
PŪRONGO Ā-TAU 2019/20 ANNUAL REPORT

9 DECEMBER 2020

MATAMATA-PIAKO

LIFESTYLE. OPPORTUNITIES.

HOME.

STATEMENT OF COMPLIANCE



COMPLIANCE

The Council and management of Matamata-Piako District Council confirm that all statutory requirements of the Local Government Act 2002 have been complied with in relation to the preparation of this Annual Report.

RESPONSIBILITY

The Council and management of Matamata-Piako District Council accept:

- Responsibility for the preparation of the annual Financial Statements and the judgements used in them.
- Responsibility for establishing and maintaining a system of internal controls designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the opinion of the Council and management of Matamata-Piako District Council, the Financial Statements for the period ended 30 June 2020 fairly reflect the financial position and operations of the Matamata-Piako District Council.

Ash Tanner, Mayor

Don McLeod, Chief Executive Officer

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WELCOME

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 drought's 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

"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."

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.'

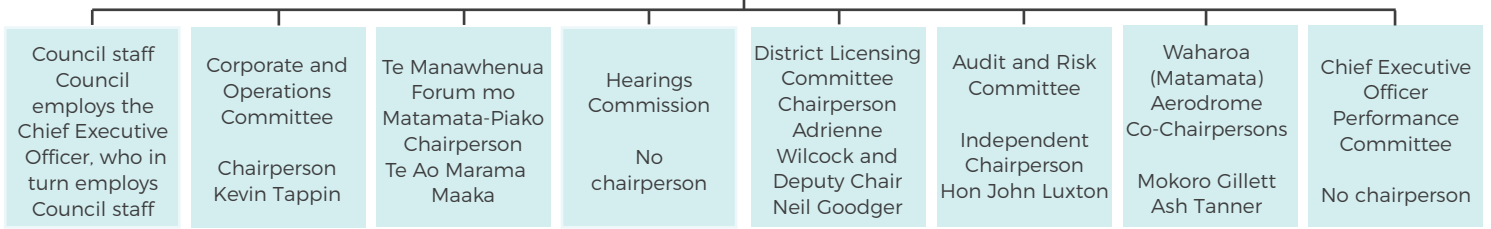
Bring on the next 12 months.



ASH TANNER
MAYOR

COUNCIL

COUNCILLORS & MAYOR



ASH TANNER
MAYOR



CAITLIN CASEY
TE AROHA WARD



TEENA CORNES
TE AROHA WARD



RUSSELL SMITH
TE AROHA WARD



JAMES SAINSBURY
MATAMATA WARD



KEVIN TAPPIN
MATAMATA WARD



SUE WHITING
MATAMATA WARD



ADRIENNE WILCOCK
MATAMATA WARD



DONNA ARNOLD
MORRINSVILLE WARD



BRUCE DEWHURST
MORRINSVILLE WARD



NEIL GOODGER
DEPUTY MAYOR
MORRINSVILLE WARD



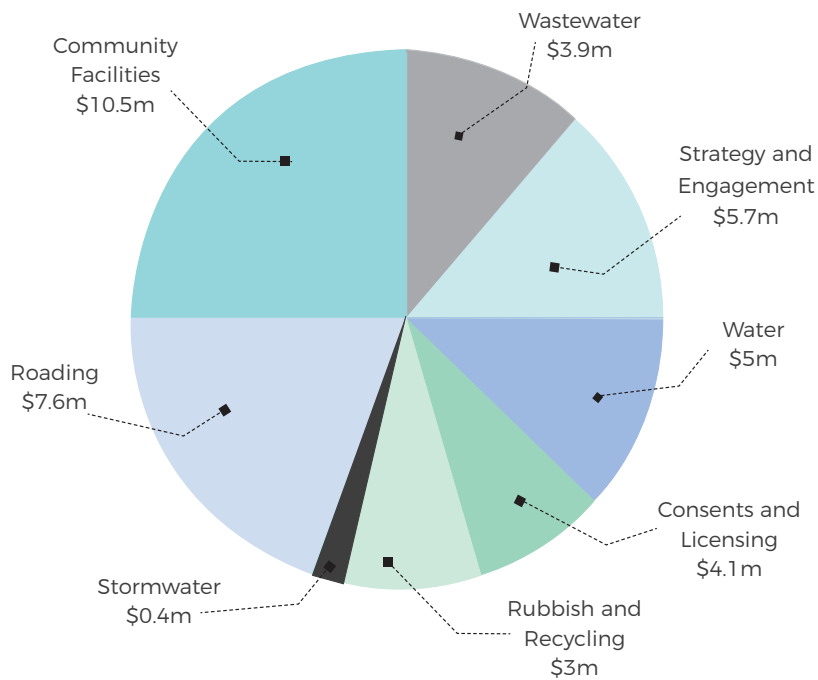
JAMES THOMAS
MORRINSVILLE WARD

INDEPENDENT AUDITOR'S REPORT

FINANCIAL SUMMARY

	Actual 2018/19	Budget 2019/20	Actual 2019/20
	(\$000)	(\$000)	(\$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

2019/20 OPERATING EXPENDITURE



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 \$5.0 million higher than budgeted, our overall expenses for the year were also \$6.0 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.

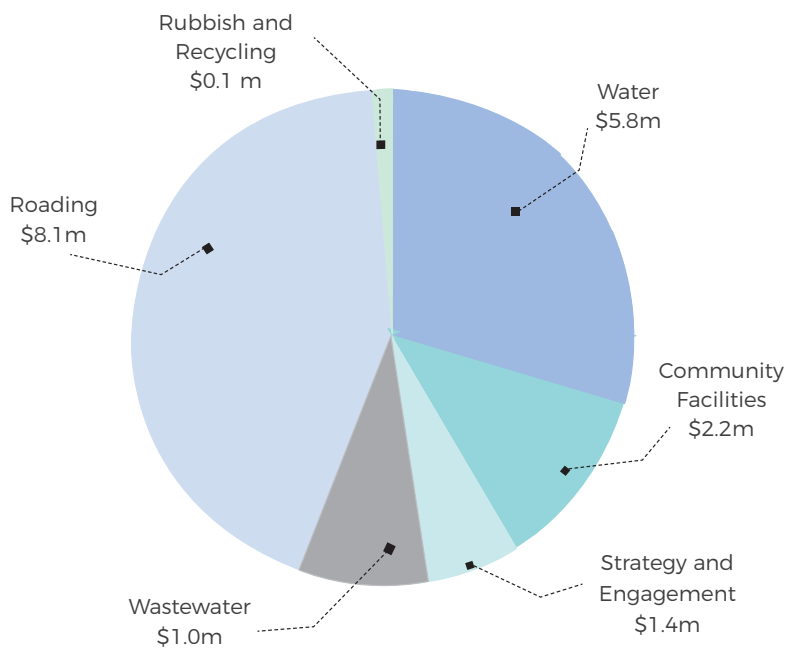
Despite the impairment recognised in respect of WRAL, the carrying value of Council's overall investment in the company increased by \$1.8 million for the year, largely as a result of property development and an increase in the valuation of the WRAL's property development assets.

The revaluation of our infrastructural assets at 1 July 2019, resulted in an increase in values of \$8.5 million more than had been budgeted.

	Actual 2018/19	Budget 2019/20	Actual 2019/20
	(\$000)	(\$000)	(\$000)
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

2019/20 CAPITAL EXPENDITURE



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 have been no changes in accounting policies during the financial year.

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 counterparts 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 expo-sure 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 Taumata 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.

CUSTOMER SURVEY 2019/20

Each year as part of the Annual Report, we undertake a community views survey. The purpose of this survey is to gauge residents' perception of performance for our services and facilities. The survey is undertaken by an independent research company who conduct telephone and online interviewing of randomly selected residents. The sample size is selected based on the latest population demographic information from Census. This year our sample size was 400 randomly selected residents, from the three wards – Matamata, Morrinsville and Te Aroha, with weighting applied for age and gender. This sample group gave us a margin of error of +/- 4.90% at the 95% confidence interval.

In other words, if this survey were to be repeated again with a different set of randomly selected respondents at a similar time, there would be a very high probability that the results would be within 5% of the original results.

YOUR DISTRICT

Area 175,477 hectares	2017/18	2018/19	2019/20
Number of electors (enrolled)*	23,767	23,768	23,393
Number of rating units**	15,015	15,163	15,070
Value of improvements**	\$4,543,681,400	\$4,619,325,900	\$4,654,320,900
Net land value**	\$8,240,602,000	\$8,272,574,800	\$8,275,337,800
Total Capital value**	\$12,784,283,400	\$12,891,900,700	\$12,929,658,700
Total rates***	\$31,324,000	\$32,178,000	\$33,881,000
Average total rates per rating unit	\$2.086	\$2.122	\$2.248

*Electoral enrolment centre.

** At the end of the preceding financial year.

*** Excludes metered water rates, targeted rates from industries, lump-sum contributions and penalties.

PERFORMANCE SUMMARY

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 half not achieved and four that were not achieved were on track 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

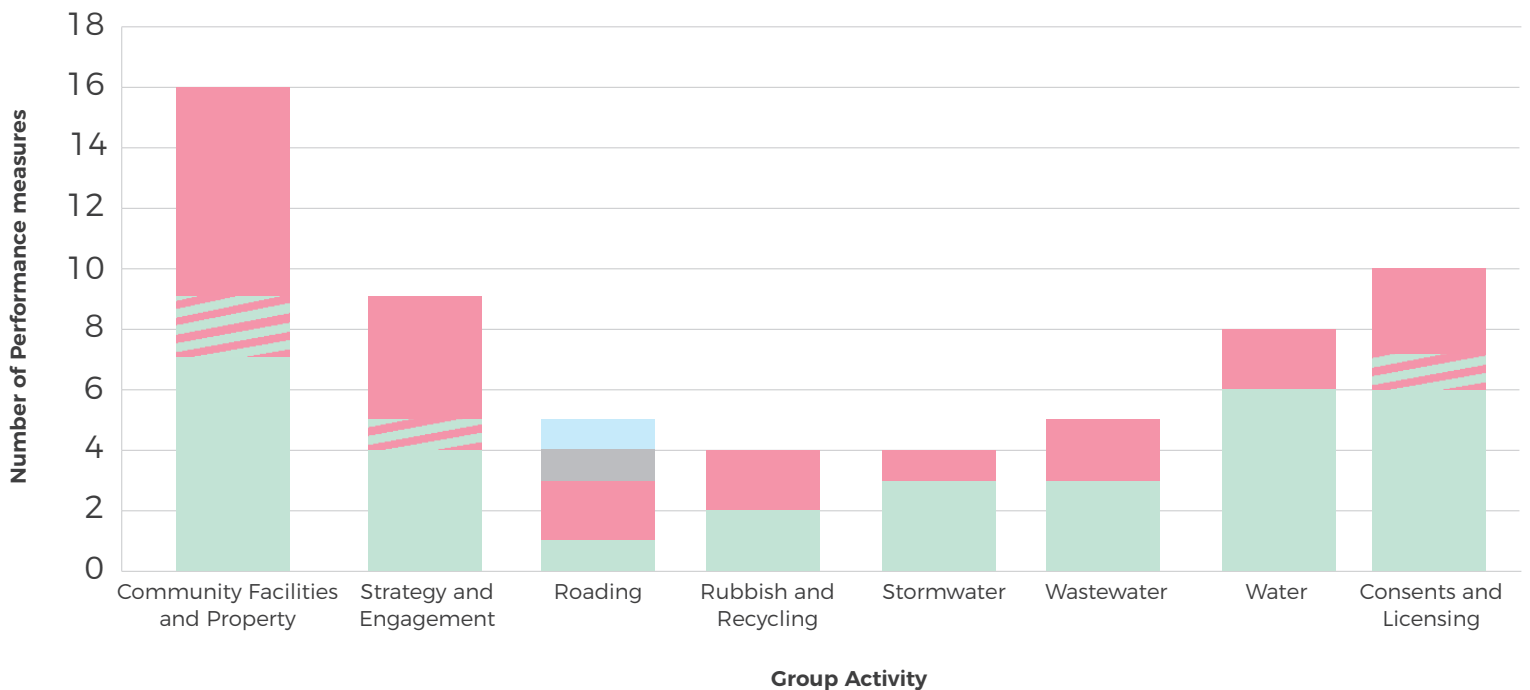
This is about making good decisions for the future of our community. The activities responsible for this are Civil Defence, Communications and Events, Community Leadership and Strategies and Plans.

INFRASTRUCTURE

Represents many of the responsibilities that Council has historically managed, including Roothing, 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.



COVID-19 IMPACT ON OUR BUSINESS

The global Covid-19 pandemic continues to develop across the world. In response to the pandemic and threat to public health New Zealand went into lockdown on Wednesday 25 March and Auckland again on Wednesday 12 August. The long-term impact on local, regional and national economies is yet to be determined.

COUNCIL'S ROLE IN RECOVERY

Local Government alongside Central Government is seen to play a pivotal role in community recovery. In particular in terms of maintaining cash flow to the community and local businesses and provide financial stimulus to the local economy, through its capital works programme and operations.

As part of the response to COVID-19 Council has:

- supported and promoted a Shop Local campaign
- continued to fund capital projects in the 20/21 Annual Plan
- reviewed procurement processes to support use of local businesses

Council also made several applications for capital funding from Central Government through various avenues including drought funding from NEMA, and funding for shovel ready projects through MBIE. As a result funding was received for:

- \$640,000 from the Provincial Growth Fund to seal the cycleway between Te Aroha and Matamata.
- Approximately \$90,000 from Waka Kotahi (New Zealand Transport Agency) towards the Business Bubble Zones in Morrinsville to improve pedestrian spaces Emergency Response

Council has an Incident Management Team to coordinate any response to COVID-19 with Civil Defence, Ministry of Health and other agencies.

The Civil Defence operation's focus was primarily on welfare – ensuring people were looked after and had everything they need (food, medication etc.) to get through the 2019/20 lockdown. Council also provided staff to the Group Emergency Coordination Centre in Hamilton (the Civil Defence response for the whole of the Waikato)

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.

- 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.
- 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
- 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.

There was no notable change in the collection of rates or other receivables during the final quarter of the year.

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.

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.

PHYSICAL WORKS

Progress on some projects was delayed as a result of lockdown, this included –

- The development of a new playground at Bank Road Reserve Matamata
- Construction of the Matamata Indoor Sports facility - Headon Stadium
- Progress on the Compliance recovery programme for water was delayed
- Roding work – including NZTA subsidised work.

OTHER SERVICES

Council services in other areas were impacted by COVID-19 and lockdown. While many of our services are on-line we did have some challenges – for example:

- Resource and Building Consent inspections (these would have needed staff on site which was not permitted)
- Access to some non-electronic property file information to produce LIMs was restricted
- Council held meetings via Zoom with live streaming
- Over-the-counter services such as cash payments for rates and other debts was not possible.
- Water meters were not able to be read at the end of the March quarter, but were caught up in the final scheduled readings for the year in June.

PERFORMANCE MEASURES

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 audits
- 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 this report.



COMMUNITY OUTCOMES

LIFESTYLE. OPPORTUNITIES. HOME.

As part of our work for the Long Term Plan we have created a new vision and set of outcomes for the district. We want to offer a unique town and country lifestyle and provide opportunities for growth and investment. Most importantly, Matamata-Piako is home - a place we love, a place we are proud of and a place where we belong.

OUR VISION AND COMMUNITY OUTCOMES


Early on in the development of the Long Term Plan 2018-28, we reviewed our community outcomes, which form the basis of Council's vision for our community.

To do this we looked at:

- Our existing community outcomes and vision to assess whether they are still relevant to the community needs and whether they matched with Council's areas of focus and aspirations
- Our issues and challenges
- Our priorities for the future
- Discussed our vision and outcomes with the Te Manawhenua Forum Mo Matamata-Piako

The outcome of this process was a new 'strategic direction'.

Our vision is to make Matamata-Piako 'the place of choice', this vision will provide guidance and inspiration for Council's activities for the next 10 years and beyond. To make this vision a reality we see ourselves enabling the community in five key areas, with 15 specific outcomes we want to achieve.

OUR COMMUNITY OUTCOMES				
CONNECTED INFRASTRUCTURE	ECONOMIC OPPORTUNITIES	HEALTHY COMMUNITIES	ENVIRONMENTAL SUSTAINABILITY	VIBRANT CULTURAL VALUES
				
Infrastructure and services are fit for purpose and affordable, now and in the future.	We are a business friendly Council.	Our community is safe, healthy and connected.	We support environmentally friendly practices and technologies.	We promote and protect our arts, culture, historic, and natural resources.
Quality infrastructure is provided to support community wellbeing.	Our future planning enables sustainable growth in our district.	We encourage the use and development of our facilities.	Development occurs in a sustainable and respectful manner considering kawa/ protocol and tikanga/customs.	We value and encourage strong relationships with Iwi and other cultures, recognising waahi tapu and taonga/significant and treasured sites and whakapapa/ ancestral heritage.
We have positive partnerships with external providers of infrastructure to our communities.	We provide leadership and advocacy is provided to enable our communities to grow.	We encourage community engagement and provide sound and visionary decision making.	We engage with our regional and national partners to ensure positive environmental outcomes for our community.	Tangata Whenua with Manawhenua status (those with authority over the land under Māori lore) have meaningful involvement in decision making.

MĀORI PARTICIPATION IN COUNCIL DECISION MAKING

Under the Local Government Act 2002, we need to establish and maintain processes to provide opportunities for Māori to contribute to our decision making processes. Part of Council's vision is to support the vibrant cultural values of our district. A 'vibrant community' will mean different things to different people – but is generally about positivity and the presence of something alive and wonderful. Our cultural values are generally common standards of what is acceptable or unacceptable, important or unimportant, right or wrong, workable or unworkable – and these standards also help shape a vibrant community. We have identified that we will cultivate these values through promoting and protecting our arts, culture, historic and natural resources, encouraging strong relationships with Iwi and other cultures and ensuring Tangata Whenua with Manawhenua status (those with authority over the land) have meaningful involvement in decision making.

TE MANAWHENUA FORUM MO MATAMATA-PIAKO

Te Manawhenua Forum mo Matamata-Piako (the Forum) is a committee of Council that has been developed under a Heads of Agreement with the Forum. The purpose of the Forum is to facilitate Manawhenua contribution to our decision making. Several Iwi have rohe (ancestral lands) or interests in our district, including Ngāti Hāua, Ngāti Rāhiri Tumutumu, Raukawa, Ngāti Maru, Ngāti Whanaunga, Ngāti Paoa, Ngāti Tamaterā and Ngāti Hinerangi.

RESOURCE MANAGEMENT ACT 1991 (RMA)

We are currently undertaking a rolling review of the District Plan in which we provide updates and seek feedback from Te Manawhenua Forum as well as RMA mandated representatives from each of the Iwi within our rohe. Moving forward, changes to the RMA provide for the development of Mana Whakahono ā Rohe (Iwi participation arrangements). The purpose of a Mana Whakahono ā Rohe is to provide a mechanism for councils and Iwi to come to agreement on ways Tangata Whenua may participate in RMA decision making, and to assist councils with their statutory obligations to Tangata Whenua under the RMA. We expect these agreements to be developed in the near future. In regards to resource consents, a list of all the resource consents that are lodged are sent weekly to a number of Iwi representatives.

TREATY OF WAITANGI SETTLEMENTS

Treaty of Waitangi claims and settlements have been a significant feature of New Zealand race relations and politics since 1975. Over the last 30 years New Zealand governments have provided formal, legal and political opportunities for Māori to seek redress for breaches by the Crown of the guarantees set out in the Treaty of Waitangi.

Iwi in and around the Matamata-Piako District are currently negotiating with the Crown and are at various stages of settling Treaty of Waitangi claims. While these agreements are between the Crown and Iwi, we will be affected by the outcome of these settlements, particularly where Iwi are seeking co-governance of natural resources.

HAURAKI TREATY OF WAITANGI SETTLEMENTS

In 2009, the 12 Iwi of Hauraki formed the Pare Hauraki Collective for the purpose of negotiating a Treaty settlement. The 12 Iwi are Hako, Ngāi Tai ki Tāmaki, Ngāti Hei, Ngāti Maru, Ngāti Paoa, Ngāti Porou ki Hauraki, Ngāti Pūkenga, Ngāti Rāhiri Tumutumu, Ngāti Tamaterā, Ngāti Tara Tokanui, Ngāti Whanaunga and Te Patukirikiri. The areas of interest of the Iwi of Hauraki extend from the Mahurangi coast in the north to the western Bay of Plenty and include the islands of the Hauraki Gulf/Tikapa Moana. On 1 October 2010, the Crown and the Pare Hauraki Collective signed a Framework Agreement which outlined the process for ongoing negotiations towards settlement of shared claims and included the potential elements of a collective settlement.

On 22 July 2011, the Iwi of Hauraki all signed Iwi-specific Agreement in Principle Equivalents which expanded upon the framework agreement and included Iwi specific offers to negotiate further redress. On 22 December 2016, the Crown and the Pare Hauraki Collective initialled the Pare Hauraki Collective Redress Deed (the Deed). The Deed has been ratified by the members of the Iwi of Hauraki. The Deed includes both cultural redress and commercial redress. It does not include financial redress, which each of the 12 Iwi of Hauraki will receive through their Iwi-specific settlements. The full and final settlement of historical Treaty of Waitangi claims of the Iwi of Hauraki will be made through Iwi-specific settlements.

NGĀTI HINERANGI TREATY OF WAITANGI SETTLEMENT

Ngāti Hinerangi are an Iwi based in Matamata with an area of interest extending from the eastern Waikato to Tauranga including part of the Kaimai Range. In 2014, the Crown recognised the mandate of the Ngāti Hinerangi Trust to represent Ngāti Hinerangi in negotiating a comprehensive historical Treaty settlement. The Crown signed Terms of Negotiation with the Ngāti Hinerangi Trust in February 2014.

In December 2015, the Crown and Ngāti Hinerangi signed an agreement in principle which formed the basis for this settlement. On 14 December 2018, Ngāti Hinerangi and the Crown initialled a Deed of Settlement. On 4 May 2019, Ngāti Hinerangi and the Crown signed a Deed of Settlement. On 21 July 2020 the Ngāti Hinerangi Claims Settlement Bill had its second reading. The settlement will be implemented following the passage of settlement legislation.

RAUKAWA TREATY OF WAITANGI SETTLEMENT

The Crown has settled the claims of the Raukawa Iwi with legislation to give effect to the deed of settlement signed on 2 June 2012 in which the Crown and Raukawa agreed to the final settlement of the historical claims of Raukawa. The Raukawa Claims Settlement Act 2014 passed into law in March 2014. There were no specific arrangements between Council and Raukawa, such as those in the Ngāti Hāua Claims Settlement Act 2014. As with other settlement processes, Raukawa may now be in a position to consider developing documents such as Iwi Management Plans for the areas of their rohe (ancestral lands) that fall within the Matamata-Piako District. Raukawa have also released Te Rautaki Taiao a Raukawa (Raukawa Environmental Management Plan) 2015. Council has been required to include statutory acknowledgements of the Crown in its District Plan.

The purpose of the statutory acknowledgement is to:

- Require relevant consent authorities including Council, the Environment Court and Heritage New Zealand Pouhere Taonga to have regard to the statutory acknowledgement
- Require relevant consent authorities to record the statutory acknowledgement on statutory plans that relate to the statutory areas. Also for a period of 20 years from the effective date
- To provide the trustees with summaries of resource consent applications or copies of notices of applications for activities within, adjacent to or directly affecting the areas listed below
- Enable the trustees and any member of Raukawa to cite the statutory acknowledgment as evidence of the association of Raukawa with a statutory area
- The statutory acknowledgements for Raukawa in the Matamata-Piako District cover:
 - Part of the Kaimai-Mamaku Conservation Park
 - The Okauia and Taihoa geothermal fields
 - Parts of the Waihou River and its tributaries
 - Part of Lake Karapiro

More information on the statutory acknowledgements for Raukawa can be found in the Raukawa Claims Settlement Act 2014 (legislation.govt.nz) and Appendix 10 of the Matamata- Piako Operative District Plan (mpdc.govt.nz).

NGĀTI HĀUA TREATY OF WAITANGI SETTLEMENT

Council was engaged in the Ngāti Hāua Treaty of Waitangi settlement negotiations. The Ngāti Hāua Claims Settlement Act 2014 was passed into law in December 2014. The Act gives effect to the deed of settlement signed on 18 July 2013 in which the Crown and Ngāti Hāua agreed to the final settlement of the non-raupata historical Treaty of Waitangi claims. The settlement package includes recognition of breaches of the Treaty of Waitangi, cultural and spiritual redress in the return of significant sites and financial redress. One site of significance to Ngāti Hāua is the Waharoa (Matamata) Aerodrome.

As part of settlement, the Council, the Crown and Ngāti Hāua agreed that a co-governance committee called the Waharoa (Matamata) Aerodrome Committee comprising of Ngāti Hāua and Council representatives (the Committee) would be established for the Waharoa Aerodrome. The Committee was created in 2015 by legislation under the Ngāti Hāua Claims Settlement Act 2014. The Committee includes the Mayor, Deputy Mayor, one Council appointed member and three members appointed by the Ngāti Hāua Iwi Trust Board.

The functions of the Committee, as set out in the Ngāti Hāua Claims Settlement Act 2014 are to:

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

SECTION TWO: PŪTEA | FINANCIALS



FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

For the year ended 30 June 2020

Actual 2018/19		Notes	Annual Plan 2019/20	Actual 2019/20
\$000			\$000	\$000
Revenue				
34,824	Rates	2	36,348	36,801
7,468	Subsidies and grants	2	6,846	7,948
7,481	Fees and charges	2	7,401	7,664
3,023	Development and financial contributions		1,370	2,143
584	Interest revenue	2	303	231
3,745	Other revenue	2	474	3,156
57,125	Total revenue		52,742	57,943
Expenses				
15,271	Personnel costs	3	16,959	16,505
14,396	Depreciation and amortisation	15	14,729	14,651
1,379	Finance costs	4	1,098	1,226
23,059	Other expenses	5	17,609	24,076
54,105	Total expenses		50,395	56,458
3	Share of joint venture surplus/(deficit)	12	-	-
3,023	Surplus/(deficit)		2,347	1,485
Other comprehensive revenue and expense				
1,926	Financial assets at fair value through other comprehensive revenue and expense	21	-	1,777
18,002	Property, plant and equipment revaluations	21	12,032	20,547
19,928	Total other comprehensive revenue and expense		12,032	22,324
22,951	Total comprehensive revenue and expense		14,379	23,809

Explanations of major variances against budget are provided in Note 25. The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2020

Actual 2018/19		Notes	Annual Plan 2019/20	Actual 2019/20
\$000			\$000	\$000
607,701	Balance at 1 July		626,768	630,652
22,951	Total comprehensive revenue and expense for the year		14,379	23,809
630,652	Balance at 30 June		641,147	654,461

Explanations of major variances against budget are provided in Note 25. The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

Actual 2018/19		Notes	Annual Plan 2019/20	Actual 2019/20
\$000			\$000	\$000
Assets				
Current assets				
3,587	Cash and cash equivalents	6	1,280	4,292
5,439	Receivables	7	3,958	5,582
399	Prepayments		-	393
650	Inventory	8	839	870
264	Non-current assets held for sale	9	-	-
Other financial assets				
7,900	- Term Deposits	11	6,800	5,400
-	- Investments in CCOs and other similar entities	11	112	112
35	- Investments in other entities	11	33	35
18,274	Total current assets		13,022	16,684
Non-current assets				
Other financial assets				
15,692	- Investments in CCOs and other similar entities	11	13,814	17,198
635,549	Property, plant and equipment	13	665,195	662,340
730	Intangible assets	14	850	689
651,971	Total non-current assets		679,859	680,227
670,245	Total assets		692,881	696,911
Liabilities				
Current liabilities				
9,241	Payables and deferred revenue	16	6,475	9,129
23	Derivative financial instruments	10	-	56
2,500	Borrowings	17	7,000	7,000
1,874	Employee entitlements	18	1,661	2,125
452	Provisions	19	-	221
14,090	Total current liabilities		15,224	18,531
Non-current liabilities				
3,001	Derivative financial instruments	10	-	3,582
21,500	Borrowings	17	35,617	19,500
365	Employee entitlements	18	460	375
637	Provisions	19	433	462
25,503	Total non-current liabilities		36,510	23,919
39,593	Total liabilities		51,734	42,450
630,652	Net assets (assets minus liabilities)		641,147	654,461
Equity				
431,350	Accumulated funds	21	434,071	430,316
199,302	Other reserves	21	207,076	224,145
630,652	Total equity		641,147	654,461

Explanations of major variances against budget are provided in Note 25. The accompanying notes form part of these financial statements.

STATEMENT OF CASHFLOWS

For the year ended 30 June 2020

Actual 2018/19	Notes	Annual Plan 2019/20	Actual 2019/20
\$000		\$000	\$000
Cashflows from operating activities			
34,902	Receipts from rates revenue	36,348	36,622
7,354	Subsidies and grants received	6,847	8,164
7,231	Fees and charges received	7,401	7,781
2,221	Development and financial contributions received	1,369	2,048
507	Interest received	303	253
39	Dividends received	-	47
356	Receipts from other revenue	274	232
(18,404)	Payments to suppliers	(17,609)	(23,649)
(15,073)	Payments to employees	(16,959)	(16,433)
(1,284)	Interest paid	(1,098)	(1,171)
(113)	GST (net)	-	286
17,736	Net cash flow from operating activities	16,876	14,180
Cash flows from investing activities			
593	Receipts from the repayment of loans and advances	-	-
112	Receipts from the sale of property, plant and equipment	-	-
4,386	Proceeds from sale/maturity of investments	-	7,900
162	Proceeds from sale of own your own properties	-	264
(19,581)	Purchase of property, plant and equipment	(33,286)	(18,503)
(97)	Purchase of intangible assets	(230)	(156)
-	Purchase of own investments	-	(5,480)
(14,425)	Net cash flows from investing activities	(33,516)	(15,975)
Cash flows from financing activities			
5,000	Proceeds from borrowings	16,859	5,000
(8,616)	Repayment of borrowings	-	(2,500)
(3,616)	Net cash flows from financing activities	16,859	2,500
(305)	Net (decrease)/increase in cash and cash equivalents	219	705
3,892	Cash and cash equivalents at the beginning of the year	1,061	3,587
3,587	Cash and cash equivalents at the end of the year	1,280	4,292

Explanations of major variances against budget are provided in Note 25. The accompanying notes form part of these financial statements.

STATEMENT OF CASHFLOWS

For the year ended 30 June 2020

Reconciliation of surplus/(deficit) to net cash flow from operating activities

Actual 2018/19		Actual 2019/20
\$000		\$000
3,023	Surplus/(deficit)	1,485
Add/(less) non-cash items		
(3)	Share of joint venture surplus/(deficit)	-
14,396	Depreciation and amortisation expense	14,651
(3,247)	Vested assets revenue	(2,877)
4	(Gains)/losses on investments in Council Controlled Organisations	239
1,088	(Gains)/losses on derivative financial instruments	614
435	Assets under construction reclassified as operating expenditure	402
(351)	Other non-cash operating items	(342)
12,322	Total non-cash items	12,687
Add/(less) items classified as investing or financing activities		
458	(Gains)/losses on disposal of property, plant and equipment	610
-	(Gains)/losses on the fair value of loans and receivables	10
458	Total items classified as investing or financing activities	620
Add/(less) movements in working capital items		
(1,481)	(Increase)/decrease in receivables	(71)
(10)	(Increase)/decrease in prepayments	6
189	(Increase)/decrease in inventory	(221)
2,766	Increase/(decrease) in payables	(181)
198	Increase/(decrease) in employee entitlements	261
271	Increase/(decrease) in provisions	(406)
1,933	Net movement in working capital items	(612)
17,736	Net cash inflow/(outflow) from operating activities	14,180

FINANCIAL STATEMENT NOTES

1. STATEMENT OF ACCOUNTING POLICIES REPORTING ENTITY

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

Up until 30 June 2019 Council had a 34% interest in a jointly controlled entity, Thames Valley Civil Defence Emergency Management Committee, together with Hauraki District Council and Thames-Coromandel District Council. Each Council had equal representation on the committee. This committee was disestablished on 30 June 2019, with Civil Defence functions being managed on a regional level.

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 of the Council are for the year ended 30 June 2020. The financial statements were authorised for issue by Council on 9 December 2020.

BASIS OF PREPARATION

The financial statements have been prepared on the going concern basis and the accounting policies have been applied consistently throughout the year.

Statement of compliance

The financial statements of the Council have been prepared in accordance with the requirements of the LGA, and the Local Government (Financial Reporting and Prudence) Regulations 2014 (LG(FRP)R), which include the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP). The financial statements have been prepared in accordance with and comply with PBE Standards.

Presentation currency and rounding

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000), other than the remuneration and the severance payment disclosures in Note 3, and the related party transaction disclosures in Note 22. The remuneration, severance payment, and related party transaction disclosures are rounded to the nearest dollar.

Standards issued and not yet effective that have been early adopted

Standards and amendments issued but not yet effective that have been early adopted are:

Changes in accounting policies

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.

Standards issued and not yet effective, and not early adopted

Standards and amendments, issued but not yet effective that have not been early adopted, and which are relevant to the Council are:

PBE IPSAS 2 Cash Flow Statements

Applies for annual periods beginning on or after 1 January 2021. Disclosure Initiative (Amendments to IAS 7), issued by the IASB in January 2016, amended IAS 7 Statement of Cash Flows to require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financial assets. The IPSASB subsequently amended IPSAS 2 Cash Flow Statements in Improvements to IPSAS, 2018 and the NZASB amended PBE IPSAS 2 in 2018 Omnibus Amendments to PBE Standards.

PBE FRS 48 Service Performance Reporting

Mandatory for annual periods beginning on or after 1 January 2021. There has been no PBE Standard dealing solely with service performance reporting. This Standard establishes new requirements for public benefit entities (PBEs) to select and present service performance information.

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

PBE IPSAS 41 Financial Instruments

PBE IPSAS 41 Financial Instruments replaces PBE IPSAS 29 Financial Instruments: Recognition and Measurement and PBE IFRS 9 Financial Instruments and is effective for financial years beginning on or after 1 January 2022, with earlier adoption permitted.

The main changes compared to PBE IPSAS 29 that are relevant to the Council are:

- New financial asset classification requirements for determining whether an asset is measured at fair value or amortised cost
- A new impairment model for financial assets based on expected losses, which might result in the earlier recognition of impairment losses.

The Council intends to adopt PBE IPSAS 41 for the 30 June 2022 financial year. The Council has not yet assessed in detail the impact of the new standard.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies are included in the notes to which they relate. Significant accounting policies that do not relate to a specific note are outlined below.

Goods and services tax (GST)

Items in the financial statements are stated exclusive of GST, except for receivables and payables which are stated on a GST inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense. The net amount of GST recoverable from or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the statement of financial position.

The net GST paid to or received from the IRD, including GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows. Commitments and contingencies are disclosed exclusive of GST.

Foreign currency transactions

Foreign currency transactions (including those subject to forward foreign exchange contracts) are translated into NZ\$ (the functional currency) using the spot exchange rate at the dates of the transactions.

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

Budget figures

The budget figures are those approved by the Council for 2019/20 in its Annual Plan 2019/20. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the Council in preparing these financial statements.

Cost allocation

Direct costs are those costs directly attributable to a significant activity. Indirect costs are those costs, which cannot be identified in an economically feasible manner, with a specific significant activity. Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities using appropriate cost drivers such as actual usage, staff numbers and floor area. The allocation of indirect costs to the activities of Council has also been benchmarked against neighbouring local authorities for moderation.

Critical accounting estimates and assumptions

In preparing these financial statements, estimates and assumptions have been made concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

- Estimating the fair value of land, buildings, and infrastructural assets – see Note 13.
- Estimating Council's provisions – see Note 19.

Critical judgments in applying accounting policies

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

- Classification of property – see Note 13.
- Fair value of investment in Waikato Regional Airport Limited – see Note 11.

2. REVENUE

Accounting policy

Revenue is measured at fair value.

The specific accounting policies for significant revenue items are explained below:

Rates revenue

The following policies for rates have been applied:

- General rates, targeted rates (excluding water-by-meter), and uniform annual general charges are recognised at the start of the financial year to which the rates resolution relates. They are recognised at the amounts due. The Council considers the effect of payment of rates by instalments is not sufficient to require discounting of rates receivables and subsequent recognition of interest revenue.
- Rates arising from late payment penalties are recognised as revenue when rates become overdue.
- Revenue from water-by-meter rates is recognised as it is invoiced.
- Rates remissions are recognised as a reduction of rates revenue when the Council has received an application that satisfies its rates remission policy.

New Zealand Transport Agency roading subsidies

The Council receives funding assistance from the New Zealand Transport Agency, which subsidises part of the costs of maintenance and capital expenditure on the local roading infrastructure. The subsidies are recognised as revenue upon entitlement, as conditions pertaining to eligible expenditure have been fulfilled.

Other grants received

Other grants are recognised as revenue when they become receivable unless there is an obligation in substance to return the funds if conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as grants received in advance and recognised as revenue when conditions of the grant are satisfied.

Fees and charges

Fees and charges are recognised as revenue when the obligation to pay arises or, in the case of license fees, upon renewal of the licence.

Private works

The revenue from private works is recognised as revenue by reference to the stage of completion of the work at balance date.

Building and resource consent revenue

Fees and charges for building and resource consent services are recognised when received or invoiced.

Infringement fees and fines

Infringement fees and fines related to animal control are recognised when the payment of the fee or fine is received.

Lease and rental revenue

Lease and rental revenue arising on property owned by us is accounted for on a straight line basis over the lease term.

Development and financial contributions

Development and financial contributions are recognised as revenue when the Council provides, or is able to provide, the service for which the contribution was charged. Otherwise development and financial contributions are recognised as liabilities until such time as the Council provides, or is able to provide, the service.

Vested or donated physical assets

For assets received for no or nominal consideration, the asset is recognised at its fair value when the Council obtains control of the asset. The fair value of the asset is recognised as revenue, unless there is a use or return condition attached to the asset. The fair value of vested or donated assets is usually determined by reference to the cost of constructing the asset. For assets received from property developments, the fair value is based on construction price information provided by the property developer. An exception to this is land under roads which is valued using the average land values for the urban and rural areas of the whole district as at 1 July 2001. For long-lived assets that must be used for a specific use (for example, land that must be used as a recreation reserve), the Council immediately recognises the fair value of the asset as revenue. A liability is recognised only if the Council expects that it will need to return or pass the asset to another party.

Found assets

Found asset revenue recognises the value of assets that we own, or where we have full control and management of the asset (and that asset is not recorded as such by any other entity), and these assets have not been previously accounted for. These assets are recognised at their fair value from the time that they are identified.

Donated and bequeathed financial assets

Donated and bequeathed financial assets are recognised as revenue unless there are substantive use or return conditions. A liability is recorded if there are substantive use or return conditions and the liability released to revenue as the conditions are met (for example, as the funds are spent for the nominated purpose).

Interest and dividends

Interest revenue is recognised using the effective interest method. Dividends are recognised when the right to receive the payment has been established.

(I) Breakdown of rates and further information

2018/19		2019/20
\$000		\$000
22,485	General rates	24,129
	Targeted rates attributable to activities:	
1,815	- Metered water supply	2,082
2,747	- Other water rates	2,906
7,053	- Wastewater	6,948
742	- Stormwater	742
249	- Refuse	259
99	- Halls	103
147	Rates penalties	147
(513)	Rates remissions	(515)
34,824	Total rates	36,801

The Council is required by the Local Government Funding Agency (LGFA) Guarantee and Indemnity Deed to disclose in its financial statements (or notes), our annual rates income. That Deed defines annual rates income as an amount equal to the total revenue from any funding mechanism authorised by the Local Government (Rating) Act 2002 together with any revenue received by the Council from other local authorities for services provided by that Council for which those other Local Authorities rate. The annual rates income of the Council for the year ended 30 June 2020 for the purposes of the LGFA Guarantee and Indemnity Deed disclosure is shown above.

(II) Breakdown of subsidies and grants

2018/19		2019/20
\$000		\$000
	Subsidies and grants for operating purposes	
2,620	New Zealand Transport Agency roading subsidies	2,753
	Provincial Growth Fund:	
180	- Te Aroha Tourism Precinct Feasibility project	230
150	- Waharoa Industrial Feasibility project	249
144	Other government subsidies	163
45	Silver Ferns Farms Events Centre donations	(45)
3,139	Total subsidies and grants for operating purposes	3,350
	Subsidies and grants for capital expenditure	
2,955	New Zealand Transport Agency roading subsidies	3,058
1,166	Te Aroha to Matamata Cycle Trail grant	1,527
208	Wairere Falls carpark grant	13
4,329	Total subsidies and grants for capital expenditure	4,598
7,468	Total subsidies and grants	7,948

(III) Breakdown of fees and charges

2018/19		2019/20
\$000		\$000
262	Property lease revenue	229
977	Property rental charges	1,055
738	Trade waste charges	655
1,061	Building consent charges	1,074
688	Resource consent charges	898
148	Liquor and health licensing fees	140
951	Rubbish and recycling charges	981
1,112	Aquatic facilities revenue	1,039
111	Library charges	92
261	Cemetery fees and charges	202
316	Community facilities charges	262
856	Other user charges	1,037
7,481	Total fees and charges	7,664

(IV) Breakdown of interest revenue

2018/19		2019/20
\$000		\$000
561	Term and on-call deposits	225
23	Listed bonds and borrower notes	6
-	Community loans	-
584	Total interest revenue	231

(V) Breakdown of other revenue

2018/19		2019/20
\$000		\$000
3,247	Vested land and infrastructure from property development	2,877
37	Fines and infringement fees	25
255	Petrol tax	207
64	Bequests and other donations	-
142	Dividend revenue	47
-	Unrealised gain on loans and receivables	-
3,745	Total other revenue	3,156

Operating leases as a lessor

Council leases its property under operating leases. The majority of these leases have cancellable terms of 36 months. Council also has one perpetual non-cancellable lease for endowment property (2019: one). The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows:

2018/19		2019/20
\$000		\$000
5	Not later than one year	5
19	Later than on year and not later than five years	19
33	Later than five years	28
57	Total non-cancellable operating leases	52

No contingent rents have been recognised during the year.

3. PERSONNEL COSTS

Accounting policy

Defined contribution superannuation scheme

Employer contributions to Kiwisaver, the Government Superannuation Fund, are accounted for as defined contribution superannuation schemes and are expensed in the surplus or deficit as incurred.

Breakdown of personnel costs and further information

2018/19		2019/20
\$000		\$000
14,754	Salaries and wages	15,902
319	Defined contribution plan employer contributions	342
198	Increase/(decrease) in employee entitlements	261
15,271	Total personnel costs	16,505

Chief Executive remuneration

The total remuneration (including and non-financial benefits) paid or payable for the year to the Chief Executive was \$349,117 (2019: \$338,185).

Elected representatives' remuneration

Elected representatives received the following remuneration:

2018/19		2019/20
\$0		\$0
32,027	Mayor Ashley Tanner	100,356
27,850	Deputy Mayor, Neil Goodger	35,832
32,027	Councillor James Thomas	33,851
29,090	Councillor Donna Arnold	36,776
31,956	Councillor Teena Cornes	32,536
27,850	Councillor Adrienne Wilcock	36,776
27,850	Councillor James Sainsbury	32,536
27,850	Councillor Kevin Tappin	36,334
-	Councillor Bruce Dewhurst	23,774
-	Councillor Sue Whiting	23,774
-	Councillor Caitlin Casey	23,774
-	Councillor Russell Smith	23,744
116,350	Ex Mayor, Janet Barnes	36,895
27,850	Ex-Councillor Paul Cronin	3,467
27,850	Ex-Councillor Brian Hunter	8,762
27,850	Ex-Councillor Peter Jager	8,762
436,400	Total elected representatives' remuneration	497,979

The amounts shown include the base salary paid to the elected representatives as well as any hearing fees. In respect of the Mayor, it also includes non-financial benefits, being the use of a motor vehicle, and the Fringe Benefit Tax paid to the Inland Revenue Department in respect of that vehicle.

*Council employee remuneration by band***Total annual remuneration by band for employees (including the Chief Executive) as at 30 June:**

Total annual remuneration by band for employees (including the Chief Executive) as at 30 June:	2019/20
	Number of employees
<\$60,000	147
\$60,000 - \$79,999	57
\$80,000 - \$99,999	29
\$100,000 - \$119,999	12
\$120,000 - \$139,999	5
\$140,000 - \$159,999	5
\$160,000 - \$349,999	4
Total employees	259

Total annual remuneration by band for employees (including the Chief Executive) as at 30 June:	2018/19
	Number of employees
<\$60,000	155
\$60,000 - \$79,999	54
\$80,000 - \$99,999	28
\$100,000 - \$119,999	9
\$120,000 - \$139,999	6
\$140,000 - \$339,999	5
Total employees	257

Total remuneration includes non-financial benefits provided to employees.

At balance date, the Council employed 151 (2019: 155) full-time employees, with the balance of staff representing 62 (2019: 56) full-time equivalent employees. A full-time employee is determined on the basis of a 40-hour working week.

Severance payments

Council did not make any severance payments during the year ended 30 June 2020 (2019: nil).

4. FINANCE COSTS**Accounting policy**

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

Breakdown of finance costs

2018/19	2019/20
\$000	\$000
Interest expense:	
809 - interest on borrowings	479
24 - discount unwind on provisions (note 19)	44
Interest derivatives (presented net):	
546 - held for trading interest rate swaps	703
1,379 Total finance costs	1,226

5. OTHER EXPENSES

Accounting policy

Grant expenditure

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

Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term. Lease incentives received are recognised in the surplus or deficit as a reduction of rental expense over the lease term.

Breakdown of other expenses and further information

2018/19		2019/20
\$000		\$000
	Fees to auditors:	
125	- fees to Audit New Zealand for audit of financial statements	127
5	- fees to Audit New Zealand for the Debenture Trust Deed audit	5
11	- fees to Audit New Zealand for independent assurance review ¹	-
534	Donations and grants	492
513	Insurance premiums	517
(20)	Movement in provision for uncollectability of receivables (Note 7)	(10)
38	Operating lease expense	42
296	Review of provisions (note 19)	(30)
1,088	Unrealised loss on interest rate swaps	614
4	Loss on investments in Council Controlled Organisations and other entities	7
-	Impairment on investment in Council Controlled Organisations	232
458	Net loss on disposal of property, plant and equipment	610
20,007	Other operating expenses	21,470
23,059	Total other expenses	24,076

¹ Audit New Zealand undertook an independent assurance review of the procurement of the 2019-2022 Road Network Maintenance contract.

6. CASH AND CASH EQUIVALENTS

Accounting policy

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

Breakdown of cash and cash equivalents and further information

2018/19		2019/20
\$000		\$000
187	Cash at bank and on hand	392
3,400	Term deposits with maturities of less than three months at acquisition	3,900
3,587	Total cash and cash equivalents	4,292

Assets recognised in a non-exchange transaction that are subject to restrictions

The Council hold unspent funds, included in cash at bank and investments of \$347,000 (2019: \$472,000) that are subject to restrictions. These unspent funds relate to endowment land sales, reserves development and bequests and trust funds (see Note 21), where the spending of funds is separately monitored. The restrictions generally specify how the funds are required to be spent.

7. RECEIVABLES

Accounting policy

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

Breakdown of receivables and further information

2018/19		2019/20
\$000		\$000
856	Rates receivables	890
283	Metered water receivables	460
1,080	New Zealand Transport Agency subsidy	1,769
217	GST receivables	-
2,629	Other general receivables	1,837
599	Accrued income	821
5,664	Receivables (gross)	5,777
(225)	Less provision for uncollectability	(195)
5,439	Total receivables	5,582
Total receivables comprise:		
4,643	Receivables from non-exchange transactions - this includes outstanding amounts for rates, grants, infringements, and fees and charges that are partly subsidised by rates	5,138
796	Receivables from exchange transactions - this includes outstanding amounts for commercial sales and fees and charges that have not been subsidised by rates	444

The New Zealand Transport Agency subsidy receivable at 30 June includes GST of \$143,264. (2019: \$59,928)

Fair value

Receivables are general short-term and non-interest bearing. Carrying value of receivables approximates their fair value.

Assessment for uncollectability

The Council does not provide for any uncollectability on rates receivable, as it has various powers under the Local Government (Rating) Act 2002 to recover any outstanding debts.

The ageing profile of receivables at year-end is detailed below:

	2019/20		
	Gross	Provision for uncollectability	Net
	\$000	\$000	\$000
Not past due	3,940	-	3,940
Past due 1 - 60 days	1,559	-	1,559
Past due 61 - 90 days	13	(3)	10
Past due > 90 days	265	(192)	73
Total	5,777	(195)	5,582
	2018/19		
	Gross	Provision for uncollectability	Net
	\$000	\$000	\$000
Not past due	5,182	-	5,182
Past due 1 - 60 days	206	-	206
Past due 61 - 90 days	30	(15)	15
Past due > 90 days	246	(210)	36
Total	5,664	(225)	5,439

7. RECEIVABLES (CONTINUED)

All receivables greater than 30 days in age are considered to be past due.

The provision for uncollectability has been calculated based on a review of specific overdue receivables and a collective assessment. The collective assessment is based on an analysis on an analysis of past collection history and debt write-offs.

2018/19	2019/20
\$000	\$000
79	68
146	127
225	195

Individually impaired receivables have been determined to be impaired because of the significant financial difficulties being experienced by the debtor.

An analysis of these individually impaired debtors is as follows:

2018/19	2019/20
\$000	\$000
-	-
13	-
66	68
79	68

Movements in the provision for uncollectability of receivables are as follows:

2018/19	2019/20
\$000	\$000
253	225
(20)	(10)
(8)	(20)
225	195

The Council hold no other collateral as security or other credit enhancements over receivables that are either past due or uncollectable.

8. INVENTORY

Accounting policy Inventory

Inventories are held for distribution or for use in the provision of goods and services. The measurement of inventories depends on whether the inventories are held for commercial or non-commercial (distribution at no charge or for a nominal charge) distribution or use. Inventories are measured as follows:

- Commercial: measured at the lower of cost and net realisable value.
- Non-commercial: measured at cost, adjusted for any loss of service potential.

Cost is allocated using the first-in-first-out (FIFO) method, which assumes the inventories that were purchased first are distributed or used first. Inventories acquired through non-exchange transactions are measured at fair value at the date of acquisition. Any write down from cost to net realisable value or for the loss of service potential is recognised in the surplus or deficit in the year of the write-down.

When land held for development and future resale is transferred from property, plant and equipment to inventory, the fair value of the land at the date of the transfer is its deemed cost. Costs directly attributable to the developed land are capitalised to inventory with the exception of infrastructural asset costs, which are capitalised to property, plant and equipment.

Breakdown of inventory and further information

2018/19	2019/20
\$000	\$000
Non-commercial inventory:	
100 - Inventory held for distribution	320
550 - Wastewater treatment plant parts	550
650 Total inventory	870

There was no write-down of inventory during the year (2019: Nil). There have been no reversals of write-downs (2019: Nil). Equipment remaining from the Morrinsville wastewater treatment plant upgrade is classified as inventory as the equipment will be used as spare parts for the plant. No inventory is pledged as security for liabilities, or is subject to retention of title clauses (2019: Nil).

9. NON-CURRENT ASSETS HELD FOR SALE**Accounting policy**

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

Breakdown of non-current assets held for sale and further information

2018/19	2019/20
\$000	\$000
264 Own your own properties	-
264 Total assets held for sale	-

During the year, Council sold one 'own your own' property in Morrinsville, that was unsold at 30 June 2019. Council also purchased and sold a further three 'own your own' properties within the year.

10. DERIVATIVE FINANCIAL INSTRUMENTS

Accounting policy

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

Breakdown of derivative financial instruments and further information

2018/19	2019/20
\$000	\$000
Current liabilities	
23	56
Interest rate swaps - held for trading	
23	56
Total current liabilities	
Non-current liabilities	
3,001	3,582
Interest rate swaps - held for trading	
3,001	3,582
Total non-current liabilities	
3,024	3,638
Total derivative financial instrument liabilities	

The notional principal amounts of the outstanding interest rate swap contracts for the Council were \$32 million (2019: \$34 million). At 30 June 2020, the fixed interest rates of the interest rate swaps ranged from 2.53% to 5.05% (2019: 2.53% to 5.05%).

Fair value

The fair values of interest rate swaps have been determined by calculating the expected cash flows under the terms of the swaps and discounting these values to present value. The inputs into the valuation model are from independently sourced market parameters such as interest rate yield curves. Most market parameters are implied from instrument prices.

11. OTHER FINANCIAL ASSETS

Accounting policy

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

Term deposits, and community and other loans (loans and receivables)

Loans made at nil or below-market interest rates are initially recognised at the present value of their expected future cash flows, discounted at the current market rate of return for a similar financial instrument. For loans to community organisations, the difference between the loan amount and present value of the expected future cash flows of the loan is recognised in the surplus or deficit as a grant expense.

After initial recognition, term deposits and community and other loans are measured at amortised cost using the effective interest method. Where applicable, interest accrued is added to the investment balance.

At year-end, the assets are assessed for indicators of impairment. Impairment is established when there is evidence that the Council will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, receivership or liquidation and default in payments are indicators that the asset is impaired.

If assets are impaired, the amount not expected to be collected is recognised in the surplus or deficit.

Investments in Council Controlled Organisations and other entities (fair value through other comprehensive revenue and expense)

Shares in Council Controlled Organisations and other entities are designated at fair value through other comprehensive revenue and expense.

After initial recognition, the shares are measured at their fair value, with gains and losses recognised in other comprehensive revenue and expense, except for impairment losses, which are recognised in the surplus or deficit. When sold, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is transferred to the surplus or deficit.

For shares, a significant or prolonged decline in the fair value of the shares below its cost is considered to be objective evidence of impairment. If impairment evidence exists, the cumulative loss recognised in other comprehensive revenue and expense is transferred to the surplus or deficit. Impairment losses on shares recognised in the surplus or deficit are not reversed through the surplus or deficit.

Breakdown of other financial assets and further information

2018/19		2019/20
\$000		\$000
Current		
Term Deposits		
7,900	Term Deposits with maturities of more than three months at acquisitions	5,400
7,900	Total term deposits	5,400
Investment in CCOs and similar entities:		
-	New Zealand Local Government Funding Agency - borrower notes	112
-	Total current investment in CCOs and similar entities	112
Investment in other entities:		
35	Community loans	35
35	Total current investment in other entities	35
Non-current		
Investment in CCOs and similar entities:		
344	New Zealand Local Government Funding Agency - borrower notes	312
15,177	Waikato Regional Airport Limited	16,722
35	Waikato Local Authority Shared Services Limited	28
20	Hauraki Rail Trail Charitable Trust	20
15,576	Total non-current investment in CCOs and similar entities	17,082
Investments in other entities		
116	New Zealand Local Government Insurance Corporation	116
116	Total non-current investment in other entities	116

Fair value

Term deposits

The carrying amount of term deposits approximates their fair value.

New Zealand Local Government Funding Agency borrower notes

At year-end Council has \$424,000 in borrowing notes invested with the Local Government Funding Agency at floating rates of interest (2019: \$344,000). These will mature between May 2021 and April 2027.

Waikato Regional Airport Limited

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

Other unlisted shares

The fair value of unlisted shares is measured at cost because there is no active market for these assets. These investments are held for strategic purposes, and there are no plans to dispose of these investments.

Impairment

An impairment expense of \$231,504 was recognised in respect of Council's investment in WRAL due to the impact of COVID-19 on their operations (2019: Nil). There were no other impairment expenses or provisions for other financial assets. At balance date, none of these financial assets are either past due or impaired.

12. INVESTMENT IN JOINT VENTURE

Accounting policy

A joint venture is a binding arrangement whereby two or more parties are committed to undertake an activity that is subject to joint control. Joint control is the agreed sharing of control over an activity. For jointly controlled operations, the Council recognises in its financial statements the assets it controls, the liabilities and expenses it incurs, and the share of revenue that it earns from the joint venture.

Breakdown of other financial assets and further information

The Council's interest in the Thames Valley Civil Defense Emergency Management Committee joint venture was accounted for as a jointly controlled operation. The committee was disestablished from 30 June 2019. The Council's interests in the jointly controlled operation were as follows:

2018/19	2019/20
\$000	\$000
- Current assets	-
- Non-current assets	-
- Current liabilities	-
- Non-current liabilities	-
93 Revenue	-
(90) Expenses	-

The joint venture had no capital commitments, contingent liabilities or contingent assets upon disestablishment at 30 June 2019.

13. PROPERTY, PLANT AND EQUIPMENT

Accounting policy

Property, plant and equipment consist of:

Operational assets - These include land, buildings, plant and machinery, furniture and equipment, computer equipment, and library collections.

Restricted assets - Restricted assets are mainly parks and reserves owned by the Council that provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions.

Infrastructure assets - Infrastructure assets are the fixed utility systems owned by the Council. Each asset class includes all items that are required for the network to function. For example, wastewater reticulation includes reticulation piping and wastewater pump stations.

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

Revaluations

Land and buildings (operational and restricted), and infrastructural assets (except land under roads) are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value and at least every three years.

Revaluation movements are accounted for on a class-of-asset basis.

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

Additions

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

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

Disposals

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

Depreciation

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

The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Operational assets	Useful life	Depreciation rate
Buildings	2 to 100 years	1% - 50%
Restricted assets (buildings)	2 to 100 years	1% - 50%
Plant and machinery	2 to 15 years	6% - 50%
Furniture and equipment	2 to 20 years	5% - 50%
Computer equipment	3 to 10 years	10% - 33%
Server hard drives	1 year	100%
Library collection	2 to 9 years	11% - 50%
Infrastructural assets	Useful life	Depreciation rate
Roading network		
Street lighting	10 to 25 years	4% - 10%
Formation carriageway	100 years	1%
Pavement surfacing	5 to 50 years	2% - 20%
Pavement structure	60 to 90 years	1% - 2%
Footpaths	5 to 50 years	2% - 20%
Drainage	60 to 80 years	1% - 2%
Bridges	60 to 90 years	1% - 2%
All other	1 to 70 years	1% - 100%
Utility assets		
Buildings	2 to 100 years	1% - 50%
Wastewater mains	50 to 100 years	1% - 2%
Wastewater other	80 to 100 years	1% - 2%
Wastewater pump station equipment	1 to 120 years	1% - 100%
Wastewater service lines	50 to 100 years	1% - 2%
Water mains	40 to 88 years	1% - 3%
Water valves	35 to 80 years	1% - 3%
Water hydrants	80 years	1%
Water nodes	80 years	1%
Water pump station equipment	3 to 100 years	1% - 33%
Water service lines	40 to 88 years	1% - 3%
Stormwater mains	51 to 100 years	1% - 2%
Stormwater manholes	100 years	1%
Stormwater pumps	15 years	7%
Stormwater service lines	60 to 100 years	1% - 2%
Swale drains	Indefinite	0%

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

Impairment of property, plant and equipment

Property, plant and equipment that have a finite useful life are reviewed for impairment at each balance date and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired and the carrying amount is written-down to the recoverable amount.

For revalued assets, the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the surplus or deficit. For assets not carried at a revalued amount, the total impairment loss is recognised in the surplus or deficit.

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

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

Value in use for non-cash-generating assets

Non-cash-generating assets are those assets that are not held with the primary objective of generating a commercial return. For non-cash-generating assets, value in use is determined using an approach based on either a depreciated replacement cost approach, a restoration cost approach or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

Value in use for cash-generating assets

Cash-generating assets are those assets that are held with the primary objective of generating a commercial return. The value in use for cash-generating assets is the present value of expected future cash-flows.

Critical accounting estimates and assumptions

Land (operational, restricted and infrastructural)

The most recent valuation of land was performed by independent registered valuers, Curnow Tizard Limited. The valuation is effective as at 1 July 2017.

Land is valued at fair value using market based evidence based on its highest and best use with reference to comparable land values. Where this is a designation against the land or the use of the land is restricted because of reserve or endowment status, the valuation approach reflects the restriction in use. Such land is valued based on rural land value plus a location adjustment to reflect different zoning, which are based on the valuer's judgement. Restrictions on the Council's ability to sell land would normally not impair the value of the land because the Council has operational use of the land for the foreseeable future and will substantially receive the full benefits of outright ownership.

Buildings (operational and restricted and infrastructural)

The most recent valuation of buildings was performed by SPM Consultants Limited. The valuation was effective as at 1 July 2017.

Specialised buildings are valued at fair value using depreciated replacement cost because no reliable market data is available for such buildings.

Depreciated replacement cost is determined using a number of significant assumptions. Significant assumptions used in the 1 July 2017 valuation include:

- The replacement costs of the specific assets are adjusted where appropriate for optimisation due to over-design or surplus capacity. There has been no optimisation adjustments for the most recent valuations.
- The replacement cost is derived from recent construction contracts of modern equivalent assets and compared with other comparable Councils and the Valuers records. For particularly specialised assets, Valuers escalated Councils unit rates using the appropriate Statistics New Zealand Capital Goods Price Index.
- The remaining useful life of assets is estimated after considering factors such as the condition of the assets, future maintenance and replacement plans, and experience with similar buildings.
- Straight-line depreciation has been applied in determining the depreciated replacement cost value of the asset.

Non-specialised buildings (for example, residential and office buildings) are valued at fair value using market-based evidence.

A comparison of the carrying value of the buildings valued using depreciated replacement cost and buildings valued using market-based evidence is as follows:

2018/19		2019/20
\$000		\$000
<i>Operational buildings</i>		
-	Depreciated replacement cost	-
12,910	Market-based evidence	12,453
12,910	Total carrying value of operational buildings	12,453
<i>Restricted buildings</i>		
26,307	Depreciated replacement cost	25,595
7,010	Market-based evidence	6,631
33,317	Total carrying value of restricted buildings	32,226

Infrastructural asset classes: roading, water, wastewater and stormwater networks

The most recent valuation of roading infrastructural assets was performed by WSP and the valuation is effective as at 1 July 2019.

The most recent valuation for water, wastewater and stormwater infrastructural assets was performed in house by experienced staff as there is an active market and readily available price indices that establish the fair value of these assets with reasonable reliability. The valuation was then peer reviewed by WSP. The valuation is effective as at 1 July 2019.

Roading, water, wastewater and stormwater infrastructural assets are valued using the depreciated replacement cost method. There are a number of estimates and assumptions exercised when valuing infrastructural assets using the depreciated replacement cost method. These include:

- Estimating any obsolescence or surplus capacity of the asset.
- Estimating the replacement cost of the asset. The replacement cost of an asset is based on recent construction contracts in the region for modern equivalent assets, from which unit rates are determined. Unit rates have been applied to components of the network based on size, material, depth, and location. If recent contract cost information is considered out of date, it is indexed using Statistics New Zealand's capital Goods Price Index (based on the June 2019 quarter index) for civil constructions or the NZTA Index for road and bridge construction to convert them to current dollar value at the valuation date.
- Estimates of the remaining useful life over which the asset will be depreciated. These estimates can be affected by the local conditions. For example, weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then the Council could be over or under-estimating the annual depreciation charge recognised as an expense in the statement of comprehensive revenue and expense. To minimise this risk, infrastructural asset useful lives have been determined with reference to the New Zealand Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration and condition-modelling are also carried out regularly as part of asset management planning activities, which provides further assurance over the useful life estimates.

Critical judgments in applying accounting policies

Classification of property

The Council owns a number of properties held to provide housing to elderly persons. The receipt of market-based rental from these properties is incidental to holding them. The properties are held for service delivery objectives as part of the Council's social housing policy. The properties are therefore accounted for as property, plant and equipment rather than as investment property.

Breakdown of property, plant and equipment and further information

Movements in the carrying value for each class of property, plant and equipment are as follows:

	Cost/ valuation 1 July 2019	Accumulated depreciation and impairment charges 1 July 2019	Carrying value 1 July 2019	Current year additions	Current year vested and found assets	Current year disposals	Work in progress transferred into assets	Current year impairment charges	Current year depreciation	Write back of accumulated depreciation	Revaluation surplus/(deficit)	Cost/valuation 30 June 2020	Accumulated depreciation and impairment charges 30 June 2020	Carrying value 30 June 2020
2019/20	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Operational assets														
Land	23,692	-	23,692	-	-	-	-	-	-	-	-	23,692	-	23,692
Buildings	14,516	(1,606)	12,910	302	-	-	76	-	(835)	-	-	14,894	(2,441)	12,453
Plant and machinery	5,195	(2,769)	2,426	962	-	(77)	11	-	(413)	-	-	6,091	(3,182)	2,909
Furniture and equipment	3,034	(1,820)	1,214	173	-	-	664	-	(174)	-	-	3,871	(1,994)	1,877
Computer equipment	3,818	(2,725)	1,093	310	-	-	23	-	(398)	-	-	4,151	(3,123)	1,028
Library collections	1,358	(880)	478	112	-	-	-	-	(174)	-	-	1,470	(1,054)	416
Assets under construction	85	-	85	846	-	-	(774)	-	-	-	-	157	-	157
Total operational assets	51,698	(9,800)	41,898	2,705	-	(77)	-	-	(1,994)	-	-	54,326	(11,794)	45,532
Restricted assets														
Land	18,817	-	18,817	17	-	-	-	-	-	-	-	18,834	-	18,834
Buildings	35,863	(2,546)	33,317	240	-	-	50	-	(1,381)	-	-	36,153	(3,927)	32,226
Assets under construction	1,505	-	1,505	659	-	-	(50)	-	-	-	-	2,114	-	2,114
Total restricted assets	56,185	(2,546)	53,639	916	-	-	-	-	(1,381)	-	-	57,101	(3,927)	53,174
Infrastructural assets														
Roads	309,399	(6,070)	303,329	7,482	1,291	(291)	2,414	-	(5,919)	6,070	5,801	320,026	(5,919)	314,107
Land under roads	67,295	-	67,295	-	-	-	-	-	-	-	-	67,295	-	67,295
Water supply - treatment plants and facilities	13,864	(667)	13,197	2,286	-	(49)	1,510	-	(811)	667	66	17,010	(811)	16,199
Water supply - other assets (including reticulation systems)	41,781	(937)	40,844	809	362	(201)	1,876	-	(1,020)	937	4,262	47,952	(1,020)	46,932
Stormwater system	42,552	(641)	41,911	-	822	(14)	162	-	(728)	641	6,562	49,443	(728)	48,715
Wastewater - treatment plants and facilities	28,456	(1,745)	26,711	100	-	(25)	76	-	(1,705)	1,745	206	27,068	(1,705)	25,363
Wastewater - other assets (including reticulation systems)	33,240	(729)	32,511	509	402	(26)	290	-	(815)	729	3,651	37,337	(815)	36,522
Land	3,569	-	3,569	-	-	-	182	-	-	-	-	3,751	-	3,751
Buildings	1,977	(164)	1,813	8	-	-	3	-	(82)	207	-	1,781	(39)	1,742
Assets under construction	8,832	-	8,832	3,689	-	-	(6,513)	-	-	-	-	6,008	-	6,008
Total infrastructural assets	550,965	(10,953)	540,012	14,883	2,877	(606)	-	-	(11,080)	10,996	20,548	577,671	(11,037)	566,634
Total property, plant and equipment	658,848	(23,299)	635,549	18,504	2,877	(683)	-	-	(14,455)	10,996	20,548	689,098	(26,758)	662,340

The "Write back of accumulated depreciation" column shown in the table above reflects accumulated depreciation being written back on the disposal of assets or following revaluation of the assets.

Note that disposals in these tables are reported net of accumulated depreciation and include property, plant and equipment classified as held for sale during the year. No items of property, plant and equipment are pledged as security for liabilities.

	Cost/ valuation 1 July 2018	Accumulated depreciation and impairment charges 1 July 2018	Carrying value 1 July 2018	Current year additions	Current year vested and found assets	Current year disposals	Work in progress transferred into assets	Current year impairment charges	Current year depreciation	Write back of accumulated depreciation	Revaluation surplus/(deficit)	Cost/valuation 30 June 2019	Accumulated depreciation and impairment charges 30 June 2019	Carrying value 30 June 2019
2018/19	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Operational assets														
Land	23,680	-	23,680	9	-	-	3	-	-	-	-	23,692	-	23,692
Buildings	16,221	(3,039)	13,182	547	-	-	-	-	(819)	2,252	-	14,516	(1,606)	12,910
Plant and machinery	7,131	(5,107)	2,024	978	-	(136)	-	-	(440)	2,778	-	5,195	(2,769)	2,426
Furniture and equipment	2,968	(1,848)	1,120	244	-	-	-	-	(150)	178	-	3,034	(1,820)	1,214
Computer equipment	5,080	(4,448)	632	797	-	-	-	-	(336)	2,059	-	3,818	(2,725)	1,093
Library collections	3,874	(3,370)	504	150	-	-	-	-	(176)	2,666	-	1,358	(880)	478
Assets under construction	6	-	6	82	-	-	(3)	-	-	-	-	85	-	85
Total operational assets	58,960	(17,812)	41,148	2,807	-	(136)	-	-	(1,921)	9,933	-	51,698	(9,800)	41,898
Restricted assets														
Land	18,550	-	18,550	256	-	-	11	-	-	-	-	18,817	-	18,817
Buildings	38,726	(4,217)	34,509	162	-	-	33	-	(1,387)	3,058	-	35,863	(2,546)	33,317
Assets under construction	307	-	307	1,242	-	-	(44)	-	-	-	-	1,505	-	1,505
Total restricted assets	57,583	(4,217)	53,366	1,660	-	-	-	-	(1,387)	3,058	-	56,185	(2,546)	53,639
Infrastructural assets														
Roads	299,863	(11,975)	287,888	5,733	1,134	(417)	375	-	(6,070)	11,975	14,686	309,399	(6,070)	303,329
Land under roads	67,275	-	67,275	-	20	-	-	-	-	-	-	67,295	-	67,295
Water supply - treatment plants and facilities	13,862	(1,296)	12,566	509	-	(4)	669	-	(667)	1,296	124	13,864	(667)	13,197
Water supply - other assets (including reticulation systems)	40,725	(1,883)	38,842	1,125	312	(129)	514	-	(937)	1,883	1,117	41,781	(937)	40,844
Stormwater system	41,622	(1,174)	40,448	33	1,331	(11)	81	-	(641)	1,174	670	42,552	(641)	41,911
Wastewater - treatment plants and facilities	31,377	(3,759)	27,618	226	-	(12)	141	-	(1,745)	3,759	483	28,456	(1,745)	26,711
Wastewater - other assets (including reticulation systems)	33,187	(1,424)	31,763	3	449	(14)	-	-	(729)	1,424	1,039	33,240	(729)	32,511
Land	3,569	-	3,569	-	-	-	-	-	-	-	-	3,569	-	3,569
Buildings	2,156	(289)	1,867	3	-	-	25	-	(82)	207	-	1,977	(164)	1,813
Assets under construction	3,155	-	3,155	7,482	-	-	(1,805)	-	-	-	-	8,832	-	8,832
Total infrastructural assets	536,791	(21,800)	514,991	15,114	3,246	(587)	-	-	(10,871)	21,718	18,119	550,965	(10,953)	540,012
Total property, plant and equipment	653,334	(43,829)	609,505	19,581	3,246	(723)	-	-	(14,179)	34,709	18,119	658,848	(23,299)	635,549

Core infrastructure asset disclosures

Included within the Council infrastructure assets above are the following core Council assets:

2019/20	Closing book value	Additions: constructed by Council	Additions transferred to Council	Most recent replacement cost estimate for revalued assets.
	\$000	\$000	\$000	\$000
Roading (excluding land under roads)	314,107	9,896	1,291	425,038
Water supply – treatment plants and facilities	16,199	3,796	-	24,190
Water supply – other assets (including reticulation systems)	46,932	2,685	362	86,484
Stormwater system	48,715	162	822	68,348
Wastewater – treatment plants and facilities	25,363	176	-	41,236
Wastewater – other assets (including reticulation systems)	36,522	799	402	69,522

2018/19	Closing book value	Additions: constructed by Council	Additions transferred to Council	Most recent replacement cost estimate for revalued assets.
	\$000	\$000	\$000	\$000
Roading (excluding land under roads)	303,329	6,108	1,154	417,102
Water supply – treatment plants and facilities	13,197	1,178	-	22,849
Water supply – other assets (including reticulation systems)	40,844	1,639	312	76,750
Stormwater system	41,911	114	1,331	58,415
Wastewater – treatment plants and facilities	26,711	367	-	40,591
Wastewater – other assets (including reticulation systems)	32,511	3	449	62,221

Land under roads

Land under roads was valued using the average land values for the urban and rural areas of the whole district as at 1 July 2001. This is considered to be the fair value of the land. On transition to NZ IFRS Council elected to use the fair value of land under roads as at 1 July 2001 as deemed cost. Subsequent additions are recorded at cost or fair value where cost does not equate to fair value. Land under roads is no longer revalued.

Disposals

The net loss on disposal of property, plant and equipment (\$610,000) has been recognised in the statement of comprehensive revenue and expense under 'other expenses' (2019: \$458,000).

Impairment

There was no impairment of property, plant and equipment this financial year (2019: nil).

Assets under construction

Property, plant and equipment in the course of construction by class of asset is detailed below:

	Balance as at 30 June 2019		Balance as at 30 June 2020
	\$000		\$000
85	Operational assets		157
1,436	Restricted assets		2,114
3,267	Roading		1,305
4,513	Water supply		3,608
267	Stormwater system		67
626	Wastewater		767
154	Infrastructural buildings		261
10,348	Total assets under construction		8,279

Restrictions

Land and buildings in the "Restricted Asset" category are subject to restrictions on either use or disposal, or both. This includes restrictions from legislation (such as land declared as a reserve under the Reserves Act 1977), or other restrictions (such as land or buildings acquired under a bequest or donation that restricts the purpose for which the asset can be used).

Capital commitments

The amount of contractual commitments for acquisition of property, plant and equipment is:

2018/19	2019/20
\$000	\$000
1,547 Roding	1,078
1,262 Water	523
- Community Facilities	1,004
2,809 Total capital commitments	2,605

14. INTANGIBLE ASSETS

Accounting policy

Computer software

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

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the surplus or deficit. Computer software is estimated to have a useful life of 1 to 15 years and is amortised at a rate of 6.67% to 100%.

Impairment

Refer to the policy for impairment of property, plant and equipment in Note 13. The same approach applies to the impairment of intangible assets.

Breakdown of intangible assets and further information

Movements in the carrying value for computer software is as follows:

	Opening cost	Opening accumulated amortisation and impairment charges	Opening carrying amount	Current year additions	Current year disposals	Current year impairment charges	Current year amortisation	Closing cost	Closing accumulated amortisation and impairment charges	Closing carrying amount
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Computer software										
2019/20	2,393	(1,663)	730	154	-	-	(196)	2,547	(1,858)	689
2018/19	2,296	(1,446)	850	97	-	-	(217)	2,393	(1,663)	730

Note that disposals in these tables are reported net of amortisation.

Restrictions

There are no restrictions over the title of intangible assets. No intangible assets are pledged as security for liabilities.

Capital commitments

There are no capital commitments for intangible assets (2019: nil)

Impairment

There were no assets considered to be impaired (2019: nil).

15. DEPRECIATION AND AMORTISATION EXPENSE BY GROUP OF ACTIVITY

2018/19		2019/20
\$000		\$000
Directly attributable depreciation and amortisation expense by group of activity		
2,527	Community Facilities	2,554
6,071	Roading	5,919
31	Rubbish and Recycling	33
641	Stormwater	729
2,495	Wastewater	2,542
1,639	Water	1,866
3	Community Development	3
8	Environmental Care	7
13,415	Total directly attributable depreciation and amortisation expense by group of activity	13,653
981	Depreciation and amortisation not directly related to groups of activities	998
14,396	Total depreciation and amortisation expense	14,651

16. PAYABLES AND DEFERRED REVENUE

Accounting policy

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

Breakdown of payables and further information

2018/19		2019/20
\$000		\$000
4,714	Trade payables	3,794
-	GST payable	69
1,500	Accrued expenses	1,665
949	Deposits and bonds	1,138
575	Contract retentions	449
1,503	Revenue in advance	2,014
9,241	Total payables and deferred revenue	9,129
Total payables and deferred revenue comprise:		
2,451	Payables from non-exchange transactions - this includes bonds and deposits for planning, rates and licenses received in advance, and taxes and grants payable	3,473
6,790	Payables from exchange transactions - this includes amounts owing for commercial purchases of goods and services	5,656

Payables are generally non-interest bearing and are normally settled on 30-day terms. Therefore the carrying value of payables approximates their fair value.

17. BORROWINGS

Accounting policy

Borrowings on normal commercial terms are initially recognised at the amount borrowed plus transaction costs. Interest due on the borrowings is subsequently accrued and recognised in accrued expenses (Note 16). Borrowings are classified as current liabilities unless the Council has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

Breakdown of borrowings and further information

2018/19	2019/20
\$000	\$000
2,500	7,000
21,500	19,500
24,000	26,500

Interest terms for secured loans

The Council's secured loans are mostly issued at floating rates of interest. For floating rate debt, the interest rate is reset quarterly based on the 90-day bank bill rate plus a margin for credit risk.

Credit facilities

Council has a multi-option credit line facility with Westpac Corporate Business. This provides Council with the ability to fund short term revolving requirements. The facility has a limit of \$6 million (2019: \$6 million) and there is \$6 million available to be drawn at 30 June (2019: \$6 million).

Security

Council has an unsecured overdraft. The maximum amount that can be drawn down against the facility is \$500,000 (2019: \$500,000). There are no restrictions on the use of this facility. Council's loans are secured over either separate or general rates of the Council.

Internal borrowings

Information about internal borrowings is provided in the 'Other Legislative disclosures' section of this Annual Report. Internal borrowings are eliminated on consolidation of activities in the Council's financial statements.

Fair values

Due to interest rates on debt resetting to the market rate every three months, the carrying amounts of secured loans approximates their fair value.

18. EMPLOYEE ENTITLEMENTS

Accounting policy

Short-term employee entitlements

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

Long-term employee entitlements

Employee benefits that are due to be settled beyond 12 months after the end of the year in which the employee provides the related service, such as retirement and long service leave, have been calculated on an actuarial basis. The calculations are based on:

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

Presentation of employee entitlements

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

2018/19	2019/20
\$000	\$000
Current employee entitlements	
276	326
Accrued pay	
1,214	1,379
Annual leave	
118	130
Sick leave	
111	107
Long service leave	
155	183
Retirement gratuities	
1,874	2,125
Total current employee entitlements	
Non-current employee entitlements	
138	155
Long service leave	
227	220
Retirement gratuities	
365	375
Total non-current employee entitlements	

19. PROVISIONS

Accounting policy

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

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

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense and is included in 'finance costs' (see Note 4).

Breakdown of provisions and further information

2018/19	2019/20
\$000	\$000
Current provisions	
191	196
Landfill aftercare	
25	25
Tui Mine site monitoring	
236	-
Other claims	
452	221
Total current provisions	
Non-current provisions	
398	294
Landfill aftercare	
119	93
Tui Mine site monitoring	
120	75
Other claims	
637	462
Total non-current provisions	

Landfill aftercare provision

Council has resource consents for the following landfills, each of which are now closed:

- Morrinsville Landfill, closed 31 May 2000
- Matamata Landfill, closed 8 December 2001
- Te Aroha Landfill, closed 9 December 1998

Council has responsibility under the resource consents to provide ongoing maintenance and monitoring of these closed landfill sites.

The cash outflows for landfill post closure costs are expected to occur over the next 15 years (to 2036). The long-term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred. The provision has been estimated taking into account existing technology and known changes to legal requirements.

The following significant assumptions have been made in calculating the provision:

- obligations for the post closure work are for 30 years after landfill closure
- a discount rate of 6% (2019: 3.16%).

Tui Mine site monitoring

Resource consent monitoring conditions require detailed biological and chemical testing of the former Tui Mine site at five yearly intervals for the next 30 years (at an estimated cost of \$25,000 each time). The long-term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred. The provision has been estimated taking into account existing technology and discounted using a discount rate of 6%. (2019: 3.16%).

Other claims

There are no claims lodged with the Weathertight Homes Resolution Service (WHRS) as at 30 June 2020 (2019: nil). Provision for other minor claims against Council has been made based on estimated costs and/or insurance excesses of \$75,000 (2019: \$356,000).

Movements for each class of provision are as follows:

	Landfill aftercare costs	Other claims	Tui Mine Site	Total
	\$000	\$000	\$000	
2019/20				
Balance at 1 July 2019	589	356	144	1,089
Additional provisions made	-	-	-	-
Amounts used	(3)	(15)	-	(18)
Unused amounts reversed	(131)	(266)	(35)	(432)
Discount unwind	35	-	9	44
Balance at 30 June 2020	490	75	118	683
2018/19				
Balance at 1 July 2018	613	60	145	818
Additional provisions made	-	296	-	296
Amounts used	(14)	-	-	(14)
Unused amounts reversed	(29)	-	(6)	(35)
Discount unwind	19	-	5	24
Balance at 30 June 2019	589	356	144	1,089

20. CONTINGENCIES

Breakdown of contingent liabilities and further information

2018/19		2019/20
\$000		\$000
	Uncalled share capital:	
1	- Waikato Local Authority Shared Services Limited	1
5	- Waikato Regional Aerial Photography Service	5
15	Te Aroha Wastewater resource consent	15
	21 Total contingent liabilities	21

There are no contingent assets (2019: nil).

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.

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).

The LGFA's borrowing of \$11.908 billion is made up of the following (\$000's):

\$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 counterparts 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.

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 information available to indicate whether prosecution is likely.

21. EQUITY

Accounting policy

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

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

Other reserves include:

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

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

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

Fair value through other comprehensive revenue and expense reserve - this reserve comprises the cumulative net change in the fair value of assets classified as fair value through other comprehensive revenue and expense.

Breakdown of equity and further information

Accumulated funds

2018/19		2019/20
\$000		\$000
Accumulated funds		
429,837	Balance at 1 July	431,350
(16,836)	Transfers to Council created reserves	(17,260)
(270)	Transfer to restricted reserves	(366)
15,404	Transfer from Council created reserves	14,616
192	Transfer from restricted reserves	491
-	Transfer from revaluation reserves	-
3,023	Surplus/(deficit) for the year	1,485
431,350	Balance at 30 June	430,316

Other reserves

2018/19		2019/20
\$000		\$000
Council created reserves		
44,991	Balance at 1 July	46,423
(15,404)	Transfers to accumulated funds	(14,616)
16,836	Transfers from accumulated funds	17,260
46,423	Balance at 30 June	49,067
Restricted reserves		
394	Balance at 1 July	472
(192)	Transfers to accumulated funds	(491)
270	Transfers from accumulated funds	366
472	Balance at 30 June	347
Asset revaluation reserves		
121,852	Balance at 1 July	139,854
18,119	Revaluation gains	20,841
(117)	Decrease due to disposal of assets	(294)
139,854	Balance at 30 June	160,401
Fair value through other comprehensive revenue and expense reserve		
10,627	Balance at 1 July	12,553
1,926	Net revaluation gains	1,777
12,553	Balance at 30 June	14,330
199,302	Total other reserves	224,145

Information about reserve funds held for a specific purpose is provided as follows:

Council created reserves

Balance 1 July 2018	Transfers in	Transfers out	Balance 30 June 2019	Reserve fund	Purpose	Activities related to	Balance 1 July 2019	Transfers in	Transfers out	Balance 30 June 2020
\$000	\$000	\$000	\$000				\$000	\$000	\$000	\$000
6,016	720	(1,594)	5,142	Community purposes reserve	Funds received and set aside for use on community facilities or for community purposes e.g. grants.	All Council activities	5,142	739	(924)	4,957
-	-	-	-	COVID-19 recovery reserve	Funds set aside to aid in the economic recovery of the district or to support hardship of qualifying community groups following the impact of COVID-19.	All Council activities	-	-	(5)	(5)
23,911	823	(966)	23,768	Power New Zealand reserve fund	Funds received and set aside on behalf of the community from the dissolution of the local power board co-operative in 1998. The fund is utilised for internal borrowing or external investment, with returns used to subsidise rates.	All Council activities	23,768	829	(854)	23,743
899	684	(448)	1,135	Wastewater capital contribution reserve	Capital contribution funds received from industry and set aside to offset future depreciation.	Wastewater	1,135	674	(396)	1,413
13,616	14,559	(12,313)	15,862	Depreciation reserves	Funds set aside for the replacement of assets and used to fund internal borrowing.	All Council activities	15,862	14,968	(12,423)	18,407
150	50	(83)	117	Stormwater improvement reserve	Funds set aside to fund stormwater projects.	Stormwater	117	50	(14)	153
399	-	-	399	Te Aroha Wastewater desludging project	Funds set aside for the desludging of the Te Aroha wastewater ponds.	Wastewater	399	-	-	399
44,991	16,836	(15,404)	46,423	Total Council created reserves			46,423	17,260	(14,616)	49,067

Restricted reserves

Balance 1 July 2018	Transfers in	Transfers out	Balance 30 June 2019	Reserve fund	Purpose	Activities related to	Balance 1 July 2019	Transfers in	Transfers out	Balance 30 June 2020
\$000	\$000	\$000	\$000				\$000	\$000	\$000	\$000
110	-	-	110	Endowment land sales reserve	Funds set aside in respect of the sale of endowment land in Te Aroha. The proceeds must be used for of improvement of services and public amenities for the benefit of the inhabitants of Te Aroha.	Community Facilities	110	-	-	110
112	-	-	112	Reserves development	Funds set aside from reserves contributions to be used for parks and reserves.	Developments of parks and reserves	112	-	-	112
3	10	(13)	-	Youth Ambassadors	Funds set aside for initiatives that empower the youth of our district	Nominated purposes	-	10	(11)	(1)
26	-	-	26	Bequests and trust funds	Funds set aside to be used for the nominated purpose of the bequest or trust fund.	Nominated purposes	26	-	-	26
143	134	(138)	139	Waste minimisation	Funds set aside for the purpose of initiatives encouraging the minimisation of waste	Nominated purposes	139	126	(67)	198
-	108	(23)	85	Te Aroha Tourism Precinct Feasibility project	Council funds set aside to be used for the Te Aroha Tourism Precinct Feasibility project	Economic Development	85	230	(413)	(98)
-	18	(18)	-	Waharoa Industrial Hub Feasibility project	Council funds set aside to be used for the Waharoa Industrial Hub Feasibility project	Economic Development	-	-	-	-
394	270	(192)	472	Total restricted reserves			472	366	(491)	347

Asset revaluation reserves

2018/19		2019/20
\$000		\$000
Operational assets:		
17,328	Land	17,328
8,354	Buildings	8,354
Restricted assets		
8,738	Restricted land	8,738
8,528	Restricted buildings	8,528
Infrastructural assets:		
35,759	Roading	41,561
21,815	Water	26,142
22,773	Stormwater	29,336
15,338	Wastewater	19,193
626	Land	626
595	Buildings	595
139,854	Total asset revaluation reserves	160,401

Capital management

Council's capital is its equity (or ratepayers' funds), which comprise accumulated funds and reserves. Equity is represented by net assets.

The Local Government Act 2002 (the Act) requires Council to manage its revenues, expenses, assets, liabilities, investments and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayers' funds are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments and general financial dealings.

The objective of managing these items is to achieve intergenerational equity, which is a principle promoted in the Act and applied by Council. Intergenerational equity requires today's ratepayers to meet the costs of utilising Council's assets and not expecting them to meet the full cost of long term assets that will benefit ratepayers in future generations. Additionally, Council has in place asset management plans for major classes of assets detailing renewal and maintenance programmes, to ensure ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

The Act requires Council to make adequate and effective provision in its Long Term Plan (LTP) and in its Annual Plan (where applicable) to meet the expenditure needs identified in those plans.

The Act further sets out the factors that Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the funding and financial policies in Council's LTP.

Council has the following Council created reserves:

- Reserves for different areas of benefit.
- Trust and bequest reserves.

Reserves for different areas of benefit are used where there is a discrete set of rate or levy payers as distinct from payers of general rates.

Any surplus or deficit relating to these separate areas of benefit is applied to the specific reserves. Trust and bequest reserves are set up where Council has been donated funds that are restricted for particular purposes. Interest is added to trust and bequest reserves where applicable and deductions are made where funds have been used for the purpose they were donated.

22. RELATED PARTY TRANSACTIONS

Related party disclosures have not been made for transactions with related parties that are:

- within a normal supplier or client/recipient relationship; and
- on terms and conditions no more or less favourable than those that it is reasonable to expect the Council would have adopted in dealing with the party at arm's length in the same circumstances.

Further transactions with joint ventures and associated entities (such as funding and financing flows), where transactions are consistent with the normal operating relationships between the entities and are on normal terms and conditions for such transactions.

Key management personnel compensation

2018/19		2019/20
Mayor and Councillors		
12	Full-time equivalent members	12
\$436,400	Remuneration	\$497,979
Executive Management Team, including the Chief Executive		
4	Full-time equivalent members	4
\$1,020,295	Remuneration	\$1,080,513
16	Total full-time equivalent personnel	16
\$1,456,695	Total key management personnel remuneration	\$1,578,492

Due to the difficulty in determining the full-time equivalent for Councillors, the full-time equivalent figure is taken as the number of Councillors. An analysis of Councillor remuneration and further information on Chief Executive remuneration is provided in Note 3.

23. 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 Taumata 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.

24. FINANCIAL INSTRUMENTS

24A Financial instruments categories

The carrying amounts of financial assets and liabilities in each of the financial instrument categories are as follows:

2018/19		2019/20
\$000		\$000
Financial assets		
Loans and receivables		
3,587	Cash and cash equivalents	4,292
4,623	Receivables	4,760
	Other financial assets:	
7,900	- Term deposits	5,400
35	- Community loans	35
16,145	Total loans and receivables	14,487
Fair value through other comprehensive revenue and expense		
15,692	- Investments in Council Controlled Organisations and other entities	17,310
15,692	Total fair value through other comprehensive revenue and expense	17,310
Financial liabilities		
Fair value through surplus or deficit - held for trading		
3,024	Derivative financial instrument liabilities	3,638
3,024	Total fair value through surplus or deficit - held for trading	3,638
Financial liabilities at amortised cost		
7,738	Payables	7,046
24,000	Borrowings	26,500
31,738	Total financial liabilities at amortised cost	33,546

24B Fair value hierarchy disclosures

For those instruments recognised at fair value in the statement of financial position, fair values are determined according to the following hierarchy:

- Quoted market price (level 1) – Financial instruments with quoted prices for identical instruments in active markets.
- Valuation technique using observable inputs (level 2) - Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.
- Valuation techniques with significant non-observable inputs (level 3) – Financial instruments valued using models where one or more significant inputs are not observable.

The following table analyses the basis of the valuation classes of financial instruments measured at fair value in the statement of financial position:

2019/20				
Valuation techniques				
	Total	Quoted Market price	Observable inputs	Significant non-observable inputs
	\$000	\$000	\$000	\$000
Financial assets				
Investments in Council Controlled Organisations and other entities	17,310	-	424	16,886
Financial liabilities				
Derivative financial instrument liabilities	3,638	-	3,638	-

There were no transfers between the different levels of the fair value hierarchy.

2018/19				
Valuation techniques				
	Total	Quoted Market price	Observable inputs	Significant non-observable inputs
	\$000	\$000	\$000	\$000
Financial assets				
Investments in Council Controlled Organisations and other entities	15,692	-	344	15,348
Financial liabilities				
Derivative financial instrument liabilities	3,024	-	3,024	-

Valuation techniques with significant non-observable inputs (level 3)

The table below provides a reconciliation from the opening balance to the closing balance for the level 3 fair value measurements:

2018/19		2019/20
\$000		\$000
13,510	Balance at 1 July	15,348
1,838	Gain/(loss) recognised in the surplus or deficit	1,538
-	- Purchases	-
-	- Sales	-
15,348	Balance at 30 June	16,886

Changing a valuation assumption to a reasonable possible alternative assumption would not significantly change fair value.

24C Financial instrument risks

Council's activities expose it to a variety of financial instrument risks including market risk, credit risk and liquidity risk. Council has a series of policies to manage the risks associated with financial instruments. Council is risk averse and seeks to minimise exposure from its treasury activities. Council has established Council approved Liability Management and Investment policies. These policies do not allow any transactions that are speculative in nature to be entered into.

Market risk

Price risk

Price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate as a result of changes in market prices. Council is not exposed to any significant price risk.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. Council is not exposed to any significant currency risk.

Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Borrowings and investments issued at fixed rates of interest expose Council to fair value interest rate risk. Council's Liability Management Policy is to maintain total borrowings in fixed rate instruments between a range of minimum (20% to 40%) and maximum (25% to 90%) risk control limits over the term of the forecast debt. Fixed to floating interest rate swaps are entered into to hedge the fair value interest rate risk arising where the Council has borrowed at fixed rates outside of these limits.

Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Borrowings and investments issued at variable interest rates expose Council to cash flow interest rate risk. Generally, the Council raises long term borrowings at floating rates and swaps them into fixed rates using interest rate swaps in order to manage the cash flow interest rate risk. Such interest rate swaps have the economic effect of converting borrowings at floating rates into fixed rates that are generally lower than those available if the Council borrowed at fixed rates directly. Under the interest rate swaps, the Council agrees with other parties to exchange at specified intervals, the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

Credit risk

Credit risk is the risk that a third party will default on its obligation to Council, causing Council to incur a loss. Due to the timing of its cash inflows and outflows, the Council invests surplus cash into term deposits and local authority stock which gives rise to credit risk.

Council invests funds only in deposits with registered banks and local authority stock and Council's Investment Policy limits the amount of credit exposure to any one institution or organisation. Investments in other local authorities are secured by charges over rates. Other than other local authorities, Council invests funds only with entities that have a Standard and Poor's credit rating of at least A1 for short term and A for long term investments. Council holds no collateral or credit enhancements for financial instruments that give rise to credit risk.

Maximum exposure to credit risk

Council's maximum credit risk exposure for each class of financial instrument is as follows:

2018/19		2019/20
\$000		\$000
3,587	Cash and cash equivalents	4,292
4,623	Receivables	4,760
	Other financial assets:	
7,900	- Term deposits	5,400
35	- Community loans	35
	- Derivative financial instrument assets	
16,145	Total credit risk	14,487

The Council is exposed to credit risk as a guarantor of all of the LGFA's borrowings. Information about this exposure is explained in note 20.

Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard and Poor's credit ratings (if available) or to historical information about counterparty default rates:

	2019/20					
	Credit ratings					
	AA-	A+	A	A-	Not Rated	Total
	\$000	\$000	\$000	\$000	\$000	\$000
Cash and cash equivalents	4,292	-	-	-	-	4,292
Term deposits	5,400	-	-	-	-	5,400
Community loans	-	-	-	-	35	35

	2018/19					
	Credit ratings					
	AA-	A+	A	A-	Not Rated	Total
	\$000	\$000	\$000	\$000	\$000	\$000
Cash and cash equivalents	3,587	-	-	-	-	3,587
Term deposits	5,400	-	2,500	-	-	7,900
Community loans	-	-	-	-	35	35

The counterparties that are not rated for credit quality (as shown in the tables on the left) have no history of defaults in the past. Receivables mainly arise from Council statutory functions. Therefore there are no procedures in place to monitor or report the credit quality of receivables with reference to internal or external credit ratings. Council has no significant concentrations of credit risk in relation to receivables, as it has a large number of credit customers, mainly ratepayers, and has powers under the Local Government (Rating) Act 2002 to recover outstanding debts from ratepayers.

Liquidity risk*Management of liquidity risk*

Liquidity risk is the risk that Council will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Council aims to maintain flexibility in funding by keeping committed credit lines available.

Council manages its liquidity by:

- Appropriate cash flow management to ensure that sufficient funds are available to meet all of its obligations as and when they fall due.
- Maintaining appropriate short-term borrowing facilities.
- Maintaining a prudent debt maturity profile.

Contractual maturity analysis of financial liabilities

The following table analyses Council's financial liabilities into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. Future interest payments on floating rate debt are based on the floating rate on the instrument at balance date. The amounts disclosed are the contractual undiscounted cash flows and include interest payments.

	Carrying amount	Contractual cash flows	Less than 1 year	1-5 years	More than 5 years
2019/20	\$000	\$000	\$000	\$000	\$000
Payables	7,046	7,046	7,046	-	-
Net settled derivative liabilities	3,638	226	226	-	-
Borrowings	26,500	27,656	7,308	14,758	5,590
Total	37,184	34,928	14,580	14,758	5,590

	Carrying amount	Contractual cash flows	Less than 1 year	1-5 years	More than 5 years
2018/19	\$000	\$000	\$000	\$000	\$000
Payables	7,738	7,738	7,738	-	-
Net settled derivative liabilities	3,024	153	153	-	-
Borrowings	24,000	26,462	3,058	14,519	8,885
Total	34,762	34,353	10,949	14,519	8,885

The Council is exposed to liquidity risk as a guarantor of all of the LGFA's borrowings. This guarantee becomes callable in the event of the LGFA failing to pay its borrowings when they fall due. Information about this exposure is explained in note 20.

Contractual maturity analysis of financial assets

The table below analyses Council's financial assets into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows and include interest receipts.

	Carrying amount	Contractual cash flows	Less than 1 year	1-5 years	More than 5 years
2019/20	\$000	\$000	\$000	\$000	\$000
Cash and cash equivalents	4,292	4,293	4,293	-	-
Receivables	4,760	4,760	4,760	-	-
Other financial assets:					
- Community loans	35	35	35	-	-
- Term deposits	5,400	5,477	5,477	-	-
Total	14,487	14,565	14,565	-	-

	Carrying amount	Contractual cash flows	Less than 1 year	1-5 years	More than 5 years
2018/19	\$000	\$000	\$000	\$000	\$000
Cash and cash equivalents	3,587	3,599	3,599	-	-
Receivables	4,623	4,623	4,623	-	-
Other financial assets:					
- Community loans	35	35	35	-	-
- Term deposits	7,900	8,062	8,062	-	-
Total	16,145	16,319	16,319	-	-

Sensitivity analysis

The following table illustrates the potential effect on the surplus or deficit and equity (excluding accumulated funds) for reasonably possible market movements, with all other variables held constant, based on Council's financial instrument market risk exposures at balance date.

	2019/20		\$000	
			-100bps	+100bps
	Surplus	Other equity	Surplus	Other equity
Interest rate risk				
Financial assets				
Cash and cash equivalents	(4)	-	4	-
Financial liabilities				
Derivative financial instrument liabilities	(4,406)	-	(2,360)	-
Borrowings	70	-	(70)	-
Total sensitivity	(4,340)	-	(2,426)	-

	2018/19		\$000	
			-100bps	+100bps
	Surplus	Other equity	Surplus	Other equity
Interest rate risk				
Financial assets				
Cash and cash equivalents	(2)	-	2	-
Financial liabilities				
Derivative financial instrument liabilities	(3,894)	-	(1,546)	-
Borrowings	40	-	(40)	-
Total sensitivity	(3,856)	-	(1,584)	-

*bps = basis points. Decrease by 100 basis point = 1% interest rate decrease.

Explanation of interest rate risk sensitivity

The interest rate sensitivity is based on a reasonable possible movement in interest rates, with all other variables held constant, measured as a basis points (bps) movement. For example, a decrease in 100 bps is equivalent to a decrease in interest rates of 1%.

The sensitivity for derivatives (interest rate swaps) has been calculated using a derivative valuation model based on a parallel shift in interest rates of -100bps/+100bps.

25. EXPLANATIONS OF MAJOR VARIANCES AGAINST BUDGET

Explanations for major variations from the budget set out for 2019/20 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 \$5.0 million higher than budgeted, our overall expenses for the year were also \$6.0 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 budget due to Waste Management costs were \$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..

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 not budgeted.
- \$333,000 maintenance cost includes water reticulation 18 Sequoia Place, Rolleston, removal vegetation and water reticulation Scott road pipe break, investigation for underground water and Valve and 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 - McCaw Homestead, 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 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 infrastructural assets at 1 July 2019, resulted in an increase in values of \$8.5 million more than had been budgeted.

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.

Some of the significant projects budgeted for this year included;

- \$2.6 million was budgeted in 2019/20 for various service level improvement projects in water and \$3.1 million for the renewal of existing assets. \$2.4 million was spent on service level improvement projects and \$3.5 million on asset renewal, with some of these projects being from budgets carried forward from previous years).
- \$6.3 million was budgeted in 2019/20 for various service level improvement projects in wastewater, but these projects will progress in future years. These projects included the significant upgrade of the Te Aroha falling main \$3 million, the North Morrinsville trunk sewer main \$1.4 million and the Matamata treatment plant inlet works upgrade \$450,000 (of which \$82,000 has been spent to date). We'd also budgeted \$2.6 million for the renewal of existing assets, although only \$967,000 was spent during the year. The renewal projects will be carried forward to 2020/21 for completion.
- \$5.8 million was spent on the renewal of existing roading assets, compared to a budget of \$5.3 million, and work carried forward from last year of \$442,000.
- \$1.5 million was budgeted for the upgrade of Matamata's Headon Stadium (as well as \$1 million carried forward from last year). A total of \$1 million has been spent to date with the physical works expected to be completed in early 2020/21.
- A further \$2 million was budgeted for an additional Matamata indoor sports facility, but this was not progressed during the year.
- \$250,000 was budgeted in 2019/20 and \$3.95 million carried forward from prior years for the Te Aroha to Matamata cycle trail. \$5 million has been spent to date (with partial funding from government grants). The physical works were completed during the year and landscaping will be completed during 2020/21.
- \$1 million was budgeted for the proposed Matamata bypass. The current designation has lapsed. Feasibility was completed on the route and was not economic to progress at this time.
- \$1.15 million was budgeted for the upgrade of the district's transfer stations, however further investigation is required to determine the best course forward. \$144,000 has been spent to date on minor improvements.
- \$860,000 was budgeted for Morrinsville's Avenue Road stormwater project, however this project is being re-assessed as the selected option was not considered affordable for developers.
- \$750,000 was budgeted for the upgrade of Matamata's streetscape, however that work will likely be undertaken in 2020/21.
- \$400,000 was budgeted for a project to future proof Council head office. This project has been put on hold.
- \$300,000 for the Matamata inner walkway and \$270,000 for the Morrinsville river walk extension projects will be carried forward to 2020/21.

26. FINANCIAL IMPACT 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 2iii).
- 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.

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 audits
- 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 this report.

OTHER LEGISLATIVE DISCLOSURES

1. FUNDING IMPACT STATEMENT

for the year ended 30 June 2020 for the whole of Council

Long Term Plan 2018/19	Actual 2018/19		Annual Plan 2019/20	Actual 2019/20
\$000	\$000		\$000	\$000
Sources of operating funding				
22,530	22,601	General rates, uniform annual general charges, rates penalties	23,836	24,238
12,397	12,223	Targeted rates	12,513	12,563
2,677	3,146	Subsidies and grants for operating purposes	2,773	3,394
6,621	7,269	Fees and charges	6,988	7,107
254	622	Interest and dividends from investments	257	231
261	292	Local authorities fuel tax, fines, infringement fees, and other receipts	266	232
44,740	46,153	Total operating funding (A)	46,633	47,765
Applications of operating funding				
32,391	36,407	Payments to staff and suppliers	34,115	38,514
1,373	1,379	Finance costs	1,096	1,226
-	-	Other operating funding applications	-	-
33,764	37,786	Total applications of operating funding (B)	35,211	39,740
10,976	8,367	Surplus/(deficit) of operating funding (A - B)	11,422	8,025
Sources of capital funding				
4,017	4,328	Subsidies and grants for capital expenditure	4,084	4,554
1,370	3,023	Development and financial contributions	1,370	2,143
8,032	(3,616)	Increase (decrease) in debt	16,860	2,500
-	112	Gross proceeds from sale of assets	-	-
-	-	Lump sum contributions	-	-
-	-	Other dedicated capital funding	-	-
13,419	3,847	Total sources of capital funding (C)	22,314	9,197
Applications of capital funding				
Capital expenditure:				
687	197	—to meet additional demand	677	382
9,486	7,082	—to improve the level of service	18,669	5,974
14,224	12,370	—to replace existing assets	14,171	12,366
(2)	(2,491)	Increase (decrease) in reserves	219	921
-	(4,944)	Increase (decrease) of investments	-	(2,421)
24,395	12,214	Total applications of capital funding (D)	33,736	17,222
(10,976)	(8,367)	Surplus (deficit) of capital funding (C - D)	(11,422)	(8,025)
-	-	Funding balance ((A - B) + (C - D))	-	-

The funding impact statements for each group of activities and the overall Council funding impact statement are prepared in compliance with the requirements of clauses 26 and 30, part 3, schedule 10 of the Local Government Act 2002. Unlike the statement of comprehensive income (in the Financial Statements section), the funding impact statements are not compliant with generally accepted accounting standards (GAAP).

The funding impact statement is intended to show in a transparent manner, how all sources of funding received by us are applied. It does not include "non-cash" income that is classified as income in the statement of comprehensive revenue and expense (as required by GAAP) such as assets that are vested to us through the subdivision process, or unrealised gains on assets. The statement of comprehensive revenue and expense also requires "non-cash" expenses such as depreciation, amortisation, and unrealised losses on assets to be reflected, whereas these are excluded from the funding impact statement. The reconciliation following identifies the differences between these statements.

2. RECONCILIATION BETWEEN COUNCIL'S OVERALL FUNDING IMPACT STATEMENT AND THE STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

Actual 2018/19		Annual Plan 2019/20	Actual 2019/20
\$000		\$000	\$000
Funding sources as shown in the overall Council funding impact statement			
46,153	Total operating funding	46,633	47,765
3,847	Total capital funding	22,314	9,197
Less capital movements			
(3,616)	Increase/(decrease) in debt	16,860	2,500
112	Gross proceeds from sale of assets	-	-
Add non-funded income			
3,247	Vested land and infrastructure from property development	200	2,877
-	Other gains	-	-
374	Income from support activities	455	604
57,125	Total funding sources	52,742	57,943
57,125	Total income as shown in the statement of comprehensive revenue and expense	52,742	57,943
Application of funding as shown in the overall Council funding impact statement			
37,786	Total applications of operating funding	35,211	39,740
12,214	Total applications of capital funding	33,736	17,222
Less capital movements			
19,649	Capital expenditure	33,517	18,722
(2,491)	Increase/(decrease) in reserves	219	921
(4,944)	Increase/(decrease) in investments	-	(2,421)
Add non-funded expenditure			
14,396	Depreciation and amortisation	14,729	14,651
1,546	Other losses	-	1,463
374	Expenses from support activities	455	604
54,102	Total funding application	50,395	56,458
54,102	Total expenditure as shown in the statement of comprehensive revenue and expense	50,395	56,458

3. INTERNAL BORROWING

Internal borrowings are utilised to fund capital projects for various activities instead of obtaining funding from external sources. Interest is charged to the various activities for their internal borrowing at a rate equal the mid-way point between our average borrowing and average investment rates obtained in the prior year. For the year ended 30 June 2020, this rate was 3.56% (2019: 3.73%). Internal borrowings are eliminated on consolidation of activities in the financial statements.

Groups of activities	Opening balance 1 July 2019	Additional funds borrowed 2019/20	Funds repaid 2019/20	Closing balance 30 June 2020	Interest paid 2019/20
	\$000	\$000	\$000	\$000	\$000
Community Facilities	15,290	826	1,174	14,942	532
Roading	10,452	-	294	10,158	362
Rubbish and Recycling	1,182	113	-	1,295	46
Stormwater	-	-	-	-	-
Wastewater	-	-	-	-	-
Water	8,997	3,326	-	12,323	439
Strategy and Engagement	2,186	561	-	2,747	97
Total internal borrowing	38,107	4,826	1,468	41,465	1,476

4. INSURANCE OF ASSETS

The following information relates to the insurance of Council assets as at 30 June:

June 2019		June 2020
\$000		\$000
160,080	The total value of all Council assets covered by insurance contracts	160,290
The maximum amount to which insured assets are insured:		
15,000	- Fire	15,000
150,000	- Other natural disasters	150,000
208,374	The total value of all Council assets covered by financial risk sharing arrangements	229,221
20,000	Maximum amount available to the Council under financial risk sharing arrangements	50,000

In the event of natural disaster, central government may contribute up to 60% towards the restoration of water, stormwater and wastewater assets, and provide a subsidy towards the restoration of roads.

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

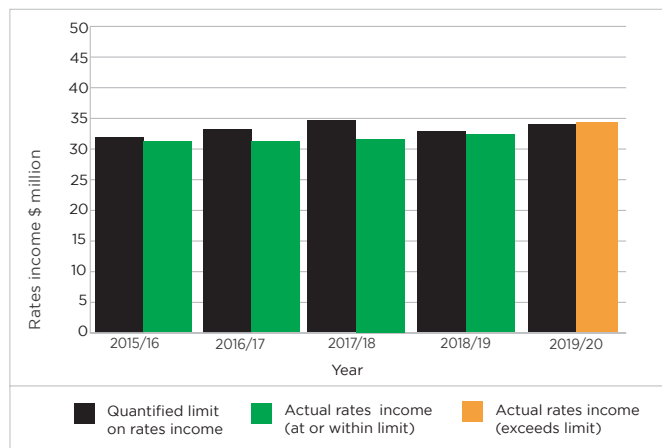
The Council meets the rates affordability benchmark if:

- 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%.



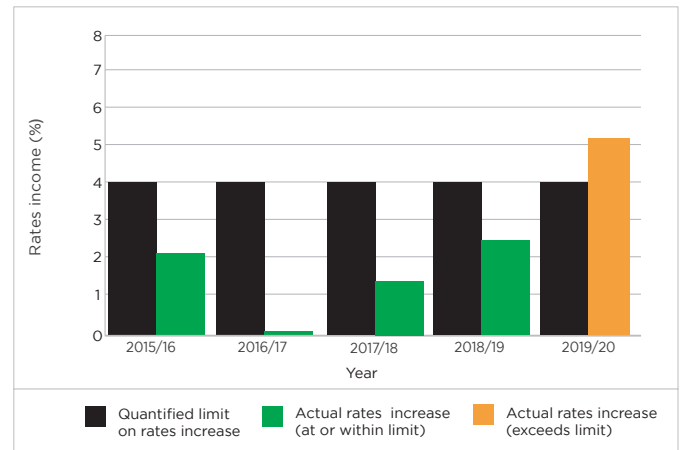
Comment:

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%.

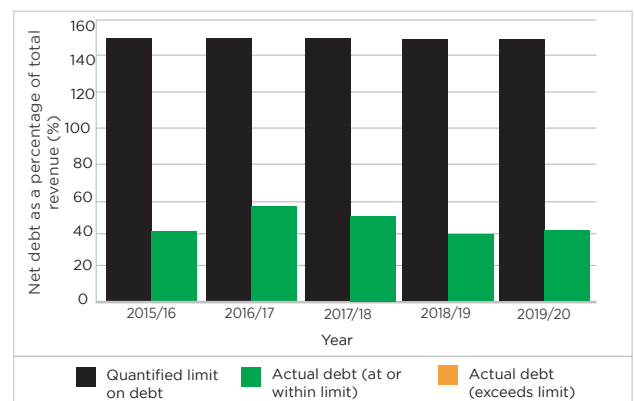


Comment:

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:

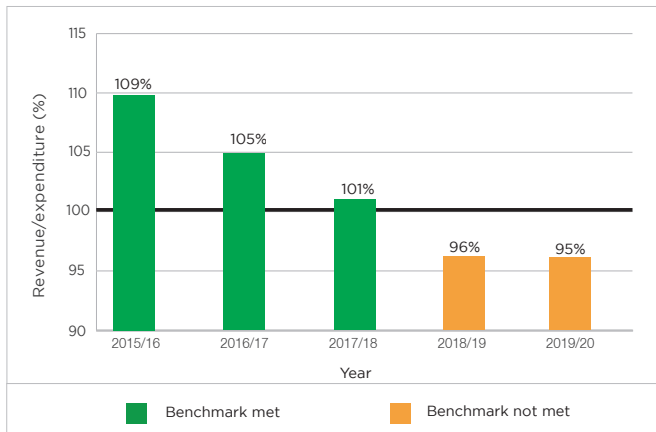
Council's net debt as a percentage of total revenue sits at 42% at 30 June 2020 and has remained well below the limit of 150% for the last five years. The limit of 150% is considered (by independent professionals) to be a prudent limit for a council of our size and nature.

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.

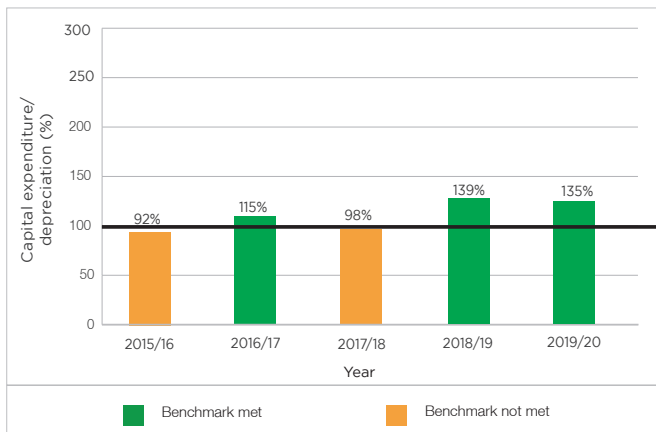


Comment:

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 reseal roads, the old replaced assets are "disposed of" and the "loss" from doing so is recorded as "operating expenses". Council does not rate to cover this. At the same time, operating revenue also includes subsidies that Council receives to maintain and replace roading in the district. This revenue is included in operating, however the cost is not reflected as an operating expense - it is capital expenditure.

Essential services benchmark

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

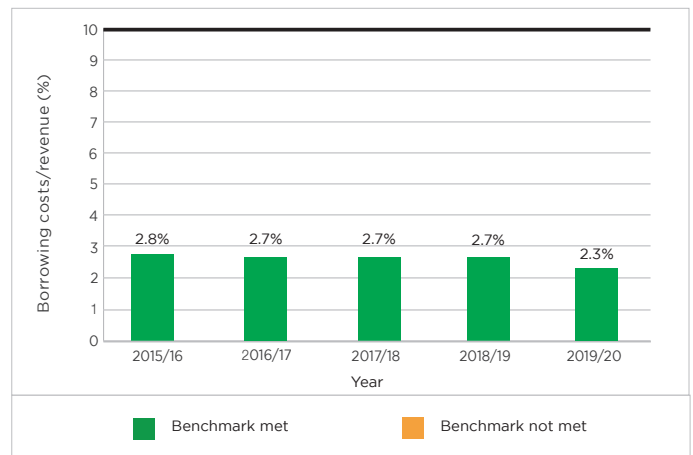


Comment:

Council's capital 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.

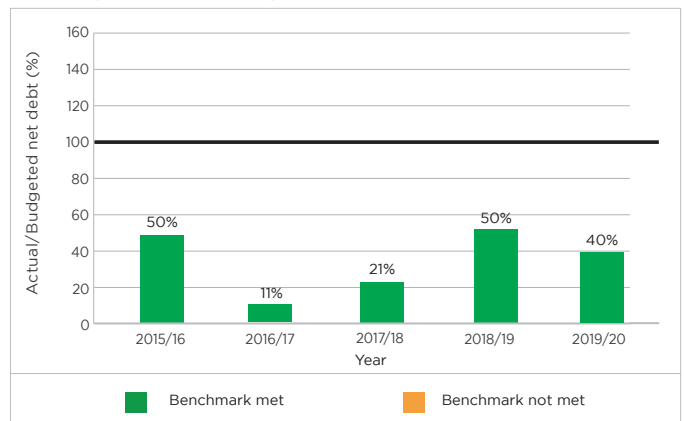


Comment:

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.

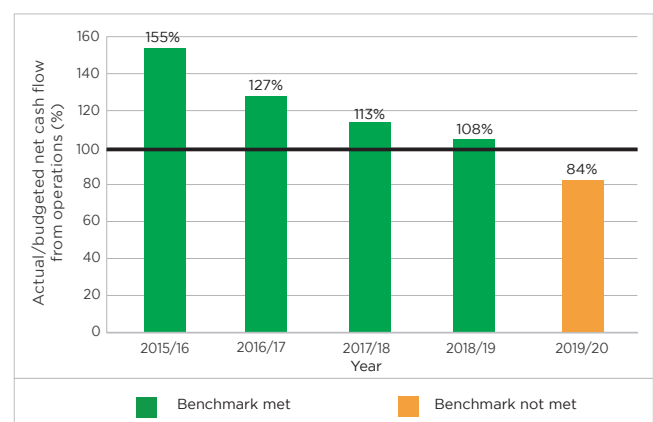


Comment:

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.

INVOLVEMENT IN COUNCIL CONTROLLED ORGANISATIONS AND COUNCIL ORGANISATIONS

Waikato Regional Airport Limited (WRAL)

WRAL was established in 1989 to operate the airport situated at Rukuhia within Waipa District. The local authority part owners negotiated the purchase of the Crown's former share holding to secure the retention of the airport as a major infrastructural facility, important to the economy of the Waikato.

WRAL is jointly owned by five local authorities: Hamilton City, Waikato District, Waipa District, Otorohanga District and Matamata-Piako District Councils. Matamata-Piako's shareholding is 15.625%.

Performance measure	Target	Actual	Comments
Shareholders' funds to total assets a minimum of	65%	81%	
Facilitate Health & Safety meetings every 2 months with representatives from each company department.	Achieve	Achieved	Health & Safety committee meetings are undertaken on a monthly basis
Zero WorkSafe notifiable accidents/injuries.	Achieve	Achieved	There were no notifiable incidents in either 2019 or 2020
Independently review and audit the health and safety system each year.	Achieve	Achieved	An independent audit of the Group's health and safety framework was undertaken and all recommendations were implemented
To achieve the Airport Certification Standards as required by the Civil Aviation Authority and as evidenced by Civil Aviation Authority audit reports.	Achieve	Achieved	The airport continues to meet all relevant CAA certification standards
Ensure airport is operationally available for all scheduled passenger services (except for uncontrollable events).	Achieve	Achieved	There have been no incidences of scheduled flights being operationally impacted by controllable events
Facilitate noise management meetings every 4 months in accordance with the Noise Management Plan.	Achieve	Achieved	Regular meetings have been facilitated every 4 months
Finalise subdivision plans for the 4th Stage of Titanium Park's Central Precinct	Achieve	Achieved	Plans were finalised and construction commenced during the year.
Develop a masterplan for Titanium Park's Northern Precinct and prepare a private plan change submission to Waipa District Council.	Achieve	Not achieved	The masterplan was completed however the project was halted due to the Group's financial constraints arising from COVID19.
Achieve 5% growth in visitor nights and visitor expenditure (as measured by key MBIE	Achieve	Not achieved	Growth in these metrics were on track for the year until the travel restrictions imposed due to COVID19 effectively halted Tourism.
Complete a refurbishment program (both internally and externally) that will allow the hotel to be accredited to a Qualmark 4 Star standard.	Achieve	Achieved	Extensive refurbishment work was undertaken and the property gained Qualmark 4 Star and Silver Enviro accreditations

Performance measure	Target	Actual	Comments
Earnings before interest, taxation and depreciation (EBITDA)* but excluding land sales of at least	\$4,000,000	\$2,838,000	
EBITDA including land sales of at least	\$6,000,000	\$5,058,000	
Net profit after tax of no less than	\$1,200,000	(\$1,003,000)	
Net operating cash flow (excluding land sales)	\$2,500,000	\$1,932,000	
Total debt, excluding funding for designbuild properties, not exceeding	\$25,000,000	\$16,998,000	
Total liabilities/shareholders' funds (debt/equity ratio) a maximum of	35:65	19:81	
Net profit after tax to total shareholders funds	1.0%	5.7%	
Net profit after tax to total assets	1.3%	4.6%	
Percentage of non-landing charges revenue of at least	60%	73%	
Land sales of at least	\$7,000,000	\$5,875,000	
Interest cover of at least (The interest cover measures the number of times the net profit before interest, tax and depreciation (EBITDA) covers interest paid on debt.)	4.0	4.6	



Waikato Local Authority Shared Services Limited (WLASS)

Local authorities of the Waikato Region have established Local Authority Shared Services Limited as a council controlled organisation by way of a company, in which each local authority in the Waikato Region has a single share.

Matamata-Piako's shareholding is 3%.

WLASS has six Directors with each director representing a shareholder council. Unless otherwise agreed by the appointing councils each director is the Chief Executive of a local authority. In addition the board may appoint up to three professional directors to supplement the directors' expertise.

Performance measure	Outcome
<p>PROCUREMENT New suppliers are awarded contracts through a competitive tender process.</p>	<p>Achieved: Supply contracts are tendered in line with WLASS procurement policy (which in turn is consistent with the regional procurement framework developed last year). For substantial contracts (e.g. LiDAR, insurance and risk management services, Professional Services Panel), a public tender process has been undertaken. Other contracts have been renegotiated with existing suppliers where it is appropriate to do so.</p>
<p>Professional Services Panel contracts are successfully negotiated.</p>	<p>Achieved: Contracts have been negotiated on time with the panel in place from 1 August 2019, as planned.</p>
<p>COLLABORATIVE PROJECTS A minimum of six priority projects for collaboration are identified per annum.*</p>	<p>Achieved: A new Professional Services Panel was established from 1 August 2019 with eight councils participating (previously four). Five priority projects to develop opportunities were approved by the Board in November and development of the opportunities commenced prior to year-end. The legal services group is also in early deliberations on a joint procurement for a tool to support legislative compliance. The Coordinated Infrastructure Procurement project was approved by the Board and recommendations from that project made to the Board in June. The business case to expand RATA into waters asset management services was approved by the Board in July last year. The Waters Lead Manager has since been appointed. The business case for Waikato OneView was approved by the Board in November last year. Due to capacity constraints the Board agreed to defer commencing the project until July 2020.</p>
<p>If considered of value, business cases are developed for approval by the Board, and the projects are implemented.</p>	<p>Achieved: The development of any opportunity is subject to a phased approach involving discovery (validating why we would investigate the opportunity, or the problem being solved), opportunity assessment (a light business case), and business case (if required). The Board approves each phase before progression to the next stage.</p>
<p>Savings to Councils identified in developed business cases exceeds \$300k*</p> <p>*The highlighted measures have been introduced as a direct response to the transformation of WLASS and the increased expectations of the company.</p>	<p>Achieved: Business cases or opportunity assessments delivered during the period related to:</p> <ul style="list-style-type: none"> • RATA - Waters collaboration: Benefits are not quantified but based on investment objectives they are considered substantial • Waikato OneView: From surveys undertaken, users of OneView estimate that it will save them time, conservatively estimated at ~\$500k p.a. - which should translate to reduced fees to councils. In addition, it is estimated that there will be software savings of ~\$20k p.a. and council staff time would reduce because users will be better equipped to 'self-serve' • Coordinated Infrastructure procurement: The case notes that if 0.5% of infrastructure spend is achieved from the project outcomes sought, that will represent a saving of ~\$1m+ p.a. • Building Consent Shared Services: The discovery report presented to the Board in May 2020, estimates savings (in time and cost) of \$1.75m p.a.
<p>EXISTING WLASS CONTRACTS The WLASS Contracts Register is maintained and managed.</p>	<p>Achieved</p>
<p>Contracts which are due for renewal are either renegotiated (where it makes commercial sense to continue with the current supplier) or re-tendered through a competitive process.</p>	<p>Achieved: Supply contracts are tendered in line with WLASS procurement policy (which in turn is consistent with the regional procurement framework developed last year. For substantial contracts (e.g. LiDAR) a public tender process has been undertaken. Other contracts have been renegotiated with existing suppliers where it is appropriate to do so.</p>

Performance measure	Outcome
<p>COST CONTROL Administration expenditure shall not exceed budget by more than 5%, unless prior approval is obtained from the Board.</p>	<p>Achieved: Company administration costs exceed the 2020 budget by -8% (\$47k). This excess is being met by funds available from the prior year. It principally reflects:</p> <ul style="list-style-type: none"> · recruitment fees relating to the Board Chair (originally budgeted for in FY19) and the Executive Assistant (EA); · salaries associated with increasing the EA role to a full-time position; and · professional fees to progress the digital strategy. <p>· Each of the above has been approved by the board</p>
<p>REPORTING The Board shall provide a written report on the business operations and financial position of the WLASS to the shareholders every six months.</p> <p>Every second report shall be the Annual Report.</p>	<p>Achieved The 2019 Annual report was prepared and provided to shareholders in September 2019. The Half-yearly report was delivered in February 2020.</p>
<p>SHARED VALUATION DATA SERVICES (SVDS) The SVDS is available to users at least 99% of normal working hours.</p>	<p>Achieved: the SVDS has been available 99.95% for users during normal business hours.</p>
<p>The SVDS Advisory Group meets at least 6-monthly.</p>	<p>Achieved: Four meetings held in August, November, March & June</p>
<p>The Annual Business Plan is accepted by the Advisory Group by 31 March 2020.</p>	<p>Achieved: Accepted by the Advisory Group on 5 March</p>
<p>INSURANCE Strategic advice provided by Aon on the insurance programme structure is assessed as satisfactory in the annual WLASS Shareholders' survey by the participating councils.</p>	<p>Not measured: Formal feedback from shareholders by way of annual survey is not being undertaken this year and therefore we are unable to measure performance against this measure. WLASS notes however that the collaborative insurance programme continues to deliver significant benefit to councils. Premium savings are estimated at \$1m- \$1.5m per annum. During the year, insurance and risk management services retendered with Aon re-appointed as the successful participant.</p> <p>The 2020 SOI sets out a new performance framework for the company which puts in place performance measures that better reflect the outcomes we are seeking. For that reason, we are not intending on undertaking a survey of shareholders this year as we have historically done. We will instead be meeting with council CEs on a 1x1 basis and soliciting feedback on performance by this means.</p>
<p>The day-to-day service provided by Aon is assessed as satisfactory in the annual WLASS Shareholders' survey by the participating councils</p>	<p>Not measured: Refer comment above.</p>
<p>RATA Reports are presented to stakeholders in October/January/April and July each year.</p>	<p>Achieved: All reports supplied to stakeholders. Improved reporting through Power BI was successfully trialled.</p>
<p>Reports on progress as at 30 December and 30 June are presented to WLASS Board within two months.</p>	<p>Achieved: Reports to WLASS Board presented to required deadlines.</p>
<p>All data are reviewed for compliance and all good practice requirements are met.</p>	<p>Achieved: All data received was reviewed for quality requirements and approved.</p>
<p>Procurement of services complies with WLASS and NZTA's procurement requirements.</p>	<p>Achieved: Procurement of services is in line with WLASS procurement policy and NZTA requirements.</p>
<p>Present to a national conference on RATA innovations at least once per year.</p>	<p>Not achieved: RATA presented the Waters Collaboration business case to the Mayoral Forum in August 2019. However, conferences were delayed due to COVID-19. An application to the WaterNZ conference has been submitted for a poster presentation in August 2020.</p>
<p>At least two RATA guidance documents detailing good practice are produced each year.</p>	<p>Achieved: Issues and Options report prepared for Traffic management Coordinators investigating operational improvements. Stock Underpass business case investigated improvements for management of the assets across the region. RATA is supporting Waters Collaboration investigation work for seven participating councils. This is ongoing.</p>
<p>RATA Forums are held 2-monthly to share learnings and experience.</p>	<p>Not achieved: RATA forums were significantly disrupted during the financial year with the departure of the previous RATA Manager and the COVID-19 lockdown. These have now recommenced.</p>
<p>WAIKATO REGIONAL TRANSPORT MODEL (WRTM) All modelling reports requested from the model supplier are actioned within the agreed timeframe, scope and budget.</p>	<p>On track: Stantec continues to provide Service Reports. Ad hoc reporting is provided as requested.</p>

Performance measure	Outcome
A report from RATA on any new developments and on the status of the model is provided to the WLASS Board at least every six months.	Achieved: Report for the six months to 30 June 2020 is being prepared. The report to 31 December 2019 was presented to the board meeting in February 2020.
The quality of the base model complies with NZTA guidelines (as set out in the NZTA's Economic Evaluation Manual), and is independently peer reviewed each time the model is updated.	Achieved Model complies with guidelines but there are issues with modelling accuracy in some areas. Development of business case is underway to consider upgrading the model.
<p>WAIKATO BUILDING CONSENT GROUP</p> <p>Milestones for the five strategic review work streams are achieved for:</p> <ul style="list-style-type: none"> Digital experience and technology: a user friendly, convenient, quick, end-to-end management and communication, measured by customer surveys and systems comparisons. 	<p>The activity of the Waikato Building Consent Group has been heavily impacted throughout the year by a lack of resource (refer commentary under "Key Achievements" section above) and more recently, the WLASS Building Consent Shared Services (BCSS) project.</p> <p>On track: Thames-Coromandel, Waipa and Waitomo DCs have successfully implemented the preferred online Alpha One System. Matamata-Piako DC is transitioning to Alpha One in July 2020 and Hauraki DC in September 2020. Hamilton CC and Waikato DC will initiate a transition plan for implementation in the 2021/22 financial year. Otorohanga DC are not planning on changing to Alpha One.</p> <p>The Build Waikato website redesign has been put on hold until a clear direction from the BCSS project is reached. This decision was made to avoid costs being incurred on the redesign which may quickly become redundant.</p>
<ul style="list-style-type: none"> People capability: a successful recruitment and training programme, measured by compliance with BCA Reg. 8 -11. 	On track: WLASS has completed discovery work on a collaborative cadet programme. Discovery has highlighted that the immediate benefits of such a scheme are minimal until the BCSS project outcomes are clear. Councils agreed that the post-COVID environment has produced a level of uncertainty in the next financial year as to building consent numbers which may impact on the success of any programme. Such a programme is being considered as part of the BCSS project.
<ul style="list-style-type: none"> Quality assurance: continued accreditation and increased service consistency, measured by accreditation outcomes, BCA annual audits, and customer surveys. 	On track: There have been successful IANZ audits with good feedback on the cluster QA overall. A new Quality Assurance Coordinator has been appointed and work will commence in the next twelve months on the quality manual and internal audit regime.
<ul style="list-style-type: none"> Lift industry competency and compliance: measured by increased industry compliance, with reduced RFIs, and reducing percentages of application or building consent rejection. 	Partially achieved: This is an area requiring continuous improvement. The Technical Committee is continuing to work on consistency across councils on RFI's to improve the customer experience. The BCSS project also has this work in scope.
<ul style="list-style-type: none"> Central government engagement and legislative influence: Success is measured by legislative submissions and outcomes. 	On track: Submissions are made when appropriate. Importantly, engagement with Central Government (MBIE) has been targeted and is improving.
<p>There is a common understanding and buy-in by all BCAs for the WBCG vision and actions that are taken to achieve this vision, measured by:</p> <ul style="list-style-type: none"> Full participation in WBCG projects and programmes 	Achieved: Good participation of all in projects when required but an area where we strive for continuous improvement.
<ul style="list-style-type: none"> Audits demonstrating implementation and compliance with the agreed QA systems. 	Achieved: Audits are demonstrating compliance with QA systems.
<ul style="list-style-type: none"> Consistency in service delivery, measured by customer surveys. 	Not measured: No customer survey was undertaken this year. However, customers were engaged as part of the discovery phase of the BCSS project, which reinforced that consistency could be improved. Customers are being engaged via a stakeholder reference group as part of that project which has improving "customer experience" as a critical success factor.
Risk management is visible through regular reviews of the Risk Register.	On track: Risk register implemented and reported on quarterly to Advisory Group
All funding requirements are met by each of the participating councils.	On track: All funding commitments met.

Performance measure	Outcome
A minimum of two reports presented to the WLASS Board on the Group's activities.	Achieved: Reporting on performance measures received and presented to board as part of the annual report. In addition, the Advisory Group Chair has provided the Board with verbal updates on progress recruiting a new group manager (which has now occurred). Monthly reporting to the WLASS CE on delivery of the annual workplan, a summary of which is included in the monthly portfolio reporting to board.
FUTURE PROOF Phase 2 of the Future Proof Strategy is adopted by the Future Proof Implementation Committee no later than December 2020.	Not achieved: Phase 2 of the Future Proof Strategy update has been on hold to allow other projects to sufficiently progress, including the H2A. Work has commenced again on Phase 2. It is anticipated that a draft will be completed early 2021.
The overall Future Proof work programme is delivered within the approved budget.	Achieved: the Future Proof work programme to end June 2020 was on budget; however several line items were significantly over budget due to high activity associated with the H2A. This was balanced by unspent items. Government funding for the Sub-Regional Three Waters Study has not yet been successful
Future Proof makes submissions (using RMA and Local Government processes), on District Plans, L TPs, growth management planning documents, and any central government initiatives which have the potential to impact growth management planning in the sub-region.	Achieved: Future Proof has lodged 11 submissions over the past 12 months
SHAREHOLDER SURVEY A survey of shareholders is undertaken each year, and the results are reported to all shareholders.	Not achieved: The 2020 SOI sets out a new performance framework for the company which puts in place performance measures that better reflect the outcomes we are seeking. For that reason, we are not intending on undertaking a survey of shareholders this year as we have historically done. We will instead be meeting with council CEs on a 1x1 basis and soliciting feedback on performance by this means.
REVIEW OF BENEFITS Information on the financial and non-financial benefits being achieved by WLASS are included in the 6-monthly and Annual Report to shareholders.	Achieved: WLASS achievements are included in the half-yearly report and in the 2019 Annual Report.
The WLASS website is regularly maintained and updated.	Not achieved: Some, but not all areas of the website have been updated. This remains a work in progress. We are also working on enhancing the WLASS website to include additional information for councils on what the company is doing.

HAURAKI RAIL TRAIL CHARITABLE TRUST

In 2012 Council consulted on whether it should contribute \$500,000 to Hauraki District Council to construct a cycleway from Paeroa to Te Aroha and to underwrite the maintenance of our portion of the cycleway. The community overwhelmingly supported the project and in May 2012 the cycleway (known as the Hauraki Rail Trail) was completed.

The Hauraki Rail Trail Charitable Trust is a charitable trust formed to manage the cycleway. The Trust has been created by Hauraki, Thames-Coromandel and Matamata-Piako District Councils, who can each appoint three trustees. Iwi in the three districts can also appoint one trustee to the Trust. The Trust falls within the definition of a council controlled organisation, however on 14 December 2011 we exempted the Trust from council controlled organisation reporting requirements under the Local Government Act 2002. The exemption must be reviewed every three years and was last reviewed on 08 November 2017.

The Trust's purpose is generally to operate and facilitate the use and enjoyment of the Hauraki Rail Trail. The defined purposes of the Trust include the specific objectives of expanding the Hauraki Rail Trail where possible and maintaining the Hauraki Rail Trail to appropriate standards. The Trust will oversee the operation and maintenance of the Hauraki Rail Trail by a commercial operator. It will also seek funding from charitable organisations (such as gambling trusts) to fund the extension of the Hauraki Rail Trail.

SECTION THREE: MAHI Ā RŌPŪ | WHAT WE DO



COMMUNITY FACILITIES AND PROPERTY

WHAT WE DO

Community Facilities and Property is about providing facilities for sport, recreation and cultural activities, affordable housing for elderly people and buildings and facilities that enable us to provide a range of services to the community. The activities responsible for this are Carparks and Street Furniture, Cemeteries, Housing and Property Management, Libraries, Parks and Tracks, Pools and Spas, Public Toilets and Recreation Facilities and Heritage.

WHY WE DO THESE ACTIVITIES

Community Facilities and Property provide a wide range of community facilities like pools, libraries, and events centres, tourist attractions such as Firth Tower Museum, Te Aroha Mineral Spas, Hauraki Rail Trail, and Te Aroha i-SITE, open spaces like parks and tracks, through to practical facilities like public toilets, carparks and cemeteries. This activity is also responsible for managing Council land and buildings including housing the elderly. These activities all help make our community a great place to live and visit. Council has developed a vision to make Matamata-Piako 'The Place of Choice' - Lifestyle - Opportunities - Home. Community Facilities and Property contributes to this overall vision by providing places for people to participate in sport, recreation and cultural activities as well as play, relax, experience nature and access information. The activity also beautifies our towns, protects sensitive environments, provides facilities for visitors and supports economic growth.

COMMUNITY FACILITIES AND PROPERTY CONTRIBUTES TO THE FOLLOWING COMMUNITY OUTCOMES:

CONNECTED INFRASTRUCTURE

Infrastructure and services are fit for purpose and affordable, now and in the future. ✓



Quality infrastructure is provided to support community wellbeing. ✓

We have positive partnerships with external providers of infrastructure to our communities. ✓



ECONOMIC OPPORTUNITIES

Our future planning enables sustainable growth in our district. ✓



HEALTHY COMMUNITIES

Our community is safe, healthy and connected. ✓

We encourage the use and development of our facilities. ✓



ENVIRONMENTAL SUSTAINABILITY

We support environmentally friendly practices and technologies. ✓



VIBRANT CULTURAL VALUES

We promote and protect our arts, culture, historic, and natural resources. ✓

FOUR WELLBEINGS OF OUR COMMUNITY

One of the purposes defined in the Local Government Act 2002 is for local authorities to identify effects that any activity has had on the four well-beings (social, economic, environmental and cultural). Below are the identified effects for the Community Facilities and Property activities:

		COUNCIL ACTIVITIES								
WELLBEINGS	CARPARKS AND STREET FURNITURE	CEMETERIES	HOUSING AND PROPERTY	LIBRARIES	PARKS AND TRACKS	POOLS AND SPAS	PUBLIC TOILETS	RECREATION FACILITIES AND HERITAGE		
SOCIAL	Carparks and Street Furniture provide public amenities that improve the health and wellbeing of the community.	Cemeteries provide public amenities that improve health and wellbeing through the provision of adequate burial facilities	The elderly in the district who use Council accommodation benefit from social housing.	Libraries provide venues for activities as well as improving equality and promoting social inclusion, improving literacy and offering education and lifelong learning opportunities.	Parks and Tracks provide public areas and facilities for active recreation for the community.	Pools and Spas provide recreation activities for the community.	Our Public Toilet facilities ensure that visitors and the community have access to these while in the district, ensuring the public have a pleasant experience.	Our Recreation facilities such as the Silver Ferns Farms Event Centre and Matamata-Piako Civic and Memorial Centre provide spaces for the community to use for hosting a variety of meetings or events.		
ECONOMIC	-	-	-	Library facilities support learning and development and help overcome socio-economic differences.	Parks and Tracks provide a range of areas that attract events and activities which can result in increased spending.	Pools and Spas attract peoples from outside the district, which can result in increased spending.	-	Recreational facilities provide drawcards and allow for events and general attractions; which increases spending within the district.		
ENVIRONMENTAL	-	-	-	-	Parks and Tracks protect areas of environmental value. They also improve amenity values, preserve native flora and fauna and increase aesthetic values through landscaping.	-	-	-		
CULTURAL	-	-	-	The libraries provide summer reading programmes, a diverse range of reading and entertainment media as well as displaying community exhibits and collections	-	-	-	These assist with preserving and maintaining access to local and national history and culture. As well as supporting diversity in the community.		

CARPARKS AND STREET FURNITURE

Carparks and Street Furniture is about providing convenient facilities for locals and visitors. This includes providing parking in our three main towns and street furniture like seats, picnic tables, drinking fountains, signs, bollards to improve safety and public art.

OUR PROJECTS FROM THE LAST TWELVE MONTHS

Key projects undertaken in the last twelve months are outlined below.

PROJECTS	WHAT HAVE WE BEEN DOING?	2019/20	
		BUDGET \$000	ACTUAL \$000
CBD revitalisation and streetscape upgrades*	Redevelopment of the Matamata CBD streetscapes (i.e. street furniture, trees, gardens and public art). Design work some new paving and the streetlighting. But some delays due to the additional planning required around the Hetana Street Master Plan and ensuring what is completed in Matamata ties in with the other work planned.	750	-
CBD revitalisation and streetscape upgrades*	Redevelopment of the Morrinsville CBD streetscapes (i.e. street furniture, trees, gardens and public art). This work is delayed as the scope was reassessed and a traffic study was completed to identify whether any changes to the street layout and parking is required as part of the project.	-	-
Morrinsville Bubble Zones	Creation of Morrinsville bubble zones including installation of planter/seating units, lawn, planting and safety measures.	-	36
Rapurapu Reserve redevelopment	We planned to redevelop Rapurapu Reserve by providing a suitable parking area within the park, adding gravel, signage and rationalising the internal road network to reduce maintenance costs and prevent vehicles from accessing the river and causing damage. Resource consent was obtained in 2019/20 but due to the COVID-19 lockdown we plan to complete this project in 2020/21.	-	7
Howie Park, Morrinsville - parking	We planned to provide a parking area at Howie Park. Use of the park is currently constrained by a lack of parking space. Initial consultation was undertaken this year. Concepts plans were developed and costed based off community feedback Physical works to be discussed as part of 2021-31 LTP.	150	-
Bulk Funds	This funding provides for minor or unplanned works and currently also funds renewals that fall outside the renewal plans/renewal budgets. Potential projects are assessed against criteria before being approved. Bulk funds of \$15,000 was used towards the Morrinsville Events Centre carpark CCTV.	20	15
Total key capital projects		920	58

*The budgeted amount above represents Council's contribution towards the project. Additional funding sought from external funding providers and partners.

LEVELS OF SERVICE

What you can expect and how you will know we are meeting your expectations.

LEVELS OF SERVICE	HOW WE MEASURE PERFORMANCE	PREVIOUS YEARS			TARGET
		2016/17 Actual	2017/18 Actual	2018/19 Actual	2019/20
We will provide well maintained carparks and street furniture and will respond to vandalism and graffiti in a timely manner.	90% or more of damage, vandalism and graffiti complaints regarding Council carparks and street furniture will be responded to within the assigned timeframe.	46.15%	70%	92.3%	90% or more
					ACTUAL
					72.2%

WHAT'S BEHIND THE RESULTS

To ensure our facilities are safe and maintained to an acceptable standard, we will respond to complaints in a timely manner. Our response rate is measured by generating a report from our Customer Request Management (CRM) system. This year 13/18 (72.2%) complaints were responded to within the assigned timeframes. We had one urgent complaint for broken glass that was not responded to within two hours and two further complaints that were not completed within timeframes due to the COVID-19 lockdown.

*EXPECTED RESPONSE TIMES

COMPLAINT TYPE	DURING WORK HOURS (MONDAY TO FRIDAY 7AM-4PM)	AFTER HOURS/WEEKEND/STATUTORY HOLIDAY
Safety related - An immediate risk to safety, likely to cause harm to users, (e.g. broken glass, discarded needles, severe structural damage).	2 work hours or less	2 work hours or less, counted from the start of the next working day.
Other (e.g. graffiti, blown light bulb, other minor maintenance issues).	2 working days or less	2 working days or less, counted from the start of the next working day.

CEMETERIES

Cemeteries provide spaces for the dignified burial of bodies and interment of ashes, contributing to the social and cultural wellbeing of the community. Our cemeteries provide land for traditional burials as well as areas for ashes burials, ashes interments and memorials.

OUR PROJECTS FROM THE LAST TWELVE MONTHS

Key projects undertaken in the last twelve months are outlined below.

PROJECTS	WHAT HAVE WE BEEN DOING?	2019/20	
		BUDGET \$000	ACTUAL \$000
Ashes Walls	We have installed additional ashes walls at cemeteries as required to meet increasing demand. Including additional ashes walls at Matamata Cemetery. This project was budgeted in the 2017/18 financial year but physical works were carried out in the 2018/19 and 2019/20 financial years.	45	23
Te Aroha Cemetery expansion	Our project to expand the capacity of the Te Aroha Cemetery by developing adjacent land to the south of the current cemetery has started with, design plans were drawn in 2018/19 and the designation was extended in 2019/20 the physical works to be completed in the 2020/21 financial year.	-	50
Bulk funds	This funding is for minor or unplanned works and currently also funds renewals that fall outside the renewal plans/renewal budgets. Potential projects are assessed against criteria before being approved. Bulk funds were used to build the additional Te Aroha ashes wall in 2019/20.	15	35
Total key capital projects		60	108

LEVELS OF SERVICE

What you can expect and how you will know we are meeting your expectations.

ACHIEVED

NOT ACHIEVED

LEVELS OF SERVICE	HOW WE MEASURE PERFORMANCE	PREVIOUS YEARS			TARGET
		2016/17 Actual	2017/18 Actual	2018/19 Actual	2019/20
Cemeteries will be maintained to a high standard.	Percentage of people who have visited a Council cemetery in the last year who are satisfied with the cemeteries.	91%	89%	89%	80% or more
					ACTUAL
					87%

WHAT'S BEHIND THE RESULTS

We aim to maintain cemeteries to a standard that satisfies cemetery visitors and shows respect to our deceased. We measure this through our customer survey. This year 45% were very satisfied, with 42% of visitors satisfied and 12% neither satisfied nor dissatisfied and 1% said they were dissatisfied. No one surveyed said they were very dissatisfied or didn't know.



HOUSING AND PROPERTY MANAGEMENT

We own and manage a variety of land and buildings including providing elderly persons housing allowing them to access affordable housing in a quiet, maintenance free and supportive living environment. This activity is also responsible for corporate buildings used to deliver services to the community including Council offices, depots and an animal pound.

We also have 17 community halls, mainly located in rural areas. While we own the halls, the individual halls are operated by hall management committees. There is also a range of land such as undeveloped reserves and general property and buildings, such as clubrooms on parks, that we lease to others until we need them.

OUR PROJECTS FROM THE LAST TWELVE MONTHS

There were no new capital projects planned in 2019/20.

LEVELS OF SERVICE

What you can expect and how you will know we are meeting your expectations.

ACHIEVED

NOT ACHIEVED

LEVELS OF SERVICE	HOW WE MEASURE PERFORMANCE	PREVIOUS YEARS			TARGET
		2016/17 Actual	2017/18 Actual	2018/19 Actual	2019/20
We will provide housing that meets the needs of elderly people.	Percentage of elderly persons housing tenants who are satisfied with the standard of maintenance and accommodation.	82.6%	80.82%	86.56%	80% or more satisfied
					ACTUAL
					93.22%
WHAT'S BEHIND THE RESULTS					
We provide elderly persons housing so elderly people can have access to good quality affordable housing. This is measured by an annual survey of elderly persons housing tenants undertaken in April each year. During the COVID-19 lockdown we called all residents who live alone on a regular basis to check on their welfare being vulnerable people during the lockdown.					
We will provide affordable elderly persons housing.	Rent charged for elderly persons housing will be below the market median for the district.	Achieved	Achieved	Achieved	Rents are below the market median
					ACTUAL
					Achieved
WHAT'S BEHIND THE RESULTS					
Our policy is to set elderly persons housing rents below the market median for the district to ensure it is affordable. This is measured through our annual accounts and review of annual market median rents as supplied by the Ministry of Building, Innovation and Employment.					
Elderly Persons Housing will be well utilised.	At least 95% of elderly persons housing will be occupied.	98.73%	99.5%	96%	95% or more
					ACTUAL
					99.4%
WHAT'S BEHIND THE RESULTS					
High occupancy rates of elderly persons housing will ensure we are providing affordable housing in the district. This is measured through our internal records of occupancy. This year we had 99.4% of our elderly persons housing occupied. This result does not include periods that the units were unable to be filled due to planned periods of refurbishments, repairs or upgrades.					

LIBRARIES

Our public libraries have been supplying our communities with library services for over 100 years. While the technology and delivery options may have changed over time, the core roles of the library have remained the same. Our libraries support and are actively involved in activities such as reading, literacy and information technology for people of all ages, local heritage, providing public space and a community focal point, offering opportunities for lifelong learning and putting people in touch with information. Our libraries are intended to be community hubs providing support in many forms.

OUR PROJECTS FROM THE LAST TWELVE MONTHS

Key projects undertaken in the last twelve months are outlined below.

PROJECTS	WHAT HAVE WE BEEN DOING?	2019/20	
		BUDGET	ACTUAL
		\$000	\$000
Future proofing our libraries.	Assessment work is under way to update the Morrinsville and Te Aroha library facilities to meet changing community expectations and requirements of building regulations. Assessment of the buildings is still being undertaken due to Te Aroha's heritage status and other projects for the Morrinsville building took precedence, this caused future-proofing to be re-prioritised.	100	-
Total key capital projects		100	-

LEVELS OF SERVICE

What you can expect and how you will know we are meeting your expectations.

ACHIEVED

NOT ACHIEVED

LEVELS OF SERVICE	HOW WE MEASURE PERFORMANCE	PREVIOUS YEARS			TARGET
		2016/17 Actual	2017/18 Actual	2018/19 Actual	2019/20
Our library services will be accessible to the community.	The number of people visiting our libraries.	164,055	143,292	191,262	Visitor and online user numbers will be within 5% of the five year average.
					ACTUAL
	The number of people accessing library information online.	25,051	26,594		183,938
Our library resources will support community needs.	The number of library members who have been active (used their library card) in the last 12 months.	New measure	New measure	12,569	2% increase from previous year.
					ACTUAL
					9,244
Our library resources will support community needs.	The percentage of users who are satisfied with library services.	85%	90%	85%	90% or more
					ACTUAL
					80%

WHAT'S BEHIND THE RESULTS

For libraries and library services to contribute to community wellbeing they need to be available for people to access information. This is measured through door count records, website visitor statistics and our customer survey.

*2019/20 was an unprecedented year which saw COVID-19 impact the whole country and a number of our services were impacted due to the lockdown. The lockdown was particularly important for our libraries as it meant we needed to close our doors completely for 59 days, and whilst online information was accessible it still had a major impact on this measure.

Users' satisfaction for the library services has decreased 5% from 2018/19 to 80% in 2019/20. 52% of respondents were very satisfied, 28% were satisfied, 10% were neither satisfied nor dissatisfied while 2% of respondents were dissatisfied and 6% of respondents were very dissatisfied. Reasons for dissatisfaction included, dissatisfaction with check-out service and lack of range.

PARKS AND TRACKS

We provide a variety of parks for the community to use and enjoy for a variety of sport and recreation activities. Playground and skate park facilities provide opportunities for recreation, physical development and social activities for children and young people. Our tracks provide opportunities for walking, cycling and experiencing nature. Many of our tracks are developed and maintained in partnership with volunteer community groups.

PROJECTS	WHAT HAVE WE BEEN DOING?	2019/20	
		BUDGET \$000	ACTUAL \$000
Park signage	Improvements to signage of parks across the district has been delayed due to other work projects. We have assessed the condition of major signs in 2019/20. Design work on a bilingual signage format has started. Physical works to be carried out in 2020/21.	8	8
Bulk funds	This funding is for minor or unplanned works and currently also funds renewals that fall outside the renewal plans/renewal budgets. Potential projects are assessed against criteria before being approved. Bulk funds of \$2,000 was used for a retaining wall at the Te Aroha Domain, other physical works for most projects were delayed due to COVID-19 lockdown.	30	2
Matamata Inner Walkway	Connect existing parks and tracks to create an inner walkway circuit. Awaiting the vesting of some reserves through subdivisions prior to developing walkway.	300	-
Waharoa Rest Area - Land Acquisition	Council does not own all the land at the rest area and leases a large portion of it. Owning all the land would give Council more options to develop the area in future. This has been moved to a 2021-31 LTP discussion.	50	-
Morrinsville River Walk Extension	Acquire and develop land to extend the River Walk from Studholme Street to Holmwood Park. Work has been progressing. Council has been negotiating access with private landowners to complete the route.	270	8
Develop a new playground at Bank Road Reserve Matamata	We developed a concept plan for a new playground at Banks Road Reserve in consultation with the community. Unfortunately the COVID-19 lockdown delayed installation of the playground. We plan to complete the playground in 2020-21.	150	-
Howie Park - water reticulation improvements	Council carried out works to improve the water reticulation for Howie park. This project was based around reducing treated water consumption that the ponds exerted.	-	24
Total key capital projects		808	42

LEVELS OF SERVICE

What you can expect and how you will know we are meeting your expectations.

ACHIEVED

NOT ACHIEVED

LEVELS OF SERVICE	HOW WE MEASURE PERFORMANCE	PREVIOUS YEARS			TARGET
		2016/17 Actual	2017/18 Actual	2018/19 Actual	2019/20
We will provide good quality sports field facilities to meet the needs of users.	Percentage of users satisfied with sports fields.	79%	79%	81%	80% or more users satisfied.
					ACTUAL
					78%

WHAT'S BEHIND THE RESULTS

This is measured through our Annual Customer Survey. Of the participants surveyed 24% were very satisfied, 54% were satisfied, 14% said they were neither satisfied nor dissatisfied, 1% didn't know and 7% said they were dissatisfied. No participants said they were very dissatisfied. Reasons for dissatisfaction included lack of maintenance.

We will promote and encourage the community to use our parks and reserves.	Percentage of users satisfied with parks and reserves.	83%	84%	78%	80% or more users satisfied.
					ACTUAL
					78%

WHAT'S BEHIND THE RESULTS

This is measured through our Annual Customer Survey. Of the participants 28% said they were very satisfied, 50% were satisfied. 16% said they were neither satisfied nor dissatisfied, 1% didn't know, 5% said they were dissatisfied and no participants said they were very dissatisfied. Reasons given for dissatisfaction included poor maintenance and lack of parks.

LEVELS OF SERVICE	HOW WE MEASURE PERFORMANCE	PREVIOUS YEARS			TARGET
		2016/17 Actual	2017/18 Actual	2018/19 Actual	2019/20
Our public playgrounds will be safe.	Playground safety will be assessed on a regular basis.	Achieved	Achieved	Achieved	Inspections will be undertaken once every two weeks and once every week during school holidays. An external audit will be undertaken annually to evaluate compliance with the relevant New Zealand Standard.
					ACTUAL
					Before COVID-19 On track*
					After COVID-19 Not achieved*

WHAT'S BEHIND THE RESULTS

People's safety will not be at risk while using playgrounds. This is measured through our playground safety audit records.
 *2019/20 was an unprecedented year which saw COVID-19 impact the whole country and a number of our services were impacted due to the lockdown. The lockdown was particularly important for our playground inspections as it meant for the weeks of 3 April 2020 until 8 May 2020, inspections were unable to be undertaken due to lockdown under level 4 and 3. All playgrounds were closed which was communicated publically via a number of methods and playgrounds had 'closed' signs on them where possible so any safety risks were be mitigated. We conducted inspections to ensure safety before playgrounds were re-opened following the COVID-19 lockdown. Therefore we have broken down this measure into before and after COVID-19, showing that before COVID-19 we were on track with our target however after COVID-19 we were no longer on track and didnt meet our target for the year.



POOLS AND SPAS

Pools and spas contribute to the health and wellbeing of our community by providing opportunities for swimming and relaxation. Te Aroha Mineral Spas are a popular tourist attraction for both domestic and international tourists.

OUR PROJECTS FROM THE LAST TWELVE MONTHS

Key projects undertaken in the last twelve months are outlined below.

PROJECTS	WHAT HAVE WE BEEN DOING?	2019/20	
		BUDGET \$000	ACTUAL \$000
Swim Zone Splash Pads	The installation of splash pads (water play areas) for pool facilities has been delayed. This has been put on hold and will be reviewed as part of the LTP 2021-31.	-	-
Te Aroha No2 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. It is located right next to Te Aroha Swimzone. This Bath House has been closed for a number of years and reopened in 2019/20 with a new pure mineral water supply and refurbishing of the bath itself.	-	146
Swim Zone Morrinsville filtration systems	The installation of a separate filtration systems at pools in order to ensure good water quality and comply with current pool design standards. This has been put on hold and will be reviewed as part of the LTP 2021-31.	-	-
Bulk funds	This funding is for minor or unplanned works and currently also funds renewals that fall outside the renewal plans/renewal budgets. Potential projects are assessed against criteria before being approved. In 2019/20 Council acquired pool cover for the 25m outdoor pool in Matamata.	20	19
Total key capital projects		20	165

LEVELS OF SERVICE

What you can expect and how you will know we are meeting your expectations.

ACHIEVED

NOT ACHIEVED

LEVELS OF SERVICE	HOW WE MEASURE PERFORMANCE	PREVIOUS YEARS			TARGET
		2016/17 Actual	2017/18 Actual	2018/19 Actual	2019/20
Our facilities will be safe for facility users and staff.	Four independent safety and quality audits will be carried out on Swim Zone Te Aroha, Swim Zone Matamata and the Te Aroha Mineral Spas. Two independent audits will be carried out on Swim Zone Morrinsville.	Achieved	Achieved	Achieved	Achieved
					ACTUAL
					Before COVID-19 On track*
					After COVID-19 Not achieved*

WHAT'S BEHIND THE RESULTS

This is measured through records of quarterly external audits. Professional pool operation and management ensures people's safety will not be put at risk while using our pools. Audits on our pools and spas were completed in July and October 2019 and March 2020.

*Morrinsville Swim Zone had two audit completed however Matamata and Te Aroha Swim Zones and Te Aroha Mineral Spas only had three inspections due to the COVID-19 lockdown and final inspections occurred in July 2020.

We will provide well maintained aquatic facilities in the district.	Percentage of users satisfied or very satisfied with pool facilities.	70%	87%	72%	80% or more customers satisfied
					ACTUAL
					73%

WHAT'S BEHIND THE RESULTS

This is measured through our Annual Customer Survey. Of the participants, 31% were very satisfied and 42% were satisfied. A further 16% said they were neither satisfied nor dissatisfied, 3% didn't know, 4% said they were dissatisfied and 4% said they were very dissatisfied. Reasons for dissatisfaction included restricted opening hours/seasons and cost.

We will promote and encourage our community to use aquatic facilities.	The number of customers using our pool facilities will be maintained.	169,780	176,466	198,099	Visitor numbers will be within 5% of the five year average
					ACTUAL
					159,047

WHAT'S BEHIND THE RESULTS

Measured by attendance records, each visit is counted as one. During 2019/20 financial year we had 159,047 visitors to our pools and spas, this means we were within 5% of the five year average target of 162,206 visitors. This performance measure was achieved despite the COVID-19 lockdown which caused Matamata Swim Zone to close for 49 days and Te Aroha Swim Zone to close for 53 days.

PUBLIC TOILETS

Our public toilets provide residents and visitors access to safe, clean and convenient toilet facilities.

OUR PROJECTS FROM THE LAST TWELVE MONTHS

Key projects undertaken in the last twelve months are outlined below

PROJECTS	WHAT HAVE WE BEEN DOING?	2019/20	
		BUDGET \$000	ACTUAL \$000
Waharoa Rest Area Toilets	Replace existing toilets with modern toilets that are better able to cope with visitor numbers, easier to maintain, vandal-resistant, more aesthetically pleasing, and able to be relocated if demand changes in the future. Planning started in 2019/20 with works pushed out until 2020/21	200	13
Morrinsville Studholme Street Toilets	The redevelopment of the old toilet block and potentially providing more modern toilets was delayed pending the completion of the sanitary assessment for all toilets. After reviewing the results of the assessment, Council has confirmed it will install a new public toilet in the Morrinsville CBD.	-	-
Toilet Replacements	The project to replace various public toilet facilities that have reached the end of their useful life with modern, accessible, toilets, was delayed pending the completion of the sanitary assessment for all toilets, the assessment has now been completed. This will guide prioritisation of future toilet upgrades. Council has applied to the Tourism Infrastructure Fund for co-funding towards new toilets at Waharoa and Wairere Falls and is awaiting the outcome of that process as it will affect how this year's \$100,000 is spent. We were successful in securing Tourism Infrastructure Fund grants towards new toilets at Wairere Falls and Waharoa. Other toilet upgrades part of 2021-31 LTP discussions.	100	-
Baby Change Tables	Provide baby change tables and improve accessibility to current toilets where practicable. This was unable to proceed due to more urgent projects taking priority.	10	-
Total key capital projects		310	13

LEVELS OF SERVICE

What you can expect and how you will know we are meeting your expectations

ACHIEVED

NOT ACHIEVED

LEVELS OF SERVICE	HOW WE MEASURE PERFORMANCE	PREVIOUS YEARS			TARGET
		2016/17 Actual	2017/18 Actual	2018/19 Actual	2019/20
Our public toilets will be maintained to acceptable standards	The number of complaints received regarding dissatisfaction with the cleanliness of public toilets	34 complaints	36 complaints	38 complaints	20 or less complaints about cleanliness per year
					ACTUAL
					11 complaints

WHAT'S BEHIND THE RESULTS

Our public toilets will be maintained to ensure the health and wellbeing of our community is not negatively affected. This is measured through the number of complaints about cleanliness reported via our Customer Request Management System.

We received 11 complaints regarding the cleanliness of public toilets during 2019/20. Herries Park toilets received the most with four complaints, the others compiled of, one at Lawrence Avenue Te Aroha, one at the Matamata Office, one at the Matamata Cemetery, two at Hetana Street, one at the Piako-Lawn Cemetery and one at Waharoa.

This means we had 9 less complaints compared to our target. COVID-19 played a significant role in this as most of our toilets were closed during level three and four (public toilets on main routes stayed open for truck drivers and other essential workers). This trend continued into level two due to the reduction in tourists and families using public toilet facilities.

We are continuing to monitor our facilities. In 2019/20 we allocated \$200,000 to replace/renew the Waharoa toilets in 2019/20 as per the Long Term Plan 2018-28. The new toilets will be better able to cope with visitor numbers, easier to maintain, vandal-resistant, more aesthetically pleasing, and able to be relocated if demand changes in the future. Work is expected to be undertaken in 2020/21.

RECREATION FACILITIES AND HERITAGE

Recreation Facilities and Heritage is about leisure opportunities as well as promoting and preserving our cultural heritage and encouraging tourists to our District. Our recreation facilities include an aerodrome, campgrounds, event centres, museums, heritage buildings and information centres.

OUR PROJECTS FROM THE LAST TWELVE MONTHS

Key projects undertaken in the last twelve months are outlined below

PROJECTS	WHAT HAVE WE BEEN DOING?	2019/20	
		BUDGET	ACTUAL
		\$000	\$000
Matamata Indoor Sports facilities - Headon Stadium	We have undertaken concept planning and resource consent has been granted for the Headon Stadium upgrade. Physical works started but were delayed due to COVID-19 Lockdown.	-	1,001
Matamata Indoor Sports facilities	Invest in an indoor sports stadium in Matamata. Council is providing a grant to assist with the funding of the new stadium. Currently work is underway to finalise the location and size of the build. The project is being managed by a joint committee of the trust and Council.	2,000	-
Total key capital projects		2,000	1,001

LEVELS OF SERVICE

What you can expect and how you will know we are meeting your expectations.

ACHIEVED

NOT ACHIEVED

LEVELS OF SERVICE	HOW WE MEASURE PERFORMANCE	PREVIOUS YEARS			TARGET
		2016/17 Actual	2017/18 Actual	2018/19 Actual	2019/20
We will provide well-maintained recreation and heritage facilities and will respond to complaints about damage, vandalism and graffiti in a timely manner.	90% or more of damage, vandalism and graffiti complaints regarding recreation and heritage facilities will be responded to within the assigned timeframe*.	90%	83%	84.2%	90% or more
					ACTUAL
					75%

WHAT'S BEHIND THE RESULTS

Our response rate was measured from our Customer Request Management system. We received a total of four complaints about damage to our Recreation and Heritage facilities in 2019/20. Of these complaints three (75%) were responded to within the assigned timeframe. The one complaint that was not completed in time was regarding broken glass etc at Headon Stadium in Matamata, this call was completed the following day.

*EXPECTED RESPONSE TIMES

COMPLAINT TYPE - EXPECTED RESPONSE TIMES	DURING WORK HOURS (MONDAY TO FRIDAY 7AM-4PM)	AFTER HOURS/WEEKEND/STATUTORY HOLIDAY
	Safety related - An immediate risk to safety, likely to cause harm to users, (e.g. broken glass, discarded needles, severe structural damage).	Two work hours or less
Other - (e.g. graffiti, blown light bulb, other minor maintenance issues).	Two working days or less	Two working days or less, counted from the start of the next working day.

COMMUNITY FACILITIES AND PROPERTY

FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2020

Long Term Plan budget 2018/19	Actual 2018/19		Long Term Plan budget 2019/20	Actual 2019/20	Explanation of key variances to the Long Term Plan budget
(\$000)	(\$000)		(\$000)	(\$000)	
Sources of operating funding					
8,822	8,850	General rates, uniform annual general charges, rates penalties	9,190	9,648	Rates required have increased in line with estimated increased costs including staff costs for the aquatic facilities, building maintenance, cemetery and library costs. Actual rates received were higher compared to budget due to higher growth in the district than anticipated.
75	100	Targeted rates	77	103	A number of Hall Committees requested increases to the targeted rates for specific projects planned for their rural halls.
4	54	Subsidies and grants for operating purposes	4	-	
2,775	3,152	Fees and charges	2,834	2,950	Income from housing was higher than budgeted due to increased rents, and activity at Council's facilities has exceeded the level budgeted in the LTP.
160	122	Internal charges and overheads recovered	160	(108)	
-	-	Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	
11,836	12,278	Total operating funding (A)	12,265	12,593	
Applications of operating funding					
7,713	8,544	Payments to staff and suppliers	7,876	8,281	Estimated increased costs include staff costs for the aquatic facilities, building maintenance, cemetery and library costs.
186	161	Finance costs	310	150	Debt raised was lower than projected in the LTP due to the delay in the capital programme (as detailed below), reducing overall finance costs.
1,814	2,086	Internal charges and overheads applied	1,839	2,114	Overhead costs allocated are higher than budgeted in the LTP.
-	-	Other operating funding applications	-	-	
9,713	10,791	Total applications of operating funding (B)	10,025	10,545	
2,123	1,487	Surplus (deficit) of operating funding (A - B)	2,240	2,048	
Sources of capital funding					
-	208	Subsidies and grants for capital expenditure	-	(32)	Unbudgeted contributions received for naming rights for the Silver Fern Farms Events Centre \$20,000, and \$13,000 from the Government's Tourism Infrastructure Fund.
55	349	Development and financial contributions	56	262	Revenue from contributions was higher than budgeted due to some significant developments in the district, particularly in Morrinsville and Matamata.
3,317	-	Increase (decrease) in debt	3,454	(58)	The debt forecast assumed the completion of major capital projects during the year that were delayed or the timing has changed from that set out in the LTP.
-	-	Gross proceeds from sale of assets	-	-	
-	-	Lump sum contributions	-	-	
-	-	Other dedicated capital funding	-	-	
3,372	557	Total sources of capital funding (C)	3,510	172	
Applications of capital funding					

Long Term Plan budget 2018/19	Actual 2018/19		Long Term Plan budget 2019/20	Actual 2019/20	Explanation of key variances to the Long Term Plan budget
(\$000)	(\$000)		(\$000)	(\$000)	
Capital expenditure					
-	-	-to meet additional demand	-	-	
3,708	922	-to improve the level of service	4,521	1,434	The Headon Stadium upgrade of \$1.5 million was budgeted in the LTP to be completed in 2018/19. It was started during 2019/20 and \$1 million was spent to date. Major projects planned in the LTP but delayed this year included; the Waharoa rest area toilet upgrade \$200,000, the Matamata streetscape redevelopment \$750,000, Howie Park entrance \$150,000, Morrinsville river walkway extension \$270,000, and the Matamata inner walkway project \$300,000.
1,549	1,586	-to replace existing assets	1,142	786	There were several renewal projects that were not completed during the year compared to the LTP budget including; parks and tracks \$15,000, carpark and street furniture \$93,000, public toilets \$70,000 and other buildings \$170,000.
238	(117)	Increase (decrease) in reserves	87	-	
-	(347)	Increase (decrease) of investments		-	
5,495	2,044	Total applications of capital funding (D)	5,750	2,220	
(2,123)	(1,487)	Surplus (deficit) of capital funding (C - D)	(2,240)	(2,048)	
-	-	Funding balance ((A - B) + (C - D))	-	-	



STRATEGY AND ENGAGEMENT

WHAT WE DO

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

WHY WE DO THESE ACTIVITIES

These activities ensure our community is informed of council activities and can be involved in open and transparent decision making. This helps us plan for the long term to ensure that our communities grow and develop in an integrated and sustainable way. The Local Government Act 2002 also has a significant impact on these activities, as it sets a number of legislative requirements that we must meet. Council has developed a vision to make Matamata-Piako 'The Place of Choice; Lifestyle - Opportunities - Home'. Strategy and Engagement contributes to this overall vision by providing leadership that makes Matamata-Piako a desirable place to live.

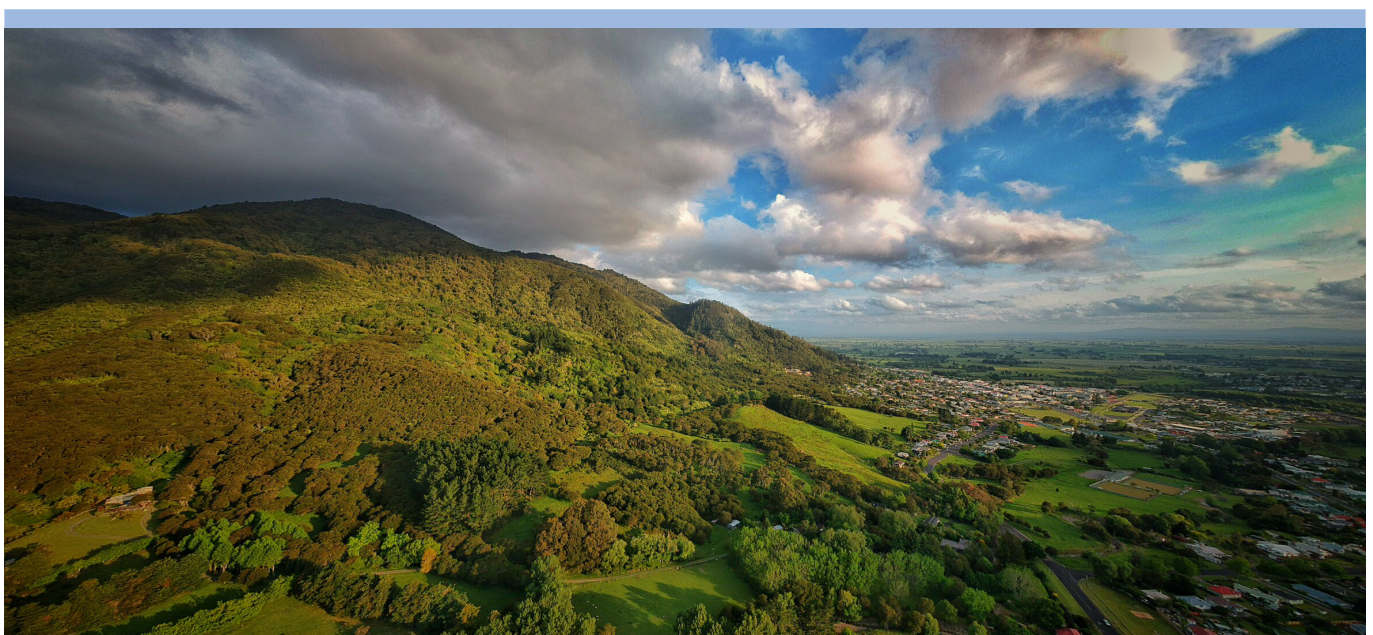
STRATEGY AND ENGAGEMENT CONTRIBUTES TO THE FOLLOWING COMMUNITY OUTCOMES:

	CIVIL DEFENCE	COMMUNICATIONS AND EVENTS	COMMUNITY LEADERSHIP	STRATEGIES AND PLANS
ECONOMIC OPPORTUNITIES				
 We are a business friendly Council.		✓	✓	✓
 Our future planning enables sustainable growth in our district				✓
HEALTHY COMMUNITIES				
 Our community is safe, healthy and connected.	✓			
 We encourage community engagement and provide sound and visionary decision making		✓	✓	
VIBRANT CULTURAL VALUES				
 We value and encourage strong relationships with Iwi and other cultures, recognising waahi tapu and taonga/significant and treasured sites and whakapapa/ancestral heritage			✓	✓
 Tangata Whenua with Manawhenua status (those with authority over the land under Māori lore) have meaningful involvement in decision making			✓	✓

THE FOUR WELLBEINGS AND OUR COMMUNITY OUTCOMES

One of the purposes defined in the Local Government Act 2002 for local authorities, is to identify effects that any activity has had on the four well-beings (social, economic, environmental and cultural). These have been identified below for the Strategy and Engagement activities:

WELLBEINGS	COUNCIL ACTIVITIES			
	CIVIL DEFENCE	COMMUNICATIONS AND EVENTS	COMMUNITY LEADERSHIP	STRATEGIES AND PLANS
SOCIAL	Civil Defence ensures the community and Council are prepared in an emergency. This preparation helps the community remain safe during these times.	Community events such as ANZAC day and Volunteer Morning Tea encourages and highlights the achievements of the district.	Community Leadership provides fair representation of the communities' wants and needs. Creating a quality social environment for the community to all be represented.	Develops and encourages effective representation and consultation through its policies by improving community participation.
ECONOMIC	-	Community events such as the Big Business Breakfast and Industry Training Graduation support the economic development of the district through highlighting local business achievements and also provides a networking base for businesses in our district.	-	The development of documents such as the District Plan, LTP and Annual Plan identifies and provides certainty around where development is able to occur and provides certainty for community advancement.
ENVIRONMENTAL	-	-	-	Through the provision for and protection of the environment in the District Plan and processes such as the Significant Natural Features project encourage the preservation of significant sites.
CULTURAL	-	It was agreed that our Waitangi Day celebrations will be held biennially by the Te Manawhenua Forum which is supported by Council staff. The next event will be in 2021. This event ensures that Iwi are engaged and Iwi culture is celebrated.	Te Manawhenua Forum provides a platform for mana whenua to be heard and to have serious input into Council decisions.	Our Strategies and Plans develops and encourages consultation through its policies by ensuring Tangata Whenua participation.



CIVIL DEFENCE

Civil Defence Emergency Management (CDEM) is a function and responsibility of regional, city and district councils. Our civil defence role includes community, organisational and business readiness, including public education and awareness, training and exercises and local response planning. We are part of the Waikato CDEM Group, which includes the Waikato Regional Council and all 10 district/city councils, as well as emergency services, welfare agencies and utility providers. This group works closely with research institutions, utility operators and central government to reduce risks and improve community resilience. We're also part of the Thames Valley emergency operating area, which provides Civil Defence services locally.

OUR PROJECTS FROM THE LAST TWELVE MONTHS

Running emergency exercises and the regular review of our local and regional plans are the core of this activity. A disaster recovery plan has been developed for our district.

LEVELS OF SERVICE

What you can expect and how you will know we are meeting your expectations.

ACHIEVED

NOT ACHIEVED

LEVELS OF SERVICE	HOW WE MEASURE PERFORMANCE	PREVIOUS YEARS			TARGET
		2016/17 Actual	2017/18 Actual	2018/19 Actual	2019/20
We will be prepared to assist the community in the event of an emergency	We will have sufficient trained staff within the Thames Valley Emergency Management operating area	36%	42%	44%	55% or more
					ACTUAL
					55.6%

WHAT'S BEHIND THE RESULTS

We need to have the right staff with the right qualifications to respond to a civil defence emergency in the Thames Valley Civil Defence area. Those positions include the controller, intelligence officers and several other essential roles. We aim to ensure a minimum percentage of those positions are filled (taking staff turnover into account). This is measured through our internal records.

As of 30 June 2020 we reached 55.6% of the positions filled with appropriately trained staff. We provide information to our community on emergency readiness via our website and Facebook.



COMMUNICATIONS AND EVENTS

Communications and Events is responsible for keeping the community informed and actively encouraging people to engage with Council. This involves developing plans and materials to engage with the community, monitoring social trends such as social media, online services and mobility, and implementing improvements to make it easier for customers to do business with us or participate in our processes. Communications and Events also organise events that contribute to a sense of community such as ANZAC Day ceremonies and the Community Volunteer Morning Tea and economic development activities such as the Business Night Out and Industry Training Graduation.

OUR PROJECTS FROM THE LAST TWELVE MONTHS

Key projects undertaken in the last twelve months are outlined below.

PROJECTS	WHAT HAVE WE BEEN DOING?	2019/20	
		BUDGET \$000	ACTUAL \$000
Events	This year we have held the Business Night Out, Business Growth Advisory service launched in Matamata and Te Aroha, and three 'Restart 2020' business events.	40	47
Total key operational projects		40	47

LEVELS OF SERVICE

What you can expect and how you will know we are meeting your expectations.

ACHIEVED

NOT ACHIEVED

LEVELS OF SERVICE	HOW WE MEASURE PERFORMANCE	PREVIOUS YEARS			TARGET
		2016/17 Actual	2017/18 Actual	2018/19 Actual	2019/20
We will hold events to contribute to economic development, recognise volunteers, and remember our history	We will hold one function annually to recognise volunteers, ANZAC Day commemorations and two functions to contribute to economic development	Business Night Out Industry Training Graduation Volunteer Morning Tea ANZAC Day Civic Ceremonies.	We will hold one function annually to recognise volunteers, ANZAC Day commemorations and two functions to contribute to economic development.		
			ACTUAL		
			Before COVID-19 On track*		
			After COVID-19 Not achieved*		

WHAT'S BEHIND THE RESULTS

The annual Business Night Out was held on 5 September 2019 at the Matamata-Piako Civic and Memorial Centre in Matamata to celebrate business success in our community. Guests were inspired as keynote speaker Cam Calkoen who embraces his dream big, achieve more philosophy, inspiring a positive approach to life and business. This event and awards were sponsored by Hobbiton, Bayleys, Fonterra and Gull.

We also launched the new Business Growth Advisory Service in partnership with Te Waka at events in Matamata and Te Aroha in November 2019. Over 50 people attended the launch breakfasts, with more than 20 booking follow up appointments for one-on-one business clinics with a Business Growth Advisor from Te Waka. Business Growth Clinics are now available every month in Te Aroha and Matamata, and will be launched in Morrinsville in 2020.

*A number of our usual events were unable to proceed this year due to COVID-19.

- ANZAC Day occurred during COVID-19 level 4 lockdown, meaning we were unable to hold civic ceremonies in Matamata, Morrinsville, Te Aroha and Walton. We instead promoted the national Stand at Dawn initiative, shared a video speech and tribute from Mayor Ash, and created a video showing ANZAC Day tributes from around the district.
- The volunteer morning tea was unable to be organised to coincide with national Volunteer Awareness Week due to COVID-19 restrictions. Instead letters and certificates of thanks from the Mayor were posted to Volunteer groups to recognise their valuable contributions to the community, along with a full-page ad in local newspapers.
- The Industry Training Graduation (recognising those who have completed a qualification during 2019 through an industry training organisation and their employers) also did not take place due to COVID-19 restrictions. 2019 Graduates and their employers were acknowledged with a letter and certificate from the Mayor along with a full-page ad in district publications.

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. Guests at each event heard an update on how council is responding to COVID-19 and the broader recovery plan, as well as the story of guest speaker Sian Leonard, who shared her story about overcoming challenges and developing resilience.

LEVELS OF SERVICE	HOW WE MEASURE PERFORMANCE	PREVIOUS YEARS			TARGET
		2016/17 Actual	2017/18 Actual	2018/19 Actual	2019/20
We will continue developing online services so residents and ratepayers can access information and interact with Council at any time, from anywhere.	We will develop one new digital service per year to allow customer to exchange money or information with Council.	Ticket system to purchase gift vouchers	Purchase rubbish bags and recycling bins online live streaming events	Antenno App	One new transaction/service per year
					ACTUAL
					Alpha One (online building consent portal)
WHAT'S BEHIND THE RESULTS					

This is measured through our internal records. Alpha One (the new system for lodging and processing building consents) was ready for use at the end of June 2020 and went live on 1 July 2020, this was to avoid any unnecessary extra work of having to change over all the fees in the system. This project was a result of a Local Authority Shared Services initiative to try and get a more consistent customer experience for companies lodging building consents across the Waikato.

We will make Council information easy for people to find and access.	Percentage of residents who are satisfied with ease of access to Council information.	63%	65%	62%	64% or more of residents satisfied
					ACTUAL
					58%

WHAT'S BEHIND THE RESULTS

This is measured through our Annual Customer Survey. Of the participants, 17% of respondents said they were very satisfied and 41% were satisfied. A further 24% were neither satisfied nor dissatisfied, 9% didn't know, 6% were dissatisfied and 3% very dissatisfied. Reasons given for dissatisfaction included comments about lack of ready access to information, timeliness of response and generally unhappy.



COMMUNITY LEADERSHIP

Community Leadership is responsible for involving the community in decision making. Communities elect members to represent them and to make decisions on their behalf. This involves providing leadership for the community as a whole and involving people in decisions.

OUR PROJECTS FROM THE LAST TWELVE MONTHS

Key projects undertaken in the last twelve months are outlined below.

PROJECTS	WHAT HAVE WE BEEN DOING?	2019/20	
		BUDGET \$000	ACTUAL \$000
Triennial elections	To carry out the triennial local government elections where the community elect the Mayor and Councillors.	45	45
LGNZ Excellence programme	This is an independent quality review of Council undertaken by Local Government New Zealand (LGNZ). This did not proceed due to lack of Council resources, as well as an extension being approved by LGNZ.	20	-
Volunteer Youth Ambassadors	The Matamata Piako Volunteer Youth Ambassadors (VYA) is the voice of the youth community around the Council table.	10	11
Te Manawhenua Forum mo Matamata-Piako	The Te Manawhenua Forum Mo Matamata-Piako is a standing committee of Council.	22	14
Total key operational projects		97	70

LEVELS OF SERVICE

What you can expect and how you will know we are meeting your expectations.

ACHIEVED

NOT ACHIEVED

LEVELS OF SERVICE	HOW WE MEASURE PERFORMANCE	PREVIOUS YEARS			TARGET
		2016/17 Actual	2017/18 Actual	2018/19 Actual	2019/20
People will have confidence in their local elected members.	Percentage of the community satisfied with the leadership of the Councillors and Mayor.	New measure	New measure	55%	2% improvement each year (57%)
					ACTUAL
					50%

WHAT'S BEHIND THE RESULTS

This is measured through our Annual Customer Survey. Of the participants 18% of respondents said they were very satisfied and 32% were satisfied. A further 26% were neither satisfied nor dissatisfied, 17% didn't know, 3% were dissatisfied and 4% very dissatisfied. Reasons given for dissatisfaction included comments about lack of action and consultation and not listening to the public. 2018/19 saw the measurement change from 'performance' to 'leadership' resulting in the 2018/19 result setting the benchmark.

Council will involve Tangata Whenua with Mana Whenua status in the decision making process.	Percentage of Te Manawhenua Forum members satisfied with progress made towards achieving the identified work streams.	New measure	New measure	16.66%	18.66%
					ACTUAL
					15%

WHAT'S BEHIND THE RESULTS

This is measured by the number of members that respond to a survey sent to the Te Manawhenua Forum that responded as being satisfied. The survey allows us to see how we have progressed on the identified work streams. This year six responses were received from the 13 Te Manawhenua Forum members, two of the responders were satisfied.

We will provide a safe working environment with an aim to ensure that every person working on, near or visiting our sites goes home healthy and safe every day.	Monthly reporting to Council showing our progress towards health and safety targets.	New measure	New measure	11 reports	11 reports to Council per year
					ACTUAL
					11 reports

WHAT'S BEHIND THE RESULTS

This is measured through our internal records. Monthly reports to Council ensure that Council are providing a safe working environment for every person who is working on, near or visiting our sites, goes home healthy and safe every day. These reports allow Council to monitor and track health and safety progress and detect any issues quickly and ensure they are dealt with efficiently.

STRATEGIES AND PLANS

There are four key documents developed under the Strategy and Plans activity, involving the community in decision making:

- The Long Term Plan
- The Annual Plan
- The Annual Report
- The District Plan

OUR PROJECTS FROM THE LAST TWELVE MONTHS

Key projects undertaken in the last twelve months are outlined below

PROJECTS	WHAT HAVE WE BEEN DOING?	2019/20	
		BUDGET \$000	ACTUAL \$000
Long Term Plan	We have started project planning for our 10 year strategic plan, which is reviewed every three years. The next Long Term Plan focuses on 2021-2031.	45	74
Annual Plan	Our annual budgeting plan, which is completed in the years in between a Long Term Plan.	24	10
Annual Report	The Annual Report lets the community know whether we have done what we said we would in the Long Term Plan/Annual Plan.	15	10
Policies and Bylaws	We have undertaken a review of a range of policies for example the Tradewaste and Introductory Bylaws.	22	6
Regional collaboration	We have used funding to work on regional collaboration projects with other councils. One of the projects is the development of the Waikato Plan called Waikato: he reo kotahi (Waikato: one voice).	50	-
Economic Development	We have used funding to support economic development in our district.	200	57
Discretionary funding	We have funded a range of organisations within the district - including grants to specific community groups, contestable funds, and supporting Hamilton and Waikato Tourism Limited.	229	230
District Plan review	We have continued to do the rolling review of the District Plan and have processed plan changes in accordance with the Resource Management Act 1991. Due to a private plan change that carried over to the 2019/20 financial year costs associated with this project were reimbursed to Council in 2019/20.	200	162
Regional Resource Management Act policy work	We have engaged with Waikato Regional Council over changes to the Regional Plan and implementation of the Regional Policy Statement.	50	25
Hauraki Gulf Forum	This fund covers Council's contribution towards the operation of the Hauraki Gulf Forum.	10	11
Total key operational projects		845	585

LEVELS OF SERVICE

What you can expect and how you will know we are meeting your expectations.

ACHIEVED

NOT ACHIEVED

LEVELS OF SERVICE	HOW WE MEASURE PERFORMANCE	PREVIOUS YEARS			TARGET
		2016/17 Actual	2017/18 Actual	2018/19 Actual	2019/20
Our community will have the opportunity to participate in Council consultation processes.	Percentage of the community satisfied that they have been provided with an opportunity to be involved in consultation processes.	49%	56%	56%	52% (Maintain 2015/16 benchmark)
					ACTUAL
					40%

WHAT'S BEHIND THE RESULTS

This is measured through our Annual Customer Survey. This year's results saw 9% were very satisfied and 31% were satisfied. A further 31% of respondents said neither satisfied nor dissatisfied, 22% don't know 4% said they were dissatisfied and 3% were very dissatisfied. The main reason for dissatisfaction was a perceived lack of consultation with the public, generally unhappy and not involved or hadn't heard about any consultations.

We will provide an annual update on progress on land use and development, and the protection of natural and physical resources of the district.	State of the Environment monitoring reports will be updated on Council's website each year.	18 November	16 November	19 November	20 November each year	
		ACTUAL				
		21 November				

WHAT'S BEHIND THE RESULTS

The State of Environment Report 2018/19 was published on our website 21 November 2019. Monitoring and reporting on the state of our environment allows us to identify if we are achieving our objectives to protect the environment and highlights any issues that need to be addressed during District Plan reviews. We update results of this monitoring onto our website annually, we also report on trends that we identify through our monitoring in the Annual Report. Meeting this level of service target ensures that we have vibrant cultural values through ensuring our environment is protected and used in a sustainable manner.

COUNCIL GRANTS AND FINANCIAL SUPPORT SUMMARY

Council has allocated funding to a number of organisations in our district that work to enrich and provide services to our community. These include operating the i-SITE buildings, street cleaning and maintenance as well as bringing events to the district which help to make Matamata-Piako District a great place to live. We also provide a contestable fund throughout the year for the community to apply for. These come in various grants such as; Community Ward grant, Significant Natural Features grant and Heritage and Protected Tree grant. As well as community groups, we also provide funding to organisations that help support the growth and development of our district, such as the Hauraki Rail Trail Charitable Trust and the Waikato Plan.

FUNDING TYPE/ FUNDING TO ORGANISATION	\$ AMOUNT
Long Term Plan 2018-28 Grants for 2019/20	\$238,150
Contestable Grants Annually for 2019/20	\$77,500
Waikato Plan	\$35,000
Hauraki Rail Trail Charitable Trust	\$156,772
Hamilton and Waikato Tourism	\$150,000

STRATEGY AND ENGAGEMENT

FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2020

Long Term Plan 2018/19	Actual 2018/19		Long Term Plan 2019/20	Actual 2019/20	Explanation of key variances to the Long Term Plan budget
(\$000)	(\$000)		(\$000)	(\$000)	
Sources of operating funding					
4,102	4,115	General rates, uniform annual general charges, rates penalties	4,201	4,284	Actual rates received were higher compared to budget due to higher growth in the district than anticipated.
-	-	Targeted rates	-	-	
-	337	Subsidies and grants for operating purposes	-	516	Council received (unbudgeted) funding from the Government's Provincial Growth Fund for feasibility studies into creating an industrial hub in Waharoa and a tourism precinct in Te Aroha Domain.
129	692	Fees and charges	142	392	Income from investments allocated to this activity is higher than budgeted as the delay in capital projects has resulted in a higher level of cash investments being held during the year.
318	558	Internal charges and overheads recovered	311	423	Internal interest allocated to this activity is higher than budgeted.
-	-	Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	
4,549	5,702	Total operating funding (A)	4,654	5,615	
Applications of operating funding					
2,828	3,229	Payments to staff and suppliers	2,898	3,975	\$164,000 has been spent from Special Funds on Council approved projects that were not budgeted for in this financial year. Unbudgeted amounts of \$240,000 and \$211,000 respectively have been spent on the Waharoa and Te Aroha PGF project investigations, which will be funded 90% by government grants. The budget was also increased for 2019/20 for the on-line voting project and an estimates increase in costs for additional meetings required.
1	40	Finance costs	5	51	
1,481	1,562	Internal charges and overheads applied	1,506	1,641	
-	-	Other operating funding applications	-	-	
4,310	4,831	Total applications of operating funding (B)	4,409	5,667	
239	871	Surplus (deficit) of operating funding (A - B)	245	(52)	
Sources of capital funding					
-	-	Subsidies and grants for capital expenditure	-	-	
-	-	Development and financial contributions	-	-	
98	(1,723)	Increase (decrease) in debt	250	(703)	Capital was funded through available reserves rather than debt.
-	112	Gross proceeds from sale of assets	-	-	
-	-	Lump sum contributions	-	-	
-	-	Other dedicated capital funding	-	-	
98	(1,611)	Total sources of capital funding (C)	250	(703)	
Applications of capital funding					
Capital expenditure					

Long Term Plan 2018/19	Actual 2018/19		Long Term Plan 2019/20	Actual 2019/20	Explanation of key variances to the Long Term Plan budget
(\$000)	(\$000)		(\$000)	(\$000)	
-	-	—to meet additional demand	-	-	
-	232	—to improve the level of service	-	-	
1,078	1,793	—to replace existing assets	1,262	1,385	The phone system was replaced during the current year \$101,000.
(741)	1,602	Increase (decrease) in reserves	(767)	281	Available investments were applied to reserves
-	(4,367)	Increase (decrease) of investments	-	(2,421)	Available cash investments were used to repay debt and applied to reserves
337	(740)	Total applications of capital funding (D)	495	(755)	
(239)	(871)	Surplus (deficit) of capital funding (C - D)	(245)	52	
-	-	Funding balance ((A - B) + (C - D))	-	-	



INFRASTRUCTURE

WHAT WE DO

Infrastructure is about having quality, reliable and sustainable infrastructure for our community. The activities responsible for this are Roading, Rubbish and Recycling, Stormwater, Wastewater and Water.

WHY WE DO THESE ACTIVITIES

The infrastructure activity group ensure Council provide infrastructure that supports our growing population, meets the needs of our community through good connections and reliability and balancing the different needs and interests of residents and businesses in our community.

THE FOUR WELLBEINGS AND OUR COMMUNITY OUTCOMES

One of the purposes defined in the Local Government Act 2002 for local authorities, is to identify effects that any activity has had on the four well-beings (social, economic, environmental and cultural). We must also identify the community outcomes which each activity relates to. These have been identified below for Infrastructure activities:

WELLBEINGS	COUNCIL ACTIVITIES				
	ROADING	RUBBISH AND RECYCLING	STORMWATER	WASTEWATER	WATER
SOCIAL	-	Our rubbish and recycling processes ensure residents household waste is dealt with in a sustainable manner to ensure a healthy and clean environment to live and work in.	Our stormwater system provides efficient flood mitigation and protection for resident's homes.	We provide sufficient wastewater and treatment systems for our residents to enable a clean and healthy environment to live and work in.	Our water systems ensure Council provide clean drinking water to our residents to ensure their health and wellbeing are protected.
ECONOMIC	We provide efficient roading networks which encourages local migration and investment.	-	Our stormwater systems provide efficient flood mitigation protecting businesses and industry.	-	We provide efficient water systems to residents and for industrial purposes.
ENVIRONMENTAL	-	Our rubbish and recycling processes ensure resident's household waste is dealt with in a sustainable manner to ensure there are limited effects on the district's environment.	Our stormwater systems provide efficient flood mitigation protection to ensure that environmental damage is limited during severe weather events.	We provide sufficient wastewater and treatment systems for our residents to ensure our wastewater doesn't effect the environment in the district.	Our water systems ensure Council provide clean drinking water to our residents and industry at no cost to the environment.
CULTURAL	-	-	-	We provide sufficient wastewater and treatment systems for our residents to ensure our wastewater doesn't impact on the connection Iwi have on the whenua and awa that are in our district.	Our water systems ensure Council provide clean drinking water to our residents and industry without impacting on the connection Iwi have with the awa in our district.

ROADING

WHAT WE DO

We own and maintain 1,002 kilometres of local roads within the district, including 951 km of sealed and 51 km of unsealed roads. This is all the roads in the district except for state highways which included Broadway and Firth Street in Matamata, Allen Street in Morrinsville and Whitaker/Kenrick Streets in Te Aroha, which are managed by Waka Kotahi (previously New Zealand Transport Agency).

WHY WE DO THESE ACTIVITIES

The roading network links areas and connects people with each other and essential services, enables businesses to access resources/markets and provides people with social, cultural, recreational and employment opportunities. We plan to continue to own, control and manage our entire roading network as one of our core activities. As a result our first priority is to maintain, operate and protect the existing roading network. Council has developed a vision to make Matamata-Piako 'The Place of Choice' - Lifestyle - Opportunities - Home'. Roding contributes to this overall vision by providing transportation connections that enable our community to safely travel to and from their destination, transport goods and services and support economic growth.

ROADING CONTRIBUTES TO THE FOLLOWING COMMUNITY OUTCOMES:

CONNECTED INFRASTRUCTURE



Infrastructure and services are fit for purpose and affordable, now and in the future. ✓

Quality infrastructure is provided to support community wellbeing ✓

We have positive partnerships with external providers of infrastructure to our communities. ✓

ECONOMIC OPPORTUNITIES



Our future planning enables sustainable growth in our district. ✓

HEALTHY COMMUNITIES



Our community is safe, healthy and connected. ✓

OUR PROJECTS FROM THE LAST TWELVE MONTHS

Key projects undertaken in the last twelve months are outlined below.

PROJECTS	WHAT HAVE WE BEEN DOING?	2019/20	
		BUDGET \$000	ACTUAL \$000
Low risk/low cost capital improvements*	We have undertaken a mixture of safety improvements, traffic calming measures, guard railing, and improvement to sight visibility etc this year.	850	294
Seal widening	We have undertaken widening of existing roads to meet District Plan requirements for road width this year.	160	3
New kerb and channel	We have extended the existing kerb and channel network in our urban areas this year. There was less urban development than predicted this year which saw less new kerb and channel installed.	55	-
New footpaths	Extending the existing footpath network in our urban areas has been delayed due to resource issues.	55	-
New street lighting	Our project to extend and upgrade our existing street lighting in our urban areas has been undertaken this year. LED lighting has been installed across the district.	160	105
Matamata Bypass - feasibility and design	The current designation has lapsed Feasibility was completed on the route and was not economic to progress at this time.	1,000	-
Cycleway – off shoots from existing	On-road off-shoots to our key attractions along the Kaimai Ranges, from the existing trail have been delayed until the completion of the Te Aroha to Matamata extension. This was pushed out by as Council focused on completing the main cycle route. The project will be reconsidered under the LTP 2021-31.	250	172
Te Aroha - Matamata Cycleway extension	We have extended the Te Aroha - Matamata Cycleway to help encourage visitors to stay in the district. This will also help promote cycling. We secured a grant of \$2.6 million from central government which when combined with Council's funding takes the total funding available for the project to \$5.6million. Physical works of the trail commenced in 2018/19 and were completed in 2019/2020, landscaping of the trail is still underway.	-	1,910
Stirling St, Te Aroha widening north	Widen the road and strengthen the pavement. This project was not progressed with as no further development occurred in this area. The project is being reconsidered as part of the LTP 2021-31.	90	-
Total key capital projects		2,620	2,484

*51% subsidy is received from NZ Transport Agency for this work.



ACHIEVED

NOT ACHIEVED

NOT MEASURED

LEVELS OF SERVICE

What you can expect and how you will know we are meeting your expectations

LEVELS OF SERVICE	HOW WE MEASURE PERFORMANCE	PREVIOUS YEARS			TARGET
		2016/17 Actual	2017/18 Actual	2018/19 Actual	2019/20
We will provide a roading network that is safe for all users.	The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network expressed as a number.*	Increase of six serious or fatal crashes from previous year (2016/17 - 24 fatal or serious crashes - confirmed by New Zealand Transport Agency (NZTA).	Decrease of three serious or fatal crashes from 2016/17. There were 21 fatal or serious crashes in 2017/18 - based off of crash analysis system (CAS) data.	Increase of eight serious or fatal crashes from the previous year (2018/19 - 29 fatal or serious crashes.)	A reduction in the number of fatal and serious crashes from the previous year.
					ACTUAL
					Decrease of six serious or fatal crashes from the previous year (2019/20 - 23 fatal or serious crashes.)

WHAT'S BEHIND THE RESULTS

Our target for 2019/20 was a reduction on the 2018/19 year (so 28 or less) in serious and fatal crashes. There were 23 serious or fatal crashes on our local road network in 2019/20. This is a decrease of six serious or fatal crashes from the previous year which had 29 serious or fatal crashes. The 2019/20 result actual is based on interim data available from Waka Kotahi Crash Analysis System (CAS) up to 30 June 2020, data is not confirmed until late 2020. The 2018/19 figure has been confirmed as 29 serious or fatal crashes, not the 18 we reported last year.

We will provide a roading network that is maintained and developed to provide smoothness and comfort.	The average quality of ride on our sealed local road network, measured by smooth travel exposure.*	Not measured	99.3%	Not measured	97% or more
					ACTUAL
					96.76%
	The percentage of the sealed local road network that is resurfaced.*	8.7%	9.95%	7.94%	8.5% or more
					ACTUAL
					6.6%
	The percentage of footpaths within our district that fall within the level of service or service standard for the condition of footpaths that is set out in our relevant documents (such as our annual plan, activity management plan, asset management plan, annual works program or Long Term Plan)*	99%	Not measured	99.4%	95% or more within the acceptable level of service
					ACTUAL
					Not Measured

WHAT'S BEHIND THE RESULTS

Well maintained roads and footpaths provide smoothness and comfort. We have 950.69km of sealed roads in our local road network. Of these, 62.76km (6.6%) has been resurfaced in 2019/20 this is a decrease of 1.34% on last year. The majority of resealing work generally occurs in Autumn and due to the COVID-19 lockdown, we were unable to seal the roads as expected. Footpath level of service is measured by an assessment of our footpaths. Footpaths are given a grade from 1 (excellent condition) to 5 (very poor condition). Ratings 1 to 3 (excellent to fair) are considered to fall within the acceptable level of service. The level of service standard set by Council is that 95% of footpaths shall be grade 1 to grade 3. This performance measure is measured bi-annually and our next assessment is not due until November 2020.

We will provide a reliable roading network and will respond to customer service requests in a timely manner.	The percentage of customer service requests relating to roads and footpaths that the territorial authority responds within the time frame specified in the Long Term Plan.*	100% of urgent 88.14% of non-urgent	100% of urgent 97.84% of non-urgent	100% of urgent requests responded to. 95.4% of non-urgent request responded to.	90% of urgent requests responded to within one working day 90% of non-urgent requests responded to within five working days
					ACTUAL
					100% of urgent 83.2% of non-urgent

WHAT'S BEHIND THE RESULTS

We aim to investigate customer requests within appropriate timeframes. Some complaints can be resolved quickly; others can take time to work through. We received six complaints regarding urgent roading requests which is three less than the previous year, all were responded to within one working day. The road must be completely impassable for the request to be determined as urgent. We received 730 non-urgent roading requests, of these 607 were responded to within five working days. The main issues were roads flooding, blocked culverts, berms and potholes. This is 140 more requests than was received in the previous year.

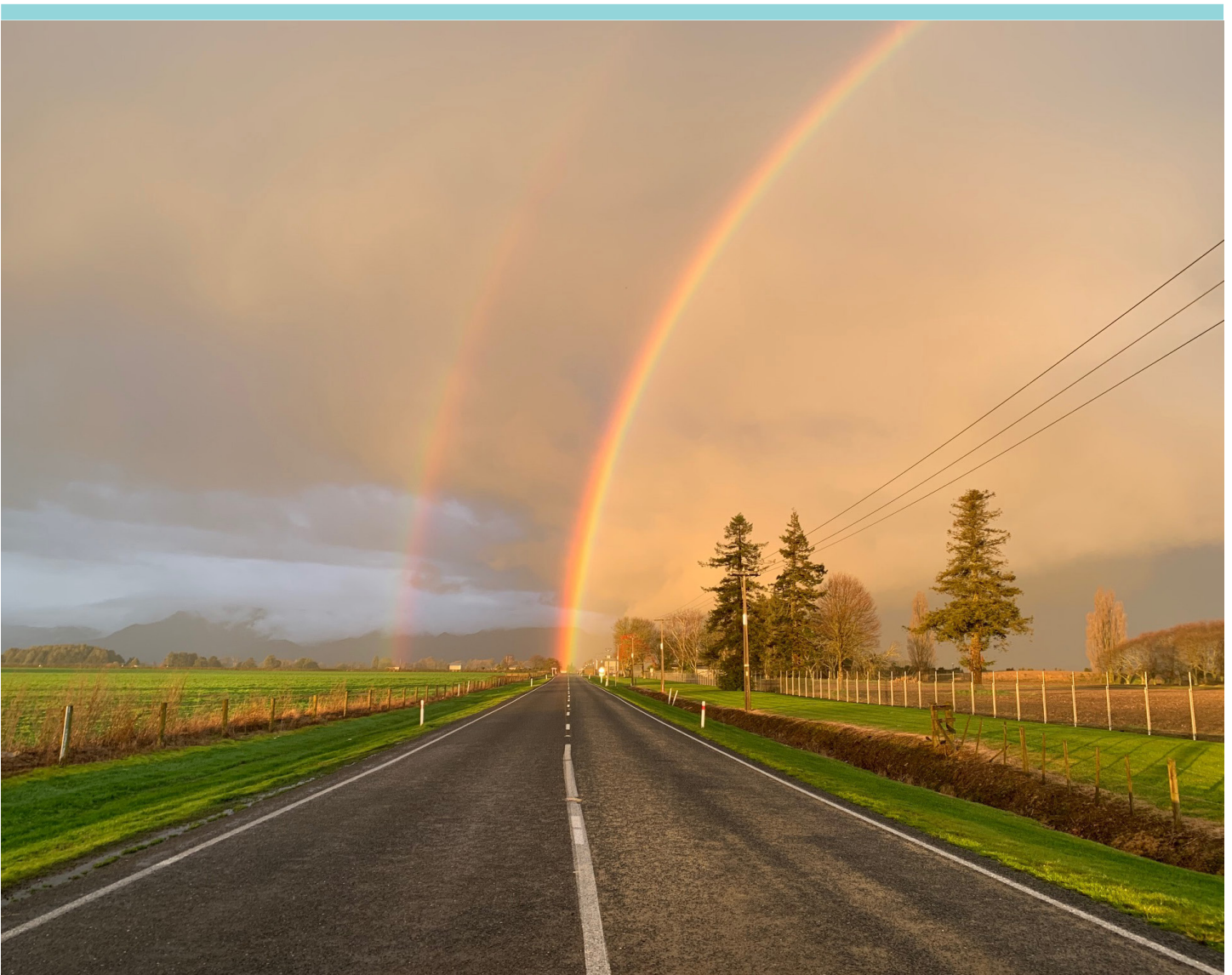
* These are mandatory performance measures that have been introduced for all councils around New Zealand.

ROADING

FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2020

Long Term Plan 2018/19	Actual 2018/19		Long Term Plan 2019/20	Actual 2019/20	Explanation of key variances to the Long Term Plan budget
(\$000)	(\$000)		(\$000)	(\$000)	
Sources of operating funding					
6,922	6,944	General rates, uniform annual general charges, rates penalties	7,239	7,594	The rate requirement was increased compared to the LTP due to higher costs including additional depreciation of over \$300,000 and an increase in other expenditure.
-	-	Targeted rates	-	-	
2,553	2,621	Subsidies and grants for operating purposes	2,649	2,752	NZTA approved additional subsidy for footpath renewal work.
147	188	Fees and charges	148	215	Income from corridor access requests is higher than budgeted.
248	220	Internal charges and overheads recovered	243	158	
230	255	Local authorities fuel tax, fines, infringement fees, and other receipts	235	207	
10,100	10,228	Total operating funding (A)	10,514	10,926	
Applications of operating funding					
5,847	6,018	Payments to staff and suppliers	6,136	6,247	Maintenance costs for the Hauraki Rail Trail agreement (finalised since the LTP adoption) were higher than initially budgeted but not fully spent due to the delayed completion of the Te Aroha to Matamata extension.
423	444	Finance costs	432	366	The delay in the completion of the cycle trail extension project has resulted in savings in interest costs.
892	974	Internal charges and overheads applied	897	976	
-	-	Other operating funding applications	-	-	
7,162	7,436	Total applications of operating funding (B)	7,465	7,589	
2,938	2,792	Surplus (deficit) of operating funding (A - B)	3,049	3,337	
Sources of capital funding					
3,157	4,120	Subsidies and grants for capital expenditure	3,224	4,586	A \$1.5 million unbudgeted Government grant for the Te Aroha to Matamata cycle trail was received this year. This was partly offset by a reduction in capital roading subsidy for footpath renewals that was directed instead to footpath maintenance (operating subsidy funding).
328	718	Development and financial contributions	335	540	Revenue from contributions was higher than budgeted due to some significant developments in the district, particularly in Morrinsville and Matamata.
683	-	Increase (decrease) in debt	1,685	(311)	Capital was funded through available reserves rather than debt.
-	-	Gross proceeds from sale of assets	-	-	
-	-	Lump sum contributions	-	-	
-	-	Other dedicated capital funding	-	-	
4,168	4,838	Total sources of capital funding (C)	5,244	4,815	
Applications of capital funding					
Capital expenditure					

Long Term Plan 2018/19	Actual 2018/19		Long Term Plan 2019/20	Actual 2019/20	Explanation of key variances to the Long Term Plan budget
(\$000)	(\$000)		(\$000)	(\$000)	
62	-	—to meet additional demand	192	-	Council has spent \$1.9 million this year (\$5 million in total) on the Te Aroha to Matamata cycle trail which was budgeted for completion in 2019 at a total cost of \$4.25 million (with additional funding from Government grants). The LTP budget also included \$1 million in 19/20 for the Matamata Bypass feasibility and design project that has not been progressed. Pavement rehab spending is less than budgeted due to achieving a lower contract price than budgeted. The timing of the Te Aroha to Matamata Cycleway project has been delayed compared to the LTP. Additional capital subsidised work has been approved by NZTA, compared to what was budgeted in the LTP.
1,468	3,643	—to improve the level of service	2,483	2,312	
5,480	5,009	—to replace existing assets	5,596	5,840	
96	(1,022)	Increase (decrease) in reserves	22	-	
-	-	Increase (decrease) of investments		-	
7,106	7,630	Total applications of capital funding (D)	8,293	8,152	
(2,938)	(2,792)	Surplus (deficit) of capital funding (C - D)	(3,049)	(3,337)	
-	-	Funding balance ((A - B) + (C - D))	-	-	



RUBBISH AND RECYCLING

WHAT WE DO

We currently provide kerbside rubbish and recycling collection services to 9,500 properties across the district, as well as operating three transfer stations located at Matamata, Morrinsville and Waihou. We help fund waste minimisation and sustainability education to schools across the district. We also have three closed landfills at Matamata, Morrinsville and Te Aroha that are monitored under the terms of their resource consents to ensure they do not endanger the environment or public health.

WHY WE DO THESE ACTIVITIES

Our day to day lives generate a lot of waste that must be managed for the health of our community and our environment. Managing this waste effectively and efficiently and promoting waste minimisation protects our environment for current and future generations. Council has developed a vision to make Matamata-Piako 'The Place of Choice' - Lifestyle - Opportunities - Home. The Rubbish and Recycling activity contributes to this overall vision by providing kerbside collection and refuse disposal facilities. The activity ensures the safe disposal of rubbish and recycling, supporting environmentally friendly practices and technologies and protecting public health.

RUBBISH AND RECYCLING CONTRIBUTES TO THE FOLLOWING COMMUNITY OUTCOMES:



CONNECTED INFRASTRUCTURE

Infrastructure and services are fit for purpose and affordable, now and in the future



Quality infrastructure is provided to support community wellbeing



ENVIRONMENTAL SUSTAINABILITY

We support environmentally friendly practices and technologies



HEALTHY COMMUNITIES

Our community is safe, healthy and connected



OUR PROJECTS FROM THE LAST TWELVE MONTHS

Key projects undertaken in the last twelve months are outlined below.

PROJECTS	WHAT HAVE WE BEEN DOING?	2019/20	
		BUDGET \$000	ACTUAL \$000
Upgrade of Transfer Stations.	We have completed a comprehensive quantity survey of the Morrinsville Refuse Transfer Station (RTS) to assess the best way to rectify drainage and surface issues to ensure it is fit for purpose for the future. Some remedial works have been undertaken at the Matamata RTS to reduce flooding and tree works have been completed at the Waihou RTS.	600	62
Rubbish and recycling education projects.	We have continued to support Enviroschools and Waste Education NZ Ltd (WEZ) who provide education across our district. While Enviroschools supports school led projects, WEZ provide in class room teaching. In addition we now support Para Kore a Maori based programme to ensure we get a good cross section of waste minimisation services district wide.	15	67
Waste minimisation activities.	This year we have completed a range of projects including supporting Domain Day, a waste minimisation workshop and proving recycling and waste bins for a local community group. Continued to support Paper4trees in schools, are funding Transition Matamata to undertake business waste audits and diverted obsolete furniture to beneficial reuse alongside other waste minimisation projects.	95	
Total key operational projects		710	129

LEVELS OF SERVICE

What you can expect and how you will know we are meeting your expectations.

ACHIEVED

NOT ACHIEVED

LEVELS OF SERVICE	HOW WE MEASURE PERFORMANCE	PREVIOUS YEARS			TARGET
		2016/17 Actual	2017/18 Actual	2018/19 Actual	2019/20
We will provide kerbside refuse and recycling collection services to urban and rural townships and transfer stations.	Percentage of residents satisfied with kerbside rubbish and recycling collection services and transfer stations.	82%	80%	65%	80% or more satisfied or very satisfied
					ACTUAL
					72%

WHAT'S BEHIND THE RESULTS

This is measured through our Annual Customer Survey. In 2019/20 38% of respondents were very satisfied and 34% were satisfied. A further 10% were neither satisfied nor dissatisfied, 11% didn't know, 6% of respondents said they were dissatisfied and 1% said they were very dissatisfied. The main reason for dissatisfaction was with transfer stations. There was also dissatisfaction with the cost of rubbish bags, the recycling pick up service the kerbside collection not being available and other single mentions. The COVID-19 lockdown saw significant changes to the kerbside collection and transfer stations, kerbside rubbish and recycling (all being sent to landfill) were picked up fortnightly and transfer stations were closed. Pop up rubbish collection points were available in each town to dispose of extra rubbish. Project planning is occurring to assess the feasibility of changing waste management services from bags to wheelie bins to provide a more efficient and sustainable waste management system from 2023.

Reliable kerbside refuse and recycling collection services will be available to the community.	Number of complaints about kerbside rubbish and recycling not collected on the usual collection day.	15.8 on average per month	10.7 on average per month	5 complaints on average per month	20 or less complaints on average per month
					ACTUAL
					10.9 complaints on average per month

WHAT'S BEHIND THE RESULTS

This is measured through our Customer Request Management system. During 2019/20 we received a total of 131 complaints about rubbish and recycling not being collected on the usual day. This equates to 10.9 complaints per month. The majority of these were collected the next day.

LEVELS OF SERVICE	HOW WE MEASURE PERFORMANCE	PREVIOUS YEARS			TARGET
		2016/17 Actual	2017/18 Actual	2018/19 Actual	2019/20
We will encourage residents to minimise waste disposal to landfill by providing more sustainable waste management options.	Total quantity of kerbside household waste sent to landfill	New Measure	New Measure	48.94kgs of waste per person per year sent to the landfill	Reduction of 1% per person per year* ACTUAL 45.2kgs
	Proportion of waste diverted (recycled or composted) from the transfer station and kerbside recycling collection service.	45.77%	51.6%	36.84%	45% or more of the total waste diverted from the landfill ACTUAL 35.6%

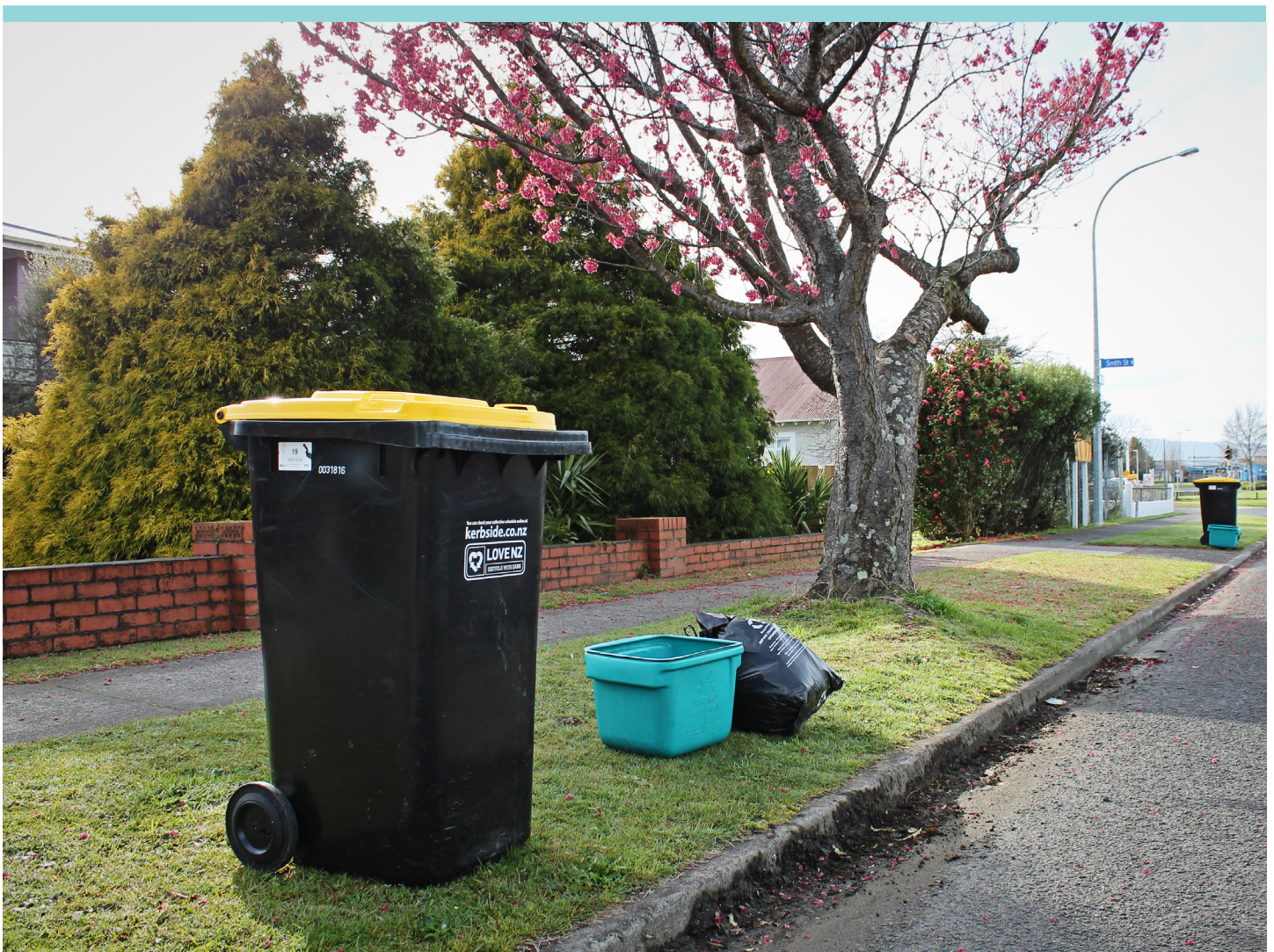
WHAT'S BEHIND THE RESULTS

This is measured through our records of monthly weighbridge quantities of kerbside and transfer station recyclables. Due to changing government regulations globally there is a decrease in the types of recyclable materials that are able to be recycled. This change in material acceptance has caused a fluctuation of waste that can be diverted from landfill.

A total of 1555.81 metric tonnes of kerbside waste was sent to the landfill, based on the estimated population of 34,404 this means that on average 45.2kgs of waste per person was sent to the landfill for the year 2019/20.

During the COVID-19 lockdown we were unable to recycle any normally recyclable material and it was all required to be sent to landfill, this will have impacted our proportion of waste diverted.

*Based on total district population from Statistics New Zealand estimate as at the start of the financial year (June 2019).



RUBBISH AND RECYCLING

FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2020

Long Term Plan 2018/19	Actual 2018/19		Long Term Plan 2019/20	Actual 2019/20	Explanation of key variances to the Long Term Plan budget
(\$000)	(\$000)		(\$000)	(\$000)	
Sources of operating funding					
583	585	General rates, uniform annual general charges, rates penalties	507	639	Increased rate requirement to fund increased estimated costs
249	249	Targeted rates	256	259	
120	134	Subsidies and grants for operating purposes	123	126	
1,384	951	Fees and charges	1,566	981	The sale of rubbish bags and fees from refuse transfer stations were significantly lower than budgeted in the LTP.
-	(6)	Internal charges and overheads recovered	-	(8)	
-	-	Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	
2,336	1,913	Total operating funding (A)	2,452	1,997	
Applications of operating funding					
2,035	2,676	Payments to staff and suppliers	2,112	2,788	Rubbish and recycling costs were higher than budgeted in the LTP due to an increase in the contract price, inflation and contract variations.
11	31	Finance costs	33	53	
229	232	Internal charges and overheads applied	232	238	
-	-	Other operating funding applications	-	-	
2,275	2,939	Total applications of operating funding (B)	2,377	3,079	
61	(1,026)	Surplus (deficit) of operating funding (A - B)	75	(1,082)	
Sources of capital funding					
-	-	Subsidies and grants for capital expenditure	-	-	
-	-	Development and financial contributions	-	-	
573	-	Increase (decrease) in debt	549	1,226	The shortfall in operating funding for Rubbish and Recycling is effectively funded by increasing the debt carried for this activity.
-	-	Gross proceeds from sale of assets	-	-	
-	-	Lump sum contributions	-	-	
-	-	Other dedicated capital funding	-	-	
573	-	Total sources of capital funding (C)	549	1,226	
Applications of capital funding					
Capital expenditure					
-	-	-to meet additional demand	-	-	
600	14	-to improve the level of service	613	144	The budgeted upgrade of the Morrinsville transfer station has been carried forward to next year.
3	-	-to replace existing assets	4	-	
31	(1,040)	Increase (decrease) in reserves	7	-	
-	-	Increase (decrease) of investments	-	-	

Long Term Plan 2018/19	Actual 2018/19		Long Term Plan 2019/20	Actual 2019/20	Explanation of key variances to the Long Term Plan budget
(\$000)	(\$000)		(\$000)	(\$000)	
634	(1,026)	Total applications of capital funding (D)	624	144	
(61)	1,026	Surplus (deficit) of capital funding (C - D)	(75)	1,082	
-	-	Funding balance ((A - B) + (C - D))	-	-	



STORMWATER

WHAT WE DO

We currently have stormwater drainage systems in Matamata, Morrinsville, Te Aroha, Waharoa and a limited system in Hinuera. These systems include a mix of pipes, open channels and drains. We work to ensure there are adequate services and staff to respond to storm events and implement maintenance programs to ensure our systems remain in good condition. We also work collaboratively with Waikato Regional Council as they also own, manage and maintain parts of the drainage system (streams and rivers). Maintaining our assets involves undertaking scheduled and unscheduled maintenance and repair work. We have renewal strategies to allow for the progressive replacement of assets as they are required.

WHY WE DO THESE ACTIVITIES

Stormwater systems safely and efficiently drain surface water to minimise flooding in our communities. We aim to ensure stormwater is well managed and work with property owners to improve stormwater and reduce flooding. Council has developed a vision to make Matamata-Piako 'The Place of Choice' - Lifestyle - Opportunities - Home. Stormwater contributes to this overall vision by providing stormwater drainage for our urban centres, which protects people and properties from flooding and supports the health and wellbeing of our communities, making our towns desirable places to live.

STORMWATER CONTRIBUTES TO THE FOLLOWING COMMUNITY OUTCOMES:

CONNECTED INFRASTRUCTURE

Infrastructure and services are fit for purpose and affordable, now and in the future



Quality infrastructure is provided to support community wellbeing



We have positive partnerships with external providers of infrastructure to our communities



ECONOMIC OPPORTUNITIES

Our future planning enables sustainable growth in our district



HEALTHY COMMUNITIES

Our community is safe, healthy and connected



OUR PROJECTS FROM THE LAST TWELVE MONTHS

Key projects undertaken in the last twelve months are outlined below.

PROJECTS	WHAT HAVE WE BEEN DOING?	2019/20	
		BUDGET \$000	ACTUAL \$000
Increase capacity of the existing stormwater network	We have undertaken work to increase the existing stormwater network where feasible. This work is mainly the installation of soakage systems. Council resolution saw extra funding approved for works undertaken for Mangawhero Road, Matamata. This work is a priority for the 2020/21 year.	100	-
Other Minor Projects	Throughout the year we completed other minor projects to help our upgrade our system and to deal with problems we faced. In 2019/20 we installed in a number of soakholes around the district.	-	42
Total key capital projects		100	42

LEVELS OF SERVICE

What you can expect and how you will know we are meeting your expectations.

ACHIEVED

NOT ACHIEVED

LEVELS OF SERVICE	HOW WE MEASURE PERFORMANCE	PREVIOUS YEARS			TARGET
		2016/17 Actual	2017/18 Actual	2018/19 Actual	2019/20
We will have an effective stormwater system that provides an appropriate level of protection to minimise harm.	The number of flooding events* that occur in our district. For each flooding event, the number of habitable floors affected. (expressed per 1,000 properties connected to our stormwater system).**	One flooding events two habitable floors affected	One flooding events one habitable floors affected	Zero (0) flooding events affecting Zero (0) habitable floors	Zero (0) flooding events Zero (0) habitable floors affected ACTUAL Zero (0) flooding events affecting zero (0) habitable floors
WHAT'S BEHIND THE RESULTS					
This is measured by our Customer Request Management system. This year saw zero habitable floors* affected by flooding.					
We will protect the environment from stormwater contaminate discharging into waterways.	Compliance with our resource consents for discharge from our stormwater system, (measured by the number of: abatement notices, infringement notices, enforcement orders, and convictions, received in relation to those resource consents).**	Zero	Zero	Zero	Zero (0) ACTUAL Zero (0)
WHAT'S BEHIND THE RESULTS					
This is measured by our internal records. Our stormwater system discharges treated stormwater into the environment. The quality and quantity must meet the appropriate standard.					
We will have reliable stormwater systems and will respond to requests for service from our residents in a timely manner.	The median response time to attend a flooding event*, measured from the time that we receive notification to the time that service personnel reach the site.**	Median one hour 13.5 minutes	Median one hour 48 minutes	Zero (0)	Median: four hours ACTUAL Zero (0)
WHAT'S BEHIND THE RESULTS					
This is measured by our Customer Request Management system. There were no flooding events to habitable floors in 2019/20. Therefore the median response time is zero.					

LEVELS OF SERVICE	HOW WE MEASURE PERFORMANCE	PREVIOUS YEARS			TARGET
		2016/17 Actual	2017/18 Actual	2018/19 Actual	2019/20
Residents will be satisfied with the overall performance of the stormwater system.	The number of complaints we received about the performance of our stormwater system, (expressed per 1,000 properties connected to our stormwater system).**	12.63 complaints per 1,000 connections per year (101 in total)	5 complaints per 1,000 connections per year (40 in total)	5 complaints per 1,000 connections per year (40 in total)	Four complaints per 1,000 connections per year (32 in total)
ACTUAL					
5.38 complaints per 1,000 connections per year (43 in total)					

WHAT'S BEHIND THE RESULTS

The number of complaints we receive about our stormwater network is measured through our Customer Request Management system. These complaints relate to the performance of our stormwater system, they are not complaints about flooding of habitable buildings. We received 43 complaints this year. The majority of these calls were in response to blocked drains and catchpits.

* A flooding event is defined as an overflow of stormwater from Council's stormwater system that enters a habitable floor (the floor of a building including a basement, but does not include ancillary structure such as standalone garden sheds or garages).

** These are mandatory performance measures that have been introduced for all councils around New Zealand.



STORMWATER

FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2020

Long Term Plan 2018/19	Actual 2018/19		Long Term Plan 2019/20	Actual 2019/20	Explanation of key variances to the Long Term Plan budget
(\$000)	(\$000)		(\$000)	(\$000)	
Sources of operating funding					
121	121	General rates, uniform annual general charges, rates penalties	126	122	
742	742	Targeted rates	773	742	
-	-	Subsidies and grants for operating purposes	-	-	
-	-	Fees and charges	-	-	
106	99	Internal charges and overheads recovered	106	124	
-	-	Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	
969	962	Total operating funding (A)	1,005	988	
Applications of operating funding					
163	204	Payments to staff and suppliers	167	217	More maintenance work carried during the period than budgeted in the LTP.
-	-	Finance costs	-	-	
189	166	Internal charges and overheads applied	191	175	
-	-	Other operating funding applications	-	-	
352	370	Total applications of operating funding (B)	358	392	
617	592	Surplus (deficit) of operating funding (A – B)	647	596	
Sources of capital funding					
860	-	Subsidies and grants for capital expenditure	-	-	
23	149	Development and financial contributions	23	17	
-	-	Increase (decrease) in debt	-	-	
-	-	Gross proceeds from sale of assets	-	-	
-	-	Lump sum contributions	-	-	
-	-	Other dedicated capital funding	-	-	
883	149	Total sources of capital funding (C)	23	17	
Applications of capital funding					
Capital expenditure					
400	-	—to meet additional demand	-	-	
1,060	248	—to improve the level of service	102	(36)	\$78,000 of work undertaken in 2018/19 related to the culvert under Mangawhero Road as part of the adjoining subdivision was subsequently expensed in 2019/20 as it did not meet the threshold to be capitalised.
-	33	—to replace existing assets	3	-	

Long Term Plan 2018/19	Actual 2018/19		Long Term Plan 2019/20	Actual 2019/20	Explanation of key variances to the Long Term Plan budget
(\$000)	(\$000)		(\$000)	(\$000)	
40	460	Increase (decrease) in reserves	565	649	
-	-	Increase (decrease) of investments		-	
1,500	741	Total applications of capital funding (D)	670	613	
(617)	(592)	Surplus (deficit) of capital funding (C - D)	(647)	(596)	
-	-	Funding balance ((A - B) + (C - D))		-	



WASTEWATER

WHAT WE DO

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

WHY WE DO THESE ACTIVITIES

Our wastewater services ensure that wastewater (sewage and the grey water that goes down your drains) is collected, treated and disposed of appropriately. The treatment is particularly important, as after wastewater is treated it is discharged into waterways or to land. We aim to ensure wastewater is well managed for the wellbeing of our community and environment. Council has developed a vision to make Matamata-Piako 'The Place of Choice' - Lifestyle - Opportunities - Home, wastewater contributes to this overall vision by providing wastewater treatment and discharge services to support healthy communities and our environment.

WASTEWATER CONTRIBUTES TO THE FOLLOWING COMMUNITY OUTCOMES:



CONNECTED INFRASTRUCTURE

Infrastructure and services are fit for purpose and affordable, now and in the future.



Quality infrastructure is provided to support community wellbeing.



ECONOMIC OPPORTUNITIES

Our future planning enables sustainable growth in our district.



HEALTHY COMMUNITIES

Our community is safe, healthy and connected.



ENVIRONMENTAL SUSTAINABILITY

We support environmentally friendly practices and technologies.



OUR PROJECTS FROM THE LAST TWELVE MONTHS

Key projects undertaken in the last twelve months are outlined below. For a lot these projects they were unable to be delivered this was due to two reasons, firstly there were a number of capital works projects and the ability to resource for those projects was a significant issue for Council. In addition to that, at the time of planning the Long Term Plan projects that were perceived important were reevaluated and other projects took precedence.

PROJECTS	WHAT HAVE WE BEEN DOING?	2019/20	
		BUDGET \$000	ACTUAL \$000
North Morrinsville Trunk Sewer Main	Upgrade existing 300/375mm pipes from Allen St Pump Station to Seales Rd to improve the performance of the sewer network and to replace pipes that are reaching the end of their useful life. some immediate work around the Cobham drive area is being programmed for 2020/21 and the main trunk line upgrade is programmed for 2021/22.	1,400	-
Upgrade of the Te Aroha falling main	Upgrade the existing pipe to 450mm diameter pipe from Shakespeare Street to the Te Aroha treatment plant and then 375mm for the rest - approx. 2.4km. The upgrade is to provide for increased future flows, replacement of the pipes which are at the end of their lives and to avoid overflows to the environment. CCTV is planned to be completed first to determine the pipe condition and therefore the project is being reprioritised in the 2021 LTP.	3,000	-
Upgrade Terminus Street pump station, Te Aroha	Upgrade associated with the falling main upgrade for Te Aroha, which will result in a greater flow of sewage to be pumped and to avoid overflows to the environment. Council has continued to undertake inspection and capacity modelling work on the falling main asset to determine the appropriate timing of an upgrade. The pump station upgrade will be delivered once timing has been confirmed.	150	-
Main sewer from the west side of Te Aroha	This project is to remove the pipe bridge across Waihou River below Shakespeare Street and replace with a pipe under the river, to eliminate maintenance costs associated with the current structure and provide improved sewage flows. This has been delayed due to work project priorities but will be completed in 2020/21.	-	-
Remote control of pump stations	Our project to install remote controlling of pump stations to allow real time control and feedback of key parameters to reduce operator time has undergone planning. This work has not been a priority and will be reevaluated in the 2021 LTP.	50	1
Allen Street Pump Station odour, Morrinsville	An odour mitigation plant at the pump station is proposed to reduce the odour. The work is being completed in 2020/21 as further scoping of the job was required to be completed first.	70	-
Morrinsville mixer reconfiguration	We have resolved the issues relating to replacing mixers in sequential batch reactor (SBR2) tanks to reduce risks of damage to the polyethylene liner of the tank. The majority of this funding is now allocated to the Matamata wastewater treatment plant inlet screens. These works are currently being carried out in 2020/21.	-	-
Lengthen the current pipe along Ritchie Street to Stanley Avenue and divert the Aroha View Avenue rising main directly into new Ritchie Street line in Te Aroha	Our project to reduce the double pumping from Aroha View pump station into the Mount Avenue pump station by diverting some of the sewage flow (that would otherwise be pumped twice) through the extended gravity pipe. This is being re-assessed and will be reviewed as part of the 2021 LTP.	-	-
Upgrades associated with subdivisions	No work was completed over the last year due to the progress of the subdivisions not requiring it. Some sewer reticulation work will be progressing in 2020/21 in Morrinsville.	50	-
Upgrades associated with renewals	Generally this is used for manholes and upgrades of proposed renewal lines as part of the renewal contract. The contract was a relining contract for 2019/20 and did not require any upgrade works.	50	-
Feed forward systems	Using specialised systems to analyse and automate the plant demand (loads). Will allow for more efficient operation of the treatment plants by providing more information to operators about sewage flowing into the plant and thereby allowing for more informed decisions. This project will be re-prioritised as part of the 2021 LTP.	-	-
Generator cover/ portable generator	We have installed new generator covers and also installed portable generators at our three main wastewater treatment plants in 2018/19. A final \$5,000 was spent to complete the project in 2019/20.	-	5
Matamata wastewater treatment plant	A new screen was purchased in 2019/20. Design is currently underway and installation will occur in 2020/21.	-	74
Total key capital projects		4,770	80

LEVELS OF SERVICE

ACHIEVED

What you can expect and how you will know we are meeting your expectations.

NOT ACHIEVED

LEVELS OF SERVICE	HOW WE MEASURE PERFORMANCE	PREVIOUS YEARS			TARGET
		2016/17 Actual	2017/18 Actual	2018/19 Actual	2019/20
We will have an effective wastewater system that provides an appropriate level of protection.	The number of dry weather sewage overflows from our wastewater system, (expressed per 1,000 connections per year to our wastewater system).*	0.88 complaint per 1,000 connections per year (7 total)	0.88 complaint per 1,000 connections per year (7 total)	1.5 complaint per 1,000 connections per year (12 total)	1 complaint per 1,000 connections per year (8 total)
					ACTUAL 2.25 complaints per 1,000 connections per year (18 total)

WHAT'S BEHIND THE RESULTS

This is measured by our Customer Request Management system. We received 18 complaints about sewage overflows into the environment during dry weather. Dry weather applies to days when less than 1mm of rain has fallen during a continuous 24 hour period. Many of these overflows were found to be caused by blockages. New systems are being put in place to help determine the cause of repeated blockages.

LEVELS OF SERVICE	HOW WE MEASURE PERFORMANCE	PREVIOUS YEARS			TARGET
		2016/17 Actual	2017/18 Actual	2018/19 Actual	2019/20
We will protect the environment by ensuring our wastewater is properly treated before being discharged to our environment.	Compliance with our resource consents for discharge from our wastewater (measured by the number of abatement notices; infringement notices; enforcement orders, and convictions, received in relation to those resource consents).*	Zero	Zero	Zero	Zero (0)
					ACTUAL One (1)

WHAT'S BEHIND THE RESULTS

This is measured by our internal records. Properly treating wastewater means the number of contaminants is minimised before the treated wastewater is discharged. Waikato Regional Council monitors our resource consents and provides an assessment on the year's compliance. We received one conviction under the Resource Management Act 1991 related to the break of a wastewater pipe near Sequoia Place in Morrinsville.

LEVELS OF SERVICE	HOW WE MEASURE PERFORMANCE	PREVIOUS YEARS			TARGET
		2016/17 Actual	2017/18 Actual	2018/19 Actual	2019/20
We will have reliable wastewater systems and will respond to requests for service from our residents in a timely manner.	Attendance time: from the time that we receive notification to the time that service personnel reach the site.*	Median: 24.5 minutes	Median: 25.8 minutes	Median: 167 minutes	Median: 4 hours
				ACTUAL Median: 37 minutes	
	Resolution time: from the time that we receive notification to the time that service personnel confirm resolution of the blockage or other fault*.	Median: 19 hours and 36 minutes	Median: 26.99 hours (1619.4 minutes)	Median: 17.5 hours (1050 minutes)	Median: 24 hours
				ACTUAL Median: 3.5 hours (210 minutes)	

WHAT'S BEHIND THE RESULTS

This is measured by our Customer Request Management system. Overflows can occur. It is important that the community is aware of this and these events are recorded, reviewed and mitigated where practical. Overflows into dwellings are the most serious as they present an immediate danger to health. It is important that we respond quickly to calls about wastewater overflows. In 2019/20 we received 24 total wastewater overflow complaints including 18 overflows during dry weather. The median attendance time for these calls was 37 minutes with a median resolution time of 3.5 hours. Some overflows do take longer than others to fully resolve.

The total number of complaints received by Council about any of the following: (expressed per 1,000 connections per year)*

We will have reliable wastewater systems and will respond to requests for service from our residents in a timely manner.	Sewage odour	4 complaints total	7 complaints total	3.12 complaints per 1,000 connections (25 total)	16 complaints per 1,000 connections (128 total)
	Wastewater system faults	36 complaints total	8 complaints total		
	Wastewater system blockages	22 complaints total	29 complaints total		ACTUAL
	Council's response to issues with our wastewater system	1 complaint total	1 complaint total		3.4 complaints per 1,000 connections (27 total)

WHAT'S BEHIND THE RESULTS

This is measured by our Customer Request Management system. We received 27 complaints about our wastewater system. The 27 complaints were made up of sixteen relating to blockages, nine for odour, two for system faults and zero for Council's response.

* These are mandatory performance measures that have been introduced for all councils around New Zealand



WASTEWATER

FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2020

Long Term Plan 2018/19	Actual 2018/19		Long Term Plan 2018/19	Actual 2018/19	Explanation of key variances to the Long Term Plan budget
(\$000)	(\$000)		(\$000)	(\$000)	
Sources of operating funding					
-	-	General rates, uniform annual general charges, rates penalties	-	-	
6,557	6,570	Targeted rates	6,643	6,471	Estimated depreciation for Wastewater has reduced compared to the LTP, resulting in a reduced requirement from rates
-	-	Subsidies and grants for operating purposes	-	-	
642	738	Fees and charges	656	655	
164	73	Internal charges and overheads recovered	161	252	
-	-	Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	
7,363	7,381	Total operating funding (A)	7,460	7,378	
Applications of operating funding					
3,356	3,430	Payments to staff and suppliers	3,284	3,255	
534	387	Finance costs	548	225	Debt raised was lower than projected in the LTP due to the delay in the capital programme (as detailed below).
468	428	Internal charges and overheads applied	475	450	
-	-	Other operating funding applications	-	-	
4,358	4,245	Total applications of operating funding (B)	4,307	3,930	
3,005	3,136	Surplus (deficit) of operating funding (A – B)	3,153	3,448	
Sources of capital funding					
-	-	Subsidies and grants for capital expenditure	-	-	
626	1,037	Development and financial contributions	638	777	Revenue from contributions was higher than budgeted due to some significant developments in the district, particularly in Morrinsville and Matamata.
759	(1,777)	Increase (decrease) in debt	3,678	(3,183)	The forecast increase in debt was not required as capital work was not completed as budgeted.
-	-	Gross proceeds from sale of assets	-	-	
-	-	Lump sum contributions	-	-	
-	-	Other dedicated capital funding	-	-	
1,385	(740)	Total sources of capital funding (C)	4,316	(2,406)	
Applications of capital funding					
Capital expenditure					
50	-	–to meet additional demand	51	-	
1,210	73	–to improve the level of service	4,820	137	All major projects have been deferred to next year including the North Morrinsville Trunk Sewer Main project of \$1.4 million and the upgrade of Te Aroha falling main \$3 million.

Long Term Plan 2018/19	Actual 2018/19		Long Term Plan 2018/19	Actual 2018/19	Explanation of key variances to the Long Term Plan budget
(\$000)	(\$000)		(\$000)	(\$000)	
3,064	659	—to replace existing assets	2,692	904	Major reticulation renewal work started late last year was completed and this year's programme of works has started later in year. The plant renewal budget is underspent.
66	1,664	Increase (decrease) in reserves	(94)	1	
-	-	Increase (decrease) of investments	-	-	
4,390	2,396	Total applications of capital funding (D)	7,469	1,042	
(3,005)	(3,136)	Surplus (deficit) of capital funding (C - D)	(3,153)	(3,448)	
-	-	Funding balance ((A - B) + (C - D))	-	-	



WATER

WHAT WE DO

We own and operate seven water supply schemes in the district - in Matamata (including Waharoa and Raungaiti), Morrinsville, Te Aroha and four small schemes in Te Poi, Tahuna, Hinuera and Te Aroha West. We provide water 24 hours a day, seven days a week, which means operating and maintaining equipment, machinery and backup facilities, and training staff to respond rapidly in the event of a problem. We have corrective and preventative maintenance programmes in place to ensure our systems remain in good condition. We also monitor the lifecycles of our assets (such as water mains) and renew them when necessary.

WHY WE DO THESE ACTIVITIES

The Water activity ensures our communities are supplied with clean, safe drinking water to ensure the health and wellbeing of our residents. Council has developed a vision to make Matamata-Piako 'The Place of Choice' - Lifestyle - Opportunities - Home. Water contributes to this overall vision by providing clean, safe and reliable water supply to our community to support healthy communities.

WATER CONTRIBUTES TO THE FOLLOWING COMMUNITY OUTCOMES:

CONNECTED INFRASTRUCTURE



Infrastructure and services are fit for purpose and affordable, now and in the future. ✓

Quality infrastructure is provided to support community wellbeing. ✓

We have positive partnerships with external providers of infrastructure to our communities. ✓



ECONOMIC OPPORTUNITIES

Our future planning enables sustainable growth in our district. ✓



HEALTHY COMMUNITIES

Our community is safe, healthy and connected. ✓



ENVIRONMENTAL SUSTAINABILITY

We support environmentally friendly practices and technologies. ✓

COMPLIANCE RECOVERY PROJECT

This year saw Council reassess the priority of selected water projects. This is due to the National review of the compliance framework for drinking water. This has put more emphasis on audit reporting requirements for compliance with the Drinking Water Standards. This shift in priority has meant that selected projects from the Long Term Plan 2018-28 which were identified to be key projects, have been reassessed as they are now unsuitable for the current and future environment. Council has established a Compliance Recovery Project to focus funding towards projects established to ensure we meet drinking water compliance. A total of \$4.5 million has been spent to date on water projects in regards to water reticulation renewals and capital projects which are associated with the Compliance Recovery Project. This work has significantly improved the mechanical resilience and operation of Councils water treatment plants, paving the way for Council to meet compliance with Drinking Water Standards in the near future.

OUR PROJECTS FROM THE LAST TWELVE MONTHS

The projects associated with the Compliance Recovery are outlined below:

PROJECTS	WHAT HAVE WE BEEN DOING?	2019/20	
		BUDGET \$000	ACTUAL \$000
Te Aroha West water connection	A new pipe line was installed to supply Te Aroha West residents with potable water from the Te Aroha Water Treatment Plant. This was initiated to ensure the water supply complies with the New Zealand Drinking Water Standards and was completed in August 2019.	-	25
Morrinsville water treatment plant instrumentation, pumps, valves and activators	Council is working to upgrade treatment plant instruments and processes to improve the resilience around our compliance with the drinking water standards. This includes renewal of old equipment and installing some new equipment as well.	-	777
Matamata water treatment plant instrumentation, pumps, valves and activators		-	342
New pipe work for Scott Road	Work continues to progress with the delivery of a multistage project at Scott rd. Phase 1 was completed in 2018 which involved re-establishing the previously damaged pipe. Phase 2 is focused on adding further resilience to the operation and to ensure robustness in public health. Phase 2 work involves a permanent repair of temporary repaired "Y" junction and re-view/rationalizing/replacement of existing reticulation, in the vicinity, as required. Phase 2 works are under contract with construction set to be completed by the end of 2020.	-	68
Te Aroha backwash recovery project	This project is a resource consent requirement to improve the quality of the discharged backwash water at the Te Aroha Water Treatment Plant. Design work has been completed, the project is now entering a procurement and delivery phase with a forecast project completion date in 2021/22.	-	28
Total key capital projects		-	1,240

Other key projects undertaken in the last twelve months are outlined below.

PROJECTS	WHAT HAVE WE BEEN DOING?	2019/20	
		BUDGET \$000	ACTUAL \$000
Install auto shut off equipment on chlorine systems at Tills Road	This project is to install an automatic chlorine drum and bottle shut off system that will isolate the drum/bottle valve in the event of a chlorine leak. This has been combined into the water treatment Compliance Recovery Program which has now been completed.	-	-
Install auto shut off equipment on chlorine systems at the Morrinsville Water Treatment Plant	Install automatic chlorine drum and bottle shut off system that will isolate the drum/bottle valve in the event of a chlorine leak. This will be timed to activate in conjunction with a chlorine leak alarm.	15	-
Develop and construct a Water Treatment Plant for the Waharoa Aerodrome bore supply	The required consent has been renewed with Waikato Regional Council. There currently is no additional water demand in Waharoa so the bore and treatment development itself has not been completed and will be re-prioritised as part of the 2021-31 LTP.	600	-
Implement our water loss strategy	We have undertaken steps to implement the water loss strategy to reduce our water leaks in our reticulation network across the district. Data improvement actions have been identified and worked through and discussions regarding capitals works options are underway with a planned roll out over the next three years. Some modelling has been completed in Morrinsville and some work on additional flow meter installations has been identified.	50	-
Upgrades associated with renewals	The project funding for the upgrading (to current standards) of short sections of pipe connecting renewed sections of pipe into the existing Council reticulation. Some work on Mangawhero Road was completed as part of the adjoining subdivision to upgrade the current water main along the State Highway.	75	-

PROJECTS	WHAT HAVE WE BEEN DOING?	2019/20	
		BUDGET	ACTUAL
		\$000	\$000
Upgrades associated with subdivisions	The project funding for the upgrading (to current standards) of short sections of pipe connecting renewed sections of pipe into the existing Council reticulation. Some work on Mangawhero Road was completed as part of the adjoining subdivision to upgrade the current water main along the State Highway.	75	-
Taharoa Road Industrial ring-main	The viability of this project is currently being investigated by our network modelling consultants and physical works have been postponed until this has been identified. This work will likely be included in the 2021 LTP.	-	-
Water and Wastewater control centre - technology	The installation of equipment/technology to facilitate and upgrade our current water and wastewater operations systems has been combined into the water treatment compliance recovery program. Some minor work has been completed on improving hardware but this project has not been completed as not seen as a priority at this stage.	-	-
New bore drilling for Morrinsville	The test bore has been developed and tested. We are now waiting to lodge a consent with the Regional Council after Iwi consultation.	-	366
Consent for new bore for Morrinsville	The testing, reports and assessment on the bore and water output has been completed for the consent required by Waikato Regional Council.	100	-
Upgrades associated with drinking water standards	The compliance recovery project (CRP) which began in 2018 is focussing on adding resilience and robustness to critical process operations in the water treatment plants. Upgrades are occurring on monitoring instrumentation and control automation according to industry best practice principles. The CRP is on-going and due to be completed at the end of the 2020/21 financial year.	250	-
Upgrades associated with Bolton Road Industrial area	The viability of this project is currently being investigated by our network modelling consultants and physical works have been postponed until this has been identified. This work will likely be included in the 2021 LTP.	250	-
Morrinsville Water Treatment Plant UV	The scoping of this project has been completed and has been deferred in favour of implementing UV equipment on the small bore supplies. The project and priority is being re-considered for the LTP 2021-31.	-	-
Te Aroha Water Treatment Plant UV	The scoping of this project has been completed and has been deferred in favour of implementing UV equipment on the small bore supplies. The project and priority is being re-considered for the LTP 2021-31.	-	-
District wide water reticulation	We have upgraded 5680m of water mains this year as part of our renewal program.	-	-
Matamata water reticulation	Growth portion to upgrade 990m of undersized water mains. Total 8450m	10	-
Total key capital projects		1,425	366

LEVELS OF SERVICE

What you can expect and how you will know we are meeting your expectations.

ACHIEVED

NOT ACHIEVED

LEVELS OF SERVICE	HOW WE MEASURE PERFORMANCE	PREVIOUS YEARS			TARGET
		2016/17 Actual	2017/18 Actual	2018/19 Actual	2019/20
We will provide safe and reliable water for household and business use (served properties).	The extent to which Council's drinking water supply complies with: part 4 of the drinking-water standards (bacteria compliance criteria); and part 5 of the drinking-water standards (protozoal compliance criteria).*	Not compliant	Not compliant	Not compliant	Compliant
					ACTUAL
					Not compliant

WHAT'S BEHIND THE RESULTS

The Waikato District Health Board (DHB) determines compliance for Councils supply and delivery of water to our communities. These results are published in the Ministry of Health Annual Report on Drinking-water Quality. The 2019/2020 results reported here are provisional, pending the official annual compliance report from the Waikato DHB Drinking Water Assessor. All non-conformances will be addressed by the Medical Officer of Health at the Waikato DHB, who will request updates from Council on how the non-conformances will be addressed, to ensure compliance during the 2020/2021 compliance period.

Part 5 - protozoa compliance - Council will continue to work on and invest in achieving (Part 5) compliance for protozoa removal. In order to address this issue, Council has a number of projects in the long term plant targeted at improving plant control and data capture. These projects will be delivered over a number of years, bringing year on year improvements in compliance with Part 5 Protozoa standards.

It is important to note that a non-compliant status does not mean that protozoa are present in drinking water.

LEVELS OF SERVICE	HOW WE MEASURE PERFORMANCE	PREVIOUS YEARS			TARGET
		2016/17 Actual	2017/18 Actual	2018/19 Actual	2019/20
We will ensure that our water assets are well maintained and managed and that the assets are maintained and replaced when required.	The percentage of real water loss from Council's networked reticulation system (using minimum night flow analysis).	20.61%	25.22%	25.9%	25% or less
					ACTUAL
					26.8%

WHAT'S BEHIND THE RESULTS

This is measured from internal records using the minimum night flow analysis as per the Department of Internal Affairs guidelines.

In guidance documentation released in 2014 the DIA used a target of 15% as an example for real water loss. This has carried over into our Water Asset Management Plan. Leak detection work is currently underway in Hinuera and over the next 12 months, after most of the UFB installation work is completed, will also be done in Matamata, Morrinsville and Te Aroha (in that order). Water meter data improvements are ongoing.

The water tanker filling point progress is:

1. Morrinsville: installation is complete, some data management work is yet to be completed.
2. Te Aroha: installation will start late August and should be operational by late September.
3. Matamata: installation should be complete by early next year.

We will provide reliable water systems that our community can count on.	Where we attend a call-out in response to a fault or unplanned interruption to our networked reticulation system, we will measure the following median response times:				
	Attendance for urgent call-outs: from the time that we receive notification to the time that service personnel reach the site.*	25 minutes	20 minutes	25 minutes	Median: 4 hours or less
					ACTUAL
					30 minutes
	Resolution of urgent call-outs: from the time that we receive notification to the time that service personnel confirm resolution of the fault or interruption.*	3 hours and 12 minutes	1 hour and 59 minutes	3 hours and 36 minutes	Median: 24 hours or less
					ACTUAL
					2 hours and 37 minutes
	Attendance for non-urgent call-outs: from the time that we receive notification to the time that service personnel reach the site.*	2 working days	1 working day	1.95 working days	Median: 3 working days or less
				ACTUAL	
				0.92 working days	
Resolution of non-urgent call-outs: from the time that we receive notification to the time that service personnel confirm resolution of the fault or interruption.*	4 working days	2 working days	3.03 working days	Median: 5 working days or less	
				ACTUAL	
				1.61 working days	

WHAT'S BEHIND THE RESULTS

These are measured by our Customer Request Management system. If there are any unplanned supply issues we need to respond quickly to make sure people have a continuous supply of water. We received 33 urgent calls about water. The median attendance time for these was 30 minutes with a median resolution time of 2 hours and 37 minutes. We received 281 non-urgent calls about water. The median attendance time for these was 0.92 working days, with a resolution time of 1.61 working days.

LEVELS OF SERVICE	HOW WE MEASURE PERFORMANCE	PREVIOUS YEARS			TARGET
		2016/17 Actual	2017/18 Actual	2018/19 Actual	2019/20
Council will provide safe and reliable water for household and business use (serviced properties).	The total number of complaints received by Council about any of the following: (expressed per 1,000 connections per year)*				
	Drinking water clarity:	16	60	8.87 complaints per 1,000 connections across all categories (total of 71)	9 complaints per 1,000 connections across all categories (total of 72 complaints based on 8,000 connections)
	Drinking water taste:	3	5		ACTUAL
	Drinking water odour:	6	4		
	Drinking water pressure or flow:	32	38		
	Continuity of supply:	5	10		
Council's response to any of these issues:	0	0	7 complaints per 1,000 connections across all categories (total of 56)		

WHAT'S BEHIND THE RESULTS

This is measured by our Customer Request Management system. Each individual call is counted as one. In some instances there were multiple calls about the same issue. Staff responded to and investigated all calls within the assigned timeframes. The majority of complaints (27) were regarding the drinking water pressure/flow. We also received 19 complaints about drinking water clarity, 6 complaints about taste, 2 regarding odour, one for continuity of supply and one for council's response. This averaged out to be 7 complaints per 1,000 connections. This is a reduction of 15 complaints compared to 2018/19 where there were 71 complaints.

Council's water assets are managed adequately for the future.	The average consumption of drinking water per day per resident within the district.*	462 litres	467 litres	457 litres	500 litres per urban resident per day (bench mark)
					ACTUAL
					452 litres per urban resident per day

WHAT'S BEHIND THE RESULTS

Measured by our internal records. We have used the Department of Internal Affairs guidelines when calculating this. The performance measure only measures 'drinking water' consumption but it is not only drinking water that is supplied to residential consumers and water used specifically for drinking purposes cannot be calculated. Total average consumption of water per resident in the supplied urban areas is 653 litres per day (2018/19: 673) this includes all industry water usage. Adjusted average consumption is 452 litres per urban resident per day, major industry usage has been deducted from this figure.

*These are mandatory performance measures that have been introduced for all councils around New Zealand.



WATER

FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2020

Long Term Plan 2018/19	Actual 2018/19		Long Term Plan 2019/20	Actual 2019/20	Explanation of key variances to the Long Term Plan budget
(\$000)	(\$000)		(\$000)	(\$000)	
Sources of operating funding					
-	-	General rates, uniform annual general charges, rates penalties	-	-	
4,774	4,562	Targeted rates	5,082	4,988	Revenue from metered water was lower than budgeted due to lower consumption by our large industrial users compared to that set out in the LTP.
-	-	Subsidies and grants for operating purposes	-	-	
36	14	Fees and charges	37	14	
31	(232)	Internal charges and overheads recovered	31	(202)	Higher spending in capital and renewal reduced investment and internal interest recoveries.
-	-	Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	
4,841	4,344	Total operating funding (A)	5,150	4,800	
Applications of operating funding					
2,343	3,241	Payments to staff and suppliers	2,464	3,863	Water treatment plant costs were \$1,205,000 higher than budget due to significant increases in chemical, power and insurance costs, safety plan costs, additional costs for Topehaehae reservoir profiling, Scada costs and compliance recovery. Also included is \$172,000 expensed from various capital projects. Reticulation costs were also higher than budgeted in the LTP.
218	316	Finance costs	309	381	Additional capital and renewal work completed during the year resulted in higher finance costs compared to the LTP budget.
498	703	Internal charges and overheads applied	503	816	More capital and renewal work resulted in more internal interest cost being applied than budgeted.
-	-	Other operating funding applications	-	-	
3,059	4,260	Total applications of operating funding (B)	3,276	5,060	
1,782	84	Surplus (deficit) of operating funding (A - B)	1,874	(260)	
Sources of capital funding					
-	-	Subsidies and grants for capital expenditure	-	-	
338	770	Development and financial contributions	345	547	Revenue from contributions was higher than budgeted due to some significant developments in the district, particularly in Morrinsville and Matamata.
2,602	(116)	Increase (decrease) in debt	2,380	5,529	Higher capital spending this year resulted in more borrowing being required than budgeted in the LTP.
-	-	Gross proceeds from sale of assets	-	-	
-	-	Lump sum contributions	-	-	
-	-	Other dedicated capital funding	-	-	
2,940	654	Total sources of capital funding (C)	2,725	6,076	
Applications of capital funding					
Capital expenditure					
175	197	—to meet additional demand	434	382	\$40,000 of the renewal of the Mangawhero Road Waterline project is attributable to growth, as well as \$342,000 spent on upgrades associated with drinking water standards

Long Term Plan 2018/19	Actual 2018/19		Long Term Plan 2019/20	Actual 2019/20	Explanation of key variances to the Long Term Plan budget
(\$000)	(\$000)		(\$000)	(\$000)	
1,440	1,950	—to improve the level of service	1,011	1,983	Spending was higher than the level budgeted in the LTP, largely due to spending on the Compliance recovery programme which was not included in the LTP
3,050	3,290	—to replace existing assets	3,199	3,451	The amount of plant replacement under the compliance recovery programme was higher than budgeted in the LTP and reticulation spending was higher as well.
57	(4,469)	Increase (decrease) in reserves	(45)	-	
-	(230)	Increase (decrease) of investments		-	
4,722	738	Total applications of capital funding (D)	4,599	5,815	
(1,782)	(84)	Surplus (deficit) of capital funding (C - D)	(1,874)	260	
-	-	Funding balance ((A - B) + (C - D))	-	-	



CONSENTS AND LICENSING

WHAT WE DO

Consents and Licensing is about carrying out our regulatory functions that we have an obligation to perform under legislation. The activities responsible for this are Animal Control, Building Consents and Monitoring, Licensing and Enforcement and Resource Consents and Monitoring.

WHY WE DO THESE ACTIVITIES

The Consents and Licensing activity group ensures we are protecting the natural resources of the district, keeping our communities safe and healthy, and balancing the different needs and interests of people and businesses in our community. Legislation also has a significant impact on these activities, as it sets a number of legislative requirements that we must meet. Council's vision is to make Matamata-Piako 'The Place of Choice; Lifestyle - Opportunities - Home'. Consents and Licensing contributes to this overall vision by providing regulatory services that make Matamata-Piako a desirable place to live.

CONSENTS AND LICENSING CONTRIBUTES TO THE FOLLOWING COMMUNITY OUTCOMES:

	ANIMAL CONTROL	BUILDING CONSENTS AND MONITORING	LICENSING AND ENFORCEMENT	RESOURCE CONSENTS AND MONITORING
 <p>ECONOMIC OPPORTUNITIES We are a business friendly Council.</p>		✓	✓	✓
<p>Our future planning enables sustainable growth in our district.</p>		✓		✓
 <p>HEALTHY COMMUNITIES Our community is safe, healthy and connected.</p>	✓	✓	✓	✓
 <p>ENVIRONMENTAL SUSTAINABILITY We support environmentally friendly practices and technologies.</p>				✓
<p>Development occurs in a sustainable and respectful manner considering kawa/protocol and tikanga/customs.</p>				✓
 <p>VIBRANT CULTURAL VALUES We promote and protect our arts, culture, historic and natural resources.</p>				✓

FOUR WELLBEINGS OF OUR COMMUNITY

One of the purposes defined in the Local Government Act 2002 for local authorities, is to identify effects that any activity has had on the four well-beings (social, economic, environmental and cultural). These have been identified below for Consents and Licensing activities:

WELLBEINGS	COUNCIL ACTIVITIES			
	ANIMAL CONTROL	BUILDING CONSENTS AND MONITORING	LICENSING AND ENFORCEMENT	RESOURCE CONSENTS AND MONITORING
SOCIAL	Animal control ensures animals do not cause harm or nuisance to residents or visitors. This helps to ensure the safety of everyone and means that people can enjoy their pets without undue control and without threat from other animals. Educational programmes are offered by Council to promote animal awareness and responsible ownership.	Building control makes sure buildings are safe and that they have good access for people with disabilities.	Environmental Health Officers help minimise the spread of illness and disease. They ensure that residents are protected from unhealthy or offensive conditions, as well as controlling alcohol and gambling.	Implementation of the Resource Management Act 1991 and the District Plan provisions through regulatory planning ensures that due consideration is given to social issues when sustainable resource management decisions are made.
ECONOMIC	-	Processing building consents and regulatory planning consents within targeted timeframes has economic benefits for applicants and minimises waiting periods.	-	Resource consent services ensure that the rules in the District Plan are applied appropriately to maximise long term productivity of land in the district. A responsive and helpful regulatory environment helps to promote development.
ENVIRONMENTAL	-	Building control ensures buildings, particularly those using hazardous substances, are environmentally friendly.	-	Resource consent services ensure that the rules in the District Plan are applied appropriately to manage the use, development and protection of natural and physical resources. Imposing appropriate resource consent conditions and monitoring compliance ensures the integrated management of land and associated natural resources in the district.
CULTURAL	-	-	-	The regulatory planning activity ensures cultural sites in the district are protected.

ANIMAL CONTROL

We have two Animal Control Officers (and after-hour contractors) whose job is to make sure people control their animals, are meeting laws and regulations and do not create problems for others. They provide 24/7 service. We also have one dog pound and stock yard that services the whole district. The majority of work undertaken by the Animal Control Officers centres on the administration of the Dog Control Act 1996 - ensuring that dogs are registered, catching wandering dogs, providing owners with information on pet care and following up on complaints about dogs, ranging from barking to aggressive behaviour. The Animal Control Officers also respond to complaints about wandering stock. Most complaints about animal welfare and neglect are referred to the SPCA for investigation.

LEVELS OF SERVICE

What you can expect and how you will know we are meeting your expectations.

ACHIEVED

NOT ACHIEVED

LEVELS OF SERVICE	HOW WE MEASURE PERFORMANCE	PREVIOUS YEARS			TARGET
		2016/17 Actual	2017/18 Actual	2018/19 Actual	2019/20
Any disturbances caused by animals will be investigated and reported quickly and efficiently.	Complaints will be investigated within set timeframes.	93.6%	87%	93.25%	95% within adopted timeframes* (see table below)
					ACTUAL
					96.6%

WHAT'S BEHIND THE RESULTS

This is measured by our Customer Request Management system. One of our main responsibilities is following up on complaints made about animals, from wandering stock to barking or attacking dogs. We aim to investigate the complaint and let the complainant know what action (if any) we have taken or intend to take within adopted timeframes. Some complaints can be resolved quickly, others can take time to work through with animal owners and may involve court action. We received 622 requests in 2019/20 as compared to 727 in 2018/19. We responded to 96.6% of calls within set timeframes (601/622). Some complaints, such as barking dogs or wandering dogs are not practical to attend at the time and are followed up the next working day.

We will carry out regular property visits to ensure dog owners are responsible.	Number of property visits per year.	718	706	621	at least 600 property visits per year
					ACTUAL
					Before COVID-19* On track - 471
					After COVID-19* Not achieved - 571

WHAT'S BEHIND THE RESULTS

This is measured by internal records. Property visits let us check that dogs are appropriately housed and secured on their property. Both of these help to reduce the number of problems caused by animals in our community. We undertook 571 property visits across the district. *Due to COVID-19 we were unable to conduct property visits during lockdown, resulting in us not being able to achieve our target of 600 visits.

We will carry out regular street patrols to keep the streets free from stray animals.	Number of street patrols undertaken in each of the three main towns.	25.7	29.3	34.4	At least an average of 10 per month per town
					ACTUAL
					Achieved (average 31.9 per month per town)

WHAT'S BEHIND THE RESULTS

This is measured by internal records. Street patrols allow our staff to check if there are wandering animals that could pose a risk to our community. We undertook 1,150 street patrols across the district. Our street patrols per town are as follows: Matamata 429, Morrinsville 461 and Te Aroha 260.

COMPLAINT TYPE	NOTIFICATION TYPE	0800 - 1700 HOURS	1700 - 0800 WEEKEND / HOLIDAY
Dog bite person			
Aggressive dog			
Attacked stock	Current incident	Phone	1 hour
	Reported incident	CRM	4 hours
Attacked other animal / bird			
Barking dog			
Wandering dog	Current incident	Phone	1 hour
	Caught in a trap	CRM	1 hour
	Reported incident	CRM	Next working day
Wandering stock	Current incident	Phone	1 hour
	(on road)	CRM	Next working day
Unregistered dog	Reported incident		24 hours
Animal welfare		CRM	4 hours
			Next working day

BUILDING CONSENTS AND MONITORING

Our primary function is to ensure that building work in our district complies with the Building Act 2004. To do this we process building consents and inspect building work at critical phases of the project. We also carry out audits to make sure that commercial building owners comply with their Building Warrants of Fitness requirements and investigate complaints about illegal building work, taking enforcement action where necessary.

LEVELS OF SERVICE

What you can expect and how you will know we are meeting your expectations.

ACHIEVED

NOT ACHIEVED

LEVELS OF SERVICE	HOW WE MEASURE PERFORMANCE	PREVIOUS YEARS			TARGET
		2016/17 Actual	2017/18 Actual	2018/19 Actual	2019/20
Building consents will be administered quickly and efficiently.	Building consent processing timeframes.	99.5% (802/806)	99.9% (762/763)	99.9% (846/847)	100% of building consents will be processed within statutory timeframes
					ACTUAL
					99.5%

WHAT'S BEHIND THE RESULTS

This is measured by a monthly statistical report.

By processing building consents on time we contribute to the timely completion of building projects. By ensuring buildings meet building code requirements, we ensure that buildings are safe and more sustainable, for example they meet improved building insulation requirements, and contribute to the health and wellbeing of our community. In 2019/20 we processed 797 of 801 building consents within statutory timeframes.

Currently the statutory timeframes for processing building consents are:

- Ten working days for building consents with a national multiple use approval.
- Twenty working days for all other building consents.

We will respond to complaints of alleged illegal/ unauthorised activity.	Complaints to be responded to within 10 working days.	73.68%	91.6%	66%	100% of complaints to be responded to within 10 working days
					ACTUAL
					52%

WHAT'S BEHIND THE RESULTS

This is measured through our Customer Request Management system. In fulfilling our enforcement role under the Building Act 2004 in a timely manner we help to reduce the incidences of illegal and dangerous building work in the district. One of our main roles is to regulate compliance with building code standards. We sometimes get complaints from the community about illegal or dangerous building work or swimming pools. We will investigate the complaint to determine if building work is illegal or dangerous and let the complainant know what action we are taking. Issues regarding illegal building work can be complicated and it can take time to reach a resolution with the building owners. We received 29 complaints about alleged illegal buildings and illegal swimming pools. 15/29 complaints were responded to within 10 days. One of these complaints was during the COVID-19 lockdown and was investigated following the lockdown. The remainder were not achieved due to staff shortages, any complaints that were considered to cause a danger to the public were responded to within the timeframe.



LICENSING AND ENFORCEMENT

Licensing and Enforcement is responsible for processing health and alcohol licence and managers certificates; this also involves inspecting or auditing the licensed premises to ensure they meet the required standards. In 2012 the Sale and Supply of Alcohol Act 2012 replaced the Sale of Liquor Act 1989. The new Act brought in significant changes to the way we regulate alcohol, including the ability to have a Local Alcohol Policy, an annual fee for all premises and a new qualification that must be held by all managers. In addition, we undertake monitoring of food premises. The Food Act 2014 came into force 1 March 2016, changing the way we manage food safety. Food premises are now assessed by registration and auditing instead of annual inspections.

This activity is also responsible for noise control in our community, which is a 24 hour, seven days a week service responding to excessive or unreasonable noise. After hours noise control complaints are handled by our security contractors. Licensing and Enforcement also monitors and responds to complaints about breaches of our bylaws, and have responsibilities under several other Acts, such as the Gambling Act 2003, Psychoactive Substances Act 2013, Prostitution Reform Act 2003, Hazardous Substances and New Organisms Act 1996 and the Health Act 1956.

LEVELS OF SERVICE

What you can expect and how you will know we are meeting your expectations.

ACHIEVED

NOT ACHIEVED

LEVELS OF SERVICE	HOW WE MEASURE PERFORMANCE	PREVIOUS YEARS			TARGET
		2016/17 Actual	2017/18 Actual	2018/19 Actual	2019/20
We will inspect or audit all food premises, hairdresser, and camping grounds in the district to ensure they are running in accordance with the Health Act and/or health regulations.	Food premises, hairdressers and camping grounds will be inspected or audited in accordance with legislation	100%	100%	100%	100% inspected or audited
					ACTUAL
					100%

WHAT'S BEHIND THE RESULTS

This is measured by an internal monitoring system. Inspecting food premises, hairdressers and camping grounds in the district gives residents confidence that they can safely use these facilities. The introduction of the Food Act 2014 changed the way in which food premises are assessed from annual inspections to registration and auditing. In regards to the Food Act, new legislation came into effect on 18 May 2020 due to COVID-19 to allow additional time to carry out verification audits that were due during lockdown. Given this extension, we met the required timeframes for food premises to be audited. In regards to hairdressers, camping grounds and funeral directors we managed to complete all inspections for this performance measures within the original timeframes. However we extended the payment date by a month given that the majority of these business weren't operating during level 3 and 4. The high inspection rate, despite COVID-19 indicates to Council that this level of service is adequate and is contributing positively to achieving the related community outcomes

We will act on all noise complaints we receive.	Percentage of after hours (between 5pm and 8am, weekends and public holidays) noise complaints responded to within two hours.	100%	100%	100%	100% responded to within two hours
					ACTUAL
					100%

WHAT'S BEHIND THE RESULTS

This information is collected through an internal monitoring system. We received 314 complaints regarding noise after hours. 100% of these were responded to within two hours. By acting on noise complaints we will be preventing antisocial behaviour, which can negatively impact people's health and wellbeing. After hours responses to noise complaints are made by our security contractors, usually to loud stereos and parties. During working hours (8am-5pm), staff respond to complaints. Complaints during the day usually relate to general household noise or ongoing noise associated with business operations. Noise complaints are investigated and complainants are advised of the action we will take.

We will ensure that all premises in the district with alcohol licences are operating responsibly.	On, Off and Club* alcohol licenced premises will be inspected annually to ensure they comply with alcohol licensing standards.	100%	100%	100%	100% inspected annually
					ACTUAL
					100%

WHAT'S BEHIND THE RESULTS

This information is collected through an internal monitoring system. We have inspected all 79 alcohol premises (this excludes 26 premises assessed to be very low risk). Licensed premises that do not comply with liquor licensing standards can contribute to illegal activities and antisocial behaviour. If premises do not comply with the conditions of its licence, they will be given an opportunity to rectify any problems. Ongoing non-compliance may result in an inspector making an application to the Alcohol Regulatory and Licensing Authority for the suspension or cancellation of the premises, alcohol licence.

*Club alcohol licenced premises excludes those Clubs that have been assessed as a 'very low' risk rating by Council.

RESOURCE CONSENTS AND MONITORING

Resource Consents and Monitoring helps look after our natural and physical resources for future generations. This activity is responsible for administering the District Plan, advising customers on District Plan and Resource Management Act 1991 requirements, processing applications for land use and subdivision consents, monitoring compliance with land use and subdivision consent conditions, investigating breaches of the District Plan and taking enforcement action where necessary.

OUR PROJECTS FROM THE LAST TWELVE MONTHS

There are no major projects forecast for the next 10 years for the Resource Consents and Monitoring activity primarily because we provide a service to the community. The core function of this department is to administer, implement and enforce various pieces of legislation and policies. As part of the improvement to Council's online services we offer, we plan to increase the information about licenses available online and enable licensees to submit and track their application and make payments online.

LEVELS OF SERVICE

What you can expect and how you will know we are meeting your expectations.

ACHIEVED

NOT ACHIEVED

LEVELS OF SERVICE	HOW WE MEASURE PERFORMANCE	PREVIOUS YEARS			TARGET
		2016/17 Actual	2017/18 Actual	2018/19 Actual	2019/20
Resource consents will be administered quickly and efficiently.	Percentage of resource consents processed within statutory timelines.	99.5%	100%	99%	100%
					ACTUAL
					99.5%

WHAT'S BEHIND THE RESULTS

This is monitored through an internal management system. We processed 216 applications for resource consents in 2019/20. Of these, 215 applications were processed within the adopted timeframe. Resource Consents need to be completed within statutory timeframes to ensure development projects are able to be completed seamlessly. The 2009 amendment to the Resource Management Act 1991 requires us to refund a portion of the costs on any resource consents that are not processed within the statutory timeframe. High demand on staff resources during a staff change saw one consent processed over the timeframe. This was a singular event that is unlikely to happen again.

We will monitor land use consent compliance.	Percentage of land use consents monitored within four months of being granted.	98.6%	100%	100%	100%
					ACTUAL
					100%

WHAT'S BEHIND THE RESULTS

This is monitored through an internal management system. The community can rely on us to monitor compliance of resource consents to ensure the character of the towns remains intact. This is the initial visit to see if or how works are progressing and to remind the applicant of all the conditions of consent and ensure they are complied with. Should non-compliance be identified at this time, then we will work with the applicant to rectify the issues. If this cannot be achieved then we will take enforcement action under the Resource Management Act 1991 to ensure compliance. In the 2019/20 year we monitored 137 consents, 100% of these were monitored within the adopted timeframe.

CONSENTS AND LICENSING

FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2020

Long Term Plan budget 2018/19	Actual 2018/19		Long Term Plan budget 2019/20	Actual 2019/20	Explanation of key variances to the Long Term Plan budget
(\$000)	(\$000)		(\$000)	(\$000)	
Sources of operating funding					
1,980	1,986	General rates, uniform annual general charges, rates penalties	2,019	1,951	
-	-	- Targeted rates	-	-	
-	-	- Subsidies and grants for operating purposes	-	-	
1,762	2,156	Fees and charges	1,800	2,131	Building consent and resource consent income is higher due to increased development activity.
-	(7)	(7) Internal charges and overheads recovered	-	-	
31	37	Local authorities fuel tax, fines, infringement fees, and other receipts	31	25	
3,773	4,172	Total operating funding (A)	3,850	4,107	
Applications of operating funding					
2,282	2,434	Payments to staff and suppliers	2,330	2,742	Staff and consultant costs were higher the budgeted in the areas of health monitoring, and building and resource consent activity due to increased development activity and staff turn over.
-	-	Finance costs	-	-	
1,280	1,307	Internal charges and overheads applied	1,303	1,375	
-	-	- Other operating funding applications	-	-	
3,562	3,741	Total applications of operating funding (B)	3,633	4,117	
211	431	Surplus (deficit) of operating funding (A - B)	217	(10)	
Sources of capital funding					
-	-	- Subsidies and grants for capital expenditure	-	-	
-	-	- Development and financial contributions	-	-	
-	-	- Increase (decrease) in debt	-	-	
-	-	- Gross proceeds from sale of assets	-	-	
-	-	- Lump sum contributions	-	-	
-	-	- Other dedicated capital funding	-	-	
-	-	Total sources of capital funding (C)	-	-	
Applications of capital funding					
Capital expenditure					
-	-	-to meet additional demand	-	-	
-	-	-to improve the level of service	-	-	
-	-	-to replace existing assets	-	-	
211	431	Increase (decrease) in reserves	217	(10)	Negative operating balance funded from reserve
-	-	Increase (decrease) of investments	-	-	
211	431	Total applications of capital funding (D)	217	(10)	
(211)	(431)	Surplus (deficit) of capital funding (C - D)	(217)	10	
-	-	Funding balance ((A - B) + (C - D))	-	-	