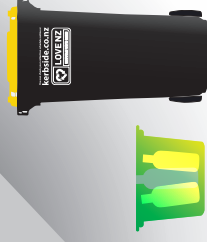


MATAMATA-PIAKO DISTRICT COUNCIL 2020/21 CALENDAR

A SUMMARY OF OUR ANNUAL REPORT 2019/20



See inside
for key
dates such
as rubbish
and recycling
collection



A MESSAGE FROM THE MAYOR

I was elected as your Mayor in October last year – and what a year it has been.

This summer saw one of the most significant droughts in over 30 years, resulting in tight water restrictions across the district (particularly Morrinsville) as well as hardship for many farmers.

In response to this significant drought we also brought forward the drilling for the commissioning of the production bore at Lockerbie Estate, as a potential emergency water supply. Sourcing a bore, proving its capacity, getting resource consent and then testing and treating the water takes time – this is something we had already been working on for over 12 months, and is something we are continuing to work on to establish an additional water source for Morrinsville North. It could take a number of years to fully establish and connect to the main supply, but bringing the drilling forward meant Morrinsville had a back up option if the main town supply couldn't meet essential water needs.

Together with the Mayors of Hauraki and Thames Coromandel District Councils, our local MP Scott Simpson and Hauraki Māori Trust Board Chairman David Taipiri, we also secured funding for local farmers from the Ministry of Primary Industries to support farmers struggling as a result of the drought.

COVID-19 PANDEMIC

On top of the drought came the COVID-19 pandemic. This pandemic has affected everyone. As a Council we have worked hard to assist in any way we can with COVID-19 – from assisting the District Health Board with Community Based Assessment Centres, initiating a civil defence response, as well as providing our everyday essential services like water, wastewater, roading, rubbish collection etc. We also established a 'buy local' campaign aiming to drive locals to support local businesses to put money back into the local economy. If you haven't seen it already, check out buylocal.mpdcc.nz for a list of all the great local businesses, or to list your business for free. We don't know what the long-term impact will be on the local, regional and national economies, but we're doing what we can to try and get our community thriving again.

But 2019/20 wasn't all bad. Even those major events had some positive outcomes – like the strong relationships we built with local industry while working with them to monitor their water use. They all made major reductions to their water use, with Fonterra also providing access to their own bore to supplement the Morrinsville town supply. Or seeing and meeting the range of essential workers and volunteers who stepped up to keep our towns running, and support the vulnerable in our community. It's in difficult times that we see people rise up, work together, and care for one another – and that's what makes this community such a great place to live.

APPRECIATING OUR ACCOMPLISHMENTS

We've also celebrated some big milestones in the last 12 months – like completing the extension of the cycleway from Te Aroha to Matamata. This extension will help make the Hauraki Rail Trail a multi-day trip, encouraging people to stay overnight and experience all the things our towns have to offer. We also launched the new Business Growth Advisory Service in partnership with Te Waka in Matamata and Te Aroha, providing a service to help support and mentor businesses in our community. This service will also be launched in Morrinsville in 2020.

And despite the challenges this year has thrown at us, we are still in a good financial position. There has been large development in the district in 2019/20 and a high level of activity for both building and resource consents, which means our district is continuing to grow

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

Bring on the next 12 months.



ASH TANNER
MAYOR



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

The Annual Report has been audited by our independent auditors, Audit New Zealand. They have issued an unmodified audit opinion. The financial statements and this summary were authorised for issue by Council on 9 December 2020. The Annual Report 2019/20 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 mpdccc.govt.nz. Specific disclosures included in the summary financial statements have been extracted from the full financial statements.

MAHI | PERFORMANCE

SUMMARY STATEMENT OF PERFORMANCE

In 2019/20 we focused on maintaining our services to support our community while making sure cost increases were kept affordable. We delivered our extensive range of activities, services and projects to similar levels as detailed in the Long Term Plan 2018-28, and to a similar standard as previous years.

Our performance measures are measured through an Annual Customer Survey and other surveys, external data reports and our customer request management system. Overall we achieved 31 out of 61 of our measures (50.8%), one was not measured this financial year, one was half achieved and four that were not achieved and four that were not achieved before the COVID-19 lockdown and were unable to be achieved because of the lockdown. We set high targets to deliver a good level of service to our community. Details of how we performed for each of our activities is outlined in the Annual Report. The graph below is a summary of each of our activity groups.

COMMUNITY FACILITIES AND PROPERTY

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

STRATEGY AND ENGAGEMENT

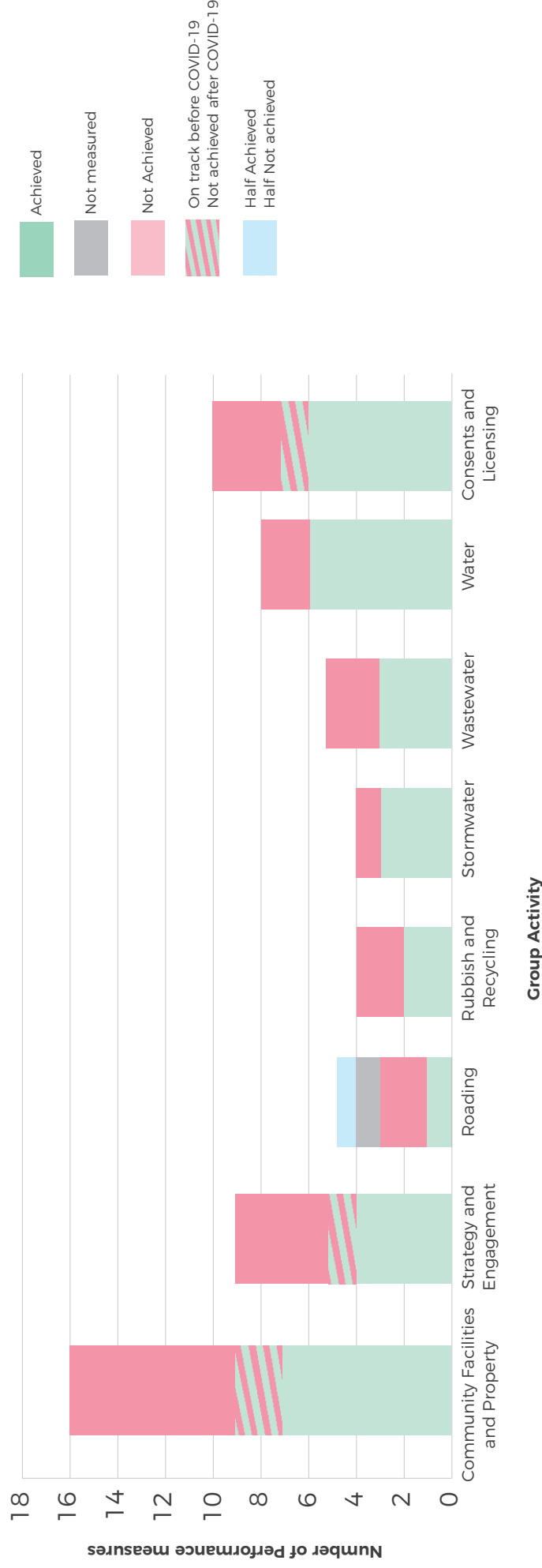
This is about making good decisions for the future of our community. The activities responsible for this are Civil Defence, Communications and Events, Community Leadership and Strategies and Plans.

INFRASTRUCTURE

Represents many of the responsibilities that Council has historically managed, including Roding, Rubbish and Recycling, Stormwater, Wastewater (sewage and the grey water that goes down your drains) and Water.

CONSENTS AND LICENSING

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



TE AROHA TO MATAMATA CYCLEWAY EXTENSION

Te Aroha to Matamata Cycleway extension was completed in 2019/20. This was to help promote cycling and encourage visitors to stay in the district. We secured a grant of \$2.6 million from Central Government which was combined with Council's funding of \$3 million.





WHIRINGA-Ā-RANGI | NOVEMBER 2020

HAKIHEA | DECEMBER 2020

RĀTAPU SUNDAY	RĀHINA MONDAY	RĀTŪ TUESDAY	RĀAPA WEDNESDAY	RĀPARE THURSDAY	RĀMERE FRIDAY	RĀHOROI SATURDAY	RĀTAPU SUNDAY	RĀHINA MONDAY	RĀTŪ TUESDAY	RĀAPA WEDNESDAY	RĀPARE THURSDAY	RĀMERE FRIDAY	RĀHOROI SATURDAY
1	2	3	4	5	6	7	6	7	8	9	10	11	12
8	9	10	11	12	13	14	13	14	15	16	17	18	19
15	16	17	18	19	20	21	20	21	22	23	24	25	26
22	23	24	25	26	27	28	20	21	22	23	24	25	26
29	30						27	Boxing Day (observed)	29	30	31		

Rubbish and Recycling Key

Te Aroha
 Rubbish
 Recycling

Morrinsville
 incl. Waihou, Waitoa, Tahuna
 Rubbish
 Recycling

Matamata
 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 - Wed, Fri, Sun

25 Christmas Day
 26 Boxing Day
 All transfer stations closed. Note the change to rubbish & recycling days due to holidays.

24 Council offices close

25 Christmas Day

26 Boxing Day

28 Boxing Day (observed)

25 Last day to pay your rates

WATER PROJECTS

In 2019/20 we have spent \$1.1 million upgrading pumps, valves and activators at our Matamata and Morrinsville Water Treatment Plants to improve resilience with our drinking water standard compliance. We also brought forward the drilling for the commissioning of the bore at Lockerbie Estate, as a potential emergency water supply for Morrinsville North. This project will take a number of years to complete but bringing the drilling forward means Morrinsville has a back up option if the main town supply couldn't meet essential water needs.



KOHITĀTEA | JANUARY 2021

HUI-TANGURU | FEBRUARY 2021

RĀTAPU SUNDAY	RĀHINA MONDAY	RĀTŪ TUESDAY	RĀAPA WEDNESDAY	RĀPARE THURSDAY	RĀMERE FRIDAY	RĀHOROI SATURDAY	RĀTAPU SUNDAY	RĀHINA MONDAY	RĀTŪ TUESDAY	RĀAPA WEDNESDAY	RĀPARE THURSDAY	RĀMERE FRIDAY	RĀHOROI SATURDAY
31					1 New Year's Day All transfer stations closed	2 New Year's Holiday							
3	4 New Year's Holiday (Observed)	5 Council offices re-open	6	7	8	9	7	8 Waitangi Day (Observed)	9	10 Community Grants open	11	12	13
10	11	12	13	14	15	16	14	15	16	17	18	19	20
17	18	19	20	21	22	23	21	22	23	24	25 Last day to pay your rates	26	27
24	25	26	27	28	29	30	28						

Rubbish and Recycling Key



Te Aroha



Morrinsville
incl. Waihou, Waitoa, Tahuna



Matamata
incl. Waiharoa, Walton



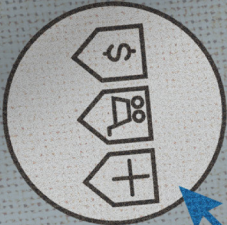
Transfer Stations
Opening Hours: 10am to 4pm

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

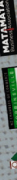


**SUPPORT OUR
BUSINESSES**

Buy local.



buylocal.mpdcc.nz



BUY LOCAL CAMPAIGN

The COVID-19 pandemic has affected everyone. As a Council we have worked hard to assist in any way we can – from assisting the District Health Board with Community Based Assessment Centres, initiating a civil defence response, as well as providing our everyday essential services like water, wastewater, roading, rubbish collection etc. We also established a 'buy local' campaign encouraging locals to support local businesses to stimulate the local economy. If you haven't seen it already, check out buylocal.mpdcc.nz for a list of all the great local businesses, or to list your business for free. We don't know what the long-term impact will be on the local, regional and national economies, but we're doing what we can to try and get our community thriving again.

POUTŪ-TE-RANGI | MARCH 2021

PAENGA-WHĀWHĀ | APRIL 2021

RĀTAPU SUNDAY	RĀHINA MONDAY	RĀTŪ TUESDAY	RĀAPA WEDNESDAY	RĀPARE THURSDAY	RĀMERE FRIDAY	RĀHOROI SATURDAY
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17 Community grants close	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

RĀTAPU SUNDAY	RĀHINA MONDAY	RĀTŪ TUESDAY	RĀAPA WEDNESDAY	RĀPARE THURSDAY	RĀMERE FRIDAY	RĀHOROI SATURDAY
				1	2 Good Friday All transfer stations closed	3
4 Easter Sunday	5 Easter Monday	6	7	8	9	10
11	12	13	14	15	16 Term 1 ends	17
18	19	20	21	22	23	24
25 ANZAC Day All transfer stations closed until 1pm	26 ANZAC Day (Observed)	27	28	29	30 Note the change to rubbish & recycling days due to holiday	

Rubbish and Recycling Key



Te Aroha



Morrinsville
incl. Waihou, Waitoa, Tahuna



Matamata
incl. Waiharoa, Walton

Transfer Stations
Opening Hours: 10am to 4pm

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



HEADON STADIUM

During 2019/20 we have completed planning and resource consent has been granted for the Headon Stadium upgrade. Physical works have started but were delayed due to the COVID-19 Lockdown. The upgrade will now be completed in 2020/21.

HARATUA | MAY 2021

PIPIRI | JUNE 2021

RĀTAPU SUNDAY	RĀHINA MONDAY	RĀTŪ TUESDAY	RĀAPA WEDNESDAY	RĀPARE THURSDAY	RĀMERE FRIDAY	RĀHOROI SATURDAY	RĀTAPU SUNDAY	RĀHINA MONDAY	RĀTŪ TUESDAY	RĀAPA WEDNESDAY	RĀPARE THURSDAY	RĀMERE FRIDAY	RĀHOROI SATURDAY
30	31					1	6	7 Queen's Birthday	8	9	10	11	12
2	3 Term 2 starts	4	5	6	7	8 Mother's Day	13	14	15	16	17	18	19
9	10	11	12	13	14	15	20	21	22	23	24	25	26
16	17	18	19	20	21	22	27	28	29	30 Last day to apply for rates rebate			
23	24	25 Last day to pay your rates	26	27	28	29							

Note the change to rubbish & recycling days due to holiday

Note the change to rubbish & recycling days due to holiday

Rubbish and Recycling Key



Te Aroha



Morrinsville
Incl. Waihou, Waitoa, Tahuna



Matamata
Incl. Waiharoa, Walton

Transfer Stations
Opening Hours: 10am to 4pm

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



MORRINSVILLE RIVER WALK

This beautiful feature in Morrinsville attracts locals and visitors alike and promotes health and wellbeing. In 2019/20 work has been progressing and Council has been negotiating access with private landowners to complete the route.

HŌNGONGOI | JULY 2021

HERE-TURI-KŌKĀ | AUGUST 2021

RĀTAPU SUNDAY	RĀHINA MONDAY	RĀTŪ TUESDAY	RĀAPA WEDNESDAY	RĀPARE THURSDAY	RĀMERE FRIDAY	RĀHOROI SATURDAY	RĀTAPU SUNDAY	RĀHINA MONDAY	RĀTŪ TUESDAY	RĀAPA WEDNESDAY	RĀPARE THURSDAY	RĀMERE FRIDAY	RĀHOROI SATURDAY
				1		3	1	2	3	4	5	6	7
4	5	6	7	8	9 Term 2 ends	10	8	9	10	11	12	13	14
11	12	13	14	15	16	17	15	16	17	18	19	20	21
18	19	20	21	22	23	24	18	23	24	25 Last day to pay your rates	26	27	28
25	26 Term 3 starts	27	28	29	30 Last day to pay dog registrations	31	29	30	31				

Rubbish and Recycling Key



Rubbish



Recycling

Te Aroha

Morrinsville
incl. Waihou, Waitoa, Tahuna



Rubbish



Recycling

Matamata
incl. Waiharoa, Walton



Rubbish



Recycling

Transfer Stations
Opening Hours: 10am to 4pm

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



NO. 2 BATH HOUSE

The No. 2 Bath House is the last remaining of three bath houses in the Te Aroha Domain that were constructed in the 1880s. This Bath House has been closed for a number of years and reopened in 2019/20 with a refurbished bath and new pure mineral water supply. This project cost \$146,000 in 2019/20.

MAHURU | SEPTEMBER 2021

WHIRINGA-Ā-NUKU | OCTOBER 2021

RĀTAPU SUNDAY	RĀHINA MONDAY	RĀTŪ TUESDAY	RĀAPA WEDNESDAY	RĀPARE THURSDAY	RĀMERE FRIDAY	RĀHOROI SATURDAY
			1	2	3	4
5 Father's Day	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26 Daylight saving begins 2020	27	28	29	30		
31	1 Term 3 ends					
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18 Term 4 begins	19	20	21	22	23
24	25 Labour Day	26	27	28	29	30

Note the change to rubbish & recycling days due to holiday

Rubbish and Recycling Key

- Rubbish
- Recycling

Te Aroha

- Rubbish
- Recycling

Morrinsville
incl. Waihou, Waitoa, Tahuna

- Rubbish
- Recycling

Matamata
incl. Waiharoa, Walton

- Rubbish
- Recycling

Transfer Stations
Opening Hours: 10am to 4pm

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

ROADING IMPROVEMENTS

We own and maintain over 1,000kms of roads across the district. In 2019/20 we spent \$402,000 on a mixture of safety improvements, speed reduction measures, guard railing, improvements to sight visibility, seal widening and new LED street lighting.



WHIRINGA-Ā-RANGI | NOVEMBER 2021

HAKIHEA | DECEMBER 2021

RĀTAPU SUNDAY	RĀHINA MONDAY	RĀTŪ TUESDAY	RĀAPA WEDNESDAY	RĀPARE THURSDAY	RĀMERE FRIDAY	RĀHOROI 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 Last day to pay your rates	26	27
28	29	30				

RĀTAPU SUNDAY	RĀHINA MONDAY	RĀTŪ TUESDAY	RĀAPA WEDNESDAY	RĀPARE THURSDAY	RĀMERE FRIDAY	RĀHOROI SATURDAY
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20 Term 4 ends	21	22	23	24	25 Christmas Day
26 Boxing Day	27 Christmas Day (Observed)	28 Boxing Day (Observed)	29	30	31	

Rubbish and Recycling Key



Te Aroha



Morrinsville
incl. Waihou, Waitoa, Tahuna

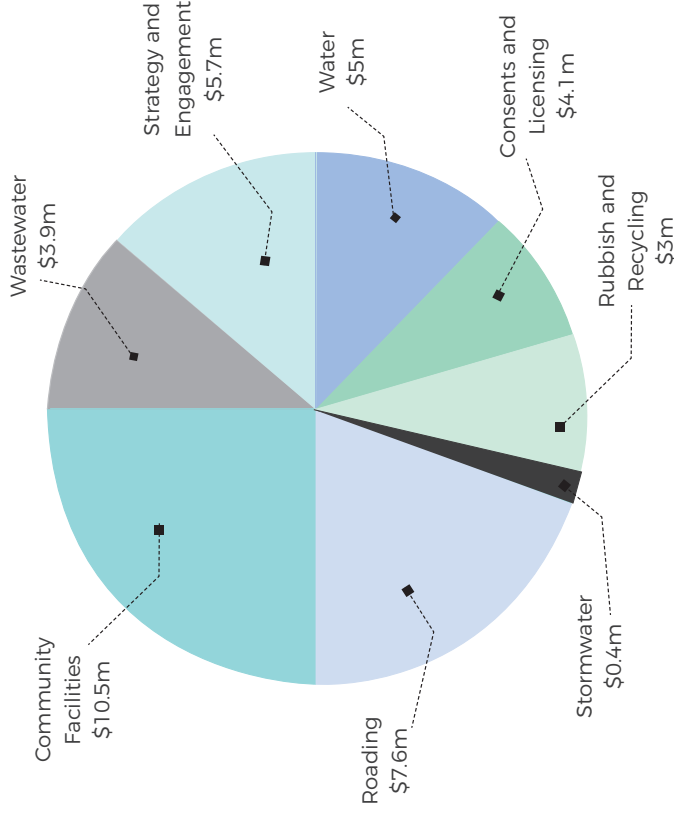


Matamata
incl. Waharoa, Walton

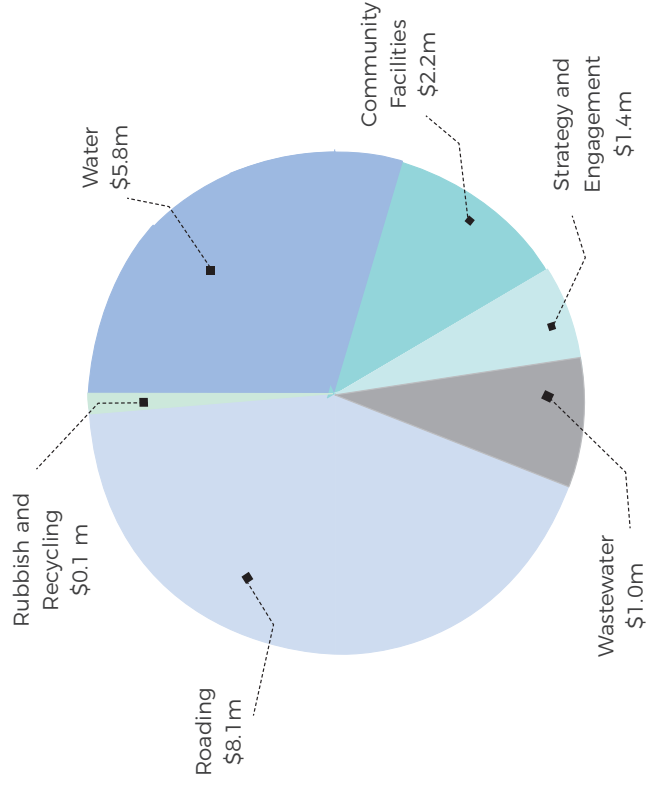
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Morrinsville - Mon, Tues, Thurs, Sat & Sun
Te Aroha - Wed, Fri, Sun

2019/20 OPERATING EXPENDITURE



2019/20 CAPITAL EXPENDITURE



	Actual 2018/19 (\$000)	Budget 2019/20 (\$000)	Actual 2019/20 (\$000)
Summary statement of comprehensive revenue and expense for the year ended 30 June			
Revenue	57,125	52,742	57,943
Expenses	(52,726)	(49,297)	(55,232)
Finance costs	(1,379)	(1,098)	(1,226)
Share of joint venture surplus/(deficit)	3	-	-
Net surplus/(deficit)	3,023	2,347	1,485
Other comprehensive revenue and expense			
Financial assets at fair value through other comprehensive revenue and expense	1,926	-	1,777
Property, plant and equipment revaluation	18,002	12,032	20,547
Total other comprehensive revenue and expense	19,928	12,032	22,324
Summary statement of changes in equity for the year ended 30 June			
Balance at 1 July	607,701	626,768	630,652
Total comprehensive revenue and expense	22,951	14,379	23,809
Balance at 30 June	630,652	641,147	654,461
Summary statement of financial position as at 30 June			
Current assets	18,274	13,022	16,684
Non-current assets	651,971	679,859	680,227
Total assets	670,245	692,881	696,911
Current liabilities	14,090	15,224	18,531
Non-current liabilities	25,503	36,510	23,919
Total liabilities	39,593	51,734	42,450
Accumulated funds	431,350	434,071	430,316
Revaluation reserves	139,854	150,595	160,401
Other reserves	59,448	56,481	63,744
Equity	630,652	641,147	654,461
Summary statement of cashflows for the year ended 30 June			
Net from operating activities	17,736	16,876	14,180
Net from investing activities	(14,425)	(33,516)	(15,975)
Net from financing activities	(3,616)	16,859	2,500
Net increase/decrease in cash held	(305)	219	705
Opening cash balance	3,892	1,061	3,587
Closing cash balance	3,587	1,280	4,292

Explanations for major variations between the actual results for the year and the budget in the 2019/20 Annual Plan are as follows:

Statement of comprehensive revenue and expense

A key feature reflecting in the financial results again this year is the high level of development activity in the Matamata-Piako District. There was significant subdivision activity in both Morrinsville and Matamata this year. Revenue related to development activity was significantly higher than budgeted including:

- Land and infrastructure vested in Council through the subdivision process (\$2.7 million greater than budgeted).
- Development and financial contributions (\$773,000 greater than budgeted).

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

- \$1,527 million in grants was received for the work completed to 30 June on the Te Aroha to Matamata leg of the cycle trail.
- \$230,000 was received from the Government's Provincial Growth Fund (PGF) for work completed during the year on the feasibility study into the development of Te Aroha as a health and wellness tourism hub.
- \$249,000 was also received from the PGF for work completed on the feasibility study into the development of a business hub at Waharoa.

Again this year there were two significant areas where the level of revenue budgeted for the year was not achieved:

- The budget included contribution revenue of \$860,000 from developers for work to be undertaken on Morrinsville's Avenue Road stormwater project. However this project has been re-assessed as the selected option was not considered affordable for developers.
- From 1 July 2018, we changed the way rubbish collection costs were recovered from being funded substantially from targeted rates to be funded substantially from the sale of rubbish bags (fees and charges). Revenue from the sale of rubbish bags was \$410,000 lower than budgeted. Fees from the three district transfer stations was also \$144,000 lower than expected.

While revenue overall was \$50 million higher than budgeted, our overall expenses for the year were also \$60 million higher than the level budgeted. There were two significant activities where costs significantly exceeded budget again this year:

Water treatment plant costs were \$1,205,000 higher than budgeted as well as Waste Management costs being \$645,000 higher due to an increase in the contract price, inflation and contract variations.

- In the Water activity, treatment plant costs were \$1.2 million higher than budgeted due to significant increases in chemical, power and insurance costs, safety plan costs, additional costs for Topehaehae reservoir profiling, Scada costs and compliance recovery projects. Reticulation costs were also higher than budgeted.
- The second activity was Rubbish and Recycling, where costs exceeded the budget by \$639,000 due to an increase in the contract price, additional inflationary increases and other contract variations that were settled in August 2020 in respect of the loss of the overseas market for recyclable plastics 3-7.

These on-going areas of cost pressure were addressed in the Annual Plan adopted in June, by increasing targeted rates for these activities and the price of rubbish bags for the new financial year.

Other significant unbudgeted expenses included:

- \$610,000 recognised in the books as a loss on the disposal of assets that were replaced during the period.
 - A decrease in the valuation of our interest rate swap portfolio for the year of \$614,000 due to interest rates continuing to fall to record lows.
 - \$402,000 of work that was initially recorded as capital work in progress, but has subsequently been expensed after a detailed review identified that the preliminary/exploratory work would not result in a capital project.
 - A \$231,504 expense has been recognised in respect of Council's share of the write-down in value of assets of the Waikato Regional Airport Limited (WRAL) (of which Council holds a 15.625% shareholding). The impairment reflects the impact of COVID-19 on the company's operations, particularly the aeronautical and hotel operations.
 - \$737,000 for Waharoa and Te Aroha PGF that was not budgeted.
 - \$333,000 for maintenance cost includes water reticulation at 18 Sequoia Place, Rolleston, removal of vegetation and water reticulation Scott road pipe break, investigation for underground water and Valve hydrant testing.
 - \$852,000 loss on KVS and Water business unit where expenses were not recouped.
 - \$296,000 transferred from salary cost, which is budgeted under salary cost.
 - \$116,000 Asbestos Removal at McCaw Homestead as well as higher mowing charges and operating cost.
 - \$127,000 between Skyline storage and building repair to Mangateparu and Tahuna Hall and increase in cleaning cost and building maintenance.
 - \$164,000 spent on a special fund project funded from reserves.
- Despite the impairment recognised in respect of WRAL, the carrying value of Council's overall investment in the company increased by \$1.8 million for the year, largely as a result of property development and an increase in the valuation of the WRAL's property development assets. The revaluation of our infrastructure assets at 1 July 2019, resulted in an increase in values of \$8.5 million more than had been budgeted.

DISCLOSURE OF IMPACTS OF COVID-19 Financial impacts

The financial impact of COVID-19 on Council was at the lower end. The main areas where the effect of COVID-19 can be seen are:

The subsidised roading programme was not able to be completed during lockdown, so approximately \$700,000 of this work will be completed in 2021, and the 51% subsidy from NZTA will follow (see page 104*).

Reduced revenue from Council's facilities (eg. pools, aerodrome, Firth Tower and libraries) that were closed during the lockdown. Fees and charges were around \$170,000 lower than budgeted over the period of the lockdown (see Note 21i*).

Direct costs to Council in terms of additional advertising and signage around facility closures and Council services, personal protective equipment for staff, cleaning materials etc. amounted to approximately \$150,000 (see page 16*).

Council's liability for annual leave for employees has increased by \$168,000 compared to the previous year as planned leave was disrupted by travel and lockdown restrictions over the second half of the year (see Note 18*).

There was no notable change in the collection of rates or other receivables during the final quarter of the year (see Note 7*).

Council has assessed the carrying value of its infrastructural and property assets at the 30 June 2020 and are satisfied that this reflects the fair value of these assets. Infrastructural assets were last valued as at 1 July 2019 and land and buildings as at 1 July 2017. A greater proportion of Council's assets are valued at depreciated replacement cost, on which COVID-19 is expected to have had little impact (see Note 13*).

Council holds a 15.625% shareholding in the Waikato Regional Airport Limited (WRAL). The aeronautical and hotel operations of the airport group were significantly impacted by COVID-19, and the effects of the pandemic on the tourism industry are expected to last for up to 24-36 months.

As such WRAL wrote down the value of its assets by \$1.5 million, and Council have reflected its share of this impairment, \$232,000, in the operating results at 30 June 2020. Despite this, the carrying value of Council's overall investment in WRAL increased by \$1.8 million for the year, largely as a result of property development and an increase in the valuation of the WRAL's property development assets. While WRAL does not expect to return a profit for some time, due to the diversity of the group's income streams it does expect to maintain positive cashflows and to continue as a going concern.

(* For page numbers please see full Annual Report document)

Non-Financial Impact

COVID-19 impacted the results achieved against some of our performance measures, mainly because of the effect 'lockdown' had on our business. The lockdown was particularly important for our libraries as it meant we needed to close our doors completely for 59 days, this also affected our pools and spa facilities. It also significantly changed how we provided the rubbish and recycling service over this time.

Adversely impacted performance measures included –

- Responses to damage, vandalism and graffiti complaints regarding Council carparks and street furniture
- Playground inspections
- Swimming pool audit
- Libraries
- Rubbish and recycling – diversion of waste from landfill
- ANZAC Day, our volunteer morning tea and industry graduation events were unable to be organised due to COVID-19 restrictions.
- Animal Control property visits were also restricted during lockdown

We ended the financial year on a positive note with three 'Restart 2020' business events – in Matamata, Morrinsville and Te Aroha. These events provided an opportunity for Council to celebrate and thank local businesses, and recognise their contributions to the economy.

Further details on these and other performance measures can be found in the full Annual Report.

Explanations for major variations between the actual results for the year and the budget in Council's 2019/20 Annual Plan are as follows:

Statement of financial position

Current assets were significantly higher than budgeted largely due to higher deposits held at balance date, and Government subsidies and grants receivable as well as \$818,000 in development contributions.

Non-current assets were higher than budgeted due to the increase in the book value of our investment in the Waikato Regional Airport which was not budgeted for. The revaluation of assets was significantly higher than estimated for consecutive years and we've had a higher level of assets being vested in Council than budgeted over this time as well. These increases to the value of our asset base were offset by a delay in the delivery of the capital works programme as outlined below.

Current liabilities were significantly higher than budgeted. Accounts payable at 30 June were high due to the large number of capital works projects in progress at balance date as well as expenses accrued in respect of the variation to the solid waste contract. Revenue received in advance (mainly from rates) was higher than budgeted but in line with the previous year. Current employee entitlements were higher than budgeted, particularly annual leave, due in part to the impact of Covid-19 on employees' leave plans.

Non-current liabilities were lower than budgeted, mainly due to the delay in the capital works programme over consecutive years resulting in less debt than anticipated. Also a liability is recognised at year end for the unfavourable valuation of our interest rate swap portfolio at 30 June 2020.

We did not complete the full programme of capital work budgeted for the year, and we are catching up on some projects carried forward from prior years. This has reflected in our statement of financial position with less assets being added to our books, and also less borrowings being required compared to the level budgeted. During the year we had budgeted to spend \$33.3 million on developing new or renewing our existing assets and infrastructure. We spent \$18.7 million, and some of this included the completion of projects that had been carried forward from prior years. More detail of these projects is included in the full Annual Report.

Additional disclosures and accounting policies

Reporting entity

Matamata-Piako District Council (the Council) is a local authority established under the Local Government Act 2002 (LGA) and is domiciled and operates in New Zealand. The relevant legislation governing the Council's operations includes the LGA and the Local Government (Rating) Act 2002. The Council provides local infrastructure, local public services, and performs regulatory functions to the community. Council has designated itself as a Public Benefit Entity (PBE) for financial reporting purposes. The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000). There has been the following change in accounting policy, regarding interests in other entities. In January 2017, the XRB issued new standards for interests in other entities (PBE IPSAS 34 - 38). These new standards replaced the previous standards for interests in other entities (PBE IPSAS 6 - 8). The new standards have been applied in preparing the 30 June 2020 financial statements, but there has been no material impact.

Capital Commitments

At 30 June 2020, Council have commitments of \$2.6 million for projects where contracts have been entered into but goods or services have not been received (2019, \$2.8 million).

Contingent Liabilities

Local Government Funding Agency

Council is a guarantor of the New Zealand Local Government Funding Agency Limited (LGFA). The LGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand. LGFA has a local currency rating from Fitch Ratings and Standard and Poor's of AA+ and a foreign currency rating of AA. As at 30 June 2020, LGFA has 30 local authority shareholders and Matamata-Piako District Council is one of 24 local authority guarantors of the LGFA. Together with the other shareholders and guarantors, Council is a guarantor of all of LGFA's borrowings. At 30 June 2020, LGFA had borrowings totaling \$11,908m (2019: \$9,531m).

Breakdown of contingent liabilities and further information

There are no contingent assets (2019: nil).

\$10,990,000	Face value of bonds on issue
\$75,735	Accrued interest on bonds on issue
\$647,500	Bills on issue
\$194,268	Treasury stock lent to counterparties under bond repurchase agreements

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

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

Te Aroha wastewater resource consent

Under the resource consent issued by Waikato Regional Council for the Te Aroha Wastewater Treatment plant during 2016, if Council fails to meet annual nitrate discharge conditions as per the consent, then an annual sum of \$15,000 will be payable to the local Wetlands Trust.

Ministry of Education and Carter Holt Harvey (CHH)

In 2013, the Ministry of Education (MOE) initiated High Court proceedings against Carter Holt Harvey (CHH) and others alleging inherent defects in the shadowclad plywood cladding sheets manufactured and distributed by CHH. The MOE's original claim against CHH was for 833 school buildings, 29 of which are located within the Matamata-Piako District. In 2016, CHH commenced proceedings against 48 Councils, including Matamata-Piako District Council, alleging a breach of duty in the processing of building consents, undertaking building inspections and issuing Code Compliance Certificates, 28 school buildings (two in Matamata District) built outside the 10 year long stop contained within the Building Act 2004 have since been struck out by the High Court. The court had directed that the trial be staged. The first stage was a six month hearing commencing in August 2020 (delayed due to COVID-19), to determine whether shadow clad was inherently defective. Uncertainty existed at the end of the current and preceding period but a notice of discontinuance signed on 3 September 2020 has now removed the uncertainty and the Council is no longer subject to this legal proceeding and no settlement by the Council was involved.

Worksafe Investigation

Council is involved in a Worksafe investigation relating to a notifiable incident involving a Council contractor. At this stage the investigation by WorkSafe is at a preliminary stage, and it is too soon to forecast whether WorkSafe will take any enforcement action against Council or the Contractor, if a prosecution is commenced and Council found liable, Council will face a potential financial exposure in the order of \$400,000-\$500,000, including legal costs. At present there is insufficient in-formation available to indicate whether prosecution is likely.

Events after balance date

Three Waters Reform

In July 2020, the Government announced a \$761 million funding package to provide post COVID-19 stimulus to maintain, improve three waters infrastructure (Water, Wastewater and Stormwater), support a three-year programme of reform of local government water service delivery arrangements (reform programme), and support the establishment of Tauranga Arowai, the new Waters Services Regulator.

The reform programme is designed to support economic recovery, and address persistent systemic issues facing the three waters sector, through a combination of:

- stimulating investment, to assist economic recovery through job creation, and maintain investment in water infrastructure renewals and maintenance; and
- reforming current water service delivery, into larger scale providers, to realise significant economic, public health, environmental, and other benefits over the medium to long term.

Initial funding from the stimulus package will be made available to those councils that agree to participate in the first stage of the reform programme, through a Memorandum of Understanding (MoU), Funding Agreement, and approved Delivery Plan. Matamata-Piako District Council signed the MoU at the end of August 2020, and the Funding Agreement and Delivery Plan were submitted and approved at the end of September 2020. Under these agreements, Council will receive funding for the three waters of approximately \$4.94 million that is intended to support economic recovery, enable improvements in water service delivery, and progress the service delivery reform programme.

ANNUAL REPORT DISCLOSURE STATEMENT FOR THE YEAR ENDING 30 JUNE 2020

What is the purpose of this statement?

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

Rates affordability benchmark

- The Council meets the rates affordability benchmark if:
- Its actual rates income equals or is less than each quantified limit on rates;
 - Its actual rates increases equal or are less than each quantified limit on rates increases.

Rates (income) affordability

The following graph compares the Council's actual rates income with a quantified limit on rates contained in the financial strategy included in the Council's Long Term Plan.

The quantified limit from the financial strategy included in the 2018-28 LTP is: Annual rates income¹ will not increase by more than 4%.



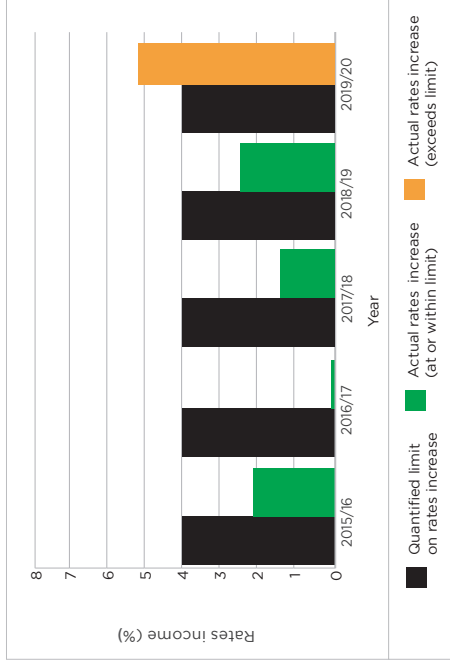
Comment:

The limit on rates income for 2019/20 was set at \$34.2 million. Actual rates income (excluding penalties and metered water revenue) was \$34.6 million. In the process of preparing the annual budget, Council makes an assumption for the additional value expected to be added to the rating base (i.e. due to subdivisions or new builds/improvements) that will be captured in time for the calculation of the rates strike at 1 July the following financial year. Council had budgeted the rate income to be \$34.2 million for 2019/20. However, the amount of growth in the rating base at 1 July 2019 exceeded the level expected, resulting in more rates income than budgeted.

Rates (increases) affordability

The following graph compares the Council's actual rates increases with a quantified limit on rates increases included in the financial strategy in the Council's Long Term Plan.

The quantified limit from the financial strategy included in the 2018-28 LTP is: Annual rates increases¹ will not be more than 4%.

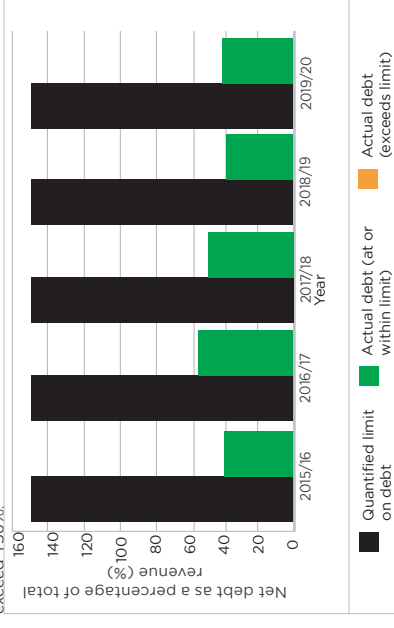


Comment:

The actual rates increase (excluding penalties and metered water revenue) for 2019/20 was 5.2%, compared to the financial strategy limit of 4%. In the process of preparing the annual budget, Council makes an assumption for the additional value expected to be added to the rating base (i.e. due to subdivisions or new builds/improvements) that will be captured in time for the calculation of the rates strike at 1 July the following financial year. Council had budgeted the rate increase to be 3.83% for 2019/20. However, the amount of growth in the rating base at 1 July 2019 exceeded the level expected, resulting in rates increasing more than budgeted.

Debt affordability benchmark

The Council meets the debt affordability benchmark if its actual borrowing is within the quantified limit on borrowing. The following graph compares the Council's actual borrowing with the quantified limit on borrowing stated in the Financial Strategy included in the Council's Long Term Plan. The quantified limit is: net debt as a percentage of total revenue² will not exceed 150%.



Comment:

Council's net debt as a percentage of total revenue sits at 42% at 30 June 2020 and has remained well below the limit of 150% for the last five years. The limit of 150% is considered (by independent professionals) to be a prudent limit for a council of our size and nature.

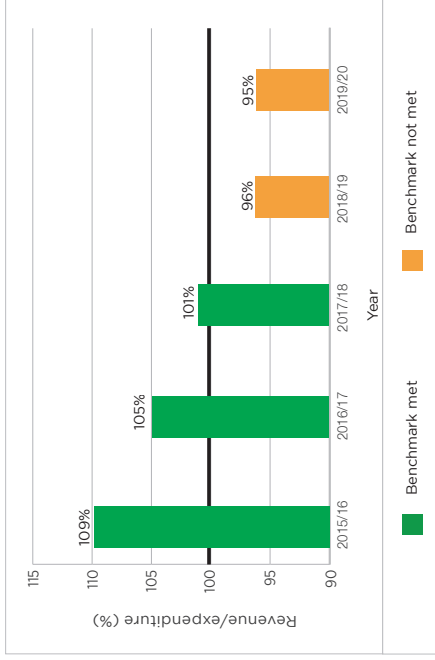
¹ For the purpose of these calculations, rates income excludes penalties (which are not budgeted for) and metered water revenue (the majority of which comes from a few large industrial users). These items are excluded as the level of income received is not within Council's direct control.

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



Balanced budget benchmark

The following graph displays the Council's revenue (excluding development contributions, financial contributions, vested 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 reseat roads, the old replaced assets are "disposed of" and the "loss" from doing so is recorded as "operating expenses". Council does not rate to cover this. At the same time, operating revenue also includes subsidies that Council receives to maintain and replace roading in the district. This revenue is included in operating, however the cost is not reflected as an operating expense - it is capital expenditure.

Essential services benchmark

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

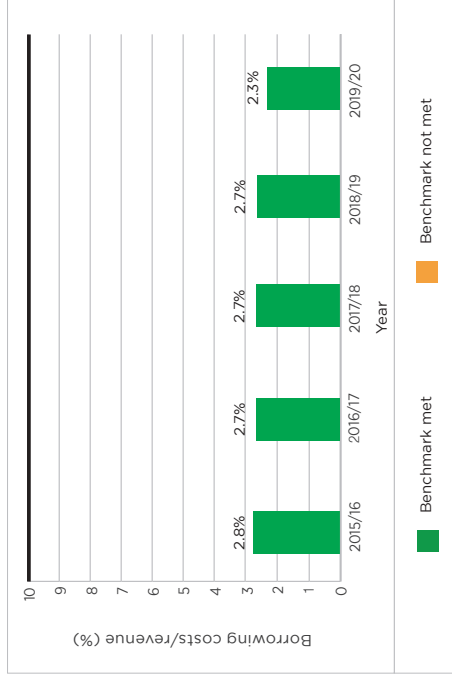


Comment:

Council's capital spending is not programmed on a straight-line basis consistent with depreciation. Over the five years shown, the capital spend averages 116% of depreciation.

Debt servicing benchmark

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



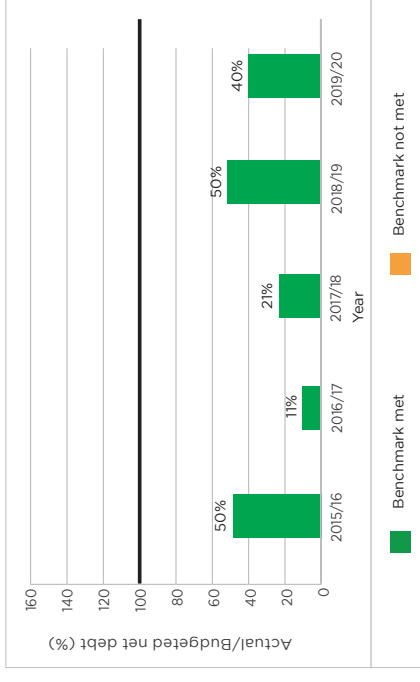
Comment:

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



Debt control benchmark

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

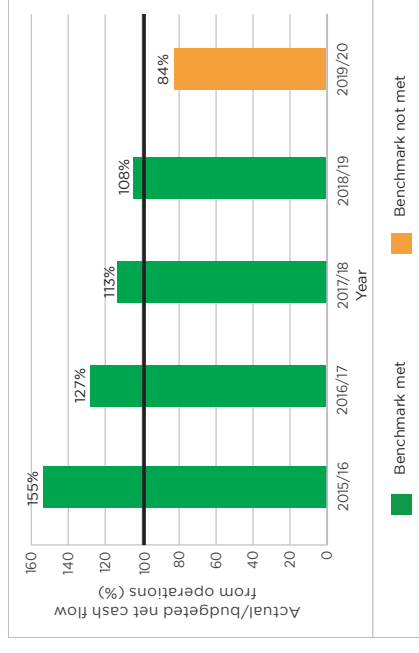


Comment:

Debt over the last five years has been lower than budgeted due to delayed capital spending, and maturing investments/surplus cash have been used to repay debt or internally fund capital work.

Operations control benchmark

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



Comment:

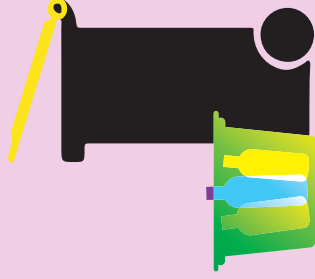
This year Council's operating expenses significantly exceeded budget (particularly Water and Rubbish and Recycling), so our net cash flow from operating activities was lower than budgeted.



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WE ARE.

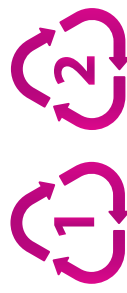
Helping you recycle smarter.



On 1 June 2020, we reluctantly made some changes to which plastics you can put in your kerbside wheelee bin. Historically, New Zealand was sending plastics 3-through-to-7 to China, who were taking the majority of the world's plastic. In 2018, China enacted their National Sword Policy, banning imported plastics which were often contaminated and ended up in their landfills. Without any way to recycle those plastics in New Zealand, they are headed for landfill. Now, the Ministry for the Environment is encouraging all councils to only accept plastic grades 1-2 and 5 where possible.



These five things can be recycled*



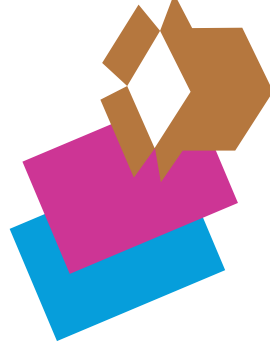
**Clean plastics
grades 1-2
(lids removed)**



Clean tins



**Clean
aluminium**



**Dry paper
and cardboard**



**Clean glass
(in green bin)**

*Anything else needs to go in your rubbish bag
If in doubt, throw it out