

Matamata-Piako District Council

Calendar 2016/17

A summary of our Annual Report 2015/16



See inside
for key dates
such as rubbish
and recycling
collection



Mayor's Message

The Matamata-Piako District continues to be a great place to live, work and play, both for our local residents and to an increasing number of visitors. While many rural districts are fighting against a declining population and increasing infrastructure costs, Matamata-Piako District is experiencing steady population growth. We are in a good financial position; this year's Annual Report shows we have achieved our financial targets and kept within budgets while maintaining our levels of service. This has meant we could offer a lower than forecast rate increase for 2016/17 and our debt levels are lower than forecast in our Long Term Plan.

We continue to work with the community and businesses to explore new and exciting opportunities for growth and economic development. We have seen an increase in the number of resource and building consents. Visitor numbers to our facilities such as the pools and museums have also increased. This is a positive sign for our district.

The new reservoir currently under construction at Mt Misery will double our capacity for water in Morrinsville and ensure that we can continue to provide core infrastructure to our existing residents and businesses as well as providing capacity for new growth and development. The new reservoir will be completed in 2017.

We provide a number of community and recreational facilities that provide benefit to everyone who lives in our district as well as being a draw card for new visitors and families wanting to move here. The Silver Fern Farms Events Centre in Te Aroha is scheduled to open in October. It will provide much needed indoor recreation space as well as meeting rooms available for local community groups and conferences. This has been an excellent example of a community driven project supported by Council. The final outcome is a fantastic new recreation and event centre for all to enjoy.

Planning and design work is underway for our new Matamata-Piako Civic and Memorial Centre in Matamata. The new design will incorporate and retain much of the heritage value from the existing Memorial Centre. The Matamata-Piako Civic and Memorial Centre has been the focus of much debate within our communities. It is encouraging to see so much community interest in this project and we continue to listen and consider any feedback we receive on this or any other matter. This will be a fantastic district-wide facility housing our Matamata area office, library and the memorial hall as well as a new Tainui room and kitchen facilities. Construction is expected to start early 2017.

This year we have continued our work to implement our Open Spaces Strategy. Consultation with landowners is underway for the proposed linkage parks and walkways in Morrinsville. We are also working with landowners to finalise the route for the new cycleway extension from Te Aroha to Matamata. This is an exciting project which will add value to the already popular Hauraki Rail Trail, connecting Te Aroha and Matamata via a cycleway with stunning views of the countryside and the Kaimai Ranges.

Every year we conduct an independent customer satisfaction survey. This year showed an increased level of satisfaction with council overall, and less than 5% of our residents said they were dissatisfied with Council overall. The survey also told us that many residents prefer to communicate with Council using online tools such as email and facebook. This is a significant change from previous years. Knowing how our communities want us to communicate with them helps us to do a better job keeping them informed. We continue to improve our website and the online services. This year we have added online grant applications, cemetery search database and rates information for your property. We will continue to add new services to our website in the coming months, including making all resource consent applications available online.

Matamata-Piako District Council continues to be at the forefront of local government. We have recently become a foundation member of the Local Government Excellence Programme, together with 20 other councils from around the country. The Excellence Programme helps councils demonstrate and deliver high performance. Residents, businesses and communities will see clearly where value is being provided. The Excellence Programme is driven by councils, for customers and communities. It will build top local government across New Zealand, lifting performance and reputation.

Your elected members will continue to work in partnership with our communities and businesses to deliver savings for our ratepayers while maintaining the high standard of service that has come to be expected of us.



Jan 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 full Annual Report. The financial statements contained in the full Annual Report comply with GAAP (Generally Accepted Accounting Practice). The financial statements in the full Annual Report have been prepared in accordance with Tier 1 Public Benefit Entity (PBE) accounting standards. The full 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 5 October 2016. The full Annual Report for 2015/16 is available to view at our offices and libraries in Matamata, Morrinsville and Te Aroha. If you would like a copy of the Annual Report you can download it at www.mpd.govt.nz.

Performance

Overall performance In 2015/16 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. A number of our performance measures are measured through an annual customer survey. Overall we achieved 38 of 58 performance measures (66%), one of these was not measured this financial year. We missed our target by 1% for two of our customer satisfaction measures (parks and reserves and sports parks users). We missed our target by one complaint for Building Consents and Monitoring, and by one consent application for Resource Consents and Monitoring. Details of how we performed for each of our activities is outlined in Part Three: What we do of the Annual Report. The below tables 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	2014/15 Actual	2015/16 Target	2015/16 Actual
90% of complaints regarding carparks and street furniture will be responded to within assigned timeframes.	New measure	90%	57%
Cemeteries visitors satisfied with our cemeteries.	90%	80%	88% Satisfied 1% Dissatisfied
Elderly Persons Housing tenants satisfied with the standard of maintenance and accommodation.	85%	80%	87%
The number of people visiting our libraries.	198,103	222,843	186,552
Playground safety will be assessed on a regular basis.	Achieved	Regular inspections	Achieved
The number of customers using our pool facilities will be maintained.	124,824	+/- 5% of five year average	145,363
Number of complaints about cleanliness of public toilets.	New measure	20 or less per year	22
Complaints regarding recreation and heritage facilities will be responded to within the assigned timeframes.	New measure	90%	57%

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	2014/15 Actual	2015/16 Target	2015/16 Actual
We will have sufficient trained staff within the Thames Valley Emergency Management Operating Area.	24%	50%	35%
Residents satisfied with ease of access to Council information.	New measure	Benchmark	61% Satisfied 6% Dissatisfied
Residents satisfied with the performance of elected members.	63%	75%	65% Satisfied 6% Dissatisfied
Residents satisfied with their opportunity to be involved in consultation processes.	New measure	Benchmark	52% Satisfied 4% Dissatisfied

Community Infrastructure represents many of the responsibilities that Council has historically managed, including maintenance and development of roads, waste management, stormwater, water supply and wastewater management. In 2015/16 changes to the legislation introduced 19 mandatory performance measures for the core services provided by Council.

Key performance measures	2014/15 Actual	2015/16 Target	2015/16 Actual
Users who believe the roading network is maintained well for the long term.	New measure	75%	61% Satisfied 10% Dissatisfied
Percentage of the sealed local road network that is resurfaced.	New measure	8.5% or more	9.52%
Number of complaints about performance of stormwater network.	New measure	32 total	9 total
Percentage of waste diverted from landfill.	46.6%	45%	48%
Median attendance and resolution time for urgent call-outs about our water network.	New measure	Attend: 4 hrs or less Resolve: 24 hrs or less	Attend: 44 min Resolve: 2 hrs and 9 min
Number of dry weather wastewater overflows from our wastewater system.	New measure	8 total	7 total
Median attendance and resolution time to urgent wastewater requests.	New measure	Attend: 4 hrs or less Resolve: 24 hrs or less	Attend: 40 min Resolve: 2 hrs and 29 min

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	2014/15 Actual	2015/16 Target	2015/16 Actual
Complaints about disturbances caused by animals are investigated within set timeframes.	95.1%	95%	96.2%
Complaints about alleged illegal building activity will be responded to within 10 working days.	100%	100%	97.7%
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.	100%	100%	94.7%

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.

Road re-surfacing

We maintain 998 kilometres of local roads within the district, including 943km of sealed and 55km of unsealed roads. In 2015/16 we re-surfaced 89.79km of sealed roads. Our renewal programmes ensure that we maintain our assets, including our roads, for the long term, while spreading the cost over several years.

November 2016


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



December 2016

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
	Remember that all transfer stations are closed on Christmas Day and Boxing Day.			1  	2   	3 Matamata Christmas Parade
4	5	6	7	8 	9   	10 Morrinsville Christmas Parade
11	12 Summer Reading Club enrolments open	13	14	15  	16   	17 Te Aroha Christmas Parade
18	19	20	21	22 	23 Council offices close for Christmas at 5pm   	24
25 Christmas Day	26 Boxing Day	27 Christmas Day public holiday	28	29  	30   	31 New Year's Eve

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

Pools and Spas

Our pools and spas continue to be popular with our community. In 2015/16, we had more than 145,000 visitors to our facilities.


To ensure our facilities remain safe and attractive for our customers we have a proactive renewal programme in place to replace our assets at the end of their useful life. In 2015/16 we completed the relining of the Matamata indoor pool.

We also purchased a new inflatable fun run for our pools which proved popular during school holidays.

January 2017

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
1 New Year's Day	2 New Year Holiday	3 New Year public holiday	4 Council offices re-open after Christmas	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 Auckland Anniversary Day	31		Remember that all transfer stations are closed on New Years Day.		

February 2017

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
Don't forget your rubbish and recycling collection is one day later after Auckland Anniversary Day and Waitangi Day.			1 Rates Notices sent	2	3 	4   
5	6 Waitangi Day	7	8 Applications for community grant funding open	9	10  	11 Morrinsville Motorama 11th to 12th   
12	13	14 Valentine's Day	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

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

Building Consents and Monitoring

In 2015/16, we processed over 700 building consents including over 200 consents for new homes. This is the highest number of building consents for new homes since the peak in 2007/08. All building consents were processed within the statutory timeframes.

If you are a developer or builder you can apply for building consents online via our website.

March 2017

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
			1	2	3	4
					 	
5 Te Aroha A Day in the Domain	6	7	8	9	10	11
				 	 	
12	13	14	15 Morrinsville Floral Festival 15th-18th	16	17 Applications for community grant funding close	18
					 	
19	20	21	22	23	24	25
				 	 	
26	27	28	29	30	31	
					 	

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

April 2017

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
30		Rubbish and recycling collections will: - go ahead as normal on Good Friday - be one day later after Easter Monday - be one day later after ANZAC Day All transfer stations will be closed on Good Friday and ANZAC day until 1pm.				1
2 Daylight saving ends	3	4	5	6	7	8
				 	 	
9	10	11	12	13	14 Good Friday	15
					 	
16 Easter Sunday	17 Easter Monday	18	19	20	21	22
					 	 
23	24	25 ANZAC Day	26	27	28	29
						 

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

Playgrounds

In 2015/16, we removed the old playground and installed a new playground as well as a new swing set for older children at Anderson Park/Recreation Grounds in Morrinsville. We also replaced the play equipment at Thomas Park, Morrinsville and installed a safety fence between the Hetana Street skatepark and the railway line in Matamata.

May 2017

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

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

June 2017

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
	Don't forget your rubbish and recycling collection is one day later after Queen's Birthday.			1 Rubbish bag vouchers sent  	2   	3
4	5 Queen's Birthday	6	7	8	9 	10   
11	12 Dog registration notices sent	13	14	15  	16   	17
18	19	20	21	22 	23   	24
25	26	27	28	29  	30 Last day to apply for rates rebate   	

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

New Street Lighting

In 2015/16 we replaced 270 of our street lighting lamps with LED lamps. This technology offers many benefits such as significant energy and maintenance savings, improved lighting, reliability, safety and reduced carbon emissions. The two 'white' lights in the front of the picture have been replaced with LED lamps, the 'yellow' light in the background is an old lamp which has not been replaced yet.

The regular lamps in our current network have to be replaced every three years, whereas the new LEDs have a 20 year life span, they use less power and require minimal maintenance.

Over the expected 20 year life of LED light fittings we have projected a saving of approximately \$3.1 million. This is made up from \$0.6 million in energy costs, \$1.04 million in maintenance costs and \$1.48 million in replacement costs.

Electricity consumption will reduce from just under 14 million kWh to around 7.8 million kWh over 20 years based on the current number of street lights.

July 2017

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
30	31 Last day to pay dog registrations					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 Applications for community grant funding open	27  	28   	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

August 2017

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

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

Rubbish and Recycling

We currently provide kerbside rubbish and recycling collection services to over 9,500 properties across the district, as well as operating three transfer stations located at Matamata, Morrinsville and Waihou. Every year we collect more than 9,000 tonnes of rubbish and recycling from our kerbside collections and transfer stations. In 2015/16 48% of this was recycled.

You can help us increase this figure by recycling the following items:

- In your green bin:
 - empty glass bottles and jars (not broken)
- In your black and yellow wheelie bin:
 - clean household plastic e.g. soft drink and milk bottles
 - clean tins/cans
 - paper and cardboard



September 2017

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





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

October 2017

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
29	30	31		Don't forget your rubbish and recycling collection is one day later after Labour Day.		
1	2	3	4	5 	6   	7 Te Aroha Aroha Cruise In
8	9	10	11	12 	13   	14
15	16	17	18	19 	20   	21
22	23 Labour Day	24	25	26	27 	28   

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

Wastewater Treatment

We manage wastewater systems in Matamata (includes Waharoa and Raungaiti), Morrinsville (includes Rukumoana), Te Aroha, Tahuna and Waihou. We hold 17 resource consents with Waikato Regional Council for the wastewater treatment plants. As part of our operations we must comply with consent conditions for discharge of treated wastewater into the environment. We received zero infringement notices for our wastewater operations in 2015/16.

Sometimes overflows from the wastewater system can occur. It is important that we respond quickly when this occurs. In 2015/16 we received nine calls about wastewater overflows during dry weather. The median attendance time for these calls was 40 minutes, with a median resolution time of 2 hours and 29 minutes.

In 2015/16 we installed a new scanning device at Te Aroha Wastewater Treatment Plant. This is a device that scans and monitors sample content rather than doing manual sampling. This device will help us work more effectively and efficient, and ensures that we continue to meet our requirements for on-going monitoring and management of wastewater.



Te Aroha Wastewater Treatment Plant



November 2017

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
			1 Rates notices sent	2 	3  	4 Morrinsville Fireworks Extravaganza
5	6	7	8	9 	10  	11
12	13	14	15	16 	17  	18
19	20	21	22	23 	24  	25 Last day to pay your rates
26	27	28	29	30 	Remember that all transfer stations are closed on Christmas Day and Boxing 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

December 2017

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
31		Don't forget your rubbish and recycling collection is one day later after Christmas Day.			1  	2
3	4	5	6	7 	8  	9
10	11	12	13	14 	15  	16
17	18	19	20	21 	22 Council offices close for Christmas  	23
24	25 Christmas Day	26 Boxing Day	27 Christmas Day public holiday	28	29 	30  

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

Financials

Annual report disclosure statement for the year ending 30 June 2016

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 –

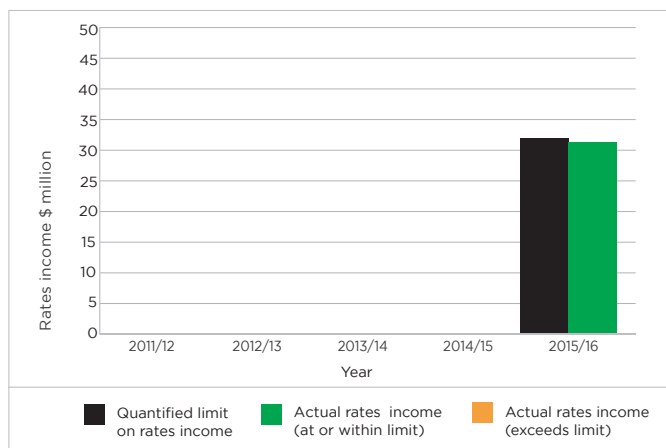
- its actual rates income equals or is less than each quantified limit on rates; and
- its actual rates increases equal or are less than each quantified limit on rates increases.

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* will not increase by more than 4%.



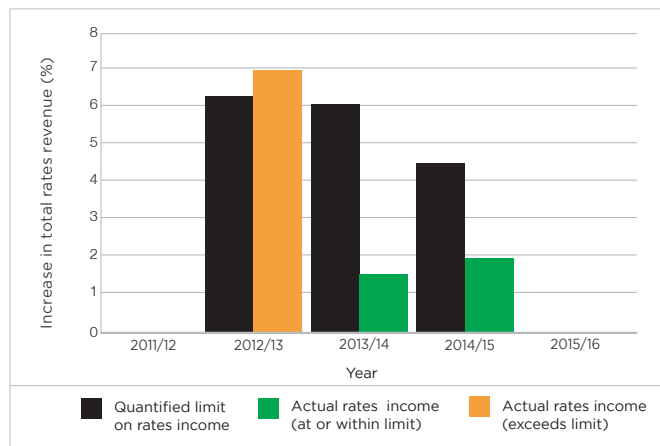
Comment:

The limit on rates income for 2015/16 was set at \$32.1m. Actual rates income (excluding penalties and metered water revenue) was \$31.6m.

*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 Councils' direct control.

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 increase in costs each year as set out in the 2012-22 LTP.



Comment:

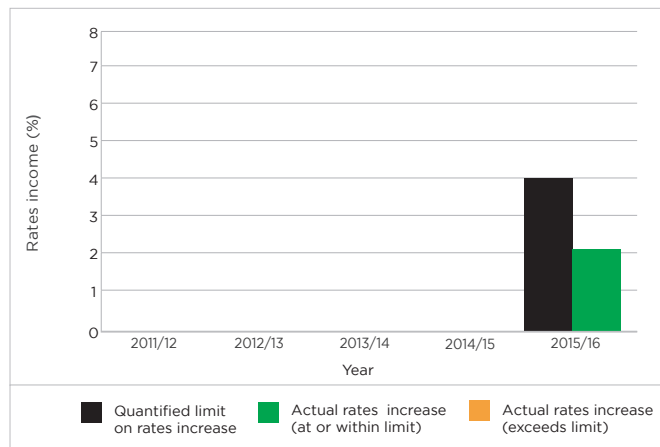
The limit for 2012/13 was exceeded because we had more ratepayers (because of growth) and rates penalty income than expected. The rate increase for the years following was much lower than the limit as a result of cost savings. The compound increase in rates revenue over the last three years was just 10.6% compared to the budgeted limit of 18%.

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* will not be more than 4%.

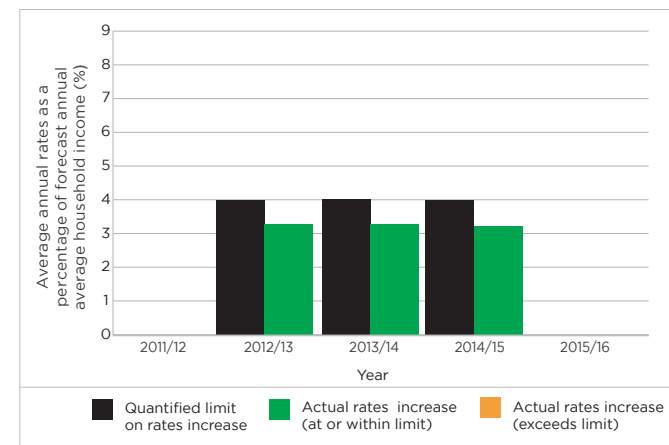


Comment:

The actual rates increase (excluding penalties and metered water revenue) for 2015/16 was 2.08%.

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.

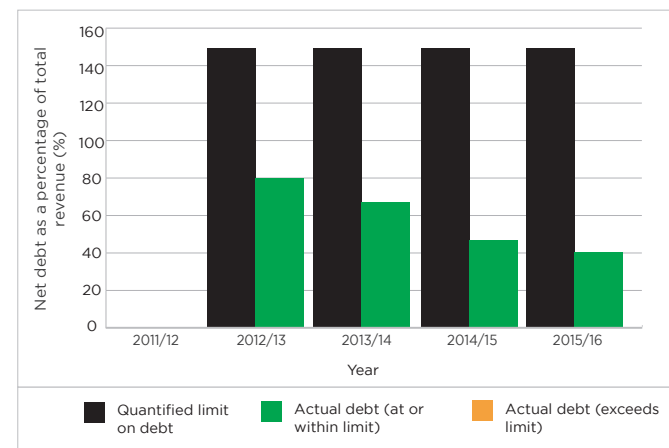


Comment:

Over the past three years, the average annual rates as a percentage of forecast average annual household income actually declined slightly from 3.32% to 3.25%, compared to the limit on increases of 4%.

Debt affordability benchmark

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



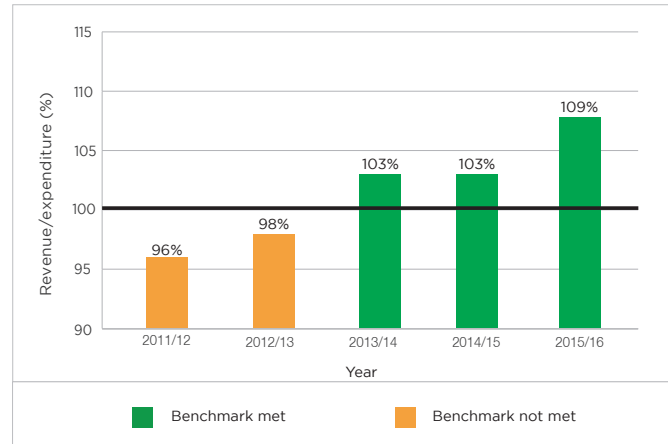
Comment:

Council's actual net debt as a percentage of total revenue has reduced over the last four years from 80% in 2012/13 to 40% in 2015/16. 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.

*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.

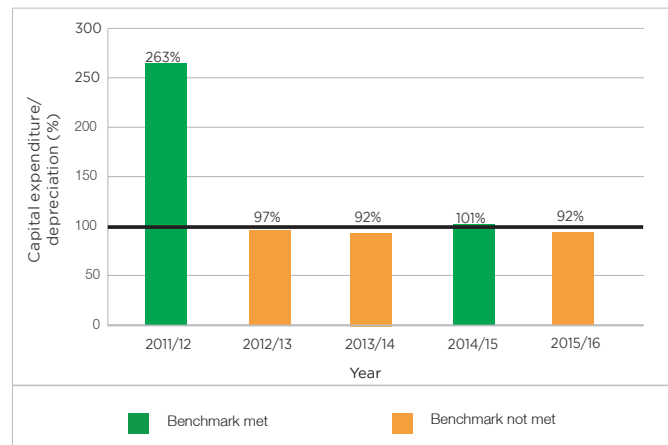


Comment:

Council spent a significant amount on upgrading wastewater and water treatment plants in the years up to 2012/13. For accounting purposes, 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 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.

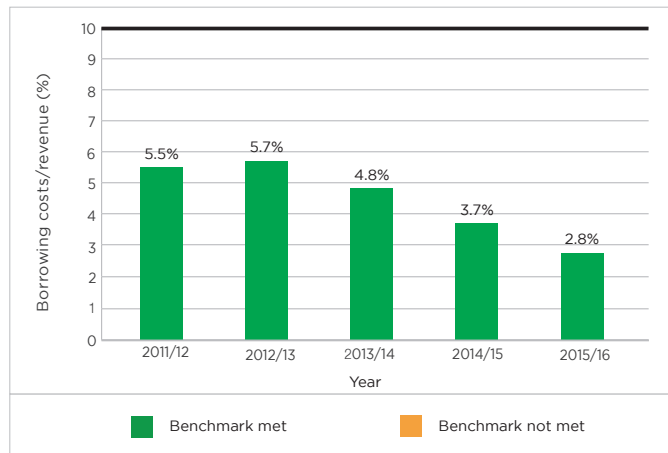


Comment:

Council's capital expenditure in 2011/12 financial year was well in excess of the depreciation charged as Council completed some significant wastewater and water upgrade projects in that and prior years. 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.

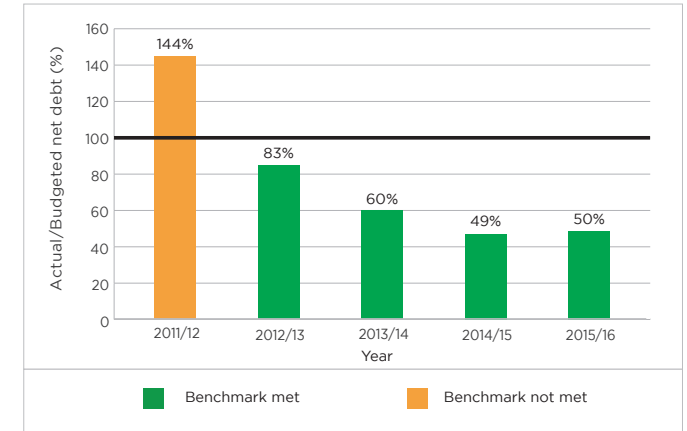


Comment:

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.

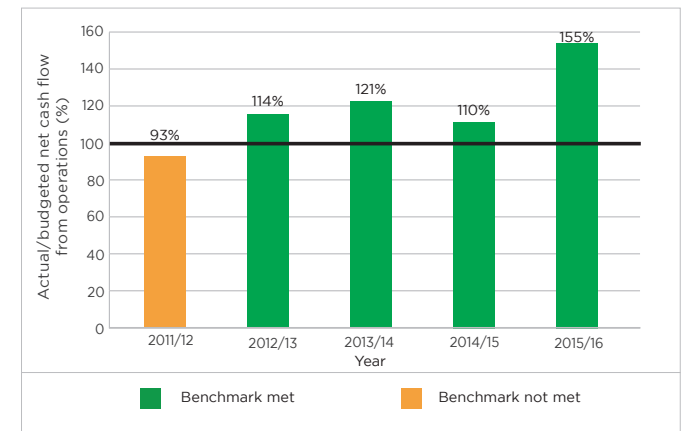


Comment:

Net debt rose significantly in the 2011/12 year as the bulk of the construction work for the Morrinsville wastewater upgrade project was completed in that year. This was slightly later than planned. Debt over the last four 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.

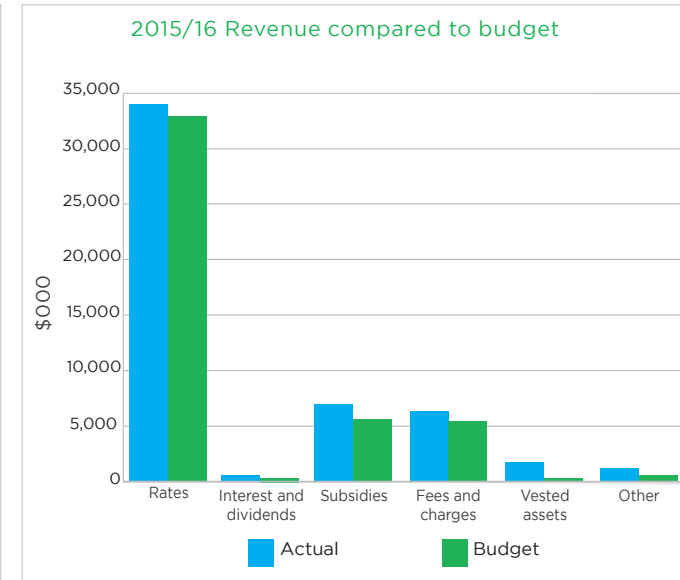
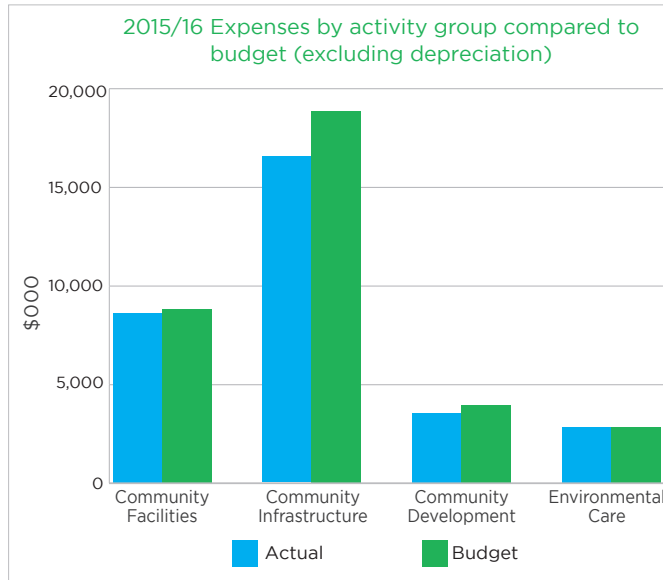


Comment:

In 2011/12 the NZTA subsidy received was lower than budgeted, and receipts of development contributions were significantly lower than budgeted, meaning that the planned cashflow was not met.

What are interest rate swaps and why do we use them?

In prior years Council entered into a range of interest rate swaps - contracts that effectively lock in the current rates of interest on our future debt. The swap contracts are put in place while interest rates are considered low, with the expectation that over the long term, interest rates are likely to rise. The benefit of having this certainty over the interest rates is that we can avoid having to ask our ratepayers for extra rates in years where the market interest rates rise sharply. It gives ratepayers and Council much more certainty into the future. We value the swap portfolio on the 30th of June each year for financial reporting purposes, and the valuations may go up and down depending on how market interest rates are tracking. These annual movements have no impact on Council's cash position - the focus of the swap portfolio is on the long-term gains. The average interest rate that we have locked in with these contracts is 4.10%, which is the average rate that will apply on up to \$36 million of our debt over the next ten years. These interest rates swaps provide us with a level of certainty and stability in our financing costs in the future.



What did we plan to spend?

Our expenses (excluding finance costs and other losses) were budgeted to be \$45.4 million this year.

What did we actually spend?

Our expenses (excluding finance costs and other losses) were \$42.9 million.

Why is there a difference?

Successful trials of bio-remediation treatment of the Te Aroha Wastewater Treatment Plant have meant that the \$2m de-sludging project programmed for this year was not required at this stage. A delay in capital spending again this year meant that planned new assets were not completed resulting in savings in depreciation of \$161,000.

The increased activity across a number of areas of Council that resulted in an increase in revenue for the year, also resulted in a small increase in costs to manage the additional workload including in the consents and health licencing activities, and in the works division.

These increasing costs were offset by an underspend to budget in the areas of asset management and economic development for the year.

What about finance costs?

Significant savings of \$342,000 were achieved this year on the interest cost of Council's external loans as the level of external debt was significantly lower than planned due to the delay in capital spending.

What was our planned revenue?

Council budgeted for a revenue of \$45.9 million.

What was our actual revenue?

The actual revenue for the year was \$51.5 million.

Why is there a difference?

The Silver Fern Farms Events Centre project was in full swing by the end of the financial year. The Charitable Trust behind the Centre provided funding of \$1,820,000 to date that was not included in the budget.

An upswing in development activity in the district over the past year has played a significant part in the increase in revenue to the level budgeted. Revenue recognised in respect of assets vested to Council through the subdivision process increased \$1,540,000 compared to budget, and development contributions were up by \$490,000 to budget. Two lots from Council's Mangawhero industrial subdivision in Matamata sold during the year netting \$309,000 that was not budgeted for. Income from providing LIM reports to customers increased by \$92,000 compared to budget.

In terms of general day to day operations, the overall actual revenue for the year reflected an increase in activity across a number of areas. Metered water and trade waste processing revenue from our large industrial users in the district was \$545,000 more than budgeted. Other areas experiencing a growth in revenue to budget included consents and health licences, external work undertaken by Council's works division, Kaimai Valley Services, and an increase in interest earned as more investments were held during the year than planned.



Matamata-Piako sunrise

Spending on assets this year

We budgeted for a total of \$28.2 million to be spent during the year on building new and renewing existing assets within the district. The actual amount spent was \$17.6 million

Why is there a difference?

There were a number of significant capital projects budgeted that either did not progress as planned or were not required at this point.

The Silver Fern Farms Events Centre project spend of \$5 million was budgeted this year (\$3 million of which is to be funded by the Te Aroha Events Centre Charitable Trust). \$3.5 million has been spent to date, with completion now scheduled for October 2016. \$2 million was budgeted to be spent during the year on the Matamata-Piako Civic and Memorial Centre development, but only \$161,000 has been spent to date.

A \$2 million stormwater solution for industrial land in Morrinsville was budgeted for in this year, of which only the initial land purchase has been completed to date. \$2 million was also budgeted for the Te Aroha water treatment plant capacity expansion project. The progression of this project is dependent on demand from industrial consumers, which has not yet been established.

A new roading re-sealing contract awarded during the year was just under half a million dollars less than budgeted, resulting in a lower capital spend.

The Mt Misery water reservoir upgrade was budgeted at \$3.6 million for this year, of which just \$879,000 has been spent by the end of June. \$485,000 was budgeted for the Te Aroha water backwash project, of which \$111,000 was spent. Other projects including a new water reservoir in Tills Road, Matamata for \$560,000, an additional water source for Matamata budgeted at \$440,000, a new water main for

Matamata at \$300,000, and some other minor projects will be carried forward for next year.

There were several wastewater projects budgeted for that have been re-prioritised or are no longer required including resource consent upgrades and other improvements at the Te Aroha Wastewater Treatment Plant, resulting in an underspend of \$1.3 million.

The vehicle fleet overall was reduced and budgeted vehicle replacements of \$300,000 were not required. \$100,000 was saved on the budgeted cost of replacing shelving, and IT infrastructure projects of \$325,000 will be carried forward to next year.

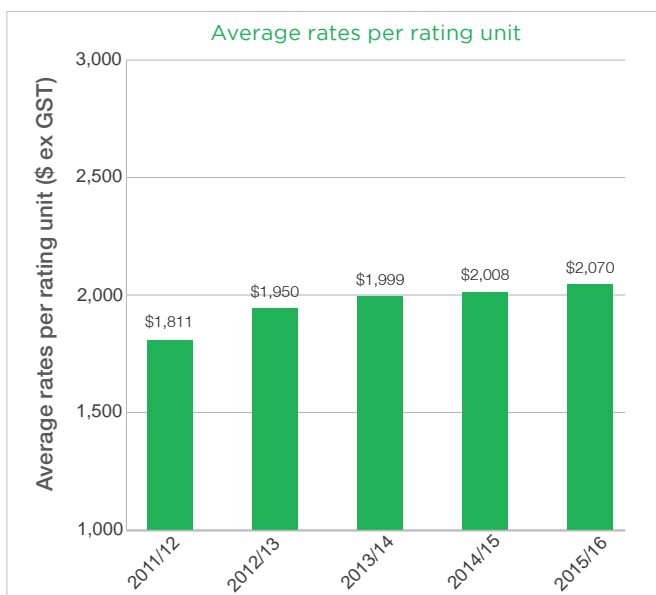
Similarly, there were projects and budgets unspent from the 2014/15 year that were completed and spent during the 2015/16 year. These include \$1,347,000 for the Matamata Swim Zone upgrade and the Te Aroha office roof replacement of \$297,000.

How do we pay for our assets?

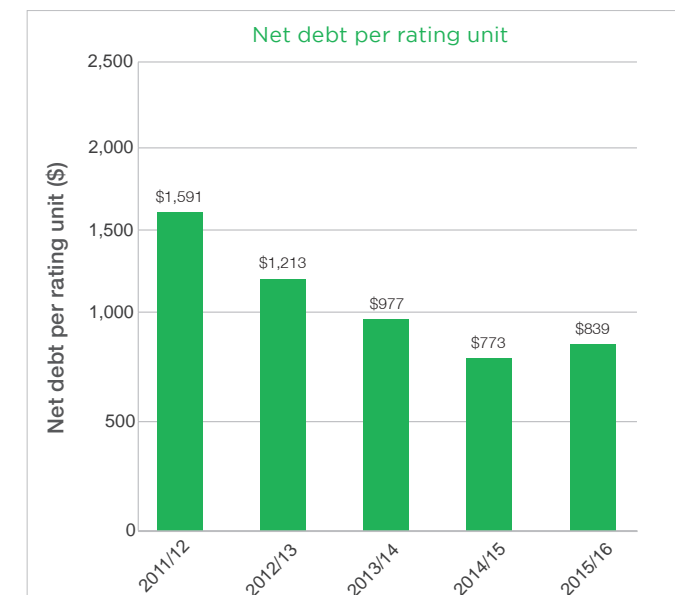
We collect rates to pay for a lot of the day to day things that we do, but we also borrow money to pay for large projects that will provide services to the community for a long time (such as water and wastewater treatment plants). By borrowing the money over a long period of time it means that those who benefit from the service in the future will also pay their share. Where we have funds available internally, we utilise these instead of borrowing externally, reducing overall interest costs.

What did we borrow this year?

We didn't need to borrow any additional money this year as planned due to the delay in the capital programme. Total debt at the end of this financial year was budgeted to be \$42.4 million. At 30 June 2016, our debt was \$25 million, down from \$26.1 million last year. Over the past few years, capital spending has not happened as quickly as planned and some projects have been delayed or cancelled. As such, new debt was not required to be raised. Also last year and again this year, Council have utilised available cashflows to reduce existing debt or to delay raising new debt. This, combined with lower interest rates than budgeted, has meant that the cost of interest to finance our loans was \$342,000 lower than budgeted.



Note: Average rates excludes metered water income, individual targeted rates for industries in respect of the Morrinsville Wastewater Treatment Plant upgrade project, lump-sum contributions and penalties charged only to specific ratepayers who incur the cost/benefit.



Net debt rose significantly from 2010/11 as Council undertook a number of significant wastewater upgrade projects which were completed in 2012. Note: Net debt is calculated as per the financial prudence regulations, except that it also excludes the industry's share of debt in respect of the Morrinsville Wastewater Treatment Plant upgrade project, which these industries are repaying by way of an annual targeted rate.

Financials

Where is Council's debt heading?

A key focus of the Council (as set out in the Long Term Plan) is to not overburden future generations with debt by living beyond our means today. We sought professional advice on an appropriate limit for Council's borrowing, and these limits were adopted in Council's Liability Management Policy. The limits have regard for Council's long term financial sustainability that future lenders will look for when we need to secure finance in future years.

A limit on a prudent level of debt was set as follows: net debt as a percentage of total revenue will not exceed 150%. Our level of debt compared to revenue has been falling over the last 4 years, and we are now sitting at just 40% compared the limit of 150% (current debt of \$25m compared to limit of \$73m). What this means is that we have significant capacity to take up opportunities as they arise and perhaps more importantly, we have plenty of capacity to recover quickly if a disaster occurs (as it did in Canterbury). Having a lower level of debt makes us more resilient. In the 2015-25 Long Term Plan, we have forecast over the next 10 years that our debt will peak at around \$48 million in 2019/20, and will average around 81% of our revenue, so still well below the prudent limit of 150%.

Statement of cashflows - where did the cash come from and where did it go?

By the end of the year, we took in over \$2.1 million more cash (net) than we had budgeted for. In terms of our day to day operating activities, extra cash came from a number of sources including unbudgeted contributions received in respect of the Silver Fern Farms Events Centre project, development contributions, metered water and trade waste revenue from industrial users, and increased interest from investments. Cash savings included the \$2 million Te Aroha wastewater de-sludging project not being required and a reduction in finance costs.

In terms of our investing activities, (that is cash earned/spent in the purchasing and selling of assets), our net spend was \$10.9 million less than we had budgeted. This was due to the delayed capital spending, and proceeds from the sale of assets. For our financing cashflows, we had budgeted to raise external debt of \$15.6 million to fund the capital spend, but that was not required, with the capital spending being funded from the existing cashflows.

Statement of financial position - how do we stand overall?

The key aspects to assessing a Council's financial health is the state of their network of assets and their level of debt. Matamata-Piako District Council is in good financial shape. Our physical assets valued at \$598 million are generally in a good state. We do have some planned capital work to catch up on, but we have plenty of capacity financially to do so. Our current level of debt, at \$25 million is considered low for a Council of our size and nature. The delayed capital spending and contributions owing from the Silver Fern Farms Events Centre project mean that our current assets at 30 June are much higher than budgeted. Current liabilities were higher than budgeted largely due to the capital work in progress at the end of the financial year, and payments of rates and metered water being received in advance of being invoiced. In addition an unbudgeted liability is recognised at year end for the unfavourable valuation of Council's interest rate swap portfolio at 30 June 2016.

Revenue

This is day to day revenue received from things such as rates, metered water, pool fees, resource consents etc.

Expenses

These are our day to day expenses such as the cost of collecting rubbish, mowing reserves and maintaining roads

Finance costs

This is the interest we pay on our external loans

Other gains and losses

These measure annual movements in the value of our assets that aren't property, plant and equipment

Total comprehensive revenue and expense

This is the difference between revenue and total expenses for the current year i.e.
more revenue = surplus
more expenses = (deficit)

Assets

The property we own

Liabilities

The amount we owe

Equity

This is the total that we own minus the total that we owe

Operating activities

The difference between operating revenue and operating expenses

Investing activities

The difference between buying and selling assets

Financing activities

The difference between borrowing and the repayment of loans

Cash held

Money in the bank

Summary financial statements

Statement of comprehensive revenue and expense for the year ended 30 June	Actual 2014/15	Budget 2015/16	Actual 2015/16
	\$000	\$000	\$000
Revenue	48,703	45,911	51,541
Expenses	(41,479)	(45,399)	(42,958)
Finance costs	(1,671)	(1,711)	(1,369)
Other gains and losses	(3,200)	-	(2,149)
Share of joint venture surplus/(deficit)	5	-	21
Net surplus/(deficit)	2,358	(1,199)	5,086
Other comprehensive revenue and expense			
Gain on property, plant and equipment revaluation	-	4,924	25,782
Total comprehensive revenue and expense	2,358	3,725	30,868
Statement of changes in equity for the year ended 30 June	Actual 2014/15	Budget 2015/16	Actual 2015/16
	\$000	\$000	\$000
Balance at 1 July	552,918	552,918	555,276
Total comprehensive revenue and expense	2,358	3,725	30,868
Balance at 30 June	555,276	556,643	586,144
Equity represented by:			
Accumulated funds	411,542	420,581	425,742
Other reserves	143,734	136,062	160,402
Statement of financial position as at 30 June	Actual 2014/15	Budget 2015/16	Actual 2015/16
	\$000	\$000	\$000
Current assets	16,427	9,000	19,572
Non-current assets	574,372	595,330	603,681
Total assets	590,799	604,330	623,253
Current liabilities	8,330	4,190	8,561
Non-current liabilities	27,193	43,497	28,548
Total liabilities	35,523	47,687	37,109
Equity	555,276	556,643	586,144
Statement of cashflows for the year ended 30 June	Actual 2014/15	Budget 2015/16	Actual 2015/16
	\$000	\$000	\$000
Net from operating activities	15,275	12,241	18,993
Net from investing activities	(6,268)	(28,054)	(17,091)
Net from financing activities	(5,968)	14,437	(1,150)
Net increase/decrease in cash held	3,039	(1,376)	752
Opening cash balance	1,499	1,792	4,538
Closing cash balance	4,538	416	5,290

Figures shown in brackets indicate a deficit or loss

What are other gains and losses?

For accounting purposes, we recognise any changes in the value of our financial assets each year, for example, the changes in the value of the interest rate swap contracts we have entered into. A valuation of Council's interest rate swaps at 30 June 2016 showed a loss in value of \$1,639,000 since the last valuation a year ago, caused by the continued decline in interest rates (read more on our interest rate swaps earlier in this document). Council has also shown a loss of \$500,000, which recognises the value of assets that were replaced before the end of their estimated useful life. All of these non-cash losses do not have any impact on Council's cash position – they are adjustments made in our books to ensure that the financial statements comply with International Financial Reporting Standards.

Additional Disclosures

Reporting entity

Matamata-Piako District Council (the Council) is a local authority established under the Local Government Act 2002 (LGA), and is domiciled and operates in New Zealand. The relevant legislation governing the Council's operations includes the LGA and the Local Government (Rating) Act 2002. The financial statements are for the Council and include a 34% interest in a jointly controlled entity, Thames Valley Combined Civil Defence 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 2016, Council have commitments of \$5.4 million for projects where contracts have been entered into but goods or services have not been received. (2015: \$4.704 million).

Contingent Liabilities

Uncalled capital – At 30 June 2015, Council had a contingent liability of \$1,500,000 for uncalled capital in respect of our 15.625% shareholding in the Waikato Regional Airport Limited (WRAL). During 2015/16, WRAL repurchased the uncalled capital, therefore no liability exists in respect of Council's shareholding going forward.

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 nine local authority guarantors of the LGFA. Together with the shareholders and other guarantors, Council is a guarantor of all of the LGFA's lending. At 30 June 2016, LGFA lending totalled \$6.445 billion plus accrued interest (2015: \$4.955 billion plus accrued interest).

Financial reporting standards require Council to recognise the guarantee liability at fair value. However, the Council

have been unable to determine a sufficiently reliable fair value for the guarantee, and therefore have not recognised a liability. The Council considers the risk of the 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.

Unquantified claims – As disclosed in note 25 of the Annual Report, a provision of \$50,000 (2015: \$50,000) has been recognised for weathertightness claims whereby Council is aware of specific potential future claims. Council may also be exposed to potential future claims that have not yet been lodged, up until the statutory limitation period expires. The amount of potential future claims is not able to be reliably measured and is therefore unquantifiable. Claims must be made within 10 years of construction or alteration of the dwelling in order for the claim to be eligible under the Weathertight Homes Resolution Services Act 2006, but other statutory limitation periods could also affect claims.

The Supreme Court decision in October 2012 on a council's liability for non-residential buildings may affect the liability of the Council for weathertightness claims for non-residential buildings. The impact of the decision is yet to be quantified by the Council. The Council is yet to receive any claims as a result of this ruling.

Council is also aware of one further potential claim against Council that has been advised to our insurers (2015: Two). Council's potential liability in this case is limited by the insurance excess payable on any successful claim and is not expected to exceed \$25,000.

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.

Thames Valley Combined Civil Defence Committee – There are no contingent liabilities associated with Council's joint venture (2015: nil).

Events after balance date

There were no significant events after balance date.



Matamata-Piako winter morning

**To the readers of
Matamata-Piako District Council's summary annual report
for the year ended 30 June 2016**

The summary annual report was derived from the annual report of the Matamata-Piako District Council (the District Council) for the year ended 30 June 2016. We have considered whether the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report.

The annual report included full audited statements, and the summary annual report includes summary statements. We have audited the following summary statements reported in the summary annual report on pages 2 to 23:

- the summary statement of financial position as at 30 June 2016;
- the summaries of the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 30 June 2016;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary group of activities of the District Council.

We expressed an unmodified audit opinion on the District Council's full audited statements in our report dated 5 October 2016.

Opinion

In our opinion:

- the summary 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.

Basis of opinion

Our audit was carried out in accordance with the Auditor General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand), and in particular with the International Standard on Auditing (New Zealand) 810: Engagements to Report on Summary Financial Statements. These standards require us to carry out procedures to confirm whether the summary annual report contains the information necessary, and at an appropriate level of aggregation, so as not to be misleading.

The summary statements do not contain all the disclosures required for full audited statements under generally accepted accounting practice in New Zealand. Reading the summary statements, therefore, is not a substitute for reading the full audited statements in the annual report of the District Council.

Responsibilities of the Council and the Auditor

The Council is responsible for preparing the summary annual report so that it represents, fairly and consistently, the information regarding the major matters dealt with in the annual report. This includes preparing summary statements, in accordance with PBE FRS 43: Summary Financial Statements. The Council is also responsible for the publication of the summary annual report, whether in printed or electronic form.

We are responsible for expressing an opinion on whether the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report and whether the summary statements comply with PBE FRS 43: Summary Financial Statements.

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



B H Halford,
Audit New Zealand
On behalf of the Auditor General
Tauranga, New Zealand
5 October 2016



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