

Annual Report 2015/16

Adopted 5 October 2016

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.

The Council and management of Matamata-Piako District Council accept 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 2016 fairly reflect the financial position and operations of the Matamata-Piako District Council.



Jan Barnes, Mayor



Don McLeod, Chief Executive Officer

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Cover photo: Te Aroha Domain



Annual Report 2015/16
Part One: Introduction

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

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

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

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

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


This year we have continued our work to implement our Open Spaces Strategy. Consultation with landowners is underway for the proposed linkage

parks and walkways in Morrinsville. We are also working with landowners to finalise the route for the new cycleway extension from Te Aroha to Matamata. This is an exciting project which will add value to the already popular Hauraki Rail Trail, connecting Te Aroha and Matamata via a cycleway with stunning views of the countryside and the Kaimai Ranges.

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

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

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



Jan Barnes
Mayor



Council

Mayor



Jan Barnes
JP

Deputy Mayor



James Thomas
Morrinsville, JP



Garry Stanley
Matamata



Bob McGrail
Matamata



Leonie Tisch
Matamata



Brian Hunter
Matamata



Neil Goodger
Morrinsville



Maurice Steffert
Morrinsville



Nicki Robb
Morrinsville



Teena Cornes
Te Aroha



Peter Jager
Te Aroha



Ash Tanner
Te Aroha

► Council

The Matamata-Piako District is divided into three wards: Matamata, Morrinsville and Te Aroha. Our Council consists of 11 Councillors, elected by their respective wards, and the Mayor, elected by all voters throughout the district. The Councillors and Mayor are elected to represent their communities and make decisions for the district. The elected representatives are supported by the Council's Chief Executive Officer and staff who provide advice, implement Council decisions and look after the district's day to day operations.

► The Corporate and Operations Committee

This committee is made up of the Mayor and all 11 Councillors. Council has delegated all of its responsibilities, duties and powers to the Corporate and Operations Committee, except for the ones it can't delegate under the Local Government Act 2002 (like adopting an Annual Plan or Report).

► Te Manawhenua Forum mo Matamata-Piako

The Te Manawhenua Forum mo Matamata-Piako (Forum) is a standing committee of Council who advise on cultural, economic, environmental and social issues of significance to manawhenua groups. The Forum also provides advice to Council about issues that affect Maori in our district, and provides feedback when we are developing plans and policies, such as the Long Term Plan or District Plan.

The Forum includes representatives from Council, Ngati Hauhau, Ngati Rahiri-Tumutumu, Raukawa, Ngati Maru, Ngati Whanaunga and Ngati Paoa. Ngati Tamatera also have the ability to join. On 7 June 2016, the Forum recommended to Council that Ngati Hinerangi should join as members of the Forum subject to approval of Council. As at 30 June 2016, Council were yet to formally consider the inclusion of Ngati Hinerangi as members of the Forum as Council was awaiting confirmation of the representation. It is anticipated that Council will formally consider the inclusion of Ngati Hinerangi in August with Ngati Hinerangi (subject to approval) being invited to attend the Forum's next meeting on 6 September 2016.

► The Hearings Commission

The Hearings Commission is responsible for hearing and determining applications for resource consents under the Resource Management Act 1991, granting exemptions to fencing requirements under the Fencing of Swimming Pools Act 1987 and hearing and determining objections under the Dog Control Act 1996. The Hearings Commission is made up of two Councillors, one of which is the chairperson.

► **The District Licensing Committee**

Council has a District Licensing Committee to consider and determine applications under the Sale and Supply of Alcohol Act 2012. The District Licensing Committee considers and makes decisions on alcohol licences (including club, special, on and off licences and manager’s certificates). The District Licensing Committee has four list members, one of whom is a Councillor and the chairperson.

► **The Audit and Risk Committee**

The Audit and Risk Committee ensure we have appropriate risk management and internal and financial control systems. This committee includes an independent chairperson, the Mayor and three Councillors. The Committee met four times in 2015/16.

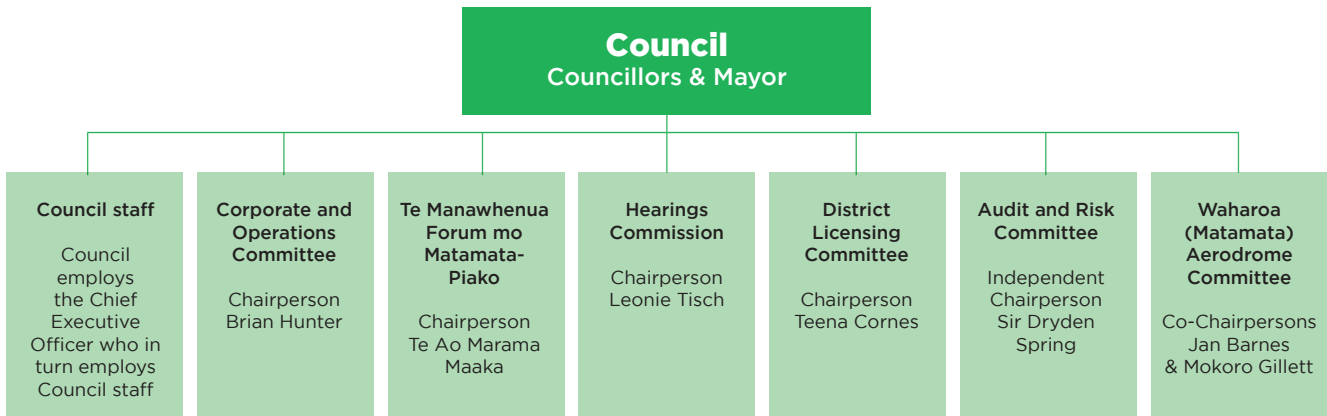
► **The Waharoa (Matamata) Aerodrome Committee**

The Waharoa (Matamata) Aerodrome Committee is a committee that was created in 2015 by legislation under the Ngati Haua Claims Settlement Act 2014. The committee comprises of the Mayor, Deputy Mayor, one Council appointed member and three members appointed by the Ngati Haua Iwi Trust Board trustees.

The functions of the Waharoa (Matamata) Aerodrome Committee, as set out in the Ngati Haua 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 Waharoa Aerodrome land that affect Raungaiti Marae.
- 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.

The Committee met three times in 2015/16.



Firth Tower Estate and Museum

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

The Auditor General is the auditor of Matamata-Piako District Council (the District Council). The Auditor General has appointed me, B H Halford, using the staff and resources of Audit New Zealand, on her behalf, to:

- audit the information included in the District Council's annual report that we are required to audit under the Local Government Act 2002 (the audited information);
- report on whether the District Council has complied with the requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report and the Local Government (Financial Reporting and Prudence) Regulations 2014.

Opinion on the audited information

In our opinion:

- the financial statements on pages 36 to 80:
 - present fairly, in all material respects:
 - the District Council's financial position as at 30 June 2016;
 - the results of its operations and cash flows for the year ended on that date; and
 - comply with generally accepted accounting practice in New Zealand and have been prepared in accordance with Public Benefit Entity Reporting Standards;
- the funding impact statement on page 140, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's Long term plan;
- the group of activities on pages 85 to 139:
 - presents fairly, in all material respects, the District Council's levels of service for each group of activities for the year ended 30 June 2016, including:
 - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
 - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
 - complies with generally accepted accounting practice in New Zealand;
- the statement about capital expenditure for each group of activities on pages 85 to 139, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the District Council's Long term plan; and
- the funding impact statement for each group of activities on pages 85 to 139, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's Long term plan.

Compliance with requirements

The District Council has:

- complied with the requirements of schedule 10 of the Local Government Act 2002 that apply to the annual report; and
- made the disclosures on pages 13 to 19 which are required by the Local Government (Financial Reporting and Prudence) Regulations 2014 which represent a complete list of required disclosures and accurately reflects the information drawn from the District Council's audited information.

Our audit was completed on 5 October 2016. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Council and our responsibilities, and we explain our independence.

Basis of opinion

We carried out our audit in accordance with the Auditor General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the information we audited is free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the audited information. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the information we audited. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the information we audited, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the District Council's preparation of the information we audited in order to design procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the District Council's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Council;
- the adequacy of the disclosures in the information we audited;
- determining the appropriateness of the reported group of activities within the District Council's framework for reporting performance; and
- the overall presentation of the information we audited.

We did not examine every transaction, nor do we guarantee complete accuracy of the information we audited. When reporting on whether the District Council complied with the requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report, we limited our procedures to making sure the annual report included the required information and identifying material inconsistencies, if any, with the information we audited. We carried out this work in accordance with International Standard on Auditing (New Zealand) 720; The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements.

We did not evaluate the security and controls over the electronic publication of the information we are required to audit and report on. We believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Council

The Council is responsible for meeting all legal requirements that apply to its annual report.

The Council's responsibilities arise under the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014.

The Council is responsible for such internal control as it determines is necessary to ensure that the annual report is free from material misstatement, whether due to fraud or error. The Council is also responsible for the publication of the annual report, whether in printed or electronic form.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the annual report in accordance with the reporting requirements of the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014. Our responsibility arises from the Public Audit Act 2001.

Independence

When carrying out our audit, we followed the independence requirements of the Auditor General, which incorporate the independence requirements of the External Reporting Board. Other than this audit, we have no relationship with or interests in the District Council.



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

Annual Report guide

► What is an Annual Report?

The Annual Report is a yearly account produced by 31 October for the preceding financial year (from 1 July to 30 June). It highlights key achievements as well as information about budgets and other financial and non-financial performance targets.

The Annual Report is our key way of informing the community of how we performed in relation to either the Annual Plan or the Long Term Plan prepared the previous year. We also produce a six month report (1 July to 31 December), which provides a snapshot of our progress at the half year mark.

By law, the Annual Report must be audited to ensure that the information all councils provide is accurate and consistently presented across the country.

► Why do we do it?

We are required to prepare an Annual Report under the Local Government Act 2002. Apart from the legal requirement it is also good business practice to regularly review our performance. This helps us keep on track and informs our future planning of work programmes and budgets.

► What is a Long Term Plan?

The Long Term Plan sets our direction for the next 10 years; outlining our key aims, objectives and priorities for the Matamata-Piako District. A Long Term Plan:

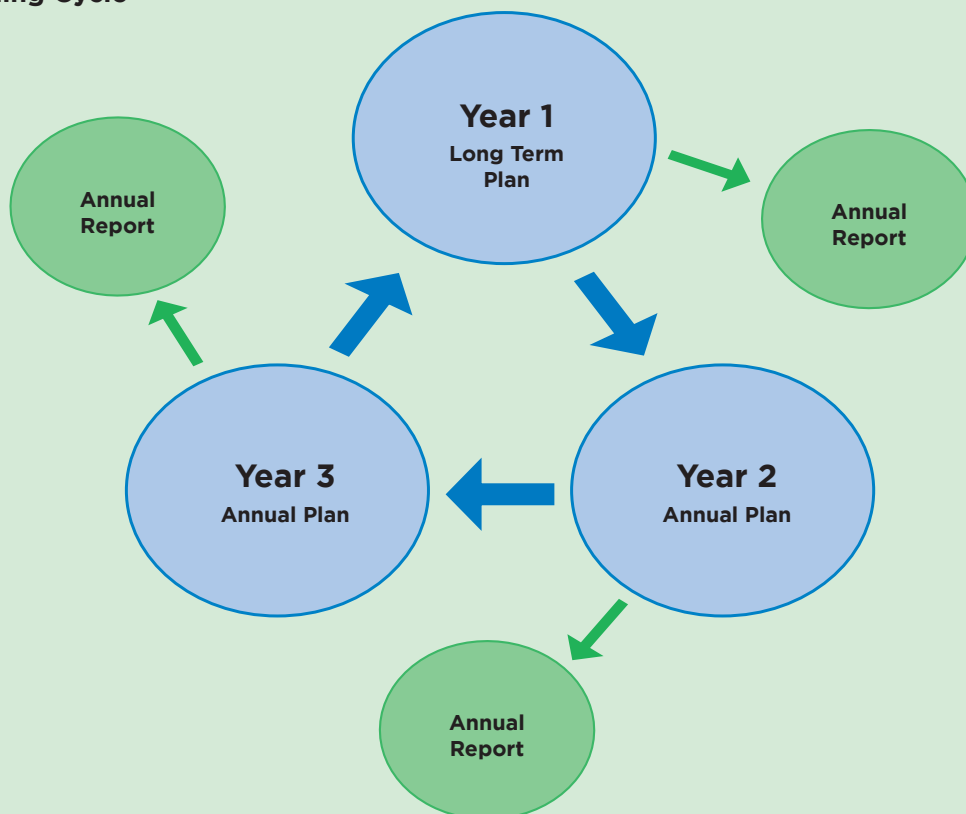
- Describes the type of district our communities have told us they want – our community outcomes.
- Identifies the key projects to take place over the next 10 years.
- Provides an overview of each activity we will carry out and the services we will provide for the next 10 years.
- Determines how much this will all cost and how we will fund it.

We review the Long Term Plan every three years.

► What is an Annual Plan?

We produce an Annual Plan in the two years that we do not produce a Long Term Plan. The Annual Plan highlights any significant or material changes from the Long Term Plan for the coming year.

The Planning Cycle



Your district today

The Matamata-Piako District is a rural area of 175,477 hectares in the Waikato Region. Over 56% of the district's population live in one of three main towns (Matamata, Morrinsville and Te Aroha), with the remainder living in rural areas. The district is well known for its dairy farming and thoroughbred racing industry but has a number of other key features.

Major attractions include Mount Te Aroha (952m high) and the stunning Kaimai-Mamaku Forest Park, which offer visitors a range of day walks or overnight tramps. At the foot of the mountain is the Mokena Geyser, the only natural hot soda water geyser in the world and the historic Te Aroha Domain, featuring the Te Aroha Mineral Spas.

Matamata is well known as the location of the Hobbiton movie set, which was used for the world famous Lord of the Rings movies and the Hobbit movies. Matamata is also home to the historic Firth Tower Museum. Matamata has a strong equine and racing community. It has produced many fine thoroughbred horses that can now be found racing internationally.

The easy rolling terrain surrounding Morrinsville makes for some of the best farmland in New Zealand, earning it the title 'Cream of the Country'. Morrinsville is also home to 'Herd of Cows', which are beautifully painted fibreglass cows on display throughout the town and the Wallace Gallery, which showcases artwork from around the district and is a must visit.

Our district is one of New Zealand's cornerstones of the dairy industry, with some of the best quality soils in New Zealand. We also have a strong presence from other industries such as horticulture and meat processing.



175,477

hectares in the Matamata-Piako District, within the Waikato Region

952

metres to the top of Mount Te Aroha

	2013/14	2014/15	2015/16
Area 175,477 hectares			
Number of electors (enrolled)*	22,307	22,991	23,236
Number of rating units**	14,788	15,006	14,877
Value of improvements**	\$3,500,014,100	\$3,968,782,000	\$4,064,097,500
Net land value**	\$6,745,516,040	\$6,291,427,400	\$6,292,556,400
Total capital value**	\$10,245,530,140	\$10,260,209,400	\$10,356,653,900
Total rates***	\$29,554,000	\$30,134,000	\$30,800,000
Average total rates per rating unit	\$1,999	\$2,008	\$2,070

* Electoral enrolment centre

** At the end of the preceding financial year

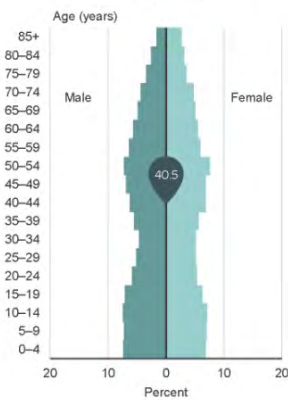
*** Excludes metered water rates, targeted rates from industries, lump-sum contributions and penalties.

The number of rating units has decreased overall during 2015/16. All council's were required by the Valuer General to amalgamate contiguous rural rating units into a single title. As such, 320 rating units were amalgamated down to 180 rating units.

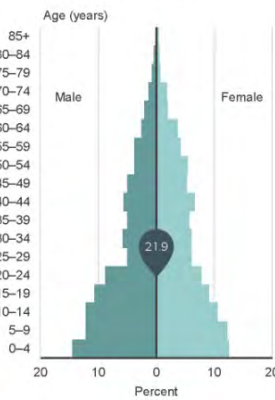
Quick statistics



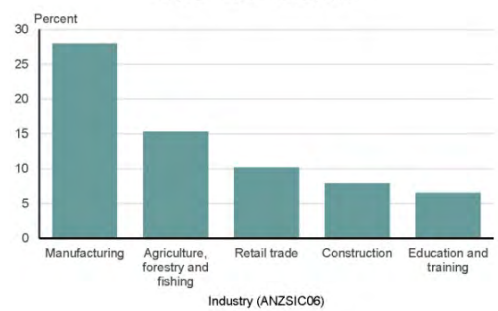
Age and gender of total population
Matamata-Piako District
2013 Census



Age and gender of Māori population
Matamata-Piako District
2013 Census



Top five industries in Matamata-Piako District
By employee count
For year ended February 2013



How Matamata-Piako District compares with the national average

Individuals

Major ethnic groups		
European	86.3%	vs 74.0%
Maori	14.8%	vs 14.9%
Pacific peoples	1.6%	vs 7.4%
Asian	3.9%	vs 11.8%
Middle Eastern/ Latin American/ African	0.6%	vs 1.2%
Other	1.8%	vs 1.7%

Percent born overseas	13.1%	vs	25.2%
Percent of people with a formal qualification*	68.5%	vs	79.1%
Median income*	\$29,700	vs	\$28,500

*For people aged 15 years and over.

Information and graphics sourced from Statistics New Zealand and Rationale 2014

Households

Percent of households that own their dwelling*	64.2%	vs	64.8%
Median weekly rent	\$220	vs	\$280
Percent of households with internet access	68.1%	vs	76.8%

*Or hold it in a family trust.

Financial summary

Annual report disclosure statement for the year ending 30 June 2016

What is the purpose of this statement?

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

Rates affordability benchmark

The Council meets the rates affordability benchmark if -

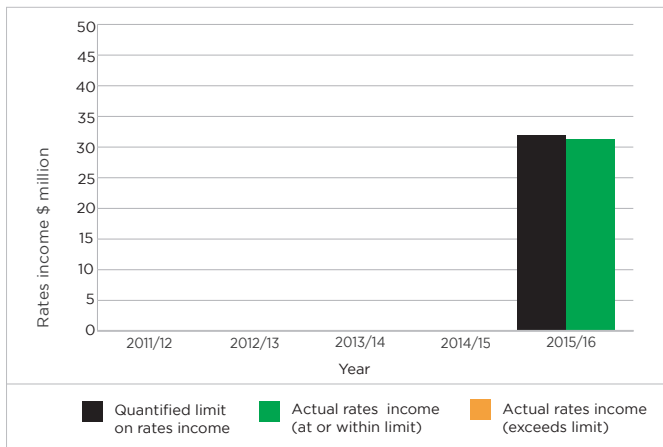
- its actual rates income equals or is less than each quantified limit on rates; and
- its actual rates increases equal or are less than each quantified limit on rates increases.

Rates (income) affordability

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

2015-25 Long Term Plan

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



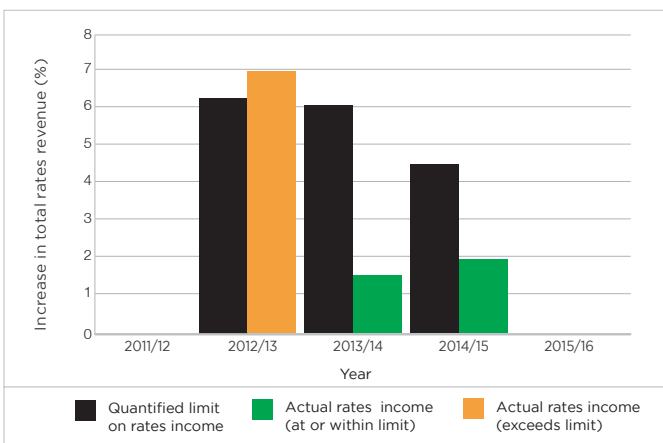
Comment:

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

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

2012-22 Long Term Plan

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



Comment:

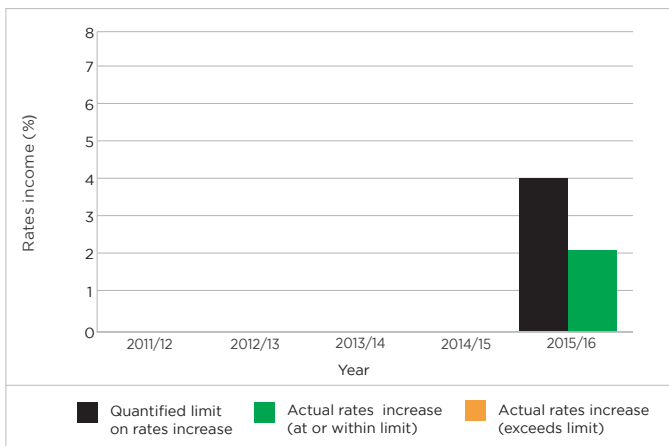
The limit for 2012/13 was exceeded because we had more ratepayers (because of growth) and rates penalty income than expected. The rate increase for the years following was much lower than the limit as a result of cost savings. The compound increase in rates revenue over the last three years was just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

Rates (increases) affordability

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

2015-25 Long Term Plan

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

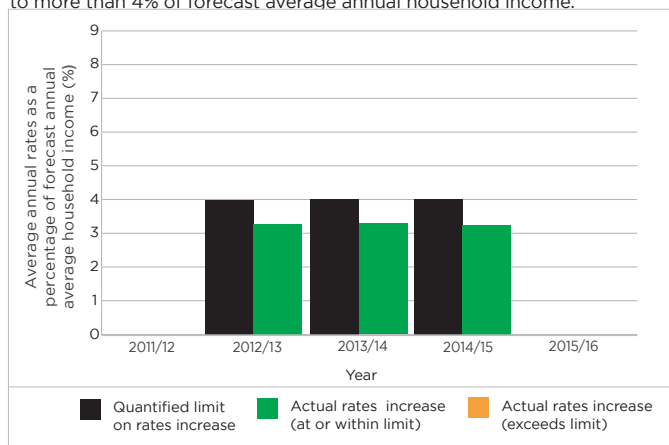


Comment:

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

2012-22 Long Term Plan

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

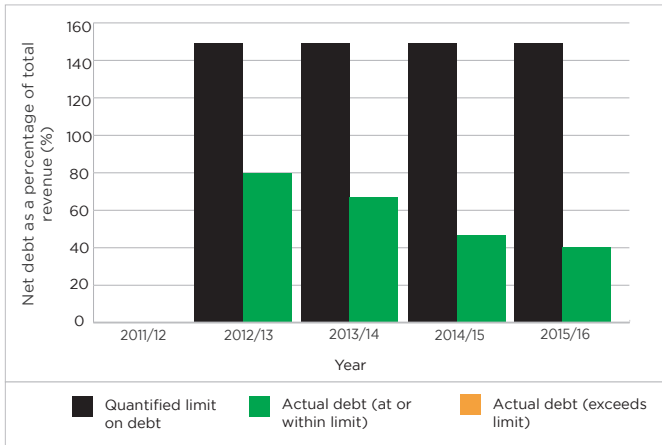


Comment:

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

Debt affordability benchmark

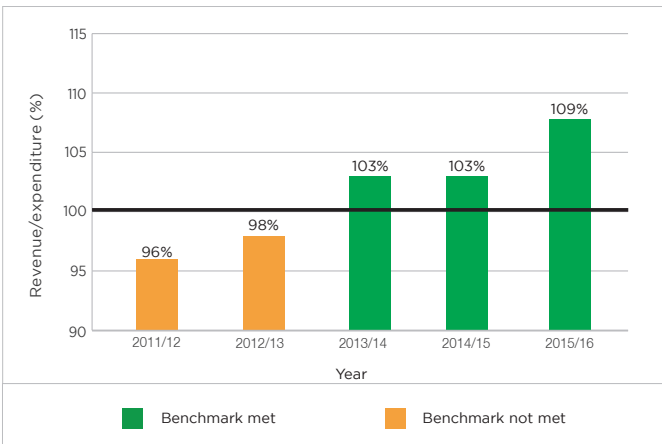
The Council meets the debt affordability benchmark if its actual borrowing is within the quantified limit on borrowing. The following graph compares the Council's actual borrowing with the quantified limit on borrowing stated in the Financial Strategy included in the Council's Long Term Plan. The quantified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



Comment:
Council's actual net debt as a percentage of total revenue has reduced over the last four years from 80% in 2012/13 to 40% in 2015/16. This is compared to the limit of 150%, which is considered (by independent professionals) to be a prudent limit for a council of our size and nature.
#Consistent with our Liability Management Policy, total revenue excludes development and financial contributions, vested and found assets and other gains.

Balanced budget benchmark

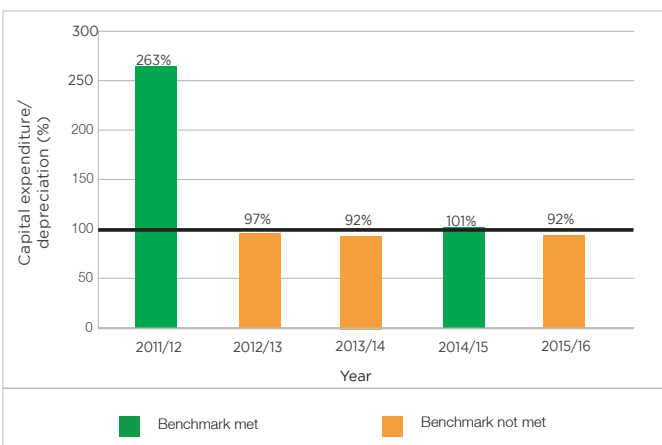
The following graph displays the Council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant or equipment) as a proportion of operating expenses (excluding losses on derivative financial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



Comment:
Council spent a significant amount on upgrading wastewater and water treatment plants in the years up to 2012/13. For accounting purposes, the old replaced assets are "disposed of" and the "loss" from doing so is recorded as "operating expenses". Council does not rate to cover this expenditure.

Essential services benchmark

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

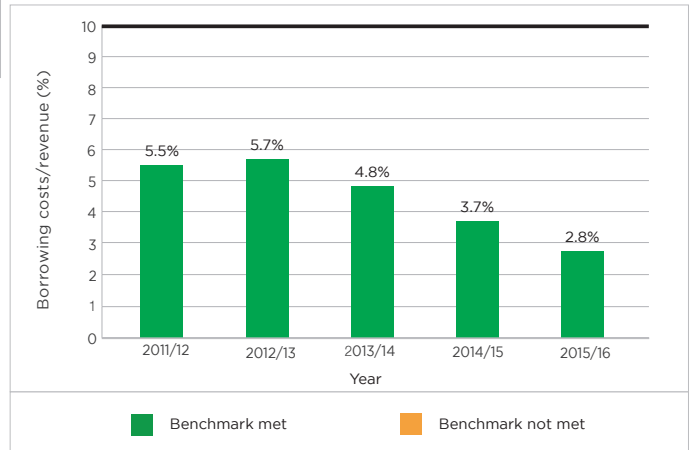


Comment:

Council's capital expenditure in 2011/12 financial year was well in excess of the depreciation charged as Council completed some significant wastewater and water upgrade projects in that and prior years. Capital spending is not programmed on a straight-line basis consistent with depreciation, however over a period of time it would be more closely aligned.

Debt servicing benchmark

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

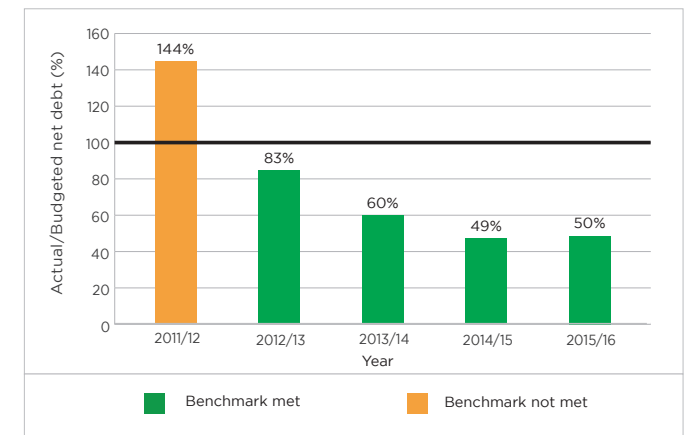


Comment:

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

Debt control benchmark

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

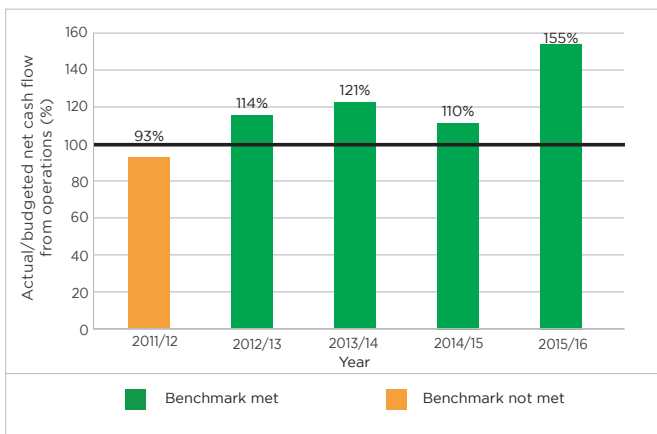


Comment:

Net debt rose significantly in the 2011/12 year as the bulk of the construction work for the Morrinsville wastewater upgrade project was completed in that year. This was slightly later than planned. Debt over the last four years has reduced as capital spending has been lower than budgeted and maturing investments have been used to repay debt.

Operations control benchmark

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

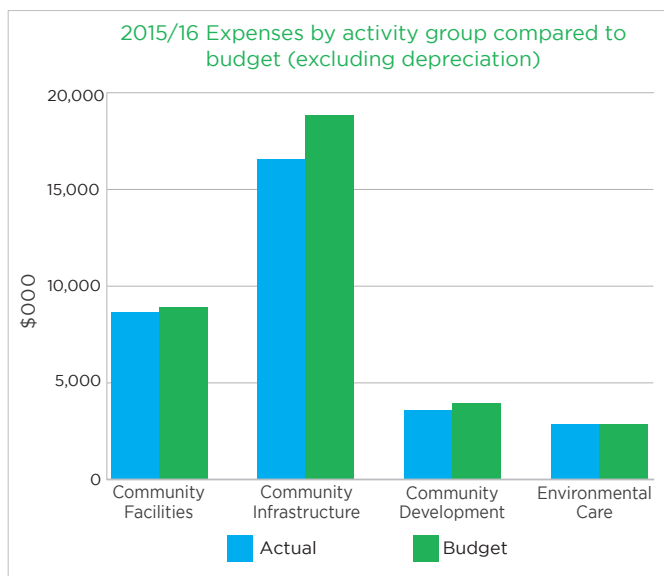


Comment:

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

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

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



What did we plan to spend?

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

What did we actually spend?

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

Why is there a difference?

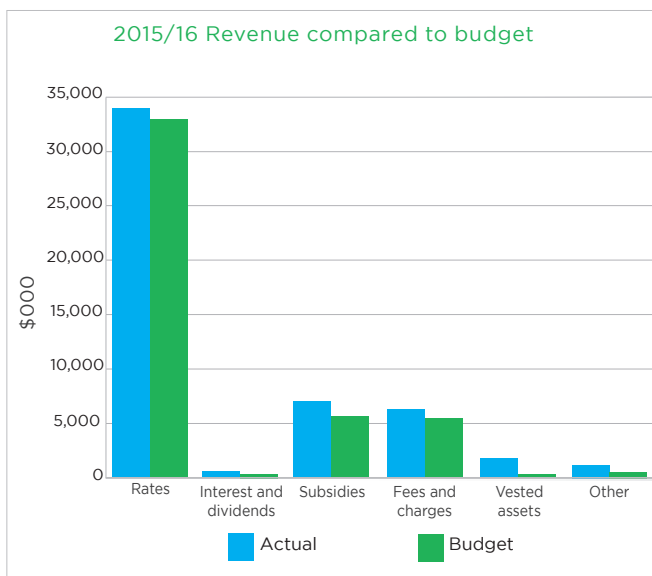
Successful trials of bio-remediation treatment of the Te Aroha Wastewater Treatment Plant have meant that the \$2m de-sludging project programmed for this year was not required at this stage. A delay in capital spending again this year meant that planned new assets were not completed resulting in savings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

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

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

What about finance costs?

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



What was our planned revenue?

Council budgeted for a revenue of \$45.9 million.

What was our actual revenue?

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

Why is there a difference?

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

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

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

Spending on assets this year

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

Why is there a difference?

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

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

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

A new roading re-sealing contract awarded during

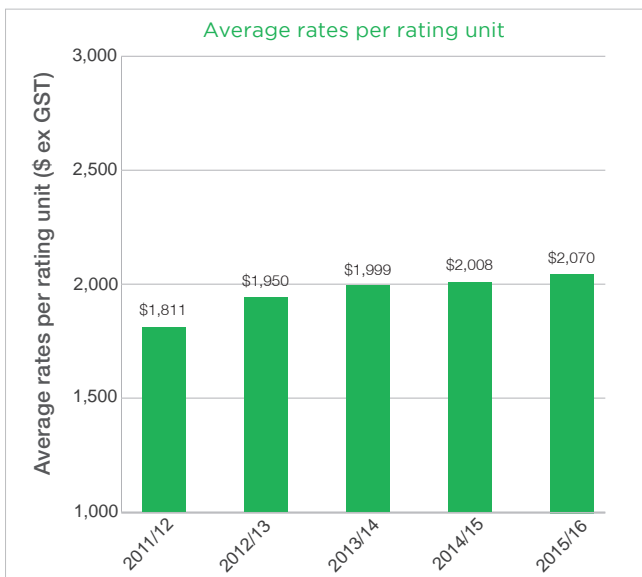
the year was just under half a million dollars less than budgeted, resulting in a lower capital spend.

The Mt Misery water reservoir upgrade was budgeted at \$3.6 million for this year, of which just \$879,000 has been spent by the end of June. \$485,000 was budgeted for the Te Aroha water backwash project, of which \$111,000 was spent. Other projects including a new water reservoir in Tills Road, Matamata for \$560,000, an additional water source for Matamata budgeted at \$440,000, a new water main for Matamata at \$300,000, and some other minor projects will be carried forward for next year.

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

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

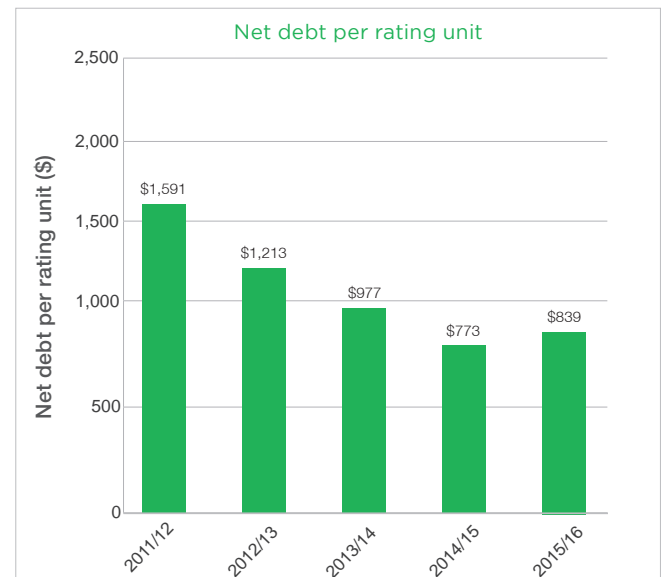
Similarly, there were projects and budgets unspent from the 2014/15 year that were completed and spent during the 2015/16 year. These include \$1,347,000 for the Matamata Swim Zone upgrade and the Te Aroha office roof replacement of \$297,000.



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

What did we borrow this year?

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



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

How do we pay for our assets?

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

Where is Council's debt heading?

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

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

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

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

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

Additional Disclosures

Reporting entity

Matamata-Piako District Council (the Council) is a local authority established under the Local Government Act 2002 (LGA), and is domiciled and operates in New Zealand. The relevant legislation governing the Council's operations includes the LGA and the Local Government (Rating) Act 2002. The financial statements are for the Council and include a 34% interest in a jointly controlled entity, Thames Valley Combined Civil Defence Committee. The Council provides local infrastructure, local public services, and performs regulatory functions to the community. Council has designated itself as a Public Benefit Entity (PBE) for financial reporting purposes. The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000). There have been no changes in accounting policies during the financial year.

Capital Commitments

At 30 June 2016, Council have commitments of \$5.4 million for projects where contracts have been entered into but goods or services have not been received. (2015: \$4.704 million).

Contingent Liabilities

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

Local Government Funding Agency - The Council is a guarantor of the New Zealand Local Government Funding Agency Limited (LGFA). The LGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand and it has a current credit rating from Standard and Poor's of AA+ and a foreign currency rating of AA. The LGFA has 30 local authority shareholders and this Council is one of nine local authority guarantors of the LGFA. Together with the shareholders and other guarantors, Council is a guarantor of all of the LGFA's lending. At 30 June 2016, LGFA lending totalled \$6.445 billion (2015: \$4.955 billion).

Financial reporting standards require Council to recognise the guarantee liability at fair value. However, the Council have been unable to determine a sufficiently

reliable fair value for the guarantee, and therefore have not recognised a liability. The Council considers the risk of the LGFA defaulting on repayment of interest or capital to be very low on the basis that:

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

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

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

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

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

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

Events after balance date

There were no significant events after balance date.

Statement of financial position – how do we stand overall?

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

What are other gains and losses?

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

Revenue

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

Expenses

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

Finance costs

This is the interest we pay on our external loans

Other gains and losses

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

Total comprehensive revenue and expense

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

Assets

The property we own

Liabilities

The amount we owe

Equity

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

Operating activities

The difference between operating revenue and operating expenses

Investing activities

The difference between buying and selling assets

Financing activities

The difference between borrowing and the repayment of loans

Cash held

Money in the bank

Summary financial statements

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

Figures shown in brackets indicate a deficit or loss

Performance summary

Overall performance

In 2015/16 we focused on maintaining our services to support our community while making sure cost increases were kept affordable. We delivered our extensive range of activities, services and projects to similar levels as detailed in the Long Term Plan 2015-25, and to a similar standard as previous years. A number of our performance measures are measured through an annual customer survey.

Community Facilities and Property are Council activities focused on recreational and cultural opportunities in the district. This includes providing services and assets such as libraries, swimming pools, parks and reserves, public amenities, housing for older persons, and council offices.

Key performance measures	2014/15 Actual	2015/16 Target	2015/16 Actual
90% of complaints regarding carparks and street furniture will be responded to within assigned timeframes.	New measure	90%	57%
Cemeteries visitors satisfied with our cemeteries.	90%	80%	88% Satisfied 1% Dissatisfied
Elderly Persons Housing tenants satisfied with the standard of maintenance and accommodation.	85%	80%	87%
The number of people visiting our libraries.	198,103	222,843	186,552
Playground safety will be assessed on a regular basis.	Achieved	Fortnightly inspections	Achieved
The number of customers using our pool facilities will be maintained.	124,824	+/- 5% of five year average	145,363
Number of complaints about cleanliness of public toilets.	New measure	20 or less per year	22
Complaints regarding recreation and heritage facilities will be responded to within the assigned timeframes.	New measure	90%	57%

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

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

Overall we achieved 38 of 58 performance measures (66%), one of these was not measured this financial year. We missed our target by 1% for two of our customer satisfaction measures (parks and reserves and sports parks users). We missed our target by one complaint for Building Consents and Monitoring, and by one consent application for Resource Consents and Monitoring. Details of how we performed for each of our activities is outlined in Part Three: What we do of the Annual Report. The below tables are a summary of each of our activity groups.

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

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

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

Key performance measures	2014/15 Actual	2015/16 Target	2015/16 Actual
Complaints about disturbances caused by animals are investigated within set timeframes.	95.1%	95%	96.2%
Complaints about alleged illegal building activity will be responded to within 10 working days.	100%	100%	97.7%
On and off alcohol licenced premises will be inspected annually to ensure they comply with alcohol licensing standards.	100%	100%	100%
Percentage of land use consents monitored within four months of being granted.	100%	100%	94.7%

Customer Survey 2016

Overall performance

As part of the Annual Report each year we undertake a Customer Satisfaction Survey. The purpose of the survey is to gauge residents perception of performance for our services and facilities.

The survey is undertaken by an independent research company who conducts phone interviews 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, with weighting applied for gender, age group and ward of residence. This sample group gave us a margin of error of +/- 4.9% at the 95% confidence interval. In other words if this survey was 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.

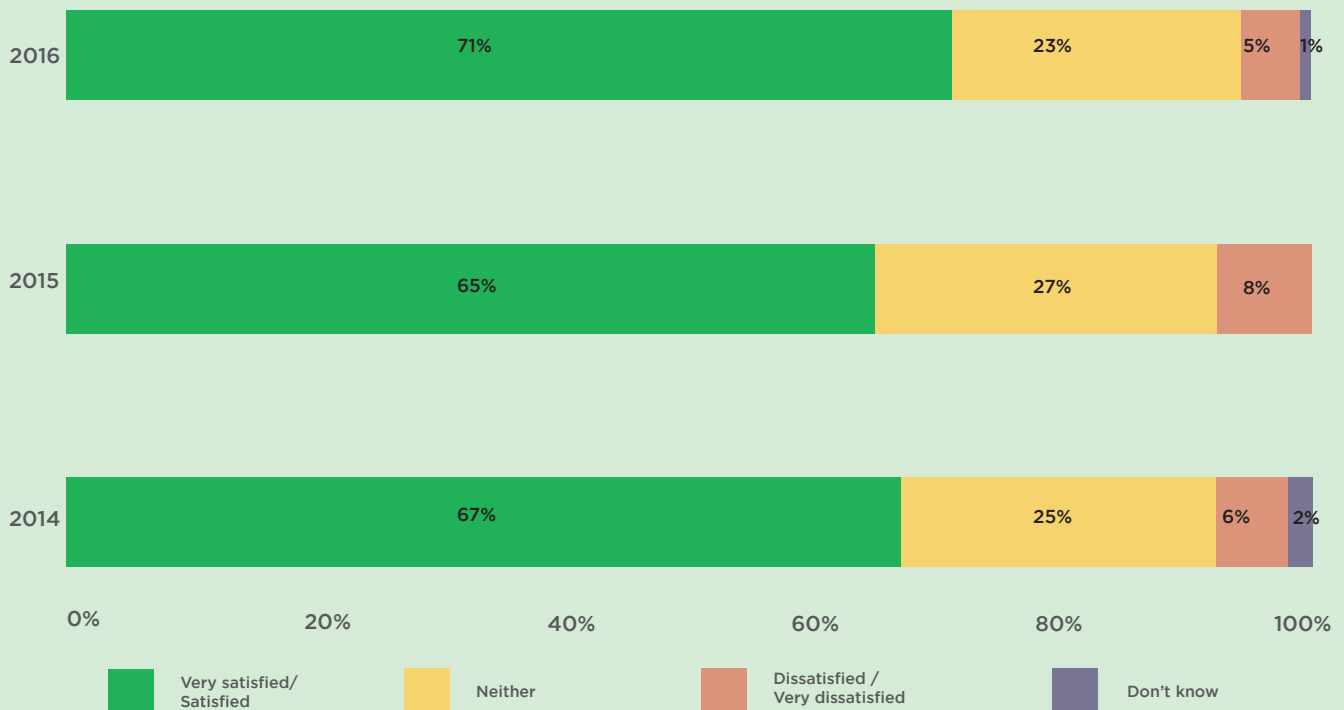
The survey results feed into our performance monitoring for the Annual Report and helps us identify areas for improvement and the priorities of our community.

Overall satisfaction with Council improved by 6% this year, from 65% in 2015 to 71% in 2016 (15% very satisfied and 56% satisfied). There was also a decrease in people who said they were dissatisfied with Council, from 8% last year to 5% this year (3% dissatisfied and 2% very dissatisfied). 23% said they were neither satisfied nor dissatisfied and 1% said don't know.

Whilst some of our survey results don't meet our targets, some of these missed them by small margins. For example two missed by only 1%. It is important to note that out of all the survey questions that relate to the Annual Report, one had 10% of respondents state they were dissatisfied/very dissatisfied. All the other satisfaction performance measures had less than 6% of respondents saying they were dissatisfied/very dissatisfied.

The survey also included questions about preferred method of correspondence and communication with Council. This year more than a third of survey respondents (36%) said they prefer to communicate with Council via email. This is a marked difference from 2015, when only 20% of respondents preferred online communication channels. Knowing how our residents prefer to communicate with us will help us keeping them informed.

Overall satisfaction with Council



Community outcomes

Community outcomes are our vision for the future of our community. We consulted with our community in 2011 to create outcomes that aim to build a vibrant, healthy and thriving district for everyone.

Our future approach

Community outcomes support our vision to enable democratic local decision making and to meet the needs of current and future generations in a cost effective and efficient manner.

We have grouped these outcomes into six themes:

- Strong and safe communities
- Decision making
- Recreation and facilities
- Growth and development
- Arts and heritage
- Our environment.

In accordance with changes to the Local Government Act 2002, we have identified how our outcomes relate to the overall purpose of local government

to provide good quality local infrastructure, local public services and regulatory functions. We have also identified which activities contribute to these outcomes, the indicators that help measure these outcomes and progress towards them. These are detailed on the following pages.

Because the community outcomes are aspirational, our progress towards individual outcomes will be influenced by what our community sees as being the priority and what we can achieve within our resources.

We aim to contribute to all the community outcomes and encourage the community to make positive contributions towards these outcomes. We have reported on progress made towards these community outcomes in this report.

Community outcome themes	Local Government purpose
1. Strong and safe communities	Local public services - Regulatory functions - Local infrastructure
2. Decision making	Local public services - Regulatory functions
3. Recreation and facilities	Local public services - Regulatory functions - Local infrastructure
4. Our environment	Local public services - Regulatory functions - Local infrastructure
5. Arts and heritage	Local public services - Local infrastructure
6. Growth and development	Local public services - Regulatory functions - Local infrastructure



Te Miro Forest Park

Community outcomes	Activities that contribute to these outcomes	How will we contribute?	Progress towards community outcomes
1. Strong and safe communities			
(a) Council will aim to significantly reduce illegal activities and anti social behaviour in our community.	Animal Control Building Consents and Monitoring Licensing and Enforcement Parks and Tracks Public Toilets	Careful design of new parks and park developments contribute to the safety of parks and helps minimise illegal activities. We also carry out studies on parks and public toilets to ensure they are safe for users. By responding quickly to complaints, we can help prevent illegal building work, anti-social behaviour, uncontrolled dogs and other animals, loud noises, and the sale of alcohol to minors which can negatively impact people's health and wellbeing.	In 2015/16 we have completed CPTED (Crime Prevention Through Environmental Design) assessments of three parks and three public toilet facilities to assess if improvements are required to improve the safety of users. No major issues were reported. A CPTED assessment was completed for the design of the Silver Fern Farms Events Centre as part of the design phase, and recommendations from the report have been incorporated into the final design and build. We are also applying CPTED principles to the design of the new Matamata-Piako Civic and Memorial Centre. We provide a 24 hour, 7 day a week Animal Control service. During 2015/16 96.2% of animal control complaints were responded to within specified timeframes. We responded to 97.7% of complaints about illegal building work within 10 working days. We helped reduce anti-social behaviour in the community by carrying out 100% of health and alcohol licensing inspections during 2015/16. We responded to 100% of after hours noise complaints within three hours.
(b) Council will encourage a vibrant and cooperative community and recognise success within our district.	Communications and Events Strategies and Plans	We organise events to recognise those who give their time and effort to help others, and support local businesses and organisations that provide services for our community. We also aim to foster local community development by making grants available to groups that provide community services.	We organised and held the annual Business Night Out on 8 October 2015 to recognise business success. Around 300 people attended. We have supported the Business After 5 network in Matamata, Te Aroha and Morrinsville. Our Volunteer morning tea was held 31 May 2016 celebrating more than 90 volunteers from 47 organisations. We have granted over \$200,000 to community organisations to support a vibrant and cooperative local community. Some of the organisations that have received grants include Enviroschools, district museums, Community Houses, Citizens Advice Bureaus and Sport Waikato.
(c) Council will encourage growth and prosperity to ensure the district is an attractive place to raise a family.	Strategies and Plans	We support growth through providing adequate areas for development in the district. We support tourism and businesses in our district, through partnering with local and regional organisations to promote our district.	We provided annual funding of \$150,000 to regional tourism promotion, and \$50,000 each to the Matamata Public Relations Association and Morrinsville Chamber of Commerce to help fund activities in Matamata and Morrinsville. These activities included providing information services for tourists and supporting businesses and events in the towns. Council also owns and operates the Te Aroha i-SITE.
(d) Council will encourage access to good quality and affordable housing.	Housing and Property Management	Our Housing and Property Management activity supports this outcome by providing affordable elderly persons housing. By processing building consents on time we contribute to the timely completion of good quality building projects.	We have contributed to this outcome by providing elderly persons housing with rents below the market median for the district. In our 2016 survey of tenant satisfaction, 87% of our elderly persons housing tenants said they were satisfied or very satisfied with the overall service and standard of accommodation provided by Council. We have also achieved this outcome by processing 100% of building consents within statutory timeframes so that buildings are safe and of a good quality.
(e) Council will prepare for emergencies.	Civil Defence	We prepare for emergencies by ensuring staff are qualified to act if necessary. We also encourage our community to be prepared for an emergency.	The national training framework for Civil Defence is still being developed. In 2015/16 we increased our capability from 24% to 35%. We will continue to train staff as the new training framework becomes available. In 2015/16 we ran one incident management team exercise on 16 May 2016 and one emergency operations centre exercise on 20 June 2016. We also participated in the national Shakeout in October 2015 to raise awareness about earthquake preparedness in our communities. We provide information to our community on emergency readiness via our website and Facebook.

Community outcomes	Activities that contribute to these outcomes	How will we contribute?	Progress towards community outcomes
<p>(f) Council services and activities will contribute to the health and wellbeing of our community/ lwi.</p>	<p>Parks and Tracks Pools and Spas Recreation Facilities and Heritage Rubbish and Recycling Stormwater Wastewater Water Licensing and Enforcement Building Consents and Monitoring Animal Control</p>	<p>We aim to have a strong community, and we contribute to this through most of our activities;</p> <p>Parks, tracks, pools, spas and recreational and heritage facilities provide spaces for formal and informal sport, recreation and cultural activities.</p> <p>Our rubbish and recycling activity ensures safe disposal of rubbish and recycling.</p> <p>Stormwater services ensure properties are kept safe from flooding (and its potential health and safety impacts) when it rains.</p> <p>We ensure the safe collection, treatment and disposal of wastewater to contribute towards the health and wellbeing of our community/ lwi.</p> <p>Safe drinking water is essential for healthy communities.</p> <p>By responding quickly to complaints, we can help prevent anti-social behaviour, uncontrolled dogs, loud noises, and the sale of alcohol to minors, which can negatively impact people's health and wellbeing.</p> <p>Regular street patrols ensure that uncontrolled animals are kept off the streets, decreasing the likelihood of attacks and accidents involving animals. Regular property visits also ensure that people are taking care of their animals to ensure the safety and well being of the community.</p> <p>Licensed premises that do not comply with alcohol licensing standards can contribute to illegal activities and antisocial behaviour. Inspecting food premises, hairdressers and camping grounds in the district gives residents confidence that they can safely use these facilities.</p> <p>By requiring buildings to comply with the building code 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.</p>	<p>We have continued to provide these services and activities to the community.</p> <p>Our parks and reserves were booked out to community groups a total of 88 times during 2015/16. We had more than 145,000 visitors to our pools and spas. We had over 5,600 visitors to Firth Tower Estate and Museum and we had 18 bookings for Domain House, Te Aroha.</p> <p>We continue to encourage appropriate disposal of recyclables resulting in 48% of our total waste being diverted from landfill.</p> <p>We have recorded zero flooding events of habitable floors in 2015/16. We received zero abatement or infringement notices for our wastewater treatment and disposal resource consents in 2015/16.</p> <p>We conduct testing and sampling of our drinking water to ensure the water entering our reticulated water supply network is safe for consumers.</p> <p>We have responded to 100% of all noise complaints after-hours within three hours.</p> <p>We have completed 999 street patrols, 649 property visits and responded to 975 complaints relating to animal control.</p> <p>We have inspected 100% of our licensed food and alcohol premises.</p> <p>We have responded to 97.7% of complaints about illegal or un-authorised building activity within 10 working days.</p>

Community outcomes	Activities that contribute to these outcomes	How will we contribute?	Progress towards community outcomes
2. Decision making			
(a) Our community/lwi will be informed and have the opportunity to comment on significant issues.	Communications and Events Community Leadership Strategies and Plans Resource Consents and Monitoring	<p>We ensure the community and lwi are informed about what we are doing, and encourage them to engage with us throughout the decision making process.</p> <p>Resource consents need to be completed within statutory timeframes to ensure development projects can be completed seamlessly.</p> <p>The community can rely on us to monitor compliance of resource consents to ensure the character of the towns remains intact.</p> <p>To ensure decision making is fair and just the regulatory planning department have measures in place to ensure we are consistent when dealing with resource consents.</p>	<p>We have provided a wide range of information to the community and lwi.</p> <p>We have undertaken public consultations on the following documents:</p> <ul style="list-style-type: none"> • Annual Plan 2016/17 • Gambling Venue Policy • TAB Board Venue Policy • Earthquake-prone, Dangerous and Insanitary Buildings Policy • Public Safety Bylaw • Dog Control Bylaw and Policy on Dogs • District Plan Review: Public Plan Change 48 - Protected Trees. <p>We will provide feedback to the community on how we are doing by publishing our Annual Report 2015/16. We also made improvements to our website so that people can access Council information at their leisure.</p> <p>99.5% of all resource consent applications were processed within 20 working days.</p> <p>We have monitored 94.7% of all landuse consents within four months of granting the consents.</p>
(b) Tangata whenua with manawhenua status (those with authority over the land under Maori lore) have meaningful involvement in decision making.	Community Leadership Strategies and Plans Consents and Monitoring All of Council	Refer to the Maori Outcomes section.	
(c) Council's decision making will be sound, visionary, and consider the different needs of our community/lwi.	Community Leadership Strategies and Plans Resource Consents and Monitoring	<p>Te Manawhenua Forum, a standing committee of Council, which is made up of lwi representatives from around the district meet quarterly to make recommendations to Council regarding a variety of our projects.</p> <p>To enable the democracy process, the community needs to know when, where and how decisions are being made. We actively encourage community engagement and work to reduce barriers for the public in dealing with us. This means people can be confident that we will listen to and respect ideas from the community, and Council decisions will reflect the wants and needs of the community.</p> <p>Resource consents need to be completed within statutory timeframes to ensure development projects can be completed seamlessly.</p> <p>The community can rely on us to monitor compliance of resource consents to ensure the character of the towns remains intact.</p> <p>To ensure decision making is fair and just the regulatory planning department have measures in place to ensure we are consistent when dealing with resource consents.</p> <p>By requiring buildings to comply with the building code we ensure that buildings are safe and more sustainable (for example meet they meet improved building insulation requirements) and contribute to the health and wellbeing of our community.</p>	<p>We have undertaken public consultations on the following documents:</p> <ul style="list-style-type: none"> • Annual Plan 2016/17 • Gambling Venue Policy • TAB Board Venue Policy • Earthquake-prone, Dangerous and Insanitary Buildings Policy • Public Safety Bylaw • Dog Control Bylaw and Policy on Dogs • District Plan Review: Public Plan Change 48 - Protected Trees. <p>We will continue to look at ways to best engage with the public to encourage participation in the democratic process.</p> <p>99.5% of all resource consent applications were processed within 20 working days.</p> <p>We have monitored 94.7% of all landuse consents within four months of granting the consents.</p> <p>We have responded to 97.7% of complaints about illegal or un-authorised building activity within 10 working days.</p>
(d) Council will recognise treaty settlement issues between the Crown and lwi.	Community Leadership Strategies and Plans	Refer to the Maori Outcomes section.	

Community outcomes	Activities that contribute to these outcomes	How will we contribute?	Progress towards community outcomes
3. Recreation and facilities			
(a) Council's reserves and facilities will be safe, well maintained and accessible to encourage people to use them.	Libraries Parks and Tracks Public Toilets Cemeteries Recreation Facilities and Heritage Pools and Spas	Careful design of new parks and park developments, regular building and playground inspections, swimming pool and spa audits contribute to the safety of reserves and facilities. All of our facilities are well maintained and conveniently located to encourage use.	We have achieved this outcome by continuing to provide parks and reserves, pools, recreation facilities and libraries that are accessible to the community. We also hosted events such as the Summer Reading Programme at our libraries. In 2015/16, 186,552 people visited our three libraries, 117,225 people visited our pools and 28,138 people visited Te Aroha Mineral Spas. In total throughout our district, our parks were booked 88 times. Te Aroha parks were booked 47 times, with 10 bookings recorded for Matamata parks. Morrinsville park facilities were booked by the community 31 times. These figures are similar to previous years as most are year round bookings for events such as school sports. Domain House in the Te Aroha Domain was booked 18 times with a further two bookings for the Band Rotunda in Te Aroha Domain.
(b) People will be well informed of the district's resources, equipment, and facilities.	Communications and Events	Our website allows customers to find the information they need and interact with us at any time, from anywhere.	In 2015/16 we had 112,157 visits to our website. This is an increase of almost 50% from last year. We have continued to encourage people to make submissions online through our website and to sign up to our e-newsletter mailing lists.
(c) Council walking and cycling tracks will be promoted, well maintained, and developed as resources allow.	Parks and Tracks	A track brochure is available at information centres and track information and maps are also available on our website. We are also improving signage along our tracks. We are planning to expand the tracks available in our community through the implementation of the Open Spaces Strategy 2013 as part of the Long Term Plan 2015-25.	We continue to work with community groups to maintain tracks so they are safe and well maintained for people to use. We have undertaken an independent track condition assessment of our walking and tramping tracks. The recommendations from that report will be incorporated into future work programmes. We have installed track markers along the main walking and mountain biking routes in Te Aroha. We have installed new reserve name signs at Te Miro Forest Park, built a new public toilet by the main car park and provided funding towards the upgrade of one of the bridges along the mountain bike track at Te Miro Forest. These projects were jointly completed with Te Miro Mountain Biking Club. We have started the planning and consultation with landowners on the proposed new linkage parks and walkways in Morrinsville and Matamata. Planning and consultation is also underway for the new cycleway extension from Te Aroha to Matamata.
(d) The tourism potential of our district will be recognised and encouraged.	Strategies and Plans	We support tourism and businesses in our district through partnering with local and regional organisations to promote our district.	We have contributed to this outcome by contributing \$150,000 to regional tourism promotion, \$50,000 to each of the information centres in Matamata and Morrinsville as well as operating the Te Aroha i-SITE. The operation of the Hauraki Rail Trail, which we help fund, is providing opportunities for tourism and growth in our community. We have also established an Economic Development Working Party to discuss and consider initiatives and projects to further promote our district.
(e) Maori cultural facilities (such as marae) will be recognised for their contribution to community wellbeing.	Communications and Events	Refer to the Maori Outcomes section.	

Community outcomes	Activities that contribute to these outcomes	How will we contribute?	Progress towards community outcomes
(f) Maori will have opportunities to provide input to the governance of ancestral lands administered as reserves.	Parks and Tracks	Refer to the Maori Outcomes section.	
4. Our environment			
(a) Council will manage contaminants, odours and air pollution from its activities.	Stormwater	Stormwater systems discharge treated stormwater to the environment. The quality and quantity of the discharge must meet the appropriate standard. We hold resource consents for these discharges and have a target to comply with these as measured by Waikato Regional Council.	We hold four comprehensive stormwater resource consents relating to the urban areas of Matamata, Te Aroha, Morrinsville and Waharoa. We received no complaints or infringement notices relating to our resource consents during 2015/16.
	Wastewater	We will manage our contaminants, odours, air pollution and ensure compliance with our resource consent conditions for these discharges to contribute to the health and wellbeing of our community.	We hold 17 comprehensive wastewater resource consents relating to our wastewater networks in Matamata, Waihou, Tahuna, Morrinsville and Te Aroha. We received no complaints or infringement notices relating to our resource consents during 2015/16.
(b) Council will provide and promote sustainable waste management options to protect our environment.	Rubbish and Recycling	Making sure our services are reliable and available encourages people to recycle and to dispose of waste responsibly and sustainably.	We are achieving this outcome by providing refuse and recycling services to the community. In 2015/16 48% of refuse was diverted from landfill. We provided zero waste education resources to 23 schools in our district and supported the EnviroSchool programme with 11 participating schools in Matamata-Piako.
(c) Council will protect and regenerate our native flora, wetlands and significant natural features.	Strategies and Plans Resource Consents and Monitoring	Our District Plan sets rules to protect significant natural features, waahi tapu and to regulate development. Through the implementation of these rules, we protect the community from adverse effects on the environment.	We have committed to undertaking a rolling review of our District Plan. In 2015/16, we adopted the following plan changes, after community consultation: <ul style="list-style-type: none"> Plan Changes 43 & 44 - Transportation, Works and Network Utilities Plan Change 46 - Development Concept Plan for Poultry Processing and Manufacturing, Waitoa Plan Change 48 - Protected Trees
(d) The adverse effects of development, industry and farming will be managed, monitored and minimised.		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.	Further information about each of the plan changes can be found in Part 3 - Strategy and Engagement. We also continued to monitor the state of the environment and published the State of the Environment Report 2015 on our website in November.
(e) High quality soils in our district will be protected.		Resource consents need to be completed within statutory timeframes to ensure development projects can be completed seamlessly. To ensure decision making is fair and just, the regulatory planning department have measures in place to ensure we are consistent when dealing with resource consents. The community can rely on us to monitor compliance of resource consents to ensure the character of the towns remains intact. By requiring buildings to comply with the building code, we ensure that buildings are safe and more sustainable (for example meet they meet improved building insulation requirements) and contribute to the health and wellbeing of our community.	99.5% of our resource consents were processed within the statutory timeframes. 94.7% of landuse consents were monitored within 4 months of being granted. We have also achieved this outcome by processing 100% of building consents within statutory timeframes so that buildings are safe and of a good quality.

Community outcomes	Activities that contribute to these outcomes	How will we contribute?	Progress towards community outcomes
5. Arts and heritage			
(a) The whakapapa (ancestral heritage)/heritage and character of our district will be protected and promoted.	Libraries Recreation Facilities and Heritage Strategies and Plans	Refer to the Maori Outcomes section.	
(b) Our kawa (protocol), tikanga (customs), history and knowledge will be respected and preserved.			
(c) Waahi tapu and taonga (significant and treasured sites) will be recognised.			
(d) People will have the opportunity to learn about their own and other's kawa (protocol), tikanga (customs), whakapapa (ancestral heritage), heritage and culture.			
(e) Council will encourage the arts.	Communications and Events	Our website helps keep the community informed about arts events in our community.	We have contributed to this outcome by providing information on arts events in our online events calendar. We have also provided annual funding of \$24,000 to our district's museums, \$15,000 to Wallace Gallery in Morrinsville, and community grants to local culture and arts organisations and groups to assist with the running of events and equipment purchases.
6. Growth and development			
(a) Council plans will be flexible, to accommodate well planned, sustainable growth.	Strategies and Plans Resource Consents and Monitoring	We will continue to review and monitor our plans to ensure they meet the needs of our community. We also aim to ensure that all our strategies are well planned and flexible to respond to the needs of the community by consulting with them when developing these documents. Resource consents need to be completed within statutory timeframes to ensure development projects can be completed seamlessly. The community can rely on us to monitor compliance of resource consents to ensure the character of the towns remains intact. To ensure decision making is fair and just, the regulatory planning department have measures in place to ensure we are consistent when dealing with resource consents. By requiring buildings to comply with the building code we ensure that buildings are safe and more sustainable (for example meet they meet improved building insulation requirements) and contribute to the health and wellbeing of our community.	We have committed to undertaking a rolling review of our District Plan. In 2015/16 we adopted the following plan changes, following community consultation: <ul style="list-style-type: none"> • Plan Changes 43 & 44 - Transportation, Works and Network Utilities • Plan Change 46 - Development Concept Plan for Poultry Processing and Manufacturing, Waitoa • Plan Change 48 - Protected Trees. Further information about each of the plan changes can be found in Part 3 - Strategy and Engagement. 99.5% of our resource consents were processed within the statutory timeframes. 94.7% of landuse consents were monitored within 4 months of being granted. We have also achieved this outcome by processing 100% of building consents within statutory timeframes so that buildings are safe and of a good quality.
(b) Development will be conducted in a manner respectful to kawa (protocol), tikanga (customs) and values.	Resource Consents and Monitoring	Refer to the Maori Outcomes section.	

Community outcomes	Activities that contribute to these outcomes	How will we contribute?	Progress towards community outcomes
(c) Council will provide essential infrastructure to meet the needs of our community now and in the future.	Roading Rubbish and Recycling Water Wastewater Stormwater	Ensuring our assets are maintained and replaced when required will ensure they meet the needs of our community now and in the future.	We have continued to provide these services and activities to the community. We have a proactive replacement and maintenance programme in place for all our assets to ensure they continue to deliver services to our communities.
(d) Council consent processes will ensure that our communities and environment are safe and sustainable.	Building Consents and Monitoring Resource Consents and Monitoring	By processing consents we ensure projects meet relevant safety and environmental standards.	In 2015/16, we have processed 206 resource consents. We processed 205 of these within statutory timeframes. We also processed 707 building consents, all of these were processed within statutory timeframes.
(e) Systems will exist to provide sustainable clean water for our community/iwi.	Water	Providing safe drinking water is one of our core services. Our plans look at the needs of our community for up to the next 100 years to ensure our water services are sustainable.	The Health (Drinking Water) Amendment Act 2007 requires us to comply with the New Zealand Drinking Water Standards (NZDWS) 2008. This involves a rigorous testing and monitoring regime and the preparation of a Water Safety Plans. Water testing and monitoring confirmed that our water supplies were safe to drink. However, there were specific areas of the new standard where compliance was not achieved mainly due to missing sample data. Further details are provided in Part Three: What we do.
(f) Council will support Tangata Whenua in their role to provide facilities such as marae and papakainga.	Strategies and Plans	Refer to Maori Outcomes	
(g) Council will contribute to a safe and efficient transport network.	Roading	We work to provide a roading and footpath network that is accessible and affordable.	One of the ways we can measure the safety of our roading network is by the number of serious injury and fatal accidents that occur. In 2015/16 there were eight serious crashes and two fatal accidents on the local road network managed by Council. Staff are reviewing the crash analysis data and are investigating if any road safety improvements are required to minimise the risk of future accidents.

Maori outcomes

Some outcomes reflect the values of Maori – these are included throughout the outcome themes, reflecting the importance of Maori culture to our community's vision and Council's activities.

The aim of the Maori outcomes are:

Ki te whakarite te taha hinengaio te taha wairua te taha tinana te taha whaanau ki te aoturoa, ka tino whai mana te mauri (To ensure that there is a holistic balance of the spiritual, physical, emotional and whaanau (family) wellbeing in line with the environment to ensure the life giving force is maintained).

The inclusion of Iwi alongside the community in the outcome themes recognises the status of Iwi both as having mana whenua and as a part of the community. It also acknowledges the responsibility we have towards facilitating Iwi involvement in decision making under the Local Government Act 2002.

Community outcomes	Activities that contribute to these outcomes	How do we contribute?	Progress towards community outcomes
2. Decision making			
(b) Tangata Whenua with manawhenua status (those with authority over the land under Maori lore) have meaningful involvement in decision making.	Community Leadership Strategies and Plans Resource Consents and Monitoring All of Council	<p>The Te Manawhenua Forum is a standing committee of Council that has been developed under a Heads of Agreement with Forum members. The purpose of the Forum is to facilitate Tangata Whenua contribution to our decision making. We plan to achieve this outcome by continuing to fund and hold Forum meetings each year, workshops where required and establish working parties to undertake specific projects so Iwi can participate in decision making.</p> <p>The Forum can also make formal submissions to our plans and strategies (such as Long Term Plans and District Plan changes). Through the submissions process, we are able to formally consider the views of the Forum. We aim to achieve this outcome by consulting with the Forum on our key legislative documents.</p> <p>We also consult with Iwi in the district on resource consent applications made under the Resource Management Act 1991 that are relevant to Maori.</p>	<p><u>Te Manawhenua Forum mo Matamata-Piako</u> In 2015/16 there were four meetings of the Te Manawhenua Forum mo Matamata-Piako. These meetings were held on 1 September and 1 December 2015, 1 March and 7 June 2016.</p> <p>In 2015/16 the Forum submitted on the draft Annual Plan 2016/17, Gambling Venue Policy, TAB Board Venue Policy and Earthquake-prone, Dangerous and Insanitary Buildings Policy.</p> <p>The Forum requested \$5,000 in annual funding to hold an annual Waitangi Day event. Council resolved to contribute up to \$2,500 for the 2016/17 financial year to help fund another Waitangi Day celebration event. The Forum's feedback on the Gambling Venue and TAB Board Venue Policy requested that Council move to a sinking lid policy on number of venues and gambling machines in the district. The Forum also requested that Council acknowledge the cultural significance of marae when considering its Earthquake-prone, Dangerous and Insanitary Buildings Policy.</p> <p>The Forum also made a submission to the Dog Control Bylaw and the Public Safety Bylaw. The Forum's feedback on the Dog Control Bylaw supported the Bylaw as proposed, and included a request to recognise kuri/dogs as taonga. The Forum's feedback on the Public Safety Bylaw supported the continuation of the alcohol ban areas.</p> <p><u>Waharoa (Matamata) Aerodrome Committee</u> The Committee was created in 2015 by legislation under the Ngati Haua Claims Settlement Act 2014. More information on the Committee is set out further on in the Annual Report under 'Maori participation in decision making'. The Committee held three meetings in 2015/16; 28 August 2015, 30 November 2015 and 1 April 2016. Issues considered included an overview of the aerodrome's operations and financials, options for improving vehicle access to the adjoining marae and meeting representatives of some of the user groups at the aerodrome.</p> <p><u>Consultation on Resource Consent applications</u> We measure this through the number of resource consent consultation responses each financial year. The most recent results being for 2014/15 as part of the State of the Environment Report that was produced in November 2015. Consultation with Iwi is important in creating an effective partnership in the management of the district's natural and physical resources. We consult with Iwi when we receive resource and subdivision consent applications that may be of Iwi interest. As part of the memoranda of understanding that we have with a number of Iwi, there is no consultation on some types of resource consents, including breaches of development controls such as yard requirements in urban areas.</p> <p>The response rate by Iwi to Council consultation has varied in the past 10 years in the range between 42% and 90%. It is anticipated that as Iwi complete treaty settlement negotiations, Council will continue to move towards a model of providing reports on resource consents to Iwi, and our indicators will need to be reviewed as the percentage of individual responses to resource consents will drop.</p> <p>Response rate are as follows: 2000/01 - 59%; 2001/02 - 77%; 2002/03 - 68%; 2003/04 - 80%; 2004/05 - 74%; 2005/06 - 45%; 2006/07 - 45%; 2007/08 - 74%; 2008/09 - 80%; 2009/10 - 68%; 2010/11 - 52%; 2011/12 - 56%; 2012/13 - 90%; 2013/14 - 42%, 2014/15 - 20%.</p>

Community outcomes	Activities that contribute to these outcomes	How do we contribute?	Progress towards community outcomes
(d) Council will recognise Treaty settlement issues between the Crown and Iwi.	Strategies and Plans	We have been working with the Crown to provide feedback on treaty settlement issues. We aim to recognise treaty settlement issues working through the Office of Treaty Settlement process.	<p><u>Te Tiriti o Waitangi/Treaty of Waitangi</u></p> <p>We measure progress through the extent to which we have participated in Treaty of Waitangi settlement negotiation discussions. There are four Iwi groups within Matamata-Piaki that are at various stages with the Crown regarding Treaty of Waitangi Settlements. Council has been engaged at varying levels in these processes.</p> <p><u>Hauraki Iwi</u></p> <p>We have been invited to provide feedback to the Crown on its settlement negotiations with Hauraki Iwi. The Hauraki Iwi are comprised of the following 12 Iwi: Ngati Tai ki Tamaki; Ngati Hako; Ngati Hei; Ngati Maru; Ngati Paoa; Ngati Porou ki Hauraki; Ngati Pukenga; Ngati Rahiri Tumutumu; Ngati Tamatera; Ngati Tara Tokanui; Ngati Whanaunga and Te Patukirikiri. Other Iwi with rohe (ancestral lands) within the district, Ngati Haua and Raukawa, are also involved in co-governance discussions. At the time of writing the Annual Report, negotiations between the Crown and Iwi were ongoing.</p> <p><u>Ngati Haua</u></p> <p>Council has also been engaged in the Ngati Haua Treaty of Waitangi settlement negotiations, which are now complete with the Ngati Haua Claims Settlement Act 2014 passed in to law in December 2014. More details on the Act and its impact on Maori participation on Council decision making are set out further on in the Annual Report under 'Maori participation in decision making'.</p> <p><u>Raukawa</u></p> <p>Raukawa has completed its treaty settlement negotiations, with the Raukawa Claims Settlement Act 2014 receiving royal assent on 12 March 2014. More details on the Act and its impact on Maori participation on Council decision making are set out further on in the Annual Report under 'Maori participation in decision making'.</p> <p><u>Ngati Hinerangi</u></p> <p>We have been invited to provide feedback to the Crown on its settlement negotiations with Ngati Hinerangi. These negotiations are still in the early stages after Ngati Hinerangi signing their Agreement in Principle in December 2015.</p>
3. Recreation and facilities			
(e) Maori cultural facilities (such as Marae) will be recognised for their contribution to community wellbeing.	Communications and Events All of Council	In order for Maori cultural facilities to be recognised the community need to be aware of them. We aim to provide information on our website about our local Maori cultural facilities so the community can be informed about the important role they play in the district. We also aim to provide opportunities for rates relief through our Policy on rates remissions for Maori freehold land and Policy on postponement of rates on Maori freehold land.	We measure progress by recording how Council has supported/ contributed to Maori cultural facilities (e.g. funding, rates relief). We currently have recorded 40 non-rateable Maori properties and 147 rateable Maori properties in the district (compared to 150 in 2014/15). The value of non rateable (freehold) Maori properties in the district is \$6,071,000 The value of rateable Maori properties in the district is \$91,052,900 (compared to \$72,727,000 in 2014/15). The value of Maori freehold land is adjusted to reflect the requirements of Te Ture Whenua Maori Act 1993. Council remits approximately \$13,000 each year on Maori properties. Council did not receive any applications to the Heritage Building Fund in 2015/16.
(f) Maori will have opportunities to provide input to the governance of ancestral lands administered as reserves.	Parks and Tracks	We manage parks and reserves for the benefit of the community. One of our aims is to ensure that Iwi are consulted with on our reserve management plans.	We measure progress by the number of formalised arrangements for joint management of reserves and number of times Iwi are consulted with on reserve management plans and the number of reserves classified as historic reserves or otherwise for Maori purposes. As a result of completion of Treaty of Waitangi settlement negotiations with Ngati Haua, we have one statutory co-governance Committee of Council and Ngati Haua to oversee the governance of the Waharoa (Matamata) Aerodrome. We are currently reviewing the Waharoa Aerodrome Reserve Management Plan and have been actively consulting with both the Waharoa Aerodrome co-governance committee and Ngati Haua during 2015/16. Reviews of reserve management plans generally happen once every five years or more. Council does not have any historic reserves identified for Maori purpose.

Community outcomes	Activities that contribute to these outcomes	How do we contribute?	Progress towards community outcomes
5. Arts and Heritage			
(a) The whakapapa (ancestral heritage)/ heritage and character of our district will be protected and promoted.	Strategies and Plans Resource Consents and Monitoring	Regulatory Planning is a service provided by Council as one of the activities required to meet our obligations under the Resource Management Act 1991. Through this activity we apply the rules set down in our District Plan to protect the whakapapa (ancestral heritage)/heritage and character of our district.	We measure progress by the number of resource consents applied for/granted to substantially modify scheduled heritage buildings and/or buildings within the Te Aroha Character Area and measures taken by Council toward the recognition and protection of cultural/heritage sites e.g. funding, numbers of resource consents impacting heritage or cultural sites. <u>Character areas/heritage</u> The Te Aroha Character Area has a special zoning to protect its unique buildings and places. From 2000/01 - 2014/15 there have been 10 resource consents applied for, and granted, to substantially modify scheduled buildings in the Te Aroha Character Area. These have mainly related to altering the appearance of buildings by the addition of signage or decks. Since 2000/01 six resource consents have been granted to modify listed heritage features outside the Te Aroha Character Area. There are 88 listed heritage features in the Matamata-Piako District Plan. These include historic buildings such as churches and commercial buildings, as well as monuments, geological formations and landing sites. There were no applications to the Heritage Building Fund in 2015/16.
(b) Our kawa (protocol), tikanga (customs), history and knowledge will be respected and preserved.	Resource Consents and Monitoring Strategies and Plans	We will develop protocols to raise our cultural competency to work more effectively with Iwi/hapu and be responsive to Maori protocols, customs, heritage and culture. This will help ensure our engagement with Maori is meaningful and leads to positive outcomes for our communities.	<u>Responses to resource consents</u> We measure the number of resource consent consultation responses each financial year, the most recent results being for 2014/15 as part of the State of the Environment Report produced in November 2015. Consultation with Iwi is important in creating an effective partnership in the management of the district's natural and physical resources. We consult with Iwi when we receive resource and subdivision consent applications that may be of Iwi interest. As part of the memoranda of understanding that we have with a number of Iwi, there is no consultation on some types of resource consents, including breaches of development controls such as yard requirements in urban areas. The response rates by Iwi to Council consultation has varied in the past 10 years, in the range between 42% and 90%. It is anticipated that as Iwi complete treaty settlement negotiations, Council will continue to move towards a model of providing reports on resource consents to Iwi. Our indicators will need to be reviewed, as the percentage of individual responses to resource consents will drop. Response rate are as follows: 2000/01 - 59%; 2001/02 - 77%; 2002/03 - 68%; 2003/04 - 80%; 2004/05 - 74%; 2005/06 - 45%; 2006/07 - 45%; 2007/08 - 74%; 2008/09 - 80%; 2009/10 - 68%; 2010/11 - 52%; 2011/12 - 56%; 2012/13 - 90%; 2013/14 - 42%; 2014/15 - 20%.
(c) Waahi tapu and taonga (significant and treasured sites) will be recognised.	All of Council		
(d) People will have the opportunity to learn about their own and other's kawa (protocol), tikanga (customs), whakapapa (ancestral heritage), heritage and culture.		Libraries Communications and Events	This is measured through our library records which capture the titles that have a Maori statistical category, which is broadly similar to a 'collection'. In the 2015/16 financial year, our total Maori item category count was 1,745. In the 2015/16 financial year we added 27 new items with a Maori item category to our library collection. The usage of our Maori collection items is measured by our borrowing records. In 2015/16, there were 1,503 Maori items issued to library members. We measure progress by the number of Maori events promoted on our website. In 2015/16 we worked with local community groups and youth groups to organise a community event for Waitangi Day 2016. This event was held at the Morrinsville Recreation Ground and Swim Zone Morrinsville. We promoted this event through our website. We will endeavour to work with members of our Te Manawhenua Forum to identify events within our district that we can promote in our events calendar.

Community outcomes	Activities that contribute to these outcomes	How do we contribute?	Progress towards community outcomes
6. Growth and Development			
(d) Development will be conducted in a manner respectful to kawa (protocol), tikanga (customs) and values.	Resource Consents and Monitoring Strategies and Plans All of Council	<p>Regulatory planning is a service provided by us as one of the activities required to meet our obligations under the Resource Management Act 1991. Through this activity we apply the rules set down in our District Plan to ensure development is carried out in an appropriate way.</p> <p>Through our District Plan we provide for the ongoing management of the natural and physical resources of the district to ensure it is protected for future generations. Our District Plan objectives, policies and rules are one of the ways we can support facilities such as marae and papakainga.</p> <p>We aim to support Tangata Whenua to provide facilities such as marae and papakainga through our Policy on Rates Remissions for Maori Freehold Land and Policy on Postponement of Rates on Maori Freehold land.</p>	<p>We measure progress by the number of resource consents applied for/granted to substantially modify scheduled heritage buildings and/or buildings within the Te Aroha Character Area and measures taken by Council toward the recognition and protection of cultural/heritage sites e.g. funding, numbers of resource consents impacting heritage or cultural sites.</p> <p><u>Character areas/heritage</u></p> <p>The Te Aroha Character Area has a special zoning to protect its unique buildings and places. From 2000/01 - 2014/15 there have been 10 resource consents applied for (and granted) to substantially modify scheduled buildings in the Te Aroha Character Area.</p> <p>Since 2000/01 six resource consents have been granted to modify listed heritage features outside the Te Aroha Character Area.</p> <p>There are 88 listed heritage features in the Matamata-Piako District Plan. These include historic buildings such as churches and commercial buildings, as well as monuments, geological formations and landing sites. There were no applications to the Heritage Building Fund in 2015/16.</p>
(f) Council will support Tangata Whenua in their role to provide facilities such as marae and papakainga.	All of Council	<p>We aim to support Tangata Whenua to provide facilities such as marae and papakainga through our Policy on Rates Remissions for Maori Freehold Land and Policy on Postponement of Rates on Maori Freehold land.</p>	<p>We measure progress by recording the number of Iwi development and management plans in operation. An Iwi management plan is a document developed and approved by Iwi to address matters of resource management activity of significance within their respective rohe (ancestral lands). The plans can contain information relating to specific cultural values, historical accounts, descriptions of areas of interest (hapu/Iwi boundaries) and consultation and engagement protocols for resource consents and plan changes. These plans are taken into account by Council in the management of the region's natural resources, providing a formal way for Iwi interests to be incorporated into the Council's decision making.</p> <p>We are aware of two Iwi development or management plans within the district boundaries:</p> <ul style="list-style-type: none"> • The Te Rautaki Taiao a Raukawa, the Raukawa Environmental Management Plan 2015 from Raukawa. • Waikato-Tainui Environmental Plan, Tai Tumu, Tai Pari, Tai Ao from Waikato-Tainui. <p>It is anticipated that as Treaty settlements are completed by local Iwi and the Crown there will be a greater opportunity for Iwi to develop management plans. Treaty settlements also contemplate the creation of co-governance frameworks for natural resources, such as the Waihou and Piako rivers.</p> <p>We measure progress by recording the number of non-rated Marae and meeting houses as per the Local Government (Rating) Act 2002. We currently have recorded 40 non rateable Maori properties and 147 rateable Maori properties in the district compared to 150 in 2014/15. The value of non rateable (freehold) Maori properties in the district is \$6,071,000 The value of rateable Maori properties in the district is \$91,052,900, compared to \$72,727,000 in 14/15. The value of Maori freehold land is adjusted to reflect the requirements of Te Ture Whenua Maori Act 1993. Council remits approximately \$13,000 each year on Maori properties.</p> <p>There were no applications to the Heritage Building Fund in 2015/16.</p>

Maori participation in Council decision making

Under the Local Government Act 2002, we need to establish and maintain processes to provide opportunities for Maori to contribute to our decision making processes. Several Iwi have rohe (ancestral lands) or interests in our district, including Ngati Haua, Ngati Rahiri Tumutumu, Raukawa, Ngati Maru, Ngati Whanaunga, Ngati Paoa, Ngati Tamatera and Ngati Hinerangi. This is reflected in our processes for Maori to have opportunities to contribute to decision making in the district.

Te Manawhenua Forum mo Matamata-Piako

Te Manawhenua Forum mo Matamata-Piako (Forum) was developed under a Heads of Agreement by Council and Iwi to establish a formal process of representation for Maori in the decision making process within the district. The purpose of the Forum is to facilitate manawhenua contribution to our decision making. The Forum meets quarterly to consider matters relating to the interests of Maori communities. The Forum is a standing committee of Council and the structure was developed through discussions with Maori nominated representatives. Appointed representatives include membership from Council, Ngati Haua, Ngati Rahiri Tumutumu, Raukawa, Ngati Maru, Ngati Whanaunga, Ngati Paoa, as well as any other members the Forum may agree to in the future. Ngati Tamatera has the ability to be represented but have not appointed any representatives.

Ngati Hinerangi submitted a request to be represented at the Forum in 2016. On 7 June 2016 the Forum recommended to Council that Ngati Hinerangi should join as members of the Forum subject to approval of Council. As at 30 June 2016, Council were yet to formally consider the inclusion of Ngati Hinerangi as members of the Forum, as Council was awaiting confirmation of the representation. It is anticipated that Council will formally consider the inclusion of Ngati Hinerangi in August 2016, with Ngati Hinerangi (subject to approval) being invited to attend the Forum's next meeting on 6 September 2016.

Resource Management Act 1991 - resource consent processing

Currently we have agreements with Iwi within the district to consult with them on resource consent applications made under the Resource Management Act 1991. When we receive resource consent applications that may be of Iwi interest we notify the agreed Iwi representatives and seek their feedback. Those Iwi are Ngati Paoa, Ngati Rahiri Tumutumu, Ngati Haua and Raukawa. We send Ngati Haua a list of all the resource consents that we receive each week and they make enquiries about any that they are interested in seeing.

We are currently undertaking a rolling review of the District Plan. As part of this process we will review how we engage with Iwi through the resource consent process. We also monitor the number of times we seek and receive feedback from Iwi. The results of this monitoring are reported each year in our State of the Environment Report, which is available online at www.mpdc.govt.nz.

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 Maori 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. Broadly put, co-governance involves setting up frameworks for Iwi to have input into Resource Management Act 1991 governance matters, such as the development of regional plans and strategies.

Hauraki Treaty of Waitangi Settlements

In 2010, the Crown and Hauraki Iwi signed the Hauraki Collective Framework agreement, which outlined the process for ongoing negotiations towards settlement of shared claims, including possible elements of a settlement. The Iwi in the Hauraki Collective are Ngati Hako, Ngati Paoa, Ngati Tamatera, Ngati Tara-Tokanui, Ngati Porou ki Hauraki, Ngati Whanaunga, Ngati Hei, Ngati Maru, Ngati Pukenga, Te Patukirikiri, Ngati Tai ki Tamaki and Ngati Rahiri Tumutumu. The Crown acknowledges that Raukawa and Ngati Haua also have interests in the Waihou River that are of significant cultural, historical and spiritual importance to the Iwi. We (as well as the Waikato Regional Council and other adjoining district councils) have been engaged by the Crown to provide feedback in the ongoing negotiations between the Crown and Hauraki Iwi.

Ngati Haua Treaty of Waitangi Settlement

Council was engaged in the Ngati Haua Treaty of Waitangi settlement negotiations. The Ngati Haua Claims Settlement Act 2014 was passed in to law in December 2014. The Act gives effect to the deed of settlement signed on 18 July 2013 in which the Crown and Ngati Haua 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 Ngati Haua is the Waharoa (Matamata) Aerodrome. As part of settlement, the Council, the Crown and Ngati Haua agreed that a co-governance committee called the Waharoa (Matamata) Aerodrome Committee

comprising of Ngati Haua and Council representatives (the Committee) would be established for the Waharoa Aerodrome.

The Committee was created in 2015 by legislation under the Ngati Haua Claims Settlement Act 2014. The Committee comprises of the Mayor, Deputy Mayor, one Council appointed member and three members appointed by the Ngati Haua Iwi Trust Board trustees. The functions of the Committee, as set out in the Ngati Haua 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.

The Committee held three meetings in 2015/16; 28 August 2015, 30 November 2015 and 1 April 2016. Issues considered included an overview of the Aerodrome's operations and financials, options for improving vehicle access to the adjoining marae and meeting representatives of some of the user groups at the Aerodrome.

Ngati Haua has provisions for statutory acknowledgements which cover the following areas within the Matamata-Piako District:

- Te Wairere (being Wairere Falls Scenic Reserve, part of Gordon Park Scenic Reserve, and part of Kaimai Mamaku Conservation Park);
- Te Weraiti (being part of Kaimai Mamaku Conservation Park);
- Ngatamahinerua (being part of Kaimai Mamaku Conservation Park and part of Maurihero Scenic Reserve);
- Waiorongomai (being part of Kaimai Mamaku Conservation Park); and
- parts of the Waikato River and tributaries.

Council has incorporated the statutory acknowledgements, as they relate to the district in Appendix 10 of the Matamata-Piako Operative District Plan. More information on the statutory acknowledgements for Ngati Haua can be found in the Ngati Haua Claims Settlement Act 2014 (www.legislation.govt.nz).

Ngati Hinerangi Treaty of Waitangi Settlement

We have been invited to provide feedback to the Crown on its settlement negotiations with Ngati Hinerangi. These negotiations are still in the early stages following Ngati Hinerangi signing their Agreement in Principle in December 2015.

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 Bill had its first reading on 6 August 2013, a second reading on 19 February 2014 and a final reading on 12 March 2014. The bill received royal assent on 19 March 2014 and became the Raukawa Claims Settlement Act 2014.

There were no specific arrangements between Council and Raukawa, such as have been included in the Ngati Haua 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 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 (www.legislation.govt.nz) and Appendix 10 of the Matamata-Piako Operative District Plan (www.mppdc.govt.nz).



OUR COMMUNITY
OUR FUTURE

Annual Report 2015/16

Part Two: Financials

Financial Statements

Statement of comprehensive revenue and expense

For the year ended 30 June 2016

Actual 2014/15		Notes	Long Term Plan 2015/16	Actual 2015/16
(\$000)			\$000	\$000
	Revenue			
33,320	Rates	2	33,123	34,019
2,589	Subsidies and grants for operating purposes	3	2,579	2,593
2,888	Subsidies and grants for capital expenditure	3	3,294	4,851
6,029	Fees and charges	4	5,675	6,614
567	Interest and dividends from investments	5	369	560
255	Local authorities fuel tax, fines, infringement fees, and other receipts	6	266	269
316	Development and financial contributions		405	895
2,739	Vested and found assets	7	200	1,740
-	Other gains	8	-	-
48,703	Total revenue		45,911	51,541
	Expenditure			
15,878	Payments to suppliers	9	18,473	15,994
12,872	Payments to staff	9	13,286	13,485
1,671	Finance costs	10	1,711	1,369
12,729	Depreciation and amortisation	19-21	13,640	13,479
3,200	Other losses	8	-	2,149
46,350	Total expenditure		47,110	46,476
5	Share of joint venture surplus/(deficit)	11	-	21
2,358	Surplus/(deficit)		(1,199)	5,086
	Other comprehensive revenue and expense			
-	Gains/(losses) on property, plant and equipment revaluations	26	4,924	25,782
-	Total other comprehensive revenue and expense		4,924	25,782
2,358	Total comprehensive revenue and expense		3,725	30,868

Statement of changes in equity

For the year ended 30 June 2016

Actual 2014/15		Notes	Long Term Plan 2015/16	Actual 2015/16
(\$000)			\$000	\$000
552,918	Balance at 1 July		552,918	555,276
2,358	Total comprehensive revenue and expense for the year		3,725	30,868
555,276	Balance at 30 June		556,643	586,144
	Equity represented by:			
411,542	Accumulated funds	26	420,581	425,742
143,734	Other reserves	26	136,062	160,402
555,276	Total equity		566,643	586,144

Explanations of major variances against budget are provided in note 36. The accompanying notes form part of these financial statements. Refer to note 26 for reserves movements.

Statement of financial position

As at 30 June 2016

Actual 2014/15		Notes	Long Term Plan 2015/16	Actual 2015/16
(\$000)			\$000	\$000
	Assets			
	Current assets			
4,538	Cash and cash equivalents	12	416	5,290
3,365	Receivables	13	3,000	4,795
-	Derivative financial instruments	14	-	-
8,126	Other financial assets	16	5,410	8,677
398	Inventory	17	174	810
-	Assets held for sale	18	-	-
16,427	Total current assets		9,000	19,572
	Non-current assets			
-	Derivative financial instruments	14	-	7
3,266	Investments in Council Controlled Organisations and other similar entities	15	3,062	3,287
1,516	Other financial assets	16	2,315	1,251
568,639	Property, plant and equipment	19	588,996	598,187
951	Intangible assets	20	957	949
574,372	Total non-current assets		595,330	603,681
590,799	Total assets		604,330	623,253
	Liabilities			
	Current liabilities			
15	Derivative financial instruments	14	-	22
5,630	Payables	22	2,592	6,731
1,458	Employee entitlements	23	1,300	1,536
1,148	Borrowings	24	181	180
79	Provisions	25	117	92
8,330	Total current liabilities		4,190	8,561
	Non-current liabilities			
975	Derivative financial instruments	14	-	2,613
585	Employee entitlements	23	600	464
24,989	Borrowings	24	42,246	24,807
644	Provisions	25	651	664
27,193	Total non-current liabilities		43,497	28,548
35,523	Total liabilities		47,687	37,109
555,276	Net assets (assets minus liabilities)		556,643	586,144
	Equity			
411,542	Accumulated funds	26	420,581	425,742
143,734	Other reserves	26	136,062	160,402
555,276	Total equity		556,643	586,144

Explanations of major variances against budget are provided in note 36. The accompanying notes form part of these financial statements.

Statement of cashflows

For the year ended 30 June 2016

Actual 2014/15		Notes	Long Term Plan 2015/16	Actual 2015/16
(\$000)			\$000	\$000
	Cashflows from operating activities			
33,396	Rates		33,123	34,186
4,978	Subsidies and grants		5,873	6,128
6,111	Fees and charges		5,675	6,609
526	Interest from investments		369	471
98	Local authorities fuel tax, fines, infringement fees and other receipts		266	268
316	Development and financial contributions		405	791
109	Net GST		-	(2)
(28,603)	Payments to staff and suppliers		(31,759)	(28,139)
(1,656)	Finance costs		(1,711)	(1,319)
15,275	Net cashflow from operating activities	27	12,241	18,993
	Cashflows from investing activities			
163	Repayment of loans and advances		190	204
1,526	Sale of assets		-	774
4,250	Proceeds from sale/maturity of investments		-	(500)
(12,304)	Purchase of property, plant and equipment		(28,151)	(17,376)
(74)	Purchase of intangible assets		(93)	(206)
-	Acquisition of investments		-	-
171	Forward foreign exchange contracts		-	-
-	Repurchase of own your own properties		-	13
(6,268)	Net cashflows from investing activities		(28,054)	(17,091)
	Cashflows from financing activities			
-	Proceeds from borrowings		15,586	-
(5,968)	Repayment of borrowings		(1,149)	(1,150)
(5,968)	Net cashflows from financing activities		14,437	(1,150)
3,039	Net increase/(decrease) in cash and cash equivalents		(1,376)	752
1,499	Opening cash and cash equivalents		1,792	4,538
4,538	Closing cash and cash equivalents	12	416	5,290

Explanations of major variances against budget are provided in note 36. The accompanying notes form part of these financial statements.

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.

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

The Council provides local infrastructure, local public services, and performs regulatory functions to the community. 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 2016. The financial statements were authorised for issue by Council on 5 October 2016.

Basis of preparation

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

Statement of compliance

The financial statements of the Council have been prepared in accordance with the requirements of the LGA, 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 Tier 1 PBE accounting standards. These financial statements 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).

Changes in accounting policies

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

Standards issued and not yet effective and not early adopted

There are no issued standards that have not been adopted in these accounting policies.

Summary of significant accounting policies

Joint venture

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

Revenue

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

- **Rates** - General rates, targeted rates (excluding water-by-meter), and uniform annual general charges are recognised at the start of the financial year to which the rates resolution relates. They are recognised at the amounts due. The Council considers the effect of payment of rates by instalments is not sufficient to require discounting of rates receivables and subsequent recognition of interest revenue. Rates arising from late payment penalties are recognised as revenue when rates become overdue. Revenue from water-by-meter rates is recognised as it is invoiced. Rates remissions are recognised as a reduction of rates revenue when the Council has received an application that satisfies its rates remission policy.
- **Private works** - The revenue from private works is recognised as revenue by reference to the stage of completion of the work at balance date.
- **New Zealand Transport Agency roading subsidies** - The Council receives funding assistance from the New Zealand Transport Agency, which subsidises part of the costs of maintenance and capital expenditure on the local roading infrastructure. The subsidies are recognised as revenue upon entitlement, as conditions pertaining to eligible expenditure have been fulfilled.

- **Other grants received** - Other grants are recognised as revenue when they become receivable unless there is an obligation in substance to return the funds if conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as grants received in advance and recognised as revenue when conditions of the grant are satisfied.
- **Fees and charges** - Fees and charges are recognised as revenue when the obligation to pay arises or, in the case of licence fees, upon renewal of the licence.
- **Interest** - Interest revenue is recognised using the effective interest method. Interest revenue on an impaired financial asset is recognised using the original effective interest rate.
- **Dividends** - Revenue is recognised when the shareholders' right to receive the payment is established.
- **Rental revenue** - Rental revenue arising on property owned by us is accounted for on a straight line basis over the lease term.
- **Development and financial contributions** - Development and financial contributions are recognised as revenue when we provide, or are able to provide, the service for which the contribution was charged. Otherwise development and financial contributions are recognised as liabilities until such time we provide, or are able to provide, the service.
- **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.
- **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 e.g. 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 e.g. as the funds are spent for the nominated purpose.

Borrowing costs

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

Grant expenditure

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

Leases

Finance leases - A finance lease is a lease that transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred. At the commencement of the lease term, finance leases are recognised as assets and liabilities in the statement of financial position of the lower of the fair value of the leased item or the present value of the minimum lease payments. The finance charge is charged to the surplus or deficit over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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

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

Foreign currency transactions

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

Cash and cash equivalents

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

Receivables

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

Derivative financial instruments

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

Other financial assets

Financial assets are initially recognised at fair value plus transaction costs unless they are carried at fair value through surplus or deficit, in which case the transaction costs are recognised in the surplus or deficit. Purchases and sales of financial assets are recognised on trade-date, the date on which we commit to purchase or sell the asset. Financial assets are de-recognised when the rights to receive cash flows from the financial assets have expired or have been transferred and we have transferred substantially all the risks and rewards of ownership.

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

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

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

Fair value through surplus or deficit

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

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

Loans and receivables

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

Loans to community organisations made at nil or below market interest rates are initially recognised at the present value of their expected future cash flows, discounted at the current market rate of return for a similar financial instrument. The loans are subsequently measured at amortised cost using the effective interest method. The difference between the face value and present value of the expected future cash flows of the loan is recognised in the surplus or deficit in other gains or losses.

Held to maturity investments

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

Fair value through other comprehensive revenue and expense

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

The Council includes in this category:

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

These investments are measured at their fair value, with gains and losses recognised in other comprehensive revenue and expense, except for impairment losses, which are recognised in the surplus or deficit. On de-recognition, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is reclassified from equity to the surplus or deficit.

Impairment of financial assets

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

Loans and other receivables, and held to maturity investments

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

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

Financial assets at fair value through other comprehensive revenue and expense

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

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

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

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

Inventory

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

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

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

Assets held for sale

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

Property, plant and equipment

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

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

Revaluations

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

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

Additions

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

Disposals

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



Matamata-Piako foggy morning

Depreciation

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

Operational assets	Useful life	Depreciation rate
Buildings	2 to 100 years	1% - 50%
Restricted assets (buildings)	2 to 100 years	1% - 50%
Plant and machinery	2 to 10 years	10% - 50%
Furniture and equipment	2 to 20 years	5% - 50%
Computer equipment	3 to 5 years	20% - 33%
Server hard drives	1 year	100%
Library collection	2 to 9 years	11% - 50%
Infrastructural assets	Useful life	Depreciation rate
Roading network		
Street lighting	25 years	4%
Formation carriageway	100 years	1%
Pavement surfacing	7 to 50 years	2% - 14%
Pavement structure	39 to 47 years	3% - 4%
Footpaths	5 to 50 years	2% - 20%
Drainage	60 to 90 years	1% - 2%
Bridges	75-90 years	1% to 2%
All other	1 to 57 years	2% - 50%
Utility assets		
Buildings	50 to 80 years	1% - 2%
Wastewater mains	50 to 100 years	1% - 2%
Wastewater other	80 to 100 years	1% - 2%
Wastewater pump station equipment	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 the end of each financial year.

Subsequent costs

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

Intangible assets

Computer software

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

Amortisation

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

Impairment of property, plant and equipment and intangible assets

Intangible assets subsequently measured at cost that have an indefinite useful life, or are not yet available for use and goodwill, are not subject to amortisation and are tested annually for impairment.

Property, plant, equipment and intangible assets subsequently measured at cost that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

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. The total impairment loss is recognised in the surplus or deficit. 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, 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.

Payables

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

Borrowings

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

Employee entitlements

Short term employee entitlements

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

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

Long term employee entitlements

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

The calculations are based on:

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

Presentation of employee entitlements

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

Defined contribution superannuation scheme

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

Provisions

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

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

Provisions for landfill aftercare and Tui Mine site monitoring

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

Equity

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

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

Reserves

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

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

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

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

Goods and services tax (GST)

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

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

Budget figures

The budget figures are those approved by the Council in its 2015-25 Long Term Plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted in preparing these financial statements.

Cost allocation

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

Critical accounting estimates and assumptions

In preparing these 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 discussed below:

Infrastructural assets

Note 19 provides information about the estimates and assumptions applied in determining the fair value of infrastructural assets.

Provisions

Note 25 provides information about the estimates and assumptions surrounding Council's provisions.

Critical judgements in applying accounting policies

Management has exercised the following critical judgement in applying accounting policies for the year ended 30 June 2016:

Classification of property

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

2. Rates

Actual 2014/15		Actual 2015/16
\$000		\$000
19,237	General rates	19,731
	Targeted rates attributable to activities:	
2,225	- Metered water supply	2,282
2,786	- Other water rates	2,789
7,061	- Wastewater	7,170
955	- Stormwater	926
1,218	- Refuse	1,305
98	- Halls	94
99	Lump sum contributions	82
156	Rates penalties	154
(515)	Rates remissions	(514)
33,320	Total revenue from rates	34,019

Local Government Funding Agency

We are required by the Local Government Funding Agency (LGFA) Guarantee and Indemnity Deed to disclose in our 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 2016 for the purposes of the LGFA Guarantee and Indemnity Deed disclosure is shown above.

3. Subsidies and grants

Actual 2014/15		Actual 2015/16
\$000		\$000
	Subsidies and grants for operating purposes	
2,467	New Zealand Transport Agency roading subsidies	2,464
122	Other government subsidies	129
2,589	Total subsidies and grants for operating purposes	2,593
	Subsidies and grants for capital expenditure	
2,799	New Zealand Transport Agency roading subsidies	3,031
89	Silver Fern Farms Events Centre Te Aroha project donations	1,820
2,888	Total subsidies and grants for capital expenditure	4,851
5,477	Total subsidies and grants	7,444

There are no unfulfilled conditions or other contingencies attached to government subsidies recognised (2015: nil)

4. Fees and charges

Actual 2014/15		Actual 2015/16
\$000		\$000
545	Lease revenue	514
784	Trade waste charges	733
4,700	Other user charges	5,367
6,029	Total fees and charges	6,614

5. Interest and dividends from investments

Actual 2014/15		Actual 2015/16
\$000		\$000
567	Interest	560
-	Dividends	-
567	Total interest and dividends from investments	560

6. Local authorities fuel tax, fines, infringement fees, and other receipts

Actual 2014/15		Actual 2015/16
\$000		\$000
208	Local authorities fuel tax	233
47	Fines and infringement fees	36
-	Other receipts	-
255	Total local authorities fuel tax, fines, infringement fees and other receipts	269

7. Vested and found assets

Actual 2014/15		Actual 2015/16
\$000		\$000
	Vested assets	
320	Roading	1,140
49	Water	210
21	Stormwater	277
60	Wastewater	113
51	Restricted land	-
	Found assets	
2,238	Restricted buildings	-
2,739	Total vested and found assets	1,740

8. Other gains and losses

Actual 2014/15		Actual 2015/16
\$000		\$000
	Other gains	
-	Unrealised gain on interest rate swaps	-
-	Total other gains	-
	Other losses	
891	Net loss on disposal of property, plant and equipment	500
-	Impairment of assets	-
17	Impairment of investments in Council Controlled Organisations and other entities	-
12	Unrealised loss on loans and receivables	10
310	Net loss on financial assets at fair value through surplus or deficit	-
1,737	Unrealised loss on interest rate swaps (presented net)	1,639
233	Net loss on forward foreign exchange contracts	-
3,200	Total other losses	2,149

9. Payments to suppliers and staff

Actual 2014/15		Actual 2015/16
\$000		\$000
	Payments to suppliers	
	Fees paid to the principal auditor:	
119	Financial statement audit fee	121
3	Debenture trust deed audit fee	4
74	Long Term Plan audit fee	-
-	Other audit services*	15
	Other payments:	
-	Review of provisions (note 25)	49
49	Operating lease payments	22
344	Donations and grants	390
80	Impairment of receivables (note 13)	(10)
98	Receivables written-off during the period	58
377	Councillors remuneration	404
14,734	Other operating expenses	14,941
15,878	Total payments to suppliers	15,994
	Payments to staff:	
12,502	Salaries and wages	13,276
236	Defined contribution plan employer contributions	252
134	Increase/(decrease) in employee entitlements	(43)
12,872	Total payments to staff	13,485

*Audit New Zealand undertook an assurance review over the tender process for the Mt Misery Reservoir project during the period (2015: No additional work was undertaken by Audit New Zealand).

10. Finance costs

Actual 2014/15		Actual 2015/16
\$000		\$000
	Interest expense:	
1,573	- Interest on borrowings	1,051
29	- Discount unwind on provisions (note 25)	24
	Interest derivatives (presented net):	
69	- Held for trading interest rate swaps	294
1,671	Total finance costs	1,369

11. Joint venture

Council has a 34% interest in a jointly controlled entity, Thames Valley Combined Civil Defence Committee, together with the Thames-Coromandel and Hauraki District Councils. The joint venture's balance date is 30 June 2016, but its accounts have not been audited. Council's share of the deficit has been included in 'share of joint venture surplus/(deficit)' in the statement of comprehensive revenue and expense. Council's share of equity has been recorded as shares in the statement of financial position.

Movements in the carrying amount of investment in the joint venture:

Actual 2014/15		Actual 2015/16
\$000		\$000
75	Balance at 1 July	80
5	Share of surplus/(deficit)	21
80	Balance at 30 June	101

The Council's interest in the joint venture is disclosed in the financial statements under the classifications shown below:

Actual 2014/15		Actual 2015/16
\$000		\$000
76	Current assets	91
28	Non-current assets	35
24	Current liabilities	25
80	Net assets	101
(231)	Share of expenses	(202)
236	Share of income	223
5	Share of surplus/(deficit)	21

The joint venture has no capital commitments, contingent liabilities or contingent assets at 30 June 2016 (2015: Nil)

12. Cash and cash equivalents

Actual 2014/15		Actual 2015/16
\$000		\$000
538	Cash at bank and on hand	890
4,000	Term deposits with maturities less than three months at acquisition	4,400
4,538	Total cash and cash equivalents	5,290

Cash at bank earns interest at floating rates based on daily bank deposit rates. Term deposits are made for varying periods of between one day and three months depending on the immediate cash requirements. The carrying value of cash at bank, term deposits and investments with maturity dates of three months or less approximates their fair value.

Financial 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 \$595,000 (2015: \$635,000) that are subject to restrictions. These unspent funds relate to endowment land sales, reserves development and bequests and trust funds (see note 26), where the spending of funds is separately monitored. The restrictions generally specify how the funds are required to be spent.

13. Receivables

Actual 2014/15		Actual 2015/16
\$000		\$000
1,096	Rates receivables	1,036
326	Water receivables	320
889	New Zealand Transport Agency subsidy receivable	1,027
286	GST receivables	288
569	Other general receivables	550
238	Prepaid expenses	245
265	Accrued income	1,565
3,669	Receivables prior to impairment	5,031
(304)	Less provision for impairment	(236)
3,365	Total receivables	4,795
	Total receivables comprise:	
2,187	Receivables from non-exchange transactions - this includes outstanding amounts for rates, grants, infringements, and fees and charges that are partly subsidised by rates	3,806
1,178	Receivables from exchange transactions - this includes outstanding amounts for commercial sales and fees and charges that have not been subsidised by rates	989

Fair value

Receivables are non-interest bearing and receipt is normally on 30 day terms. Therefore the carrying value of debtors and other receivables approximates their fair value.

Impairment

The Council does not provide for any impairment 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:

2015/16			
	Gross	Impairment	Net
	\$000	\$000	\$000
Not past due	4,499	-	4,499
Past due 1 - 60 days	164	-	164
Past due 61 - 90 days	9	(2)	7
Past due > 90 days	359	(234)	125
Total	5,031	(236)	4,795

2014/15			
	Gross	Impairment	Net
	\$000	\$000	\$000
Not past due	3,309	-	3,309
Past due 1 - 60 days	30	-	30
Past due 61 - 90 days	17	(1)	16
Past due > 90 days	313	(303)	10
Total	3,669	(304)	3,365

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

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

Actual 2014/15		Actual 2015/16
\$000		\$000
226	Individual impairment	34
78	Collective impairment	202
304	Total provision for impairment	236

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:

Actual 2014/15		Actual 2015/16
\$000		\$000
-	Past due 1 - 60 days	-
-	Past due 61 - 90 days	-
226	Past due > 90 days	34
226	Total individual impairment	34

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

Actual 2014/15		Actual 2015/16
\$000		\$000
322	Balance at 1 July	304
80	Additional provisions made during the year	(10)
(98)	Receivables written off during the period	(58)
304	Balance at 30 June	236

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

14. Derivative financial instruments

Actual 2013/14		Actual 2015/16
\$000		\$000
	Non-current assets	
-	Interest rate swaps - held for trading	7
	Total non-current assets	7
	Total derivative financial instrument assets	7
	Current liabilities	
15	Interest rate swaps - held for trading	22
15	Total current liabilities	22
	Non-current liabilities	
975	Interest rate swaps - held for trading	2,613
975	Total non-current liabilities	2,613
990	Total derivative financial instrument liabilities	2,635

Fair value

Interest rate swaps

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. The notional principal amounts of the outstanding interest rate swap contracts were \$36,000,000 (2015: \$34,500,000).

15. Investments in Council Controlled Organisations and other entities

Actual 2014/15		Actual 2015/16
\$000		\$000
2,623	Waikato Regional Airport	2,623
116	New Zealand Local Government Insurance Corporation	116
80	Thames Valley Combined Civil Defence Committee	101
35	Local Authority Shared Services Limited	35
392	Local Government Funding Agency	392
20	Hauraki Rail Trail Charitable Trust	20
3,266	Total investments in Council Controlled Organisations and other entities	3,287

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.

Borrower notes

At 30 June 2016, Council has \$392,000 in borrowing notes invested with the Local Government Funding Agency at floating rates of interest (2015: \$392,000). These will mature between December 2017 and April 2023.

Thames Valley Combined Civil Defence Committee

Council initially recognised the value of Thames Valley Combined Civil Defence Committee at cost, and the carrying amount is increased or decreased to recognise Council's share of the surplus or deficit of the Committee after the initial recognition.

16. Other financial assets

Actual 2014/15		Actual 2015/16
\$000		\$000
	Current	
7,900	Term deposits with maturities of 3 - 12 months	8,400
12	Community loans	50
190	Industry loan	203
24	Local authority and other stock	24
8,126	Total current	8,677
	Non-current	
-	Term deposits with maturities > 12 months	-
145	Community loans	73
629	Industry loan	436
332	Banks Road development loan	332
410	Local authority and other stock	410
1,516	Total non-current	1,251

Term deposits

The carrying amount of term deposits approximates their fair value.

Industry loan

The industry loan is recognised at fair value, determined using cashflows discounted at a rate based on the five year swap rate of 2.29% (2015: 3.40%).

Local authority and other stock

The fair value of local authority and other stock is \$462,471 (2015: \$464,194). Fair value has been determined by discounting cash flows from the stocks using a discount rate derived from relevant market inputs.

Impairment

There were no impairment expenses or provisions for other financial assets. At balance date, none of these financial assets are either past due or impaired.

17. Inventory

Actual 2014/15		Actual 2015/16
\$000		\$000
137	Inventory held for distribution	164
261	Land developed for sale	92
-	Wastewater treatment plant - parts	554
398	Total inventory	810

The carrying amount of inventory held for distribution is measured at the lower of cost and current replacement cost. There was no write down of inventory held for distribution (2015: nil).

Council has developed land for future sale and the costs capitalised to date (including the value of the land at the date of transfer to inventory) are expected to be recovered within the next financial year.

Equipment valued at \$554,000 from Morrinsville wastewater treatment plant upgrade was previously classified as assets under construction. It has been reclassified as inventory as equipment is used as spare parts for the plant.

No inventories are pledged as security for liabilities (2015: nil).

18. Assets held for sale

Actual 2014/15		Actual 2015/16
\$000		\$000
-	Own your own buildings	-
-	Surplus land	-
-	Surplus buildings	-
-	Total assets held for sale	-

There were no assets held and available for immediate sale at 30 June 2016 (2015:nil).

19. Property, plant and equipment

	Cost/ valuation 1 July 2015	Accumulated depreciation and impairment charges 1 July 2015	Carrying value 1 July 2015	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	Revaluation surplus/(deficit)	Cost/valuation 30 June 2016	Accumulated depreciation and impairment charges 30 June 2016	Carrying value 30 June 2016
2015/16	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Operational assets													
Land	17,065	-	17,065	500	-	(140)	-	-	-	-	17,425	-	17,425
Buildings	21,185	(951)	20,234	1,459	-	-	595	-	(965)	-	23,239	(1,916)	21,323
Restricted													
- Land	14,834	-	14,834	-	-	-	8	-	-	-	14,842	-	14,842
- Buildings	12,872	(722)	12,150	522	-	(241)	41	-	(750)	(25)	13,169	(1,472)	11,697
Plant and machinery	6,112	(4,015)	2,097	378	-	(123)	-	-	(379)	-	6,367	(4,394)	1,973
Furniture and equipment	2,209	(1,539)	670	280	-	-	27	-	(89)	-	2,516	(1,628)	888
Computer equipment	4,258	(3,420)	838	113	-	-	-	-	(344)	-	4,371	(3,764)	607
Library collections	3,396	(2,862)	534	159	-	-	-	-	(168)	-	3,555	(3,030)	525
Assets under construction	1,262	-	1,262	3,885	-	-	(671)	-	-	-	4,476	-	4,476
Total operational assets	83,193	(13,509)	69,684	7,296	-	(504)	-	-	(2,695)	(25)	89,960	(16,204)	73,756

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 2015	Accumulated depreciation and impairment charges 1 July 2015	Carrying value 1 July 2015	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	Revaluation surplus/ (deficit)	Cost/ valuation 30 June 2016	Accumulated depreciation and impairment charges 30 June 2016	Carrying value 30 June 2016
2015/16	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Infrastructural assets													
Roading	283,230	-	283,230	6,042	749	(414)	410	-	(5,897)	8,917	298,934	(5,897)	293,037
Land under roads	66,265	-	66,265	15	392	-	-	-	-	-	66,672	-	66,672
Water supply - treatment plants and facilities	9,701	-	9,701	674	-	(49)	-	-	(595)	916	11,242	(595)	10,647
Water supply - other assets (including reticulation systems)	32,595	-	32,595	181	211	(62)	776	-	(1,010)	12,692	46,393	(1,010)	45,383
Stormwater system	38,556	-	38,556	-	268	(15)	-	-	(555)	1,701	40,510	(555)	39,955
Wastewater - treatment plants and facilities	29,946	-	29,946	465	-	(79)	718	-	(1,758)	196	31,246	(1,758)	29,488
Wastewater - other assets (including reticulation systems)	30,960	-	30,960	234	112	(22)	-	-	(693)	1,385	32,669	(693)	31,976
Land	2,743	-	2,743	-	8	-	-	-	-	-	2,751	-	2,751
Buildings	1,855	(68)	1,787	7	-	-	83	-	(68)	-	1,945	(136)	1,809
Assets under construction	3,198	(26)	3,172	2,082	-	-	(2,541)	-	-	-	2,713	-	2,713
Total infrastructural assets	499,049	(94)	498,955	9,700	1,740	(641)	(554)*	-	(10,576)	25,807	535,075	(10,644)	524,431
Total property, plant and equipment	582,242	(13,603)	568,639	16,996	1,740	(1,145)	(554)	-	(13,271)	25,782	625,035	(26,848)	598,187

*Equipment valued at \$554,000 from Morrinsville wastewater treatment plant upgrade was previously classified as assets under construction. It has been reclassified as inventory as equipment is used as spare parts for the plant. In addition \$26,000 impairment previously recognised in respect of this equipment has also been reclassified.

	Cost/ valuation 1 July 2014	Accumulated depreciation and impairment charges 1 July 2014	Carrying value 1 July 2014	Current year additions	Current year vested and round assets	Current year disposals	Work in progress transferred into assets	Current year impairment charges	Current year depreciation	Revaluation surplus/ (deficit)	Cost/ valuation 30 June 2015	Accumulated depreciation and impairment charges 30 June 2015	Carrying value 30 June 2015
2014/15	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Operational assets													
Land	16,991	-	16,991	-	-	-	74	-	-	-	17,065	-	17,065
Buildings	18,901	-	18,901	197	2,238	(184)	33	-	(951)	-	21,185	(951)	20,234
Restricted													
- Land	14,702	-	14,702	72	51	-	9	-	-	-	14,834	-	14,834
- Buildings	12,484	-	12,484	223	-	-	165	-	(722)	-	12,872	(722)	12,150
Plant and machinery	5,650	(3,634)	2,016	524	-	(62)	-	-	(381)	-	6,112	(4,015)	2,097
Furniture and equipment	2,066	(1,453)	613	126	-	-	17	-	(86)	-	2,209	(1,539)	670
Computer equipment	3,787	(3,016)	771	316	-	-	155	-	(404)	-	4,258	(3,420)	838
Library collections	3,235	(2,692)	543	161	-	-	-	-	(170)	-	3,396	(2,862)	534
Assets under construction	1,111	-	1,111	604	-	-	(453)	-	-	-	1,262	-	1,262
Total operational assets	78,927	(10,795)	68,132	2,223	2,289	(246)	-	-	(2,714)	-	83,193	(13,509)	69,684

	Cost/ valuation 1 July 2014	Accumulated depreciation and impairment charges 1 July 2014	Carrying value 1 July 2014	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	Revaluation surplus/ (deficit)	Cost/ valuation 30 June 2015	Accumulated depreciation and impairment charges 30 June 2015	Carrying value 30 June 2015
2014/15	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Infrastructural assets													
Roading	283,402	-	283,402	5,832	192	(608)	74	-	(5,662)	-	288,622	(5,392)	283,230
Land under roads	66,089	-	66,089	48	128	-	-	-	-	-	66,265	-	66,265
Water supply - treatment plants and facilities	9,738	-	9,738	517	-	(9)	-	-	(545)	-	10,246	(545)	9,701
Water supply - other assets (including reticulation systems)	32,614	-	32,614	348	49	(93)	412	-	(735)	-	33,330	(735)	32,595
Stormwater system	38,966	-	38,966	125	21	(86)	58	-	(528)	-	39,084	(528)	38,556
Wastewater - treatment plants and facilities	30,741	-	30,741	522	-	(19)	288	-	(1,586)	-	31,532	(1,586)	29,946
Wastewater - other assets (including reticulation systems)	30,838	-	30,838	542	60	(51)	257	-	(686)	-	31,646	(686)	30,960
Land	2,868	-	2,868	-	-	(125)	-	-	-	-	2,743	-	2,743
Buildings	1,855	-	1,855	-	-	-	-	-	(68)	-	1,855	(68)	1,787
Assets under construction	2,281	(26)	2,255	2,006	-	-	(1,089)	-	-	-	3,198	(26)	3,172
Total infrastructural assets	499,392	(26)	499,366	9,940	450	(991)	-	-	(9,810)	-	508,521	(9,566)	498,955
Total property, plant and equipment	578,319	(10,821)	567,498	12,163	2,739	(1,237)	-	-	(12,524)	-	591,714	(23,075)	568,639

Assets under construction

Balance at 30 June 2015		Balance at 30 June 2016
\$000		\$000
1,262	Operational assets	4,476
408	Roading	276
1,368	Water supply	1,908
-	Stormwater system	202
1,207	Wastewater	191
189	Infrastructural buildings	136
4,434	Total assets under construction	7,189

Insurance

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

June 2015		June 2016
\$000		\$000
187,300	The total value of all Council assets covered by insurance contracts	144,814
	The maximum amount to which insured assets are insured:	
125,000	- Fire	125,000
150,000	- Other natural disasters	150,000
187,300	The total value of all Council assets covered by financial risk sharing arrangements	211,309
30,000	Maximum amount available to the Council under financial risk sharing arrangements	30,000

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.

Valuation

Land (operational, restricted and infrastructural)

Land is valued at fair value using market based evidence based on its highest and best use with reference to comparable land values. Adjustments have been made to the 'unencumbered' land value where there is a designation against the land or the use of the land is restricted because of reserve or endowment status. These adjustments are intended to reflect the negative effect on the value of the land where an owner is unable to use the land more intensely.

The most recent valuation for land was performed by independent registered valuers, Curnow Tizard Limited. The valuation was effective as at 30 June 2014.

Buildings (operational, restricted and infrastructural)

Non-specialised buildings (for example residential buildings) are valued at fair value using market-based evidence. Market rents and capitalisation rates were applied to reflect market value.

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 include:

- the replacement cost is based on the replacement with modern equivalent assets with adjustments where appropriate for obsolescence due to over-design or surplus capacity
- the replacement cost is derived from recent construction contracts of similar assets and Property Institute of New Zealand cost information
- the remaining useful life of assets is estimated
- straight-line depreciation has been applied in determining the depreciated replacement cost value of the asset.

The most recent valuation for operational and non specialised buildings was performed by independent registered valuers, Curnow Tizard Limited. The valuation was effective as at 30 June 2014.

The most recent valuation for operational, infrastructural and specialised buildings was performed by SPM Consultants Limited. The valuation was effective as at 30 June 2014.

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

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 is derived from recent construction contracts in the region for similar assets
- estimates of the remaining useful life over which the assets 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 income. 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 useful life estimates.

The most recent valuation of roading infrastructural assets was performed by Opus International Limited and the valuation was effective as at 1 July 2015.

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 PJ and Associates. The valuation was effective as at 1 July 2015.

Replacement cost

The most recent estimate of the replacement cost of Council's core infrastructural assets undertaken as part of the valuations as at 1 July 2015 (compared to the 30 June 2014 valuation estimate of replacement cost), is as follows:

	June 2014	July 2015
	\$000	\$000
Roading	451,610	451,862
Water supply - treatment plants and facilities	18,316	19,978
Water supply - other assets (including reticulation systems)	61,378	86,393
Stormwater system	52,463	54,960
Wastewater - treatment plants and facilities	38,496	39,943
Wastewater - other assets (including reticulation systems)	55,463	58,760

Land under roads

Land under the roads has been 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 (\$500,000) has been recognised in the statement of comprehensive revenue and expense under 'other losses' (2015: \$891,000).

Impairment

There was no impairment of property, plant and equipment in 2016 (2015: Nil).

Restrictions

Restricted land and buildings are subject to either restrictions in 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 under a bequest or donation that restricts the purpose for which the asset can be used).

20. Intangible assets

There are no restrictions over the title of intangible assets. No intangible assets are pledged as security for liabilities. There were no assets considered to be impaired in 2016 (2015: Nil). Included in computer software is Council's Authority software that encompasses Council's financial and regulatory systems. The carrying value of this software was \$678,000 (2015: \$755,000) and it will continue to be amortised over the next 10 years.

	Cost 1 July 2015	Accumulated amortisation and impairment charges 1 July 2015	Carrying value 1 July 2015	Current year additions	Current year disposals	Current year impairment charges	Current year amortisation	Cost 30 June 2016	Accumulated amortisation and impairment charges 30 June 2016	Carrying value 30 June 2016
2015/16	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Intangible assets										
Computer software	1,701	(750)	951	206	-	-	(208)	1,907	(958)	949

Note that disposals in these tables are reported net of accumulated depreciation

	Cost 1 July 2014	Accumulated amortisation and impairment charges 1 July 2014	Carrying value 1 July 2014	Current year additions	Current year disposals	Current year impairment charges	Current year amortisation	Cost 30 June 2015	Accumulated amortisation and impairment charges 30 June 2015	Carrying value 30 June 2015
2014/15	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Intangible assets										
Computer software	1,627	(545)	1,082	74	-	-	(205)	1,701	(750)	951

21. Depreciation and amortisation expense by group of activity

Actual 2014/15		Actual 2015/16
\$000		\$000
	Directly attributable depreciation and amortisation expense by group of activity	
1,906	Community facilities	1,954
5,662	Roading	5,898
23	Rubbish and recycling	23
528	Stormwater	555
2,289	Wastewater	2,470
1,310	Water	1,635
1	Community Development	1
9	Environmental Care	9
11,728	Total directly attributable depreciation and amortisation expense by group of activity	12,545
1,001	Depreciation and amortisation not directly related to groups of activities	934
12,729	Total depreciation and amortisation expense	13,479

22. Payables

Actual 2014/15		Actual 2015/16
\$000		\$000
3,285	Trade payables	4,365
715	Deposits and bonds	965
621	Accrued expenses	283
1,009	Revenue in advance	1,118
5,630	Total Creditors and other payables	6,731
	Total payables comprise:	
1,478	Payables from non-exchange transactions - this includes bonds and deposits for planning, rates and licences received in advance, and taxes and grants payable	1,578
4,152	Payables from exchange transactions - this includes amounts owing for commercial purchases of goods and services	5,153

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

23. Employee entitlements

Actual 2014/15		Actual 2015/16
\$000		\$000
324	Accrued pay	156
1,013	Annual leave	1,082
44	Sick leave	50
247	Long service leave	257
415	Retirement gratuities	455
2,043	Total employee entitlements	2,000
	Comprising:	
1,458	Current	1,536
585	Non-current	464
2,043	Total employee entitlements	2,000

The present value of retirement and long service leave obligations depends on a number of factors that are determined on an actuarial basis. Two key assumptions used in calculating this liability include the discount rates and the salary inflation factor. Any changes in these assumptions will affect the carrying amount of the liability.

Expected future payments are discounted using forward discount rates derived from the yield curve of New Zealand government bonds. The discount rates used have maturities that match, as closely as possible, the estimated future cash outflows. The salary inflation factor has been determined after considering historical salary information patterns and independent forecasts. A weighted average discount rate of 6% (2015: 6%) and an inflation factor of 2.5% (2015: 2.5%) were used.

24. Borrowings

Actual 2014/15		Actual 2015/16
\$000		\$000
1,148	Current loans	180
24,989	Non-current loans	24,807
26,137	Total borrowings	24,987

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.

Council have 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 \$10 million, (2015: \$10 million) and there is \$10 million available to be drawn at 30 June (2015: \$10 million).

Security

Council has an unsecured overdraft. The maximum amount that can be drawn down against the facility is \$500,000 (2015: \$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 at the end of Part Three of the Annual Report 2015/16. 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.

25. Provisions

Actual 2014/15		Actual 2015/16
\$000		\$000
	Current	
52	Landfill aftercare	41
-	Tui Mine site monitoring	25
27	Hauraki Rail Trail maintenance	26
79	Total current provisions	92
	Non-current	
50	Weathertightness and other claims	75
451	Landfill aftercare	457
143	Tui Mine site monitoring	132
-	Hauraki Rail Trail maintenance	-
644	Total non-current provisions	664

Movements for each class of provision are as follows:

	Landfill aftercare costs	Weather- tightness/ other claims	Tui Mine site	Hauraki Rail Trail	Total
	\$000	\$000	\$000	\$000	\$000
2015/16					
Balance at 1 July 2015	503	50	143	27	723
Additional provisions made	-	25	-	24	49
Amounts used	(18)	-	(4)	(25)	(47)
Unused amounts reversed	(5)	-	13	-	8
Discount unwind	18	-	5	-	23
Balance at 30 June 2016	498	75	157	26	756
2014/15					
Balance at 1 July 2014	539	100	142	53	834
Additional provisions made	-	-	-	-	-
Amounts used	(22)	(50)	-	(26)	(98)
Unused amounts reversed	(37)	-	(5)	-	(42)
Discount unwind	23	-	6	-	29
Balance at 30 June 2015	503	50	143	27	723

Landfill aftercare provision

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

- Morrinsville Landfill 31/5/2000
- Matamata Landfill 8/12/2001
- Te Aroha Landfill 9/12/1998

Council has responsibility under the resource consents to provide ongoing maintenance and monitoring of these landfills since the sites have been closed.

The cash outflows for landfill post closure costs are expected to occur in one to 19 years time (or between 2017 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 3.66% (2015: 4.31%).

Weather-tightness and other claims

One claim has been assessed as eligible to be lodged with the Weather-tight Homes Resolution Service (WHRS) as at 30 June 2016 (2015: one). The liable parties to this claim have not been established at this point however, based on recent case law and other information, Council has made provision of \$50,000 (2015: \$50,000) for the estimated costs as assessed by a WHRS assessor up to the value of Council's insurance excess.

Provision for other minor claims against Council has been made based on estimated costs and/or insurance excesses of \$25,000 (2015: Nil).

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 32 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 3.66% (2015: 4.31%).

Hauraki Rail Trail maintenance

Council has agreed to underwrite the maintenance for the portion of the cycleway within the Matamata-Piako District for next year to ensure that the cycleway can be maintained to a good standard if the Hauraki Rail Trail Charitable Trust (Trust) cannot generate enough income to do so. The Trust can only request funding under the underwriting agreement if certain conditions are met.

26. Equity

Accumulated funds

Actual 2014/15		Actual 2015/16
\$000		\$000
419,559	Balance at 1 July	411,542
-	Transfers to reserves on adoption of the 2015-25 LTP	(12,093)
-	Transfers from reserves on adoption of the 2015-25 LTP	21,436
-	Restated opening balance 1 July	420,885
(22,116)	Transfers to Council created reserves	(17,441)
(111)	Transfer to restricted reserves	(1)
338	Transfer from Council created reserves	17,173
11,514	Transfer from restricted reserves	41
2,358	Surplus/(deficit) for the year	5,086
411,542	Balance at 30 June	425,742

Other reserves

Actual 2014/15		Actual 2015/16
\$000		\$000
	Council created reserves	
37,391	Balance at 1 July	47,993
-	Transfers to accumulated funds on adoption of the 2015-25 LTP	(21,436)
-	Transfers from accumulated funds on adoption of the 2015-25 LTP	12,093
37,391	Restated opening balance 1 July	38,650
(11,514)	Transfers to accumulated funds	(17,173)
22,116	Transfers from accumulated funds	17,441
47,993	Balance at 30 June	38,919
	Restricted reserves	
862	Balance at 1 July	635
(338)	Transfers to accumulated funds	(41)
111	Transfers from accumulated funds	1
635	Balance at 30 June	595
	Asset revaluation reserves	
95,106	Balance at 1 July	95,106
-	Net revaluation gains	26,009
-	Transfer to accumulated funds/restricted reserves on disposal of assets	(227)
-	Impairment charges	-
95,106	Balance at 30 June	120,888
143,734	Total other reserves	160,402

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. Information about reserve funds held for a specific purpose is provided below.

Council created reserves

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

In the process of adopting the 2015-25 LTP, Council undertook a significant review of the Council created reserves held at that time (many of which were historic), considering whether those reserves were still relevant to current Council operations and on-going projects. Consideration was also given to the matter of whether the balance identified as a "reserve" was in fact represented by funds held for a specific purpose.

As a result, there were some significant changes made to the reserves, including amalgamation of some funds held/used for common purposes, and the transfer of some balances to accumulated funds where it was considered that these reserves were no longer relevant or required. The table below explains the amendment that was made to the previous reserve balances as a result of the 2015-25 LTP adoption.

Restatement of 30 June 2015 Council created reserves

Balance 1 July 2014	Transfers in	Transfers out	Balance 30 June 2015	Reserve fund	Purpose	Activities related to	Amendments adopted in 2015 LTP	Reserve carried forward	Reserve transferred to accumulated funds	Reserve transferred from accumulated funds
\$000	\$000	\$000	\$000					\$000	\$000	\$000
2,098	89	(167)	2,020	Asset replacement reserves	Reserves for asset purchase, replacement or emergency purposes.	All Council activities	Combined into "Community purposes reserve".	2,020	-	-
89	-	-	89	Community purposes and facilities reserves	Reserves held for use on community facilities or for community purposes e.g. grants.	Community facilities and Community development	Combined into "Community purposes reserve".	89	-	-
1,935	-	-	1,935	Property sales reserves	Reserves developed from the proceeds of property sales. Available for general community use or property purchase.	All Council activities	Combined into "Community purposes reserve".	1,935	-	-
888	479	(457)	910	Energy share proceeds	Fund developed from initial dividend received from Council's PNZ shareholding. Available for general purpose use.	All Council activities	Projects previously earmarked to be funded from this reserve have been transferred to the "Community Purposes Reserve". The balance of the Energy share proceeds reserve has been transferred to accumulated funds.	-	(910)	-
77	-	-	77	General purpose reserves	Residual funds from former authority general reserves.	All Council activities	Combined into "Community purposes reserve".	77	-	-
2,366	-	-	2,366	PNZ share reserve	Reserve to reflect the change in share value.	All Council activities	This reserve did not reflect actual funds set aside for a specific purpose. As such, the balance has been transferred to accumulated funds.	-	(2,366)	-
11,951	-	-	11,951	PNZ internal loans reserve	Reserve to record the balance of internal loans provided to activities from the PNZ share proceeds.	All Council activities	This reserve has been combined into the "Power New Zealand Reserve Fund", which brings together the components of the fund that have been internally and externally invested, requiring a transfer from accumulated funds also.	11,951	-	11,893
262	706	(593)	375	Wastewater capital contribution reserve	Capital contributions from industry used to offset future depreciation.	Wastewater	The is no amendment to this reserve .	375	-	-

5,905	6,598	(798)	11,705	Other Internal Borrowing	Reserve to record the balance of other Internal Borrowing	All Council activities	This reserve did not reflect actual funds set aside for a specific purpose, but rather represented how other funds set aside had been utilised (ie funds internally borrowed for capital spending or reduction of external debt). The balance of this reserve has been transferred to accumulated funds.		(11,705)	-
-	-	-	-	Precinct F reserve	Accumulated operating balance for the development	All Council activities	This reserve is no longer required.	-	-	-
11,820	14,244	(9,499)	16,565	Depreciation reserves	Reserves to fund the replacement of assets	All Council activities	Part of this reserve has been transferred to accumulated funds where it was identified that the funds had been utilised for internally funding capital work or reducing external debt.	10,110	(6,455)	-
							Additional reserves required to be created for the Te Aroha Wastewater Desludging Project (of which \$200,000 had already been collected from rates in the 2014/15 year), and for stormwater improvements.			200
37,391	22,116	(11,514)	47,993	Total Council created reserves				26,557	(21,436)	12,093

Council created reserves 30 June 2016

Reserve fund	Purpose	Activities related to	Balance 1 July 2015	Transfers in	Transfers out	Balance 30 June 2016
			\$000	\$000	\$000	\$000
Community purposes reserve	Funds received and set aside for use on community facilities or for community purposes eg grants.	All Council activities	4,121	1,737	(1,066)	4,792
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	23,844	949	(898)	23,895
Wastewater capital contribution reserve	Capital contribution funds received from industry and set aside to offset future depreciation.	Wastewater	375	701	(564)	512
Depreciation reserves	Funds set aside for the replacement of assets and used to fund internal borrowing.	All Council activities	10,110	13,805	(14,580)	9,335
Stormwater improvement reserve	Funds set aside to fund stormwater projects .	Stormwater	-	50	-	50
Te Aroha Wastewater de-sludging project	Funds set aside to pay for the Te Aroha desludging project expected to be completed in 2015/16.	Wastewater	200	200	(65)	335
Total Council created reserves			38,650	17,441	(17,173)	38,919

Restricted reserves

Restricted reserves are those reserves subject to conditions accepted as binding by Council and which may not be revised by Council 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.

Balance 1 July 2014	Transfers in	Transfers out	Balance 30 June 2015	Reserve fund	Purpose	Activities related to	Balance 1 July 2015	Transfers in	Transfers out	Balance 30 June 2016
\$000	\$000	\$000	\$000				\$000	\$000	\$000	\$000
235	89	(324)	-	Endowment land sales reserve	Funds set aside in respect of the sale of endowment land in Te Aroha. The proceeds must be used for the provision of improvement of services and public amenities for the benefit of the inhabitants of Te Aroha.	Community Facilities	-	-	-	-
604	7	(1)	610	Reserves development	Funds set aside from reserves contributions to be used for parks and reserves.	Developments of parks and reserves	610	-	(41)	569
23	15	(13)	25	Bequests and trust funds	Funds set aside to be used for the nominated purpose of the bequest or trust fund.	Nominated purposes	25	1	-	26
862	111	(338)	635	Total restricted reserves			635	1	(41)	595

Asset revaluation reserves

Actual 2014/15		Actual 2015/16
\$000		\$000
	Operational assets:	
10,976	Land	10,976
5,330	Buildings	5,305
6,004	Restricted land	6,004
5,900	Restricted buildings	5,900
	Infrastructure assets:	
21,645	Roading	30,561
14,232	Water	27,840
19,744	Stormwater	21,444
10,887	Wastewater	12,470
-	Land	-
388	Buildings	388
95,106	Total asset revaluation reserves	120,888

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

Actual 2014/15		Actual 2015/16
\$000		\$000
2,358	Surplus/(deficit) for the year	5,086
	Add/(less) non-cash items	
(5)	Share of joint venture surplus/(deficit)	(21)
12,729	Depreciation and amortisation expense	13,479
(2,739)	Vested and found assets	(1,740)
17	Impairment of investments in Council Controlled Organisations	-
233	Net (gain)/loss on forward foreign exchange contracts	-
1,737	Net (gain)/loss on interest rate swaps	1,639
-	Assets under construction reclassified as operating expenditure	(35)
-	Assets under construction reclassified as inventory	554
44	Other non-cash operating items	272
	Add/(less) movements in working capital items	
(372)	(Increase)/decrease in receivables	(1,430)
37	(Increase)/decrease in inventory and assets held for sale	(412)
-	Increase/(decrease) in payables	1,101
134	Increase/(decrease) in employee entitlements	(43)
(111)	Increase/(decrease) in provisions	33
	Add/(less) items classified as investing or financing activities	
891	(Gain)/loss on disposal and impairment of property, plant and equipment	500
310	(Gain)/loss on financial assets at fair value through surplus or deficit	-
12	(Gain)/loss on fair value of loans and receivables	10
15,275	Net cash inflow from operating activities	18,993

28. Capital commitments and operating leases

Actual 2014/15		Actual 2015/16
\$000		\$000
	Capital commitments	
51	Restricted land	-
3,755	Restricted buildings	1,149
898	Roading	2,514
	Water	1,737
4,704	Total capital commitments	5,400

Capital commitments represent capital expenditure contracted for at balance date but not yet incurred. There are no capital commitments in relation to the Council's interest in its joint venture.

Operating leases as lessor

Council leases its property under operating leases. The majority of these leases have cancellable terms of 36 months. Council also has two perpetual non-cancellable leases for endowment properties (2015: two). The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows.

Actual 2014/15		Actual 2015/16
\$000		\$000
	Non-cancellable operating leases as lessor	
8	Not later than one year	8
34	Later than one year and not later than five years	34
91	Later than five years	83
133	Total non-cancellable operating leases	125

No contingent rents have been recognised during the period.

29. Contingent liabilities

Uncalled capital

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

Council has uncalled share capital in Local Authority Shared Services Limited, which amounts to \$1,000 as at 30 June 2016 (2015: \$1,000), and uncalled share capital in Waikato Regional Aerial Photography Service of \$4,708 (2015: \$4,708).

Local Government Funding Agency

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

The LGFA has 30 local authority shareholders and this Council is one of 9 local authority guarantors of the LGFA. Together with the shareholders and other guarantors, Council is a guarantor of all of LGFA's lending. At 30 June 2016, LGFA lending totalled \$6.445 billion plus accrued interest (2015: \$4.955 billion plus accrued interest).

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

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

Unquantified claims

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

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

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

Te Aroha wastewater resource consent

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

Thames Valley Combined Civil Defence Committee

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

30. Related party transactions

Related party transactions with joint ventures and associated entities

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship 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.

Related party disclosures have also not been made for 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.

Related party transactions required to be disclosed

In its agreement with the Hauraki Rail Trail Charitable Trust, Council has agreed to underwrite the maintenance for the portion of the cycleway within our district to the end of 2016/17. This is to ensure that standards are maintained should the Trust not be able to generate enough revenue to do so. The Trust can only request funding under the underwriting agreement if certain conditions are met. An amount of \$29,665 (2015: \$29,665) was paid to the Trust during the year under the terms of the agreement. Councillor Teena Cornes was Council's appointed Trustee and Chair of the Trust up until July 2015.

Key management personnel compensation

Actual 2014/15		Actual 2015/16
\$000		\$000
	Councillors	
377	Remuneration	404
12	Full-time equivalent members	12
	Executive Management Team, including the Chief Executive	
946	Remuneration	961
4	Full-time equivalent members	4
1,323	Total key management personnel remuneration	1,365
16	Total full-time equivalent personnel	16

Due to the difficulty in determining the full-time equivalent for Councillors, the full-time equivalent figure is taken as the number of Councillors.

31. Remuneration

Elected representatives

Elected representatives received the following remuneration:

Actual 2014/15		Actual 2015/16
\$		\$
	Mayor	
102,470	Barnes, Jan	107,423
	Councillors	
25,857	Cornes, Teena	27,114
24,000	Goodger, Neil	26,100
27,600	Hunter, Brian	30,015
24,000	Jager, Peter	26,100
24,000	McGrail, Robert	26,100
24,000	Robb, Nicki	26,100
24,000	Stanley, Garry	26,100
24,000	Steffert, Maurice	26,100
24,000	Tanner, Ashley	26,100
27,600	Thomas, James	30,015
25,440	Tisch, Leonie	26,686
376,967	Total elected representatives' remuneration	403,953

The amounts shown include Fringe Benefit Tax paid directly to the Inland Revenue Department and the value of non-cash benefits provided to elected representatives.

Chief Executive

The Chief Executive appointed under section 42 of the Local Government Act 2002 received the following remuneration:

Actual 2014/15		Actual 2015/16
\$		\$
244,332	Salary	230,310
9,700	Vehicle (market value plus Fringe Benefit Tax)	9,569
6,016	Medical insurance (market value plus Fringe Benefit Tax)	6,762
51,116	Superannuation contribution	63,839
5	Other Fringe Benefit Tax	3
311,169	Total Chief Executive's remuneration	310,483

Council Employees

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

	Actual 2015/16
Salary band	Number of employees
<\$60,000	172
\$60,000 - \$79,999	42
\$80,000 - \$99,999	24
\$100,000 - \$159,999	9
\$160,000 - \$319,999	4
Total employees (including full-time, part-time and casual employees)	251

Total remuneration includes non financial benefits (FBT, vehicle private use, superannuation, medical insurance and kiwisaver) provided to employees. At balance date, the Council employed 149 (2015: 149) full-time employees (a full-time employee is determined on the basis of a 40 hour week). With the balance of staff representing 48 (2015: 47) full-time equivalent employees including part-time and casual employees. Note: casual employees are normally not included in FTE figures due to the varying nature of their role - therefore the hours for casual staff have been estimated for this report.

	Actual 2014/15
Salary band	Number of employees
<\$60,000	172
\$60,000 - \$79,999	46
\$80,000 - \$99,999	19
\$100,000 - \$119,999	6
\$120,000 - \$159,999	6
\$160,000 - \$319,999	4
Total employees (including full-time, part-time and casual employees)	253

32. Severance payments

Council did not make any severance payments during the year ended 30 June 2016 (2015: one of \$29,060).

33. Events after balance date

There were no significant events after balance date.

34. Financial instruments

34A Financial Instruments Categories

The accounting policies for financial instruments have been applied to the line items as follows:

Actual 2014/15		Actual 2015/16
\$000		\$000
	Financial assets	
	Fair value through surplus or deficit - held for trading	
-	Derivative financial instrument assets	7
-	Total fair value through surplus or deficit - held for trading	7
	Loans and receivables	
4,538	Cash and cash equivalents	5,290
2,841	Receivables	4,262
	Other financial assets:	
157	- Community loans	123
819	- Industry loan	639
332	- Banks Road development loan	332
8,687	Total loans and receivables	10,646
	Held to maturity	
	Other financial assets:	
7,900	- Term deposits	8,400
410	- Local authority and other stock	410
8,310	Total held to maturity	8,810
	Fair value through other comprehensive revenue and expenses	
24	- Local authority and other stock	24
3,266	- Investments in Council Controlled Organisations and other entities	3,287
3,290	Total fair value through other comprehensive revenue and expense	3,311
	Financial liabilities	
	Fair value through surplus or deficit - held for trading	
990	Derivative financial instrument liabilities	2,635
990	Total fair value through surplus or deficit - held for trading	2,635
	Financial liabilities at amortised cost	
4,621	Payables	5,613
26,137	Borrowings	24,987
30,758	Total financial liabilities at amortised cost	30,600

34B 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:

2015/16				
Valuation techniques				
	Total	Quoted market price	Observable inputs	Significant non-observable inputs
	\$000	\$000	\$000	\$000
Financial assets				
Derivative financial instrument assets	7	-	7	-
Local authority and other stock	434	434	-	-
Investments in Council Controlled Organisations and other entities	3,287	-	-	3,287
Financial liabilities				
Derivative financial instrument liabilities	2,635	-	2,635	-

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

2014/15				
Valuation techniques				
	Total	Quoted market price	Observable inputs	Significant non-observable inputs
	\$000	\$000	\$000	\$000
Financial assets				
Local authority and other stock	434	434	-	-
Investments in Council Controlled Organisations and other entities	3,266	-	-	3,266
Financial liabilities				
Derivative financial instrument liabilities	990	-	990	-

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:

Actual 2014/15		Actual 2015/16
\$000		\$000
3,279	Balance at 1 July	3,266
(13)	Gain/(loss) recognised in the surplus or deficit	21
-	Purchases	-
-	Sales	-
3,266	Balance at 30 June	3,287

34C 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 was exposed to equity securities price risk on its Power New Zealand fund investment (up until it was realised in October 2014), which was classified as financial assets held at fair value through surplus or deficit. This price risk arises due to market movements in investments. This price risk was managed by diversification of Council's investment portfolio and the regular review and monitoring of the investment against the long term objectives for the fund, as set out in Council's Investment Policy.

Currency risk

Currency risk is the risk that the fair value or future cashflows of a financial instrument will fluctuate due to changes in foreign exchange rates. Prior to 2015 when the investment was sold, Council's Power New Zealand fund was invested in overseas equities and was therefore exposed to currency risk. Council minimised the impact of exchange rate movements by utilising hedging, which was set at a level of 50%.

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 not less than 30% of total borrowings in fixed rate instruments. 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 the 30% target.

Cashflow interest rate risk

Cashflow interest rate risk is the risk that the cashflows 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:

Actual 2014/15		Actual 2015/16
\$000		\$000
4,538	Cash and cash equivalents	5,290
2,841	Debtors and other receivables	4,262
	Other financial assets:	
157	- Community loans	123
819	- Industry loan	639
332	- Banks Road development loan	332
7,900	- Term deposits	8,400
410	- Local authority and other stock	434
-	- Derivative financial instrument assets	7
16,997	Total credit risk	19,487

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 29.

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:

2015/16						
Credit Ratings						
	AAA	AA-	A+	A	Not Rated	Total
	\$000	\$000	\$000	\$000	\$000	\$000
Cash and cash equivalents	-	5,290	-	-	-	5,290
Term deposits	-	8,400	-	-	-	8,400
Local authority and other stock	-	110	300	24	-	434
Derivative financial instrument assets	-	7	-	-	-	7
Community loans	-	-	-	-	123	123
Industry loan	-	-	-	-	639	639
Banks Road development loan	-	-	-	-	332	332

2014/15						
Credit Ratings						
	AAA	AA	AA-	A+	Not Rated	Total
	\$000	\$000	\$000	\$000	\$000	\$000
Cash and cash equivalents	-	4,538	-	-	-	4,538
Term deposits	-	5,900	2,000	-	-	7,900
Local authority and other stock	-	110	300	24	-	434
Derivative financial instrument assets	-	-	-	-	-	-
Community loans	-	-	-	-	157	157
Industry loan	-	-	-	-	819	819
Banks Road development loan	-	-	-	-	332	332

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.

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 29.

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 cashflows and include interest payments.

	Carrying amount	Contractual cashflows	Less than 1 year	1-5 years	More than 5 years
	\$000	\$000	\$000	\$000	\$000
2015/16					
Payables	5,613	5,613	5,613	-	-
Net settled derivative liabilities	2,635	113	113	-	-
Borrowings	24,987	25,220	398	20,822	4,000
Total	33,235	30,946	6,124	20,822	4,000
2014/15					
Payables	4,621	4,621	4,621	-	-
Net settled derivative liabilities	990	25	25	-	-
Borrowings	26,137	26,500	1,472	14,028	11,000
Total	31,748	31,146	6,118	14,028	11,000

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 cashflows	Less than 1 year	1-5 years	More than 5 years
	\$000	\$000	\$000	\$000	\$000
2015/16					
Cash and cash equivalents	5,290	5,303	5,303	-	-
Receivables	4,262	4,262	4,262	-	-
Net settled derivative assets	7	-	-	-	-
Other financial assets:					
- Community loans	123	134	42	92	-
- Industry loan	639	713	238	475	-
- Banks Road development loan	332	332	-	332	-
- Term deposits	8,400	8,595	8,595	-	-
- Local authority and other stock	434	461	43	418	-
Total	19,487	19,800	18,483	1,317	-

	Carrying amount	Contractual cashflows	Less than 1 year	1-5 years	More than 5 years
	\$000	\$000	\$000	\$000	\$000
2014/15					
Cash and cash equivalents	4,538	4,561	4,561	-	-
Receivables	2,841	2,841	2,841	-	-
Net settled derivative assets	-	-	-	-	-
Other financial assets:					
- Community loans	157	191	17	174	-
- Industry loan	819	950	238	712	-
- Banks Road development loan	332	332	-	332	-
- Term deposits	7,900	8,064	8,064	-	-
- Local authority and other stock	434	481	44	437	-
Total	17,021	17,420	15,765	1,655	-

Sensitivity analysis

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

2015/16	\$000			
	-100bps*		+100bps	
	Surplus	Other equity	Surplus	Other equity
Interest rate risk				
Financial assets				
Cash and cash equivalents	(9)	-	9	-
Financial liabilities				
Borrowings	60	-	(60)	-
Total sensitivity	51	-	(51)	-

2014/15	\$000			
	-100bps		+100bps	
	Surplus	Other equity	Surplus	Other equity
Interest rate risk				
Financial assets				
Cash and cash equivalents	(5)	-	5	-
Financial liabilities				
Borrowings	60	-	(60)	-
Total sensitivity	55	-	(55)	-

*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.

35. 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 the Council. Intergenerational equity requires today's ratepayers to meet the costs of utilising the Council's assets and not expecting them to meet the full cost of long term assets that will benefit ratepayers in future generations. Additionally, the 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 the Council to make adequate and effective provision in its Long Term Plan and in its Annual Plan (where applicable) to meet the expenditure needs identified in those plans. The Act further sets out the factors that the 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 the Council's Long-Term Plan.

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.

36. Explanations of major variances against budget

Explanations for major variations from the Council's 2015/16 budget figures in the 2015/16 Long Term Plan are as follows:

Major variations	LTP 2015/16	Actual 2015/16	Explanation for major variations to budget
	\$000	\$000	
Statement of comprehensive revenue and expense			
Rates	33,123	34,019	A significant increase in revenue from metered water rates was due to increases in consumption by major industrial users. There was also a small growth in the rating base and rates penalties received.
Subsidies and grants for capital expenditure	3,294	4,851	The contributions received/owing from the Te Aroha Events Centre Charitable Trust for the Events Centre project to date of \$1.82m were not included in the budget. Counter to this there was less capital subsidy received from NZTA, as the cost of the district-wide road re-sealing contract came in under budget and couple of projects were carried forward to next year.
Fees and charges	5,675	6,614	Revenue from trade waste charges for industrial users increased in line with their production. There was a significant unbudgeted increase in the number of building consents for new houses (200 compared to 103 last year), and the number of resource consents is higher by 42%. Health income is also higher than budgeted due to the effects of new legislation in this area.
Interest and dividends from investments	369	560	Interest earned on investments was higher than budgeted as the delay in capital spending resulted in more availability for investing funds.
Development and financial contributions	405	895	Revenue received from contributions was higher than budgeted due to some significant developments in the district, including the Young Street subdivision in Morrinsville, various developments in and around Matamata, and a Roding contribution from Hobbiton as a requirement of their resource consent.
Vested and found assets	200	1,740	The value of assets vested to Council through the subdivision process is difficult to budget with any accuracy on an annual basis. There were a number of developments across the district this year, where assets (particularly roading) were vested to Council as part of the consent conditions of the subdivision.
Payments to suppliers	18,473	15,994	Successful trials of bio-remediation treatment of the Te Aroha Wastewater Treatment Plant have meant that the \$2m de-sludging project programmed for this year was not required at this stage. \$150,000 budgeted for economic development activities was largely unspent at the end of the year. There were other minor savings across a number of activities.
Payments to staff	13,286	13,485	Additional staff were required for the increased workload in the consents and health areas and there were unbudgeted restructuring costs incurred during the period.
Finance costs	1,711	1,369	Debt raised was lower than projected in the LTP due to the delay in the capital programme, reducing overall finance costs, along with lower than projected interest rates.
Other losses	-	2,149	Other losses this year included significant non-cash losses, particularly the loss in the value at 30 June 2016 of Council's interest rate swap portfolio of \$1.639 million (due to the steep decline in interest rates), and a loss on disposal of property, plant and equipment of \$500,000.
Gains/(losses) on property, plant and equipment revaluations	4,924	25,782	The increase in the valuation of Council's water assets significantly exceeded the level budgeted, and roading assets were also slightly higher.
Statement of financial position			
Current assets	9,000	19,572	The balance of cash and investments held at balance date is higher than budgeted due to the delay in the capital programme. Receivables are also higher than budgeted, mainly due to the accrued contributions owing in respect of the Te Aroha Events Centre project.
Non-current assets	595,330	603,681	The balance of property, plant and equipment is higher than budgeted due to the increase in the valuation of the assets, but offset by the delay in the capital programme.
Current liabilities	4,190	8,561	Accounts payable at balance date were higher than budgeted, largely due to the capital work in progress at the end of the financial year
Non-current liabilities	43,497	28,548	Debt is significantly lower than budgeted due to the delay in the capital programme. In addition, a liability is recognised at year end for the unfavourable valuation of Council's interest rate swap portfolio at 30 June 2016.
Statement of cashflow			
Operating activities	12,241	18,993	The main contributors to the increase in operating cashflows compared to budget were the rates revenue received in advance, the increase in metered water and trade waste revenue from industrial users, increased development contributions, unbudgeted contributions in respect of the Te Aroha Events Centre project, increased interest from investments, the \$2m Te Aroha Wastewater desludging project not being required, and a reduction in interest costs.
Investing activities	(28,054)	(17,091)	Net cashflows from investing activities were lower than budgeted. This was due to unbudgeted proceeds from the sale of assets and a reduction in the capital spend compared to budget.
Financing activities	14,437	(1,150)	Budgeted debt requirements were not required due to the delay in the capital programme.

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 outcome
Facilitate Health & Safety meetings every 2 months with representatives from each company department	Achieve	Achieved. Health and Safety meetings are undertaken on monthly basis.
Zero WorkSafe notifiable accidents/injuries	Achieve	Not achieved. There was one notifiable incident.
Commission independent review of the company's Health & Safety framework. Implement recommendations from the independent review to ensure best-practice compliance	Achieve	Achieved. An independent review was undertaken and recommendations completed. Enhancing of existing tenant and contractors H&S control procedures were implemented. All existing H&S frameworks have been updated to include the provisions of the Health and Safety at Work Act 2015 requirements.
To achieve the Airport Certification Standards as required by the Civil Aviation Authority and as evidenced by Civil Aviation Authority audit reports	Achieve	Achieved. Two audits were undertaken by the Civil Aviation Authority of New Zealand (CAA) during the year and the airport continues to meet the Airport Certification Standards.
Ensure airport is operationally available for all scheduled passenger services (except for uncontrollable events)	Achieve	Achieved. There have been no incidents of scheduled flights being operationally impacted by controllable events.
Facilitate noise management meetings each 4 months in accordance with the Noise Management Plan	Achieve	Achieved. Regular meetings have been facilitated every four months.
Collect, document and act (where viable) on customer feedback forms to continuously monitor and improve the customer experience. Maintain a database to ensure recurring negative feedback is promptly acted upon	Achieve	Achieved. During the period 1 July 2015 to 30 June 2016, customer feedback cards were positioned in the terminal with 19 cards collected and documented. All items are considered by the management team and addressed where appropriate. Personal complaints are responded to.
Earnings before interest, taxation and depreciation (EBITDA)	\$2,061,000	\$2,585,000
Net surplus/ (deficit) after tax	(\$421,000)	(\$282,000)
Net profit/ (deficit) after tax to shareholders' funds	-1%	0.54%
Net profit/ (deficit) after tax to total assets	-1%	0.41%
Net cash flow (operating and investing)	(\$632,000)	\$2,789,000
Total liability/ shareholders' funds (debt/equity ratio)	25:75	21:79
Applicable to parent company (Airport) operations only		
Percentage of non landing charges revenue	64%	81%
Interest cover (parent only and calculated on the basis of interest from TPL and revaluations being excluded)	2.86	5.81

Waikato Local Authority Shared Services Limited (WCLASS)

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

Matamata-Piako's shareholding is 8.33%.

WCLASS has twelve 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	Target	Actual outcome
A minimum of three new procurement initiatives investigated per annum and business cases developed if considered appropriate.	Achieve	Achieved: Three new procurement initiatives have been implemented (Laboratory Services (5-year term), IT Professional Services Panel (3-year term, with a 2-year right of renewal), Internal Audit Services (3-year term).
Initiatives which are implemented shall provide financial savings and/or improved service levels to the participating councils.		Achieved: The Laboratory Services contract is expected to save over \$170,000 p.a. if all of the eligible councils participate. The IT Professional Services Panel provides discounted hourly rates of between 0 - 50% off market rates, averaging 10.4% over the 22 suppliers. The Internal Audit Services contract provides discounted hourly rates of between 25 - 30% off market rates, plus a number of additional, value added services at no cost. The fees will remain unchanged for 3 years.
New suppliers are awarded contracts according to the WCLASS Financial Delegations Policy.		Achieved: The Laboratory Services contract is an extension of an existing Waikato Regional Council contract, which was originally competitively tendered. Both of the other contracts were publicly tendered and awarded in accordance with the WCLASS Financial Delegations Policy.
A minimum of three priority projects for collaboration are identified per annum.	Achieve	Achieved: Five new collaboration projects were implemented during 2015/16: EECA Collaboration Agreement; development of a regional GIS Data Portal; transfer of the Waikato Building Consent group into WCLASS; the permanent establishment of RATA within WCLASS; the transfer of Future Proof into WCLASS.
If considered of value, business cases are developed for approval by the Board, and the projects are implemented.		Achieved: All proposals were approved following the consideration of a report to, and a resolution of, the WCLASS Board.
Monthly financial statements show a positive cashflow position.	Achieve	Achieved: The Contracts Register is up-to-date.
Contracts which are due for renewal are tested for competitiveness and either renegotiated or tendered through a competitive process.		Achieved: The NZ Post contract has been extended for 2 years on the existing terms and conditions.
Monthly financial statements show a positive cashflow position.	Achieve	Not achieved: Cash flow for the year shows a decrease in total cash held of \$10,944. The company still maintains a safe cash position, with cash, cash equivalents and bank account balances at the end of June 2016 being \$682,673.
Administration expenditure shall not exceed budget by more than 5%, unless prior approval is obtained from the Board.	Achieve	Achieved: Actual expenditure was 19% favourable compared to budget. Reports on the financial position were considered at WCLASS Board meetings on 21 August and 3 November 2015, and on 15 February, 1 April and 10 June 2016.
The Board shall provide a written report on the business operations and financial position of the WCLASS to the Shareholders every six months. Note that every second report shall be the Annual Report, which includes a report that all of the statutory requirements of the WCLASS are being adhered to.	Achieve	Achieved: The 2015/16 WCLASS Annual Report is being provided. The 6-monthly report was sent to all shareholders on 27 January 2016.

Performance measure	Target	Actual outcome
The Mayoral Forum is regularly updated on the progress of each approved workstream.	Achieve	Achieved: Progress reports were provided to the Mayoral Forum on 7 September and 16 November 2015, and 22 February and 18 April 2016.
Approved invoices for Mayoral Forum projects are paid by the 20th of the month following their receipt.		Achieved: All approved invoices were paid by the 20th of the month following their receipt.
The SVDS is available to users at least 99% of normal working hours.	Achieve	Achieved: SVDS was available to users for more than 99% of normal working hours.
All capital enhancement work is supported by a business case and approved by the SVDS Advisory Group.		Not Applicable: No capital enhancement work was undertaken during 2015/16.
The SVDS Advisory Group meets at least 6-monthly.		Achieved: The SVDS Advisory Group met five times - on 6 August and 5 November 2015, 29 January (teleconference), 10 March and 2 June 2016.
All modelling reports requested from the model supplier are actioned within the agreed timeframe, scope and budget.	Achieve	Achieved: The model supplier reports quarterly on service performance. All modelling reports were actioned within the agreed timeframe and scope; two projects were under the budget estimate and one was slightly over.
A report by the Contract Manager on any new developments and on the status of the model is provided to the WLASS Board at least every six months.		Not Achieved: Only one report was provided to the Board, at their meeting on 15 February 2016.
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: WRTM Census update base model was completed in August 2015. The Peer reviewer has been engaged from the outset of the project. All technical notes and the base model have been signed off by the peer reviewer. Peer reviewer is scheduled to sign off the Future Models in late 2016.
A survey of shareholders is undertaken each year, and the results are reported to all shareholders.	Achieve	Achieved: A survey was undertaken in May 2016, and the results are included in this report. For the 2015/16 survey, the scale of response has been changed from yes, partially, barely, no, don't know/not applicable to very satisfied, satisfied, partially satisfied, dissatisfied and don't know/not applicable. The results for the 2015/16 year are based on the percentage of very satisfied and satisfied responses. Responses of "Don't know" and "N/A" have been excluded from the results.
Information on the financial and non-financial benefits being achieved by WLASS are included in the 6-monthly and Annual Report to shareholders.	Achieve	Achieved: Information on the achievements of WLASS over the past 12 months are included in this report and as part of these performance measures.

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 14 December 2014.

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

Other companies and organisations

New Zealand Local Government Insurance Corporation

This company's prime objective is to ensure the long term provision of stable and cost effective risk financing products for local government in New Zealand. Council holds 1.09% of the shares in the company with the remaining shares being held by other councils in New Zealand.



OUR COMMUNITY
OUR FUTURE



Annual Report 2015/16

Part three: What we do



Community Facilities & Property

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, 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 provides a wide range of community facilities like pools, libraries, and events centres, tourist attractions like 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 housing for elderly people and Council land and buildings. These activities all help make our community a great place to live and visit.

Did you know?

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

Did you know?

Council looks after:

- Parks and reserves - 70
- Tracks - 50kms
- Playgrounds - 21
- Elderly Pensioner Houses - 109
- Libraries - 3
- Pools - 3
- Public toilets - 20



New playgrounds at Morrinsville Recreation Ground and Thomas Park

Significant effects

Our activities have the potential to have both positive and negative effects on the community. The significant positive effects and significant negative effects of Community Facilities and Property are identified below, along with how we plan to manage and maintain them.

Significant negative effects of our activities	Council activities								How we have mitigated the effects
	Carparks and street furniture	Cemeteries	Housing and property management	Libraries	Parks and tracks	Pools and spas	Public toilets	Recreation facilities and heritage	
The location and design of community facilities could result in anti-social behaviour (such as vandalism, graffiti and bullying).	✓	✓	✓	✓	✓	✓	✓	✓	Six Crime Prevention Through Environmental Design (CPTED) studies have been undertaken on parks and other facilities this year to identify improvements that can be made to reduce anti-social behaviour and increase safety. We continue to consider the CPTED principles when planning and developing new parks and other facilities, including the Silver Fern Farms Events Centre in Te Aroha and the Matamata-Piako Civic and Memorial Centre.
Our community facilities may be under or over used due to their location, size and distribution.	✓	✓	✓	✓	✓	✓	✓	✓	The Open Spaces Strategy was adopted in 2013. It looked at open space provision and identified the need for additional linkage parks and walkways. A review of the strategy is scheduled for 2018. Various projects identified in the Strategy were incorporated in the Long Term Plan 2015-25. We are currently negotiating with key landowners regarding the Morrinsville River Walk extension. In 2015/16 we started a review of our Track Strategy (adopted 2008) to reflect the vision of the Open Spaces Strategy.
Modifying native ecosystems to maintain/create tracks could cause damage to our natural environment.					✓				In carrying out our track maintenance work we have used methods that cause the least possible damage to the ecosystem e.g. replanting native plants. Our Track Strategy is currently under review. The Draft Strategy includes policies around assessing and managing environmental effects including cases where resource consent may not be required under the District Plan.
Health issues could be caused by cemeteries or public toilets if services are not adequately provided.		✓					✓		We have ensured our staff are trained, our facilities are monitored/audited, and a timely response to complaints/ customer requests. Some of our busier public toilets are cleaned four times daily to ensure they remain clean and safe to use for our customers and visitors.
The age and design of some housing units, corporate buildings and other facilities may lead to increased maintenance and energy costs.			✓	✓		✓	✓	✓	We have incorporated energy efficient components in the design of Silver Fern Farms Events Centre such as LED lighting. We continue to save on energy costs at Swim Zone Matamata since installing a new hot water bore in 2014. We continue to lessen maintenance costs through renewals and proactive maintenance.

Significant positive effects of our activities	Council activities								How we have maintained the effects
	Carparks and street furniture	Cemeteries	Housing and property management	Libraries	Parks and tracks	Pools and spas	Public toilets	Recreation facilities and heritage	
We provide places for social interaction, events and participation in community life.				✓	✓	✓		✓	Libraries, parks, tracks, pools, spas and recreational and heritage facilities provide places for people to socialise and be active.
We promote the joy of reading and literacy, assisting individuals to benefit from their education and participate in the digital world.				✓					We have ensured that appropriately trained and experienced staff are available to support the community.
We assist with preserving and maintaining access to local and national history and culture so that community memories are kept safe, diversity is respected and community identities are strengthened.				✓	✓			✓	We have ensured that appropriate resources and materials are actively collected and made available as widely as possible.
Parks and tracks help protect natural areas and resources.					✓				We continue to provide adequate funding to maintain existing assets, including those along waterways that protect our communities from flooding.
We help maintain good public health through the provision, management and maintenance of cemeteries and public toilets.		✓					✓		We continue to provide cemeteries and public toilets in accordance with legislative and safety requirements.
Elderly persons housing provides affordable accommodation for the elderly.		✓							We continue to monitor rentals for elderly persons housing units to ensure they are below the market median.

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 and 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.

Capital projects	What have we been doing?	2015/16	
		Budget (\$000)	Actual (\$000)
Bulk funds	<i>This funding provides for minor, unplanned works and currently also funds renewals that fall outside the renewal plans/renewal budgets. Potential projects are assessed against criteria before being approved.</i>		
	Library/Skate Park - Sealing, drainage, car park and footpath - We have completed re-surfacing the rear carpark by the Council office and library and skate park with chipseal. The carpark has also been re-marked.	30	24
	District wide - boundary signage - We are planning to replace the existing Welcome/Farewell signs at the district boundaries. Design options have been completed and are currently being reviewed. We expect to install the new signage by late 2016.	15	-
Total key capital projects		45	24

Levels of service

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

Level of service	How we measure performance	2012/13	2013/14	2014/15	2015/16	Achieved	Additional information
		Actual			Target		
We will provide well maintained carparks and street furniture and will address 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*.	New measure			90% or more	x	To ensure our facilities are safe and maintained to an acceptable standard, we aim to respond to complaints in a timely manner. Our response rate is measured through our Customer Request Management system. We received 46 complaints about damage, vandalism and graffiti on Council carparks and street furniture. Of these, 26 were responded to within the assigned timeframe. The main complaints concerning carparks were potholes occurring. The main complaint concerning street furniture was graffiti.
					Actual		

*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.



Thames Street, Morrinsville



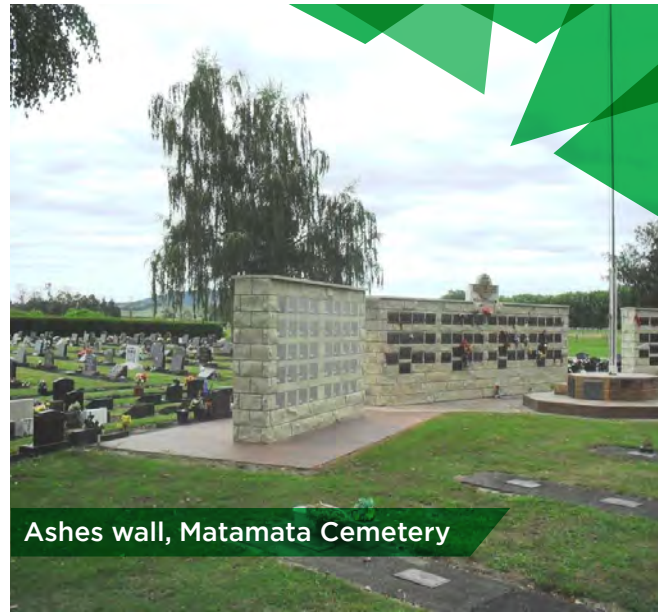
Morrinsville office and library car park

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.

Did you know?

You can access more than 5,000 burial records online through our cemetery database on our website.



Ashes wall, Matamata Cemetery

Our projects from the last twelve months

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

Capital projects	What have we been doing?	2015/16	
		Budget (\$000)	Actual (\$000)
Bulk funds	This funding provides for minor, unplanned works and currently also funds renewals that fall outside the renewal plans/renewal budgets. Potential projects are assessed against criteria before being approved. While each activity under Community Facilities and Property has a budget identified, this total budget of \$150,000 is reallocated as needed between the activities in this group. No projects were identified for 2015/16 for the Cemeteries activity with funding being reallocated to other activities within this group.	25	-
Total key capital projects		25	-
Matamata Cemetery Ashes Wall (carry forward bulk fund project)	We have constructed an additional ashes wall at the Matamata Cemetery.	35	31

Levels of service

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

Level of service	How we measure performance	2012/13	2013/14	2014/15	2015/16	Achieved	Additional information
		Actual			Target		
Cemeteries will be maintained at a high standard.	Percentage of people satisfied/very satisfied with cemeteries, who have visited a Council cemetery in the last year.	92%	79%	90%	80%	✓	We aim to maintain cemeteries at a standard that satisfies cemetery visitors and shows respect to our deceased. We measure this through our annual customer satisfaction survey. This year's result is similar to previous years with 88% of respondents satisfied/very satisfied with our cemeteries. 44% said they were very satisfied, 44% were satisfied. A further 9% said they were neither satisfied nor dissatisfied and 2% didn't know. One percent of respondents said they were dissatisfied. Reasons given for dissatisfaction included lack of seating and the general condition of the cemetery in Te Aroha.
					Actual		
					88%		

Housing and Property Management

We own and manage a variety of land and buildings including providing elderly persons housing for older people to access affordable and convenient housing in a quiet, maintenance free and supportive living environment. We also provide staff housing to help attract new staff to move to the district. Staff that use staff housing pay market rate rents and any vacant staff houses are rented to members of the public. 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 21 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 and general property, that we lease to others until we need them.



Council office building, Te Aroha

Our projects from the last twelve months

There were no new capital projects planned in 2015/16. Renewal projects that have been undertaken in the last twelve months are outlined below.

Other projects	What have we been doing?	2015/16	
		Budget (\$000)	Actual (\$000)
Te Aroha Council Office Roof (renewal funded)	We have renewed the roof of the Council office building in Te Aroha. The work was required due to the structural condition of the old roof and in particular the internal gutter system. We laid a membrane over the old roof and gutters to prevent ingress of water. Construction was completed in April, with total project cost of \$297,000. This project was funded from a combination of carry forward funding from 2014/15 renewal budgets (\$237,000) and 2015/16 renewal budgets (\$60,000).	297	297
Total projects		297	297

Levels of service

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

Level of service	How we measure performance	2012/13	2013/14	2014/15	2015/16	Achieved	Additional information
		Actual			Target		
We will provide housing that meets the needs of elderly people.	Percentage of elderly persons housing tenants satisfied/very satisfied with the standard of maintenance and accommodation.	82%	87%	85%	80%	✓	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. This year 41% said they were very satisfied and 46% said they were satisfied. A further 6% said no comment and 6% said they were neither satisfied and dissatisfied. 1% of tenants said they were dissatisfied with the overall elderly persons housing service. The main reason for dissatisfaction was concerns about lack of ground maintenance and the poor condition of some of the units.
					Actual		
					87%		
We will provide affordable elderly persons housing.	Rent charged for elderly persons housing will be below the market median for the district.	Achieved Rents below median			Rents 10% below market median	✓	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 an audit of our annual accounts and review of annual market median rents as supplied by the Ministry of Building, Innovation and Employment. Rent for a one bedroom flat is \$148 (market median is \$187) and \$195 for a two bedroom flat (market median is \$220). This is 21% and 11% respectively below market medians.
					Actual		
					Rents at least 10% below market median		
Our elderly persons housing will be well utilised.	At least 90% of elderly persons housing will be occupied.	99%			95%	✓	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.
					Actual		
					99%		

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, putting people in touch with information and providing an information gateway.

Did you know?

We stock over 70,000 books, magazines, newspapers and thousands of online resources which are available through our online library catalogue.



Online library services - increased use

Our projects from the last twelve months

There were no new capital projects planned for 2015/16. Renewal projects and some community activities that have been undertaken in the last twelve months are outlined below.

Other projects	What have we been doing?	2015/16	
		Budget (\$'000)	Actual (\$'000)
Kotui Software Upgrade	Kotui, the shared library software, migration has been achieved successfully. The migration was well organised and well tested ahead of the libraries 'go live' day. The new software has opened up new opportunities for the libraries in terms of improved work flows, increased ability to automate services as well as further collaborative projects with other libraries. The librarian's focus for the remainder of the year will be to extend training for staff and customers and to review best practice with our Kotui colleagues.	120	101
Summer reading programme	The programme is aimed at keeping children reading over the long summer break, and 166 children enrolled in the programme. Seventy-seven children attended the activity sessions held at each of the libraries and 99 children fully completed the whole programme, which culminated in a prize giving and party at the local pool. A total of 888 books were read. The programme has been supported for many years by the Matamata and Morrinsville Kiwanis. This year they donated \$2,050 towards the cost of running the programme.	-	-
Total projects		120	101

Levels of service

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

Level of service	How we measure performance	2012/13	2013/14	2014/15	2015/16	Achieved	Additional information
		Actual			Target		
Our library services will be accessible to the community.	The number of people visiting our libraries.	244,102 visit	222,843 visits	198,103 visits	Maintain 2013/14 benchmark (222,843 visits) Actual 186,552	x	This is measured through door count records. Our 2015/16 performance target was to maintain the 2013/14 benchmark of 222,843 visits. With 186,552 visitors for the year we did not reach the target. It is noted that visits to the library website has increased (refer below), which could indicate that some people have changed the way they are accessing information from the libraries.
	The number of people accessing library information online.	New website built	6,389 visits	8,154 visits	Maintain 2013/14 benchmark (6,389 visits) Actual 16,383 visits	✓	This is measured through website visitor statistics. Our 2015/16 performance target is to maintain the 2013/14 benchmark of 6,389 visits. In 2015/16 we had more than 16,000 visits to the libraries online services. The growth in people accessing our library information online could be due to the growth in our online resources including e-books, online newspapers and databases.
Our library resources will support community needs.	The percentage of users who are satisfied/very satisfied with library services.	94%	90%	85%	90% satisfied or very satisfied Actual 85%	x	This is measured through our Annual Customer Survey. User satisfaction for the library services remained the same as in 2015 at 85%, which means target satisfaction was not achieved. 46% of respondents were very satisfied, 39% satisfied, 10% neither satisfied nor dissatisfied and 5% of users indicated they were dissatisfied. Reasons given for dissatisfaction included a perceived lack of titles available on loan.

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.

Our projects from the last twelve months

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

Capital projects	What have we been doing?	2015/16	
		Budget (\$000)	Actual (\$000)
Matamata Inner Walkway	Purchasing land part 1 - The Rotary Club of Matamata has volunteered to build a section of the walkway through the Peria Road Reserve, we are still working on finalising the location of the remainder of the walkway, and plan to undertake consultation with affected land owners in 2016.	175	-
Morrinsville River Walkway	This walkway will run from Studholme Street Bridge to Holmwood Park along the river. We have identified and assessed the suitability of potential route options. Consultation is underway with key land owners to finalise the route and design. Physical works are expected to start in late Spring 2016.	150	-
Bulk funds	<i>This funding provides for minor, unplanned works and currently also funds renewals that fall outside the renewal plans/renewal budgets. Potential projects are assessed against criteria before being approved. While Parks and Tracks has an identified budget of \$50,000 this total budget of \$150,000 is reallocated as needed between the activities in this group.</i>		
	Walton Reserve, Walton - Timber barrier - We are planning to install capped bollard timber barriers to prevent vehicle damage to the reserve. This work is planned for 2016/17.	2	-
	Te Aroha Domain Croquet Club - Access ramp - We have been working with the croquet club to finalise the design to the upper croquet green access improvements. Physical works is planned for 2016/17.	15	-
	Hetana Street Reserve, Matamata - Safety barrier fence - We have installed a new safety fence at the reserve between the railway line and the skate park.	10	6
	Lockerbie Park, Morrinsville - New track - We are planning a new North-South track to link to the existing tracks that run East-West in Lockerbie Park. We have been working with a local service club to partner on this project. Physical works are expected to take place over summer 2016/17.	10	-
	Russell Avenue, Te Aroha - New timber barrier - We are planning to install capped bollard timber barriers and chain gates to prevent vehicle damage to reserve. This work is planned for 2016/17.	7	-
	Waharoa (Matamata) Aerodrome - Fence around playground - This project is currently on hold pending a decision on the future hangar location at the Aerodrome.	15	-
Total key capital projects		384	6

Levels of service

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

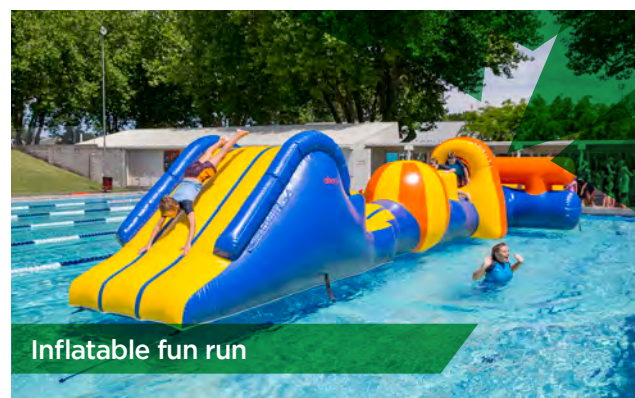
Level of service	How we measure performance	2012/13	2013/14	2014/15	2015/16	Achieved	Additional information
		Actual			Target		
We will provide good quality sports field facilities to meet the needs of users.	Percentage of users satisfied/very satisfied with sports fields.	88%	77%	81%	80% satisfied/very satisfied	x	This is measured through our Annual Customer Survey. This year's results are slightly down compared to last year. 26% said they were very satisfied and 53% were satisfied. 13% said they were neither satisfied nor dissatisfied, and 4% didn't know. 4% said they were dissatisfied and no-one said they were very dissatisfied. Reasons given for dissatisfaction included litter and dog fouling on the fields and lack of parking.
					Actual		
					79%		
We will promote and encourage the community to use our parks and reserves.	Percentage of users satisfied or very satisfied with parks and reserves.	88%	80%	75%	80% satisfied/very satisfied	x	This is measured through our Annual Customer Survey. This year's results saw an improvement of 4% compared to last year but still below target of 80%. 29% were very satisfied and 50% were satisfied. 17% said they were neither satisfied nor dissatisfied, and 2% didn't know. 1% said they were dissatisfied and 1% said they were very dissatisfied. Reasons for dissatisfaction included lack of maintenance and lack of facilities for older children.
					Actual		
					79%		
Our public playgrounds will be safe.	Playground safety will be assessed on a regular basis.	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.	✓	During 2015/16 inspections were undertaken once every two weeks and once every week during school holidays. People's safety will not be at risk while using playgrounds. This is measured through our playground safety audit records. An external playground audit was completed in November 2015 with recommendations for maintenance and renewal work being incorporated into the work programme during the year.
		Actual					
		Achieved					

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.

Did you know?

We have saved an average of \$2,500 per month in diesel costs at Swim Zone Matamata Since putting in a new hot water bore in January 2014.



Our projects from the last twelve months

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

Capital projects	What have we been doing?	2015/16	
		Budget (\$000)	Actual (\$000)
Bulk funds	<i>This funding provides for minor, unplanned works and currently also funds renewals that fall outside the renewal plans/renewal budgets. Potential projects are assessed against criteria before being approved. While Pools and Spas has an identified budget of \$25,000 this total budget of \$150,000 is reallocated as needed between the activities in this group.</i>		
	Swim Zone Morrinsville - We have purchased a new inflatable fun run for use at the Swim Zone Morrinsville.	10	9
	Swim Zone Morrinsville - We have purchased new covers for the learner pool.	15	7
Total key capital projects		25	16

Levels of service

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

Level of service	How we measure performance	2012/13	2013/14	2014/15	2015/16	Achieved	Additional information
		Actual			Target		
Our facilities will be safe for facility users and staff.	Four independent 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	x	Professional pool operation and management ensures people's safety will not be put at risk while using our pools. This is measured through records of quarterly external audits. Audits on our pools and spas were completed in November 2015, February and May 2016. The audit programme was delayed due to the closure of Swim Zone Matamata from 6 July to 24 October. Therefore only three audits were completed. The audit reports identified that some of areas within the facilities are suffering from wear and tear and need to be cleaned. This has been incorporated into the work programme and the renewal planning for future years.
					Actual		
We will provide well maintained aquatic facilities in the district.	Percentage of customers satisfied/very satisfied with pool facilities that have used them in the last year.	78%	79%	75%	80%	x	This is measured through our Annual Customer Survey. This year's results of 74% satisfaction did not meet our target of 80%. This is similar to last year. 30% of respondents were very satisfied and 44% were satisfied. A further 19% said they were neither satisfied nor dissatisfied, and 1% didn't know. 5% said they were dissatisfied and 1% said they were very dissatisfied. Reasons for dissatisfaction included requests for upgrading facilities and comments about restricted opening hours.
					Actual		
We will promote and encourage our community to use aquatic facilities.	The number of customers using our pool facilities will be maintained.	107,898	120,391	124,824	Visitor numbers will be within 5% of the five year average	✓	Measured by attendance records, each visit is counted as one and the figures do not differentiate between residents and out of district visitors. The target for 2015/16 is visitor numbers will be within 5% of the five year average. The five year average was 112,047 visitors. The target is for visitor numbers to fall within the range from 106,444 to 117,649. During the year we had 145,363 visitors to our pool facilities, which exceeds our target.
					Actual		

Public Toilets

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

Did you know?

In a 2014 study 90% of Hetana Street, Matamata, public toilet users were visitors while more than 80% of users at Herries Park, Te Aroha, and Studholme Street, Morrinsville, were local residents.

Did you know?

More than 300 people used the public toilets in Hetana Street in a single day in 2014.



Our projects from the last twelve months

There were no new projects undertaken in the last twelve months. We have one project that was carried forward from 2014/15 that has now been completed.

Capital projects	What have we been doing?	2015/16	
		Budget (\$000)	Actual (\$000)
Bulk funds	This funding provides for minor, unplanned works and currently also funds renewals that fall outside the renewal plans/renewal budgets. Potential projects are assessed against criteria before being approved. While each activity under Community Facilities and Property has a budget identified, this total budget of \$150,000 is reallocated as needed between the activities in this group.	25	-
Total key capital projects		25	-
Bulk funds Te Miro Forrest Park - New public toilets (carry forward 14/15)	We have funded construction of a backcountry toilet at the Te Miro car park in partnership with the Te Miro Mountain Bike Club (who arranged the construction) for use by walkers and cyclists using the mountain bike park.	10	9

Levels of service

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

Level of service	How we measure performance	2012/13	2013/14	2014/15	2015/16	Achieved	Additional information
		Actual					
Our public toilets will be maintained to acceptable standards.	Through the number of complaints received regarding dissatisfaction with the cleanliness of public toilets.	New measure			20 or less complaints about cleanliness per year.	x	<p>Our public toilets will be maintained to ensure the health and wellbeing of our community is not negatively affected. This is measured through number of complaints about cleanliness reported via our Customer Request Management system.</p> <p>We received 22 complaints regarding the cleanliness of public toilets during 2015/16. In some instances there were multiple calls about the same event.</p> <p>Six calls were received regarding individual incidents/accidents rather than about general cleanliness of the facilities. In these instances the toilets were cleaned up within two hours of receiving the call.</p>
					Actual		

Recreation Facilities and Heritage

Recreation Facilities and Heritage is about recreation 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.

Did you know?

More than 580 people made a submission to our Long Term Plan 2015-25 about the Matamata-Piako Civic and Memorial Centre.



Silver Fern Farms Events Centre

Our projects from the last twelve months

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

Capital projects	What have we been doing?	2015/16	
		Budget (\$000)	Actual (\$000)
Silver Fern Farms Events Centre	Design and planning phases have been completed and foundation excavation work commenced in December 2015. Construction is expected to be completed by October 2016. Costs to 30 June 2016 was \$3,500,000. The event centre will be known as Silver Fern Farms Events Centre. *Council is contributing \$2 million of the total \$4.6 million cost. The balance has been fundraised by the community.	5,000*	3,478
Matamata-Piako Civic and Memorial Centre, Matamata	The Matamata Memorial Centre needs serious repairs including a replacement roof, earthquake strengthening and a number of other repairs. Council has committed funding of \$6 million towards the Matamata-Piako Civic and Memorial Centre project. Council approved concept plans for further development in December 2015. A preliminary design was signed off by Council in May 2016. The preliminary designs outline the structural frame and relationships between key areas such as memorial hall, library and office spaces. The developed designs were signed off by the Matamata-Piako Civic and Memorial Centre Working Party in June 2016. Construction is expected to commence in early 2017. Project Costs to 30 June for the concept and preliminary designs are \$161,000.	2,000	161
Bulk funds	<i>This funding provides for minor, unplanned works and currently also funds renewals that fall outside the renewal plans/renewal budgets. Potential projects are assessed against criteria before being approved. While each activity under Community Facilities and Property has a budget identified, this total budget of \$150,000 is reallocated as needed between the activities in this group. \$50,000 was allocated against this activity under the Long Term Plan.</i>		
	Morrinsville Event Centre - 30 New tables have been purchased and will be delivered in July.	19	15
	Firth Tower - We installed a new disabled access ramp.	5	5
	Te Aroha Domain - Geyser improvements - A project was identified to improve the performance of the regular geyser display for tourists. However, maintenance work to the pipes have led to huge improvement in the geysers performance. The geyser is operating well at present and work is no longer required.	10	-
Total key capital projects		7,034	3,659

Levels of service

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

Level of service	How we measure performance	2012/13	2013/14	2014/15	2015/16	Achieved	Additional information
		Actual			Target		
We will provide well maintained recreation and heritage facilities and will address 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.	New measure			90% or more Actual 57%	x	There were seven complaints about damage to our Recreation and Heritage facilities in 2015/16. Of these four were responded to within the timeframe. Most of the complaints related to graffiti. Our response rate was measured from our Customer Request Management system.
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).		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.		

Funding Impact Statement

Community Facilities and Property

Funding impact statement for the year ended 30 June 2016

Long Term Plan budget 2014/15	Actual 2014/15		Long Term Plan budget 2015/16	Actual 2015/16	Explanation of key variances to the Long Term Plan budget
(\$000)	(\$000)		(\$000)	(\$000)	
Sources of operating funding					
7,419	7,252	General rates, uniform annual general charges, rates penalties	7,765	7,819	
93	98	Targeted rates	60	94	
-	9	Subsidies and grants for operating purposes	-	4	
2,667	2,738	Fees and charges	2,666	3,111	The sale of two sections in the Mangawhero Road industrial subdivision and two staff houses in Te Aroha and Waihou netted a \$308,000 profit on sales during the period. Rental income from pensioner housing was slightly higher than budgeted due to a small increase in rental and higher occupancy rates. Income from Swim Zone Te Aroha was higher due to increased admissions while Swim Zone Matamata income was lower due to closure of the pool for refurbishment.
296	125	Internal charges and overheads recovered	129	147	
-	-	Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	
10,475	10,222	Total operating funding (A)	10,620	11,175	
Applications of operating funding					
6,732	6,504	Payments to staff and suppliers	6,614	6,525	Asset management work for street furniture has been delayed until 2016/17. Maintenance and cleaning costs have been lower than budgeted due to the closure of Swim Zone Matamata for refurbishment.
397	187	Finance costs	306	135	Finance costs were lower than projected due to the delay in the capital programme, including the Matamata-Piako Civic and Memorial Centre and the Silver Fern Farms Events Centre projects.
1,589	1,860	Internal charges and overheads applied	1,708	1,859	
-	-	Other operating funding applications	-	-	
8,718	8,551	Total applications of operating funding (B)	8,628	8,519	
1,757	1,671	Surplus (deficit) of operating funding (A - B)	1,992	2,656	
Sources of capital funding					
-	89	Subsidies and grants for capital expenditure	-	1,820	The contributions from Te Aroha Events Centre Charitable Trust for the events centre project to date were not budgeted for.
84	65	Development and financial contributions	55	145	
81	(657)	Increase (decrease) in debt	3,874	900	Debt raised was lower than projected in the LTP due to the delay in the capital programme, including the Matamata-Piako Civic and Memorial Centre and the Silver Fern Farms Events Centre Te Aroha projects.
-	1,446	Gross proceeds from sale of assets	-	656	Gross proceeds from the sale of two sections in the Mangawhero Road industrial subdivision and two staff houses in Te Aroha and Waihou were not budgeted for in 2015/16.
-	-	Lump sum contributions	-	-	
-	-	Other dedicated capital funding	-	-	
165	943	Total sources of capital funding (C)	3,929	3,521	
Applications of capital funding					
Capital expenditure					
-	-	—to meet additional demand	315	-	Council budgeted to spend \$2m towards the \$5m Silver Fern Farms Events Centre project during the period. The spend to date is \$3,500,000 off-set by the Te Aroha Events Centre Charitable Trust providing contributions of \$1,820,000 so far. \$2m was budgeted to be spent during the year on the Matamata-Piako Civic and Memorial Centre development but only \$161,000 has been spent to date.
904	669	—to improve the level of service	4,185	4,587	
484	676	—to replace existing assets	863	2,273	Some renewal projects carried forward from last year have been undertaken during the year including \$1,347,000 for Swim Zone Matamata and the Te Aroha office roof replacement of \$297,000.
1	1,432	Increase (decrease) in reserves	558	(378)	
533	(163)	Increase (decrease) of investments	-	(305)	Council's investments increased during the period. Activities with a positive funding balance share in that increase of investments, while those with a negative funding balance show a decrease in investments.
1,922	2,614	Total applications of capital funding (D)	5,921	6,177	
(1,757)	(1,671)	Surplus (deficit) of capital funding (C - D)	(1,992)	(2,656)	
-	-	Funding balance ((A - B) + (C - D))	-	-	



Strategy and Engagement

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 are 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.

► Significant effects

Our activities have the potential to have both positive and negative effects on the community. The significant positive effects and significant negative effects of Strategy and Engagement are identified below, along with how we plan to manage and maintain them.

Significant negative effects of our activities	Council activities				How we have mitigated the effects
	Civil Defence	Communications and Events	Community Leadership	Strategies and Plans	
Our communications and opportunities for engagement may not reach the whole community, including Iwi.	✓	✓	✓	✓	We use a variety of communication channels to communicate with the community, ensuring the methods chosen are appropriate for the target audience/s. When planning for all consultations including those that happened in 2015/16 such as the 2016/17 Annual Plan and the Public Safety and Dog Control Bylaws and various policies, we prepare a communications plan to ensure appropriate forms of communication and engagement are used. We engage with Te Manawhenua Forum mo Matamata-Piako and post-treaty settlement Iwi entities to understand consultation needs. We have worked with the Forum on the development of Tangata Whenua Engagement, Guidelines and Kaitiaki/Cultural Monitoring Protocols to assist with Councils communication with Iwi.
A risk of negative impacts on the community, the environment and development if our planning documents are inadequate or fail to meet statutory requirements.	✓			✓	We continue to review and monitor our plans to ensure they meet the needs of our community. We are committed to undertaking a rolling review of our District Plan. In 2015/16, we adopted the following plan changes after community consultation: <ul style="list-style-type: none"> Plan Changes 43 & 44 - Transportation, Works and Network Utilities Plan Change 46 - Development Concept Plan for Poultry Processing and Manufacturing, Waitoa Plan Change 48 - Protected Trees.
Potential failure to build and maintain Council/ community relationships that can contribute to community wellbeing and strong strategies and plans.	✓	✓	✓	✓	We continue to work with and support community organisations that share Council and community goals. When we invite feedback on various plans and strategies we ensure community groups likely to be impacted by these are engaged in the process. For example when consulting on the Dog Control Bylaw we tried to ensure all dog owners, business associations, local police as well as the wider community were aware of the proposed changes and their opportunity to have their say and provide feedback.
The community could be put at risk by poor emergency planning.	✓				We are prepared for emergencies through community education, response planning and having staff trained to support an emergency response. The national training framework for Civil Defence is still being developed. In 2015/16 we increased our capability from 24% to 35%. Seven staff attended the Coordination Centres Foundational Course and 24 staff attended the Coordination Centres Intermediate Course. We will continue to train staff as the new training framework becomes available. In 2015/16 we ran one Incident Management Team exercise on 16 May 2016 and one emergency operations centre exercise on 20 June 2016. We also participated in the national Shakeout in October 2015 to raise awareness about earthquake preparedness in our communities.

Significant positive effects of our activities	Council activities				How we have maintained the effects
	Civil Defence	Communications and Events	Community Leadership	Strategies and Plan	
People are informed about activities and have the opportunity to participate in decision making.		✓	✓	✓	We continue to use a wide variety of communication tools to promote our projects and community engagement and investigate and trial new communication and engagement tools. This includes installing interactive touch screen kiosks in all offices, creating more video content and trying out new promotional materials such as footpath decals.
We recognise and celebrate successful people, businesses, and volunteers in our community.		✓			We continue to recognise and celebrate success through annual events, including Business Night Out and Volunteer Celebration. The Business Night Out was held on 8 October 2015. Just under 300 people attended the event and were entertained by keynote speaker, John Anderson, founder of Contiki. The Community Volunteer Awards was held 31 May 2016, with more than 90 volunteers being recognised for their contribution to our communities.
Effective planning documents allow us to manage our environment, and provide for resilient, safe and growing communities.	✓			✓	We continue to review and monitor our plans to ensure they meet the needs of our community.
Effective relationships build trust and engagement between Council and its community.	✓	✓	✓	✓	We continue to work with and support community organisations that share Council and community goals. In 2015/16 we provided more than \$200,000 in grants to community groups and organisation providing services to our local communities.
We are prepared for civil defence emergencies.	✓				We continue to ensure processes are in place to respond to natural disasters and civil defence events, through response planning, training exercises and community education. The national training framework for Civil Defence is still being developed. In 2015/16 we increased our capability from 24% to 35%. Seven staff attended the Coordination Centres Foundational Course and 24 staff attended the Coordination Centres Intermediate Course. We will continue to train staff as the new training framework becomes available. In 2015/16 we ran one Incident Management Team exercise on 16 May 2016 and one emergency operations centre exercise on 20 June 2016. We also participated in the national Shakeout day in October 2015 to raise awareness about earthquake preparedness in our communities.

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 are also part of the Thames Valley emergency operating area, which provides Civil Defence services at the local level.

► 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. We are planning to develop a Disaster Recovery Plan for our district.

► Levels of service

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

Level of service	How we measure performance	2012/13	2013/14	2014/15	2015/16	Achieved	Additional information
		Actual			Target		
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.	A gap analysis of required training and trained staff was developed.	18%	24%	50%	x	<p>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.</p> <p>The national training framework for Civil Defence is still being developed. We continue to improve our capability in this area, with staff attending training throughout the year.</p> <p>As of 30 June 2016 we have only reached 35% of the positions filled with appropriately trained staff. The remaining courses are still being developed nationally. This is programmed to occur over the next three years. Once these are available we will ensure we have appropriately trained staff.</p> <p>In 2015/16 we ran one incident management team exercise on 16 May 2016 and one emergency operations centre exercise on 20 June 2016. We also participated in the national Shakeout in October 2015 to raise awareness about earthquake preparedness in our communities.</p> <p>We provide information to our community on emergency readiness via our website and facebook.</p>
					Actual		

12%

of Waikato residents are fully prepared for an emergency when at home and away.



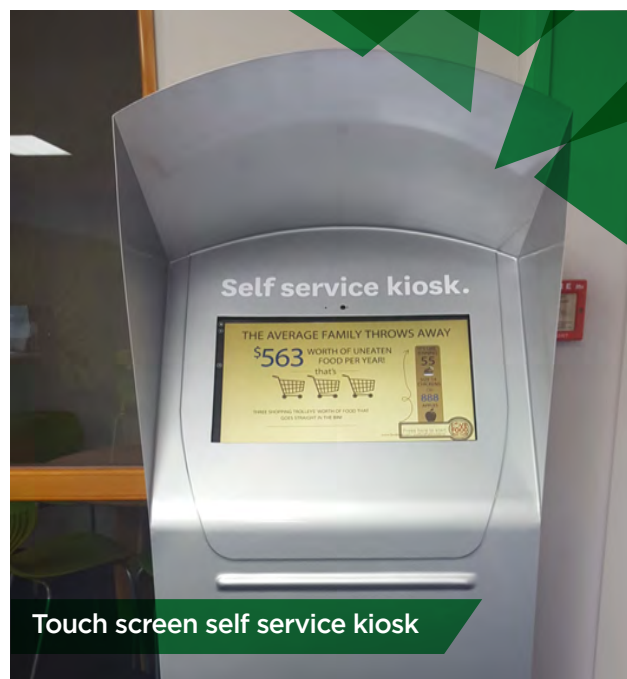
Communications and Events

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.

Did you know?

You can receive project updates and news articles from Council to your email by signing up to our eNewsletter at www.mpdc.govt.nz/sign-up.



Touch screen self service kiosk

Our projects from the last twelve months

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

Projects	What have we been doing?	2015/16	
		Budget (\$000)	Actual (\$000)
Increase transactions/ services that are available online	To increase accessibility to our services we have made a number of new services available online including a new recruitment system and touch screen kiosks at our offices. The kiosks allow customers to search the Rating Information Database including revaluation details, cemetery searches and services available on our website. More self service options are planned for these kiosks in the future. The cost of these services were allocated by providing an additional resource to deliver these services. There has been a significant increase in the number of visitors to our website with over 112,000 hits to our website in 2015/16 compared to just under 75,000 in 2014/15.	75	75
Events	The Business Night Out was held on 8 October 2015 at the Matamata Memorial Hall. Around 300 people attended the event and were entertained by keynote speaker, John Anderson, founder of Contiki. ANZAC Day services and ceremonies were held across the district, with civic ceremonies in Matamata, Morrinsville, Te Aroha and Walton. Over 90 volunteers representing 47 different community organisations attended the 2016 Community Volunteer morning tea at Wallace Gallery on 31 May. This year's Industry Training Graduation was held at the Morrinsville Rugby and Sports Clubrooms on 16 June 2016. Around 100 people attended and 32 graduates from a variety of trades were congratulated on their achievements.	28	28
Total key operational projects		103	103



ANZAC Day commemoration, Morrinsville

Levels of service

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

Level of service	How we measure performance	2012/13	2013/14	2014/15	2015/16	Achieved	Additional information
		Actual			Target		
We will hold events to recognise volunteering and cultural significance in our community and contribute to economic development.	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	Community Volunteer Awards	We will hold one function annually to recognise volunteers, ANZAC Day commemorations and two functions to contribute to economic development.	✓	<p>Council events provide opportunities for the community to get together and celebrate the success of groups and individuals who help make our community a vibrant place. This is measured by the number of events held annually.</p> <p>This year we have held the Business Night Out, Volunteer morning tea, Industry Training Graduation and ANZAC Day civic ceremonies.</p> <p>The Business Night Out was held on 8 October 2015. Just under 300 people attended the event and were entertained by keynote speaker, John Anderson, founder of Contiki.</p> <p>ANZAC Day was commemorated with civic ceremonies in Matamata, Morrinsville, Te Aroha and Walton.</p> <p>The Community Volunteer morning tea was held 31 May 2016, with more than 90 volunteers being recognised for their contribution to our communities.</p> <p>The Industry Training Graduation was held 16 June 2016 at the Morrinsville Rugby and Sports clubrooms, with 32 graduates from four different ITO's recognised. Andrew McGiven from Federated Farmers was this year's guest speaker.</p>
					Actual		
We will continue developing online services so residents and ratepayers can access information and interact with Council at any time, from anywhere.	The number of transactions/ services that can be completed electronically will increase each year.	New measure	Recruitment system	Service kiosks	One new transaction/ service per year	✓	<p>The website is a key business tool to provide information and electronic services to the community. It allows people to find the information they need and to interact with Council at their own convenience. This is measured through our internal records. A transaction/service includes any exchange of money or information between Council and a customer.</p> <p>The new online services made available during the 2015/16 financial year include a new recruitment system and touch screen kiosks at our offices. The kiosks allow customers to search the Rating Information Database including revaluation details, cemetery searches and services available on our website. More self service options are planned for these kiosks in the future.</p>
					Actual		
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.	New measure	Benchmark	61%	Benchmark	✓	<p>This is measured through our Annual Customer Survey. 22% of respondents said they were very satisfied and 39% were satisfied. A further 29% were neither satisfied nor dissatisfied and 4% didn't know. 4% were dissatisfied and 2% very dissatisfied. Reasons given for dissatisfaction included comments about the difficulties of accessing information, and getting the information required when contacting Council.</p>
					Actual		

Did you know?

More than 30% of survey respondents said their preferred method of communication with Council was through email updates.

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 decision making processes.

There are over
23,000
 registered voters in our district



Mayor, Councillors and Chief Executive

Our projects from the last twelve months

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

Projects	What have we been doing?	2015/16	
		Budget (\$'000)	Actual (\$'000)
Triennial elections	Elections of members of local authorities are held once every three years, on the second Saturday in October. The next elections will be held on 8 October 2016 and we have started work on this project, with the candidate handbook, pre-election report and other information being made available from our website in June. We expressed an interest to the Minister of Local Government in participating in an online voting trial for this election. Unfortunately the Minister decided not to go ahead with the trial in 2016.	25	24
Total key operational projects		25	24

Did you know?

In the 2013 elections, 44.46% of our community voted, with 9,875 voting papers received.

Levels of service

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

Level of service	How we measure performance	2012/13	2013/14	2014/15	2015/16	Achieved	Additional information
		Actual			Target		
People will have confidence in their local elected members.	Percentage of the community satisfied/very satisfied with the performance of Councillors and Mayor.	65%	63%	63%	75% or more satisfied Actual 65%	x	This is measured by the Annual Customer Survey. In 2016 65% of survey respondents were either very satisfied or satisfied (19% and 46%). A further 19% were neither satisfied nor dissatisfied and 10% didn't know. 4% said they were dissatisfied and 2% said they were very dissatisfied with the performance of elected members. The main reason given for dissatisfaction was about lack of communication and consultation.
	Council and committee meetings are heard in accordance with the provisions of the Local Government Official Information and Meetings Act 1987.	100% compliance			100% compliance Actual 100%	✓	To enable the democratic process the community needs to know when, where and how decisions are being made. This is measured through our internal records.
Council will involve Tangata Whenua with Mana Whenua status in the decision making process.	Percentage of Te Manawhenua Forum members satisfied/very satisfied that Tangata Whenua with Mana Whenua are recognised and involved in decision making.	68%	66%	77%	75% or more satisfied Actual 64%	x	By involving Tangata Whenua with manawhenua status in the decision making process, we can ensure that we are making informed and representative decisions on behalf of the community. This is measured by an annual satisfaction survey of our Te Manawhenua mo Matamata-Piako Forum members. This years results were down from 2014/15, and similar to earlier years. No reasons for dissatisfaction were given by Forum members.

Strategies and Plans

There are four key documents that are developed under the Strategies and Plans activity:

- **The Long Term Plan** - this is our 10 year business plan that provides the vision and direction for the district; we prepare these once every three years.
- **The Annual Plan** - this is prepared in the years between Long Term Plans to plan projects and budgets for the year ahead; any variations from the Long Term Plan must be set out in the Annual Plan.
- **The Annual Report** - this is produced every year to let the community know whether we have done what we said we would in the Long Term Plan/Annual Plan.
- **The District Plan** - We monitor the effectiveness and efficiency of the District Plan and are required to begin a review no less than every 10 years to ensure the District Plan reflects the needs of our community. District Plan changes must follow the process outlined in the Resource Management Act 1991.

We also ensure that our policies and bylaws are up to date - for example, the Gambling Venue Policy is reviewed every three years and we must review our bylaws every 10 years.

Our projects from the last twelve months

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

Projects	What have we been doing?	2015/16	
		Budget (\$'000)	Actual (\$'000)
Long Term Plan	We review our 10 year strategic plan every three year. To lessen the impact on rates we have smoothed the budget for this project over three years. The 2015/16 budget will be carried forward to next year.	45	-
Annual Plan	Under the Local Government Act 2002, we are required to prepare and adopt an Annual Plan in the years we do not adopt a Long Term Plan. The Annual Plan lets the community know what projects we plan on undertaking and sets the budget for that financial year. We consulted on the Annual Plan between 23 March - 29 April 2016, with a hearing held 18 May. The Annual Plan was adopted by Council on 22 June.	25	15
Annual Report	Under the Local Government Act 2002, we are required to prepare and adopt an Annual Report each financial year. The Annual Report lets the community know what projects we have undertaken and how we have performed against our key performance targets and budgets. We adopted our Annual Report for the 2014/15 financial year on 14 October 2015. We received a clear audit opinion from our independent auditors, Audit New Zealand. We also prepared a summary of the Annual Report in the form of a calendar.	14	12
Policy and Bylaws	We are undertaking a rolling review of the bylaws. We reviewed of our TAB Board Venue Policy, Gambling Venue Policy and Earthquake-prone, Dangerous and Insanitary Buildings Policy. We consulted on these policies alongside the Annual Plan consultation between 23 March and 29 April. A hearing was held 18 May. Council adopted the TAB Board Venue Policy, Gambling Policy and Earthquake-prone and Insanitary Buildings Policy on 22 June. The Sale and Supply of Alcohol Act 2012 allows councils to develop a Local Alcohol Policy (LAP) to control the location, number and the opening hours alcohol licence holders can operate in the district. Council consulted on the draft LAP in 2013. Following the adoption of a provisional LAP in February 2014, Council received three appeals. A hearing on the appeals was held in June 2015. Council hopes to have the appeals resolved by the end of 2016. In 2015/16 we reviewed the Dog Control Policy and Bylaw, as well as the Dog Control Act requires local authorities to adopt and regularly review a Dog Control Policy and Bylaw. We also reviewed the Public Safety Bylaw - Alcohol ban areas. The two bylaw consultations were run together in June, with a hearing of submissions scheduled for 20 July 2016. We expect to adopt the revised Policy and Bylaw by September 2016.	22	14
Regional collaboration	The development of a Waikato Plan has been underway since May 2013. The aim of the Waikato Plan is to take a 'one Waikato' view about the future of the region to enable informed decision making. The primary objective for the plan is 'To contribute to the Waikato's social, economic, environmental, and cultural wellbeing through a comprehensive and effective long-term (30 year) strategy for Waikato's growth and development.' The Waikato Plan, when it is complete, will provide a higher level of certainty for funding major infrastructure and facilities - particularly those requiring partnership with central government. A Waikato Plan Joint Committee (Joint Committee) has been formed to oversee the development of the Waikato Plan. The Joint Committee held its first formal meeting on 24 November 2014. Mayor Barnes is Council's appointed representative on the Joint Committee. A draft of the plan has been developed and it is anticipated that the Waikato Plan will be consulted on in 2017 and then finalised.	50	49
Regional RMA policy	To ensure that Council played an active role in the development of the Proposed Waikato Regional Policy Statement (RPS), we engaged with five other councils - Hauraki, South Waikato, Thames-Coromandel, Waitomo and Otorohanga to become the Joint Working Party (JWP). Elected representatives of the six councils made up the JWP with the support of staff from each council. A consultant and legal counsel were also engaged by the JWP to assist staff with all costs being split between the councils. The JWP provided comments to the Waikato Regional Council on the working draft of the PRPS and then made formal submissions to the notified version of the RPS as individual entities. The JWP then became parties to a number of appeals, which have all been resolved through mediation with the final documentation imminent. Given that our District Plan has to 'give effect to' the RPS, this process has been a huge success and it has allowed us to be actively involved in a process while meeting budgetary constraints.	50	-
State of the Environment Report	Each year we publish a State of the Environment Report on our website. The State of the Environment Report includes information monitoring and reporting on our environment including the pressures currently being placed on our environment and how we are responding to those pressures. The report was published on our website on 20 November 2015.	-	-

Projects	What have we been doing?	2015/16	
		Budget (\$'000)	Actual (\$'000)
State of the Environment Efficiency and Effectiveness Report	We have a duty to monitor the efficiency and effectiveness of our policies, rules, or other methods in its District Plan. The results of this monitoring must be made available at intervals of not more than five years. The District Plan became operative in July 2005, the first monitoring results were reported on in July 2010, and a corresponding report has been produced for 2015.	-	-
District Plan review	<p>We are required to commence a review on the provisions in our District Plan no later than 10 years after they become operative. We have decided to undertake a rolling review, which means that parts of the plan will be reviewed each year. The Matamata-Piako District Plan became operative in July 2005 so, in order to meet the 10 year statutory timeframe, we have commenced a review of each of the 39 plan changes required. These plan changes have been completed or will be over the coming years.</p> <p>Plan Changes 43 & 44 – Transportation, Works and Network Utilities</p> <p>These plan changes are a review of the Transportation and the Works and Network Utilities sections of the District Plan, including car parking requirements, traffic effects of activities, provisions for public infrastructure, and electricity and telecommunications activities. Both plan changes were made operative on 21 October 2015.</p> <p>Plan Change 46 - Development Concept Plan for Poultry Processing and Manufacturing, Waitoa</p> <p>Inghams Enterprises Limited (Inghams) lodged a private plan change on 8 October 2013 to review their Development Concept Plan (DCP), including amending the processing limit and noise controls for their Waiheke Road, Waitoa poultry processing plant. The purpose of the plan change was to ensure alignment between Inghams existing resource consents and the DCP contained within the District Plan, and to provide for additional growth and development. The plan change was made operative on 23 December 2015. The cost of this plan change was borne by Inghams.</p> <p>Plan Change 47 - Plan Your Town</p> <p>In mid 2014, we commenced a plan change to look at the extent of the residential, business, industrial and rural-residential zones of the three major towns, Morrinsville, Matamata and Te Aroha. It also reviews the subdivision and development controls of these zones. Background information is still being sought for certain aspects of the plan change and it is hoped that notification for submissions for Plan Your Town will commence around October 2016.</p> <p>Plan Change 48 - Protected Trees</p> <p>In mid 2015, we commenced a plan change to review the trees protected by Schedule 3 'Outstanding or significant natural features and trees and other protected items' in the District Plan. Firstly, an assessment of all the currently protected trees was carried out, followed by a process where residents could nominate trees on their own property and other significant trees were identified for possible protection. Plan Change 48 was notified for public submission in November 2015. A second round of submissions were invited in April with a hearing held in May. Council notified its decision on Plan Change 48 on 22 June 2016, with the 30 day appeal period closing on the 17 August 2016.</p>	200	157
Total key operational projects		406	247

Levels of service

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

Level of service	How we measure performance	2012/13	2013/14	2014/15	2015/16	Achieved	Additional information
		Actual			Target		
Our community will have the opportunity to participate in Council consultation processes.	Percentage of the community satisfied/very satisfied that they have been provided with an opportunity to be involved in consultation processes.	New measure			Benchmark	✓	This is measured through our Annual Customer Survey. 17% were very satisfied and 35% were satisfied. 30% of respondents said neither satisfied nor dissatisfied and 14% don't know. 3% said they were dissatisfied and 1% were very dissatisfied. The survey showed a lack of awareness about consultation processes undertaken during the year, with the main reason for dissatisfaction being not sufficient consultation with the public.
					Actual		
					52%		
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.	13 November	19 November	20 November	The updated report will be available by 20 November each year	✓	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.
					Actual		
					The report was available on our website on 20 November 2015		

Funding Impact Statement

Strategy and Engagement

Funding impact statement for the year ended 30 June 2016

Long Term Plan budget 2014/15	Actual 2014/15		Long Term Plan budget 2015/16	Actual 2015/16	Explanation of key variances to the Long Term Plan budget
(\$000)	(\$000)		(\$000)	(\$000)	
Sources of operating funding					
4,359	3,554	General rates, uniform annual general charges, rates penalties	3,849	3,876	
349	-	Targeted rates	-	-	
-	-	Subsidies and grants for operating purposes	-	1	
108	555	Fees and charges	148	314	Income from investments allocated to this activity is higher than budgeted as the delay in capital projects has resulted in higher level of cash investments being held during the year.
1	288	Internal charges and overheads recovered	538	515	
-	-	Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	
4,817	4,397	Total operating funding (A)	4,535	4,706	
Applications of operating funding					
1,949	1,955	Payments to staff and suppliers	2,490	2,198	\$150,000 budgeted for economic development activities is largely unspent at the end of the year. Partnership grants budgeted are underspent by \$48,000. Regional Plan review budget of \$50,000 has not been required as there has been no activity in this space during the year. \$45,000 budgeted this year for election and LTP costs in order to streamline rates - the costs for which will arise in following years.
-	7	Finance costs	28	3	
2,469	1,488	Internal charges and overheads applied	1,315	1,362	
-	-	Other operating funding applications	-	-	
4,418	3,205	Total applications of operating funding (B)	3,833	3,563	
399	980	Surplus (deficit) of operating funding (A - B)	702	1,143	
Sources of capital funding					
-	-	Subsidies and grants for capital expenditure	-	-	
-	-	Development and financial contributions	-	*	
30	(448)	Increase (decrease) in debt	571	(439)	Reduced capital spending and projects carried forward to next year (as detailed below) meant that loan funding was not required as budgeted.
-	80	Gross proceeds from sale of assets	-	118	Unbudgeted proceeds from sale of vehicles.
-	-	Lump sum contributions	-	-	
-	-	Other dedicated capital funding	-	-	
30	(368)	Total sources of capital funding (C)	571	(321)	
Applications of capital funding					
Capital expenditure					
-	-	—to meet additional demand	-	-	
69	-	—to improve the level of service	-	-	
916	918	—to replace existing assets	1,511	636	The vehicle fleet overall was reduced and budgeted vehicle replacements of \$300,000 were not required. \$100,000 was saved on the budgeted cost of replacing shelving, and IT infrastructure projects of \$325,000 will be carried forward to next year.
(662)	(228)	Increase (decrease) in reserves	(238)	38	
106	(111)	Increase (decrease) of investments	-	148	
429	612	Total applications of capital funding (D)	1,273	822	
(399)	(980)	Surplus (deficit) of capital funding (C - D)	(702)	(1,143)	
-	-	Funding balance ((A - B) + (C - D))	-	-	

*Emergency Management included here for 2014/15 Budget to compare to current year.



Roding

Roading

► What we do

We own and maintain 998 kilometres of local roads within the district, including 943km of sealed and 55km of unsealed roads. This is all the roads in the district except for state highways, Broadway and Firth Street in Matamata, Allen Street in Morrinsville and Whitaker/Kenrick Streets in Te Aroha, which are managed by the 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.



Did you know?

By changing our street lighting to LED lamps, we have projected a saving of approximately \$3.1 million over 20 years

- \$0.6 million in energy costs,
- \$1.04 million in maintenance costs
- \$1.48 million in replacement costs.

► Significant effects

Our activities have the potential to have both positive and negative effects on the community. The significant positive effects and significant negative effects of Roding are identified below, along with how we plan to manage and maintain them.

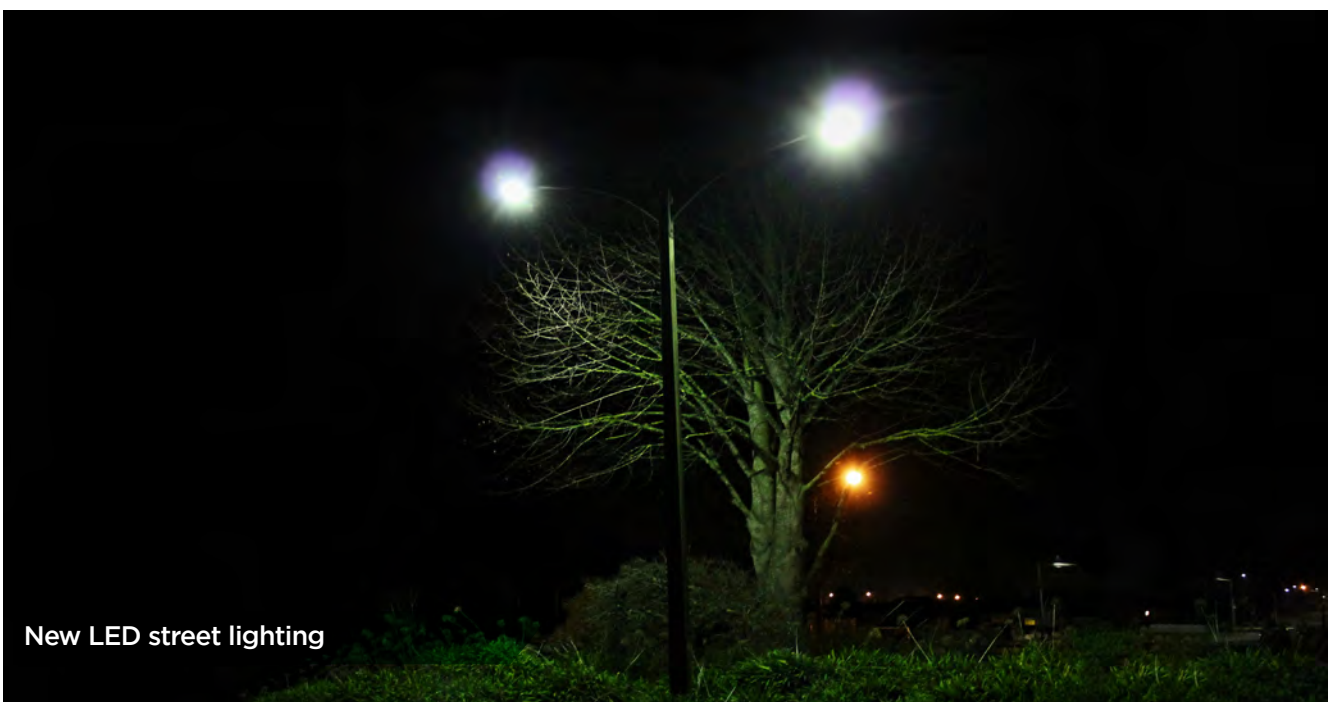
Significant negative effects of our activities	How we have mitigated the effects
Roding development can impact on culturally significant and productive land.	We track and record all the consultation procedures and results for each affected Maori/Iwi for all projects outside the existing road reserve. We will comply with the requirements of the Resource Management Act 1991.
Road and environment factors can contribute to crashes (particularly those that involve loss of control) and cause a number of people to be killed or injured on roads each year.	The New Zealand Transport Agency monitors and records through the Crash Analysis System the percentage of accidents caused by loss of control and the percentage of all road related deaths and injuries. We will undertake crash reduction studies and route security projects and maximise funding for minor improvement works to help reduce road accidents in our district.
The particular needs of pedestrians and cyclists can conflict with other forms of traffic.	We are working on the finalisation and implementation of the recommendations of our Walking and Cycling Strategy.
Significant positive effects of our activities	How we have maintained the effects
Roads provide access to employment and areas that contribute to economic growth.	We maintained funding levels and completed the asset renewal and maintenance programme for 2015/16.
Roding enhances transport efficiencies and lowers the cost of transportation.	We will manage road roughness by continuing to undertake pavement maintenance and renewal works. We will ensure our assets are renewed at appropriate times and the maximum amount of funding is obtained from external sources.
Road safety improvements help reduce the number of deaths and serious injuries as a result of road crashes.	The New Zealand Transport Agency monitors and records the percentage of all road related deaths and injuries through the Crash Analysis System. We will undertake crash reduction studies and route security projects and maximise funding for minor improvement works to help reduce road accidents in our district.

► Our projects from the last twelve months

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

Capital projects	What have we been doing?	2015/16	
		Budget (\$000)	Actual (\$000)
Te Aroha - Matamata Cycleway Extension**	Extending an existing tourist attraction to help encourage visitors to stay in the district. Consultation is currently underway with land owners on the preferred route.	150	25
Minor improvements	A mixture of safety improvements, traffic calming measures, guard railing and improvement to sight visibility. We have been completed on Kereone, Morrinsville-Walton, Davidson, Peria and Seddon Roads.	959	865
Seal widening	Peria, Morrinsville-Walton and Kereone Roads have had seal widening work undertaken.	160	157
New kerb and channel	This funding is used to extend the existing kerb and channel network in our urban areas.	55	77
New footpath	This funding is used for extending the existing footpath network in our urban areas.	55	17
New street lighting	We have extended and upgraded our existing street lighting to LED in our urban areas. 270 LED lamps have been installed in 2015/16.	160	170
Total key capital projects		1,539	1,311

** This is a multi-year project, with construction of the cycleway scheduled for 2016-18. \$3 million of this funding is provided by Council, the rest would be funded from external sources. Total project cost is budgeted with \$4 million.



Levels of service

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

Level of service	How we measure performance	2012/13	2013/14	2014/15	2015/16	Achieved	Additional information
		Actual			Target		
We will provide an accessible and affordable transport network throughout the district.	Percentage of customers who believe that the roading network is well maintained for the long term.	New measure			75%	x	This is measured by the Annual Customer Survey. In 2016 14% of respondents were very satisfied and 47% were satisfied. A further 29% were neither satisfied nor dissatisfied. 7% were dissatisfied and 3% were very dissatisfied. Reasons given for dissatisfaction included lack of maintenance and the general condition of some of the roads.
					Actual		
					61%		
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).*	Not measured	45 serious or fatal crashes**	New measure	Two less crashes from the previous year that are serious or fatal on Council roads	x	There were two serious or fatal crashes on our local road network in 2014/15. Our target for 2015/16 was 0 crashes. There have been two fatal crashes and eight serious crashes on our local road network between 1 July 2015 and 30 June 2016 so we have not achieved our target. This measure does not differentiate between crashes due to road factors and any other reason (e.g. driver error) and is measured by New Zealand Transport Agency statistics. Staff are analysing the crash data and investigating if any road safety improvements are required to mitigate future accidents.
					Actual		
					Increase of 8 serious or fatal crashes from previous year (2015/16 - 10 fatal or serious crashes, 2014/15 - 2 fatal or serious crashes)		
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	97.8%**	New measure	97% or more	✓	This is measured by a smooth travel exposure analysis that is conducted every two years. Well maintained roads and footpaths provide smoothness and comfort. Based on the survey the average quality of ride on our sealed local road network is 98%. This measure indicates the quality of ride on district roads is of a high standard on average.
					Actual		
We will provide a roading network that is maintained and developed to provide smoothness and comfort.	The percentage of the sealed local road network that is resurfaced.*	Not measured	8.5%**	New measure	8.5% or more	✓	We have 943km of sealed roads in our local road network. Of these, 89.79km (9.52%) has been resurfaced in 2015/16. This is measured by our internal records.
					Actual		
We will provide a reliable roading network and will respond to customer service requests in a timely manner.	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).*	New measure			95% or more within the acceptable level of service	Not measured	This 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. Our most recent assessment was completed in June 2015, this is completed every two years and the next survey is scheduled for June 2017.
					Actual		
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 Council responds to within the time frame specified in the long term plan.*	New measure			90% of urgent requests responded to within one working day 90% of non-urgent requests responded to within five working days	✓	We aim to investigate customer requests within appropriate timeframes. Some complaints can be resolved quickly; others can take time to work through. We received 11 complaints regarding urgent roading requests, all were responded to within one working day. The road, street or footpath must be completely impassable for the request to be determined as urgent. We received 790 non-urgent roading requests, of these 714 were responded to within five working days. The main issues were minor flooding of roads and potholes. This is measured by our Customer Request Management system.
					Actual		

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

** These results have not been audited by our independent auditor.

Funding Impact Statement

Roading

Funding impact statement for the year ended 30 June 2016

Long Term Plan budget 2014/15	Actual 2014/15		Long Term Plan budget 2015/16	Actual 2015/16	Explanation of key variances to the Long Term Plan budget
(\$000)	(\$000)		(\$000)	(\$000)	
		Sources of operating funding			
5,675	6,160	General rates, uniform annual general charges, rates penalties	5,732	5,771	
-	-	Targeted rates	-	-	
2,286	2,468	Subsidies and grants for operating purposes	2,487	2,464	
423	24	Fees and charges	146	187	Recoveries from damages to Council assets and revenue from vehicle permits were higher than budgeted.
615	306	Internal charges and overheads recovered	571	322	
246	229	Local authorities fuel tax, fines, infringement fees, and other receipts	230	233	
9,245	9,187	Total operating funding (A)	9,166	8,977	
		Applications of operating funding			
6,051	5,366	Payments to staff and suppliers	5,521	5,579	
459	121	Finance costs	143	88	Debt raised was lower than projected in the LTP due to the delay in the capital programme, reducing overall finance costs, along with lower than projected interest rates.
480	764	Internal charges and overheads applied	687	861	
-	-	Other operating funding applications	-	-	
6,990	6,251	Total applications of operating funding (B)	6,351	6,528	
2,255	2,936	Surplus (deficit) of operating funding (A - B)	2,815	2,449	
		Sources of capital funding			
3,290	2,799	Subsidies and grants for capital expenditure	3,294	3,031	A new re-sealing contract awarded during the year was less than budgeted, resulting in lower costs and lower subsidies received.
156	104	Development and financial contributions	126	319	Significant development contributions were received during the year from Young Street subdivision in Morrinsville and a roading contribution from Hobbiton as a requirement of their resource consent.
1,585	(3,057)	Increase (decrease) in debt	1,295	404	Debt raised was lower than projected in the LTP due to the delay in some minor capital projects that have been carried forward to next year (as detailed below) and the reduced cost of the re-sealing contract.
-	-	Gross proceeds from sale of assets	-	-	
-	-	Lump sum contributions	-	-	
-	-	Other dedicated capital funding	-	-	
5,031	(154)	Total sources of capital funding (C)	4,715	3,754	
		Applications of capital funding			
		Capital expenditure			
54	-	—to meet additional demand	62	-	
401	572	—to improve the level of service	1,477	960	Some minor capital projects have been carried forward to next year including culvert 7 on old Te Aroha Road \$150,000, and a bridge 130 on Studholme Street Morrinsville \$300,000.
6,761	5,690	—to replace existing assets	5,989	5,404	A new re-sealing contract awarded during the year was less than budgeted, resulting in lower costs of \$576,000 and lower subsidies received.
70	(2,722)	Increase (decrease) in reserves	2	(25)	
-	(758)	Increase (decrease) of investments	-	(136)	
7,286	2,782	Total applications of capital funding (D)	7,530	6,203	
(2,255)	(2,936)	Surplus (deficit) of capital funding (C - D)	(2,815)	(2,449)	
-	-	Funding balance ((A - B) + (C - D))	-	-	



Rubbish & Recycling

Rubbish & Recycling

What we do

We currently provide kerbside rubbish and recycling collection services to over 9,500 properties across the district, as well as operating three transfer stations located at Matamata, Morrinsville and Waihou. We provide 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.



Rubbish and recycling

Significant effects

Our activities have the potential to have both positive and negative effects on the community. The significant positive effects and significant negative effects of rubbish and recycling are identified below, along with how we plan to manage and maintain them.

Significant negative effects of our activities	How we have mitigated the effects
People dumping rubbish illegally due to increased cost of using waste facilities.	We have competitively tendered contracts and we ensure the efficient management of facilities and services to ensure our prices are competitive.
Increase in rubbish disposed to landfill due to lack of community participation in waste minimisation.	We provide community education on the benefits of recycling. We will provide free drop off for recycling. Wheelie bins were introduced for recycling in 2013, which increased the volume of recycling that could be collected by the kerbside collection. In 2015/16 we diverted 48% of all rubbish and recycling from landfills.
Significant positive effects of our activities	How we have maintained the effects
Complying with resource consent conditions helps protect our environment.	We continue to monitor and manage our transfer stations and closed landfills to ensure compliance with resource consent requirements. We received zero infringement notices in 2015/16.
Decrease in rubbish to landfill from waste diversion initiatives (for example through an increase in recycling or composting).	To promote waste diversion we have set lower cost alternatives such as recycling. We continue with community education services and provided 23 schools throughout the district with zero waste education resources in 2015/16. We also supported the EnviroSchool programme, which has 11 participating schools in Matamata-Piako.
Educating the community about waste reduction.	We continue to provide waste reduction education services to the community.



48% of all refuse is diverted from landfill

► Our projects from the last twelve months

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

Operational projects	What have we been doing?	2015/16	
		Budget (\$000)	Actual (\$000)
Rubbish and recycling education projects	Education programmes in schools - we support the zero waste programme which is run throughout 23 schools in our district. The budgeted amount of \$15,000 was incorrect in the Long Term Plan and should be \$25,000.	15	25
Waste minimisation activities	General waste minimisation activities including the Annual Report Calendar. The unspent funding from 2015/16 has been carried forward to 2016/17. We are investigating setting up a road show with neighbouring councils to promote conservation and waste minimisation.	95	48
Total key operational projects		110	73

► Levels of service

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

Level of service	How we measure performance	2012/13	2013/14	2014/15	2015/16	Achieved	Additional information
		Actual			Target		
We will provide kerbside refuse and recycling collection services to urban and rural townships and transfer stations.	Percentage satisfied/very satisfied with kerbside and refuse and recycling collection services and transfer stations.	77%	73%	73%	80% or more satisfied or very satisfied	✓	This is measured through our Annual Customer Survey. In 2016 45% of respondents were very satisfied and 35% were satisfied. A further 11% were neither satisfied nor dissatisfied and 3% didn't know. 4% of respondents said they were dissatisfied and 2% said they were very dissatisfied. The main reason for dissatisfaction was that kerbside collection is not available everywhere.
					Actual		
Reliable kerbside refuse and recycling collection services will be available to the community.	Number of complaints about kerbside refuse and recycling not collected on the usual collection day.	18 on average per month	25 on average per month	19 on average per month	20 or less complaints on average per month	✓	Making sure our services are reliable encourages people to recycle and dispose of waste appropriately. There were 200 complaints about rubbish and recycling not being collected on the usual day. This equates to 17 complaints per month. The majority of these were collected the next day. This is measured through our Customer Request Management system.
					Actual		
We will encourage residents to minimise waste disposal to landfill by providing more sustainable waste management options.	Proportion of waste diverted (recycled or composted) from the transfer station and kerbside recycling collection service.	31%	45%	47%	45% or more of the total waste diverted from the landfill	✓	By encouraging recycling we can decrease the amount of waste going to landfill, helping our community to act sustainably. This is measured through our records of monthly weighbridge quantities of kerbside and transfer station recyclables.
					Actual		

Did you know?

We collected more than 9,000 tonnes of refuse and recycling in 2015/16. Almost half of this was diverted from landfill as recycling.

Did you know?

We do more than 70,000 rubbish and recycling collections every month from over 9,500 households.

Funding Impact Statement

Rubbish and Recycling

Funding impact statement for the year ended 30 June 2016

Long Term Plan budget 2014/15	Actual 2014/15		Long Term Plan budget 2015/16	Actual 2015/16	Explanation of key variances to the Long Term Plan budget
(\$000)	(\$000)		(\$000)	(\$000)	
Sources of operating funding					
573	428	General rates, uniform annual general charges, rates penalties	457	460	
1,474	1,217	Targeted rates	1,301	1,305	
96	113	Subsidies and grants for operating purposes	92	124	The waste minimisation subsidy was higher than budgeted.
899	457	Fees and charges	470	433	A lower volume of waste went through the Matamata Transfer Station during the period, reducing both income and costs.
23	(3)	Internal charges and overheads recovered	-	2	
-	-	Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	
3,065	2,212	Total operating funding (A)	2,320	2,324	
Applications of operating funding					
2,681	1,824	Payments to staff and suppliers	2,043	1,867	Expenditure for waste management levies is lower than budgeted due to reduced volumes of waste. Spending on waste minimisation activities and asset management work has been delayed.
38	29	Finance costs	4	22	
268	221	Internal charges and overheads applied	222	243	
-	-	Other operating funding applications	-	-	
2,987	2,074	Total applications of operating funding (B)	2,269	2,132	
78	138	Surplus (deficit) of operating funding (A – B)	51	192	
Sources of capital funding					
-	-	Subsidies and grants for capital expenditure	-	-	
-	-	Development and financial contributions	-	-	
(45)	(17)	Increase (decrease) in debt	-	(88)	
-	-	Gross proceeds from sale of assets	-	-	
-	-	Lump sum contributions	-	-	
-	-	Other dedicated capital funding	-	-	
(45)	(17)	Total sources of capital funding (C)	-	(88)	
Applications of capital funding					
Capital expenditure					
-	-	—to meet additional demand	-	-	
-	35	—to improve the level of service	-	36	
-	-	—to replace existing assets	2	-	
33	90	Increase (decrease) in reserves	49	39	
-	(4)	Increase (decrease) of investments	-	29	
33	121	Total applications of capital funding (D)	51	104	
(78)	(138)	Surplus (deficit) of capital funding (C – D)	(51)	(192)	
-	-	Funding balance ((A – B) + (C – D))	-	-	



OUR COMMUNITY
OUR FUTURE



Stormwater

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 all of 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.

► Significant effects

Our activities have the potential to have both positive and negative effects on the community. The significant positive effects and significant negative effects of stormwater are identified below, along with how Council plans to manage and maintain them.

Significant negative effects of our activities	How we have mitigated the effects
Poor management of the stormwater system will lead to flooding, which can affect life and property.	We continually monitor the effects of any flood and assess the practicalities of mitigating it efficiently and effectively. We have emergency plans in place to respond to flooding. In 2015/16 we purchased additional land in Morrinsville for the purpose of stormwater management.
Discharge of contaminated stormwater into waterways and lakes without treatment can pollute our environment.	We continue to work on the long term reduction of stormwater through the use of on-site storage and disposal. We have complied with Waikato Regional Council consent conditions and carried out an environmental monitoring programme.
Significant positive effects of our activities	How we have maintained the effects
A well-managed stormwater network will mitigate a large portion of flooding and protect people and property.	We have undertaken regular proactive maintenance to the stormwater network to ensure it is fully operational. We recorded zero flooding events in 2015/16.



Stormwater drains

► Our projects from the last twelve months

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

Capital projects	What have we been doing?	2015/16	
		Budget (\$000)	Actual (\$000)
Increase capacity of the existing stormwater network.	This funding is used to complete work to increase the existing stormwater network where feasible.	100	16
Stormwater solution for Morrinsville industrial land.	This funding has been allocated to address stormwater constraints for Morrinsville industrial land.* To date only the initial land purchase has been completed.	2,000	186
Total key capital projects		2,100	202

*This work has been identified as a growth project to be funded through agreements with developers. This will not impact on rates or the development contributions otherwise payable for development in Morrinsville.

► Levels of service

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

Level of service	How we measure performance	2012/13	2013/14	2014/15	2015/16	Achieved	Additional information
		Actual			Target		
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.)**	New measure			0 flooding events 0 habitable floors affected	✓	Our stormwater network helps to prevent flooding in our urban areas. This is measured by our Customer Request Management system. There has been zero flooding events in our district in 2015/16.
					Actual		
We will protect the environment from stormwater contaminates 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).**	New measure			Zero	✓	Our stormwater system discharges treated stormwater into the environment. The quality and quantity must meet the appropriate standard. This is measured by our internal records.
					Actual		
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.**	New measure			Median: 24 hours	✓	People have the right to expect that their property will be safe from flooding (and its potential health and social wellbeing impacts) when it rains. This is measured by our Customer Request Management system.
					Actual		
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).**	New measure			4 complaints per 1,000 connections per year (32 in total)	✓	
					Actual		

* 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.

Funding Impact Statement

Stormwater

Funding impact statement for the year ending 30 June 2016

Long Term Plan budget 2014/15	Actual 2014/15		Long Term Plan budget 2015/16	Actual 2015/16	Explanation of key variances to the Long Term Plan budget
(\$000)	(\$000)		(\$000)	(\$000)	
Sources of operating funding					
153	157	General rates, uniform annual general charges, rates penalties	151	153	
943	955	Targeted rates	928	926	
-	-	Subsidies and grants for operating purposes	-	-	
-	-	Fees and charges	44	-	
64	36	Internal charges and overheads recovered	36	62	
-	-	Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	
1,160	1,148	Total operating funding (A)	1,159	1,141	
Applications of operating funding					
236	159	Payments to staff and suppliers	178	164	
121	169	Finance costs	127	122	
262	229	Internal charges and overheads applied	265	212	
-	-	Other operating funding applications	-	-	
619	557	Total applications of operating funding (B)	570	498	
541	591	Surplus (deficit) of operating funding (A – B)	589	643	
Sources of capital funding					
-	-	Subsidies and grants for capital expenditure	-	-	
184	45	Development and financial contributions	23	124	Significant development contributions were received during the year, particularly from the Young Street subdivision in Morrinsville.
(616)	(61)	Increase (decrease) in debt	1,232	(324)	\$2m was budgeted for stormwater growth projects in Morrinsville during the year. To date, only the initial land purchase has been completed.
-	-	Gross proceeds from sale of assets	-	-	
-	-	Lump sum contributions	-	-	
-	-	Other dedicated capital funding	-	-	
(432)	(16)	Total sources of capital funding (C)	1,255	(200)	
Applications of capital funding					
Capital expenditure					
-	-	—to meet additional demand	2,000	186	\$2m was budgeted for stormwater growth projects in Morrinsville during the year. To date, only the initial land purchase has been completed.
-	-	—to improve the level of service	100	16	
82	125	—to replace existing assets	-	-	
27	465	Increase (decrease) in reserves	(256)	132	
-	(15)	Increase (decrease) of investments	-	109	
109	575	Total applications of capital funding (D)	1,844	443	
(541)	(591)	Surplus (deficit) of capital funding (C – D)	(589)	(643)	
-	-	Funding balance ((A – B) + (C – D))	-	-	



Wastewater

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.



Wastewater treatment plant

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 our environment.

Significant effects

Our activities have the potential to have both positive and negative effects on the community. The significant positive effects and significant negative effects of wastewater are identified below, along with how Council plans to manage and maintain them.

Significant negative effects of our activities	How we have mitigated the effects
Poor management of our wastewater systems could pollute the environment or cause health risks.	We have complied with our resource consents for all wastewater treatment plant discharges to protect the environment and the health and wellbeing of our community.
Discharge of poorly treated bio solids to land could pollute the environment or cause health risks.	We have implemented bio solids management with wastewater treatment plant upgrades.
Overflows that discharge to land or water could pollute the environment or cause health risks.	We have resolved any overflows from pump stations within a short space of time from it being reported. Our renewals strategy incorporates investigation of flows, standby generators and storage requirements.
Stormwater is known to enter both the Morrinsville and Te Aroha wastewater systems, which can cause overflows and affect the ongoing operation of the treatment plants.	We are trying to reduce the amount of stormwater entering our wastewater system. These reduction strategies include the use of smoke testing, on-going property inspection programmes and the instigation of an integrated renewals strategy.
Significant positive effects of our activities	How we have maintained the effects
Community wastewater is collected and treated to a high standard reducing environmental and health risks.	We have maintained an efficient and cost effective wastewater system and ensure compliance with resource consents.

Our projects from the last twelve months

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

Capital projects	What have we been doing?	2015/16	
		Budget (\$000)	Actual (\$000)
Te Aroha - scanning device (S:CAN)	We have installed a new scanning device at Te Aroha Wastewater Treatment Plant. This is a device that scans and monitors effluent content rather than doing manual sampling.	95	95
Matamata - generator cover	The generator is outdoors and needs protection to prevent water damage to prolong its useful life. This project is on hold awaiting the outcome of a report on energy management initiatives.	10	-
Te Aroha - gate and fencing	Fencing appears to be needed and a gate due to the rail trail being located close to plant. This project has been carried forward to next year.	50	-
Tahuna Waste Water Treatment Plant - security	Install security fencing and camera, this project will be completed by end of 2016.	35	-
Pump station Health and Safety - as identified by risk assessments	Health and safety initiatives such as improving the design of wastewater lids was completed in 2015/16.	100	106
Upgrade pipes being renewed	We have increased sizes of pipes as they have been replaced. This work is undertaken as part of our renewals programme.	50	50
Wastewater subdivisional requirements	This funding is to cater for subdivisional demands, planning is underway on this spending.	30	30
Total key capital projects		370	281

Levels of service

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

Level of service	How we measure performance	2012/13	2013/14	2014/15	2015/16	Achieved	Additional information
		Actual			Target		
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).*	New measure			1 per 1,000 connections per year (8 total)	✓	We received seven complaints about sewage overflows into the environment during dry weather. Six of these were as result of blocked sewer lines and one complaint was a result of an issue at one of the pump stations. Dry weather applies to days when less than 1mm of rain has fallen during a continuous 24 hour period. This is measured by our Customer Request Management system.
					Actual		
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).*	New measure			Zero	✓	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. This is measured by our internal records.
					Actual		
We will have reliable wastewater systems and will respond to requests for service from our residents in a timely manner.	Where we attend to sewage overflows resulting from a blockage or other fault in our wastewater system, we will measure the following median response times: Attendance time: from the time that we receive notification to the time that service personnel reach the site.* Resolution time: from the time that we receive notification to the time that service personnel confirm resolution of the blockage or other fault*.	New measure			Median: 4 hours	✓	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 2015/16 we received nine calls about wastewater overflows during dry weather. The median attendance time for these calls was 40 minutes with a median resolution time of 2 hours and 29 minutes. This is measured by our Customer Request Management system.
					Actual		
		New measure			Median: 24 hours		
					Actual		
The total number of complaints received by Council about any of the following: • sewage odour • wastewater system faults • wastewater system blockages • Council's response to issues with our wastewater system (expressed as 1,000 connections per year).*	New measure	Sewage odour 4 per 1,000 connections (32 total)			Actual	✓	Wastewater services ensure our community is protected from the risk of infectious diseases spread by wastewater. This is measured by our Customer Request Management system. All complaints were responded to within agreed timeframes.
					3 complaints total		
		Wastewater system faults 2 per 1,000 connections (16 total)			Actual		
					3 complaints total		
		Wastewater system blockages 8 per 1,000 connections (64 total)			Actual		
					17 complaints total		
		Council's response to issues with our wastewater system 2 per 1,000 connections (16 total)			Actual		
					1 complaint total		

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

Funding Impact Statement

Wastewater

Funding impact statement for the year ending 30 June 2016

Long Term Plan budget 2014/15	Actual 2014/15		Long Term Plan budget 2015/16	Actual 2015/16	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	-	-	
6,806	6,573	Targeted rates	6,432	6,685	Additional pan charge remissions did not reach the level anticipated.
-	-	Subsidies and grants for operating purposes	-	-	
691	794	Fees and charges	629	733	Volumes of trade waste from industrial users were higher than budgeted.
321	84	Internal charges and overheads recovered	58	99	
-	-	Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	
7,818	7,451	Total operating funding (A)	7,119	7,517	
Applications of operating funding					
2,700	2,768	Payments to staff and suppliers	5,103	3,035	Successful trials of bio-remediation treatment of the Te Aroha Wastewater Treatment Plant have meant that the \$2m de-sludging project programmed for this year was not required at this stage.
2,000	1,009	Finance costs	696	885	The basis upon which finance costs were allocated to this activity has changed since the LTP.
341	499	Internal charges and overheads applied	667	610	
-	-	Other operating funding applications	-	-	
5,041	4,276	Total applications of operating funding (B)	6,466	4,530	
2,777	3,175	Surplus (deficit) of operating funding (A - B)	653	2,987	
Sources of capital funding					
-	-	Subsidies and grants for capital expenditure	-	-	
193	60	Development and financial contributions	110	129	
(1,739)	(830)	Increase (decrease) in debt	(12)	(1,351)	Debt raised was lower than projected in the LTP due to the delay in the capital programme (as detailed below)
-	-	Gross proceeds from sale of assets	-	-	
179	99	Lump sum contributions	71	82	
-	-	Other dedicated capital funding	-	-	
(1,367)	(671)	Total sources of capital funding (C)	169	(1,140)	
Applications of capital funding					
Capital expenditure					
-	-	—to meet additional demand	30	-	
54	649	—to improve the level of service	1,001	83	A large number of minor projects have been carried forward to next year. The more significant of those include projects at the Matamata treatment plant including, plant upgrade (\$362,000), permanent bio-remediation container (\$80,000), and chlorine storage facility (\$55,000). Other projects include the Morrinsville treatment plant permanent pipe to Pond C and mixer project (\$90,000), the Waihou treatment plant bypass pipeline (\$60,000), and the Te Aroha treatment plant chemical dosing plant (\$60,000).
1,069	1,052	—to replace existing assets	1,193	765	District wide reticulation renewals of \$477,000 not completed in 15/16 have been carried forward for completion next year.
252	1,009	Increase (decrease) in reserves	(1,402)	546	The delay in capital spending compared to budget meant that funding from reserves was not required.
35	(206)	Increase (decrease) of investments	-	453	Council's investments increased during the period. Activities with a positive funding balance share in that increase of investments, while those with a negative funding balance show a decrease in investments.
1,410	2,504	Total applications of capital funding (D)	822	1,847	
(2,777)	(3,175)	Surplus (deficit) of capital funding (C - D)	(653)	(2,987)	
-	-	Funding balance ((A - B) + (C - D))	-	-	



Water

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.

► Significant effects

Our activities have the potential to have both positive and negative effects on the community. The significant positive effects and significant negative effects of water are identified below, along with how Council plans to manage and maintain them.



Water treatment plant

Significant negative effects of our activities	How we have mitigated the effects
Poor management of our water treatment plants could pollute the environment.	Our water treatment plants are well maintained and managed; we have complied with all our resource consent conditions and received zero abatement notices in 2015/16.
Poor management of and competition for water could impact on the way we all use water.	We have implemented water reduction/efficiency strategies to conserve water. Water restrictions were not required during the summer 2015/16 due to sufficient water levels in our reservoirs. We ran a water conservation education campaigns during summer with signs and newspaper articles to raise awareness about water conservation.
Significant positive effects of our activities	How we have maintained the effects
Supply of safe, clean water for drinking and personal hygiene continues to be the greatest health benefit for our communities.	We have completed the Water Safety Plans for Matamata and Morrinsville, and these have been approved by the District Health Board (DHB). We have also submitted the Water Safety Plan for Te Aroha to the DHB and are currently awaiting final approval on this.
Supply of water for commercial and industrial use is cost effective and helps provide employment opportunities.	We have started a project to replace the Morrinsville water reservoir at Mt Misery. This project is scheduled to be completed in 2017 and will increase the storage capacity for Morrinsville by more than 4,500 cubic metres. We had also allocated funding to increase capacity for Te Aroha Water Treatment Plant however this was not required in 2015/16.

► Our projects from the last twelve months

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

Capital projects	What have we been doing?	2015/16	
		Budget (\$'000)	Actual (\$'000)
Te Aroha Water Treatment Plant	Increasing capacity to meet increased industry demand.** At this stage this project is not going ahead, as demand from industry for additional water has not been confirmed.	2,000	-
District wide upgrades	This funding is used to meet drinking water standards at our plants. Planning is underway for further works now that water safety plans have been approved by the District Health Board.	200	-
Morrinsville Water take capital work associated with consent	Works required are unknown at this stage as consent is still to be issued.	25	-
Scott's Road Water Treatment Plant, Morrinsville	Install security fencing - This work is currently underway, and is expected to be completed shortly.	17	-
Tahuna Water Treatment Plant, Tahuna	Install security fencing - This funding was moved into Morrinsville Water Treatment Plant security fence.	15	-
Hinuera Water Treatment Plant	Install security fencing - This funding was moved into Morrinsville Water Treatment Plant security fence.	15	-
Tawari Street Water Treatment Plant, Matamata	Install security fencing - This funding was moved into Morrinsville Water Treatment Plant security fence. The existing security fence was funded from renewal budgets and not electrified.	50	27
Subdivisional requirements	This funding was not required in 2015/16.	30	-
Matamata reticulation	Funding to upgrade 990 metres of undersized water mains, this is being programmed as part of our renewals programme. This provision was not required during 2015/16.	10	-
Total key capital projects		2,362	27

** To be paid for by industry

Levels of service

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

Level of service	How we measure performance	2012/13	2013/14	2014/15	2015/16	Achieved	Additional information
		Actual			Target		
We will provide safe and reliable water for household and business use (serviced properties).	The extent to which Council's drinking water supply complies with: <ul style="list-style-type: none"> part 4 of the drinking-water standards (bacteria compliance criteria); and part 5 of the drinking-water standards (protozoal compliance criteria).* 	New measure			Compliant	x See below for more information	The Department of Health provides this information on compliance for the supply and delivery of water so that communities can be informed on the water quality they are receiving. We complied with Part 4 but did not achieve compliance for Part 5 as explained below.
					Actual		
					Not compliant		
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). *	New measure			Benchmark	✓	This is measured using the minimum night flow analysis as per the Department of Internal Affairs guidelines. This is the first year we are reporting on real water loss. The national average used in our activity management plan is 16%. In 2015/16, we recorded a real water loss of 24.91%, which is almost 9% higher than the national average. Of our seven water networks, only Waharoa/Raungaiti is below this national average with 15.06%. The results for the other networks are: Te Aroha - 18.98% Morrinsville - 31.30% Matamata - 29.56% Tahuna - 37.65% Te Poi - 41.01% Hinuera - 26.75% Leak detection work was completed in Matamata Sept/Oct 2015. Work is underway to ensure all identified leaks are being repaired. We are planning to complete leak detection work for Morrinsville in 2016/17 and Te Aroha in 2017/18. Whilst Te Poi has the highest percentage of water loss it is a much smaller system compared to Matamata, Morrinsville and Te Aroha, which is where we have been focussing our leak detection work.
					Actual		
					24.91%		

Compliance with New Zealand Drinking Water Standards Part 5 - Protozoal Compliance

With respect to the performance measure results of non-achievement for compliance with the NZ Drinking Water Standards (standards) Part 5, this does not indicate the presence of harmful organisms in the water supplied to the reticulated network. The standards use a risk based approach. The references are for conditions when the organisms (protozoa or bacteria) could survive if they were present. These conditions may occur for a variety of reasons. As long as the time is less than a certain period every month the system overall is acceptable. We report these "transgressions" to the Health Department.

Protozoa reproduce by means of a cyst or spore that is resistant to chemical attack so must be physically removed (filtration). Turbidity is a measure of how cloudy the water is and is measured to prove the effectiveness of the filtration process of removing particulate matter from the water treatment process. We have an online turbidity meter attached to each filter at all our water treatment facilities. At times during 2015/16 we experienced some difficulties with our data integrity from the online turbidity meters. This meant that some sample data was lost or corrupted, and we have no record to prove the effectiveness of our filtration process for the time period relating to the missing sample data. We conducted additional laboratory testing of the water which have given us reassurance that protozoa are not present in our water supply. However this does not overcome our technical non-compliance with the standards. We have investigated our data integrity and collection systems and have identified improvements which are currently being implemented to ensure data loss and corruption are minimised.

Level of service	How we measure performance	2012/13	2013/14	2014/15	2015/16	Achieved	Additional information
		Actual	Actual	Actual			
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:					✓	If there are any unplanned supply issues we need to respond quickly to make sure people have a continuous supply of water. This is measured by our Customer Request Management system. We received 50 urgent calls about water. The median attendance time for these were 44 minutes with a median resolution time of 2 hours and 9 minutes.
	<ul style="list-style-type: none"> Attendance for urgent call-outs: from the time that we receive notification to the time that service personnel reach the site.* 	New measure	Median: 4 hours or less	Actual	Median: 44 minutes		
			<ul style="list-style-type: none"> 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.* 	New measure	Median: 24 hours or less		
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:					✓	If there are any unplanned supply issues we need to respond quickly to make sure people have a continuous supply of water. This is measured by our Customer Request Management system. We received 367 non-urgent calls about water. The median attendance time for these was 5 hours and 17 minutes, with a resolution time of 21 hours and 15 minutes.
	<ul style="list-style-type: none"> Attendance for non-urgent call-outs: from the time that we receive notification to the time that service personnel reach the site.* 	New measure	Median: 3 working days or less	Actual	5 hours and 17 minutes		
			<ul style="list-style-type: none"> 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.* 	New measure	Median: 5 working days or less		
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: <ul style="list-style-type: none"> Drinking water clarity Drinking water taste Drinking water odour Drinking water pressure or flow Continuity of supply Council's response to any of these issues (expressed per 1,000 connections per year).* 	New measure	Drinking water clarity: 1 per 1,000 people connected to water supply (8 total)			x	We measure the number of complaints received through our Customer Request Management system. Each individual call is counted as one. In some instances there were multiple calls about the same issue and also more than one call from the same customer about one issue. Staff responded to and investigated all calls within the assigned timeframes. In some instances no fault was found or the fault was on the property owner's side of the connection. We achieved our target for four of the six categories. It is noted that the ones we failed on were for water clarity and water pressure or flow. The median attendance time for water clarity complaints was 23 minutes. All calls were resolved by flushing the water. Staff plan to investigate if there is any correlation between the complaints for drinking water clarity to improve performance. Two of the complaints were about the same issue and one complaint was an issue with the private system rather than the council system. The median attendance time for water pressure complaints was 3 hours and 15 minutes. Upon investigation it was found that for 15 of the 24 complaints the pressure was normal at Council side of the boundary.
			Drinking water taste: 1 per 1,000 people connected to water supply (8 total)				
			Drinking water odour: 1 per 1,000 people connected to water supply (8 total)				
			Drinking water pressure or flow: 2 per 1,000 people connected to water supply (16 total)				
			Continuity of supply: 2 per 1,000 people connected to water supply (16 total)				
			Council's response to any of these issues: 2 per 1,000 people connected to water supply (16 total)	Actual			
			Drinking water clarity: 17 complaints total				
			Drinking water taste: 5 complaints total				
			Drinking water odour: 0 complaints total				
			Drinking water pressure or flow: 24 complaints total				
			Continuity of supply: 2 complaints total				
			Council's response to any of these issues: 1 complaint total				

Level of service	How we measure performance	2012/13	2013/14	2014/15	2015/16	Achieved	Additional information
		Actual			Target		
Council's water assets are managed adequately for the future.	The average consumption of drinking water per day per resident within the district.*	New measure	Benchmark			✓	<p>Total average consumption of water per resident in the supplied urban areas is 837 litres per day, this includes all industry water usage. Adjusted average consumption is 572 litres per urban resident per day, major industry usage has been deducted from this figure.</p> <p>As described previously Council are planning to complete leak detection work for Morrinsville in 2016/17 and Te Aroha in 2017/18. Leak detection work was completed in Matamata in 2015/16.</p> <p>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. We have used the Department of Internal Affairs guidelines when calculating this.</p> <p>Measured by our internal records.</p>
			Actual				
			572 litres per urban resident per day				

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

Funding Impact Statement

Water

Funding impact statement for the year ending 30 June 2016

Long Term Plan budget 2014/15	Actual 2014/15		Long Term Plan budget 2015/16	Actual 2015/16	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	-	-	
5,215	5,011	Targeted rates	4,612	5,071	Income from metered water has increased \$445,000 due to increased consumption by our district's industrial water users.
-	-	Subsidies and grants for operating purposes	-	-	
-	65	Fees and charges	59	49	
301	42	Internal charges and overheads recovered	41	50	
-	-	Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	
5,516	5,118	Total operating funding (A)	4,712	5,170	
		Applications of operating funding			
2,382	1,968	Payments to staff and suppliers	2,260	1,944	Less reticulation maintenance was required than budgeted and work or asset management and planning was less than budgeted.
673	148	Finance costs	406	114	Debt raised was lower than projected in the LTP due to the delay in the capital programme (as detailed below), reducing overall finance costs, along with lower than projected interest rates.
778	533	Internal charges and overheads applied	573	596	
-	-	Other operating funding applications	-	-	
3,833	2,649	Total applications of operating funding (B)	3,239	2,654	
1,683	2,469	Surplus (deficit) of operating funding (A – B)	1,473	2,516	
		Sources of capital funding			
-	-	Subsidies and grants for capital expenditure	-	-	
76	42	Development and financial contributions	91	178	Significant development contributions were received during the year, particularly from the Young Street subdivision in Morrinsville, and developments in and around Matamata.
2,423	(897)	Increase (decrease) in debt	7,478	(252)	Debt raised was lower than projected in the LTP due to the delay in the capital programme (as detailed below).
-	-	Gross proceeds from sale of assets	-	-	
-	-	Lump sum contributions	-	-	
-	-	Other dedicated capital funding	-	-	
2,499	(855)	Total sources of capital funding (C)	7,569	(74)	
		Applications of capital funding			
		Capital expenditure			
269	-	—to meet additional demand	2,040	-	\$2m was budgeted for the Te Aroha Water Treatment Plant capacity expansion project. The progression of this project is dependent on demand from industrial consumers, which has not yet been established.
2,371	736	—to improve the level of service	5,352	1,174	There are several significant projects budgeted for 2015/16 that have not progressed, including; A new reservoir in Tills Road, Matamata \$560,000, an additional water source for Matamata \$440,000, a new water main for Matamata \$300,000, replacement/increased capacity at the Morrinsville Mt Misery Reservoir \$3.6m, also Te Aroha backwash \$485,000. Of these major projects only \$879,000 has been spent for Mt Misery and \$111,000 spent on the Te Aroha back wash. The other projects will be carried forward for next year.
1,436	1,102	—to replace existing assets	2,124	1,082	A large number of minor renewal projects have been carried forward to next year. The more significant of these include the Te Aroha water treatment plant reservoir relining project (\$174,000), the David Street water main renewals \$132,000, water main renewals in Bracken Ave (\$78,000), Grace Ave alkathene replacement (\$72,000) and the Stanley Ave/Kenrick Street water main renewal (\$68,000).
106	(2)	Increase (decrease) in reserves	(474)	101	The delay in capital spending compared to budget meant that funding from reserves was not required.
-	(222)	Increase (decrease) of investments	-	85	
4,182	1,614	Total applications of capital funding (D)	9,042	2,442	
(1,683)	(2,469)	Surplus (deficit) of capital funding (C – D)	(1,473)	(2,516)	
-	-	Funding balance ((A – B) + (C – D))	-	-	



Consents and Licensing

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.

► Significant effects

Our activities have the potential to have both positive and negative effects on the community. The significant positive effects and significant negative effects of Consents and Licensing are identified below, along with how we plan to manage and maintain them.

Significant negative effects of our activities	Council activities				How we have mitigated the effects
	Animal Control	Building Consents and monitoring	Licensing and enforcement	Resource consents and monitoring	
The cost of licences and consent application processes could deter people from complying with legislative requirements.	✓	✓	✓	✓	We continue to review our operation to ensure that it is cost effective and fees are fair. We reviewed our fees and charges to ensure they remain fair and equitable to our customers and ratepayers.
Poor quality and untimely of investigations of complaints could result in safety threats to our community and a rise in antisocial behaviour.	✓	✓	✓	✓	We provide a 24/7 service for our most time sensitive issues (animal and noise complaints) and set timeframes for responses to all complaints. We completed 999 street patrols and visited more than 649 properties throughout the district for animal control. We completed staff training to ensure legislative requirements are understood.
Poor consenting decisions and inspection procedures can delay and add costs to development, put users at risk and harm the environment.		✓	✓	✓	We work with other councils to collaborate on best practice and consistency in our processes. Accreditation as a 'Building Control Authority' ensures our processes are robust, leading to improved services. Auditing and peer review of our processes and decisions ensure we are making good decisions.
Failure to involve Iwi and the community in the decision making process.				✓	Consulting with Iwi through agreed processes increases the opportunities for them to be involved in decision making. We have protocols in place with Iwi to involve them in the resource consent process.
Significant positive effects of our activities	Council activities				How we have maintained the effects
	Animal Control	Building Consents and monitoring	Licensing and enforcement	Resource consents and monitoring	
Good regulatory frameworks improve, promote and protect public health and the environment and reduce antisocial behaviour within the district.	✓	✓	✓	✓	We will continue to respond to complaints and patrol the district. We work with other councils to collaborate on best practice and consistency in our processes. Accreditation as a 'Building Control Authority' ensures our processes are robust, leading to improved services. Auditing and peer reviews of our processes and decisions ensure we are making good decisions.
Effective monitoring of the district and timely responses to complaints keep our community safe and help to protect the environment.	✓	✓	✓	✓	To ensure our actions are timely we have timeframes for monitoring consents and responding to complaints. In 2015/16 we monitored 125 out of 132 land use consents within four months of consent being granted. We responded to 42 out of 43 complaints about alleged illegal building work within ten working days. We will work with the community to gain compliance with the regulatory framework and take enforcement action where necessary. No abatement notices were issued in 2015/16.

Animal Control

We have two Animal Control Officers whose job is to make sure people control their animals, are meeting laws and regulations and do not create problems for others. They provide a 24 hour a day, seven day a week 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.

► Our projects from the last twelve months

There has been no major projects during the last twelve months for Animal Control primarily because we provide a service to the community. The core function of this department is to administer, implement and enforce the Dog Control Act 1996 and Impounding Act 1955.

Did you know?

From 1 July 2015 to 30 June 2016 we:

- re-homed 30 dogs
- received 863 complaints about dogs
- received 112 complaints about wandering stock
- visited 649 properties
- undertook 999 street patrols



Animal Control Officer

Financial year	Number of registered dogs	Number of complaints notices issued	Number of infringements issued
2015/16	5,340	133	119
2014/15	5,261	199	173
2013/14	5,274	187	104
2012/13	5,101	143	90
2011/12	4,952	168	165
2010/11	4,801	97	81
2009/10	4,873	134	80
2008/09	4,993	142	91
2007/08	4,618	93	147
2006/07	3,966	156	71
2005/06	3,845	127	160
2004/05	3,695	not available	147

Levels of service

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

Level of service	How we measure performance	2012/13	2013/14	2014/15	2015/16	Achieved	Additional information
		Actual			Target		
Any disturbances caused by animals will be investigated and reported quickly and efficiently.	Complaints will be investigated within set timeframes.	93%	95.7%	95.1%	95% within adopted timeframes* (see table)	✓	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. This is measured by our Customer Request Management system.
					Actual		
We will carry out regular property visits to ensure dog owners are responsible.	Number of property visits per year.	730	791	711	600 property visits per year	✓	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 649 property visits across the district.
					Actual		
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.	Over the average of 10 per month per town			Average of 10 per month per town	✓	Street patrols allow our staff to check if there are wandering animals that could pose a risk to our community. We undertook 999 street patrols across the district. Our average street patrols per month per town are as follows: Matamata 29, Morrinsville 29 and Te Aroha 25. This is measured by our Customer Request Management system.
					Actual		

*Animal Control response times

Complaint type		Notification type	0800 - 1700 hours	1700 - 0800 hours weekend/holiday
Dog bite person	Current incident	Phone CRM	1 hour	1 hour
	Reported incident			
Aggressive dog	Current incident	Phone CRM	1 hour	1 hour
	Reported incident			
Attacked stock	Current incident	Phone CRM	1 hour	1 hour
	Reported incident			
Attacked other animal/bird	Current incident	Phone CRM	1 hour	1 hour
	Reported incident			
Barking dog	Current incident	Phone CRM	1 hour	1 hour
	Reported incident			
Wandering dog	Current incident	Phone CRM	1 hour	1 hour
	Caught in trap			
Wandering stock	Current incident	Phone CRM	1 hour	1 hour
	Reported incident			
Unregistered		CRM	24 hours	Next working day
Animal welfare		CRM	4 hours	Next working day

CRM means our Customer Request Management system

Aggressive means rushed at the person/vehicle or displaying threatening behaviour.

Current incident means the incident is happening now and the dog is an immediate danger to the public.

Reported incident an incident is reported that happened sometime in the past but is not a current threat to the public.

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.

Did you know?

In 2015/16 we processed 200 building consents for new houses, compared to 103 in 2014/15.



► Our projects from the last twelve months

There has been no major projects during the last twelve months for the Building 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 the Building Act 2004. As part of the improvement of the online services, we plan to increase information available online as a part of the building consent process.

Did you know?

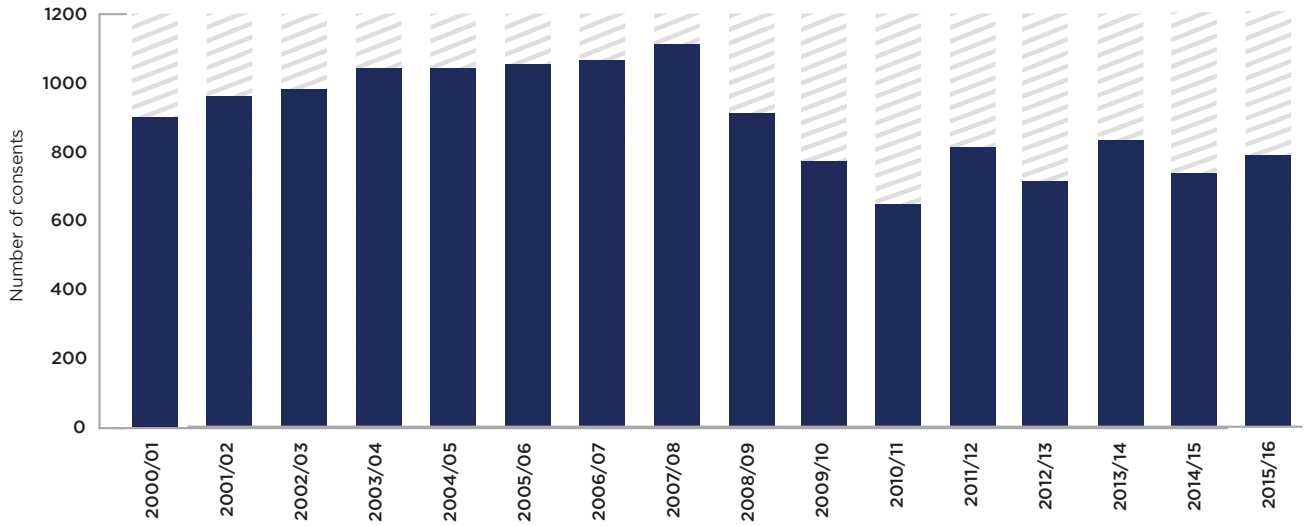
In 2015/16 we processed building consents worth over \$110 million total building work value. This is the highest building work value since the peak in 2007/08.

► Levels of service

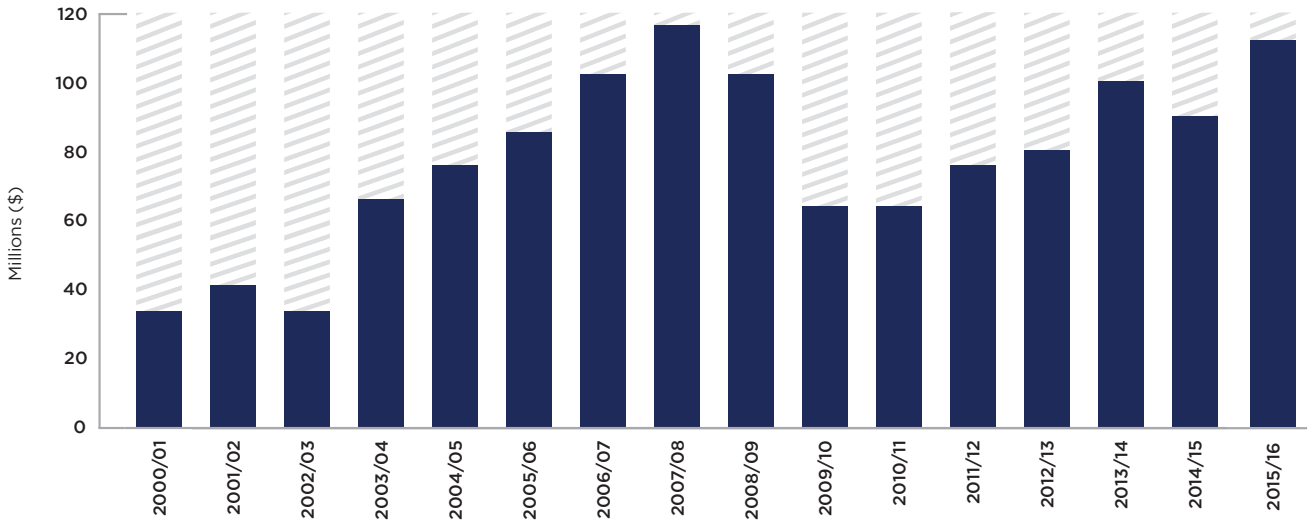
What you can expect and how you will know we are meeting your expectations.

Level of service	How we measure performance	2012/13	2013/14	2014/15	2015/16	Achieved	Additional information
		Actual			Target		
Building consents will be administered quickly and efficiently.	Building consent processing timeframes.	100% (709)	99.9% (797 out of 798)	100% (732)	100% of building consents will be processed within statutory timeframes Actual 100% of building consents (707)	✓	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. This is measured by a monthly statistical report. In 2015/16 we processed 707 building consents. Currently the statutory timeframes for processing building consents are: <ul style="list-style-type: none"> • 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.	100% complaints responded to within 10 working days			100% of complaints to be responded to within 10 working days Actual 97.7% (42 out of 43 complaints)	x	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. This is measured through our Customer Request Management system. One complaint was not responded to within the timeframe, this complaint occurred during the Christmas period.

Building Consents - numbers by year



Building Consents - total building work value by year



Licensing and Enforcement

Licensing and Enforcement is responsible for processing health and alcohol licences 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.

This activity is also responsible for noise control in our community, which is a 24 hour, seven day 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 complaint 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.

► Our projects from the last twelve months

There has been no major projects during the last twelve months for the Licensing and Enforcement 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 of the online services we offer, we plan to increase information, licence applications and payments online. We have also been preparing for the implementation of the new Food Act 2014, which came into force on 1 March 2016.

► Levels of service

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

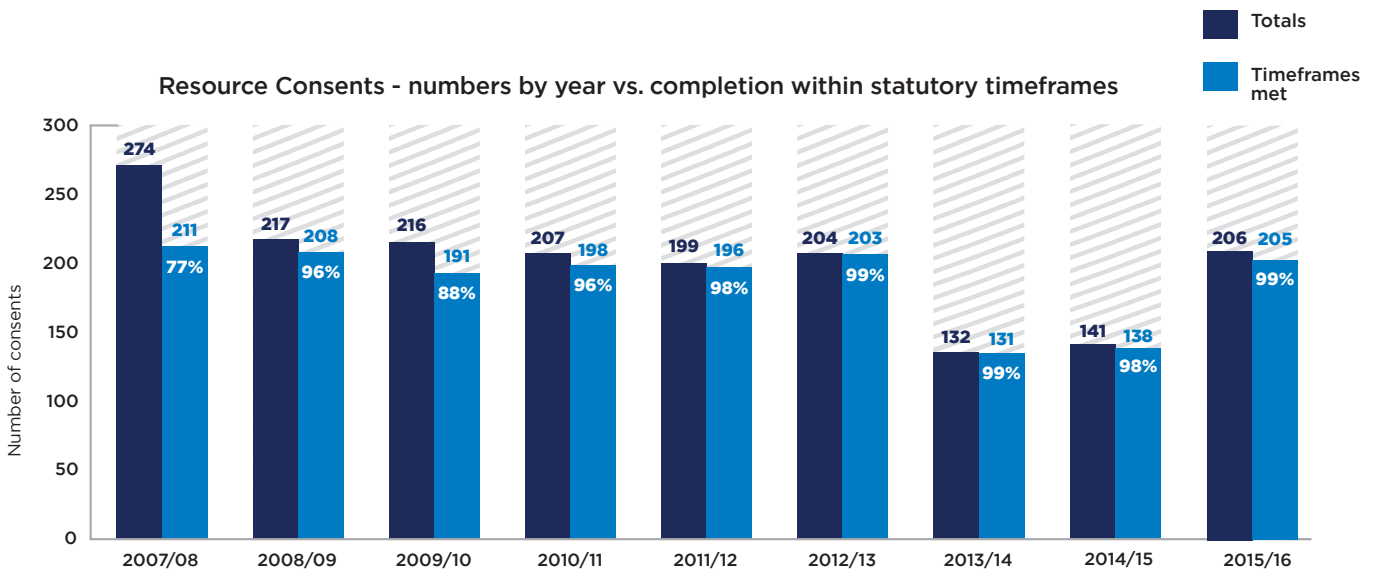
Level of service	How we measure performance	2012/13	2013/14	2014/15	2015/16	Achieved	Additional information
		Actual			Target		
We will inspect or audit all food premises, hairdresser, and camping grounds in the district to ensure they are running in accordance with the Health Act and/or health regulations.	Food premises, hairdressers and camping grounds will be inspected or audited annually to ensure they comply with standards.	95.3%	100%		100% inspected or audited Actual 100%	✓	Inspecting food premises, hairdressers and camping grounds in the district gives residents confidence that they can safely use these facilities. This is measured by an internal monitoring system. If a premise does not meet hygiene standards, it is given an opportunity to fix any problems and it is re-inspected. If the premise still does not meet the hygiene standards it will not be issued with a licence. It is illegal for a premises to operate without a licence and if a premise doesn't obtain a licence we require them to stop operating or face enforcement action. We have inspected all 170 food, hairdressing or camping ground premises.
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 three hours.		100%		100% responded to within three hours Actual 100% (402/402)	✓	We received 402 complaints regarding noise after hours. All of these were responded to within three hours. By acting on noise complaints we will be preventing antisocial behaviour, which can negatively impact peoples health and wellbeing. This information is collected through an internal monitoring system. After hours responses to noise complaints are made by our security contractors, these are 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 and off alcohol licenced premises* will be inspected annually to ensure they comply with alcohol licensing standards.		100%		100% inspected Actual 100%	✓	We have inspected all 71 alcohol premises. Licensed premises that do not comply with liquor licensing standards can contribute to illegal activities and antisocial behaviour. This information is collected through an internal monitoring system. If a premises does not comply with the conditions of its licence, it 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.

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 has been no major projects during the last twelve months 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 of the online services we offer, we plan to increase information and resource consent applications and payments online.



Levels of service

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

Level of service	How we measure performance	2012/13	2013/14	2014/15	2015/16	Achieved	Additional information
		Actual			Target		
Resource consents will be administered quickly and efficiently.	Percentage of resource consents processed within statutory timelines.	99.5% (203 out of 204)	99.2% (131 out of 132)	98% (138 out of 141)	100%	x	We processed 206 applications for Resource Consents in 2015/16. Of these, one application was not processed within the legislative timeframe of 10 working days. This was due to an internal error. Resource consents need to be completed within statutory timeframes to ensure development projects are able to be completed seamlessly. This is monitored through an internal management system. 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.
					Actual		
We will monitor land use consent compliance.	Percentage of land use consents monitored within four months of being granted.	100%	99% (107 out of 108)	100% (106)	100%	x	The community can rely on us to monitor compliance of resource consents to ensure the character of the towns remains intact. This is monitored through an internal management system. This is the initial visits 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. The reason for these consents not being monitored on time was due to an error in cross-checking that all landuse consents were entered correctly. A process for ensuring accurate entering of consents has been developed and implemented.
					Actual		
					94.7% (125/132)		

Funding Impact Statement

Consents and Licensing

Funding impact statement for the year ending 30 June 2016

Long Term Plan budget 2014/15	Actual 2014/15		Long Term Plan budget 2015/16	Actual 2015/16	Explanation of key variances to the Long Term Plan budget
(\$000)	(\$000)		(\$000)	(\$000)	
Sources of operating funding					
1,481	1,816	General rates, uniform annual general charges, rates penalties	1,764	1,777	
-	-	Targeted rates	-	-	
-	-	Subsidies and grants for operating purposes	-	-	
1,307	1,258	Fees and charges	1,374	1,655	There was a significant unbudgeted increase in the number of building consents for new houses (200 compared to 103 last year), and the number of resource consents is higher by 42%. Health income is also higher than budgeted due to the effects of new legislation in this area.
4	1	Internal charges and overheads recovered	-	-	
-	47	Local authorities fuel tax, fines, infringement fees, and other receipts	36	36	
2,792	3,122	Total operating funding (A)	3,174	3,468	
Applications of operating funding					
1,843	1,465	Payments to staff and suppliers	1,834	1,758	
-	-	Finance costs	-	-	
818	1,316	Internal charges and overheads applied	1,144	1,171	
-	-	Other operating funding applications	-	-	
2,661	2,781	Total applications of operating funding (B)	2,978	2,929	
131	341	Surplus (deficit) of operating funding (A – B)	196	539	
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	-	-	
131	341	Increase (decrease) in reserves	196	435	
-	-	Increase (decrease) of investments	-	104	
131	341	Total applications of capital funding (D)	196	539	
(131)	(341)	Surplus (deficit) of capital funding (C – D)	(196)	(539)	
-	-	Funding balance ((A – B) + (C – D))	-	-	

*Emergency Management was included here for 2014/15. This has now been moved to the Strategy and Engagement budget to compare current year.

Funding and Borrowing

Overall Council Funding Impact Statement and Reconciliation

Funding impact statement

For the year ended 30 June 2016

Annual Plan 2014/15	Actual 2014/15		Long Term Plan 2015/16	Actual 2015/16
\$000	\$000		\$000	\$000
		Sources of operating funding		
19,178	19,367	General rates, uniform annual general charges, rates penalties	19,718	19,856
13,318	13,854	Targeted rates	13,333	14,081
2,409	2,589	Subsidies and grants for operating purposes	2,579	2,593
5,369	5,324	Fees and charges	5,213	5,922
440	567	Interest and dividends from investments	323	560
259	255	Local authorities fuel tax, fines, infringement fees, and other receipts	266	269
40,972	41,956	Total operating funding (A)	41,432	43,281
		Applications of operating funding		
28,158	28,045	Payments to staff and suppliers	31,251	28,787
2,155	1,671	Finance costs	1,710	1,369
-	-	Other operating funding applications	-	-
30,313	29,716	Total applications of operating funding (B)	32,961	30,156
10,659	12,240	Surplus/(deficit) of operating funding (A - B)	8,471	13,125
		Sources of capital funding		
2,822	2,888	Subsidies and grants for capital expenditure	3,294	4,851
649	316	Development and financial contributions	405	895
1,506	(5,967)	Increase (decrease) in debt	14,438	(1,150)
-	1,526	Gross proceeds from sale of assets	-	774
97	99	Lump sum contributions	71	82
-	-	Other dedicated capital funding	-	-
5,074	(1,138)	Total sources of capital funding (C)	18,208	5,452
		Applications of capital funding		
		Capital expenditure:		
301	-	—to meet additional demand	4,447	186
4,848	2,661	—to improve the level of service	12,115	6,856
9,655	9,563	—to replace existing assets	11,682	10,160
929	357	Increase (decrease) in reserves	(1,565)	888
-	(1,479)	Increase (decrease) of investments	-	487
15,733	11,102	Total applications of capital funding (D)	26,679	18,577
(10,659)	(12,240)	Surplus (deficit) of capital funding (C - D)	(8,471)	(13,125)
-	-	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.



Overall Council Funding Impact Statement and Reconciliation

Reconciliation between Council's overall funding impact statement and the statement of comprehensive revenue and expense

Actual 2014/15		Long Term Plan 2015/16	Actual 2015/16
\$000		\$000	\$000
Funding sources as shown in the overall Council funding impact statement			
41,956	Total operating funding	41,432	43,281
(1,138)	Total capital funding	18,208	5,452
Less capital movements			
(5,967)	Increase/(decrease) in debt	14,438	(1,150)
1,526	Gross proceeds from sale of assets	-	774
Add non-funded income			
2,739	Vested and found assets	200	1,740
-	Other gains	-	-
705	Income from support activities	509	692
48,703	Total funding sources	45,911	51,541
48,703	Total income as shown in the statement of comprehensive revenue and expense	45,911	51,541
Application of funding as shown in the overall Council funding impact statement			
29,716	Total applications of operating funding	32,961	30,156
11,102	Total applications of capital funding	26,679	18,577
Less capital movements			
12,224	Capital expenditure	28,244	17,202
357	Increase/(decrease) in reserves	(1,565)	888
(1,479)	Increase/(decrease) in investments	-	487
Add non-funded expenditure			
12,729	Depreciation and amortisation	13,640	13,479
3,200	Other losses	-	2,149
705	Expenses from support activities	509	692
46,350	Total funding application	47,110	46,476
46,350	Total expenditure as shown in the statement of comprehensive revenue and expense	47,110	46,476

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 2016, this rate was 4.35% (2015 : 4.42%). Internal borrowings are eliminated on consolidation of activities in the financial statements.

Groups of activities	Opening balance 1 July 2015	Additional funds borrowed 2015/16	Funds repaid 2015/16	Closing balance 30 June 2016	Interest paid 2015/16
\$000		\$000	\$000	\$000	\$000
Community Facilities	8,260	2,016	-	10,276	403
Roading	6,267	126	-	6,393	275
Rubbish & Recycling	615	614	-	1,229	40
Stormwater	1,429	-	-	1,429	62
Wastewater	2,147	963	-	3,110	114
Water	4,354	355	-	4,709	197
Strategy and Engagement	584	431	-	1,015	35
Consents and Licensing	-	-	-	-	-
Total internal borrowing	23,656	4,505	-	28,161	1,126

