



Te kaunihera ā-rohe o
matamata-piako
district council

ADOPTED

29 JUNE 2022



MAHERE A-TAHU
2022/2023

ANNUAL PLAN
2022/2023

TABLE OF CONTENTS

HE KUPU WHAKATAKI | INTRODUCTION 3

WELCOME – MESSAGE FROM MAYOR 4

OUR GOVERNANCE 5

COUNCIL 6

ANNUAL PLAN GUIDE 7

HOW MUCH WILL MY RATES BE 8

PŪTEA | FINANCIALS 9

STATEMENT OF ACCOUNTING POLICIES 14

Ā MATOU MAHI | WHAT WE DO 32

COMMUNITY FACILITIES AND PROPERTY 33

STRATEGY AND ENGAGEMENT 36

INFRASTRUCTURE 38

ROADING 39

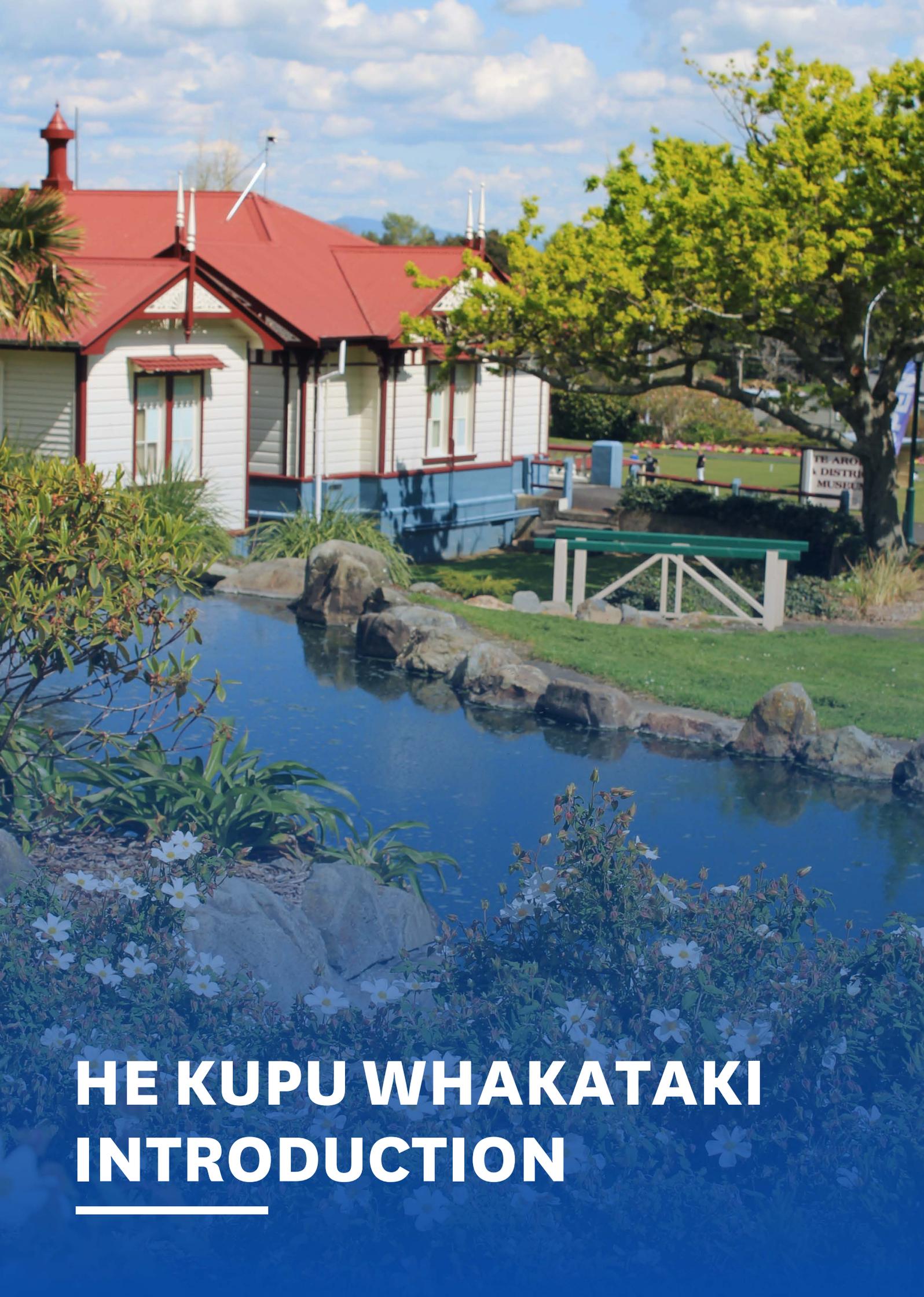
RUBBISH AND RECYCLING 41

STORMWATER 43

WASTEWATER 45

WATER 47

CONSENTS AND LICENSING 49



HE KUPU WHAKATAKI INTRODUCTION



WELCOME – MESSAGE FROM MAYOR

STEADY AS SHE GOES

Last year we consulted widely on our plans for the next 10 years. It was a plan grounded in reality, tackling some of the big challenges facing local government over the next few years. Those challenges haven't gone anywhere, and our approach remains the same. We're sticking to the plan.

We're budgeting to continue to deliver the same services we currently offer, to the same standard. That means we'll continue to open the pools, run the libraries, mow the parks, maintain the roads, treat your drinking water, process resource and building consents, provide community grants (and much more) for the next year.

We'll also continue making steady improvements around the district - continuing with our annual renewals and upgrades to accommodate growth, as well as continuing to progress the major work streams we've got underway in the last 12 months - like investigations for the Spa development in Te Aroha, additional water sources for Morrinsville, revitalising our town centres, and changes to rubbish and recycling. Those projects are all on track and will continue to be our focus for the next year.

We'll also continue to work alongside the community to deliver the projects you've told us are important to you - like improving on the new dog parks in Matamata and Te Aroha, the Morrinsville Rec Grounds Master Plan, and the Swim Zone Matamata roof replacement. It's really exciting to see the passion, expertise and energy the community is contributing towards these projects.

Just like any household, our costs just to deliver the same services continue to rise. We know that no one likes rates increases, and any increase is unwelcome. But we've been upfront with the challenges we're facing, and what they were likely to cost.

The total rates increase for this year is 5.62% - that's pretty darn close to the 5.47% we forecast and consulted on this time last year, despite record high inflation. The particular challenge this time around is that the general revaluations will mean that the 5.62% increase impacts people very, very differently. The average valuation increase across the district was 20.3%. If your revaluation was lower than average, you'll find that you get a lower than average rates increase this year. If your revaluation was higher than average, you'll see a higher than average increase. And if your revaluation was extraordinarily high... well, call us if you need help to understand it or discuss payment arrangements.

This will be the last Annual Plan I get to sign off, as I'm standing down from the position of Mayor after 12 years of service on the Council. In that time we've tackled some big challenges, and delivered some pretty amazing projects for this community, and this year is no exception. I'm looking forward to continuing working for this community, and helping introduce a new Mayor and Council later this year.

A handwritten signature in black ink that reads "Ash Tanner".

Ash Tanner

Mayor

OUR GOVERNANCE

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.

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 cannot delegate under the Local Government Act 2002 (like adopting an Annual Plan or Annual Report).

TE MANAWHENUA FORUM

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.

AUDIT AND RISK COMMITTEE

The Audit and Risk Committee ensures we have appropriate risk management and internal and financial control systems. This committee includes Joanne Aoake as independent chairperson and Gary Thompson as independent member representing Te Manawhenua Forum, Mayor Ash Tanner and Councillor Donna Arnold, Councillor Bruce Dewhurst, Councillor Kevin Tappin, Councillor James Thomas and Councillor Adrienne Wilcock.

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.

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.

CHIEF EXECUTIVE OFFICER REVIEW COMMITTEE

The Chief Executive Officer Review 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.

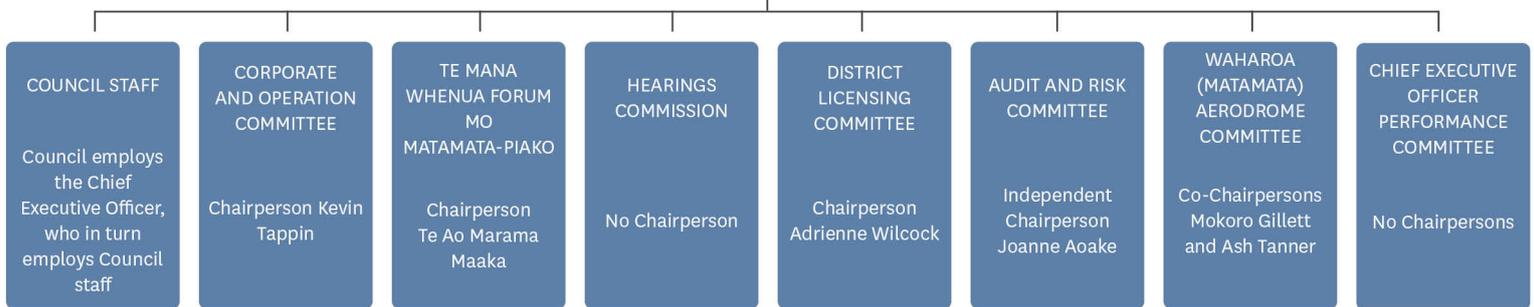
WAHAROA AERODROME COMMITTEE

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 authorized by Council.
- Perform any other function delegated to the committee by Council.

COUNCIL

COUNCILLORS & MAYOR



ASH TANNER
MAYOR



CAITLIN CASEY



TEENA CORNES



RUSSELL SMITH



JAMES SAINSBURY



KEVIN TAPPIN



SUE WHITING



ADRIENNE WILCOCK



NEIL GOODGER
DEPUTY MAYOR



BRUCE DEWHURST



DONNA ARNOLD



JAMES THOMAS

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 sets the budget for the year, and highlights any changes from what was forecast for the relevant year in 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. Therefore, these need to be revised every year.

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.

WHAT HAS CHANGED?

We did not consult on the Annual Plan this year because we were not proposing any significant or material changes from what we planned in the Long Term Plan. We consulted on the Long Term Plan with the community before it was put in place. However, we want to keep our community informed on what our plans are for this year.

YOUR DISTRICT

Area 175,477 hectares	2018/19	2019/20	2020/21
Number of electors (enrolled)*	23,768	23,393	25,088
Number of ratings units**	15,163	15,070	15,396
Value of improvements**	\$4,619,325,900	\$4,654,320,900	\$5,698,777,200
Net land value**	\$8,272,574,800	\$8,275,337,800	\$10,164,322,400
Total capital value**	\$12,891,900,700	\$12,929,658,700	\$15,863,099,600
Total rates***	\$32,178,000	\$33,881,000	\$34,963,000
Average total rates per rating unit	\$2,122	\$2,248	\$2,271

*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

Last year we consulted widely on our plans for the next 10 years and what they were likely to cost. We're sticking to the plan for the year ahead, and those plans add up to a 5.62% total rates increase - very close to the 5.47% we forecast and consulted on last year. Because we're not planning anything extra, and the costs are so close to what we had already consulted on, Council decided not to consult with the community on the 2022/23 Annual Plan and budget.

To see the impact on your property, please visit 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.

RATES FROM JULY 2022

Urban property		PREVIOUS VALUE:	\$350,000	+6.73%
		NEW VALUE:	\$506,800	
		PREVIOUS VALUE:	\$550,000	+9.08%
		NEW VALUE:	\$796,400	
Properties with exceptional increase in value (e.g. Waharoa)		PREVIOUS VALUE:	\$350,000	+12.77%
		NEW VALUE:	\$630,000	
Commercial property (with 2 toilets)		PREVIOUS VALUE:	\$500,000	+2.35%
		NEW VALUE:	\$651,000	
		PREVIOUS VALUE:	\$800,000	+3.75%
		NEW VALUE:	\$1,041,600	
Lifestyle block		PREVIOUS VALUE:	\$600,000	+6.66%
		NEW VALUE:	\$787,800	
		PREVIOUS VALUE:	\$1,000,000	+9.72%
		NEW VALUE:	\$1,313,000	
Rural		PREVIOUS VALUE:	\$5,000,000	-9.22%
		NEW VALUE:	\$5,010,000	
		PREVIOUS VALUE:	\$8,000,000	-9.34%
		NEW VALUE:	\$8,016,000	

RATES REVALUATION INFORMATION

Revaluations only affect the General Rates portion of your total rates bill.

In late 2021 all ratepayers received their revaluation notices – these revaluations don't change the amount of money we collect from rates - they just help us work out everyone's share of the General rates.

Property values increased across the district by an average of 20.3%, but the increases across the district ranged from 0.2% right up to 80%. If your property has increased by more than the average, then you will pay a slightly larger share of the total general rates. If your property value has increased less than the average, you will pay a lower share of the total general rates.



PŪTEA FINANCIALS

FINANCIAL STATEMENTS

FORECAST STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE FOR THE YEAR ENDING 30 JUNE 2023

LTP 2021/22		LTP 2022/23	Annual Plan 2022/23	Explanation of significant variances to the original LTP budget
(\$000)	Revenue	(\$000)	(\$000)	
42,394	Rates	44,645	44,709	The increase in rate revenue from that set out in the LTP is as a result of a number of minor shifts in budgets across a number of activities.
8,574	Subsidies and grants	6,439	6,355	Total roading subsidies have reduced \$210,000 from the level estimated in the LTP, while the Waste Minimisation grant increased by \$130,000 compared to the LTP due to the increasing disposal levies.
8,106	Fees and charges	8,352	10,592	The significant development activity seen over recent years is expected to continue in this Annual Plan period, with building and resource consent fee income estimated to increase by \$910,000 and \$560,000 respectively, compared to the level budgeted in the LTP. This will be offset by increased processing costs. Rental income from housing is expected to be higher by \$251,000 due to market increases. The full operation of the Domain Beauty shop and increasing patronage of the spa facilities is expected to increase income by \$430,000. Waste management income is expected to increase by \$67,000 overall due to increased Government waste levies collected through the transfer stations, and partially offset by reduced bag sales income compared to that budgeted in the LTP.
1,766	Development and financial contributions	1,758	1,758	
141	Interest revenue	162	162	
485	Other revenue	499	494	
61,466	Total revenue	61,855	64,070	
	Expenses			
18,871	Personnel costs	19,854	22,099	Additional positions have been budgeted since the LTP, most of which will be funded from the increased fees and charges revenue. The move to paying the living wage has also impacted.
15,341	Depreciation and amortisation	15,926	16,523	Depreciation is expected to increase given the replacement value of assets has increased higher than expected since the LTP was set.
1,150	Finance costs	1,294	1,372	External borrowing is expected to be higher than set out in the LTP, resulting in an increase in interest costs.
23,503	Other expenses	23,256	23,274	
58,865	Total expenditure	60,330	63,268	
2,601	Surplus/(deficit)	1,525	802	
	Other comprehensive revenue and expense			
-	Financial assets at fair value through other comprehensive revenue and expense	-	-	
21,394	Property, plant and equipment revaluations	16,949	23,869	
21,394	Total other comprehensive revenue and expense	16,949	23,869	
23,995	Total comprehensive revenue and expense	18,474	24,671	



FORECAST STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDING 30 JUNE 2023

LTP 2021/22		LTP 2022/23	Annual Plan 2022/23	Explanation of significant variances to the original LTP budget
(\$000)		(\$000)	(\$000)	
693,044	Balance at 1 July	717,039	719,134	The projected opening equity has been updated to reflect our revised forecasts to the end of the 2021/22 financial year
23,995	Total comprehensive revenue and expense for the year	18,474	24,671	
717,039	Balance at 1 July	735,513	743,805	

FORECAST STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

LTP 2021/22		LTP 2022/23	Annual Plan 2022/23	Explanation of significant variances to the original LTP budget
(\$000)	Current assets	(\$000)	(\$000)	
622	Cash and cash equivalents	623	1,352	
1,255	Receivables	1,601	1,706	
-	Prepayments	-	300	
650	Inventory	669	791	
-	Assets held for sale	-	-	
-	Derivative financial instruments	-	-	
10,356	Other financial assets	10,627	5,435	
12,883	Total current assets	13,520	9,584	
	Non-current assets			
-	Other financial assets	-	-	
17,198	Investments in CCO's and other similar entities	17,198	23,687	The valuation of Council's investment in the Waikato Regional Airport has increased significantly since the LTP budget was set
-	Other financial assets	-	-	
732,231	Property, plant and equipment	764,432	781,659	Revaluations have increased the value of the existing asset base above what was budgeted in the LTP, and additional capital spending is budgeted in respect of water and wastewater compared to the LTP.
613	Intangible assets	581	479	
750,042	Total non-current assets	781,211	805,825	
762,925	Total assets	795,731	815,409	
	Liabilities			
	Current liabilities			
-	Derivative financial instruments	-	-	
5,747	Payables and deferred revenue	6,279	7,308	
2,125	Employee entitlements	2,236	2,209	
4,000	Borrowings	7,000	7,000	
55	Provisions	54	120	
11,927	Total current liabilities	15,569	16,637	
	Non-current liabilities			
3,000	Derivative financial instruments	3,000	2,000	
375	Employee entitlements	395	377	
30,199	Borrowings	40,895	52,239	Forecast external borrowing has increased in respect of a budgeted increase in water and wastewater capital project spending.
385	Provisions	359	351	
33,959	Total non-current liabilities	44,649	54,967	
717,039	Net assets	735,513	743,805	
	Equity			
462,131	Accumulated funds	462,761	440,060	
254,908	Other reserves	272,752	303,745	
717,039	Total equity	735,513	743,805	

FORECAST STATEMENT OF CASHFLOWS FOR THE YEAR ENDING 30 JUNE 2023

LTP 2021/22		LTP 2022/23	Annual Plan 2022/23	Explanation of significant variances to the original LTP budget
(\$000)	Cashflow from operating activities	(\$000)	(\$000)	
42,394	Rates revenue received	44,645	44,516	
8,574	Subsidies and grants received	6,439	6,540	
8,106	Fees and charges received	8,352	10,385	Cashflow from fees and charges is expected to increase compared to budget, particularly in respect of building and resource consent fee income, rental income from housing, patronage of spa facilities, and income from waste management.
141	Interest received	162	162	
1,766	Development and financial contributions received	1,758	1,759	
285	Other revenue received	293	288	
-	GST (net)	-	-	
(23,503)	Payments to suppliers	(23,256)	(23,293)	
(18,871)	Payments to employees	(19,854)	(21,830)	Additional positions have been budgeted since the LTP, most of which will be funded from the increased fees and charges revenue. The move to paying the living wage has also impacted.
(1,150)	Interest paid	(1,294)	(1,354)	
17,742	Net cashflow from operating activities	17,245	17,173	
	Cashflow from investing activities			
-	Repayment of loans and advances	-	-	
-	Sale of assets	-	-	
-	Proceeds from sale/maturity of investments	-	-	
(25,334)	Purchase of property, plant and equipment	(30,793)	(39,531)	Increased spending on water and wastewater projects have been budgeted since the LTP.
(103)	Purchase of intangible assets	(147)	(139)	
-	Acquisition of investments	-	-	
(25,437)	Net cashflows from investing activities	(30,940)	(39,670)	
	Cashflow from financing activities			
7,699	Proceeds from borrowings	17,696	27,227	Additional borrowing is expected to be required to fund the increased capital spend.
-	Repayment of borrowings	(4,000)	(4,000)	
7,699	Net cashflow from financing activities	13,696	23,227	
4	Net increase/(decrease) in cash and cash equivalents	1	730	
618	Opening cash and cash equivalents	622	622	
622	Closing cash and cash equivalents	623	1,352	

STATEMENT OF ACCOUNTING POLICIES

Reporting entity

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

The Council provides local infrastructure, local public services, and performs regulatory functions to the community. Council has designated itself as a Public Benefit Entity (PBE) for financial reporting purposes.

The financial 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 over the next ten financial years, 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 30 June 2023. The forecast financial statements were authorised for issue as part of the Annual Plan by Council on 29 June 2022. 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.

Implementation of new and amended standards

PBE International Public Sector Accounting Standard (IPSAS) 41 Financial Instruments is effective for annual periods beginning on or after 1 January 2022, so will be adopted to take effect in the financial year ending 2023.

PBE IPSAS 41 Financial Instruments supersedes PBE IFRS 9 Financial Instruments and parts of PBE IPSAS 29 Financial Instruments: Recognition and Measurement. The main changes under PBE IPSAS 41 Financial Instruments are:

- New financial asset classification requirements for determining whether an asset is measured at fair value or amortised cost;
- A new impairment model for financial assets based on expected losses, which may result in the earlier recognition of impairment losses; and
- Revised hedge accounting requirements to better reflect the management of risks.

The Council have determined that adopting PBE IPSAS 41 does not materially impact the financial instruments of the Council.

All other standards, interpretations and amendments approved but not yet effective in the current year are either not applicable

to the Council or are not expected to have a material impact on the financial statements of the Council and, therefore, have not been disclosed.

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 (LG(FRP)R), 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 2022. 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.

Revenue

Revenue is measured at fair value.

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

Rates revenue

The following policies for rates have been applied:

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

- of rates revenue when the Council has received an application that satisfies its rates remission policy.

Waka Kotahi (New Zealand Transport Agency) roading

subsidies

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

Other grants received

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

Fees and Charges

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

Private works

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

Building and resource consent revenue

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

Infringement fees and fines

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

Lease and rental revenue

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

Development and financial contributions

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

Vested or donated physical assets

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

the fair value of the asset as revenue. A liability is recognised only if the Council expects that it will need to return or pass the asset to another party.

Found assets

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

Donated and bequeathed financial assets

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

Interest and dividends

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

Borrowing costs

Finance/borrowing costs are recognised as an expense in the financial year in which they are incurred.

Grant expenditure

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

Operating leases

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

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.

Inventory

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

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

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

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

Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. They are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment losses for write-downs are recognised in the surplus or deficit. Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised. Non-current assets are not depreciated or amortised while they are classified as held for sale (including those that are part of a disposal group).

Derivative financial instruments

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

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 and other loans (loans and receivables)

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

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

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

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

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

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

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

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

Property, plant and equipment

Property, plant and equipment consist of:

- Operational assets - These include land, buildings, plant and machinery, furniture and equipment, computer equipment, and library collections.
- Restricted assets – Restricted assets are mainly parks, reserves and cycleways owned by the Council that provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions.
- Infrastructure assets – Infrastructure assets are the fixed utility systems owned by the Council. Each asset class includes all items that are

- required for the network to function. For example, wastewater reticulation includes reticulation piping and wastewater pump stations.
- Land (operational and restricted) is measured at fair value, and buildings (operational and restricted), and infrastructural assets (except land under roads) are measured at fair value less accumulated depreciation. All other asset classes are measured at cost less accumulated depreciation and impairment losses.

Revaluations

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

Buildings (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 five years.

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

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

Additions

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

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

Disposals

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

Depreciation

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



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

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

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

Impairment of non-financial assets

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

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

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

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

impairment loss is also recognised in the surplus or deficit.

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

Value in use for non-cash-generating assets

Non-cash-generating assets are those assets that are not held with the primary objective of generating a commercial return.

For non-cash-generating assets, value in use is determined using an approach based on either a depreciated replacement cost approach, a restoration cost approach or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

Value in use for cash-generating assets

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

Intangible assets

Computer software

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

Amortisation

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

Impairment

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

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 recognised in accrued expenses.

Borrowings are classified as current liabilities unless the Council has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

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 accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, and sick leave.

Long term employee entitlements

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

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

Presentation of employee entitlements

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

Defined contribution superannuation scheme

Employer contributions to KiwiSaver, the Government Superannuation Fund, are accounted for as defined contribution

superannuation schemes and are expensed in the surplus or deficit as incurred.

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'.

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

Other reserves include:

Council created reserves

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

Restricted reserves

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

Asset revaluation reserves

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

Fair value through other comprehensive revenue and expense reserve

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

Goods and service tax (GST)

Items in the financial statements are stated exclusive of GST,

except for receivables and payables which are stated on a GST inclusive basis.

Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense. The net amount of GST recoverable from or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the statement of financial position.

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

Foreign currency transactions

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

Foreign exchange gains and losses resulting 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.

Cost allocation

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

Critical accounting estimates and assumptions

In preparing these 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 Annual 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.

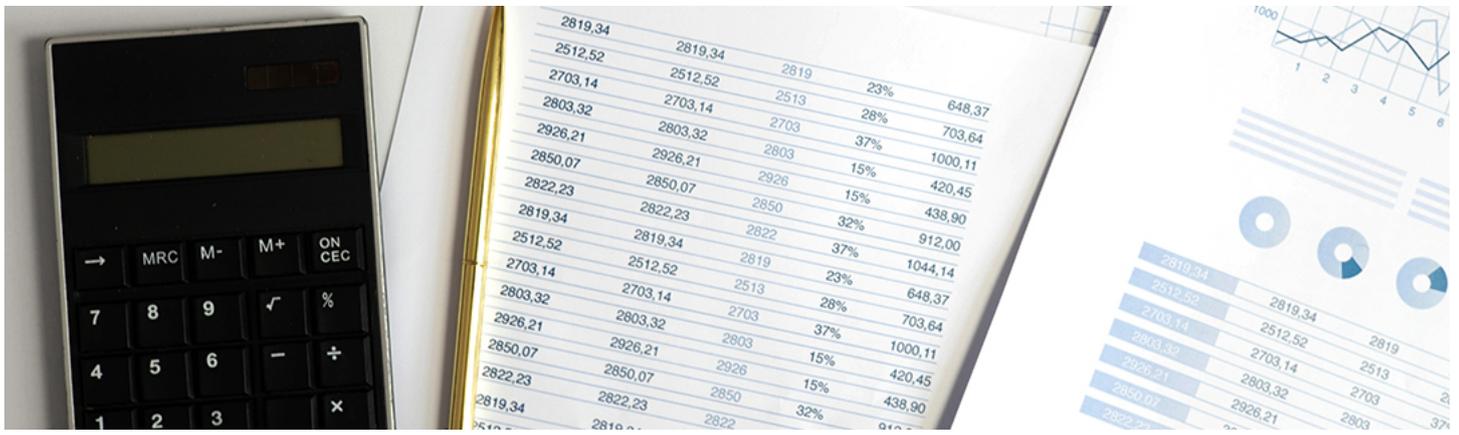
To minimise this risk, our infrastructural assets useful lives have been determined with reference to the New Zealand Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. 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 at the prevailing discount rate.

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 judgments in applying accounting policies:

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.

Waikato Regional Airport Limited

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

FORECAST DEPRECIATION AND AMORTISATION EXPENSE BY GROUP OF ACTIVITY

LTP 2021/22		LTP 2022/23	Annual Plan 2022/23
(\$000)		(\$000)	(\$000)
Directly attributable depreciation and amortisation expense by group of activity			
2,822	Community facilities	2,866	2,982
6,143	Roading	6,349	6,637
33	Rubbish & recycling	33	40
802	Stormwater	833	836
2,576	Wastewater	2,745	2,702
1,959	Water	2,064	2,273
1	Strategy and engagement	1	1
8	Consents and licensing	8	8
Total directly attributable depreciation and amortisation expense by groups of activities			
997	Depreciation and amortisation not directly related to groups of activities	1,026	1,044
15,341	Total depreciation and amortisation expense	15,925	16,523

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 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 Court. 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 specific reserve funds held by us are as follows:

Council created reserves	Purpose	Activities related to	Forecast balance 01 July 2022	Transfer in	Funds will come from	Transfer out	Funds will be applied to	Balance 30 June 2023
Community purposes reserve	Funds received and set aside for use on community facilities or for community purposes e.g. grants.	All Council activities	2,801	-	No additional funding anticipated for this annual plan	-	No expenditure anticipated for this annual plan	2,801
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	1,146	-	No additional funding anticipated for this annual plan	-	No expenditure anticipated for this annual plan	1,146
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	22,390	528	External interest from the invested portion of the fund, and internal interest from the internally borrowed portion of the fund.	(533)	Annual Economic Development funding plus subsidy of rates	22,385
Wastewater capital contribution reserve	Capital contribution funds received from industry and set aside to offset future depreciation.	Wastewater	2,032	662	Annual targeted rates charged to Fonterra and Greenlea Morrinsville	(319)	Fonterra and Greenlea's share of interest and depreciation expenses	2,375
Depreciation reserves	Funds set aside for the replacement of assets and used to fund internal borrowing.	All Council activities	21,743	15,135	Depreciation funding and interest	(16,144)	Replacement of assets (renewals) and repayment of loans	20,734
Stormwater improvement reserve	Funds set aside to fund stormwater projects	Stormwater	253	-	No additional funding anticipated for this annual plan	(144)	One-off CCTV and catchment modelling projects	109
Te Aroha Wastewater desludging project	Funds set aside for the desludging of the Te Aroha wastewater ponds	Wastewater	399	-	No additional funding anticipated for this annual plan	(340)	Estimated desludging work	59
Te Aroha Spa development project	Funds set aside for the initial development of the Te Aroha Spa project	Recreation	1,038	-	No additional funding anticipated for this annual plan	-	Estimated scoping and feasibility work	1,038
Total Council Created Reserves			51,802	16,325		(17,480)		50,647

Restricted reserves	Purpose	Activities related to	Forecast balance 01 July 2022	Transfer in	Funds will come from	Transfer out	Funds will be applied to	Balance 30 June 2023
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	-	No additional funding anticipated for this annual plan	-	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
Youth ambassadors	Funds set aside for initiatives that empower the youth of our district	Nominated purposes	(1)	10	General rates funding	(10)	Apply funding	(1)
Bequests & 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 for this annual plan	-	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	268	130	Government funding of waste minimisation	(130)	Apply funding for waste minimisation program	268
Civil Defence fund	Funds set aside to be used for the purpose of Civil defence activities	Nominated purposes	90	-	No additional funding anticipated for this annual plan	-	No expenditure anticipated for this annual plan	90
Total restricted reserves			660	197	-	(140)	-	717
Asset revaluation reserves	Surpluses from the revaluation of property plant and equipment	All Council activities	208,054	23,869	Assets revaluation	-	Assets revaluation	231,923
Fair value through other comprehensive revenue and expense reserve	Net change in fair value of financial assets	All Council activities	20,458	-	Financial assets revaluation	-	Financial assets revaluation	20,458

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.

LTP 2021/22		LTP 2022/23	Annual Plan 2022/23
(\$000)		(\$000)	(\$000)
	Funding sources as shown in the overall Council funding impact statement		
55,410	Total operating funding	56,747	58,507
13,344	Total capital funding	18,378	28,168
	Less capital movements		
7,699	Increase/(decrease) in debt	13,696	23,227
-	Gross proceeds from sale of assets	-	-
	Add non-funded income		
200	Vested assets	206	206
-	Other gains	-	-
211	Income from support activities	220	416
61,466	Total funding sources	61,855	64,070
61,466	Total income as shown in the statement of comprehensive revenue and expense	61,855	64,070
	Application of funding as shown in the overall Council funding impact statement		
43,313	Total applications of operating funding	44,184	46,329
25,441	Total applications of capital funding	30,941	40,346
	Less capital movements		
25,436	Capital expenditure	30,939	40,964
5	Increase (decrease) in reserves	2	(618)
-	Increase (decrease) in investments	-	-
	Add non-funded expenditure		
15,341	Depreciation and amortisation	15,926	16,523
-	Other losses	-	-
211	Expenses from support activities	220	416
58,865	Total funding application	60,330	63,268
58,865	Total expenditure as shown in the statement of comprehensive revenue and expense	60,330	63,268

FUNDING IMPACT STATEMENT

Funding impact statement for 1 July 2022 to 30 June 2023 for whole of Council

LTP 2021/22	Sources of operating funding	LTP 2022/23	Annual Plan 2022/23	Explanation and variances from the original LTP budget
(\$000)		(\$000)	(\$000)	
27,381	General Rates, uniform annual general charges, rates penalties	28,786	28,818	
15,013	Targeted Rates	15,859	15,891	
4,695	Subsidies and grants for operating purposes	3,515	3,172	The subsidised Roothing work schedule approved by Waka Kotahi changed from that budgeted, with less operating funding but an increase in subsidised capital funding. The Waste minimisation subsidy is expected to increase from \$130,000 to \$260,000 due to the increase in Government levies being charged on waste disposal.
7,956	Fees and Charges	8,212	10,173	The significant development activity seen over recent years is expected to continue in this Annual Plan period, with building and resource consent fee income estimated to increase by \$910,000 and \$560,000 respectively, compared to the level budgeted in the LTP. This will be offset by increased processing costs. Rental income from housing is expected to be higher by \$251,000 due to market increases. The full operation of the Domain Beauty shop and increasing patronage of the spa facilities is expected to increase income by \$430,000. Waste management income is expected to increase by \$67,000 overall due to increased Government waste levies collected through the transfer stations, and partially offset by reduced bag sales income compared to that budgeted in the LTP.
79	interest and dividends from investments	81	162	
286	Local authorities fuel tax, fines, infringement fees, and other receipts	294	291	
55,410	Total operating funding (A)	56,747	58,507	
	Applications of operating funding			
42,163	Payments to staff and suppliers	42,890	44,957	Additional positions have been budgeted since the LTP, most of which will be funded from the increased fees and charges revenue. The move to paying the living wage has also impacted.
1,150	Finance costs	1,294	1,372	External borrowing is expected to be higher than set out in the LTP, resulting in an increase in interest costs.
-	Other operating funding applications	-	-	
43,313	Total applications of operating funding (B)	44,184	46,329	
12,097	Surplus (deficit) of operating funding (A - B)	12,563	12,178	
	Sources of capital funding			
3,879	Subsidies and grants for capital expenditure	2,924	3,183	The subsidised Roothing work schedule changed from that budgeted, with less operating funding but an increase in subsidised capital funding.
1,766	Development and financial contributions	1,758	1,758	
7,699	Increase (decrease) in debt	13,696	23,227	The re-prioritising the capital and renewal projects, particularly in water and wastewater, is expected to result in more external borrowing being required compared to the LTP.
-	Gross proceeds from sale of assets	-	-	
-	Lump sum contributions	-	-	
-	Other dedicated capital funding	-	-	
13,344	Total sources of capital funding (C)	18,378	28,168	
	Applications of capital funding			
	Capital expenditure			
3,613	—to meet additional demand	2,911	3,811	A wastewater project for Burwood Road has been carried forward from the previous year and the budget has been increased.

7,172	— to improve the level of service	13,174	21,009	The projected spend on capital projects for Water has increased by \$5.1m, the most significant being the Morrinsville Lockerbie bore pump and water treatment plant that has been bought forward from the 2024 and 2025 years. The projected Wastewater capital spend is higher than set out in the LTP with projects being carried forward from prior years including the Waihou Wastewater treatment plant upgrade and the North Morrinsville trunk sewer main.
14,651	— to replace existing assets	14,854	16,144	A number of minor water, wastewater, roading and community facilities projects budgeted in previous years are expected to be completed in the 2022/23 year.
5	Increase (decrease) in reserves	2	(618)	
-	Increase (decrease) of investments	-	-	
25,441	Total applications of capital funding (D)	30,941	40,346	
(12,097)	Surplus (deficit) of capital funding (C - D)	(12,563)	(12,178)	
-	Funding balance ((A - B) + (C - D))	-	-	

CALCULATION OF RATES

For 1 July 2022 to 30 June 2023. These rates shown are inclusive of GST unless otherwise stated.

Source	GENERAL RATES		TARGETED RATES	
	General Rate	Uniform annual general charge	Stormwater	Rubbish and Recycling – Kerbside collection
Category	All rateable land in the Matamata-Piako District	All rateable land in the Matamata-Piako District	Rating units within serviced areas	Rating units within serviced areas
Forecast revenue (excluding GST) 2022/23 (\$000)	19,875	8,942	1,042	1,126
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
LTP 2021/22	\$ 0.00133313	735.16	119.83	129.79
LTP 2022/23	\$ 0.00139430	769.41	122.74	139.90
Annual Plan 2022/23	\$ 0.00120340	689.17	123.75	123.91

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
Forecast revenue (excluding GST) 2022/23 (\$000)	5,075	631							134
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)	
LTP 2021/22 \$	636.01	636.01	636.01	540.61	508.81	477.01	445.21	318.00	
LTP 2022/23 \$	681.25	681.25	681.25	579.06	545.00	510.94	476.87	340.62	
Annual Plan 2022/23 \$	612.76	612.76	612.76	520.85	490.21	459.57	428.93	306.38	

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 (Te Aroha West) water Line	Metered supply Braeside Aquaria 1981	Matamata farm properties***	
Forecast revenue (excluding GST) 2022/23 (\$000)	503	160	4,376	79	2,764	20	4	49	
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 and above the first 63 cubic metres of water consumed per quarter or the first 21 cubic metres consumed per month	Charge per cubic metre of water consumed (as measured by meter) over and above the first 63 cubic metres of water consumed per quarter or the first 21 cubic metres consumed per month in the Pohomihi (Te Aroha West) supply area	Charge per cubic metre of water consumed (as measured by meter) over and above the first 63 cubic metres of water consumed per quarter or the first 21 cubic metres consumed per month for Braeside Aquaria	Charge per cubic metre of water consumed (as measured by meter) over and above the first 63 cubic metres of water consumed per quarter or the first 21 cubic metres consumed per month for Matamata farm properties that contain the Matamata trunk main from Tills Road	
LTP 2021/22 \$	565,905.07	179,645.97	366.17	183.09	1.47	1.06	0.76	1.47	
LTP 2022/23 \$	565,905.07	179,645.97	381.96	190.98	1.51	1.09	0.78	1.51	
Annual Plan 2022/23 \$	578,005.84	183,429.86	459.16	229.58	1.84	1.32	0.95	1.84	

Footnotes

* 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.

**Excluding the other categories of metered supplies listed (being Pohomihi, Braeside Aquaria and Matamata farm properties).

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

TARGETED RATES						
Source	Community Facilities and Property - 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
Forecast revenue (excluding GST) 2022/23 (\$000)	9	3	3	4	0.2	3
How the rate will be calculated	Per dollar of land value					
LTP 2021/22 \$	0.00011732	0.00002682	0.00001481	0.00001951	0.00003045	0.00001934
LTP 2022/23 \$	0.00012074	0.00002760	0.00001524	0.00002008	0.00003134	0.00001990
Annual Plan 2022/23 \$	0.00012074	0.00002760	0.00001524	0.00002008	0.00003134	0.00001990

TARGETED RATES								
Source	Community Facilities and Property - 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
Forecast revenue (excluding GST) 2022/23 (\$000)	5	5	4	4	5	3	5	2
How the rate will be calculated	Uniform charge per rating unit					Per dollar of capital value		
LTP 2021/22 \$	38.20	34.80	41.50	61.80	30.00	0.00001549	0.00001401	0.00001781
LTP 2022/23 \$	39.31	35.81	42.71	63.60	30.87	0.00001594	0.00001442	0.00001833
Annual Plan 2022/23 \$	39.31	35.81	42.71	63.60	30.87	0.00001594	0.00001442	0.00001833

TARGETED RATES				
Source	Community Facilities and Property - Targeted rural hall rates will apply to all land within the hall rating area as listed			
Category	Mangaiti	Waihou	Elstow	Manawaru
Forecast revenue (excluding GST) 2022/23 (\$000)	0.7	5	3	4
How the rate will be calculated	Uniform charge per separately used or inhabited part of a rating unit			
LTP 2021/22 \$	12.65	28.00	21.60	30.80
LTP 2022/23 \$	13.02	28.81	22.23	31.70
Annual Plan 2022/23 \$	13.02	28.81	22.23	31.70

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.

TARGETED RATES SERVICED AREAS

Detailed maps showing the serviced areas for our targeted rates can be found in Part 7 of our Long Term Plan 2021-31 on our website <https://www.mpd.govt.nz/plans/long-term-plan> These include Stormwater Serviced Areas, Kerbside collection Serviced Areas, and Hall Rating Areas.

LUMP SUM CONTRIBUTIONS

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

ANNUAL PLAN DISCLOSURE STATEMENT FOR YEAR ENDING 30 JUNE 2023

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 revenue ¹ will not increase by more than 6%		
income		\$41,872,139	Yes
increases	Annual rates increases ¹ will not be more than 6%	5.62%	Yes
Debt affordability benchmark	Net debt as a percentage of total revenue will not exceed 150% ¹	84%	Yes
Balanced budget benchmark	100%	98%	No
Essential services benchmark	100%	223%	Yes
Debt servicing benchmark	10%	2.2%	Yes

¹For the purpose of this calculation, rates revenue excludes penalties (which are not budgeted for), and the rate revenue from metered water supplies (the majority of which comes from a few large industrial users). These items are excluded as the level of revenue received is not within Councils' direct control.

²Consistent with our Liability Management Policy, net debt is calculated as external debt less cash, bank deposits and investments realisable in the short term. total revenue excludes development and financial contributions, vested and found assets and other gains.

NOTES

RATES AFFORDABILITY BENCHMARK

- For this benchmark,—
- 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
- 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.
- The Council meets the rates affordability benchmark if—
- its planned rates income for the year equals or is less than the quantified limit on rates; and
- its planned rates increases for the year equal or are less than the quantified limit on rates increases.

DEBT AFFORDABILITY BENCHMARK

- 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.
- The Council meets the debt affordability benchmark if its planned borrowing is within the quantified limit on borrowing.

BALANCED BUDGET BENCHMARK

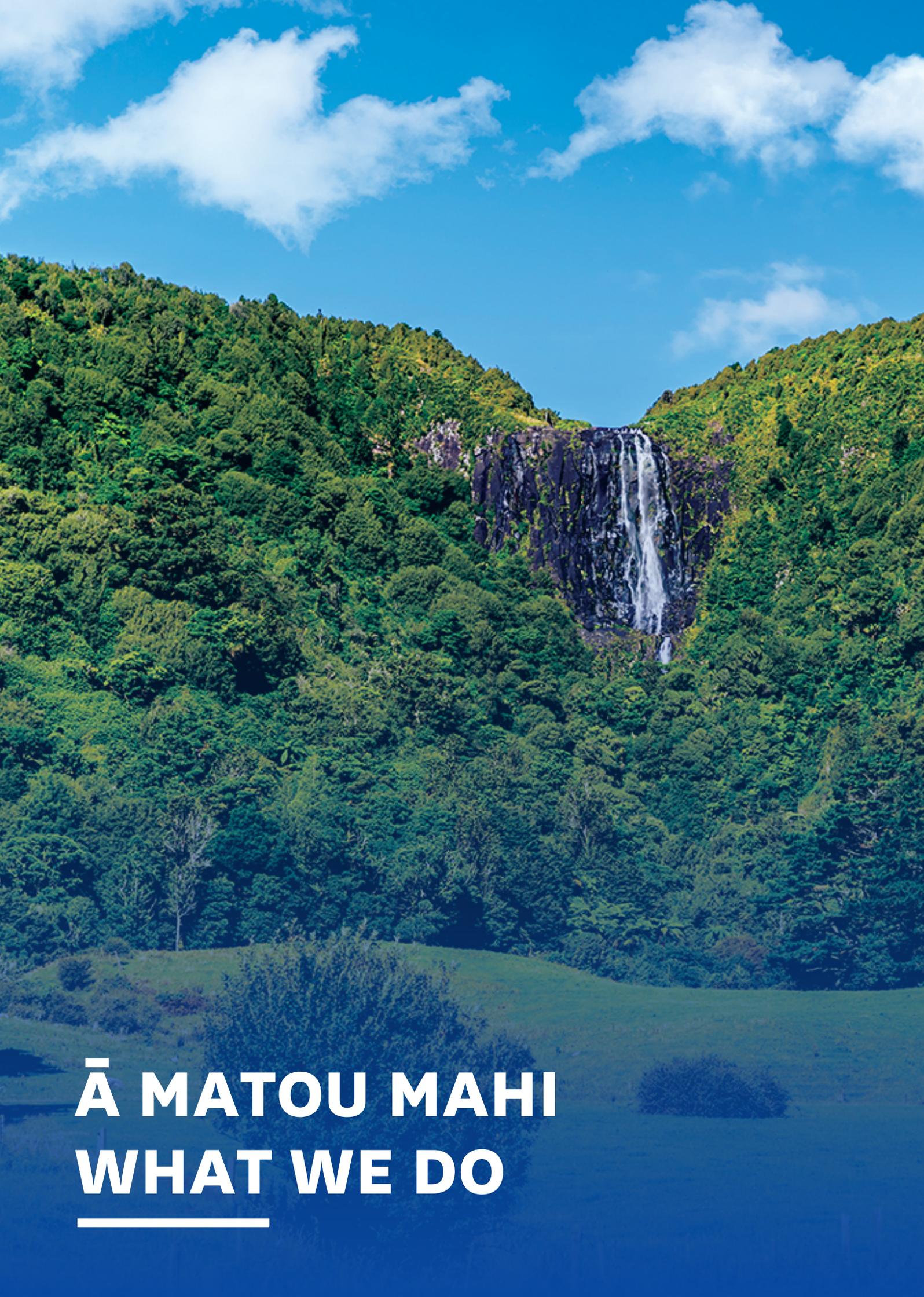
- For this benchmark, the Council's planned revenue (excluding development contributions, vested assets, financial contributions, gains on derivative financial instruments, and revaluations of property, plant, or equipment) is presented as a proportion of its planned operating expenses (excluding losses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

ESSENTIAL SERVICES BENCHMARK

- For this benchmark, the Council's planned capital expenditure on network services is presented as a proportion of expected depreciation on network services.
- 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.

DEBT SERVICING BENCHMARK

- 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).
- 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.



Ā MATOU MAHI WHAT WE DO



COMMUNITY FACILITIES AND PROPERTY

WHAT WE DO

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

WHY WE DO THESE ACTIVITIES

Community Facilities and Property supports community wellbeing by providing facilities to promote healthy communities, social connections and economic opportunities such as promoting the District as a tourist destination. The Activity also provides Parks and Open Spaces that supports environmental wellbeing through enhancing biodiversity. The Activity also looks after some of the cultural heritage of the District such as the various Heritage Trails, Te Aroha Domain and Firth Tower, and provides facilities that supports the arts and crafts. These activities all help make Matamata-Piako District The Place of Choice.

WHAT HAS CHANGED

Projects within this group of activities are still progressing as set out in our Long Term Plan.

Please see our Long Term Plan 2021-31 available on our website at <https://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

COMMUNITY FACILITIES AND PROPERTY 1 JULY 2022 TO 30 JUNE 2023

LTP 2021/22		LTP 2022/23	Annual Plan 2022/23	Explanation of significant variances to the original Long Term Plan budget
(\$000)		(\$000)	(\$000)	
Sources of operating funding				
10,913	General rates, uniform annual general charges, rates penalties	11,368	11,116	Rates required have decreased in line with an estimated increase in revenue from the Te Aroha Mineral Spas and Domain Beauty, and a reduction in costs for parks and tracks.
67	Targeted rates	69	67	
4	Subsidies and grants for operating purposes	4	4	
3,079	Fees and charges	3,177	3,856	Rental income from housing is expected to be higher by \$251,000 due to market increases. The full operation of the Domain Beauty shop and increasing patronage of the spa facilities is expected to increase income by \$430,000.
192	Internal charges and overheads recovered	205	189	
-	Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	
14,255	Total operating funding (A)	14,823	15,232	
Applications of operating funding				
9,373	Payments to staff and suppliers	9,723	9,997	Job sizing and living wage increases for facilities and libraries. The new Domain beauty will be in full operation resulting in higher costs than set out in the LTP. Property operating and building maintenance costs are estimated to be higher compared to the LTP. This is partially offset by lower costs for parks and tracks.
188	Finance costs	310	226	A number of projects including the corporate office upgrade, development of Spa and indoor stadium at Matamata budgeted in 2021/22 have been re-prioritised, resulting in lower starting debt at the beginning of the year and resulting finance costs.
2,056	Internal charges and overheads applied	2,103	2,166	
-	Other operating funding applications	-	-	
11,617	Total applications of operating funding (B)	12,136	12,389	
2,638	Surplus (deficit) of operating funding (A - B)	2,687	2,843	
Sources of capital funding				
-	Subsidies and grants for capital expenditure	-	-	
55	Development and financial contributions	56	56	
2,290	Increase (decrease) in debt	8,139	8,729	The timing of the external borrowing has shifted due to capital projects being carried forward.
-	Gross proceeds from sale of assets	-	-	
-	Lump sum contributions	-	-	
-	Other dedicated capital funding	-	-	
2,345	Total sources of capital funding (C)	8,195	8,785	
Applications of capital funding				
Capital expenditure				
-	—to meet additional demand	-	-	
2,760	—to improve the level of service	9,180	9,243	
1,608	—to replace existing assets	1,174	2,211	Renewal projects have been re-prioritised and are excepted to undertaken in 2022/23 including the corporate office renewals, streetscape and public toilet renewals and higher spending on elderly persons' housing renewals compared to that budgeted in the LTP.
615	Increase (decrease) in reserves	528	174	

-	Increase (decrease) of investments	-	-	
4,983	Total sources of capital funding (D)	10,882	11,628	
(2,638)	Surplus (deficit) of capital funding (C - D)	(2,687)	(2,843)	
-	Funding balance((A - B) + (C - D))	-	-	



STRATEGY AND ENGAGEMENT

WHAT WE DO

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

WHY WE DO THESE

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

Projects within this group of activities are still progressing as set out in our Long Term Plan.

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FUNDING IMPACT STATEMENT

STRATEGY AND ENGAGEMENT 1 JULY 2022 TO 30 JUNE 2023

LTP 2021/22		LTP 2022/23	Annual Plan 2022/23	Explanation of significant variances to the original Long Term Plan budget
(\$000)		(\$000)	(\$000)	
Sources of operating funding				
5,884	General rates, uniform annual general charges, rates penalties	6,534	6,974	Additional rates required to fund four new roles in the areas of Placemaking and Communications to meet Council objectives.
-	Targeted rates	-	-	
-	Subsidies and grants for operating purposes	-	-	
88	Fees and charges	104	127	
356	Internal charges and overheads recovered	348	279	
-	Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	
6,328	Total operating funding (A)	6,986	7,380	
Applications of operating funding				
4,470	Payments to staff and suppliers	4,962	5,391	Four additional roles in the areas of Placemaking and Communications have been budgeted to meet Council objectives.
36	Finance costs	37	37	
1,689	Internal charges and overheads applied	1,737	1,836	
-	Other operating funding applications	-	-	
6,195	Total applications of operating funding (B)	6,736	7,264	
133	Surplus (deficit) of operating funding (A – B)	250	116	
Sources of capital funding				
-	Subsidies and grants for capital expenditure	-	-	
-	Development and financial contributions	-	-	
188	Increase (decrease) in debt	163	125	
-	Gross proceeds from sale of assets	-	-	
-	Lump sum contributions	-	-	
-	Other dedicated capital funding	-	-	
188	Total sources of capital funding (C)	163	125	
Applications of capital funding				
Capital expenditure				
-	—to meet additional demand	-	-	
-	—to improve the level of service	-	-	
1,228	—to replace existing assets	1,212	1,178	
(907)	Increase (decrease) in reserves	(799)	(937)	
-	Increase (decrease) of investments	-	-	
321	Total applications of capital funding (D)	413	241	
(133)	Surplus (deficit) of capital funding (C – D)	(250)	(116)	
-	Funding balance ((A – B) + (C – D))	-	-	



INFRASTRUCTURE



ROADING

WHAT WE DO

We own and maintain 1,008 kilometres of local roads within the District, including 956 kilometres sealed and 52km 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 Waka Kotahi (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 WE DO THESE

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

Projects within this group of activities are still progressing as set out in our Long Term Plan.

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FUNDING IMPACT STATEMENT

ROADING 1 JULY 2022 TO 30 JUNE 2023

LTP 2021/22		LTP 2022/23	Annual Plan 2022/23	Explanation of significant variances to the original Long Term Plan budget
(\$000)		(\$000)	(\$000)	
Sources of operating funding				
7,515	General rates, uniform annual general charges, rates penalties	7,662	8,047	Increased rate requirement to fund estimated increased cost in depreciation and the lower operating subsidy income.
-	Targeted rates	-	-	
3,282	Subsidies and grants for operating purposes	3,377	2,908	The subsidised Roading work schedule approved by Waka Kotahi changed from that budgeted, with less operating funding but an increase in subsidised capital funding.
155	Fees and charges	161	159	
176	Internal charges and overheads recovered	172	141	
255	Local authorities fuel tax, fines, infringement fees, and other receipts	262	255	
11,383	Total operating funding (A)	11,634	11,510	
Applications of operating funding				
6,680	Payments to staff and suppliers	6,937	6,742	
270	Finance costs	282	318	
907	Internal charges and overheads applied	922	927	
-	Other operating funding applications	-	-	
7,857	Total applications of operating funding (B)	8,141	7,987	
3,526	Surplus (deficit) of operating funding (A - B)	3,493	3,523	
Sources of capital funding				
2,688	Subsidies and grants for capital expenditure	2,924	3,183	The subsidised Roading work schedule changed from that budgeted, with less operating funding but an increase in subsidised capital funding.
449	Development and financial contributions	448	448	
(210)	Increase (decrease) in debt	1,874	1,632	
-	Gross proceeds from sale of assets	-	-	
-	Lump sum contributions	-	-	
-	Other dedicated capital funding	-	-	
2,927	Total sources of capital funding (C)	5,246	5,263	
Applications of capital funding				
Capital expenditure				
119	—to meet additional demand	1,438	1,438	
1,206	—to improve the level of service	1,588	1,372	
5,270	—to replace existing assets	5,733	5,875	Waka Kotahi approved subsidy for a higher renewals spend than budgeted in the LTP
(142)	Increase (decrease) in reserves	(20)	101	
-	Increase (decrease) of investments	-	-	
6,453	Total applications of capital funding (D)	8,739	8,786	
(3,526)	Surplus (deficit) of capital funding (C - D)	(3,493)	(3,523)	
-	Funding balance ((A - B) + (C - D))	-	-	



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 Te Aroha that we monitor under the terms of their resource consents to ensure they do not endanger the environment or public health.

WHY WE DO THESE

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 2021 Matamata-Piako 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

Projects within this group of activities are still progressing as set out in our Long Term Plan.

Please see our Long Term Plan 2021-31 available on our website at <https://www.mpd.govt.nz/plans/long-term-plan> or at any Council Office or Library for more information on this group of activities including:

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FUNDING IMPACT STATEMENT

RUBBISH AND RECYCLING 1 JULY 2022 TO 30 JUNE 2023

LTP 2021/22		LTP 2022/23	Annual Plan 2022/23	Explanation of significant variances to the original Long Term Plan budget
(\$000)		(\$000)	(\$000)	
Sources of operating funding				
879	General rates, uniform annual general charges, rates penalties	962	848	Estimated costs are lower compares to LTP due to a reduction in estimated asset management and contract costs, resulting in a reduced requirement from rates.
1,167	Targeted rates	1,266	1,126	
130	Subsidies and grants for operating purposes	134	260	
1,744	Fees and charges	1,795	1,728	
1	Internal charges and overheads recovered	1	1	
-	Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	
3,921	Total operating funding (A)	4,158	3,963	
Applications of operating funding				
3,602	Payments to staff and suppliers	3,831	3,587	Estimated costs are lower compared to the LTP due to reduction in estimated asset management and contract costs.
11	Finance costs	12	43	
243	Internal charges and overheads applied	249	260	
-	Other operating funding applications	-	-	
3,856	Total applications of operating funding (B)	4,092	3,890	
65	Surplus (deficit) of operating funding (A - B)	66	73	
Sources of capital funding				
-	Subsidies and grants for capital expenditure	-	-	
-	Development and financial contributions	-	-	
(36)	Increase (decrease) in debt	494	490	
-	Gross proceeds from sale of assets	-	-	
-	Lump sum contributions	-	-	
-	Other dedicated capital funding	-	-	
(36)	Total sources of capital funding (C)	494	490	
Applications of capital funding				
Capital expenditure				
-	— to meet additional demand	-	-	
-	— to improve the level of service	545	530	
-	— to replace existing assets	-	-	
29	Increase (decrease) in reserves	15	33	
-	Increase (decrease) of investments	-	-	
29	Total applications of capital funding (D)	560	563	
(65)	Surplus (deficit) of capital funding (C - D)	(66)	(73)	
-	Funding balance ((A - B) + (C - D))	-	-	



STORMWATER

WHAT WE DO

We currently have stormwater drainage systems in Matamata, Morrinsville, Te Aroha, Waharoa and a limited system in Hinuera. These systems include a mix of pipes, open channels and drains. We work to ensure there are adequate services and staff to respond to storm events, and implement maintenance programs to ensure our systems remain in good condition.

We work collaboratively with Waikato Regional Council as they also own, manage and maintain parts of the drainage system (some streams and most rivers). Maintaining all of our assets involves undertaking scheduled and unscheduled maintenance and repair work. We have renewal strategies to allow for the progressive replacement of assets as they are required.

WHY WE DO THESE

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 also affordable manner for the short and long term.

WHAT HAS CHANGED

Projects within this group of activities are still progressing as set out in our Long Term Plan.

Please see our Long Term Plan 2021-31 available on our website at <https://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
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- our responses
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- levels of service

FUNDING IMPACT STATEMENT

STORMWATER 1 JULY 2022 TO 30 JUNE 2023

LTP 2021/22		LTP 2022/23	Annual Plan 2022/23	Explanation of significant variances to the original Long Term Plan budget
(\$000)		(\$000)	(\$000)	
Sources of operating funding				
165	General rates, uniform annual general charges, rates penalties	170	170	
1,011	Targeted rates	1,043	1,042	
-	Subsidies and grants for operating purposes	-	-	
-	Fees and charges	-	-	
83	Internal charges and overheads recovered	91	101	
-	Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	
1,259	Total operating funding (A)	1,304	1,313	
Applications of operating funding				
246	Payments to staff and suppliers	253	390	One-off CCTV and catchment modelling projects are budgeted to be funded from the Stormwater projects reserve
-	Finance costs	-	-	
184	Internal charges and overheads applied	190	201	
-	Other operating funding applications	-	-	
430	Total applications of operating funding (B)	443	591	
829	Surplus (deficit) of operating funding (A – B)	861	722	
Sources of capital funding				
-	Subsidies and grants for capital expenditure	-	-	
28	Development and financial contributions	27	27	
-	Increase (decrease) in debt	-	-	
-	Gross proceeds from sale of assets	-	-	
-	Lump sum contributions	-	-	
-	Other dedicated capital funding	-	-	
28	Total sources of capital funding (C)	27	27	
Applications of capital funding				
Capital expenditure				
80	—to meet additional demand	320	320	
120	—to improve the level of service	297	336	Lipsey/Lawrence Street Intersection stormwater investigation project has been carried forward from the current year
136	—to replace existing assets	140	140	
521	Increase (decrease) in reserves	131	(47)	One-off stormwater projects are budgeted to be funded from the Stormwater projects reserve
-	Increase (decrease) of investments	-	-	
857	Total applications of capital funding (D)	888	749	
(829)	Surplus (deficit) of capital funding (C – D)	(861)	(722)	
-	Funding balance ((A – B) + (C – D))	-	-	



WASTEWATER

WHAT WE DO

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

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

WHY WE DO THESE

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

Projects within this group of activities are still progressing as set out in our Long Term Plan.

Please see our Long Term Plan 2021-31 available on our website at <https://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

WASTEWATER 1 JULY 2022 TO 30 JUNE 2023

LTP 2021/22		LTP 2022/23	Annual Plan 2022/23	Explanation of significant variances to the original LongTerm Plan budget
(\$000)		(\$000)	(\$000)	
Sources of operating funding				
-	General rates, uniform annual general charges, rates penalties	-	-	
6,515	Targeted rates	6,974	6,364	Rates requirements have decreased in line with estimated operating costs reducing compared to the LTP.
867	Subsidies and grants for operating purposes	-	-	
682	Fees and charges	702	682	
244	Internal charges and overheads recovered	238	303	
-	Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	
8,308	Total operating funding (A)	7,914	7,349	
Applications of operating funding				
4,507	Payments to staff and suppliers	3,887	3,755	Estimated operational costs are expected to be lower than budgeted in the LTP
355	Finance costs	363	293	
483	Internal charges and overheads applied	506	522	
-	Other operating funding applications	-	-	
5,345	Total applications of operating funding (B)	4,756	4,570	
2,963	Surplus (deficit) of operating funding (A - B)	3,158	2,779	
Sources of capital funding				
681	Subsidies and grants for capital expenditure	-	-	
782	Development and financial contributions	776	776	
3,801	Increase (decrease) in debt	1,629	5,959	The timing of the external borrowing has shifted due to capital projects being carried forward.
-	Gross proceeds from sale of assets	-	-	
-	Lump sum contributions	-	-	
-	Other dedicated capital funding	-	-	
5,264	Total sources of capital funding (C)	2,405	6,735	
Applications of capital funding				
Capital expenditure				
2,910	—to meet additional demand	1,010	1,910	A wastewater project for Burwood Road has been carried forward from the previous year and the budget has been increased.
1,752	—to improve the level of service	791	3,623	Burwood Road bulk sewer main and North Morrinsville trunk main projects carried forward to 2022/23
3,707	—to replace existing assets	3,815	3,971	Plant renewal projects carried forward include the replacement of the caustic soda system at the Tawari treatment plant from 2021/2022
(142)	Increase (decrease) in reserves	(53)	10	
-	Increase (decrease) of investments	-	-	
8,227	Total applications of capital funding (D)	5,563	9,514	
(2,963)	Surplus (deficit) of capital funding (C - D)	(3,158)	(2,779)	
-	Funding balance ((A - B) + (C - D))	-	-	



WATER

WHAT WE DO

We own and operate seven water supply schemes in the District - in Matamata (including Waharoa and Raungaiti), Morrinsville, Te Aroha (including Te Aroha West) and four small schemes in Te Poi, Tahuna and Hinuera. Each area has one or more treatment plants, and the District has a total of 331 km of pipes (excluding service lines). We provide water 24 hours a day, seven days a week.

Risk assessment and risk management is extremely important for the Water Activity, as clean water is essential during emergencies (such as earthquakes). We have prepared a “Business Continuity Plan – Water” to ensure the supply of potable water during and after events such as droughts, prolonged power outages, volcanic activity, pandemics and other emergencies. We also have Water Safety Plans for each of our reticulated water networks to ensure safe drinking water can be provided to our community.

WHY WE DO THESE

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

Projects within this group of activities are still progressing as set out in our Long Term Plan. Due to the higher than expected growth experienced in Morrinsville, the project to develop Morrinsville Lockerbie bore pump and water treatment plant has been brought forward from 2024 and 2025 years.

Project	LTP 2022/23	Annual Plan 2022/23	Explanation of significant variances to the original Long Term Plan budget
	(\$000)	(\$000)	
Morrinsville Additional Bore Pump and Water Treatment Plant 1	-	4,305	Due to the higher than expected growth experienced in Morrinsville, the project to develop Morrinsville Lockerbie bore pump and water treatment plant has been brought forward from 2024 and 2025 years.

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- levels of service

FUNDING IMPACT STATEMENT

WATER 1 JULY 2022 TO 30 JUNE 2023

LTP 2021/22		LTP 2022/23	Annual Plan 2022/23	Explanation of significant variances to the original Long Term Plan budget
(\$000)		(\$000)	(\$000)	
Sources of operating funding				
-	General rates, uniform annual general charges, rates penalties	-	-	
6,253	Targeted rates	6,507	7,292	Rates requirements have increased in line with increased compliance cost requirements and other increased costs for this activity including chemicals, depreciation and interest.
412	Subsidies and grants for operating purposes	-	-	
-	Fees and charges	-	2	
36	Internal charges and overheads recovered	35	35	
-	Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	
6,701	Total operating funding (A)	6,542	7,329	
Applications of operating funding				
3,721	Payments to staff and suppliers	3,449	3,833	Substantial increase in costs due to compliance requirements, and chemical and other costs.
284	Finance costs	280	455	Significant additional capital and renewal work is expected to be completed during the year, resulting in higher finance costs.
677	Internal charges and overheads applied	687	705	
-	Other operating funding applications	-	-	
4,682	Total applications of operating funding (B)	4,416	4,993	
2,019	Surplus (deficit) of operating funding (A - B)	2,126	2,336	
Sources of capital funding				
510	Subsidies and grants for capital expenditure	-	-	
452	Development and financial contributions	451	451	
1,366	Increase (decrease) in debt	1,088	6,092	Significant additional capital work is expected to be completed during the year, resulting in higher drawing of debt than budgeted.
-	Gross proceeds from sale of assets	-	-	
-	Lump sum contributions	-	-	
-	Other dedicated capital funding	-	-	
2,328	Total sources of capital funding (C)	1,539	6,543	
Applications of capital funding				
Capital expenditure				
504	—to meet additional demand	143	143	
1,334	—to improve the level of service	773	5,905	Morrinsville Lockerbie bore pump and water treatment plant brought forward from 2024 and 2025 years.. Upgrade associated with Bolton Road, Eldon wood and HSNO upgrade projects carried forward from previous year.
2,702	—to replace existing assets	2,780	2,769	
(193)	Increase (decrease) in reserves	(31)	62	
-	Increase (decrease) of investments	-	-	
4,347	Total applications of capital funding (D)	3,665	8,879	
(2,019)	Surplus (deficit) of capital funding (C - D)	(2,126)	(2,336)	
-	Funding balance ((A - B) + (C - D))	-	-	



CONSENTS AND LICENSING

WHAT WE DO

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

WHY WE DO THESE

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.

WHAT HAS CHANGED

Projects within this group of activities are still progressing as set out in our Long Term Plan.

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FUNDING IMPACT STATEMENT

CONSENTS AND LICENSING 1 JULY 2022 TO 30 JUNE 2023

LTP 2021/22		LTP 2022/23	Annual Plan 2022/23	Explanation of significant variances to the original LongTerm Plan budget
(\$000)		(\$000)	(\$000)	
Sources of operating funding				
2,025	General rates, uniform annual general charges, rates penalties	2,090	1,663	Estimated increase in development activity is expected to result in higher fees and charges, and therefore reducing the funding required from rates.
-	Targeted rates	-	-	
-	Subsidies and grants for operating purposes	-	-	
2,287	Fees and charges	2,354	3,781	The significant development activity seen over recent years is expected to continue in this Annual Plan period, with building and resource consent fee income estimated to increase by \$910,000 and \$560,000 respectively, compared to the level budgeted in the LTP.
-	Internal charges and overheads recovered	-	-	
31	Local authorities fuel tax, fines, infringement fees, and other receipts	32	36	
4,343	Total operating funding (A)	4,476	5,480	
Applications of operating funding				
2,966	Payments to staff and suppliers	3,053	4,117	The increased development activity will result in increased processing costs.
6	Finance costs	10	-	
1,447	Internal charges and overheads applied	1,491	1,577	
-	Other operating funding applications	-	-	
4,419	Total applications of operating funding (B)	4,554	5,694	
(76)	Surplus (deficit) of operating funding (A - B)	(78)	(214)	
Sources of capital funding				
-	Subsidies and grants for capital expenditure	-	-	
-	Development and financial contributions	-	-	
300	Increase (decrease) in debt	309	200	
-	Gross proceeds from sale of assets	-	-	
-	Lump sum contributions	-	-	
-	Other dedicated capital funding	-	-	
300	Total sources of capital funding (C)	309	200	
Applications of capital funding				
Capital expenditure				
-	—to meet additional demand	-	-	
-	—to improve the level of service	-	-	
-	—to replace existing assets	-	-	
224	Increase (decrease) in reserves	231	(14)	
-	Increase (decrease) of investments	-	-	
224	Total applications of capital funding (D)	231	(14)	
76	Surplus (deficit) of capital funding (C - D)	78	214	
-	Funding balance ((A - B) + (C - D))	-	-	