

Matamata-Piako District Council

# Calendar 2018/19

A summary of our Annual Report 2017/18



See inside  
for key  
dates such  
as rubbish  
and recycling  
collection





# Mayor's Message

Matamata-Piako continues to be the place of choice for those wanting a healthy lifestyle, bursting with abundant opportunities that they are proud to call home.

The district has an expanding population and tourism industry that continues to move from strength to strength. Visitors are discovering the charm of our rural vistas, historic towns and museums, while Matamata is leveraging the international appeal of Hobbiton to attract visitors from far and wide. Our Herd of Cows Trail in Morrinsville and spas and street sculptures in Te Aroha are giving our community an identity and filling our residents with pride.

We are in a strong position financially, having achieved our fiscal targets while maintaining a good level of service to ratepayers and the community at large. Our Councillors continue to fulfil their role to a high standard, with excellent governance across the board.

## Infrastructure and facilities in demand:

Be assured we have provided infrastructure to support our population and tourism growth. We have maintained and upgraded our roading and utilities networks throughout the year.

We have completed the Mt Misery Reservoir in Morrinsville in December 2017, doubling the town's drinking water and safeguarding against emergencies.

Our parks, pools, libraries and other facilities offer residents varied recreation and leisure options. Visitor numbers to our pool facilities have increased from the previous year and community satisfaction with these facilities is at an all-time high. Our sports grounds are maintained to a high standard and we all take pride in the parks and tracks that showcase the natural beauty of our district.

The Matamata-Piako Civic and Memorial Centre was completed and opened in April 2018. This facility honours the sacrifices of the past and provides for the whole community now and into the future and also houses our Council area office and library.

Planning is well underway to extend the Hauraki Rail Trail from Te Aroha to Matamata with the physical work scheduled to occur in the 2018/19 year. Partnership with Central Government including funding assistance to extend the trail will enable us to build connections, open up opportunities and embrace thousands of extra visitors to our district.

Front cover photo: view from Wairongomai Valley.

## Events and youth:

We have hosted a number of events to connect with industry, small businesses, volunteers, youth and the community at large.

We were also the first New Zealand district to participate in World Challenge Day on 30 May 2018, a one-on-one community challenge, where communities from around the world are paired according to size, competing to be the most active and boost their health and wellbeing.

Our future leaders are strongly supported by Council through youth initiatives like our Tuia Rangatahi programme, now in its fourth year and the Matamata-Piako Volunteer Youth Ambassadors (VYA) currently in its second year. The VYA provides leadership in our communities by raising concerns and issues important to people aged 12-24.

Matamata-Piako has enjoyed a year of prudent investment and improved services that we'll benefit from for generations to come. I would like to acknowledge you, the community, for your contribution to making Matamata-Piako a great place to live and I look forward to another year of punching above our weight.



A handwritten signature in black ink, appearing to read 'Janet E. Barnes'.

Janet E. Barnes  
Mayor

This summary does not include all of the information provided in the full Annual Report, and for this reason cannot be expected to provide a complete understanding of Council's performance as provided by the Annual Report. The financial statements contained in the Annual Report comply with GAAP (Generally Accepted Accounting Practice). The financial statements in the Annual Report have been prepared in accordance with Tier 1 Public Benefit Entity (PBE) accounting standards. The Annual Report has been audited by our independent auditors, Audit New Zealand. They have issued an unmodified audit opinion. The financial statements and this summary were authorised for issue by Council on 10 October 2018. The Annual Report 2017/18 is available to view at our offices or libraries in Matamata, Morrinsville and Te Aroha. If you would like a copy of the Annual Report you can download it at [mpdc.govt.nz](http://mpdc.govt.nz).



# Performance

In 2017/18 we focused on maintaining our services to support our community while making sure cost increases were kept affordable. We delivered our extensive range of activities, services and projects to similar levels as detailed in the Long Term Plan 2015-25, and to a similar standard as previous years. Our performance measures are measured through an Annual Customer Survey and other surveys, external data reports and our customer request management system. Overall we achieved 37 out of 57 of our measures (64.9%), one of these measures was not assessed this financial year. We set high targets to deliver a good level of service to our community. Details of how we performed for each of our activities is outlined in the Annual Report Part Three: What we do. The tables below are a summary of each of our activity groups.

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

Key performance measures	2016/17 Actual	2017/18 Target	2017/18 Actual
90% of complaints regarding carparks and street furniture will be responded to within assigned timeframes.	46.15%	90% or more	70%
Cemeteries visitors satisfied with our cemeteries.	91%	80%	89%
Elderly Persons Housing tenants satisfied with the standard of maintenance and accommodation.	82.6%	80%	80.82%
The number of people visiting our libraries.	164,055	222,843 visits	143,292 visits
Playground safety will be assessed on a regular basis.	Achieved	Assessed fortnightly, once a week in the school holidays	Achieved
The number of customers using our pool facilities will be maintained.	169,780	Visitor numbers will be within 5% of the five year average	176,466
Number of complaints about cleanliness of public toilets.	34	20 or less complaints	36
Complaints regarding recreation and heritage facilities will be responded to within the assigned timeframes.	90%	90%	83%

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

Key performance measures	2016/17 Actual	2017/18 Target	2017/18 Actual
We will have sufficient trained staff within the Thames Valley Emergency Management Operating Area.	36%	70%	42%
Residents satisfied with ease of access to Council information.	63%	63%	65%
Residents satisfied with the performance of elected members.	68%	75%	70%
Residents satisfied with their opportunity to participate in Council consultation processes.	49%	52%	56%

**Community Infrastructure** represents many of the responsibilities that Council has historically managed, including maintenance and development of Roads, Rubbish and Recycling, Stormwater, Wastewater (sewage and the grey water that goes down your drains) management and Water.

Key performance measures	2016/17 Actual	2017/18 Target	2017/18 Actual
Users who believe the roading network is maintained well for the long term.	59%	75%	63%
Percentage of the sealed local road network that is resurfaced.	8.7%	8.5%	9.95%
Percentage of waste diverted from landfill.	45.77%	45%	51.6%
The median response time to attend a flooding event.	Median: 1 hour and 13.5 minutes	24 hours	1 hour 48 minutes
Number of dry weather wastewater overflows from our wastewater system.	7	8	7
Median attendance and resolution time to sewage overflows.	Attend: 24.5 minutes Resolve: 19 hours and 36 minutes	Attend: 4 hours Resolve: 24 hours	Attend: 25.8 minutes Resolve: 26 hours and 59 minutes
Median attendance and resolution time for urgent call-outs about our water network.	Attend: 25 minutes Resolve: 3 hours and 12 minutes	Attend: 4 hours Resolve: 24 hours	Attend: 20 minutes Resolve: 1 Hour 59 minutes

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

Key performance measures	2016/17 Actual	2017/18 Target	2017/18 Actual
Complaints about disturbances caused by animals are investigated within set timeframes.	93.6%	95%	87%
Complaints about alleged illegal building activity will be responded to within 10 working days.	73.68%	100%	91.6%
On and off alcohol licenced premises will be inspected annually to ensure they comply with alcohol licensing standards.	100%	100%	100%
Percentage of land use consents monitored within four months of being granted.	98.6%	100%	100%

Please view the full Annual Report on Council's website for more information on the Annual Customer Survey results, how we have performed over the year and any actions that Council is taking to improve its performance.



## Herries Park playground

In July 2017 we upgraded the playground at Herries Park, Te Aroha with new equipment for a wider age range and improved safety.



# November 2018


Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
				1	2	3 Morrinsville Fireworks Extravaganza
4	5 Swim Zone Morrinsville opens	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26 Last day to pay your rates	27	28	29	30	


# December 2018

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
30	31 Council offices closed		All transfer stations are closed on Christmas Day and Boxing Day.			1 Matamata Christmas Parade
2	3	4	5	6	7	8 Morrinsville Christmas Parade
9	10	11	12	13	14	15 Te Aroha Christmas Parade
16	17	18	19	20	21	22
23	24 Council offices closed	25 Christmas Day	26 Boxing Day	27 Council offices closed	28 Council offices closed	29

Rubbish and Recycling Key

Te Aroha (week 2)







rubbish

recycling

Morrinsville (week 1)

incl. Waihou, Waitoa, Tahuna







rubbish

recycling

Matamata (week 2)

incl. Waharoa, Walton





rubbish

recycling

Transfer Stations  
Opening hours  
10am to 4pm

Matamata - Tues, Wed, Thurs, Sat & Sun  
Morrinsville - Mon, Tues, Thurs, Sat & Sun  
Te Aroha (Waihou) - Wed, Fri, Sun



## Road re-surfacing


















We maintain 998 kilometres of local roads within the district, including 946 kilometres of sealed roads. In 2017/18 we resurfaced 94.2km of sealed roads.



# January 2019

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
All transfer stations are closed on New Year's Day.		1 New Year's Day	2 New Year's Holiday	3 Council offices re-open	4	5
					  	
6	7	8	9	10	11	12
				 	 	
13	14	15	16	17	18	19
					  	
20	21	22	23	24	25	26
				 	 	
27	28 Auckland Anniversary Day	29	30	31	Rubbish and recycling collection is one day later after Auckland Anniversary Day and Waitangi Day.	

# February 2019

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
					1	2
						  
3	4	5	6 Waitangi Day	7	8	9 Morrinsville Motorama
					 	 
10 Morrinsville Motorama	11	12	13 Community Grants open	14	15	16
					  	
17	18	19	20	21	22	23
				 	 	
24	25 Last day to pay your rates	26	27	28		
						

Rubbish and Recycling Key

Te Aroha (week 2)



rubbish



recycling

Morrinsville (week 1)  
incl. Waihou, Waitoa, Tahuna



rubbish



recycling

Matamata (week 2)  
incl. Waharoa, Walton



rubbish



recycling

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## Matamata-Piako Civic and Memorial Centre

The Matamata-Piako Civic and Memorial Centre serves the whole district. The facility was opened in April 2018, it houses a Memorial Hall as well as Council's Matamata Area Office and Library.



# March 2019

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
31					1   	2
3 Te Aroha Day at the Domain	4	5	6	7 	8   	9
10	11	12	13	14 	15   	16
17 Morrinsville Piako Triathlon	18	19	20 Significant Natural Features Grants open Community Grants close	21 	22   	23
24	25	26	27 Matamata Festival of Flowers	28 Matamata Festival of Flowers 	29 Matamata Festival of Flowers   	30

# April 2019

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
	1	2	3	4  	5   	6
7 Daylight saving ends 2019	8	9	10	11 	12   	13
14	15	16	17	18 	19 Good Friday   	20
21 Easter Sunday	22 Easter Monday	23	24	25 ANZAC Day	26 	27   
28	29	30	<p>Rubbish and recycling collections will:</p> <ul style="list-style-type: none"> <li>- go ahead as normal on Good Friday</li> <li>- be one day later after Easter Monday and ANZAC Day</li> </ul> <p>All transfer stations will be closed on Good Friday and until 1pm on ANZAC Day.</p>			

Rubbish and Recycling Key

Te Aroha (week 2)



rubbish



recycling

Morrinsville (week 1)  
incl. Waihou, Waitoa, Tahuna



rubbish



recycling

Matamata (week 2)  
incl. Waharoa, Walton



rubbish



recycling

Transfer Stations  
Opening hours  
10am to 4pm

Matamata - Tues, Wed, Thurs, Sat & Sun  
Morrinsville - Mon, Tues, Thurs, Sat & Sun  
Te Aroha (Waihou) - Wed, Fri, Sun





## World Challenge Day









On 30th May 2018 we participated in World Challenge Day, a one on-one community challenge in which 18,091 people across the district came together to get active and boost their health.



# May 2019

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
			1	2 	3 	4
5	6	7	8	9 	10 	11
12 Mother's Day	13	14	15	16 	17 	18
19	20	21	22	23 	24 	25
26	27 Last day to pay your rates	28	29	30 	31 	

# June 2019

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
30	Your rubbish and recycling collection is one day later after Queen's Birthday.					1
2	3 Queen's Birthday	4	5	6	7 	8 
9	10	11	12	13 	14 	15
16	17	18	19	20 Significant Natural Features Grants close 	21 	22
23	24	25	26	27 	28 Last day to apply for rates rebate 	29

Rubbish and Recycling Key

Te Aroha (week 2)



rubbish



recycling

Morrinsville (week 1)  
incl. Waihou, Waitoa, Tahuna



rubbish



recycling

Matamata (week 2)  
incl. Waharoa, Walton



rubbish



recycling

Transfer Stations  
Opening hours  
10am to 4pm

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Morrinsville - Mon, Tues, Thurs, Sat & Sun  
Te Aroha (Waihou) - Wed, Fri, Sun




## Industry Training Graduation

Celebrates the success of those who have chosen to complete a qualification through an Industry Training Organisation. The event also thanks the employers who have supported them through this process. This was held at Power Farming, Morrinsville in April 2018.



# July 2019

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
	1	2	3	4 	5   	6
7	8	9	10	11  	12   	13
14	15	16	17	18 	19   	20
21	22	23	24	25  	26   	27
28	29	30	31 Last day to pay dog registrations			

# August 2019

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
				1 	2   	3
4	5	6	7 Community Grants applications open	8  	9   	10
11	12	13	14	15 	16   	17
18	19	20	21	22  	23   	24
25	26 Last day to pay your rates	27	28	29 	30   	31

Rubbish and Recycling Key

Te Aroha (week 2)



rubbish



recycling

Morrinsville (week 1)  
incl. Waihou, Waitoa, Tahuna



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Matamata (week 2)  
incl. Waharoa, Walton



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Te Aroha (Waihou) - Wed, Fri, Sun



## Wastewater Treatment

We manage wastewater systems in Matamata (includes Waharoa and Raungaiti), Morrinsville (includes Rukumoana), Te Aroha, Tahuna and Waihou. We hold 18 resource consents with Waikato Regional Council for our wastewater treatment plants. As part of our operation we must comply with consent conditions for discharge of treated wastewater into the environment. We received zero infringement notices for our wastewater operations in 2017/18.



# September 2019

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
1 Father's Day	2	3	4	5  	6   	7
8	9	10	11 Community Grants applications close	12 	13   	14
15	16	17	18	19  	20   	21
22	23	24	25	26 	27   	28
29 Daylight saving begins 2019	30					

# October 2019

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
		1	2	3  	4   	5 Aroha Cruise In
6	7	8	9	10 	11   	12
13	14	15	16	17  	18   	19
20	21	22	23	24 	25   	26
27	28 Labour Day	29	30	31	Rubbish and recycling collection is one day later after Labour Day.	

Rubbish and Recycling Key

Te Aroha (week 2)



rubbish



recycling

Morrinsville (week 1)  
incl. Waihou, Waitoa, Tahuna



rubbish



recycling

Matamata (week 2)  
incl. Waharoa, Walton



rubbish



recycling

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Te Aroha (Waihou) - Wed, Fri, Sun













## Hauraki Rail Trail Extension

The Hauraki Rail Trail will be extended in 2018/19 to include another 48km, linking Te Aroha and Matamata and making a positive economic and cultural difference in our district. We have received \$3.4 million in funding from central government and have acquired the land necessary to extend the cycle way.





# November 2019

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
					1 	2 
3	4	5	6	7 	8 	9
10	11	12	13	14 	15 	16
17	18	19	20	21 	22 	23
24 <small>Last day to pay your rates</small>	25	26	27	28 	29 	30

# December 2019

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
1	2	3	4	5 	6 	7
8	9	10	11	12 	13 	14
15	16	17	18	19 	20 	21
22	23	24	25 <small>Christmas Day</small>	26 <small>Boxing Day</small>	27 	28 
29	30	31	<div>Rubbish and recycling collection is one day later after Christmas Day.</div> <div>All transfer stations are closed on Christmas Day and Boxing Day.</div>			

Rubbish and Recycling Key

Te Aroha (week 2)



rubbish



recycling

Morrinsville (week 1)  
incl. Waihou, Waitoa, Tahuna



rubbish



recycling

Matamata (week 2)  
incl. Waiharoa, Walton



rubbish



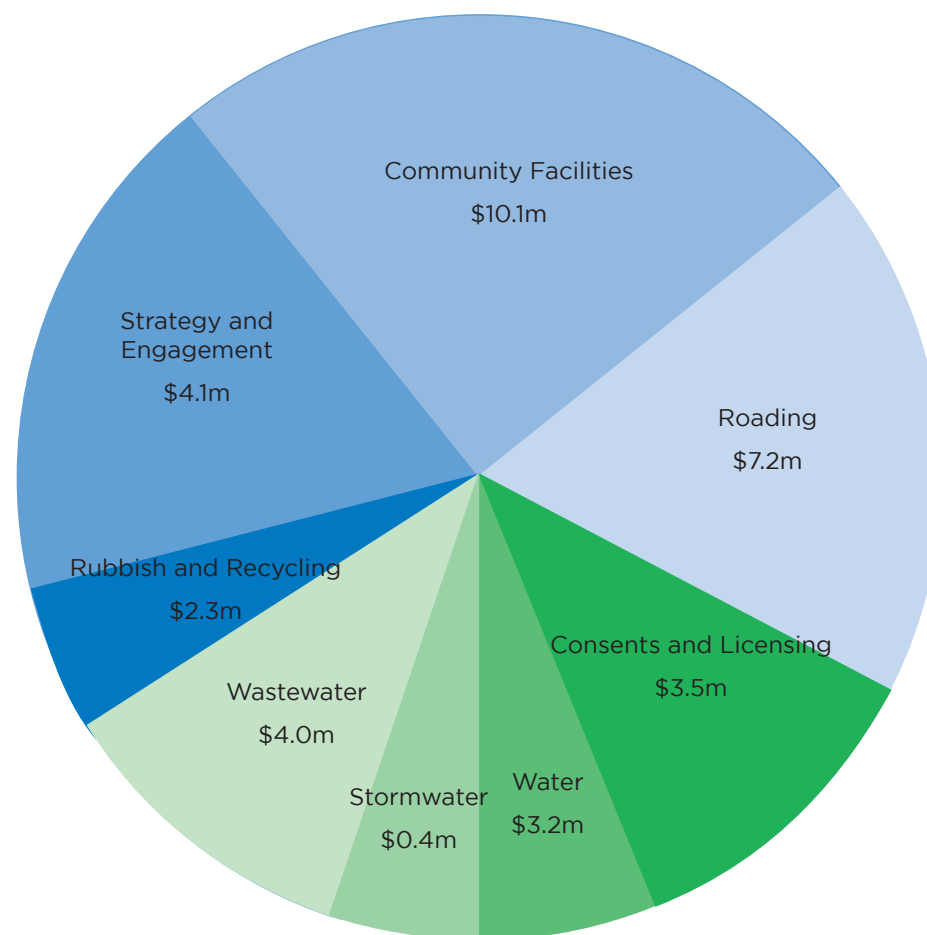
recycling

Transfer Stations  
Opening hours  
10am to 4pm

Matamata - Tues, Wed, Thurs, Sat & Sun  
Morrinsville - Mon, Tues, Thurs, Sat & Sun  
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Summary financial statements for the year ended 30 June	Actual 2016/17	Budget 2017/18	Actual 2017/18
	\$000	\$000	\$000
<b>Statement of comprehensive revenue and expense</b>			
Revenue	50,921	47,103	54,823
Expenses	(45,736)	(44,642)	(47,532)
Finance costs	(1,349)	(1,765)	(1,335)
Share of joint venture surplus/(deficit)	8	-	2
<b>Net surplus/(deficit)</b>	<b>3,844</b>	<b>696</b>	<b>5,958</b>
Other comprehensive revenue and expense			
Financial assets at fair value through other comprehensive revenue and expense	10,174	-	453
Property, plant and equipment revaluation	(18,817)	12,929	19,945
<b>Total comprehensive revenue and expense</b>	<b>(4,799)</b>	<b>13,625</b>	<b>26,356</b>
<b>Statement of changes in equity</b>			
Balance at 1 July	586,144	586,886	581,345
Total comprehensive revenue and expense	(4,799)	13,625	26,356
<b>Balance at 30 June</b>	<b>581,345</b>	<b>600,511</b>	<b>607,701</b>

## 2017/18 Operating Expenditure





Explanations for major variations between the actual results for the year and the budget in Council's 2017/18 Annual Plan are as follows:

## Statement of comprehensive revenue and expense

A key feature reflecting in the financial results was the high level of development activity in the Matamata-Piako District during the year. Morrinsville's Parkwood residential development was a major subdivision completed during the year, as well some smaller developments including Thames Street, Morrinsville and Millar Street, Te Aroha. Revenue related to development activity was significantly higher than budgeted including:

- Land and infrastructure vested in Council through the subdivision process (\$3.966 million greater than budgeted).
- Development and financial contributions (\$1.385 million greater than budgeted).
- Building and resource consent revenue (offset by increased processing costs, resulting in a net revenue of \$419,000).

The roading subsidy received from the New Zealand Transport Agency was \$672,000 higher than budgeted due to the LED streetlighting programme that was approved by the Agency after the Annual Plan budget was finalised.

Council did not complete the full programme of capital work budgeted for the year. Significant projects budgeted for this year included the \$4 million Te Aroha to Matamata Rail Trail project, which was delayed while the route was being confirmed, application for government funding was being prepared, and the property and planning issues were being negotiated. Also a number of reticulation renewal projects (particularly Wastewater \$681,000) have been delayed as obtaining the required resources in the current economic conditions, has proven difficult. Significant projects carried forward from previous years that were again not completed this year include the Matamata water main, additional water source and new reservoir projects (totalling \$1.1 million), and land purchases required for the extension of walkways in Morrinsville and Matamata (\$500,000). There was also the Te Aroha water treatment plant capacity upgrade (\$3.3 million) and Morrinsville stormwater project (\$1.8 million) carried forward that will only progress when industry need for the capacity is formalised.

The delay in the capital spend has meant that the level of external borrowing budgeted to fund this capital work was not required, and nor were cash reserves required to be utilised. This resulted in reduced borrowing costs and increased investment income totalling \$796,000.

Personnel costs were \$623,000 lower than budgeted, due to difficulties filling vacant positions and staff taking various forms of unpaid leave. The vacant roles have in some cases resulted in increased operational costs where contractors have been required to fulfil certain roles.

Other significant unbudgeted expenses included:

- \$703,000 recognised in the books as a loss on the disposal of assets that were replaced during the period.
- A decrease in the valuation of Council's interest rate swap portfolio for the year of \$265,000.
- \$199,000 in contributions recognised in the previous year as income for the Silver Fern Farms Events Centre was written off during this financial year.
- \$219,000 of project costs related to the Matamata Civic Centre were incorrectly recognised as capital and have now been expensed on completion of the project.

The revaluation of Council's property and infrastructural assets at 1 July 2017, resulted in an increase in values of \$7 million more than had been budgeted, particularly from land and buildings that were last valued in 2014.

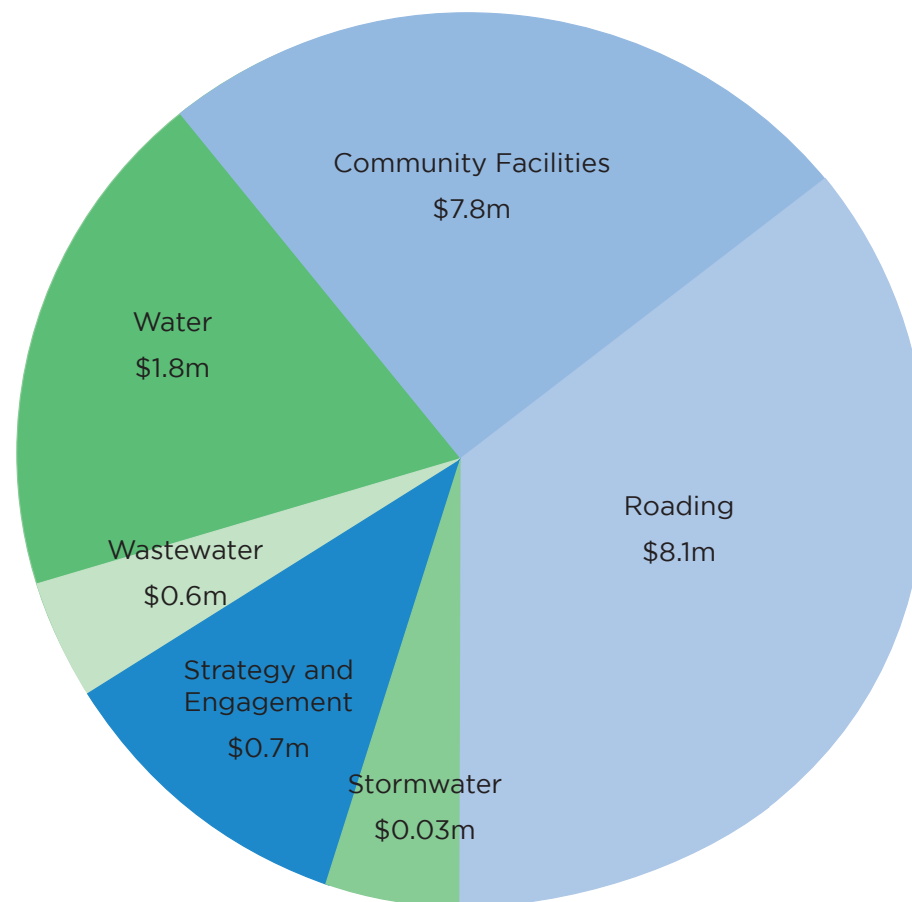
The fair value of Council's investment in the Waikato Regional Airport Limited increased by \$453,000 for the year to 30 June 2018.





Summary financial statements for the year ended 30 June	Actual 2016/17	Budget 2017/18	Actual 2017/18
	\$000	\$000	\$000
<b>Statement of financial position</b>			
Current assets	26,816	8,846	22,418
Non-current assets	595,592	638,938	624,170
<b>Total assets</b>	<b>622,408</b>	<b>647,784</b>	<b>646,588</b>
Current liabilities	13,743	10,765	17,044
Non-current liabilities	27,320	36,508	21,843
<b>Total liabilities</b>	<b>41,063</b>	<b>47,273</b>	<b>38,887</b>
<b>Equity</b>	<b>581,345</b>	<b>600,511</b>	<b>607,701</b>
<b>Statement of cashflows for the year</b>			
Net from operating activities	18,699	14,451	16,300
Net from investing activities	(26,218)	(21,624)	(12,808)
Net from financing activities	4,820	7,389	(2,191)
<b>Net increase/decrease in cash held</b>	<b>(2,699)</b>	<b>216</b>	<b>1,301</b>
Opening cash balance	5,290	619	2,591
<b>Closing cash balance</b>	<b>2,591</b>	<b>835</b>	<b>3,892</b>

## 2017/18 Capital Expenditure



Explanations for major variations between the actual results for the year and the budget in Council's 2017/18 Annual Plan are as follows:

### Statement of financial position

The delay in the capital work programme and the positive cashflows from the high development activity in the district resulted in cash investments being significantly higher (\$11 million) and external borrowing being significantly lower (\$12.8 million) than budgeted.

Council's investment in the Waikato Regional Airport was last year revalued at fair value (to comply with accounting standards), but not until after the budget was set, resulting in a \$10.2 million increase in the carrying value on the books last year, and an increase of \$453,000 for 2017/18.



## Additional disclosures and accounting policies

### Reporting entity

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

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

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

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000). There have been no changes in accounting policies during the financial year.

### Capital Commitments

At 30 June 2018, Council have commitments of \$1.3 million for projects where contracts have been entered into but goods or services have not been received. (2017: \$6.5 million).

### Contingent Liabilities

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

The LGFA has 30 local authority shareholders and this Council is one of 9 local authority guarantors of the LGFA. Together with the shareholders and other guarantors, Council is a guarantor of all of LGFA's lending. At 30 June 2018, LGFA lending totalled \$8.272 billion plus accrued interest (2017: \$7.946 billion plus accrued interest).

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

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

**Te Aroha wastewater resource consent** - Under the new resource consent issued by Waikato Regional Council for the Te Aroha Wastewater Treatment plant during 2015, if Council fails to meet annual nitrate discharge conditions as per the consent, then an annual sum of \$15,000 will be payable to the local Wetlands Trust.

### Events after balance date

There were no significant events after balance date.



# Financials

## Annual report disclosure statement for the year ending 30 June 2018

### What is the purpose of this statement?

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

### Rates affordability benchmark

The Council meets the rates affordability benchmark if:

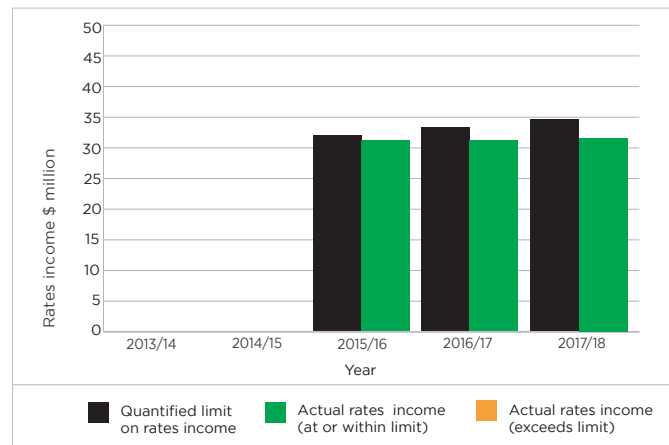
- its actual rates income equals or is less than each quantified limit on rates; and
- its actual rates increases equal or are less than each quantified limit on rates increases.

### Rates (income) affordability

The following graphs compare the Council's actual rates income with a quantified limit on rates contained in the financial strategy included in the Council's Long Term Plan. The first graph shows the quantified limit on rates adopted in the 2015-25 LTP, which changed from the quantified limit on rates from the previous LTP, shown in the second graph.

#### 2015-25 Long Term Plan

The quantified limit from the financial strategy included in the 2015-25 LTP is: Annual rates income<sup>1</sup> will not increase by more than 4%.

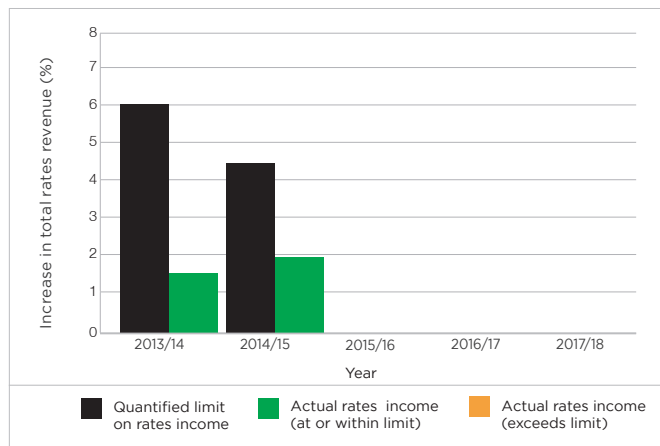


#### Comment:

The limit on rates income for 2017/18 was set at \$34.7m. Actual rates income (excluding penalties and metered water revenue) was \$32.0m (2016/17: \$31.6m).

#### 2012-22 Long Term Plan

The quantified limit on rates income from the financial strategy included in the 2012-22 LTP was set at a level that was intended to meet forecast increases in costs each year as set out in the 2012-22 LTP.

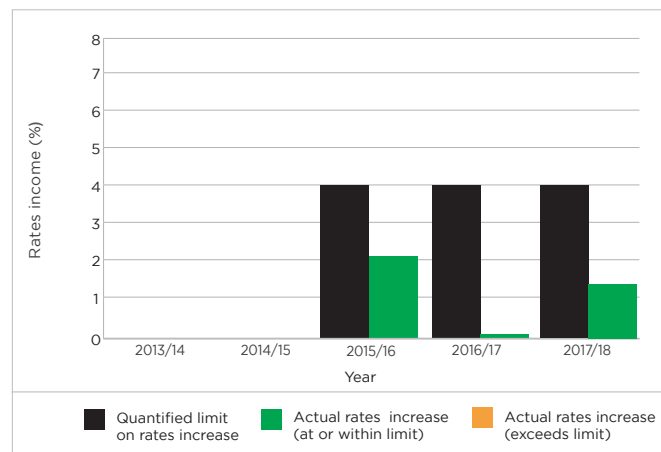


### Rates (increases) affordability

The following graphs compare the Council's actual rates increases with a quantified limit on rates increases included in the financial strategy included in the Council's Long Term Plan. The first graph shows the quantified limit on rates increases adopted in the 2015-25 LTP, which changed from the quantified limit on rates increases from the previous LTP, shown in the second graph.

#### 2015-25 Long Term Plan

The quantified limit from the financial strategy included in the 2015-25 LTP is: Annual rates increases<sup>1</sup> will not be more than 4%.

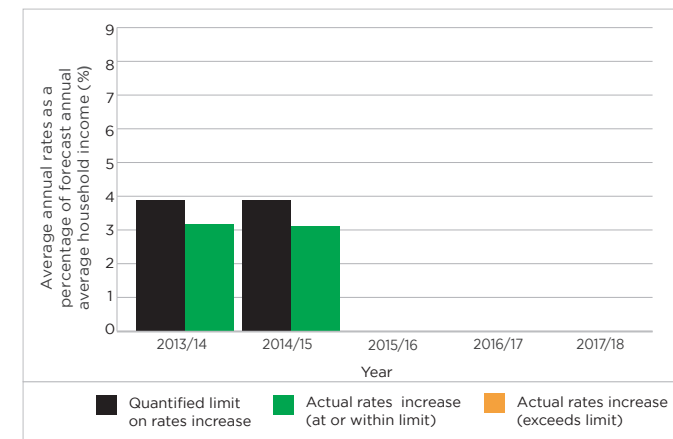


#### Comment:

The actual rates increase (excluding penalties and metered water revenue) for 2017/18 was 1.33% (2016/17: 0.05%).

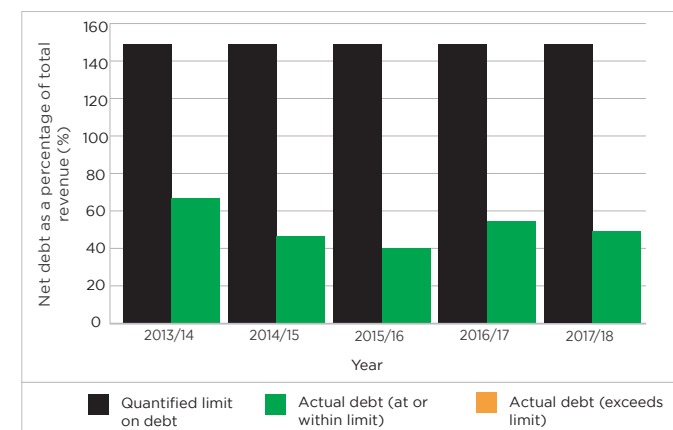
#### 2012-22 Long Term Plan

The quantified limit on rates increases from the financial strategy included in the 2012-22 LTP was: Average annual rates will not increase to more than 4% of forecast average annual household income.



### Debt affordability benchmark

The Council meets the debt affordability benchmark if its actual borrowing is within the quantified limit on borrowing. The following graph compares the Council's actual borrowing with the quantified limit on borrowing stated in the Financial Strategy included in the Council's Long Term Plan. The quantified limit is: net debt as a percentage of total revenue<sup>2</sup> will not exceed 150%.



#### Comment:

Council's actual net debt as a percentage of total revenue has reduced overall over the last five years from 67% in 2013/14 to 49% in 2017/18. This is compared to the limit of 150%, which is considered (by independent professionals) to be a prudent limit for a council of our size and nature.

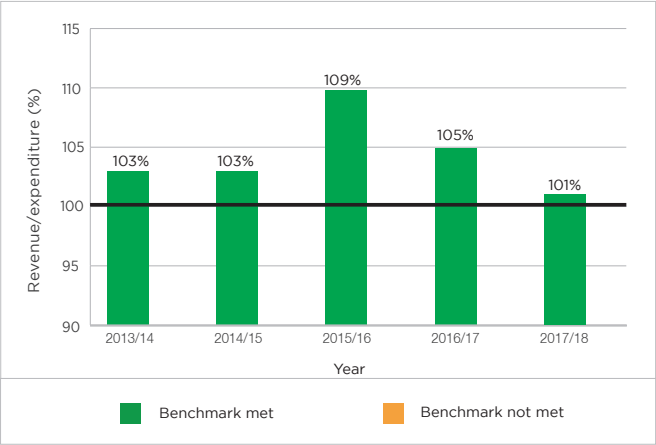
<sup>1</sup> For the purpose of these calculations, rates income excludes penalties (which are not budgeted for) and metered water revenue (the majority of which comes from a few large industrial users). These items are excluded as the level of income received is not within Council's direct control.

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



Balanced budget benchmark

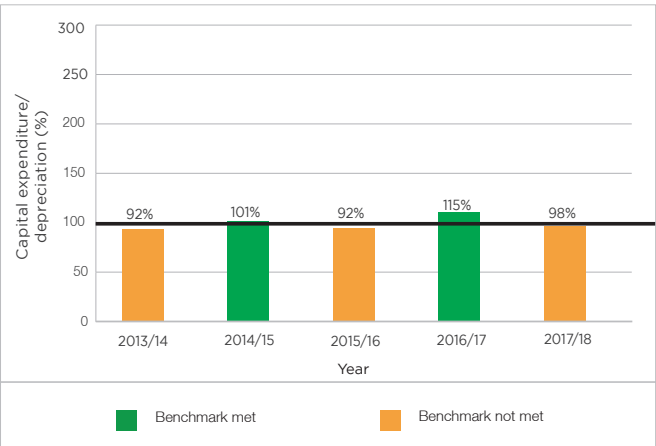
The following graph displays the Council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant or equipment) as a proportion of operating expenses (excluding losses on derivative financial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



**Comment:**  
When budgeting, Council aims for operating expenses to be covered by operating revenue – to “break even”. For accounting purposes, when we replace assets like pipes and reseal roads, the old replaced assets are “disposed of” and the “loss” from doing so is recorded as “operating expenses”. Council does not rate to cover this. At the same time, operating revenue also includes subsidies that Council receives to maintain and replace roading in the district. This revenue is included in operating, however the cost is not reflected as an operating expense - it is capital expenditure.

Essential services benchmark

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

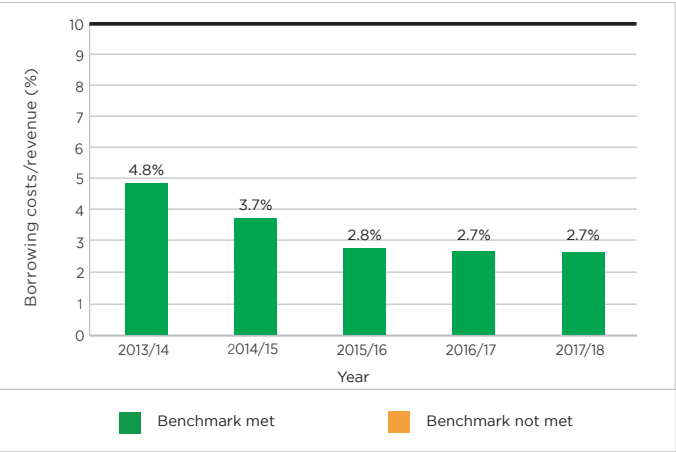


Comment:

Council's capital expenditure before between 2010 and 2012 averaged 205%, so was well in excess of the depreciation charged at the time as Council completed some significant wastewater and water upgrade projects. Capital spending is not programmed on a straight-line basis consistent with depreciation, however over a period of time it would be more closely aligned.

Debt servicing benchmark

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

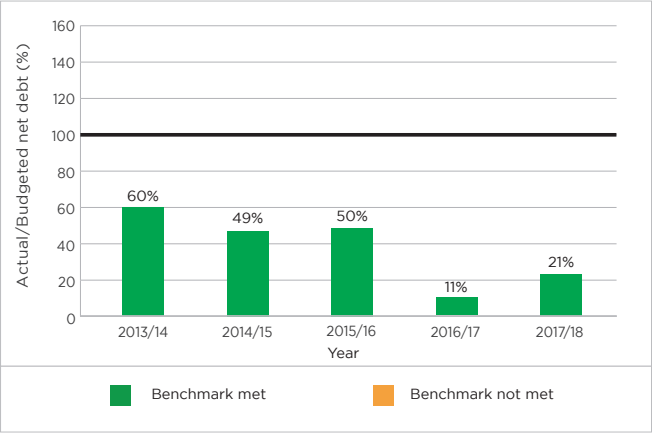


Comment:

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

Debt control benchmark

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

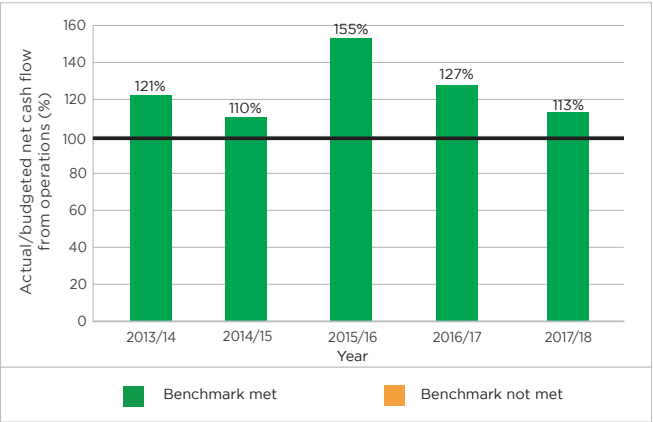


Comment:

Debt over the last five years has reduced as capital spending has been lower than budgeted and maturing investments have been used to repay debt.

Operations control benchmark

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



Comment:

Our actual cash flow from operations has exceeded our budgeted cash flow from operations over the last five years.

## Independent Auditor's Report

### To the readers of Matamata Piako District Council's summary of the annual report for the year ended 30 June 2018

The summary of the annual report was derived from the annual report of the Matamata Piako District Council (the District Council) for the year ended 30 June 2018.

The summary of the annual report comprises the following summary statements on pages 3 and 18 to 23:

- the summary statement of financial position as at 30 June 2018;
- the summaries of the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended 30 June 2018;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary statement of service performance

### Opinion

In our opinion:

- the summary of the annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report; and
- the summary statements comply with PBE FRS-43: Summary Financial Statements.

### Summary of the annual report

The summary of the annual report does not contain all the disclosures required by generally accepted accounting practice in New Zealand. Reading the summary of the annual report and the auditor's report thereon, therefore, is not a substitute for reading the full annual report and the auditor's report thereon.

### The full annual report and our audit report thereon

We expressed an unmodified audit opinion on the information we audited in the full annual report for the year ended 30 June 2018 in our auditor's report dated 10 October 2018.

### Council's responsibility for the summary of the annual report

The Council is responsible for preparing the summary of the annual report which includes preparing summary statements, in accordance with PBE FRS 43: Summary Financial Statements.

### Auditor's responsibility

Our responsibility is to express an opinion on whether the summary of the annual report represents, fairly and consistently, the information regarding the major matters dealt with in the full annual report and whether the summary statements comply with PBE FRS-43: Summary Financial Statements.

Our opinion on the summary of the annual report is based on our procedures, which were carried out in accordance with the Auditor General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board.

Other than in our capacity as auditor, we have no relationship with, or interests in the District Council.



B H Halford  
Audit New Zealand  
On behalf of the Auditor General  
Tauranga, New Zealand  
10 October 2018



Matamata-Piako District Council

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