

2004/2005 ANNUAL REPORT



A SUMMARY

Matamata-Piako District Council recently published its Annual Report for 2004/05, which covered the period 1 July 2004 to 30 June 2005 and detailed our achievements against the activities, projects and budgets signalled in the 2004-2014 Long Term Council Community Plan (LTCCP). The information contained in this summary is drawn from the full Annual Report that was authorised for issue on the 26 October 2005 by Council. The full annual report was audited by Audit New Zealand, and received an unqualified opinion.

This summary cannot be expected to provide as complete an understanding as provided by the full financial report of Matamata-Piako District Council.

This summary report has also been examined by Audit New Zealand for consistency with the full report and also given an unqualified opinion.

This booklet provides:

- An outline of Council's end of year financial position;
- A summary of Council's performance in the areas of Community Development, Community Facilities, Community Infrastructure and Environmental Care;
- An overview of the significant projects and initiatives undertaken by Council during the past year;
- A statement from Council's auditors – Audit New Zealand

WE ARE PLEASED TO PRESENT THE 2004/05 ANNUAL REPORT

This year's report shows that Council succeeded in delivering its services at standards that had similar levels of satisfaction as in the past. This can be seen in our annual NRB Resident Survey. In terms of funds collected from rates, we remained in budget with an overall bottom line credit in excess of \$600,000. These surplus funds were used to lower debt in the areas that the money had been raised.

Given that there were a number of price pressures during the 12 months, the overall rate funded operational result is satisfying.

Our overseas investments have continued to show good returns for the year ending 30 June with a 12.95% increase before withdrawals and hedging gains.

A major achievement during the year was the Environment Courts consent to make our District Plan operative. This has taken a number of years to come to fruition and we are now in a position to proceed with a number of plan changes that have been proposed for some time.

Substantial progress was made on a number of capital projects. Some were not started or are still under investigation however, all the funds allocated to them were approved for carry forward by Council.

Council commenced a major consultation process during the year within all three communities as well as the rural area specifically. The purpose of this consultation was to identify a vision that you saw for our community.

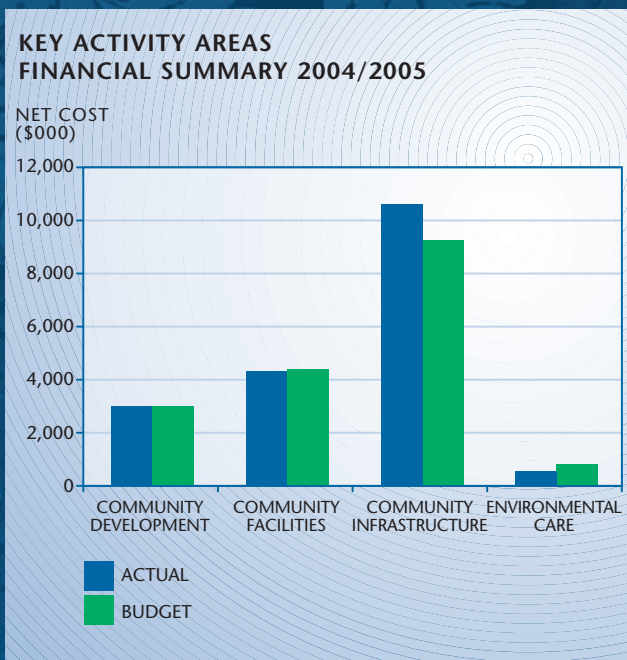
This was a well-supported exercise and Council would like to thank everyone who took the opportunity to take part.

We will be reporting on this over the new financial year.

Council continued to see good levels of development in the district with sizeable residential subdivisions being proposed or underway in all three communities.

Some industry also expanded or has proposed to expand in our district.

We would like to thank the many residents and groups who worked with us over the last 12 months to make this an enjoyable and successful year.



Hugh Vercoe
Mayor



Don McLeod
Chief Executive Officer

FINANCIAL SUMMARY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2005

	2005 Actual \$000's	2005 Budget \$000's	2004 Actual \$000's
Operating Revenue	28,637	25,822	26,827
Operating Expenses	29,075	26,146	26,785
Gains from PNZ Investment	1,447	0	2,404
Asset Revaluation Write-down	-4,062	0	0
Net Surplus/(Deficit)	-3,053	-324	2,446
STATEMENT OF MOVEMENTS IN EQUITY			
Public Equity at the start of the year	407,533	400,750	402,417
Net Surplus/(Deficit) for the year	-3,053	-324	2,446
Increase in Asset Revaluation Reserves	24,723	0	2,670
Total recognised Revenue and Expenses	21,670	-324	5,116
Public Equity at the End of the Year	429,203	400,426	407,533
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2005			
Current Assets	10,648	7,769	12,581
Non-Current Assets	428,819	409,857	404,109
Total Assets	439,467	417,626	416,690
Current Liabilities	6,429	4,800	4,859
Non-Current Liabilities	3,835	12,400	4,298
Total Liabilities	10,264	17,200	9,157
Equity and Net Assets	429,203	400,426	407,533
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2005			
Net from Operating Activities	9,207	5,968	7,064
Net from Investing Activities	-8,916	-13,747	-9,448
Net from Financing Activities	-107	8,238	2,546
Net Increase/Decrease in Cash Held	184	459	162
Opening Cash Balance	-135	87	-297
Closing Cash Balance	49	546	-135

ADDITIONAL DISCLOSURE

Reporting Entity

Matamata-Piako District Council is a territorial local authority governed by the Local Government Act 2002. These Financial Statements have been prepared in accordance with the requirements of Section 98 of the Local Government Act 2002, which includes the requirement to comply with generally accepted accounting practice.

Measurement Base

The measurement base adopted is that of historical cost, modified by the revaluation of certain assets.

Changes in Accounting Policies

There have been no changes from the accounting policies adopted in the last Audited Financial Statements. All policies have been applied on a basis consistent with the previous period.

Contingent Liabilities

Tui Mine Tailings

Tailings and mineshafts from an abandoned gold mine are located on Mt Te Aroha. These sites are owned by Council and the Department of Conservation respectively and hold a significant catchment of contaminated water, and have potential stability problems.

Central Government has been approached to fund the remedial works, which are estimated to cost \$5.3 million, and Council is awaiting the outcome of these representations.

Airport Uncalled Capital

During May 2004, the shareholders of Waikato Regional Airport (WRAL), of which Matamata-Piako District Council has a 15.625% shareholding, authorized the company to issue further shares totalling \$21.6m to shareholders. The capital restructure is part of the WRAL Airport development and allows WRAL to borrow commercially at favourable interest rates. While there are no plans to call up the capital, Council has a contingent liability for \$3.375m for uncalled capital.

During March 2005, Council gave a commitment to WRAL to provide if necessary a further \$0.3m by way of loan or called up capital for the purchase of land. This liability is contingent upon WRAL not securing \$2m funding by 30 June 2007.

Statement of Commitments

Council's commitment on projects where contracts have been entered into but goods or services have not been received is \$12.441 million (2004 \$11.119 million). Of this, \$1.516 million related to capital and \$10.915 million to non-cancellable operating contracts.

Performance Measures

A number of performance measures were identified. A number of these do not currently have systems and processes in place to enable them to be reported on. Some of these will rely on trends over several years to report on them. A number are considered less important to determine service performance. Those that are considered material are reported on in the key achievements section below.

KEY ACHIEVEMENTS

A summary of Council's achievements in four groups of activities is outlined. Also included is a snapshot of our performance, mostly measured by community satisfaction ratings in our 2005 survey of residents. The survey was undertaken by the National Research Bureau (NRB).

Community Development

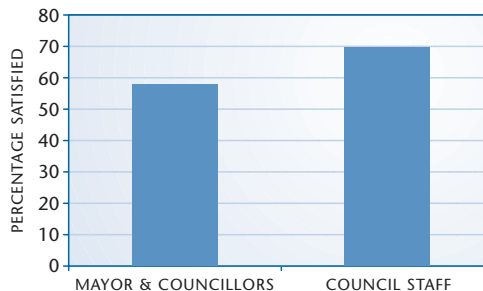
Community Development comprises Democracy, the District Plan, and Strategies, Planning and Monitoring. The activities of this group have a focus on economic, social, cultural and environmental policy development.

Milestones

- 42% residents participating in local elections
- Visioning with our communities to identify Community outcomes for the future with over a 1000 participants
- Approval given for District Plan to be operative by the Environment Court

NRB Survey Results

COMMUNITY SATISFACTION



Community Facilities

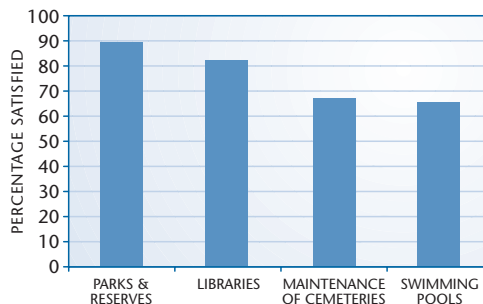
Community Facilities comprises Council activities focused on recreational and cultural opportunities in the district. This includes providing services and assets, such as libraries, swimming pools, parks and reserves and other public amenities.

Milestones

- Te Aroha Spa Expansions were completed with the re-tendering of the project
- Te Aroha Domain Café Courtyard Development completed with minor alterations which became evident during excavations to achieve legislation
- The Matamata toilets extension and upgrade were almost completed to the final stage within budget
- The Te Aroha Domain Management Plan for the planning for the next 10 years was publicly advertised inviting public participation

NRB Survey Results

COMMUNITY SATISFACTION



Community Infrastructure

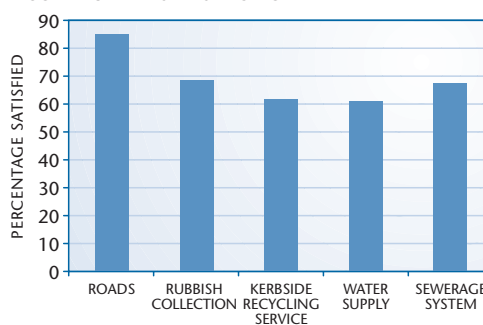
Community Infrastructure represents many of the responsibilities that are seen as core Council activities: the maintenance and development of roads, stormwater, wastewater (sewerage), water and waste management.

Milestones

- Te Aroha water reservoir renewal to supply water to Inghams Enterprises Ltd and expand the towns supply to provide 24 hour storage was partially completed
- Stormwater upgrades undertaken to meet climatic conditions in Te Aroha were achieved within budget
- Adoption of a Waste Management Strategy to reduce waste to landfill and to meet legislation

NRB Survey Results

COMMUNITY SATISFACTION



Environmental Care

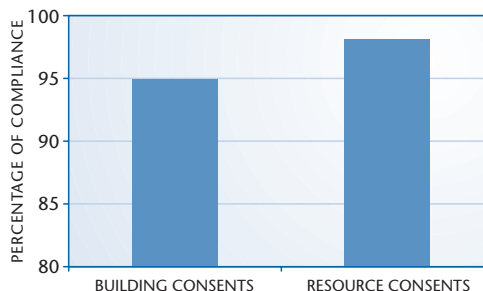
Environmental care represents Council's role and commitment to protect the natural resources of the district and our mandated responsibility to arbitrate between the different needs and interests of community members. This activity is responsible for resource consents, building consents, environmental health, liquor licenses, animal control, and emergency management.

Milestones

- Council completed and adopted Dog Control Bylaw
- Building consents processed 95% within statutory time limits
- Resource consents processed 98% within statutory time limits

Monitoring Results

STATUTORY COMPLIANCE





MAJOR INITIATIVES

Water

The major project for the year was the commissioning of the extended water supply to Inghams and the construction of a new Reservoir for Te Aroha that will bring the system up to accepted industry standards. This project will be completed in December this year.

Waste Water

Council committed further funds to ensure that the Te Aroha Waste Water Treatment Plant was upgraded to a state of the art system and a programme for the work was agreed with the Regional Council. This work should be finished in December 2006.

Similarly, a major review of the Morrinsville Plant has started, as this will identify efficiencies in the treatment process with a view to meeting resource consent standards and energy savings.

A consent application has been made for an upgrade to the Matamata system. Applications for government subsidy for both Rukumoana Avenue houses and the Tahuna village have been approved and design for the schemes was progressed to the stage where the documentation was to be forwarded early in the new financial year for final approval.

Solid Waste

Council completed and adopted a Waste Management Strategy using a working party drawn from the community. This strategy will guide future Council actions around the issue of waste minimisation.

Parks and Reserves

The major issue that was progressed this year was the preparation of a Draft Management Plan for the Te Aroha Domain. This was prepared taking into account the work of an Advisory Board made up of external advisors and also a Domain Working party made up of users and others with an interest.

The Draft Plan was advertised for submission and a formal hearing is being planned for the new financial year.

A major capital development also occurred in the Te Aroha Domain with the extension of the Te Aroha Spas that were due for completion. An official opening was held early into the new financial year.

Roading

As far as roading was concerned, the main issue this year was the noticeable increase in contract costs as the year progressed.

While it was possible to complete the majority of work that was programmed for the year the increase in costs will more than likely affect the amount we can undertake in the new financial year.



AUDIT REPORT TO THE READERS OF MATAMATA-PIAKO DISTRICT COUNCIL'S SUMMARY ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2005

We have audited the summary annual report.

Unqualified opinion

In our opinion:

- the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report; and
- the information reported in the summary financial statements complies with FRS-39: Summary Financial Reports and is consistent with the full financial statements from which it is derived.

We expressed an unqualified audit opinion, in our report dated 26 October 2005, on:

- the full financial statements; and
- the Council's compliance with the other requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report.

Basis of opinion

Our audit was conducted in accordance with the Auditor-General's Auditing Standards, which include New Zealand Auditing Standards. Other than in our capacity as auditor, we have no relationship with or interests in Matamata-Piako District Council.

Responsibilities of the Council and the Auditor

The Council is responsible for preparing the summary annual report and we are responsible for expressing an opinion on that report. These responsibilities arise from the Local Government Act 2002.



B H Halford
Audit New Zealand
On behalf of the Auditor-General
Tauranga, New Zealand
23 November 2005