OURCOMMUNITY OURFUTURE

LONG TERM PLAN 2015-2025

PART THREE: Financials

Significant forecasting assumptions and risk assessment

The Long Term Plan must disclose our significant forecasting assumptions, the levels of uncertainty associated with each of these assumptions and quantify the potential effect of the uncertainty on the financial estimates. Significant forecasting assumptions need to be:

- realistic
- evidence-based
- consistent with each other
- applied consistently across the Long Term Plan.

In preparing the Long Term Plan, we have had to make a number of assumptions as to what we expect may change or stay the same in the future. These assumptions are based on the best information we have available today. There is a risk that these assumptions could prove to be incorrect over time. Where the effect of an assumption being incorrect may have a significant financial impact or an impact on the levels of services, they are discussed below.

Forecasting assumption (something we reasonably expect to happen)	Risk (chance that loss will occur)	Level of uncertainty (likelihood of doubt)	Reasons for and financial effect of uncertainty
Borrowing			
We have assumed that we will have ready access to loan funds at competitive interest rates. Our strong balance sheet supports this assumption, and the Local Government Funding Agency provides more certainty and competitiveness in the local government sector. The projected average total cost of borrowing for each of the 10 years of the plan is shown below. These rates include the effect of forward starting interest rate swap contracts that are currently in place for years 1 to 9 of the plan. The interest rate projection is driven by the current implied market 90-day bank bill rate over the next 10-years. Because the current interest rate environment is low, we have included a buffer of 0.50% for years two to ten where we have less certainty over the trend of the wholesale rates.	Interest rates are higher than expected.	Medium	There is no certainty that the forecasted interest rates will be accurate. If the forecasted interest rate proved to be significantly understated, then additional funding may be required to maintain existing levels of service. An increase in the interest rate of 1% would increase interest costs by $352,000 and rates by 1.14%.

2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
4.86%	4.90%	4.89%	4.96%	4.96%	4.99%	5.05%	5.04%	4.97%	4.78%

Forecasting assumption (something we reasonably expect to happen)	Risk (chance that loss will occur)	Level of uncertainty (likelihood of doubt)	Reasons for and financial effect of uncertainty
Inflation			
The forecasted figures in the financial statements have been adjusted to include inflation expectations over the next 10 years. Inflation forecasts were provided by Business and Economic Research Limited (BERL), who were contracted by the Society of Local Government Managers in October 2014 to provide such forecasts specifically for the local government sector for this purpose. We have used the Local Government Cost Index (LGCI) which has been developed based on components of both operating and capital expenditure. The inflation factors below are applied on a cumulative basis. The average inflation factor applied over the 10 years of the Long Term Plan is 2.51%.	Inflation occurs at rates much different than forecast.	Medium	Inflation is affected by external economic factors which are outside of our control. There is no certainty that the forecasts will be accurate especially in the current economic climate. If forecasts prove to be understated, then additional funding may be required, to maintain the existing levels of service. As an example, if inflation in the 2016/17 year was 1% higher than forecast, this would require an additional $313,000 in funding.

2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
0.0%	2.24%	2.45%	2.53%	2.61%	2.75%	2.90%	3.04%	3.19%	3.36%

Forecasting assumption (something we reasonably expect to happen)	Risk (chance that loss will occur)	Level of uncertainty (likelihood of doubt)	Reasons for and financial effect of uncertainty
Rating valuations			
All properties in the district will be revalued in 2015 with new values taking effect from 1 July 2016 and every three years thereafter.	It is possible that this process will change the incidence of rates (e.g. rural values may increase by a greater proportion than urban values).	Medium	No allowance has been made for the possible impact of changes in rating valuations in this plan. We have the opportunity to review this annually as part of the Annual Plan.

Forecasting assumption (something we reasonably expect to happen)	Risk (chance that loss will occur)	Level of uncertainty (likelihood of doubt)	Reasons for and financial effect of uncertainty
Return on investments			
We have projected a return on cash investments at a rate of 4.05% over the ten years of the plan. The interest rate projection is driven by the current 90-day bank bill rates as implied by the 10-year swap rate. We do not expect to receive any return on investments held for strategic purposes over the next 10 years of this plan (as set out in the Financial Strategy). Interest earned on internally borrowed funds will be used to subsidise rates. The estimated interest rate for year one is 4.35% being the forecast midway point between Council's average external borrowing and average external investments. The estimated rate applied for years two to ten is 4.60%, calculated on the same basis.	Interest rates are lower than expected. The internal rate of interest could be much lower than forecast.	Low	There is no certainty that the forecasted interest rates will be accurate. If the forecasted interest rate proved to be significantly overstated, then additional funding may be required to maintain are existing levels of service. A decrease in the investment interest rate of 1% would decrease interest income by $80,000 and increase rates required by 0.04%. A reduction in internal interest would result in a shift between general and targeted rate requirements, but overall, would have no significant impact.
Source of funds for future replacement of significant assets			
We have assumed that depreciation will fund the renewal of assets and loans will fund any shortfall if depreciation reserves have been exhausted.	Funding will not be available to replace assets.	Low	If loan funding for renewals is required above any level budgeted, this would increase interest costs beyond those budgeted for. Each additional $1 million borrowed would increase interest costs by $49,000 per annum and increase rates by 0.16%.
Subsidies			
New Zealand Transport Agency (NZTA) We receive annual subsidies in excess of $5 million from the NZTA. We have assumed that the rate of subsidy of 51% will remain constant over the life of the Long Term Plan. We have assumed that operating and capital expenditure programs which have in the past received NZTA subsidies and/or satisfy the criteria that NZTA require in order to provide subsidy will continue to receive subsidy funding over the life of the Long Term Plan.	The rate of subsidy received is higher or lower than expected NZTA make changes to the subsidy rate, the funding cap or the criteria for inclusion in the subsidised works programme.	Medium	The implication of an increase in the subsidy rates or variation in NZTA criteria that allows for additional subsidy to be received could be that Council is able to get through the work programmes at a lower cost to ratepayers. Alternatively if the rates decrease or the variation in criteria reduces our subsidy, the ability to complete the budgeted work programmes will be compromised; either requiring a higher share of the costs to be funded by ratepayers, or a reduction in the level of service provided. If our work programmes are not approved by NZTA, then we will need to review our budgets. Work that would otherwise receive subsidy may be deferred, or the approved three year programme may be adjusted as part of future Annual Plans. A reduction in the level of subsidy by 1% per annum would increase the general rates requirement by 0.33% on average over the 10 years of the plan and/or would affect the level of service able to be provided.
Waste minimisation levy Over the course of the Long Term Plan we will receive levy contributions from central government under the relevant provisions of the Waste Minimisation Act 2008. We will apply these funds to projects and provision of recycling services that meet the criteria set out in the same Act.	That we do not receive the predicted levels of waste levy income.	Low	We utilise the levy income to fund waste minimisation schemes, educational programmes and other such projects as is the intent of the levy. If we do not receive the amount of income predicted, expenditure in these areas may need to be reduced.

Forecasting assumption (something we reasonably expect to happen)	Risk (chance that loss will occur)	Level of uncertainty (likelihood of doubt)	Reasons for and financial effect of uncertainty
Assets			
Useful life and asset information The useful lives of assets are assessed in accordance with the depreciation rates as set out in our accounting policies. It is assumed that assets will be replaced at the end of their useful life on a 'like for like' basis (i.e. location, size) using the most appropriate materials available at the time the asset is renewed/replaced. There are a number of assumptions and estimates used when performing depreciated replacement cost valuations over infrastructural assets. Valuations of significant assets classes will be performed on a yearly to three yearly basis. Valuations will also be undertaken if we are concerned. Planned asset acquisitions (as per the capital expenditure programme) will be depreciated on the same basis as existing assets.	The physical deterioration and condition assessment used in the valuation of an asset could be at an amount that does not reflect its actual condition. This is a particular risk for those assets which are not visible, such as stormwater, wastewater, and water supply pipes that are underground.	Low	There is no certainty that asset components will last for their design lives. These have been identified through the National Asset Management Support Standards and experience to date indicates no significant errors. Asset replacement is budgeted at the expected end of their useful life and earlier replacement will result in a loss on disposal of any residual value. Earlier replacement may result in the deferral of other discretionary capital projects in order to remain within self imposed debt limits. This risk is minimised by us performing a combination of physical inspections and condition modeling assessments of underground assets; estimating any deterioration or surplus capacity of an asset.
Sales or transfer of assets It is assumed throughout this plan that we will retain ownership of our significant assets and continue with the current Council Controlled Organisations.	That the objectives whether financial or nonfinancial of holding strategic assets or Council Controlled Organisations are not achieved.	Low	Should specified returns not be attainable, we would review our investment. Such a review may have a financial impact. Any decision to sell or partially sell would be significant and a full proposal with options to be considered would be provided to the community for feedback as part of a special consultation process.
Climate change and natural hazards			
We have assumed that there will be no significant impact from climate change, no significant natural disasters will occur and that our funding of civil defence will continue. The Intergovernmental Panel on Climate Change (IPCC) Fifth Assessment Report was completed in 2014. This states that warming of the climate system is unequivocal, and since the 1950s, many of the observed changes are unprecedented. Central government recognises climate change as a long term strategic issue for New Zealand. In the Long Term Plan we have taken the effects of climate change into account for certain activities that it would affect the most, such as stormwater, water and wastewater. Climate change could also pose challenges for the district in relation to land use and the economy in the future such as crop production. We recognise New Zealand's vulnerability to natural disasters. If our communities are not adequately prepared we may not be able to recover from a natural disaster.	Projected climate change and hazard scenarios such as storm events are greater or lesser than what has been projected. A lack of preparedness and resilience in the event of a natural disaster would compromise our ability to provide services to the community. Significant natural disasters could compromise our community's ability to pay for services. Significant natural disasters could further increase insurance costs beyond the level budgeted.	Medium	Climate change and hazards could have adverse impacts on public and private property, and our infrastructure such as the roading and stormwater networks. Overestimation of the effects of climate change or hazards could result in unnecessary work, but an underestimation of effects could impact on us through emergency project works. Either scenario would affect ratepayers as infrastructure and hazard planning cost money. A significant natural disaster could disrupt our economy and day to day activity, reducing the ability of our community to pay for services and significantly increase insurance costs–as has been seen with the Canterbury earthquakes. The financial effects of these risks are dependent on the occurrence and scale of future natural disasters, so the timing and financial impact on the forecasts in the Long Term Plan cannot be quantified.

Forecasting assumption (something we reasonably expect to happen)	Risk (chance that loss will occur)	Level of uncertainty (likelihood of doubt)	Reasons for and financial effect of uncertainty
Growth			
Population The total population of the district is predicted to grow from 32,910 in 2013 to 35,063 by 2025 and 37,248 by 2045. The populations of Morrinsville and Matamata are predicted to grow to approximately 7,900 – 8,300 residents each by 2025, and 8,700- 9,200 by the year 2045. Te Aroha is predicted to grow to 4,300 people by 2025, and 4,600 by the year 2045. This is a 5.13% total and 0.51% annual average growth rate for 2015 to 2025 and 13.18% total and 0.41% annual average growth rate for 2013 to 2045.	That growth is higher or lower than projected due to an increase in births, a decrease in deaths a change in migration or other influences. That growth does not occur in the areas where we have provided for development.	Low-Medium	Growth population and household projections are based on the districts actual growth over the last 10 years, as well as assumptions about the rate of births, deaths and migration in the district. Council has adopted a 'medium-high' growth scenario for the district as being the most appropriate for its long term planning. This is consistent with recommendations from Statistics New Zealand. If the growth in rating units is higher than the conservative level we have adopted, then the rates requirement can be spread across more ratepayers than currently forecast. The growth component of new capital projects is funded from development contributions. If growth does not occur at the rate predicted, revenue from development contributions will drop compared to budget and we may have to increase rates, borrow additional funds or reconsider the projects. The total value of growth projects in the plan is $10.8 million. If growth in the number of rating units does not occur at the level predicted, it may also impact on the amount of rates that everyone pays compared to budget as there would be less than the forecast number of ratepayers over which to spread the rating burden.
Household size The average household size will decline decreasing from around 2.54 residents per household in 2013 to 2.46 in 2025 and 2.33 in 2045.			
Age structure In 2013 the proportion of people aged over 65 made up around 18% of the district's total population, which is higher than the national average of 14%. This ageing population trend is projected to continue, with the proportion of people in the district aged over 65 increasing to 25% in 2025 and to over 30% by 2045.			
Dwellings The number of dwellings is projected to increase from 13,557 to 14,606 by 2025 and to 16,323 in 2045. This is a 7.74% average growth rate from 2013 to 2025 and 0.6% average growth rate to 2045.			
Rating units The number of rating units is projected to increase from 15,045 in 2015 to 16,194 by 2025 and to 18,552 in 2045. This is a 7.6% total and 0.76% annual average growth rate for 2015 to 2025 and 23.3% total and 0.77% annual average growth rate for 2015 to 2045. In preparing our budgets however, we have applied a more conservative annual growth in rating units of 50 new rating units per annum. This is more in keeping with the rate of growth we have experienced over the last 4 years and accommodates the level of requests for contiguous property status.			
Land use The Long Term Plan has been prepared on the basis that the majority of growth in the district will be centred in the three urban areas, Matamata, Morrinsville and Te Aroha while the populations of the district's rural areas are projected to remain constant or to decline. Council has adopted town strategies which guide the planning and future development of the three main towns in the district as a first step towards a review of the District Plan provisions for our three urban centres. Council will progress Plan Change 47 during the life of the Long Term Plan, reviewing the areas provided for development in our three main towns.			
Revenue from development contributions The growth projection to 2025 is for a 10 year period, and is not presumed to occur on a straight-line basis. Using the growth data in recent years as a basis, we have conservatively assumed that growth will occur at a lower rate in the first five years, and at a much higher rate of growth in the last five years of the Long Term Plan.			
Legislation			
General legislation As an organisation that is created and derives its powers from statute, changes to legislation have a direct impact on the way we conduct our business. The speed and scale of review of legislation depends largely on the policy direction and priorities of the government of the day. While we anticipate changes to the Health and Safety Act 1992, the Resource Management Act 1991, Local Government Act 2002 and the Building Act 2004 during the life of the Long Term Plan, we have assumed that these and any other changes to legislation will not have a significant effect on our business.	Central government will reform legislation and this may have a more significant effect on the activities we undertake and the cost of providing them.	Low	Most changes to legislation are known in advance, giving councils the ability to prepare for implementation. Historical trends have been for services transferred from central government to local government. The cost and impact on our activities as a result of future legislative changes cannot be quantified at this stage as it would be dependent on the specific services affected by the legislative change. Financial uncertainty in this area would generally impact the cost of introducing changes, and the mechanisms required to fund any new services.

Forecasting assumption (something we reasonably expect to happen)	Risk (chance that loss will occur)	Level of uncertainty (likelihood of doubt)	Reasons for and financial effect of uncertainty
Treaty of Waitangi Settlements We have assumed that there will be no significant additional costs to us arising from Treaty of Waitangi settlements, including co-management agreements.	The impact of Treaty of Waitangi settlements may be greater than expected.	Low	The government is in the process of completing settlement negotiations with Iwi in and around our district. The outcomes of the settlement processes will result in co-governance arrangements. We will need to partner with Iwi and other councils in the Waikato Region in the formation and operation of co-governance entities. Co-management processes may add significant costs, but we have not been able to quantify what those costs (if any) will be.
Levels of Service			
We have assumed that demand for our services and community expectations regarding the level of service we provide will not change significantly. In developing this Long Term Plan we have also assumed that the current levels of service we provide will continue unless specifically stated otherwise.	External factors or budgetary constraints may adversely affect our ability to deliver intended levels of service. There are significant changes in customer expectations regarding demand for services or levels of service.	Low	We have well defined service levels for our planned activities which have been reviewed as part of the Long Term Plan process. Customer satisfaction surveys, targeted consultation on services and other engagement strategies generally support this key assumption and therefore there are currently no areas of our services that require significant modification. Changes to levels of service may affect the scale and type of infrastructure and services we provide. If significant changes occur we will need to reassess the effect on capital expenditure projects and determine the materiality of change to the Long Term Plan. The financial effect of uncertainty for this assumption cannot be quantified. We will signal any significant change in the Long Term Plan/Annual Plan and seek community feedback.
Local government structure			
Reorganisation The government has recently amended the manner in which reorganisation of local government entities can occur. Reorganisation processes have also been commenced in areas such as the Far North. We have assumed that the structure of local government will remain the same and that no reorganisation process will occur during the life of the Long Term Plan.	Reorganisation could occur, resulting in an amalgamation of councils within the Waikato Region.	Low	Reorganisation processes can be triggered by the community under the Local Government Act 2002, if this occurred we would need to respond to any proposal and with a decision being made by the Local Government Commission.
Collaborative partnerships Partly in response to the government's direction, we have budgeted in this Long Term Plan to work towards greater regional collaboration. However in preparing the Long Term Plan we have not assumed any cost savings (other than those from existing partnerships) in our budgets.	Future legislative changes could require greater collaboration than we are planning for. Reviews of services may not result in collaboration, efficiencies or a reduction in costs.	Low	An example of a partnership that has been established is the joint provision of rubbish and recycling services with the Hauraki and Thames-Coromandel District Councils, which has resulted in cost savings for the community. While we will continue to look for efficiencies and cost saving in the provision of our services the financial effects of this work are unknown. We have the ability to review budgets with the Annual Plan.

Forecasting assumption (something we reasonably expect to happen)	Risk (chance that loss will occur)	Level of uncertainty (likelihood of doubt)	Reasons for and financial effect of uncertainty
Resource consents and environmental standards			
We hold several resource consents for the activities that we undertake - these are in the main for taking water for our town water supplies, and discharging stormwater and treated wastewater from our networks. These consents are obtained from the Waikato Regional Council and are influenced by national policy – such as National Environmental Standards and National Policy Statements under the Resource Management Act 1991 framework. We have assumed that the conditions of resource consents for our activities will not be altered significantly during the life of the Long Term Plan.	Conditions of resource consent are altered significantly and without allowing sufficient time for planning. Changing environmental standards could increase costs and put pressure on the affordability of the services we provide. Community expectations of the environmental performance of Council services could increase.	Medium	Resource consents are normally granted for long periods and are anticipated well in advance. We have made provisions in our budgets for the renewal of resource consents although the final costs of obtaining consents are difficult to predict (given the availability of appeals under the Resource Management Act 1991). The impacts of changes to environmental standards may be significant in the longer term, however financial effects are difficult to predict.

Balancing the budget

The statement of comprehensive revenue and expense indicates that there will be a deficit in year one of the plan, and a surplus in each of the following nine years.

The reason for the deficit in year one, is that we plan to spend approximately $2 million on a project to de-sludge the Te Aroha Wastewater treatment pond. This project will span 20 years with significant spending in year one, and further spending outside of this ten year plan period, which will replenish the capacity of the pond so that it can continue to provide the levels of service that it currently does. After considering the affordability of this project to current and future ratepayers and the fact that the expenditure will provide benefit over a number of years, Council considered that it was prudent to smooth the costs of this project by funding it over a number of years, rather than a one-off spike in the targeted wastewater rate.

The main reasons for the surpluses in years two to 10 are:

- Assets that are vested to us from developers through the subdivision process, and revenue received for capital projects**.** For example we are expecting industry to fund expansion to the water supply infrastructure. We will own the asset.
- Interest earned on reserve funds that we allocate to these reserves to be used for a specified purpose in the future.
- We have used part of the Power New Zealand investment as a source of internal borrowing to activities. Some of the loans will be repaid during the 10 year period. As the loans are internal loans, the repayments are treated as reserve transfers.
- Development contributions which fund capital expenditure are shown in the statement of comprehensive revenue and expense but the capital expenditure is not.
- The funding of the Te Aroha Wastewater de-sludging project that will be completed in year one, but funded over a number of years after.

These surpluses are partially offset by our decision:

- Not to fully fund depreciation on some activities.
- To ring-fence the financial performance for some activities i.e. activities that should be self-funding.

These activities are listed as follows:

Self-funding activities – housing and rural halls

Council considers that elderly person housing, owner-occupier housing and rural halls should be ring-fenced operations. In other words the cost of the activities should be funded from income from those activities. In the case of rural halls this includes targeted rates over the hall rating areas.

Any surplus or deficit is held against the activities and recovered or used in future years.

We can reduce costs or increase charges to ensure the balance does not become unmanageable. For example, we review the financial position and rental/ charges with elderly persons housing tenants and owner-occupier owners annually.

The projected annual deficit for self-funding activities is in the following table:

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000
Annual deficit for self funding activities	82	84	87	85	78	98	89	79	93	75

Non-funded depreciation

Halls

Rural halls operate on the basis that funding is provided from the local communities through targeted rates or hall hire revenue. The halls were built by these communities from locally raised funds.

We are comfortable allowing those communities to decide if the halls are to be maintained and/ or replaced in the future. For this reason we have decided that we will not fund depreciation for halls.

The table below lists the annual deficit arising from non-funded depreciation on halls:

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000
Annual deficit from non-funded depreciation on halls	218	223	229	234	240	247	254	262	270	279

Community buildings
There are a number of situations where community groups have built or moved buildings on to our land. We are comfortable with the situation but we have decided we will not fund the depreciation on the assets and will leave the users of these facilities to determine how major upgrades or replacement may be funded in future.

We also own buildings that are considered to be redundant/non-essential to the delivery of agreed levels of service.

The table below lists the annual deficit arising from non-funded depreciation:

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000
Annual deficit from non-funded depreciation on community buildings	101	103	105	108	111	114	117	121	125	129

Other considerations
We must give consideration to four areas when choosing not to set a balanced budget:

Levels of service
We believe that desired levels of service will be maintained over the ten years.

Funding
We believe that the projected funding for these services is appropriate and prudent.

Intergenerational equity
Council believes that the intergenerational equity is achieved by ensuring that:

- The current generation does not fund replacement of assets that are not considered essential to the desired levels of service.
- That the groups using these assets will fund upgrades or replacement if and when they may consider it is necessary.

Consistency with revenue and financing policies
Our approach is consistent with the Revenue and Financing Policy.

Financial Statements

Forecast statement of comprehensive revenue and expense

A forecast for the 10 years ending 30 June 2025

	Annual Plan 2014/15 ($000)	2015/16 ($000)	2016/17 ($000)	2017/18 ($000)	2018/19 ($000)	2019/20 ($000)	2020/21 ($000)	2021/22 ($000)	2022/23 ($000)	2023/24 ($000)	2024/25 ($000)
Revenue											
Rates	32,492	33,123	34,588	36,184	37,508	38,748	40,036	41,023	42,470	44,033	45,113
Subsidies and grants for operating purposes	2,409	2,579	2,638	2,703	2,772	2,844	2,923	3,007	3,098	3,197	3,305
Subsidies and grants for capital expenditure	2,822	3,294	3,102	3,155	3,337	3,396	3,428	3,619	3,634	3,752	3,976
Fees and charges	5,468	5,675	5,788	5,890	5,994	6,117	6,254	6,405	6,566	6,740	6,932
Interest and dividends from investments	440	369	405	397	390	382	374	366	358	350	341
Local authorities fuel tax, fines, infringement fees, and other receipts	259	266	271	278	285	292	300	309	319	329	340
Development and financial contributions	650	405	414	424	435	446	1,670	1,718	1,770	1,827	1,888
Vested and found assets	576	200	204	209	215	220	226	233	240	248	256
Other gains	-	-	-	-	-	-	-	-	-	-	-
Total revenue	**45,116**	**45,911**	**47,410**	**49,240**	**50,936**	**52,445**	**55,211**	**56,680**	**58,455**	**60,476**	**62,151**
Expenditure											
Payments to suppliers	15,298	18,473	16,679	17,235	17,883	18,408	18,908	19,459	20,131	20,752	21,445
Payments to staff	12,859	13,286	13,584	13,917	14,269	14,643	15,045	15,482	15,952	16,461	16,853
Finance costs	2,156	1,711	2,190	2,323	2,341	2,340	2,293	2,112	1,979	1,861	1,625
Depreciation and amortisation	14,243	13,640	14,267	14,895	15,381	15,806	16,437	16,933	17,473	18,289	18,959
Other losses	-	-	-	-	-	-	-	-	-	-	-
Total expenditure	**44,556**	**47,110**	**46,720**	**48,370**	**49,874**	**51,197**	**52,683**	**53,986**	**55,535**	**57,363**	**58,882**
Share of joint venture surplus/(deficit)	-	-	-	-	-	-	-	-	-	-	-
Surplus/(deficit)	**560**	**(1,199)**	**690**	**870**	**1,062**	**1,248**	**2,528**	**2,694**	**2,920**	**3,113**	**3,269**
Other comprehensive revenue and expense											
Gains/(losses) on property, plant and equipment revaluations	-	4,924	8,186	12,929	13,818	19,817	15,970	17,381	21,983	21,057	22,546
Total other comprehensive revenue and expense	**-**	**4,924**	**8,186**	**12,929**	**13,818**	**19,817**	**15,970**	**17,381**	**21,983**	**21,057**	**22,546**
Total comprehensive revenue and expense	560	3,725	8,876	13,799	14,880	21,065	18,498	20,075	24,903	24,170	25,815

Forecast statement of changes in equity

A forecast for the 10 years ending 30 June 2025

	Annual Plan 2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	($000)	($000)	($000)	($000)	($000)	($000)	($000)	($000)	($000)	($000)	($000)
Balance at 1 July	**567,838**	**552,918**	**556,643**	**565,519**	**579,318**	**594,198**	**615,263**	**633,761**	**653,836**	**678,739**	**702,909**
Total comprehensive revenue and expense	560	3,725	8,876	13,799	14,880	21,065	18,498	20,075	24,903	24,170	25,815
Balance at 30 June	**568,398**	**556,643**	**565,519**	**579,318**	**594,198**	**615,263**	**633,761**	**653,836**	**678,739**	**702,909**	**728,724**
Equity represented by:											
Retained earnings	420,336	420,581	418,452	415,494	413,002	411,216	409,839	408,423	408,684	406,966	406,988
Other reserves	52,956	36,032	38,851	42,679	46,233	49,267	53,172	57,282	59,941	64,772	68,019
Assets revaluation reserves	95,106	100,030	108,216	121,145	134,963	154,779	170,750	188,131	210,114	231,171	253,717
Total equity	**568,398**	**556,643**	**565,519**	**579,318**	**594,198**	**615,263**	**633,761**	**653,836**	**678,739**	**702,909**	**728,724**


Firth Tower Church, Matamata

Forecast statement of financial position

A forecast as at 30 June for the 10 years to 2025

	Annual Plan 2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	($000)	($000)	($000)	($000)	($000)	($000)	($000)	($000)	($000)	($000)	($000)
Current assets											
Cash and cash equivalents	1,792	416	318	303	324	352	389	372	398	355	376
Receivables	2,996	3,000	3,067	3,142	3,222	3,306	3,397	3,495	3,602	3,716	3,842
Derivative financial instruments	-	-	-	-	-	-	-	-	-	-	-
Other financial assets	1,238	5,410	5,410	5,410	5,410	5,410	5,410	5,410	5,410	5,410	5,410
Inventory	531	174	174	174	174	174	174	174	174	174	174
Assets held for sale	317	-	-	-	-	-	-	-	-	-	-
Total current assets	**6,874**	**9,000**	**8,969**	**9,029**	**9,130**	**9,242**	**9,370**	**9,451**	**9,584**	**9,655**	**9,802**
Non-current assets											
Derivative financial instruments	-	-	-	-	-	-	-	-	-	-	-
Investments in Council Controlled Organisations and other similar entities	3,062	3,062	3,062	3,062	3,062	3,062	3,062	3,062	3,062	3,062	3,062
Other financial assets	13,005	2,315	2,112	1,896	1,666	1,666	1,703	1,703	1,703	1,703	1,703
Property, plant and equipment	593,304	588,996	602,532	617,359	630,816	653,150	667,485	683,201	706,895	728,246	749,748
Intangible assets	971	957	1,031	918	818	881	749	639	708	568	464
Total non-current assets	**610,342**	**595,330**	**608,737**	**623,235**	**636,362**	**658,759**	**672,999**	**688,605**	**712,368**	**733,579**	**754,977**
Total assets	**617,216**	**604,330**	**617,706**	**632,264**	**645,492**	**668,001**	**682,369**	**698,056**	**721,952**	**743,234**	**764,779**
Liabilities											
Current liabilities											
Derivative financial instruments	-	-	-	-	-	-	-	-	-	-	-
Payables	4,427	2,592	2,510	2,373	2,233	2,092	1,967	1,797	1,625	1,446	1,295
Employee entitlements	1,390	1,300	1,300	1,329	1,362	1,396	1,433	1,472	1,515	1,561	1,610
Borrowings	1,060	181	5,192	10,134	5,000	11,033	12,753	9,874	9,754	12,640	9,000
Provisions	117	117	89	88	86	65	58	57	56	80	53
Total current liabilities	**6,994**	**4,190**	**9,091**	**13,924**	**8,681**	**14,586**	**16,211**	**13,200**	**12,950**	**15,727**	**11,958**
Non-current liabilities											
Derivative financial instruments	-	-	-	-	-	-	-	-	-	-	-
Employee entitlements	580	600	613	628	644	661	679	699	720	743	768
Borrowings	40,498	42,246	41,872	37,823	41,440	36,988	31,235	29,861	29,106	23,467	22,966
Provisions	746	651	611	571	529	504	483	460	437	388	363
Total non-current liabilities	**41,824**	**43,497**	**43,096**	**39,022**	**42,613**	**38,153**	**32,397**	**31,020**	**30,263**	**24,598**	**24,097**
Total liabilities	**48,818**	**47,687**	**52,187**	**52,946**	**51,294**	**52,739**	**48,608**	**44,220**	**43,213**	**40,325**	**36,055**
Net assets (assets minus liabilities)	**568,398**	**556,643**	**565,519**	**579,318**	**594,198**	**615,262**	**633,761**	**653,836**	**678,739**	**702,909**	**728,724**
Equity											
Retained earnings	420,336	420,581	418,452	415,494	413,002	411,216	409,839	408,423	408,684	406,966	406,988
Other reserves	148,062	136,062	147,067	163,824	181,196	204,046	223,922	245,413	270,055	295,943	321,736
Total equity	**568,398**	**556,643**	**565,519**	**579,318**	**594,198**	**615,262**	**633,761**	**653,836**	**678,739**	**702,909**	**728,724**

Forecast statement of cashflows

A forecast for the 10 years ending 30 June 2025

	Annual Plan 2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	($000)	($000)	($000)	($000)	($000)	($000)	($000)	($000)	($000)	($000)	($000)
Cashflows from operating activities											
Rates	32,492	33,123	34,588	36,184	37,508	38,748	40,036	41,023	42,470	44,033	45,113
Subsidies and grants	5,231	5,873	5,740	5,858	6,109	6,240	6,351	6,626	6,732	6,949	7,281
Fees and charges	5,468	5,675	5,788	5,890	5,994	6,117	6,254	6,405	6,566	6,740	6,932
Interest from investments	50	369	405	397	390	382	374	366	358	350	341
Local authorities fuel tax, fines, infringement fees and other receipts	259	266	271	278	285	292	300	309	319	329	340
Development and financial contributions	650	405	414	424	435	446	1,670	1,718	1,770	1,827	1,888
Net GST		-	-	-	-	-	-	-	-	-	-
Payments to staff and suppliers	28,157	31,759	30,263	31,152	32,152	33,051	33,953	34,941	36,083	37,213	38,298
Finance costs	2,156	1,711	2,190	2,323	2,341	2,340	2,293	2,112	1,979	1,861	1,625
Net cashflow from operating activities	**13,837**	**12,241**	**14,753**	**15,556**	**16,228**	**16,834**	**18,739**	**19,394**	**20,153**	**21,154**	**21,972**
Cashflows from Investing activities											
Repayment of loans and advances	170	190	203	216	230	-	-	-	-	-	-
Sale of assets	-	-	-	-	-	-	-	-	-	-	-
Proceeds from sale/maturity of investments and dividends received	390	-	-	-	-	-	-	-	-	-	-
Purchase of property, plant and equipment	14,694	28,151	19,456	16,583	14,821	18,134	14,564	15,050	18,977	18,328	17,693
Purchase of intangible assets	111	93	235	97	99	253	105	108	276	115	118
Acquisition of investments	-	-	-	-	-	-	-	-	-	-	-
Net cashflows from investing activities	**(14,245)**	**(28,054)**	**(19,488)**	**(16,464)**	**(14,690)**	**(18,387)**	**(14,669)**	**(15,158)**	**(19,253)**	**(18,443)**	**(17,811)**
Cashflows from financing activities											
Proceeds from borrowings	7,476	15,586	4,818	6,085	8,617	6,581	7,000	8,500	9,000	7,000	8,500
Repayment of borrowings	5,970	1,149	181	5,192	10,134	5,000	11,033	12,753	9,874	9,754	12,640
Net cashflows from financing activities	**1,506**	**14,437**	**4,637**	**893**	**(1,517)**	**1,581**	**(4,033)**	**(4,253)**	**(874)**	**(2,754)**	**(4,140)**
Net increase/ (decrease) in cash and cash equivalents	**1,098**	**(1,376)**	**(98)**	**(15)**	**21**	**28**	**37**	**(17)**	**26**	**(43)**	**21**
Opening cash and cash equivalents	694	1,792	416	318	303	324	352	389	372	398	355
Closing cash and cash equivalents	**1,792**	**416**	**318**	**303**	**324**	**352**	**389**	**372**	**398**	**355**	**376**

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.

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

The Council provides local infrastructure, local public services, and performs regulatory functions to the community. The Council does not operate to make a financial return. The Council has designated itself as a Public Benefit Entity (PBE) for 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 ten financial years, and to provide a broad accountability mechanism of the Council to the community. The financial information in the Long Term Plan may not be appropriate for purposes other than those described.

The forecast financial statements of the Council are for the ten years ended 30 June 2025. The forecast financial statements were authorised for issue as part of the Long Term Plan by Council on 24 June 2015. 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.

Cautionary note

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

Basis of preparation

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

Statement of compliance

The forecast financial statements have been prepared in accordance with the requirements of the Local Government Act 2002, which include the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP). These forecast financial statements have been prepared in accordance with Tier 1 PBE accounting standards. These forecast financial statements comply with PBE standards.

Presentation currency and rounding

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

Opening balances

The forecast financial statements have been prepared based on expected opening balances for the year ended 30 June 2015. Estimates have been restated accordingly if required.

Significant accounting policies

Joint venture

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

Revenue

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

- **Rates** - General rates, targeted rates (excluding water-by-meter), and uniform annual general charges are recognised at the start of the financial year to which the rates resolution relates. They are recognised at the amounts due. The Council considers the effect of payment of rates by instalments is not sufficient to require discounting of rates receivables and subsequent recognition of interest revenue. Rates arising from late payment penalties are recognised as revenue when rates become overdue. Revenue from water-by-meter rates is recognised as it is invoiced. Rates remissions are recognised as a reduction of rates revenue when the Council has received an application that satisfies its rates remission policy.
- **Private works** - The revenue from private works is recognised as revenue by reference to the stage of completion of the work at balance date.
- **New Zealand Transport Agency roading subsidies** - The Council receives funding assistance from the New Zealand Transport Agency, which subsidises part of the costs of maintenance and capital expenditure on the local roading infrastructure. The subsidies are recognised as revenue upon entitlement, as conditions pertaining to eligible expenditure have been fulfilled.
- **Other grants received -** Other grants are recognised as revenue when they become receivable unless there is an obligation in substance to return the funds if conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as grants received in advance and recognised as revenue when conditions of the grant are satisfied.
- **Fees and charges** - Fees and charges are recognised as revenue when the obligation to pay arises or, in the case of license fees, upon renewal of the license.
- **Interest** - Interest revenue is recognised using the effective interest method. Interest revenue on an impaired financial asset is recognised using the original effective interest rate.
- **Dividends** - Revenue is recognised when the shareholders' right to receive the payment is established.
- **Rental revenue** - Rental revenue arising on property owned by us is accounted for on a straight line basis over the lease term.
- **Development and financial contributions** - Development and financial contributions are recognised as revenue when we provide, or are able to provide, the service for which the contribution was charged. Otherwise development and financial contributions are recognised as liabilities until such time we provide, or are able to provide, the service.
- **Vested assets** - Vested asset revenue recognises the value of land and/or infrastructural works that have been handed over to us following completion of the subdivision consent process. Vested assets are recognised at fair value, valued by applying standard unit rates to actual quantities of infrastructural components vested. The rates used are provided by the land developers and tested for reasonableness by our engineering staff. Vested asset revenue is recognised when the control over the asset is obtained.
- **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.

Borrowing costs

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

Grant expenditure

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

Leases

- **Finance leases** - A finance lease is a lease that transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred.

  At the commencement of the lease term, finance leases are recognised as assets and liabilities in the statement of financial position of the lower of the fair value of the leased item or the present value of the minimum lease payments.

  The finance charge is charged to the surplus or deficit over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

  The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether the Council will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

- **Operating leases -** An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset.

  Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

  Lease incentives received are recognised in the surplus or deficit as a reduction of rental expense over the lease term.

Foreign currency transactions

Foreign currency transactions (including those for which forward foreign exchange contracts are held) are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting for the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the surplus or deficit.

Cash and cash equivalents

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

Receivables

Receivables are recorded at their face value, less any provision for impairment.

Derivative financial instruments

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

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. Purchases and sales of financial assets are recognised on trade-date, the date on which we commit to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and we have transferred substantially all the risks and rewards of ownership.

Financial assets are classified into the following categories for the purpose of measurement:

- fair value through surplus or deficit
- loans and receivables
- held-to-maturity investments, and
- fair value through other comprehensive revenue and expense.

The classification of a financial asset depends on the purpose for which the instrument was acquired.

Fair value through surplus or deficit

Financial assets at fair value through surplus or deficit include financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term or it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of short-term profit taking. Derivatives are also categorised as held for trading.

Financial assets acquired principally for the purpose of selling in the short-term or part of a portfolio classified as held for trading are classified as a current asset. The current/non-current classification of derivatives is explained in the derivatives accounting policy above. After initial recognition, financial assets in this category are measured at their fair values with gains or losses on re-measurement recognised in the surplus or deficit. Gains and losses do not take into account any interest or dividend income.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after balance date, which are included in non-current assets. After initial recognition they are measured at amortised cost using the effective interest method, less impairment. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit in other gains and losses.

Loans to community organisations 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. The loans are subsequently measured at amortised cost using the effective interest method. The difference between the face value and present value of the expected future cash flows of the loan is recognised in the surplus or deficit in other gains or losses.

Held to maturity investments

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities and there is the positive intention and ability to hold to maturity. They are included in current assets, except for maturities greater than 12 months after balance date, which are included in non-current assets. After initial recognition they are measured at amortised cost using the effective interest method, less impairment. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

Fair value through other comprehensive revenue and expense

Financial assets at fair value through other comprehensive revenue and expense are those that are designated into the category at initial recognition or are not classified as any of the categories above. They are included in non-current assets, unless management intends to dispose of, or realise the investment within 12 months of balance date.

The Council includes in this category:

- Investments that it intends to hold long term but which may be realised before maturity; and
- Shareholdings that it holds for strategic purposes.

These investments 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. On derecognition, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is reclassified from equity to the surplus or deficit.

Impairment of financial assets

Financial assets are assessed for objective evidence of impairment at each balance date. Impairment losses are recognised in the surplus or deficit.

Loans and other receivables, and held to maturity investments

Impairment is established when there is objective evidence that we will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership, or liquidation and default in payments are considered indicators that the asset is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cashflows, discounted using the original effective interest rate.

For receivables, the carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectable, it is written-off against the allowance account. Overdue receivables that have been renegotiated are reclassified as current (that is, not past due). Impairment in term deposits, local authority stock, government stock and community loans are recognised directly against the instrument's carrying amount.

Financial assets at fair value through other comprehensive revenue and expense

For equity investments, a significant or prolonged decline in the fair value of the investment below its cost is considered objective evidence of impairment. For debt instruments, significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default in payments are considered objective indicators that the asset is impaired.

If impairment evidence exists for investments at fair value through other comprehensive revenue and expense, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the surplus or deficit) recognised in other comprehensive revenue and expense is reclassified from equity to the surplus or deficit.

Equity instrument impairment losses recognised in the surplus or deficit are not reversed through the surplus or deficit.

If in a subsequent period the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed in the surplus or deficit.

Inventory

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

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

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

Assets held for sale

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

Property, plant and equipment

Property, plant and equipment consist of:

- **Operational assets** - land, buildings, restricted assets, plant and machinery, furniture and equipment, computer equipment, and library collections.
- **Restricted assets** - parks and reserves owned by Council that provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions.
- **Infrastructure assets** - fixed utility systems owned by Council. Each asset class includes all items that are required for the network to function, for example, wastewater reticulation includes reticulation piping and wastewater pump stations.

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

Revaluations

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

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

Additions

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

Disposals

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

Depreciation

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

Operational assets	Useful life	Depreciation rate
Buildings	2 to 100 years	1% - 50%
Restricted assets (buildings)	2 to 100 years	1% - 50%
Plant and machinery	2 to 10 years	10% - 50%
Furniture and equipment	2 to 20 years	5% - 50%
Computer equipment	3 to 5 years	20% - 33%
Server hard drives	1 year	100%
Library collection	2 to 9 years	11% – 50%
Street furniture	10 to 30 years	3% - 10%
Infrastructural assets		
Roading network		
Street lighting	25 years	4%
Formation carriageway	100 years	1%
Pavement surfacing	7 to 50 years	2% - 14%
Pavement structure	39 to 47 years	3% - 4%
Footpaths	5 to 50 years	2% - 20%
Drainage	60 to 90 years	1% - 2%
Bridges	75 – 90 years	1% - 2%
All other	1 to 57 years	2% -100%
Utility assets		
Buildings	50 to 80 years	1% - 2%
Wastewater mains	50 to 100 years	1% - 2%
Wastewater other	80 to 100 years	1% - 2%
Wastewater pump station equipment	5 to 100 years	1% - 20%
Wastewater service lines	50 to 88 years	1% - 2%
Water mains	30 to 95 years	1% - 3%
Water valves	80 to 88 years	1% - 2%
Water hydrants	80 to 84 years	1% - 2%
Water nodes	80 years	1%
Water pump station equipment	10 to 100 years	1% - 10%
Water service lines	30 to 88 years	1% - 3%
Stormwater mains	51 to 100 years	1% - 2%
Stormwater manholes	95 to 100 years	1% - 2%
Stormwater pumps	15 years	7%
Stormwater service lines	60 to 100 years	1% - 2%
Swale drains	Indefinite	0%

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at the end of each financial year.

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

Morrinsville library

Intangible assets

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

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 of non-financial assets
Intangible assets that have an indefinite useful life, or are not yet available for use, are not subject to amortisation and are tested annually for impairment. Assets that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

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

If an asset's carrying amount exceeds its recoverable amount the asset is impaired and the carrying amount is written down to the recoverable amount. For revalued assets the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the surplus or deficit. For assets not carried at a revalued amount, the total impairment loss is recognised in the surplus or deficit.

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

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

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

Borrowings
Borrowings are initially recognised at their fair value plus transaction costs. After initial recognition, all borrowings are subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless we have an unconditional right to defer settlement of the liability for at least 12 months after balance date.

Employee entitlements

Short term employee entitlements

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

A liability for sick leave is recognised to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent that it will be used by staff to cover those future absences.

Long term employee entitlements

Employee benefits that are due to be settled beyond 12 months after the end of the period in which the employee renders the related service, such as long service leave and retirement gratuities, have been calculated on an actuarial basis.

The calculations are based on:

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

Presentation of employee entitlements

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

Defined contribution superannuation scheme

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

Provisions

A provision is recognised for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that an outflow of future economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

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

Provisions for landfill aftercare and Tui Mine site monitoring

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

Equity

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

- retained earnings
- other reserves:
  - Council created reserves
  - restricted reserves
  - asset revaluation reserves.

Reserves

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

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

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

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

Goods and service tax (GST)

All items in the financial statements are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the statement of financial position. The net GST paid to, or received from the IRD, including GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cashflows.

Commitments and contingencies are disclosed exclusive of GST.

Customer Services, Te Aroha

Cost allocation

The cost of service for each of our significant activities has been derived using the cost allocation system outlined below. Direct costs are those costs directly attributable to a significant activity. Indirect costs are those costs, which cannot be identified in an economically feasible manner, with a specific significant activity. Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities using appropriate cost drivers such as actual usage, staff numbers and floor area. The allocation of indirect costs to the activities of Council has also been benchmarked against 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 this Long Term Plan are discussed below:

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 judgements in applying accounting policies

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

Classification of property

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

Forecast depreciation and amortisation by group of activity

	Annual Plan 2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	($000)	($000)	($000)	($000)	($000)	($000)	($000)	($000)	($000)	($000)	($000)
Community Facilities and Property	2,101	2,167	2,259	2,338	2,369	2,401	2,613	2,642	2,661	2,826	2,856
Roading	5,929	6,075	6,256	6,533	6,824	7,043	7,281	7,543	7,854	8,187	8,514
Rubbish and Recycling	42	23	23	24	24	24	26	26	26	28	28
Stormwater	705	573	597	613	630	647	666	687	709	733	759
Wastewater	2,897	2,397	2,477	2,550	2,626	2,705	2,783	2,871	2,965	3,149	3,326
Water	1,633	1,501	1,730	1,890	1,938	1,989	2,045	2,111	2,174	2,246	2,320
Strategy and Engagement	1	1	1	1	1	1	1	1	1	1	1
Consents and Licensing	2	2	2	2	2	2	2	2	2	2	2
Corporate assets*	926	901	921	944	968	993	1,020	1,050	1,082	1,117	1,154
Total depreciation and amortisation	**14,243**	**13,640**	**14,266**	**14,895**	**15,382**	**15,805**	**16,437**	**16,933**	**17,474**	**18,289**	**18,960**

*Corporate assets include computers, office furniture, vehicles etc used by the supporting activities of Council that do not relate directly to one of Council's groups of activities.

Hanging baskets, Morrinsville

Reserve funds

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

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

Reserve fund	Purpose	Activities related to	Forecast balance 1 July 2015	Trans-fers in	Funds will come from	Trans-fers out	Funds will be ap-plied to	Forecast balance 30 June 2025
			$000	$000		$000		$000
Council created reserves								
Community purposes reserve	Funds received and set aside for use on community facilities or for general community purposes (e.g. grants)	All Council activities	4,199	-	No additional funding anticipated for the term of this LTP	53	One-off grants 2015/16	4,146
Power New Zealand reserve fund	Funds received and set aside on behalf of the community from the dissolution of the local power board co-operative in 1998. The fund is utilised for internal borrowing or external investment, with returns used to subsidise rates.	All Council activities	23,619	11,181	External interest from the invested portion of the fund, and internal interest from the internally borrowed portion of the fund.	12,875	Annual Economic Development funding plus subsidy of rates	21,925
Wastewater capital contribution reserve	Capital contributions funds received from industry and set aside to offset future deprecation.	Wastewater	375	2,605	Annual targeted rates charged to Fonterra and Greenleas Morrinsville	-	No expenditure anticipated for the term of this LTP	2,980
Depreciation reserves	Funds set aside for the replacement of assets and used to fund internal borrowing.	All Council activities	5,915	157,662	Depreciation funding and interest	125,195	Replacement of assets (renewals) and repayment of loans	38,382
Stormwater improvement reserve	Funds set aside to fund stormwater projects	Stormwater	-	563	Targeted rates funding	-	No expenditure planned for the term of this LTP at this stage	563
Te Aroha Wastewater de-sludging project	Funds set aside to pay for the Te Aroha de-sludging project expected to be completed in 2015/16	Wastewater	200	1,579	Targeted rates funding	1,779	Te Aroha wastewater de-sludging project	-
Total Council created reserves			**34,308**	**173,590**		**139,902**		**67,996**
Restricted reserves								
Endowment land sales reserve	Funds set aside in respect of the sale of endowment land in Te Aroha. The proceeds must be used for the provision of improvement of services and public amenities for the benefit of the inhabitants of Te Aroha.	Community Facilities	235	-	Sale of endowment land (if any)	235	Te Aroha Events Centre project	-
Reserves development reserve	Funds set aside from reserves contributions to be used on parks and reserves.	Developments on parks and reserves	604	619	Financial contributions	1,223	Land acquisitions for linkage parks	-
Bequests and trust funds	Funds set aside to be used for the nominated purposes of the bequest or trust fund.	Nominated purposes	23	-	No additional funding anticipated for the term of this LTP	-	No expenditure anticipated for the term of this LTP	23
Total restricted reserves			**862**	**619**		**1,458**		**23**
Asset revaluation reserves	Surpluses from the revaluation of property plant and equipment.	All Council activities	95,106	158,611	Assets revaluation	-		253,717

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

The funding impact statement is prepared in compliance with the requirements of clause 15, part 1, schedule 10 of the Local Government Act 2002. Unlike the statement of comprehensive revenue and expense, the funding impact statement is not compliant with generally accepted accounting standards (GAAP). The funding impact statement is intended to show in a transparent manner, how all sources of funding received by us are applied. It does not include "non-cash" that is classified as income on the statement of comprehensive revenue and expense (as required by GAAP) such as assets that are vested to us through the subdivision process, or unrealised gains on assets. The statement of comprehensive revenue and expense also requires "non-cash" expenses such as depreciation, amortisation, and unrealised losses of assets to be reflected, whereas these are excluded from the funding impact statement. The reconciliation below identifies the differences between these two statements.

	Annual Plan 2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	($000)	($000)	($000)	($000)	($000)	($000)	($000)	($000)	($000)	($000)	($000)
Funding sources as shown in the overall Council funding impact statement											
Total operating funding	40,680	41,432	43,096	44,917	46,403	47,819	49,307	50,512	52,198	54,015	55,376
Total capital funding	5,074	18,208	8,222	4,473	2,257	5,421	1,065	1,084	4,530	2,826	1,724
Less capital movements											
Increase/(decrease) in debt	1,506	14,438	4,635	894	(1,516)	1,579	(4,033)	(4,253)	(875)	(2,753)	(4,140)
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Add non-funded income											
Vested and found assets	576	200	204	209	215	220	226	233	240	248	256
Other gains	-	-	-	-	-	-	-	-	-	-	-
Income from support activities	292	509	523	535	545	564	580	598	612	634	655
Total funding sources	**45,116**	**45,911**	**47,410**	**49,240**	**50,936**	**52,445**	**55,211**	**56,680**	**58,455**	**60,476**	**62,151**
Total income as shown in the statement of comprehensive revenue and expense	**45,116**	**45,911**	**47,410**	**49,240**	**50,936**	**52,445**	**55,211**	**56,680**	**58,455**	**60,476**	**62,151**
Application of funding as shown in the overall Council funding impact statement											
Total applications of operating funding	30,021	32,961	31,930	32,940	33,948	34,827	35,666	36,455	37,450	38,440	39,268
Total applications of capital funding	15,733	26,679	19,388	16,450	14,712	18,413	14,706	15,141	19,278	18,401	17,832
Less capital movements											
Capital expenditure	14,804	28,244	19,690	16,681	14,920	18,387	14,670	15,160	19,252	18,444	17,812
Increase (decrease) in reserves	929	(1,565)	(302)	(231)	(208)	26	36	(19)	26	(43)	20
Increase (decrease) in investments	-	-	-	-	-	-	-	-	-	-	-
Add depreciation and non-funded expenditure											
Depreciation and amortisation	14,243	13,640	14,267	14,895	15,381	15,806	16,437	16,933	17,473	18,289	18,959
Other losses	-	-	-	-	-	-	-	-	-	-	-
Expenses from support activities	292	509	523	535	545	564	580	598	612	634	655
Total funding application	**44,556**	**47,110**	**46,720**	**48,370**	**49,874**	**51,197**	**52,683**	**53,986**	**55,535**	**57,363**	**58,882**
Total expenditure as shown in the statement of comprehensive revenue and expense	**44,556**	**47,110**	**46,720**	**48,370**	**49,874**	**51,197**	**52,683**	**53,986**	**55,535**	**57,363**	**58,882**

Funding impact statement

Funding impact statement for 1 July 2015 to 30 June 2025 for Council

	Annual Plan 2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	($000)	($000)	($000)	($000)	($000)	($000)	($000)	($000)	($000)	($000)	($000)
Sources of operating funding											
General rates, uniform annual general charges, rates penalties	19,178	19,718	20,837	21,742	22,663	23,556	24,492	25,216	26,357	27,294	27,920
Targeted rates	13,217*	13,333	13,679	14,443	14,845	15,191	15,542	15,806	16,113	16,738	17,192
Subsidies and grants for operating purposes	2,409	2,579	2,638	2,703	2,772	2,844	2,923	3,007	3,098	3,197	3,305
Fees and charges	5,177*	5,213	5,314	5,404	5,500	5,608	5,731	5,865	6,012	6,168	6,340
Interest and dividends from investments	440	323	357	347	338	328	319	309	299	289	279
Local authorities fuel tax, fines, infringement fees, and other receipts	259	266	271	278	285	292	300	309	319	329	340
Total operating funding (A)	**40,680**	**41,432**	**43,096**	**44,917**	**46,403**	**47,819**	**49,307**	**50,512**	**52,198**	**54,015**	**55,376**
Applications of operating funding											
Payments to staff and suppliers	27,866*	31,251	29,742	30,616	31,607	32,487	33,373	34,343	35,471	36,580	37,642
Finance costs	2,155	1,710	2,188	2,324	2,341	2,340	2,293	2,112	1,979	1,860	1,626
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	**30,021**	**32,961**	**31,930**	**32,940**	**33,948**	**34,827**	**35,666**	**36,455**	**37,450**	**38,440**	**39,268**
Surplus (deficit) of operating funding (A – B)	**10,659**	**8,471**	**11,166**	**11,977**	**12,455**	**12,992**	**13,641**	**14,057**	**14,748**	**15,575**	**16,108**
Sources of capital funding											
Subsidies and grants for capital expenditure	2,822	3,294	3,102	3,155	3,337	3,396	3,428	3,619	3,634	3,752	3,976
Development and financial contributions	649	405	414	424	436	446	1,670	1,718	1,771	1,827	1,888
Increase (decrease) in debt	1,506	14,438	4,635	894	(1,516)	1,579	(4,033)	(4,253)	(875)	(2,753)	(4,140)
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	97	71	71	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	**5,074**	**18,208**	**8,222**	**4,473**	**2,257**	**5,421**	**1,065**	**1,084**	**4,530**	**2,826**	**1,724**
Applications of capital funding											
Capital expenditure											
—to meet additional demand	301	4,447	2,375	294	648	489	425	593	1,925	3,434	245
—to improve the level of service	4,848	12,115	6,319	5,722	3,233	5,361	2,022	2,040	2,587	1,750	2,039
—to replace existing assets	9,655	11,682	10,996	10,665	11,039	12,537	12,223	12,527	14,740	13,260	15,528
Increase (decrease) in reserves	929	(1,565)	(302)	(231)	(208)	26	36	(19)	26	(43)	20
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	**15,733**	**26,679**	**19,388**	**16,450**	**14,712**	**18,413**	**14,706**	**15,141**	**19,278**	**18,401**	**17,832**
Surplus (deficit) of capital funding (C – D)	**(10,659)**	**(8,471)**	**(11,166)**	**(11,977)**	**(12,455)**	**(12,992)**	**(13,641)**	**(14,057)**	**(14,748)**	**(15,575)**	**(16,108)**
Funding balance ((A-B)+(C-D))	-	-	-	-	-	-	-	-	-	-	-

*** Revenue received from metered water is now classified as targeted rates, and internal transactions incorrectly included in the Annual Plan budget have been eliminated.**

Calculation of rates

For 1 July 2015 to 30 June 2025

These rates shown are inclusive of GST

		General rates		Targeted rates	
Source		General rate	Uniform annual general charge	Stormwater	Waste Management
Category		All rateable land in the district		Rating units within serviced areas	Rating units within serviced areas
How the rate will be calculated		Cents in the dollar on 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 seperately used or inhabited part of a rating unit to which the service is available
Annual Plan 2014/15	$	0.00143461	583.70	124.69	148.49
2015/16	$	0.00146746	592.22	120.46	157.84
2016/17	$	0.00154078	627.97	120.64	160.51
2017/18	$	0.00162172	639.94	124.54	163.53
2018/19	$	0.00168874	662.82	128.06	166.51
2019/20	$	0.00176266	678.18	130.89	169.84
2020/21	$	0.00183247	699.49	131.23	173.55
2021/22	$	0.00188401	716.07	131.17	177.27
2022/23	$	0.00196988	741.90	130.38	181.45
2023/24	$	0.00202683	771.25	130.62	186.18
2024/25	$	0.00206865	785.87	134.69	190.65

		Targeted rates							
Source		Wastewater (sewerage disposal)							
Category		Connected single residential house	Connected non-single residential, and non-residential properties						Serviceable properties within 30 metres of Council's Wastewater reticulation network
How the rate will be calculated		Uniform charge per connected rating unit	Uniform charge 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 2014/15	$	692.03	692.03	692.03	588.23	553.62	519.02	484.42	346.02
2015/16	$	701.37	701.37	701.37	596.17	561.10	526.03	490.96	350.69
2016/17	$	695.90	695.90	695.90	591.52	556.72	521.93	487.13	347.95
2017/18	$	718.38	718.38	718.38	610.63	574.71	538.79	502.87	359.19
2018/19	$	741.23	741.23	741.23	630.04	592.98	555.92	518.86	370.62
2019/20	$	758.59	758.59	758.59	644.80	606.87	568.94	531.01	379.30
2020/21	$	776.54	776.54	776.54	660.06	621.23	582.40	543.58	388.27
2021/22	$	790.73	790.73	790.73	672.12	632.58	593.05	553.51	395.37
2022/23	$	810.88	810.88	810.88	689.25	648.70	608.16	567.61	405.44
2023/24	$	861.89	861.89	861.89	732.61	689.51	646.42	603.32	430.95
2024/25	$	890.45	890.45	890.45	756.89	712.36	667.84	623.32	445.23

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 Te Aroha West	Metered supply Braeside Aquaria 1981	Inghams Enterprises (NZ) Pty Ltd supply*	Matamata farm properties**
How the rate will be calculated		Uniform charge per specified rating unit		Uniform charge per seperately used or inhabited part of a rating unit to which the service is provided	Uniform charge per seperately used or inhabited part of a rating unit to which the service is available (but not connected)	Charge per cubic metre of water consumed (as measured by meter) over and above the first 82 cubic metres of water consumed per quarter or the first 27 cubic metres consumed per month	Charge per cubic metre of water consumed (as measured by meter) over and above the first 82 cubic metres of water consumed per quarter or the first 27 cubic metres consumed per month in the Te Aroha West supply area	Charge per cubic metre of water consumed (as measured by meter) over and above the first 82 cubic metres of water consumed per quarter or the first 27 cubic metres consumed per month for Braeside Aquaria	Charge per cubic metre of water consumed (as measured by meter) over and above the first 82 cubic metres of water consumed per quarter or the first 27 cubic metres consumed per month for Inghams Factory, Waitoa	Charge per cubic metre of water consumed (as measured by meter) over and above the first 82 cubic metres of water consumed per quarter or the first 27 cubic metres consumed per month for Matamata farm properties that contain the Matamata trunk main from Tills Road
Annual Plan 2014/15		616,373.72	195,667.19	322.28	161.14	1.20	0.86	0.62	0.56	1.20
2015/16		611,767.52	194,204.95	320.97	160.49	1.25	0.90	0.65	0.59	1.25
2016/17		611,767.52	194,204.95	332.57	166.29	1.28	0.92	0.66	0.60	1.28
2017/18		611,767.52	194,204.95	335.48	167.74	1.34	0.96	0.70	0.63	1.34
2018/19	$	611,767.52	194,204.95	339.33	169.67	1.44	1.03	0.75	0.68	1.44
2019/20		611,767.52	194,204.95	317.23	158.62	1.58	1.14	0.82	0.75	1.58
2020/21		611,767.52	194,204.95	313.68	156.84	1.79	1.29	0.93	0.85	1.79
2021/22		611,767.52	194,204.95	316.03	158.02	2.09	1.50	1.09	0.99	2.09
2022/23		611,767.52	194,204.95	308.40	154.20	2.51	1.81	1.30	1.18	2.51
2023/24		611,767.52	194,204.95	313.61	156.81	3.11	2.24	1.62	1.47	3.11
2024/25		611,767.52	194,204.95	316.10	158.05	3.98	2.87	2.07	1.88	3.98

* The balance (cost) is invoiced as per a seperate contract with Inghams Enterprises (NZ) Pty. The current contract expires in 2018/19

** A 50% discount will be applied to this rate if the invoice is paid by the due date

Targeted rates							
Source		Targeted rural hall rates will apply to all land within the hall rating area, as listed					
Category		Tauhei	Hoe-o-Tainui	Springdale	Kiwitahi	Patetonga	Wardville
How the rate will be calculated		Cents in the dollar on land value					
Annual Plan 2014/15	$	0.00009814	0.00003225	0.00002225	0.00001156	0.00003578	0.00002565
2015/16		0.00010794	0.00003225	0.00002225	0.00001156	0.00003578	0.00002565
2016/17		0.00011036	0.00003297	0.00002275	0.00001182	0.00003658	0.00002622
2017/18		0.00011306	0.00003378	0.00002330	0.00001211	0.00003748	0.00002687
2018/19		0.00011592	0.00003463	0.00002389	0.00001241	0.00003842	0.00002755
2019/20		0.00011895	0.00003554	0.00002452	0.00001274	0.00003943	0.00002827
2020/21		0.00012222	0.00003652	0.00002519	0.00001309	0.00004051	0.00002904
2021/22		0.00012576	0.00003757	0.00002592	0.00001347	0.00004169	0.00002988
2022/23		0.00012958	0.00003872	0.00002671	0.00001388	0.00004295	0.00003079
2023/24		0.00013372	0.00003995	0.00002756	0.00001432	0.00004432	0.00003178
2024/25		0.00013822	0.00004130	0.00002849	0.00001480	0.00004582	0.00003284

Targeted rates									
Source		Targeted rural hall rates will apply to all land within the hall rating area, as listed							
Category		Tahuna	Mangateparu	Kereone	Tatuanui	Walton	Okauia	Hinuera	Piarere
How the rate will be calculated		Uniform charge per rating unit					Cents in the dollar on capital value		
Annual Plan 2014/15	$	38.00	34.50	41.00	61.50	20.00	0.00001839	0.00001691	0.00002112
2015/16		38.00	34.50	41.00	61.50	20.00	0.00001839	0.00001691	0.00002112
2016/17		38.85	35.27	41.92	62.88	20.45	0.00001880	0.00001729	0.00002159
2017/18		39.80	36.14	42.94	64.42	20.95	0.00001926	0.00001771	0.00002212
2018/19		40.81	37.05	44.03	66.04	21.48	0.00001975	0.00001816	0.00002268
2019/20		41.88	38.02	45.18	67.77	22.04	0.00002027	0.00001863	0.00002327
2020/21		43.03	39.06	46.42	69.64	22.65	0.00002082	0.00001915	0.00002391
2021/22		44.27	40.20	47.77	71.65	23.30	0.00002143	0.00001970	0.00002461
2022/23		45.62	41.42	49.22	73.83	24.01	0.00002208	0.00002030	0.00002535
2023/24		47.07	42.74	50.79	76.19	24.78	0.00002278	0.00002095	0.00002616
2024/25		48.66	44.18	52.50	78.75	25.61	0.00002355	0.00002165	0.00002704

Targeted rates								
Source		Targeted rural hall rates will apply to all land within the hall rating area, as listed						
Category		Mangaiti	Waharoa	Waitoa	Waihou	Elstow	Manawaru	Te Poi
How the rate will be calculated		Uniform charge per seperately used or inhabited part of a rating unit of all residential and/or farming rating units						
Annual Plan 2014/15	$	12.50	10.50	25.55	20.00	21.50	25.55	36.80
2015/16	$	12.50	10.50	25.55	20.00	21.50	25.55	36.80
2016/17	$	12.78	10.74	26.12	20.45	21.98	26.12	37.62
2017/18	$	13.09	11.00	26.76	20.95	22.52	26.76	38.54
2018/19	$	13.42	11.28	27.44	21.48	23.09	27.44	39.52
2019/20	$	13.78	11.57	28.16	22.04	23.69	28.16	40.55
2020/21	$	14.15	11.89	28.93	22.65	24.34	28.93	41.67
2021/22	$	14.56	12.23	29.77	23.30	25.05	29.77	42.88
2022/23	$	15.01	12.61	30.67	24.01	25.81	30.67	44.18
2023/24	$	15.49	13.01	31.65	24.78	26.63	31.65	45.59
2024/25	$	16.01	13.45	32.72	25.61	27.53	32.72	47.12

Lump sum contributions					
Source		Tahuna Wastewater scheme		Waharoa/ Raungaiti Wastewater Scheme	
Category		Connected properties	Serviceable properties	Connected properties	Serviceable properties
How the rate will be calculated		Uniform charge per connected rating unit	Uniform charge per rating unit to which service is available (but not connected)	Uniform charge per connected rating unit (where the ratepayer elected to pay their lump sum contribution to the scheme by way of a targeted rate)	Uniform charge per rating unit to which service is available (but not connected) (where the ratepayer elected to pay their lump sum contribution to the scheme by way of a targeted rate)
Annual Plan 2014/15	$	651.04	401.88	669.84	401.88
2015/16	$	-	-	669.84	401.88
2016/17	$	-	-	669.84	401.88
2017/18	$	-	-	-	-
2018/19	$	-	-	-	-
2019/20	$	-	-	-	-
2020/21	$	-	-	-	-
2021/22	$	-	-	-	-
2022/23	$	-	-	-	-
2023/24	$	-	-	-	-
2024/25	$	-	-	-	-

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.

Hall Rating Areas - Please see the map on Council's website called Hall Rating Areas (1989) for this information.

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

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

Examples of the impact of the rates for 2015/16

Our district has a mix of rural and urban properties, and the rates outlined in the Funding Impact Statement affect each property differently because of the differing services that are provided or available to each. Any changes made to the general rate have a greater impact on higher valued properties as they are calculated as a percentage of the capital value of the property. Changes in the uniform annual general charge affect properties equally as everyone pays the same amount. Changes to targeted rates mainly affect urban services.

Examples of how a range of properties are impacted by the rates for 2015/16 are outlined below. (Note that this is in an average district-wide example intended to be indicative only.) There will be minor variances for various wards or rating areas due to differing rural hall rates applied. The indicative rates below include GST.

	Rates 2014/15	Forecast rates 2015/16	Increase from the previous year
Urban home worth $350,000 (connected to all services)	$2,373	$2,406	1.39%
Urban home worth $550,000 (connected to all services)	$2,660	$2,699	1.47%
Rural lifestyle property worth $400,000 (services not available)	$1,158	$1,179	1.81%
Rural lifestyle property worth $800,000 (services not available)	$1,731	$1,766	2.02%
Commercial property worth $300,000 (with additional two pans and connected to all services)	$3,686	$3,736	1.36%
Commercial property worth $700,000 (with additional two pans and connected to all services)	$4,259	$4,322	1.48%
Rural property worth $4million (services not available)	$6,322	$6,462	2.21%
Rural property worth $8million (services not available)	$12,061	$12,332	2.25%

Long Term Plan disclosure statement

Long term plan disclosure statement for period commencing 1 July 2015

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 we are prudently managing our revenues, expenses, assets, liabilities, and general financial dealings. We are required to include this statement in our Long Term 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.

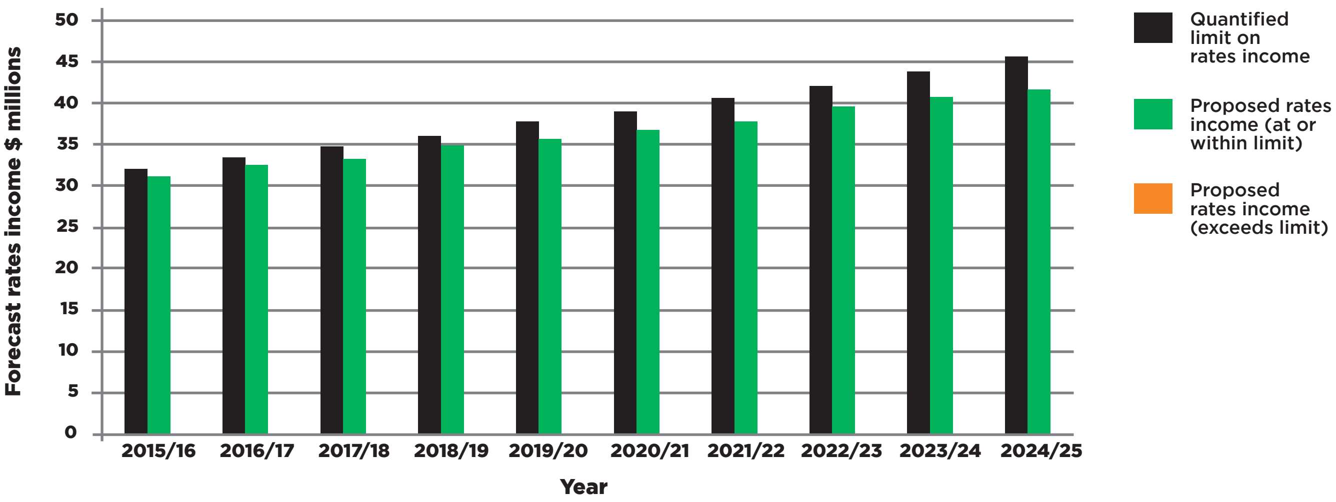
Rates affordability benchmark

The council meets the rates affordability benchmark if:

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

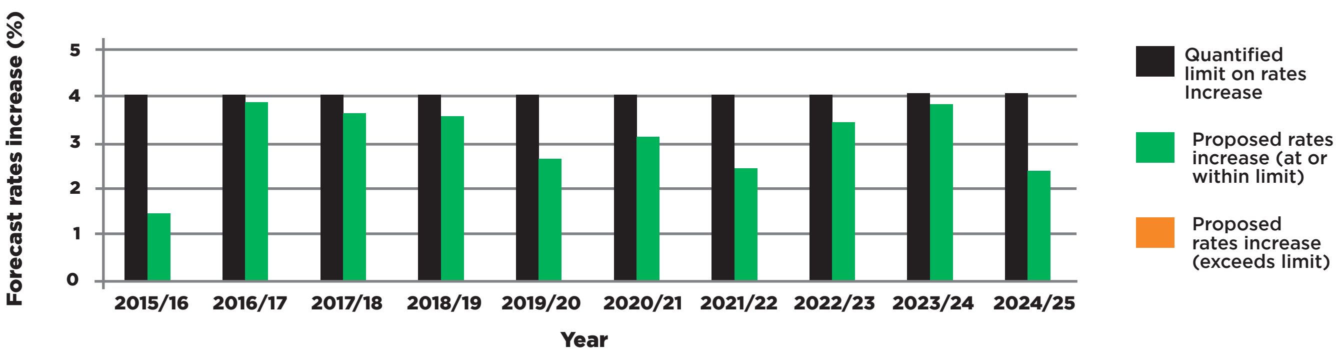
Rates (income) affordability

The following graph compares the council's planned rates with a quantified limit on rates contained in the financial strategy included in this long-term plan. The quantified limit is: Annual rates income* will not increase by more than 4%.



Rates (increases) affordability

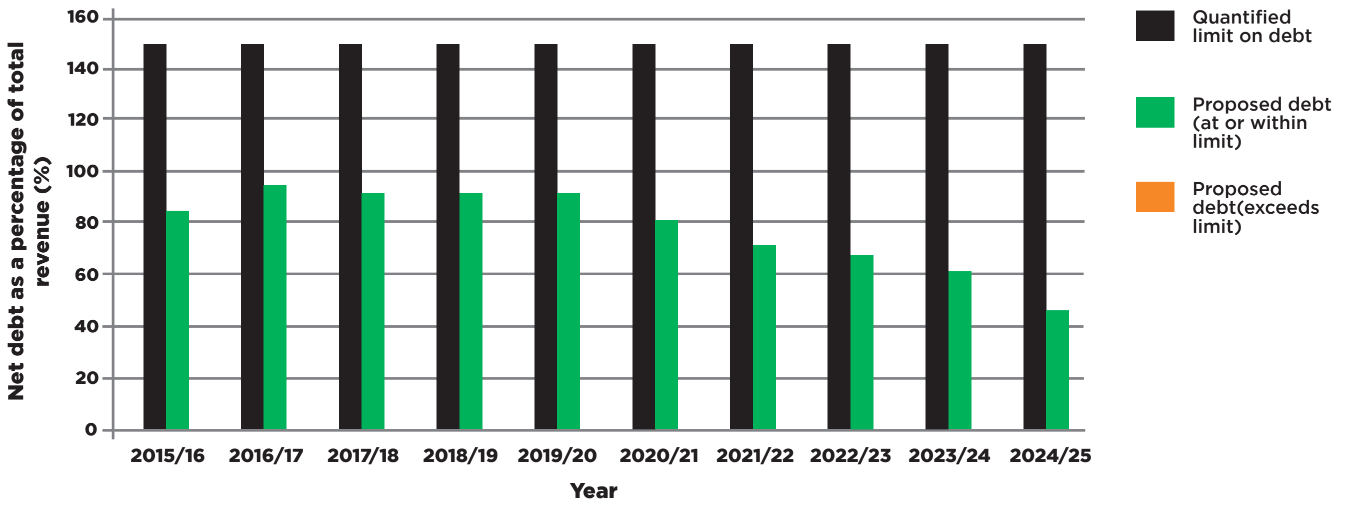
The following graph compares the council's planned rates increases with a quantified limit on rates increases contained in the financial strategy included in this long-term plan. The quantified limit is: Annual rates increases* will not be more than 4%.



* For the purpose of these calculations, rates income excludes penalties (which are not budgeted for), metered water revenue (the majority of which comes from a few large industrial users), and lump-sum contributions (that are targeted rates applying to a small number of ratepayers in respect of their contribution towards the construction of the Waharoa/Raungaiti Wastewater scheme). These items are excluded as the level of income received is not within Councils' direct control.

Debt affordability benchmark

The council meets the debt affordability benchmark if its planned borrowing is within each quantified limit on borrowing. The following graph compares the council's planned debt with a quantified limit on borrowing contained in the financial strategy included in this long-term plan. The quantified limit is: Net debt as a percentage of total revenue* will not exceed 150%.

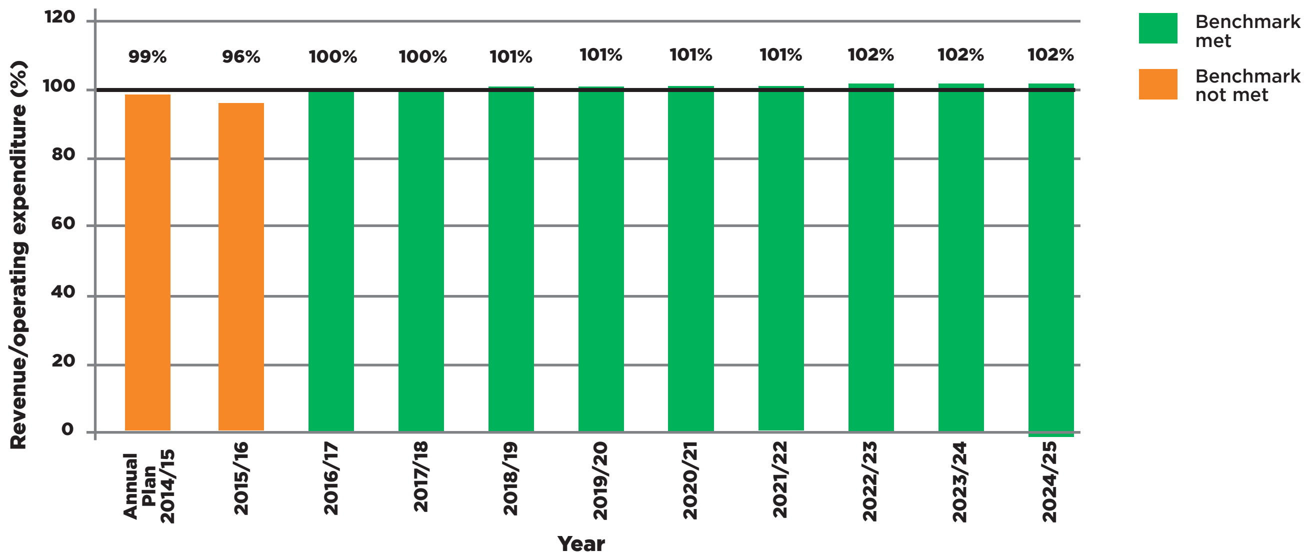


* Consistent with our Liability Management Policy, total revenue excludes development and financial contributions, vested and found assets and other gains.

Balanced budget benchmark

The following graph displays the council's planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment) as a proportion of planned operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, or equipment).

The council meets the balanced budget benchmark if its planned revenue equals or is greater than its planned operating expenses.

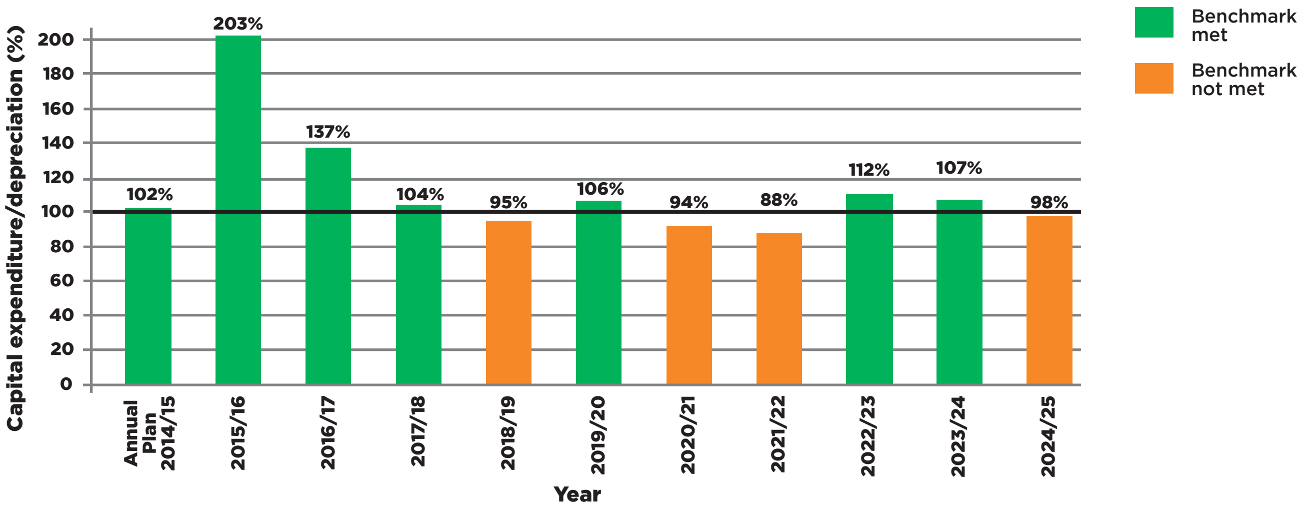


Essential services benchmark

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

Comment:

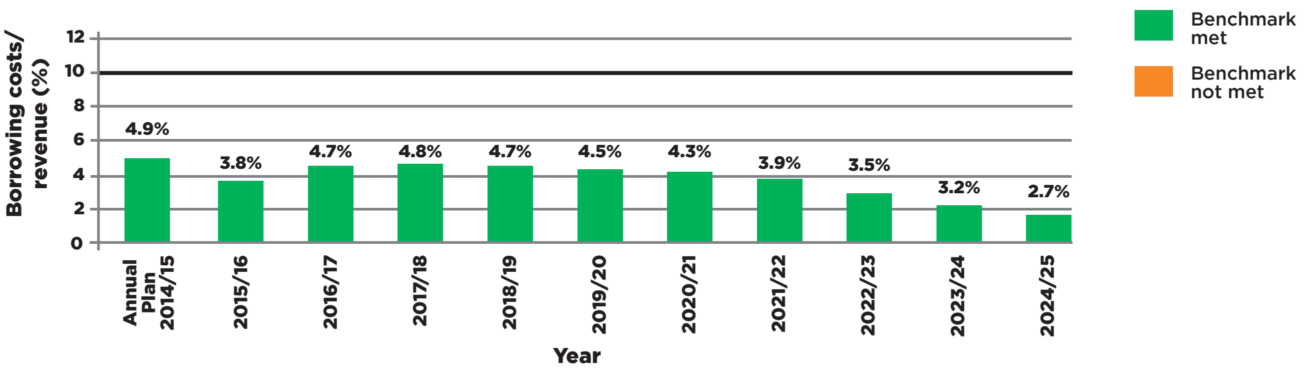
While the graph highlights that we will not meet the essential services benchmark for five of the ten years of this plan, this is only due to the planned timing of our capital and renewal work to be undertaken. On an overall basis, we are planning to spend $140 million in capital on our network services over the next ten years, and collect $126 million in depreciation over the same time.



Debt servicing benchmark

The following graph displays the council's planned borrowing costs 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).

Because Statistics New Zealand projects the council's population will grow more slowly than the national population is projected to grow, it meets the debt servicing benchmark if its planned borrowing costs equal or are less than 10% of its planned revenue.



Revenue and Financing Policy

The Revenue and Financing Policy describes how we will fund operating expenses and capital expenditure from the funding sources specified in section 103 of the Local Government Act 2002.


Matamata-Piako District Council staff

Policy considerations

We will select funding sources for each activity after having regard to the following:

- The community outcomes to which the activity primarily contributes, and
- The distribution of benefits between the whole community, separate communities, and individuals, and
- The period over which benefits are expected to occur, and
- The extent to which the actions or inactions of particular individuals or groups contribute to the need to undertake the activity (referred to as exacerbator issues), and
- The costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities, and
- The impact that selected funding mechanisms have on the current and future community wellbeing.

The following is a summary of how we have approached these considerations.

The community outcomes to which the activity primarily contributes

The primary outcomes for each activity are included in the following activity tables.

The distribution of benefits between the whole community, separate communities, and individuals

We have taken the following general approaches to relate benefits to funding sources:

- Activities that are available to every person in the district are funded across the whole community (e.g. roading or parks and reserves)
- Services that we make available to specific areas are funded across those areas, on a district wide basis. This applies to services for water, wastewater, stormwater and rubbish and recycling. The targeted rates are uniform across the district, irrespective of location
- Rural halls are funded from the local hall communities
- Fees and charges are used as the funding source for individual or group benefits where either:
  - A direct relationship can be efficiently established between the provisions of a service and the charge (e.g. admission to a swimming pool), or
  - The benefits derived are beyond the level generally available to the general community (e.g. the exclusive use of sports facilities), or
  - The individual or group causes us to incur additional costs beyond the level that would be required for the general community.

We have expressed the allocation of benefits in the first part of the consideration process in the following terms:

- High - generally above 75%
- Medium - 40-75%
- Low-below 40%

See also the “other policy considerations” section.

The period over which benefits are expected to occur

During the development of this plan we received feedback from the community on the types and levels of services expected from us. The overall conclusion is that the community expects the current services to continue to be available now and in the future.

This is reflected in this plan, as are the following principles:

• Current and future generations will benefit from each activity.

• We will implement appropriate accounting and funding policies to ensure intergenerational equity (so one generation does not benefit at the expense of another).

• We may encounter extraordinary situations that involve addressing legacy issues (e.g. environmental issues from old landfill sites). In cases like this we may not be able to impose the cost of addressing the issues on the people who caused the problem. We will consider funding options to minimise the impact of these issues on current and future generations. This might involve the use of retained earnings or proceeds from the sale of assets.

The extent to which the actions or inaction of particular individuals or groups contribute to the need to undertake the activity (exacerbator issues)

We encounter situations where the actions or inactions of individuals or groups cause us to utilise additional resources.

These can be generally categorised as follows:

- Non complying behaviour, for example, graffiti, illegal waste disposal, wandering dogs, non compliance with consent conditions.
- High cost activities - e.g. sports field maintenance (as opposed to open space maintenance).

We will consider:

- The impact that these situations have on the overall activity.
- The level of additional cost incurred.
- The potential to realistically recover the additional costs.
- The effect on the activity outcomes.

We may then apply funding mechanisms that recover all or part of the additional costs incurred (e.g. fines).

The costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities

We have a desire for a simple rating structure that can be easily understood by the community.

We believe that transparency and accountability can be enhanced where the community can make a direct link between the services received and the charges we impose. User charges and targeted rates are examples where we believe this connection can be made.

Targeted rates are preferred where:

- Services are made available to some properties or communities and not others (e.g. water supply is provided to urban properties and only some rural properties).
- Local communities have a strong sense of identity and accountability for an activity (e.g. rural halls, where the local communities fund and operate the halls).
- Activities that are intended to benefit a specific area (e.g. rural halls).

We can create numerous targeted rates to separately represent the full range of our activities however this would compromise our desire for a simple rating system. After allowing for the various targeted rates and user charges, the remaining Council activities are mainly funded from general rates.

Our view is that rates are a form of tax and the quantum an individual pays does not necessarily reflect the level of benefit received. The use of additional targeted rates may inflate individual expectations about the level of benefit that should be received. This does not promote accountability. We promote transparency by disclosing the amount funded from general rates for all activities with rates assessments. This has a low administration cost and is considered to achieve the same outcome as the use of numerous targeted rates.

The impact that selected funding mechanisms have on the current and future community wellbeing

We have selected funding mechanisms after having regard to the outcomes sought for each activity and the following:

- The primary outcomes sought for each activity and the potential impact the funding sources have on the activity outcome. This allows us to reflect on the current and future wellbeing of the community.
- Sustainability - will the selected funding mechanisms affect the sustainability of the activity? For example setting a high level for user charges may reduce patronage, at the expense of community wellbeing
- Achievable funding levels - are the targeted levels achievable? We have identified targeted levels for user charges that may not be achievable in the short to medium term. In these cases a target range will be set.

Other policy considerations

Funding 'public good'

The selection of funding sources is influenced by the categorisation of the benefits arising from activities, into public and private good.

Activities that have significant public good are considered to have the following two characteristics:

- Non rivalry - an individual utilising an activity does not affect the opportunity of other individuals to utilise the same activity. Street lighting is an example of an activity that is non rival. The fact that one person may benefit from street lighting, does not affect other people from enjoying the same benefit. As opposed to water, where consumption by an individual reduces the amount of water available for other individuals.
- Non excludable - the extent to which it is possible to exclude people from enjoying an activity. An activity with public good characteristics is one where it is difficult to exclude people from enjoying or utilising. For example, a public footpath would be non excludable. It is not practical to exclude people from making use of a footpath. People can be excluded from utilising a public swimming pool, by imposing entry fees.

Activities that have significant public good characteristics, are typically funded from general rates.

There are two types of general rates:

- General rates based on rateable property values; and,
- The Uniform Annual General Charge.

The Uniform Annual General Charge is levied on each rateable property as a fixed sum. The General rate is based on the capital value of rateable properties.

The Uniform Annual General Charge is subject to a statutory maximum. Our policy is that the Uniform Annual General Charge can be set at a range between 75-100% of the maximum. This percentage will be reviewed annually.

A change in the level of the Uniform Annual General Charge will change the level of the capital value based general rate.

Funding 'private good'

Activities with strong private good characteristics are typically neither non rival or non excludable. We hold the view that a rating system is primarily a taxation system and not a system inherently based on a principle of user pays. We will utilise targeted rates to represent user charges and recover private benefits. Targeted rates may also be utilised to recognise 'community specific' benefits.

Differential general rates

We consider that public goods are available to be enjoyed equally by the whole community. General rates should therefore be levied on the same basis across the district. For this reason, we do not consider that there are any compelling arguments to utilise differential rating for general rates. The use of targeted rates and user charges provides an appropriate way to differentiate for our services.

Valuation system

The capital value rating system has been in place in this district since 1990. We acknowledge that this system is not an accurate representation of 'ability to pay', however, we do not consider that the alternatives (land or annual value) offer any advantages over capital value. Our community is familiar with the current system and there are no compelling reasons to change at this time.

Capital expenditure

Capital expenditure will be funded in a manner that as far as is practicable and prudent takes account:

- Of the expected lives of assets, and/or
- The impacts on operating costs of our activities.

The available funding sources for capital expenditure are:

- Borrowing (either internal or external)
- Development and financial contributions as per the Developments/Financial Contributions Policies (including interest costs as per the policy) private contributions as may be agreed from time to time with individuals/ organisations. This will apply

where we have entered into a partnership or arrangement to undertake capital development.

- Lump sum contributions in accordance with the Local Government (Rating) Act 2002.
- Targeted rates in accordance with the Local Government (Rating) Act 2002.
- Subsidies (where applicable).
- Specific revenue streams we determine.
- The proceeds of the sale of assets.
- Retained earnings (special funds and depreciation reserves).

Considerations

The following considerations will apply in selecting the appropriate funding source:

- We wish to allocate the cost of capital expenditure over the period that benefits are generated from the expenditure. Loan or accumulated depreciation reserves will be the normal source of funding for capital expenditure.

The annual loan costs will be met from the underlying funding sources for each significant activity. The considerations that apply for operating expenditure will by default, apply to capital funding, (for example a targeted rate for an activity will meet the annual loan repayments).

- The primary factors giving rise to the need for capital expenditure will influence our choice of funding mechanism. For example:
  - Development contributions must be used for the specified capital project.
  - The needs of a specific community may result in funding being raised from that community.
  - Special funds created for specific activities will be used for those activities.
- The costs and benefits of different funding sources will be assessed within the context of our Long Term Plan.

We can then assess the potential impact of the selected funding source against the community outcomes. We may resolve to utilise a funding source that is not included in this policy.

Capital funding sources

Group of Activities	Borrowing	Financial contributions	Development contributions	General and special reserves	Lump sum contributions	Grants and subsidies	Targeted rates*
Community Facilities and Property	✓	✓		✓		✓	
Consents and Licensing							
Roading	✓		✓	✓		✓	
Rubbish and recycling	✓			✓			
Stormwater	✓		✓	✓			
Wastewater	✓		✓	✓	✓	✓	✓
Water	✓		✓	✓			✓
Strategy and Engagement				✓			

* Targeted rates are charged to industries considered to have a high impact on Council's wastewater and water systems, in order to recover a share of the cost of capital upgrades to our systems.

Operating costs

Operating costs are the annual operating costs as contained within our Long Term Plan and/or Annual Plan. The following tables summarise our considerations for each activity.

Community Facilities and Property funding considerations

Funding considerations	Carparks and street furniture	Cemeteries	Housing and property management		
			Housing	Rural halls	Corporate/general
Primary outcomes	3(a) Council's reserves and facilities will be safe, well maintained and accessible to encourage people to use them	3(a) Council's reserves and facilities will be safe, well maintained and accessible to encourage people to use them	1(d) Council will encourage access to good quality and affordable housing	3(b) People, will be well informed of the districts resources, equipment, and facilities	3(a) Council's reserves and facilities will be safe, well maintained and accessible to encourage people to use them
Distribution of benefits	Community at large - high	Total community benefit medium (access and availability) Individuals medium (burials and plot utilisation)	Individuals - high (private occupancy)	Community within rural hall areas – high Individuals and area groups private hire - high	Community at large 90% - (access and availability) Private individuals 10% - individual or group utilisation
Period which benefits occur	Current and future	Current and future	Current and future	Current and future	Current and future
Exacerbator issues	None	None	None	None	Minor issues relating to extraordinary demands from specific users
Transparency and accountability	Not affected by selected funding sources	Fees and charges for burials. Use of general rate does not affect accountability	Direct user charges reinforce accountability and transparency in the management of the activity	Separate funding sources link to community management of assets	Not affected by selected funding source
Overall impact on social, economic, environmental and cultural wellbeing of the district	100% public funding to ensure achievement of desired outcomes is sustainable	Selected funding sources assist with the achievement of the desired outcomes	User charges to be set to recover costs. Economies of scale achieved to ensure costs are competitive and therefore charges below market levels are achieved	Selected funding sources assist with the achievement of the desired outcomes. The local communities within the major rating areas are the major users of the halls. The percentage recovery from fees and charges is a realistic amount. The local hall rates account for the difference.	Selected funding sources assist with the achievements of the desired outcomes
Funding sources	General rates 100%	General rates 40-60% Fees and charges 40-60%	User charges 100%	Targeted hall rates on varying bases for each of the rating areas 80%. Fees and charges on varying bases for each of the rating areas	General rates 80-90% Fees and charges 10-20%

Community Facilities and Property funding considerations

Funding considerations	Libraries	Parks and tracks	Pools and spas	Public toilets	Recreation facilities and heritage
Primary outcomes	5(d) People will have the opportunity to learn about their own and others kawa (protocol), tikanga (customs), whakapapa (ancestral heritage), heritage and culture	3(a) Council's reserves and facilities will be safe, well maintained and accessible to encourage people to use them 3(c) Council walking and cycling tracks will be promoted, well maintained, and developed as resources allow	3(a) Council's reserves and facilities will be safe, well maintained and accessible to encourage people to use them	3(a) Council's reserves and facilities will be safe, well maintained and accessible to encourage people to use them	3(a) Council's reserves and facilities will be safe, well maintained and accessible to encourage people to use them
Distribution of benefits	Community at large - medium (access and availability) Private individuals - high (personal use of library resources	Community at large - high (access and availability)	Community at large - medium Private individuals - high	Community at large - high	Community at large - medium Private individuals - high
Period which benefits occur	Current and future	Current and future	Current and future	Current and future	Current and future
Exacerbator issues	None	Some users result in the need for higher costs (e.g. sports fields) than would otherwise be necessary	Some users result in lost opportunities for revenue and impose higher administration costs	None	Some users result in lost opportunities for revenue and impose higher administration cost
Transparency and accountability	Fees and charges reinforce accountability to individual customers for library resources. The charges also promote the need for Council to demonstrate 'value' to Library customers	Fees and charges reinforce accountability to individuals and groups	Not affected by selected funding source	Not affected by selected funding sources	Not affected by selected funding source
Overall impact on social, economic, environmental and cultural wellbeing of the district	Setting the level of individual recovery too high will result in the decline in the utilisation of the libraries. Council has assessed a realistic and achievable target for user fees. A higher level would be preferred and this is reflected in the range below	Setting the level of individual or group recovery too high will be counter-productive to the outcomes Council is seeking to achieve. Council has assessed a realistic and achievable target for user fees. Council will recover additional costs where possible	Setting the level of individual or group recovery too high will be counter- productive to the outcomes Council is seeking to achieve. Council has assessed a realistic and achievable target for user fees. A higher level would be preferred and in individual facilities, this may be achievable without compromising utilisation	100% public funding to ensure achievement of desired outcomes is sustainable	Setting the level of individual or group recovery too high will be counter- productive to the outcomes Council is seeking to achieve. Council has assessed a realistic and achievable target for user fees. A higher level would be preferred and in individual facilities, this may be achievable without compromising utilisation
Funding sources	General rate 80-93% Fees and charges 7 -20%	General rates 90-100% Fees and charges 0-10%	General rates 60-70% Fees and charges 30-40%	General rates 100%	General rates 85-90% Fees and charges 10-15%

Consents and Licensing funding considerations

Funding considerations	Animal control	Building consents and monitoring	Licensing and enforcement			Resource consents and monitoring
			Health	Alcohol	Noise control	
Primary outcomes	1(a) Council will aim to significantly reduce illegal activities and anti-social behaviour in our community	1(d) Council will encourage access to good quality and affordable housing 6(d) Council consent processes will ensure that our communities and environment are safe and sustainable	1(f) Council services and activities will contribute to the health and wellbeing of our community/ Iwi	1(a) Council will aim to significantly reduce illegal activities and anti-social behaviour in our community	1(a) Council will aim to significantly reduce illegal activities and anti-social behaviour in our community	6(d) Council consent processes will ensure that our communities and environment are safe and sustainable
Distribution of benefits	Community at large – medium (public safety) Individuals - medium	Community at large - medium (managed/ appropriate development) Individuals - medium	Community at large - high Private individuals - medium	Community at large - high	Community at large - high	Community at large - medium (managed/ appropriate development) Individuals - medium (resource consents)
Period which benefits occur	Current and future	Current and future	Current and future	Current and future	Current and future	Current and future
Exacerbator issues	The need for this activity arises from the expectation that animal ownership will not negatively impact on public safety Irresponsible owners create the majority of problems on this activity	Non-compliance with conditions by some individuals result in the need for extraordinary monitoring and enforcement	Non-compliance with conditions by some individuals result in the need for extraordinary monitoring and enforcement			The district plan captures the community's collective view on the types of development it desires as of right. People who propose development outside these parameters impose additional costs on Council Non-compliance with some individuals result in the need for extraordinary monitoring and enforcement
Transparency and accountability	Fees and charges promote owner accountability and transparency on Council's part	Building fees promote transparency and accountability on Council to individual customers	Not affected by selected funding sources	Not affected by selected funding sources	Not affected by selected funding sources	Planning fees promote transparency and accountability on Council to individual customers
Overall impact on social, economic, environmental and cultural wellbeing of the district	Council is satisfied that imposing the majority of the costs of the activity on animal owners promotes public safety. It is in the interests of the owners to reduce their ownership costs by being responsible. People who are irresponsible will pay a higher level again. The general rates funding is set at a level that Council believes that the community is willing to pay to have a safe environment	Council can demonstrate a strong linkage between the level of fees charged and the services received. Council is satisfied that the level of funding is consistent with the desired outcome to achieve managed and appropriate development for the community	Fees and charges for the activity are set largely by statute. The general rates funding must fund the balance	Selected funding source assists with the achievement of desired outcomes	Selected funding source assists with the achievement of desired outcomes	Council can demonstrate a strong linkage between the level of fees charged and the services received. Council is satisfied that the level of funding is consistent with the desired outcome to achieve managed and appropriate development for the community
Funding sources	General rates 20% Fees and charges (including fines) 80%	General rates 40-60% Fees and charges 40-60%	Licence processing – 100% user pays Enquires / complaints / enforcement – 100% funded by rates	Licence processing – fees set by legislation Enquiries / complaints / enforcement – 100 % funded by rates	100% general rates	Planning Resource Consent Processing and monitoring – 100% user pays Enquiries/complaints / enforcement – 100 % funded by rates

Roading and Waste funding considerations

Funding considerations	Roading	Rubbish and recycling	
		Waste management facilities	Kerbside collection services
Primary outcomes	6(g) Council will contribute to a safe and efficient transport network	4(b) Council will provide and promote sustainable waste management options to protect our environment	4(b) Council will provide and promote sustainable waste management options to protect our environment
Distribution of benefits	Community at large – medium Private individuals - high	Community at large - medium (access, availability, healthy environment) Individuals - high	Individuals - high
Period which benefits occur	Current and future	Current and future	Current and future
Exacerbator issues	Heavy traffic and some commercial activities can negatively impact on network maintenance	Individuals generate waste and through their actions or inaction can significantly impact the waste volume. Some activities generate hazardous wastes or large volumes of waste	Individuals generate waste and through their actions or inaction can significantly impact the waste volume
Transparency and accountability	Council has limited ability to directly recover the private benefits other than through rates. Government subsidy contributes a significant portion of the total funding	User charges for the use of waste management facilities is transparent and promotes accountability on waste generators	Targeted rate for properties to which Council is prepared to provide collection, promotes transparency and accountability linking a service provided to a specific Council rate
Overall impact on social, economic, environmental and cultural wellbeing of the district	Selected funding sources assist with the achievement of the desired outcomes	Selected funding sources assist with the achievement of the desired outcomes Council's ability to use general rate funding acknowledges the wider community benefits generates from the activity	Selected funding sources assist with the achievement of the desired outcomes.
Funding sources	Subsidy - as determined by Government agency. Council has resolved to allocate interest earned from external investments to fund the Roading activity to reduce the rates requirement. Council will determine the budgeted interest allocation on an annual basis. General rates - balance of funding	General rates 10-20% Fees and charges 80-90%	Targeted rate on a uniform basis for serviced properties 100%

Three Waters funding considerations

Funding considerations	Stormwater	Wastewater	Water
Primary outcomes	6(c) Council will provide essential infrastructure to meet the needs of our community now and in the future	6(c) Council will provide essential infrastructure to meet the needs of our community now and in the future	6(e) Systems will exist to provide sustainable clean water for our community/Iwi
Distribution of benefits	Community at large - low (approximately 14% of the networks service public areas - roads, parks etc.) Township and property owners - high	Community at large – medium Individuals - high	Community at large - low-medium Private individuals - high
Period which benefits occur	Current and future	Current and future	Current and future
Exacerbator issues	Some issues where particular activities result in pollutants entering stormwater reticulation	Properties connected to the sewer generate the waste. Rating legislation prevents residential properties being charged for more than one pan. Properties with more than one pan and with a higher intake of water are assumed to have a higher impact on the network. Some industries and businesses create high loading on the network	Activities that generate extraordinary levels of water utilisation Properties that are serviced by the reticulation, but not connected
Transparency and accountability	Targeted rate for properties within urban areas serviced by stormwater promote transparency and accountability, linking a service provided to a specific Council rate	Targeted rates for properties within urban areas serviced by waste water reticulation promote transparency and accountability, linking a service provided to a specific Council rate. Charging on a pan basis and modifying this by way of remission, further promotes accountability. Trade waste agreements address high impact activities	Targeted rate for properties within urban areas serviced by public water reticulation and water meter charging promote transparency and accountability, linking a service provided to a specific Council rate
Overall impact on social, economic, environmental and cultural wellbeing of the district	Selected funding sources assist with the achievement of the desired outcomes	Selected funding sources assist with the achievement of the desired outcomes. Council's ability to use general rate funding acknowledges the wider community benefits the activity generates	Selected funding sources assist with the achievement of the desired outcomes. Council's ability to use general rate funding acknowledges the wider community benefits the activity generates
Funding sources	General rates 14% Targeted rate on a uniform basis for serviced urban areas 86%	Fees and charges through trade waste agreements The balance of funding after fees and charges will come from either: General rates 0-6%, or Targeted rate on a per pan basis (using a scale of charges) for serviced urban areas 94-100% Factors - properties connected Properties able to connect but not connected Council will determine the actual percentages within the allowable range on an annual basis	Targeted rates from metered water (including residential and from industry). The balance of funding after metered water will come from either: General rates 0-6%, or Targeted rates on a uniform basis for serviced urban areas 94-100% Factors - properties connected Properties able to be connected but not connected Council will determine the actual percentages within the allowable range on an annual basis

Strategy and Engagement funding considerations

Funding considerations	Civil defence	Communications and events	Community leadership	Strategies and plans
Primary outcomes	1(e) Council will prepare for emergencies	2(a) Our community/ Iwi will be informed and have the opportunity to comment on significant issues	2(c) Council's decision making will be sound, visionary, and consider the different needs of our community/Iwi	6(a) Council plans will be flexible, to accommodate well planned, sustainable growth 2(c) Council's decision making will be sound, visionary, and consider the different needs of our community/Iwi
Distribution of benefits	Community at large – high	Total community benefit- high	Total community benefit - high	Total community benefit - high
Period which benefits occur	Current and future	Current and future	Current and future	Current and future
Exacerbator issues	Actions of some individuals can give rise to emergency response (e.g. rural fires). Council will attempt to recover these costs from the individual land owner	None	None	None
Transparency and accountability	Not affected by selected funding sources	Not affected by selected funding sources Other accountability processes in place	Not affected by selected funding sources Other accountability processes in place	Not affected by funding sources
Overall impact on social, economic, environmental and cultural wellbeing of the district	Selected funding source assist with the achievement of the desired outcomes	100% public funding to ensure achievement of desired outcomes is sustainable	Selected funding sources assist with the achievement of the desired outcomes	100% public funding to ensure achievement of desired outcomes is sustainable
Funding sources	General rates 100% Exacerbator charges where possible	General rates 100%	General rates 100%	General rates 100%

Council Controlled Organisations

Council controlled organisations are described in the Local Government Act 2002 as any organisation in which one or more councils control 50% or more of the voting rights or appoint one or more of the directors. The Local Government Act 2002 requires us to include in the Long Term Plan information on certain council controlled organisations in which we are a shareholder.

This includes information on:

- Our policies and objectives that relate to the ownership and control of the organisation.
- The nature and scope of the activities to be provided by the council controlled organisation.
- The key performance targets and other measures by which performance may be judged.

We do not have any significant policies or objectives about ownership and control of council controlled organisations. Appointment of a director to a council controlled organisation, who represents the Matamata-Piako District Council, aligns with our policy on appointment of directors.

Waikato Regional Airport Limited (WRAL)					
Ownership	Why does it exist?		What does it do?		
WRAL is jointly owned by five local authorities: Hamilton City, Waikato District, Waipa District, Otorohanga District and Matamata-Piako District Councils. Matamata-Piako's shareholding is 15.625%	Waikato Regional Airport Limited replaced the Airport Authority in 1989, which previously ran the airport. We consider that the airport is a significant infrastructural asset for the region and important for economic growth and development. The Local Government Act 2002 defines shareholding in an airport as a strategic asset		The objective of the Waikato Regional Airport Limited is to provide and operate a successful, affordable commercial business, providing safe, appropriate and efficient services for the transportation of people and freight. The airport enhances the economic development of the Waikato Region and the retention of the airport as a major infrastructural facility is important to the economy of the Waikato		
Performance measures	Actual		Target		
	2012/13	2013/14	2015/16	2016/17	2017/18
Facilitate Health & Safety meetings every 2 months with representatives from each company department	New measure	New measure	Achieve	Achieve	Achieve
Zero WorkSafe notifiable accidents/injuries	New measure	New measure	Achieve	Achieve	Achieve
Commission independent review of the company's Health & Safety framework. Implement recommendations from the independent review to ensure best-practice compliance	New measure	New measure	Achieve	Achieve	Achieve
To achieve the Airport Certification Standards as required by the Civil Aviation Authority and as evidenced by Civil Aviation Authority audit reports	The Civil Aviation Authority of New Zealand (CAA) carries out an annual survey audit of Aerodrome Safety and Operational Compliance and Security Compliance against the requirements of Civil Aviation, Part 139, certification approvals. The audit carried out on 27 August 2012 confirmed compliance approval by CAA	The Civil Aviation Authority of New Zealand (CAA) carries out an annual survey audit of Aerodrome Safety and Operational Compliance and Security Compliance against the requirements of Civil Aviation, Part 139, certification approvals. The audit carried out on 20 August 2013 and 6 May 2014 respectively confirmed compliance approval by CAA	Achieve	Achieve	Achieve
Ensure airport is operationally available for all scheduled passenger services (except for uncontrollable events	New measure	New measure	Achieve	Achieve	Achieve

Performance measures	Actual		Target		
	2012/13	2013/14	2015/16	2016/17	2017/18
Facilitate noise management meetings each 4 months in accordance with the Noise Management Plan	New measure	New measure	Achieve	Achieve	Achieve
Collect, document and act (where viable) on customer feedback forms to continuously monitor and improve the customer experience. Maintain a database to ensure recurring negative feedback is promptly acted upon	Customer feedback cards are positioned in the terminal. From 1 July 2012 to 30 June 2013 there were 71 customer feedback cards collected and documented. All items are considered by the management team and addressed where appropriate. Personal complaints are responded to	Customer feedback cards are positioned in the terminal. From 1 July 2013 to 30 June 2014 there were 48 customer feedback cards collected and documented. All items are considered by the management team and addressed where appropriate. Personal complaints are responded to	Achieve	Achieve	Achieve
Earnings before interest, taxation and depreciation (EBITDA)	$2,313,278	$2,213,00	$2,061,000	$1,903,000	$1,872,000
Net surplus/ (deficit) after tax	$570,261	$232,425	($421,000)	($701,000)	($760,000)
Net profit/ (deficit) after tax to shareholders' funds	0.96%	(0.4%)	-1%	-1%	-1%
Net profit/ (deficit) after tax to total assets	0.72%	(0.3%)	-1%	-1%	-1%
Net cash flow (operating and investing)	New measure	New measure	($632,000)	$28,000	$101,000
Total liability/ shareholders' funds (debt/equity ratio)	25:75	26:74	25:75	25:75	24:76
Applicable to parent company (Airport) operations only					
Percentage of non landing charges revenue	81.16%	82.1%	64%	64%	64%
Interest rate cover The interest cover measures the number of times the net profit before interest, tax and depreciation (EBITDA) covers interest paid on debt	2.56	3.05	2.86	2.76	3.00

Local Authority Shared Services Limited (LASS)					
Ownership	**Why does it exist?**		**What does it do?**		
Local authorities of the Waikato Region have established Local Authority Shared Services Limited as a council controlled organisation by way of a company, in which each local authority in the Waikato Region has a single share. Matamata-Piako's shareholding is 8.33 % LASS shall have twelve Directors with each Director representing a shareholder Council. Unless otherwise agreed by the appointing Councils each Director shall be a Chief Executive of a local authority. In addition the board may appoint up to three professional directors to supplement the Directors' expertise	The local authorities of the Waikato Region have worked closely together over a number of years on mutually beneficial joint projects. These projects have demonstrated the benefits of working together, such as the outcomes achieved and the reduction of costs to the community. The shared service initiatives have been formalised by the establishment of the Local Authority Shared Services Limited Council became a shareholder for the purpose of developing shared services across the local authorities in the Waikato region, following public consultation in the 2005/06 Annual Plan		This company is used as an umbrella for future development of shared services throughout the region. There are a number of services provided by local authorities, particularly in respect of information collection and management, where improved services at lower aggregate cost can be achieved by having a number of authorities participate in purchase or development of infrastructure for the service, and ongoing operation of it. The specific objectives of the company will be agreed each year in accordance with the constitution and the Statement of Intent to be agreed between the Board of the company and the shareholders. Current activities are a Shared Valuation Database Service and Waikato Regional Transport Model		
Performance measures	**Actual**		**Target**		
	2012/13	**2013/14**	**2015/16**	**2016/17**	**2017/18**
Administration expenditure shall not exceed that budgeted by more than 5% unless prior approval is obtained from the directors	Achieved. Actual expenditure was $13,727 favourable to budget.	Achieved. Actual expenditure was $10,306 unfavourable to budget (-4.8%)	Achieve	Achieve	Achieve
LASS will maintain an overall positive cashflow position	Achieved. Cash, cash equivalents and bank account at end of year were $571,147	Not achieved this year as cash flow was intentionally operated at a negative level in order to use up prior year surpluses. LASS still maintains a safe cash position with the cash, cash equivalents and bank account balances at the end of June 2014 being $442,598	Achieve	Achieve	Achieve
The board will provide a written report on the business operations and financial position of LASS on a six monthly basis	Six monthly reports have been sent to shareholders	Six monthly reports have been sent to shareholders	Achieve	Achieve	Achieve
There will be an annual report to directors showing/stating that all statutory requirements of LASS are being adhered to	All parties have confirmed that there were no legislative breaches during the year and this will be reported to the LASS Board at the August meeting when the Annual Report is presented	All parties have confirmed that there were no legislative breaches during the year and this will be reported to the LASS Board at the September meeting when the Annual Report is presented	Achieve	Achieve	Achieve
SVDS will be available to users at least 99% of normal working hours	SVDS was available 99.93% of working hours	SVDS was available 100% of working hours	Achieve	Achieve	Achieve
At least 98% of agreed timelines are met for sale and property files that have been delivered to the file transfer protocol (FTP) server for access to customers	99.9% of Sales and Property files were supplied to Property IQ on time	100% of Sales and Property files were supplied to Property IQ on time	Achieve	Achieve	Achieve
All capital enhancement development work is supported by a business case approved by the advisory group	All capital enhancement work was approved by the SVDS Advisory Group	Not applicable this year as only minor work items of $5,000 or less have been undertaken as per the road map approved by the advisory group	Not measured	Not measured	Not measured
All required Waikato Regional Transport Model (WRTM) modeling reports are actioned within the required timeframe	Achieved. No complaints received	All WRTM modelling reports are auctioned within the required timeframe	Achieve	Achieve	Achieve

Performance measures	Actual		Target		
	2012/13	2013/14	2015/16	2016/17	2017/18
That the base model adheres to 'Screenline Validation Standards' as set out in the NZTA Economic Evaluation Manual as indicated by an external independent peer review	New measure	No peer review has been undertaken in the current year (the last report from the peer reviewer was in October 2013 which stated that the model continues to meet all the criteria set out). As a result of the census, an update to the model is being undertaken and an independent reviewer is involved in this process. An independent review will be completed in October 2014	Achieve	Achieve	Achieve
A full report on progress of the model be provided to the LASS board twice each year	Achieved	Reports were provided at the LASS Board meetings in January and May 2014	Achieve	Achieve	Achieve
The key performance indicators from appendix 4 of the insurance brokerage contract are met	New measure	This target has been achieved	Achieve	Achieve	Achieve
That any joint procurement projects deliver as per project approved objectives	New measure	LASS joint procurement satisfactorily achieved for computer generated print, mail and E-Services for rates, accessing online economic profile data, and postal and courier services	Achieve	Achieve	Achieve
In response to requests from Regional Governance group regarding progress with shared service initiatives	LASS has provided, when requested reporting to the Waikato Mayoral Forum on shared service initiatives. LASS has supported the Mayoral Forum work stream projects, acting as the financial controller of funding and contractual commitments associated with these projects. Additional communications with shareholder include the formation of a Shared Services Working Party with membership from each shareholding council	Updates are provided at all Mayoral Forums, the most recent being June 2014	Achieve	Achieve	Achieve
The independent benefit review plan will be reviewed, updated and signed off by the LASS Board by 31 May of the year immediately preceding the year the plan relates to	New measure	New measure	Achieve	Achieve	Achieve
Those reviews timetabled in the plan for the current year will be completed by the end of the year.	New measure	New measure	Achieve	Achieve	Achieve

Other key partnerships

We are also involved in other key partnerships that do not come within the council controlled organisation reporting requirements under the Local Government Act 2002. Some of our key partnerships are listed below; they have developed in different forms and structures, reflecting the need to develop partnerships that work together in the ways most appropriate to address the specific issues they face.

Hamilton and Waikato Tourism Limited		
What type of organisation is it?	**Why does it exist?**	**What does it do?**
Hamilton and Waikato Tourism Limited is a company that is 100% owned by Waikato Regional Airport Limited, of which we are a shareholder	Hamilton and Waikato Tourism Limited was formed to promote tourism in the Waikato region, through the development of a website and raising the profile of the region in the tourism industry	Hamilton and Waikato Tourism Limited operates the website www.hamiltonwaikato.com, and works with tourist operators and the international tourism sector to promote and raise the profile of the Waikato region as a tourist destination
Titanium Park Limited		
What type of organisation is it?	**Why does it exist?**	**What does it do?**
Titanium Park Limited is a company that is 100% owned by Waikato Regional Airport Limited, of which we are a shareholder	Titanium Park Limited was formed to develop land surrounding the Hamilton airport in to a business park to compliment the airport's operations	Titanium Park Limited is developing Titanium Park as a joint venture with McConnell Property Limited. This involves developing and advertising the lease and sale of land in the development area
Hauraki Rail Trail Charitable Trust		
What type of organisation is it?	**Why does it exist?**	**What does it do?**
The Hauraki Rail Trail Charitable Trust has been created by Hauraki, Thames-Coromandel and Matamata-Piako District Councils, who can each appoint three trustees. Iwi in the three districts can also appoint three trustees to the Trust. The Trust falls within the definition of a council controlled organisation, however on 14 December 2011 we exempted the Trust from council controlled organisation reporting requirements under the Local Government Act 2002. The exemption must be reviewed every three years and was last reviewed on 14 December 2014	The Trust's purpose is generally to operate and facilitate the use and enjoyment of the Hauraki Rail Trail. The defined purposes of the Trust include the specific objectives of expanding the Hauraki Rail Trail where possible and maintaining the Hauraki Rail Trail to appropriate standards	The Trust will oversee the operation and maintenance of the Hauraki Rail Trail by a commercial operator. It will also seek funding from charitable organisations (such as gambling trusts) to fund the extension of the Hauraki Rail Trail.
Hauraki Gulf Forum		
What type of organisation is it?	**Why does it exist?**	**What does it do?**
The Forum is a statutory body formed under the Hauraki Gulf Marine Park Act 2000. It has representatives of the Ministers of Conservation, Fisheries, and Maori Affairs, six representatives of the tangata whenua of the Hauraki Gulf and its islands, seven representatives from the Auckland and one representative each from Hauraki, Matamata-Piako, Thames-Coromandel, Waikato District and Waikato Regional Councils	Broadly speaking, the purpose of the Hauraki Gulf Forum is to: • integrate and promote the conservation and management of the resources of the Hauraki Gulf facilitate co-operation on matters relating to the statutory functions of the parties in relation to the Hauraki Gulf recognise the relationship of tangata whenua with the Hauraki Gulf	The Forum's functions include: • strategic planning • producing a state of the environment report every three years and an Annual Report each year • monitoring and sharing information on the state of resources • receiving reports and commissioning research on the Hauraki Gulf • education and promoting Hauraki Gulf matters
Thames Valley Rural Fire Committee		
What type of organisation is it?	**Why does it exist?**	**What does it do?**
The Thames Valley Rural Fire Committee (Committee) is a rural fire committee under the provisions of the Forest and Rural Fires Act 1977. The Committee includes one representative each from Hauraki, Matamata-Piako and Thames-Coromandel District Councils, principal plantation forest owners, and New Zealand Fire Service. Under the provisions of the Forest and Rural Fires Act 1977, the Committee is a Body Corporate. The Committee falls within the definition of a council controlled organisation, however on 10 February 2010 we exempted the Committee from council controlled organisation reporting requirements under the Local Government Act 2002. The exemption must be reviewed every three years, this means we will need to do this before 10 February 2013	The Committee was established to administer the Thames Valley Rural Fire District. It is responsible for the prevention, detection and suppression of all fires in the rural area. The rural area is defined as all lands outside of the urban fire districts and lands administered by the Department of Conservation	The Committee manages the Thames Valley Rural Fire District Plan (Plan). The Plan aims to reduce the risk of fire, and ensure that we are ready to respond to a fire hazard should one occur

Waikato Triennial Forum		
What type of organisation is it?	**Why does it exist?**	**What does it do?**
Section 15 of the Local Government Act 2002 requires all councils within each region to enter into an agreement containing protocols for communication and co-ordination among them during the period until the next local government election. The Waikato Triennial Forum (Forum) includes the elected members from all Waikato Regional Councils	The Forum exists to develop and implement the Waikato Triennial Agreement and to ensure collaboration at a regional level	The Forum meets regularly to discuss and collaborate on regional issues
Waikato Regional Council Committees		
What type of organisation is it?	**Why does it exist?**	**What does it do?**
We have representatives that sit from time to time on committees that have been created by the Waikato Regional Council under the Local Government Act 2002. These currently include the regional transport and catchment committees	Waikato Regional Council forms committees to ensure that it can work efficiently in its areas of responsibility. The inclusion of regional stakeholders in some committees ensures that these stakeholders have a voice in decisions that affect them	The committees work on regional issues that affect the community, for example the regional transport committee looks at regional policy and issues regarding roading and transport

Summary of the Significance and Engagement Policy

We recently adopted the Significance and Engagement Policy which will help us determine what the important issues are to the community and how we will involve the community in making those decisions.

The purpose of the Significance and Engagement Policy is to:

- enable Council and the community to identify the degree of significance of particular issues;
- provide clarity about how and when the community can expect to be engaged in the decision making process; and
- inform Council from the beginning of the decision making process about the level and type of engagement required.

In general, the more significant an issue, the greater the need for community engagement - however each issue will be dealt with on a case by case basis when determining the level and type of engagement required.

Schedule one of the Significance and Engagement Policy lists our strategic assets. Our Premier Parks (such as Firth Tower Reserve and Te Aroha Domain), Sport and Recreation Parks (such as Morrinsville Recreation Ground) and our cemeteries have been included in the policy as strategic assets. Also included are our elderly persons housing, offices and event centres, key infrastructure assets as a whole and the shares we own in the Hamilton Airport.

Te Aroha Domain entrance

Schedule 2 of the Significance and Engagement Policy is a community engagement guide which provides examples of issues that we have engaged the community in the decision making. The table is a guide to the level and type of engagement we have used in the past on different issues and what the community can expect us to do in the future.

You can find a copy of the Significance and Engagement Policy on our website www.mpdc.govt.nz, and at our office and libraries.


Matamata Sports Centre