



te kaunihera ā-rohe o  
**matamata-piako**  
district council

# PŪRONGO Ā-TAU | ANNUAL REPORT 2021/22



# TE PANUI O TE TAUTUKUNGĀ | STATEMENT OF COMPLIANCE AND RESPONSIBILITY

## COMPLIANCE

### Late adoption of the annual report

The Council was required under section 98 of the Local Government Act 2002 to complete and adopt its audited financial statements and service performance information by 31 December 2022. This timeframe was not met because Audit New Zealand was unable to complete the audit within this timeframe due to an auditor shortage and the consequential effects of Covid-19, including lockdowns. Council submitted their annual report for audit on 3 November 2022.

Other than the late adoption of the annual report, the Council and management of Matamata-Piako District Council confirm that all statutory requirements in relation to this annual report have been met including those outlines in the Local Government Act 2002, and the Local Government (Financial Reporting and Prudence) Regulations 2014.

## RESPONSIBILITY

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

Responsibility for the preparation and completion of the annual report and the related assumptions, estimates and judgements. The Council and management adopted the Annual Report as presented here on 26 April 2023.

Responsibility for establishing and maintaining a system of internal controls designed to provide reasonable assurance as to the integrity and reliability of financial and performance reporting.

In the opinion of the Council and management of Matamata-Piako District Council, the annual report for the year ended 30 June 2022 fairly reflect the financial performance, financial position, cash flows and service performance of the Matamata-Piako District Council.

Adrienne Wilcock, Mayor



Don McLeod, Chief Executive



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# SECTION 1: KUPU WHAKATAKI | INTRODUCTION



# WELCOME – MESSAGE FROM THE MAYOR

I am honoured to have been elected as Mayor of the Matamata-Piako District and want to extend my thanks to everyone who voted for me.

Local government is facing a number of challenges right now, with major reforms underway. But I want to assure the community that I am ready to lead our district through those challenges to get the best possible outcomes for this community. I'm surrounded by a team of passionate Councillors, with a mix of experience and fresh ideas which includes the addition of our Māori ward Councillor from Te Toa Horopū ā Matamata-Piako Ward.

This is the first Annual Report that reports on our progress on the 2021 – 2031 Long Term Plan (LTP). The LTP was a plan grounded in reality, with higher rates increases than in previous years – reflecting the true costs of delivering our services to the standards that our residents and ratepayers expect.

While no one likes rates increases, I like to think that people valued that we were really transparent in the planning process, and gave the community lots of opportunities to influence our plans. We tried hard to strike a balance between keeping rates affordable, while still driving the community forward - and this Annual Report shows we're delivering on that.

Our revenue and patronage at our facilities around the district was down due to COVID-19 lockdowns and restrictions – but they were still higher than we had predicted, and the facilities continue to get positive feedback from the community. We are starting to see the visitors return to the district and are looking forward to seeing these facilities start to thrive again.

2021/22 saw two major projects wrapped up, with the re-opening of Heaton Events Centre in Matamata and the opening of the Morrinsville River Walk extension. Both of these projects were years in the making and experienced delays due to COVID-19, so seeing them both up and running and well used feels like a major achievement! There were several other, smaller projects completed as well, which you'll find documented throughout this report.

2021/22, as 'year one' of the LTP, also saw the ground work underway for a number of larger projects that will continue over the years to come. The Governance Group was established for the Te Aroha Spa project, and a Project Manager appointed. We made good progress on the additional water supply for Morrinsville. We co-designed a master plan for the Morrinsville Rec Grounds, which will guide our planning and spending in years to come. And we kicked off the Pride of Place project, which aims to get all three of our town centres buzzing. I'm excited to watch these projects progress over the next 12 months.

In reflecting on the last year, I want to thank the outgoing Mayor and Councillors. Their forward thinking and practical decision making have left us in good stead to tackle the challenges ahead – and with rising inflation, supply chain issues, a tight labour market and reforms from central government, I have no doubt that the next few years will be challenging. But I'm looking forward to working alongside this community to face those challenges together, and ensure Matamata-Piako continues to grow and thrive.

Mayor Adrienne



Adrienne Wilcock  
Mayor

# KAUNIHERA | COUNCIL

## COUNCILLORS & MAYOR 2021/22

Council staff Council employs the Chief Executive Officer, who in turn employs Council staff	Corporate and operations Committee	Te Manawhenu a Forum mo Matamata-Piako	Hearings Commission	District Licensing Committee	Audit and Risk Committee	Waharoa (Matamata) Aerodrome Committee	Chief Executive Officer Performance Committee
	Chairperson Kevin Tappin	Chairperson Te Ao Marama Maaka	No chairperson	Chairperson Adrienne Wilcock Deputy Chair Neil Goodger	Independent Chairperson Joanne Aoake	Co-chair persons Mokoro Gillett and Ash Tanner	No chairperson
							
ASH TANNER KOROMATUA   MAYOR		CAITLIN CASEY TE AROHA WARD		TEENA CORNES TE AROHA WARD		RUSSELL SMITH TE AROHA WARD	
							
JAMES SAINSBURY MATAMATA WARD		KEVIN TAPPIN MATAMATA WARD		SUE WHITING MATAMATA WARD		ADRIENNE WILCOCK MATAMATA WARD	
							
DONNA ARNOLD MORRINSVILLE WARD		BRUCE DEWHURST MORRINSVILLE WARD		NEIL GOODGER KOROMATUA TAUTOKO   DEP MAYOR MORRINSVILLE WARD		JAMES THOMAS MORRINSVILLE WARD	

## Independent Auditor's Report

### To the readers of Matamata-Piako District Council's annual report for the year ended 30 June 2022

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

We are also required to report on:

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

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

#### ***Our audit was completed late***

Our audit was completed on 26 April 2023. This is the date at which our opinion is expressed. We acknowledge that our audit was completed later than required by section 98(7) of the Local Government Act 2002. This was due to an auditor shortage in New Zealand and the consequential effects of Covid-19, including lockdowns.

We completed our work on 26 April 2023. This is the date on which we give our report.

#### **Opinion on the audited information**

In our opinion:

- the financial statements on pages 23 to 71:
  - present fairly, in all material respects:
    - the District Council's financial position as at 30 June 2022;
    - the results of its operations and cash flows for the year ended on that date; and
  - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards; and

- the funding impact statement on page 72, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council’s annual plan; and
- the statement of service provision (referred to in the annual report as “Mahi Ā Rōpū: What We Do”) on pages 86 to 140:
  - presents fairly, in all material respects, the District Council’s levels of service for each group of activities for the year ended 30 June 2022, including:
    - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved; and
    - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
  - complies with generally accepted accounting practice in New Zealand; and
- the statement about capital expenditure for each group of activities on pages 86 to 140, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the District Council’s Long-term plan; and
- the funding impact statement for each group of activities on pages 86 to 140, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council’s Long-term plan.

## **Report on the disclosure requirements**

We report that the District Council has:

- complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- made the disclosures about performance against benchmarks as required by the Local Government (Financial Reporting and Prudence Regulations 2014) on pages 75 to 80, which represent a complete list of required disclosures and accurately reflects the information drawn from the District Council Type’s audited information and, where applicable, the District Council’s long-term plan and annual plans.

The basis for our opinion is explained below and we draw attention to uncertainty over the water services reform programme. In addition, we outline the responsibilities of the Council and our responsibilities relating to the audited information, we comment on other information, and we explain our independence.

## **Emphasis of matter – Uncertainty over the water services reform programme**

Without modifying our opinion, we draw attention to Note 22 on page 63 which outlines developments in the Government’s water services reform programme which will affect the District Council in future years.



Legislation passed in December 2022 established four publicly owned water services entities to carry out responsibilities for the delivery of three waters services and related assets and liabilities currently controlled by local authorities. A water services Bill to enable the transfer of these assets and liabilities to the water services entities, is currently before Parliament. Until the Bill is passed, the financial impact of the transfer on the District Council, remains uncertain.

On 13 April 2023, the Government announced further proposed amendments to the number of water services entities and to stagger their establishment dates starting from early 2025, with all the water services entities to be established by 1 July 2026. The timing of the transfer of assets and liabilities is therefore uncertain until amendments to existing legislation are passed.

## **Basis for our opinion on the audited information**

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. We describe our responsibilities under those standards further in the "Responsibilities of the auditor for the audited information" section of this report.

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

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

## **Responsibilities of the Council for the audited information**

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

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

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

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

## **Responsibilities of the auditor for the audited information**

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they

could reasonably be expected to influence the decisions of readers taken on the basis of this audited information.

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

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

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

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District Council's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We determine the appropriateness of the reported intended levels of service in the statement of service provision (referred to in the annual report as "Mahi Ā Rōpū: What We Do"), as a reasonable basis for assessing the levels of service achieved and reported by the District Council.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the District Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the audited information or, if such disclosures are inadequate, to modify our opinion.

Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the District Council to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.

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

Our responsibilities arise from the Public Audit Act 2001.

## **Other Information**

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 1 to 6 and 12 to 22 but does not include the audited information and the disclosure requirements, and our auditor's report thereon.

Our opinion on the audited information and our report on the disclosure requirements do not cover the other information, and we do not express any form of audit opinion or assurance conclusion thereon.

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

## **Independence**

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

In addition to our audit and our report on the disclosure requirements, we have carried out engagements in the areas of a limited assurance engagement related to the District Council's debenture trust deed and assurance reviews of certain procurement processes, which are

compatible with those independence requirements. Other than these engagements we have no relationship with or interests in the District Council.

A handwritten signature in blue ink, appearing to read 'René van Zyl', with a stylized flourish at the end.

René van Zyl  
Audit New Zealand  
On behalf of the Auditor-General  
Auckland, New Zealand

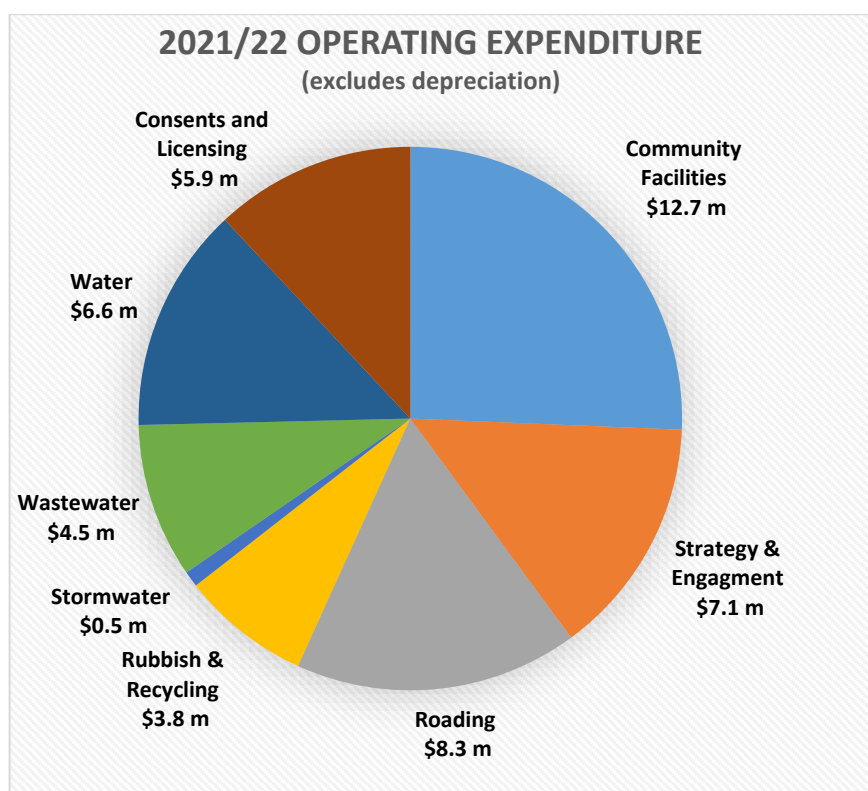
# TE RĀPOPOTONGA Ā-PŪTEA | FINANCIAL SUMMARY

	Restated Actual 2020/21*	Budget 2021/22	Actual 2021/22
	\$000	\$000	\$000
<b>Summary statement of comprehensive revenue and expense for the year ended 30 June</b>			
Revenue	71,958	61,466	74,149
Expenses	(61,884)	(57,715)	(66,837)
Finance costs	(1,127)	(1,150)	(1,168)
<b>Net surplus/(deficit)</b>	<b>8,947</b>	<b>2,601</b>	<b>6,144</b>

<b>Other comprehensive revenue and expense</b>			
Financial assets at fair value through other comprehensive revenue and expense	6,128	-	9,843
Property, plant and equipment revaluation	100,683*	21,394	89,860
<b>Total other comprehensive revenue and expense</b>	<b>106,811</b>	<b>21,394</b>	<b>99,703</b>

<b>Summary statement of changes in equity for the year ended 30 June</b>			
Balance at 1 July	654,461	693,044	770,219
Total comprehensive revenue and expense	115,758*	23,995	105,847
<b>Balance at 30 June</b>	<b>770,219</b>	<b>717,039</b>	<b>876,066</b>

\* Some balances from the 2020/21 financial statements have been restated. Refer to Note 25 of the full financial statements for more detail.





Explanations for major variations between the actual results for the year and the budget in Council's Long Term Plan for 2021-22 are as follows:

## STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

The financial statements show a surplus of \$6.1 million compared to a budgeted surplus of \$2.6 million. There are a few factors that have had a significant impact on this result, both positively and negatively;

- In a continuing theme from the last three years, this year's financial results reflect the unprecedented level of development happening within our district. This was in the form of assets vested in Council through the subdivision process of just over \$6 million, and development contributions received being \$1.8 million higher than budgeted (with both items reflected as income in Council's books). In response to this level of development, Council incurred additional net costs of \$300,000 to keep up with the huge demand for processing of building and resource consents, as well as additional resource and financial pressure on a number of activities across Council to support this level of development activity.
- The New Zealand economy has shifted significantly over the last year, with the highest levels of inflation we have seen in many years, and interest rates starting to climb again. These economic factors have impacted our bottom line significantly in two ways; increasing construction costs have pushed up the replacement cost of Council's infrastructure assets significantly, increasing our depreciation expense for the year by \$3.8 million compared to budget. And the turnaround in longer dated interest rates saw the book valuation of Council's interest rate swap portfolio increase by just over \$3 million over the year, which increases the reported surplus for the year.
- Council was the fortunate recipient of a \$500,000 private donation that Council has since allocated to revitalise the Thomas Park playground in Morrinsville.

In terms of Council's business as usual activities, there are two continuing areas of operating pressure;

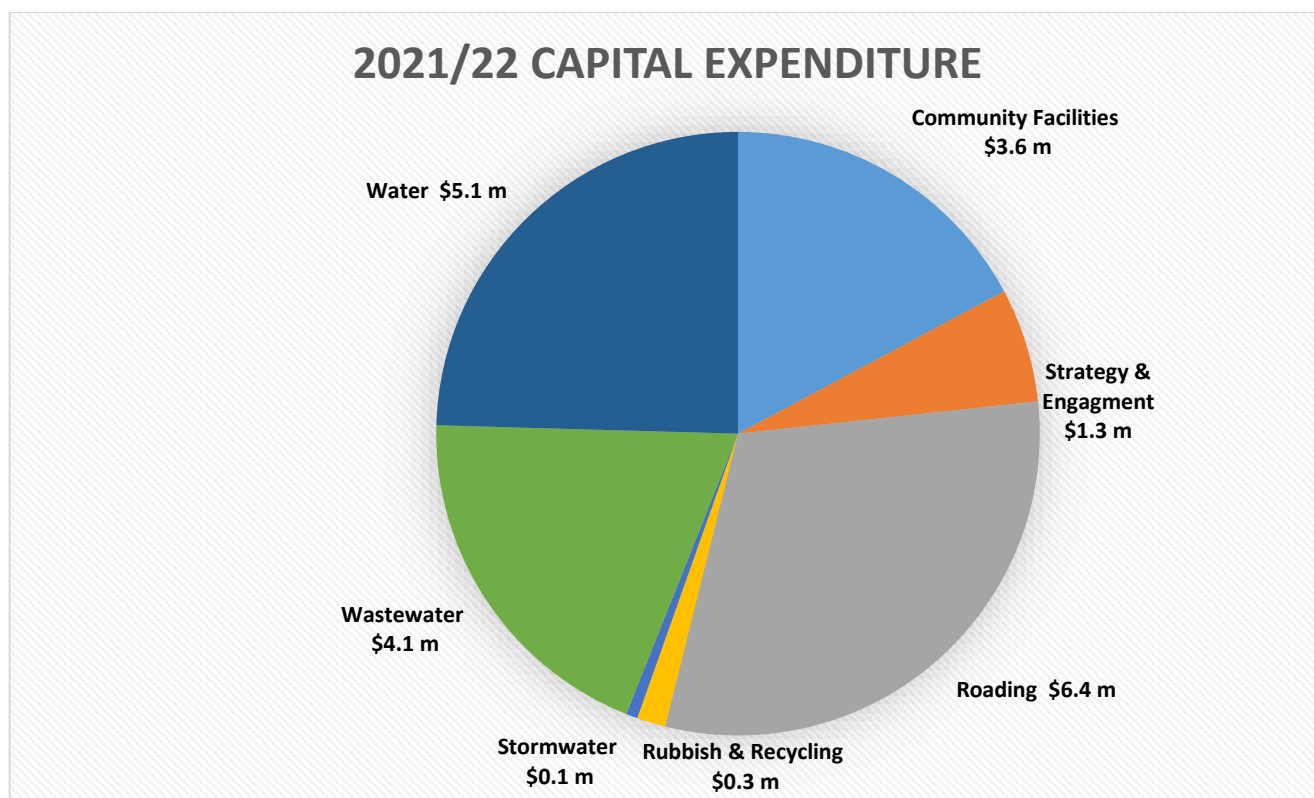
- In the Water activity, treatment plant costs have continued to escalate including compliance costs and chemicals, resulting in spending \$750,000 higher than budgeted. These additional compliance costs are being driven by higher standards required by the new Water Regulator, Taumata Arowai, and higher chemical costs are a result of the current market conditions. Coupled with increasing costs is that the volume of metered water for the year was significantly less than budgeted (in part due to water restrictions over the summer period), resulting in less income of \$561,000, and an overall deficit for this activity of \$1.3 million.
- For rubbish and recycling, the budgeted income from the sale of rubbish bags was \$229,000 under budget, and fees from the Transfer Stations were \$174,000 less than budgeted. This is a difficult area to budget with any certainty given the income stream is dependent on consumer behaviour.

Personnel costs were \$636,000 more than budgeted for the year, due to increasing annual leave balances of staff, and due to some unbudgeted positions including for activities under pressure from the significant level of development in the district, and for the Domain House Beauty operation and the Placemaking activity.

	Restated Actual 2020/21*	Budget 2021/22	Actual 2021/22
	\$000	\$000	\$000
<b>Summary statement of financial position as at 30 June</b>			
Current assets	13,932	12,883	22,421
Non-current assets	797,500*	750,042	905,420
<b>Total assets</b>	<b>811,432</b>	<b>762,925</b>	<b>927,841</b>
Current liabilities	11,628	11,927	16,982
Non-current liabilities	29,585	33,959	34,793
<b>Total liabilities</b>	<b>41,213</b>	<b>45,886</b>	<b>51,775</b>
Accumulated funds	437,181	462,461	439,243
Other reserves	333,038*	254,578	436,823
<b>Equity</b>	<b>770,219</b>	<b>717,039</b>	<b>876,066</b>

<b>Summary statement of cashflows for the year ended 30 June</b>			
Net from operating activities	19,248	17,742	15,782
Net from investing activities	(20,354)	(25,437)	(20,330)
Net from financing activities	-	7,699	11,500
<b>Net increase/decrease in cash held</b>	<b>(1,106)</b>	<b>4</b>	<b>6,952</b>
Opening cash balance	4,292	618	3,186
<b>Closing cash balance</b>	<b>3,186</b>	<b>622</b>	<b>10,138</b>

\* Some balances from the 2020/21 financial statements have been restated. Refer to Note 25 of the financial statements for more detail.



Explanations for major variations between the actual results for the year and the budget in Council's Long Term Plan for 2021-22 are as follows:

## STATEMENT OF FINANCIAL POSITION

Council's statement of financial position continues to show a healthy financial footing, despite some of the increasing economic pressures on our operations.

Current assets were higher than budgeted largely due to additional cash being held from the pre-funding of debt due to mature in April 2023 and higher receivables and prepayments at 30 June 2022. Non-current assets were significantly higher than budget due to a few major factors. Firstly, inflationary pressures and market conditions have pushed up the replacement cost and valuation of Council's Roding and Three Water assets significantly over the year. In addition we've had a higher level of assets being vested in Council than budgeted over this and previous years as well. And the value of Council's investment in the Waikato Regional Airport has increased \$16 million since the budget was adopted.

Current liabilities were slightly higher than budgeted, particularly payables due to the timing of projects and contract payments falling due, and employee entitlements were higher due to increased annual and long service leave balances. Non-current liabilities were largely in line with budget, notwithstanding the pre-funded debt that is due to be repaid in April 2023.

## YOUR DISTRICT

Area 175,477 hectares	2019/20	2020/21	2021/22
Number of electors (enrolled)*	23,393	25,088	23,767
Number of rating units**	15,070	15,396	15,699
Value of improvements**	\$4,654,320,900	\$5,698,777,200	\$5,887,261,200
Net land value**	\$8,275,337,800	\$10,164,322,400	\$10,257,434,400
Total capital value**	\$12,929,658,700	\$15,863,099,600	\$16,114,695,600
Total rates***	\$33,881,000	\$34,963,000	\$39,035,000
Average total rates per rating unit	\$2,248	\$2,271	\$2,486

\*Electoral enrolment centre.

\*\* At the end of the preceding financial year.

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

# TE RĀPOPOTANGA INENGA MAHI | PERFORMANCE SUMMARY

In 2021/22 we focused on maintaining our services to support our community while making sure cost increases were kept affordable. We delivered our extensive range of activities, services and projects to similar levels as detailed in the Long Term Plan 2021-31, and to a similar standard as previous years.

Our performance measures are measured through an Annual Customer Survey and other surveys, external data reports and our customer request management system. Overall we achieved 29 out of 61 of our measures (48 %), this is a decrease of over 17% from last year. Three were not measured this financial year, and one was partly achieved/not achieved. Details of how we performed for each of our activities is outlined in the Annual Report. The graph below is a summary of each of our activity groups.

## CUSTOMER SURVEY

The purpose of our Annual Customer Survey is to gauge residents' perception of performance for our services and facilities. The survey is undertaken by an independent research company who conduct telephone and online interviewing of randomly selected residents. The sample size is selected based on the latest population demographic information from Census. This year our sample size was 400 randomly selected residents, from the three wards – Matamata, Morrinsville and Te Aroha, with weighting applied for age and gender. This sample group gave us a margin of error of +/- 4.90% at the 95% confidence interval. In other words, if this survey were to be repeated again with a different set of randomly selected respondents at a similar time, there would be a very high probability that the results would be within 5% of the original results.

## COMMUNITY FACILITIES AND PROPERTY

Council activities focused on recreational and cultural opportunities in the district. This includes providing services and assets such as Libraries, Swimming Pools, Parks and Reserves, Public Amenities, Housing for older persons, and Council offices.

## STRATEGY AND ENGAGEMENT

This 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.

## INFRASTRUCTURE

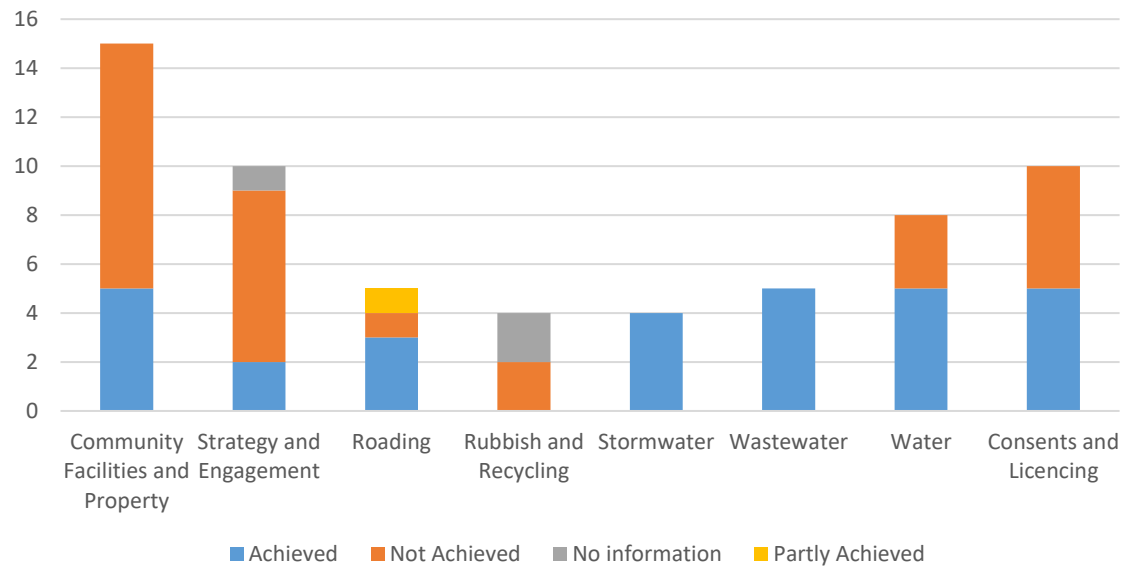
Represents many of the responsibilities that Council has historically managed, including Roothing, Rubbish and Recycling, Stormwater, Wastewater (sewage and the grey water that goes down your drains) and Water.

## CONSENTS AND LICENSING

Focuses on our regulatory functions we have an obligation to perform under legislation. These are Animal Control, Building Consents and Monitoring, Licensing and Enforcement, and Resource Consents and Monitoring.



## Summary of Performance Measures



# TE MATE KORONA, TĀ TĀTOU WHAKAHOUNGATANGA | COVID-19 OUR RECOVERY

The global COVID-19 pandemic continued to impact our lives during 2021/22. The country went into a nationwide lockdown 17 August 2021. All of New Zealand except Northland, Auckland and parts of Waikato region including Hamilton moved to level 3 on 31 August. Auckland and parts of Waikato remained under restriction until mid-November, and from December 2021 the country moved to a new Covid protection framework known as Traffic Light system. This system included relaxed restrictions for vaccinated people, and required some venues included pools and spas and events to use vaccination pass as a pre-requisite for attending the facility/venue. Matamata-Piako District Council resolved to use vaccination pass requirements for its pools, spas, libraries and events centres from mid-December through to early March. The country's borders remained closed for tourists for most of the year.

The various Covid restrictions in place during the year had an impact on visitor numbers to our pools and spas, and libraries. This had a direct impact on revenues from our venues which was down \$100,000 compared to budget. The various restrictions throughout the year also impacted on our ability to complete some planned works and undertake external audits, with many of our suppliers and contractors based in the Auckland / Waikato area impacted by the prolonged lock-downs and stricter restrictions.

## COMMUNITY RECOVERY

Council, alongside Central Government, continue to play a pivotal role in community recovery. Council has an Incident Management Team to coordinate any response to COVID-19 with Civil Defence, Ministry of Health and other agencies. During the initial lockdown our Civil Defence operation's focus was primarily on welfare – ensuring people were looked after and had everything they need (food, medication etc.). The Incident Management Team has continued to prepare for any further lockdowns.

## COVID-19 RECOVERY FUND

Following the initial lockdown in 2020 Council set up a COVID-19 Recovery Fund of \$2 million. The purpose of the fund was to aid in the economic recovery of the district, by supporting projects that will bring money to the district, and to support hardship of qualifying community groups following the impact of COVID-19. This has funded additional project managers, support for the Te Aroha Spa project, and support to ensure we could move forward with other capital projects.

Funding was also provided to move forward on the Council's digital strategy to ensure where possible our services are available online. This included the installation of new video conferencing system in the Te Aroha Boardroom to better enable live streaming and remote attendance of Council meetings. Council also allocated funding to support the cultural and socio economic recovery of our community through the provision of grants. During the 2021/22 financial year additional funding of \$50,000 each was granted to the Morrinsville Chamber of Commerce and Matamata Chamber of Commerce, making our total contribution to each of the Chambers \$125,000. We also approved an extra \$10,000 to Wallace Gallery Morrinsville, and provided funding to Morrinsville A&P Show and Matamata Musical Theatre who both had to cancel their events due to the alert level setting at the time.

# NGĀ HUA Ā-HAPORI | COMMUNITY OUTCOMES

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

## OUR VISION AND COMMUNITY OUTCOMES

In 2017 we reviewed our community outcomes, which form the basis of Council's vision for our community. These were confirmed for the Long Term Plan 2021-31.

Connected Infrastructure	Economic Opportunities	Healthy Communities	Environmental Sustainability	Vibrant Cultural Values
Infrastructure and services are fit for purpose and affordable, now and in the future.	We are a business friendly Council.	Our community is safe, healthy and connected.	We support environmentally friendly practices and technologies.	We promote and protect our arts, culture, historic, and natural resources.
Quality infrastructure is provided to support community wellbeing.	Our future planning enables sustainable growth in our District.	We encourage the use and development of our facilities.	Development occurs in a sustainable and respectful manner considering kawa/protocol and tikangā/customs.	We value and encourage strong relationships with iwi and other cultures, recognising wahi tapu and taongā/significant and treasured sites and whakapapa/ancestral heritage.
We have positive partnerships with external providers of infrastructure to our communities.	We provide leadership and advocacy is provided to enable our communities to grow.	We encourage community engagement and provide sound and visionary decision making.	We engage with our regional and national partners to ensure positive environmental outcomes for our community.	Tangata Whenua with Mana whenua status (those with authority over the land under Māori lore) have meaningful involvement in decision making.

In light of the various reforms currently being considered by Central Government and significantly impacting the future of local government, and the new normal forced upon us as a result of the Covid-19 pandemic, Council reviewed its Strategic Direction in 2021.

## OUR PRIORITIES

A place with people at its heart	A place to thrive and prosper	A place that embraces our environment	A place to belong and create
To improve the wellbeing of everyone in our community.	Enable our business to attract business	To enable a clean, green, environmentally friendly district.	A district that's easy to live in, explore and connect.

# TE WHAI WĀHI A TE IWI KI NGĀ WHAKATAUNGA A TE KAUNIHERA | MĀORI ENGAGEMENT IN DECISION MAKING

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

## TE MANAWHENUA FORUM MO MATAMATA-PIAKO

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

## RESOURCE MANAGEMENT ACT 1991 (RMA)

We are currently undertaking a rolling review of the District Plan in which we provide updates and seek feedback from Te Manawhenua Forum as well as RMA mandated representatives from each of the Iwi within our rohe. Moving forward, changes to the RMA provide for the development of Mana Whakahono ā Rohe (Iwi participation arrangements). The purpose of a Mana Whakahono ā Rohe is to provide a mechanism for councils and Iwi to come to agreement on ways Tangata Whenua may participate in RMA decision making, and to assist councils with their statutory obligations to Tangata Whenua under the RMA. We expect these agreements to be developed in the near future. In regards to resource consents, a list of all the resource consents that are lodged are sent weekly to a number of Iwi representatives

## TREATY OF WAITANGI SETTLEMENTS

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

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

### Haruaki treaty of Waitangi settlements

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

On 22 July 2011, the Iwi of Hauraki all signed Iwi-specific Agreement in Principle Equivalents which expanded upon the framework agreement and included Iwi specific offers to negotiate further redress. On 22 December 2016, the Crown and the Pare Hauraki Collective initialled the Pare Hauraki Collective Redress Deed (the Deed). The Deed has been ratified by the members of the Iwi of



Hauraki. The Deed includes both cultural redress and commercial redress. It does not include financial redress, which each of the 12 Iwi of Hauraki will receive through their Iwi-specific settlements. The full and final settlement of historical Treaty of Waitangi claims of the Iwi of Hauraki will be made through Iwi-specific settlements

### Ngāti Hinerangi Treaty of Waitangi Settlements

Ngāti Hinerangi are an Iwi based in Matamata with an area of interest extending from the eastern Waikato to Taurangā including part of the Kaimai Range. In 2014, the Crown recognised the mandate of the Ngāti Hinerangi Trust to represent Ngāti Hinerangi in negotiating a comprehensive historical Treaty settlement. The Crown signed Terms of Negotiation with the Ngāti Hinerangi Trust in February 2014.

In December 2015, the Crown and Ngāti Hinerangi signed an agreement in principle which formed the basis for this settlement. On 14 December 2018, Ngāti Hinerangi and the Crown initialled a Deed of Settlement. On 4 May 2019, Ngāti Hinerangi and the Crown signed a Deed of Settlement. On 21 July 2020 the Ngāti Hinerangi Claims Settlement Bill had its second reading. The settlement will be implemented following the passage of settlement legislation

### Raukawa Treaty of Waitangi Settlements

The Crown has settled the claims of the Raukawa Iwi with legislation to give effect to the Deed of Settlement signed on 2 June 2012 in which the Crown and Raukawa agreed to the final settlement of the historical claims of Raukawa.

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

*The purpose of the statutory acknowledgement is to:*

Require relevant consent authorities including Council, the Environment Court and Heritage New Zealand Pouhere Taongā to have regard to the statutory acknowledgement

Require relevant consent authorities to record the statutory acknowledgement on statutory plans that relate to the statutory areas. Also for a period of 20 years from the effective date

To provide the trustees with summaries of resource consent applications or copies of notices of applications for activities within, adjacent to or directly affecting the areas listed below

Enable the trustees and any member of Raukawa to cite the statutory acknowledgment as evidence of the association of Raukawa with a statutory area

The statutory acknowledgements for Raukawa in the Matamata-Piako District cover:

- Part of the Kaimai-Mamaku Conservation Park
- The Okauia and Taihoa geothermal fields
- Parts of the Waihou River and its tributaries
- Part of Lake Karapiro

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

### Ngāti Hauā Treaty of Waitangi Settlements

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

As part of settlement, the Council, the Crown and Ngāti Hauā agreed that a co-governance committee called the Waharoa (Matamata) Aerodrome Committee comprising of Ngāti Hauā and Council representatives (the Committee) would be established for the Waharoa Aerodrome. The Committee was created in 2015 by legislation under the Ngāti Hauā Claims Settlement Act 2014.

The Committee includes the Mayor, Deputy Mayor, one Council appointed member and three members appointed by the Ngāti Hauā Iwi Trust Board.

*The functions of the 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 Raungāiti Marae land that affects the Waharoa Aerodrome
- Perform the functions of the administering body under section 41 of the Reserves Act 1977 in relation to any review of the reserve management plan that has been authorised by Council
- Perform any other function delegated to the committee by Council.

## MĀORI WARD

In February 2021, Local Government Minister, Hon. Nanaia Mahuta announced a law change to increase Māori representation to ensure Māori have a voice in local decision making. The requirement to carry out a binding public poll if demanded was removed. Council have elected that this will come into effect in the next two triennial general elections (i.e. 2022 and 2025), and it will continue in effect until a further resolution.

## SECTION 2: NGĀ PŪTEA | FINANCIALS

# NGĀ PĀNUI A-PŪTEA | FINANCIAL STATEMENTS

## Statement of Comprehensive Revenue and Expense

For the year ended 30 June 2022

Actual 2020/21 Restated*		Notes	Long Term Plan 2021/22	Actual 2021/22
\$000			\$000	\$000
<b>Revenue</b>				
37,961	Rates	2	42,394	42,045
10,780	Subsidies and grants	2	8,574	8,944
9,473	Fees and charges	2	8,106	9,571
4,138	Development and financial contributions		1,766	3,638
188	Interest revenue	2	141	153
9,418	Other revenue	2	485	9,798
<b>71,958</b>	<b>Total revenue</b>		<b>61,466</b>	<b>74,149</b>
<b>Expenses</b>				
16,986	Personnel costs	3	18,871	19,507
15,495	Depreciation and amortisation	14	15,341	19,117
1,127	Finance costs	4	1,150	1,168
29,403	Other expenses	5	23,503	28,213
<b>63,011</b>	<b>Total expenses</b>		<b>58,865</b>	<b>68,005</b>
<b>8,947</b>	<b>Surplus/(deficit)</b>		<b>2,601</b>	<b>6,144</b>
<b>Other comprehensive revenue and expense</b>				
6,128	Financial assets at fair value through other comprehensive revenue and expense	20	-	9,843
100,683*	Property, plant and equipment revaluations	20	21,394	89,860
<b>106,811</b>	<b>Total other comprehensive revenue and expense</b>		<b>21,394</b>	<b>99,703</b>
<b>115,758</b>	<b>Total comprehensive revenue and expense</b>		<b>23,995</b>	<b>105,847</b>

\* Certain amounts shown here do not correspond to the 2020/21 published annual report and reflect adjustments made. Refer to note 25.

Explanations of major variances against budget are provided in Note 24. The accompanying notes form part of these financial statements.



## Statement of changes in equity

For the year ended 30 June 2022

Actual 2020/21 Restated*		Notes	Long Term Plan 2021/22	Actual 2021/22
\$000			\$000	\$000
<b>654,461</b>	Balance at 1 July		<b>693,044</b>	<b>770,219</b>
115,758	Total comprehensive revenue and expense for the year		23,995	105,847
<b>770,219</b>	Balance at 30 June		<b>717,039</b>	<b>876,066</b>

\* Certain amounts shown here do not correspond to the 2020/21 published annual report and reflect adjustments made. Refer to note 25.

Explanations of major variances against budget are provided in Note 24. The accompanying notes form part of these financial statements.

## Statement of Financial Position

As at 30 June 2022

Actual 2020/21 Restated*		Notes	Long Term Plan 2021/22	Actual 2021/22
\$000			\$000	\$000
<b>Assets</b>				
<b>Current assets</b>				
3,186	Cash and cash equivalents	6	622	10,138
3,720	Receivables	7	1,255	4,000
468	Prepayments		-	1,888
791	Inventory	8	650	879
332	Non-current assets held for sale	9	-	-
-	Derivative financial instruments	10	-	18
<b>Other financial assets</b>				
5,400	- Term Deposits	11	10,321	5,400
-	- Investments in CCOs and other similar entities	11	-	64
35	- Investments in other entities	11	35	34
<b>13,932</b>	<b>Total current assets</b>		<b>12,883</b>	<b>22,421</b>
<b>Non-current assets</b>				
-	Derivative financial instruments	10	-	815
<b>Other financial assets</b>				
23,571	- Investments in CCOs and other similar entities	11	17,198	33,632
116	- Investments in other entities	11	-	122
773,100*	Property, plant and equipment	12	732,231	870,177
713	Intangible assets	13	613	674
<b>797,500</b>	<b>Total non-current assets</b>		<b>750,042</b>	<b>905,420</b>
<b>811,432</b>	<b>Total assets</b>		<b>762,925</b>	<b>927,841</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
9,196	Payables and deferred revenue	15	5,747	10,359
7	Derivative financial instruments	10	-	2
-	Borrowings	16	4,000	4,000
2,209	Employee entitlements	17	2,125	2,405
216	Provisions	18	55	216
<b>11,628</b>	<b>Total current liabilities</b>		<b>11,927</b>	<b>16,982</b>
<b>Non-current liabilities</b>				
2,182	Derivative financial instruments	10	3,000	9
26,500	Borrowings	16	30,199	34,000
377	Employee entitlements	17	375	342
526	Provisions	18	385	442
<b>29,585</b>	<b>Total non-current liabilities</b>		<b>33,959</b>	<b>34,793</b>
<b>41,213</b>	<b>Total liabilities</b>		<b>45,886</b>	<b>51,775</b>
<b>770,219</b>	<b>Net assets (assets minus liabilities)</b>		<b>717,039</b>	<b>876,066</b>
<b>Equity</b>				
437,181	Accumulated funds	20	462,461	439,243
333,038*	Other reserves	20	254,578	436,823
<b>770,219</b>	<b>Total equity</b>		<b>717,039</b>	<b>876,066</b>

\* Certain amounts shown here do not correspond to the 2020/21 published annual report and reflect adjustments made. Refer to note 25.

Explanations of major variances against budget are provided in Note 24. The accompanying notes form part of these financial statements.

## Statement of Cashflows

For year ended 30 June 2022

Actual 2020/21	Notes	Long Term Plan 2021/22	Actual 2021/22
\$000		\$000	\$000
<b>Cashflows from operating activities</b>			
37,905	Receipts from rates revenue	42,394	42,342
11,807	Subsidies and grants received	8,574	8,991
9,360	Fees and charges received	8,106	8,855
4,815	Development and financial contributions received	1,766	3,472
138	Interest received	141	45
-	Dividends received	-	-
263	Receipts from other revenue	285	830
(27,137)	Payments to suppliers	(23,503)	(27,954)
(16,900)	Payments to employees	(18,871)	(19,346)
(1,172)	Interest paid	(1,150)	(1,213)
169	GST (net)	-	(240)
<b>19,248</b>	<b>Net cash flow from operating activities</b>	<b>17,742</b>	<b>15,782</b>
<b>Cash flows from investing activities</b>			
-	Proceeds from the sale of property, plant and equipment	-	520
112	Proceeds from sale/maturity of investments	-	-
10	Proceeds from sale of own your own properties	-	332
(20,085)	Purchase of property, plant and equipment	(25,334)	(20,676)
(216)	Purchase of intangible assets	(103)	(218)
(175)	Purchase of investments	-	(288)
<b>(20,354)</b>	<b>Net cash flows from investing activities</b>	<b>(25,437)</b>	<b>(20,330)</b>
<b>Cash flows from financing activities</b>			
7,000	Proceeds from borrowings	7,699	11,500
(7,000)	Repayment of borrowings	-	-
<b>-</b>	<b>Net cash flows from financing activities</b>	<b>7,699</b>	<b>11,500</b>
<b>(1,106)</b>	<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>4</b>	<b>6,952</b>
4,292	Cash and cash equivalents at the beginning of the year	618	3,186
<b>3,186</b>	<b>Cash and cash equivalents at the end of the year</b>	<b>622</b>	<b>10,138</b>

Explanations of major variances against budget are provided in Note 24. The accompanying notes form part of these financial statements.

## Statement of Cashflows

For the year ended 30 June 2022

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

Actual 2020/21		Actual 2021/22
\$000		\$000
8,947	Surplus/(deficit)	6,144
<b>Add/(less) non-cash items</b>		
15,495	Depreciation and amortisation expense	19,117
(7,521)	Vested and found assets revenue	(6,038)
(185)	(Gains)/losses on investments in Council Controlled Organisations	-
(1,448)	(Gains)/losses on derivative financial instruments	(3,012)
-	Assets under construction reclassified as operating expenditure	136
126	Other non-cash operating items	(180)
6,467	<b>Total non-cash items</b>	<b>10,023</b>
<b>Add/(less) items classified as investing or financing activities</b>		
1,884	(Gains)/losses on disposal of property, plant and equipment	119
-	(Gains)/losses on the fair value of loans and receivables	-
1,884	<b>Total items classified as investing or financing activities</b>	<b>119</b>
<b>Add/(less) movements in working capital items</b>		
1,862	(Increase)/decrease in receivables	(280)
(75)	(Increase)/decrease in prepayments	(1,420)
79	(Increase)/decrease in inventory	(88)
-	(Increase)/decrease in borrower notes	(288)
(332)	(Increase)/decrease in non-current assets held for sale	332
271	Increase/(decrease) in payables	1,163
86	Increase/(decrease) in employee entitlements	161
59	Increase/(decrease) in provisions	(84)
1,950	<b>Net movement in working capital items</b>	<b>(504)</b>
19,248	<b>Net cash inflow/(outflow) from operating activities</b>	<b>15,782</b>

# TE RĀPOPOTONGA Ā-PŪTEA | FINANCIAL STATEMENT NOTES

## 1. STATEMENT OF ACCOUNTING POLICIES

### Reporting Entity

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

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

The financial statements of the Council are for the year ended 30 June 2022. The financial statements were authorised for issue by Council on 26 April 2023.

### Basis of Preparation

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

### Statement of Compliance

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

### Presentation currency and rounding

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000), other than the remuneration and the severance payment disclosures in Note 3, and the related party transaction disclosures in Note 21. The remuneration, severance payment, and related party transaction disclosures are rounded to the nearest dollar.

### Standards issued and not yet effective that have been early adopted

There has been no early adoption of standards and amendments issued but not yet effective.

### Changes in accounting policies

#### Amendment to PBE IPSAS 2 Cash Flow Statement

An amendment to PBE IPSAS 2 Cash Flow Statements requires entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. No further disclosure has been required in respect of this amendment this year, as Council's financing activities are limited to secured borrowings, for which the non-cash movement for accrued interest is trivial.

There have been no other changes to accounting policies during the financial year.

### Standards issued and not yet effective, and not early adopted

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

#### PBE FRS 48 Service Performance Reporting

PBE FRS 48 replaces the service performance reporting requirements of PBE IPSAS 1 Presentation of Financial Statements and is effective for the year ending 30 June 2023, with earlier adoption permitted. The Council has determined the main impact of the new standard is that additional information will need to be disclosed on those judgements that have the most significant effect on the selection, measurement, aggregation, and presentation of service performance information.

### *PBE IPSAS 41 Financial Instruments*

In March 2019, the External reporting Board (XRB) issued PBE IPSAS 41 *Financial Instruments* which supersedes PBE IFRS 9 and PBE IPSAS 29 Financial Instruments: Recognition and Measurement. The main changes under PBE IPSAS 41 that are relevant to Council are:

- New classification and measurement requirements for how the amount of change in fair value of financial liabilities is accounted for.
- A new impairment model for financial assets based on expected losses, which may result in the earlier recognition of impairment losses.

Council plans to apply this standard in preparing its 30 June 2023 financial statements. The Council have yet to determine the impact that adoption of PBE IPSAS 41 will have on the financial instruments of the Council.

## Summary of significant accounting policies

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

### *Goods and services tax (GST)*

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

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

### *Foreign currency transactions*

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

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

### *Budget figures*

The budget figures are those approved by the Council for 2021/22 in its Long Term Plan for the year ended 30 June 2022. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the Council in preparing these financial statements.

### *Cost allocation*

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

### *Critical accounting estimates and assumptions*

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

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

- Estimating the fair value of land, buildings, and infrastructural assets – see Note 12.

### *Critical judgements in applying accounting policies*

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

- Classification of property – see Note 12.

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

## 2. REVENUE

### *Accounting policy*

Revenue is measured at fair value.

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

### *Rates revenue*

The following policies for rates have been applied:

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

### *Waka Kotahi NZ Transport Agency roading subsidies*

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

### *Other grants received*

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

### *Fees and Charges*

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

### *Private works*

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

### *Building and resource consent revenue*

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

### *Infringement fees and fines*

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

### *Lease and rental revenue*

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

### *Development and financial contributions*

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

### *Vested or donated physical assets*

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



recreation reserve), the Council immediately recognises the fair value of the asset as revenue. A liability is recognised only if the Council expects that it will need to return or pass the asset to another party.

#### *Found assets*

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

#### *Donated and bequeathed financial assets*

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

#### *Interest and dividends*

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

#### *(I) Breakdown of rates and further information*

2020/21		2021/22
\$000		\$000
24,440	General rates	27,344
	Targeted rates attributable to activities	
2,193	Metered water supply	2,189
3,423	Other water rates	3,497
7,058	Wastewater	7,075
755	Stormwater	1,001
368	Refuse	1,161
98	Halls	100
137	Rates penalties	173
(511)	Rates remissions	(495)
<b>37,961</b>	<b>Total rates</b>	<b>42,045</b>

The Council is required by the Local Government Funding Agency (LGFA) Guarantee and Indemnity Deed to disclose in its financial statements (or notes), our annual rates income. That Deed defines annual rates income as an amount equal to the total revenue from any funding mechanism authorised by the Local Government (Rating) Act 2002 together with any revenue received by the Council from other local authorities for services provided by that Council for which those other Local Authorities rate. The annual rates income of the Council for the year ended 30 June 2022 for the purposes of the LGFA Guarantee and Indemnity Deed disclosure is shown above.

*(II) Breakdown of subsidies and grants*

2020/21		2021/22
\$000		\$000
<b>Subsidies and grants for operating purposes</b>		
2,876	Waka Kotahi NZ Transport Agency roading subsidies	3,141
1,744	Three Waters reform funding	1,928
254	Other government subsidies and grants	223
<b>4,874</b>	<b>Total subsidies and grants for operating expenditure</b>	<b>5,292</b>
<b>Subsidies and grants for capital expenditure</b>		
3,543	Waka Kotahi NZ Transport Agency roading subsidies	2,729
1,328	Te Aroha to Matamata Cycle Trail grant	-
390	Three Waters reform funding	878
645	Other government subsidies and grants	45
<b>5,906</b>	<b>Total subsidies and grants for capital expenditure</b>	<b>3,652</b>
<b>10,780</b>	<b>Total subsidies and grants</b>	<b>8,944</b>

*(III) Breakdown of fees and charges*

2020/21		2021/22
\$000		\$000
233	Property lease revenue	160
1,089	Property rental charges	1,287
693	Trade waste charges	938
1,376	Building consent charges	1,808
1,328	Resource consent charges	1,262
176	Liquor and health licensing fees	172
1,447	Rubbish and recycling charges	1,369
1,372	Aquatic facilities revenue	1,137
50	Library charges	44
277	Cemetery fees and charges	252
255	Community facilities charges	224
1,177	Other user charges	918
<b>9,473</b>	<b>Total fees and charges</b>	<b>9,571</b>

*(IV) Breakdown of interest revenue*

2020/21		2021/22
\$000		\$000
169	Term and on-call deposits	146
19	Listed bonds and borrower notes	7
<b>188</b>	<b>Total interest revenue</b>	<b>153</b>

(V) Breakdown of other revenue

2020/21		2021/22
\$000		\$000
6,280	Vested land and infrastructure from property development	6,038
1,241	Found assets	-
30	Fines and infringement fees	28
234	Petrol tax	220
-	Bequests and other donations	500
-	Dividend revenue	-
1,448	Unrealised gain on interest rate swaps	3,012
185	Reversal of impairment on investment in Council Controlled Organisations	-
<b>9,418</b>	<b>Total other revenue</b>	<b>9,798</b>

*Operating leases as a lessor*

Council leases its property under operating leases. The majority of these leases have cancellable terms of 36 months. No contingent rents have been recognised during the year (2021:Nil).

### 3. PERSONNEL COSTS

*Accounting policy*

*Salaries and wages*

Salaries and wages are recognised as an expense as employees provide services.

*Defined contribution superannuation scheme*

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

*Breakdown of personnel costs and further information*

2020/21		2021/22
\$000		\$000
16,550	Salaries and wages	18,918
349	Defined contribution plan employer contributions	429
87	Increase/(decrease) in employee entitlements	160
<b>16,986</b>	<b>Total personnel costs</b>	<b>19,507</b>

*Chief Executive remuneration*

The total remuneration (including any non-financial benefits) paid or payable for the year to the Chief Executive was \$351,087 (2021:\$339,880).

## Elected representatives' remuneration

Elected representatives received the following remuneration:

2020/21		2021/22
\$0		\$0
127,495	Mayor Ashley Tanner	132,270
39,392	Deputy Mayor, Neil Goodger	39,983
34,254	Councillor James Thomas	34,768
34,254	Councillor Donna Arnold	34,768
34,254	Councillor Teena Cornes	34,768
36,711	Councillor Adrienne Wilcock	35,988
34,254	Councillor James Sainsbury	34,768
39,392	Councillor Kevin Tappin	40,035
34,254	Councillor Bruce Dewhurst	34,768
34,254	Councillor Sue Whiting	35,988
34,254	Councillor Caitlin Casey	34,768
34,254	Councillor Russell Smith	34,768
<b>517,022</b>	<b>Total elected representatives' remuneration</b>	<b>527,640</b>

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

## Council employee remuneration by band

Total annual remuneration by band for employees (including the Chief Executive) as at 30 June:	2021/22 Number of employees
<\$60,000	138
\$60,000 - \$79,999	66
\$80,000 - \$99,999	44
\$100,000 - \$119,999	20
\$120,000 - \$139,999	6
\$140,000 - \$179,999	6
\$180,000 - \$359,999	4
<b>Total employees</b>	<b>284</b>

Total annual remuneration by band for employees (including the Chief Executive) as at 30 June:	2020/21 Number of employees
<\$60,000	149
\$60,000 - \$79,999	58
\$80,000 - \$99,999	35
\$100,000 - \$119,999	14
\$120,000 - \$139,999	7
\$140,000 - \$239,999	7
\$320,000 - \$339,999	1
<b>Total employees</b>	<b>271</b>

Total remuneration includes non-financial benefits provided to employees.

At balance date, the Council employed 182 (2021:173) full-time employees, with the balance of staff representing 63 (2021:59) full-time equivalent employees. A full-term employee is determined on the basis of a 40-hour working week.

#### Severance payments

Council did not make any severance payments during the year ended 30 June 2022 (2021: Nil).

## 4. FINANCE COSTS

### Accounting policy

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

### Breakdown of finance costs

2020/21		2021/22
\$000		\$000
Interest expense:		
402	Interest on borrowings	597
2	Discount unwind on provisions (note 18)	23
Interest derivatives (presented net):		
723	Held for trading interest rate swaps	548
1,127	<b>Total finance costs</b>	<b>1,168</b>

## 5. OTHER EXPENSES

### Accounting policy

#### Grant expenditure

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

#### Operating leases

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

### Breakdown of other expenses and further information

2020/21		2021/22
\$000		\$000
Fees to auditors:		
134	- fees to Audit New Zealand for audit of financial statements	141
5	- fees to Audit New Zealand for the Debenture Trust Deed audit	6
84	- fees to Audit New Zealand for audit of Long Term Plan	-
3	- fees to Audit New Zealand for independent assurance reviews <sup>1</sup>	52
471	Donations and grants	467
600	Insurance premiums	725
120	Movement in provision for uncollectability of receivables (Note 7)	23
63	Operating lease expense	57
104	Review of provisions (note 18)	(98)
1,884	Net loss on disposal of property, plant and equipment	119
25,935	Other operating expenses	26,721
29,403	<b>Total other expenses</b>	<b>28,213</b>

<sup>1</sup> Audit New Zealand undertook independent assurance reviews of the Wastewater Treatment Plant consent renewal procurement plans at a cost of \$3,960 in 2021/22 (2020/21: \$3,380), and the tender process for the 10 year kerbside collection contract at a cost of \$47,792 for 2021/22 (2020/21: Nil).

## 6. CASH AND CASH EQUIVALENTS

### Accounting policy

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

### Breakdown of cash and cash equivalents and further information

2020/21	2021/22
\$000	\$000
3,186 Cash at bank and on hand	5,138
- Term deposits with maturities of less than three months at acquisition	5,000
<b>3,186 Total cash and cash equivalents</b>	<b>10,138</b>

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

The Council hold unspent funds, included in cash at bank and investments of \$966,000 (2021: \$517,000) that are subject to restrictions. These unspent funds relate to endowment land sales, reserves development and bequests and trust funds (see Note 20), where the spending of funds is separately monitored. The restrictions generally specify how the funds are required to be spent.

## 7. RECEIVABLES

### Accounting Policy

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

### Breakdown of receivables and further information

2020/21	2021/22
\$000	\$000
792 Rates receivables	937
666 Metered water receivables	476
866 Waka Kotahi NZ Transport Agency subsidy	730
1,119 Other general receivables	1,483
533 Accrued income	653
<b>3,976 Receivables (gross)</b>	<b>4,279</b>
(256) Less provision for uncollectability	(279)
<b>3,720 Total receivables</b>	<b>4,000</b>

Total receivables comprise:		
3,150	Receivables from non-exchange transactions - this includes outstanding amounts for rates, grants, infringements, and fees and charges that are partly subsidised by rates	3,653
570	Receivables from exchange transactions - this includes outstanding amounts for commercial sales and fees and charges that have not been subsidised by rates	346

The Waka Kotahi NZ Transport Agency subsidy receivable at 30 June includes GST of \$25,703. (2021: \$112,719)

### Fair value

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

### Assessment for uncollectability

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

The Chief Executive approved the write-off of rates receivable during the year under the LG(R)A 2002 as follows:

- Section 90A: Nil (2021: \$44,333)
- Section 90B: Nil (2021: Nil)

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

2021/22			
	Gross	Provision for uncollectability	Net
	\$000	\$000	\$000
Not past due	2,856	-	2,856
Past due 1 – 60 days	509	-	509
Past due 61 – 90 days	297	(4)	293
Past due > 90 days	617	(275)	342
<b>Total</b>	<b>4,279</b>	<b>(279)</b>	<b>4,000</b>

2020/21			
	Gross	Provision for uncollectability	Net
	\$000	\$000	\$000
Not past due	3,475	-	3,475
Past due 1 – 60 days	166	-	166
Past due 61 – 90 days	25	(5)	20
Past due > 90 days	310	(251)	59
<b>Total</b>	<b>3,976</b>	<b>(256)</b>	<b>3,720</b>

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

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

2020/21		2021/22
\$000		\$000
109	Individual provision for uncollectability	109
147	Collective provision for uncollectability	170
<b>256</b>	<b>Total provision for uncollectability</b>	<b>279</b>



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

An analysis of these individually impaired debtors is as follows:

2020/21	2021/22
\$000	\$000
- Past due 1 – 60 days	-
- Past due 61 – 90 days	-
109 Past due > 90 days	109
<b>109 Total individual provision for uncollectability</b>	<b>109</b>

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

2020/21	2021/22
\$000	\$000
195 Balance at 1 July	256
120 Additional provisions made during the year	71
(59) Receivables written off during the period	(48)
<b>256 Balance at 30 June</b>	<b>279</b>

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

## 8. INVENTORY

### *Accounting policy Inventory*

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

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

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

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

### *Breakdown of inventory and further information*

2020/21	2021/22
\$000	\$000
Non-commercial inventory:	
241 Inventory held for distribution	329
550 Wastewater treatment plant parts	550
Commercial inventory:	
- Land held for development	-
<b>791 Total inventory</b>	<b>879</b>

There was no write-down of inventory during the year (2021: Nil). There have been no reversals of write-downs (2021: Nil). Equipment remaining from the Morrinsville wastewater treatment plant upgrade is classified as inventory as the equipment will be used as spare parts for the plant. No inventory is pledged as security for liabilities, or is subject to retention of title clauses (2021: Nil).

## 9. NON-CURRENT ASSETS HELD FOR SALE

### Accounting policy

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. They are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment losses for write-downs are recognised in the surplus or deficit. Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised. Non-current assets are not depreciated or amortised while they are classified as held for sale (including those that are part of a disposal group).

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

2020/21	2021/22
\$000	\$000
332 Own your own properties	-
<b>332 Total assets held for sale</b>	<b>-</b>

At the end of 2021, Council had one 'own your own' property in Morrinsville, that was subsequently sold during 2021/22. There were no properties held at 30 June 2022.

## 10. DERIVATIVE FINANCIAL INSTRUMENTS

### Accounting policy

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

### Breakdown of derivative financial instruments and further information

2020/21	2021/22
\$000	\$000
Interest rate swaps – held for trading, comprising:	
- Current assets	18
- Non-current assets	815
<b>- Total derivative financial instrument assets</b>	<b>833</b>
7 Current liabilities	2
2,182 Non-current liabilities	9
<b>2,189 Total derivative financial instrument liabilities</b>	<b>11</b>

The notional principal amounts of the outstanding interest rate swap contracts for the Council were \$35 million (2021: \$36 million). At 30 June 2022, the fixed interest rates of the interest rate swaps ranged from 1.84% to 4.30% (2021: 1.84% to 5.05%).

### Fair value

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

## 11. OTHER FINANCIAL ASSETS

### *Accounting policy*

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

### *Term deposits and community and other loans (loans and receivables)*

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

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

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

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

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

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

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

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

### Breakdown of other financial assets and further information

2020/21		2021/22
\$000		\$000
<b>Current</b>		
<b>Term deposits</b>		
5,400	Term Deposits with maturities of more than three months at acquisitions	5,400
<b>5,400</b>	<b>Total term deposits</b>	<b>5,400</b>
<b>Investment in CCOs and similar entities:</b>		
-	New Zealand Local Government Funding Agency – borrower notes	64
-	<b>Total current investment in CCOs and similar entities</b>	<b>64</b>
<b>Investments in other entities</b>		
35	Community loans	34
<b>35</b>	<b>Total current investment in other entities</b>	<b>34</b>
<b>Non-current</b>		
<b>Investment in CCOs and similar entities:</b>		
487	New Zealand Local Government funding agency – borrower notes	711
23,036	Waikato Regional Airport Limited	32,873
28	Waikato Local Authority Shared Services limited	28
20	Hauraki Rail Trail Charitable Trust	20
<b>23,571</b>	<b>Total non-current investment in CCOs and similar entities</b>	<b>33,632</b>
<b>Investments in other entities</b>		
116	Civic Financial Services Limited	122
<b>116</b>	<b>Total non-current investment in other entities</b>	<b>122</b>

### Fair value

#### Term deposits

The carrying amount of term deposits approximates their fair value.

#### New Zealand Local Government Funding Agency borrower notes

At year-end Council has \$775,000 in borrowing notes invested with the Local Government Funding Agency at floating rates of interest (2021:\$487,000). These will mature between April 2023 and May 2028.

#### Waikato Regional Airport Limited

Under the equity method of accounting, the investment in Waikato Regional Airport Limited (WRAL) is initially recognised at cost, the carrying amount is increased or decreased to recognise the Council's share of the change in net assets of the entity after the date of acquisition. The fair value for the investment in WRAL has been determined based on Council's proportion of ownership of the airports net assets. In this case the replacement cost of the service potential embodied in the investment is a proxy to fair value. Given most of WRAL's assets are carried at fair value, this can easily be derived using Council's shareholding percentage of WRAL's balance sheet. This approach is supported by the conceptual framework and by analogy of other standards for PBE assets.

The table below provides a reconciliation from the opening balance to the closing balance:

2020/21		2021/22
\$000		\$000
16,722	Balance at 1 July	23,036

6,128	Investment gain – recognised in other comprehensive revenue and expense	9,837
-	Impairment – recognised in comprehensive revenue and expense	-
186	Impairment reversal – recognised in comprehensive revenue and expense	-
<b>23,036</b>	<b>Balance at 30 June</b>	<b>32,873</b>

### Other unlisted shares

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

### Impairment

No impairment or provisions for other financial assets was required for 2022. At balance date, none of these financial assets are either past due or impaired.

## 12. PROPERTY, PLANT AND EQUIPMENT

### Accounting policy

Property, plant and equipment consist of:

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

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

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

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

### Revaluations

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

Buildings (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 five years.

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

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

### Additions

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

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

### *Disposals*

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

### Depreciation

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

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

	Useful life	Depreciation rate
<b>Operational assets</b>		
Buildings	2 to 100 years	1% - 50%
Restricted assets (buildings)	2 to 100 years	1% - 50%
Restricted assets (cycleways)	2 to 50 years	2% - 50%
Restricted assets (walkways)	2 to 50 years	2% - 50%
Plant and machinery	2 to 15 years	6% - 50%
Furniture and equipment	2 to 20 years	5% - 50%
Computer equipment	3 to 10 years	10% - 33%
Server hard drives	1 year	100%
Library collection	2 to 9 years	11% - 50%
<b>Infrastructural assets</b>		
<b>Roading network</b>		
Street lighting	10 to 25 years	4% - 10%
Formation carriageway	100 years	1%
Pavement surfacing	5 to 50 years	2% - 20%
Pavement structure	60 to 90 years	1% - 2%
Footpaths	5 to 50 years	2% - 20%
Drainage	60 to 80 years	1% - 2%
Bridges	60 to 90 years	1% - 2%
All other	1 to 70 years	1% - 100%
<b>Utility assets</b>		
Buildings	2 to 100 years	1% - 50%
Wastewater mains	50 to 100 years	1% - 2%
Wastewater other	80 to 100 years	1% - 2%
Wastewater pump station equipment	1 to 120 years	1% - 100%
Wastewater service lines	50 to 100 years	1% - 2%
Water mains	40 to 88 years	1% - 3%
Water valves	35 to 80 years	1% - 3%
Water hydrants	80 years	1%
Water nodes	80 years	1%
Water pump station equipment	3 to 100 years	1% - 33%
Water service lines	40 to 88 years	1% - 3%
Stormwater mains	51 to 100 years	1% - 2%
Stormwater manholes	100 years	1%
Stormwater pumps	15 years	7%
Stormwater service lines	60 to 100 years	1% - 2%
Swale drains	Indefinite	0%

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

### Impairment of property, plant and equipment

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

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

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

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

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



### *Value in use for non-cash generating assets*

Non-cash-generating assets are those assets that are not held with the primary objective of generating a commercial return.

For non-cash-generating assets, value in use is determined using an approach based on either a depreciated replacement cost approach, a restoration cost approach or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

### *Value in use for cash generating assets*

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

### *Critical accounting estimates and assumptions*

#### *Land (operational, restricted and infrastructure)*

The most recent valuation of land was performed by independent registered valuers, Curnow Tizard Limited. The valuation is effective as at 1 July 2020. A fair value assessment was performed in-house as at 30 June 2022.

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

#### *Buildings (operational, restricted and infrastructure)*

The most recent valuation of buildings was performed by SPM Consultants Limited. The valuation was effective as at 1 July 2017. A fair value assessment was performed in-house as at 30 June 2022. Despite the significant movements in the property market in recent years, Council have decided not to undertake a revaluation any earlier than required (by accounting standards) as buildings account for only a very small portion of Council's overall property, plant and equipment value.

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

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

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

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

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

2020/21		2021/22
\$000		\$000
<b>Operational buildings</b>		
-	Depreciated replacement cost	-
12,028	Market-based evidence	11,246
<b>12,028</b>	<b>Total carrying value of operational buildings</b>	<b>11,246</b>
<b>Restricted buildings</b>		
22,457	Depreciated replacement cost	25,102
6,281	Market-based evidence	5,904
<b>28,738</b>	<b>Total carrying value of restricted buildings</b>	<b>31,006</b>

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

Infrastructural assets are normally revalued annually as at 1 July. Given the significant movement in the replacement cost of our assets over the 2022 financial year, additional valuations were undertaken as at 30 June 2022 to ensure that these assets are reflected at fair value.

The most recent valuation of roading infrastructural assets was performed by WSP and the valuation is effective as at 30 June 2022.

The most recent valuation for water, wastewater and stormwater infrastructural assets was performed in house by experienced staff using readily available price indices to establish the fair value of these assets with reasonable reliability. The valuation was then peer reviewed by WSP. The valuation is effective as at 1 July 2021.

Further, a desktop assessment valuation or fair value assessment as at 30 June 2022 was performed in house, applying available price indices and recent contract rates (where these were available). This was peer reviewed by Beca Valuations Limited.

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

- Estimating any obsolescence or surplus capacity of the asset.
- Estimating the replacement cost of the asset. The replacement cost of an asset is based on recent construction contracts in the region for modern equivalent assets, from which unit rates are determined. Unit rates have been applied to components of the network based on size, material, depth, and location. If recent contract cost information is considered out of date, it is indexed using Statistics New Zealand's capital Goods Price Index (based on the June 2022 quarter index) for civil constructions or the NZTA Index for road and bridge construction to convert them to current dollar value at the valuation date.
- Estimates of the remaining useful life over which the asset will be depreciated. These estimates can be affected by the local conditions. For example, weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then the Council could be over or under-estimating the annual depreciation charge recognised as an expense in the statement of comprehensive revenue and expense. To minimise this risk, infrastructural asset useful lives have been determined with reference to the New Zealand Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration and condition-modelling are also carried out regularly as part of asset management planning activities, which provides further assurance over the useful life estimates.

*Critical judgments in applying accounting policies*

*Classification of property*

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

### Breakdown of property, plant and equipment and further information

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

	Cost/Valuation 1 July 2021	Accumulated depreciation and impairment charges 1 July 2021	Carrying value 1 July 2021	Current year additions	Current year vested and found assets	Current year disposals	Work in progress transferred into assets	Current year impairment charges	Current year depreciation	Write back of accumulated depreciation	Revaluation Surplus/(deficit)	Cost/Valuation 30 June 2022	Accumulated depreciation and impairment charges 30 June 2022	Carrying value 30 June 2022
<b>2021/22</b>														
<b>Operational assets</b>														
Land	28,718	-	28,718	-	-	(104)	-	-	-	-	-	28,614	-	28,614
Buildings	15,311	(3,283)	12,028	98	-	(76)	-	-	(804)	-	-	15,333	(4,087)	11,246
Plant and machinery	5,665	(2,923)	2,742	872	-	(31)	-	-	(486)	-	-	6,506	(3,409)	3,097
Furniture and equipment	4,190	(2,242)	1,948	68	-	-	2	-	(285)	-	-	4,260	(2,527)	1,733
Computer equipment	4,722	(3,550)	1,172	126	-	-	-	-	(408)	-	-	4,848	(3,958)	890
Library collections	1,622	(1,219)	403	159	-	-	-	-	(164)	-	-	1,781	(1,383)	398
Assets under construction	355	-	355	631	-	-	(2)	-	-	-	-	984	-	984
<b>Total operational Assets</b>	<b>60,583</b>	<b>(13,217)</b>	<b>47,366</b>	<b>1,954</b>	<b>-</b>	<b>(211)</b>	<b>-</b>	<b>-</b>	<b>(2,147)</b>	<b>-</b>	<b>-</b>	<b>62,326</b>	<b>(15,364)</b>	<b>46,962</b>
<b>Restricted assets</b>														
Land	25,561	-	25,561	347	-	-	-	-	-	-	-	25,908	-	25,908
Buildings	33,659	(4,921)	28,738	285	-	-	3,270	-	(1,287)	-	-	37,214	(6,208)	31,006
Cycleway	5,383	(81)	5,302	80	-	-	613	-	(302)	-	-	6,076	(383)	5,693
Walkways	-	-	-	625	-	-	144	-	-	-	-	770	-	770
Assets under construction	4,989	-	4,989	1,567	-	-	(4,028)	-	-	-	-	2,528	-	2,528
<b>Total restricted assets</b>	<b>69,592</b>	<b>(5,002)</b>	<b>64,590</b>	<b>2,904</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,589)</b>	<b>-</b>	<b>-</b>	<b>72,496</b>	<b>(6,591)</b>	<b>65,905</b>
<b>Infrastructural assets</b>														
Roads	395,130	-	395,130	5,455	2,843	(182)	689	-	(8,573)	8,573	60,502	455,864	-	455,864
Land under roads	68,234	-	68,234	-	634	-	-	-	-	-	-	68,868	-	68,868
Water supply – treatment plants and facilities	18,847	(1,024)	17,823	1,860	-	(194)	2,775	-	(1,553)	2,577	3,608	24,319	-	24,319
Water supply – other assets (including reticulation systems)	49,089	(1,082)	48,007	234	561	(103)	349	-	(1,317)	2,399	12,206	59,937	-	59,937
Stormwater system	55,175	(799)	54,376	-	1,061	(2)	-	-	(766)	1,565	432	55,101	-	55,101
Wastewater – treatment plants and facilities	26,126	(1,636)	24,490	972	-	(145)	503	-	(1,834)	3,470	3,981	27,967	-	27,967
Wastewater – other assets (including reticulation systems)	40,056	(857)	39,199	-	940	(6)	81	-	(1,001)	1,858	9,335	48,548	-	48,548
Land	4,802	-	4,802	-	-	-	-	-	-	-	-	4,802	-	4,802
Buildings	1,781	(121)	1,660	5	-	-	-	-	(82)	-	-	1,786	(203)	1,583
Assets under construction	7,423	-	7,423	7,295	-	-	(4,397)	-	-	-	-	10,321	-	10,321
<b>Total infrastructural assets</b>	<b>666,663</b>	<b>(5,519)</b>	<b>661,144</b>	<b>15,821</b>	<b>6,039</b>	<b>(632)</b>	<b>-</b>	<b>-</b>	<b>(15,126)</b>	<b>20,442</b>	<b>90,064</b>	<b>757,513</b>	<b>(203)</b>	<b>757,310</b>
<b>Total property, plant and equipment</b>	<b>796,838</b>	<b>(23,738)</b>	<b>773,100</b>	<b>20,679</b>	<b>6,039</b>	<b>(843)</b>	<b>-</b>	<b>-</b>	<b>(18,862)</b>	<b>20,442</b>	<b>90,064</b>	<b>892,335</b>	<b>(22,158)</b>	<b>870,177</b>

The “write back of accumulated depreciation” column shown in the table above reflects accumulated depreciation being written back on the disposal of assets or following revaluation of the assets.

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

	Cost/Valuation 1 July 2020	Accumulated depreciation and impairment charges 1 July 2020	Carrying value 1 July 2020	Current year additions	Current year vested and found assets	Current year disposals	Work in progress transferred into assets	Current year impairment charges	Current year depreciation	Write back of accumulated depreciation restated*	Revaluation Surplus/(deficit) restated*	Cost/Valuation 30 June 2021 restated*	Accumulated depreciation and impairment charges 30 June 2021 restated*	Carrying value 30 June 2021 restated*
<b>2020/21</b>														
<b>Operational assets</b>														
Land	23,692	-	23,692	-	-	(321)	-	-	-	-	5,347	28,718	-	28,718
Buildings	14,894	(2,441)	12,453	319	-	-	98	-	(842)	-	-	15,311	(3,283)	12,028
Plant and machinery	6,091	(3,182)	2,909	363	-	(99)	-	-	(431)	690	-	5,665	(2,923)	2,742
Furniture and equipment	3,871	(1,994)	1,877	203	-	-	116	-	(248)	-	-	4,190	(2,242)	1,948
Computer equipment	4,151	(3,123)	1,028	571	-	-	-	-	(427)	-	-	4,722	(3,550)	1,172
Library collections	1,470	(1,054)	416	152	-	-	-	-	(165)	-	-	1,622	(1,219)	403
Assets under construction	157	-	157	412	-	-	(214)	-	-	-	-	355	-	355
<b>Total operational assets</b>	<b>54,326</b>	<b>(11,794)</b>	<b>42,532</b>	<b>2,020</b>	<b>-</b>	<b>(420)</b>	<b>-</b>	<b>-</b>	<b>(2,112)</b>	<b>690</b>	<b>5,347</b>	<b>60,583</b>	<b>(13,217)</b>	<b>47,366</b>
<b>Restricted assets</b>														
Land	18,834	-	18,834	444	1,216	(193)	-	-	-	-	5,260	25,561	-	25,561
Buildings	36,153	(3,927)	32,226	127	-	(1,281)	13	(1,010)	(1,337)	343	-	33,659	(4,921)	28,738
Cycleway	3,639	(237)	3,402	1,073	-	-	908	-	(81)	237	-	5,383	(81)	5,302
Assets under construction	3,314	-	3,324	2,596	-	-	(921)	-	-	-	-	4,989	-	4,989
<b>Total restricted assets</b>	<b>61,940</b>	<b>(4,164)</b>	<b>57,776</b>	<b>4,240</b>	<b>1,216</b>	<b>(1,474)</b>	<b>-</b>	<b>(1,101)</b>	<b>(1,418)</b>	<b>580</b>	<b>5,260</b>	<b>69,592</b>	<b>(5,002)</b>	<b>64,590</b>
<b>Infrastructural assets</b>														
Roads	316,387	(5,682)	310,705	6,714	2,336	(106)	337	-	(6,292)	11,974	81,436	395,130	-	395,130
Land under roads	67,295	-	67,295	-	939	-	-	-	-	-	-	68,234	-	68,234
Water supply – treatment plants and facilities	17,010	(811)	16,199	1,234	-	(67)	1,555	-	(1,024)	811	(74)	18,847	(1,024)	17,823
Water supply – other assets (including reticulation systems)	47,952	(1,020)	46,932	159	663	(10)	-	-	(1,082)	1,020	1,345	49,089	(1,082)	48,007
Stormwater system	49,443	(728)	48,715	6	1,172	-	13	-	(799)	728	5,269	55,175	(799)	54,376
Wastewater – treatment plants and facilities	27,068	(1,705)	25,363	73	-	-	-	-	(1,636)	1,705	690	26,126	(1,636)	24,490
Wastewater – other assets (including reticulation systems)	37,337	(815)	36,522	1,012	1,171	(95)	107	-	(857)	815	1,339	40,056	(857)	39,199
Land	3,751	-	3,751	-	25	(55)	-	-	-	-	1,081	4,802	-	4,802
Buildings	1,781	(39)	1,742	-	-	-	-	-	(82)	-	-	1,781	(121)	1,660
Assets under construction	4,808	-	4,808	4,627	-	-	(2,012)	-	-	-	-	7,423	-	7,423
<b>Total infrastructural assets</b>	<b>572,832</b>	<b>(10,800)</b>	<b>562,032</b>	<b>13,825</b>	<b>6,306</b>	<b>(333)</b>	<b>-</b>	<b>-</b>	<b>(11,772)</b>	<b>10,761</b>	<b>19,798</b>	<b>601,667</b>	<b>(11,811)</b>	<b>589,856</b>
<b>Total property, plant and equipment</b>	<b>689,098</b>	<b>(26,758)</b>	<b>662,340</b>	<b>20,085</b>	<b>7,522</b>	<b>(2,227)</b>	<b>-</b>	<b>(1,010)</b>	<b>(15,303)</b>	<b>12,031</b>	<b>30,405</b>	<b>731,842</b>	<b>(30,030)</b>	<b>701,812</b>

\* There has been a restatement of the 2021 figures in respect of Roding assets at 30 June 2021. Following the 1 July 2021 revaluation, the write back of accumulated depreciation, revaluation surplus, cost/valuation, accumulated depreciation and carrying value at 30 June 2021, have been restated to reflect the valuation which was materially different to the carrying value. Refer to note 25 for further information.

### Core infrastructure asset disclosures

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

2021/22	Closing book value	Additions: Constructed by Council	Additions transferred to Council	Most recent replacement cost estimate for revalued assets
	\$000	\$000	\$000	\$000
Roading (excluding land under roads)	455,864	6,144	2,843	652,995
Water supply – treatment plants and facilities	24,319	4,635	-	38,945
Water supply – other assets (including reticulation systems)	59,937	583	561	114,624
Stormwater system	55,101	-	1,061	81,970
Wastewater – treatment plants and facilities	27,967	1,475	-	48,542
Wastewater – other assets (including reticulation systems)	48,548	81	940	91,956

2020/21	Closing book value	Additions: Constructed by Council	Additions transferred to Council	Most recent replacement cost estimate for revalued assets
	\$000	\$000	\$000	\$000
Roading (excluding land under roads)	395,130	7,051	2,336	444,809
Water supply – treatment plants and facilities	17,856	2,789	-	36,324
Water supply – other assets (including reticulation systems)	47,974	159	633	82,322
Stormwater system	54,376	19	1,172	75,289
Wastewater – treatment plants and facilities	24,490	73	-	53,388
Wastewater – other assets (including reticulation systems)	39,199	1,119	1,171	61,522

### Land under roads

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

### Disposals

The net loss on disposal of property, plant and equipment (\$119,000) has been recognised in the statement of comprehensive revenue and expense under 'other expenses' (2021: \$1,884,000).

### Impairment

For the year ended 30 June 2021, an impairment expense of \$1,010,000 was recognised in respect of the Matamata Swimzone roof and structures that were found to be earthquake prone during that year. The compromised structures have since been demolished. There was no impairment of property, plant and equipment in 2022.

### Self-insured

During the current and prior years, the Council did not maintain a fund for the purpose of self-insurance. The Council holds a \$5.4m investment in term deposit that Council have identified in the Financial Strategy as potentially being available.

### Assets under construction

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

Balance as at 30 June 2021		Balance as at 30 June 2022
\$000		\$000
355	Operational assets	984
4,989	Restricted assets	2,528
276	Roading	231
4,350	Water supply	4,537
82	Stormwater system	211
2,394	Wastewater	4,648
321	Infrastructural buildings	694
<b>12,767</b>	<b>Total assets under construction</b>	<b>13,833</b>

### Restrictions

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

### Capital commitments

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

2020/21		2021/22
\$000		\$000
506	Roading	707
1,567	Water	366
3,377	Wastewater	3,076
-	Community Facilities	389
<b>5,450</b>	<b>Total capital commitments</b>	<b>4,538</b>

## 13. INTANGIBLE ASSETS

### Accounting policy

#### Computer software

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

#### Amortisation

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

#### Impairment

Refer to the policy for impairment of property, plant and equipment in Note 12. The same approach applies to the impairment of intangible assets.



### Breakdown of intangible assets and further information

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

	Opening cost	Opening accumulated amortisation and impairment charges	Opening carrying amount	Current year additions	Current year disposals	Current year impairment charges	Current year amortisation	Closing cost	Closing accumulated amortisation and impairment charges	Closing carrying amount
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Computer software										
2021/22	2,763	(2,050)	713	216	-	-	(255)	2,979	(2,305)	674
2020/21	2,547	(1,858)	689	216	-	-	(192)	2,763	(2,050)	713

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

### Restrictions

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

### Capital commitments

There are no capital commitments for intangible assets (2021: Nil)

### Impairment

There were no assets considered to be impaired (2021: Nil).

## 14. DEPRECIATION AND AMORTISATION EXPENSE BY GROUP OF ACTIVITY

2020/21	2021/22
\$000	\$000
<b>Directly attributable depreciation and amortisation expense by group of activity</b>	
2,582 Community Facilities	2,520
6,374 Rooding	8,875
35 Rubbish and Recycling	35
799 Stormwater	766
2,513 Wastewater	2,855
2,141 Water	2,905
3 Strategy and Engagement	2
11 Consents and Licensing	11
<b>14,458 Total directly attributable depreciation and amortisation expense by group of activity</b>	<b>17,969</b>
1,037 Depreciation and amortisation not directly related to groups of activities	1,148
<b>15,495 Total depreciation and amortisation expense</b>	<b>19,117</b>

## 15. PAYABLES AND DEFERRED REVENUE

### Accounting policy

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

### Breakdown of payables and further information

2020/21		2021/22
\$000		\$000
5,039	Trade payables	5,277
238	GST payable	174
985	Accrued expenses	2,276
774	Deposits and bonds	793
462	Contract retentions	412
1,362	Revenue in advance	1,427
336	Grants received subject to substantive conditions not yet met	-
<b>9,196</b>	<b>Total payables and deferred revenue</b>	<b>10,359</b>

Total payables and deferred revenue comprise:		
3,186	Payables from non-exchange transactions – this includes bonds and deposits for planning, rates and licenses received in advance, and taxes and grants payable	2,692
6,010	Payables from exchange transactions – this includes amounts owing for commercial purchases of goods and services	7,667

In 2021, Council received Three Waters Reform funding from Government of \$2.47 million, of which \$2.134 million was spent during the 2020/21 year on operating and capital projects for Water and Wastewater activities. The remaining \$336,000 was recognised as revenue as it was spent during 2021/22 in accordance with the funding agreement. The funding was fully spent by 30 June 2022.

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

## 16. BORROWINGS

### Accounting policy

Borrowings on normal commercial terms are initially recognised at the amount borrowed plus transaction costs. Interest due on the borrowings is subsequently accrued and recognised in accrued expenses (Note 15). Borrowings are classified as current liabilities unless the Council has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

### Breakdown of borrowings and further information

2020/21		2021/22
\$000		\$000
-	Current loans	4,000
26,500	Non-current loans	34,000
<b>26,500</b>	<b>Total borrowings</b>	<b>38,000</b>

### Interest terms for secured loans

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

### *Credit facilities*

Council has a multi-option credit line facility with Westpac Corporate Business. This provides Council with the ability to fund short term revolving requirements. The facility has a limit of \$6 million (2021: \$6 million) and there is \$6 million available to be drawn at 30 June (2021: \$6 million).

### *Security*

Council has an unsecured overdraft. The maximum amount that can be drawn down against the facility is \$500,000 (2021: \$500,000). There are no restrictions on the use of this facility. Council's loans are secured over either separate or general rates of the Council.

### *Internal borrowings*

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

### *Fair values*

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

## 17. EMPLOYEE ENTITLEMENTS

### *Accounting policy*

#### *Short term employee entitlements*

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

#### *Long term employee entitlements*

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

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

### *Presentation of employee entitlements*

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

2020/21		2021/22
\$000		\$000
<b>Current employee entitlements</b>		
435	Accrued pay	546
1,365	Annual leave	1,651
142	Sick leave	62
119	Long service leave	120
148	Retirement gratuities	26
<b>2,209</b>	<b>Current employee entitlements</b>	<b>2,405</b>
<b>Non-current employee entitlements</b>		
246	Long service leave	219
131	Retirement gratuities	123
<b>377</b>	<b>Total non-current employee entitlements</b>	<b>342</b>

## 18. PROVISIONS

### Accounting policy

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

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

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

### Breakdown of provisions and further information

2020/21		2021/22
\$000		\$000
<b>Current provisions</b>		
191	Landfill aftercare	191
25	Tui Mine site monitoring	25
-	Other claims	-
<b>216</b>	<b>Total current provisions</b>	<b>216</b>
<b>Non-current provisions</b>		
379	Landfill aftercare	298
87	Tui Mine site monitoring	74
60	Other claims	70
<b>526</b>	<b>Total non-current provisions</b>	<b>442</b>

### Landfill aftercare provision

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

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

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

The cash outflows for landfill post closure costs are expected to occur over the next 13 years (to 2036). The long-term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred. The provision has been estimated taking into account existing technology and known changes to legal requirements.

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

- obligations for the post closure work are for 30 years after landfill closure
- Discount rates ranging from 3.34% to 4.13% have been used to discount the estimated future cash overflows. The rates used this year have been determined using New Zealand Government bond yield information and extrapolated beyond the available market data (2021: 0.38% to 4.07%).

### Tui Mine site monitoring

Resource consent monitoring conditions require detailed biological and chemical testing of the former Tui Mine site at five yearly intervals for the next 30 years (at an estimated cost of \$25,000 each time). The long-term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred. The provision has been estimated taking into account existing technology and discounted using a discount rate ranging from 3.34% to 4.13% as above (2021: 0.38% to 4.07%).

### Other claims

There are no claims lodged with the Weathertight Homes Resolution Service (WHRS) as at 30 June 2022 (2021: Nil). Provision for other minor claims against Council has been made based on estimated costs and/or insurance excesses of \$70,000 (2021:\$60,000).

Movements for each class of provision are as follows:

	Landfill aftercare costs	Other claims	Tui Mine Site	Total
	\$000	\$000	\$000	\$000
2021/22				
Balance at 1 July 2021	570	60	112	742
Additional provisions made	-	30	-	30
Amounts used	(9)	-	-	(9)
Unused amounts reversed	(91)	(20)	(17)	(128)
Discount unwind	19	-	4	23
Balance at 30 June 2022	489	70	99	658

	Landfill aftercare costs	Other claims	Tui Mine Site	Total
	\$000	\$000	\$000	\$000
2020/21				
Balance at 1 July 2020	490	75	118	683
Additional provisions made	81	35	38	154
Amounts used	(3)	-	(44)	(47)
Unused amounts reversed	-	(50)	-	(50)
Discount unwind	2	-	-	2
Balance at 30 June 2021	570	60	112	742

## 19. CONTINGENCIES

### Breakdown of contingent liabilities and further information

2020/21		2021/22
\$000		\$000
15	Te Aroha Wastewater resource consent	15
Uncalled share capital:		
1	- Waikato Local Authority Shared Services Limited	1
5	- Waikato Regional Aerial Photography Service	5
21	Total contingent liabilities	21

There are no contingent assets (2021: Nil).

### Te Aroha wastewater resource consent

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

### Local Government Funding Agency

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

As at 30 June 2022, LGFA has 30 local authority shareholders and Matamata-Piako District Council is one of 68 local authority guarantors of the LGFA. Together with the other shareholders and guarantors, Council is a guarantor of all of LGFA's borrowings. At 30 June 2022, LGFA had borrowings totalling \$15.8 billion (2021: \$13.6billion).

The LGFA's borrowing of \$15.8 billion is made up of the following (\$'000's):

Fair value of bonds on issue	\$15,105,000
Accrued interest on bonds on issue	\$87,681
Bills on issue	\$565,000
Treasury stock lent to counterparts under bond repurchase agreements	\$31,671

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

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

## 20. EQUITY

### Accounting policy

Equity is the community's interest in the Council and is measured as the difference between total assets and total liabilities.

Equity is disaggregated and classified into the following components:

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

Other reserves include:

*Council created reserves* - reserves established by Council decision. Council may alter them without reference to any third party or the Courts.

Transfers to and from these reserves are at Council's discretion.

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

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

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

Breakdown of equity and further information

### Accumulated funds

2020/21		2021/22
\$'000		\$'000
<b>Accumulated funds</b>		
430,316	Balance at 1 July	437,181
(18,606)	Transfers to Council created reserves	(19,395)
(275)	Transfer to restricted reserves	(2,424)
16,013	Transfer from Council created reserves	15,762
105	Transfer from restricted reserves	1,975
681	Transfer from revaluation reserves	-
8,947	Surplus/(deficit) for the year	6,144
<b>437,181</b>	<b>Balance at 30 June</b>	<b>439,243</b>

## Other reserves

2020/21 Restated*		2021/22
\$000		\$000
<b>Council created reserves</b>		
49,067	Balance at 1 July	51,660
(16,013)	Transfers to accumulated funds	(15,762)
18,606	Transfer from accumulated funds	19,395
<b>51,660</b>	<b>Balance at 30 June</b>	<b>55,293</b>
<b>Restricted reserves</b>		
347	Balance at 1 July	517
(105)	Transfers to accumulated funds	(1,975)
275	Transfer from accumulated funds	2,424
<b>517</b>	<b>Balance at 30 June</b>	<b>966</b>
<b>Asset revaluation reserves</b>		
160,401	Balance at 1 July	260,403
101,693*	Transfers to accumulated funds	90,064
(681)	Transfer from accumulated funds	(204)
(1,010)	Impairment charges	-
<b>260,403</b>	<b>Balance at 30 June</b>	<b>350,263</b>
<b>Fair value through other comprehensive revenue and expense reserve</b>		
14,330	Balance at 1 July	20,458
6,128	Net revaluation gains	9,843
<b>20,458</b>	<b>Balance at 30 June</b>	<b>30,301</b>
<b>333,038</b>	<b>Total other reserves</b>	<b>436,823</b>

\* There has been a restatement of the 2020/21 figures in respect of asset revaluation reserves which is detailed further under asset revaluation reserves. Refer to note 25 for further information.

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

### Council created reserves

Balance 1 July 2020	Transfers in	Transfers out	Balance 30 June 2021	Reserve fund	Purpose	Activities related to	Balance 1 July 2021	Transfers in	Transfers out	Balance 30 June 2022
4,957	674	(2,830)	2,801	Community purposes reserve	Funds received and set aside for use on community facilities or for community purposes e.g. grants	All Council activities	2,801	979	(1,237)	2,543
(5)	2,000	(239)	1,756	COVID-19 recovery reserve	Funds set aside to aid in the economic recovery of the district to support hardship of qualifying community groups following the impact of COVID-19.	All Council activities	1,756	-	(556)	1,200
23,743	550	(865)	23,428	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 for internal borrowing or external investment, with returns used to subsidise rates.	All Council activities	23,428	541	(1,566)	22,403
1,413	668	(366)	1,715	Wastewater capital contribution reserve	Capital contribution funds received from industry and set aside to offset future depreciation.	Wastewater	1,715	668	(352)	2,031
18,407	14,664	(11,713)	21,358	Depreciation reserves	Funds set aside for the replacement of assets and used to fund internal borrowing.	All Council activities	21,358	15,319	(11,935)	24,742
153	50	-	203	Stormwater improvement reserve	Funds set aside to fund stormwater projects.	Stormwater	203	50	-	253
399	-	-	399	Te Aroha Wastewater desludging project	Funds set aside for the desludging of the Te Aroha wastewater ponds	Wastewater	399	-	-	399
-	-	-	-	Te Aroha Spa development reserve	Funds set aside for the investigative stages of the Te Aroha Spa development project	Community facilities	-	1,038	(8)	1,030
-	-	-	-	Town Centre revitalisation reserve	Funds set aside for the district Town Centre revitalisation (POP) project	Community facilities	-	800	(108)	692
49,067	18,606	(16,013)	51,660	<b>Total Council created reserves</b>			51,660	19,395	(15,762)	55,293

### Restricted reserves

Balance 1 July 2020	Transfers in	Transfers out	Balance 30 June 2021	Reserve fund	Purpose	Activities related to	Balance 1 July 2021	Transfers in	Transfers out	Balance 30 June 2022
110	-	-	110	Endowment land sales reserves	Funds set aside in respect of the sale of endowment land in Te Aroha. The proceeds must be used for the improvement of services and public amenities for the benefit of the inhabitants of Te Aroha	Community Facilities	110	203	-	313
112	-	-	112	Reserves development	Funds set aside from reserves contributions to be used for parks and reserves	Developments of parks and reserves	112	1,904	(1,835)	181
(1)	10	-	9	Youth Ambassadors	Funds set aside for initiatives that empower the youth of our district	Nominated purposes	9	10	(10)	9
26	-	-	26	Bequests and trust funds	Funds set aside to be used for the nominated purpose of the bequest or trust fund	Nominated purposes	26	-	-	26
198	175	(105)	268	Waste minimisation	Funds set aside for the purpose of initiatives encouraging the minimisation of waste	Nominated purposes	268	209	(130)	347
-	90	-	90	Civil Defence fund	Funds set aside for the purpose of Civil Defence activities	Nominated purposes	90	-	-	90
(98)	-	-	(98)	Te Aroha Tourism Precinct Feasibility project	Council funds set aside to be used for the Te Aroha Tourism Precinct Feasibility Project	Economic Development	(98)	98	-	-
347	275	(105)	517	<b>Total restricted reserves</b>			517	2,424	(1,975)	966



The transfers in and out of the Reserves development fund this year reflect a correction to capture financial contributions received and spending on district parks and reserves over the last 7 years, that had not been previously captured.

#### Asset revaluation reserves

2020/21 Restated*		2021/22
\$000		\$000
<b>Operational assets</b>		
22,514	Land	22,514
8,354	Buildings	8,354
<b>Restricted assets</b>		
13,909	Restricted land	13,909
7,179	Restricted buildings	7,179
<b>Infrastructural assets</b>		
122,979*	Roading	183,452
27,380	Water	43,070
34,605	Stormwater	35,036
21,190	Wastewater	34,456
1,698	Land	1,698
595	Buildings	595
<b>260,403</b>	<b>Total asset revaluations reserves</b>	<b>350,263</b>

\* There has been a restatement of the 2020/21 figures in respect of Roothing assets at 30 June 2021. Following the 1 July 2021 revaluation, the revaluation reserve for Roothing at 30 June 2021 has been restated to reflect the valuation which was materially different to the carrying value. Refer to note 25 for further information.

#### Capital management

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

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

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

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

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

Council has the following Council created reserves:

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

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

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

## 21. RELATED PARTY TRANSACTIONS

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

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

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

### *Key management personnel compensation*

2020/21		2021/22
<b>Mayor and Councillors</b>		
12	Full-time equivalent members	12
\$517,022	Remuneration	\$527,640
<b>Executive Management Team, including the Chief Executive</b>		
4	Full-time equivalent members	4
\$1,066,456	Remuneration	\$1,118,638
16	<b>Total full-time equivalent personnel</b>	16
\$1,583,478	<b>Total key management personnel remuneration</b>	\$1,646,278

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

## 22. EVENTS AFTER BALANCE DATE

### Water services reform programme

The New Zealand Government is implementing water services reform that is intended to ensure all New Zealanders have safe, clean and affordable water services. Government believe this will be achieved by establishing new public entities to take on the delivery of drinking water, wastewater and stormwater services across New Zealand. The reform will be enacted by three pieces of legislation:

- The Water Services Entities Act 2022 which contains the water entities' ownership, governance and accountability arrangements. This act received royal assent on 14 December 2022.
- The Water Services Bill to enable the transfer of these assets and liabilities to the water services entities, is currently before Parliament.
- Water Services Economic Efficiency and Consumer Protection Bill, which will provide the economic regulation and consumer protection framework for water services. It is currently at select committee stage.

On 13 April 2023, the Government announced further proposed amendments to the number of water services entities and to stagger their establishment dates starting from early 2025, with all the water services entities to be established by 1 July 2026. The timing of the transfer of assets and liabilities is therefore uncertain until amendments to existing legislation are passed.

Council continues to recognise its three waters assets in accordance the accounting policies set out in note 12 to the financial statements. There has been no adjustment in these financial statements to reflect the expected future transfer of assets to the new water entity. It is expected central government will develop details around the mechanism for the transfer of the water assets. As further details are established this may require adjustments to Council's three water assets either in respect of disclosure or measurement.

## 23. FINANCIAL INSTRUMENTS

### 23A Financial instruments categories

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

2020/21		2021/22
\$000		\$000
<b>Financial assets</b>		
<b>Loans and receivables</b>		
3,186	Cash and cash equivalents	10,138
3,187	Receivables	3,347
Other financial assets:		
5,400	Term deposits	5,400
35	Community loans	34
<b>11,808</b>	<b>Total loans and receivables</b>	<b>18,919</b>
<b>Fair value through other comprehensive revenue and expense</b>		
23,687	Investment in Council Controlled organisations and other entities	33,818
<b>23,687</b>	<b>Total fair value through other comprehensive revenue and expense</b>	<b>33,818</b>
<b>Fair value through surplus or deficit – held for trading</b>		
-	Derivative financial instrument assets	833
-	<b>Total fair value through surplus or deficit – held for trading</b>	<b>833</b>
<b>Financial liabilities</b>		
<b>Fair value through surplus or deficit – held for trading</b>		
2,189	Derivative financial instrument liabilities	11
<b>2,189</b>	<b>Total fair value through surplus or deficit – held for trading</b>	<b>11</b>
<b>Financial liabilities at amortised cost</b>		
7,260	Payables	8,758
26,500	Borrowings	38,000
<b>33,760</b>	<b>Total financial liabilities at amortised cost</b>	<b>46,758</b>

### 23B Fair value hierarchy disclosures

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

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

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

2021/22				
Valuation techniques				
	Total	Quoted Market Price	Observable inputs	Significant non-observable inputs
	\$000	\$000	\$000	\$000
<b>Financial assets</b>				
Investments in Council controlled organisations and other entities	33,818	-	775	33,043
Derivative financial instruments assets	833	-	833	-
<b>Financial liabilities</b>				
Derivative financial instruments liabilities	11	-	11	-

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

2020/21				
Valuation techniques				
	Total	Quoted Market Price	Observable inputs	Significant non-observable inputs
	\$000	\$000	\$000	\$000
<b>Financial assets</b>				
Investments in Council controlled organisations and other entities	23,687	-	487	23,200
<b>Financial liabilities</b>				
Derivative financial instruments liabilities	2,189	-	2,189	-

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

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

2020/21		2021/22
\$000		\$000
16,886	Balance at 1 July	23,200
6,314	Gain/(loss) recognised in the surplus or deficit	9,843
-	Purchases	-
-	Sales	-
23,200	Balance at 30 June	33,043

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

### 23C Financial instrument risks

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

#### *Market risk*

##### *Price risk*

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

##### *Currency risk*

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

##### *Fair value interest rate risk*

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Borrowings and investments issued at fixed rates of interest expose Council to fair value interest rate risk. Council's Liability Management Policy is to maintain total borrowings in fixed rate instruments between a range of minimum (20% to 40%) and maximum (25% to 90%) risk control limits over the term of the forecast debt. Fixed to floating interest rate swaps are entered into to hedge the fair value interest rate risk arising where the Council has borrowed at fixed rates outside of these limits.

##### *Cash flow interest rate risk*

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

#### *Credit risk*

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

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

#### *Maximum exposure to credit risk*

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

2020/21		2021/22
\$000		\$000
3,186	Cash and cash equivalents	10,138
3,187	Receivables	3,347
	Other financial assets:	
5,400	- Term deposits	5,400
35	- Community loans	34
<b>11,808</b>	<b>Total credit risk</b>	<b>18,919</b>

The Council is exposed to credit risk as a guarantor of all of the LGFA's borrowings. Information about this exposure is explained in note 19.

### Credit quality of financial assets

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

2021/22						
Credit rating						
	AA-	AA	A	A-	Not rates	Total
Cash and cash equivalents	6,138	4,000	-	-	-	10,138
Term deposits	5,400	-	-	-	-	5,400
Community loans	-	-	-	-	34	34

2020/21						
Credit rating						
	AA-	AA	A	A-	Not rates	Total
Cash and cash equivalents	3,186	-	-	-	-	3,186
Term deposits	5,400	-	-	-	-	5,400
Community loans	-	-	-	-	35	35

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

### Liquidity risk

#### Management of liquidity risk

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

Council manages its liquidity by:

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

### Contractual maturity analysis of financial liabilities

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

	Carrying amount	Contractual cash flows	Less than 1 year	1-5 years	More than 5 years
2021/22	\$000	\$000	\$000	\$000	\$000
Payables	8,758	8,758	8,758	-	-
Net settled derivative liabilities	11	9	9	-	-
Borrowings	38,000	41,483	5,014	32,369	4,100
<b>Total</b>	<b>46,769</b>	<b>50,250</b>	<b>13,781</b>	<b>32,369</b>	<b>4,100</b>

	Carrying amount	Contractual cash flows	Less than 1 year	1-5 years	More than 5 years
2020/21	\$000	\$000	\$000	\$000	\$000
Payables	7,260	7,260	7,260	-	-
Net settled derivative liabilities	2,189	172	172	-	-
Borrowings	26,500	27,664	317	24,822	2,525
<b>Total</b>	<b>35,949</b>	<b>35,096</b>	<b>7,749</b>	<b>24,822</b>	<b>2,525</b>

The Council is exposed to liquidity risk as a guarantor of all of the LGFA's borrowings. This guarantee becomes callable in the event of the LGFA failing to pay its borrowings when they fall due. Information about this exposure is explained in note 19.

#### *Contractual maturity analysis of financial assets*

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

	Carrying amount	Contractual cash flows	Less than 1 year	1-5 years	More than 5 years
2021/22	\$000	\$000	\$000	\$000	\$000
Cash and cash equivalents	10,138	10,155	10,155	-	-
Receivables	3,347	3,347	3,347	-	-
Other financial assets:					
- Community loans	34	34	34	-	-
- Term deposits	5,400	5,513	5,513	-	-
Net settled derivative assets	833	49	49	-	-
<b>Total</b>	<b>19,752</b>	<b>19,098</b>	<b>19,098</b>	<b>-</b>	<b>-</b>

	Carrying amount	Contractual cash flows	Less than 1 year	1-5 years	More than 5 years
2020/21	\$000	\$000	\$000	\$000	\$000
Cash and cash equivalents	3,186	3,186	3,186	-	-
Receivables	3,187	3,187	3,187	-	-
Other financial assets:					
- Community loans	35	35	35	-	-
- Term deposits	5,400	5,436	5,436	-	-
<b>Total</b>	<b>11,808</b>	<b>11,844</b>	<b>11,844</b>	<b>-</b>	<b>-</b>

#### *Sensitivity analysis*

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





## 24. MAJOR VARIANCES TO BUDGET

Major variances to budget	Long Term Plan 2021/22	Actual 2021/22	Explanation for major variations to budget
	\$000	\$000	
<b>Statement of comprehensive revenue and expense</b>			
Rates	42,394	42,045	Revenue from metered water was \$561,000 lower than budgeted but reasonably consistent with the prior year. Water restrictions over the summer months may have contributed to this. This was offset by additional rates received due to growth in the district and penalties.
Subsidies and grants	8,574	8,944	Council budgeted to receive \$2.47 million in funding from the 3 waters reform grants in 2021/22. Actual grants recognised were \$2.88 million, as we caught up on work that had initially been planned in the previous year.
Fees and charges	8,106	9,571	Building and resource consent income was \$1.4 million higher than budgeted due to the continued high development activity within the district. Tradewaste income was \$256,000 higher than budgeted. Rental income from housing was \$127,000 higher than budget due to market rental increases. These increases were offset in part by lower than budgeted income from the sale of rubbish bags (\$229,000 down on budget), transfer station fees (\$174,000 down on budget), and reduced income at Matamata SwimZone \$106,000 due to the interruptions of the roof removal during the season.
Development and financial contributions	1,766	3,638	Revenue from contributions was higher than budgeted due to some significant developments in the district, particularly in Morrinsville and Matamata.
Other revenue	485	9,798	Infrastructural assets and land vested to Council through the subdivision process this year amounted to just over \$6 million. A turnaround in longer dated interest rates has seen the book valuation of Council's interest rate swap portfolio increase by just over \$3 million over the year. Council was the recipient of a \$500,000 donation from a private citizen during the year.
Personnel costs	18,871	19,507	There were at least eight additional positions that were unbudgeted during the year, four in the Strategic Partnerships and Governance team (2 of which were funded from reserves), one in Building Control, 2 in the Asset Strategy team, and one in Finance. These were offset to an extent by funding from other areas and vacancies throughout the year. The value of annual and long service leave increased \$160,000 for the year.
Depreciation and amortisation	15,341	19,117	Depreciation significantly exceeded the level budgeted due to unprecedented increases in the replacement cost of assets.
Other expenses	23,503	28,213	There are a number of factors contributing to other expenses being significantly higher than budgeted this year. The most significant of these include; A loss on asset disposals of \$119,000 is recognised for the year in respect of network asset replacements, and \$150,000 of work originally recognised as capital had been expensed during the year. Water service costs are higher by \$750,000 due to increase in compliance and chemical costs. Roading operating cost is \$365,000 higher than budget, due to more spending on Rail Trail maintenance and passenger transport. Subsequent to the budget, Council approved spending from reserves of \$579,000 including \$379,000 Te Aroha Domain Spa project background work and \$165,000 Covid relief grants. \$1.7m more external costs in building and resource consent processing due to higher activity (mostly offset by additional income). Property operating cost is higher by \$477,000 including spending on EPH which is ring-fenced, and cost for the design of the Domain House building, and demolition of the Morrinsville Trotting Club building. Public toilets were \$105,000 more than budgeted with 2 additional toilet blocks added during the year through Government stimulus funding. This is offset by savings in Wastewater (underspent by \$876,000 which was largely the desludging work not undertaken) and Libraries were \$75,000 under budget.
Financial assets at fair value through other comprehensive revenue and expense	-	9,843	The carrying value of Council's investment in the Waikato Regional Airport increased significantly, largely as a result of property development and an increase in the valuation of the company's property development assets.
Property, plant and equipment revaluations	21,394	89,860	The revaluation of Council's infrastructural assets resulted in unprecedented increases in the carrying values of assets over just one year, including; Roading \$60.5 million, Water \$15.8 million, Wastewater \$13.3 million, and Stormwater \$0.4 million.

Major variances to budget	Long Term Plan 2021/22 \$000	Actual 2021/22 \$000	Explanation for major variations to budget
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#### Statement of financial position

Current assets	12,883	22,421	\$4 million additional cash from the pre-funding of debt due to mature in April 2023 was held on short term deposit. A Te Aroha property purchased in June but not settled until July 2022 is recognised as a prepayment at 30 June 2022.
Non-current assets	750,042	905,420	The book value of Council's investment in the Waikato Regional Airport has increased \$16 million since the budget was adopted. The revaluation of our infrastructural assets resulted in a closing balance of property, plant and equipment that is significantly higher than budget due to unprecedented increases in the replacement cost of Council's assets
Current liabilities	11,937	16,982	Accounts payable at 30 June 2022 were higher than budgeted but lower than the prior year, which relates to the timing of projects and contract payments falling due. Employee entitlements were higher due to increased annual and long service leave balances.
Non-current liabilities	33,959	34,793	\$4 million of debt due to mature in April 2023 has been pre-funded (raised in advance). The value of Council's interest rate swap portfolio has turned around this year, now recognised as an asset in Council's books.

## 25. PRIOR PERIOD ADJUSTMENTS

There has been a restatement of the 2021 figures in respect of the carrying amount of property, plant and equipment at 30 June 2021. Following the 1 July 2021 revaluation, the comparative balance of Roading at 30 June 2021 has been restated to reflect the valuation which was materially different to the carrying value. As a result, the comparative figures for 30 June 2021 have also been restated and the following table summarises the impact of the prior period error on the financial statements.

30 June 2021	As previously reported \$000	Adjusted \$000	As restated \$000
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#### Statement of comprehensive revenue and expense

Property, plant and equipment revaluations	29,395	71,288	100,683
Total other comprehensive revenue and expense	35,523	71,288	106,811
Total comprehensive revenue and expense	44,470	71,288	115,758

#### Statement of changes in equity

Total other comprehensive revenue and expense for the year	44,470	71,288	115,758
Balance at 30 June	698,931	71,288	770,219

#### Statement of Financial Position

Property, plant and equipment	701,812	71,288	773,100
Total non-current assets	726,212	71,288	797,500
Total assets	740,144	71,288	811,432
Net assets (assets minus liabilities)	698,931	71,288	770,219
Other reserves	261,750	71,288	333,038
Total equity	698,931	71,288	770,219

We note that the comparative figures in Note 12 Property, plant and equipment, and Note 20 Equity, have also been restated and the comparatives presented are the restated amounts.

# OTHER LEGISLATIVE DISCLOSURES

## 1. FUNDING IMPACT STATEMENT

For the year ended 30 June 2022 for the whole of Council

Annual Plan 2020/21	Actual 2020/21		Long Term Plan 2021/22	Actual 2021/22
\$000	\$000		\$000	\$000
<b>Sources of operating funding</b>				
24,445	24,542	General rates, uniform annual general charges, rates penalties	27,381	27,486
13,586	13,419	Targeted rates	15,013	14,559
2,849	4,874	Subsidies and grants for operating purposes	4,695	5,337
7,583	8,866	Fees and charges	7,956	9,099
257	231	Interest and dividends from investments	79	153
291	264	Local authorities fuel tax, fines, infringement fees, and other receipts	286	248
<b>49,011</b>	<b>52,196</b>	<b>Total operating funding (A)</b>	<b>55,410</b>	<b>56,882</b>
<b>Applications of operating funding</b>				
38,045	43,942	Payments to staff and suppliers	42,163	47,133
1,184	1,127	Finance costs	1,150	1,168
-	-	Other operating funding applications	-	-
<b>39,229</b>	<b>45,069</b>	<b>Total applications of operating funding (B)</b>	<b>43,313</b>	<b>48,301</b>
<b>9,782</b>	<b>7,127</b>	<b>Surplus (deficit) of operating funding (A – B)</b>	<b>12,097</b>	<b>8,581</b>
<b>Sources of capital funding</b>				
4,398	5,907	Subsidies and grants for capital expenditure	3,879	3,607
1,425	4,138	Development and financial contributions	1,766	3,637
14,289	-	Increase (decrease) in debt	7,699	11,500
-	-	Gross proceeds from sale of assets	-	-
-	-	Lump sum contributions	-	-
-	-	Other dedicated capital funding	-	500
<b>20,112</b>	<b>10,045</b>	<b>Total sources of capital funding (C)</b>	<b>13,344</b>	<b>19,244</b>
<b>Applications of capital funding</b>				
Capital expenditure				
390	296	—to meet additional demand	3,613	551
16,295	8,364	—to improve the level of service	7,172	8,092
15,171	11,641	—to replace existing assets	14,651	12,248
(1,962)	(3,192)	Increase (decrease) in reserves	5	1,746
-	63	Increase (decrease) of investments	-	5,188
<b>29,894</b>	<b>17,172</b>	<b>Total applications of capital funding (D)</b>	<b>25,441</b>	<b>27,825</b>
<b>(9,782)</b>	<b>(7,127)</b>	<b>Surplus (deficit) of capital funding (C – D)</b>	<b>(12,097)</b>	<b>(8,581)</b>
-	-	<b>Funding balance ((A – B) + (C – D))</b>	-	-

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

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

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

Actual 2020/21		Long Term Plan 2021/22	Actual 2021/22
\$000		\$000	\$000
<b>Funding sources as shown in the overall Council funding impact statement</b>			
52,196	Total operating funding	55,410	56,882
10,045	Total capital funding	13,344	19,244
<b>Less capital movements</b>			
-	Increase/(decrease) in debt	(7,699)	(11,500)
-	Gross proceeds from sale of assets	-	-
<b>Add non-funded income</b>			
6,280	Vested land and infrastructure from property development	200	6,038
2,874	Other gains	-	3,017
563	Income from support activities	211	468
<b>71,958</b>	<b>Total funding sources</b>	<b>61,466</b>	<b>74,149</b>
<b>71,958</b>	<b>Total income as shown in the statement of comprehensive revenue and expense</b>	<b>61,466</b>	<b>74,149</b>
<b>Application of funding as shown in the overall Council funding impact statements</b>			
45,069	Total applications of operating funding	43,313	48,301
17,172	Total applications of capital funding	25,441	27,825
<b>Less capital movements</b>			
(20,301)	Capital expenditure	(25,436)	(20,891)
3,192	Increase/(decrease) in reserves	(5)	(1,746)
(63)	Increase/(decrease) in investments	-	(5,188)
<b>Add non-funded expenditure</b>			
15,495	Depreciation and amortisation	15,341	19,117
1,884	Other losses	-	119
563	Expenses from support activities	211	468
<b>63,011</b>	<b>Total funding application</b>	<b>58,865</b>	<b>68,005</b>
<b>63,011</b>	<b>Total expenditure as shown in the statement of comprehensive revenue and expense</b>	<b>58,865</b>	<b>68,005</b>

### 3. INTERNAL BORROWING

Internal borrowings are utilised to fund capital projects for various activities instead of obtaining funding from external sources. Interest is charged to the various activities for their internal borrowing at a rate equal the mid-way point between our average borrowing and average investment rates obtained in the prior year. For the year ended 30 June 2022, this rate was 2.65% (2021: 2.66%). Internal borrowings are eliminated on consolidation of activities in the financial statements.

Groups of activities	Opening balance 1 July 2021	Additional funds borrowed 2021/22	Funds repaid 2021/22	Closing balance 30 June 2022	Interest paid 2021/22
	\$000	\$000	\$000	\$000	\$000
Community Facilities	14,380	-	(797)	13,583	370
Roading	9,284	-	-	9,284	246
Rubbish and Recycling	1,167	-	-	1,167	31
Stormwater	-	-	-	-	-
Wastewater	-	-	-	-	-
Water	10,855	-	-	10,855	287
Strategy and Engagement	2,657	-	-	2,657	70
<b>Total internal borrowing</b>	<b>38,343</b>	<b>-</b>	<b>(797)</b>	<b>37,546</b>	<b>1,004</b>

### 4. INSURANCE OF ASSETS

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

June 2021		June 2022
\$000		\$000
180,457	The total value of all Council assets covered by insurance contracts	186,738
The maximum amount to which insures assets are insured:		
15,000	- Fire	15,000
150,000	- Other natural disasters	150,000
237,829	The total value of all Council assets covered by financial risk sharing arrangements	292,716
50,000	Maximum amount available to the Council under financial risk sharing arrangements	50,000

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

# ANNUAL REPORT DISCLOSURE STATEMENT FOR THE YEAR ENDING 30 JUNE 2022

## What is the purpose of this statement?

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

## Rates affordability benchmark

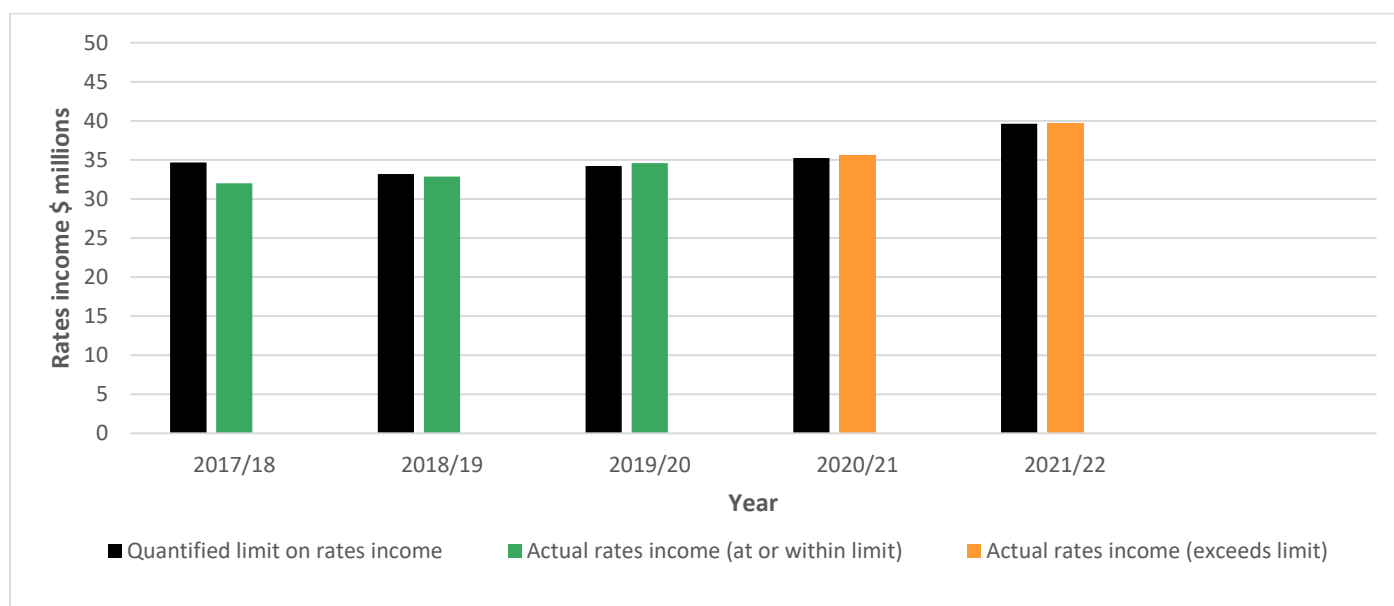
The Council meets the rates affordability benchmark if:

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

## Rates (income) affordability

The following graph compares the Council's actual rates income with a quantified limit on rates contained in the financial strategy included in the Council's Long Term Plan.

The quantified limit from the financial strategy included in the 2021-31 LTP is: Annual rates income<sup>1</sup> will not increase by more than 6%, other than for year 1 (2021/22) and year 3 (2023/24) where the forecast increases are 11.73% and 11.81% respectively.



### Comment:

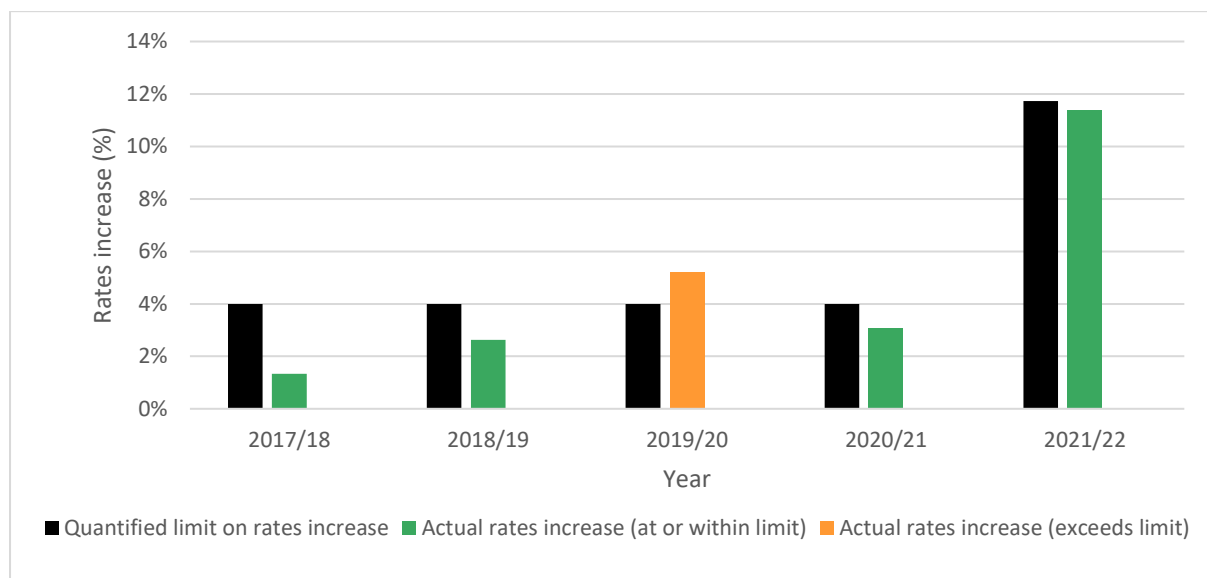
The limit on rates income for 2021/22 was set at \$39.644 million. Actual rates income (excluding penalties and metered water revenue) was \$39.683 million. In the process of preparing the annual budget, Council makes an assumption for the additional value expected to be added to the rating base (ie due to subdivisions or new builds/improvements) that will be captured in time for the calculation of the rates strike at 1 July the following financial year. The amount of growth in the rating base at 1 July 2021 exceeded the level expected, resulting in slightly more rates income than budgeted. The same happened for the previous year.

<sup>1</sup> For the purposes of this calculation, rates revenue excludes penalties (which are not budgeted for) and the rate revenue from metered water supplies (the majority of which came from a few large industrial users). These items are excluded as the level of revenue received is not within Councils' direct control.

## Rates (increases) affordability

The following graph compares the Council's actual rates increases with a quantified limit on rates increases included in the financial strategy in the Council's Long Term Plan.

The quantified limit from the financial strategy included in the 2021-31 LTP is: Annual rates increases<sup>2</sup> will not be more than 6%, other than year 1 and 3 where the limits are set at 11.73% and 11.81% respectively.



### Comment:

For 2021/22, total rates increased 11.37% on the last financial year, so within the limit set out in the Financial Strategy for 2021/22 of 11.73%. For 2020/21, total rates increased 3.06% on the last financial year, so within the Financial Strategy limit of 4%. The actual rates increase (excluding penalties and metered water revenue) for 2019/20 was 5.2%, compared to the Financial Strategy limit of 4%, due to growth in the rating base at 1 July 2019 exceeding the level expected, resulting in rates increasing more than budgeted.

## Debt affordability benchmark

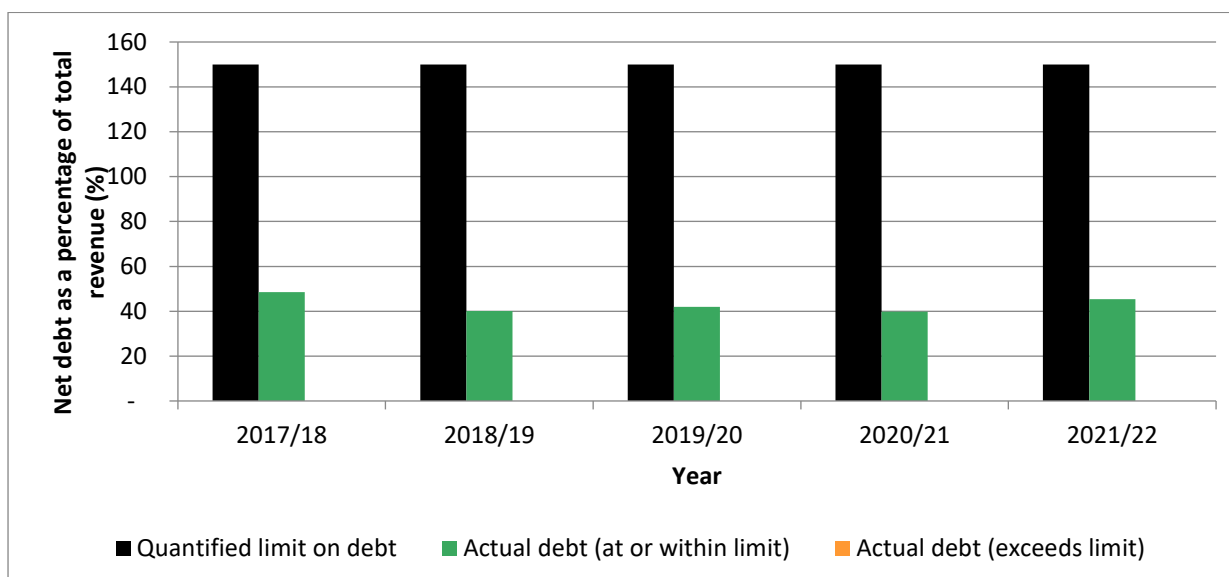
The Council meets the debt affordability benchmark if its actual borrowing is within the quantified limit on borrowing. The following graph compares the Council's actual borrowing with the quantified limit on borrowing stated in the Financial Strategy included in the Council's Long Term Plan. The quantified limit is: Net debt as a percentage of total revenue will not exceed 150%<sup>3</sup>.

<sup>2</sup> For the purposes of this calculation, rates revenue excludes penalties (which are not budgeted for) and the rate revenue from metered water supplies (the majority of which came from a few large industrial users). These items are excluded as the level of revenue received is not within Councils' direct control.

<sup>3</sup> Consistent with our Liability Management Policy;

- Net debt is calculated as external debt less cash, bank deposits and investments realisable in the short term
- Total revenue excludes development and financial contributions, vested and found assets and other gains.



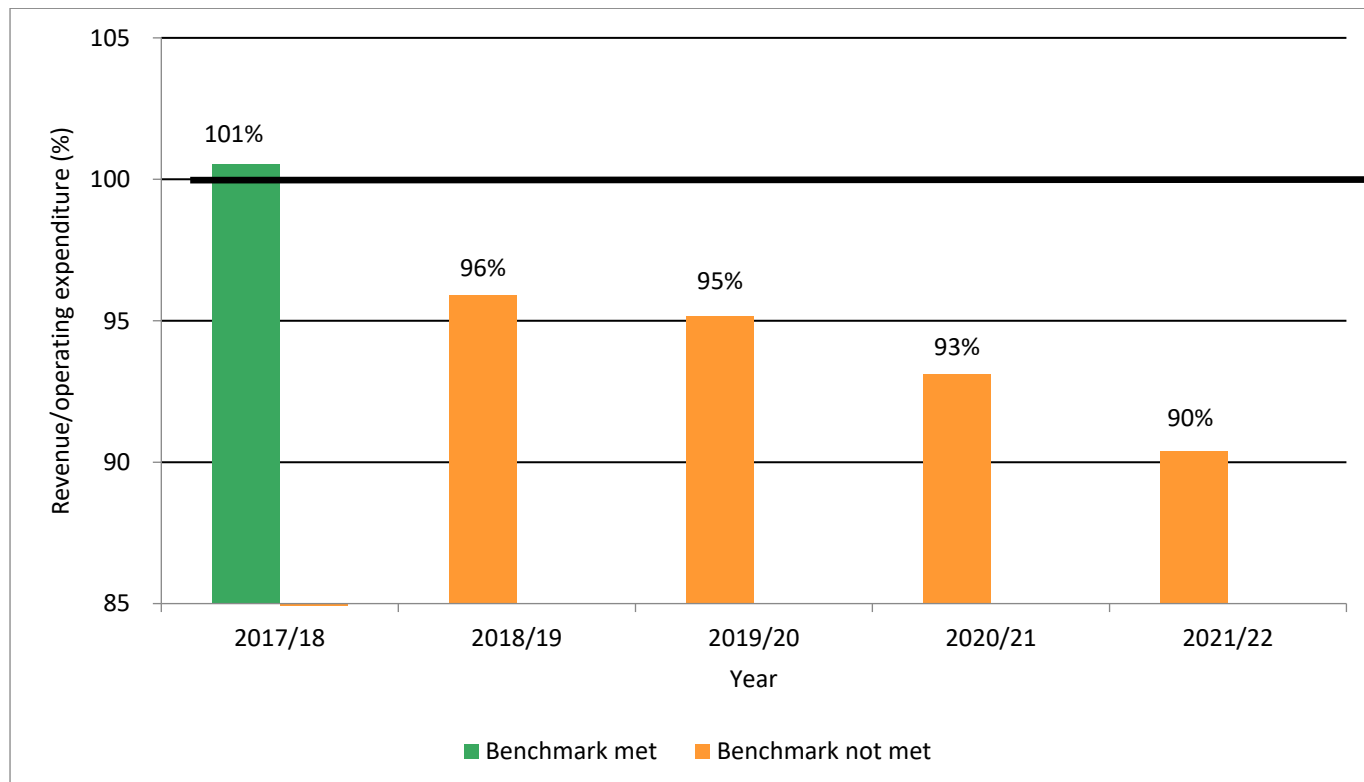


**Comment:**

Council's net debt as a percentage of total revenue sits at 45% at 30 June 2022 and has remained well below the limit of 150% for the last five years. The limit of 150% is considered (by independent professionals) to be a prudent limit for a council of our size and nature.

**Balanced budget benchmark**

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



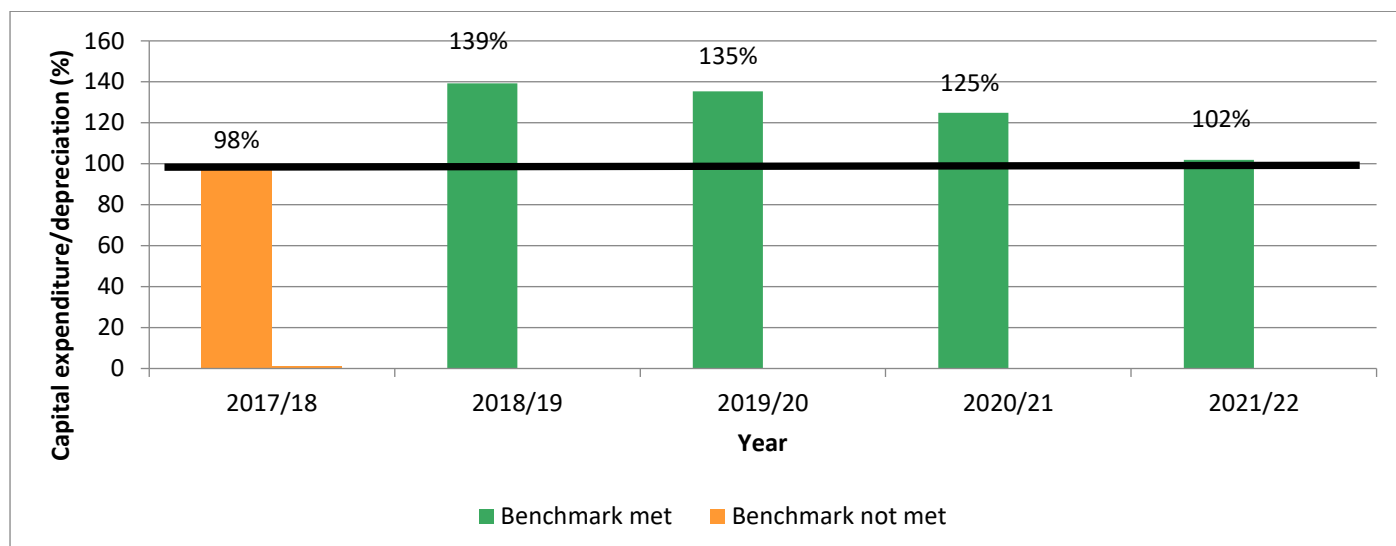
**Comment:**

When budgeting, Council aims for operating expenses to be covered by operating revenue - to "break even". For accounting purposes, when we replace assets like pipes and reseal roads, the old replaced assets are "disposed of" and the "loss" from doing so is recorded as "operating expenses". Council does not rate to cover this. At the same time, operating revenue also includes

subsidies that Council receives to maintain and replace roading in the district. This revenue is included in operating, however the cost is not reflected as an operating expense - it is capital expenditure.

### Essential services benchmark

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

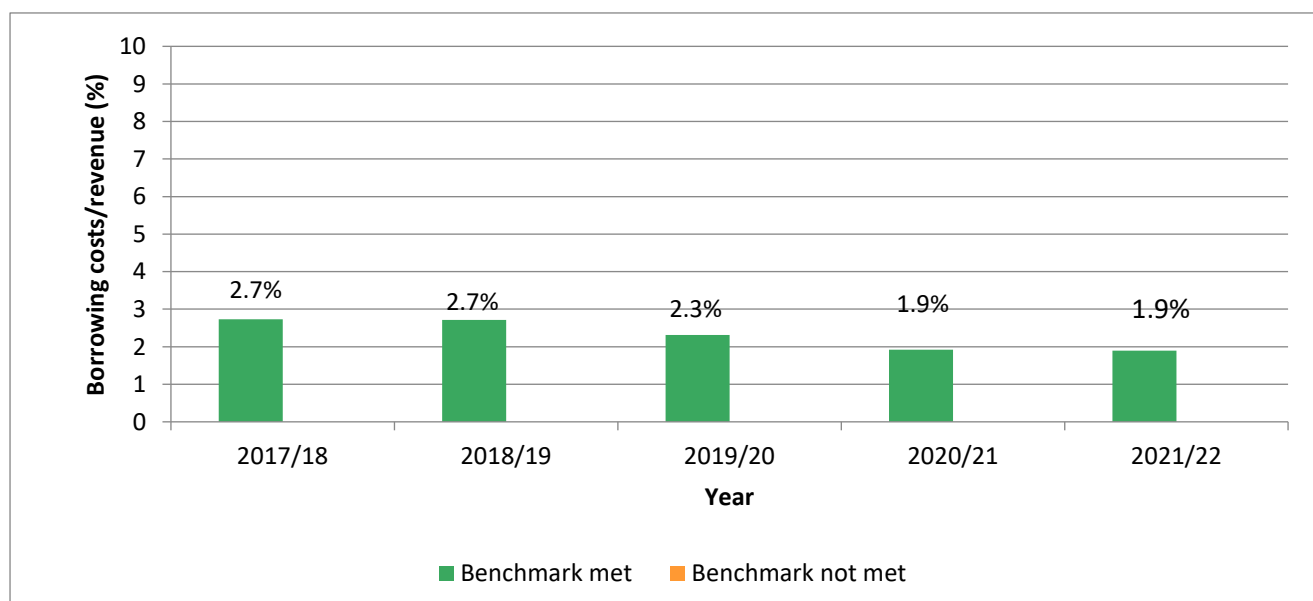


#### Comment:

Council's capital spending is not programmed on a straight-line basis consistent with depreciation. Over the five years shown, the capital spend averages 120% of depreciation.

### Debt servicing benchmark

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

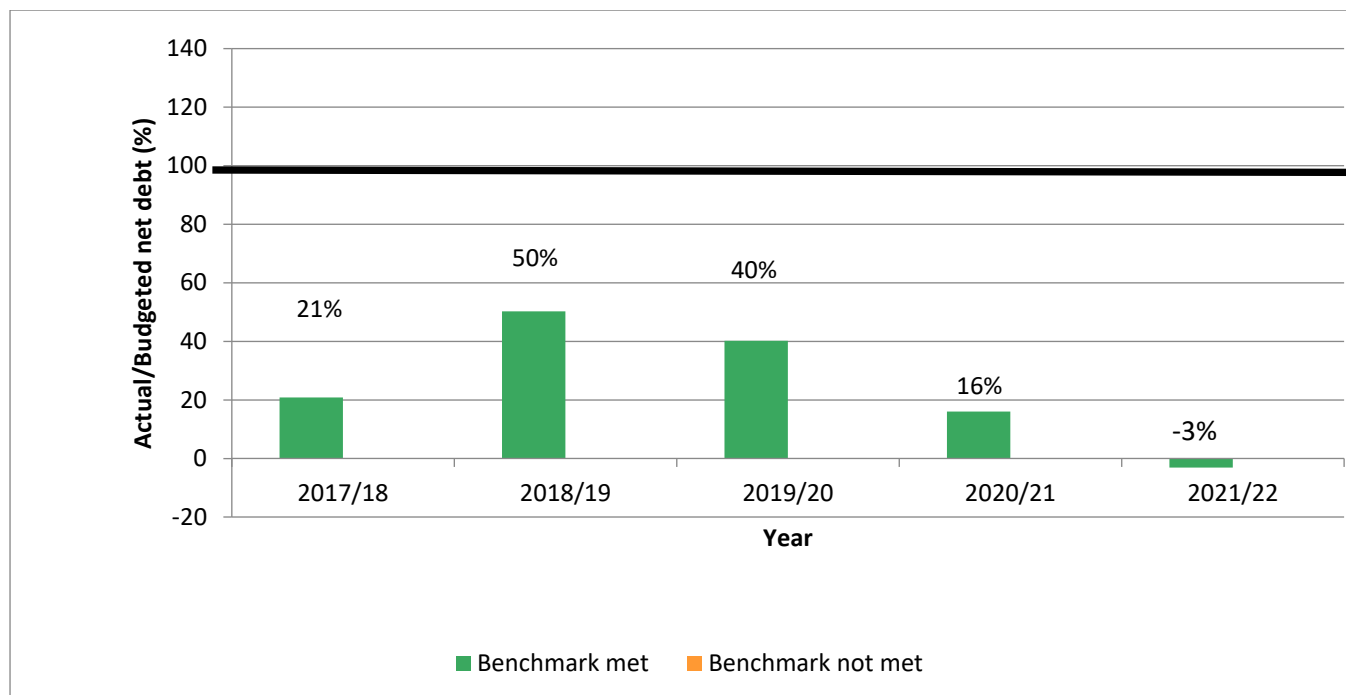


#### Comment:

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

### Debt control benchmark

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

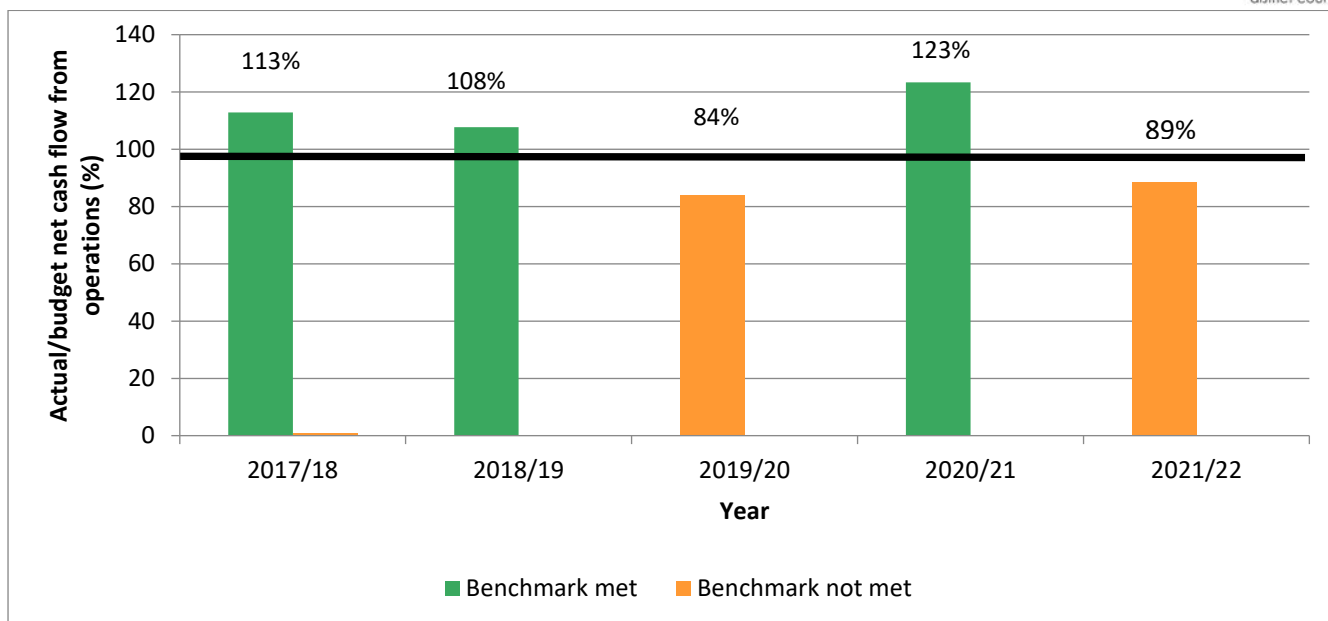


#### Comment:

Debt over the last five years has been lower than budgeted due to delayed capital spending, and maturing investments/surplus cash have been used to repay debt or internally fund capital work. Council's investment in the Waikato Regional Airport has also increased significantly since the planned net debt was set out in the adopted LTP.

### Operations control benchmark

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



*Comment:*

*Council's actual cashflow from operations has exceeded our budgeted cashflow from operations in three of the last five years.*

# INVOLVEMENT IN COUNCIL CONTROLLED ORGANISATIONS AND COUNCIL ORGANISATIONS

## WAIKATO REGIONAL AIRPORT LIMITED (WRAL)

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

Waikato Regional Airport Limited replaced the Airport Authority in 1989, which previously ran the airport. We consider that the airport is a significant infrastructural asset for the region and important for economic growth and development. The Local Government Act 2002 defines shareholding in an airport as a strategic asset.

The objective of the Waikato Regional Airport Limited is

- Operate an efficient, compliant and resilient airport
- Enhance the traveller experience
- Maintain a viable aeronautical business
- Maximise revenue diversification through its non-aeronautical business opportunities
- Develop and optimise the land holdings of the Group to generate a long-term property income from a diversified portfolio
- Operate the airport hotel to recover from the effects of Covid-19 and achieve revised financial targets. Maintain pre-Covid customer satisfaction targets
- Marketing the Hamilton & Waikato region as a visitor destination to domestic visitors
- Grow the visitor economy through tourism development and destination management.

Performance measure	Target	Actual	Comments
Facilitate Health & Safety meetings every two months with representatives from each company department.	Facilitate Health & Safety meetings every two months with representatives from each company department.	Achieved	Health & Safety committee meetings are undertaken on a monthly basis
Zero Work Safe notifiable accidents/injuries.	Zero Work Safe notifiable accidents/injuries.	Achieved	There were no notifiable incidents in either 2022 or 2021
Independently review and audit the Health & Safety system each year.	Independently review and audit the Health & Safety system each year.	Achieved	An independent audit of the Group's health and safety framework was undertaken and all recommendations were implemented
To achieve the Airport Certification Standards as required by the Civil Aviation Authority and as evidenced by Civil Aviation Authority audit reports.	To achieve the Airport Certification Standards as required by the Civil Aviation Authority and as evidenced by Civil Aviation Authority audit reports.	Achieved	The airport continues to meet all relevant CAA certification standards
Ensure airport is operationally available for all scheduled passenger services (except for uncontrollable events).	Ensure airport is operationally available for all scheduled passenger services (except for uncontrollable events).	Achieved	There have been no incidences of scheduled flights being operationally impacted by controllable events
Monitor aeronautical noise and facilitate noise management meetings every four months in accordance with the Noise Management Plan.	Monitor aeronautical noise and facilitate noise management meetings every four months in accordance with the Noise Management Plan.	Not Achieved	Regular meetings were facilitated every 4 months however have reduced frequency to 6 months due to reduced air movements.
Complete construction of the 5th Stage of Titanium Park's Central Precinct and 2nd Stage of Southern Precinct.	Complete construction of the 5th Stage of Titanium Park's Central Precinct and 2nd Stage of Southern Precinct.	Achieved	Plans were finalised and construction had commenced during the year however it was not completed by year end due to COVID19-related construction delays.
Develop a masterplan for Titanium Park's Northern Precinct and prepare a private plan change submission to Waipa District Council	Prepare a private plan change submission to Waipa District Council in relation to the future Northern Precinct Development	Achieved	The masterplan was completed in 2021, and the plan change submitted during 2022
Implement a recovery plan to enable a steady return to pre-Covid key metrics such as occupancy, room rates and customer satisfaction in line with the expectations underlying the achievement of a Qualmark 4 Star rating	Implement a recovery plan to enable a steady return to pre-Covid key metrics such as occupancy, room rates and customer satisfaction in line with the expectations underlying the achievement of a Qualmark 4 Star rating	Not achieved	The hotel's contract to operate as a Managed Isolation Facility was continued throughout the 2021 and 2022 financial years so it did not resume operations as a regular trading hotel in this period
Earnings before interest, taxation and depreciation (EBITDA) excluding land sales (\$000)	5,200	5,996	
EBITDA including land sales (\$000)	5,700	6,383	
Net profit before tax no less than (\$000)	1,200	2,123	
Net operating cash flow (excluding land sales)	3,600	4,471	
Total debt, excluding funding for design-build properties, not exceeding (\$000)	29,000	16,774	
Percentage of non-landing charges to total revenue of at least	60%	82%	
Land sales (\$000)	2,000	2,020	
Interest cover ratio of at least (The interest cover measures the number of times the net profit before interest, tax and depreciation (EBITDA) covers interest paid on debt)	4.0	13.2	

## WAIKATO LOCAL AUTHORITY SHARED SERVICES LIMITED (WLASS)

WLASS is a CCO solely owned by the 12 Waikato local authorities – Waikato Region, Hamilton City, Hauraki District, Matamata-Piako District, Otorohanga District, Rotorua District, South Waikato District, Taupo District, Thames-Coromandel District, Waikato District, Waipa District and Waitomo District.

The WLASS Board has 12 Directors; each Director being the Chief Executive, or nominee, of one of the local authorities representing the shareholding Councils. The Directors do not receive any fees or expenses for the work undertaken on behalf of WLASS.

Matamata-Piako's shareholding is 8.33%.

The company was established in 2005 to promote shared services between local authorities across the Waikato region. By encouraging and enabling the councils to work together, WLASS helps councils to reduce costs, achieves effectiveness and efficiency gains, reduces duplication of effort, eliminates waste through repetition, promotes and contributes to the development of best practice, and helps to improve customers' experiences.

Council became a shareholder following public consultation during the 2005/06 Annual Plan.

Much of the work of WLASS is undertaken by Working Parties or Advisory Groups made up of staff from the shareholding councils, with expertise and interest in particular services. WLASS provides a legal entity representing all of the shareholding councils, and can enter into contracts and agreements with external suppliers. The WLASS CEO facilitates and co-ordinates the various Working Parties.

Member councils pay a small annual levy, depending on their size, to run the WLASS. Services obtained by members are funded on a user pays basis, whereby each council pays for and receives the financial benefit of its share of any particular service. The decisions about potential projects or services are made by the Directors, who make up the WLASS Board.

Performance Measure	Target	Actual	Comment
<b>Prioritise and develop opportunities that add value to councils by achieving one or more of our objectives</b> - Business cases will include measurable benefits linked to one or more of the outcomes sought - Opportunity assessments are supported by councils (evidenced by Board minutes)	Projected savings to councils of \$300,000  75% of councils	No business cases were presented to the Board during the last financial year.  9 councils (out of 12 shareholding councils) have agreed to participate in Co-Lab Learning following proposals in May 2022. 8 councils chose to participate (and invest in) the Community Needs Analysis (CNA) project.	Although no business cases were presented to the Board during the last financial Year, there were various Discovery reports for initiatives and expansive resourcing required to develop Co-Lab Learning.  By their nature, some of these opportunities do not lend to readily quantifiable benefits. An example of this is the Community Needs Analysis: a project supporting eight of the councils by providing learnings grounded in stories of past successes and failures, that can be used by councils in their discussion with stakeholders relating to the Future for Local Government review.
<b>Develop opportunities and deliver projects within agreed budgets and timelines</b> - Opportunities / projects are developed / delivered within agreed timelines - Opportunities / projects are developed / delivered, within approved budget	80%  90%	38%  86%	38%: Five of the eight projects under development that had a major milestone during the year, had some delays in their progress. The most significant of these was the completion of the development of Co-Lab Learning. Completed on time were the Community Needs Analysis project, the Building consent Cadetship discovery project and the project to establish the Co-Lab Geospatial Services unit.  86%: Five of seven projects were completed within budget. The main exception was the Learning & Development Shared Service project where the cost of the project team went slightly over budget. This was a result of the delays, and therefore extension of effort that is explained above.
<b>Ensure projects realise their expected benefits</b> - Measurable benefits are actively monitored and reported against - Audit & Risk Committee undertake an assessment of	Six monthly	During the last financial year, we presented the following to the Audit	

projects following implementation (which will include an assessment of whether projected benefits have been realised)	\$200,000+ Projects Within 15 months 90% of projected quantifiable benefits are realized	& Risk Committee: Waikato Data Portal PSP Waters Collaboration Insurance	
<p>Ensure existing services are meeting the needs of councils</p> <p>- The services we provide (below) are considered by councils who use that service to meet or exceed their expectations (evidenced by an annual survey):</p> <ul style="list-style-type: none"> <li>• RATA – roading &amp; waters</li> <li>• Waikato Building Cluster</li> <li>• Regional Infrastructure Technical Specifications</li> <li>• Energy &amp; Carbon Management</li> <li>• Professional Services Panel</li> <li>• Health &amp; Safety pre-qualification</li> </ul>	80% of councils	84% of respondents said that the services they received either met or exceeded their expectations.	A stakeholder survey was undertaken in May 2022.
<p>Foster and promote cross-council collaboration and networking to share ideas on improving efficiencies and best practice</p> <p>- Across these groups, ideas for future consideration and/or initiatives are identified each year</p>	Four per annum	<p>Ideas for future consideration and/or initiatives identified include:</p> <ul style="list-style-type: none"> <li>• Redesign of the WBCG Quality Manual – In progress</li> <li>• Cadet Project – In progress</li> <li>• New Build Waikato website delivered – Completed</li> <li>• Water Data Quality dashboard</li> <li>• Fortnightly P&amp;C response group for Covid-19</li> <li>• The Insurance Advisory Group engaged Aon to undertake an assessment of potential losses to Waikato councils' three-waters reticulation networks and flood protection assets due to earthquake damage.</li> <li>• Procurement Managers have been involved in a few joint procurements</li> </ul>	



## HAURAKI RAIL TRAIL CHARITABLE TRUST

The Hauraki Rail Trail Charitable Trust has been created by Hauraki, Thames-Coromandel and Matamata-Piako District Councils, who each can appoint three trustees. Iwi in the three Districts can also appoint three trustees to the Trust.

The Trust falls within the definition of a council controlled organisation, however on 8 November 2017 we exempted the Trust from council controlled organization reporting requirements under the Local Government Act 2002. The exemption must be reviewed every three years and was last reviewed on 28 October 2020.

The Trust's purpose is generally to operate and facilitate the use and enjoyment of the Hauraki Rail Trail. The defined purposes of the Trust include the specific objectives of expanding the Hauraki Rail Trail where possible and maintaining the Hauraki Rail Trail to appropriate standards.

The trust will oversee the operation and maintenance of the Hauraki Rail Trail by a commercial operator. It will also seek funding from charitable organisations (such as gambling trusts) to fund the extension of the Hauraki Rail Trail.

## CIVIL DEFENCE EMERGENCY MANAGEMENT GROUP

Under the Civil Defence Emergency Management Act 2002 every regional and local council within that region must unite to establish a Civil Defence Emergency Management Group. The CDEM Group is a joint standing committee under clause 30(1)(b) of Schedule 7 of the Local Government Act 2002.

Civil Defence Emergency Management (CDEM) is the responsibility of regional, city and district councils throughout New Zealand. We work in partnership with emergency services and other organisations to provide local emergency management. Our Civil Defence role is more than just responding in an emergency – it also includes community, organisational and business readiness, including public education and awareness, training and exercises, and local response planning.

We are part of the Waikato CDEM Group (the Group), which includes the Waikato Regional Council and all ten district/city councils, as well as emergency services, welfare agencies and lifeline utility providers. The Group looks after a 24,000 square kilometre area and works closely with research institutions, utility operators and central government to reduce risks and improve community resilience.

The National Emergency Management Agency was established on 1 December 2019 replacing the Ministry of CCDEM and is charged with providing strong, national leadership of our emergency management system.

## SECTION 3: MAHI Ā RŌPŪ | WHAT WE DO

# NGĀ RAWA Ā-PAPORI | 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 WE DO THESE ACTIVITIES

Community Facilities and Property supports community wellbeing by providing facilities to promote healthy communities, social connections and economic opportunities such as promoting the District as a tourist destination. The Activity also provides Parks and Open Spaces that supports environmental wellbeing through enhancing biodiversity. The Activity also looks after some of the cultural heritage of the District such as the various Heritage Trails, Te Aroha Domain and Firth Tower, and provides facilities that supports the arts and crafts. These activities all help make Matamata-Piako District The Place of Choice.

### COMMUNITY FACILITIES AND PROPERTY CONTRIBUTES TO THE FOLLOWING COMMUNITY OUTCOMES

Connected Infrastructure	✓	Infrastructure and services are fit for purpose and affordable, now and in the future
	✓	Quality infrastructure is provided to support community wellbeing.
	✓	We have positive partnerships with external providers of infrastructure to our communities.
Economic Opportunities	✓	Our future planning enables sustainable growth in our district.
Healthy Communities	✓	Our community is safe, healthy and connected.
	✓	We encourage the use and development of our facilities.
Environmental Sustainability	✓	We support environmentally friendly practices and technologies.
Vibrant Cultural Values	✓	We promote and protect our arts, culture, historic and natural resources.

## EFFECTS ON WELL-BEINGS

One of the purposes defined in the Local Government Act 2002 for local authorities, is to identify effects that any activity has had on the four well-beings (social, economic, environmental and cultural). How the Community Facilities and Property activity group has affected the well-beings during 2021/22 is identified below.

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

# CARPARKS AND STREET FURNITURE

Carparks and Street Furniture is about providing convenient facilities for locals and visitors. This includes providing parking in our three main towns and street furniture (like seats, picnic tables, drinking fountains, signs and bollards) to improve safety, and public art. We have several dedicated parking sites in town centres and at larger parks and facilities as well as more than 600 items of street furniture.

## OUR PROJECTS FROM THE LAST TWELVE MONTHS

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

Projects	What have we been doing?	Budget \$000	Actual \$000
Street furniture renewals	The renewal programme has been delayed due to supply chain delays, difficulties getting contractors and staff shortages.	40	-
Internal roads and carparks	The renewal programme has been delayed due to supply chain delays, difficulties getting contractors and staff shortages.	35	-
Bulk Funds	This funding provides for minor or unplanned works and currently also funds renewals that fall outside the renewal plans/renewal budgets. Potential projects are assessed against criteria before being approved. This year funding was allocated to Dog Parks in Matamata and Te Aroha (refer Parks and Tracks)	30	-
Waharoa rest area carpark upgrade	The land purchase associated with this project has been delayed. Funding will be carried forward.	200	-
<b>Total key capital projects</b>		<b>305</b>	<b>-</b>

## LEVELS OF SERVICE

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

<b>Achieved.</b>
<b>Not achieved.</b>
<b>New measure, baseline result reported.</b> <b>Achievement of result is not determined this year.</b>

Levels of service	How we measure performance	Previous years			Target
		2018/19	2019/20	2020/21	2021/22
<b>We will provide well maintained carparks and street furniture and will respond to vandalism and graffiti in a timely manner.</b>	90% or more of damage, vandalism and graffiti complaints regarding Council carparks and street furniture will be responded to within the assigned timeframe*.	92.3%	72.2%	100%	90% or more
					<b>Actual</b> <b>38%</b>

### What's behind the results?

During the 2021/22 financial year we received 13 complaints regarding Council carparks and street furniture. 38% (5) were responded to within the timeframe of two working days. Three (3) CRMs were not responded to within the assigned timeframe as they were related to damage or graffiti on DOC structures which are not the responsibility of MPDC, but weren't closed within the 48 hours. Another five (5) CRMs were also entered into the system late.

*Expected response times		
Complaint type	During work hours (Monday to Friday 7am – 4pm)	After hours / weekend / statutory holiday
Safety related – an immediate risk to safety, likely to cause harm to users (e.g. broken glass, discarded needles, severe structural damage).	2 work hours or less	2 work hours or less, counted from the start of the next working day.
Other (e.g. graffiti, blown light bulb, other minor maintenance issues)	2 working days or less	2 working days or less, counted from the start of the next working day



# CEMETERIES

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

## OUR PROJECTS FROM THE LAST TWELVE MONTHS

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

Projects	What have we been doing?	Budget \$000	Actual \$000
Ashes Walls	Work is underway to install a new ashes wall in Te Aroha. This work has been delayed due to supply chain issues. The new wall is expected to be completed by end of 2022.	60	13
Te Aroha Cemetery Expansion	We have provided infrastructure to service approximately half of the designated land (2.5 hectares) at the Te Aroha Cemetery and planted the buffer zone along the eastern boundary. This project started in 2018 with funding being carried forward.	-	274
<b>Total key capital projects</b>		<b>60</b>	<b>287</b>

## LEVELS OF SERVICE

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

Achieved.
Not achieved.
New measure, baseline result reported. Achievement of result is not determined this year.

Levels of service	How we measure performance	Previous years			Target
		2018/19	2019/20	2020/21	2021/22
<b>Cemeteries will be maintained to a high standard.</b>	Percentage of people who have visited a Council cemetery in the last year who are satisfied/very satisfied with the cemeteries	89%	87%	83%	80% or more
					<b>Actual</b> 85%

### What's behind the results?

During the 2021/22 financial year, 85% of visitors were satisfied/very satisfied, 11% were neither satisfied nor dissatisfied, 1% were dissatisfied, and 3% were unsure how to answer. This result was obtained from the Annual Customer Survey (see p.17 for more details on the survey).

Reasons for dissatisfaction included dogs in the cemetery and that the cemetery is generally kept untidy.

# HOUSING

We own and manage a variety of land and buildings. This activity manages 109 Elderly Persons Housing (EPH) units providing affordable and convenient accommodation options for elderly people living in the urban environment who wish to have a quiet, maintenance-free, supportive living environment. The activity is also responsible for corporate buildings used to deliver services to the community including Council offices, depots and an animal pound. We also have 21 community halls, mainly located in rural areas; while we own the halls, the individual halls are operated by hall management committees. There is also a range of land (such as undeveloped reserves and general property) and buildings (such as clubrooms on parks and general property) that we lease to others until we need them.

## OUR PROJECTS FROM THE LAST TWELVE MONTHS

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

Projects	What have we been doing?	Budget \$000	Actual \$000
Elderly Person Housing*	Refurbishment of existing elderly person housing units as per our renewal programme for EPHs.	506*	475
Future proofing corporate property	This project is on hold pending the outcome of current government reform of local government.	250	11
Total key capital projects		756	486

\*NOTE EPH facilities are a ring-fenced activity and over time, they are self-funded from rental income. This means that these projects won't have a direct impact on rates.

## LEVELS OF SERVICE

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

Achieved.
Not achieved.
New measure, baseline result reported. Achievement of result is not determined this year.

Levels of service	How we measure performance	Previous years			Target
		2018/19	2019/20	2020/21	2021/22
We will provide housing that meets the needs of elderly people	Percentage of elderly persons housing tenants who are satisfied/very satisfied with the standard of maintenance and accommodation.	86.56%	93.22%	86.56%	80% or more satisfied/very satisfied Actual 91%

### What's behind the results?

We provide elderly persons housing so elderly people can have access to good quality affordable housing. This is measured by an annual survey of elderly persons housing tenants undertaken in April each year. 67 out of the 109 elderly persons housing tenants responded to the survey creating a response rate of 61%. 91% of tenants were satisfied/very satisfied, and 9% are neither satisfied nor dissatisfied with the overall elderly persons housing service.

We will provide affordable elderly persons housing	Rent charged for elderly persons housing will be below the market median for the District.	Achieved	Achieved	Achieved	Rents are below the market median Actual Achieved
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### What's behind the results?

Our elderly person housing rent is currently \$220 per week across the district for a one bedroom unit and \$280 per week for the two bedroom units in Morrinsville

At least 95% of available elderly persons housing will be occupied	96%	99.4%	99%	95% or more Actual
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Elderly Persons Housing will be well utilised					93.04%
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**What's behind the results?**

During the 2021/22 financial period 93.04% of available elderly persons housing was occupied. This result included periods that the units were unable to be filled due to planned periods of refurbishments, repairs or upgrades, thus explaining the lower occupancy rate for this financial period relative to previous financial periods

# LIBRARIES

We have libraries located in Matamata, Morrinsville and Te Aroha, which stock over 50,000 items plus a digital library. Our public libraries have been supplying our communities with library services for over 100 years. Libraries today retain their traditional services to the community through providing material to support lifelong learning and recreation. Our libraries also provide community spaces serving all members of the public through the provision of literacy services, digital programmes and technology and spaces for people to gather.

## OUR PROJECTS FROM THE LAST TWELVE MONTHS

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

Projects	What have we been doing?	Budget \$000	Actual \$000
Libraries Building renewals	This is our annual programme of building renewals for our library buildings. This year we have replaced the carpet and installed a second accessible ramp in Morrinsville Library.	85	55
Total key capital projects		85	55

## LEVELS OF SERVICE

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

Achieved.
Not achieved.
New measure, baseline result reported. Achievement of result is not determined this year.

Levels of service	How we measure performance	Previous years			Target
		2018/19	2019/20	2020/21	2021/22
Our library services will be accessible to the community	Visitor and online user numbers will be within 5% of the five year average	191,262	183,938	209,829	Within 5% of 5 year average (200,673)
					Actual 189,898

### What's behind the results?

For the 2021/22 financial period, we had 189,898 visitors and online users. This means we are outside of 5% of the 5 year average by 742 visitors. Due to COVID-19 lockdown restrictions accessing library services in person was unavailable for short period of time in August 2021. My Vaccine passes were introduced in January following the shift to red in the Covid-19 Protection Framework. From 14 March My Vaccine Passes were no longer required to access Matamata-Piako Libraries.

It is noted that when in person visits to our libraries, there is also a drop in online visits, as many people use the website to search for books and information while in the library.

Our library resources will support community needs	The percentage of users who are satisfied/very satisfied with library services.	85%	80%	86%	90% satisfied/very satisfied
					Actual 85%

### What's behind the results?

During the 2021/22 financial year, 85% of participants were satisfied/very satisfied, 11% were neither satisfied nor dissatisfied, whilst a further 4% were dissatisfied/very dissatisfied.

Reasons for dissatisfaction included the limited range of books.

# PARKS AND TRACKS

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

## OUR PROJECTS FROM THE LAST TWELVE MONTHS

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

Projects	What have we been doing?	Budget \$000	Actual \$000
Playground Renewals	Our capital works programme has been delayed due to supply chain issues and staff/contractor shortages.	45	-
Tracks & Track structures capital improvements from independent condition assessments	Our capital works programme has been delayed due to supply chain issues and staff/contractor shortages.	40	-
Paths on Reserves	Our capital works programme has been delayed due to supply chain issues and staff/contractor shortages.	30	-
Te Aroha Domain Footpath Renewal	Our capital works programme has been delayed due to supply chain issues and staff/contractor shortages.	50	-
Playground improvements	Our capital works programme has been delayed due to supply chain issues and staff/contractor shortages.	20	-
Tracks and Track Structures Renewals	This year we have refurbished some of the tracks in Te Aroha Domain and along the Tui Track in Te Aroha.	15	26
Dog Parks in Matamata and Te Aroha	Bulk funds of \$93,714 was used to establish new dog parks in Matamata and Te Aroha following community consultation.	-	94
Thomas Park Playground	We received \$500,000 donation from a local benefactor towards upgrading Thomas Park playground. The total budget for the project is \$562,250 with the balance being funded from renewals. The new playground is scheduled to open in October 2022.	-	47
Lockerbie (Subdivision) Playground	The total budget for this project is \$690,000. Funding of \$300,000 for new playgrounds in Morrinsville was brought forward (originally budgeted in 23/24) to align with the timing of the development of the Lockerbie subdivision. The balance of cost was funded through Financial Contributions. The new playground opened in July 2022.	-	493
Morrinsville River Walk Extension	The Morrinsville River Walk extension from Studholme Street to Holmwood Park (2.5km), including a suspension bridge over the Waitakaruru Stream, was officially opened in 2022. This project started in 2015, with funding carried forward each year.	-	625
<b>Total key capital projects</b>		<b>200</b>	<b>1,285</b>

## LEVELS OF SERVICE

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

Achieved.
Not achieved.
New measure, baseline result reported. Achievement of result is not determined this year.

Levels of service	How we measure performance	Previous years			Target
		2018/19	2019/20	2020/21	2021/22
We will provide good quality sports field facilities to meet the needs of users	Percentage of users satisfied/very satisfied with sports fields	81%	78%	82%	80% or more of users satisfied/very satisfied
					<b>Actual</b> 74%

### What's behind the results?

During the 2021/22 financial year 74% of participants were satisfied/very satisfied, 20% were neither satisfied nor dissatisfied, whilst 6% were unsure of how to answer. This result was obtained from the Annual Customer Survey (see p.17 for more details on the survey). Reasons for dissatisfaction included Opposition against plans to build a multiuse sports stadium on the Matamata sportsgrounds and poor maintenance of the existing of Headon Stadium in Matamata.

We will promote and encourage the community to use our parks and reserves	Percentage of users satisfied/very satisfied with parks and reserves	78%	78%	82%	80% or more of users satisfied/very satisfied
					<b>Actual</b> 75%

### What's behind the results?

During the 2021/22 financial year 75% of participants were satisfied/very satisfied, 22% were neither satisfied nor dissatisfied, whilst a further 3% were dissatisfied. This result was obtained from the Annual Customer Survey (see p.17 for more details on the survey). Reasons for dissatisfaction included lack of facilities/catering for people, lack of maintenance and issues with dogs.

Our public playgrounds will be safe	Playground safety will be assessed on a regular basis	Achieved	Before COVID-19 - On track* After COVID-19 - Not Achieved*	Achieved	Inspections will be undertaken once every two weeks, and once every week during school holidays. An external playground audit will be undertaken annually to evaluate compliance with the relevant New Zealand Standard
					<b>Actual</b> Not achieved

### What's behind the results?

All weekly and fortnightly inspections were undertaken. Due to COVID-19 restrictions, the annual audit did not occur at the usual time. The external annual audit was undertaken in August 2022.

\*2019/20 was an unprecedented year which saw COVID-19 impact the whole country and a number of our services were impacted due to the lockdown. The lockdown was particularly important for our playground inspections as it meant for the weeks of 3 April 2020 until 8 May 2020, inspections were unable to be undertaken due to lockdown under level 4 and 3. All playgrounds were closed which was communicated publically via a number of methods and playgrounds had 'closed' signs on them where possible so any safety risks were be mitigated. We conducted inspections to ensure safety before playgrounds were re-opened following the COVID-19 lockdown. Therefore we have broken down this measure into before and after COVID-19, showing that before COVID-19 we were on track with our target however after COVID-19 we were no longer on track and didn't meet our target for the year.

# POOLS AND SPAS

Pools and Spas contribute to the health and wellbeing of our community by providing opportunities for swimming and relaxation. There is a current trend away from traditional team sports to more casual and informal recreation activities such as swimming.

SwimZone Matamata and SwimZone Morrinsville mainly provide swimming opportunities for the local population, offering larger pools for lane swimming as well as toddler pools. SwimZone Te Aroha is considered more of a tourist facility, aimed at visitors to the region and locals who currently enjoy the level of service the facility offers. The Te Aroha Mineral Spas are also a popular tourist attraction for both domestic and international tourists.

## OUR PROJECTS FROM THE LAST TWELVE MONTHS

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

Projects	What have we been doing?	Budget \$000	Actual \$000
Development of Spas – Physical works	The Project Governance Group was established and initial design has been developed. Further stakeholder engagement is underway before the design and cultural values assessment report are brought back to Council for a decision on whether to proceed or not.	2,000	-
Pools & Spas	We have replaced some of the plant equipment at SwimZone Morrinsville and SwimZone Te Aroha.	52	44
Toddler Pool Shade Covers	New shade cover was installed for the toddler pool at SwimZone Morrinsville.	15	20
SwimZone Matamata Roof Replacement	Following an Earthquake Prone Building Assessment in 2021, the roof had to be removed at SwimZone Matamata in May 2021. The pool was converted to an open air pool and re-opened to the public in December 2021.  During 2021/22 Council has assessed its options for replacing the roof, and final designs are currently being developed. The new roof is expected to be installed in 2023.	-	24
Total key capital projects		2,067	88

## LEVELS OF SERVICE

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

Achieved.
Not achieved.
New measure, baseline result reported. Achievement of result is not determined this year.

Levels of service	How we measure performance	Previous years			Target
		2018/19	2019/20	2020/21	2021/22
Our facilities will be safe for facility users and staff.	Four independent safety and quality audits will be carried out on Swim Zone Te Aroha, Swim Zone Matamata and Te Aroha Mineral Spas. Two independent safety and quality audits will be carried out on Swim Zone Morrinsville.	Achieved	Before COVID-19 Achieved * After COVID-19 Not achieved *	Achieved	Four independent safety and quality audits will be carried out on Swim Zone Te Aroha, Swim Zone Matamata and Te Aroha Mineral Spas. Two independent safety and quality audits will be carried

Levels of service	How we measure performance	Previous years			Target
		2018/19	2019/20	2020/21	2021/22
					out on Swim Zone Morrinsville.
					<b>Actual</b>
					Not achieved

#### What's behind the results?

During the 2021/22 financial period Morrinsville Swim Zone had two audits completed, however Matamata Swim Zone, Te Aroha Swim zone, and Te Aroha mineral spas only had three inspections due to COVID-19 restrictions.

\*Morrinsville Swim Zone had two audits completed however Matamata and Te Aroha Swim Zones and Te Aroha Mineral Spas only had three inspections due to the COVID-19 lockdown and final inspections occurred in June 2022

<b>We will provide well maintained aquatic facilities in the District.</b>	Percentage of users satisfied or very satisfied with pool facilities.	72%	73%	79%	80% or more of customers satisfied/very satisfied
					<b>Actual</b>
					75%

#### What's behind the results?

During the 2021/22 financial year 75% of users were satisfied/very satisfied, 9% were neither satisfied nor dissatisfied, 11% were dissatisfied, and 5% were unsure of how to answer. This result was obtained from the Annual Customer Survey (see p.17 for more details on the survey).

Reasons for dissatisfaction included, restricted times/access throughout seasons and outdated or insufficient facilities.

<b>We will promote and encourage our community to use aquatic facilities.</b>	The number of customers using our pool facilities will be maintained	198,099	159,047	184,164	Visitor numbers will be within 5% of the five year average (177,511)
					<b>Actual</b>
					117,365

#### What's behind the results?

During the 2021/22 financial year we had a total of 117,365 visitors to our pools and spas. This means we are outside of 5% of the 5 year average. Swim Zone Morrinsville is closed from April through to October and SwimZone Matamata's indoor pool was converted to an outdoor pool.

Due to COVID-19 lockdown restrictions accessing pool facilities was unavailable for a short period of time in August 2021. My Vaccine passes were introduced and required at the pool facilities in January following the shift to red in the Covid-19 Protection Framework. From 14 March My Vaccine Passes were no longer required to access Matamata-Piako pool facilities.

# PUBLIC TOILETS

Our public toilets provide residents and visitors access to safe, clean and convenient toilet facilities. We currently provide 20 public toilet facilities across the District. We are experiencing an increasing trend in visitor numbers which impact on some of our high profile public toilet facilities. We also have a number of older toilets that require replacement or upgrades to meet modern standards and expectations.

## OUR PROJECTS FROM THE LAST TWELVE MONTHS

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

Projects	What have we been doing?	Budget \$000	Actual \$000
Toilet Upgrades (various)	The toilet block at Thomas Park has been demolished and a new toilet block has been installed. The new toilet block is scheduled to open in October 2022, to align with the opening of the new playground at the park.	100	220
Public Toilets	The Public Toilets on Studholme street have also been replaced, with the new toilet block opening in 2022. This project was budgeted in 2020/21.	22	5
Baby change facilities	Public toilet buildings renewals.	10	7
Total key capital projects	Baby change tables were installed at five public toilet facilities across the district.	132	232

## LEVELS OF SERVICE

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

Achieved.
Not achieved.
New measure, baseline result reported. Achievement of result is not determined this year.

Levels of service	How we measure performance	Previous years			Target
		2018/19	2019/20	2020/21	2021/22
Our public toilets will be maintained to acceptable standards	The number of complaints received regarding dissatisfaction with the cleanliness of public toilets	38 complaints	11 complaints	18 complaints	20 or fewer complaints about cleanliness per year
					Actual
					Eight

### What's behind the results?

During the 2021/22 financial year, we received eight (8) complaints about the cleanliness of the public toilets. Two complaints related to the Herries park toilets in Te Aroha, two related to the Lawrence Avenue toilets in Te Aroha, one relating to the toilets in the Domain next to the spas in Te Aroha, one relating to the toilets on Rewi street in Te Aroha, and the remaining requests were received in Morrinsville at two different locations. The improvement in the number of complaints received can be attributed to the cleaning staff being better resourced and procedure changes during the period to clean public toilets to a hospital grade standard due to Covid.

# RECREATION AND HERITAGE

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

## OUR PROJECTS FROM THE LAST TWELVE MONTHS

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

Projects	What have we been doing?	Budget \$000	Actual \$000
Matamata Indoor sports facilities – Headon Stadium	The new Headon Stadium had some damage to the floors, which occurred during Level 4 lockdown in April 2020. The replacement of the floor was delayed due to supply chain issues. The Stadium officially opened with a blessing by local iwi 15 November 2021.	-	165
Total key capital projects		-	165

## LEVELS OF SERVICE

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

Achieved.
Not achieved.
New measure, baseline result reported. Achievement of result is not determined this year.

Levels of service	How we measure performance	Previous years			Target
		2018/19	2019/20	2020/21	2021/22
We will provide well-maintained recreation and heritage facilities and will respond to complaints about damage, vandalism and graffiti in a timely manner.	90% or more of damage, vandalism and graffiti complaints regarding recreation and heritage facilities will be responded to within the assigned timeframe of two working days.	84.2%	75%	100%	90% or more
					Actual 100%

### What's behind the results?

During the 2021/22 financial year, we received two (2) complaints of damage vandalism and graffiti regarding Council recreation and heritage facilities. 100% of calls were responded within the prescribed timeframe of 2 working days. Three (3) CRMs were not responded to within the assigned timeframe as they were related to damage or graffiti on DOC structures which are not the responsibility of MPDC, but weren't closed within the 48 hours. Another five (5) CRMs were also entered into the system late.



## FUNDING IMPACT STATEMENT

### Community Facilities and Property 1 July 2021 to 30 June 2022

Long Term Plan budget 2020/21 (\$000)	Actual 2020/21 (\$000)		Long Term Plan budget 2021/22 (\$000)	Actual 2021/22 (\$000)	Explanation of significant variances to the original Long Term Plan budget
<b>Sources of operating funding</b>					
9,774	10,202	General rates, uniform annual general charges, rates penalties	10,913	10,955	
78	98	Targeted rates	67	100	
4	81	Subsidies and grants for operating purposes	4	62	\$45,000 in Government funding was received towards the Te Aroha Boat Ramp upgrade project, and \$40,000 was received under the library partnership programme.
2,896	3,364	Fees and charges	3,079	3,173	Income from housing was \$150,000 higher than budgeted due to rental increases in line with movements in market rates. Property lease income was also \$68,000 higher. This was offset by \$120,000 reduced income from our pool and spa facilities that were affected by Covid-19 restrictions during the period, and the loss of the Matamata Swimzone pool roof.
168	191	Internal charges and overheads recovered	192	179	
-	-	Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	
<b>12,920</b>	<b>13,936</b>	<b>Total operating funding (A)</b>	<b>14,255</b>	<b>14,469</b>	
<b>Applications of operating funding</b>					
8,116	9,795	Payments to staff and suppliers	9,373	10,392	There were some significant unbudgeted costs that arose during the period including, the demolition of the condemned Te Aroha Skate Park building, the Morrinsville Trotting Club building and the Matamata Swimzone indoor pool roof. Costs for the upkeep of public toilets increased significantly following additional facilities being added across the district. Unbudgeted work was incurred to bring the Te Aroha Domain House Beauty building into operation. Significant tree maintenance was undertaken in Matamata. And the repaint of the Matamata pool was not budgeted for.
431	200	Finance costs	188	177	
1,891	2,041	Internal charges and overheads applied	2,056	2,109	
-	-	Other operating funding applications	-	-	
<b>10,438</b>	<b>12,036</b>	<b>Total applications of operating funding (B)</b>	<b>11,617</b>	<b>12,678</b>	
<b>2,482</b>	<b>1,900</b>	<b>Surplus (deficit) of operating funding (A – B)</b>	<b>2,638</b>	<b>1,791</b>	
<b>Sources of capital funding</b>					
-	645	Subsidies and grants for capital expenditure	-	-	
57	454	Development and financial contributions	55	412	Revenue from contributions was higher than budgeted due to some significant developments in the district, particularly in Morrinsville and Matamata.
989	1,472	Increase (decrease) in debt	2,290	1,316	The debt forecast assumed the completion of significant capital projects during the year that were delayed from that set out in the LTP.
-	-	Gross proceeds from sale of assets	-	-	
-	-	Lump sum contributions	-	-	
-	-	Other dedicated capital funding	-	-	
<b>1,046</b>	<b>2,571</b>	<b>Total sources of capital funding (C)</b>	<b>2,345</b>	<b>1,728</b>	
<b>Applications of capital funding</b>					
<b>Capital expenditure</b>					
-	-	—to meet additional demand	-	346	Land was purchased for the development of a park in the Lockerbie subdivision in Morrinsville

Long Term Plan budget 2020/21	Actual 2020/21		Long Term Plan budget 2021/22	Actual 2021/22	Explanation of significant variances to the original Long Term Plan budget
(\$000)	(\$000)		(\$000)	(\$000)	
2,434	3,113	— to improve the level of service	2,760	2,160	The significant projects to improve levels of service budgeted for 2021/22 included; the Te Aroha Spa development of \$2 million for which feasibility studies are still to be concluded; Corporate office improvements of \$250,000 that were not progressed during the year; public toilet upgrades of \$100,000 against which \$220,000 was spent on the new Thomas Park toilet and the Studholme Street Morrinsville toilet that is in progress; and the Waharoa rest area carpark improvement \$200,000 that did not progress during the year. Other projects carried forward from previous years that progressed during the year included the Morrinsville River Walk extension, the purchase of land for the Morrinsville River Walk and Te Aroha and Matamata dog parks. The Lockerbie subdivision playground was also completed during the year. The Te Aroha Cemetery upgrade project was also carried forward from last year and completed during 2021/22.
897	1,153	— to replace existing assets	1,608	1,084	The significant renewal projects budgeted for the year included the refurbishment of our pensioner housing stock \$506,000, or which \$429,000 was completed; library building renewals of \$84,000 that were not progressed during the year, and Te Aroha Domain footpath renewals of \$50,000 that were also not progressed. Renewal work budgeted in previous years that was progressed this year included Matamata Swimzone building work of \$78,000, and work started on the Te Aroha Boat Ramp redevelopment project.
197	205	Increase (decrease) in reserves	615	(71)	
-	-	Increase (decrease) of investments	-	-	
3,528	4,471	<b>Total applications of capital funding (D)</b>	4,983	3,519	
(2,482)	(1,900)	<b>Surplus (deficit) of capital funding (C – D)</b>	(2,638)	(1,791)	
-	-	<b>Funding balance ((A – B) + (C – D))</b>	-	-	

# TE RAUTAKI ME TE WHAKAWHITIWHITITI KŌRERO | 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 Emergency Management (CDEM), Communications and Events, Community Leadership, and Strategies and Plans.

## WHY WE DO THESE

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.

		Civil Defence	Communications and Events	Community Leadership	Strategies and Plans
<b>ECONOMIC OPPORTUNITIES</b>	We are a business friendly Council. Our future planning enables sustainable growth in our district.		✓	✓	✓
<b>HEALTHY COMMUNITIES</b>	Our community is safe, healthy and connected We encourage community engagement and provide sound and visionary decision making.	✓	✓	✓	
<b>VIBRANT CULTURAL VALUES</b>	We value and encourage strong relationships with iwi and other cultures, recognizing waahi tapu and taonga/significant and treasured sites and whakapapa/ancestral heritage. Tangata Whenua with Manawhenua status (those with authority over the land under Maori lore) have meaningful involvement in decision making.			✓ ✓	✓ ✓

## EFFECTS ON WELL-BEINGS

One of the purposes defined in the Local Government Act 2002 for local authorities, is to identify effects that any activity has had on the four well-beings (social, economic, environmental and cultural). How the Strategy and Engagement activity group has affected the well-beings during 2021/22 is identified below.

WELLBEING	Civil Defence	Communications and Events	Community Leadership	Strategies and Plans
<b>SOCIAL</b>	Civil Defence ensures the community and Council are prepared in an emergency. This preparation helps the community remain safe during these times.	Community events such as ANZAC Day and Volunteer Morning Tea encourages and highlights the achievements of the district.	Community Leadership provides fair representation of the communities' wants and needs. Creating a quality social environment for the community to all be represented.	Develops and encourages effective representation and consultation through its policies by improving community participation.

WELLBEING	Civil Defence	Communications and Events	Community Leadership	Strategies and Plans
ECONOMIC		Community events such as the Business Night Out and Industry Training Graduation support the economic development of the district through highlighting local business achievements and also provides a net-working base for businesses in our district.		The development of documents such as the District Plan, LTP and Annual Plan identifies and provides certainty around where development is able to occur and provides certainty for community advancement.
ENVIRON- MENTAL				Through the provision for and protection of the environment in the District Plan and processes such as the Significant Natural Features project encourage the preservation of significant sites.
CULTURAL		It was agreed that our Waitangi Day celebrations will be held biennially by the Te Manawhenua Forum which is supported by Council staff. This event ensures that Iwi are engaged and Iwi culture is celebrated.	Te Manawhenua Forum provides a platform for mana whenua to be heard and to have serious input into Council decisions.	Our Strategies and Plans develops and encourages consultation through its policies by ensuring Tangata Whenua participation.

# CIVIL DEFENCE

Civil Defence Emergency Management (CDEM) is the responsibility of regional, city and District councils who must plan and provide for CDEM within their Districts. Our CDEM role includes community, organisational and business readiness, including public education and awareness, training and exercises and local response and recovery planning.

We are part of the Waikato CDEM Group (the Group), which includes the Waikato Regional Council and all ten District/city councils, as well as emergency services, welfare agencies and lifeline utility providers. The Group looks after 24,000 square kilometres and works closely with research institutions, utility operators and central government to reduce risks and improve community resilience.

## OUR PROJECTS FROM THE LAST TWELVE MONTHS

There were no capital projects in 2021/22.

## LEVELS OF SERVICE

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

Achieved.
Not achieved.
New measure, baseline result reported. Achievement of result is not determined this year.

Levels of service	How we measure performance	Previous years			Target
		2018/19	2019/20	2020/21	2021/22
We will be prepared to assist the community in the event of an emergency	The evaluation of annual exercise as a measure of effectiveness of training	New Measure			Baseline assessment
					Actual
					Annual exercise was undertaken on 26 May 2022

### What's behind the results?

An exercise was undertaken 26 May 2022 and assessed by two CDEM professionals. This assessment aligns MPDC regionally within 'Late Developing 41-60%' phase. Over 40 staff participated in the five hour exercise. The exercise scenario did not give the opportunity to complete the Recovery stage of an emergency event, though a Recovery assessment is undertaken and scored.

# COMMUNITY LEADERSHIP

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

## OUR PROJECTS FROM THE LAST TWELVE MONTHS

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

Projects	What have we been doing?	Budget \$000	Actual \$000
Triennial elections	Preparation for the 2022 Triennial Election started in early 2022, with a campaign to enrol to vote, information for potential candidates and campaign to stand for Council. The Election is 8 October 2022. The budget for the Triennial elections is smoothed over three years.	55	15
Te Manawhenua Forum mo Matamata-Piako	In 2021/22, three meetings were held of the Te Manawhenua Forum. The scheduled meeting on 5 April 2022 was changed to a workshop due to unforeseen circumstances.	30	8
Representation Review	In January 2021 an amendment to the Local Electoral Act made provisions for Councils to establish Maori Wards more easily. Following a recommendation from Te Manawhenua Forum, Council undertook a representation review with a preferred option to establish a Maori Ward. This was confirmed in April 2022, and will be in effect for the 2022 and 2025 local government elections.		4
Pre-election report	The Pre-Election report for the 2022 local government elections was approved by the Chief Executive and published 26 July 2022. This was prepared using internal staff only.		
<b>Total key operational projects</b>		<b>85</b>	<b>27</b>

## LEVELS OF SERVICE

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

Achieved.
Not achieved.
New measure, baseline result reported. Achievement of result is not determined this year.

Levels of service	How we measure performance	Previous years			Target
		2018/19	2019/20	2020/21	2021/22
People will have confidence in their local elected members	Percentage of the community satisfied with the leadership of the Councillors and Mayor	55%	50%	62%	55%
					Actual
					51%

### What's behind the results?

Of the participants, 51% were satisfied/very satisfied, 37% were neither satisfied nor dissatisfied, 6% were dissatisfied/very dissatisfied, and 6% were unsure of how to answer. This result was obtained from the Annual Customer Survey (see p.17 for more details on the survey).

Reasons for dissatisfaction included, focusing on the wrong areas, price of rates, a general unhappiness with Council and decisions, a lack of communication and consultation and lack of action.

Council will involve Tangata Whenua with Mana whenua status in the decision making process	Percentage of Te Manawhenua Forum members who complete the survey are satisfied/ very satisfied that Tangata Whenua with Mana whenua status are recognised and have meaningful involvement in decision making	New Measure			75% or more satisfied/very satisfied
					Actual
					7%

### What's behind the results?

This year three (3) responses were received from the 14 Te Manawhenua Forum members, one of the respondents was satisfied. This is measured on a 10 point scale, with zero (0) being very dissatisfied and ten (10) being very satisfied. The remaining two respondents reported a five (5) on the scale. One comment was received which mentioned this is still a work in progress.

We will provide a safe working environment with an aim to ensure that every person working on, near, or visiting our sites goes home healthy and safe every day	Monthly reporting to Council showing our progress towards health and safety targets	11 reports to Council per year	11 reports to Council per year	11 reports to Council per year	11 reports to Council per year
					Actual
					Achieved – 12 safety and wellness reports presented to Council

### What's behind the results?

During the 2021/22 financial year, twelve (12) safety and wellness reports were presented to Council. The reports were provided each month and were an annual report, quarterly report, or a monthly update.

We will provide timely responses to official information requests	Percentage of official information requests responded to within legislative timeframes	New Measure			100% of official information requests responded to within legislative timeframes
					Actual
					98.6%

### What's behind the results?

During the 2021/22 financial period, we received seventy one (71) official information requests. Of these 98.6% (70) were responded to within the 20 day timeframe. One was missed due to human error.

# COMMUNICATIONS AND EVENTS

Communications and Events is responsible for keeping the community informed and actively encouraging people to engage with Council.

This involves working with local media, developing plans and materials to engage with the community, marketing Council's facilities, and engaging on social media. It also includes the delivery of Council's Digital Strategy, implementing improvements to make it easier for customers to do business with us or participate in our processes.

Communications and Events also support events at Council facilities and work to attract new events to the District (contributing to economic development), as well as organising events such as the Business Night Out, Industry Training Graduation, ANZAC Day civic ceremonies, citizenship ceremonies, and more.

## OUR PROJECTS FROM THE LAST TWELVE MONTHS

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

Projects	What have we been doing?	Budget \$000	Actual \$000
<b>Economic Development</b>	We support Te Waka (Regional Economic Development Agency) to mentor local businesses and drive regional economic development initiatives.	65	32
<b>Events</b>	We also delivered some small tourism campaigns in 2021/22, but other planned initiatives did not proceed due to Covid-19. Council events were heavily impacted by Covid-19 restrictions in 2021/22. Only the Volunteer Morning Teas and a business breakfast were able to proceed.	55	6
<b>Digital Strategy</b>	A number of digital strategy initiatives were rolled live in 2021/22, including a booking system for Council venues, improved digital document publishing and transparency, and the livestreaming of Council meetings.	60	18
<b>Total key operational projects</b>		<b>180</b>	<b>56</b>



## LEVELS OF SERVICE

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

Achieved.
Not achieved.
New measure, baseline result reported. Achievement of result is not determined this year.

Levels of service	How we measure performance	Previous years			Target
		2018/19	2019/20	2020/21	2021/22
We will hold events to contribute to economic development, recognise volunteers, and remember our history	We will hold one function annually to recognise volunteers, ANZAC Day commemorations and two functions to contribute to economic development	Business Night Out Industry Training Graduation Volunteer Morning Tea ANZAC Day Civic Ceremonies.	Before COVID-19 On track After COVID-19 not achieved	Achieved	We will hold one function annually to recognise volunteers, ANZAC Day commemorations and two functions to contribute to economic development <b>Actual</b> Not achieved

### What's behind the results?

Council events were heavily impacted by Covid-19 restrictions in 2021/22. Only the Volunteer Morning Teas and a business breakfast were able to proceed.

We will continue developing online services so residents and ratepayers can access information and interact with Council at any time, from anywhere	We will develop one new digital service per year to allow customer to exchange money or information with Council	Antenna App	Alpha One (online building consent portal)	Online Grants Portal Tourism Campaign (matamata-piako.nz) Your Voice, Your Vision (e-petition)	One new transaction or service per year <b>Actual</b> SpacetoCo Interactive consultation tools
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### What's behind the results?

During the 2021/22 financial year Council introduced an online booking system for Council venues called SpacetoCo. The new system allows customers to create, manage and pay for their own bookings at Silver Fern Farms Event Centre, Headon Event Centre, and Te Aroha Domain Pavilion. The booking system will be rolled out to further Council venues over the coming months. Council's Digital Team custom-developed a number of interactive consultation tools. These digital tools supported the community engagement phase on major projects (like Pride of Place and Morrinsville Rec Masterplan), allowing the projects to proceed despite COVID-19 restrictions.

We will make Council information easy for people to find and access	Percentage of residents who are satisfied/very satisfied with ease of access to Council information	62%	58%	51%	65% or more of residents satisfied/very satisfied <b>Actual</b> 60%
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### What's behind the results?

Of the participants, 60% were satisfied/very satisfied, 31% were neither satisfied nor dissatisfied, 7% were dissatisfied/very dissatisfied, and 2% were unsure of how to answer.

Reasons for dissatisfaction included, communicative issues, timeliness of responses, residents indicating they are generally unhappy with communications, website issues, dissatisfaction regarding outcome, and locating information.

# STRATEGIES AND PLANS

There are four key documents developed under the Strategy and Plans activity, involving the community in decision making: the Long Term Plan, the Annual Report, the District Plan and the Annual Plan.

## OUR PROJECTS FROM THE LAST TWELVE MONTHS

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

Projects	What have we been doing?	Budget \$000	Actual \$000
Discretionary funding	Council funds a range of organisations within the District – from grants to specific community groups to larger grants to groups such as Hamilton and Waikato Tourism, Matamata and Morrinsville Chambers of Commerce.	540	467
District Plan Review	Council are at different stages of a Waharoa and Papakainga Plan Change. In addition, we have completed a Housing and Business Assessment as required under the National Planning Standards for Urban Development. The outcomes of this will likely lead to plan changes in the near future. With all Council initiated and private plan changes we are implementing the National Planning Standards.	200	243
District Plan – National Planning Standards	This budget has been combined with the District Plan review budget.	300	-
Iwi Settlement Legislation	Settlement legislation requires resourcing and collaboration to achieve intended outcomes.	50	-
Regional collaboration	We support the implementation of the Waikato Plan, which is coordinated by Waikato Regional Council.	50	63
Regional Resource Management Act	We have been involved in regional RMA matters such as Plan Change 1 Healthy Rivers	50	56
Long Term Plan	Our 10 year strategic planning for 2021-2031 was adopted on 30 June 2021. This will be reviewed in three years. The budget for the Long Term Plan is smoothed over three years. The planning for the 2024-34 LTP will start in late 2022.	45	6
Policy and Bylaws	During 2021/22 we reviewed and adopted the Gambling Venue Policy, TAB Venue Policy, Easter Trading Policy and the Fees & Charges 2022/23. We also consulted on and adopted the new Dog Control Bylaw.	22	22
Hauraki Gulf Forum	This fund covers Council's contribution towards the operations of the Hauraki Gulf Forum.	12	
Annual Plan	The 2022/23 Annual Plan was adopted 29 June 2022	10	9
Annual Report	The 2020/21 Annual Report was adopted 8 December 2021.	7	0.5
Total key operational projects		1,286	866.5

## LEVELS OF SERVICE

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

Achieved.
Not achieved.
New measure, baseline result reported. Achievement of result is not determined this year.

Levels of service	How we measure performance	Previous years			Target
		2018/19	2019/20	2020/21	2021/22
Our community will have the opportunity to participate in Council consultation processes	Percentage of the community satisfied that they have been provided with an opportunity to be involved in consultation processes	56%	40%	48%	52% (maintain benchmark)
					Actual
					37%

### What's behind the results?

Of the participants, 37% were satisfied/very satisfied, 39% were neither satisfied nor dissatisfied, 9% were dissatisfied/very dissatisfied, and 15% were unsure of how to answer.

Reasons for dissatisfaction included consultation with residents in general, poor communication or listening, difficulty with the process, and other key reasons for dissatisfaction.

We will provide an annual update on progress on land use and development, and the protection of natural and physical resources of the District	State of the Environment monitoring reports will be updated on Council's website each year	19 November	21 November	10 September 2021	20 November each year
					Actual
					Not achieved

### What's behind the results?

Due to staff capacity and vacancies the report was not updated by November 2021. The report was instead uploaded to the MPDC website on 20 November 2022.

## FUNDING IMPACT STATEMENT

### Strategy and engagement 1 July 2021 to 30 June 2022

Long Term Plan budget 2020/21	Actual 2020/21		Long Term Plan budget 2021/22	Actual 2021/22	Explanation of significant variances to the original Long Term Plan budget
(\$000)	(\$000)		(\$000)	(\$000)	
		<b>Sources of operating funding</b>			
4,273	4,812	General rates, uniform annual general charges, rates penalties	5,884	5,907	
-	-	Targeted rates	-	-	
-	-	Subsidies and grants for operating purposes	-	-	
179	118	Fees and charges	88	32	
324	304	Internal charges and overheads recovered	356	297	
-	-	Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	
<b>4,776</b>	<b>5,234</b>	<b>Total operating funding (A)</b>	<b>6,328</b>	<b>6,236</b>	
		<b>Applications of operating funding</b>			
2,969	3,882	Payments to staff and suppliers	4,470	5,094	Included within this activity group is a number of unbudgeted costs that are funded from reserve funds, including spending to progress the background work on the Te Aroha Spa development project, Covid-19 relief grants, and communication costs. Unbudgeted private plan change costs have been incurred this year also. These costs were offset slightly by reduced spending on events and local event funding due to the impact of Covid-19 restrictions during the year.
15	63	Finance costs	36	304	Council pre-funded external loans due to mature in April 2023 in order to take advantage of favourable interest rates, resulting in additional finance costs, but offset by greater investment income.
1,543	1,700	Internal charges and overheads applied	1,689	1,652	
-	-	Other operating funding applications	-	-	
<b>4,527</b>	<b>5,645</b>	<b>Total applications of operating funding (B)</b>	<b>6,195</b>	<b>7,050</b>	
<b>249</b>	<b>(411)</b>	<b>Surplus (deficit) of operating funding (A – B)</b>	<b>133</b>	<b>(814)</b>	
		<b>Sources of capital funding</b>			
-	-	Subsidies and grants for capital expenditure	-	-	
-	-	Development and financial contributions	-	-	
240	364	Increase (decrease) in debt	188	6,690	Council pre-funded external loans due to mature in April 2023 in order to take advantage of favourable interest rates, resulting in additional finance costs, but offset by greater investment income.
-	-	Gross proceeds from sale of assets	-	-	
-	-	Lump sum contributions	-	-	
-	-	Other dedicated capital funding	-	500	A private donation was received during the year, which Council resolved to use as a source of capital funding.
<b>240</b>	<b>364</b>	<b>Total sources of capital funding (C)</b>	<b>188</b>	<b>7,190</b>	
		<b>Applications of capital funding</b>			
		<b>Capital expenditure</b>			
-	-	— to meet additional demand	-	-	
-	-	— to improve the level of service	-	-	
1,274	1,210	— to replace existing assets	1,228	1,276	
(785)	(1,320)	Increase (decrease) in reserves	(907)	(88)	
-	63	Increase (decrease) of investments	-	5,188	
<b>489</b>	<b>(47)</b>	<b>Total applications of capital funding (D)</b>	<b>321</b>	<b>6,376</b>	
<b>489</b>	<b>(47)</b>	<b>Surplus (deficit) of capital funding (C – D)</b>	<b>(133)</b>	<b>814</b>	
-	-	<b>Funding balance ((A – B) + (C – D))</b>	-	-	

# INFRASTRUCTURE

## WHAT WE DO

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

## WHY WE DO THESE

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

## EFFECTS ON WELL-BEINGS

One of the purposes defined in the Local Government Act 2002 for local authorities, is to identify effects that any activity has had on the four well-beings (social, economic, environmental and cultural). How the Infrastructure activity group has affected the well-beings during 2021/22 is identified below.

WELLBEING	Roothing	Rubbish and Recycling	Stormwater	Wastewater	Water
SOCIAL		Our rubbish and recycling processes ensure residents household waste is dealt with in a sustainable manner to ensure a healthy and clean environment to live and work in.	Our stormwater system provides efficient flood mitigation and protection for resident's homes.	We provide sufficient wastewater and treatment systems for our residents to enable a clean and healthy environment to live and work in.	Our water systems ensure Council provide clean drinking water to our residents to ensure their health and wellbeing are protected
ECONOMIC	We provide efficient roading networks which encourages local migration and investment		Our stormwater systems provide efficient flood mitigation protecting businesses and industry.		We provide efficient water systems to residents and for industrial purposes
ENVIRONMENTAL		Our rubbish and recycling processes ensure resident's household waste is dealt with in a sustainable manner to ensure there are limited effects on the district's environment.	Our stormwater systems provide efficient flood mitigation protection to ensure that environmental damage is limited during severe weather events.	We provide sufficient wastewater and treatment systems for our residents to ensure our wastewater doesn't affect the environment in the district.	Our water systems ensure Council provide clean drinking water to our residents and industry at no cost to the environment.
CULTURAL				We provide sufficient wastewater and treatment systems for our residents to ensure our wastewater doesn't impact on the connection Iwi have on the whenua and awa that are in our district.	Our water systems ensure Council provide clean drinking water to our residents and industry without impacting on the connection Iwi have with the awa in our district

# NGĀ RORI | ROADING

## WHAT WE DO

We own and maintain 1,008 kilometres of local roads within the District, including 956 kilometres sealed and 52km 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 Waka Kotahi (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 WE DO THESE

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).

Roading contributes to the following community outcomes	
	✓ Infrastructure and services are fit for purpose and affordable, now and in the future.
Connected Infrastructure	✓ Quality infrastructure is provided to support community wellbeing.
	✓ We have positive partnerships with external providers of infrastructure to our communities
Economic Opportunities	✓ Our future planning enables sustainable growth in our district.
Healthy Communities	✓ Our community is safe, healthy and connected.
Environmental Sustainability	✓ We support environmentally friendly practices and technologies.

## OUR PROJECTS FROM THE LAST TWELVE MONTHS

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

Projects	What have we been doing?	Budget \$000	Actual \$000
Sealed Road Pavement Rehabilitation (Rehabs)	The renewal programme for sealed road pavement considering data from dTIMS	2,085	2,502
Sealed Road Resurfacing (Reseals)	We resurfaced 83.66km of sealed roads during 2021/22.	2,500	2,105
NZTA Funded - Low Cost Low Risk Projects	Road upgrades concerning, road markings, safety improvements, low cost low risk projects, electronic signs etc.	785	486
Traffic services renewals	The renewal programme for the replacement of damaged streetlight poles, new edge marker posts, signs renewals,	300	281
Drainage Renewals	The renewal programme for replacing or upgrading drainage (i.e. culverts) as needed	184	208
Foot Path Renewal - District	This is a District wide roading renewal programme for footpaths.	89	153
Seal Widening District wide - Capital	This is a roading programme that aims to make the seal width wider (approx half a metre either side usually) in our District, as part of rehab	160	206
Streetlighting District wide - Capital	This is a roading programme that aims to providing streetlighting in our District	110	35
Structures component replacements (Structural Renewals)	The renewal programme for the replacement of any structures components such as railings, bridge railings etc,	62	113
Footpath - District wide	This is a roading programme that aims to potentially widen footpaths and create footpaths in our District	55	102
Kerb and Channel district wide	This is a roading programme that aims to add more kerbs and channels on roads in our District	55	1
Unsealed Road Metalling (Metalled Road Resurfacing)	The renewal programme for unsealed road metalling under the maintenance contract	50	88
Station to Peria Road Link Matamata - Capital		60	-

Projects	What have we been doing?	Budget \$000	Actual \$000
Te Aroha to Matamata Offshoots Minor Upgrades Cycleway	A scoping study has been completed. Implementation has been deferred to 2023/24.	100	-
Total key capital projects		6,595	6,280

## LEVELS OF SERVICE

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

Achieved.
Not achieved.
New measure, baseline result reported. Achievement of result is not determined this year.

Levels of service	How we measure performance	Previous years			Target 2021/22
		2018/19	2019/20	2020/21	
We will provide a roading network that is safe for all users	The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network, expressed as a number*	Increase of eight serious or fatal crashes from the previous year (2018/19- 29 fatal or serious crashes.)	Decrease of 14 serious or fatal crashes from previous year (2019/20-15 fatal or serious crashes.)	Increase of seven serious or fatal crashes from the previous year (2020/21- 22 fatal or serious crashes.)	A reduction in the number of fatal and serious crashes from the previous year
					Actual  Decrease of five serious or fatal crashes from the previous year (2021/22- 17 serious or fatal crashes **.)

### What's behind the results?

Our target for 2021/22 was 29 or less. There were 17 serious or fatal crashes on our local road network. This is a reduction of 5 serious or fatal crashes from the previous year.

\*\*This is a provisional result which is subject to change in the following year's annual report, as information on some serious and fatal crashes from the 2021/22 period may be received outside of this financial period due to delays in receiving police reports, thus having an impact on actual achievement and results for the current financial year.

We will provide a roading network that is safe for all users	The average quality of ride on a sealed local road network, measured by smooth travel exposure*	Not measured	96.76%	Not measured	97%
					Actual 96%

### What's behind the results?

The average quality of ride is measured by a smooth travel exposure analysis that is conducted every two years. Well maintained roads and footpaths provide smoothness and comfort. The results show 96% which has declined since the 2019/20 result of 96.76%

We will provide a roading network that is maintained and developed to provide smoothness and comfort	The percentage of the sealed local road network that is resurfaced*	7.94%	6.6%	9.63%	6.7% or more
					Actual 8.8%

### What's behind the results?

Well maintained roads and footpaths provide smoothness and comfort. We have 950.69km of sealed roads in our local road network. Of these, 83.66km (8.8%) has been resurfaced in 2021/22. This is a decrease of 0.83% on last year.

We will provide a roading network that is maintained and developed to provide smoothness and comfort	The percentage of footpaths within our District that fall within the level of service or service standard for the condition of footpaths that is set out in our relevant documents (such as our annual plan, activity management plan, asset management plan, annual works program or LTP)*	99.4%	Not measured	Not measured	95% or more within the acceptable level of service
					Actual 95.5%

### What's behind the results?

Footpath level of service is measured by an assessment of our footpaths. Footpaths are given a grade from 1 (excellent condition) to 5 (very poor condition). Ratings 1 to 3 (excellent to fair) are considered to fall within the acceptable level of service. The level of service standard set by Council is that 95% of footpaths shall be grade 1 to grade 3. Our next assessment is not due until 2023/24.

Levels of service	How we measure performance	Previous years			Target
		2018/19	2019/20	2020/21	2021/22
We will provide a reliable roading network and will respond to customer service requests in a timely manner	The percentage of customer service requests relating to roads and footpaths to that the territorial authority responds within the time frame specified in the LTP*	100% of urgent requests responded to. 95.4% of non-urgent requests responded to.	100% of urgent. 83.2% of non-urgent.	100% of urgent. 88.48% of non-urgent.	90% of urgent requests responded to within one working day
					90% of non-urgent requests responded to within five working days
					<b>Actual</b> 100% of urgent. 82.12% of non-urgent.

#### What's behind the results?

During the 2021/22 financial period, we received eight (8) urgent roading requests. Of these 100% were responded to within the timeframe of one working day.

We received 621 non-urgent roading requests. Of these 82.12% (510) were responded to within five working days.



## FUNDING IMPACT STATEMENT

Roading 1 July 2021 to 30 June 2022

Long Term Plan budget 2020/21	Actual 2020/21		Long Term Plan budget 2021/22	Actual 2021/22	Explanation of significant variances to the original Long Term Plan budget
(\$000)	(\$000)		(\$000)	(\$000)	
<b>Sources of operating funding</b>					
7,472	6,616	General rates, uniform annual general charges, rates penalties	7,515	7,544	
-	-	Targeted rates	-	-	
2,665	2,876	Subsidies and grants for operating purposes	3,282	3,141	
145	229	Fees and charges	155	163	
252	179	Internal charges and overheads recovered	176	161	
240	234	Local authorities fuel tax, fines, infringement fees, and other receipts	255	220	
<b>10,774</b>	<b>10,134</b>	<b>Total operating funding (A)</b>	<b>11,383</b>	<b>11,229</b>	
<b>Applications of operating funding</b>					
6,189	7,479	Payments to staff and suppliers	6,680	7,045	Higher costs were incurred in a number of areas including network asset management and asset management planning, Roothing maintenance due to storm damage, additional passenger transport funding and funding for the maintenance of the Hauraki Rail Trail. These were offset by underspent budgets in footpath cleaning, unsealed pavement maintenance and level crossing warning devices.
487	392	Finance costs	270	282	
926	899	Internal charges and overheads applied	907	1,008	
-	-	Other operating funding applications	-	-	
<b>7,602</b>	<b>8,770</b>	<b>Total applications of operating funding(B)</b>	<b>7,857</b>	<b>8,335</b>	
<b>3,172</b>	<b>1,364</b>	<b>Surplus (deficit) of operating funding(A – B)</b>	<b>3,526</b>	<b>2,894</b>	
<b>Sources of capital funding</b>					
3,293	4,872	Subsidies and grants for capital expenditure	2,688	2,729	
341	947	Development and financial contributions	449	897	Revenue from contributions was higher than budgeted due to some significant developments in the district, particularly in Morrinsville and Matamata.
2,169	961	Increase (decrease) in debt	(210)	202	Higher operating costs incurred meant that less surplus was available to fund this activity, requiring additional funding from debt.
-	-	Gross proceeds from sale of assets	-	-	
-	-	Lump sum contributions	-	-	
-	-	Other dedicated capital funding	-	-	
<b>5,803</b>	<b>6,780</b>	<b>Total sources of capital funding (C)</b>	<b>2,927</b>	<b>3,828</b>	
<b>Applications of capital funding</b>					
<b>Capital expenditure</b>					
262	-	—to meet additional demand	119	-	Growth projects such as the Station to Peria Road Link in Matamata were not progressed during the year.
3,009	1,817	—to improve the level of service	1,206	887	Capital work overall was largely completed as budgeted
5,717	6,643	—to replace existing assets	5,270	5,504	Capital work overall was largely completed as budgeted
(13)	(316)	Increase (decrease) in reserves	(142)	331	
-	-	Increase (decrease) of investments	-	-	
<b>8,975</b>	<b>8,144</b>	<b>Total applications of capital funding (D)</b>	<b>6,453</b>	<b>6,722</b>	
<b>3,172</b>	<b>(1,364)</b>	<b>Surplus (deficit) of capital funding (C – D)</b>	<b>(3,526)</b>	<b>(2,894)</b>	
<b>-</b>	<b>-</b>	<b>Funding balance ((A – B) + (C – D))</b>	<b>-</b>	<b>-</b>	

# TE PARA ME TE WHAKAHŌU | 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 Te Aroha that we monitor under the terms of their resource consents to ensure they do not endanger the environment or public health.

## WHY WE DO THESE

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 2021 Waste Minimisation Management Plan (WMMP) we have committed to reduce the total amount of general waste sent to landfill from our District.

### Rubbish and Recycling contributes to the following community outcomes

	✓ Infrastructure and services are fit for purpose and affordable, now and in the future.
Connected Infrastructure	✓ Quality infrastructure is provided to support community wellbeing.
	✓ We have positive partnerships with external providers of infrastructure to our communities
Economic Opportunities	✓ Our future planning enables sustainable growth in our district.
Healthy Communities	✓ Our community is safe, healthy and connected.
Environmental Sustainability	✓ We support environmentally friendly practices and technologies.

## OUR PROJECTS FROM THE LAST TWELVE MONTHS

There were no significant capital projects budgeted for the Rubbish and Recycling Activity in 2021/22.

## LEVELS OF SERVICE

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

Achieved.
Not achieved.
New measure, baseline result reported. Achievement of result is not determined this year.

Levels of service	How we measure performance	Previous years			Target
		2018/19	2019/20	2020/21	2021/22
We will provide kerbside rubbish and recycling collection services to urban and rural townships and transfer stations.	Percentage of users satisfied/very satisfied with kerbside rubbish and recycling collection services.	New measure			Baseline
					Actual
					80%

### What's behind the results?

Of the participants, 80% were satisfied/very satisfied, 11% were neither satisfied nor dissatisfied, and 9% were dissatisfied/very dissatisfied. This result was obtained from the Annual Customer Survey (see p.17 for more details on the survey). Reasons for dissatisfaction included unhappy with recycling pick up services, cost/size of rubbish bag, kerbside collection availability, and unhappy with transfer station and rubbish collection services.

We will provide transfer stations for the community that allow for the Reuse and Recovery of materials.	Percentage of residents satisfied with transfer stations	New measure			Baseline
					Actual
					71%

### What's behind the results?

Of the participants, 71% were satisfied/very satisfied, 18% were neither satisfied nor dissatisfied, 10% were dissatisfied/very dissatisfied, and 1% were unsure of how to answer. This result was obtained from the Annual Customer Survey (see p.17 for more details on the survey). Reasons for dissatisfaction included limited access and expense.

We will encourage residents to minimise waste disposal to landfill by providing more sustainable waste management options.	Total quantity of kerbside household waste sent to landfill	48.94kgs of waste per person per year sent	45.2kgs of waste per person per year sent	31.42kg of waste per person per year sent to landfill. (Reduction of 30.5% per person per	Reduction of 1% per person per year (from previous year)
					Actual
					41.78kgs of waste per person per year was sent

### What's behind the results?

A total of 1533.66 metric tonnes of kerbside waste was sent to landfill, based on the estimated population of 36,700\*. On average 41.78kgs of waste per person was sent to the landfill for the year 2021/22. We run various waste minimisation awareness and education programmes throughout the year. This is a 33% increase from 2020/21. In 2020/21 financial year kerbside collections was disrupted due to COVID-19, residents were told to hold onto their rubbish and recycling and were later instructed to take their rubbish to and recycling to transfer stations. This resulted in the 2020/21 results being low. The 2021/22 financial year showed normality and kerbside tonnages were back to normal.

\*Based on total district population from statistics New Zealand

We will encourage residents to minimise waste disposal to landfill by providing more sustainable waste management options.	Proportion of waste diverted (recycled or composted) from the transfer station and kerbside recycling collection service.	36.84%	35.6%	38.42%*	40% or more
					Actual
					39.27%

### What's behind the results?

For the 2021/22 financial year, we diverted 39.27% of total waste from landfill.

\*This result differs from the result reported in the 2020/21 Annual Report (64.89%) as this measure was misreported in the 2020/21 report, with the actual result of 38.42% accurately reported here.

## FUNDING IMPACT STATEMENT

### Rubbish and recycling 1 July 2021 to 30 June 2022

Long Term Plan budget 2020/21	Actual 2020/21		Long Term Plan budget 2021/22	Actual 2021/22	Explanation of significant variances to the original Long Term Plan budget
(\$000)	(\$000)		(\$000)	(\$000)	
<b>Sources of operating funding</b>					
430	695	General rates, uniform annual general charges, rates penalties	879	882	
263	368	Targeted rates	1,167	1,161	
125	173	Subsidies and grants for operating purposes	130	206	Waste Minimisation subsidy funding is higher than budgeted
1,756	1,447	Fees and charges	1,744	1,369	The sale of rubbish bags and fees from refuse transfer stations were lower than budgeted in the LTP.
-	1	Internal charges and overheads recovered	1	1	
-	-	Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	
<b>2,574</b>	<b>2,684</b>	<b>Total operating funding (A)</b>	<b>3,921</b>	<b>3,619</b>	
<b>Applications of operating funding</b>					
2,192	3,081	Payments to staff and suppliers	3,602	3,509	
55	12	Finance costs	11	41	
238	241	Internal charges and overheads applied	243	249	
-	-	Other operating funding applications	-	-	
<b>2,485</b>	<b>3,334</b>	<b>Total applications of operating funding (B)</b>	<b>3,856</b>	<b>3,799</b>	
<b>89</b>	<b>(650)</b>	<b>Surplus (deficit) of operating funding (A – B)</b>	<b>65</b>	<b>(180)</b>	
<b>Sources of capital funding</b>					
-	-	Subsidies and grants for capital expenditure	-	-	
-	-	Development and financial contributions	-	-	
542	45	Increase (decrease) in debt	(36)	488	Capital work completed this year and funded from debt was originally budgeted to be completed in prior years.
-	-	Gross proceeds from sale of assets	-	-	
-	-	Lump sum contributions	-	-	
-	-	Other dedicated capital funding	-	-	
<b>542</b>	<b>45</b>	<b>Total sources of capital funding (C)</b>	<b>(36)</b>	<b>488</b>	
<b>Applications of capital funding</b>					
<b>Capital expenditure</b>					
-	-	—to meet additional demand	-	-	
626	62	—to improve the level of service	-	321	Upgrades at all three of the transfer stations completed during the year were from budgets carried forward from previous years.
-	-	—to replace existing assets	-	-	
5	(667)	Increase (decrease) in reserves	29	(13)	
-	-	Increase (decrease) of investments	-	-	
<b>631</b>	<b>(605)</b>	<b>Total applications of capital funding (D)</b>	<b>29</b>	<b>308</b>	
<b>(89)</b>	<b>650</b>	<b>Surplus (deficit) of capital funding (C – D)</b>	<b>(65)</b>	<b>180</b>	
<b>-</b>	<b>-</b>	<b>Funding balance ((A – B) + (C – D))</b>	<b>-</b>	<b>-</b>	

# TE WAIMARANGAI | 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 (some streams and most 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 WE DO THESE

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 also affordable manner for the short and long term.

### Stormwater contributes to the following community outcomes

	✓ Infrastructure and services are fit for purpose and affordable, now and in the future.
<b>Connected Infrastructure</b>	✓ Quality infrastructure is provided to support community wellbeing.
	✓ We have positive partnerships with external providers of infrastructure to our communities
<b>Economic Opportunities</b>	✓ Our future planning enables sustainable growth in our district.
<b>Healthy Communities</b>	✓ Our community is safe, healthy and connected.
<b>Environmental Sustainability</b>	✓ We support environmentally friendly practices and technologies.

## OUR PROJECTS FROM THE LAST TWELVE MONTHS

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

Projects	What have we been doing?	Budget \$000	Actual \$000
<b>Minor Stormwater Upgrades Annually</b>	Improvements have been made to the Morrinsville Stormwater system along Cobham Drive and within the CBD.	100	115
<b>Stormwater Plant Renewals</b>	This project is on hold pending the outcome of the national reforms affecting local councils.	135	-
<b>Eldonwood South Development</b>	This project was deferred.	100	-
<b>Total key capital projects</b>		<b>335</b>	<b>115</b>

## LEVELS OF SERVICE

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

Achieved.
Not achieved.
New measure, baseline result reported. Achievement of result is not determined this year.

Levels of service	How we measure performance	Previous years			Target
		2018/19	2019/20	2020/21	2021/22
We will have an effective stormwater system that provides an appropriate level of protection to minimise harm.	The number of flooding events that occur in our District.  For each flooding event, the number of habitable floors affected (expressed per 1,000 properties connected to our stormwater system).	Zero (0) flooding events affecting Zero (0) habitable floors.	Zero (0) flooding events affecting Zero (0) habitable floors.	Zero (0) flooding events affecting Zero (0) habitable floors.	0 flooding events 0 habitable floors affected
					<b>Actual</b>
					Zero (0) flooding events affecting  Zero (0) habitable floors.

### What's behind the results?

Any flooding events are recorded and measured by our **Customer Request Management system**. This year saw zero flooding events.

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

### What's behind the results?

This is measured by our internal records. Our stormwater system discharges treated stormwater into the environment. The quality and quantity must meet the appropriate standard.

We will have reliable stormwater systems and will respond to requests for service from our residents in a timely manner.	The median response time to attend a flooding event*, measured from the time that we receive notification to the time that service personnel reach the site.**	Zero (0)	Zero (0)	Zero (0)	Median: 4 hours
					<b>Actual</b>
					Zero (0)

### What's behind the results?

Since there were zero habitable floors affected by flooding the median response time was zero.

Residents will be satisfied with the overall performance of the stormwater system.	The number of complaints we received about the performance of our stormwater system, (expressed per 1,000 properties connected to our stormwater system).**	5 complaints per 1,000 connections per year (40 in total)	5.38 complaints per 1,000 Connections per year (43 in total)	5.5 complaints per 1,000 connections per year (44 in total)	4 complaints per 1,000 connections per year (total of 40 complaints based on 9,612 connections))
					<b>Actual</b>
					3.12 complaints per 1,000 connections per year (30 in total)

### What's behind the results?

During the 2021/22 financial period, we received thirty (30) complaints about the performance of the stormwater network.  
3.12 complaints per 1000 connections per year (30 in total)

## FUNDING IMPACT STATEMENT

Stormwater 1 July 2021 to 30 June 2022

Long Term Plan budget 2020/21	Actual 2020/21		Long Term Plan budget 2021/22	Actual 2021/22	Explanation of significant variances to the original Long Term Plan budget
(\$000)	(\$000)		(\$000)	(\$000)	
<b>Sources of operating funding</b>					
126	144	General rates, uniform annual general charges, rates penalties	165	165	
774	755	Targeted rates	1,011	1,001	
-	-	Subsidies and grants for operating purposes	-	-	
-	-	Fees and charges	-	-	
129	97	Internal charges and overheads recovered	83	95	
-	-	Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	
<b>1,029</b>	<b>996</b>	<b>Total operating funding (A)</b>	<b>1,259</b>	<b>1,261</b>	
<b>Applications of operating funding</b>					
171	470	Payments to staff and suppliers	246	284	
-	-	Finance costs	-	-	
196	184	Internal charges and overheads applied	184	184	
-	-	Other operating funding applications	-	-	
<b>367</b>	<b>654</b>	<b>Total applications of operating funding(B)</b>	<b>430</b>	<b>468</b>	
<b>662</b>	<b>342</b>	<b>Surplus (deficit) of operating funding(A – B)</b>	<b>829</b>	<b>793</b>	
<b>Sources of capital funding</b>					
-	-	Subsidies and grants for capital expenditure	-	-	
24	13	Development and financial contributions	28	32	
-	-	Increase (decrease) in debt	-	-	
-	-	Gross proceeds from sale of assets	-	-	
-	-	Lump sum contributions	-	-	
-	-	Other dedicated capital funding	-	-	
<b>24</b>	<b>13</b>	<b>Total sources of capital funding (C)</b>	<b>28</b>	<b>32</b>	
<b>Applications of capital funding</b>					
<b>Capital expenditure</b>					
-	-	—to meet additional demand	80	-	Work on the Eldonwood South development did not progress during the year.
104	33	—to improve the level of service	120	129	Improvement work was undertaken in the Morrinsville CBD
90	-	—to replace existing assets	136	-	Renewal works were not progressed during the period.
492	322	Increase (decrease) in reserves	521	696	
-	-	Increase (decrease) of investments	-	-	
<b>686</b>	<b>355</b>	<b>Total applications of capital funding (D)</b>	<b>857</b>	<b>825</b>	
<b>(662)</b>	<b>(342)</b>	<b>Surplus (deficit) of capital funding (C – D)</b>	<b>(829)</b>	<b>(793)</b>	
<b>-</b>	<b>-</b>	<b>Funding balance ((A – B) + (C – D))</b>	<b>-</b>	<b>-</b>	

# TE WAIPARA | WASTEWATER

## WHAT WE DO

We own and operate wastewater treatment plants (WWTP) in Matamata (which also treats wastewater from Waharoa and Raungāiti), 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 break down of the service. Corrective and preventative maintenance programmes are in place to ensure our systems remain in good condition.

## WHY WE DO THESE

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.

Wastewater contributes to the following community outcomes	
	✓ Infrastructure and services are fit for purpose and affordable, now and in the future.
Connected Infrastructure	✓ Quality infrastructure is provided to support community wellbeing.
	✓ We have positive partnerships with external providers of infrastructure to our communities
Economic Opportunities	✓ Our future planning enables sustainable growth in our district.
Healthy Communities	✓ Our community is safe, healthy and connected.
Environmental Sustainability	✓ We support environmentally friendly practices and technologies.

## OUR PROJECTS FROM THE LAST TWELVE MONTHS

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

Projects	What have we been doing?	Budget \$000	Actual \$000
Waste Water Plant Renewals	This is the renewal programme for the waste water plant components	2,062	612
Waste Water Retic Renewals	This is the renewal programme for the waste water retic components	1,645	1,026
Burwood Rd Bulk sewer	Funding for this project is carried forward	1,200	-
Morrinsville NW Sewer Main	Design and investigations are underway, and funding is carried forward	1,900	165
Waihou Waste Water Treatment Plant Upgrade	Planning and design is underway, and funding is carried forward	300	-
Network Resilience Improvements for Wastewater	Funding for this project is carried forward	484	-
Overflow Screening and Flowmeter at Allen St. Pump Station	Work is underway, and funding is carried forward	300	54
Waste Water Pipe Size Increases Associated with New Subdivisions	This work is on-going	50	30
Upgrade Communication Backbones	Funding for this project is carried forward	200	-
<b>Total key capital projects</b>		<b>8,141</b>	<b>1,886</b>



## LEVELS OF SERVICE

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

Achieved.
Not achieved.
New measure, baseline result reported. Achievement of result is not determined this year.

Levels of service	How we measure performance	Previous years			Target
		2018/19	2019/20	2020/21	2021/22
We will have an effective wastewater system that provides an appropriate level of protection.	The number of dry weather sewage overflows from our wastewater system, (expressed per 1,000 connections per year to our wastewater system)*	1.5 complaint per 1,000 connection per year (12 total)	2.25 complaints per 1,000 connections per year (18 in total)	1.07 complaints per 1,000 connections per year (10 total)	1 complaint per 1,000 connections per year (total of 9 complaints based on 9,380 connections)
					<b>Actual</b> 0.85 complaints per 1,000 connections per year (8 in total)

### What's behind the results?

During the 2021/22 financial period, there were eight (8) dry weather sewerage overflows from our wastewater system.

We will protect the environment by ensuring our wastewater is properly treated before being discharged to our environment.	Compliance with our resource consents for discharge from our wastewater (measured by the number of: abatement notices, infringement notices, enforcement orders, and convictions, received in relation to those resource consents)*	Zero (0)	One (1)	Zero (0)	Zero (0)
					<b>Actual</b>  Zero (0)

### What's behind the results?

This is measured by our internal records. Properly treating wastewater means the number of contaminants is minimised before the treated wastewater is discharged. Waikato Regional Council monitors our resource consents and provides an assessment on the year's compliance.

We will have reliable wastewater systems and will respond to requests for service from our residents in a timely manner.	Where we attend to sewage overflows resulting from a blockage or other fault in our wastewater system, we will measure the following median response times: Attendance time: from the time that we receive notification to the time that service personnel reach the site*	Median: 167 minutes	Median 37 minutes	Median: 15 minutes	Median: 4 hours
	Resolution time: from the time that we receive notification to the time that service personnel confirm resolution of the blockage or other fault*	Median: 17.5 hours (1050 minutes)	Median: 3.5 hours (210 minutes)	Median: 3.24 hours (195 minutes)	<b>Actual</b> Median: 45 minutes
					Median: 24 hours
					<b>Actual</b> Median: 5.05 hours (303 minutes)

### What's behind the results?

During the 2021/22 financial period, there were thirteen (13) overflows resulting from blockage or other fault in our wastewater system. The median attendance time was 45 minutes. The median resolution time was 303 minutes (5.05 hours).

We will have reliable wastewater systems and will respond to requests for service from our residents in a timely manner	The total number of complaints received by Council about any of the following (expressed as 1000 connections per year).*	3.12 complaints per 1,000 connections (25 total)	3.4 complaints per 1,000 connections (27 total)	3.78 complaints per 1,000 connections (34 total)	16 complaints per 1,000 connections (total of 144 complaints based on 9,380 connections)
	Sewage odour				<b>Actual</b>  4 complaints per 1,000 connections (36 total)
	Wastewater system faults				
	Wastewater system blockages				
	Council's response to issues with our wastewater system				

### What's behind the results?

During the 2021/22 financial period, we received three (3) complaints regarding the sewerage odour, two (2) complaints regarding system faults, thirty one (31) regarding the system blockages, and one (1) complaint regarding Council's response to issues with our wastewater system.

## FUNDING IMPACT STATEMENT

### Wastewater 1 July 2021 to 30 June 2022

Long Term Plan budget 2020/21 (\$000)	Actual 2020/21 (\$000)		Long Term Plan budget 2021/22 (\$000)	Actual 2021/22 (\$000)	Explanation of significant variances to the original LongTerm Plan budget
<b>Sources of operating funding</b>					
-	-	General rates, uniform annual general charges, rates penalties	-	-	
7,015	6,582	Targeted rates	6,515	6,611	
-	532	Subsidies and grants for operating purposes	867	807	
670	693	Fees and charges	682	940	Income from trade waste fees was higher than budgeted
167	343	Internal charges and overheads recovered	244	345	Internal interest allocated to this activity is higher due to lower capital and renewal spending than budgeted
-	-	Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	
<b>7,852</b>	<b>8,150</b>	<b>Total operating funding (A)</b>	<b>8,308</b>	<b>8,703</b>	
<b>Applications of operating funding</b>					
3,368	3,356	Payments to staff and suppliers	4,507	3,829	Budgeted sludge removal work for the Te Aroha Wastewater Treatment Plant has not been undertaken during the year. Spending on treatment plant and reticulation costs have also seen savings in budgeted maintenance work not being required.
677	85	Finance costs	355	15	Debt raised was lower than projected in the LTP due to the delay in the capital programme (as detailed below).
493	828	Internal charges and overheads applied	483	703	Business unit costs were higher than budgeted due to staff turnover requiring more consultant costs.
-	-	Other operating funding applications	-	-	
<b>4,538</b>	<b>4,269</b>	<b>Total applications of operating funding (B)</b>	<b>5,345</b>	<b>4,547</b>	
<b>3,314</b>	<b>3,881</b>	<b>Surplus (deficit) of operating funding (A – B)</b>	<b>2,963</b>	<b>4,156</b>	
<b>Sources of capital funding</b>					
-	230	Subsidies and grants for capital expenditure	681	313	The application of Three Waters reform grants between Wastewater and Water operating and capital projects differed from that planned in the LTP.
651	1,683	Development and financial contributions	782	1,420	Revenue from contributions was higher than budgeted due to some significant developments in the district, particularly in Morrinsville and Matamata.
3,156	(3,061)	Increase (decrease) in debt	3,801	-	The forecast increase in debt was not required as capital work was not completed as budgeted.
-	-	Gross proceeds from sale of assets	-	-	
-	-	Lump sum contributions	-	-	
-	-	Other dedicated capital funding	-	-	
<b>3,807</b>	<b>(1,148)</b>	<b>Total sources of capital funding (C)</b>	<b>5,264</b>	<b>1,733</b>	
<b>Applications of capital funding</b>					
<b>Capital expenditure</b>					
52	296	—to meet additional demand	2,910	140	Growth projects planned for 2021/22 included the upgrade to the Burwood Road bulk sewer which has not progressed during the year, and the Morrinsville Lockerbie subdivision sewer main which was started during the year and the final designs have been completed.
4,747	1,134	—to improve the level of service	1,752	1,725	Major projects this year included the Morrinsville Treatment plant permanent sludge pipe to Pond C and Mixer, and the Matamata Treatment plant inlet works upgrade. Projects funded from the Three Water reform funding (eg telemetry and SCADA upgrades) were also prioritised as a condition of the funding received.
2,411	1,105	—to replace existing assets	3,707	2,189	Significant renewal projects undertaken during the year include the Te Aroha Ritchie/Shakespeare sewer line replacement, Plant asset renewal and the district-wide reticulation renewals and consenting projects. Other planned renewal work will be carried forward to next year.
(89)	198	Increase (decrease) in reserves	(142)	1,835	
-	-	Increase (decrease) of investments	-	-	
<b>7,121</b>	<b>2,733</b>	<b>Total applications of capital funding (D)</b>	<b>8,227</b>	<b>5,889</b>	
<b>(3,314)</b>	<b>(3,881)</b>	<b>Surplus (deficit) of capital funding (C – D)</b>	<b>(2,963)</b>	<b>(4,156)</b>	
<b>-</b>	<b>-</b>	<b>Funding balance ((A – B) + (C – D))</b>	<b>-</b>	<b>-</b>	

# WAI | WATER

## WHAT WE DO

We own and operate seven water supply schemes in the District - in Matamata (including Waharoa and Raungāiti), Morrinsville, Te Aroha (including Te Aroha West) and four small schemes in Te Poi, Tahuna and Hinuera. Each area has one or more treatment plants, and the District has a total of 331 km of pipes (excluding service lines). We provide water 24 hours a day, seven days a week.

Risk assessment and risk management is extremely important for the Water Activity, as clean water is essential during emergencies (such as earthquakes). We have prepared a “Business Continuity Plan – Water” to ensure the supply of potable water during and after events such as droughts, prolonged power outages, volcanic activity, pandemics and other emergencies. We also have Water Safety Plans for each of our reticulated water networks to ensure safe drinking water can be provided to our community.

## WHY WE DO THESE

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.

Water contributes to the following community outcomes	
	✓ Infrastructure and services are fit for purpose and affordable, now and in the future.
Connected Infrastructure	✓ Quality infrastructure is provided to support community wellbeing.
	✓ We have positive partnerships with external providers of infrastructure to our communities
Economic Opportunities	✓ Our future planning enables sustainable growth in our district.
Healthy Communities	✓ Our community is safe, healthy and connected.
Environmental Sustainability	✓ We support environmentally friendly practices and technologies.

## OUR PROJECTS FROM THE LAST TWELVE MONTHS

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

Projects	What have we been doing?	Budget \$000	Actual \$000
Water Retic Renewals	This is the renewal programme for the water retic components.	1,899	648
Water Plant Renewals	This is the renewal programme for the water plant components. Funding of \$434,000 was also carried forward from 2020/21.	803	1,719
Morrinsville Additional Bore Pump and Water Treatment Plant 1	We are in the process of purchasing the land for this project. The Resource Consent has been secured and design work is currently underway.	500	-
HSNO Upgrades	Due to staff shortages, supply chain delays and difficulties getting contractors, this work has not progressed as planned.	200	-
Water Pipe Size Increases Associated with New Subdivisions - District wide	District wide installation of new and larger pipe sizes to cater for growth in new subdivisions	75	3
Water Pipe Size Increases Associated with Renewals	District wide installation of new and larger pipe sizes from renewals	40	35
Eldonwood South - WM upgrade. 200 ring main	Due to staff shortages, supply chain delays and difficulties getting contractors, this work has not progressed as planned.	360	-
Network Resilience Improvements for Water		344	
Implement Water Loss Strategy	Due to staff shortages, supply chain delays and difficulties getting contractors, this work has not progressed as planned.	50	-
TA WTP Old Res. Seismic Upgrades	This has been allocated in 2022/23.	80	-

## LEVELS OF SERVICE

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

Achieved.
Not achieved.
New measure, baseline result reported. Achievement of result is not determined this year.

Levels of service	How we measure performance	Previous years			Target
		2018/19	2019/20	2020/21	2021/22
We will provide safe and reliable water for household and business use (serviced properties)	The extent to which Council's drinking water supply complies with: - Part 4 of the drinking-water standards (bacteria compliance criteria), and - Part 5 of the drinking-water standards (protozoal compliance criteria).	Not Compliant	Not Compliant	Part 4- Compliant Part 5- Not compliant	Compliant <b>Actual</b> Part 4- Not compliant Part 5- Not compliant

### What's behind the results?

This data is provided following internal audits against the current drinking water standards. The data has been sourced from ID and Drinking Water on line. Sample results have been uploaded by our service provider directly into both these systems.

We will ensure that our water assets are well maintained and managed and that the assets are maintained and replaced when required	The percentage of real water loss from Council's networked reticulation system (using minimum night flow analysis).	25.9%	26.8%	27.1%	25% or less <b>Actual</b> 27.9%
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### What's behind the results?

This is measured from internal records using the minimum night flow analysis as per the Department of Internal Affairs guidelines. We calculate real water loss in the District using minimum night flows (MNF) and 2.5L/connection/hr customer night consumption.

In guidance documentation released in 2014 the DIA used a target of 15% as an example for real water loss. This has carried over into our Water Asset Management Plan.

Council has an ongoing leak detection programme in place to mitigate excessive water loss.

We will provide reliable water systems that our community can count on	Where we attend a call-out in response to a fault or unplanned interruption to our networked reticulation system, we will measure the following median response times				
	Attendance for urgent call- outs: from the time that we receive notification to the time that service personnel reach the site**	25 minutes	30 minutes	40 minutes	Median: 4 hours or less <b>Actual</b> 0.66 hours (40 minutes)
	Resolution of urgent call-outs: from the time that we receive notification to the time that service personnel confirm resolution of the fault or interruption**	3 hours and 36 minute	2 hours and 37 minutes	2 hours and 10 minutes	Median: 24 hours or less <b>Actual</b> 2 hours and 53 minutes (173 minutes)
	Attendance for non-urgent callouts: from the time that we receive notification to the time that service personnel reach the site*	1.95 working days	0.92 working days	0.97 working days	Median: 3 working days or less <b>Actual</b> 2.4 working days
	Resolution of non-urgent callouts: from the time that we receive notification to the time that service personnel confirm resolution of the fault or interruption*	3.03 working day	1.61 working days	2.8 working days	Median: 5 working days of less <b>Actual</b> 3.25 working days

Levels of service	How we measure performance	Previous years			Target
		2018/19	2019/20	2020/21	2021/22

#### What's behind the results?

We received a total of 30 urgent call out. Our median attendance time (time we reached the site) was 40 minutes, and our median resolution time was 2 hours and 53 minutes (173 minutes).

We received 260 non-urgent call outs. Our median attendance time was 2.4 working days, and our median resolution time was 3.25 working days.

Levels of service	How we measure performance	Previous years			Target
		2018/19	2019/20	2020/21	2021/22
<b>Council will provide safe and reliable water for household and business use (serviced properties)</b>	The total number of complaints received by Council about any of the following: (expressed per 1,000 connections per year)*				
	Drinking water clarity:	8.87 complaints per 1,000 connections across all categories (total of 71)	7 complaints per 1,000 connections across all categories (total of 56)	12.63 complaints per 1,000 connections across all categories (total of 101)	9 complaints per 1,000 connections across all categories (total of 99 complaints based on 10,644 connections)
	Drinking water taste:				<b>Actual</b> 3.09 complaints per 1,000 connections across all categories (total of 34 complaints)
	Drinking water odour:				
	Drinking water pressure or flow:				
	Continuity of supply:				
	Council's response to any of these issues:				

#### What's behind the results?

We received ten complaints regarding drinking water clarity, two complaints regarding the drinking water taste, three complaints regarding the drinking water odour, 19 complaints regarding the drinking water pressure or flow, zero complaints regarding the continuity of supply and zero complaints about Council's response to any of these issues.

At 1 July 2021 we had 10,644 connections to our reticulated drinking water network.

<b>Council's water assets are managed adequately for the future</b>	The average consumption of drinking water per day per resident within the District	457 litres per urban resident per day	452 litres per urban resident per day	450 litres per urban resident per day	500 litres per urban resident per day
					<b>Actual</b> 428 litres per urban resident per day

#### What's behind the results?

Measured by our internal records. We have used the Department of Internal Affairs guidelines when calculating this. The performance measure only measures 'drinking water' consumption but it is not only drinking water that is supplied to residential consumers. Water used specifically for drinking purposes cannot be calculated. Total average consumption of water per resident in the supplied urban areas is 559 liters per day (2020/21: 600). This figure includes all industry water usage. When deducting the major industry use, the adjusted average consumption is 428 litres per urban resident per day (2020/21 : 450).

## FUNDING IMPACT STATEMENT

Water 1 July 2021 to 30 June 2022

Long Term Plan budget 2020/21	Actual 2020/21		Long Term Plan budget 2021/22	Actual 2021/22	Explanation of significant variances to the original LongTerm Plan budget
(\$000)	(\$000)		(\$000)	(\$000)	
<b>Sources of operating funding</b>					
-	-	General rates, uniform annual general charges, rates penalties	-	-	
5,482	5,616	Targeted rates	6,253	5,686	Revenue from metered water was lower than budgeted.
-	1,212	Subsidies and grants for operating purposes	412	1,121	Grant income from the Three Water reforms was carried forward from last year and spent during 2021/22.
38	89	Fees and charges	-	52	Tankered water income was higher than budgeted
32	41	Internal charges and overheads recovered	36	40	
-	-	Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	
<b>5,552</b>	<b>6,958</b>	<b>Total operating funding (A)</b>	<b>6,701</b>	<b>6,899</b>	
<b>Applications of operating funding</b>					
2,697	4,876	Payments to staff and suppliers	3,721	5,286	Water treatment plant costs were higher than budgeted due to increases in compliance, chemical and consultant costs. This was partially offset by lower spending on reticulation. Three Water Reform grant operating projects budgeted to be completed last year were carried forward to this year, along with the grant funding to offset these costs.
393	375	Finance costs	284	349	
521	1,182	Internal charges and overheads applied	677	1,001	Business unit costs were higher than budgeted due to staff turnover requiring more consultant costs. And internal interest cost were higher, due to more internal borrowings to fund projects.
-	-	Other operating funding applications	-	-	
<b>3,611</b>	<b>6,422</b>	<b>Total applications of operating funding (B)</b>	<b>4,682</b>	<b>6,636</b>	
<b>1,941</b>	<b>525</b>	<b>Surplus (deficit) of operating funding (A – B)</b>	<b>2,019</b>	<b>263</b>	
<b>Sources of capital funding</b>					
-	160	Subsidies and grants for capital expenditure	510	565	Grant income from the Three Water reforms was carried forward from last year and spent during 2021/22.
352	1,041	Development and financial contributions	452	876	Revenue from contributions was higher than budgeted due to some significant developments in the district, particularly in Morrinsville and Matamata.
1,930	219	Increase (decrease) in debt	1,366	2,804	Additional debt was required to fund the higher capital spend and lower surplus from operating funding than budgeted.
-	-	Gross proceeds from sale of assets	-	-	
-	-	Lump sum contributions	-	-	
-	-	Other dedicated capital funding	-	-	
<b>2,282</b>	<b>1,420</b>	<b>Total sources of capital funding (C)</b>	<b>2,328</b>	<b>4,245</b>	
<b>Applications of capital funding</b>					
<b>Capital expenditure</b>					
78	-	—to meet additional demand	504	65	The main growth project planned for 2021/22 was the Morrinsville additional bore pump and water treatment plant which has got underway and will be completed in 22/23 and 23/24.
986	2,205	—to improve the level of service	1,334	2,870	Projects funded from the Three Water reform funding were prioritised as a condition of the funding received, and included new Scada at the Matamata treatment plant and other capital projects in Morrinsville. Other significant works this year included the Morrinsville treatment plant upgrade works, and the Te Aroha backwash treatment recovery project which is progressing.
3,194	1,530	—to replace existing assets	2,702	2,195	Significant projects undertaken during 2021/22 included the Morrinsville and Tahuna treatment plant upgrades including instrumentation, pumps, valves and activators. Other significant works include waterline renewals, particularly across Morrinsville and Te Aroha.
(35)	(1,790)	Increase (decrease) in reserves	(193)	(622)	
-	-	Increase (decrease) of investments	-	-	
<b>4,223</b>	<b>1,945</b>	<b>Total applications of capital funding (D)</b>	<b>4,347</b>	<b>4,508</b>	
<b>(1,941)</b>	<b>(525)</b>	<b>Surplus (deficit) of capital funding (C – D)</b>	<b>(2,019)</b>	<b>(263)</b>	
<b>-</b>	<b>-</b>	<b>Funding balance ((A – B) + (C – D))</b>	<b>-</b>	<b>-</b>	

# NGĀ WHAKAAETANGA ME NGĀ RAIHANA | CONSENTS AND LICENSING

## WHAT WE DO

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

## WHY WE DO THESE

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.

		Animal Control	Building Consents and Monitoring	Licensing and Enforcement	Resource Consents and Monitoring
<b>ECONOMIC OPPORTUNITIES</b>	We are a business friendly Council.		✓	✓	✓
	Our future planning enables sustainable growth in our district.		✓		✓
<b>HEALTHY COMMUNITIES</b>	Our community is safe, healthy and connected	✓	✓	✓	✓
<b>ENVIRONMENTAL SUSTAINABILITY</b>	We support environmentally friendly practices and technologies.				✓
	Development occurs in a sustainable and respectful manner considering kawa/protocol and tikanga/customs.				✓
<b>VIBRANT CULTURAL VALUES</b>	We promote and protect our arts, culture, historic and natural resources.				✓

## EFFECTS ON WELL-BEINGS

One of the purposes defined in the Local Government Act 2002 for local authorities, is to identify effects that any activity has had on the four well-beings (social, economic, environmental and cultural). How the Consents and Licensing activity group has affected the well-beings during 2021/22 is identified below.

WELLBEING	Animal Control	Building Consents and Monitoring	Licensing and Enforcement	Resource Consents and Monitoring
<b>SOCIAL</b>	Animal control ensures animals do not cause harm or nuisance to residents or visitors. This helps to ensure the safety of everyone and means that people can enjoy their pets without undue control and without threat from other animals. Educational programmes are offered by Council to promote animal awareness and responsible ownership.	Building control makes sure buildings are safe and that they have good access for people with disabilities.	Environmental Health Officers help minimize the spread of illness and disease. They ensure that residents are protected from unhealthy or offensive conditions, as well as controlling alcohol and gambling	Implementation of the Resource Management Act 1991 and the District Plan provisions through regulatory planning ensures that due consideration is given to social issues when sustainable resource management decisions are made.



WELLBEING	Animal Control	Building Consents and Monitoring	Licensing and Enforcement	Resource Consents and Monitoring
ECONOMIC		Processing building consents and regulatory planning consents within targeted timeframes has economic benefits for applicants and minimises waiting periods.		Resource consent services ensure that the rules in the District Plan are applied appropriately to maximize long term productivity of land in the district. A responsive and helpful regulatory environment helps to promote development
ENVIRONMENTAL		Building control ensures buildings, particularly those using hazardous substances, are environmentally friendly.		Resource consent services ensure that the rules in the District Plan are applied appropriately to manage the use, development and protection of natural and physical resources. Imposing appropriate resource consent conditions and monitoring compliance ensures the integrated management of land and associated natural resources in the district
CULTURAL				The regulatory planning activity ensures cultural sites in the district are protected.

# ANIMAL CONTROL

Many people enjoy the company of their pets and as a rural District, livestock are essential to our economy. Most owners look after their animals responsibly, however this is not always the case and dogs and livestock can sometimes become a nuisance in the community. Animal Control is there to help responsible dog owners and to ensure that uncontrolled animals don't cause a problem for others through nuisance or injury to any person or other animal.

We have two Animal Control Officers and a part-time administration support, whose job is to make sure people control their animals, are meeting laws and regulations, and don't create problems for others. We have contracted out our after-hours service, ensuring 24 hours, seven days a week service. We also have one dog pound and stockyard that services the whole District.

Most of the work undertaken by the Animal Control Officers centres on the administration of the Dog Control Act 1996 – ensuring that dogs are registered, catching wandering dogs, providing owners with information on pet care and following up on complaints about dogs ranging from barking to aggressive behaviour. The Animal Control Officers do not respond to complaints about animal welfare and neglect, these are referred to the SPCA for investigation.

## OUR PROJECTS FROM THE LAST TWELVE MONTHS

There were no capital projects in 2021/22.

## LEVELS OF SERVICE

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

Achieved.
Not achieved.
New measure, baseline result reported. Achievement of result is not determined this year.

Levels of service	How we measure performance	Previous years			Target
		2018/19	2019/20	2020/21	2021/22
Any disturbances caused by animals will be investigated quickly and efficiently	Complaints will be investigated within set timeframes.	93.25%	96.6%	98.39%	95% within adopted timeframes*
					Actual
					97.43%
What's behind the results?					
During the 2021/22 financial year. We received 662 complaints. 97.43% (645) were responded to within the prescribed timeframe. This includes dog and stock control complaints.					
We will carry out regular property visits to ensure dog owners are responsible	Number of property visits per year	621	On track-471 After COVID-19 Not achieved- 571	621	At least 600 property visits per year
					Actual
					565

### What's behind the results?

2021/22 was disrupted by COVID-19 restrictions, which has meant properties could not be visited. In addition, staff absence has also contributed to less property visits. During the 2021/22 financial period, our animal control officers carried out 565 properties visits (Matamata – 156, Morrinsville – 277, Te Aroha – 132).

We will carry out regular street patrols to keep the streets free from stray animals	Number of street patrols undertaken in each of the three main towns.	Matamata – 41 Morrinsville – 38 Te Aroha - 24	Matamata – 36 Morrinsville – 38 Te Aroha - 22	Matamata – 27 Morrinsville - 35 Te Aroha - 20	At least an average of 10 per month per town
					<b>Actual</b> Matamata – 30 Morrinsville – 25 Te Aroha - 18

#### What's behind the results?

During the 2021/22 financial period, our animal control officers carried out 895 street patrols across the district.

*Animal control response times		Notification type	0800 – 1700 hours	1700 – 0800 weekend / public holiday
Complaint type				
Dog bite person	Current incident	Phone	1 hour	1 hour
	Reported incident	CRM	4 hours	Next working day
Aggressive dog	Current incident	Phone	1 hour	1 hour
	Reported incident	CRM	4 hours	Next working day
Attacked stock	Current incident	Phone	1 hour	1 hour
	Reported incident	CRM	4 hours	Next working day
Attacked other animal / bird	Current incident	Phone	1 hour	1 hour
	Reported incident	CRM	4 hours	Next working day
Barking dog	Current incident	Phone	1 hour	1 hour
	Reported incident	CRM	4 hours	Next working day
Wandering dog	Current incident	Phone	1 hour	1 hour
	Caught in a trap	CRM	1 hour	1 hour
	Reported incident	CRM	Next working day	Next working day
Wandering stock	Current incident (on road)	Phone	1 hour	1 hour
	Reported incident	CRM	Next working day	Next working day
Unregistered dog		CRM	24 hours	Next working day
Animal welfare		CRM	4 hours	Next working day

# BUILDING CONSENTS AND MONITORING

A home is the single most expensive purchase that most New Zealanders are likely to make. Other buildings are an essential part of the occupation and use of land. Building Control ensures the buildings in our District meet the safety and quality standards set out under the Building Control Act 2004 and the Building Code. We work with the community and the building industry to ensure all buildings are safe, healthy and durable for their intended life.

We process building consents and inspect building work at critical phases of the project. We also carry out audits to make sure that commercial building owners comply with their Building Warrants of Fitness requirements, check swimming pool compliance and investigate complaints about illegal building work, taking enforcement action where necessary.

## OUR PROJECTS FROM THE LAST TWELVE MONTHS

There were no capital projects in 2021/22.

## LEVELS OF SERVICE

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

Achieved.
Not achieved.
New measure, baseline result reported. Achievement of result is not determined this year.

Levels of service	How we measure performance	Previous years			Target
		2018/19	2019/20	2020/21	2021/22
Building consents will be administered quickly and efficiently	Building consent processing timeframes	99.9%	99.5%	69%	100% of building consents will be processed within statutory timeframes
					<b>Actual</b> 88%

### What's behind the results?

During the 2021/22 financial year, we received 1,124 building consents. 88% (994) of these were processed within the statutory timeframe of 20 working days. Building consents processing is tracking lower due to current workload, staff vacancies and the volume of consents being received and processed. The building team are still short staffed and regularly advertising for building control officers.

We will respond to complaints of alleged illegal/unauthorised activity	Complaints to be responded to within 10 working days	66%	52%	100%	100% of complaints to be responded to within 10 working days
					<b>Actual</b> 69%

### What's behind the results?

During the 2021/22 financial year, we received 13 complaints about alleged illegal buildings and illegal swimming pools. 69% (9) complaints were responded to within 10 days. The reasons for this variance in results between the current year and previous year is due to the high volume of consents/inspections that had to be processed and completed. Due to time pressures from the Building Consent Authority (BCA), processing the high volume of consents/inspections was first priority, and as a result complaints relating to this measure were responded to late. **There was also a change of staff in the Compliance area. The former Compliance Officer left Council in April 2022 and a new Compliance Officer was employed in June 2022 but did not take on CRM information until July 2022.**



# LICENSING AND ENFORCEMENT

The Licensing and Enforcement activity plan groups together a number of activities that contribute to the health and safety of our communities. We are responsible for inspecting business with alcohol licenses to ensure they meet the required standards and interviewing potential managers to make sure they are suitable, have the right qualifications and are aware of their responsibilities under the Sale and Supply of Alcohol Act 2012.

We are responsible for health licenses, including inspecting/auditing all food premises, hairdressers, camping grounds and funeral directors within the District.

This activity is also responsible for noise control in our community, which is a 24 hour, seven day a week service responding to excessive or unreasonable noise. After hours noise control complaints are handled by our security contractors.

Licensing and Enforcement also monitors and responds to complaint about breaches of our bylaws, and have responsibilities under several other Acts such as the Gambling Act 2003, Psychoactive Substances Act 2013, Prostitution Reform Act 2003 and Hazardous Substances and New Organisms Act 1996.

## OUR PROJECTS FROM THE LAST TWELVE MONTHS

There were no capital projects during 2021/22.

## LEVELS OF SERVICE

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

Achieved.
Not achieved.
New measure, baseline result reported. Achievement of result is not determined this year.

Levels of service	How we measure performance	Previous years			Target
		2018/19	2019/20	2020/21	2021/22
We will inspect or audit all food premises, hairdressers, funeral directors and camping grounds in the District to ensure they are running in accordance with the Health Act and/or health regulations	Food premises, hairdressers, funeral directors and camping grounds will be inspected or audited in accordance with legislation	100%	100%	100%	100% inspected or audited
					Actual
					100%
What's behind the results?					
On 18 May 2020, the Food Act 2014 was amended to include legislation in which individual anniversary dates were set to allow additional time to carry out verification audits that were due during lockdown. All applications under the New Health Act 2014, which set individual anniversary dates, are currently meeting statutory requirements Under the existing health act. Funeral Directors are to be inspected by 31 May 2022, and all camping grounds and hairdressers inspected by 30 June 2022.					
We will ensure that all premises in the District with alcohol licences are operating responsibly	On, Off and Club* alcohol licenced premises will be inspected annually to ensure they comply with alcohol licensing standards	100%	100%	100%	100% inspected annually
					Actual
					100%

**What's behind the results?**

All premises were inspected by 30 June 2022.

We will act on all noise complaints we receive.	Percentage of after hours (between 5pm and 8am, weekends and public holidays) noise complaints responded to within two hours	100%	100%	100%	100% responded to within two hours
					Actual
					99.72%

#### What's behind the results?

We received 359 complaints regarding noise after hours, of which 99.72% (358) of these were responded to within two hours. It is noted that one complaint did not achieve this timeframe as it was logged through Antenno and not to our afterhours contractors through the phone system. Antenno complaints are only checked through working hours. We are working through a process to ensure that people are directed to our after-hours contractors so this does not happen again.

## RESOURCE CONSENTS AND MONITORING

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

### OUR PROJECTS FROM THE LAST TWELVE MONTHS

There were no capital projects in 2021/22.

### LEVELS OF SERVICE

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

Achieved.
Not achieved.
New measure, baseline result reported. Achievement of result is not determined this year.

Levels of service	How we measure performance	Previous years			Target
		2018/19	2019/20	2020/21	2021/22
Resource consents will be administered quickly and efficiently	Percentage of resource consents processed within statutory timelines	99%	99.5%	97%	100%
					Actual
					97%

#### What's behind the results?

We processed 277 applications for resource consents in 2021/22. Of these, 268 applications were processed within the adopted timeframe. Due to special circumstances, the timeframe for processing resource consents has been doubled. Section 37A of the RMA allows consenting authorities to extend the timeframes specified in the Act in certain instances.

We will monitor land use consent compliance.	Percentage of land use consents monitored within four months of being granted	100%	100%	96%	100%
					Actual
					100%

#### What's behind the results?

In the 2021/22 financial year, we monitored 139 consents. Of these 100% were monitored within the four months of being granted.

## FUNDING IMPACT STATEMENT

### Consents and Licensing 1 July 2021 to 30 June 2022

Long Term Plan budget 2020/21	Actual 2020/21		Long Term Plan budget 2021/22	Actual 2021/22	Explanation of significant variances to the original Long Term Plan budget
(\$000)	(\$000)		(\$000)	(\$000)	
<b>Sources of operating funding</b>					
2,065	2,073	General rates, uniform annual general charges, rates penalties	2,025	2,033	
-	-	Targeted rates	-	-	
-	-	Subsidies and grants for operating purposes	-	-	
1,839	3,157	Fees and charges	2,287	3,523	Building and Resource consent income is higher due to increased development activity
-	-	Internal charges and overheads recovered	-	-	
32	30	Local authorities fuel tax, fines, infringement fees, and other receipts	31	28	
<b>3,936</b>	<b>5,260</b>	<b>Total operating funding (A)</b>	<b>4,343</b>	<b>5,584</b>	
<b>Applications of operating funding</b>					
2,380	3,638	Payments to staff and suppliers	2,966	4,500	Staff and consultant costs were higher the budgeted in the areas of building and resource consent activity due to increased development activity.
-	-	Finance costs	6	-	
1,334	1,446	Internal charges and overheads applied	1,447	1,406	
-	-	Other operating funding applications	-	-	
<b>3,714</b>	<b>5,084</b>	<b>Total applications of operating funding(B)</b>	<b>4,419</b>	<b>5,906</b>	
<b>222</b>	<b>176</b>	<b>Surplus (deficit) of operating funding(A – B)</b>	<b>(76)</b>	<b>(322)</b>	
<b>Sources of capital funding</b>					
-	-	Subsidies and grants for capital expenditure	-	-	
-	-	Development and financial contributions	-	-	
-	-	Increase (decrease) in debt	300	-	
-	-	Gross proceeds from sale of assets	-	-	
-	-	Lump sum contributions	-	-	
-	-	Other dedicated capital funding	-	-	
<b>-</b>	<b>-</b>	<b>Total sources of capital funding (C)</b>	<b>300</b>	<b>-</b>	
<b>Applications of capital funding</b>					
<b>Capital expenditure</b>					
-	-	—to meet additional demand	-	-	
-	-	—to improve the level of service	-	-	
-	-	—to replace existing assets	-	-	
222	176	Increase (decrease) in reserves	224	(322)	
-	-	Increase (decrease) of investments	-	-	
<b>222</b>	<b>176</b>	<b>Total applications of capital funding (D)</b>	<b>224</b>	<b>(322)</b>	
<b>(222)</b>	<b>(176)</b>	<b>Surplus (deficit) of capital funding (C – D)</b>	<b>76</b>	<b>322</b>	
<b>-</b>	<b>-</b>	<b>Funding balance ((A – B) + (C – D))</b>	<b>-</b>	<b>-</b>	



