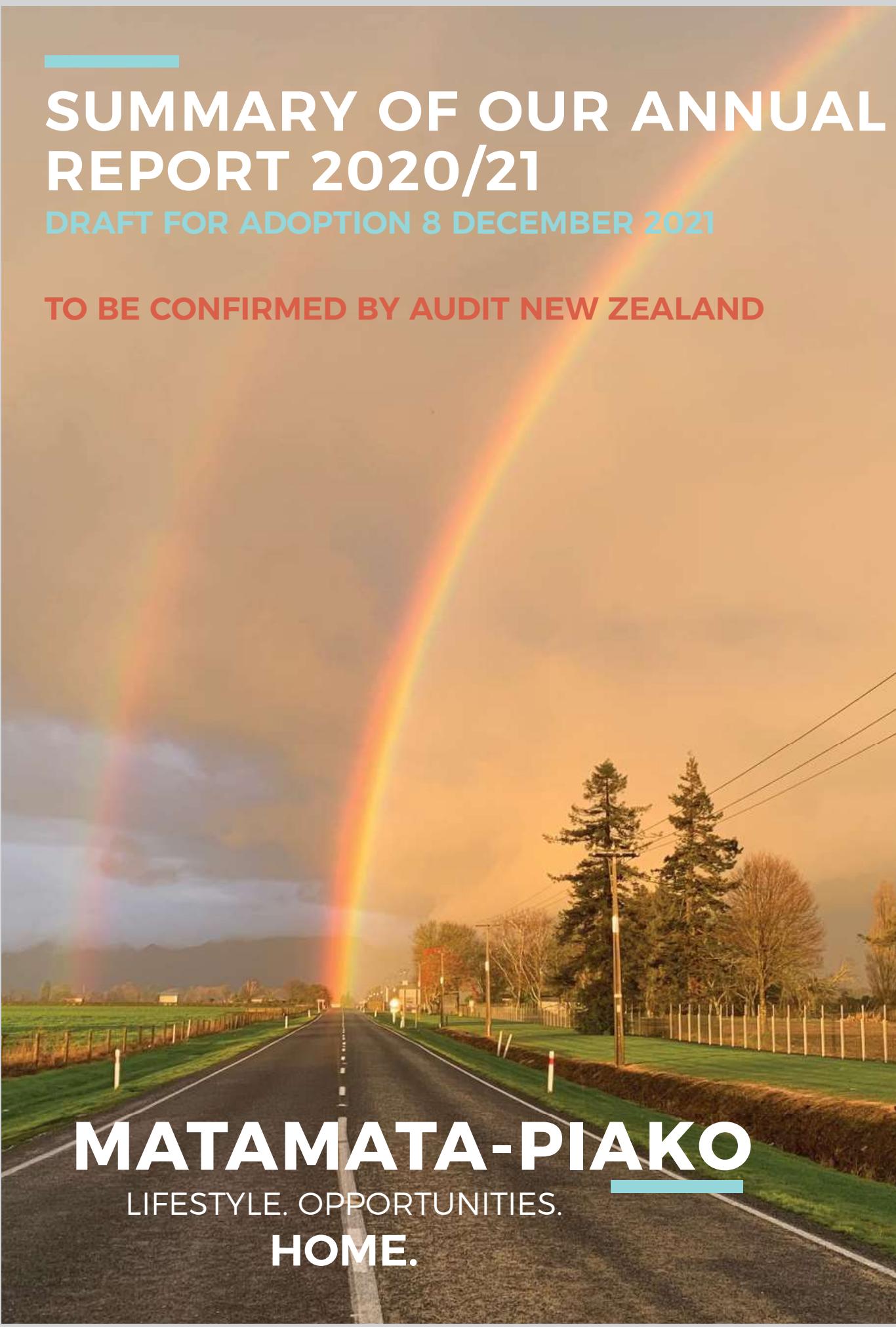

SUMMARY OF OUR ANNUAL REPORT 2020/21

DRAFT FOR ADOPTION 8 DECEMBER 2021

TO BE CONFIRMED BY AUDIT NEW ZEALAND



MATAMATA-PIAKO
LIFESTYLE. OPPORTUNITIES.
HOME.

HE PŌWHIRI | WELCOME

A MESSAGE FROM THE MAYOR

When I reflect on the last 12 months I see the uncertainty and challenges that many individuals and businesses have faced as a result of the COVID-19 pandemic - but I also see how resilient this community is. It makes me so proud to see our community band together, support one-another, and continue to grow and thrive in the face of all this.

Council has spent the last 12 months focusing on helping our community recover. We had initially consulted on a 6.4% rates increase in 2020, but listened to our community, and settled on a zero increase to general rates. We also established a \$2 million COVID-19 Recovery Fund to ensure we could still deliver projects that would support the district's economic recovery and support community events that attract people to our towns.

A professional portrait of a man with dark hair, smiling, wearing a dark grey suit jacket, a light blue dress shirt, and a patterned tie. He is standing against a plain white background.

We've also been looking to the future - in adopting our Long Term Plan, we made some big decisions for our community for the next 10 years, including developing our town centres to try and attract more people and get them to spend longer in our towns. We also committed to developing a new \$18.9 million day spa in Te Aroha (pending a positive business case and risk assessment). These projects, and some of the other projects we have planned are all about improving the wellbeing of our community, and making Matamata-Piako the place of choice, both for locals and visitors.

Change is on the horizon

On top of the uncertainty of COVID-19, Councils around the country are facing a number of challenges right now. Central Government have mandated reforms to three waters (drinking water, stormwater and wastewater), Resource Management Reform and the move to a more regional based planning framework, and are reviewing the whole purpose and focus of Local Government. We're also facing challenges with increasing rubbish disposal costs, lack of recycling infrastructure in New Zealand, and tougher consent standard for waste disposal.

**"We've got through a tough year.
Our district is still growing. We are
pushing forward with plans to help
our district recover from COVID-19."**

It's early in the process to know what these reforms and challenges might mean for our community, but I promise you that we'll keep the community informed along the way, and you can be certain that your Councillors are always advocating for the best interests of Matamata-Piako.

Appreciating our accomplishments

While we're facing a number of challenges, we can't forget all the good things that have happened in the last 12 months.

We secured government funding to assist with new public toilets at Wairere Falls and Bruce Clothier Memorial Park (along the State Highway in Waharoa). Both of these public toilets have been built and are already well used. We also received government funding towards upgrading some of our three waters assets.

We also launched into the Te Aroha Spa project. We have a project manager and I'm part of the governance group, which also includes iwi and other independent experts, who are contributing their skills and knowledge to help make sure this project can become a success.

We've also been focused on helping rebuild the local economy, delivering a 'buy local' campaign, aiming to drive locals to support local businesses to put money back into the local economy, and a tourism promotion, aiming to promote the district to domestic visitors. To support local and mentor businesses, we also launched the Business Growth Advisory service in Morrinsville, and continued to deliver this service in Matamata and Te Aroha.

And despite the challenges this year has thrown at us, we are still in a good financial position. There has been heaps of development in the district in 2020/21 and high numbers of both building and resource consents, which means our district is continuing to grow.

We've got through a tough year. Our district is still growing. We are pushing forward with plans to help our district recover from COVID-19, and to make our district the place of choice for lifestyle, opportunities, and home.

Bring on the next 12 months.



ASH TANNER
MAYOR

This summary has been prepared in accordance with PBE FRS 43 (summary financial statements), and does not include all of the information provided in the full Annual Report, and for this reason cannot be expected to provide a complete understanding of Council's performance as provided by the Annual Report. The financial statements contained in the Annual Report comply with GAAP (Generally Accepted Accounting Practice). The financial statements in the Annual Report have been prepared in accordance with Tier 1 Public Benefit Entity (PBE) Accounting Standards.

The Annual Report has been audited by our independent auditors, Audit New Zealand. They have issued an unmodified audit opinion. The financial statements and this summary were authorised for issue by Council on 8 December 2021. The Annual Report 2020/21 is available to view at our offices or libraries in Matamata, Morrinsville and Te Aroha. If you would like a copy of the Annual Report you can download it at mpdc.govt.nz. Specific disclosures included in the summary financial statements have been extracted from the full financial statements.

PŪRONGO Ā TE ŌTITA MOTUHAKE | INDEPENDENT AUDITOR'S REPORT

AUDIT NEW ZEALAND

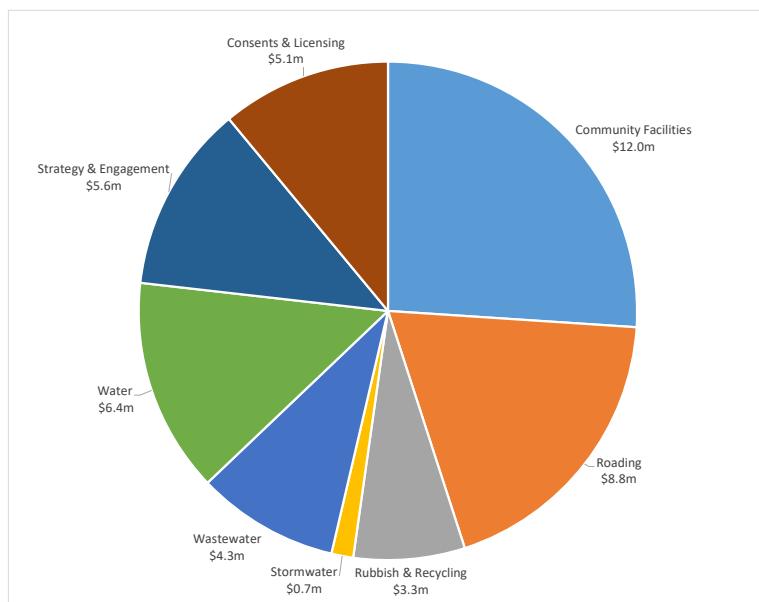
To the readers of Matamata-Piako District Council's summary of the annual report for the year ended 30 June 2021

Mana Arotake Aotearoa

TE RĀPOPOPONGA Ā-PŪTEA | FINANCIAL SUMMARY

	Actual 2019/20	Budget 2020/21	Actual 2020/21
	(\$'000)	(\$'000)	(\$'000)
Summary statement of comprehensive revenue and expense for the year ended 30 June			
Revenue	57,943	55,442	71,958
Expenses	(55,232)	(53,124)	(61,884)
Finance costs	(1,226)	(1,184)	(1,127)
Share of joint venture surplus/(deficit)	-	-	-
Net surplus/(deficit)	1,485	1,134	8,947
Other comprehensive revenue and expense			
Financial assets at fair value through other comprehensive revenue and expense	1,777	-	6,128
Property, plant and equipment revaluation	20,547	12,611	29,395
Total other comprehensive revenue and expense	22,324	12,611	35,523
Summary statement of changes in equity for the year ended 30 June			
Balance at 1 July	630,652	651,139	654,461
Total comprehensive revenue and expense	23,809	13,745	44,470
Balance at 30 June	654,461	664,884	698,931

2020/21 OPERATING EXPENDITURE



Explanations for major variations between the actual results for the year and the budget in the 2020/21 Annual Plan are as follows:

Statement of comprehensive revenue and expense

In a continuing theme from the last two years, this year's financial results reflect the unprecedented level of development happening across our district. Again there was significant subdivision activity in both Morrinsville and Matamata this year. Revenue related to development activity was significantly higher than budgeted including:

- Land and infrastructure vested in Council through the subdivision process (\$6.28 million greater than budgeted), as well as an additional \$1.2 million of land parcels vested in previous years but recognised as revenue this year.
- Development and financial contributions (\$2.7 million greater than budgeted)
- Income from resource and building consents was also \$1.2 million higher than budgeted, but offset by the same amount required to outsource the processing work to keep up with demand and manage staffing shortages.

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

- A \$1.3 million grant was received for the Hauraki Rail Trail contribution, and that was paid over to the Trust.
- \$2.134 million from the Government's Three Waters reform package was recognised having been used (out of a total of \$2.47 million received) to fund a range of Water and Wastewater projects, both operating and capital.
- \$561,000 was also received for the Innovating Streets and Tourism Infrastructure funding that was used for public toilet installations and upgrades.

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

- In the Water activity, treatment plant costs were \$705,000 higher than budget due to significant increases in chemical and lab analysis costs, hazardous chemical and assessment costs, additional costs for Topehaehae reservoir profiling, and the comprehensive dam review. At the same time, metered water revenue was \$357,000 lower than budgeted due to lower consumption by our large industrial users.

- In the Rubbish and Recycling activity, costs exceeded the budget by \$889,000 due to continuing inflationary pressures on the contract and increased regulatory costs to dump to landfill. At the same time, the income from the sale of rubbish bags and fees from the three district transfer stations were \$309,000 behind the level projected for the year.

Personnel costs were \$492,000 lower than budgeted due to current difficulties in the labour market, but the offsetting cost is the need to outsource urgent work.

Other accounting adjustments this year included:

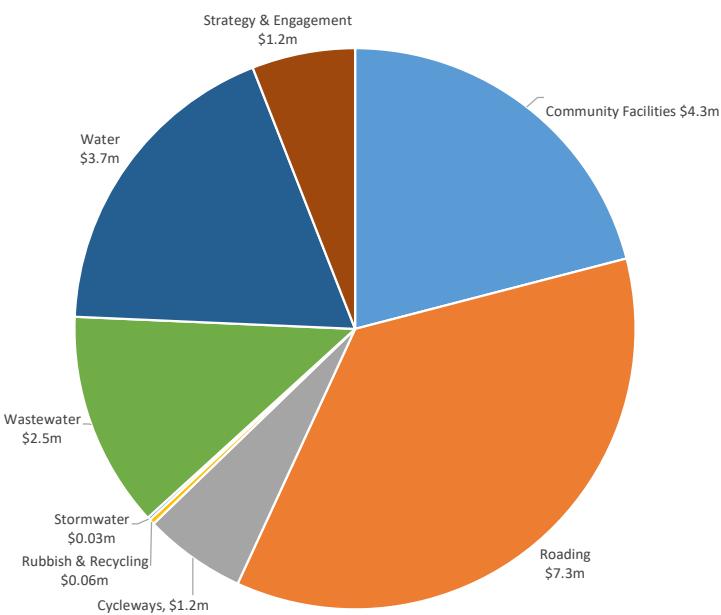
- \$1.9 million recognised in the books as a loss on the disposal of assets that were replaced during the period (significantly including the old Headon Stadium building)
- A turnaround in longer dated interest rates saw the book valuation of Council's interest rate swap portfolio increase by \$1.45 million over the year, which is reflected as revenue.

The carrying value of Council's overall investment in the Waikato Regional Airport Limited increased by \$6.3 million for the year, largely as a result of property development and an increase in the valuation of the WRAL's property development assets.

The revaluation of our infrastructural assets and land at 1 July 2020, resulted in an increase in values of \$16.8 million more than had been budgeted.

	Actual 2019/20	Budget 2020/21	Actual 2020/21
	(\$000)	(\$000)	(\$000)
Summary statement of financial position as at 30 June			
Current assets	16,684	11,755	13,932
Non-current assets	680,227	707,748	726,212
Total assets	696,911	719,503	740,144
Current liabilities	18,531	11,379	11,628
Non-current liabilities	23,919	43,240	29,585
Total liabilities	42,450	54,619	41,213
Accumulated funds	430,316	433,459	437,181
Other reserves	224,145	231,425	261,750
Equity	654,461	664,884	698,931
Summary statement of cashflows for the year ended 30 June			
Net from operating activities	14,180	15,605	19,248
Net from investing activities	(15,975)	(30,556)	(20,354)
Net from financing activities	2,500	14,289	-
Net increase/decrease in cash held	705	(662)	(1,106)
Opening cash balance	3,587	1,280	4,292
Closing cash balance	4,292	618	3,186

2020/21 CAPITAL EXPENDITURE



Statement of financial position

The balance of property, plant and equipment and borrowings are the main areas of variation from the budgeted position at 30 June 2021.

The revaluation of our property plant and equipment has been significantly higher than budgeted for consecutive years and we've had a higher level of assets being vested in Council than budgeted over this time as well. These increases to the value of our asset base were offset by a delay in the delivery of capital work.

We did not complete the full programme of capital work budgeted for the year, and we are catching up on some projects carried forward from prior years. This has reflected in our statement of financial position with less assets being added to our books and also less borrowings being required compared to the level budgeted. During the year we had budgeted to spend \$31.9 million on developing new or renewing our existing assets and infrastructure. We spent \$20.3 million and some of this included the completion of projects that had been carried forward from prior years. More detail of these projects is included in section three of the full Annual Report.

Non-current assets were \$6.3 million higher than budgeted due to the increased value of our investment in the Waikato Regional Airport.

Current employee entitlements were \$335,000 higher than budgeted, particularly annual leave, due in part to the impact of COVID-19 on employees' leave plans.

Additional disclosures and accounting policies

Reporting entity

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

The Council provides local infrastructure, local public services, and performs regulatory functions to the community. Council has designated itself as a Public Benefit Entity (PBE) for financial reporting purposes. The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000).

Change in frequency of revaluation of buildings

From 1 July 2020, Council changed its accounting policy to revalue its building assets held at fair value, at least every five years (previously three years). This change in policy provides Council with more flexibility to revalue when it is appropriate, or when there is a material movement in fair value given the need to manage its finances prudently. The policy is applied prospectively from the beginning of this financial year because it was not practical to estimate the effects of applying the policy either retrospectively or prospectively from any earlier date. Accordingly, the adoption of the new policy has no effect on prior periods.

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

Capital Commitments

At 30 June 2021, Council have commitments of \$5.45 million for projects where contracts have been entered into but goods or services have not been received (2020: \$2.6 million).

Contingent Liabilities

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 2021, LGFA has 30 local authority shareholders and Matamata-Piako District Council is one of 34 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 2021, LGFA had borrowings totaling \$13.6 billion (2020: \$11.908 billion).

The LGFA's borrowing of \$13.6 billion is made up of the following: (\$000's)

\$12,810,000	Face value of bonds on issue
\$79,610	Accrued interest on bonds on issue
\$610,000	Bills on issue
\$105,000	Treasury stock lent to counterparts under bond repurchase agreements

Financial reporting standards require Council to recognise the guarantee liability at fair value. However, the Council has been unable to determine a sufficiently reliable fair value for the guarantee, and therefore has not recognised a liability. 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.

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.

Worksafe Investigation

In May 2020, Council was involved in a Worksafe investigation relating to a notifiable incident involving a Council contractor. Following the investigation, Worksafe notified Council that they would not take any formal enforcement action against Council under the Act.

Events after balance date

COVID-19 Impact

On August 17 2021, Matamata-Piako district along with the rest of New Zealand shifted back into alert Level 4 for 2 weeks, followed by 1 further week at Level 3. Auckland, and our larger neighbouring districts including Hamilton City, Waikato and Waipa districts have had ongoing restrictions. These restrictions cause some disruption to access for out-of-district staff, contractors, supplies and visitors to our district. Matamata-Piako remains at Level 2 while preparing the annual report however this had no further impact on our financial position as at 30 June.

Three Waters reform

On 27 October 2021, the Local Government Minister announced that central government will proceed with the three waters service delivery reforms using a legislated "all in" approach. The three waters reform involves the creation of four statutory water services entities to be responsible for the service delivery and infrastructure from local authorities from 1 July 2024. There is still a number of uncertainties associated with the new three waters delivery model including the mechanism for how assets will be transferred to the newly established entities, and the control and governance of these entities. Notwithstanding the current uncertainty the announcement once legislated will mean Council is no longer responsible for the delivery and infrastructure of three water services from 1 July 2024. For the financial statements of 30 June 2021, 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 and this will be completed prior to 1 July 2024. As further details are established this may require adjustments to Council's three water assets either in respect of disclosure or measurement. For more information on the Government reforms visit www.dia.govt.nz/Three-waters-review

PERFORMANCE SUMMARY

In 2020/21 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 2018-28, 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 42 out of 61 of our measures (68.8%), this is an increase of over 11% from last year. Two were not measured this financial year, one was half achieved and half not achieved. We set high targets to deliver a good level of service to our community. 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 2020/21

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

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

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

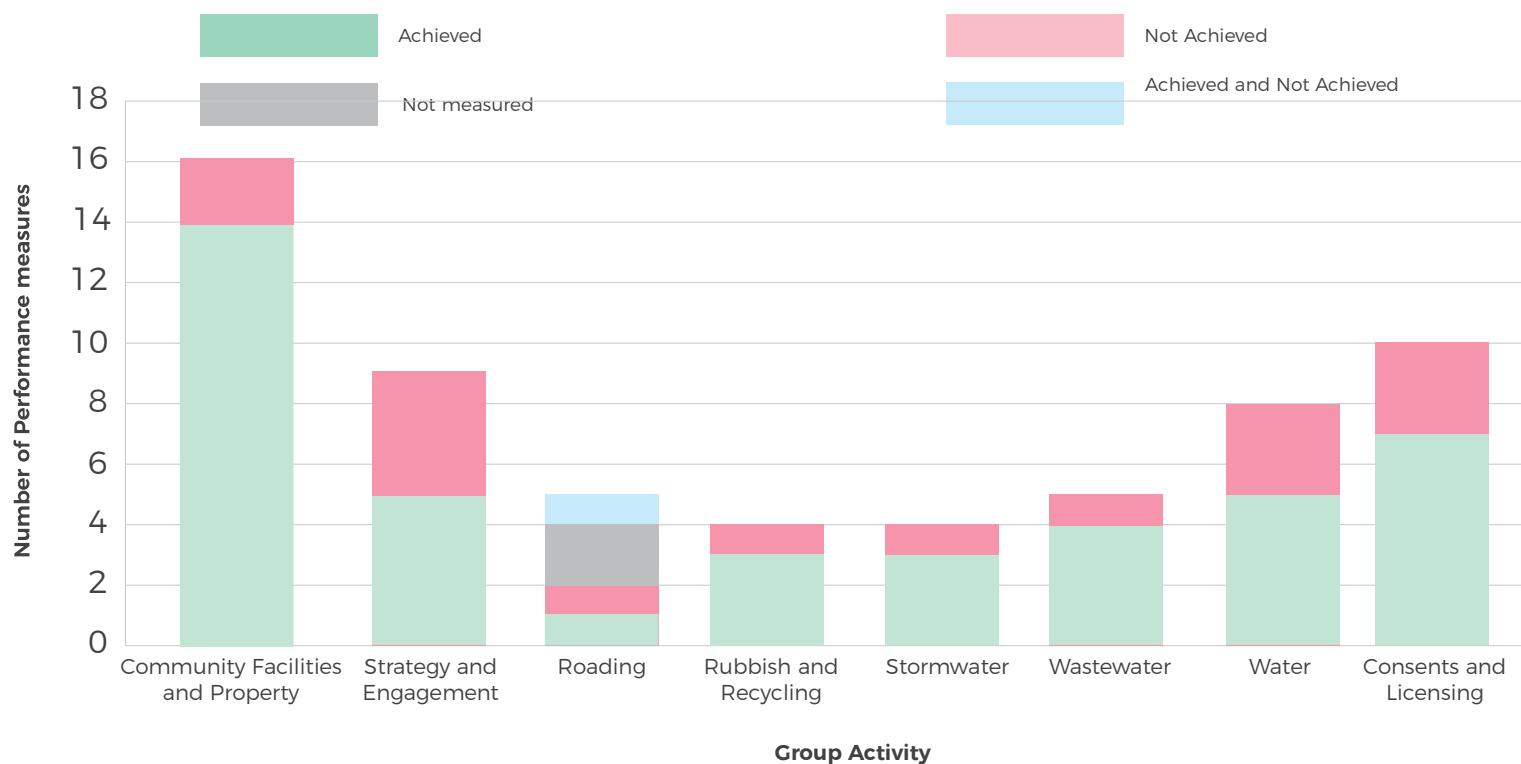
This is about making good decisions for the future of our community. The activities responsible for this are Civil Defence, Communications and Events, Community Leadership and Strategies and Plans.

INFRASTRUCTURE

Represents many of the responsibilities that Council has historically managed, including Roading, 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.



COVID-19 - OUR RECOVERY

The global COVID-19 pandemic continues to develop across the world. During 2019/20 we saw the country thrown into lockdown for several weeks which had an impact on our operations as it did to almost all businesses across the country. During 2020/21 we experienced a further lockdown in August 2020, which largely effected Auckland with other parts of New Zealand including our district in a less restricted lockdown.

The country's borders remain closed for tourists both coming into New Zealand and for New Zealanders wishing to travel overseas. This is having a flow on effect on domestic tourism, and how people spend their leisure time. During 2020/21 we saw an increase in people visiting and using our pools and spas, with 184,164 visitors recorded compared to the five year average of 170,000.

The lockdowns and global implications of COVID-19 have had some impact on our ability to get projects completed, and is impacting cost pressures across most sectors.

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 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. Of note funding assistance was provided to Morrinsville Fireworks Extravaganza and Te Aroha Cruise In. We also provided funding to Morrinsville A&P Show that had to cancel less than one week out from the event due to a change in COVID-19 alert levels. This funding remains open, as the country continues to deal with the pandemic.

Supporting local

Council plays a particularly vital role in maintaining cash flow to the community and local businesses and providing financial stimulus to the local economy, through its capital works programme and operations.

As part of the response to COVID-19 Council has:

- continued to support and promote a Shop Local campaign
- continued to fund capital projects
- continued to implement our reviewed procurement processes to support use of local businesses.

Council also made several applications for capital funding from Central Government through various avenues (detailed further within this document).

COVID-19 Resurgence

On August 17 2021, Matamata-Piako district along with the rest of New Zealand shifted back into alert Level 4 for two weeks, followed by one further week at Level 3. Auckland, and our larger neighbouring districts including Hamilton City, Waikato and Waipa districts have had ongoing restrictions. These restrictions cause some disruption to access for out-of-district staff, contractors, supplies and visitors to our district. Matamata-Piako remains at Level 2 while preparing the annual report however this had no further impact on our financial position as at 30 June.

ANNUAL REPORT DISCLOSURE STATEMENT FOR THE YEAR ENDING 30 JUNE 2021

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:

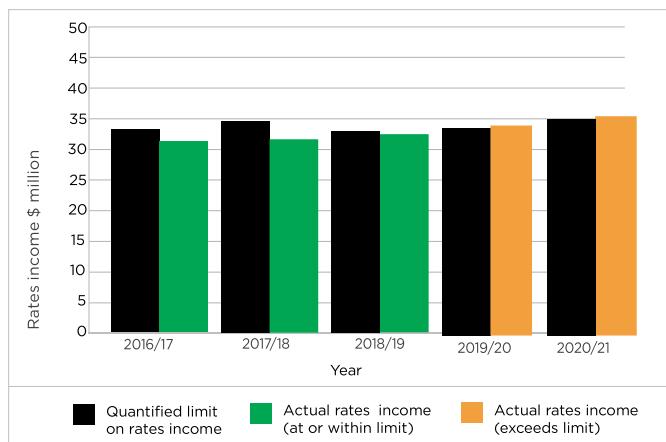
- Its actual rates income equals or is less than each quantified limit on rates;
- Its actual rates increases equal or are less than each quantified limit on rates increases.

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 2018-28 LTP is:

Annual rates income¹ will not increase by more than 4%.



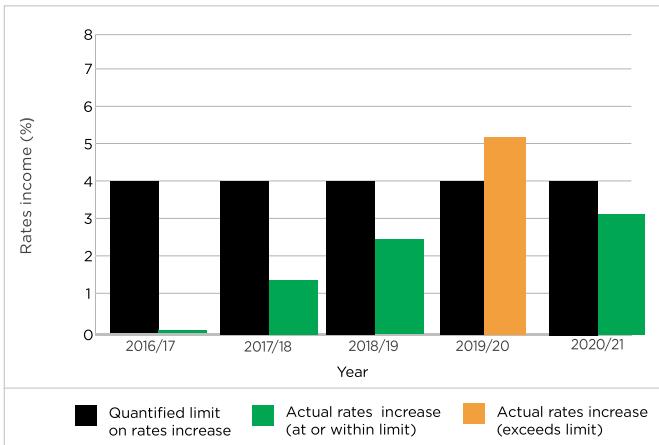
Comment:

The limit on rates income for 2020/21 was set as part of the 2018-28 Long Term Plan at \$35.2 million. Actual rates income (excluding penalties and metered water revenue) was \$35.6 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. Council had budgeted the rate income to be \$35.5 million for 2020/21. However, the amount of growth in the rating base at 1 July 2020 exceeded the level expected, resulting in slightly more rates income than budgeted. The same happened for the 2019/20 year.

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 2018-28 LTP is: Annual rates increases¹ will not be more than 4%.

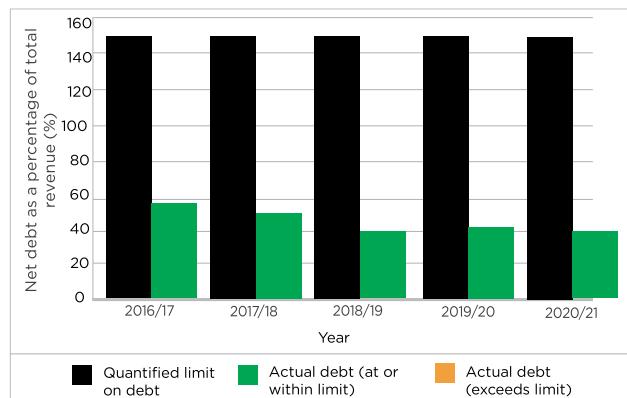


Comment:

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 revenue² will not exceed 150%.



Comment:

Council's net debt as a percentage of total revenue sits at 40% at 30 June 2021 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.

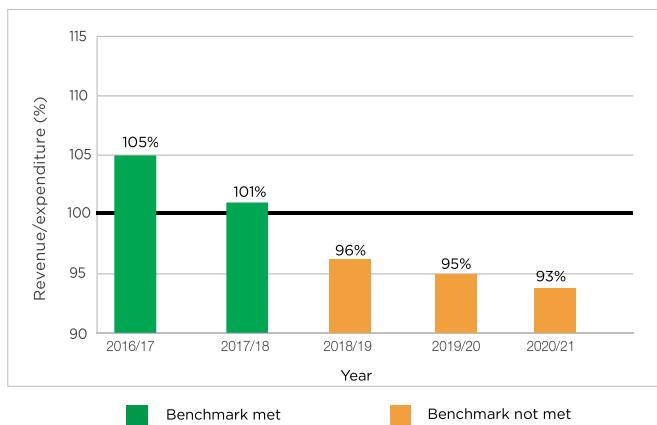
¹ For the purpose of these calculations, rates income excludes penalties (which are not budgeted for) and metered water revenue (the majority of which comes from a few large industrial users). These items are excluded as the level of income received is not within Council's direct control.

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

Balanced budget benchmark

The following graph displays the Council's revenue (excluding development contributions, financial contributions, vested 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.

Found assets have been treated the same as vested assets for the purposes of the benchmarks, as these are assets that were vested prior to 1 July 2020, that were not recognised at the time.

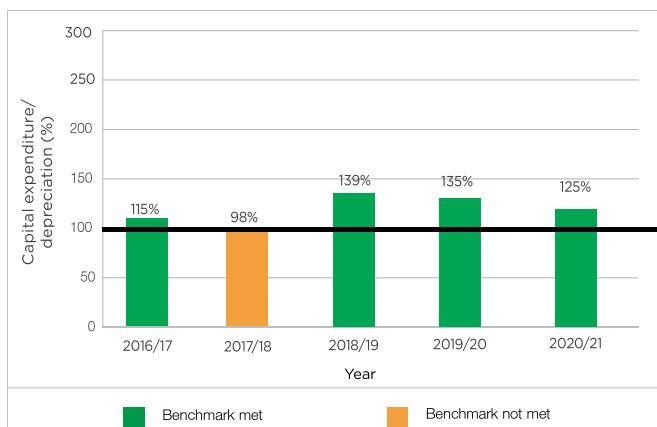


Comment:

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.

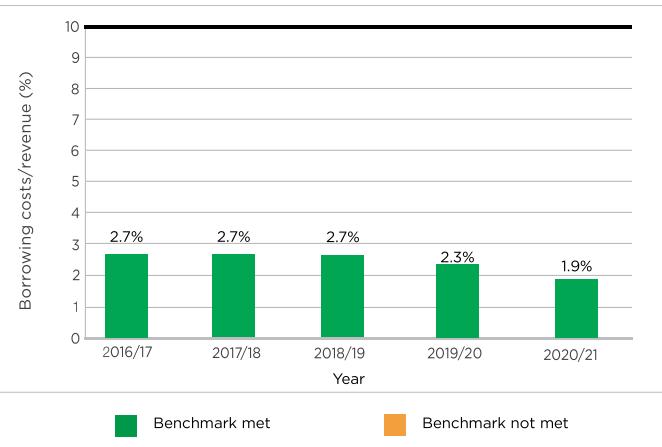


Comment:

Council's capital spending is not programmed on a straight-line basis consistent with depreciation. Over the five years shown, the capital spend averages 123% 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.

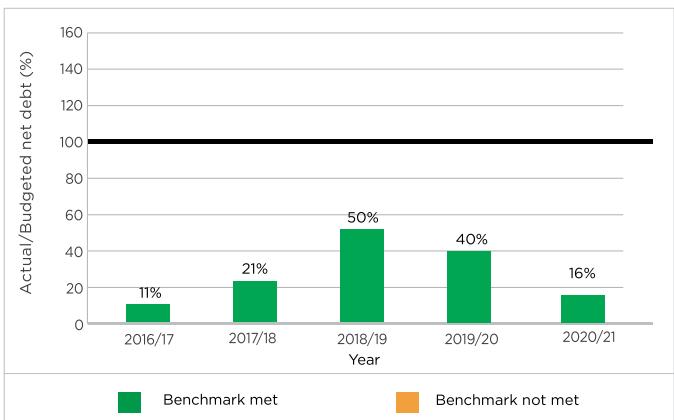


Comment:

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.

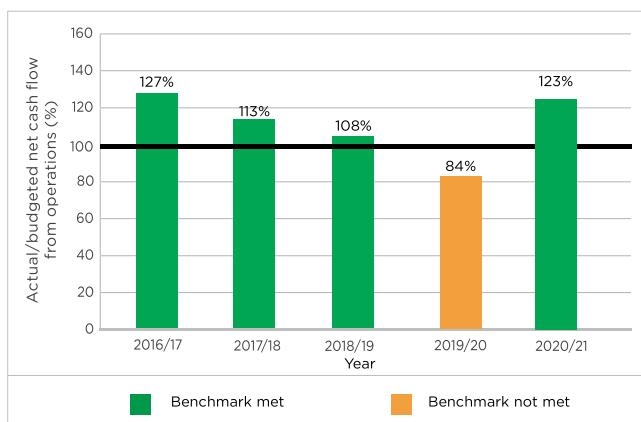


Comment:

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.

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 four of the last five years.