

Annual Report 2016/17

adopted 11 October 2017

▶ Statement of Compliance

Compliance

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

Responsibility

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

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

In the opinion of the Council and management of Matamata-Piako District Council, the Financial Statements for the period ended 30 June 2017 fairly reflect the financial position and operations of the Matamata-Piako District Council.

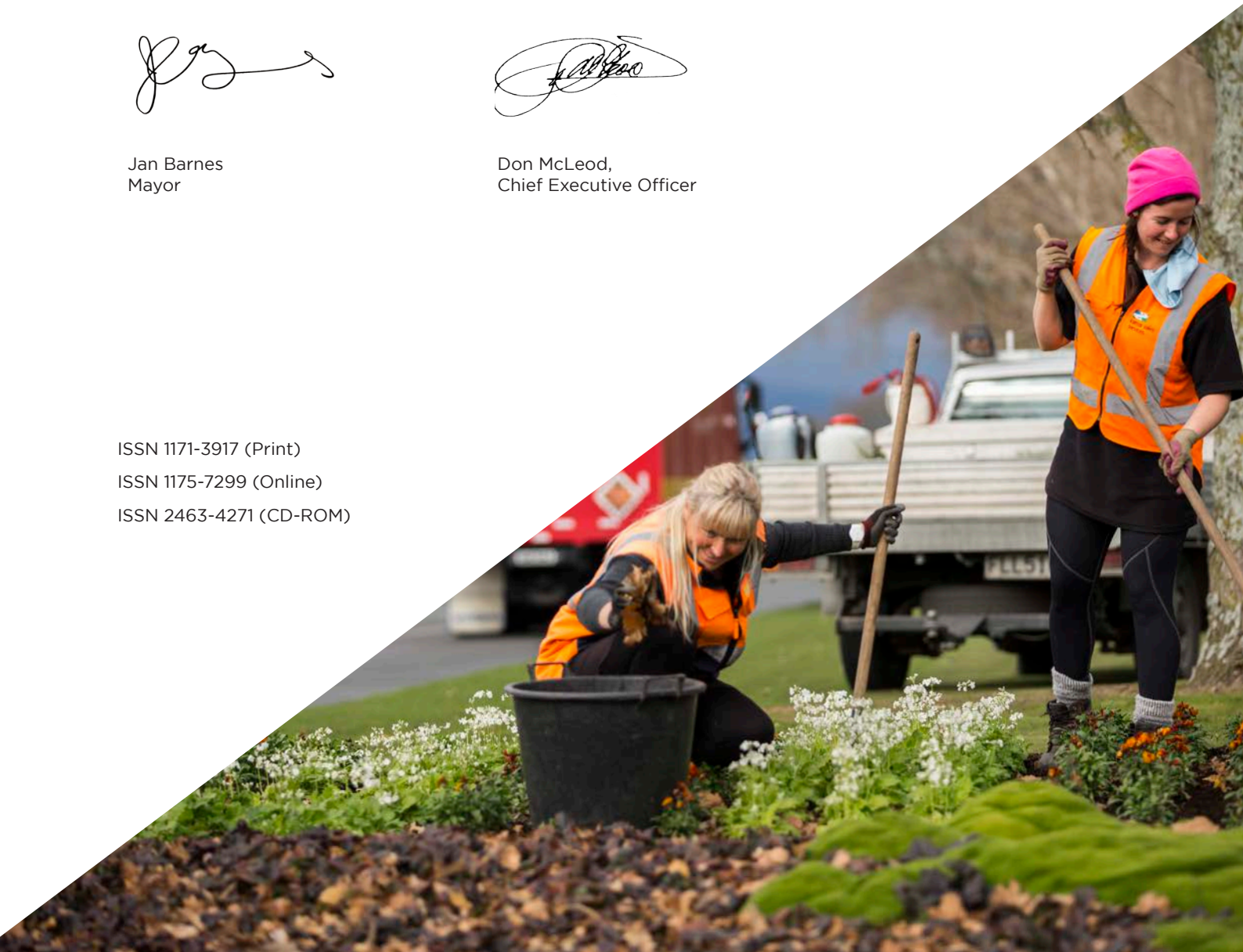


Jan Barnes
Mayor



Don McLeod,
Chief Executive Officer

ISSN 1171-3917 (Print)
ISSN 1175-7299 (Online)
ISSN 2463-4271 (CD-ROM)



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Message from the Mayor

Matamata-Piako is a growing district with great new sports and community facilities, an expanding population leading to a booming real estate market and building growth.

Tourism is at an all-time high, especially in Matamata, leveraging the international appeal of Hobbiton. Visitors are discovering the charm of our rural vistas and historic towns and museums. The new Mega Cow, Mabel and Herd of Cows trail in Morrinsville and our spas and street sculptures in Te Aroha are giving us identity and great community pride.

Be assured we have put in place infrastructure to support our population and tourism growth. The new reservoir for Morrinsville has been completed and will be operational shortly. It will provide up to two days reserve of water, in the event of interruption from the Te Miro reservoir supply.

We are in a secure position financially. We have achieved our financial targets while maintaining a good level of service to ratepayers and the community at large. The new Council, elected last year, has bedded in well with new Councillors quickly coming up to speed with their governance, civil defence and other duties. We partner with many community groups and engage regularly with businesses to explore and share exciting opportunities for our three major centres and the district as a whole.

Facilities in demand

Our parks, pools, libraries and other facilities give us varied recreation and leisure options. The Silver Fern Farms Events Centre opened in Te Aroha in October 2016, and bookings have exceeded expectations. This has been an excellent example of a community-driven project supported by Council. Our thanks to Ingham's for sponsoring the Sports Hall and Ballance Agriseeds and Seales Winslow for the Conference Rooms.

Our new Civic Centre in Matamata is well underway and will be completed early in 2018. We look forward to the opening festivities, which will be one of our major events next year. This will be a fantastic district-wide facility housing our Matamata area office, library and memorial hall.

Sport Waikato has opened an office in the Westpac Morrinsville Events Centre and it is proving to be a very valuable location for their staff to service our district. New sports have been introduced at the centre, including pickle ball and inline hockey, and the basketball goals have been upgraded.

New cycleway

We have finalised the route for the new cycleway from Te Aroha to Matamata. The new section features stunning views of the countryside and the Kaimai Ranges. There is great potential for new food and accommodation facilities in villages like Te Aroha West and Manawaru where it passes through. The cycleway has the potential to revitalise and connect communities and offer a fantastic visitor experience for domestic and overseas visitors.

At the forefront of local government

Matamata-Piako District Council continues to be at the forefront of best practice in local government. We were recently graded a Triple B as one of 18 foundation members of the Local Government Excellence Programme. This programme helps councils demonstrate and deliver high performance. The rating shows that Council is continually striving to lift its performance and residents can be reassured that we will also continue to give the best value for the ratepayer dollar that we can.

The Waikato Plan is now in place, having been developed over the past four years. It is a single overarching document giving councils across the region direction to resource growth over the next 30 years. It gives a collective voice to Central Government to enable us to access funding for our many projects.

Youth initiatives

We are supporting our future leaders too through our youth initiatives such as the newly formed Matamata-Piako Volunteer Youth Ambassadors (VYA), and our Tuia Rangatahi programme, now in its fourth year. The Youth Ambassadors provide leadership in our communities by raising concerns and issues important to people aged 12-24. The core representatives are student leaders from each of our towns.

They held their first events in June, a "korero with Mike King" in each secondary school, focusing on the issue of depression. As Mayor, I also provide mentoring advice to our Tuia Rangatahi, giving one young Maori in our community each year the opportunity to develop leadership skills.

Your elected members are enjoying working with a whole range of groups in the community, and dealing with a lot of enquiries. We will keep the ratepayer at the forefront of our decision making, and deliver the high standard of service that is expected of us. We are all looking forward to a positive year.



Jan Barnes
Mayor

Council

Mayor



Jan Barnes
JP

Deputy Mayor



James Thomas
Morrinsville, JP



Brain Hunter
Matamata



James Sainsbury
Matamata



Kevin Tappin
Matamata



Adrienne Wilcock
Matamata



Donna Arnold
Morrinsville



Paul Cronin
Morrinsville



Neil Goodger
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 (such as 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 which 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 Haua, Ngati Rahiri Tumutumu, Raukawa, Ngati Maru, Ngati Whanaunga, Ngati Hinerangi and Ngati Paoa. Ngati Tamatera also has the ability to join.

The Hearings Commission

The Hearings Commission is responsible for hearing and determining applications for resource consents under the Resource Management Act 1991, hearing and determining objections under the Dog Control Act 1996, and granting waivers or modifications in relation to means of restricting access to residential pools under the Building Act 2004. The Hearings Commission is made up of two Councillors, one of whom 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's we have appropriate risk management and internal and financial control systems. This committee includes an independent chairperson, the Mayor and five Councillors.

The Waharoa (Matamata) Aerodrome Committee

The Waharoa (Matamata) Aerodrome 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.

The functions of the Waharoa (Matamata) Aerodrome Committee, are set out in the Ngati Haua Claims Settlement Act 2014.

Independent Auditor's Report

To the readers of Matamata-Piako District Council's annual report for the year ended 30 June 2017

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, to report on the information in the District Council's annual report that we are required to audit under the Local Government Act 2002 (the Act). We refer to this information as "the audited information" in our report.

We are also required to report on:

- whether the District Council has complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- the completeness and accuracy of the District Council's disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014.

We refer to this information as "the disclosure requirements" in our report.

We completed our work on 11 October 2017. This is the date on which we give our report.

Opinion on the audited information

In our opinion:

- the financial statements on pages 21 to 63:
 - present fairly, in all material respects:
 - the District Council's financial position as at 30 June 2017;
 - 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 in accordance with Public Benefit Entity Reporting Standards;
- the funding impact statement on page 102-103, 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 annual plan;
- the statement of service performance on pages 64 to 101:
 - presents fairly, in all material respects, the District Council's levels of service for each group of activities for the year ended 30 June 2017, 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; and
- the statement about capital expenditure for each group of activities on pages 64 to 101, 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 64 to 101, 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.

Report on the disclosure requirements

We report that the District Council has:

- complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- made the disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014 on pages 8 to 10, which represent a complete list of required disclosures and accurately reflects the information drawn from the District Council's audited information and, where applicable, the District Council's long term plan and annual plans.

Basis for opinion on the audited information

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. We describe our responsibilities under those standards further in the "Responsibilities of the auditor for the audited information" section of this report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the audited information.

Responsibilities of the Council for the audited information

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 enable it to prepare the information we audit that is free from material misstatement, whether due to fraud or error.

In preparing the information we audit the Council is responsible for assessing its ability to continue as a going concern. The Council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to amalgamate or cease all of the functions of the District Council or there is no realistic alternative but to do so.

Responsibilities of the auditor for the audited information

Our objectives are to obtain reasonable assurance about whether the audited information, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are

differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of this audited information.

For the budget information reported in the audited information, our procedures were limited to checking that the budget information agreed to the District Council's annual plan.

We did not evaluate the security and controls over the electronic publication of the audited information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit 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.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We determine the appropriateness of the reported intended levels of service in the statement of service performance, as a reasonable basis for assessing the levels of service achieved and reported by the District Council.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the District Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the audited information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the District Council to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Information

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 4 to 5 and 8 to 20, but does not include the audited information and the disclosure requirements.

Our opinion on the audited information and our report on the disclosure requirements do not cover the other information.

Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the audited information and the disclosure requirements, or our knowledge obtained during our work, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the District Council in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

In addition to the audit and our report on the disclosure requirements, we have carried out an assurance engagement pursuant to the District Council's debenture trust deed. This assurance engagement is compatible with those independence requirements.

Other than the audit and our report on the disclosure requirements and the assurance engagement, 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

Financial summary

Annual report disclosure statement for the year ending 30 June 2017

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:

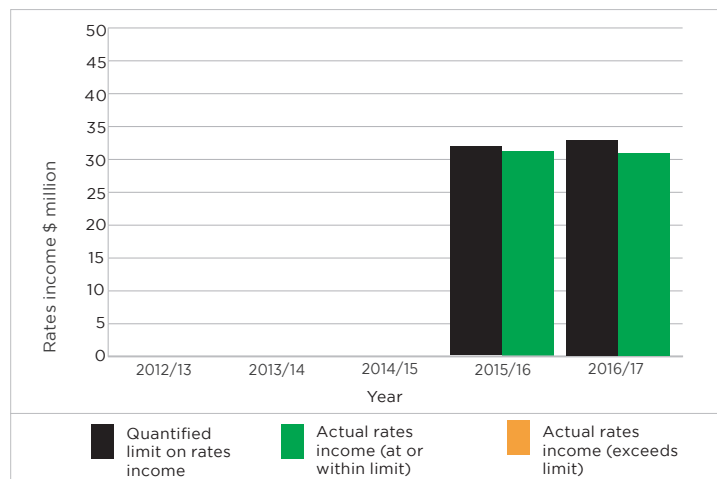
- its actual rates income equals or is less than each quantified limit on rates; and
- its actual rates increases equal or are less than each quantified limit on rates increases.

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%.



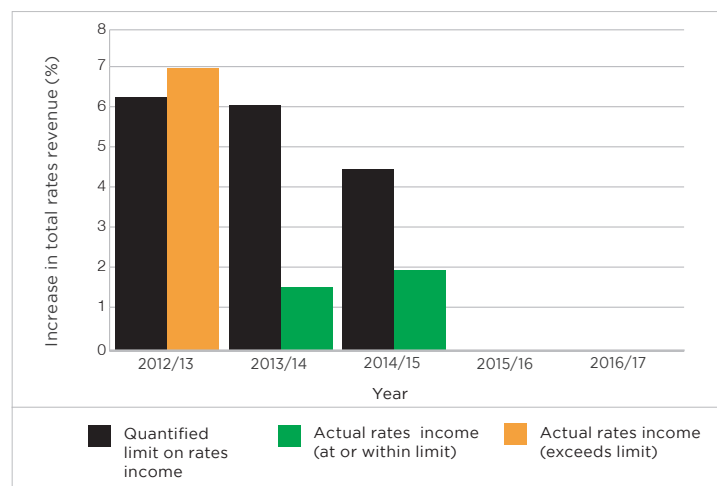
Comment:

The limit on rates income for 2016/17 was set at \$33m. Actual rates income (excluding penalties and metered water revenue) was \$31.6m (2015/16: \$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 Council's 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 increases in costs each year as set out in the 2012-22 LTP.



Comment:

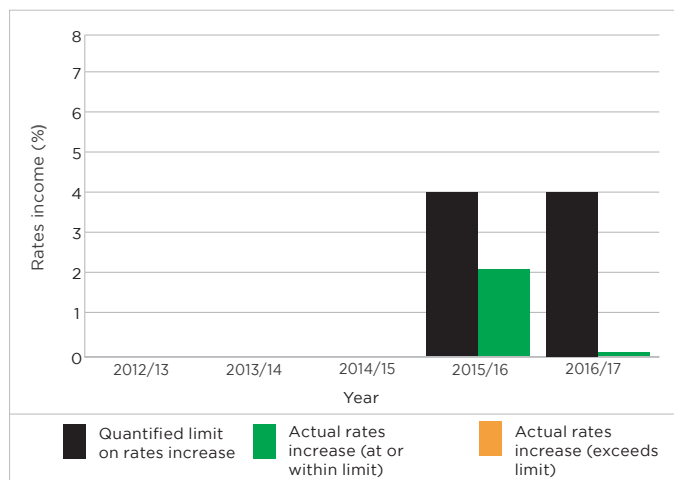
The limit for 2012/13 was exceeded because we had more ratepayers (because of growth) and rates penalty income than expected. The rate increase for the years following was much lower than the limit as a result of cost savings. The compound increase in rates revenue over the last three years was just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

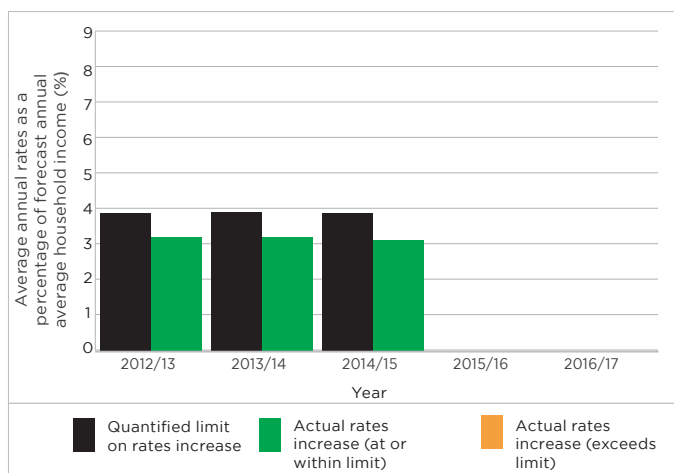


Comment:

The actual rates increase (excluding penalties and metered water revenue) for 2016/17 was 0.05% (2015/16 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%.



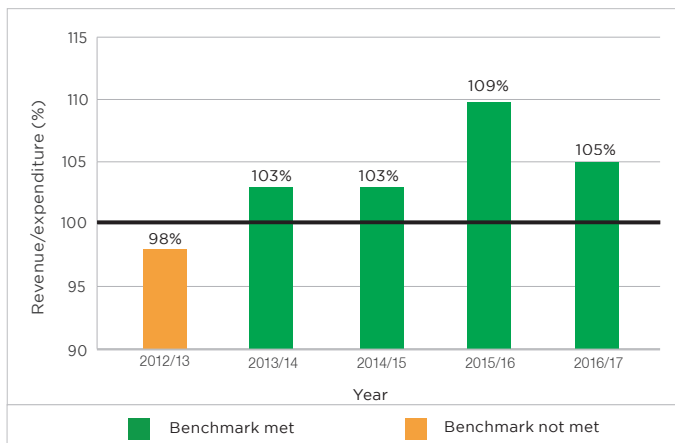
Comment:

Council's actual net debt as a percentage of total revenue has reduced over the last four years from 80% in 2012/13 to 41% in 2015/16. It has increased again to 55% at the end of 2016/17 as Council has pre-funded a \$5m loan due to mature in December 2017. If such deposits were taken into account net debt as a percentage of revenue would reduce from 55% to 18% for 2016/17.

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.

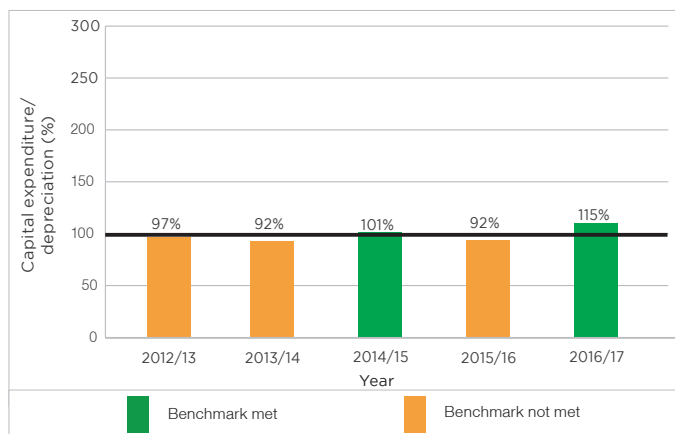


Comment:

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.

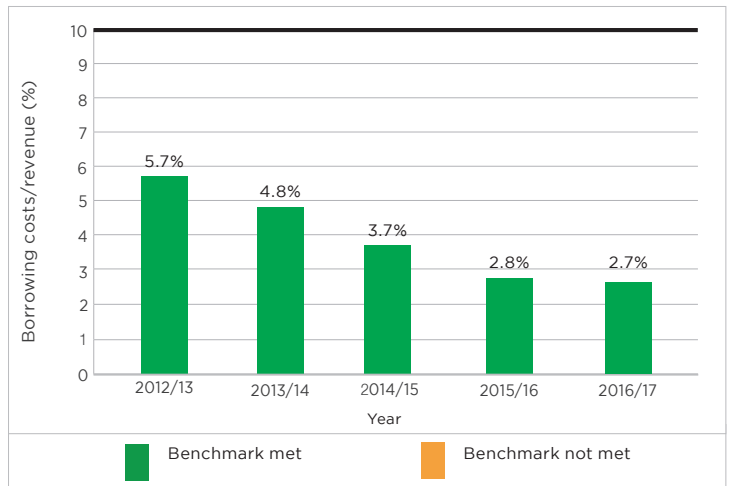


Comment:

Council's capital expenditure before 2012/13 was well in excess of the depreciation charged at the time as Council completed some significant wastewater and water upgrade projects. Capital spending is not programmed on a straight-line basis consistent with depreciation, however over a period of time it would be more closely aligned.

Debt servicing benchmark

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

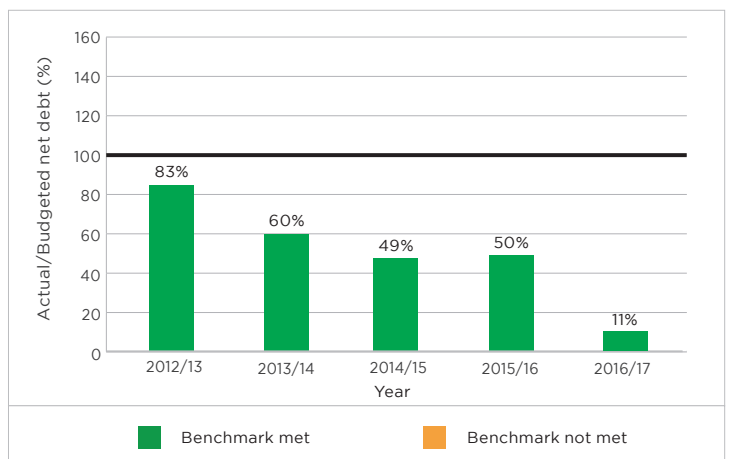


Comment:

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

Debt control benchmark

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



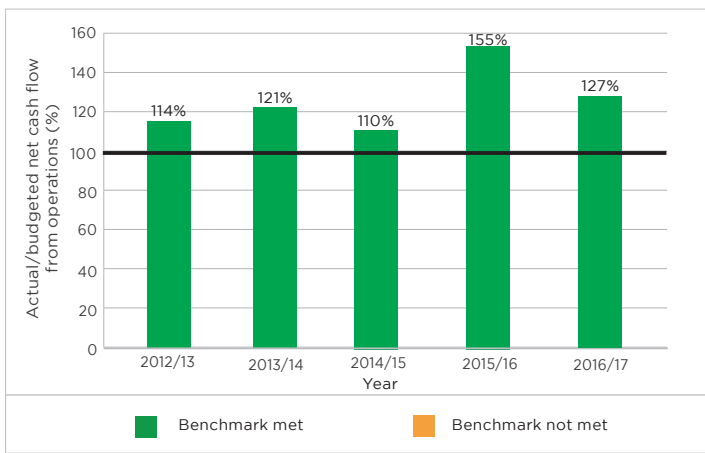
Comment:

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

In 2016/17 Council recognised the value of its investment in the Waikato Regional Airport Limited (WRAL) at fair value (rather than cost), increasing its valuation by \$10.174 million. The investment in WRAL is included in the calculation of net debt, therefore significantly reducing net debt compared to the budget for 2015/16.

Operations control benchmark

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



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

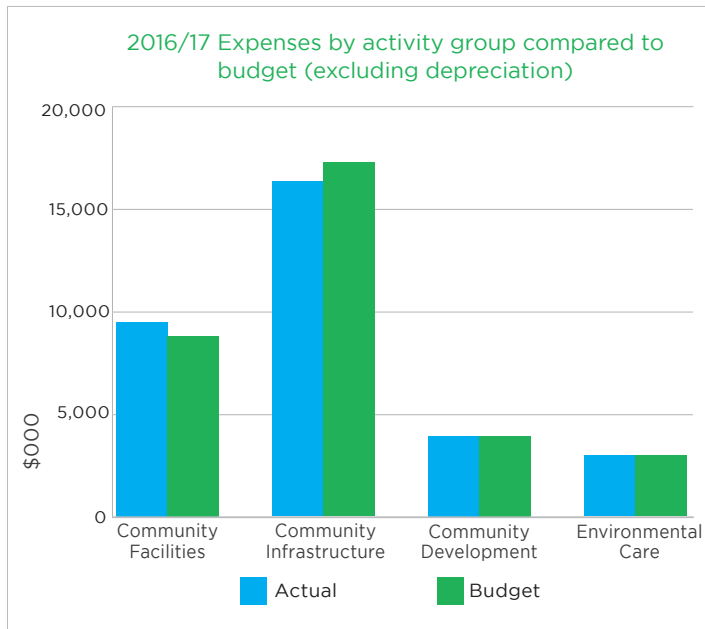
What are interest rate swaps and why do we use them?

Council utilises 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 fixed interest rates is that we can avoid having to ask our ratepayers for extra rates in years where the market interest rates rise sharply.

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, but 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 4.14%, which is the average rate that will apply on up to \$34 million of our debt over the next nine years.

What about finance costs?

Significant savings of \$405,000 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 did we plan to spend?

Our expenses (excluding finance costs and other losses) were budgeted to be \$43.6 million this year.

What did we actually spend?

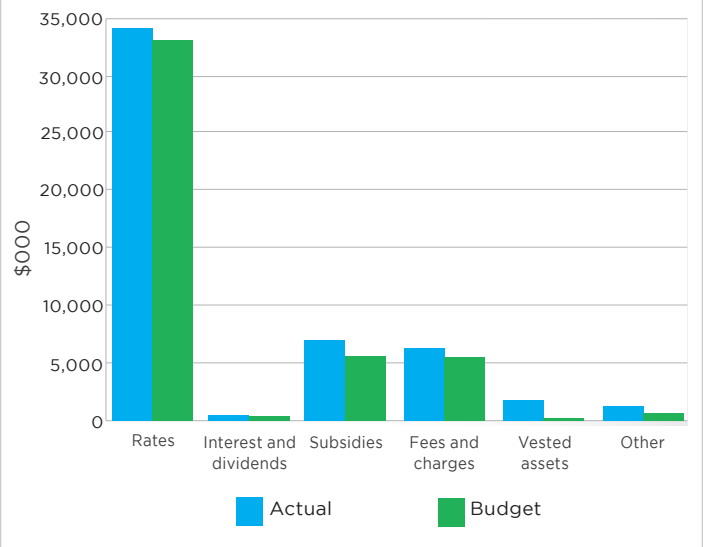
Our actual expenses (excluding finance costs and other losses) were \$44.9 million.

Why is there a difference?

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. This included significantly the building and resource consent processing costs which increased by \$356,000.

Costs in wastewater exceeded the budget by \$300,000 this year due to maintenance and remediation costs. \$184,000 in costs from the Te Aroha Events Centre capital project were reassessed as operating expenditure. A provision for Council's ongoing monitoring costs in respect of the three closed landfills within the district was increased by \$160,000 as additional work required to meet resource consent conditions were identified.

2016/17 Revenue compared to budget



What was our planned revenue?

Council budgeted for revenue of \$46.5 million.

What was our actual revenue?

The actual revenue for the year was \$50.9 million.

Why is there a difference?

The biggest difference came from a valuation of Council's interest rate swaps at 30 June which shows an increase in value of \$959,000 since the last valuation a year ago. This is as a result of the steady increase in interest rates over the last year.

The Silver Fern Farms Events Centre project was completed during the financial year. \$800,000 more than budgeted was recognised as income from the Charitable Trust backing this project. 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 \$448,000 more than budgeted.

Continued development activity in the district over the past year saw combined building and resource consent fee income increase by \$658,000 compared to budget. Other areas experiencing a growth in revenue to budget included the aquatic facilities, housing, transfer stations, and a high volume of LIMs processed during the period. The subsidy received from New Zealand Transport Agency (NZTA) for the replacement of district roads was \$208,000 more than budgeted for this year, as additional capital projects were approved and some projects were carried forward from the prior year.

Spending on assets this year

We budgeted for a total of \$22.2 million to be spent during the year on building new and renewing existing assets within the district. The actual amount spent was \$17.1 million.

Why is there a difference?

There were a number of significant capital projects underway, where the timing of the works has differed from that planned in this and previous years. Also there are other projects that have not been required at this point.

Construction has begun on the Matamata-Piako Civic and Memorial Centre project during the year, with \$1.1 million spent to date. The project with a budget of \$6.9 million set in February 2017 (Long Term Plan initial budget \$6 million), is scheduled for completion in 2018.

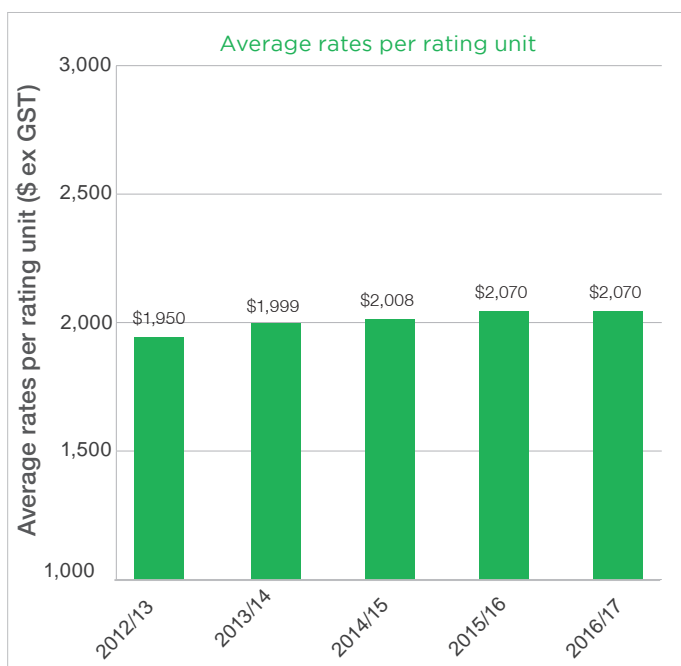
The Silver Fern Farms Events Centre, Te Aroha was completed and opened in October 2016. The total project came in at a cost of \$5.1 million, compared to the overall initial budget of \$5 million.

Planning for the extension of the cycle trail from Te Aroha to Matamata is progressing but physical works have yet to commence. The total project is budgeted to cost \$4 million, of which \$172,000 has been spent to date, with the funding being carried forward to 2017/18.

\$2 million was budgeted for the Te Aroha Water Treatment Plant capacity expansion project this year. The progression of this project is dependent on demand from industrial consumers, which has not yet been established.

The physical works for the Mt Misery water reservoir upgrade were substantially completed during 2016/17. The total project cost \$3.2 million which came in \$0.6 million under budget.

There were several water and wastewater renewal projects budgeted for that have not progressed and have been carried forward to be completed next year.

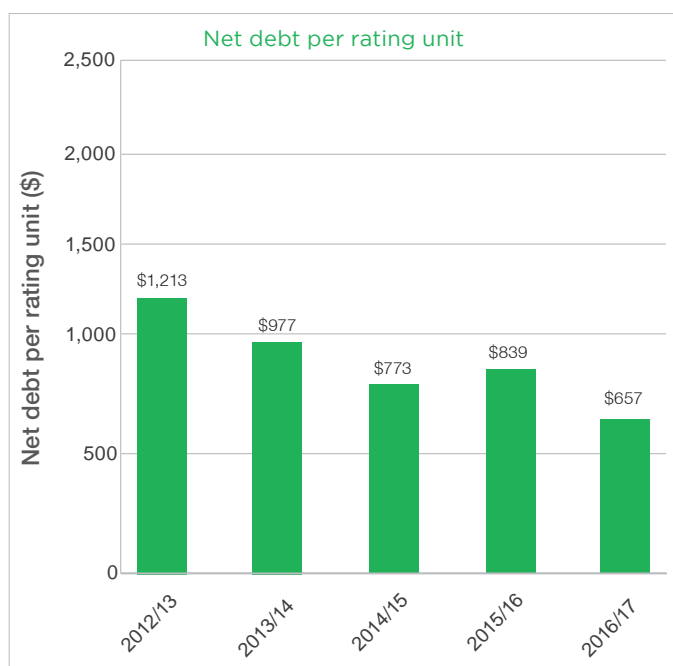


Note: Average rates excludes metered water income, individual targeted rates for industries in respect of the Morrinsville Wastewater Treatment Plant upgrade project, lump-sum contributions and penalties charged only to specific ratepayers who incur the cost/benefit.

What did we borrow this year?

We didn't need to borrow any additional money this year to fund the replacement or building of new assets, as this work didn't happen as quickly as it was planned. This saved \$405,000 in finance costs for the year.

Total debt at the end of this financial year was budgeted to be \$40.4 million. At 30 June 2017, our debt was \$29.8 million which was just under \$5 million more than last year. An additional \$5 million was borrowed in May to pre-fund an existing loan that is due to mature in December 2017, taking advantage of the market at that time.



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, and it excludes the 2016/17 change in valuation of Council's investment in the Waikato Regional Airport Limited.

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 now sits at just 55% compared to the limit of 150%. 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.

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%.

What are other gains and losses?

Council has shown a loss of \$766,000, which recognises the value of assets that were replaced before the end of their estimated useful life. This year it includes significantly the value written off in respect of the buildings being replaced by the Matamata-Piako Civic and Memorial Centre project. Last year other losses also included a loss in the value of Council's interest rates swaps of \$1,639,000.

This year, as interest rates have continued to increase steadily, the value of the swap portfolio actually increased \$959,000. These non-cash gains and losses do not have any impact on Council's cash position - they are adjustments made in our books to ensure that the financial statements comply with International Financial Reporting Standards.

Additional Disclosures

Reporting entity

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

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 combined committee previously incorporated the Thames Valley Rural Fire District Committee. This was disbanded from 30 June 2017, as under the Fire and Emergency New Zealand Act 2017, rural fire duties were transferred to Fire and Emergency NZ (FENZ). The Emergency Management Committee will continue to operate as normal.

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 2017, Council had commitments of \$6.533 million for projects where contracts have been entered into but goods or services have not been received. (2016: \$5.4 million).

Contingent liabilities

Local Government Funding Agency

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

The LGFA has 30 local authority shareholders and this Council is one of 9 local authority guarantors of the LGFA. Together with the shareholders and other guarantors, Council is a guarantor of all of LGFA's lending.

At 30 June 2017, LGFA lending totalled \$7.946 billion plus accrued interest (2016: \$6.445 billion plus accrued interest).

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

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

Unquantified claims

Council is not aware of any specific potential future weathertightness claims. Council may 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 Council. Council is yet to receive any claims as a result of this ruling.

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 Civil Defence Emergency Management Committee

There are no contingent liabilities associated with Council's joint venture (2016: 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 \$581 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 \$29.8 million is considered low for a Council of our size and nature. The delayed capital spending, the \$5 million proceeds from the pre-funded loan, and contributions owing from the Silver Fern Farms Events Centre project mean that our current assets at 30 June are much higher than budgeted.

Non-current assets are lower than budgeted due to the delay in the capital work programme and the disposal

of assets. Also significantly, the valuation of 1 July 2016 decreased the estimated replacement cost of network assets in line with downward trending contract rates being secured at the time. A change in how Council recognises its investment in the Waikato Regional Airport Limited has resulted in an increase in value of \$10.174 million this year.

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.

Non-current liabilities are lower than budget because of the reduced debt. Offsetting this, an unbudgeted liability is recognised in respect of the valuation of the interest rate swap portfolio that has increased in value from (\$2.6) million last year to (\$1.7) million at 30 June 2017.

Summary financial statements

	Actual 2015/16	Budget 2016/17	Actual 2016/17
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			
Statement of comprehensive revenue and expense for the year ended 30 June			
\$000			
Revenue	51,541	46,533	49,950
Other gains	-	-	971
Expenses	(42,958)	(43,635)	(44,970)
Finance costs	(1,369)	(1,760)	(1,349)
Other losses	(2,149)	-	(766)
Share of joint venture surplus/(deficit)	21	-	8
Net surplus/(deficit)	5,086	1,138	3,844
Other comprehensive revenue and expense			
Financial assets at fair value through other comprehensive revenue and expense	-	-	10,174
Property, plant and equipment revaluation	25,782	8,186	(18,817)
Total comprehensive revenue and expense	30,868	9,324	(4,799)
Statement of changes in equity for the year ended 30 June			
\$000			
Balance at 1 July	555,276	577,562	586,144
Total comprehensive revenue and expense	30,868	9,324	(4,799)
Balance at 30 June	586,144	586,886	581,345
Equity represented by:			
Accumulated funds	425,742	407,371	425,934
Other reserves	160,402	179,515	155,411
Statement of financial position as at 30 June			
\$000			
Current assets	19,572	9,203	26,816
Non-current assets	603,681	625,932	595,592
Total assets	623,253	635,135	622,408
Current liabilities	8,561	11,780	13,743
Non-current liabilities	28,548	36,469	27,320
Total liabilities	37,109	48,249	41,063
Equity	586,144	586,886	581,345
Statement of cashflows for the year ended 30 June			
\$000			
Net from operating activities	18,993	14,753	18,699
Net from investing activities	(17,091)	(19,488)	(26,218)
Net from financing activities	(1,150)	4,637	4,820
Net increase/decrease in cash held	752	(98)	(2,699)
Opening cash balance	4,538	416	5,290
Closing cash balance	5,290	318	2,591

Figures shown in brackets indicate a deficit or loss

Customer survey 2017

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 help us identify areas for improvement and the priorities of our community.

Overall satisfaction with Council decreased by 3% this year, from 71% in 2016 to 68% in 2017 (14% very satisfied and 54% satisfied). There was an increase in people who said they were dissatisfied with Council, from 5% last year to 10% this year (7% dissatisfied and 4% very dissatisfied). 21% said they were neither satisfied nor dissatisfied.

While some of our survey results did not meet our targets, some of these missed them by small margins. For example one missed by only 1%.

This year's survey was the second for our Long Term Plan 2015-25. The results for each activity can be found in the respective activity section of this document.

Your district today

Area 175,477 hectares	2014/15	2015/16	2016/17
Number of electors (enrolled)*	22,991	23,236	23,414
Number of rating units**	15,006	14,877	14,890
Value of improvements**	\$3,968,782,000	\$4,064,097,500	\$4,065,600,500
Net land value**	\$6,291,427,400	\$6,292,556,400	\$6,300,578,400
Total Capital value**	\$10,260,209,400	\$10,356,653,900	\$10,366,178,900
Total rates***	\$30,134,000	\$30,800,000	\$30,821,000
Average total rates per rating unit	\$2,008	\$2,070	\$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.

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
- Our environment
- Arts and heritage
- Growth and development

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

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	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. 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.	In 2016/17 we have completed CPTED (Crime Prevention Through Environmental Design) assessments of three parks and three public toilet facilities - 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 were 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. Please refer to the Levels of Service sections for the Animal Control, Building Consents and Monitoring, and Licensing and Enforcement activities for our other contributions to this outcome.
(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 have granted over \$200,000 to community organisations to support a vibrant and cooperative local community. See the Strategies and Plans activity for more details. Please refer to the Levels of Service section for the Communications and Events activity for our other contributions to this outcome.
(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, \$50,000 to the Matamata Public Relations Association and \$70,000 to the Morrinsville Chamber of Commerce. These organisations provide information services for tourists and supporting businesses and events in the towns. Council 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.	Please refer to the Levels of Service sections for the Housing and Property Management, and Building Consents and Monitoring activities for our contributions to this outcome.
(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.	Please refer to the Levels of Service section for the Civil Defence activity for our other contributions to this outcome.
(f) Council services and activities will contribute to the health and wellbeing of our community/lwi.	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	We aim to have a strong community, and we contribute to this through most of our activities: -Parks, tracks, pools, spas and recreational and heritage facilities provide spaces for formal and informal sport, recreation and cultural activities. -Our rubbish and recycling activity ensures safe disposal of rubbish and recycling. -Stormwater services ensure properties are kept safe from flooding when it rains. -We ensure the safe collection, treatment and disposal of wastewater to contribute towards the health and wellbeing of our community. -Safe drinking water is essential for healthy communities. -By responding to complaints, street patrols (for animals) and site visits 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. -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).	We have continued to provide these services and activities to the community. Please refer to the Levels of Service section for the activities listed for our contributions to this outcome.
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	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.	We have provided a wide range of information to the community and lwi. We have undertaken public consultation on the following documents: <ul style="list-style-type: none"> • Easter Trading Policy • Land Transport Bylaw • Solid waste Bylaw • Storm water Bylaw • Waste water Bylaw • Water Bylaw • Fees and Charges 2017/18 • Joint Eastern Waikato Waste Minimisation Plan • District Plan - Plan Change 47 We will provide feedback to the community on how we are doing by publishing our Annual Report 2016/17. We also made improvements to our website so that people can access Council information at their leisure. Please refer to the Levels of Service section for the activities listed for our contributions to this outcome.

Community outcomes	Activities that contribute to these outcomes	How will we contribute?	Progress towards community outcomes																
(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	<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. 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>Te Manawhenua Forum mo Matamata-Piako</p> <p>In 2016/17 there were four meetings and one workshop of the Te Manawhenua Forum mo Matamata-Piako. Issues considered included Tuia - Mayoral Rangatahi Mentoring Programme, Elections 2016, RMA course for members, Representation Review, Statistical Standard for Geographic Areas, Waitangi Day events 2017 and 2018, Long Term Plan, Annual Plan, Six Month and Annual Report, Community Grants, Te Aroha to Matamata Cycleway, District Plan Review, Bylaw and Policy consultations, Ngati Hinerangi membership, Waikato Plan, Matamata-Piako Civic and Memorial Centre, Ngati Rahiri Tumutumu and Ngati Haurua representation, Community Facilities, Annual Customer Survey and Fees and Charges 2017/18.</p> <p>Waharoa (Matamata) Aerodrome Committee</p> <p>The Committee held three meetings in 2016/17; Issues considered included an overview of the aerodrome's operations and financials, options for improving vehicle access to the adjoining Marae, speed limit discussions and future hangar options.</p> <p>More information on these committees is set out further on in the Annual Report under 'Maori participation in decision making'.</p> <p>Consultation on Resource Consent applications</p> <p>We measure this through the number of resource consent consultation responses each financial year. The most recent results being for 2015/16 as part of the State of the Environment Report that was produced in November 2016. The response rate by Iwi to Council consultation has varied in the past 10 years in the range between 20% 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. Response rates are as follows:</p> <table border="0"> <tr> <td>2000/01 - 59%</td> <td>2001/02 - 77%</td> </tr> <tr> <td>2002/03 - 68%</td> <td>2003/04 - 80%</td> </tr> <tr> <td>2004/05 - 74%</td> <td>2005/06 - 45%</td> </tr> <tr> <td>2006/07 - 45%</td> <td>2007/08 - 74%</td> </tr> <tr> <td>2008/09 - 80%</td> <td>2009/10 - 68%</td> </tr> <tr> <td>2010/11 - 52%</td> <td>2011/12 - 56%</td> </tr> <tr> <td>2013/14 - 90%</td> <td>2014/15 - 42%</td> </tr> <tr> <td>2015/16 - 20%</td> <td></td> </tr> </table>	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%	2013/14 - 90%	2014/15 - 42%	2015/16 - 20%	
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2010/11 - 52%	2011/12 - 56%																		
2013/14 - 90%	2014/15 - 42%																		
2015/16 - 20%																			
(c) Council's decision making will be sound, visionary, and consider the different needs of our community/Iwi.	Community Leadership Strategies and Plans Resource Consents and Monitoring	<p>Te Manawhenua Forum, a standing committee of Council, which is made up of Iwi representatives from around the district meets 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>Please see the information above on the public consultations Council has undertaken this year. We will continue to look at ways to best engage with the public to encourage participation in the democratic process.</p> <p>Please refer to the Levels of Service section for the activities listed for our other contributions to this outcome.</p>																
(d) Council will recognise treaty settlement issues between the Crown and Iwi.	Community Leadership 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.	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-Piako that are at various stages with the Crown regarding Treaty of Waitangi Settlements. Council has been engaged at varying levels in these processes. Please refer to the information under 'Maori participation in decision making'.																
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.	<p>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. Please refer to the Levels of Service section for the activities listed for our other contributions to this outcome.</p> <p>The Silver Ferns Farms Events Centre, Te Aroha was completed and construction of the new Matamata-Piako Civic and Memorial Centre is underway in Matamata.</p>																
(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 2016/17 we had 143,286 visits to our website. This is an increase of almost 27.75% from last year. We have continued to encourage people to make submissions and applications online through our website and to sign up to our e-newsletter mailing lists.																

Community outcomes	Activities that contribute to these outcomes	How will we contribute?	Progress towards community outcomes
(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.	<p>We continue to work with community groups to maintain tracks so they are safe and well maintained for people to use. We have continued to improve signage along our walking tracks such as the Wetlands Walk (in partnership with Te Aroha Fish & Game). We are also working with Te Aroha Mountain Bike Club. A new bridge for mountain bikers and pedestrians was built over the Topehaehae Stream at Te Miro Forest. We built a new public toilet at Herries Memorial Park in Te Aroha that is accessible for people with disabilities and has baby change facilities.</p> <p>We have continued consulting key landowners about the proposed new linkage parks and walkways in Morrinsville and Matamata.</p> <p>Planning and consultation is underway for the new cycleway extension from Te Aroha to Matamata has continued.</p> <p>We are replacing the modular playground at Herries Memorial Park. The new play equipment will be installed early in the new financial year.</p> <p>Please refer to the Levels of Service section for the activities listed for our other contributions to this outcome.</p>
(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. Council is also in the process of extending the cycleway to Matamata, to further encourage its use.
(e) Maori cultural facilities (such as Marae) will be recognised for their contribution to community wellbeing.	Communications and Events	<p>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.</p> <p>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.</p>	<p>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 (147 in 2015/16). The value of non rateable (freehold) Maori properties in the district is \$6,579,000. The value of rateable Maori properties in the district is \$91,052,900 (\$91,052,900 in 2015/16). 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>Council did not receive any applications to the Heritage Building Fund in 2016/17.</p>
(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 Ngāti Haua, we have one statutory co-governance Committee of Council and Ngāti 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 Ngāti Haua during 2016/17. Reviews of reserve management plans generally happen once every five years or more. Council does not have any historic reserves identified for Maori purposes.
4. Our environment			
(a) Council will manage contaminants, odours and air pollution from its activities.	Stormwater Wastewater	<p>Stormwater systems discharge treated stormwater to the environment. The quality and quantity of the discharge must meet the appropriate standard.</p> <p>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 well being of our community.</p>	<p>We hold four comprehensive stormwater resource consents relating to the urban areas of Matamata, Te Aroha, Morrinsville and Waharoa.</p> <p>We hold 18 comprehensive wastewater resource consents relating to our wastewater networks in Matamata, Waihou, Tahuna, Morrinsville and Te Aroha.</p> <p>Please refer to the Levels of Service section for the activities listed for our contributions to this outcome.</p>
(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 provided 'zero waste' education resources to 25 schools in our district and supported the Enviroschool's programme with 11 participating schools in Matamata-Piako. We are achieving this outcome by providing refuse and recycling services to the community. Please refer to the Levels of Service section for the activities listed for our other contributions to this outcome.
(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, wahi 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. 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 2016 on our website in November.
(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. 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.	Information on the number of consents for subdivision of high quality soils has varied between 2 and 42 per year between 2006/07 and 2015/16. The large increase from 11 applications in 2010/11 to 37 applications in 2011/12 may be due to the progress of the proposed Rural Subdivision District Plan change (Plan Change 42), which was consulted about in 2011/12, and proposed to increase the minimum lot size in rural areas to 40 hectares.
(e) High quality soils in our district will be protected.		Please refer to the Levels of Service section for the activities listed for our other contributions to this outcome.	
5. Arts and heritage			

Community outcomes	Activities that contribute to these outcomes	How will we contribute?	Progress towards community outcomes
(a) The whakapapa (ancestral heritage)/ heritage and character of our district will be protected and promoted.	Strategies and Plans	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.	The Te Aroha Character Area has a special zoning to protect its unique buildings and places. From 2006/07 – 2015/16 there have been 12 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 2006/07 two 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 2016/17.
(b) Our kawa (protocol), tikanga (customs), history and knowledge will be respected and preserved.	Strategies and Plans	We have developed and will continue to work on 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.	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 Council's communication with Iwi.
(c) Wahi tapu and taonga (significant and treasured sites) will be recognised.	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.	There are 78 wahi tapu sites listed in the District Plan and these include urupa (burial sites), pa and midden sites, and Marae. In 2015/16, three consents had conditions imposed. These included an undertaking to revisit the consent conditions should a co-management settlement act be signed for the Waihou catchment within 12 months, to ensure consistency between the requirements of the act and the resource consent. Also, two consents required archaeological discoveries to be reported to Tangata Whenua and Council; that work must cease immediately and not recommence until after Tangata Whenua values and interests had been considered and written permission had been provided by Council.
(d) People will have the opportunity to learn about their own and others kawa (protocol), tikanga (customs), whakapapa (ancestral heritage), heritage and culture.	Libraries	We will have resources available at our libraries that give people the opportunity to learn about their own and others kawa (protocol), tikanga (customs), whakapapa (ancestral heritage), heritage and culture.	In the 2016/17 financial year, our total Maori item category count was 1,695. In the 2016/17 financial year we added 91 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 2016/17, there were 1,513 Maori items issued to library members. In 2016/17 we worked with local community groups to organise a community event for Waitangi Day 2017. This event was held in Te Aroha.
(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, \$20,000 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.	We have committed to undertaking a rolling review of our District Plan. Further information about each of the plan changes can be found in Part 3 - Strategy and Engagement.
(b) Development will be conducted in a manner respectful to kawa (protocol), tikanga (customs) and values.	Resource Consents and Monitoring	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. 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	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. Please refer to information under community outcome theme 5 Arts and Heritage for more information.
(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.	Please refer to the Levels of Service section for the activities listed for our other contributions to this outcome.

Community outcomes	Activities that contribute to these outcomes	How will we contribute?	Progress towards community outcomes
(e) Systems will exist to provide sustainable clean water for our community/lwi.	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. Please refer to the Levels of Service section for the activities listed for our other contributions to this outcome.
(f) Council will support Tangata Whenua in their role to provide facilities such as Marae and Papakainga.	Strategies and Plans	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. 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.	We measure progress by recording the number of lwi development and management plans in operation. We are aware of two lwi development or management plans within the district boundaries: <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. It is anticipated that as Treaty settlements are completed by local lwi and the Crown there will be a greater opportunity for lwi to develop management plans. Treaty settlements also contemplate the creation of co-governance frameworks for natural resources, such as the Waihou and Piako rivers. We also measure progress by recording the number of non-rated Marae and meeting houses as per the Local Government (Rating) Act 2002. Please refer to information under community outcome 3(e) for this information.
(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.	Please refer to the Levels of Service section for the activities listed for our other contributions to this outcome.



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) is a standing committee of Council that has been established under a Heads of Agreement with the Forum. The purpose of the Forum is to facilitate Mana Whenua contribution to our decision making.

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. 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 Reprt, which is available at mpdc.govt.nz.

Treaty of Waitangi settlements

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.

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

The Ngati Haua Claims Settlement Act 2014 was passed into law in December 2014. 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 would be established for the Waharoa Aerodrome. Council has incorporated the statutory acknowledgements, as they relate to the district in Appendix 10 of the Matamata-Piako Operative District Plan.

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 on going 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. The Raukawa Claims Settlement Act 2014 reflects this agreement. There were no specific arrangements between Council and Raukawa. Raukawa have 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.

Part Two: Financials

Financial statements

Statement of comprehensive revenue and expense

For the year ended 30 June 2017

Actual 2015/16		Notes	Annual Plan 2016/17	Actual 2016/17
\$000			\$000	\$000
	Revenue			
34,019	Rates	2	33,567	34,079
2,593	Subsidies and grants for operating purposes	3	2,630	2,763
4,851	Subsidies and grants for capital expenditure	3	3,583	4,597
6,614	Fees and charges	4	5,477	7,170
560	Interest and dividends from investments	5	405	549
269	Local authorities fuel tax, fines, infringement fees, and other receipts	6	266	261
895	Development and financial contributions		405	524
1,740	Vested and found assets	7	200	7
-	Other gains	8	-	971
51,541	Total revenue		46,533	50,921
	Expenditure			
15,994	Payments to suppliers	9	16,072	17,197
13,485	Payments to staff	9	13,795	13,815
1,369	Finance costs	10	1,760	1,349
13,479	Depreciation and amortisation	19-21	13,768	13,958
2,149	Other losses	8	-	766
46,476	Total expenditure		45,395	47,085
21	Share of joint venture surplus/(deficit)	11	-	8
5,086	Surplus/(deficit)		1,138	3,844
	Other comprehensive revenue and expense			
-	Financial assets at fair value through other comprehensive revenue and expense	26	-	10,174
25,782	Property, plant and equipment revaluations	26	8,186	(18,817)
25,782	Total other comprehensive revenue and expense		8,186	(8,643)
30,868	Total comprehensive revenue and expense		9,324	(4,799)

Statement of changes in equity

For the year ended 30 June 2017

Actual 2015/16		Notes	Annual Plan 2016/17	Actual 2016/17
(\$000)			\$000	\$000
555,276	Balance at 1 July		577,562	586,144
30,868	Total comprehensive revenue and expense for the year		9,324	(4,799)
586,144	Balance at 30 June		586,886	581,345
	Equity represented by:			
425,742	Accumulated funds	26	407,371	425,934
160,402	Other reserves	26	179,515	155,411
586,144	Total equity		586,886	581,345

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 2017

Actual 2015/16		Notes	Annual Plan 2016/17	Actual 2016/17
\$000			\$000	\$000
	Assets			
	Current assets			
5,290	Cash and cash equivalents	12	619	2,591
4,795	Receivables	13	3,000	4,157
-	Derivative financial instruments	14	-	-
-	Investments in Council Controlled Organisations and other similar entities	15	-	80
8,677	Other financial assets	16	5,410	19,339
810	Inventory	17	174	649
-	Assets held for sale	18	-	-
19,572	Total current assets		9,203	26,816
	Non-current assets			
7	Derivative financial instruments	14	-	5
3,287	Investments in Council Controlled Organisations and other similar entities	15	3,062	13,447
1,251	Other financial assets	16	2,112	262
598,187	Property, plant and equipment	19	619,727	580,876
949	Intangible assets	20	1,031	1,002
603,681	Total non-current assets		625,932	595,592
623,253	Total assets		635,135	622,408
	Liabilities			
	Current liabilities			
22	Derivative financial instruments	14	-	81
6,731	Payables and deferred revenue	22	5,199	6,731
1,536	Employee entitlements	23	1,300	1,524
180	Borrowings	24	5,192	5,191
92	Provisions	25	89	216
8,561	Total current liabilities		11,780	13,743
	Non-current liabilities			
2,613	Derivative financial instruments	14	-	1,595
464	Employee entitlements	23	613	450
24,807	Borrowings	24	35,245	24,616
664	Provisions	25	611	659
28,548	Total non-current liabilities		36,469	27,320
37,109	Total liabilities		48,249	41,063
586,144	Net assets (assets minus liabilities)		586,886	581,345
	Equity			
425,742	Accumulated funds	26	407,371	425,934
160,402	Other reserves	26	179,515	155,411
586,144	Total equity		586,886	581,345

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 2017

Actual 2015/16		Notes	Annual Plan 2016/17	Actual 2016/17
\$000			\$000	\$000
	Cashflows from operating activities			
34,186	Rates		33,567	34,403
6,128	Subsidies and grants		6,213	8,249
6,609	Fees and charges		5,477	6,875
471	Interest from investments		405	496
268	Local authorities fuel tax, fines, infringement fees and other receipts		266	261
791	Development and financial contributions		405	572
(2)	Net GST		-	(33)
(28,139)	Payments to staff and suppliers		(29,867)	(30,780)
(1,319)	Finance costs		(1,760)	(1,344)
18,993	Net cashflow from operating activities	27	14,706	18,699
	Cashflows from investing activities			
204	Repayment of loans and advances		203	241
774	Sale of assets		-	576
(500)	Proceeds from sale/maturity of investments		-	-
(17,376)	Purchase of property, plant and equipment		(21,990)	(16,846)
(206)	Purchase of intangible assets		(235)	(290)
-	Acquisition of investments		-	(9,899)
-	Forward foreign exchange contracts		-	-
13	Repurchase of own your own properties		-	-
(17,091)	Net cashflows from investing activities		(22,022)	(26,218)
	Cashflows from financing activities			
-	Proceeds from borrowings		7,700	5,000
(1,150)	Repayment of borrowings		(181)	(180)
(1,150)	Net cashflows from financing activities		7,519	4,820
752	Net increase/(decrease) in cash and cash equivalents		203	(2,699)
4,538	Opening cash and cash equivalents		416	5,290
5,290	Closing cash and cash equivalents	12	619	2,591

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

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 combined committee previously incorporated the Thames Valley Rural Fire District Committee. This was disbanded from 30 June 2017, as under the Fire and Emergency New Zealand Act 2017, rural fire duties were transferred to Fire and Emergency NZ (FENZ). The Thames Valley Civil Defence Emergency Management Committee will continue to operate as normal.

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 2017. The financial statements were authorised for issue by Council on 5 October 2017.

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 that have been early adopted

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

Impairment of Revalued Assets

In April 2017, the External Reporting Board (XRB) issued Impairment of Revalued Assets, which now scopes in revalued property, plant, and equipment into the impairment accounting standards. Previously, only property, plant, and equipment assets measured at cost were scoped into the impairment accounting standards. The Council has early adopted this amendment in preparing its 30 June 2017 financial statements. From the 30 June 2017 year onwards, the Council is required to assess at each reporting date whether there is any indication that an asset may be impaired. If any indication exists, the Council is required to assess the recoverable amount of that asset and recognise an impairment loss if the recoverable amount is less than the carrying amount. The Council can therefore impair a revalued asset without having to revalue the entire class of asset to which the asset belongs.

Standards issued and not yet effective, and not early adopted

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

Interests in other entities

In January 2017, the XRB issued new standards for interests in other entities (PBE IPSAS 34 - 38). These new standards replace the existing standards for interests in other entities (PBE IPSAS 6 - 8). The new standards are effective for annual periods beginning on or after 1 January 2019, with early application permitted.

The Council plans to apply the new standards in preparing the 30 June 2020 financial statements. The Council has not yet assessed the effects of these new standards.

Financial instruments

In January 2017, the XRB issued PBE IFRS 9 Financial Instruments. PBE IFRS 9 replaces PBE IPSAS 29 Financial Instruments: Recognition and Measurement. PBE IFRS 9 is effective for annual periods beginning on or after 1 January 2021, with early application permitted. The main changes under PBE IFRS 9 affecting this Council are:

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

The Council plans to apply this standard in preparing its 30 June 2022 financial statements. The Council has not yet assessed the effects of the new standard.

Summary of significant accounting policies

Joint venture

We recognise our interest in our jointly controlled entity, Thames Valley Emergency 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.

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 to 90 years	1% - 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 and deferred revenue

Short-term creditors and other payables and deferred revenue 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.
- 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.
- 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.
- 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 2016/17 Annual 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 2017:

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.

Fair value of investment in Waikato Regional Airport Limited

As a result of an increasing portion of Waikato Regional Airport Limited's (WRAL's) balance sheet being carried at fair value, Council are now able to reliably measure our investment in WRAL at fair value (previously recognised at cost). This has resulted in an increase of the investment in WRAL of \$10.174 million in the current year.

2. Rates

Actual 2015/16		Actual 2016/17
\$000		\$000
19,731	General rates	20,086
	Targeted rates attributable to activities:	
2,282	- Metered water supply	2,347
2,789	- Other water rates	2,891
7,170	- Wastewater	6,785
926	- Stormwater	856
1,305	- Refuse	1,303
94	- Halls	99
82	Lump sum contributions	77
154	Rates penalties	133
(514)	Rates remissions	(498)
34,019	Total revenue from rates	34,079

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 2017 for the purposes of the LGFA Guarantee and Indemnity Deed disclosure is shown above.

3. Subsidies and grants

Actual 2015/16		Actual 2016/17
\$000		\$000
	Subsidies and grants for operating purposes	
2,464	New Zealand Transport Agency roading subsidies	2,651
129	Other government subsidies	112
2,593	Total subsidies and grants for operating purposes	2,763
	Subsidies and grants for capital expenditure	
3,031	New Zealand Transport Agency roading subsidies	3,495
1,820	Silver Fern Farms Events Centre Te Aroha project donations	1,102
4,851	Total subsidies and grants for capital expenditure	4,597
7,444	Total subsidies and grants	7,360

There are no unfulfilled conditions or other contingencies attached to government subsidies recognised (2016 : nil)

4. Fees and charges

Actual 2015/16		Actual 2016/17
\$000		\$000
514	Lease revenue	504
733	Trade waste charges	722
5,367	Other user charges	5,944
6,614	Total fees and charges	7,170

5. Interest and dividends from investments

Actual 2015/16		Actual 2016/17
\$000		\$000
560	Interest	549
-	Dividends	-
560	Total interest and dividends from investments	549

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

Actual 2015/16		Actual 2016/17
\$000		\$000
233	Local authorities fuel tax	238
36	Fines and infringement fees	23
269	Total local authorities fuel tax, fines, infringement fees and other receipts	261

7. Vested and found assets

Actual 2015/16		Actual 2016/17
\$000		\$000
	Vested assets	
1,140	Roading	-
210	Water	5
277	Stormwater	-
113	Wastewater	2
	Found assets	
-	Restricted buildings	-
1,740	Total vested and found assets	7

8. Other gains and losses

Actual 2015/16		Actual 2016/17
\$000		\$000
	Other gains	
-	Unrealised gain on interest rate swaps	959
-	Unrealised gain on loans and receivables	12
-	Total other gains	971
	Other losses	
500	Net loss on disposal of property, plant and equipment	745
-	Impairment of assets	-
-	Loss of disposal of investments in Council Controlled Organisations and other entities	21
10	Unrealised loss on loans and receivables	-
1,639	Unrealised loss on interest rate swaps (presented net)	-
2,149	Total other losses	766

9. Payments to suppliers and staff

Actual 2015/16		Actual 2016/17
\$000		\$000
	Payments to suppliers	
	Fees paid to the principal auditor:	
121	Financial statement audit fee	122
4	Debenture trust deed audit fee	5
15	Other audit services*	-
	Other payments:	
49	Review of provisions (note 25)	205
22	Operating lease payments	13
390	Donations and grants	415
(10)	Impairment of receivables (note 13)	(24)
58	Receivables written-off during the period	26
404	Councillors remuneration	413
14,941	Other operating expenses	16,022
15,994	Total payments to suppliers	17,197
	Payments to staff:	
13,276	Salaries and wages	13,570
252	Defined contribution plan employer contributions	271
(43)	Increase/(decrease) in employee entitlements	(26)
13,485	Total payments to staff	13,815

* In 2015/16 Audit New Zealand undertook an assurance review over the tender process for the Mt Misery Reservoir project. No additional work was undertaken by Audit New Zealand in 2016/17.

10. Finance costs

Actual 2015/16		Actual 2016/17
\$000		\$000
	Interest expense:	
1,051	Interest on borrowings	820
24	Discount unwind on provisions (note 25)	21
	Interest derivatives (presented net):	
294	Held for trading interest rate swaps	508
1,369	Total finance costs	1,349

11. Joint venture

Council has a 34% interest in a jointly controlled entity, Thames Valley Civil Defence Emergency Management Committee, together with the Thames-Coromandel and Hauraki District Councils. The combined committee previously incorporated the Thames Valley Rural Fire District Committee. This was disbanded from 30 June 2017, as under the Fire and Emergency New Zealand Act 2017, rural fire duties were transferred to Fire and Emergency NZ (FENZ). The Emergency Management Committee will continue to operate as normal. The joint venture's balance date is 30 June 2017, 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 2015/16		Actual 2016/17
\$000		\$000
80	Balance at 1 July	101
21	Share of surplus/(deficit)	8
-	Transfer of Thames Valley Rural Fire District Committee	(22)
101	Balance at 30 June	87

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

Actual 2015/16		Actual 2016/17
\$000		\$000
91	Current assets	86
35	Non-current assets	15
25	Current liabilities	14
101	Net assets	87
(202)	Share of expenses	(166)
223	Share of income	174
21	Share of surplus/(deficit)	8

The joint venture has no capital commitments, contingent liabilities or contingent assets at 30 June 2017 (2016: nil)

12. Cash and cash equivalents

Actual 2015/16		Actual 2016/17
\$000		\$000
890	Cash at bank and on hand	1,091
4,400	Term deposits with maturities less than three months at acquisition	1,500
5,290	Total cash and cash equivalents	2,591

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 \$705,000 (2016: \$595,000) 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 2015/16		Actual 2016/17
\$000		\$000
1,036	Rates receivables	910
320	Water receivables	321
1,027	New Zealand Transport Agency subsidy	927
288	GST receivables	321
550	Other general receivables	824
245	Prepaid expenses	281
1,565	Accrued income	759
5,031	Receivables prior to impairment	4,343
(236)	Less provision for impairment	(186)
4,795	Total receivables	4,157
	Total receivables comprise:	
3,806	Receivables from non-exchange transactions - this includes outstanding amounts for rates, grants, infringements, and fees and charges that are partly subsidised by rates	3,029
989	Receivables from exchange transactions - this includes outstanding amounts for commercial sales and fees and charges that have not been subsidised by rates	1,128

The New Zealand Transport Agency subsidy receivable at 30 June includes GST of \$nil. (2016: \$135,230)

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:

2016/17			
	Gross	Impairment	Net
	\$000	\$000	\$000
Not past due	3,806	-	3,806
Past due 1 - 60 days	324	-	324
Past due 61 - 90 days	12	(1)	11
Past due > 90 days	201	(185)	16
Total	4,343	(186)	4,157

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

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 2015/16		Actual 2016/17
\$000		\$000
34	Individual impairment	28
202	Collective impairment	158
236	Total provision for impairment	186

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 2015/16		Actual 2016/17
\$000		\$000
-	Past due 1 - 60 days	-
-	Past due 61 - 90 days	-
34	Past due > 90 days	28
34	Total individual impairment	28

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

Actual 2015/16		Actual 2016/17
\$000		\$000
304	Balance at 1 July	236
(10)	Additional provisions made during the year	(24)
(58)	Receivables written off during the period	(26)
236	Balance at 30 June	186

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 2015/16		Actual 2016/17
\$000		\$000
	Non-current assets	
7	Interest rate swaps - held for trading	5
7	Total non-current assets	5
7	Total derivative financial instrument assets	5
	Current liabilities	
22	Interest rate swaps - held for trading	81
22	Total current liabilities	81
	Non-current liabilities	
2,613	Interest rate swaps - held for trading	1,595
2,613	Total non-current liabilities	1,595
2,635	Total derivative financial instrument liabilities	1,676

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 \$34 million (2016: \$36 million).

15. Investments in Council Controlled Organisations and other entities

Actual 2015/16		Actual 2016/17
\$000		\$000
	Current	
-	Local Government Funding Agency	80
-	Total current investments in Council Controlled Organisations and other entities	80
	Non-Current	
2,623	Waikato Regional Airport Limited	12,797
116	New Zealand Local Government Insurance Corporation	116
101	Thames Valley Civil Defence Emergency Management Committee	87
35	Waikato Local Authority Shared Services Limited	35
392	Local Government Funding Agency	392
20	Hauraki Rail Trail Charitable Trust	20
3,287	Total non-current investments in Council Controlled Organisations and other entities	13,447

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 2017, Council has \$472,000 in borrowing notes invested with the Local Government Funding Agency at floating rates of interest (2016: \$392,000). These will mature between December 2017 and April 2025.

Waikato Regional Airport Limited

As a result of an increasing portion of Waikato Regional Airport Limited's (WRAL's) balance sheet being carried at fair value, Council are now able to reliably measure our investment in WRAL at fair value (previously recognised at cost). This has resulted in an increase in the value of the investment in WRAL by \$10.174 million in the current year.

Thames Valley Civil Defence Emergency Management Committee

Council initially recognised the value of Thames Valley Civil Defence Emergency Management Committee (TVCDPMC) 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. The committee previously incorporated the Thames Valley Rural Fire District Committee. This was disbanded from 30 June 2017, as under the Fire and Emergency New Zealand Act 2017, rural fire duties were transferred to Fire and Emergency NZ (FENZ). The TVCDPMC will continue to operate as normal.

16. Other financial assets

Actual 2015/16		Actual 2016/17
\$000		\$000
	Current	
8,400	Term deposits with maturities of 3 - 12 months	18,300
50	Community loans	49
203	Industry loan	216
-	Banks road development loan	340
24	Local authority and other stock	434
8,677	Total current	19,339
	Non-current	
73	Community loans	37
436	Industry loan	225
332	Banks Road development loan	-
410	Local authority and other stock	-
1,251	Total non-current	262

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 two year swap rate of 2.21% (2016: 2.29%).

Local authority and other stock

The fair value of local authority and other stock is \$434,000 (2016: \$462,471). 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 2015/16		Actual 2016/17
\$000		\$000
164	Inventory held for distribution	95
92	Land developed for sale	-
554	Wastewater treatment plant - parts	554
810	Total inventory	649

The carrying amount of inventory held for distribution is measured at the lower of cost and current replacement cost. Following stocktake, inventory held for distribution was written down by \$75,084 (2016: nil). Developed land was sold during 2016/17.

Equipment valued at \$554,000 from the Morrinsville wastewater treatment plant upgrade is classified as inventory as equipment is used as spare parts for the plant.

No inventories are pledged as security for liabilities (2016: nil).

18. Assets held for sale

Actual 2015/16		Actual 2016/17
\$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 2017 (2016: nil).

19. Property, plant and equipment

	Cost/ valuation 1 July 2016	Accumulated depreciation and impairment charges 1 July 2016	Carrying value 1 July 2016	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 2017	Accumulated depreciation and impairment charges 30 June 2017	Carrying value 30 June 2017
2016/17	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Operational assets													
Land	17,425	-	17,425	-	-	97	24	-	-	(165)	17,187	-	17,187
Buildings	23,239	(1,916)	21,323	1,420	-	336	3,898	-	(1,142)	(126)	28,095	(3,058)	25,037
Restricted													
- Land	14,842	-	14,842	-	-	-	-	-	-	-	14,842	-	14,842
- Buildings	13,169	(1,472)	11,697	97	-	93	23	-	(780)	(63)	13,133	(2,252)	10,881
Plant and machinery	6,367	(4,394)	1,973	341	-	153	-	-	(358)	-	6,555	(4,752)	1,803
Furniture and equipment	2,516	(1,628)	888	110	-	-	18	-	(104)	-	2,644	(1,732)	912
Computer equipment	4,371	(3,764)	607	502	-	-	-	-	(331)	-	4,873	(4,095)	778
Library collections	3,555	(3,030)	525	169	-	-	-	-	(169)	-	3,724	(3,199)	525
Assets under construction	4,476	-	4,476	1,446	-	-	(3,963)	-	-	-	1,959	-	1,959
Total operational assets	89,960	(16,204)	73,756	4,085	-	679	-	-	(2,884)	(354)	93,012	(19,088)	73,924

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 2016	Accumulated depreciation and impairment charges 1 July 2016	Carrying value 1 July 2016	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 2017	Accumulated depreciation and impairment charges 30 June 2017	Carrying value 30 June 2017
2016/17	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Infrastructural assets													
Roading	293,037	-	293,037	7,199	-	387	262	-	(5,989)	(14,120)	285,991	(5,989)	280,002
Land under roads	66,672	-	66,672	60	-	-	-	-	-	-	66,732	-	66,732
Water supply - treatment plants and facilities	10,647	-	10,647	2,296	-	-	1,082	-	(662)	(760)	13,265	(662)	12,603
Water supply - other assets (including reticulation systems)	45,383	-	45,383	667	5	76	261	-	(957)	(4,453)	41,787	(957)	40,830
Stormwater system	39,955	-	39,955	-	-	-	-	-	(580)	(14)	39,941	(580)	39,361
Wastewater - treatment plants and facilities	29,488	-	29,488	290	-	31	114	-	(1,875)	586	30,447	(1,875)	28,572
Wastewater - other assets (including reticulation systems)	31,976	-	31,976	5	2	1	-	-	(703)	133	32,115	(703)	31,412
Land	2,751	-	2,751	7	-	-	185	-	-	-	2,943	-	2,943
Buildings	1,945	(136)	1,809	-	-	-	-	-	(71)	-	1,945	(207)	1,738
Assets under construction	2,713	-	2,713	1,950	-	-	(1,904)	-	-	-	2,759	-	2,759
Total infrastructural assets	535,075	(10,644)	524,431	12,474	7	495	-	-	(10,837)	(18,628)	517,925	(10,973)	506,952
Total property, plant and equipment	625,035	(26,848)	598,187	16,559	7	1,174	-	-	(13,721)	(18,982)	610,937	(30,061)	580,876

	Cost/ valuation 1 July 2017	Accumulated depreciation and impairment charges 1 July 2017	Carrying value 1 July 2017	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 2017	Accumulated depreciation and impairment charges 30 June 2017	Carrying value 30 June 2017
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

	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

Assets under construction

Balance at 30 June 2016		Balance at 30 June 2017
\$000		\$000
4,476	Operational assets	1,959
276	Roading	236
1,908	Water supply	1,307
202	Stormwater system	103
191	Wastewater	974
136	Infrastructural buildings	139
7,189	Total assets under construction	4,718

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

June 2016		June 2017
\$000		\$000
144,814	The total value of all Council assets covered by insurance contracts	149,020
	The maximum amount to which insured assets are insured:	
125,000	- Fire	125,000
150,000	- Other natural disasters	150,000
211,309	The total value of all Council assets covered by financial risk sharing arrangements	-
30,000	Maximum amount available to the Council under financial risk sharing arrangements	-

*Exited risk pool from 1 July 2017

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 2016.

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 2016.

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 2016 (compared to the 1 July 2015 valuation estimate of replacement cost), is as follows:

	July 2015	July 2016
	\$000	\$000
Roading	451,862	446,322
Water supply - treatment plants and facilities	19,978	20,151
Water supply - other assets (including reticulation systems)	86,393	77,626
Stormwater system	54,960	55,188
Wastewater - treatment plants and facilities	39,943	39,802
Wastewater - other assets (including reticulation systems)	58,760	59,092

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 2016. 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 (\$745,000) has been recognised in the statement of comprehensive revenue and expense under 'other losses' (2016: \$500,000).

Impairment

There was no impairment of property, plant and equipment in 2017 (2016: 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 2017 (2016: 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 \$622,000 (2016: \$678,000) and it will continue to be amortised over the next 10 years.

	Cost 1 July 2016	Accumulated amortisation and impairment charges 1 July 2016	Carrying value 1 July 2016	Current year additions	Current year disposals	Current year impairment charges	Current year amortisation	Cost 30 June 2017	Accumulated amortisation and impairment charges 30 June 2017	Carrying value 30 June 2017
2016/17	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Intangible assets										
Computer software	1,907	(958)	949	290	-	-	(237)	2,197	(1,195)	1,002

	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.

21. Depreciation and amortisation expense by group of activity

Actual 2015/16		Actual 2016/17
\$000		\$000
	Directly attributable depreciation and amortisation expense by group of activity	
1,954	Community Facilities	2,185
5,898	Roading	5,989
23	Rubbish and Recycling	26
555	Stormwater	580
2,470	Wastewater	2,597
1,635	Water	1,649
1	Community Development	2
9	Environmental Care	9
12,545	Total directly attributable depreciation and amortisation expense by group of activity	13,037
934	Depreciation and amortisation not directly related to groups of activities	921
13,479	Total depreciation and amortisation expense	13,958

22. Payables and deferred revenue

Actual 2015/16		Actual 2016/17
\$000		\$000
4,365	Trade payables	4,151
456	Deposits and bonds	508
509	Contract retentions	482
283	Accrued expenses	307
1,118	Revenue in advance	1,283
6,731	Total payables and deferred revenue	6,731
	Total payables and deferred revenue comprise:	
1,578	Payables from non-exchange transactions - this includes bonds and deposits for planning, rates and licences received in advance, and taxes and grants payable	1,795
5,153	Payables from exchange transactions - this includes amounts owing for commercial purchases of goods and services	4,936

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 2015/16		Actual 2016/17
\$000		\$000
156	Accrued pay	158
1,082	Annual leave	1,087
50	Sick leave	48
257	Long service leave	274
455	Retirement gratuities	407
2,000	Total employee entitlements	1,974
	Comprising:	
1,536	Current	1,524
464	Non-current	450
2,000	Total employee entitlements	1,974

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% (2016: 6%) and an inflation factor of 3.0% (2016: 2.5%) were used.

24. Borrowings

Actual 2015/16		Actual 2016/17
\$000		\$000
180	Current loans	5,191
24,807	Non-current loans	24,616
24,987	Total borrowings	29,807

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 has a multi-option credit line facility with Westpac Corporate Business. This provides Council with the ability to fund short term revolving requirements. The facility has a limit of \$6 million (2016: \$10 million) and there is \$6 million available to be drawn at 30 June (2016: \$10 million).

Security

Council has an unsecured overdraft. The maximum amount that can be drawn down against the facility is \$500,000 (2016: \$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 2016/17. 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 2015/16		Actual 2016/17
\$000		\$000
	Current	
41	Landfill aftercare	191
25	Tui Mine site monitoring	25
26	Hauraki Rail Trail maintenance	-
92	Total current provisions	216
	Non-current	
75	Weather-tightness and other claims	70
457	Landfill aftercare	448
132	Tui Mine site monitoring	141
-	Hauraki Rail Trail maintenance	-
664	Total non-current provisions	659

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
2016/17					
Balance at 1 July 2016	498	75	157	26	756
Additional provisions made	150	55	-	-	205
Amounts used	(15)	(50)	-	(17)	(82)
Unused amounts reversed	(10)	(10)	4	(9)	(25)
Discount unwind	16	-	5	-	21
Balance at 30 June 2017	639	70	166	-	875
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

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 18 years time (or between 2018 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 3.17% (2016: 3.66%).

Weather-tightness and other claims

There are no claims lodged with the Weathertight Homes Resolution Service (WHRS) as at 30 June 2017 (2016: One claim of \$50,000).

In April 2013, the Ministry of Education (MOE) initiated High Court proceedings against Carter Holt Harvey (CHH) and others alleging inherent defects in the cladding sheets and cladding systems manufactured and prepared by CHH. Subsequently, in December 2016, CHH commenced third party proceedings against 48 Councils, including Matamata-Piako District Council alleging a breach of duty in the processing of building consents, undertaking building inspections and issuing Code Compliance Certificates. The Councils have applied for orders setting aside and striking out CHH's claims against them. The MOE's claim against CHH is for 833 school buildings, of which, 14 schools and 29 buildings are located within Matamata-Piako. At present there is insufficient information to conclude on potential liability and claim quantum, if any. However, Council's insurance providers have confirmed cover for this matter and a provision of \$50,000 excess has been made.

Provision for other minor claims against Council has been made based on estimated costs and/or insurance excesses of \$20,000 (2016: \$25,000).

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 31 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 3.17%. (2016: 3.66%).

Hauraki Rail Trail maintenance

An initial underwriting agreement for the maintenance of the cycleway within the Matamata Piako district came to an end in 2016/17. A new agreement for the on-going maintenance of the cycleway has yet to be finalised.

26. Equity

Accumulated funds

Actual 2015/16		Actual 2016/17
\$000		\$000
411,542	Balance at 1 July	425,742
(12,093)	Transfers to reserves on adoption of the 2015-25 LTP	-
21,436	Transfers from reserves on adoption of the 2015-25 LTP	-
420,885	Restated Balance at 1 July	425,742
(17,441)	Transfers to Council created reserves	(17,099)
(1)	Transfer to restricted reserves	(110)
17,173	Transfer from Council created reserves	13,392
41	Transfer from restricted reserves	-
-	Transfer from revaluation reserves	165
5,086	Surplus/(deficit) for the year	3,844
425,742	Balance at 30 June	425,934

Other reserves

Actual 2015/16		Actual 2016/17
\$000		\$000
	Council created reserves	
47,993	Balance at 1 July	38,918
(21,436)	Transfers to accumulated funds on adoption of the 2015-25 LTP	-
12,093	Transfers from accumulated funds on adoption of the 2015-25 LTP	-
38,650	Restated opening balance 1 July	38,918
(17,173)	Transfers to accumulated funds	(13,392)
17,441	Transfers from accumulated funds	17,099
38,919	Balance at 30 June	42,625
	Restricted reserves	
635	Balance at 1 July	595
(41)	Transfers to accumulated funds	-
1	Transfers from accumulated funds	110
595	Balance at 30 June	705
	Asset revaluation reserves	
95,106	Balance at 1 July	120,888
26,009	Net revaluation gains	(18,534)
(227)	Transfer to accumulated funds on disposal of assets	(447)
-	Impairment charges	-
120,888	Balance at 30 June	101,907
	Fair value through other comprehensive revenue and expense reserve	
-	Balance at 1 July	-
-	Net revaluation gains	10,174
-	Balance at 30 June	10,174
160,402	Total other reserves	155,411

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 as follows.

Council created reserves

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

Council created reserves 30 June 2017

Balance 1 July 2015	Transfers in	Transfers out	Balance 30 June 2016	Reserve fund	Purpose	Activities related to	Balance 1 July 2016	Transfers in	Transfers out	Balance 30 June 2017
\$000	\$000	\$000	\$000				\$000	\$000	\$000	\$000
4,121	1,737	(1,066)	4,792	Community purposes reserve	Funds received and set aside for use on community facilities or for community purposes e.g. grants.	All Council activities	4,792	1,476	(514)	5,754
23,844	949	(898)	23,895	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	23,895	817	(810)	23,902
375	701	(564)	512	Wastewater capital contribution reserve	Capital contribution funds received from industry and set aside to offset future depreciation.	Wastewater	512	701	(534)	679
10,110	13,805	(14,580)	9,335	Depreciation reserves	Funds set aside for the replacement of assets and used to fund internal borrowing.	All Council activities	9,335	13,856	(11,415)	11,775
-	50	-	50	Storm water improvement reserve	Funds set aside to fund stormwater projects.	Stormwater	50	50	-	100
200	200	(65)	335	Te Aroha Wastewater desludging project	Funds set aside to pay for the Te Aroha desludging project expected to be completed in 2016/17.	Wastewater	335	200	(120)	415
38,650	17,441	(17,173)	38,919	Total Council created reserves			38,919	17,099	(13,392)	42,625

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 2015	Transfers in	Transfers out	Balance 30 June 2016	Reserve fund	Purpose	Activities related to	Balance 1 July 2016	Transfers in	Transfers out	Balance 30 June 2017
\$000	\$000	\$000	\$000				\$000	\$000	\$000	\$000
-	-	-	-	Endowment land sales reserve	Funds set aside in respect of the sale of endowment land in Te Aroha. The proceeds must be used for improvement of services and public amenities for the benefit of the inhabitants of Te Aroha.	Community Facilities	-	110	-	110
610	-	(41)	569	Reserves development	Funds set aside from reserves contributions to be used for parks and reserves.	Developments of parks and reserves	569	-	-	569
25	1	-	26	Bequests and trust funds	Funds set aside to be used for the nominated purpose of the bequest or trust fund.	Nominated purposes	26	-	-	26
635	1	(41)	595	Total restricted reserves			595	110	-	705

Asset revaluation reserves

Actual 2015/16		Actual 2016/17
\$000		\$000
	Operational assets:	
10,976	Land	10,811
5,305	Buildings	5,179
6,004	Restricted land	6,004
5,900	Restricted buildings	5,837
	Infrastructure assets:	
30,561	Roading	16,441
27,840	Water	22,628
21,444	Storm water	21,431
12,470	Waste water	13,188
-	Land	-
388	Buildings	388
120,888	Total asset revaluation reserves	101,907

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

Actual 2015/16		Actual 2016/17
\$000		\$000
5,086	Surplus/(deficit) for the year	3,844
	Add/(less) non-cash items	
(21)	Share of joint venture surplus/(deficit)	(8)
13,479	Depreciation and amortisation expense	13,958
(1,740)	Vested and found assets	(7)
-	Net gain/(loss) on disposal of investments in Council Controlled Organisations	(21)
-	Net (gain)/loss on forward foreign exchange contracts	-
1,639	Net (gain)/loss on interest rate swaps	(959)
(35)	Assets under construction reclassified as operating expenditure	(184)
554	Assets under construction reclassified as inventory	-
272	Other non-cash operating items	206
	Add/(less) movements in working capital items	
(1,430)	(Increase)/decrease in receivables	638
(412)	(Increase)/decrease in inventory and assets held for sale	164
1,101	Increase/(decrease) in payables	-
(43)	Increase/(decrease) in employee entitlements	(26)
33	Increase/(decrease) in provisions	119
	Add/(less) items classified as investing or financing activities	
500	(Gain)/loss on disposal and impairment of property, plant and equipment	945
-	(Gain)/loss on financial assets at fair value through surplus or deficit	-
10	(Gain)/loss on fair value of loans and receivables	(12)
18,993	Net cash inflow from operating activities	18,699

28. Capital commitments and operating leases

Actual 2015/16		Actual 2016/17
\$000		\$000
	Capital commitments	
1,149	Restricted buildings	5,456
2,514	Roading	780
1,737	Water	297
5,400	Total capital commitments	6,533

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 one perpetual non-cancellable lease for endowment property (2016: two). The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows:

Actual 2015/16		Actual 2016/17
\$000		\$000
	Non-cancellable operating leases as lessor	
8	Not later than one year	5
34	Later than one year and not later than five years	19
83	Later than five years	43
125	Total non-cancellable operating leases	67

No contingent rents have been recognised during the period.

29. Contingent liabilities

Uncalled capital

Council has uncalled share capital in Local Authority Shared Services Limited, which amounts to \$1,000 as at 30 June 2017 (2016: \$1,000), and uncalled share capital in Waikato Regional Aerial Photography Service of \$4,708 (2016: \$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 2017, LGFA lending totalled \$7.946 billion plus accrued interest (2016: \$6.445 billion plus accrued interest).

Financial reporting standards require Council to recognise the guarantee liability at fair value. However, the Council has been unable to determine a sufficiently reliable fair value for the guarantee, and therefore has not recognised a liability.

The Council considers the risk of LGFA defaulting on repayment of interest or capital to be very low on the basis that: we are not aware of any local authority debt default events in New Zealand; and local government legislation would enable local authorities to levy a rate to recover sufficient funds to meet any debt obligations if further funds were required.

Unquantified claims

Council is not aware of any specific potential future weathertightness claims. Council may 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 Council. Council is yet to receive any claims as a result of this ruling.

Te Aroha wastewater resource consent

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

Thames Valley Combined Civil Defence Committee

There are no contingent liabilities associated with Council's joint venture, Thames Valley Combined Civil Defence Committee (2016: 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

Council had an agreement with the Hauraki Rail Trail Charitable Trust to underwrite the maintenance for the portion of the cycleway within our district to the end of 2016/17. This was to ensure that standards are maintained should the Trust not be able to generate enough revenue to do so. The Trust could only request funding under the underwriting agreement if certain conditions were met. An amount of \$30,000 (2016: \$29,665) was paid to the Trust during the year under the terms of that agreement.

Key management personnel compensation

Actual 2015/16		Actual 2016/17
\$000		\$000
	Councillors	
404	Remuneration	413
12	Full-time equivalent members	12
	Executive Management Team, including the Chief Executive	
961	Remuneration	975
4	Full-time equivalent members	4
1,365	Total key management personnel remuneration	1,388
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

Actual 2015/16	Elected representatives received the following remuneration	Actual 2016/17
\$		\$
	Mayor	
107,423	Barnes, Jan	110,103
	Councillors	
-	Arnold, Donna	19,081
27,114	Cornes, Teena	27,738
-	Cronin, Paul	19,081
26,100	Goodger, Neil	26,990
30,015	Hunter, Brian	27,953
26,100	Jager, Peter	26,753
26,100	McGrail, Robert	7,714
26,100	Robb, Nicki	7,714
-	Sainsbury, James	19,081
26,100	Stanley, Garry	7,714
26,100	Steffert, Maurice	7,714
26,100	Tanner, Ashley	29,339
-	Tappin, Kevin	19,081
30,015	Thomas, James	30,628
26,686	Tisch, Leonie	7,714
-	Wilcock, Adrienne	19,081
403,953	Total elected representatives' remuneration	413,479

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

Actual 2015/16	The Chief Executive appointed under section 42 of the Local Government Act 2002 received the following remuneration	Actual 2016/17
\$		\$
230,310	Salary	228,928
9,569	Vehicle (market value plus Fringe Benefit Tax)	9,189
6,762	Medical insurance (market value plus Fringe Benefit Tax)	4,987
63,839	Superannuation contribution	66,048
3	Other Fringe Benefit Tax	-
310,483	Total Chief Executive's remuneration	309,152

Council Employees

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

2015/16		2016/17
Number of employees	Salary band	Number of employees
172	<\$60,000	156
42	\$60,000 - \$79,999	42
24	\$80,000 - \$99,999	31
9	\$100,000 - \$159,999	12
4	\$160,000 - \$319,999	4
251	Total employees (including full-time, part-time and casual employees)	245

At 30 June 2017 there were 5 or fewer employees in the bands \$120,000 - \$139,999 and \$140,000 - \$159,999 so these bands have been combined with \$100,000 - \$119,999. Therefore the numbers for those bands have been combined as required by legislation.

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 (2016: 149) full-time employees (a full-time employee is determined on the basis of a 40 hour week). With the balance of staff representing 49 (2016: 48) 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.

32. Severance payments

Council did not make any severance payments during the year ended 30 June 2017 (2016: nil).

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 2015/16		Actual 2016/17
\$000		\$000
	Financial assets	
	Fair value through surplus or deficit - held for trading	
7	Derivative financial instrument assets	5
7	Total fair value through surplus or deficit - held for trading	5
	Loans and receivables	
5,290	Cash and cash equivalents	2,591
4,262	Receivables	3,555
	Other financial assets:	
123	- Community loans	86
639	- Industry loan	441
332	- Banks Road development loan	340
10,646	Total loans and receivables	7,013
	Held to maturity	
	Other financial assets:	
8,400	- Term deposits	18,300
410	- Local authority and other stock	410
8,810	Total held to maturity	18,710
	Fair value through other comprehensive revenue and expenses	
24	- Local authority and other stock	24
3,287	- Investments in Council Controlled Organisations and other entities	13,527
3,311	Total fair value through other comprehensive revenue and expense	13,551
	Financial liabilities	
	Fair value through surplus or deficit - held for trading	
2,635	Derivative financial instrument liabilities	1,676
2,635	Total fair value through surplus or deficit - held for trading	1,676
	Financial liabilities at amortised cost	
5,613	Payables and deferred revenue	5,448
24,987	Borrowings	29,807
30,600	Total financial liabilities at amortised cost	35,255

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:

2016/17				
Valuation techniques				
	Total	Quoted market price	Observable inputs	Significant non-observable inputs
	\$000	\$000	\$000	\$000
Financial assets				
Derivative financial instrument assets	5	-	5	-
Local authority and other stock	434	434	-	-
Investments in Council Controlled Organisations and other entities	13,527	-	-	13,527
Financial liabilities				
Derivative financial instrument liabilities	1,676	-	1,676	-

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

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	-

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 2015/16		Actual 2016/17
\$000		\$000
3,266	Balance at 1 July	3,287
21	Gain/(loss) recognised in the surplus or deficit	(1)
-	Purchases	80
-	Sales	-
3,287	Balance at 30 June	3,366

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 is not exposed to any significant price risk.

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. Council is not exposed to any significant currency risk.

Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Borrowings and investments issued at fixed rates of interest expose Council to fair value interest rate risk. Council's Liability Management Policy is to maintain 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 2015/16		Actual 2016/17
\$000		\$000
5,290	Cash and cash equivalents	2,591
4,262	Receivables	3,555
	Other financial assets:	
123	- Community loans	86
639	- Industry loan	441
332	- Banks Road development loan	340
8,400	- Term deposits	18,300
434	- Local authority and other stock	434
7	Derivative financial instrument assets	5
19,487	Total credit risk	25,752

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:

2016/17						
Credit Ratings						
	AA-	A+	A	A-	Not Rated	Total
	\$000	\$000	\$000	\$000	\$000	\$000
Cash and cash equivalents	2,591	-	-	-	-	2,591
Term deposits	14,800	-	3,500	-	-	18,300
Local authority and other stock	110	300	-	24	-	434
Derivative financial instrument assets	5	-	-	-	-	5
Community loans	-	-	-	-	86	86
Industry loan	-	-	-	-	441	441
Banks Road development loan	-	-	-	-	340	340

2015/16						
Credit Ratings						
	AA-	A+	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

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
2016/17					
Payables and deferred revenue	5,448	5,448	5,448	-	-
Net settled derivative liabilities	1,676	158	158	-	-
Borrowings	29,807	30,016	5,397	15,619	9,000
Total	36,931	35,622	11,003	15,619	9,000
2015/16					
Payables and deferred revenue	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

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
2016/17					
Cash and cash equivalents	2,591	2,593	2,593	-	-
Receivables	3,555	3,555	3,555	-	-
Net settled derivative assets	5	-	-	-	-
Other financial assets:					
- Community loans	86	91	52	39	-
- Industry loan	441	475	238	237	-
- Banks Road development loan	340	340	340	-	-
- Term deposits	18,300	18,720	18,720	-	-
- Local authority and other stock	434	445	445	-	-
Total	25,752	26,119	25,843	276	-

	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	-

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.

2016/17	\$000			
	-100bps		+100bps	
	Surplus	Other equity	Surplus	Other equity
Interest rate risk				
Financial assets				
Cash and cash equivalents	(11)	-	11	-
Financial liabilities				
Borrowings	70	-	(70)	-
Total sensitivity	59	-	(59)	-

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)	-

*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 Council. Intergenerational equity requires today's ratepayers to meet the costs of utilising Council's assets and not expecting them to meet the full cost of long term assets that will benefit ratepayers in future generations. Additionally, Council has in place asset management plans for major classes of assets detailing renewal and maintenance programmes, to ensure ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

The Act requires Council to make adequate and effective provision in its Long Term Plan and in its Annual Plan (where applicable) to meet the expenditure needs identified in those plans. The Act further sets out the factors that Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the funding and financial policies in Council's 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 2016/17 budget figures in the 2016/17 Annual Plan are as follows:

Major variations	Annual Plan 2016/17	Actual 2016/17	Explanation for major variations to budget
	\$000	\$000	
Statement of comprehensive revenue and expense			
Rates	33,567	34,079	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	3,583	4,597	The contributions received/owing from the Te Aroha Events Centre Charitable Trust for the completed Events Centre project were \$800,000 more than budgeted for in the 2016/17 year. The capital subsidy received from NZTA was \$208,000 more than budgeted for 2016/17 due to additional capital projects being approved for subsidy and the completion of some subsidised projects carried forward from last year.
Fees and charges	5,477	7,170	There was a significant increase in development activity during the year, with income from building consents up \$356,000, and resource consents up \$302,000 compared to budget. Income from the Te Aroha Mineral Spas and aquatic facilities was \$161,000 more than budgeted with the Spas having a particularly busy year. Increases in pensioner housing rents increased income from property by \$117,000. Other increases in fees and charges came from higher volumes of trade waste by industries, increase in charges and volumes at transfer stations, and a high volume of LIMs processed during the year.
Interest and dividends from investments	405	549	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	524	Revenue from contributions was higher than budgeted due to some significant developments in the district, particularly this year the Waharoa industrial development.
Vested and found assets	200	7	The value of assets vested to Council through the subdivision process is difficult to budget with any accuracy on an annual basis as the revenue is recognised only when completion certificates are applied for by the developer and issued by Council.
Other gains	-	1,003	An increase in market interest rates has seen the valuation of Council's interest rate swap portfolio increase by \$959,000 during the year.
Payments to suppliers	16,072	17,197	The significant increase in building and resource consent activity resulted in additional costs of \$356,000. Likewise the increased patronage of the Spas and aquatic facilities increased costs by \$141,000. Costs in wastewater exceeded budget by \$300,000 this year due to required maintenance and remediation costs. \$184,000 from the Te Aroha Events Centre capital project was reassessed as operating expenditure. The provision for the landfill aftercare has increased \$160,000 this year as some additional work required in the next year for resource consent conditions was identified. There were other minor increases and savings across a number of activities.
Finance costs	1,760	1,349	Debt was lower than budgeted due to the delay in the capital programme, reducing overall finance costs.
Other losses	-	971	The Matamata Memorial Hall, Council office and part of the library were written off the books at the time they were demolished to make way for the new Matamata Civic Centre, resulting in a loss on disposal. The disposal of rural halls and the rural fire assets transferred to Fire and Emergency NZ also resulted in losses on disposal.
Financial assets at fair value through other comprehensive revenue and expense	-	10,174	As a result of an increasing portion of Waikato Regional Airport Limited's (WRAL's) balance sheet being carried at fair value, Council are now able to reliably measure our investment in WRAL at fair value (previously recognised at cost). This has resulted in an increase in the investment of \$10.174 million in the current year.
Property, plant and equipment revaluations	8,186	(18,817)	Council budgeted for an increase in valuation of PPE but construction costs actually dropped over the year since the last valuation, particularly for roading and water. The useful lives of some components of roading assets has also been revised.
Statement of financial position			
Current assets	9,203	26,816	The balance of cash and investments held at balance date is higher than budgeted due to the delay in the capital programme, and also due to the pre-funding of a \$5 million loan in May that is due to mature in December 2017. Receivables are also higher than budgeted, mainly due to the accrued contributions owing in respect of the completed Te Aroha Events Centre project.
Non-current assets	625,932	595,592	The balance of property, plant and equipment is lower than budgeted due to a decrease in the valuation of assets, the delay in the capital work programme and the disposal of assets including the Matamata buildings being replaced in the Civic Centre project. Investments in Council controlled organisations increased significantly due to the measurement of the WRAL investment at fair value.
Current liabilities	11,780	13,743	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	36,469	27,320	Debt is lower than budgeted due to the delay in the capital programme. This despite the \$5 million loan raised in May to pre-fund another loan due to mature in December 2017. In addition, a liability is recognised at year end for the unfavourable valuation of Council's interest rate swap portfolio at 30 June 2017.
Statement of cashflow			
Operating activities	14,706	18,699	The main contributors to the increase in operating cashflows compared to budget were the increase in metered water and trade waste revenue from industrial users, an increase in the NZTA subsidy compared to budget, unbudgeted contributions in respect of the Silver Fern Farms Events Centre project, increased interest from investments and a reduction in interest costs.
Investing activities	(22,022)	(26,218)	Cash utilised for investing purposes was higher than budgeted. While the capital spending was lower than expected, the surplus cash was invested in term deposits.
Financing activities	7,519	4,820	Financing activities were largely in line with budget, although \$5 million of the new borrowing was to pre-fund debt maturing in December 2017 rather than increasing the level of core debt.

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	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	Achieved	There were no notifiable incidents.
Independently review and implement the company's Health & Safety framework to align with the requirements of the Health and Safety Work Act 2015.	Achieve	Achieved	An independent audit was undertaken in September 2016. Enhancements to the existing procedures in relation to notifiable incidents and company responsibly were implemented. All existing H&S frameworks have been undertaken to include the provisions of the Health and Safety at Work Act 2015
To achieve the Airport Certification Standards as required by the Civil Aviation Authority and as evidenced by Civil Aviation Authority audit reports.	Achieve	Achieved	The airport continues to meet the Airport Certification Standards.
Ensure airport is operationally available for all scheduled passenger services (except for uncontrollable events).	Achieve	Achieved	There have no incidences 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	Meetings have been facilitated every 4 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	There were 43 customer feedback cards collected during the period 1 July 2016 to 30 June 2017. All items are considered by the management team and addressed where appropriate. Personal complaints are responded to.
Cash flow	To ensure the company has sufficient cash to fund activity for the year without recourse to the shareholder	Achieved	Achieved
Growth in website traffic (total visits).	20%	8.3%	Not Achieved
Industry partnership contributions.	\$400,000	453,338	Achieved
Net surplus/(deficit) after tax	(\$366,000)	(305,000)	Result is better than planned due to higher than forecast passenger activity.
Net surplus/(deficit) after tax to average shareholders' funds	(1.00%)	(0.42%)	Result is better than planned due to higher than forecast passenger activity.
Net surplus/(deficit) after tax to total assets	(0.00%)	(0.30%)	Slightly worse than planned.
Earnings before interest, taxation and depreciation (EBITDA)	\$2,279	\$2,443	Result is better than planned due to higher than forecast passenger activity.
Net Operating cash flow	\$1,594	\$5,247	Result is better than planned due to higher than forecast passenger activity.
Net Investing cash flow	(\$1,540)	(\$9,292)	The result reflects the 98 hectare farm purchase.
Funding Titanium Park Limited	(\$505)	\$3,161	Result is better than expected due to TPL reducing their loan advance to WRAL.
Net cash flow (operating and investing)	(\$451,000)	(\$884,000)	The result reflects the 98 hectare farm purchase.
Net Debt	\$8,287	\$10,994	The result reflects the 98 hectare farm purchase.
Total liability/shareholders' funds (debt/equity ratio)	26:74	20:80	The ratio is better than planned due to increased land valuations.

Performance measure	Target	Actual	Actual outcome
Applicable to parent company (Airport) operations only			
Percentage of non-landing charges revenue	76%	81%	Result is better than planned due to higher than forecast passenger activity.
Interest cover	6.56	8.63	Result is better than planned due to higher than forecast passenger activity.
Net profit before tax, interest, revaluations to total assets	New	0.25%	
Net profit before tax, interest, revaluations to shareholder funds	New	0.30%	
Net profit after tax, interest, revaluations to total assets	New	3.15%	
Net profit after tax, interest, revaluations to shareholder funds	New	3.79%	

*These rates exclude gains on investment property valuations and also excludes TPL land sales and tax associated with those land sales.

Waikato Local Authority Shared Services Limited (WLASS)

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

Matamata-Piako's shareholding is 8.33%.

WLASS 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	Outcome
A minimum of three new procurement initiatives investigated per annum and business cases developed if considered appropriate.	<p>Achieved A joint RFP with BOPLASS for the supply of multi-function devices was completed and Konica Minolta were accepted as the preferred supplier.</p> <p>Shared procurement of Thomson Reuters services, EMA membership, and participation in the BOPLASS EFTPOS contract have been investigated, but no financial benefits were identified.</p> <p>A WLASS Master Agreement with Vertical Horizonz for the provision of health & safety training was completed in February 2017 and 11 councils have signed Joining Agreements.</p>
Initiatives which are implemented shall provide financial savings and/or improved service levels to the participating councils.	<p>Achieved A syndicated clause in three tendered Hamilton City Council contracts enables all shareholders to access: (i) a library book buying contract at 37% discount on the RRP; (ii) a contract for the supply of pipes and fittings for water, wastewater and stormwater pipes, which provides discounts of between 30% and 80% off the list price; (iii) an HR Panel of eight suppliers for the recruitment of permanent and temporary staff.</p> <p>Information on how to participate in syndicated contracts for Office Furniture, Media Monitoring and Employee Assistance Programmes was circulated to all shareholding councils.</p>
New suppliers are awarded contracts through a competitive tender process.	<p>Achieved Following an RFP process, a WLASS Master Agreement for Fleet Management has been entered into with FleetPartners /FleetSmart for a term of 1+2.</p>
A minimum of three priority projects for collaboration are identified per annum.	<p>Achieved Six projects (GIS, Procurement, Aligned Planning, Digital Strategy, Learning and Development, and Building Services) have been investigated.</p>
If considered of value, business cases are developed for approval by the Board, and the projects are implemented.	<p>Achieved Business cases for all six projects were approved by the Board. A GIS team is working on identifying why spatial data should be used to support the Waikato region within the framework of the Waikato Digital Strategy, including identifying the benefits and measures of success.</p> <p>A Procurement review is in progress, and is scheduled for completion in August 2017.</p> <p>An RFP to select a Project Manager to lead the Aligned Planning project is in progress.</p> <p>A Digital Strategy is under development.</p> <p>A Learning & Development Working Party has been established, and projects are in progress.</p> <p>A strategic review of Building has been completed and a number of new initiatives have been identified, which will commence in 2017/18.</p>
The WLASS Contracts Register is maintained and managed.	<p>Achieved Contracts Register is up-to-date.</p>
Contracts which are due for renewal are tested for competitiveness and either renegotiated or tendered through a competitive process.	<p>Achieved Four current contracts have been extended, following a performance review: (i) Dataprint (computer-generated print, mailhouse and e-services) (ii) Professional Services Panel (building services, planning 3-waters, urban design, flood hazards consultancy services) (iii) Aon (insurance brokerage) (iv) Infometrics (economic data).</p>
Monthly financial statements show a positive cashflow position.	<p>Achieved Cash flow for the year shows a positive total cash balance of \$352,274.</p>

Performance measure	Outcome
Administration expenditure shall not exceed budget by more than 5%, unless prior approval is obtained from the Board.	Achieved Actual expenditure was 19% favourable compared to budget. Reports on the financial position were considered at WLASS Board meetings on 5 August, 14 October, and 2 December 2016, and on 3 February, 24 March and 26 May 2017.
The Board shall provide a written report on the business operations and financial position of the WLASS to the shareholders every six months.	Achieved The 6-monthly report was distributed to shareholders on 9 February 2017.
Every second report shall be the Annual Report, which includes a report that all of the statutory requirements of the WLASS are being adhered to.	Achieved. This is the Annual Report.
The Mayoral Forum is regularly updated on the progress of each approved workstream.	Not Applicable The WLASS CEO is no longer responsible for updating the Mayoral Forum on progress with projects. Project sponsors are responsible for updates.
Approved invoices for Mayoral Forum projects are paid by the 20th of the month following their receipt.	Partly Achieved All approved invoices, except for one, were paid by the 20th of the month following their receipt.
The SVDS is available to users at least 99% of normal working hours.	Achieved SVDS was available to users for 99.16% of normal working hours.
All capital enhancement work is supported by a business case and approved by the SVDS Advisory Group.	Not Applicable There has been no capital enhancement work over the last 12 months.
The SVDS Advisory Group meets at least 6-monthly.	Achieved The Group met on 1 September and 17 November 2016, and on 9 March and 1 June 2017.
Strategic advice provided by Aon on the insurance programme structure is assessed as satisfactory in the annual WLASS Shareholders' survey by the participating councils.	Not Applicable Shareholders' survey is scheduled to be reported to the Board on 26 August 2017.
The day-to-day service provided by Aon is assessed as satisfactory in the annual WLASS Shareholders' survey by the participating councils.	Not Applicable Shareholders' survey is scheduled to be reported to the Board on 26 August 2017
Reports presented to WLASS Board as at 30 December and 30 June, and circulated to stakeholders.	Achieved 6-monthly reports presented to Board meetings on 2 December 2016 (circulated to stakeholders on 19 December) and on 7 July 2017.
Reports include a summary of savings achieved.	Achieved A summary of savings was included. In the July report to the Board.
All RATA councils participate in the tour.	Achieved All councils participated in the tour in October 2016.
Report on tour outcomes prepared by 31 December each year, and circulated to stakeholders.	Achieved Report delayed until February 2017 (individual councils received their reports in January).
Contracts which are due for renewal are tested for competitiveness and either renegotiated or tendered through a competitive process.	Not Applicable No contracts due for renewal. Data collection contracts were extended for one year on 14 October 2016.
Any data issues are identified and resolved, with any incidents reported to stakeholders.	Achieved Asset Information Engineer identifies and resolves all issues.
All modelling reports requested from the model supplier are actioned within the agreed timeframe, scope and budget.	Achieved Reports were provided on 15 August and 18 November 2016. No quarterly reports were requested in 2017 as the model was unused during this period.
A report from RATA on any new developments and on the status of the model is provided to the WLASS Board at least every six months.	Achieved Reports presented to the Board in December 2016 and July 2017.
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 Peer review of base model was completed in April 2017. Consultant has been engaged to complete future years' model in 2017/18.
Internal audits completed annually for each Group member.	Partially Achieved Only seven of the eight audits scheduled for the year were completed due to a lack of staff resources to assist.

Performance measure	Outcome
Provide Group members with a joint quality assurance system that meets statutory compliance.	Not Achieved The quality assurance system consists of over 466 separate documents. Regulation 17 requires that all BCAs on an annual or more frequent basis; audit and review all of their quality assurance systems to ensure that the systems meet the requirements of the BCA regulations and the Building Act 2004, and remain appropriate for purpose. Even though the audit and review of the QA systems was achieved within the calendar year. It was not achieved within 12 months from the last completion date.
Report at least six monthly to the WLASS Board on the Group's activities.	Achieved Reports presented to the 3 February and 7 July 2017 Board meetings.
Reports presented to WLASS Board as at 30 December and 30 June, and circulated to stakeholders.	Achieved 6-monthly reports presented to the Board on 2 December 2016 and 7 July 2017.
A survey of shareholders is undertaken each year, and the results are reported to all shareholders.	In Progress Shareholders' survey has been completed and is scheduled to be reported to the Board on 26 August 2017.
Information on the financial and non-financial benefits being achieved by WLASS are included in the 6-monthly and Annual Report to shareholders.	Achieved Information is included in this report.

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.

Part three: What we do

Community Facilities and Property

What we do

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

Why we do these activities

Community Facilities and Property provide a wide range of community facilities like pools, libraries, and events centres, tourist attractions 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.

Significant effects

Our activities have the potential to have both positive and negative effects on the community. The 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	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).	✓	✓	✓	✓	✓	✓	✓	✓	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 2013 looks at open space provision and the need for additional linkage parks and walkways. Various projects identified in the Strategy have been incorporated in the Long Term Plan 2015-25. In 2016/17 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.
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 and double glazing at the Matamata-Piako Memorial and Civic Centre. 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 of our housing units.

Carparks and Street Furniture

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

Our projects from the last twelve months

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

Capital projects	What have we been doing?	2016/17	
		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.	25	
	<ul style="list-style-type: none"> Matamata central business district bins and street furniture 		25
Total key capital projects		25	25
Total key capital projects (including inflation)		26	

Levels of service

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

Level of service	How we measure performance	2013/14	2014/15	2015/16	2016/17	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		57%	90% or more	X	<p>Our response rate is measured through our Customer Request Management system</p> <p>To ensure our facilities are safe and maintained to an acceptable standard, we aim to respond to complaints in a timely manner.</p> <p>We received a total of 13 complaints regarding carparks and street furniture for the period 1 July 2016 to 30 June 2017, of these, we responded to 6 complaints within the assigned time frame of 4 working days, giving us a result of 46.15%. We had 1 urgent matter that was not responded to in the assigned timeframe and meant we achieved 0% on urgent complaints. This complaint was about broken glass in the Council owned countdown carpark, it was assumed by the works team that the street sweeper would clear this away later in the day, which was not the case and meant the problem was left for longer than the urgent assigned time frame of 2 hours.</p>
					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.

Cemeteries

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

Our projects from the last twelve months

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

Capital projects	What have we been doing?	2016/17	
		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>	25	
	<ul style="list-style-type: none"> Ashes wall at Piako Cemetery 		46
Total key capital projects		25	46
Total key capital projects (including inflation)		26	

Levels of service

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

Level of service	How we measure performance	2013/14	2014/15	2015/16	2016/17	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.	79%	90%	88%	80%	✓	We measure this through our Annual Customer Survey. We aim to maintain cemeteries at a standard that satisfies cemetery visitors and shows respect to our deceased. This year's result is similar to previous years with 91% of respondents satisfied/very satisfied with our cemeteries. 52% said they were very satisfied, 39% were satisfied. A further 5% said they were neither satisfied nor dissatisfied and 1% didn't know. 3% of respondents said they were dissatisfied. Reasons given for dissatisfaction included general maintenance required and upgrading required.
					Actual		
					91%		

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 19 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.

Our projects from the last twelve months

There were no new capital projects planned in 2016/17. Renewal projects that have been undertaken in the last twelve months are outlined below.

Other projects	What have we been doing?	2016/17	
		Budget \$000	Actual \$000
Elderly persons housing	Flat 12, Te Aroha reroofing	60	38
	Flat 5, Matamata upgrade		52
Property	Water supply, upgrade at Waihou	67	30
Total projects		127	120

Levels of service

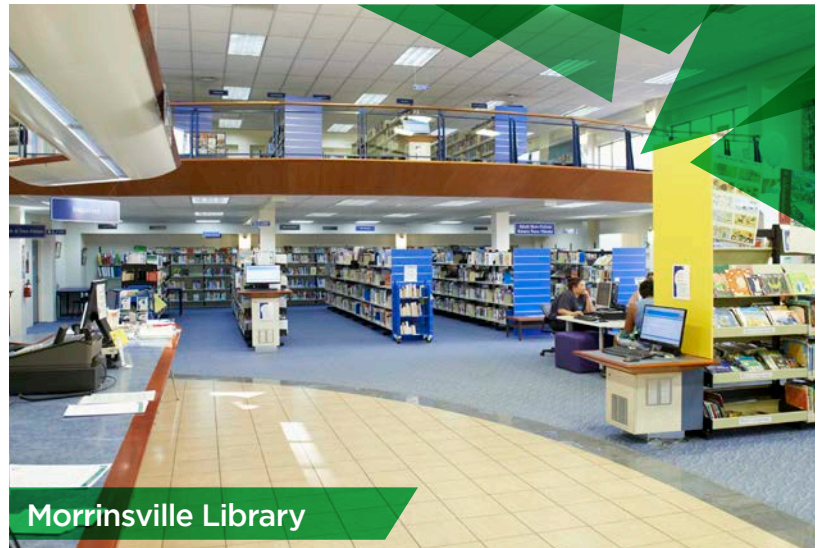
What you can expect and how you will know we are meeting your expectations.

Level of service	How we measure performance	2013/14	2014/15	2015/16	2016/17	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.	87%	85%	87%	80%	✓	This is measured by an annual survey of elderly persons housing tenants undertaken in April each year. We provide elderly persons housing so elderly people can have access to good quality affordable housing. This year 30.43% said they were very satisfied and 52.17% said they were satisfied. A further 4.35% said no comment and 10.87% said they were neither satisfied or dissatisfied. 2.17% 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		
					82.6%		
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	✓	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. Our policy is to set elderly persons housing rents below the market median for the district to ensure it is affordable. Rent for a one bedroom flat is \$156 (market median is \$200) and \$212 for a two bedroom flat (market median is \$255). This is 28.21% and 20.28% 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%	✓	This is measured through our internal records of occupancy. High occupancy rates of elderly persons housing will ensure we are providing affordable housing in the district.
					Actual		
					98.73%		

Libraries

Our public libraries have been supplying our communities with library services for over 100 years. While the technology and delivery options may have changed over time, the core roles of the library have remained the same.

Our libraries support, and are actively involved in activities such as reading, literacy and information technology for people of all ages, local heritage, providing public space and a community focal point, offering opportunities for lifelong learning, putting people in touch with information and providing an information gateway.



Our projects from the last twelve months

There were no new capital projects planned for 2016/17.

Levels of service

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

Level of service	How we measure performance	2013/14	2014/15	2015/16	2016/17	Achieved	Additional information
		Actual			Target		
Our library services will be accessible to the community.	The number of people visiting our libraries.	222,843 visits	198,103 visits	186,552 visits	Maintain 2013/14 benchmark (222,843 visits) Actual 164,055 visits	X	This is measured through door count records. Our 2016/17 performance target was to maintain the 2013/14 benchmark of 222,843 visits. With 164,055 visitors for the year we did not reach the target. Visitor numbers to the Matamata library were expected to fall as it is currently operating out of a small temporary site. It is noted that visits to the library website have 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.	6,389 visits	8,154 visits	16,383 visits	Maintain 2013/14 benchmark (6,389 visits) Actual 25,051 visits	✓	This is measured through website visitor statistics. Our 2016/17 performance target is to maintain the 2013/14 benchmark of 6,389 visits. In 2016/17 we had more than 25,051 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.	90%	85%	85%	90% satisfied or very satisfied Actual 85%	X	This is measured through our Annual Customer Survey. User satisfaction for the library services has remained the same for three years at 85%. Target satisfaction was not achieved with 48% of respondents being very satisfied, 37% satisfied, 8% neither satisfied nor dissatisfied and 6% of users indicating 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?	2016/17	
		Budget \$000	Actual \$000
Morrinsville River Walkway	This walkway will run from Studholme Street Bridge to Holmwood Park along the river. Develop/build walking track to link up the existing River Walkway and Holmwood Park Walkway.	120	-
Te Aroha River Walkway	Purchasing land	50	-
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>	50	
	<ul style="list-style-type: none"> Construct and replace bridge across Tophaeae Stream, Te Miro Forest 		49
Total key capital projects		220	49
Total key capital projects (including inflation)		225	

Levels of service

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

Level of service	How we measure performance	2013/14	2014/15	2015/16	2016/17	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.	77%	81%	79%	80% satisfied/very satisfied	X	This is measured through our Annual Customer Survey. This year's results were the same as last year. 27% said they were very satisfied and 52% were satisfied. 16% said they were neither satisfied nor dissatisfied, and 2% didn't know. 3% said they were dissatisfied and no-one said they were very dissatisfied. Reasons given for dissatisfaction included dog fouling on the fields, facilities under utilised and lack of parking.
					Actual		
					79% satisfied/very satisfied		
We will promote and encourage the community to use our parks and reserves.	Percentage of users satisfied or very satisfied with parks and reserves.	80%	75%	79%	80% satisfied/very satisfied	✓	This is measured through our Annual Customer Survey. This year's results saw an improvement of 4% compared to last year. 31% were very satisfied and 52% were satisfied. 12% said they were neither satisfied nor dissatisfied, and 1% didn't know. 3% said they were dissatisfied and 1% said they were very dissatisfied. Reasons for dissatisfaction included lack of maintenance, dog fouling and facilities under utilised.
					Actual		
					83% satisfied/very satisfied		
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 2016/17 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 December 2016 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.

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?	2016/17	
		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>	25	
	• Swim Zone Matamata - three duo shade units		15
Swim Zone Matamata	Pool refurbishment - new project (\$399,000) approved February 2017	-	6
Total key capital projects		25	21
Total key capital projects (including inflation)		26	

Levels of service

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

Level of service	How we measure performance	2013/14	2014/15	2015/16	2016/17	Achieved	Additional information
		Actual	Target	Actual			
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			✓	This is measured through records of quarterly external audits. Professional pool operation and management ensures people's safety will not be put at risk while using our pools. Audits on our pools and spas were completed in August and November 2016, March and June/July 2017. The audit reports identified that some areas within the facilities require maintenance and need to be cleaned. This has been incorporated into the work programme and the renewal planning for future years.
			Actual	Target	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.	79%	75%	74%	80%	X	This is measured through our Annual Customer Survey. This year's results of 70% satisfaction did not meet our target of 80%. This is similar to last year. 30% of respondents were very satisfied and 40% were satisfied. A further 16% said they were neither satisfied nor dissatisfied, and 5% didn't know. 6% said they were dissatisfied and 3% said they were very dissatisfied. Reasons for dissatisfaction included requests for upgrading facilities, comments about costs and 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.	120,391	124,824	145,363	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 2016/17 is visitor numbers will be within 5% of the five year average. The five year average was 120,847 visitors. The target is for visitor numbers to fall within the range from 114,804 to 126,889. During the year we had 169,780 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.

Our projects from the last twelve months

Key projects undertaken in the last twelve months are outlined below. There are no new capital projects.

Other projects	What have we been doing?	2016/17	
		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 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.</i>		
	Carry forward - Herries Park toilet - insurance funded	-	64
Total projects		-	64

Levels of service

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

Level of service	How we measure performance	2013/14	2014/15	2015/16	2016/17	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	22 complaints	20 or less complaints about cleanliness per year		X	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. We received 34 complaints regarding the cleanliness of public toilets during 2016/17. We received the most complaints for our Herries Park and Waharoa toilet facilities. 12 for Waharoa and 6 for Herries Park. In order to try and bring the number of complaints down we have replaced the Herries Park toilet and are monitoring the situation at Waharoa.
				Actual	34 complaints about cleanliness		

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.



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?	2016/17	
		Budget \$000	Actual \$000
Matamata-Piako Civic and Memorial Centre, Matamata	Replacing the existing Matamata Memorial Hall, Library and Council office	2,000	1,145
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>	50	14
Te Aroha Domain	Carry forward - Disabled access - access ramp and footpath upgrade to enable access from top to lower green		15
Total key capital projects		2,050	1,174
Total key capital projects (including inflation)		2,096	

Levels of service

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

Level of service	How we measure performance	2013/14	2014/15	2015/16	2016/17	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		57%	90% or more Actual 90%	✓	Our response rate was measured from our Customer Request Management system. We received a total of 10 complaints about damage to our Recreation and Heritage facilities in 2016/17. Of these 9 were non-urgent with 8 responded to within the timeframe and one urgent complaint, regarding loose roofing from the Te Aroha event centre blowing around, which was responded to in the assigned time frame.

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.

Community Facilities and Property

Funding impact statement for the year ended 30 June 2017

Long Term Plan budget 2015/16	Actual 2015/16		Long Term Plan budget 2016/17	Actual 2016/17	Explanation of key variances to the Long Term Plan budget
\$000	\$000		\$000	\$000	
Sources of operating funding					
7,765	7,819	General rates, uniform annual general charges, rates penalties	8,191	8,043	The LTP included a forecast for inflation in costs and revenue of 2.24% that did not eventuate.
60	94	Targeted rates	61	99	A number of Hall Committees requested increases to the targeted rates for specific projects planned for their rural halls.
-	4	Subsidies and grants for operating purposes	-	4	
2,666	3,111	Fees and charges	2,722	3,377	A \$271,000 profit was made on the sale of the final Mangawhero industrial lot. \$154,000 funding was received from Regional Council for the monitoring of the Tui Mine. Income from the Te Aroha Mineral Spas and aquatic facilities was \$161,000 more than budgeted with the Spas having a particularly busy year. Increases in pensioner housing rents increased income from property by \$117,000. Camping ground fees from the Firth Tower and Aerodrome increased by \$28,000. Income from the library rentals was \$31,000 lower than budgeted.
129	147	Internal charges and overheads recovered	134	227	
-	-	Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	
10,620	11,175	Total operating funding (A)	11,108	11,750	
Applications of operating funding					
6,614	6,525	Payments to staff and suppliers	6,840	7,285	Costs for the Te Aroha Mineral Spas and other aquatic facilities increased by \$267,000 compared the LTP budget due to increased patronage at the Spas, and a higher level of operating costs at the Matamata Sports Centre since the refurbishment in 2015/16. \$184,000 from the Te Aroha Events Centre capital project was reassessed as operating expenditure.
306	135	Finance costs	417	344	Debt raised was lower than projected in the LTP due to the delay in the capital programme (as detailed below), reducing overall finance costs.
1,708	1,859	Internal charges and overheads applied	1,770	1,714	
-	-	Other operating funding applications	-	-	
8,628	8,519	Total applications of operating funding (B)	9,027	9,343	
1,992	2,656	Surplus (deficit) of operating funding (A – B)	2,801	2,407	
Sources of capital funding					
-	1,820	Subsidies and grants for capital expenditure	-	1,102	The contributions received/owing from the Silver Fern Farms Events Centre Charitable Trust for the completed Events Centre project were not budgeted for in the LTP.
55	145	Development and financial contributions	56	78	Changes to the timing of major capital projects has changed the timing of the debt being raised to fund these, compared to the LTP.
3,874	900	Increase (decrease) in debt	1,378	(552)	The sales of an endowment property and the former Matamata works depot this year were not budgeted for in the LTP.
-	656	Gross proceeds from sale of assets	-	501	
-	-	Lump sum contributions	-	-	
-	-	Other dedicated capital funding	-	-	
3,929	3,521	Total sources of capital funding (C)	1,434	1,129	
Applications of capital funding					
Capital expenditure					
315	-	—to meet additional demand	195	120	The timing of the Matamata Civic Centre and Silver Fern Farms Events Centre projects were delayed from that set out in the LTP.
4,185	4,587	—to improve the level of service	2,203	2,091	
863	2,273	—to replace existing assets	1,104	1,252	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
558	(378)	Increase (decrease) in reserves	13	-	
-	(305)	Increase (decrease) of investments	-	73	
5,921	6,177	Total applications of capital funding (D)	3,515	3,536	
(1,992)	(2,656)	Surplus (deficit) of capital funding (C – D)	(2,801)	(2,407)	
-	-	Funding balance ((A – B) + (C – D))	-	-	

Strategy and Engagement

What we do

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

Why we do these activities

These activities ensure our community 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 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. 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 Council's 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, please refer to the Strategies and Plan activity for more details on these plan changes.
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 through our communications planning.
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. Please refer to the Civil Defence activity for more details on our activities.

Civil Defence

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

Our projects from the last twelve months

Running emergency exercises and the regular review of our local and regional plans are the core of this activity. A Disaster Recovery Plan has been developed for our district.

Levels of service

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

Level of service	How we measure performance	2013/14	2014/15	2015/16	2016/17	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.	18%	24%	35%	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 and is programmed to occur over the next three years. Once these are available we will ensure we have appropriately trained staff.</p> <p>As of 30 June 2017 we have only reached 36% of the positions filled with appropriately trained staff. The remaining courses are still being developed nationally.</p> <p>We provide information to our community on emergency readiness via our website and facebook.</p>
					Actual		
					36%		

Communications and Events

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

Our projects from the last twelve months

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

Projects	What have we been doing?	2016/17	
		Budget \$000	Actual \$000
Increase transactions/ services that are available online	In 2016/17 a new online ticket system was set up and used for the Business Night Out and Industry Training Graduation, allowing customers to order tickets to Council events online. As well as being more convenient for customers, handling all tickets electronically saved money on printing and postage costs for these events. We also added the ability for customer to purchase gift vouchers via the Te Aroha Mineral Spas website. This project improved website functionality for customers and staff, as well as serving as a trial for adding further payment options to the MPDC website in 2017/18.	75	-
Events	This year we have held the Business Night Out, Volunteer morning tea, Industry Training Graduation and ANZAC Day civic ceremonies.	28	31
Total key operational projects		103	31
Total key operational projects (including inflation)		105	

Levels of service

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

Level of service	How we measure performance	2013/14	2014/15	2015/16	2016/17	Achieved	Additional information
		Actual					
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.				We will hold one function annually to recognise volunteers, ANZAC Day commemorations and two functions to contribute to economic development. Actual Business Night Out ANZAC Day Industry Training Graduation Community Volunteer Awards	✓ ✓	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. The Business Night Out was held on 1 September 2016. Around 280 people attended the event and were entertained by New Zealand business personality, Theresa Gattung. ANZAC Day was commemorated with civic ceremonies in Matamata, Morrinsville, Te Aroha and Walton. The Industry Training Graduation was held 11 May 2017 at Kaimai Cheese in Waharoa, with 32 graduates from four different Industry Training Organisations recognised. Shane Walden was this year's guest speaker, talking about the Ngawha Prison House Project. The Community Volunteer morning tea was held 20 June 2017, with more than 80 volunteers being recognised for their contribution to our communities.
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.				One new transaction/ service per year Actual Ticket system purchase gift vouchers	✓ ✓	This is measured through our internal records. 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. A transaction/service includes any exchange of money or information between Council and a customer. The new online services made available during the 2016/17 financial year include a new online ticket system allowing customers to order tickets to Council events online. We also added the ability for customers to purchase gift vouchers via the Te Aroha Mineral Spas website.
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.				2% improvement on benchmark Actual 63%	✓	This is measured through our Annual Customer Survey. 25% of respondents said they were very satisfied and 38% were satisfied. A further 24% were neither satisfied nor dissatisfied and 6% didn't know. 4% were dissatisfied and 3% very dissatisfied. Reasons given for dissatisfaction included comments about lack of ready access to information, timeliness of response, have to find information yourself and generally unhappy.

Community Leadership

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

Our projects from the last twelve months

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

Projects	What have we been doing?	2016/17	
		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 October 2019.	25	26
Total key operational projects		25	26

Levels of service

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

Level of service	How we measure performance	2013/14	2014/15	2015/16	2016/17	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.	63%	63%	65%	75% or more satisfied Actual 68%	X	This is measured by the Annual Customer Survey. In 2017 68% of survey respondents were either very satisfied or satisfied (24% and 44%). A further 20% were neither satisfied nor dissatisfied and 6% didn't know. 2% said they were dissatisfied and 42% said they were very dissatisfied with the performance of elected members. The main reason given for dissatisfaction was about lack of communication, action 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.	66%	77%	64%	75% or more satisfied Actual 65%	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 up from 2015/16. Only one comment about dissatisfaction was received from Forum members. This comment said they felt they received the decisions after the fact so don't feel involved in the decision.

Strategies and Plans

There are four key documents that are developed under the Strategy and Plans activity. Involving the community in decision making:

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

Our projects from the last twelve months

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

Projects	What have we been doing?	2016/17	
		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 2016/17 budget will be carried forward to next year.	45	50
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.	25	5
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.	15	12
Policy and Bylaws	We are undertaking a review of the following bylaws - Land transport, stormwater, solid wastewater and water. Council also reviewed its fees and charges, and adopted in the Easter trading policy.	22	22
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.'	50	47
District Plan review	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. The majority of work in 2016 /17 was our plan change for our three main towns.	200	106
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.	50	19
Total key operational projects		407	261

Levels of service

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

Level of service	How we measure performance	2013/14	2014/15	2015/16	2016/17	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			52%	X	This is measured through our Annual Customer Survey. 19% were very satisfied and 30% were satisfied. 27% of respondents said neither satisfied nor dissatisfied and 12% don't know. 7% said they were dissatisfied and 5% 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.
				49%			
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.	19 November	20 November	20 November	The updated report will be available by 20 November each year	✓	The State of Environment Report 2015/16 was published on our website 18 November 2016 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.
				18 November 2016	Actual		

Strategy and Engagement

Funding impact statement for the year ended 30 June 2017

Long Term Plan budget 2015/16	Actual 2015/16		Long Term Plan budget 2016/17	Actual 2016/17	Explanation of key variances to the Long Term Plan budget
(\$000)	(\$000)		\$000	\$000	
Sources of operating funding					
3,849	3,876	General rates, uniform annual general charges, rates penalties	3,948	3,967	
-	-	Targeted rates	-	-	Youth grant received during the year \$13,000
-	1	Subsidies and grants for operating purposes	-	13	Income from investments allocated to this activity is higher than budgeted as the delay in capital projects has resulted in a higher level of cash investments being held during the year.
148	314	Fees and charges	148	372	
538	515	Internal charges and overheads recovered	608	445	
-	-	Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	
4,535	4,706	Total operating funding (A)	4,704	4,797	
Applications of operating funding					
2,490	2,198	Payments to staff and suppliers	2,507	2,508	
28	3	Finance costs	35	24	
1,315	1,362	Internal charges and overheads applied	1,341	1,349	
-	-	Other operating funding applications	-	-	
3,833	3,563	Total applications of operating funding (B)	3,883	3,881	
702	1,143	Surplus (deficit) of operating funding (A – B)	821	916	
Sources of capital funding-					
-	-	-Subsidies and grants for capital expenditure	-	-	
-	-	Development and financial contributions	-	-	
571	(439)	Increase (decrease) in debt	59	4,866	A \$5 million loan due to mature in December 2017 was pre-funded in May 2017 to take advantage of favourable rates at that time. This was not budgeted for in the LTP.
-	118	Gross proceeds from sale of assets	-	169	Council's fleet of vehicles was further reduced over the 2016/17 year. This was not budgeted for in the LTP.
-	-	Lump sum contributions	-	-	
-	-	Other dedicated capital funding	-	-	
571	(321)	Total sources of capital funding (C)	59	5,035	
Applications of capital funding					
Capital expenditure					
-	-	—to meet additional demand	-	-	
-	-	—to improve the level of service	-	-	
1,511	636	—to replace existing assets	1,020	1,136	IT infrastructure projects completed in 2016/17 had been carried forward from the previous year.
(238)	38	Increase (decrease) in reserves	(140)	(1,870)	
-	148	Increase (decrease) of investments	-	6,685	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.
1,273	822	Total applications of capital funding (D)	880	5,951	
(702)	(1,143)	Surplus (deficit) of capital funding (C – D)	(821)	(916)	
-	-	Funding balance ((A – B) + (C – D))	-	-	

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.



Significant effects

Our activities have the potential to have both positive and negative effects on the community. The significant negative effects of Roading 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
Roading 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.

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?	2016/17	
		Budget \$000	Actual \$000
Te Aroha - Matamata cycleway extension **	Extending an existing tourist attraction to help encourage visitors to stay in the district. This will also help promote cycling.	1,850	145
Minor Improvements	A mixture of safety improvements, traffic calming measures, guard railing, improvement to sight visibility etc.	783	821
Seal Widening	Widening of existing roads to meet district plan requirement for road width.	160	156
New kerb and channel	Extending the existing footpath network in our urban areas.	55	21
New footpath	Extending the existing footpath network in our urban areas.	55	-
New street lighting	Extend and upgrade our existing street lighting in our urban areas,	160	124
Total key capital projects		3,063	1,267
Total key capital projects (Including inflation)		3,132	

** 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 at \$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	2013/14	2014/15	2015/16	2016/17	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		61%	75%	X	This is measured by the Annual Customer Survey. In 2017 16% of respondents were very satisfied and 43% were satisfied. A further 30% were neither satisfied nor dissatisfied. 8% were dissatisfied and 3% were very dissatisfied. Reasons given for dissatisfaction included lack of maintenance, general condition of some of the roads and trucks on the road.
					Actual		
					59%		
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).*	45 serious or fatal crashes**	New measure	Increase of 12 serious or fatal crashes from previous year (2015/16 - 18 fatal or serious crashes, 2014/15 - 6 fatal or serious crashes)	Two less crashes from the previous year that are serious or fatal on Council roads (2016/17 - 16 or less fatal or serious crashes)	X	Our target for 2016/17 was 16 or less serious or fatal crashes. There were 23 serious or fatal crashes on our local road network in 2016/17. This is an increase of 5 serious or fatal crashes from the previous year. 2016/17 actual is based on interim data available from NZ Transport Agency Crash Analysis System (CAS) up to 30 June 2017, data is not confirmed until late 2017. 2015/16 actual has been updated with the confirmed final figure of 18 from CAS.
					Actual		
					Increase of 5 serious or fatal crashes from previous year (2016/17 - 23 fatal or serious crashes - CAS interim data)		
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.*	97.8%**	New measure	98%	97% or more	X	This is measured by a smooth travel exposure analysis that is conducted every two years. Survey was last done in 2015/16 with a result of 98%. The survey will next be undertaken in 2017/18. Well maintained roads and footpaths provide smoothness and comfort.
					Actual		
					Survey not conducted		
	The percentage of the sealed local road network that is resurfaced.*	8.5%**	New measure	9.52%	8.5% or more	✓	This is measured by our internal records. We have 943km of sealed roads in our local road network. Of these, 82.6km (8.7%) has been resurfaced in 2016/17.
					8.7%		
	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		Not measured	95% or more within the acceptable level of service	✓	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 99% of footpaths shall be grade 1 to grade 3. Our most recent assessment was completed in June 2017, this is completed every two years and the next survey is scheduled for June 2019.
					Actual		
					99%		
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		100% (11) of urgent roading request and 90% (714) of non-urgent roading requests were responded to within assigned timeframes	90% of urgent requests responded to within one working day 90% of non-urgent requests responded to within five working days	X	This is measured by our Customer Request Management system. We aim to investigate customer requests within appropriate timeframes. Some complaints can be resolved quickly; others can take time to work through. We received 51 complaints regarding urgent roading requests which is 40 more than the previous year, 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 859 non-urgent roading requests, of these 758 were responded to within five working days. The main issues were road floodings, blocked culverts, berms etc and potholes.
					Actual		
					100% of urgent requests responded to within one working day 88.14% of non-urgent requests responded to within five working days		

* 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.

Roading

Funding impact statement for the year ended 30 June 2017

Long Term Plan budget 2015/16	Actual 2015/16		Long Term Plan budget 2016/17	Actual 2016/17	Explanation of key variances to the Long Term Plan budget
\$000	\$000		\$000	\$000	
Sources of operating funding					
5,732	5,771	General rates, uniform annual general charges, rates penalties	6,272	5,702	Inflation of 2.4% was budgeted for in the LTP, but did not eventuate. Rates required to fund roading depreciation reduced as the 2015 revaluation resulted in a decreased valuation. And capital projects budgeted as unsubsidised in the LTP have been approved by NZTA for subsidy, resulting in a reduced rate requirement.
-	-	Targeted rates	-	-	
2,487	2,464	Subsidies and grants for operating purposes	2,544	2,652	
146	187	Fees and charges	146	170	
571	322	Internal charges and overheads recovered	590	412	
230	233	Local authorities fuel tax, fines, infringement fees, and other receipts	235	238	
9,166	8,977	Total operating funding (A)	9,787	9,174	
Applications of operating funding					
5,521	5,579	Payments to staff and suppliers	5,650	5,770	Additional Asset Management plan work was carried out this year compared to the LTP budget.
143	88	Finance costs	252	167	Debt raised was lower than projected in the LTP due to the delay in the capital programme (as detailed below), reducing overall finance costs.
687	861	Internal charges and overheads applied	734	812	
-	-	Other operating funding applications	-	-	
6,351	6,528	Total applications of operating funding (B)	6,636	6,749	
2,815	2,449	Surplus (deficit) of operating funding (A - B)	3,151	2,425	
Sources of capital funding					
3,294	3,031	Subsidies and grants for capital expenditure	3,102	3,495	The LTP budget included \$300,000 of unsubsidised renewal work that has subsequently been approved by NZTA for subsidy at 51%.
126	319	Development and financial contributions	129	142	
1,295	404	Increase (decrease) in debt	1,862	1,400	Debt raised was lower than projected in the LTP due to the delay in the capital programme (as detailed below), reducing overall finance costs.
-	-	Gross proceeds from sale of assets	-	-	
-	-	Lump sum contributions	-	-	
-	-	Other dedicated capital funding	-	-	
4,715	3,754	Total sources of capital funding (C)	5,093	5,037	
Applications of capital funding					
Capital expenditure					
62	-	—to meet additional demand	63	-	
1,477	960	—to improve the level of service	3,069	1,254	The timing of the Te Aroha to Matamata Cycleway project has been delayed compared to the LTP.
5,989	5,404	—to replace existing assets	5,781	6,208	Additional capital subsidised work has been approved by NZTA, compared to what was budgeted in the LTP.
2	(25)	Increase (decrease) in reserves	(669)	-	
-	(136)	Increase (decrease) of investments	-	-	
7,530	6,203	Total applications of capital funding (D)	8,244	7,462	
(2,815)	(2,449)	Surplus (deficit) of capital funding (C - D)	(3,151)	(2,425)	
-	-	Funding balance ((A - B) + (C - D))	-	-	

Rubbish & Recycling

What we do

We currently provide kerbside rubbish and recycling collection services to over 9,740 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.

Significant effects

Our activities have the potential to have both positive and negative effects on the community. The 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 2016/17 we diverted 45.77% of all rubbish and recycling from landfills.

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?	2016/17	
		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	10
Waste minimisation activities	General waste minimisation activities including the Annual Report Calendar.	95	64
Total key operational projects		110	74
Total key operational projects (including inflation)		112	

Levels of service

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

Level of service	How we measure performance	2013/14	2014/15	2015/16	2016/17	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.	73%	73%	80%	80% or more satisfied or very satisfied	✓	This is measured through our Annual Customer Survey. In 2017 54% of respondents were very satisfied and 28% were satisfied. A further 12% were neither satisfied nor dissatisfied and 1% didn't know. 4% of respondents said they were dissatisfied and 1% said they were very dissatisfied. The main reason for dissatisfaction was that kerbside collection is not available everywhere.
					Actual		
					82%		
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.	25 on average per month	19 on average per month	17 on average per month	20 or less complaints on average per month	✓	This is measured through our Customer Request Management system. Making sure our services are reliable encourages people to recycle and dispose of waste appropriately. There were 187 complaints about rubbish and recycling not being collected on the usual day for 2016/17. This equates to 15.8 complaints per month. The majority of these were collected the next day.
					Actual		
					15.8 complaints on average per month		
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.	45%	47%	48%	45% or more of the total waste diverted from the landfill	✓	This is measured through our records of monthly weighbridge quantities of kerbside and transfer station recyclables. By encouraging recycling we can decrease the amount of waste going to landfill, helping our community to act sustainably.
					Actual		
					45.77%		

Rubbish and Recycling

Funding impact statement for the year ended 30 June 2017

Long Term Plan budget 2015/16	Actual 2015/16		Long Term Plan budget 2016/17	Actual 2016/17	Explanation of key variances to the Long Term Plan budget
\$000	\$000		\$000	\$000	
Sources of operating funding					
457	460	General rates, uniform annual general charges, rates penalties	467	460	
1,301	1,305	Targeted rates	1,330	1,303	
92	124	Subsidies and grants for operating purposes	94	94	
470	433	Fees and charges	481	497	
-	2	Internal charges and overheads recovered	-	18	
-	-	Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	
2,320	2,324	Total operating funding (A)	2,372	2,372	
Applications of operating funding					
2,043	1,867	Payments to staff and suppliers	2,090	2,176	A variation in the agreement with contractors, higher volumes, extra staff and a provision of \$145,000 for remedial landfill costs resulted in a higher overall cost than in the LTP.
4	22	Finance costs	4	19	
222	243	Internal charges and overheads applied	227	215	
-	-	Other operating funding applications	-	-	
2,269	2,132	Total applications of operating funding (B)	2,321	2,410	
51	192	Surplus (deficit) of operating funding (A - B)	51	(38)	
Sources of capital funding					
-	-	Subsidies and grants for capital expenditure	-	-	
-	-	Development and financial contributions	-	-	
-	(88)	Increase (decrease) in debt	(2)	41	
-	-	Gross proceeds from sale of assets	-	-	
-	-	Lump sum contributions	-	-	
-	-	Other dedicated capital funding	-	-	
-	(88)	Total sources of capital funding (C)	(2)	41	
Applications of capital funding					
Capital expenditure					
-	-	—to meet additional demand	-	-	
-	36	—to improve the level of service	-	3	
2	-	—to replace existing assets	7	-	
49	39	Increase (decrease) in reserves	42	-	
-	29	Increase (decrease) of investments	-	-	
51	104	Total applications of capital funding (D)	49	3	
(51)	(192)	Surplus (deficit) of capital funding (C - D)	(51)	38	
-	-	Funding balance ((A - B) + (C - D))	-	-	

Stormwater

What we do

We currently have stormwater drainage systems in Matamata, Morrinsville, Te Aroha, Waharoa and a limited system in Hinuera. These systems include a mix of pipes, open channels and drains. We work to ensure there are adequate services and staff to respond to storm events and implement maintenance programs to ensure our systems remain in good condition. We also work collaboratively with Waikato Regional Council as they also own, manage and maintain parts of the drainage system (streams and rivers). Maintaining 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 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 2016/17 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.

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?	2016/17	
		Budget \$000	Actual \$000
Increase capacity of the existing stormwater network.	To complete some work to increase the existing stormwater network where feasible. This work is mainly the installation of soakholes.	100	36
Total key capital projects		100	36
Total key capital projects (including inflation)		102	

* 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	2013/14	2014/15	2015/16	2016/17	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	X	This is measured by our Customer Request Management system. Our stormwater network helps to prevent flooding in our urban areas. There has been one flooding event with two habitable floors affected in our district in 2016/17.***
		0 flooding events 0 habitable floors affected			1 flooding events 2 habitable floors affected		
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	✓	This is measured by our internal records. Our stormwater system discharges treated stormwater into the environment. The quality and quantity must meet the appropriate standard.
		Zero			Zero		
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	✓	This is measured by our Customer Request Management system. 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.***
		0 hours			Median 1 hour 13.5 minutes		
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)	X	
		Total of 9 complaints			101 complaints		

* 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.

*** The events that occurred in April were extraordinary - two ex-tropical cyclones and a low pressure system, (Ex-Tropical Cyclone Debbie, Tasman low, and Ex-Tropical Cyclone Cook) made landfall in New Zealand on 4 April, 11 April, and 13 April respectively. These events followed an earlier period of intense rainfall in parts of the Waikato region during March 2017. The effects of the events were felt across the Waikato Region with the Waihou River, Piako River and lower Waikato River systems being the worst affected. Ex-cyclone Cook has been identified as a greater than one in 200 return period event.

Stormwater

Funding impact statement for the year ending 30 June 2017

Long Term Plan budget 2015/16	Actual 2015/16		Long Term Plan budget 2016/17	Actual 2016/17	Explanation of key variances to the Long Term Plan budget
\$000	\$000		\$000	\$000	
Sources of operating funding					
151	153	General rates, uniform annual general charges, rates penalties	152	140	
928	926	Targeted rates	934	856	A stormwater growth project planned for Morrinsville in the LTP has not progressed, therefore targeted rates for stormwater were not required at the level planned.
-	-	Subsidies and grants for operating purposes	-	-	
44	-	Fees and charges	78	-	The planned stormwater growth project in Morrinsville did not progress, so there was no recovery on-charged to the developer as budgeted in the LTP.
36	62	Internal charges and overheads recovered	38	85	
-	-	Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	
1,159	1,141	Total operating funding (A)	1,202	1,081	
Applications of operating funding					
178	164	Payments to staff and suppliers	183	181	
127	122	Finance costs	144	34	Debt raised was lower than projected in the LTP due to the delay in the capital programme (as detailed below), reducing overall finance costs.
265	212	Internal charges and overheads applied	270	176	Internal interest cost are lower than budgeted in the LTP due to the delay in the capital programme.
-	-	Other operating funding applications	-	-	
570	498	Total applications of operating funding (B)	597	391	
589	643	Surplus (deficit) of operating funding (A – B)	605	690	
Sources of capital funding					
-	-	Subsidies and grants for capital expenditure	-	-	
23	124	Development and financial contributions	24	65	Revenue from contributions was higher than budgeted due to some significant developments in the district, particularly this year the Waharoa industrial development.
1,232	(324)	Increase (decrease) in debt	(50)	(583)	Debt raised was lower than projected in the LTP due to the delay in the capital programme (as detailed below), and internal loans were reduced.
-	-	Gross proceeds from sale of assets	-	-	
-	-	Lump sum contributions	-	-	
-	-	Other dedicated capital funding	-	-	
1,255	(200)	Total sources of capital funding (C)	(26)	(518)	
Applications of capital funding					
Capital expenditure					
2,000	186	—to meet additional demand	-	-	
100	16	—to improve the level of service	102	47	A stormwater project budgeted for Spur Street was started this year but not completed.
-	-	—to replace existing assets	-	46	Renewal work required in Rata Street was not budgeted for in the LTP.
(256)	132	Increase (decrease) in reserves	477	-	Funding was applied to the reduction of internal loans rather than reserves for this activity.
-	109	Increase (decrease) of investments	-	79	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
1,844	443	Total applications of capital funding (D)	579	172	
(589)	(643)	Surplus (deficit) of capital funding (C – D)	(605)	(690)	
-	-	Funding balance ((A – B) + (C – D))	-	-	

Wastewater

What we do

We own and operate wastewater treatment plants (WWTP) in Matamata (which also treats wastewater from Waharoa and Raungaiti), Morrinsville (which also treats wastewater from Rukumoana), Te Aroha, Tahuna and Waihou. The Morrinsville treatment plant also treats and disposes of rural septic tank waste.

Approximately 50% of the wastewater treated in Morrinsville is from local industry. Industrial and commercial wastewater is regulated through tradewaste agreements and our Tradewaste Bylaw which ensure companies pay for the cost of processing their own waste.

Why we do these activities

Our wastewater services ensure that wastewater (sewage and the grey water that goes down your drains) is collected, treated and disposed of appropriately. The treatment is particularly important as after wastewater is treated it is discharged into waterways or to land. We aim to ensure wastewater is well managed for the wellbeing of our community and our environment.

Significant effects

Our activities have the potential to have both positive and negative effects on the community. The 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.

Our projects from the last twelve months

Key projects undertaken in the last twelve months are outlined below. One major renewal project costing \$656,000 to replace the membrane at the Matamata Plant was also undertaken.

Capital projects	What have we been doing?	2016/17	
		Budget \$000	Actual \$000
Portable generator	Portable generator required for pump stations/treatment plants.	70	-
Portable WWTP scanning device (S:CAN)	This is for a portable device that scans and monitors effluent content rather than doing manual sampling as happens at the moment. Our larger plants (MV and MM) already have these scanning devices. A device as detailed above for consideration for Te Aroha. This is for a portable device which could be used at our smaller plants. (E.g. Waihou, Tahuna etc)	95	94
Tahuna WWTP roading	Upgrade the roading within the Tahuna plant.	30	-
Pump station H & S - as identified by risk assessments	During 2016/17 \$50,000 was spent on various projects. (2015/16 \$12,000)	100	50
Upgrade pipes being renewed	This does not refer to specific pipes. This just refers to pipe replacement in general. Increasing sizes of pipes as they are replaced.	50	-
Wastewater subdivisional requirements	Subdivisional demands.	30	-
Total key capital projects		375	144
Total key capital projects (Including inflation)		383	

Levels of service

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

Level of service	How we measure performance	2013/14	2014/15	2015/16	2016/17	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	7 complaints	7 complaints	1 per 1,000 connections per year (8 total)	✓	This is measured by our Customer Request Management system. We received 7 complaints about sewage overflows into the environment during dry weather. Dry weather applies to days when less than 1mm of rain has fallen during a continuous 24 hour period.		
Actual									
7 complaints									
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	Zero	Zero	✓	This is measured by our internal records. Properly treating wastewater means the number of contaminants is minimised before the treated wastewater is discharged. Waikato Regional Council monitors our resource consents and provides an assessment on the year's compliance.		
Actual									
Zero									
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:	New measure	Median: 40 minutes	Median: 4 hours	✓	This is measured by our Customer Request Management system. Overflows can occur. It is important that the community is aware of this and these events are recorded, reviewed and mitigated where practical. Overflows into dwellings are the most serious as they present an immediate danger to health. It is important that we respond quickly to calls about wastewater overflows. In 2016/17 we received 27 total wastewater overflow complaints with 7 complaints occurring during dry weather. The median attendance time for these calls was 24.5 minutes with a median resolution time of 19 hours and 36 minutes.			
	Attendance time: from the time that we receive notification to the time that service personnel reach the site.*						Actual		
	24.5 minutes								
	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: 2 hours and 29 minutes	Median: 24 hours			Actual		
19 hours and 36 minutes									
	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	3 complaints total	Sewage odour	X	This is measured by our Customer Request Management system. Wastewater services ensure our community is protected from the risk of infectious diseases spread by wastewater. We achieved our target for three of the four categories. It is noted that the category we failed on was wastewater system faults. Of the 36 complaints we received, many of the complaints were caused by the weather events we have experienced this year and the system not being able to cope with the amount of stormwater and rainfall entering the wastewater system.**			
				Actual					
			4 complaints						
			3 complaints total	Wastewater system faults			Actual		
				2 per 1,000 connections (16 total)					
			36 complaints total						
			17 complaints total	Wastewater system blockages			Actual		
				8 per 1,000 connections (64 total)					
22 complaints total									
1 complaint total	Council's response to issues with our wastewater system	Actual							
	2 per 1,000 connections (16 total)								
One complaint total									

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

** The events that occurred in April were extraordinary - two ex-tropical cyclones and a low pressure system, (Ex-Tropical Cyclone Debbie, Tasman low, and Ex-Tropical Cyclone Cook) made landfall in New Zealand on 4 April, 11 April, and 13 April respectively. These events followed an earlier period of intense rainfall in parts of the Waikato region during March 2017. The effects of the events were felt across the Waikato Region with the Waihou River, Piako River and lower Waikato River systems being the worst affected. Ex-cyclone Cook has been identified as a greater than one in 200 return period event.

Wastewater

Funding impact statement for the year ending 30 June 2017

Long Term Plan budget 2015/16	Actual 2015/16		Long Term Plan budget 2016/17	Actual 2016/17	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	-	-	
6,432	6,685	Targeted rates	6,394	6,316	The amount of targeted rates has reduced from the LTP as debt and interest costs are lower than budgeted due to the delayed capital spend in previous years.
-	-	Subsidies and grants for operating purposes	-	-	
629	733	Fees and charges	643	722	Higher Income due to increase in volume from the industries.
58	99	Internal charges and overheads recovered	61	159	Due to lower capital spent, more income from PNZ interest and business unit rebate not budgeted.
-	-	Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	
7,119	7,517	Total operating funding (A)	7,098	7,197	
Applications of operating funding					
5,103	3,035	Payments to staff and suppliers	2,944	3,013	
696	885	Finance costs	790	525	Debt raised was lower than projected in the LTP due to the delay in the capital programme (as detailed below), and internal interest rates were lower, reducing overall finance costs.
667	610	Internal charges and overheads applied	683	433	Internal interest cost are lower than budgeted in the LTP due to the delay in the capital programme.
-	-	Other operating funding applications	-	-	
6,466	4,530	Total applications of operating funding (B)	4,417	3,971	
653	2,987	Surplus (deficit) of operating funding (A – B)	2,681	3,226	
Sources of capital funding					
-	-	Subsidies and grants for capital expenditure	-	-	
110	129	Development and financial contributions	112	135	
(12)	(1,351)	Increase (decrease) in debt	(271)	(1,969)	Debt raised was lower than projected in the LTP due to the delay in the capital programme (as detailed below), and internal loans were reduced.
-	-	Gross proceeds from sale of assets	-	-	
71	82	Lump sum contributions	71	77	
-	-	Other dedicated capital funding	-	-	
169	(1,140)	Total sources of capital funding (C)	(88)	(1,757)	
Applications of capital funding					
Capital expenditure					
30	-	—to meet additional demand	31	-	
1,001	83	—to improve the level of service	352	253	Funding for a portable generator budgeted at \$70,000 was not spent, and \$30,000 for wastewater a project in Tahuna was carried forward.
1,193	765	—to replace existing assets	1,524	952	District-wide reticulation renewals not completed in 2016/17 due to staff constraints have been carried forward for completion next year.
(1,402)	546	Increase (decrease) in reserves	686	-	Funding was applied to the reduction of Internal loans rather than reserves for this activity.
-	453	Increase (decrease) of investments	-	264	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.
822	1,847	Total applications of capital funding (D)	2,593	1,469	
(653)	(2,987)	Surplus (deficit) of capital funding (C – D)	(2,681)	(3,226)	
-	-	Funding balance ((A – B) + (C – D))	-	-	

Water

What we do

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

Why we do these activities

The Water activity ensures our communities are supplied with clean, safe drinking water to ensure the health and wellbeing of our residents.

Significant effects

Our activities have the potential to have both positive and negative effects on the community. The significant negative effects of water 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 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 2016/17.
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 2016/17 due to sufficient water levels in our reservoirs. We ran a water conservation education campaign during summer with signs and newspaper articles to raise awareness about water conservation.

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?	2016/17	
		Budget \$000	Actual \$000
Te Aroha water treatment plant	Increasing capacity to meet increased industry demand. **	2,000	-
Te Aroha water treatment plant	To increase the balance tank and automate raw water valves.	130	-
Te Aroha West connection	Te Aroha West is currently supplied with relatively untreated water. To supply a treated water supply to Te Aroha West the least expensive option is to connect into the Ingham's line with a 75mm line.	120	-
Te Aroha water treatment - drinking water standards compliance	Install magflow and control valves on filter discharge.	60	-
Morrinsville 375mm falling main	Install early leak alarming system for when water main blows to speed up location blown main, at 3 or 4 sites. It is noted this project was beginning at the end of 2016/17.	100	-
Hinuera water treatment plant	Install online monitoring equipment for pH, free available chlorine and control if gets to high.	15	-
Tahuna water treatment plant	Shift domain reservoir and pump to bore site and additional CR 32 for fire cover.	60	-
Morrinsville water treatment plant - install pump station	Install pump station to pump waste water from treatment system to bottom dam to assist dry weather flow conditions using the existing air line.	50	-
Morrinsville water treatment plant	Hot mix 700m ² around the water treatment plant tracks.	25	-
Morrinsville water treatment plant	Two coat seal track 250m long X 4m wide.	20	-
Subdivisional requirements	Subdivisional demands.	30	57
Matamata reticulation	Upgrade 990m of undersized water mains.	10	52
Total key capital projects		2,620	109
Total key capital projects (including inflation)		2,679	

** 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	2013/14	2014/15	2015/16	2016/17	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		Not compliant	Compliant	X	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. The results for 2016/17 reported are provisional, pending the assessment of compliance by the independent Drinking-Water Assessor. Te Aroha achieved compliance. Matamata and Morrinsville did not achieve compliance as explained below.
					Actual		
					Not compliant		

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

Compliance with New Zealand Drinking Water Standards

Part 4 Bacterial Compliance: We were technically non-compliant in both the Matamata and Tahuna distribution zones due to positive E-coli indicator tests. All other distribution zones were compliant. The resultant three day follow up tests all proved negative, giving confidence that drinking water was safe, as all residual chlorine measurements at time of sampling were above the required minimum levels. As we had two positives in the same day at different distribution zones an internal investigation on sampling and testing arrangements concluded that either sampling or courier were likely source of contamination. Review of sampling locations are currently underway to minimise any potential risks.

It is impracticable to monitor water supplies for all potential human pathogens, so surrogates are used to indicate possible contamination E-coli is used as an indicator organism for contamination of drinking-water. E-coli must not be present in drinking-water leaving the water treatment plant or in the distribution zones. Chemical disinfectants (Chlorine) are very reactive and concentrations can be depleted relatively quickly, so free available chlorine residuals are measured and research has shown if more than 0.2 mg/L of FAC is maintained in the distribution system, coliform bacteria and E-coli are rarely found.

E-coli are present in the environment and care must be taken when obtaining samples as microbes are very easily transferred.

Part 5 Protozoa Compliance: We achieved compliance for Te Aroha but were non-compliant for all other plants due to missing minutes of data as part of our continuous monitoring. The cause of the missing minutes can be attributed to computer shutting down and software upgrades happening. We are conducting further investigation on why this occurs and how we can improve the robustness of our system to avoid this problem reoccurring.

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 2016/17 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.

Level of service	How we measure performance	2013/14	2014/15	2015/16	2016/17	Achieved	Additional information
		Actual			Target		
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	24.91% (benchmark)	24.91%	20.6%	✓	<p>This is measured from internal records using the minimum night flow analysis as per the Department of Internal Affairs guidelines.</p> <p>The national average used in our Activity Management Plan is 16%. In 2016/17, we recorded a real water loss of 20.6%, which is 4.6% higher than the national average.</p> <p>Leak detection work was completed in Morrinsville in October 2016. Work is underway to ensure all identified leaks are being repaired.</p> <p>We are planning to complete leak detection work for Te Aroha in 2017/18.</p>
				Actual			
				20.6%			
We will provide reliable water systems that our community can count on.	<p>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:</p> <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.* 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	44 minutes	Median: 4 hours or less	25 minutes	✓	<p>This is measured by our Customer Request Management system.</p> <p>If there are any unplanned supply issues we need to respond quickly to make sure people have a continuous supply of water. We received 64 urgent calls about water. The median attendance time for these were 25 minutes with a median resolution time of 3 hours and 12 minutes.</p>
				Actual			
				Median: 25 minutes			
		New measure	2 hours and 9 minutes	Median: 24 hours or less	3 hours and 12 minutes	✓	
				Actual			
				Median: 3 hours and 12 minutes			
We will provide reliable water systems that our community can count on.	<p>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:</p> <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.* 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	5 hours and 17 minutes	Median: 3 working days or less	2 working days	✓	<p>This is measured by our Customer Request Management system.</p> <p>If there are any unplanned supply issues we need to respond quickly to make sure people have a continuous supply of water. We received 435 non-urgent calls about water. The median attendance time for these was 2 working days, with a resolution time of 4 working days.</p>
				Actual			
				Median: 2 working days			
		New measure	21 hours and 15 minutes	Median: 5 working days or less	4 working days	✓	
				Actual			
				Median: 4 working days			

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

Level of service	How we measure performance	2013/14	2014/15	2015/16	2016/17	Achieved	Additional information
		Actual			Target		
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: 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	Target Drinking water clarity: 1 per 1,000 people connected to water supply (8 total) 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)	X	This is measured by our Customer Request Management system. Each individual call is counted as one. In some instances there were multiple calls about the same issue. Staff responded to and investigated all calls within the assigned timeframes. 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.
					Actual Drinking water clarity: 16 complaints total Drinking water taste: 3 complaints total Drinking water odour: 6 complaints total Drinking water pressure or flow: 32 complaints total Continuity of supply: 5 complaints total Council's response to any of these issues: 0 complaints total		
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	572 litres per urban resident per day (benchmark)		572 litres or less	✓	Measured by our internal records. We have used the Department of Internal Affairs guidelines when calculating this. The performance measure only measures 'drinking water' consumption but it is not only drinking water that is supplied to residential consumers and water used specifically for drinking purposes cannot be calculated. Total average consumption of water per resident in the supplied urban areas is 707 litres (2015/16: 837) per day, this includes all industry water usage. Adjusted average consumption is 462 litres per urban resident per day, major industry usage has been deducted from this figure.
					462 litres		

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

Water

Funding impact statement for the year ending 30 June 2017

Long Term Plan budget 2015/16	Actual 2015/16		Long Term Plan budget 2016/17	-Actual 2016/17	Explanation of key variances to the Long Term Plan budget
\$000	\$000		\$000	\$000	
Sources of operating funding					
-	-	General rates, uniform annual general charges, rates penalties	-	-	
4,612	5,071	Targeted rates	4,960	5,238	Income from metered water has increased due to increased consumption by our district's industrial water users.
-	-	Subsidies and grants for operating purposes	-	-	
59	49	Fees and charges	47	116	Income from water tanker fillings increased compared to budget.
41	50	Internal charges and overheads recovered	43	94	
-	-	Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	
4,712	5,170	Total operating funding (A)	5,050	5,448	
Applications of operating funding					
2,260	1,944	Payments to staff and suppliers	2,318	2,473	More was spent on reticulation maintenance work than expected. Chemical costs increased to budget and Licence to Operate costs were not budgeted in the LTP.
406	114	Finance costs	546	236	The opening balance of debt is lower than budgeted in the LTP due to the delay in capital spending.
573	596	Internal charges and overheads applied	610	564	
-	-	Other operating funding applications	-	-	
3,239	2,654	Total applications of operating funding (B)	3,474	3,273	
1,473	2,516	Surplus (deficit) of operating funding (A – B)	1,576	2,175	
Sources of capital funding					
-	-	Subsidies and grants for capital expenditure	-	-	
91	178	Development and financial contributions	93	104	Revenue from contributions was higher than budgeted due to some significant developments in the district, particularly this year the Waharoa industrial development.
7,478	(252)	Increase (decrease) in debt	1,659	1,617	
-	-	Gross proceeds from sale of assets	-	-	
-	-	Lump sum contributions	-	-	
-	-	Other dedicated capital funding	-	-	
7,569	(74)	Total sources of capital funding (C)	1,752	1,721	
Applications of capital funding					
Capital expenditure					
2,040	-	—to meet additional demand	2,086	-	The LTP budgeted project to increase the Te Aroha water supply capacity has been deferred as there has been no request from industry to date.
5,352	1,174	—to improve the level of service	593	2,650	The Morrinsville reservoir project was scheduled to be completed in 2015/16 but was carried forward to the current year with \$2.1 million spent. In addition the Te Aroha backwash project was carried forward from the previous year, with \$125,000 spent.
2,124	1,082	—to replace existing assets	1,560	1,066	Renewal work budgeted in the LTP for treatment plants has not been required.
(474)	101	Increase (decrease) in reserves	(911)	-	Available funding was applied to capital spending rather than reserves.
-	85	Increase (decrease) of investments	-	180	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.
9,042	2,442	Total applications of capital funding (D)	3,328	3,896	
(1,473)	(2,516)	Surplus (deficit) of capital funding (C – D)	(1,576)	(2,175)	
-	-	Funding balance ((A – B) + (C – D))	-	-	

Consents and Licensing

What we do

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

Why we do these activities

The Consents and Licensing activity group ensures we are protecting the natural resources of the district, keeping our communities safe and healthy, and balancing the different needs and interests of people and businesses in our community. Legislation also has a significant impact on these activities, as it sets a number of legislative requirements that we must meet.

Significant effects

Our activities have the potential to have both positive and negative effects on the community. The 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 timeliness 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 926 street patrols and visited more than 700 properties throughout the district for animal control. We completed staff training to ensure legislative requirements are understood. We worked with stakeholders such as the police, to ensure licence holders comply with their obligations. We held annual licensee meetings in Matamata, Morrinsville and Te Aroha in August 2016.
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.

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.

Levels of service

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

Level of service	How we measure performance	2013/14	2014/15	2015/16	2016/17	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.	95.7%	95.1%	96.2%	95% within adopted timeframes* (see table) Actual 93.6%	X	This is measured by our Customer Request Management system. One of our main responsibilities is following up on complaints made about animals, from wandering stock to barking or attacking dogs. We aim to investigate the complaint and let the complainant know what action (if any) we have taken or intend to take within adopted timeframes. Some complaints can be resolved quickly, others can take time to work through with animal owners and may involve court action. We received 786 request and responded to 93.6% of these within set timeframes (741/786).
We will carry out regular property visits to ensure dog owners are responsible.	Number of property visits per year.	791	711	649	600 property visits per year Actual 718 property visits	✓	This is measured by internal records. Property visits let us check that dogs are appropriately housed and secured on their property. Both of these help to reduce the number of problems caused by animals in our community. We undertook 718 property visits across the district.
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 Actual 25.7 average street patrols per month per town	✓	This is measured by internal records. Street patrols allow our staff to check if there are wandering animals that could pose a risk to our community. We undertook 926 street patrols across the district. Our street patrols per town are as follows: Matamata 337, Morrinsville 323 and Te Aroha 266.

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

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.



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.

Levels of service

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

Level of service	How we measure performance	2013/14	2014/15	2015/16	2016/17	Achieved	Additional information
		Actual			Target		
Building consents will be administered quickly and efficiently.	Building consent processing timeframes.	99.9% (797 out of 798)	100% (732)	100% (707)	100% of building consents will be processed within statutory timeframes Actual 99.5%	X	This is measured by a monthly statistical report. By processing building consents on time we contribute to the timely completion of building projects. By ensuring buildings meet building code requirements we ensure that buildings are safe and more sustainable, for example they meet improved building insulation requirements, and contribute to the health and wellbeing of our community. In 2016/17 we processed 802 of 806 building consents within statutory timeframes. 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%	100%	97.7% (42 out of 43)	100% of complaints to be responded to within 10 working days Actual 73.68%	X	This is measured through our Customer Request Management system. In fulfilling our enforcement role under the Building Act 2004 in a timely manner we help to reduce the incidences of illegal and dangerous building work in the district. One of our main roles is to regulate compliance with building code standards. We sometimes get complaints from the community about illegal or dangerous building work or swimming pools. We will investigate the complaint to determine if building work is illegal or dangerous and let the complainant know what action we are taking. Issues regarding illegal building work can be complicated and it can take time to reach a resolution with the building owners. A total of 38 complaints were received with 28 complaints responded to within the timeframe.

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. We plan to increase information, licence 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	2013/14	2014/15	2015/16	2016/17	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.	100%			100% inspected or audited Actual 100% inspected	✓	This is measured by an internal monitoring system. Inspecting food premises, hairdressers and camping grounds in the district gives residents confidence that they can safely use these facilities. 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 premises to operate without a licence and if premises do not obtain a licence we require them to stop operating or face enforcement action. We have inspected all 160 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% responded to within three hours	✓	This information is collected through an internal monitoring system. We received 432 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 people's health and wellbeing. After hours responses to noise complaints are made by our security contractors, usually to loud stereos and parties. During working hours (8am-5pm), staff respond to complaints. Complaints during the day usually relate to general household noise or ongoing noise associated with business operations. Noise complaints are investigated and complainants are advised of the action we will take.
We will ensure that all premises in the district with alcohol licences are operating responsibly.	On and off alcohol licenced premises will be inspected annually to ensure they comply with alcohol licensing standards.	100%			100% inspected Actual 100% inspected	✓	This information is collected through an internal monitoring system. We have inspected all 72 alcohol premises. Licensed premises that do not comply with liquor licensing standards can contribute to illegal activities and antisocial behaviour. If premises do not comply with the conditions of its licence, they will be given an opportunity to rectify any problems. Ongoing non-compliance may result in an inspector making an application to the Alcohol Regulatory and Licensing Authority for the suspension or cancellation of the premises, alcohol licence.

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 for the last twelve months

There have been no major projects during the last twelve months for the Resource Consents and Monitoring activity.

Levels of service

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

Level of service	How we measure performance	2013/14	2014/15	2015/16	2016/17	Achieved	Additional information
		Actual			Target		
Resource consents will be administered quickly and efficiently.	Percentage of resource consents processed within statutory timelines.	99.2% (131 out of 132)	98% (138 out of 141)	99.5%	100%	X	<p>This is monitored through an internal management system. We processed 199 applications for Resource Consents in 2016/17. Of these, one application was not processed within the legislative timeframe of 10 working days. This was due to human error.</p> <p>Resource consents need to be completed within statutory timeframes to ensure development projects are able to be completed seamlessly.</p> <p>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.</p>
					Actual		
We will monitor land use consent compliance.	Percentage of land use consents monitored within four months of being granted.	99% (107 out of 108)	100% (106)	94.7% (125 out of 132)	100%	X	<p>This is monitored through an internal management system. The community can rely on us to monitor compliance of resource consents to ensure the character of the towns remains intact.</p> <p>This is the initial visit to see if or how works are progressing and to remind the applicant of all the conditions of consent and ensure they are complied with. Should non-compliance be identified at this time, then we will work with the applicant to rectify the issues. If this cannot be achieved then we will take enforcement action under the Resource Management Act 1991 to ensure compliance.</p> <p>The reason for these consents not being monitored on time was due to human error. A new checking process is to be implemented.</p>
					Actual		

Consents and licensing

Funding impact statement for the year ending 30 June 2017

Long Term Plan budget 2015/16	Actual 2015/16		Long Term Plan budget 2016/17	Actual 2016/17	Explanation of key variances to the Long Term Plan budget
\$000	\$000		\$000	\$000	
Sources of operating funding					
1,764	1,777	General rates, uniform annual general charges, rates penalties	1,807	1,878	Rates were increased compared to the LTP to fund additional staff in the area of health monitoring.
-	-	Targeted rates	-	-	
-	-	Subsidies and grants for operating purposes	-	-	
1,374	1,655	Fees and charges	1,406	1,935	There was increased activity in building consents and resource consents, animal control and a change in Health legislation since the LTP was set resulting in increased income compared to that budgeted in the LTP across all these areas. Also revenue and expenditure for consents and licencing was overstated by \$155,000 in the LTP budget due to internal transactions not being eliminated.
-	-	Internal charges and overheads recovered	-	25	
36	36	Local authorities fuel tax, fines, infringement fees, and other receipts	36	23	
3,174	3,468	Total operating funding (A)	3,249	3,861	
Applications of operating funding					
1,834	1,758	Payments to staff and suppliers	1,876	2,116	Staff cost were higher the budgeted in the area of Health monitoring. Increased building and resource consent activity resulted in an increase in costs to complete this work compared to budget. Also revenue and expenditure for consents and licencing was overstated by \$155,000 in the LTP budget due to internal transactions not being eliminated.
-	-	Finance costs	-	-	
1,144	1,171	Internal charges and overheads applied	1,173	1,162	
-	-	Other operating funding applications	-	-	
2,978	2,929	Total applications of operating funding (B)	3,049	3,278	
196	539	Surplus (deficit) of operating funding (A - B)	200	583	
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	-	-	
196	435	Increase (decrease) in reserves	200	583	Increase in Revenue for Building consent and resource consent results in increase in reserves
-	104	Increase (decrease) of investments	-	-	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
196	539	Total applications of capital funding (D)	200	583	
(196)	(539)	Surplus (deficit) of capital funding (C - D)	(200)	(583)	
-	-	Funding balance ((A - B) + (C - D))	-	-	

Funding and Borrowing

Overall Council Funding Impact Statement and Reconciliation

Funding impact statement

For the year ended 30 June 2017

Long Term Plan 2015/16	Actual 2015/16		Annual Plan 2016/17	Actual 2016/17
\$000	\$000		\$000	\$000
		Sources of operating funding		
19,718	19,856	General rates, uniform annual general charges, rates penalties	20,045	20,190
13,333	14,081	Targeted rates	13,453	13,812
2,579	2,593	Subsidies and grants for operating purposes	2,630	2,763
5,213	5,922	Fees and charges	4,666	6,640
323	560	Interest and dividends from investments	758	549
266	269	Local authorities fuel tax, fines, infringement fees, and other receipts	266	261
41,432	43,281	Total operating funding (A)	41,818	44,215
		Applications of operating funding		
31,251	28,787	Payments to staff and suppliers	29,412	30,482
1,710	1,369	Finance costs	1,759	1,349
-	-	Other operating funding applications	-	-
32,961	30,156	Total applications of operating funding (B)	31,171	31,831
8,471	13,125	Surplus/(deficit) of operating funding (A – B)	10,647	12,384
		Sources of capital funding		
3,294	4,851	Subsidies and grants for capital expenditure	3,583	4,597
405	895	Development and financial contributions	405	524
14,438	(1,150)	Increase (decrease) in debt	7,519	4,820
-	774	Gross proceeds from sale of assets	-	670
71	82	Lump sum contributions	71	77
-	-	Other dedicated capital funding	-	-
18,208	5,452	Total sources of capital funding (C)	11,578	10,688
		Applications of capital funding		
		Capital expenditure:		
4,447	186	—to meet additional demand	327	120
12,115	6,856	—to improve the level of service	10,976	6,298
11,682	10,160	—to replace existing assets	10,922	10,660
(1,565)	888	Increase (decrease) in reserves	-	(1,287)
-	487	Increase (decrease) of investments	-	7,281
26,679	18,577	Total applications of capital funding (D)	22,225	23,072
(8,471)	(13,125)	Surplus (deficit) of capital funding (C – D)	(10,647)	(12,384)
-	-	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 2015/16		Annual Plan 2016/17	Actual 2016/17
\$000		\$000	\$000
	Funding sources as shown in the overall Council funding impact statement		
43,281	Total operating funding	41,818	44,215
5,452	Total capital funding	11,578	10,688
	Less capital movements		
(1,150)	Increase/(decrease) in debt	7,519	4,820
774	Gross proceeds from sale of assets	-	670
	Add non-funded income		
1,740	Vested and found assets	200	7
-	Other gains	-	971
692	Income from support activities	456	530
51,541	Total funding sources	46,533	50,921
51,541	Total income as shown in the statement of comprehensive revenue and expense	46,533	50,921
	Application of funding as shown in the overall Council funding impact statement		
30,156	Total applications of operating funding	31,171	31,831
18,577	Total applications of capital funding	22,225	23,072
	Less capital movements		
17,202	Capital expenditure	22,225	17,078
888	Increase/(decrease) in reserves	-	(1,287)
487	Increase/(decrease) in investments	-	7,281
	Add non-funded expenditure		
13,479	Depreciation and amortisation	13,768	13,958
2,149	Other losses	-	766
692	Expenses from support activities	456	530
46,476	Total funding application	45,395	47,085
46,476	Total expenditure as shown in the statement of comprehensive revenue and expense	45,395	47,085

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 2017, this rate was 3.66% (2016: 4.35%). Internal borrowings are eliminated on consolidation of activities in the financial statements.

Groups of activities	Opening balance 1 July 2016	Additional funds borrowed 2016/17	Funds repaid 2016/17	Closing balance 30 June 2017	Interest paid 2016/17
\$000		\$000	\$000	\$000	\$000
Community Facilities	10,276	-	450	9,826	359
Roading	6,393	1,515	-	7,908	293
Rubbish & Recycling	1,229	-	20	1,209	44
Stormwater	1,429	-	570	859	28
Wastewater	3,110	-	1,685	1,425	52
Water	4,709	1,762	-	6,471	236
Strategy and Engagement	1,015	134	-	1,149	42
Consents and Licensing	-	-	-	-	-
Total internal borrowing	28,161	3,411	2,725	28,847	1,054

