

**MAHERE Ā-TAU  
2020/21**

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**ANNUAL PLAN  
2020/21**



**MATAMATA-PIAKO**  
LIFESTYLE. OPPORTUNITIES.  
**HOME.**

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# ANNUAL PLAN 2020-21

## SECTION ONE: WHAKATAKI | INTRODUCTION

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# WELCOME

## MESSAGE FROM THE MAYOR

### BUILDING ON WHAT WE STARTED

Two years ago we set a vision to make Matamata-Piako the Place of Choice - Lifestyle. Opportunities. Home.

We have made progress towards that vision with some major projects like the Te Aroha - Matamata Cycleway, partnering with government on the Wairere Falls Carpark, and working on extending the Morrinsville walkway.

We've also significantly increased the use of the Te Aroha Events Centre and Matamata-Piako Civic and Memorial Centre, and partnered with government and other agencies to explore creating a tourism precinct in Te Aroha and industrial hub in Waharoa - both of which have huge potential for our local economy.

Council is keen to build on those successes to make our district an even better place to live or visit, do business and an attractive place to invest.

### RATES AFTER COVID-19

We initially proposed a 6.4% increase to rates to continue delivering on our vision, but then COVID-19 brought New Zealand to a standstill, and people's circumstances changed with it. We received and considered over 115 submissions - and we listened. We heard that there are people who are struggling, that there is a lot of uncertainty following COVID-19, and that farmers are still battling with a significant drought. We heard you, and we have changed our plans to reflect that.



We have decided on a zero increase to general rates this year, with a \$12 increase to targeted rates for rubbish and recycling collection, and a \$49.50 increase for water. These increases are to targeted rates, so will only affect ratepayers who receive those services.

The zero increase to general rates means most rural property owners will see no increase to their rates this year. The increases to water and rubbish rates reflect the costs and pressures of delivering those services. We are dealing with tighter government regulations, and increasing costs to dispose of waste.

We've also tightened our belts across a whole range of areas - putting plans for improvements on hold, deferring projects, freezing salary budgets - doing what we can to minimise the impact on our ratepayers. But we believe the cost increases to water and rubbish are important to ensure we can continue to deliver all our services to the same standard.

### KEEPING THINGS MOVING

We are also establishing a COVID-19 Response Fund of up to \$2 million (using funding from reserves) to help the district recover and to keep our district moving forward. Using our reserves mean we can drive capital projects that were already planned and budgeted forward, without having a significant impact on rates. It will also allow us to review our capital work programme, and look to bring other projects forward where we can. Moving ahead with this work will help us to deliver on our vision, while also putting money into the local economy and keeping business in our district moving.

The Response Fund will also be used to provide support for the community following the COVID-19 pandemic. We know there are a lot of groups in our community struggling, and we will be able to use this funding to provide relief to some of those groups.

This has been an extremely challenging budget. We need to keep delivering our services, meet higher standards from the government, and continue to invest in our community to help boost economic recovery. At the same time, the community very clearly told us that rates increases are not acceptable right now.

I believe that the decisions we've made strike this balance. We're using our strong balance sheet. We are being mindful of costs. But we are also continuing to move forward, building on what we started and helping our community recover.

Ngā mihi / Kind regards

MAYOR ASH TANNER

# MAYOR AND COUNCILLORS

Council has established the following governance structure:

## 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 one Mayor, elected by all voters throughout the district. The Councillors and Mayor are elected to represent their communities and make decisions for the district. The elected representatives are supported by the Council's Chief Executive Officer and staff who provide advice, implement Council decisions, and look after the district's day to day operations.

## THE CORPORATE AND OPERATIONS COMMITTEE

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

## TE MANAWHENUA FORUM MO MATAMATA-PIAKO

Te Manawhenua Forum mo Matamata-Piako (Forum) is a standing committee of Council who advise on cultural, economic, environmental and social issues of significance to Manawhenua groups. The Forum also provides advice to Council about issues that affect Māori 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, Ngāti Hauā, Ngāti Rāhiri-Tumutumu, Raukawa, Ngāti Maru, Ngaati Whanaunga, Ngāti Pāoa and Ngāti Hinerangi. Ngāti Tamaterā also have the ability to join.

## THE HEARINGS COMMISSION

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

## THE 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 is chaired by a Councillor. Members of the committee are appointed from a list of appropriately qualified people, which may include Councillors, and two of these members sit on the District Licensing Committee.

## THE AUDIT AND RISK COMMITTEE

The Audit and Risk Committee ensure we have appropriate risk management and internal and financial control systems. This committee includes Hon. John Luxton as independent chairperson (with Joanne Aoake as back up), Mayor Ash Tanner and Councillor Donna Arnold, Councillor Bruce Dewhurst, Councillor Kevin Tappin, Councillor James Thomas and Councillor Adrienne Wilcock.

## THE WAHAROA (MATAMATA) AERODROME COMMITTEE

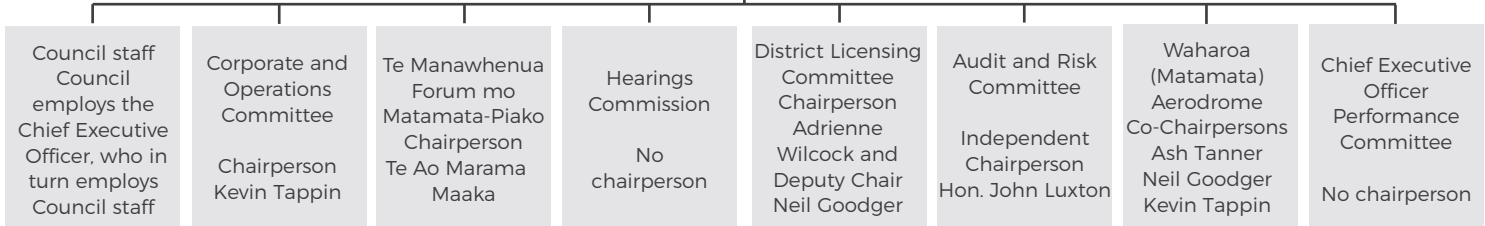
The Waharoa (Matamata) Aerodrome Committee was established in 2015 by legislation under the Ngāti Hauā Claims Settlement Act 2014. The committee comprises of the Mayor, Deputy Mayor, one Council appointed member and three members appointed by the Ngaati Hauā Iwi Trust Board trustees. The functions of the Waharoa (Matamata) Aerodrome Committee, as set out in the Ngāti Hauā Claims Settlement Act 2014, are to:

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

## CHIEF EXECUTIVE OFFICER PERFORMANCE COMMITTEE

The Chief Executive Officer Performance Committee undertakes a review of the performance and remuneration of the Chief Executive Officer on an annual basis in accordance with the Chief Executive Officer's employment agreement. The Committee includes the Mayor, Deputy Mayor and three Councillors.

**COUNCIL  
COUNCILLORS & MAYOR**



**ASH TANNER**  
MAYOR



**CAITLIN CASEY**  
TE AROHA WARD



**TEENA CORNES**  
TE AROHA WARD



**RUSSELL SMITH**  
TE AROHA WARD



**JAMES SAINSBURY**  
MATAMATA WARD



**KEVIN TAPPIN**  
MATAMATA WARD



**SUE WHITING**  
MATAMATA WARD



**ADRIENNE WILCOCK**  
MATAMATA WARD



**DONNA ARNOLD**  
MORRINSVILLE WARD



**BRUCE DEWHURST**  
MORRINSVILLE WARD



**NEIL GOODGER**  
DEPUTY MAYOR  
MORRINSVILLE WARD



**JAMES THOMAS**  
MORRINSVILLE WARD

# ANNUAL PLAN GUIDE

## WHAT IS AN ANNUAL PLAN?

We produce an Annual Plan in the two years that we don't produce a Long Term Plan. The Annual Plan highlights any significant or material changes from the Long Term Plan.

## WHY DO WE DO IT?

We are required to prepare an Annual Plan under the Local Government Act 2002. Apart from the legal requirement it also makes good sense to revise our plans each year. When you are planning and budgeting three years out, things can change from inflation, interest rates and project timing. So these need to be revised if we are proposing a significant or material change from the Long Term Plan.

## WHAT IS A LONG TERM PLAN?

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

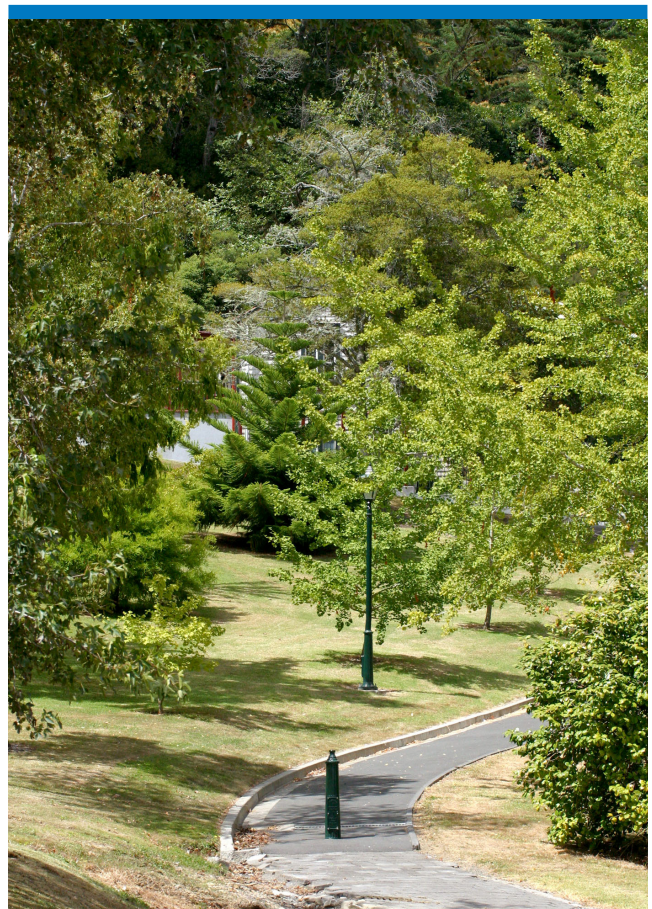
- describes the type of district our communities have told us they want – our community outcomes
- identifies the key projects to take place over the next 10 years
- provides an overview of each activity we will carry out and the services we will provide for the next 10 years
- determines how much this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

## WHAT IS AN ANNUAL REPORT?

We produce an Annual Report every year. This is a review of our performance, letting the community know whether we did what we said we would. It also checks financial performance against the budget and Financial Strategy.

## SO WHAT'S CHANGED FROM THE LONG TERM PLAN

This year we are proposing some variations from what was presented in the Long Term Plan 2018-28. Among the list of things that have changed are the proposed rates increase, rubbish fees, projects that have either been identified or that have had their dates adjusted (page 36 onwards).



## YOUR DISTRICT

Area 175,477 hectares	2016/17	2017/18	2018/19
Number of electors (enrolled)*	23,414	23,767	23,768
Number of rating units**	14,890	15,015	15,163
Value of improvements**	\$4,065,600,500	\$4,543,681,400	\$4,619,325,900
Net land value**	\$6,300,578,400	\$8,240,602,000	\$8,272,574,800
Total capital value**	\$10,366,178,900	\$12,784,283,400	\$12,891,900,700
Total rates***	\$30,821,000	\$31,324,000	\$32,178,000
Average total rates per rating unit	\$2,070	\$2,086	\$2,122

\*Electoral enrolment centre.


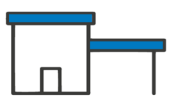
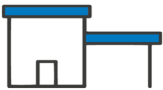






\*\* At the end of the preceding financial year.

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

# HOW MUCH WILL MY RATES BE?

Below are a range of different property types in our district and an example of what the rates for those properties will be in 2020/21. This year general rates have had a zero increase, meaning general rates won't change from what you paid last year (unless you have built a house, subdivided or improved your property). Targeted rates for water have increased by \$49.50 and \$12 for rubbish and recycling collection to reflect the costs and pressures of delivering those services. This means most rural property owners will see no increase to their rates this year and most other properties will see a \$61.50 increase to cover those services. To see the impact on your property, please visit [www.mpd.govt.nz/rates/propertyrates-search](http://www.mpd.govt.nz/rates/propertyrates-search).

Below are examples of different types of properties throughout the district. Please note these are for 'average' property values and may not reflect your particular situation.

	PROPERTY TYPE	CAPITAL VALUE	2019/20 RATES		2020/21 RATES
URBAN HOME		\$350,000	\$2,223	\$61.50 INCREASE	\$2,284.50
	FOR WATER AND RUBBISH/RECYCLING COLLECTION				
		\$550,000	\$2,454	\$61.50 INCREASE	\$2,515.50
FOR WATER AND RUBBISH/RECYCLING COLLECTION					
		\$850,000	\$2,800	\$61.50 INCREASE	\$2,861.50
FOR WATER AND RUBBISH/RECYCLING COLLECTION					
RURAL LIFESTYLE		\$400,000	\$1,192	NO CHANGE	\$1,192
		\$800,000	\$1,654	NO CHANGE	\$1,654
COMMERCIAL		\$300,000	\$3,462	\$61.50 INCREASE	\$3,523.50
	FOR WATER AND RUBBISH/RECYCLING COLLECTION				
		\$700,000	\$3,924	\$61.50 INCREASE	\$3,985.50
FOR WATER AND RUBBISH/RECYCLING COLLECTION					
RURAL		\$4,000,000	\$5,348	NO CHANGE	\$5,348
		\$8,000,000	\$9,965	NO CHANGE	\$9,965





# ANNUAL PLAN 2020/21

## SECTION TWO: PUUTEA | FINANCIALS

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# FINANCIAL STATEMENTS

## FORECAST STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE FOR THE YEAR ENDING 30 JUNE 2021

Annual Plan 2019/20		LTP 2020/21	Annual Plan 2020/21	Explanation of significant variances to the original LTP budget
(\$000)		(\$000)	(\$000)	
<b>Revenue</b>				
36,348	Rates	37,752	38,032	Compared to year 3 of the LTP, rates have increased in the areas of Rubbish and Recycling and Water as a direct result of increasing compliance and contract costs. Rate requirements for Roading and Wastewater have reduced as the level of funding required for depreciation is lower than anticipated.
6,846	Subsidies and grants	6,087	7,246	Capital funding of \$860,000 for the Avenue Road North Storm water Disposal project (originally budgeted in 2018/19) is now anticipated to be received from developers in 2020/21. Some Roading subsidised renewal work has been carried forward to 2020/21 due to the lockdown, resulting in higher subsidy income.
7,401	Fees and charges	7,908	7,916	
303	Interest revenue	303	332	
1,370	Development and financial contributions	1,425	1,425	
474	Other revenue	485	491	
<b>52,742</b>	<b>Total revenue</b>	<b>53,960</b>	<b>55,442</b>	
<b>Expenses</b>				
16,959	Personnel costs	16,556	17,726	Compared to the budget of year 3 of the LTP, there were additional positions filled in years 1 and 2 including part-time event facilitators, HR administration and in Solid Waste, and additional temporary positions to drive Covid-19 recovery projects (and funded from reserves) are planned for 2020/21.
14,729	Depreciation and amortisation	15,476	14,671	Depreciation is expected to be lower compared to year 3 of the LTP due to the delay in completion of capital projects compared to that budgeted in the LTP.
1,098	Finance costs	2,058	1,184	Forecast opening debt for year 3 of the LTP was \$51 million, but due largely to the delay in capital spending, actual debt is much lower at \$26.5 million, resulting in lower estimated finance costs.
17,609	Other expenses	18,284	20,727	Compared to year 3 of the LTP, estimated costs have increased over a number of areas, with the most significant being in the areas of Rubbish and Recycling and Water. In addition, for 2020/21, new spending that is not included in the LTP includes \$500,000 related to the PGF projects, as well as a number of reserve funded projects including, \$100,000 for Covid-19 support grants, and \$200,000 for the office accommodation review.
<b>50,395</b>	<b>Total expenditure</b>	<b>52,374</b>	<b>54,308</b>	
<b>2,347</b>	<b>Surplus/(deficit)</b>	<b>1,586</b>	<b>1,134</b>	
<b>Other comprehensive revenue and expense</b>				
12,032	Property, plant and equipment revaluations	15,779	12,611	
<b>12,032</b>	<b>Total other comprehensive revenue and expense</b>	<b>15,779</b>	<b>12,611</b>	
<b>14,379</b>	<b>Total comprehensive revenue and expense</b>	<b>17,365</b>	<b>13,745</b>	

The \$1.7 million surplus forecast for the year includes revenue to be received from capital subsidies and development contributions. This revenue is used to fund the construction of assets, rather than funding operating expenses and spending on assets which adds to the value on our balance sheet. The surplus also includes the value of assets expected to be vested in Council through the subdivision process that is required to be shown as revenue. It is for these reasons the surplus cannot be used to offset rates.

## FORECAST STATEMENT OF CHANGES IN EQUITY - FORECAST ENDING 30 JUNE 2021

Annual Plan 2019/20		LTP 2020/21	Annual Plan 2020/21	Explanation of significant variances to the original LTP budget
(\$000)		(\$000)	(\$000)	
626,768	Balance at 1 July	617,303	651,139	The projected opening equity has been updated to reflect our revised forecasts to the end of the 2019/20 year
14,379	Total comprehensive revenue and expense for the year	17,365	13,745	
641,147	Balance at 1 July	634,668	664,884	



## FORECAST STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

Annual Plan 2019/20		LTP 2020/21	Annual Plan 2020/21	Explanation of significant variances to the original LTP budget
(\$000)		(\$000)	(\$000)	
<b>Current assets</b>				
1,280	Cash and cash equivalents	1,045	618	
3,958	Receivables	2,627	1,851	Projected receivables has been increased to reflect the level of income accrued at year end over recent years.
-	Prepayments	-	400	Prepayments has been budgeted as part of receivables in the past.
839	Inventory	678	650	
-	Assets held for sale	-	-	
-	Derivative financial instruments	-	-	
6,945	Other financial assets	9,835	8,236	
<b>13,022</b>	<b>Total current assets</b>	<b>14,185</b>	<b>11,755</b>	
<b>Non-current assets</b>				
Other financial assets				
13,814	Investments in CCO's and other similar entities	13,447	15,692	The fair value of Council's investment in the Waikato Regional Airport over recent years has been higher than forecast in the LTP.
665,195	Property, plant and equipment	671,495	691,296	Revaluations and vested assets have increased the value of the existing asset base above what was budgeted in the LTP.
850	Intangible assets	793	760	
<b>679,859</b>	<b>Total non-current assets</b>	<b>685,735</b>	<b>707,748</b>	
<b>692,881</b>	<b>Total assets</b>	<b>699,920</b>	<b>719,503</b>	
<b>Liabilities</b>				
<b>Current liabilities</b>				
6,475	Payables and deferred revenue	2,616	9,385	Projected payables have been increased to reflect the level seen in recent years, with Council receiving a large balance of rates in advance of their due date, and having large payables at year end due to significant capital projects in progress.
1,661	Employee entitlements	1,565	1,874	
7,000	Borrowings	-	-	
88	Provisions	56	120	
<b>15,224</b>	<b>Total current liabilities</b>	<b>4,237</b>	<b>11,379</b>	
<b>Non-current liabilities</b>				
-	Derivative financial instruments	-	2,000	Estimate of the valuation of the interest swap portfolio.
460	Employee entitlements	469	365	
35,617	Borrowings	60,136	40,524	Forecast borrowings have been revised downwards as a result of delayed capital spending.
433	Provisions	410	351	
<b>36,510</b>	<b>Total non-current liabilities</b>	<b>61,015</b>	<b>43,240</b>	
<b>51,734</b>	<b>Total liabilities</b>	<b>65,252</b>	<b>54,619</b>	
<b>641,147</b>	<b>Net assets</b>	<b>634,668</b>	<b>664,884</b>	
<b>Equity</b>				
434,071	Accumulated funds	425,520	433,459	
207,076	Other reserves	209,148	231,425	
<b>641,147</b>	<b>Total equity</b>	<b>634,668</b>	<b>664,884</b>	

## FORECAST STATEMENT OF CASHFLOWS FOR THE YEAR ENDING 30 JUNE 2021

Annual Plan 2019/20		LTP 2020/21	Annual Plan 2020/21	Explanation of significant variances to the original LTP budget
(\$000)		(\$000)	(\$000)	
<b>Cashflow from operating activities</b>				
36,348	Rates revenue received	37,752	38,032	Compared to year 3 of the LTP, rates have increased in the areas of Rubbish and Recycling and Water as a direct result of increasing compliance and contract costs. Rate requirements for Roothing and Wastewater have reduced as the level of funding required for depreciation is lower than anticipated.
6,847	Subsidies and grants received	6,087	7,246	Subsidy of \$860,000 for the Avenue Road North Stormwater Disposal project (originally budgeted in 2018/19) is now anticipated to be received from developers in 2020/21. Some Roothing subsidised renewal work has been carried forward to 2020/21 due to the lockdown, resulting in higher subsidy income.
7,401	Fees and charges received	7,908	7,916	
303	Interest received	303	332	
1,369	Development and financial contributions received	1,425	1,425	
274	Other revenue received	272	291	
-	GST (net)	-	-	
(17,609)	Payments to suppliers	(18,284)	(20,727)	Compared to year 3 of the LTP, estimated costs have increased over a number of areas, with the most significant being in the areas of Rubbish and Recycling and Water.
(16,959)	Payments to employees	(16,556)	(17,726)	Additional positions have been budgeted compared to year 3 of the LTP.
(1,098)	Interest paid	(2,058)	(1,184)	Lower debt at the beginning of the financial year and the delayed completion of capital work from that forecast in the LTP has resulted in decreased debt and interest forecast for the 2020/21 year.
<b>16,876</b>	<b>Net cashflow from operating activities</b>	<b>16,849</b>	<b>15,605</b>	
<b>Cashflow from investing activities</b>				
-	Repayment of loans and advances	-	-	
-	Sale of assets	-	-	
-	Proceeds from sale/maturity of investments	-	1,300	Reduced investment to fund projects to be funded from reserves.
(33,286)	Purchase of property, plant and equipment	(25,785)	(31,626)	\$6 million of capital projects are carried forward from 2019/20
(230)	Purchase of intangible assets	(97)	(230)	
-	Acquisition of investments	-	-	
<b>(33,516)</b>	<b>Net cashflows from investing activities</b>	<b>(25,882)</b>	<b>(30,556)</b>	
<b>Cashflow from financing activities</b>				
16,859	Proceeds from borrowings	16,024	21,289	The expected timing to raise new debt has changed in line with the anticipated progress of capital projects.
-	Repayment of borrowings	(7,000)	(7,000)	
<b>16,859</b>	<b>Net cashflow from financing activities</b>	<b>9,024</b>	<b>14,289</b>	
<b>219</b>	<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(9)</b>	<b>(662)</b>	
<b>1,061</b>	<b>Opening cash and cash equivalents</b>	<b>1,054</b>	<b>1,280</b>	
<b>1,280</b>	<b>Closing cash and cash equivalents</b>	<b>1,045</b>	<b>618</b>	

# FINANCIAL STATEMENT NOTES

## REPORTING ENTITY

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

The Council provides local infrastructure, local public services, and performs regulatory functions to the community. The Council does not operate to make a financial return. The Council has designated itself as a Public Benefit Entity (PBE) for the purpose of complying with generally accepted accounting practice.

The financial information contained within these documents is prospective financial information in terms of Financial Reporting Standard 42 Prospective Financial Statements (PBE). The purpose for which this has been prepared is to enable the public to participate in decision making processes as to the services to be provided by the Council for the 2020/21 financial year, and to provide a broad accountability mechanism of the Council to the community. The financial information in the Annual Plan may not be appropriate for purposes other than those described.

The forecast financial statements of the Council are for the year ended June 2021. The forecast financial statements were authorised for issue as part of the Annual Plan by Council on 24 June 2020. Council is responsible for the prospective financial statements presented, including the appropriateness of the assumptions underlying the prospective financial statements and all other required disclosures.

## BASIS OF PREPARATION

The forecast financial statements have been prepared on the going concern basis, and the accounting policies have been applied consistently to all periods presented in these forecast financial statements.

## STATEMENT OF COMPLIANCE

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

## PRESENTATION CURRENCY AND ROUNDING

The forecast financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000).

## OPENING BALANCES

The forecast financial statements have been prepared based on expected opening balances for the year ended 30 June 2020. Estimates have been restated accordingly if required.



## A CAUTIONARY NOTE

The information in the forecast financial statements is uncertain and the preparation requires the exercising of judgement. Actual financial results achieved for the period covered are likely to vary from the information presented, and the variations may be material. Events and circumstances may not occur as expected or may not have been predicted or we may subsequently take actions that differ from the proposed courses of action on which the forecast financial statements are based. The information contained within these forecast financial statements may not be suitable for use in another capacity.

## SIGNIFICANT ACCOUNTING POLICIES

### 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.
- **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 financial year 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 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 start of the lease term, finance leases are recognised as assets and liabilities in the statement of financial position at the lower of the fair value of the leased item and 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 reasonable 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 subject to forward foreign exchange contracts) are translated into \$NZ (the functional currency) using the spot exchange rate at the dates of the transactions. Foreign exchange gains and losses resulting 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

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

## DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are used to manage 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.

The fair value of the interest rate swap is determined by calculating the expected future cashflows 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.



## 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.

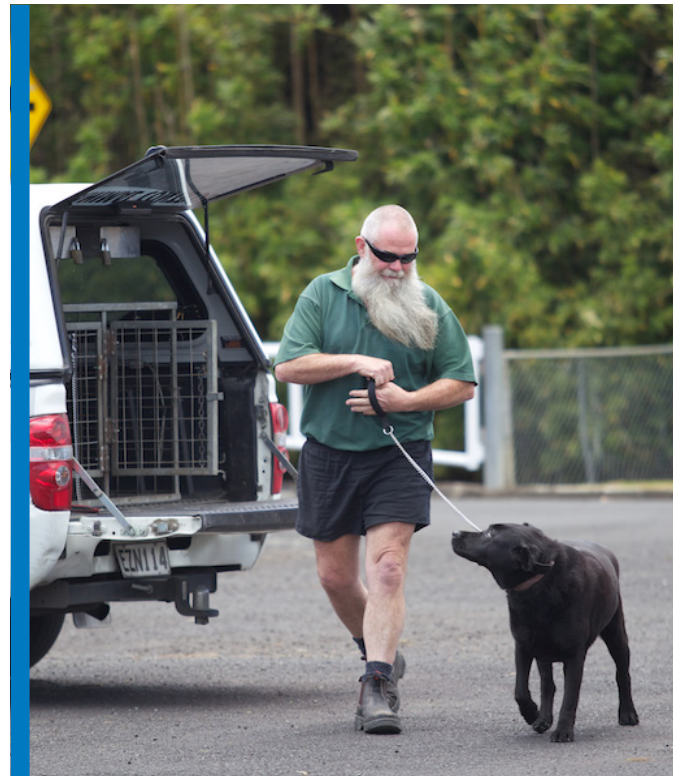
### Term deposits and community, industry and developer agreement loans (loans and receivables)

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

After initial recognition, term deposits and community and other loans are measured at amortised cost using the effective interest method. Where applicable, interest accrued is added to the investment balance. At year-end, the assets are assessed for indicators of impairment. Impairment is established when there is evidence the Council will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership or liquidation and default payments are indicators that the asset is impaired. If assets are impaired, the amount not expected to be collected is recognised in the surplus or deficit.

### Local Authority and other stock (held to maturity)

After initial recognition, Local Authority and other stock (designated as held to maturity) are measured at amortised cost using the effective interest method. At year-end, they are assessed for indicators of impairment. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership or liquidation and default in payments is considered to be objective evidence of impairment. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.



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

Investments in CCO's and other entities are designated at fair value through other comprehensive revenue and expense. After initial recognition, investments in CCO's and other entities are measured at their fair value, with gains and losses recognised in other comprehensive revenue and expense, except for impairment losses, which are recognised in the surplus or deficit. When sold, the cumulative gain or loss.

For Investments in CCO's and other entities, a significant or prolonged decline in the fair value of the shares below their cost is considered to be objective evidence of impairment. If impairment evidence exists, the cumulative loss recognised in other comprehensive revenue and expense is transferred to the surplus or deficit. Impairment losses on investments in CCO's and other entities recognised in the surplus or deficit are not reversed through 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 are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. They are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment losses for write downs 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

Property, plant and equipment consist of:

- Operational assets - land, buildings, 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), library books, 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 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. 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.

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.

### 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 accumulated funds.

### Depreciation

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



Operational assets	Useful Life	Depreciation rate
Buildings	2 to 100 years	1% - 50%
Restricted assets (buildings)	2 to 100 years	1% - 50%
Plant and machinery	2 to 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%
<b>Infrastructural assets</b>		
<b>Road network</b>		
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% - 100%
<b>Utility assets</b>		
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.

## 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.

Staff training costs and costs associated with the development and maintenance of Councils website are recognised as an expense when incurred.

### Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each financial year 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 NON-FINANCIAL ASSETS

Intangible assets that have an indefinite useful life, or are not yet available for use, are not subject to amortisation and are tested annually for impairment. Assets 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 impaired and the carrying amount is written down to the recoverable amount. For revalued assets the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the surplus or deficit. For assets not carried at a revalued amount, the total impairment loss is recognised in the surplus or deficit.

The reversal of an impairment loss on a revalued asset is credited to other comprehensive revenue and expense and increases the asset revaluation reserve for that class of asset. However, to the extent that an impairment loss for that class of asset was previously recognised in the surplus or deficit, a reversal of the impairment loss is also recognised in the surplus or deficit. For assets not carried at a revalued amount, the reversal of an impairment loss is recognised in the surplus or deficit.

Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where we would, if deprived of the asset, replace its remaining service potential. The value in use for cash generating assets is the present value of expected future cashflows.

## PAYABLES AND DEFERRED REVENUE

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

## BORROWINGS

Borrowings on normal commercial terms are initially recognised at the amount borrowed plus transaction costs. Interest due on the borrowings is subsequently accrued and added to the borrowings balance. Borrowings are classified as current liabilities unless we have an unconditional right to defer settlement of the liability for at least 12 months after balance date.



## EMPLOYEE ENTITLEMENTS

### Short term employee entitlements

Employee benefits that are due to be settled within 12 months after the end of the year in which the employee provides the related service are measured based on 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.

### Long term employee entitlements

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

The calculations are based on:

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

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:

- accumulated funds
- other reserves:
  - Council created reserves
  - Restricted reserves
  - Asset revaluation reserves
  - Fair value through other comprehensive revenue and expense reserve.

## RESERVES

Reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by Council. Restricted reserves include those subject to specific conditions accepted as binding by us and which may not be revised without reference to the Courts or third party. Transfers from these reserves may be made only for certain specified purposes or when certain conditions are met.

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

Asset revaluation reserves represent unrealised gains on assets owned by us. The gains are held in the reserve until such time as the gain is realised and a transfer can be made to accumulated funds. Fair value through other comprehensive revenue and expense reserve comprises the cumulative net change in the fair value of assets classified as fair value through other comprehensive revenue and expense.

## GOODS AND SERVICE 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.

## 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 neighboring local authorities for moderation.

## CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

In preparing these forecast 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 period of the Long Term Plan follows

### Infrastructural assets

There are a number of assumptions and estimates used when performing depreciated replacement cost valuations on infrastructural assets. These include:

The physical deterioration and condition of an asset, for example we could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets, which are not visible, for example stormwater, wastewater and water supply pipes that are underground. This risk is minimised by us performing a combination of physical inspections and condition modelling assessments of underground assets; estimating any obsolescence or surplus capacity of an asset.

Estimates are made when determining the remaining useful lives over which the asset will be depreciated. These estimates can be impacted 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 we could be over or under estimating the annual depreciation charge recognised as an expense in the statement of comprehensive revenue and expense.

To minimise this risk, our infrastructural assets 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 our asset management planning activities, which gives us further assurance over its useful life estimates. Experienced independent valuers perform or undertake a peer review of our infrastructural asset revaluations.



**Provisions for landfill aftercare and Tui Mine site monitoring**

The cash outflows for landfill after care and site monitoring costs are expected to occur over 25 years or more. The long term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred. The provisions have been estimated taking into account existing technology and discounted using a discount rate of 6%.

The following assumptions have been made in the calculation of the provisions: obligations for the work are for the period of the resource consents for these sites. Costs have been estimated based on best information and technology known at this point.

**CRITICAL JUDGMENTS IN APPLYING ACCOUNTING POLICIES**

Management has exercised the following critical judgment in applying accounting policies to these forecast financial statements

**Classification of property**

We own 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 our social housing policy. The properties are therefore accounted for as property, plant and equipment.

**FORECAST DEPRECIATION AND AMORTISATION EXPENSE BY GROUP OF ACTIVITY**

Annual Plan 2019/20		LTP 2020/21	Annual Plan 2020/21
(\$000)		(\$000)	(\$000)
<b>Directly attributable depreciation and amortisation expense by group of activity</b>			
2,446	Community facilities	2,587	2,527
6,288	Roading	6,341	5,803
31	Rubbish and recycling	56	31
608	Stormwater	634	723
2,685	Wastewater	2,958	2,803
1,717	Water	1,878	1,793
2	Strategy and engagement	1	3
8	Consents and licensing	9	8
<b>Total directly attributable depreciation and amortisation expense by groups of activities</b>			
944	Depreciation and amortisation not directly related to groups of activities	1,012	980
<b>14,729</b>	<b>Total depreciation and amortisation expense</b>	<b>15,476</b>	<b>14,671</b>

**RESERVE FUNDS**

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

Council created reserves are established by Council decision. We may alter them without reference to any third party or the Courts. Transfers to and from these reserves are at our discretion. Asset revaluation reserves represent unrealised gains on assets owned by us. The gains are held in the reserve until such time as the gain is realised and a transfer can be made to retained earnings. Details of the specific reserve funds held by us are as follows:





## RESERVE FUNDS

Reserve funds	Purpose	Activities related to	Forecast balance 1 July 2020	Transfers in	Funds will come from	Transfers out	Funds will be applied to	Forecast balance 30 June 2021
<b>Council created reserves ('000)</b>								
Community purposes reserve	Funds received and set aside for use on community facilities or for community purposes e.g. grants	All Council activities	5,013	-	No additional funding anticipated for this annual plan	(2,000)	No expenditure anticipated for this annual plan	3,013
Covid-19 recovery reserve	Funds set aside to aid in the economic recovery of the District, or to support hardship of qualifying community groups following the impact of Covid-19.	All Council activities	-	2,000	Funds re-allocated from the Community purposes reserve	(1,300)	Funding for 2 Project Managers, 1 Digital Strategy Business Analyst, and community support grants.	700
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	23,765	692	External interest from the invested portion of the fund, and internal interest from the internally borrowed portion of the fund	(662)	Annual Economic Development funding plus subsidy of rates	23,795
Wastewater capital contribution reserve	Capital contribution funds received from industry and set aside to offset future depreciation	Wastewater	1,412	668	Annual targeted rates charged to Fonterra and Greenlea Morrinsville	(302)	Fonterra and Greenlea share interest and depreciation expenses	1,778
Depreciation reserves	Funds set aside for the replacement of assets and used to fund internal borrowing	All Council Services	16,094	14,396	Depreciation funding and interest	(15,171)	Replacement of assets (renewals) and repayment of loans	15,319
Stormwater improvement reserve	Funds set aside to fund stormwater projects	Stormwater	167	50	Targeted rates funding	-	No expenditure anticipated for this annual plan	217
Te Aroha Wastewater desludging project	Funds set aside to pay for the Te Aroha desludging project expected to be completed in 2015/16	Wastewater	399	-	No additional funding anticipated	-	No expenditure anticipated for this annual plan	399
<b>Total Council created reserves</b>			<b>46,850</b>	<b>17,806</b>		<b>(19,435)</b>		<b>45,221</b>
<b>Restricted reserves</b>								
Endowment land sales reserve	Funds set aside in respect of the sale of endowment land in Te Aroha. The proceeds must be used for the provision or improvement of services and public amenities for the benefit of the inhabitants of Te Aroha	Community facilities	110	-	Sale of endowment land (if any)	-	No expenditure anticipated for this annual plan	110
Reserves Development	Funds set aside from reserves contributions to be used for parks and reserves	Development of parks and reserves	167	57	Financial contributions	-	No expenditure anticipated for this annual plan	224
Bequests and trust funds	Funds set aside to be used for the nominated purpose of the bequest or trust fund	Nominated purposes	26	-	No additional funding anticipated	-	No expenditure anticipated for this annual plan	26
Waste minimisation	Funds set aside for the purpose of initiatives encouraging the minimisation of waste	Nominated purposes	139	130	Government funding of waste minimisation	(130)	Apply funding for waste minimisation program	139
Te Aroha Tourism Precinct feasibility project	Funds set aside to be used for the Te Aroha Tourism Precinct Feasibility project Economic Development.	Economic development	85	-	No additional funding anticipated	-	No expenditure anticipated for this annual plan	85
Waharoa Industrial Hub feasibility project	Funds set aside to be used for the Waharoa Industrial Hub Feasibility project Economic Development.	Economic development	-	-	No additional funding anticipated	-	No expenditure anticipated for this annual plan	-
<b>Total restricted reserves</b>			<b>527</b>	<b>187</b>		<b>(130)</b>		<b>584</b>
<b>Asset revaluation reserves</b>	<b>Surplus from the revaluation of property plant and equipment</b>	<b>All Council activities</b>	<b>160,456</b>	<b>12,611</b>	<b>Assets revaluation</b>	<b>-</b>	<b>Assets revaluation</b>	<b>173,067</b>
<b>Fair value through other comprehensive revenue and expense reserve</b>	<b>Net change in fair value of financial assets</b>	<b>All Council activities</b>	<b>12,553</b>	<b>-</b>	<b>Financial assets revaluation</b>	<b>-</b>	<b>Financial assets revaluation</b>	<b>12,553</b>

## RECONCILIATION BETWEEN THE FUNDING IMPACT STATEMENT AND STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

The funding impact statement is prepared in compliance with the requirements of clause 15, part 1, schedule 10 of the Local Government Act 2002. Unlike the statement of comprehensive revenue and expense, the funding impact statement is 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" that is classified as income on 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 of assets to be reflected, whereas these are excluded from the funding impact statement. The reconciliation below identifies the differences between these two statements.

Annual Plan 2019/20		LTP 2020/21	Annual Plan 2020/21
(\$000)		(\$000)	(\$000)
<b>Funding sources as shown in the overall Council funding impact statement</b>			
46,633	Total operating funding	48,341	49,011
22,314	Total capital funding	13,744	20,112
<b>Less capital movements</b>			
16,860	Increase/(decrease) in debt	9,026	14,289
-	- Gross proceeds from sale of assets	-	-
<b>Add non-funded income</b>			
200	Vested assets	213	200
-	- Other gains	-	-
455	Income from support activities	688	408
<b>52,742</b>	<b>Total funding sources</b>	<b>53,960</b>	<b>55,442</b>
<b>52,742</b>	<b>Total income as shown in the statement of comprehensive revenue and expense</b>	<b>53,960</b>	<b>55,442</b>
<b>Application of funding as shown in the overall Council funding impact statement</b>			
35,211	Total applications of operating funding	36,210	39,229
33,736	Total applications of capital funding	25,875	29,894
<b>Less capital movements</b>			
33,517	Capital expenditure	25,881	31,856
219	Increase (decrease) in reserves	(6)	(1,962)
-	- Increase (decrease) in investments	-	-
<b>Add non-funded expenditure</b>			
14,729	Depreciation and amortisation	15,476	14,671
-	- Other losses	-	-
455	Expenses from support activities	688	408
<b>50,395</b>	<b>Total funding application</b>	<b>52,374</b>	<b>54,308</b>
<b>50,395</b>	<b>Total expenditure as shown in the statement of comprehensive revenue and expense</b>	<b>52,374</b>	<b>54,308</b>

## FUNDING IMPACT STATEMENT

Funding impact statement for 1 July 2020 to 30 June 2021 for whole of Council

Annual Plan 2019/20		LTP 2020/21	Annual Plan 2020/21	Explanation and variances from the original LTP budget
(\$000)		(\$000)	(\$000)	
<b>Sources of operating funding</b>				
23,836	General Rates, uniform annual general charges, rates penalties	24,140	24,445	Compared to year 3 of the LTP, general rates have increased more significantly in the areas of Community Facilities and Rubbish and Recycling, and have decreased in Roading.
12,513	Targeted Rates	13,612	13,586	Targeted rates required for the Rubbish and Recycling and Water activities have increased from year 3 of the LTP, offset by a reduction in Wastewater due to lower than anticipated depreciation funding requirements.
2,773	Subsidies and grants for operating purposes	2,794	2,849	
6,988	Fees and Charges	7,220	7,583	Based on recent years, increased revenue from Council facilities and Consents is expected compared to what was budgeted in year 3 of the LTP.
257	interest and dividends from investments	303	257	
266	Local authorities fuel tax, fines, infringement fees, and other receipts	272	291	
<b>46,633</b>	<b>Total operating funding (A)</b>	<b>48,341</b>	<b>49,011</b>	
<b>Applications of operating funding</b>				
34,115	Payments to staff and suppliers	34,152	38,045	
1,096	Finance costs	2,058	1,184	Forecast opening debt for year 3 of the LTP was \$51 million, but due largely to the delay in capital spending, actual debt is much lower at \$26.5 million, resulting in lower estimated finance costs.
-	Other operating funding applications	-	-	
<b>35,211</b>	<b>Total applications of operating funding (B)</b>	<b>36,210</b>	<b>39,229</b>	
<b>11,422</b>	<b>Surplus (deficit) of operating funding (A - B)</b>	<b>12,131</b>	<b>9,782</b>	
<b>Sources of capital funding</b>				
4,084	Subsidies and grants for capital expenditure	3,293	4,398	Capital funding of \$860,000 for the Avenue Road North Storm water Disposal project (originally budgeted in 2018/19) is now anticipated to be received from developers in 2020/21. Some Roading subsidised renewal work has been carried forward to 2020/21 due to the lockdown, resulting in higher subsidy income.
1,370	Development and financial contributions	1,425	1,425	
16,860	Increase (decrease) in debt	9,026	14,289	The expected timing to raise new debt has changed in line with the anticipated progress of capital projects.
-	Gross proceeds from sale of assets	-	-	
-	Lump sum contributions	-	-	
-	Other dedicated capital funding	-	-	
<b>22,314</b>	<b>Total sources of capital funding (C)</b>	<b>13,744</b>	<b>20,112</b>	
<b>Applications of capital funding</b>				
<b>Capital expenditure</b>				
-	—to meet additional demand	392	390	
19,346	—to improve the level of service	11,906	16,295	A number of projects have been reprioritised and carried forward from previous years.
14,171	—to replace existing assets	13,583	15,171	Some projects has been carried forward from previous years.
219	Increase (decrease) in reserves	(6)	(1,962)	A number of projects have been earmarked to be funded from reserves.
-	Increase (decrease) of investments	-	-	
<b>33,736</b>	<b>Total applications of capital funding (D)</b>	<b>25,875</b>	<b>29,894</b>	
<b>(11,422)</b>	<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(12,131)</b>	<b>(9,782)</b>	
-	<b>Funding balance ((A - B) + (C - D))</b>	-	-	

## CALCULATION OF RATES

For 1 July 2020 to 30 June 2021 (These rates shown are inclusive of GST)

		GENERAL RATES		TARGETED RATES	
Source		General Rate	Uniform annual general charge	Stormwater	Waste management
Category		All rateable land in the Matamata-Piako District		Rating units within serviced areas	Rating units within serviced areas
How the rate will be calculated		Per dollar of capital value	Uniform charge per rating unit	Uniform charge per rating unit within the townships of Matamata, Morrinsville, Te Aroha and Waharoa	Uniform charge per separately used or inhabited part of a rating unit to which the service is available
Annual Plan 2019/20	\$	0.00115434	730.73	92.15	29.76
LTP 2020/21		0.00136902	746.78	96.80	30.27
Annual Plan 2020/21		0.00115434	730.73	92.15	41.76

		TARGETED RATES							
Source		Wastewater (sewage disposal)							
Category		Connected single residential house	Connected non-single residential, and non-residential properties						Serviceable properties within 30 metres of Council's Wastewater reticulation network
How the rate will be calculated		Uniform charge per connected rating unit	Uniform charge per rating unit for the first pan on all connected properties, and:	Additional uniform charge per pan (excluding the first pan) for properties with up to 4 pans	Or additional uniform charge per pan (excluding the first pan) for properties with up to 10 pans	Or additional uniform charge per pan (excluding the first pan) for properties with up to 15 pans	Or additional uniform charge per pan (excluding the first pan) for properties with up to 20 pans	Or additional uniform charge per pan (excluding the first pan) for properties with more than 20 pans	Uniform charge per rating unit to which the service is available (but not connected)
Annual Plan 2019/20	\$	648.48	648.48	648.48	551.20	518.78	486.36	453.93	324.24
LTP 2020/21		713.38	713.38	713.38	606.38	570.71	535.04	499.37	356.69
Annual Plan 2020/21		648.48	648.48	648.48	551.20	518.78	486.36	453.93	324.24

		TARGETED RATES						
Source		Targeted rural hall rates will apply to all land within the hall rating area as listed						
Category		Tauhei	Hoe-O-Tainui	Springdale	Kiwitahi	Patetonga	Wardville	
How the rate will be calculated		Per dollar of land value						
Annual Plan 2019/20	\$	0.00010159	0.00002682	0.00001481	0.00001951	0.00003045	0.00001934	
LTP 2020/21		0.00010205	0.00002798	0.00001545	0.00002035	0.00003177	0.00002018	
Annual Plan 2020/21		0.00010159	0.00002682	0.00001481	0.00001951	0.00003045	0.00001934	

TARGETED RATES								
Source	Industry contributions to the Morrinsville wastewater treatment plant upgrade		Water supply		Water supply (metered) *			
Category	18 Allen Street, Morrinsville	38 Pickett Place Morrinsville	Connected properties	Serviceable properties within 100 metres of Council's water reticulation network	Metered supply (general)	Metered supply raw water Pohomihi Water Line	Metered supply Braeside Aquaria 1981	Matamata farm properties**
How the rate will be calculated	Uniform charge per specified rating unit		Uniform charge per separately used or inhabited part of a rating unit to which the service is connected and provided	Uniform charge per separately used or inhabited part of a rating unit to which the service is available (but not connected)	Charge per cubic metre of water consumed (as measured by meter) over the first 82 cubic metres of water consumed per quarter or the first 27 cubic metres consumed per month	Charge per cubic metre of water consumed (as measured by meter) over and above the first 82 cubic metres of water consumed per quarter or the first 27 cubic metres consumed per month in the Pohomihi water line supply area	Charge per cubic metre of water consumed (as measured by meter) over and above the first 82 cubic metres of water consumed per quarter or the first 27 cubic metres consumed per month for Braeside Aquaria	Charge per cubic metre of water consumed (as measured by meter) over and above the first 82 cubic metres of water consumed per quarter or the first 27 cubic metres consumed per month for Matamata farm properties that contain the Matamata trunk main from Tills Road
Annual Plan 2019/20	588,118.51	186,697.60	318.09	159.05	1.28	0.92	0.66	1.28
LTP 2020/21	596,651.16	189,406.28	353.48	176.74	1.34	0.96	0.69	1.34
Annual Plan 2020/21	582,909.45	185,043.99	367.59	183.79	1.47	1.06	0.76	1.47

\*Targeted Rates for a metered water supply are charged in addition to a uniform charge per separately used or inhabited part of a rating unit to which the service is connected and provided.

\*\* A 50% discount will be applied to this rate if the invoice is paid by the due date.

TARGETED RATES									
Source	Targeted rural hall rates will apply to all land within the hall rating area as listed								
Category	Tahuna	Mangateparu	Kereone	Tatuanui	Walton	Okauia	Hinuera	Piarere	
How the rate will be calculated	Uniform charge per rating unit					Per dollar of capital value			
Annual Plan 2019/20	38.20	34.80	41.50	61.80	30.00	0.00001549	0.00001401	0.00001781	
LTP 2020/21	39.85	36.41	43.30	64.48	31.30	0.00001616	0.00001462	0.00001858	
Annual Plan 2020/21	38.20	34.80	41.50	61.80	30.00	0.00001549	0.00001401	0.00001781	

TARGETED RATES						
Source	Targeted rural hall rates will apply to all land within the hall rating area as listed					
Category	Mangaiti	Waihou	Elstow	Manawaru	Te Poi	
How the rate will be calculated	Uniform charge per separately used or inhabited part of a rating unit					
Annual Plan 2019/20	12.65	20.20	21.60	25.80	36.80	
LTP 2020/21	13.20	21.07	22.54	26.92	38.39	
Annual Plan 2020/21	12.65	28.00	21.60	25.80	36.80	

## GST

The calculation of rates is shown inclusive of GST at the current rate of 15%. Any future changes in the rate of GST would need to be applied to these rates as appropriate.

## REVENUE AND FINANCING POLICY

The rationale for the selection of various funding sources is set out in our Revenue and Financing Policy.

## SEPARATELY USED OR INHABITED PART OF RATING UNIT

A separately used or inhabited part of a rating unit is any part of a rating unit that is, or is able to be separately used or inhabited by the ratepayer, or by any other person or body having a right to use or inhabit that part by virtue of a tenancy, lease, licence or other agreement.

## STORMWATER SERVICED AREAS

These are the rating units within the residential, business and industrial zones in Council's Operative District Plan within the townships of Matamata, Morrinsville, Te Aroha and Waharoa.

## WASTE MANAGEMENT SERVICED AREAS

These areas are detailed in the Waste Management Serviced Areas Map (June 2015) which can be found in the pages following and on our website: [www.mpdc.govt.nz/plans/long-term-plan](http://www.mpdc.govt.nz/plans/long-term-plan)

## HALL RATING AREAS

These areas are detailed in the Hall Rating Areas Map (1989) which can be found in the pages following and on our website [www.mpdc.govt.nz/plans/long-term-plan](http://www.mpdc.govt.nz/plans/long-term-plan)

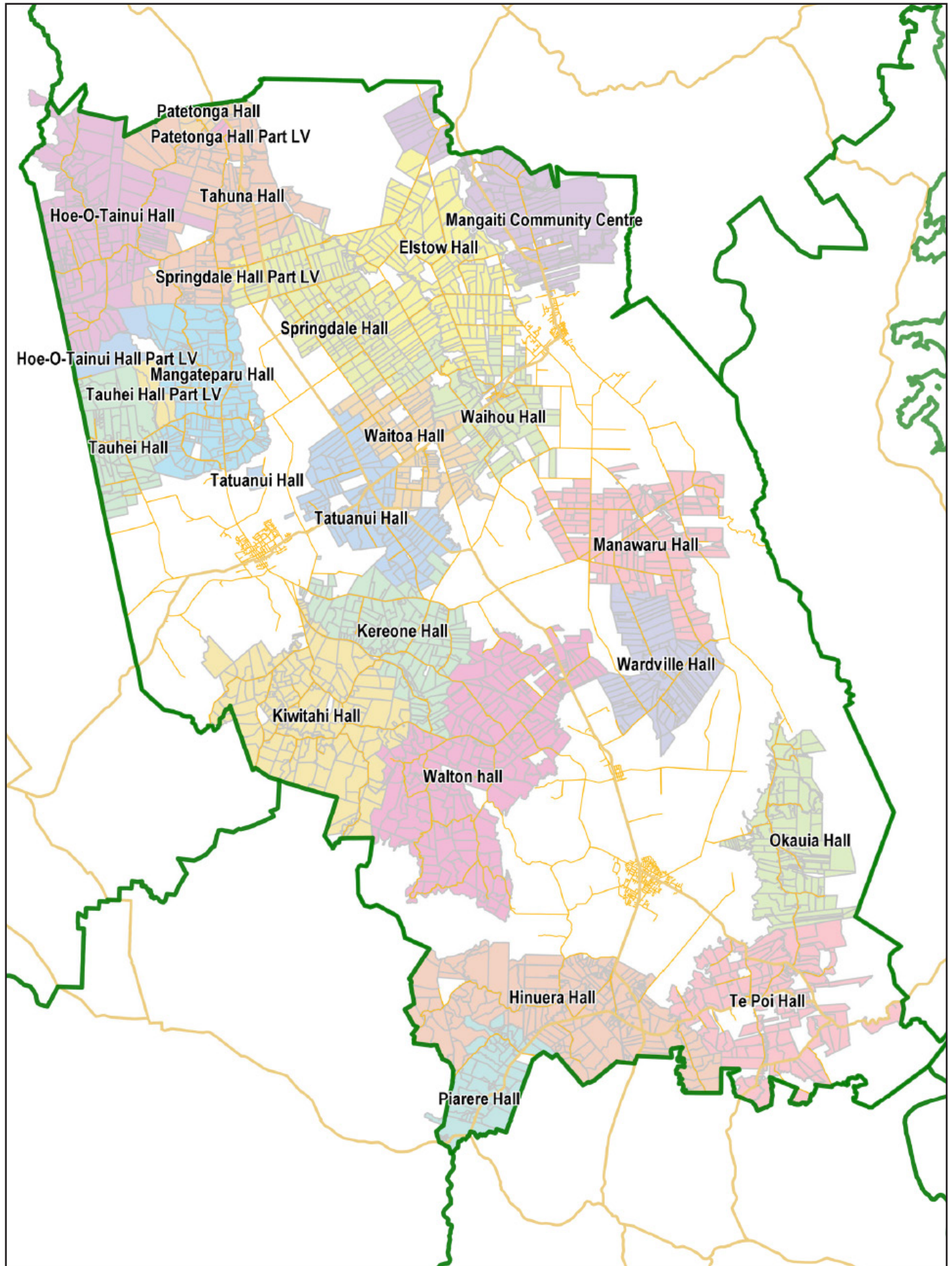
## LUMP SUM CONTRIBUTIONS

The Council does not invite lump sum contributions for any targeted rates.

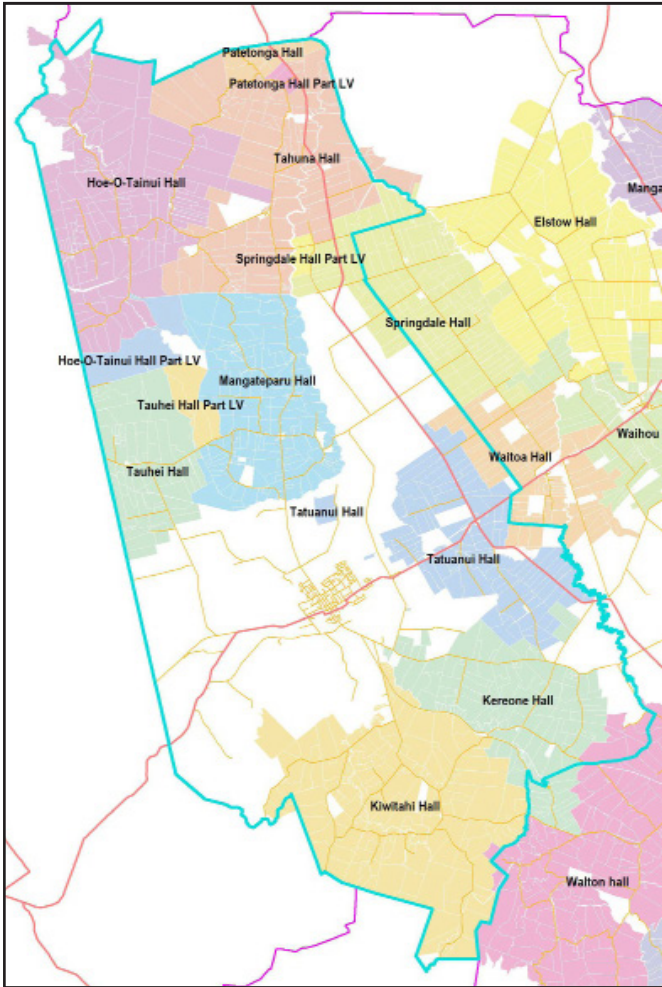
## HALL RATING AREAS

Please visit our website [mpdc.govt.nz](http://mpdc.govt.nz) and refer to the Hall Rating Areas (1989) for this information.

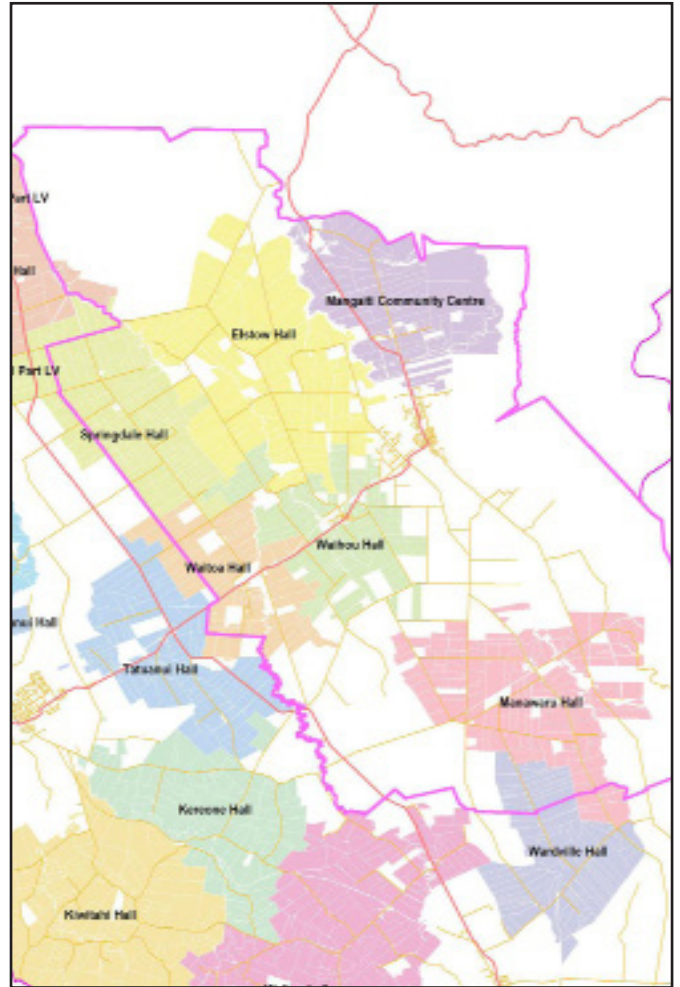
### HALL RATINGS MATAMATA-PIAKO DISTRICT COUNCIL



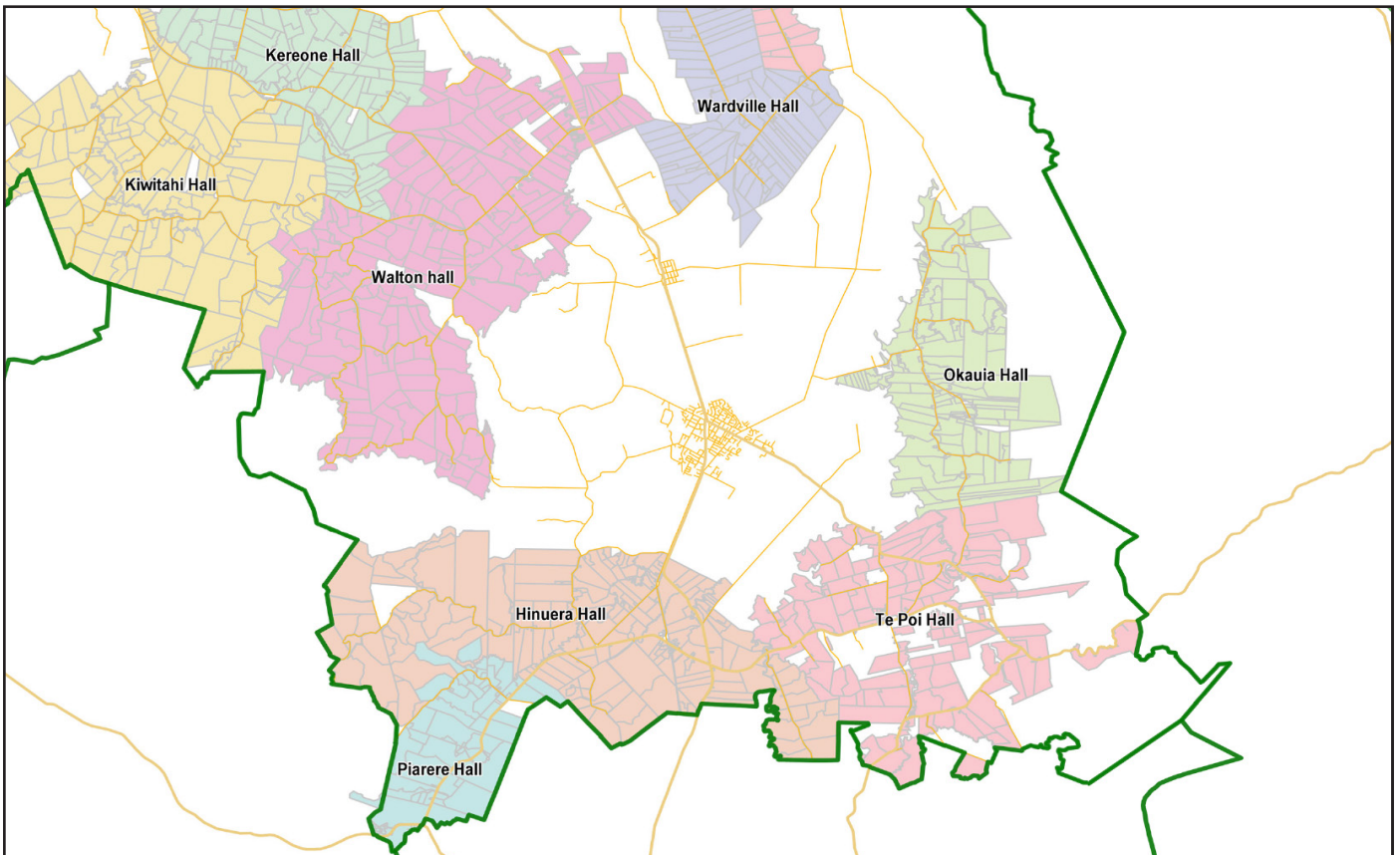
### HALL RATINGS MORRINSVILLE



### HALL RATINGS TE AROHA



### HALL RATINGS MATAMATA

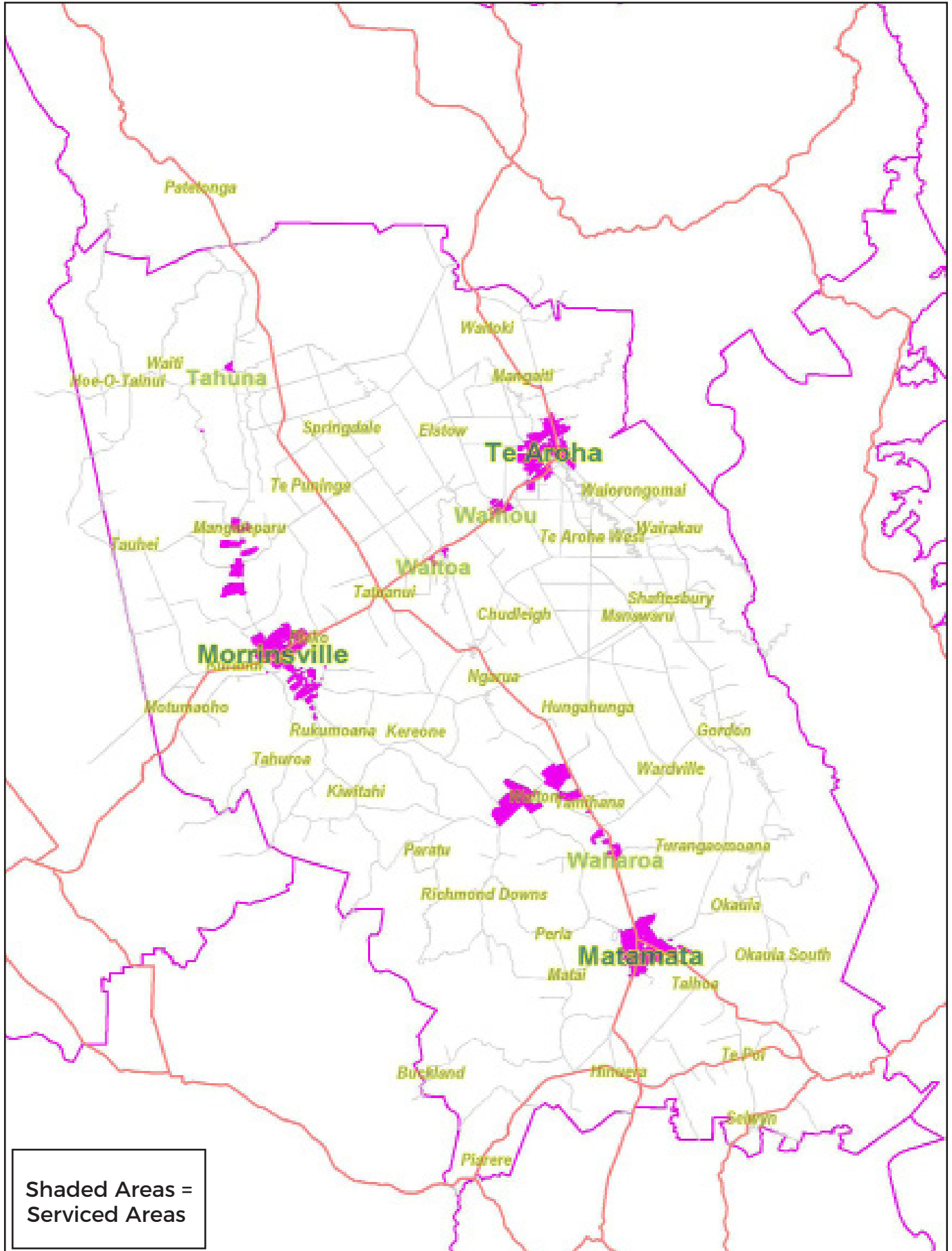




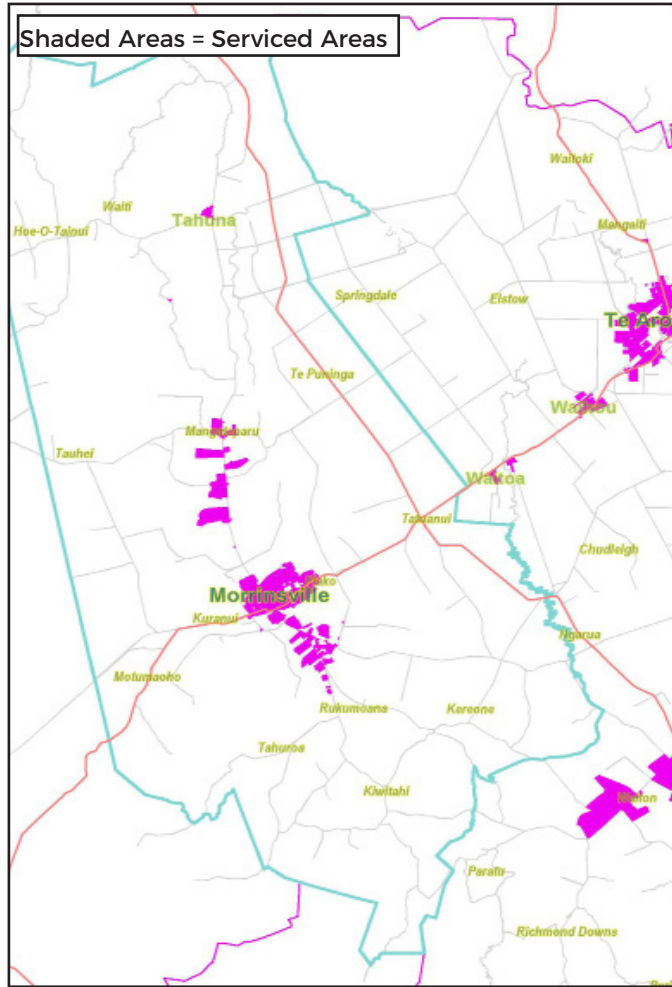
## WASTE MANAGEMENT SERVICED AREAS

These areas are detailed in the Solid Waste Serviced Areas Map (June 2015) which can be found on our website.

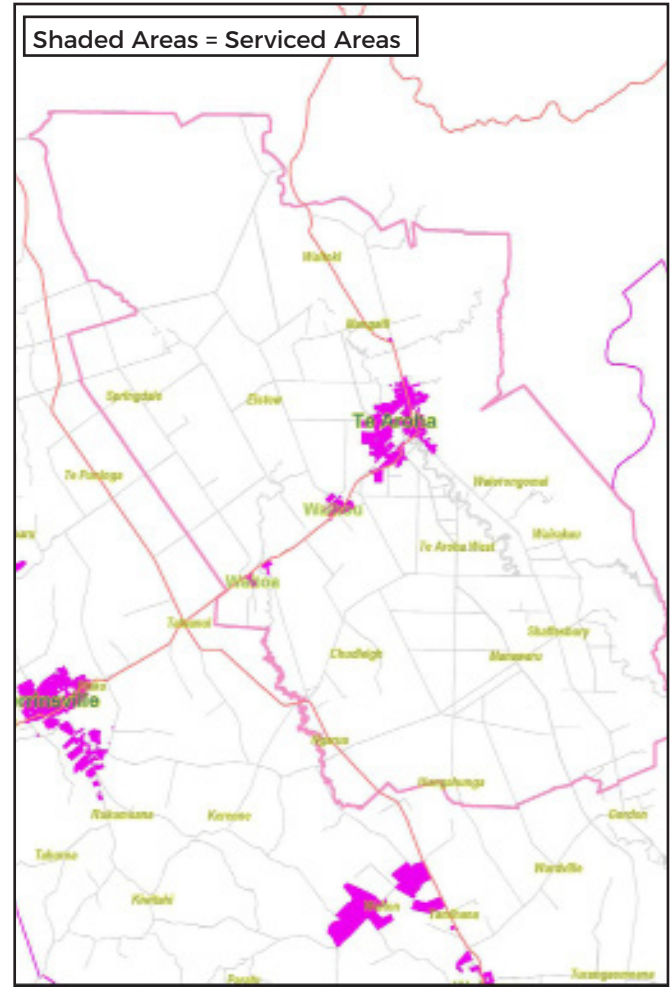
### WASTE MANAGEMENT SERVICED AREAS MATAMATA-PIAKO DISTRICT



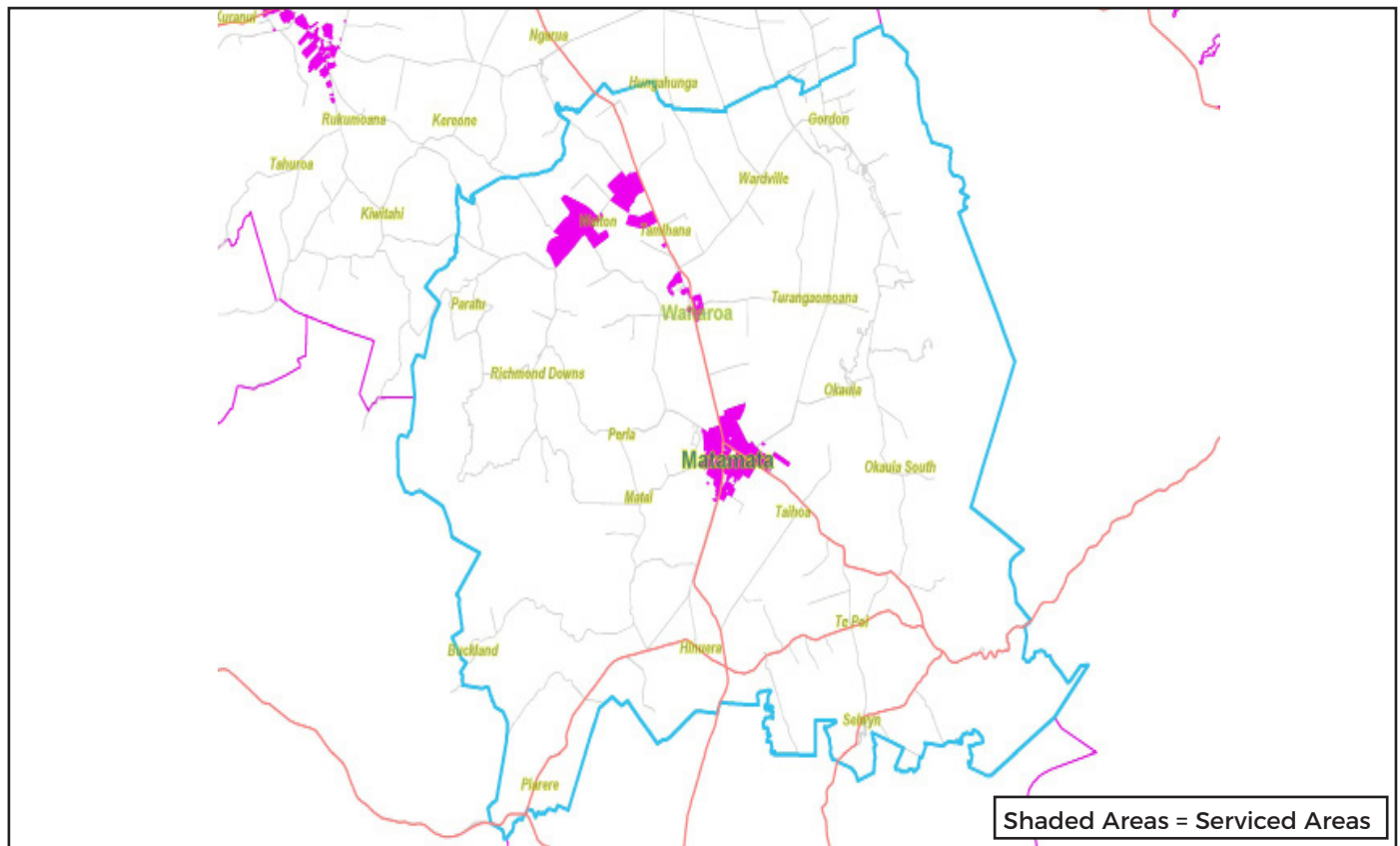
### WASTE MANAGEMENT SERVICED AREAS MORRINSVILLE



### WASTE MANAGEMENT SERVICED AREAS TE AROHA



### WASTE MANAGEMENT SERVICED AREAS MATAMATA



## ANNUAL PLAN DISCLOSURE STATEMENT FOR YEAR ENDING 30 JUNE 2021

### What is the purpose of this statement?

The purpose of this statement is to disclose the Council's planned 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 Plan 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.

Benchmark		Planned	Met
Rates affordability benchmark	Annual rates income* will not increase by more than 4%	\$35,482,000	Yes
· income			
· increases	Annual rates increases* will not be more than 4%	3.83%	Yes
Debt affordability benchmark	Net debt as a percentage of total revenue <sup>^</sup> will not exceed 150%	59%	Yes
Balanced budget benchmark	100%	99%	No
Essential services benchmark	100%	220%	Yes
Debt servicing benchmark	10%	2.2%	Yes

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

<sup>^</sup>Consistent with our Liability Management Policy, total revenue excludes development and financial contributions, vested and found assets and other gains.

### Notes

#### 1 Rates affordability benchmark

- (1) For this benchmark,—
  - (a) the Council's planned rates income for the year is compared with a quantified limit on rates contained in the financial strategy included in the Council's Long Term Plan; and
  - (b) the Council's planned rates increases for the year are compared with a quantified limit on rates increases for the year contained in the financial strategy included in the Council's Long Term Plan.
- (2) The Council meets the rates affordability benchmark if—
  - (a) its planned rates income for the year equals or is less than the quantified limit on rates; and
  - (b) its planned rates increases for the year equal or are less than the quantified limit on rates increases.

#### 2 Debt affordability benchmark

- (1) For this benchmark, the Council's planned borrowing is compared with a quantified limit on borrowing contained in the financial strategy included in the Council's Long Term Plan.
- (2) The Council meets the debt affordability benchmark if its planned borrowing is within the quantified limit on borrowing.

#### 3 Balanced budget benchmark

- (1) For this benchmark, the Council's planned revenue (excluding development contributions, vested assets, financial contributions, gains on derivative financial instruments, and revaluations of property, plant, or equipment) is presented as a proportion of its planned operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, or equipment).
- (2) The Council meets the balanced budget benchmark if its revenue equals or is greater than its operating expenses.

#### 4 Essential services benchmark

- (1) For this benchmark, the Council's planned capital expenditure on network services is presented as a proportion of expected depreciation on network services.
- (2) The Council meets the essential services benchmark if its planned capital expenditure on network services equals or is greater than expected depreciation on network services.

#### 5 Debt servicing benchmark

- (1) For this benchmark, the Council's planned borrowing costs are presented as a proportion of planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment).
- (2) Because Statistics New Zealand projects that the Council's population will grow as fast as the national population growth rate, it meets the debt servicing benchmark if its planned borrowing costs equal or are less than 10% of its planned revenue.

# ANNUAL PLAN 2020/21

SECTION THREE: MAHI AA ROOPUU | WHAT WE DO

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# COMMUNITY FACILITIES AND PROPERTY

## WHAT WE DO

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

## WHY DO WE DO THESE ACTIVITIES

Community Facilities and Property provides a wide range of community facilities (like pools, libraries, and events centres), tourist attractions (such as Firth Tower Museum and the Te Aroha Mineral Spas), open spaces (including 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 a variety of Council properties. These activities all help make Matamata-Piako District the place of choice.

## WHAT HAS CHANGED FROM THE LONG TERM PLAN?

To see what projects within this group of activities have changed compared to our Long Term Plan please see below. For all projects still progressing as planned and any other information about this group of activities please see the Long Term Plan 2018-28 available on our website at [www.mpdc.govt.nz/plans/long-term-plan](http://www.mpdc.govt.nz/plans/long-term-plan) or at any Council Office or Library.

Projects	LTP 2020/21 Budget (\$000)	Annual Plan 2020/21 (\$000)	Explanation of variances to the original LTP projects
Howie Park entrance, carparking and loop track upgrade - Phase II	-	100	We funded \$150k for 2019/20. Of that, we expect \$50k to be used in 2019/20 with the balance of the work to be completed in 2020/21.
Matamata Streetscape Redevelopment	-	375	For 2019/20 we funded \$750k. Of that, \$375k is expected to be used and the balance of the work to be completed in 2020/21.
Waharoa Rest Area - Carpark Upgrade	-	170	In 2019/20 we funded \$200k for the Waharoa rest area. We expect \$30k to be used in 2019/20 with the balance of the work to be completed in 2020/21.
TA Streetscape Redevelopment	500	50	The budget was changed to reflect that the design and procurement of the streetscape will be completed in 2020/21 with physical works being completed in 2021/22.
Morrinsville Streetscape Redevelopment	500	450	The budget was changed to reflect that the design and procurement of the streetscape will be completed in 2020/21 with physical works being completed in 2021/22.
TA Cemetery Expansion - Planning and Scoping of Project	-	152	Design and preparatory work underway in 2019/2020, remaining funding carried forward to 2020/2021 when physical works will be completed.
Waihou Depot Improvements	-	65	Staff have identified that some additional work is required to the Waihou depot and have added this as a new project for 2020/21.
Future Proofing Libraries	-	-	Funding was identified in 2018/19 and 2019/20 (\$200,000) at this stage we are still working on what this funding is best spent on, with a business case being developed.
Morrinsville River Walk Extension	-	255	Funding from 2019/2020 carried forward as physical works will extend into 2020/2021
Waharoa - Land Acquisition	-	50	Funding from 2019/2020 carried forward as physical works will extend into 2020/2021
Matamata Inner Walkway Project (Phase I and Phase II)	-	349	The work being able to go ahead is dependent on subdivision development. It is not where we expected and consequently we have carried forward funding to 2020/21
Banks Road Reserve Development	-	75	We funded \$150k for 2019/20. \$75k of that is expected to be used and the balance of the work is to be completed in 2020/21
Howie Park Redevelopment	-	142	Funding from 2019/2020 carried forward as physical works are expected to proceed into 2020/2021.
Install Retaining Wall Along Banks of Kenrick Street Causeway	-	30	This is an additional project that was not planned for in the LTP, for beautification and mowing safety.
Morrinsville Additional Playground	250	-	Funding deferred until 2021/22 when it is expected that work will be able to proceed.
Morrinsville Sunridge-Anderson Linkage	75	-	Funding deferred until 2021/22 in which we have assumed further subdivision development will proceed allowing the link to be developed.
Te Aroha Domain Redevelopment	500	-	Work has been delayed pending the outcome of the Te Aroha Provincial Growth Fund project as it is expected that this will have an influence on the work to be undertaken.
Swimzone Splash Pads	-	210	Funding from 2019/20 carried forward as we expect physical works to commence in 2020/21.
Morrinsville Studholme Street Toilets	-	100	Funding from 2019/20 carried forward as physical works are expected to commence in 2020/21.
Te Aroha Domain Toilet	150	-	Work has been delayed pending the outcome of the Te Aroha Provincial Growth Fund project as it is expected that this will have an influence on the work to be undertaken.
Infrastructure for Motor Caravans	100	95	In 2019/20 funding of \$100k included, of that \$5k is expected to be used with the balance of the work to be completed in 2020/21.

# FUNDING IMPACT STATEMENT

## COMMUNITY FACILITIES- 1 JULY 2020 TO 30 JUNE 2021

Annual Plan 2019/20		LTP 2020/21	Annual Plan 2020/21	Explanation of significant variances to the original Long Term Plan budget
(\$000)		(\$000)	(\$000)	
<b>Sources of operating funding</b>				
9,488	General rates, uniform annual general charges, rates penalties	9,774	10,161	Rates required for 2020/21 have increased from what was estimated in year 3 of the LTP, to cover increased costs, particularly in the areas of staff costs for the aquatic facilities, building maintenance, and parks and reserves.
64	Targeted rates	78	66	
4	Subsidies and grants for operating purposes	4	4	
2,969	Fees and charges	2,896	3,176	An increase in estimated income from spas and other facilities compared to what was budgeted in year 3 of the LTP is in line with trends from recent years.
190	Internal charges and overheads recovered	168	210	
-	Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	
<b>12,715</b>	<b>Total operating funding (A)</b>	<b>12,920</b>	<b>13,617</b>	
<b>Applications of operating funding</b>				
8,027	Payments to staff and suppliers	8,116	9,197	Estimated costs for 2020/21 have increased from what was estimated in year 3 of the LTP, particularly in the areas of staff costs for the aquatic facilities, building maintenance, and parks and reserves.
175	Finance costs	431	162	Delayed delivery of capital projects has resulted in lower estimates of opening debt and finance costs.
2,085	Internal charges and overheads applied	1,891	2,039	
-	Other operating funding applications	-	-	
<b>10,287</b>	<b>Total applications of operating funding (B)</b>	<b>10,438</b>	<b>11,398</b>	
<b>2,428</b>	<b>Surplus (deficit) of operating funding (A - B)</b>	<b>2,482</b>	<b>2,219</b>	
<b>Sources of capital funding</b>				
-	Subsidies and grants for capital expenditure	-	-	
55	Development and financial contributions	57	57	
5,170	Increase (decrease) in debt	989	2,531	The expected timing to raise new debt has changed in line with the anticipated progress of capital projects.
-	Gross proceeds from sale of assets	-	-	
-	Lump sum contributions	-	-	
-	Other dedicated capital funding	-	-	
<b>5,225</b>	<b>Total sources of capital funding (C)</b>	<b>1,046</b>	<b>2,588</b>	
<b>Applications of capital funding</b>				
<b>Capital expenditure</b>				
-	-to meet additional demand	-	-	
5,848	-to improve the level of service	2,434	2,882	Streetscaping projects have been carried forward from last year.
1,445	-to replace existing assets	897	2,373	A number of renewal projects including the office accommodation review, car park resealing and other projects have been carried forward from the previous year.
360	Increase (decrease) in reserves	197	(448)	The decrease in reserves is due to higher capital renewal expenditure and the office accommodation review project of \$200,000 which is to be funded from reserves.
-	Increase (decrease) of investments	-	-	
<b>7,653</b>	<b>Total applications of capital funding (D)</b>	<b>3,528</b>	<b>4,807</b>	
<b>(2,428)</b>	<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(2,482)</b>	<b>(2,219)</b>	
-	<b>Funding balance ((A - B) + (C - D))</b>	-	-	

# 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 DO 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.

## WHAT HAS CHANGED FROM THE LONG TERM PLAN?

To see what projects within this group of activities have changed compared to our Long Term Plan please see below. For all projects still progressing as planned and any other information about this group of activities please see the Long Term Plan 2018-28 available on our website at [www.mpdc.govt.nz/plans/long-term-plan](http://www.mpdc.govt.nz/plans/long-term-plan) or at any Council Office or Library.

Projects	LTP	Annual	Explanation of variances to the original LTP projects
	2020/21 Budget	Plan 2020/21	
	(\$000)	(\$000)	
Digital Strategy - Maintenance checks for playgrounds, equipment / vehicle safety checks, training, digital timesheets (field staff scanning in/out of sites)		40	New projects added as per Council's decision to advance the digital strategy.
Integration BUS and Middleware		50	
Digital Display Hardware		10	



# FUNDING IMPACT STATEMENT

## STRATEGY AND ENGAGEMENT - 1 JULY 2020 TO 30 JUNE 2021

Annual Plan 2019/20		LTP 2020/21	Annual Plan 2020/21	Explanation of significant variances to the original LTP budget
(\$000)		(\$000)	(\$000)	
<b>Sources of operating funding</b>				
4,211	General rates, uniform annual general charges, rates penalties	4,273	4,793	Since the LTP was adopted, the Communication activity's salary budget has been moved from corporate costs to this Strategy activity group.
-	- Targeted rates	-	-	
-	- Subsidies and grants for operating purposes	-	-	
176	Fees and charges	179	223	Income from events is expected to be higher than budgeted in year 3 of the LTP.
411	Internal charges and overheads recovered	324	547	
-	- Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	
<b>4,798</b>	<b>Total operating funding (A)</b>	<b>4,776</b>	<b>5,563</b>	
<b>Applications of operating funding</b>				
3,029	Payments to staff and suppliers	2,969	4,863	The Communication salary budget was previously under corporate, and now moved to this Strategy activity group. The PGF project budget of \$500,000 was not included in the LTP.
27	Finance costs	15	43	
1,562	Internal charges and overheads applied	1,543	1,513	
-	- Other operating funding applications	-	-	
<b>4,618</b>	<b>Total applications of operating funding (B)</b>	<b>4,527</b>	<b>6,419</b>	
<b>180</b>	<b>Surplus (deficit) of operating funding (A - B)</b>	<b>249</b>	<b>(856)</b>	
<b>Sources of capital funding</b>				
-	- Subsidies and grants for capital expenditure	-	-	
-	- Development and financial contributions	-	-	
291	Increase (decrease) in debt	240	663	The expected timing to raise new debt has changed in line with the anticipated progress of capital projects.
-	- Gross proceeds from sale of assets	-	-	
-	- Lump sum contributions	-	-	
-	- Other dedicated capital funding	-	-	
<b>291</b>	<b>Total sources of capital funding (C)</b>	<b>240</b>	<b>663</b>	
<b>Applications of capital funding</b>				
<b>Capital expenditure</b>				
-	- to meet additional demand	-	-	
-	- to improve the level of service	-	100	A new budget has been added for advancing the digital strategy
1,261	-to replace existing assets	1,274	1,443	The budget for IT and plant replacement has increased from year 3 of the LTP.
(790)	Increase (decrease) in reserves	(785)	(1,736)	
-	- Increase (decrease) of investments	-	-	
<b>471</b>	<b>Total applications of capital funding (D)</b>	<b>489</b>	<b>(193)</b>	
<b>(180)</b>	<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(249)</b>	<b>856</b>	
-	<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	



# ROADING

## WHAT WE DO

We own and maintain 1,008 kilometres of local roads within the district, including 948 kilometres sealed and 60km unsealed roads. These are all the roads in the district except for state highways (which include 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 (NZTA). The roading network also covers the cycleways and footpaths, and includes bridges and structures, street lighting, road signage and markings, and on-street parking within the road corridor.

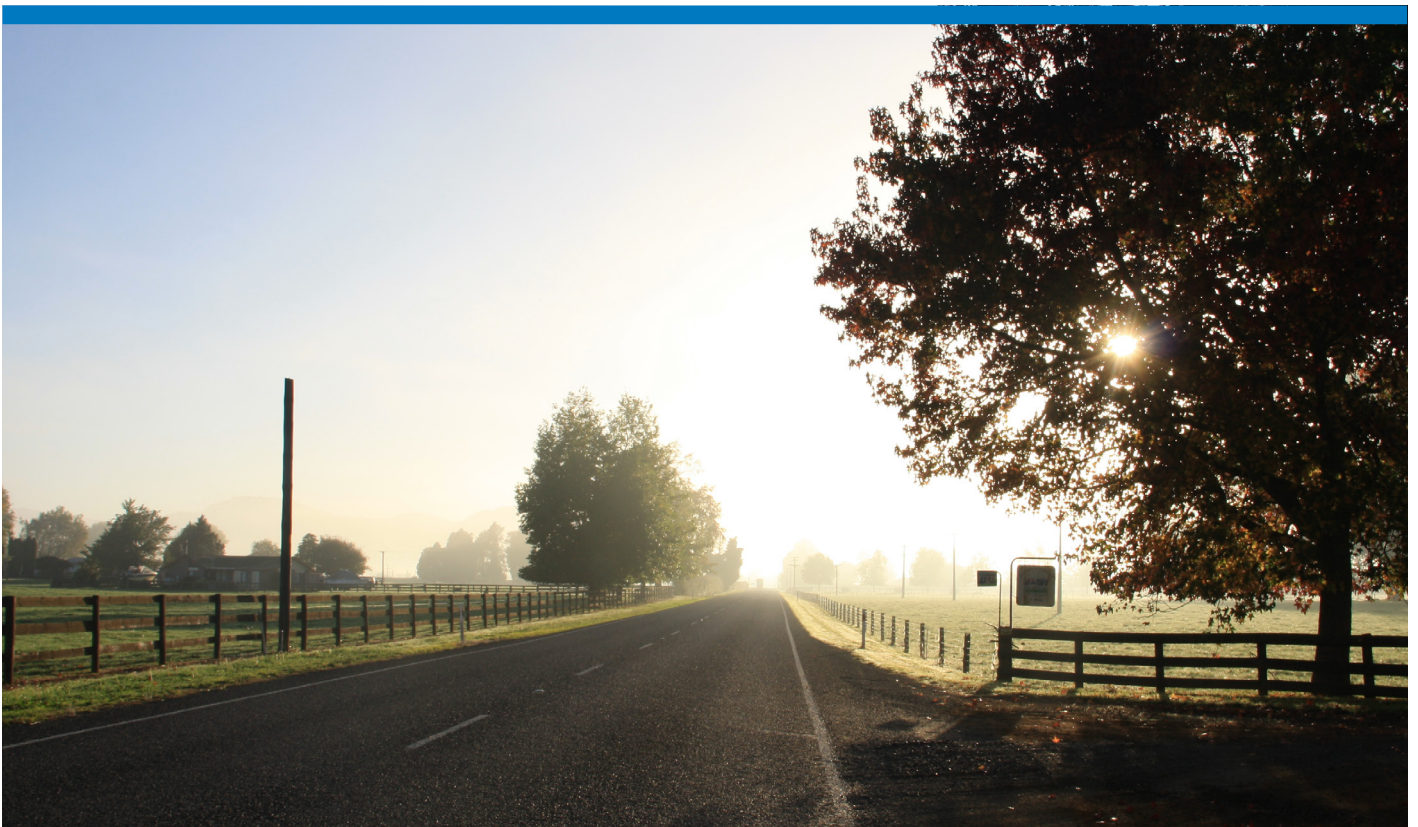
## WHY DO WE DO THESE ACTIVITIES?

Roads provide for a wide variety of users, with diverse needs, including private and commercial car drivers and passengers, freight operators, public transport users, farm and machinery operators, cyclists and pedestrians. They also support and enable economic growth and, when designed appropriately, enhance living environments and amenity. In addition to providing access to properties, the road corridor is also where utilities are usually located (e.g. gas, power, telecommunications, water, sewer and stormwater).

## WHAT HAS CHANGED FROM THE LONG TERM PLAN?

To see what projects within this group of activities have changed compared to our Long Term Plan please see below. For all projects still progressing as planned and any other information about this group of activities please see the Long Term Plan 2018-28 available on our website at [www.mpdc.govt.nz/plans/long-term-plan](http://www.mpdc.govt.nz/plans/long-term-plan) or at any Council Office or Library.

Projects	LTP 2020/21 Budget (\$000)	Annual Plan 2020/21 (\$000)	Explanation of variances to the original LTP projects
Matamata Bypass - Design	1,000	-	Funding removed as it is not expected that there will be any expenditure in 2020/2021
Te Aroha to Matamata Cycleway	250	-	Funding removed as it has been decided that it will not be necessary to create additional trails off the new Te Aroha to Matamata cycleway for the time being.
Tower Road Area - Intersection Work	5		We expect this work to be completed ahead of schedule in 2019/20



# FUNDING IMPACT STATEMENT

## ROADING - 1 JULY 2020 TO 30 JUNE 2021

Annual Plan 2019/20		LTP 2020/21	Annual Plan 2020/21	Explanation of significant variances to the original LTP budget
(\$000)		(\$000)	(\$000)	
<b>Sources of operating funding</b>				
7,469	General rates, uniform annual general charges, rates penalties	7,472	6,591	Rate requirements are lower than estimated in year 3 of the LTP as budgeted depreciation and finance costs are expected to be much lower and subsidy income is expected to be higher than budgeted.
-	Targeted rates	-	-	
2,639	Subsidies and grants for operating purposes	2,665	2,715	
171	Fees and charges	145	196	
253	Internal charges and overheads recovered	252	270	
230	Local authorities fuel tax, fines, infringement fees, and other receipts	240	255	
<b>10,762</b>	<b>Total operating funding (A)</b>	<b>10,774</b>	<b>10,027</b>	
<b>Applications of operating funding</b>				
6,257	Payments to staff and suppliers	6,189	6,360	Some subsidised operating work scheduled to be completed in 2019/20 was delayed due to the lockdown and will be carried forward to 2020/21.
374	Finance costs	487	349	Delayed delivery of capital projects has resulted in lower estimates of opening debt and finance costs.
950	Internal charges and overheads applied	926	957	
-	Other operating funding applications	-	-	
<b>7,581</b>	<b>Total applications of operating funding (B)</b>	<b>7,602</b>	<b>7,666</b>	
<b>3,181</b>	<b>Surplus (deficit) of operating funding (A - B)</b>	<b>3,172</b>	<b>2,361</b>	
<b>Sources of capital funding</b>				
3,224	Subsidies and grants for capital expenditure	3,293	3,538	Higher subsidy due to subsidised work carried forward due to the lockdown.
328	Development and financial contributions	341	341	
1,275	Increase (decrease) in debt	2,169	1,975	The expected timing to raise new debt has changed in line with the anticipated progress of capital projects.
-	Gross proceeds from sale of assets	-	-	
-	Lump sum contributions	-	-	
-	Other dedicated capital funding	-	-	
<b>4,827</b>	<b>Total sources of capital funding (C)</b>	<b>5,803</b>	<b>5,854</b>	
<b>Applications of capital funding</b>				
<b>Capital expenditure</b>				
192	—to meet additional demand	262	262	
2,428	—to improve the level of service	3,009	1,946	Year 3 of the LTP included \$1.3 million for the Matamata bypass project which is not expected to be spent in 2020/21.
5,480	—to replace existing assets	5,717	6,006	
(92)	Increase (decrease) in reserves	(13)	1	
-	Increase (decrease) of investments	-	-	
<b>8,008</b>	<b>Total applications of capital funding (D)</b>	<b>8,975</b>	<b>8,215</b>	
<b>(3,181)</b>	<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(3,172)</b>	<b>(2,361)</b>	
-	<b>Funding balance ((A - B) + (C - D))</b>	-	-	

# RUBBISH AND RECYCLING

## WHAT WE DO

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

## WHY DO 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. We are committed to providing and promoting sustainable waste management options to protect our environment for current and future generations. As part of the 2017 Eastern Waikato Waste Minimisation Management Plan (WMMP), we have committed to reduce the total amount of general waste sent to landfill from our district.

## WHAT HAS CHANGED FROM THE LONG TERM PLAN?

To see what projects within this group of activities have changed compared to our Long Term Plan please see below. For all projects still progressing as planned and any other information about this group of activities please see the Long Term Plan 2018-28 available on our website at [www.mpdc.govt.nz/plans/long-term-plan](http://www.mpdc.govt.nz/plans/long-term-plan) or at any Council Office or Library.

Projects	LTP 2020/21 Budget	Annual Plan 2020/21	Explanation of variances to the original LTP projects
	(\$000)	(\$000)	
Morrinsville Transfer Station Upgrade		200	
Matamata Transfer Station Upgrade	600	250	The improvement works to our transfer stations commenced in 2019/20. Funding has been reallocated based on the assessed priorities.
Waihou Transfer Station Upgrade		150	



# FUNDING IMPACT STATEMENT

## RUBBISH AND RECYCLING - 1 JULY 2020 TO 30 JUNE 2021

Annual Plan 2019/20		LTP 2020/21	Annual Plan 2020/21	Explanation of significant variances to the original LTP budget
(\$000)		(\$000)	(\$000)	
<b>Sources of operating funding</b>				
629	General rates, uniform annual general charges, rates penalties	430	692	Rate requirements have increased compared to year 3 of the LTP to meet increasing contract costs.
256	Targeted rates (other than a targeted rate for water supply)	263	369	Targeted rate requirements have also increased compared to year 3 of the LTP to meet increasing contract costs.
130	Subsidies and grants for operating purposes	125	130	
1,536	Fees and charges	1,756	1,648	
1	Internal charges and overheads recovered	-	1	
-	Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	
<b>2,552</b>	<b>Total operating funding (A)</b>	<b>2,574</b>	<b>2,840</b>	
<b>Applications of operating funding</b>				
2,235	Payments to staff and suppliers	2,192	2,534	Contract costs have increased beyond what was estimated in the LTP
13	Finance costs	55	11	Previous years' delayed projects are reducing opening debt and finance costs
241	Internal charges and overheads applied	238	232	
-	Other operating funding applications	-	-	
<b>2,489</b>	<b>Total applications of operating funding (B)</b>	<b>2,485</b>	<b>2,777</b>	
<b>63</b>	<b>Surplus (deficit) of operating funding (A - B)</b>	<b>89</b>	<b>63</b>	
<b>Sources of capital funding</b>				
-	Subsidies and grants for capital expenditure	-	-	
-	Development and financial contributions	-	-	
1,096	Increase (decrease) in debt	542	537	
-	Gross proceeds from sale of assets	-	-	
-	Lump sum contributions	-	-	
-	Other dedicated capital funding	-	-	
<b>1,096</b>	<b>Total sources of capital funding (C)</b>	<b>542</b>	<b>537</b>	
<b>Applications of capital funding</b>				
<b>Capital expenditure</b>				
-	-to meet additional demand	-	-	
1,150	-to improve the level of service	626	600	
-	-to replace existing assets	-	-	
9	Increase (decrease) in reserves	5	-	
-	Increase (decrease) of investments	-	-	
<b>1,159</b>	<b>Total applications of capital funding (D)</b>	<b>631</b>	<b>600</b>	
<b>(63)</b>	<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(89)</b>	<b>(63)</b>	
-	<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	

# 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 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 DO 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. The main purpose is to ensure that we are looking after our environment in a sustainable but affordable manner for the short and long term.

## WHAT HAS CHANGED FROM THE LONG TERM PLAN?

To see what projects within this group of activities have changed compared to our Long Term Plan please see below. For all projects still progressing as planned and any other information about this group of activities please see the Long Term Plan 2018-28 available on our website at [www.mpd.govt.nz/plans/long-term-plan](http://www.mpd.govt.nz/plans/long-term-plan) or at any Council Office or Library.

Projects	LTP 2020/21 Budget	Annual Plan 2020/21	Explanation of variances to the original LTP projects
	(\$000)	(\$000)	
New Soakholes (or other assets) to Improve Current Network capacity	100	150	It is expected that there will be \$50k of unspent funding available from 2019/20. This is being carried forward to utilise in 2020/21.
Tower Road Development		400	
Eldonwood South Development		100	This project is required in response to subdivision in the towns. Funding had been allocated in prior years and has been carried forward to 2020/21.
Avenue Road North Stormwater Disposal		860	
Install Stormwater Pipes and Subsoil Drainage in Meadow View Drive		55	The installation of new stormwater pipes has been identified as a new priority project for Morrinsville.



# FUNDING IMPACT STATEMENT

## STORMWATER - 1 JULY 2020 TO 30 JUNE 2021

Annual Plan 2019/20		LTP 2020/21	Annual Plan 2020/21	Explanation of significant variances to the original LTP budget
(\$000)		(\$000)	(\$000)	
<b>Sources of operating funding</b>				
120	General rates, uniform annual general charges, rates penalties	126	143	
735	Targeted rates	774	880	Estimated depreciation costs have increased as a result of revaluations of these assets, increasing the rate requirement for stormwater compared to what was expected in year 3 of the LTP.
-	Subsidies and grants for operating purposes	-	-	
-	Fees and charges	-	-	
124	Internal charges and overheads recovered	129	124	
-	Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	
<b>979</b>	<b>Total operating funding (A)</b>	<b>1,029</b>	<b>1,147</b>	
<b>Applications of operating funding</b>				
170	Payments to staff and suppliers	171	236	Costs for the maintenance of storm water ponds and leaf traps have increased compared to what was budgeted in year 3 of the LTP.
-	Finance costs	-	-	
175	Internal charges and overheads applied	196	162	
-	Other operating funding applications	-	-	
<b>345</b>	<b>Total applications of operating funding (B)</b>	<b>367</b>	<b>398</b>	
<b>634</b>	<b>Surplus (deficit) of operating funding (A - B)</b>	<b>662</b>	<b>749</b>	
<b>Sources of capital funding</b>				
860	Subsidies and grants for capital expenditure	-	860	Capital funding of \$860,000 for the Avenue Road North Stormwater Disposal project (originally budgeted in 2018/19) is now anticipated to be received from developers in 2020/21
23	Development and financial contributions	24	24	
-	Increase (decrease) in debt	-	-	
-	Gross proceeds from sale of assets	-	-	
-	Lump sum contributions	-	-	
-	Other dedicated capital funding	-	-	
<b>883</b>	<b>Total sources of capital funding (C)</b>	<b>24</b>	<b>884</b>	
<b>Applications of capital funding</b>				
<b>Capital expenditure</b>				
-	-to meet additional demand	-	-	
960	-to improve the level of service	104	1,565	Capital projects have been carried forward from the previous year including \$860,000 for the Avenue Road North Storm Water disposal project.
-	-to replace existing assets	90	-	
557	Increase (decrease) in reserves	492	68	
-	Increase (decrease) of investments	-	-	
<b>1,517</b>	<b>Total applications of capital funding (D)</b>	<b>686</b>	<b>1,633</b>	
<b>(634)</b>	<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(662)</b>	<b>(749)</b>	
-	<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	

# 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.

The efficient operation and maintenance of our wastewater network is achieved by providing adequate backup facilities, equipment, machinery and staff to handle any breakdown of the service. Corrective and preventative maintenance programmes are in place to ensure our systems remain in good condition.

## WHY DO 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. We aim to ensure wastewater is well managed for the wellbeing of our community and our environment.

## WHAT HAS CHANGED FROM THE LONG TERM PLAN?

To see what projects within this group of activities have changed compared to our Long Term Plan please see below. For all projects still progressing as planned and any other information about this group of activities please see the Long Term Plan 2018-28 available on our website at [www.mpdc.govt.nz/plans/long-term-plan](http://www.mpdc.govt.nz/plans/long-term-plan) or at any Council Office or Library.

Projects	LTP 2020/21 Budget (\$000)	Annual Plan 2020/21 (\$000)	Explanation of variances to the original LTP projects
Morrinsville WWTP Permanent Sludge Pipe to Pond C and Mixer		90	This work was budgeted for completion in 2018/19 and is now being deferred until 2020/21
North Morrinsville Trunk Sewer Main		1,900	\$1.4 million was budgeted in 2019/20. Now that staff understand the full extent of the Lockerbie development, the estimate for the work is \$2.8 million. The shortfall is to be funded from another wastewater budget (Te Aroha Falling Main).
Main Sewer from West Side of Te Aroha		150	Funding carried forward from 2019/20 due to the project being reassessed.
Equipment for Chemical Dosing at Te Aroha Plant		100	Funding has been carried forward from 2018/19 due to the project being reassessed.
Upgrade of Te Aroha Falling Main		1,200	\$3 million of funding was provided in 2019/20. The project is being reassessed as the condition rating has been undertaken in 2019/20. Part of the funding has been reallocated to the North Morrinsville Trunk Sewer Main.
Upgrade Terminus Street Pump Station		150	Funding carried forward from 2019/20 to 2020/21 and is linked to the Te Aroha Falling Main project.
Morrinsville WWTP Contingency Pond Lining	1,400	1,300	It is expected that \$100k will be expended in 2019/2020 for preliminary work, this will include a review of the project. The remainder will continue as planned in 2020/21.
Matamata WWTP Compliance Upgrade Works	2,500	1,500	The funding has been split over 2020/21 and 2021/22 as the work will now be completed over two financial years.
Burwood Road Bulk Sewer		200	\$2.4 million was budgeted in the LTP for 2022/23 for this project. \$200k has been brought forward to complete preliminary work on the project.
Safety/Security Fencing to Limit Access to Water Pipe Bridges		20	This new project has been identified as a priority item to be completed in 2020/21
Remote Control of Pump Stations	50		The project has been removed as it is not a priority at this time.

# FUNDING IMPACT STATEMENT

## WASTEWATER - 1 JULY 2020 TO 30 JUNE 2021

Annual Plan 2019/20		LTP 2020/21	Annual Plan 2020/21	Explanation of significant variances to the original LTP budget
(\$000)		(\$000)	(\$000)	
<b>Sources of operating funding</b>				
-	General rates, uniform annual general charges, rates penalties	-	-	
6,402	Targeted rates (other than a targeted rate for water supply)	7,015	6,314	Estimated depreciation and finance costs for Wastewater have reduced compared to year 3 of the LTP, resulting in a reduced requirement from rates.
-	Subsidies and grants for operating purposes	-	-	
682	Fees and charges	670	682	
223	Internal charges and overheads recovered	167	297	
-	Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	
<b>7,307</b>	<b>Total operating funding (A)</b>	<b>7,852</b>	<b>7,293</b>	
<b>Applications of operating funding</b>				
3,527	Payments to staff and suppliers	3,368	3,378	
294	Finance costs	677	318	Delayed delivery of capital projects has resulted in lower estimates of opening debt and finance costs.
456	Internal charges and overheads applied	493	424	
-	Other operating funding applications	-	-	
<b>4,277</b>	<b>Total applications of operating funding (B)</b>	<b>4,538</b>	<b>4,120</b>	
<b>3,030</b>	<b>Surplus (deficit) of operating funding (A - B)</b>	<b>3,314</b>	<b>3,173</b>	
<b>Sources of capital funding</b>				
-	Subsidies and grants for capital expenditure	-	-	
626	Development and financial contributions	651	651	
5,438	Increase (decrease) in debt	3,156	5,732	The expected timing to raise new debt has changed in line with the anticipated progress of capital projects.
-	Gross proceeds from sale of assets	-	-	
-	Lump sum contributions	-	-	
-	Other dedicated capital funding	-	-	
<b>6,064</b>	<b>Total sources of capital funding (C)</b>	<b>3,807</b>	<b>6,383</b>	
<b>Applications of capital funding</b>				
<b>Capital expenditure</b>				
51	-to meet additional demand	52	50	
6,292	-to improve the level of service	4,747	7,210	Two significant projects have been carried forward from the previous year including the sewer main from west side of Te Aroha (\$1.9 million) and the upgrade of the Te Aroha falling main (\$1.2 million). Spending on the budgeted Matamata Wastewater treatment plant compliance upgrade works project of \$2.5 million has been reduced by \$1 million for 2020/21 compared to the LTP.
2,618	-to replace existing assets	2,411	2,298	
133	Increase (decrease) in reserves	(89)	(2)	
-	Increase (decrease) of investments	-	-	
<b>9,094</b>	<b>Total applications of capital funding (D)</b>	<b>7,121</b>	<b>9,556</b>	
<b>(3,030)</b>	<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(3,314)</b>	<b>(3,173)</b>	
-	<b>Funding balance ((A - B) + (C - D))</b>	-	-	



# 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. Each area has one or more treatment plants, and the district has a total of 331 km of pipes (excluding service lines). We provide safe drinking water 24 hours a day, seven days a week.

## WHY DO 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. Our approach to managing our water activity and network aligns with national and regional drivers. It recognises that the use of water is not unlimited and it is a very valuable resource that needs to be protected and managed in a sustainable manner for the community today and tomorrow.

## WHAT HAS CHANGED FROM THE LONG TERM PLAN?

To see what projects within this group of activities have changed compared to our Long Term Plan please see below. For all projects still progressing as planned and any other information about this group of activities please see the Long Term Plan 2018-28 available on our website at [www.mpdc.govt.nz/plans/long-term-plan](http://www.mpdc.govt.nz/plans/long-term-plan) or at any Council Office or Library.

Projects	LTP 2020/21 Budget (\$000)	Annual Plan 2020/21 (\$000)	Explanation of variances to the original LTP projects
Taharoa Road Industrial Ringmain		350	\$400k of funding budgeted in 2019/20. \$50k expected to be used with the balance of the work to be completed in 2020/21
Upgrade Associated with Bolton Road Industrial Area		250	Funding carried forward from 2019/20
Install Security Fencing Around Water Treatment Plant at Tahuna	20		The project will now be considered for 2021/22
Safety/Security Fencing to Limit Access to Water Pipe Bridges		20	This new project has been identified as a priority item.



# FUNDING IMPACT STATEMENT

WATER - 1 JULY 2020 TO 30 JUNE 2021

Annual Plan 2019/20		LTP 2020/21	Annual Plan 2020/21	Explanation of significant variances to the original LTP budget
(\$000)		(\$000)	(\$000)	
<b>Sources of operating funding</b>				
-	General rates, uniform annual general charges, rates penalties	-	-	
5,056	Targeted rates (other than a targeted rate for water supply)	5,482	5,957	Significantly increased compliance and reticulation costs over recent years has increased the targeted rates requirement compared to year 3 of the LTP.
-	Subsidies and grants for operating purposes	-	-	
36	Fees and charges	38	-	No financial charges from Industrial loans.
52	Internal charges and overheads recovered	32	56	
-	Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	
<b>5,144</b>	<b>Total operating funding (A)</b>	<b>5,552</b>	<b>6,013</b>	
<b>Applications of operating funding</b>				
2,555	Payments to staff and suppliers	2,697	3,160	Our costs in this area have significantly increased in recent years and compared to year 3 of the LTP. We've budgeted an increase in compliance costs in water treatment plants and increases in reticulation as council is expected to undertake more scheduled maintenance and inspections.
213	Finance costs	393	301	
602	Internal charges and overheads applied	521	699	
-	Other operating funding applications	-	-	
<b>3,370</b>	<b>Total applications of operating funding (B)</b>	<b>3,611</b>	<b>4,160</b>	
<b>1,774</b>	<b>Surplus (deficit) of operating funding (A - B)</b>	<b>1,941</b>	<b>1,853</b>	
<b>Sources of capital funding</b>				
-	Subsidies and grants for capital expenditure	-	-	
338	Development and financial contributions	352	352	
3,590	Increase (decrease) in debt	1,930	2,851	The expected timing to raise new debt has changed in line with the anticipated progress of capital projects.
-	Gross proceeds from sale of assets	-	-	
-	Lump sum contributions	-	-	
-	Other dedicated capital funding	-	-	
<b>3,928</b>	<b>Total sources of capital funding (C)</b>	<b>2,282</b>	<b>3,203</b>	
<b>Applications of capital funding</b>				
<b>Capital expenditure</b>				
434	-to meet additional demand	78	78	
1,991	-to improve the level of service	986	1,992	A number of capital projects have been carried forward from the previous year including the Taharoa Rd Industrial Ringmain \$350,000, and an upgrade associated with the Bolton Road industrial area \$250,000.
3,367	-to replace existing assets	3,194	3,051	
(90)	Increase (decrease) in reserves	(35)	(65)	
-	Increase (decrease) of investments	-	-	
<b>5,702</b>	<b>Total applications of capital funding (D)</b>	<b>4,223</b>	<b>5,056</b>	
<b>(1,774)</b>	<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(1,941)</b>	<b>(1,853)</b>	
-	<b>Funding balance ((A - B) + (C - D))</b>	-	-	

# CONSENTS AND LICENSING

## WHAT WE DO

Consents and Licensing is about carrying out the regulatory functions that we are required to deliver under legislation. The activities responsible for this are Animal Control, Building Consents and Monitoring, Licensing and Enforcement and Resource Consents and Monitoring.

## WHY DO 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.

Please see our Long Term Plan 2018-28 available on our website at [www.mpdc.govt.nz/plans/long-term-plan](http://www.mpdc.govt.nz/plans/long-term-plan) or at any Council Office or Library for more information on this group of activities including:

- our vision and community outcomes
- key drivers
- our responses
- significant effects
- how we fund it
- key legislation, strategies, policies and plans
- our projects for the next 10 years
- levels of service



# FUNDING IMPACT STATEMENT

## CONSENTS AND LICENSING - 1 JULY 2020 TO 30 JUNE 2021

Annual Plan 2019/20		LTP 2020/21	Annual Plan 2020/21	Explanation of significant variances to the original LTP budget
(\$000)		(\$000)	(\$000)	
<b>Sources of operating funding</b>				
1,919	General rates, uniform annual general charges, rates penalties	2,065	2,065	
-	Targeted rates	-	-	
-	Subsidies and grants for operating purposes	-	-	
1,675	Fees and charges	1,839	1,915	Increased activity in the consents area compared to that set out in year 3 of the LTP is expected to result in increased revenue, as well as additional staff and processing costs to meet demand.
-	Internal charges and overheads recovered	-	-	
36	Local authorities fuel tax, fines, infringement fees, and other receipts	32	36	
<b>3,630</b>	<b>Total operating funding (A)</b>	<b>3,936</b>	<b>4,016</b>	
<b>Applications of operating funding</b>				
2,143	Payments to staff and suppliers	2,380	2,523	Increased costs are anticipated to meet additional demand compared to that planned in year 3 of the LTP.
-	Finance costs	-	-	
1,355	Internal charges and overheads applied	1,334	1,273	
-	Other operating funding applications	-	-	
<b>3,498</b>	<b>Total applications of operating funding (B)</b>	<b>3,714</b>	<b>3,796</b>	
<b>132</b>	<b>Surplus (deficit) of operating funding (A - B)</b>	<b>222</b>	<b>220</b>	
<b>Sources of capital funding</b>				
-	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	-	-	
-	<b>Total sources of capital funding (C)</b>	-	-	
<b>Applications of capital funding</b>				
Capital expenditure				
-	-to meet additional demand	-	-	
-	-to improve the level of service	-	-	
-	-to replace existing assets	-	-	
132	Increase (decrease) in reserves	222	220	
-	Increase (decrease) of investments	-	-	
<b>132</b>	<b>Total applications of capital funding (D)</b>	<b>222</b>	<b>220</b>	
<b>(132)</b>	<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(222)</b>	<b>(220)</b>	
-	<b>Funding balance ((A - B) + (C - D))</b>	-	-	

