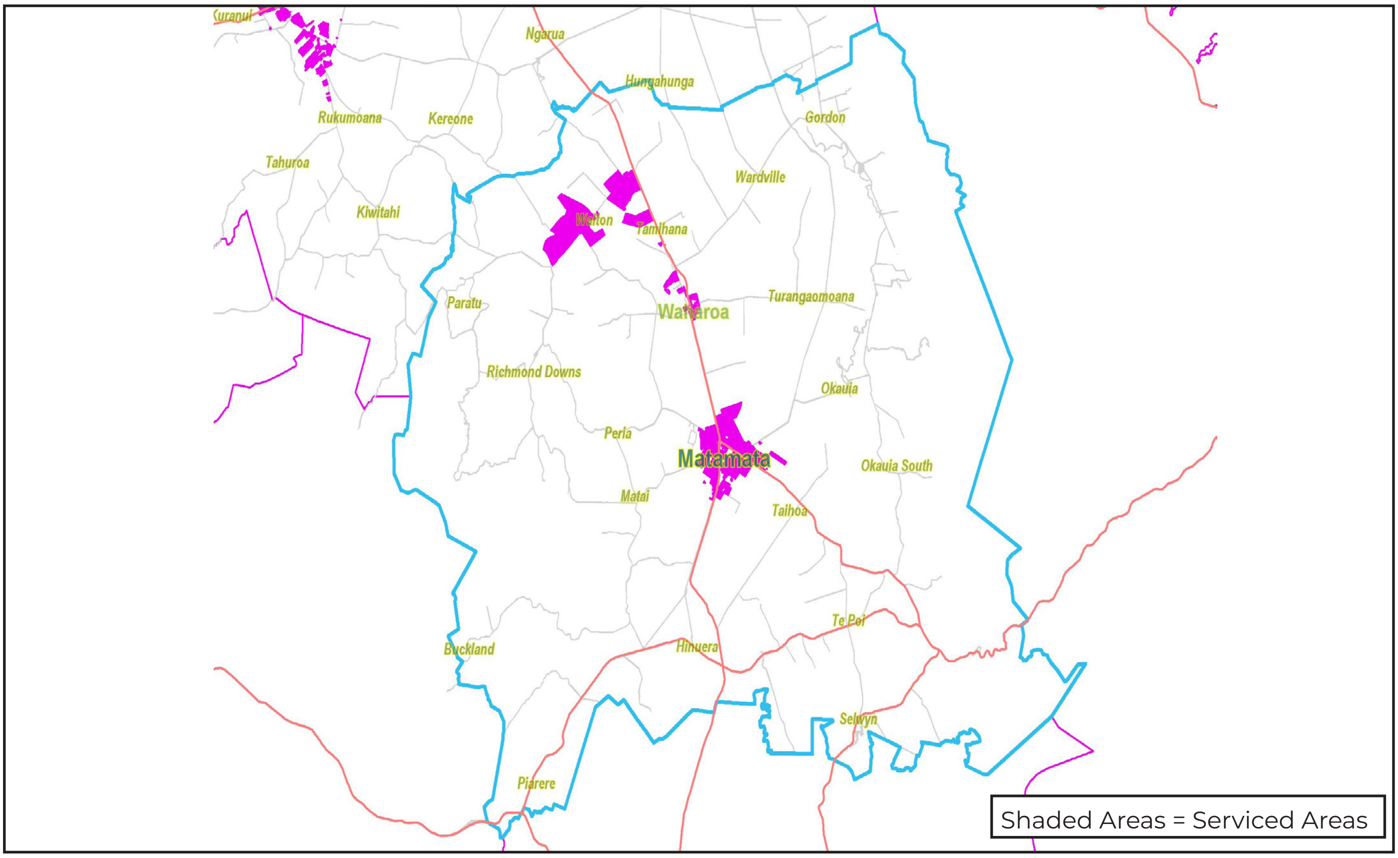
WASTE MANAGEMENT SERVICED AREAS MORRINSVILLE



WASTE MANAGEMENT SERVICED AREAS TE AROHA



WASTE MANAGEMENT SERVICED AREAS MATAMATA



ANNUAL PLAN DISCLOSURE STATEMENT FOR YEAR ENDING 30 JUNE 2020

What is the purpose of this statement?

The purpose of this statement is to disclose the Council's planned 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 Plan 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.

Benchmark		Planned	Met
Rates affordability benchmark · income	Annual rates income* will not increase by more than 4%	$34,136,000	Yes
· increases	Annual rates increases* will not be more than 4%	3.86%	Yes
Debt affordability benchmark	Net debt as a percentage of total revenue^ will not exceed 150%	67%	Yes
Balanced budget benchmark	100%	102%	Yes
Essential services benchmark	100%	211%	Yes
Debt servicing benchmark	10%	2.1%	Yes

*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 Councils' direct control.

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

Notes

1 Rates affordability benchmark

(1) For this benchmark,—

(a) the Council's planned rates income for the year is compared with a quantified limit on rates contained in the financial strategy included in the Council's Long Term Plan; and

(b) the Council's planned rates increases for the year are compared with a quantified limit on rates increases for the year contained in the financial strategy included in the Council's Long Term Plan.

(2) The Council meets the rates affordability benchmark if—

(a) its planned rates income for the year equals or is less than the quantified limit on rates; and

(b) its planned rates increases for the year equal or are less than the quantified limit on rates increases.

2 Debt affordability benchmark

(1) For this benchmark, the Council's planned borrowing is compared with a quantified limit on borrowing contained in the financial strategy included in the Council's Long Term Plan.

(2) The Council meets the debt affordability benchmark if its planned borrowing is within the quantified limit on borrowing.

3 Balanced budget benchmark

(1) For this benchmark, the Council's planned revenue (excluding development contributions, vested assets, financial contributions, gains on derivative financial instruments, and revaluations of property, plant, or equipment) is presented as a proportion of its planned operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, or equipment).

(2) The Council meets the balanced budget benchmark if its revenue equals or is greater than its operating expenses.

4 Essential services benchmark

(1) For this benchmark, the Council's planned capital expenditure on network services is presented as a proportion of expected depreciation on network services.

(2) The Council meets the essential services benchmark if its planned capital expenditure on network services equals or is greater than expected depreciation on network services.

5 Debt servicing benchmark

(1) For this benchmark, the Council's planned borrowing costs are presented as a proportion of planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment).

(2) Because Statistics New Zealand projects that the Council's population will grow as fast as the national population growth rate, it meets the debt servicing benchmark if its planned borrowing costs equal or are less than 10% of its planned revenue.

ANNUAL PLAN 2019/20

SECTION THREE: WHAT WE DO I MAHI AA ROOPUU

COMMUNITY FACILITIES AND PROPERTY

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 DO WE DO THESE ACTIVITIES

Community Facilities and Property provides a wide range of community facilities (like pools, libraries, and events centres), tourist attractions (such as Firth Tower Museum and the Te Aroha Mineral Spas), open spaces (including parks and tracks), through to practical facilities (like public toilets, carparks and cemeteries). This activity is also responsible for managing housing for elderly people and a variety of Council properties. These activities all help make Matamata-Piako District the place of choice.

WHAT HAS CHANGED FROM THE LONG TERM PLAN?

Projects within this group of activities are still progressing as set out in our Long Term Plan.
Major projects over the next year include:

- Howie Park, Morrinsville carpark upgrade.
- Waharoa rest area upgrade of the carpark and toilets.

Please see our Long Term Plan 2018-28 available on our website at www.mpdc.govt.nz/plans/long-term-plan or at any Council Office or Library for more information on this group of activities including:

- our vision and community outcomes
- key drivers
- our responses
- significant effects
- how we fund it
- key legislation, strategies, policies and plans
- our projects for the next 10 years
- levels of service

FUNDING IMPACT STATEMENT

COMMUNITY FACILITIES- 1 JULY 2019 TO 30 JUNE 2020

LTP 2018/19 ($000)		LTP 2019/20 ($000)	Annual Plan 2019/20 ($000)	Explanation of significant variances to the original Long Term Plan budget
	Sources of operating funding			
8,822	General rates, uniform annual general charges, rates penalties	9,190	9,488	Rates required have increased in line with estimated increased costs including staff costs for the aquatic facilities, building maintenance, cemetery and library costs.
75	Targeted rates	77	64	
4	Subsidies and grants for operating purposes	4	4	
2,775	Fees and charges	2,834	2,969	Estimated income for spas and other facilities has been increased in line with trends from recent years.
160	Internal charges and overheads recovered	160	190	
-	Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	
11,836	**Total operating funding (A)**	**12,265**	**12,715**	
	Applications of operating funding			
7,713	Payments to staff and suppliers	7,876	8,027	Estimated increased costs include staff costs for the aquatic facilities, building maintenance, cemetery and library costs.
186	Finance costs	310	175	Estimated finance cost is lower as $1.4 million in capital projects budgeted for completion in 2018/19 (including the Headon Stadium upgrade, Waharoa playground, future-proofing of the office, and splash pads) will not be completed in the budgeted year, thereby reducing opening debt and finance costs.
1,814	Internal charges and overheads applied	1,839	2,085	
-	Other operating funding applications	-	-	
9,713	**Total applications of operating funding (B)**	**10,025**	**10,287**	
2,123	**Surplus (deficit) of operating funding (A – B)**	**2,240**	**2,428**	
	Sources of capital funding			
-	Subsidies and grants for capital expenditure	-	-	
55	Development and financial contributions	56	55	
3,317	Increase (decrease) in debt	3,454	5,170	The timing of the external borrowing has shifted due to capital projects being carried forward.
-	Gross proceeds from sale of assets	-	-	
-	Lump sum contributions	-	-	
-	Other dedicated capital funding	-	-	
3,372	**Total sources of capital funding (C)**	**3,510**	**5,225**	
	Applications of capital funding			
	Capital expenditure			
-	—to meet additional demand	-	-	
3,708	—to improve the level of service	4,521	5,848	$1.4 million in capital projects budgeted for completion in 2018/19 (including the Headon Stadium upgrade, Waharoa playground, future-proofing of the office, and splash pads) will not be completed in the budgeted year, and have been carried forward to 2019/20.
1,549	—to replace existing assets	1,142	1,445	Renewal projects are expected to be carried forward from 2018/19 to 2019/20.
238	Increase (decrease) in reserves	87	360	
-	Increase (decrease) of investments		-	
5,495	**Total applications of capital funding (D)**	**5,750**	**7,653**	
(2,123)	**Surplus (deficit) of capital funding (C – D)**	**(2,240)**	**(2,428)**	
-	**Funding balance ((A – B) + (C – D))**	-	-	

STRATEGY AND ENGAGEMENT

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 DO WE DO THESE ACTIVITIES

These activities ensure our community are 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.

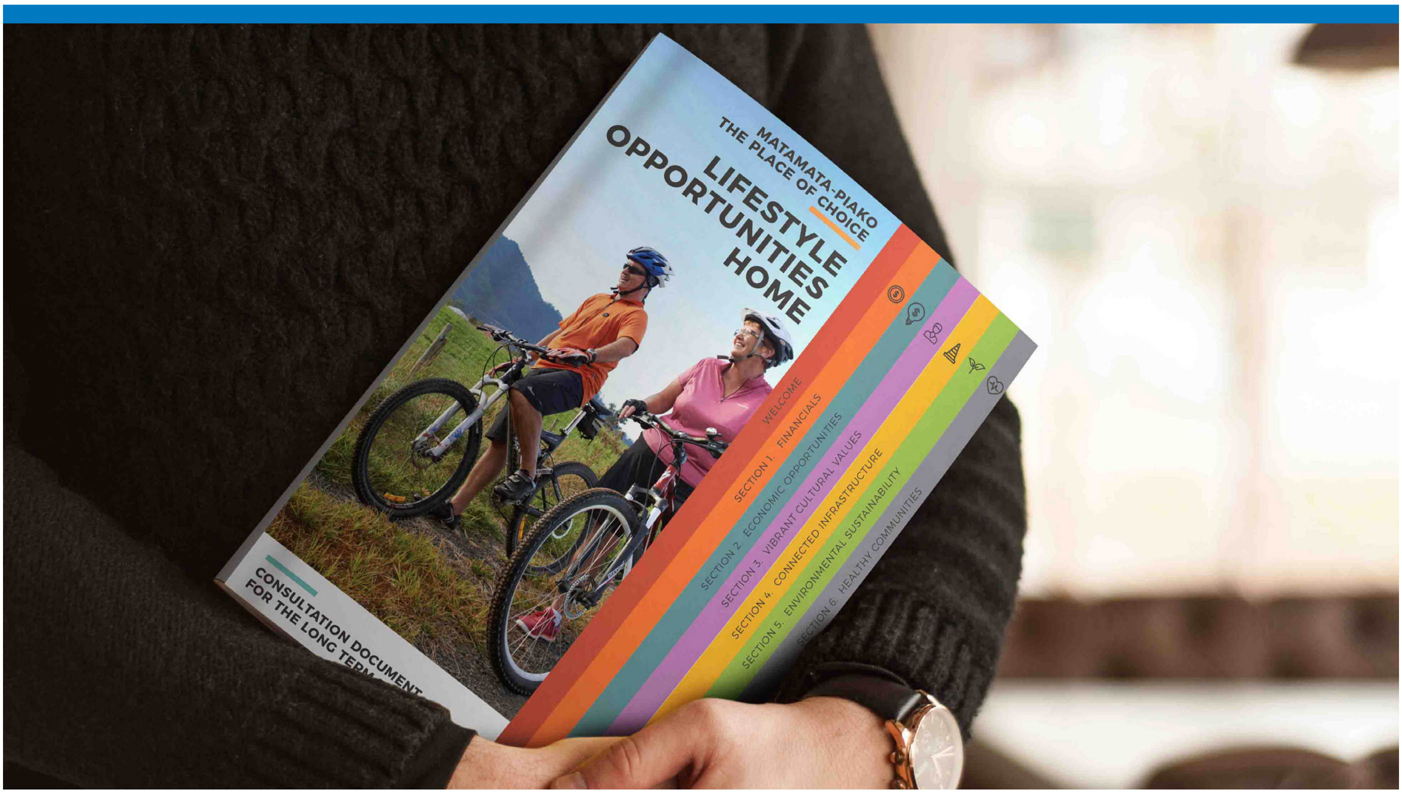
WHAT HAS CHANGED SINCE THE LONG TERM PLAN?

Projects within this group of activities are still progressing as set out in our Long Term Plan.
Major projects over the next year include:

- Council undertaking the local body elections.
- The Volunteer Youth Ambassadors continuing to be a voice in the community.
- An independent review of Council through the Local Government New Zealand Excellence Programme.

Please see our Long Term Plan 2018-28 available on our website at www.mpdc.govt.nz/plans/long-term-plan or at any Council Office or Library for more information on this group of activities including:

- our vision and community outcomes
- key drivers
- our responses
- significant effects
- how we fund it
- key legislation, strategies, policies and plans
- our projects for the next 10 years
- levels of service



FUNDING IMPACT STATEMENT

STRATEGY AND ENGAGEMENT - 1 JULY 2019 TO 30 JUNE 2020

LTP 2018/19 ($000)		LTP 2019/20 ($000)	Annual Plan 2019/20 ($000)	Explanation of significant variances to the original LTP budget
	Sources of operating funding			
4,102	General rates, uniform annual general charges, rates penalties	4,201	4,211	
-	Targeted rates	-	-	
-	Subsidies and grants for operating purposes	-	-	
129	Fees and charges	142	176	
318	Internal charges and overheads recovered	311	411	
-	Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	
4,549	**Total operating funding (A)**	**4,654**	**4,798**	
	Applications of operating funding			
2,828	Payments to staff and suppliers	2,898	3,029	Budget increased for additional training to follow the election, elected member remuneration and regional coordination initiatives.
1	Finance costs	5	27	
1,481	Internal charges and overheads applied	1,506	1,562	
-	Other operating funding applications	-	-	
4,310	**Total applications of operating funding (B)**	**4,409**	**4,618**	
239	**Surplus (deficit) of operating funding (A – B)**	**245**	**180**	
	Sources of capital funding			
-	Subsidies and grants for capital expenditure	-	-	
-	Development and financial contributions	-	-	
98	Increase (decrease) in debt	250	291	
-	Gross proceeds from sale of assets	-		
-	Lump sum contributions	-	-	
-	Other dedicated capital funding	-	-	
98	**Total sources of capital funding (C)**	**250**	**291**	
	Applications of capital funding			
	Capital expenditure			
-	—to meet additional demand	-	-	
-	—to improve the level of service	-	-	
1,078	—to replace existing assets	1,262	1,261	
(741)	Increase (decrease) in reserves	(767)	(790)	
-	Increase (decrease) of investments	-	-	
337	**Total applications of capital funding (D)**	**495**	**471**	
(239)	**Surplus (deficit) of capital funding (C – D)**	**(245)**	**(180)**	
-	**Funding balance ((A – B) + (C – D))**	**-**	**-**	

ROADING

WHAT WE DO

We own and maintain 1,008 kilometres of local roads within the district, including 948 kilometres sealed and 60km unsealed roads. These are all the roads in the district except for state highways (which include 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 (NZTA). The roading network also covers the cycleways and footpaths, and includes bridges and structures, street lighting, road signage and markings, and on-street parking within the road corridor.

WHY DO WE DO THESE ACTIVITIES?

Roads provide for a wide variety of users, with diverse needs, including private and commercial car drivers and passengers, freight operators, public transport users, farm and machinery operators, cyclists and pedestrians. They also support and enable economic growth and, when designed appropriately, enhance living environments and amenity. In addition to providing access to properties, the road corridor is also where utilities are usually located (e.g. gas, power, telecommunications, water, sewer and stormwater).

WHAT HAS CHANGED SINCE THE LONG TERM PLAN?

Projects within this group of activities are still progressing as set out in our Long Term Plan.

Major projects over the next year include:

- On road off-shoots from the existing Hauraki Rail Trail.
- Street lighting extended and upgraded in the urban areas.

Please see our Long Term Plan 2018-28 available on our website at www.mpdc.govt.nz/plans/long-term-plan or at any Council Office or Library for more information on this group of activities including:

- our vision and community outcomes
- key drivers
- our responses
- significant effects
- how we fund it
- key legislation, strategies, policies and plans
- our projects for the next 10 years
- levels of service

FUNDING IMPACT STATEMENT

ROADING - 1 JULY 2019 TO 30 JUNE 2020

LTP 2018/19 ($000)		LTP 2019/20 ($000)	Annual Plan 2019/20 ($000)	Explanation of significant variances to the original LTP budget
	Sources of operating funding			
6,922	General rates, uniform annual general charges, rates penalties	7,239	7,469	Increased rate requirement to fund increased estimated costs.
-	Targeted rates	-	-	
2,553	Subsidies and grants for operating purposes	2,649	2,639	
147	Fees and charges	148	171	
248	Internal charges and overheads recovered	243	253	
230	Local authorities fuel tax, fines, infringement fees, and other receipts	235	230	
10,100	**Total operating funding (A)**	**10,514**	**10,762**	
	Applications of operating funding			
5,847	Payments to staff and suppliers	6,136	6,257	Maintenance costs for the Hauraki Rail Trail agreement (finalised since the LTP adoption) were higher than initially budgeted.
423	Finance costs	432	374	The delay in the timing of the Rail Trail extension project has resulted in savings in interest costs.
892	Internal charges and overheads applied	897	950	
-	Other operating funding applications	-	-	
7,162	**Total applications of operating funding (B)**	**7,465**	**7,581**	
2,938	**Surplus (deficit) of operating funding (A – B)**	**3,049**	**3,181**	
	Sources of capital funding			
3,157	Subsidies and grants for capital expenditure	3,224	3,224	
328	Development and financial contributions	335	328	
683	Increase (decrease) in debt	1,685	1,275	
-	Gross proceeds from sale of assets	-		
-	Lump sum contributions	-	-	
-	Other dedicated capital funding	-	-	
4,168	**Total sources of capital funding (C)**	**5,244**	**4,827**	
	Applications of capital funding			
	Capital expenditure			
62	—to meet additional demand	192	192	
1,468	—to improve the level of service	2,483	2,428	
5,480	—to replace existing assets	5,596	5,480	
96	Increase (decrease) in reserves	22	(92)	
-	Increase (decrease) of investments		-	
7,106	**Total applications of capital funding (D)**	**8,293**	**8,008**	
(2,938)	**Surplus (deficit) of capital funding (C – D)**	**(3,049)**	**(3,181)**	
-	**Funding balance ((A – B) + (C – D))**	**-**	**-**	

RUBBISH AND RECYCLING

WHAT WE DO

We currently provide kerbside rubbish and recycling collection services to over 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 Waihou that we monitor under the terms of their resource consents to ensure they do not pose a risk to the environment or public health.

WHY DO 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. We are committed to providing and promoting sustainable waste management options to protect our environment for current and future generations. As part of the 2017 Eastern Waikato Waste Minimisation Management Plan (WMMP) we have committed to reduce the total amount of general waste sent to landfill from our district.

WHAT HAS CHANGED SINCE THE LONG TERM PLAN?

Projects within this group of activities are still progressing as set out in our Long Term Plan.
Major projects over the next year include:

- upgrading the transfer stations
- providing waste minimisation activities

Please see our Long Term Plan 2018-28 available on our website at www.mpdc.govt.nz/plans/long-term-plan or at any Council Office or Library for more information on this group of activities including:

- our vision and community outcomes
- key drivers
- our responses
- significant effects
- how we fund it
- key legislation, strategies, policies and plans
- our projects for the next 10 years
- levels of service

FUNDING IMPACT STATEMENT

RUBBISH AND RECYCLING - 1 JULY 2019 TO 30 JUNE 2020

LTP 2018/19 ($000)		LTP 2019/20 ($000)	Annual Plan 2019/20 ($000)	Explanation of significant variances to the original LTP budget
	Sources of operating funding			
583	General rates, uniform annual general charges, rates penalties	507	629	Increased rate requirement to fund increased estimated costs.
249	Targeted rates (other than a targeted rate for water supply)	256	256	
120	Subsidies and grants for operating purposes	123	130	
1,384	Fees and charges	1,566	1,536	
-	Internal charges and overheads recovered	-	1	
-	Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	
2,336	**Total operating funding (A)**	**2,452**	**2,552**	
	Applications of operating funding			
2,035	Payments to staff and suppliers	2,112	2,235	Contract costs have increased beyond what was estimated in the LTP.
11	Finance costs	33	13	
229	Internal charges and overheads applied	232	241	
-	Other operating funding applications	-	-	
2,275	**Total applications of operating funding (B)**	**2,377**	**2,489**	
61	**Surplus (deficit) of operating funding (A – B)**	**75**	**63**	
	Sources of capital funding			
-	Subsidies and grants for capital expenditure	-	-	
-	Development and financial contributions	-	-	
573	Increase (decrease) in debt	549	1,096	The timing of the external borrowing has shifted due to capital projects being carried forward.
-	Gross proceeds from sale of assets	-		
-	Lump sum contributions	-	-	
-	Other dedicated capital funding	-	-	
573	**Total sources of capital funding (C)**	**549**	**1,096**	
	Applications of capital funding			
	Capital expenditure			
-	—to meet additional demand	-	-	
600	—to improve the level of service	613	1,150	The transfer station upgrade, budgeted in 2018/19, has been carried forward to 2019/20.
3	—to replace existing assets	4	-	
31	Increase (decrease) in reserves	7	9	
-	Increase (decrease) of investments		-	
634	**Total applications of capital funding (D)**	**624**	**1,159**	
(61)	**Surplus (deficit) of capital funding (C – D)**	**(75)**	**(63)**	
-	**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 work collaboratively with Waikato Regional Council as they also own, manage and maintain parts of the drainage system (streams and rivers). Maintaining all of 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 DO 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. The main purpose is to ensure that we are looking after our environment in a sustainable but affordable manner for the short and long term.

WHAT HAS CHANGED SINCE THE LONG TERM PLAN?

Projects within this group of activities are still progressing as set out in our Long Term Plan.
Major projects over the next year include:

- General improvements to the existing network.

Please see our Long Term Plan 2018-28 available on our website at www.mpdc.govt.nz/plans/long-term-plan or at any Council Office or Library for more information on this group of activities including:

- our responses
- significant effects
- how we fund it
- key legislation, strategies, policies and plans
- our projects for the next 10 years
- levels of service

FUNDING IMPACT STATEMENT

STORMWATER - 1 JULY 2019 TO 30 JUNE 2020

LTP 2018/19 ($000)		LTP 2019/20 ($000)	Annual Plan 2019/20 ($000)	Explanation of significant variances to the original LTP budget
	Sources of operating funding			
121	General rates, uniform annual general charges, rates penalties	126	120	
742	Targeted rates	773	735	
-	Subsidies and grants for operating purposes	-	-	
-	Fees and charges	-	-	
106	Internal charges and overheads recovered	106	124	
-	Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	
969	**Total operating funding (A)**	**1,005**	**979**	
	Applications of operating funding			
163	Payments to staff and suppliers	167	170	
-	Finance costs	-	-	
189	Internal charges and overheads applied	191	175	
-	Other operating funding applications	-	-	
352	**Total applications of operating funding (B)**	**358**	**345**	
617	**Surplus (deficit) of operating funding (A – B)**	**647**	**634**	
	Sources of capital funding			
860	Subsidies and grants for capital expenditure	-	860	Subsidy of $860,000 for the Avenue Road North Stormwater Disposal project (originally budgeted in 2018/19) is now anticipated to be received from developers in 2019/20.
23	Development and financial contributions	23	23	
-	Increase (decrease) in debt	-	-	
-	Gross proceeds from sale of assets	-		
-	Lump sum contributions	-	-	
-	Other dedicated capital funding	-	-	
883	**Total sources of capital funding (C)**	**23**	**883**	
	Applications of capital funding			
	Capital expenditure			
400	—to meet additional demand	-	-	
1,060	—to improve the level of service	102	960	The Avenue Road North Stormwater Disposal project (originally budgeted in 2018/19) has been carried forward to 2019/20.
-	—to replace existing assets	3	-	
40	Increase (decrease) in reserves	565	557	
-	Increase (decrease) of investments		-	
1,500	**Total applications of capital funding (D)**	**670**	**1,517**	
(617)	**Surplus (deficit) of capital funding (C – D)**	**(647)**	**(634)**	
-	**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.

The efficient operation and maintenance of our wastewater network is achieved by providing adequate backup facilities, equipment, machinery and staff to handle any breakdown of the service. Corrective and preventative maintenance programmes are in place to ensure our systems remain in good condition.

WHY DO 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. We aim to ensure wastewater is well managed for the wellbeing of our community and our environment.

WHAT HAS CHANGED SINCE THE LONG TERM PLAN?

Projects within this group of activities are still progressing as set out in our Long Term Plan.
Major projects over the next year include:

- Morrinsville trunk sewer upgrade to cater for future growth.
- Pumpstation upgrades throughout the district.

Please see our Long Term Plan 2018-28 available on our website at www.mpdc.govt.nz/plans/long-term-plan or at any Council Office or Library for more information on this group of activities including:

- our vision and community outcomes
- key drivers
- our responses
- significant effects
- how we fund it
- key legislation, strategies, policies and plans
- our projects for the next 10 years
- levels of service

FUNDING IMPACT STATEMENT

WASTEWATER - 1 JULY 2019 TO 30 JUNE 2020

LTP 2018/19 ($000)		LTP 2019/20 ($000)	Annual Plan 2019/20 ($000)	Explanation of significant variances to the original LTP budget
	Sources of operating funding			
-	General rates, uniform annual general charges, rates penalties	-	-	
6,557	Targeted rates (other than a targeted rate for water supply)	6,643	6,402	Estimated depreciation for Wastewater has reduced compared to the LTP, resulting in a reduced requirement from rates.
-	Subsidies and grants for operating purposes	-	-	
642	Fees and charges	656	682	
164	Internal charges and overheads recovered	161	223	
-	Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	
7,363	**Total operating funding (A)**	**7,460**	**7,307**	
	Applications of operating funding			
3,356	Payments to staff and suppliers	3,284	3,527	Additional requirements identified in the areas of automation, contractors, lab costs, and consent work compared to the LTP.
534	Finance costs	548	294	Lower debt at the beginning of the financial year and the delayed completion of capital work from that forecast in the LTP has resulted in a decreased interest forecast for the 2019/20 year.
468	Internal charges and overheads applied	475	456	
-	Other operating funding applications	-	-	
4,358	**Total applications of operating funding (B)**	**4,307**	**4,277**	
3,005	**Surplus (deficit) of operating funding (A – B)**	**3,153**	**3,030**	
	Sources of capital funding			
-	Subsidies and grants for capital expenditure	-	-	
626	Development and financial contributions	638	626	
759	Increase (decrease) in debt	3,678	5,438	The timing of the external borrowing has shifted due to capital projects being carried forward.
-	Gross proceeds from sale of assets	-	-	
-	Lump sum contributions	-	-	
-	Other dedicated capital funding	-	-	
1,385	**Total sources of capital funding (C)**	**4,316**	**6,064**	
	Applications of capital funding			
	Capital expenditure			
50	—to meet additional demand	51	51	
1,210	—to improve the level of service	4,820	6,292	There are projects of $1.5million from 2018/19 carried forward to 2019/20.
3,064	—to replace existing assets	2,692	2,618	
66	Increase (decrease) in reserves	(94)	133	
-	Increase (decrease) of investments	-	-	
4,390	**Total applications of capital funding (D)**	**7,469**	**9,094**	
(3,005)	**Surplus (deficit) of capital funding (C – D)**	**(3,153)**	**(3,030)**	
-	**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. Each area has one or more treatment plants, and the district has a total of 331 km of pipes (excluding service lines). We provide safe drinking water 24 hours a day, seven days a week.

WHY DO 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. Our approach to managing our water activity and network aligns with national and regional drivers. It recognises that the use of water is not unlimited and it is a very valuable resource that needs to be protected and managed in a sustainable manner for the community today and tomorrow.

WHAT HAS CHANGED SINCE THE LONG TERM PLAN?

Projects within this group of activities are still progressing as set out in our Long Term Plan.
Major projects over the next year include:

- Capital works to infrastructure at our plant to assist meeting Drinking-Water Standards for New Zealand 2005 (Revised 2018).
- Lodge a consent with the Waikato Regional Council for a new bore in Morrinsville.

Please see our Long Term Plan 2018-28 available on our website at www.mpdc.govt.nz/plans/long-term-plan or at any Council Office or Library for more information on this group of activities including:

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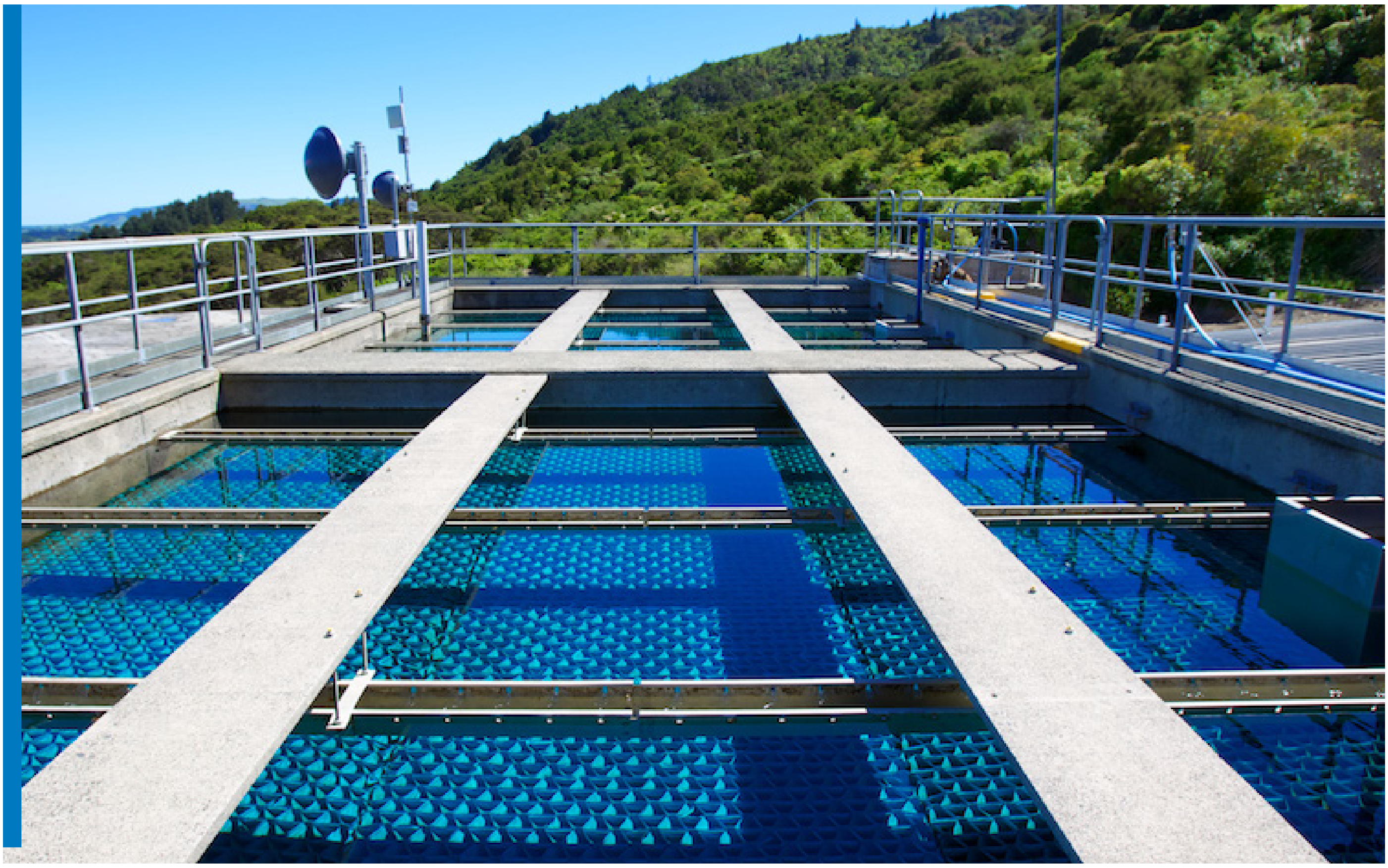

FUNDING IMPACT STATEMENT

WATER - 1 JULY 2019 TO 30 JUNE 2020

LTP 2018/19 ($000)		LTP 2019/20 ($000)	Annual Plan 2019/20 ($000)	Explanation of significant variances to the original LTP budget
	Sources of operating funding			
-	General rates, uniform annual general charges, rates penalties	-	-	
4,774	Targeted rates (other than a targeted rate for water supply)	5,082	5,056	
-	Subsidies and grants for operating purposes	-	-	
36	Fees and charges	37	36	
31	Internal charges and overheads recovered	31	52	
-	Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	
4,841	**Total operating funding (A)**	**5,150**	**5,144**	
	Applications of operating funding			
2,343	Payments to staff and suppliers	2,464	2,555	Estimated increase in costs in the areas of chemical costs, the UV project, and additional staff requirements.
218	Finance costs	309	213	Lower debt at the beginning of the financial year and the delayed completion of capital work from that forecast in the LTP has resulted in a decreased interest forecast for the 2019/20 year.
498	Internal charges and overheads applied	503	602	
-	Other operating funding applications	-	-	
3,059	**Total applications of operating funding (B)**	**3,276**	**3,370**	
1,782	**Surplus (deficit) of operating funding (A – B)**	**1,874**	**1,774**	
	Sources of capital funding			
-	Subsidies and grants for capital expenditure	-	-	
338	Development and financial contributions	345	338	
2,602	Increase (decrease) in debt	2,380	3,590	The timing of the external borrowing has shifted due to capital projects being carried forward.
-	Gross proceeds from sale of assets	-		
-	Lump sum contributions	-	-	
-	Other dedicated capital funding	-	-	
2,940	**Total sources of capital funding (C)**	**2,725**	**3,928**	
	Applications of capital funding			
	Capital expenditure			
175	—to meet additional demand	434	434	
1,440	—to improve the level of service	1,011	1,991	Capital projects are expected to be carried forward from 2018/19 to 2019/20.
3,050	—to replace existing assets	3,199	3,367	
57	Increase (decrease) in reserves	(45)	(90)	
-	Increase (decrease) of investments		-	
4,722	**Total applications of capital funding (D)**	**4,599**	**5,702**	
(1,782)	**Surplus (deficit) of capital funding (C – D)**	**(1,874)**	**(1,774)**	
-	**Funding balance ((A – B) + (C – D))**	**-**	**-**	

CONSENTS AND LICENSING

WHAT WE DO

Consents and Licensing is about carrying out the regulatory functions that we are required to deliver under legislation. The activities responsible for this are Animal Control, Building Consents and Monitoring, Licensing and Enforcement and Resource Consents and Monitoring.

WHY DO 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.

WHAT HAS CHANGED SINCE THE LONG TERM PLAN?

Projects within this group of activities are still progressing as set out in our Long Term Plan.

Please see our Long Term Plan 2018-28 available on our website at www.mpdc.govt.nz/plans/long-term-plan or at any Council Office or Library for more information on this group of activities including:

- our vision and community outcomes
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- our projects for the next 10 years
- levels of service

FUNDING IMPACT STATEMENT

CONSENTS AND LICENSING - 1 JULY 2019 TO 30 JUNE 2020

LTP 2018/19 ($000)		LTP 2019/20 ($000)	Annual Plan 2019/20 ($000)	Explanation of significant variances to the original LTP budget
	Sources of operating funding			
1,980	General rates, uniform annual general charges, rates penalties	2,019	1,919	
-	Targeted rates	-	-	
-	Subsidies and grants for operating purposes	-	-	
1,762	Fees and charges	1,800	1,870	
-	Internal charges and overheads recovered	-	-	
31	Local authorities fuel tax, fines, infringement fees, and other receipts	31	36	
3,773	**Total operating funding (A)**	**3,850**	**3,630**	
	Applications of operating funding			
2,282	Payments to staff and suppliers	2,330	2,338	
-	Finance costs	-	-	
1,280	Internal charges and overheads applied	1,303	1,355	
-	Other operating funding applications	-	-	
3,562	Total applications of operating funding (B)	**3,633**	3,498	
211	Surplus (deficit) of operating funding (A – B)	**217**	132	
	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	-	-	
211	Increase (decrease) in reserves	217	132	
-	Increase (decrease) of investments		-	
211	Total applications of capital funding (D)	**217**	132	
(211)	Surplus (deficit) of capital funding (C – D)	**(217)**	(132)	
-	Funding balance ((A – B) + (C – D))	-	-