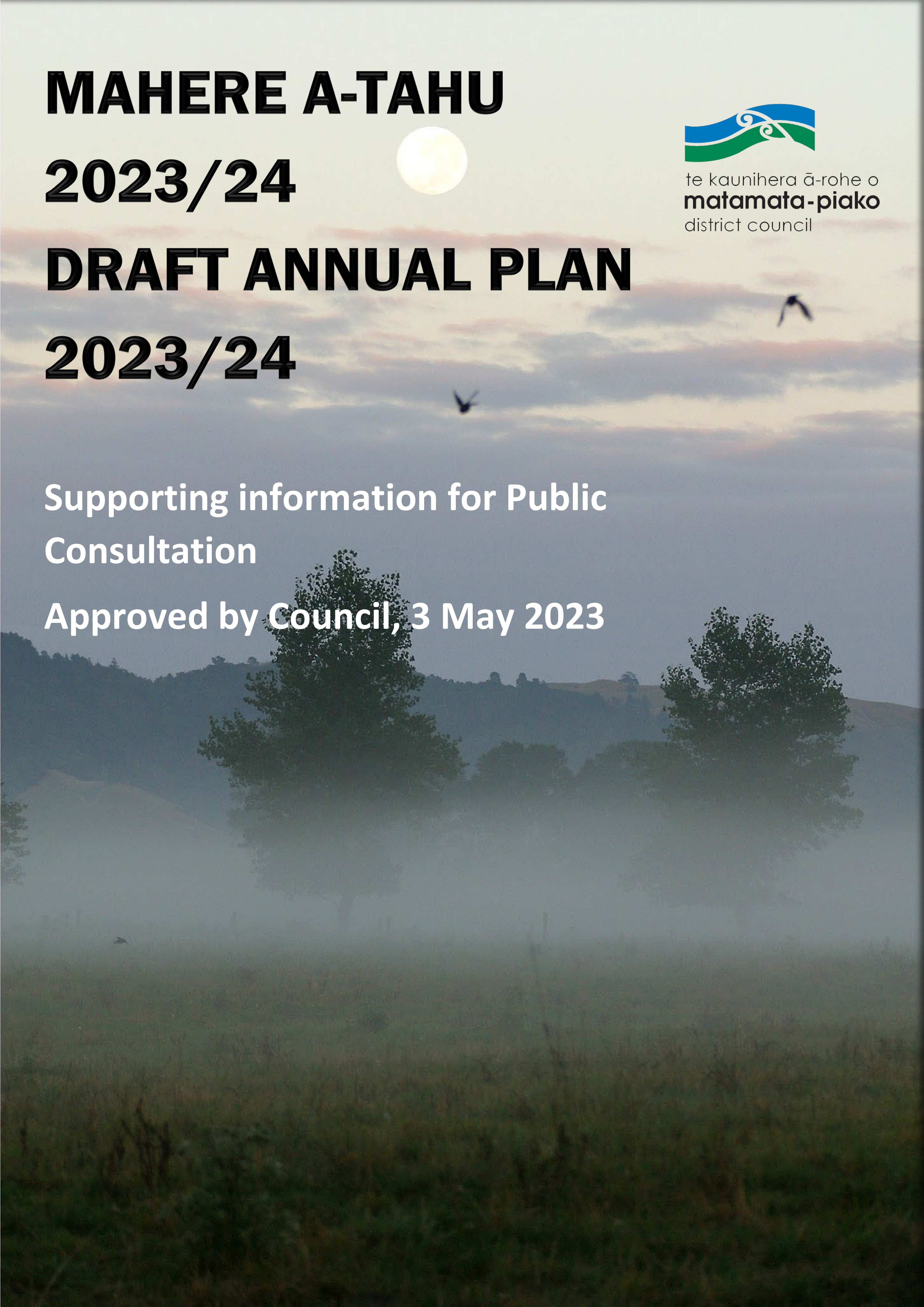

MAHERE A-TAHU 2023/24

DRAFT ANNUAL PLAN 2023/24

te kaunihera ā-rohe o
matamata-piako
district council

Supporting information for Public Consultation

Approved by Council, 3 May 2023

ISSN 1178-9735 (Online)

Contents

SECTION 1: KUPU WHAKATAKI | INTRODUCTION

NAU MAI - WELCOME

MAI TŌ KOUTOU KOROMATUA RĀUA

MESSAGE FROM YOUR MAYOR

This new Council hit the ground running since being elected in October 2022. One of the first things we started working on was this Annual Plan. This is the plan that checks our progress against what Council set out to do in the Long Term Plan, and makes any changes or additions for the year ahead.

We're proposing to stick with the plan – to continue to provide all our same services, to the same standard for the year ahead. That means we'll continue to open the pools, run the libraries, mow the parks, maintain the roads, treat your drinking water, process resource and building consents, provide community grants (and much more) for the next year.

We're also planning to continue with a number of improvements around the district – like introducing a new and improved kerbside collection service for urban areas, a new water treatment plant in Morrinsville, investigations into the spa in Te Aroha, and improving walking and cycling access in Matamata.

When we consulted on all these things as part of the 2021-31 Long Term Plan, we projected a spike in rates this year of 11.8% (largely due to shifting the cost of rubbish collection to rates, instead of rubbish bag sales). What we didn't predict at the time was the rising interest rates, high levels of inflation, staff shortages, and supply issues that everyone is facing right now. Those issues (among others) mean we are facing a draft total rates increase of 16.9%.

Like the rest of the country, Council is feeling the effects of the current global recession and cost of living increases. These pressures mean there is little room to manoeuvre in setting this year's budget. We have already made significant savings and efficiencies (to the tune of $XX million), to help offset rates increases and believe that this is a budget with no "fat" left to be trimmed.

But we can't get Matamata-Piako to where it needs to go by just cutting costs and keeping the rate level where it is. We want to continue to invest in our district to make sure it continues to be a vibrant, passionate, progressive place - rife with opportunity for all.

This consultation document sets out the main information you should know about setting this year's Annual Budget. It's important that we hear from you. What are the things you'd like your Elected Members to think about when making the final decisions for the year ahead? To make a submission please head over to our website mpdc.govt.nz/annual-plan to read more and tell us what you think, or pop into one of our area offices or libraries. We want to hear from you.

Adrienne Wilcock
Mayor

OUR GOVERNANCE

Council has established the following governance structure:

COUNCIL

The Matamata-Piako District is divided into three wards: Matamata, Morrinsville and Te Aroha. Our Council consists of 12 Councillors, elected by their respective wards, and one Mayor, elected by all voters throughout the district. The previous year also saw the introduction of a Māori Ward Councillor .Councillors and Mayor are elected to represent their communities and make decisions for the district. The elected representatives are supported by the Council's Chief Executive Officer and staff who provide advice, implement Council decisions, and look after the district'sday-to-day operations.

TE MANAWHENUA FORUM

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

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

RISK AND ASSURANCE COMMITTEE

The Risk and Assurance Committee ensure we have appropriate risk management and internal and financial control systems. This committee includes Jaydene Kana as independent chairperson and Joanne Aoake as independent member, Mayor Adrienne Wilcock and Councillor Gary Thompson, Councillor Bruce Dewhurst, Councillor Kevin Tappin, and Councillor James Thomas (deputy mayor).

DISTRICT LICENSING COMMITTEE

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

HEARINGS COMMISSION

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

CHIEF EXECUTIVE OFFICER REVIEW COMMITTEE

The Chief Executive Officer Performance Committee undertakes a review of the performance and remuneration of the Chief Executive Officer on an annual basis in accordance with the Chief Executive Officer's employment agreement. The Committee includes Mayor Adrienne Wilcock, Councillor James Thomas (deputy mayor), and Councillor Kevin Tappin.

WAHAROA AERODROME COMMITTEE

The Waharoa (Matamata) Aerodrome Committee was established in 2015 by legislation under the Ngāti Hauā Claims Settlement Act2014. The committee comprises of Mayor Adrienne Wilcock, Councillor James Thomas (deputy mayor), and Councillor Kevin Tappin along with three members appointed by the Ngaati Hauā Iwi Trust Board trustees. The functions of the Waharoa(Matamata) Aerodrome Committee, as set out in the Ngāti Hauā Claims Settlement Act 2014, are to:

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

KAUNIHERA | COUNCIL

COUNCILLORS & MAYOR 2023/24

Council staff	**Te Manawhenua Forum mo Matamata-Piako**	**Hearings Commission**	**District Licensing Committee**	**Risk and Assurance Committee**	**Waharoa (Matamata) Aerodrome Committee**	**Chief Executive Officer Performance Committee**
Council employs the Chief Executive Officer, who in turn employs Council staff	Chairperson Te Ao Marama Maaka	No chairperson	Councillor Sue Whiting	Jaydene Kana	Co-chair persons Mokoro Gillett and Mayor Adrienne Wilcock	No chairperson

ADRIENNE WILCOCK
KOROMATUA | MAYOR

GARY THOMPSON
TE TOA HOROPŪ Ā MATAMATA-PIAKO

PETER JAGER
TE AROHA WARD

RUSSELL SMITH
TE AROHA WARD

SARAH-JANE BOURNE
TE AROHA WARD

JAMES SAINSBURY
MATAMATA WARD

KEVIN TAPPIN
MATAMATA WARD

SUE WHITING
MATAMATA WARD

CALEB J ANSELL
MATAMATA WARD

DAYNE HORNE
MORRINSVILLE WARD

BRUCE DEWHURST
MORRINSVILLE WARD

SHARON DEAN
MORRINSVILLE WARD

JAMES THOMAS
KOROMATUA TAUTOKO | DEPUTY MAYOR
MORRINSVILLE WARD

ANNUAL PLAN GUIDE

WHAT IS AN ANNUAL PLAN?

We produce an Annual Plan in the two years that we don'tproduce a Long Term Plan. The Annual Plan sets the budget for the year, and highlights any changes from what was forecast for the relevant year in the Long Term Plan.

WHY DO WE DO IT?

We are required to prepare an Annual Plan under the LocalGovernment Act 2002. Apart from the legal requirement, it also makes good sense to revise our plans each year. Whenyou are planning and budgeting three years out, things canchange from inflation, interest rates and project timing. Therefore, these need to be revised every year.

WHAT IS A LONG TERM PLAN?

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

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

WHAT IS AN ANNUAL REPORT?

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

WHAT HAS CHANGED?

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

YOUR DISTRICT

Area 175,477 hectares	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

HOW MUCH WILL MY RATES BE

To meet the rising costs and continue delivering our services we need to collect 16.9% more in rates. How much each property pays will vary depending on the property value and the services you receive - for example, only the people who receive kerbside collection will be rated for the new service, so the rating increase has a significant impact on these properties. This section provides some example properties to help you see exactly how the proposed budget would impact the different property types.

To see the impact on your property, please visit www.mpdc.govt.nz/rates/propertyrates-search.

Below are examples of different types of properties throughout the district. Please note these are for 'average' property values and may not reflect your particular situation.

Property type	Capital value	2022/23 rates	Proposed 2023/24 rates	Movement	
Urban residential – full services (eg water supply, wastewater, kerbside collection)	$500,000	$2,610	$3,145	+$534	+20.5%
	$800,000	$2,971	$3,533	+$562	+18.9%
	$1,250,000	$3,513	$4,116	+$603	+17.2%
Commercial - with 2 toilets and no kerbside collection from Sept 2023	$650,000	$4,016	$4,350	+$334	+8.3%
	$1,000,000	$4,438	$4,803	+$366	+8.2%
Rural lifestyle - no services (eg no water supply or kerbside collection)	$800,000	$1,652	$1,834	+$182	+11.0%
	$1,500,000	$2,494	$2,740	+$246	+9.9%
Rural - no services (eg no water supply or kerbside collection)	$5,000,000	$6,706	$7,272	+$566	+8.4%
	$8,000,000	$10,316	$11,156	+$840	+8.1%

SECTION 2: NGĀ PŪTEA | FINANCIALS

te kaunihera ā-rohe o matamata-piako district council

Forecast statement of comprehensive revenue and expense for the year ending 30 June 2024

Annual Plan 2022/23 ($000)		LTP 2023/24 ($000)	Annual Plan 2023/24 ($000)	Explanation of significant variances to the original LTP budget
	Revenue			
44,709	Rates	49,655	51,923	The increased rate requirement reflects the significantly higher inflationary pressures on Council's costs compared to that forecast in the LTP, and particularly in water, significantly increased compliance costs. Additionally kerbside collection rates have increased to fund the total cost of the activity rather than the activity being partly funded through the sale of rubbish bags.
6,355	Subsidies and grants	6,593	6,797	
10,592	Fees and charges	7,694	11,067	In the years since the LTP was set, Council has seen significant increases in income from resource and building consents (and a corresponding increase in costs). Also, the capacity and services of Te Aroha Mineral Spas and Domain House Beauty has increased from the LTP.
1,758	Development and financial contributions	1,829	1,829	
162	Interest revenue	194	458	Interest rates have increased from those forecast in the LTP
494	Other revenue	511	500	
64,070	**Total revenue**	**66,476**	**72,574**	
	Expenses			
22,099	Personnel costs	20,791	23,852	Additional positions have been budgeted since the LTP, much of which are funded from the increased fees and charges revenue. The move to the living wage has also impacted.
16,523	Depreciation and amortisation	16,728	22,608	Depreciation has increased as the replacement value of assets has increased higher than expected since the LTP was set.
1,372	Finance costs	1,779	2,089	Interest rates have increased from those forecast in the LTP
23,274	Other expenses	25,604	26,360	There are inflationary pressures on costs across the board, including significant increases in power, chemical and insurances. The introduction of the new Water Regulator has seen a marked increase in compliance costs for water supply. Activity in the resource and building consent activities is expected to decline compared to recent years, but still be higher than anticipated in the LTP, and will therefore incur higher costs.
63,268	**Total expenditure**	**64,902**	**74,909**	
802	**Surplus/(deficit)**	**1,574**	**(2,335)**	Council has proposed that it is prudent to not fully fund the estimated depreciation expense for all assets this year, meaning that the budget is unbalanced (or reflects a deficit)
	Other comprehensive revenue and expense			
-	Financial assets at fair value through other comprehensive revenue and expense	-	-	
23,869	Property, plant and equipment revaluations	22,116	22,100	
23,869	**Total other comprehensive revenue and expense**	**22,116**	**22,100**	

24,671	**Total comprehensive revenue and expense**	**23,690**	**19,765**	

Forecast statement of changes in equity for the year ending 30 June 2024

Annual Plan 2022/23 ($000)		LTP 2023/24 ($000)	Annual Plan 2023/24 ($000)	Explanation of significant variances to the original LTP budget
719,134	Balance at 1 July	735,513	916,055	The projected opening equity has been updated to reflect our revised forecasts to the end of the 2022/23 financial year
24,671	Total comprehensive revenue and expense for the year	23,690	19,765	
743,805	**Balance at 1 July**	**759,203**	**935,820**	

Forecast statement of financial position as at 30 June 2024

Annual Plan 2022/23 ($000)		LTP 2023/24 ($000)	Annual Plan 2023/24 ($000)	Explanation of significant variances to the original LTP budget
	Current assets			
1,352	Cash and cash equivalents	625	1,862	
1,706	Receivables	2,225	4,202	Budgeted receivables and prepayments are in line with current actual balances
300	Prepayments	-	400	
791	Inventory	686	897	
-	Assets held for sale	-	-	
-	Derivative financial instruments	-	-	
	Other financial assets:			
5,435	- Term deposits	5,400	10,649	Budgeted term deposits reflect cyclical cashflows
-	- Investments in CCO's and other similar entities	-	70	
9,584	**Total current assets**	**14,780**	**18,080**	
	Non-current assets			
-	Derivative financial instruments	-	1,000	Increasing interest rates are likely to result in an increased value of Council's interest rate swap portfolio at 30 June 2024
	Other financial assets:			
23,687	- Investments in CCO's and other similar entities	17,198	33,754	The valuation of Council's investment in the Waikato Regional Airport has increased significantly since the LTP budget was set
-	- Investments in other entities	-	122	
781,659	Property, plant and equipment	811,179	940,401	Revaluations have increased the value of existing assets significantly above what was budgeted in the LTP, and vested assets have also added significant asset value to Council's books
479	Intangible assets	558	538	
805,825	**Total non-current assets**	**828,935**	**975,815**	
815,409	**Total assets**	**843,715**	**993,773**	
	Liabilities			
	Current liabilities			
-	Derivative financial instruments	-	-	
7,308	Payables and deferred revenue	7,442	8,283	
2,209	Employee entitlements	2,341	2,501	
7,000	Borrowings	6,500	6,500	
120	Provisions	78	41	
16,637	**Total current liabilities**	**16,361**	**17,325**	
	Non-current liabilities			
2,000	Derivative financial instruments	3,000	-	Increasing interest rates have seen Council's interest rate swap portfolio reflected as an asset rather than a liability.
377	Employee entitlements	413	356	
52,239	Borrowings	64,431	39,878	Capital spending and the borrowing requirements as a result, have not occurred as quickly as set out in the LTP
351	Provisions	307	394	
54,967	**Total non-current liabilities**	**68,151**	**40,628**	

743,805	**Net assets**	**759,203**	**935,820**	

	Equity			
440,060	Accumulated funds	462,770	427,567	
303,745	Other reserves	296,433	508,253	Revaluation reserves have increased significantly more than budgeted in the LTP
743,805	**Total equity**	**759,203**	**935,820**	

Forecast statement of cashflows for the year ending 30 June 2024

Annual Plan 2022/23 ($000)		LTP 2023/24 ($000)	Annual Plan 2023/24 ($000)	Explanation of significant variances to the original LTP budget
	Cashflow from operating activities			
44,516	Rates revenue received	49,655	51,306	The increased rate requirement reflects the significantly higher inflationary pressures on Council's costs compared to that forecast in the LTP, and particularly in water, significantly increased compliance costs. Additionally kerbside collection rates have increased to fund the total cost of the activity rather than the activity being partly funded through the sale of rubbish bags.
6,540	Subsidies and grants received	6,593	6,776	
10,385	Fees and charges received	7,694	11,010	In the years since the LTP was set, Council has seen significant increases in income from resource and building consents (and a corresponding increase in costs). Also, the capacity and services of Te Aroha Mineral Spas and Domain House Beauty has increased from the LTP.
162	Interest received	194	458	Interest rates have increased from those forecast in the LTP
1,759	Development and financial contributions received	1,829	1,823	
288	Other revenue received	300	289	
-	GST (net)	-	-	
(23,293)	Payments to suppliers	(25,604)	(23,805)	There are inflationary pressures on costs across the board, including significant increases in power, chemical and insurances. The introduction of the new Water Regulator has seen a marked increase in compliance costs for water supply. Activity in the resource and building consent activities is expected to decline compared to recent years, but still be higher than anticipated in the LTP, and will therefore incur higher costs.
(21,830)	Payments to employees	(20,791)	(25,983)	Additional positions have been budgeted since the LTP, much of which are funded from the increased fees and charges revenue. The move to the living wage has also impacted.
(1,354)	Interest paid	(1,779)	(2,028)	Interest rates have increased from those forecast in the LTP
17,173	**Net cashflow from operating activities**	**18,091**	**19,846**	
	Cashflow from investing activities			
-	Repayment of loans and advances	-	-	
-	Sale of assets	-	-	
-	Proceeds from sale/maturity of investments	-	-	
(39,531)	Purchase of property, plant and equipment	(40,954)	(24,013)	The capital programme set out in the LTP has been scaled back to reflect priorities and what is deliverable with available resources
(139)	Purchase of intangible assets	(171)	(200)	
-	Acquisition of investments	-	-	
(39,670)	**Net cashflows from investing activities**	**(41,125)**	**(24,213)**	

	Cashflow from financing activities			
27,227	Proceeds from borrowings	30,036	11,878	Reduced borrowing requirement in line with reduced capital programme
(4,000)	Repayment of borrowings	(7,000)	(7,000)	
23,227	**Net cashflow from financing activities**	**23,036**	**4,878**	
730	**Net increase/(decrease) in cash and cash equivalents**	**2**	**511**	
622	Opening cash and cash equivalents	623	1,352	
1,352	**Closing cash and cash equivalents**	**625**	**1,862**	

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

The draft forecast financial statements of the Council are for the year ended 30 June 2023. The draft forecast financial statements were authorised for issue as part of the draft Annual Plan by Council on 3 May 2023. Council is responsible for the prospective financial statements presented, including the appropriateness of the assumptions underlying the prospective financial statements and all other required disclosures.

Basis of Preparation

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

Implementation of new and amended standards

All standards, interpretations and amendments approved but not yet effective in the current year are either not applicable to the Council or are not expected to have a material impact on the financial statements of the Council and, therefore, have not been disclosed.

Statement of compliance

The draft forecast financial statements 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). These draft forecast financial statements have been prepared in accordance with and comply with PBE Standards.

Presentation currency and rounding

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

Opening balances

The draft forecast financial statements have been prepared based on expected opening balances for the year ended 30 June 2023. Estimates have been restated accordingly if required.

A cautionary note

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

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.

Borrowing costs

Finance/borrowing costs are recognised as an expense in the financial year in which they are incurred.

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.

Cash and cash equivalents

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

Receivables

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

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.

Non-current assets held for sale

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).

Derivative financial instruments
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.

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

Term deposits, and community 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.

Property, plant and equipment
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 – 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:

Operational assets	**Useful Life**	**Depreciation rate**	**Utility assets**	**Useful life**	**Depreciation rate**
Buildings	2 to 100 years	1% - 50%	Buildings	2 to 100 years	1% - 50%
Restricted assets (buildings)	2 to 100 years	1% - 50%	Wastewater mains	50 to 100 years	1% - 2%
Restricted assets (cycleways)	2 to 50 years	2% - 50%	Wastewater other	80 to 100 years	1% - 2%
Restricted assets (walkways)	2 to 50 years	2% - 50%	Wastewater pump station equipment	1 to 120 years	1% - 100%
Plant and machinery	2 to 15 years	6% - 50%	Wastewater service lines	50 to 100 years	1% - 2%
Furniture and equipment	2 to 20 years	5% - 50%	Water mains	40 to 88 years	1% - 3%
Computer equipment	3 to 10 years	10% - 33%	Water valves	35 to 80 years	1% - 3%
Server hard drives	1 year	100%	Water hydrants	80 years	1%
Library collection	2 to 9 years	11% - 50%	Water nodes	80 years	1%
Infrastructural assets			Water pump station equipment	3 to 100 years	1% - 33%

Road network			Water service lines	40 to 88 years	1% - 3%
Street lighting	10-25 years	4% - 10%	Stormwater mains	51 to 100 years	1% - 2%
Formation carriageway	100 years	1%	Stormwater manholes	100 years	1%
Pavement surfacing	5 to 50 years	2% - 20%	Stormwater pumps	15 years	7%
Pavement structure	60 to 90 years	1% - 2%	Stormwater service lines	60 to 100 years	1% - 2%
Footpaths	5 to 50 years	2% - 20%	Swale drains	Indefinite	0%
Drainage	60 to 80 years	1% - 2%			
Bridges	60 to 90 years	1% - 2%			
All other	1 to 70 years	1%- 100%			

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

Impairment of non-financial assets

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.

Intangible assets

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. The same approach applies to the impairment of intangible assets.

Payables and deferred revenue

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

Borrowings

Borrowings on normal commercial terms are initially recognised at the amount borrowed plus transaction costs. Interest due on the borrowings is subsequently accrued and recognised in accrued expenses.

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.

Employee entitlements

Short term employee entitlements

Employee benefits that are due to be settled within 12 months after the end of the year in which the employee provides the related service are measured based on 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.

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.

Provisions

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

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

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

Equity

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

- Accumulated funds
- Other reserves - 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.

Goods and service 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 for the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the surplus or deficit.

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 forecast financial statements, estimates and assumptions have been made concerning the future. These estimates and assumptions may differ from the subsequent actual results.

Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the period of the Annual Plan follows.

Infrastructural assets

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

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

Estimates are made when determining the remaining useful lives over which the asset will be depreciated. These estimates can be impacted by the local conditions, for example weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then we could be over or under estimating the annual depreciation charge recognised as an expense in the statement of comprehensive revenue and expense.

To minimise this risk, our infrastructural assets useful lives have been determined with reference to the New Zealand Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration and condition modelling are also carried out regularly as part of our asset management planning activities, which gives us further assurance over its useful life estimates. Experienced independent valuers perform or undertake a peer review of our infrastructural asset revaluations.

Provisions for landfill aftercare and Tui Mine site monitoring

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

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

Critical judgments in applying accounting policies

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

Classification of property

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

Waikato Regional Airport Limited

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

Forecast depreciation and amortisation expense by group of activity

Annual Plan 2022/23 ($000)		LTP 2023/24 ($000)	Annual Plan 2023/24 ($000)
Directly attributable depreciation and amortisation expense by group of activity			
2,982	Community facilities	3,080	3,262
6,637	Roading	6,573	11,116
40	Rubbish & recycling	146	35
836	Stormwater	870	890
2,702	Wastewater	2,847	2,702
2,273	Water	2,150	2,273
1	Strategy and engagement	1	2
8	Consents and licensing	9	11

1,044	Depreciation and amortisation not directly related to groups of activities	1,053	2,317
16,523	**Total depreciation and amortisation expense**	**16,729**	**22,608**

Reserve funds

Reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by us. Restricted reserves are those reserves subject to conditions accepted as binding by us which may not be revised by us without reference to the Courts or third party. Transfers from these reserves may be made only for certain specified purposes or when certain conditions are met.

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

Council created reserves	Purpose	Activities related to	Forecast balance 01 July 2023 ('000)	Transfer in	Funds will come from	Transfer out	Funds will be applied to	Balance 30 June 2024 ('000)
Community purposes reserve	Funds received and set aside for use on community facilities or for community purposes e.g. grants.	All Council activities	2,543	-	No additional funding anticipated for this annual plan	-	No expenditure anticipated for this annual plan	2,543
COVID-19 recovery reserve	Funds set aside to aid in the economic recovery of the district or to support hardship of qualifying community groups following the impact of COVID-19	All Council activities	1,200	-	No additional funding anticipated for this annual plan	-	No expenditure anticipated for this annual plan	1,200
Power New Zealand reserve fund	Funds received and set aside on behalf of the community from the dissolution of the local power board co-operative in 1998. The fund is utilised for internal borrowing or external investment, with returns used to subsidise rates.	All Council activities	22,398	977	External interest from the invested portion of the fund, and internal interest from the internally borrowed portion of the fund.	(879)	Annual Economic Development funding plus subsidy of rates	22,496

Wastewater capital contribution reserve	Capital contribution funds received from industry and set aside to offset future deprecation.	Wastewater	2,374	681	Annual targeted rates charged to Fonterra and Greenlea Morrinsville	(681)	Fonterra and Greenlea's share of interest and depreciation expenses	2,374
Depreciation reserves	Funds set aside for the replacement of assets and used to fund internal borrowing.	All Council activities	23,733	17,427	Depreciation funding and interest	(9,117)	Replacement of assets (renewals) and repayment of loans	32,043
Stormwater improvement reserve	Funds set aside to fund stormwater projects	Stormwater	109	-	No additional funding anticipated for this annual plan	-	One-off CCTV and catchment modelling projects	109
Te Aroha Wastewater desludging project	Funds set aside for the desludging of the Te Aroha wastewater ponds	Wastewater	739	-	No additional funding anticipated for this annual plan	-	Estimated desludging work	739
Te Aroha Spa development project	Funds set aside for the initial development of the Te Aroha Spa project	Community Facilities	1,030	-	No additional funding anticipated for this annual plan	-	Estimated scoping and feasibility work	1,030
Town Centre revitalisation reserve	Funds set aside for the district Town Centre revitalisation (POP) project	Community Facilities	692	-	No additional funding anticipated for this annual plan	-		692
Total Council Created Reserves			**54,818**	**19,085**		**(10,677)**		**63,226**

Restricted reserves	Purpose	Activities related to	Forecast balance 01 July 2023 (‘000)	Transfer in	Funds will come from	Transfer out	Funds will be applied to	Balance 30 June 2024 (‘000)
Endowment land sales reserve	Funds set aside in respect of the sale of endowment land in Te Aroha. The proceeds must be used for the provision or improvement of services and public amenities for the benefit of the inhabitants of Te Aroha.	Community facilities	313	-	No additional funding anticipated for this annual plan	-	No expenditure anticipated for this annual plan	313
Reserves Development	Funds set aside from reserves contributions to be used for parks and reserves.	Development of parks and reserves	238	57	Financial contributions	-	No expenditure anticipated for this annual plan	295
Youth ambassadors	Funds set aside for initiatives that	Nominated	9	10	General rates funding	(10)	Apply funding	9

	empower the youth of our district	purposes						
Bequests & trust funds	Funds set aside to be used for the nominated purpose of the bequest or trust fund.	Nominated purposes	26	-	No additional funding anticipated for this annual plan	-	No expenditure anticipated for this annual plan	26
Waste minimisation	Funds set aside for the purpose of initiatives encouraging the minimisation of waste	Nominated purposes	347	260	Government funding of waste minimisation	(225)	Apply funding for waste minimisation program	382
Civil Defence fund	Funds set aside to be used for the purpose of Civil defence activities	Nominated purposes	90	-	No additional funding anticipated for this annual plan	-	No expenditure anticipated for this annual plan	90
Total restricted reserves			**1,023**	**327**		**(235)**		**1,115**
Asset revaluation reserves			**391,510**	**22,100**	Assets revaluation	**-**	Assets revaluation	**413,611**
Fair value through other comprehensive revenue and expense reserve			**30,301**	**-**	Financial assets revaluation	**-**	Financial assets revaluation	**30,301**
Total other reserves			**477,652**	**41,512**		**(10,912)**		**508,253**

Reconciliation between the funding impact statement and statement of comprehensive revenue and expense

The funding impact statement is prepared in compliance with the requirements of clause 20, part 2, schedule 10 of the Local Government Act 2002. Unlike the statement of comprehensive revenue and expense, the funding impact statement is not compliant with generally accepted accounting standards (GAAP). The funding impact statement is intended to show in a transparent manner, how all sources of funding received by us are applied. It does not include "non-cash" that is classified as income on the statement of comprehensive revenue and expense (as required by GAAP) such as assets that are vested to us through the subdivision process, or unrealised gains on assets. The statement of comprehensive revenue and expense also requires "non-cash" expenses such as depreciation, amortisation, and unrealised losses of assets to be reflected, whereas these are excluded from the funding impact statement. The reconciliation below identifies the differences between these two statements.

Annual Plan 2022/23 ($000)		LTP 2023/24 ($000)	Annual Plan 2023/24 ($000)
	Funding sources as shown in the overall Council funding impact statement		
58,507	Total operating funding	61,171	66,439
28,168	Total capital funding	27,905	9,333
	Less capital movements		
23,227	Increase/(decrease) in debt	23,037	4,151
-	Gross proceeds from sale of assets	-	-
	Add non-funded income		
206	Vested assets	211	211
-	Other gains	-	-
416	Income from support activities	226	742
64,070	**Total funding sources**	**66,476**	**72,574**
64,070	**Total income as shown in the statement of comprehensive revenue and expense**	**66,476**	**72,574**
	Application of funding as shown in the overall Council funding impact statement		
46,329	Total applications of operating funding	47,948	51,559
40,346	Total applications of capital funding	41,128	24,213
	Less capital movements		
40,964	Capital expenditure	41,127	24,213
(618)	Increase (decrease) in reserves	1	-
-	Increase (decrease) in investments	-	-
	Add non-funded expenditure		
16,523	Depreciation and amortisation	16,728	22,608
-	Other losses	-	-
416	Expenses from support activities	226	742
63,268	**Total funding application**	**64,902**	**74,909**
63,268	**Total expenditure as shown in the statement of comprehensive revenue and expense**	**64,902**	**74,909**

Forecast funding impact statement for 1 July 2023 to 30 June 2024 for whole of Council

Annual Plan 2022/23 $000		Long Term Plan 2023/24 $000	Annual Plan 2023/24 $000	Explanation and variances from the original LTP budget
	Sources of operating funding			
28,818	General rates, uniform annual general charges, rates penalties	31,477	32,102	The increased rate requirement reflects the significantly higher inflationary pressures on Council's costs compared to that forecast in the LTP, and particularly in water, significantly increased compliance costs. Additionally kerbside collection rates have increased to fund the total cost of the activity rather than the activity being partly funded through the sale of rubbish bags.
15,891	Targeted rates	18,178	19,671	
3,172	Subsidies and grants for operating purposes	3,554	3,445	
10,173	Fees and charges	7,577	10,768	In the years since the LTP was set, Council has seen significant increases in income from resource and building consents (and a corresponding increase in costs). Also, the capacity and services of Te Aroha Mineral Spas and Domain House Beauty has increased from the LTP.
162	Interest and dividends from investments	83	162	Interest rates have increased from those forecast in the LTP
291	Local authorities fuel tax, fines, infringement fees, and other receipts	302	291	
58,507	**Total operating funding (A)**	**61,171**	**66,439**	
	Applications of operating funding			
44,957	Payments to staff and suppliers	46,169	49,472	There are inflationary pressures on costs across the board, including significant increases in power, chemical and insurances. The introduction of the new Water Regulator has seen a marked increase in compliance costs for water supply. Activity in the resource and building consent activities is expected to decline compared to recent years, but still be higher than anticipated in the LTP, and will therefore incur higher costs. Additional staff positions have been budgeted since the LTP, much of which are funded from the increased fees and charges revenue. The move to the living wage has also impacted.
1,372	Finance costs	1,779	2,087	Interest rates have increased from those forecast in the LTP

-	Other operating funding applications	-	-	
46,329	**Total applications of operating funding (B)**	**47,948**	**51,559**	
12,178	**Surplus (deficit) of operating funding (A – B)**	**13,223**	**14,880**	
	Sources of capital funding			
3,183	Subsidies and grants for capital expenditure	3,039	3,352	
1,758	Development and financial contributions	1,829	1,830	
23,227	Increase (decrease) in debt	23,037	4,151	Reduced borrowing requirement in line with reduced capital programme
-	Gross proceeds from sale of assets	-	-	
-	Lump sum contributions	-	-	
-	Other dedicated capital funding	-	-	
28,168	**Total sources of capital funding (C)**	**27,905**	**9,333**	
	Applications of capital funding			
	Capital expenditure			
3,811	—to meet additional demand	2,462	-	The capital programme set out in the LTP has been scaled back to reflect priorities and what is deliverable with available resources.
21,009	—to improve the level of service	23,670	15,066	
16,144	—to replace existing assets	14,995	15,272	
(618)	Increase (decrease) in reserves	1	(6,125)	
-	Increase (decrease) of investments	-	-	
40,346	**Total applications of capital funding (D)**	**41,128**	**24,213**	
(12,178)	**Surplus (deficit) of capital funding (C – D)**	**(13,223)**	**(14,880)**	
-	**Funding balance ((A – B) + (C – D))**	**-**	**-**	

CALCULATION OF RATES

For 1 July 2023 to 30 June 2024. These rates shown are inclusive of GST unless otherwise stated.

		GENERAL RATES		TARGETED RATES	
Source		General Rate	Uniform annual general charge	Stormwater	Rubbish and Recycling – Kerbside collection
Category		All rateable land in the Matamata-Piako District	All rateable land in the Matamata-Piako District	Rating units within serviced areas	Rating units within serviced areas
Forecast revenue 2023/24 (excluding GST) ($000)		21,614	10,506	1,151	2,512
How the rate will be calculated		Per dollar of capital value	Uniform charge per rating unit	Uniform charge per rating unit within the townships of Matamata, Morrinsville, Te Aroha and Waharoa	Uniform charge per separately used or inhabited part of a rating unit to which the service is available
Annual Plan 2022/23	$	0.00120340	689.17	123.75	123.91
LTP 2023/24	$	0.00161406	735.34	127.12	328.24
Annual Plan 2023/24	$	0.00129477	798.13	133.25	289.38

TARGETED RATES									
Source		**Wastewater (sewage disposal)**							
Category		Connected single residential house	Connected non-single residential, and non-residential properties						Serviceable properties within 30 metres of Council's Wastewater reticulation network
Forecast revenue 2023/24 (excluding GST) ($000)		5,171	643						137
How the rate will be calculated		Uniform charge per connected rating unit	Uniform charge per rating unit for the first pan on all connected properties, and:	Additional uniform charge per pan (excluding the first pan) for properties with up to 4 pans	Or additional uniform charge per pan (excluding the first pan) for properties with up to 10 pans	Or additional uniform charge per pan (excluding the first pan) for properties with up to 15 pans	Or additional uniform charge per pan (excluding the first pan) for properties with up to 20 pans	Or additional uniform charge per pan (excluding the first pan) for properties with more than 20 pans	Uniform charge per rating unit to which the service is available (but not connected)
Annual Plan 2022/23	$	612.76	612.76	612.76	520.85	490.21	459.57	428.93	306.38

LTP 2023/24		702.46	702.46	702.46	597.09	561.97	526.85	491.72	351.23
Annual Plan 2023/24		626.26	626.26	626.26	532.32	501.01	469.70	438.38	313.13

TARGETED RATES

Source	Industry contributions to the Morrinsville wastewater treatment plant upgrade		Water supply		Water supply (metered) *			
Category	18 Allen Street, Morrinsville	38 Pickett Place Morrinsville	Connected properties	Serviceable properties within 100 metres of Council's water reticulation network	Metered supply (general)**	Metered supply raw water Pohomihi (Te Aroha West) water Line	Metered supply Braeside Aquaria 1981	Matamata farm properties***
Forecast revenue 2023/24 (excluding GST) ($000)	517	164	6,352	115	2,733	28	6	69
How the rate will be calculated	Uniform charge per specified rating unit		Uniform charge per separately used or inhabited part of a rating unit to which the service is connected and provided	Uniform charge per separately used or inhabitedpart of a rating unit to which the service is available (but not connected)	Charge per cubic metre of water consumed (as measured by meter) over and above the first 63 cubic metresof water consumed per quarter or the first 21 cubic metres consumed per month	Charge per cubic metre of water consumed (as measured by meter) over and above the first 63 cubic metres of water consumed per quarter or the first 21 cubic metres consumed per month in the Pohomihi (Te Aroha West)supply area	Charge per cubic metre of water consumed (as measured by meter) over and above the first 63 cubic metres of water consumed per quarter or the first 21 cubic metres consumed per month for Braeside Aquaria	Charge per cubic metre of water consumed (as measured by meter) over and above the first 63 cubic metres of water consumed per quarter or the first 21 cubic metres consumed per month for Matamata farm properties that contain the Matamata trunk main from Tills Road
Annual Plan 2022/23 ($)	578,005.81	183,429.86	459.16	229.58	1.84	1.32	0.95	1.84
LTP 2023/24 ($)	565,905.07	179,645.97	403.82	201.91	1.55	1.11	0.80	1.55
Annual Plan 2023/24 ($)	594,332.90	188,611.25	650.26	325.13	2.61	1.87	1.35	2.61

Footnotes
* Targeted Rates for a metered water supply are charged in addition to a uniform charge per separately used or inhabited part of a rating unit to which the service is connected and provided.
**Excluding the other categories of metered supplies listed (being Pohomihi, Braeside Aquaria and Matamata farm properties).
***A 50% discount will be applied to this rate if the invoice is paid by the due date.

TARGETED RATES							
Source		Community Facilities and Property - Targeted rural hall rates will apply to all land within the hall rating area as listed					
Category		Tauhei	Hoe-O-Tainui	Springdale	Kiwitahi	Patetonga	Wardville
Forecast revenue 2023/24 (excluding GST) ($000)		8.96	3.17	2.77	4.41	0.25	5.70
How the rate will be calculated		Per dollar of land value					
Annual Plan 2022/23	$	0.00011732	0.00002682	0.00001481	0.00001951	0.00003045	0.00001934
LTP 2023/24	$	0.00012074	0.00002760	0.00001524	0.00002008	0.00003134	0.00001990
Annual Plan 2023/24	$	0.00012074	0.00002682	0.00001481	0.00001951	0.00003134	0.00002905

TARGETED RATES									
Source		Community Facilities and Property - Targeted rural hall rates will apply to all land within the hall rating area as listed							
Category		Tahuna	Mangateparu	Kereone	Tatuanui	Walton	Okauia	Hinuera	Piarere
Forecast revenue 2023/24 (excluding GST) ($000)		4.95	5.12	3.78	4.27	5.38	3.29	5.40	2.18
How the rate will be calculated		Uniform charge per rating unit					Per dollar of capital value		
Annual Plan 2022/23	$	38.20	34.80	41.50	61.80	30.00	0.00001549	0.00001401	0.00001781
LTP 2023/24	$	39.31	35.81	42.71	63.60	30.87	0.00001594	0.00001442	0.00001833
Annual Plan 2022/23	$	42.02	38.28	42.71	63.60	30.87	0.00001704	0.00001401	0.00001781

TARGETED RATES					
Source		Community Facilities and Property - Targeted rural hall rates will apply to all land within the hall rating area as listed			
Category		Mangaiti	Waihou	Elstow	Manawaru
Forecast revenue 2023/24 (excluding GST) ($000)		0.72	5.21	2.61	4.60
How the rate will be calculated		Uniform charge per separately used or inhabited part of a rating unit			
Annual Plan 2022/23	$	12.65	28.00	21.60	30.80
LTP 2023/24	$	13.02	28.81	22.23	31.70
Annual Plan 2023/24	$	13.02	28.81	22.23	33.88

GST

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

REVENUE AND FINANCING POLICY

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

SEPARATELY USED OR INHABITED PART OF RATING UNIT

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

TARGETED RATES SERVICED AREAS

Detailed maps showing the serviced areas for our targeted rates can be found on our website https://www.mpdc.govt.nz/plans/long-term-plan. These include stormwater serviced areas, kerbside collection serviced areas, and Hall rating areas.

LUMP SUM CONTRIBUTIONS

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

ANNUAL PLAN DISCLOSURE STATEMENT FOR YEAR ENDING 30 JUNE 2024

WHAT IS THE PURPOSE OF THIS STATEMENT?

The purpose of this statement is to disclose the Council's planned financial performance in relation to various benchmarks to enable the assessment of whether the Council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

The Council is required to include this statement in its Annual Plan in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

Benchmark		Planned	Met
Rates affordabilitybenchmark income	Annual rates revenue[1] will not increase by more than 11.81% for year 3 of the LTP	$48,946,000	No
increases	Annual rates increases[1] will not be more than 11.81% for year 3 of the LTP	16.89%	No
Debt affordability benchmark	Net debt as a percentage of total revenue will not exceed 150%[1]	48%	Yes
Balanced budget benchmark	>100%	94%	No
Essential services benchmark	>100%	125%	Yes
Debt servicing benchmark	<10%	3.0%	Yes

[1] For the purpose of this calculation, rates revenue excludes penalties, and the rate revenue from metered water supplies (the majority of which comes from a few large industrial users). These items are excluded as the level of revenue received is not within Councils' direct control.
[2] 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.

Notes

1. RATES AFFORDABILITY BENCHMARK

1. For this benchmark,—
   a) the Council's planned rates income for the year is compared with a quantified limit on rates contained in the financial strategy included in the Council's Long Term Plan; and
   b) the Council's planned rates increases for the year are compared with a quantified limit on rates increases for the year contained in the financial strategy included in the Council's Long Term Plan.
2. The Council meets the rates affordability benchmark if—
   a) its planned rates income for the year equals oris less than the quantified limit on rates; and
   b) its planned rates increases for the year equal or are less than the quantified limit on rates increases.

2. DEBT AFFORDABILITY BENCHMARK

(1) For this benchmark, the Council's planned borrowing is compared with a quantified limit on borrowing contained in the financial strategy included in the Council's Long Term Plan.
(2) The Council meets the debt affordability benchmark if its planned borrowing is within the quantified limit on borrowing.

3. BALANCED BUDGET BENCHMARK

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

financial instruments and revaluations of property, plant, orequipment).

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

4. ESSENTIAL SERVICES BENCHMARK

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

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

5. DEBT SERVICING BENCHMARK

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

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

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.

WHAT HAS CHANGED

Smaller projects within this group of activities are still progressing as set out in our Long Term Plan, although changes to some significant projects are noted below:

Project	LTP 2023/24 ($000)	Annual Plan 2023/24 ($000)	Explanation of significant variances to the original Long Term Plan budget
Te Aroha Domain redevelopment	500	-	Re-prioritised awaiting outcome of the Spa development decision
Morrinsville playgrounds	300	-	Bought forward and completed
Matamata playgrounds	200	200	
Dog exercise areas	200	-	Bought forward and completed
Development of Spas – Physical works	8,381	-	Awaiting outcome of the Spa development decision
Provision of more amenities for our pools (ie Splash pads)	210	-	Re-prioritised and carried forward
Te Aroha pool improvements	500	-	Re-prioritised and carried forward
Matamata indoor stadium	2,000	-	Re-prioritised and carried forward
Matamata-Piako Civic and Memorial Centre stage	200	-	Re-prioritised and carried forward

Please see our Long Term Plan 2021-31 available on our website at https://www.mpdc.govt.nz/plans/long-term-plan or at any Council Office or Library for more information on this group of activities including:

- our vision and community outcomes
- key drivers
- our responses

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

te kaunihera ā-rohe o matamata-piako district council

FUNDING IMPACT STATEMENT

Community Facilities and Property 1 July 2023 to 30 June 2024

Annul Plan 2022/23 ($000)		Long Term Plan 2023/24 ($000)	Annual Plan 2023/24 ($000)	Explanation of significant variances to the original LongTerm Plan budget
	Sources of operating funding			
11,116	General rates, uniform annual general charges, rates penalties	12,635	11,950	Rates required have decreased compared to what was budgeted in the LTP, in line with estimated increases in revenue from fees and charges
67	Targeted rates	71	71	
4	Subsidies and grants for operating purposes	4	4	
3,856	Fees and charges	3,258	4,504	Fees have been increased to reflect increased costs and also, the capacity and services of Te Aroha Mineral Spas and Domain House Beauty has increased from the LTP.
189	Internal charges and overheads recovered	216	260	
-	Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	
15,232	**Total operating funding (A)**	**16,184**	**16,789**	
	Applications of operating funding			
9,997	Payments to staff and suppliers	10,550	10,964	Services, and therefore operating costs of Te Aroha Mineral Spas and Domain House Beauty has increased from that set out in the LTP, as well as general costs increases, particularly including living wage increases, power and chemical costs for the pools.
226	Finance costs	581	232	
2,166	Internal charges and overheads applied	2,189	2,547	
-	Other operating funding applications	-	-	
12,389	**Total applications of operating funding(B)**	**13,320**	**13,743**	
2,843	**Surplus (deficit) of operating funding (A – B)**	**2,864**	**3,046**	
	Sources of capital funding			
-	Subsidies and grants for capitalexpenditure	-	-	
56	Development and financial contributions	57	57	
8,729	Increase (decrease) in debt	11,082	(1,850)	The LTP assumed a significant capital spend in 2023/24 that has been delayed
	Gross proceeds from sale of assets	-	-	
-	Lump sum contributions	-	-	
-	Other dedicated capital funding	-	-	
8,785	**Total sources of capital funding (C)**	**11,139**	**(1,793)**	
	Applications of capital funding			
	Capital expenditure			
-	—to meet additional demand	-	-	
9,243	—to improve the level of service	13,509	460	Significantly, capital spending on the Te Aroha Spa Development project scheduled in the LTP is delayed awaiting decision on the project's viability. The Matamata indoor stadium project is in its infancy with the budget carried forward to future years.
2,211	—to replace existing assets	812	793	

Annul Plan 2022/23		Long Term Plan 2023/24	Annual Plan 2023/24	Explanation of significant variances to the original LongTerm Plan budget
($000)		($000)	($000)	
174	Increase (decrease) in reserves	(318)	-	
-	Increase (decrease) of investments	-	-	
11,628	**Total applications of capital funding (D)**	**14,003**	**1,253**	
(2,843)	**Surplus (deficit) of capital funding (C – D)**	**(2,864)**	**(3,046)**	
-	**Funding balance ((A – B) + (C – D))**	**-**	**-**	

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.

WHAT HAS CHANGED

Projects within this group of activities are still progressing as set out in our Long Term Plan, although changes to some significant projects are noted below:

Project	LTP 2023/24 ($000)	Annual Plan 2023/24 ($000)	Explanation of significant variances to the original Long Term Plan budget
Grant funding	540	540	
District Plan review	200	200	
District Plan – National Planning Standards	300	50	This work will be funded over a longer period

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- levels of service

FUNDING IMPACT STATEMENT

Strategy and engagement 1 July 2023 to 30 June 2024

Annual Plan 2022/23 ($000)		Long Term Plan 2023/24 ($000)	Annual Plan 2023/24 ($000)	Explanation of significant variances to the original LongTerm Plan budget
	Sources of operating funding			
6,974	General rates, uniform annual generalcharges, rates penalties	6,726	6,768	
-	Targeted rates	-	-	
-	Subsidies and grants for operating purposes	-	-	
127	Fees and charges	126	429	
279	Internal charges and overheads recovered	352	567	
-	Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	
7,380	**Total operating funding (A)**	**7,204**	**7,764**	
	Applications of operating funding			
5,391	Payments to staff and suppliers	5,095	5,333	Four additional roles in the areas of Placemaking and Communications were introduced in prior years and since the LTP was set
37	Finance costs	42	151	
1,836	Internal charges and overheads applied	1,811	2,002	
-	Other operating funding applications	-	-	
7,264	**Total applications of operating funding(B)**	**6,948**	**7,486**	
116	**Surplus (deficit) of operating funding(A – B)**	**256**	**278**	
	Sources of capital funding			
-	Subsidies and grants for capital expenditure	-	-	
-	Development and financial contributions	-	-	
125	Increase (decrease) in debt	265	971	
	Gross proceeds from sale of assets	-	-	
-	Lump sum contributions	-	-	
-	Other dedicated capital funding	-	-	
125	**Total sources of capital funding (C)**	**265**	**971**	
	Applications of capital funding			
	Capital expenditure			
-	—to meet additional demand	-	-	
-	—to improve the level of service	-	-	
1,178	—to replace existing assets	1,318	1,249	
(937)	Increase (decrease) in reserves	(797)	-	

-	Increase (decrease) of investments	-	-	
241	**Total applications of capital funding (D)**	**521**	**1,249**	
(116)	**Surplus (deficit) of capital funding (C – D)**	**(256)**	**(278)**	
-	**Funding balance ((A – B) + (C – D))**	**-**	**-**	

INFRASTRUCTURE

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).

WHAT HAS CHANGED

Projects within this group of activities are still progressing as set out in our Long Term Plan, although changes to some significant projects are noted below:

Project	LTP 2023/24 ($000)	Annual Plan 2023/24 ($000)	Explanation of significant variances to the original Long Term Plan budget
Sealed Road pavement rehabilitation	2,388	3,080	Waka Kotahi approved a different level of funding for various works than anticipated in the LTP.
Sealed Road resurfacing	2,500	2,026	
NZTA Funded – Low costs low risk projects	750	750	
Traffic services renewals	300	317	
Drainage renewals	257	271	

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FUNDING IMPACT STATEMENT

Roading 1 July 2023 to 30 June 2024

Annual Plan 2022/23 ($000)		Long Term Plan 2023/24 ($000)	Annual Plan 2023/24 ($000)	Explanation of significant variances to the original LongTerm Plan budget
	Sources of operating funding			
8,047	General rates, uniform annual general charges, rates penalties	7,874	9,244	Inflationary pressures on asset replacement and other roading costs have significantly increased the rates requirement from that set in the LTP, as well as the lower operating subsidy income
-	Targeted rates	-	-	
2,908	Subsidies and grants for operatingpurposes	3,413	2,981	The subsidised roading work schedule approved by Waka Kotahi changed from that anticipated in the LTP, with less operating funding but an increase in subsidised capital funding.
159	Fees and charges	174	291	
141	Internal charges and overheads recovered	174	267	
255	Local authorities fuel tax, fines, infringement fees, and other receipts	269	255	
11,510	**Total operating funding (A)**	**11,904**	**13,038**	
	Applications of operating funding			
6,742	Payments to staff and suppliers	7,045	7,082	
318	Finance costs	300	462	
927	Internal charges and overheads applied	955	1,186	
-	Other operating funding applications	-	-	
7,987	**Total applications of operating funding(B)**	**8,300**	**8,730**	
3,523	**Surplus (deficit) of operating funding(A – B)**	**3,604**	**4,308**	
	Sources of capital funding			
3,183	Subsidies and grants for capital expenditure	3,039	3,352	The subsidised roading work schedule approved by Waka Kotahi changed from that anticipated in the LTP, with less operating funding but an increase in subsidised capital funding.
448	Development and financial contributions	463	464	
1,632	Increase (decrease) in debt	436	(817)	
	Gross proceeds from sale of assets	-	-	
-	Lump sum contributions	-	-	
-	Other dedicated capital funding	-	-	
5,263	**Total sources of capital funding (C)**	**3,938**	**2,999**	
	Applications of capital funding			
	Capital expenditure			
1,438	—to meet additional demand	224	-	

1,372	—to improve the level of service	1,143	1,295
5,875	—to replace existing assets	5,958	6,012
101	Increase (decrease) in reserves	217	-
-	Increase (decrease) of investments	-	-
8,786	**Total applications of capital funding (D)**	**7,542**	**7,307**
(3,523)	**Surplus (deficit) of capital funding (C – D)**	**(3,604)**	**(4,308)**
-	**Funding balance ((A – B) + (C – D))**	**-**	**-**

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

WHAT HAS CHANGED

Projects within this group of activities are still progressing as set out in our Long Term Plan, although changes to some significant projects are noted below:

Project	LTP 2023/24 ($000)	Annual Plan 2023/24 ($000)	Explanation of significant variances to the original Long Term Plan budget
Matamata Transfer Station – resource recovery center	4,000	-	Re-prioritised and carried forward
Te Aroha Transfer station	500	500	

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- significant effects
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FUNDING IMPACT STATEMENT

Rubbish and recycling 1 July 2023 to 30 June 2024

Annual Plan 2022/23 ($000)		Long Term Plan 2023/23 ($000)	Annual Plan 2023/24 ($000)	Explanation of significant variances to the original LongTerm Plan budget
	Sources of operating funding			
848	General rates, uniform annual generalcharges, rates penalties	1,891	1,597	Asset management costs and contract costs are lower than anticipated in the LTP, and income from fees and charges higher, therefore requiring less rates revenue
1,126	Targeted rates	2,991	2,527	Kerbside collection rates are slightly lower than anticipated in the LTP as Council anticipates a one-off grant to assist with the new contract roll-out and education costs.
260	Subsidies and grants for operating purposes	137	460	Waste minimisation subsidies provided by Government have increased since the LTP was set, and further grant funding to assist with the new contract roll-out and education costs is expected.
1,728	Fees and charges	968	1,232	A small amount from bag sales is expected for the first 2 months of 22/23, and transfer stations fees have been increased to incorporate increased Government levies on waste.
1	Internal charges and overheads recovered	1	1	
-	Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	
3,963	**Total operating funding (A)**	**5,988**	**5,817**	
	Applications of operating funding			
3,587	Payments to staff and suppliers	5,458	5,362	Additional staff budgeted for this activity since the LTP was set
43	Finance costs	91	82	
260	Internal charges and overheads applied	259	301	
-	Other operating funding applications	-	-	
3,890	**Total applications of operating funding(B)**	**5,808**	**5,745**	
73	**Surplus (deficit) of operating funding(A – B)**	**180**	**72**	
	Sources of capital funding			
-	Subsidies and grants for capital expenditure	-	-	
-	Development and financial contributions	-	-	
490	Increase (decrease) in debt	4,503	428	The planned resource recovery centre for Matamata has been carried forward reducing the need for debt funding
	Gross proceeds from sale of assets	-	-	
-	Lump sum contributions	-	-	
-	Other dedicated capital funding	-	-	
490	**Total sources of capital funding (C)**	**4,503**	**428**	
	Applications of capital funding			

	Capital expenditure			
-	—to meet additional demand	-	-	
530	—to improve the level of service	4,749	500	The planned resource recovery centre for Matamata has been carried forward
-	—to replace existing assets	-	-	
33	Increase (decrease) in reserves	(66)	-	
-	Increase (decrease) of investments	-	-	
563	**Total applications of capital funding (D)**	**4,683**	**500**	
(73)	**Surplus (deficit) of capital funding (C – D)**	**(180)**	**(72)**	
-	**Funding balance ((A – B) + (C – D))**	**-**	**-**	

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.

WHAT HAS CHANGED

Projects within this group of activities are still progressing as set out in our Long Term Plan. Significant projects are noted below:

Project	LTP 2023/24 ($000)	Annual Plan 2023/24 ($000)	Explanation of significant variances to the original Long Term Plan budget
Minor stormwater annual upgrades	100	100	
Matipo Street SW pond	200	200	

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

FUNDING IMPACT STATEMENT

Stormwater 1 July 2023 to 30 June 2024

Annual Plan 2022/23 ($000)		Long Term Plan 2023/24 ($000)	Annual Plan 2023/24 ($000)	Explanation of significant variances to the original LongTerm Plan budget
	Sources of operating funding			
170	General rates, uniform annual generalcharges, rates penalties	177	188	
1,042	Targeted rates	1,088	1,153	
-	Subsidies and grants for operating purposes	-	-	
-	Fees and charges	-	-	
101	Internal charges and overheads recovered	96	171	
-	Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	
1,313	**Total operating funding (A)**	**1,361**	**1,512**	
	Applications of operating funding			
390	Payments to staff and suppliers	264	394	
-	Finance costs	-	1	
201	Internal charges and overheads applied	198	212	
-	Other operating funding applications	-	-	
591	**Total applications of operating funding(B)**	**462**	**607**	
722	**Surplus (deficit) of operating funding(A – B)**	**899**	**905**	
	Sources of capital funding			
-	Subsidies and grants for capital expenditure	-	-	
27	Development and financial contributions	28	28	
-	Increase (decrease) in debt	-	(143)	
	Gross proceeds from sale of assets	-	-	
-	Lump sum contributions	-	-	
-	Other dedicated capital funding	-	-	
27	**Total sources of capital funding (C)**	**28**	**(115)**	
	Applications of capital funding			
	Capital expenditure			
320	—to meet additional demand	-	-	
336	—to improve the level of service	317	500	
140	—to replace existing assets	144	290	
(47)	Increase (decrease) in reserves	466	-	
-	Increase (decrease) of investments	-	-	
749	**Total applications of capital funding (D)**	**927**	**790**	

(722)	**Surplus (deficit) of capital funding (C – D)**	**(899)**	**(905)**
-	**Funding balance ((A – B) + (C – D))**	**-**	**-**

TE WAIPARA | WASTEWATER

WHAT WE DO

We own and operate wastewater treatment plants (WWTP) in Matamata (which also treats wastewater from Waharoa and Raungaiti), Morrinsville (which also treats wastewater from Rukumoana), Te Aroha, Tahuna and Waihou. The Morrinsville treatment plant also treats and disposes of rural septic tank waste. Approximately 50% of the wastewater treated in Morrinsville is from local industry. Industrial and commercial wastewater is regulated through tradewaste agreements and our Tradewaste Bylaw which ensure companies pay for the cost of processing their own waste.

The efficient operation and maintenance of our wastewater network is achieved by providing adequate backup facilities, equipment, machinery and staff to handle any 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.

WHAT HAS CHANGED

Projects within this group of activities are still progressing as set out in our Long Term Plan, although changes to some significant projects are noted below:

Project	LTP 2023/24 ($000)	Annual Plan 2023/24 ($000)	Explanation of significant variances to the original Long Term Plan budget
Wastewater plant renewals	2,062	1,639	Works re-prioritised assessed on need
Wastewater retic renewals	1,645	1,999	
Waihou wastewater treatment plant upgrade	200	746	The planned spend in 2023/24 include budget carried forward from previous years

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- our projects for the next 10 years
- levels of service

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FUNDING IMPACT STATEMENT

Wastewater 1 July 2023 to 30 June 2024

Annual Plan 2022/23 ($000)		Long Term Plan 2023/24 ($000)	Annual Plan 2023/24 ($000)	Explanation of significant variances to the original LongTerm Plan budget
	Sources of operating funding			
-	General rates, uniform annual generalcharges, rates penalties	-	-	
6,364	Targeted rates	7,214	6,625	Rates requirements have decreased in line with estimated operating costs reducing compared to the LTP
-	Subsidies and grants for operating purposes	-	-	
682	Fees and charges	720	682	
303	Internal charges and overheads recovered	241	575	
-	Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	
7,349	**Total operating funding (A)**	**8,175**	**7,882**	
	Applications of operating funding			
3,755	Payments to staff and suppliers	3,988	3,719	Estimated operational costs are expected to be lower than budgeted in the LTP
293	Finance costs	371	466	
522	Internal charges and overheads applied	529	562	
-	Other operating funding applications	-	-	
4,570	**Total applications of operating funding(B)**	**4,888**	**4,747**	
2,779	**Surplus (deficit) of operating funding(A – B)**	**3,287**	**3,135**	
	Sources of capital funding			
-	Subsidies and grants for capital expenditure	-	-	
776	Development and financial contributions	808	808	
5,959	Increase (decrease) in debt	306	2,903	The Matamata Wastewater Treatment Plant upgrade has been bought forward compared to the timing in the LTP, resulting in increased debt requirements
	Gross proceeds from sale of assets	-	-	
-	Lump sum contributions	-	-	
-	Other dedicated capital funding	-	-	
6,735	**Total sources of capital funding (C)**	**1,114**	**3,711**	
	Applications of capital funding			
	Capital expenditure			
1,910	—to meet additional demand	50	-	
3,623	—to improve the level of service	214	6,846	The Matamata Wastewater Treatment Plant upgrade has been bought forward compared to the timing in the LTP.

3,971	—to replace existing assets	3,912	3,638
10	Increase (decrease) in reserves	225	(3,638)
-	Increase (decrease) of investments	-	-
9,514	**Total applications of capital funding (D)**	**4,401**	**6,846**
(2,779)	**Surplus (deficit) of capital funding (C – D)**	**(3,287)**	**(3,135)**
-	**Funding balance ((A – B) + (C – D))**	**-**	**-**

WAI | WATER

WHAT WE DO

We own and operate seven water supply schemes in the District - in Matamata (including Waharoa and Raungaiti), 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.

WHAT HAS CHANGED

Projects within this group of activities are still progressing as set out in our Long Term Plan. Due to the higher than expected growth experienced in Morrinsville, the project to develop Morrinsville Lockerbie bore pump and water treatment plant has been brought forward from 2024 and 2025 years.

Project	LTP 2023/24 ($000)	Annual Plan 2023/24 ($000)	Explanation of significant variances to the original Long Term Plan budget
Water retic renewals	1,899	2488	Works re-prioritised assessed on need
Water plant renewals	803	803	
Morrinsville additional bore pump and water treatment plant 1	2,500	4,000	The Wisely WTP planned in the LTP is no longer going ahead with the budget redirected to the Lockerbie plant
Morrinsville additional water treatment plant 2	1,500	-	
HSNO upgrades	200	200	
Taharoa Road Industrial ringmain	400	400	
Waharoa airfield bore supply develop and construct Treatment plant – consent expires 2025	150	-	This project has been re-prioritised
Reticulation on line monitoring	250	250	
Gross pollution monitoring (conductivity and PH probes)	150	150	
Powdered activated carbon	100	100	
Raw water monitoring (NZDWS and consent compliance)	100	100	
Rolleston Street generator	100	100	

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FUNDING IMPACT STATEMENT

Water 1 July 2023 to 30 June 2024

Annual Plan 2022/23 ($000)		Long Term Plan 2023/24 ($000)	Annual Plan 2023/24 ($000)	Explanation of significant variances to the original Long Term Plan budget
	Sources of operating funding			
-	General rates, uniform annual generalcharges, rates penalties	-	-	
7,292	Targeted rates	6,814	9,295	Rates requirements have increased in line with increased compliance costs and other increased costs due for this activity including chemicals, power, interest and asset replacement.
-	Subsidies and grants for operating purposes	-	-	
2	Fees and charges	-	11	
35	Internal charges and overheads recovered	36	67	
-	Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	
7,329	**Total operating funding (A)**	**6,850**	**9,373**	
	Applications of operating funding			
3,833	Payments to staff and suppliers	3,548	4,517	Substantial increase in compliance costs and other increased costs due for this activity including chemicals, and power.
455	Finance costs	379	693	
705	Internal charges and overheads applied	710	987	
-	Other operating funding applications	-	-	
4,993	**Total applications of operating funding(B)**	**4,637**	**6,197**	
2,336	**Surplus (deficit) of operating funding(A – B)**	**2,213**	**3,176**	
	Sources of capital funding			
-	Subsidies and grants for capital expenditure	-	-	
451	Development and financial contributions	473	473	
6,092	Increase (decrease) in debt	6,128	2,619	The timing of capital work planned compared to the LTP has resulted in less debt funding required this year.
	Gross proceeds from sale of assets	-	-	
-	Lump sum contributions	-	-	
-	Other dedicated capital funding	-	-	
6,543	**Total sources of capital funding (C)**	**6,601**	**3,092**	
	Applications of capital funding			
	Capital expenditure			
143	—to meet additional demand	2,188	-	
5,905	—to improve the level of service	3,738	5,465	Capital spending has been reprioritised from that set out in the LTP
2,769	—to replace existing assets	2,851	3,290	
62	Increase (decrease) in reserves	37	(2,487)	

Annual Plan 2022/23		Long Term Plan 2023/24	Annual Plan 2023/24	Explanation of significant variances to the original Long Term Plan budget
($000)		($000)	($000)	
-	Increase (decrease) of investments	-	-	
8,879	**Total applications of capital funding (D)**	**8,814**	**6,268**	
(2,336)	**Surplus (deficit) of capital funding (C – D)**	**(2,213)**	**(3,176)**	
-	**Funding balance ((A – B) + (C – D))**	**-**	**-**	

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.

WHAT HAS CHANGED

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

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- levels of service

FUNDING IMPACT STATEMENT

Consents and Licensing 1 July 2023 to 30 June 2024

Annual Plan 2022/23 ($000)		Long Term Plan 2023/24 ($000)	Annual Plan 2023/24 ($000)	Explanation of significant variances to the original LongTerm Plan budget
	Sources of operating funding			
1,663	General rates, uniform annual generalcharges, rates penalties	2,174	2,355	
-	Targeted rates	-	-	
-	Subsidies and grants for operating purposes	-	-	
3,781	Fees and charges	2,414	3,781	Building and resource consent fees have been significantly higher than anticipated since the LTP was set
-	Internal charges and overheads recovered	-	-	
36	Local authorities fuel tax, fines, infringement fees, and other receipts	33	36	
5,480	**Total operating funding (A)**	**4,621**	**6,172**	
	Applications of operating funding			
4,117	Payments to staff and suppliers	3,130	4,545	Increased processing costs for consents since that set out in the LTP.
-	Finance costs	15	-	
1,577	Internal charges and overheads applied	1,556	1,667	
-	Other operating funding applications	-	-	
5,694	**Total applications of operating funding(B)**	**4,701**	**6,212**	
(214)	**Surplus (deficit) of operating funding(A – B)**	**(80)**	**(40)**	
	Sources of capital funding			
-	Subsidies and grants for capital expenditure	-	-	
-	Development and financial contributions	-	-	
200	Increase (decrease) in debt	317	40	
	Gross proceeds from sale of assets	-	-	
-	Lump sum contributions	-	-	
-	Other dedicated capital funding	-	-	
200	**Total sources of capital funding (C)**	**317**	**40**	
	Applications of capital funding			
	Capital expenditure			
-	—to meet additional demand	-	-	
-	—to improve the level of service	-	-	
-	—to replace existing assets	-	-	
(14)	Increase (decrease) in reserves	237	-	

-	Increase (decrease) of investments	-	-
(14)	**Total applications of capital funding (D)**	**237**	**-**
214	**Surplus (deficit) of capital funding (C – D)**	**80**	**40**
-	**Funding balance ((A – B) + (C – D))**	**-**	**-**