



matamata-piako district council

our community our future 2012-22

plan adopted 27 June 2012





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“ Council has cut over two million dollars of proposed “choose to do” projects from the plan, including public toilet replacements in Matamata, Morrinsville and Te Aroha Cemeteries and at Waharoa. We are aware that the economic climate is still not good, many businesses and individuals in our community are looking to see where they can cut back. We have recognised this and considered the feedback we have received from the community, and done the same. ”

Hugh Vercoe, Mayor

Foreword

We are pleased to present the Our Community Our Future 2012-22 plan



Matamata-Piako District Council is required under the Local Government Act 2002 to prepare a ten year plan, outlining any new projects/capital improvements and the cost of all of our proposed services. The costs and impact on rates for each year of the plan must be shown and presented to our community for comment. The plan must be updated and reviewed every three years, 2012 is the third of such reviews.

In developing the draft plan we were conscious of the need to keep any rate increases to a minimum. Any increased income from growth and development has slowed from previous projections and any new projects will impact directly on our existing ratepayers.

Council is required under the Local Government Act 2002 to prepare a Long Term Plan every three years

The plan does propose annual increases in rates, assuming we continue to deliver our current services at the current standard. These are in two separate areas and I will summarise them separately.

General rates (including the uniform annual general charge)

General rates predominantly pay for services and projects available to everyone in our community such as roads, parks, libraries, pools and democracy). General rates revenue is predicted to increase by 4.64% in 2012/2013, 5.50% in 2013/2014 and 3.58% in 2014/2015. The average predicted increase in general rate revenue over the full ten years is 4.17% per year. These figures include provisions for inflation.

Targeted rates

The various targeted rates pay for services used or available to individuals, and include:

Water: with Silver Fern Farms projected to be purchasing water again from Council the water rate reduces by \$24.00 per property.

Stormwater: we have reduced the extent of projected stormwater improvements and consequently the stormwater rate reduces by \$35.00 per property.

Wastewater: we have significantly changed the way we charge per property for wastewater from 1 July 2012.

Under the current system each property pays the same amount for connection regardless of how many toilets they actually have. This means that in the current year a retired person living in a one bedroom flat paid \$593.00 to connect to the sewer system. All other high users such as businesses and other organisations (such as schools) paid the same \$593.00. We consider this to be unfair and we will change to a “pan charge” where ratepayers (excluding residential houses) will be charged based on the number of “pans” they have. This will make wastewater more of a user pays service. We have also proposed a remission system (that is subject to further consultation) whereby any non residential property owner can choose between paying on a per pan basis, or electing to fit a water meter to accurately determine their impact on our system. We would then remit the per pan charge back to reflect the number of house equivalent units actually occurring. Those businesses who on general assessment do not impact more than an average house, would continue to pay only one connection fee. The increase to all our high users, schools, hospitals, rest homes etc is significant and we will therefore phase in the per pan charge over the next three years.

A contestable grant of \$10,000 is available so that high users who are not for profit organisations can apply for a partial remission.

We have recently undertaken major wastewater treatment upgrades, including Morrinsville \$17.5 million (budgeted), Waharoa \$3.6 million (budgeted), Matamata \$5.6 million (actual) and Te Aroha \$4.8 million (actual). The additional cost of loan repayments, depreciation, and extra operating costs will result in an increase to the unit connection charge of \$93.00

Rubbish: the cost of kerbside rubbish collection, recycling and transfer to landfill increases the cost of this service per property by \$7.00.

New Projects

The draft plan identified several new projects over the next 10 years. Many of these were identified as “choose to dos” and following submissions, several of these projects have been removed from the plan.

Power New Zealand investments

Power New Zealand Investment is our largest investment. It is split into two separate parts, being:

1. Internal investment: as at 31 December 2011 a balance of \$11.95 million had been loaned by the investment account to separate Council projects. The



interest expected to be earned from this in 2012/2013 is \$754,000.00 which is rated for. The majority of which is credited to the general rate.

- Overseas Capital Investment: as at 31 December 2011 the balance in this investment was \$9 million. We have budgeted for dividends earned on this fund to be returned to New Zealand and used to subsidise rates. We have budgeted to receive \$390,000.00 in the 2012/2013 year.

Working together

We are conscious of the need to work together with our neighbouring councils to become more efficient, minimise costs, and to have wider standardised policies. To achieve this we currently have:

- Building Control Consortium: we work formally on Building Control with Hamilton City Council, Waipa District Council, Waikato District Council and Otorohanga District Council.
- Civil Defence: we have a formal arrangement with Hauraki and Thames Coromandel District Councils.
- Human Resources recruitment: we have a formal agreement with Otorohanga District Council, Waikato Regional Council, South Waikato District Council, Waipa District Council, Waitomo District Council and Waikato District Council.
- Valuation Database Services: we have a formal agreement with nine other Waikato Councils.

We have budgeted \$50,000.00 per year to look at further opportunities to work together and make savings with all councils in the Waikato region. We are also looking at specific opportunities to work together with the central and eastern neighbouring councils. The current projected rates increases do not reflect any costs savings that we could achieve by working together.

Recent announcements of Local Government reform

Former Local Government Minister Nick Smith has very recently announced a package to reform local government. The Government has advised that the first stage of proposed reforms will be included in legislation by September 2012, and the balance in 2013. Any changes required to our long term plan will be considered at an appropriate time, once the implications of any legislative change have been fully considered.

I would like to thank the many people who submitted on our draft plan. We did listen to your concerns and have made several changes before final adoption of this plan.

The plan covers the first three years in detail and the following seven years in general predictions. The plan will be reviewed again in three years time.



Hugh Vercoe
QSM, ED, JP
Mayor



The process

The Our Community Our Future plan sets our direction for the next ten years; and we asked you for your feedback before finalising the plan. The Local Government Act 2002 requires us to consult on this plan in a certain way - the diagram below outlines this process and the key dates.



Audit opinion



AUDIT NEW ZEALAND

Mana Arotake Aotearoa

Independent Auditor's Report

To the readers of Matamata-Piako District Council's Long-term Plan for the ten years commencing 1 July 2012

The Auditor-General is the auditor of Matamata-Piako District Council (the District Council). The Auditor-General has appointed me, F Caetano, using the staff and resources of Audit New Zealand, to report on the Long Term Plan (LTP), on her behalf. We have audited the District Council's LTP incorporating parts one to three dated 27 June 2012 for the ten years commencing 1 July 2012.

The Auditor-General is required by section 94(1) of the Local Government Act 2002 (the Act) to report on:

- the extent to which the LTP complies with the requirements of the Act; and
- the quality of information and assumptions underlying the forecast information provided in the LTP.

Opinion

Overall Opinion

In our opinion the District Council's LTP incorporating parts one to three dated 27 June 2012 provides a reasonable basis for long term integrated decision-making by the District Council and for participation in decision-making by the public and subsequent accountability to the community about the activities of the District Council.

In forming our overall opinion, we considered the specific matters outlined in section 94(1) of the Act which we report on as follows.

Opinion on Specific Matters Required by the Act

In our view :

- **the District Council has complied with the requirements of the Act in all material respects demonstrating good practice for a council of its size and scale within the context of its environment; and**
- **the underlying information and assumptions used to prepare the LTP provide a reasonable and supportable basis for the preparation of the forecast information.**

Actual results are likely to be different from the forecast information since anticipated events frequently do not occur as expected and the variation may be material. Accordingly, we express no opinion as to whether the forecasts will be achieved.

Our report was completed on 27 June 2012. This is the date at which our opinion is expressed.

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

Basis of Opinion

We carried out the audit in accordance with the International Standard on Assurance Engagements (New Zealand) 3000: Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). We have examined the forecast financial information in accordance with the International Standard on Assurance Engagements 3400: The Examination of Prospective Financial Information.

Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain all the information and explanations we considered necessary to obtain reasonable assurance that the LTP does not contain material misstatements. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

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



Our audit procedures also include assessing whether:

- the LTP provides the community with sufficient and balanced information about the strategic and other key issues, and implications it faces and provides for participation by the public in decision making processes;
- the District Council's financial strategy, supported by financial policies is financially prudent, and has been clearly communicated to the community in the LTP;
- the presentation of the LTP complies with the legislative requirements of the Act;
- the decision-making and consultation processes underlying the development of the LTP are compliant with the decision-making and consultation requirements of the Act;
- the information in the LTP is based on materially complete and reliable asset or activity information;
- the agreed levels of service are fairly reflected throughout the LTP;
- the District Council's key plans and policies have been consistently applied in the development of the forecast information;
- the assumptions set out within the LTP are based on best information currently available to the District Council and provide a reasonable and supportable basis for the preparation of the forecast information;
- the forecast information has been properly prepared on the basis of the underlying information and the assumptions adopted and the financial information complies with generally accepted accounting practice in New Zealand;
- the rationale for the activities is clearly presented;
- the levels of service and performance measures are reasonable estimates and reflect the key aspects of the District Council's service delivery and

performance; and

- the relationship of the levels of service, performance measures and forecast financial information has been adequately explained within the LTP.

We do not guarantee complete accuracy of the information in the LTP. Our procedures included examining on a test basis, evidence supporting assumptions, amounts and other disclosures in the LTP and determining compliance with the requirements of the Act. We evaluated the overall adequacy of the presentation of information. We obtained all the information and explanations we required to support our opinion above.

Responsibilities of the Council

The Council is responsible for preparing a LTP under the Act, by applying the Council's assumptions and presenting the financial information in accordance with generally accepted accounting practice in New Zealand. The Council is also responsible for such internal control as it determines is necessary to enable the preparation of a LTP that is free from material misstatement

The Council's responsibilities arise from section 93 of the Act.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the LTP and reporting that opinion to you based on our audit. This responsibility arises from section 15 of the Public Audit Act 2001 and section 94(1) of the Act.

It is not our responsibility to express an opinion on the merits of any policy content within the LTP.



AUDIT NEW ZEALAND

Mana Arotake Aotearoa

Independence

When reporting on the LTP we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

Other than this report and in conducting the audit of the LTP Statement of Proposal and the annual audit, we have no relationship with or interests in the District Council.

F Caetano

Audit New Zealand

On behalf of the Auditor-General

Auckland, New Zealand.

Matters Relating to the Electronic Presentation of the Report to readers of the Long-Term Plan

This audit report relates to the Long-Term Plan of Matamata-Piako District Council for the ten years commencing 1 July 2012 included on the Council's website. Matamata-Piako District Council is responsible for the maintenance and integrity of its website. We have not been engaged to report on the integrity of Matamata-Piako District Council's website. We accept no responsibility for any changes that may have occurred to the Long-Term Plan since they were initially presented on the website.

The audit report refers only to the Long-Term Plan named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the Long-Term Plan. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited Long-Term Plan as well as the related audit report dated 27 June 2012 to confirm the information included in the audited Long-Term Plan presented on this website.

Legislation in New Zealand governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.

Introductions

Our Mayor and Councillors



Mayor



Hugh Vercoe,
QSM, ED, JP

Deputy Mayor



Jan Barnes
Matamata



Garry Stanley
Matamata



Bob McGrail
Matamata



Leonie Tisch
Matamata



Neil Goodger
Morrinsville



Mike Gribble
Morrinsville



Maurice Steffert
Morrinsville



Carole Greenville, *JP*
Morrinsville



Peter Jager
Te Aroha

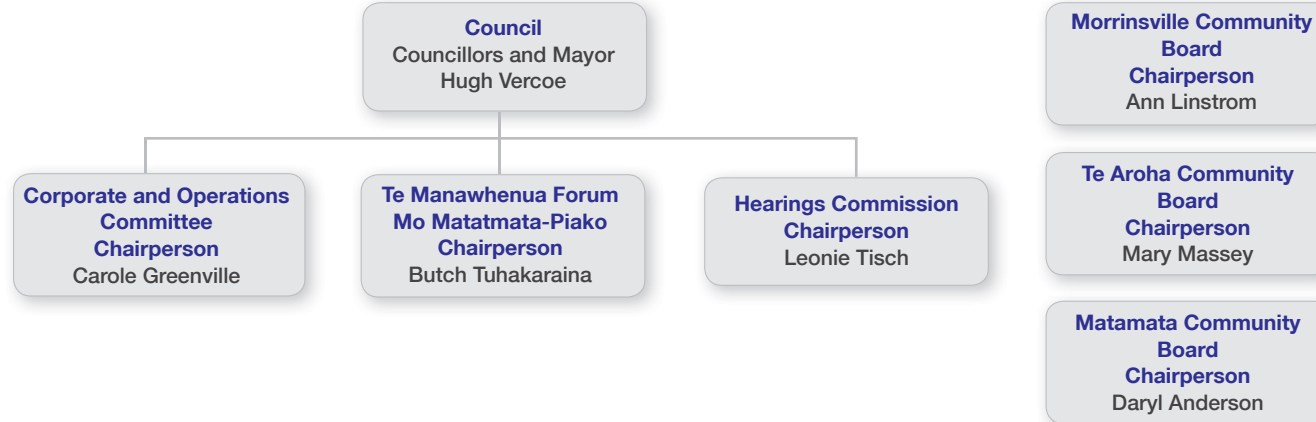


Teena Cornes
Te Aroha



Ash Tanner
Te Aroha

Council Staff
Council employs the Chief Executive Officer, Don McLeod, who in turn employs Council staff



Our Council



Mayor and Councillors

The Matamata-Piako District is divided into three wards - Matamata, Morrinsville and Te Aroha. Voters in each ward elect their representatives (11 in total), and the Mayor represents the district as a whole. These people are elected to represent their communities and make decisions for the wellbeing of the district.

Our activities and functions are governed by various committees of Council:

The Corporate and Operations Committee

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

The Hearings Commission

The Hearings Commission is responsible for:

- hearing and determining applications for resource consents under the Resource Management Act 1991
- granting exemptions to fencing requirements under the Fencing of Swimming Pools Act 1987
- hearing and determining objections under the Dog Control Act 1996

These are the committees that make recommendations and decisions for our community



Our district is divided into three wards - Matamata, Morrinsville and Te Aroha

Te Manawhenua Forum mo Matamata-Piako

Council and Iwi representatives formed the Te Manawhenua Forum mo Matamata-Piako (a standing committee of Council) to ensure Maori have the opportunity to participate in decision making in our district.

The Te Manawhenua Forum mo Matamata-Piako considers any matters relating to the social, economic, environmental and cultural wellbeing of Maori communities, both today and for the future. The Te Manawhenua Forum mo Matamata-Piako has input into developing policies, such as the Our Community Our Future plan, District Plan and other special projects.

The Te Manawhenua Forum mo Matamata-Piako meets four times a year and is made up of representatives from Council, Ngati Haua, Ngati Tumutumu, Ngati Raukawa, Ngati Maru, Ngati Whanaunga and Ngati Paoa. Ngati Rahiri-Tumutumu also have the ability to join the Te Manawhenua Forum mo Matamata-Piako.

Community Boards

The district also has a Community Board in each ward with four members from that ward. Community Boards represent and act as advocates for the interests of their community, and act as a channel of communication between the community and Council.

Our local residents



Michelle, Doris and Tony, are 'typical' local residents. They all have their own stories and priorities, and their job is to help explain the Our Community Our Future plan.



Hello, my name is Doris.

I'm here to help guide you through the plan. I want to see a district that looks after our elders and makes Matamata-Piako a great place for my grandchildren to grow up

I live in Matamata with my husband Robert. We have lived in Matamata for the last 30 years. We have two grown up children - Marie and Michael, and three young grandchildren.

I am interested in the Our Community Our Future plan because I believe that the population of the district is ageing, and I want to make sure that elderly people are catered for in the future.

I own a 100 hectare farm in Manawaru, with a herd of 300 cows. I live on the farm with my partner Sarah, and we have a worker called James. We have two dogs - a working border collie called Molly, and pet foxy called Possum.

I'm interested in the Our Community Our Future plan because there are so many farmers in the district, and I think it's important that Council considers farmers and rural areas when planning for the future. Our district has great quality soils for farming, and I think it's important that these are protected and not subdivided into lifestyle blocks.

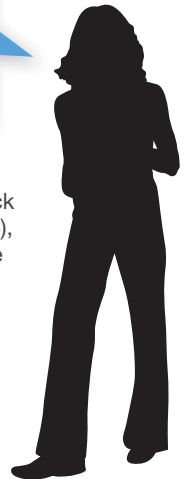
Hi, I'm Tony.

I'm here to help guide you through the plan. I want to see a district that values its resources



Hi, I'm Michelle.

I'm here to help guide you through the plan. I want to see a district that continues to be a great place to raise a family



I live in Morrinsville with my husband Nick and our three children - Katie (8), Matt (6), and Ella (3). We have a chocolate poodle called Coco, and a tabby cat called Jingles.

I'm interested in the Our Community Our Future plan because I think Morrinsville's a great community, and I want to make sure it remains a great place to raise my family. We use loads of Council services like sports grounds, the library, the swimming pool and playgrounds, plus the usual stuff like the dump, the roads and water - we need to make sure Council keeps providing these services in our towns.

Our Community Our Future

a guide



The Our Community Our Future plan sets our direction for the next ten years; outlining our key aims, objectives and priorities for the Matamata-Piako District.

This 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 ten years
- provides an overview of each activity we will carry out and the services we will provide for the next ten years
- determines how much this will all cost and how we will fund it

Why produce an Our Community Our Future plan?

Under the Local Government Act 2002, we have to set out our long term plans for the community. We also do it to give our community the opportunity to have a say on where we are heading and to ensure our planning is robust.

In completing the plan we are required to do a number of things, including:

- take a sustainable development approach and promote community wellbeing
- carry out our business in a clear, transparent and accountable manner
- operate in an efficient and effective manner, using sound business practices
- take into account community views by offering clear information and the opportunity to present views
- provide opportunities for Maori to contribute to decision making
- collaborate and co-operate with other agencies and local councils to achieve desired outcomes

This plan sets out the aims, objectives and priorities for our district for the next ten years



Community Outcomes

Community outcomes are our visions for the future of our community. During 2010 we worked with the community to review our outcomes and ensure our visions still represent the views of our community.

Our Community Our Future

Our Community Our Future is the name of this plan. Formally it is known as a 'Long Term Plan' (LTP). This plan sets our direction for the next ten years but we review it every three years.

Annual Plan

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

Annual Report

We produce an Annual Report every year. This reviews our performance, letting the community know whether we did what we said we would. It also checks financial performance against the budget.



Financial Strategy

the big picture



What's our current financial position?

We are currently in a sound financial position. We provide a range of services that the community have indicated they are generally happy with, we have a reliable infrastructure network, low debt, and a small pool of investments.

The future

The decisions that have been made in the past have got us to this solid starting point. But where will we be in ten years time or beyond? Will we still be able to provide the same high standard of service without making rates unaffordable? Will our debt be at a reasonable level and will we be able to pay for it comfortably? And will our investments be working for us?

Important decisions

Any decisions we make now will impact on our future financial situation. In turn, this impacts on the services we can afford to provide to the community over the next ten years and beyond.

So how will we manage it?

This section outlines our financial strategy – how we plan to manage and address the challenges above.

Parts two and three of the 2012-2022 Our Community Our Future plan provide more details about what services we will provide the community over the next ten years and how we will fund these. This plan has been developed against guidelines that Council has set to help ensure that we remain in a good financial situation not just for the next few years, but well into the future.

Having clear steps and goals in place will ensure we can clearly demonstrate to the community how any proposed funding or expenditure would impact on the services we deliver and our ability to achieve our vision.

Our financial vision for 2022

In 2022, the Matamata-Piako District is prospering. Council continues to provide its community with safe roads, reliable water supplies, good health and sanitation services, well utilised leisure and recreational facilities, and land that is an attractive proposition for development. Rates are fair and affordable and represent good value for money. Council is in a sound financial position, and comfortably placed to be able to continue to provide for its community well into the future, as it has over the past ten years.

What challenges will we have to face to achieve this vision?

Increasing costs

Just as the costs of running your household increase every year, the cost to provide our services continues to increase each year. Driving the increase in costs for us are:

- Significant costs of complying with changes to, or new legislation (for example, legislated changes for improved wastewater discharge have largely required the \$17.5 million upgrade of the Morrinsville wastewater treatment plant).
- The level of inflation (or the increase in costs over time) that a local authority faces is different to the level of inflation that a household faces (usually referred to as the Consumer Price Index (CPI)). The CPI measures the change in cost of a range of household goods and services, such as groceries, housing costs, power etc. The inflation that we have built into our forecasts is based on a different measure of inflation specifically for local authorities, and is related to the change in costs for things like costs of asphalt for roads, or supplies for water treatment plants. The inflation we incur is usually higher than the rate of household inflation. Every three years the cumulative impact of inflation hits us when we revalue our assets (as shown in the graph on the following page, pushing up our depreciation cost. Depreciation accounts for an average of 29% of our total operating costs.



- Interest costs associated with borrowing and the impact of interest rate movements. Interest makes up an average of 7% of total operational expenditure over the ten year period of the plan. If interest goes up say 1% above the rates we've assumed in this plan, this could increase our interest expense by an average of \$644,000 per annum.

All these cost drivers mean that even if we stick to providing exactly the same services every year, the cost of providing them will continue to increase.

Types of spending

We have two types of spending:

- **Operating expenditure** - this generally covers the day to day spending on services we provide
- **Capital expenditure** - spending to replace or upgrade existing assets. This can be to maintain current services, or purchase/build new assets to increase our services or cater for growth

Capital expenditure (building or upgrading assets) usually results in increased operating expenditure in the years to follow. For example, if we built a new public toilet block, then aside from the building costs (capital expenditure), we would need to budget for additional costs every year for cleaning, power, insurance, and depreciation (operating expenditure). Depreciation provides funding to maintain the toilet block so the toilets will still be in satisfactory condition in a number of years (e.g. 30 years time). As the years go by, the cost of replacing the asset will increase, (for the reasons described above), so the amount of depreciation included in the budget will also need to increase.

On top of those operating costs, if we got a loan to pay the building costs for the toilet block, then the operating budget would also need to increase to include the annual costs of paying that loan. These costs may fluctuate in line with changes to interest rates (just like a home loan).

It is important that we consider both the short term and long term impacts of any decisions to build or purchase new assets or provide new services to the community as they not only commit the community to the initial capital cost, but also to the ongoing operational costs for the next 30 years or more.

Changing needs and expectations

The services and facilities that we provide have changed gradually over time due

to changing needs and expectations (such as technological changes, the aging population, changing lifestyle factors etc). We receive hundreds of submissions every year with competing requests for additional services or facilities, or for increased standards of services. Most of these requests have many benefits for our community, but they also come with a cost. As a rough guide, for every additional \$100,000 of operating expenditure or \$1,000,000 of capital expenditure added for say a recreation project, this would increase general rates by just over half a percent. One of our biggest challenges is balancing the benefit to the community, while keeping rates affordable for the ratepayers of today and tomorrow.

Spreading the cost

Local Government legislation requires councils to ensure that the decisions they make are fair to both today's ratepayers and the ratepayers of the future. For example, if we were to spend \$15 million on building a new wastewater treatment plant in 2015 that had an asset life of 50 years, who should pay for the cost of the new plant? Should rates increase by 80% in 2015 to pay for the new plant? Or should a family who moves into the district in the following year or in 20 years time, and still get the use of the service, also have to share the cost?

One way we can spread the costs to make them more fair for everyone is by borrowing the funds to construct the new plant. We can then recover the funds through rates and repay the loan over the life of the plant so those who benefit from the service in the future will also pay their share. This way of spreading the cost is called 'intergenerational equity'.

We also need to cater for growth when planning new assets. For example, if the \$15 million plant can service the existing 10,000 households, but we expect another 500 properties that will require wastewater to be developed in the next 20 years, it makes sense to increase the capacity of the plant at the time it is being built. This might mean that the \$15 million project increases to an \$18 million project - so who should pay for the additional \$3 million? This is one of the questions that we asked the community for feedback on in the "Decisions for the future of our community" booklet in August 2011. Overwhelmingly, the community agreed that those who cause additional demand for services (by developing the new sections) should pay the additional costs (the \$3 million) to cater for future growth - rather than the current ratepayers.

So, another way we can spread the costs is by charging people (such as developers) who create additional demand on Council services. We call this charge a 'development contribution', and it is charged when new properties are created



When deciding how to fund services Council tries to ensure they spread the costs in a fair, equitable and affordable way

(for more information about development contributions, see the Development Contributions Policy in part three of the Our Community Our Future plan).

For us to be able to create long term or annual budgets using these methods of spreading the costs between both current and future ratepayers, we have to make a number of assumptions and estimates about what might happen in the future (such as how much the project might cost, how many years the plant might last, the number of new subdivisions that may be developed, when and where the growth may occur, etc). The future

will never turn out exactly as we expect, but we have based our assumptions on the best information that we have available to us now. You can read more about the significant assumptions we have made and how they could impact on the financial aspects of our plan in part three of the Our Community Our Future plan.

Keeping rates affordable

The New Zealand population is getting older – and so is the population in our district. An aging population means there will be a higher proportion of fixed incomes (e.g. increasingly more people earning a pension than a salary), plus, statistics show that the average household income in our district is slightly below the national average. The current global financial crisis has hurt businesses and employment in the district over recent years, and the outlook and timing of recovery is uncertain. All these factors mean that significant annual rates increases are not practical or affordable for a large percentage of our community.

When deciding how to fund services, we need to consider how to spread the costs in a way that is fair, equitable and affordable for the majority of the community. Our district has a mix of rural and urban properties - the farms and rural properties in our district do not receive some services that are available to properties in our towns (such as water, wastewater, and rubbish collection), so those property owners don't pay for those services through targeted rates. The majority of the significant capital projects undertaken in recent years (apart from roading) benefit residents and ratepayers in urban areas, meaning that the bulk of our cost increases have fallen on urban ratepayers.

Limited funding options

We only have a limited number of ways we can fund all the services we provide and each option comes with its own challenges:

- **Rates** – rates are a form of tax, and the basic principle of a tax is that everyone pays, to benefit the greater community. Rates account for the majority of our revenue. One of our biggest challenges is keeping rates at an affordable level for the majority of the community and spreading the costs in a fair and equitable way.
- **Fees and charges** – fees and charges charge people for specific services that they benefit from – such as charging people to use the pools, or charging the applicant for the costs of a building consent. The challenge with fees and charges is finding a balance between recovering costs without making services so expensive that people are discouraged from using them.
- **Subsidies and grants** – we receive some subsidies and grants from Government agencies, particularly towards the cost of maintaining our roading network. Throughout the Our Community Our Future plan we have assumed that the amount of roading subsidy we currently receive will remain relatively constant for the foreseeable future, however, our costs are likely to increase meaning that decisions will need to be made in the future on whether to cut the standard of service we provide or to fund the shortfall another way (such as increase rates).
- **Development contributions** – as discussed above, we charge development contributions to developers to ensure they share the costs of the additional demand they place on our infrastructure and services. Aside from trying to predict when the additional demand may occur, we also have to recover an appropriate level of costs, without imposing charges so high that they deter development altogether.
- **Interest and dividends from investments (including Power New Zealand (PNZ) investment fund)** – a small portion of our revenue comes from interest earned on surplus cashflow funds invested throughout the year, and from dividends received from the overseas investment fund (refer to further information on the fund in the following pages). We use this interest and dividends to pay operational expenditure; this effectively subsidises rates, because if we didn't have the interest and dividends, the community would have to pay for this operational expenditure through rates. Any decisions to



withdraw the overseas investment (and not reinvest the money in a similar manner) must consider how the funding shortfall will be made up each year.

- **Borrowing** – as explained above, we borrow money and pay it off over a number of years to ensure that those who benefit from a service in the future will also pay their share. Borrowing is not a source of revenue in itself, but a way of bridging the cashflow requirements associated with large projects. The obvious downside of borrowing is that we have to pay interest on the loan well into the future, and changes in interest rates are outside of our control. We can borrow money from external organisations (such as banks), or we can also borrow internally using available funds (for example, borrowing funds from the overseas investment fund for a specific capital project).

Our Revenue and Financing Policy in part three of the Our Community Our Future plan outlines how we have decided to fund our activities and services based on a range of considerations set out in this policy.

How will we achieve our vision for 2022?

The key to achieving our vision for 2022 is all about finding the right balance between providing an acceptable standard of services at a level that is affordable for our community both now and in the future.

In August 2011, we asked the community for feedback on how they best thought we could try to achieve this balance – specifically seeking feedback on future rate increases, debt and changes to the standard of services we provide. We received submissions from over 800 people on the three options presented. The options included:

1. minimising future rate increases by concentrating only on the current services and the 'have to dos' (things we're required to do to meet safety or statutory requirements),
2. reducing the 'choose to dos' (services or projects that contribute to wellbeing like swimming pool upgrades) in order to reduce future rate increases and minimise the need to raise debt,
3. providing additional 'choose to do' services that would increase both debt and rates but provide additional services/facilities for our community.

The almost equal split in feedback across the three options only served to demonstrate how challenging our decision making can be. Overall though, the results show that two thirds of the submitters favoured minimising the impact of

future rate increases by concentrating on the essential services we provide.

So how do we determine what services are “essential”? There are obvious essential services like sanitation, health and safety, or meeting statutory requirements, but there are other services that are not so easy to classify – for example, not all people would see economic development as an essential service for Council to be involved in, however, it's important that we don't allow the district to stagnate, miss out on opportunities or go backwards by not investing anything in its future. This means that if projects are important to our community and its future and the community tell us so, we need to allow some flexibility to be able to take up these opportunities as they arise, while still keeping rate increases to a minimum.

To try to achieve the right balance, we have set out some basic steps and guidelines for our decision making to ensure that we get both sides of the equation right:

1. review the current services we provide and consider future proposals to determine if they are “essential” for us to achieve our vision and the levels of service we have agreed with the community. We rely on community feedback to guide us on this
2. continually look for ways to be more efficient to ensure that our ratepayers are getting value for money
3. review the Revenue and Financing Policy to ensure that our decisions on the fairest way to fund our activities and services remain equitable
4. set limits on our rates for each of the next ten years. This will help ensure that rates remain affordable and at a level that our community is willing to pay
5. set limits on the level of borrowing we will commit ourselves to (because of the significant and ongoing costs that debt imposes on future generations)
6. consider our objectives for and set targeted levels of returns from our investments
7. when pulling together the budgets and looking at the proposed levels of service, and ensuring that the specified limits are adhered to, we will then look at the overall picture to determine whether the planned programs are affordable or whether some hard decisions need to be made with the community to reduce, defer or reconsider providing some services.



What have we done

In developing the Our Community Our Future plan to try and achieve our vision, we've followed the steps above – this is what we've done to follow them:

Review of current levels of service and future proposals

We have reviewed community feedback gathered through customer surveys, complaints, community consultation exercises and submissions relating to the range and levels of service we provide. The feedback received showed that the community are generally happy with the levels of service currently provided, so we have not made any significant changes.

Look for efficiencies

We have and will continue to scrutinise all areas of our operations to ensure that we are using public funds in the most efficient and effective manner. Our focus over the first few years of the plan is on the Community Facilities group of activities. These activities are considered to have more discretionary and non-essential services e.g. berm mowing.

We have discontinued funding depreciation for non-critical buildings, for example the Firth Tower buildings as these are not considered to be essential to the delivery of agreed levels of service. This has reduced the rates required by \$4.3 million over the next ten years. This also means however, that funds will not be available to maintain or replace those buildings in the future, but there would be nothing to stop the community undertaking local fundraising to maintain the buildings if they wanted to.

Review of who pays for what

We have reviewed our Revenue and Financing Policy, which works through how our activities and services should be funded and who should pay what share of the costs. We asked for community feedback on this for some specific activities in the August 2011 "Decisions for the future of our community" booklet.

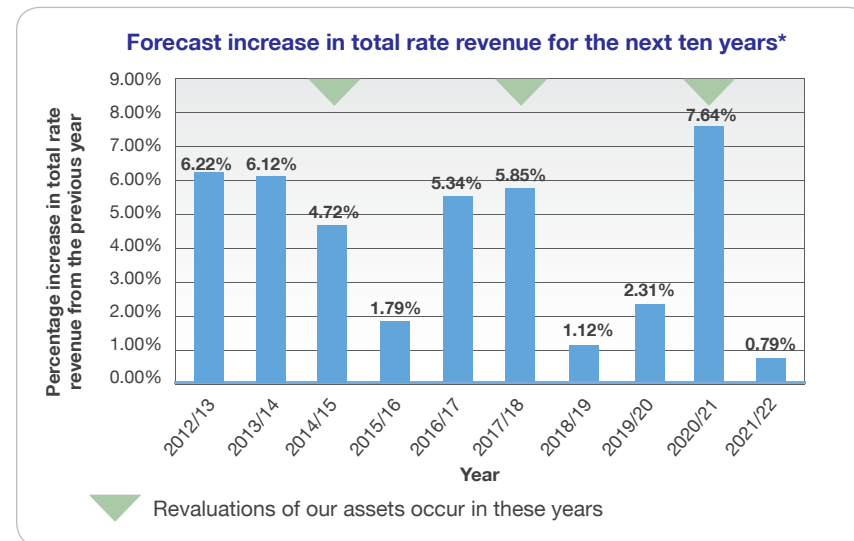
The outcome of that consultation confirmed that people generally consider the current system to be fair and equitable. The community agreed that the costs of growth should continue to be met by developers. There was some support for changing to a more user pays system for our water and wastewater services. From 1 July 2012 we will phase in a change to a targeted rate for wastewater based on the number of pans (for non-residential properties) and we have proposed a remission policy based on water use, as this more fairly reflects the user pays model.

*Total revenue excludes targeted rates for wastewater charged to specific industry for their contribution to the Morrinsville Wastewater Treatment Plant upgrade.

Limits on rates

Our priority is to keep rates at an affordable level that the community is willing to pay.

We know that our costs will continue to increase due to inflation and interest and the other factors discussed earlier, and that our revenue from rates will have to increase to cover this. We want to give you, the ratepayer, some certainty however that this revenue will be contained to a certain level. Based on the levels of service that we have set out in this Our Community Our Future plan and the key assumptions that we have made, our forecasting shows that our total rates revenue (i.e. the total amount of rates that we collect each year from all ratepayers) will need to increase annually as follows:



We have almost completed the single largest capital project this Council has ever undertaken - the Morrinsville wastewater plant upgrade. The increases in 2012/13 and 2013/14 shown in the graph are largely due to the additional ongoing costs that will be incurred as a result of this capital project (e.g. interest on the loans that funded the project, depreciation and operating costs).



The graph also shows that the amount of rates revenue required increases in those years following the three-yearly revaluation of our assets. These revaluations are a chance to “catch up” (in our books) on what it would cost to replace the assets if we had to do it at that time. The cost to replace the assets increases due to inflation and market movements for property. We ‘depreciate’ our assets (such as buildings, pipe, treatment plants, roads etc) and collect rates for this cost so that we can afford to maintain the assets and replace them in the future. As the value of the assets increases we need to increase rates, so that what we are charging covers the cost of maintaining and replacing the assets in the future.

We will limit total rate revenue increases to a level that meets the forecast increase in costs, as set out in this plan. You can see the forecasted increases in the graph on the previous page opposite. This means that if any additional expenses

or proposals are put in front of Council for consideration, then a cut would need to be made from other areas that are already funded from rates, or the proposal would have to be funded in some other way (e.g. user charges).

Council has set limits on future rate increases

We also looked for some way to measure or perhaps benchmark whether the rates we charge, are and will continue to be affordable over the next ten years. Of course everyone’s circumstances and financial situations are different, and those living in rural areas are not subject to significant targeted rates for water, wastewater, refuse etc that are charged for urban properties. There is not one

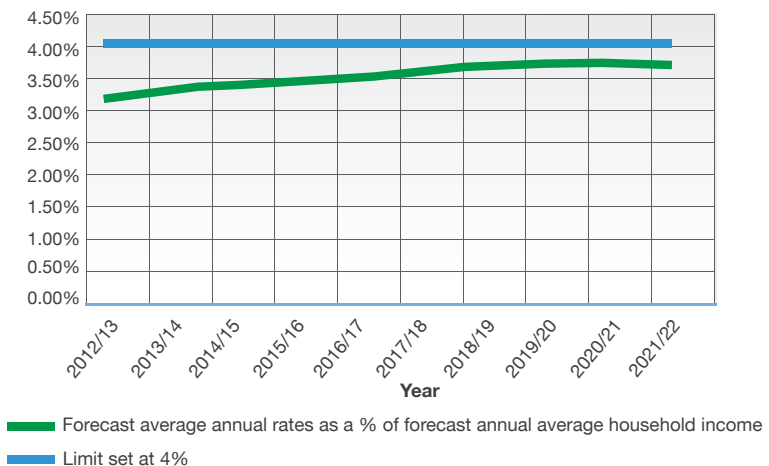
measure of affordability that will fit all, but it is important to have a consistent point to anchor to, so that we can judge whether the rates we are charging are in touch with what’s happening in our community. As such, **we have imposed a limit that average annual rates¹ will not increase to more than 4% of forecast average annual household income²**

¹“Average annual rates” is the total rates revenue (including GST), divided by the projected number of rating units (i.e. allowing for growth set out in our Growth Strategy).

²The forecast average annual household income is sourced from Statistics New Zealand’s Household Economic Survey to 30 June 2011. We have used the average annual household income for the “other North Island” region being \$67,505 and have then forecasted to 2021/22 using independent forecasting data from Business and Economic Research Limited (BERL).

for each of the ten years. To put this into perspective, for 2011/12 the average annual rates is 3.25% of the average annual household income, and our proposal is not to increase to any more than 4% as shown in the graph below.

Forecast average annual rates* as a percentage of forecast average annual household income



*Total revenue excludes targeted rates for wastewater charged to specific industry for their contribution to the Morrinsville Wastewater Treatment Plant upgrade.

Where can you learn more about rates?

Our Revenue and Financing Policy in part three describes the considerations when selecting sources of funding for an activity (including rates). Our Council-wide funding impact statement (also in part three) outlines the total revenue we intend to generate from these funding sources over each of the ten years of this plan. Then the calculation of rates shows how the total rates revenue required will be calculated and charged against each rating unit. In addition, under 'Examples of the impact of rating 2012/13' in part three of this plan there is also a table showing examples of how the rating decisions for the first year of the plan affect a range of “indicator properties”, including some more specific properties where rates for this year, or

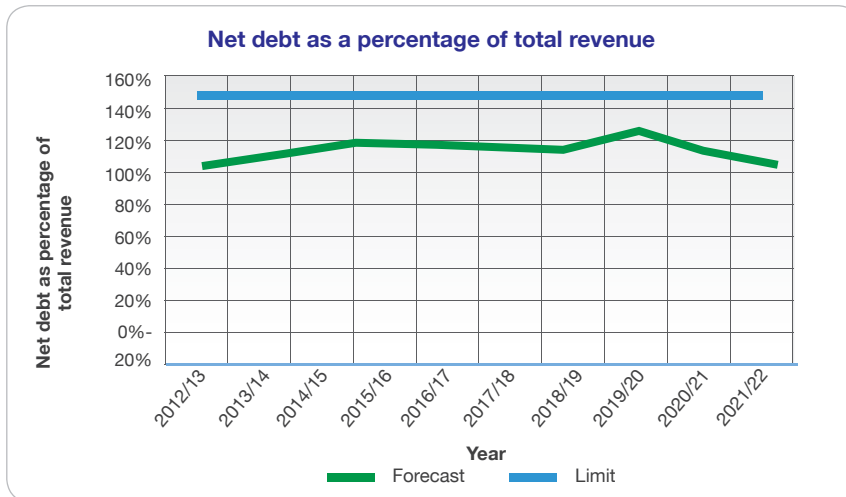


decisions made in previous years will have a significant impact from 2012/13 (e.g. pan charges for non-residential wastewater connections, and the impact for the first year of wastewater and stormwater rates for Waharoa properties).

Limits on borrowing

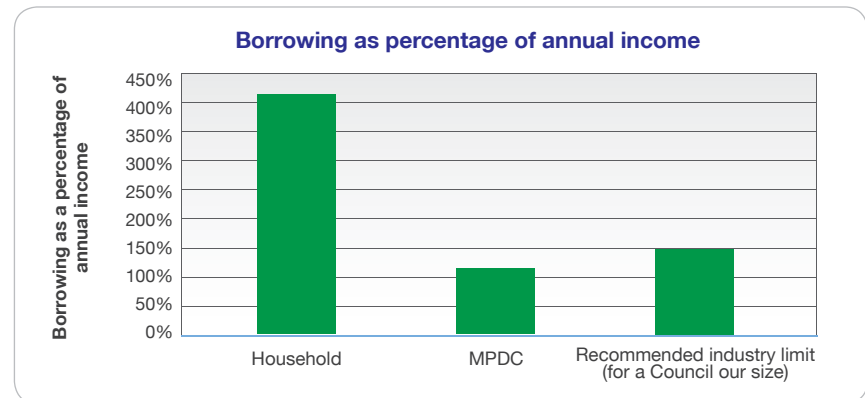
To ensure we can achieve the vision for 2022, “Council is in a sound financial position, and comfortably placed to be able to continue to provide for its community well into the future”, we have to be careful that we do not overburden future generations with debt by living beyond our means today. At the same time, we also want the ratepayers of the future to pay their share. In order to find an appropriate balance, we need to set some limits on borrowing. We’ve sought professional advice on an appropriate ‘limit’ for our borrowing, and these limits are included in our Liability Management Policy (in part three of the Our Community Our Future plan). The limits have regard for Council’s long term financial sustainability that future lenders will look for when we need to secure finance in future years.

A limit on a prudent level of debt has been set as follows: **Net debt as a percentage of total revenue will not exceed 150%**. The graph below shows how our forecasted debt compares to this limit set.



Council will limit their borrowing to 150% of their annual income. This sounds like a lot but is actually less than a typical household paying a mortgage

Our total debt is forecast to peak at around \$75 million in 2019/20. To try to put that figure into perspective, the graph below compares our estimated level of borrowing to what may be a typical household, say with an income of \$60,000 and a mortgage of \$250,000.



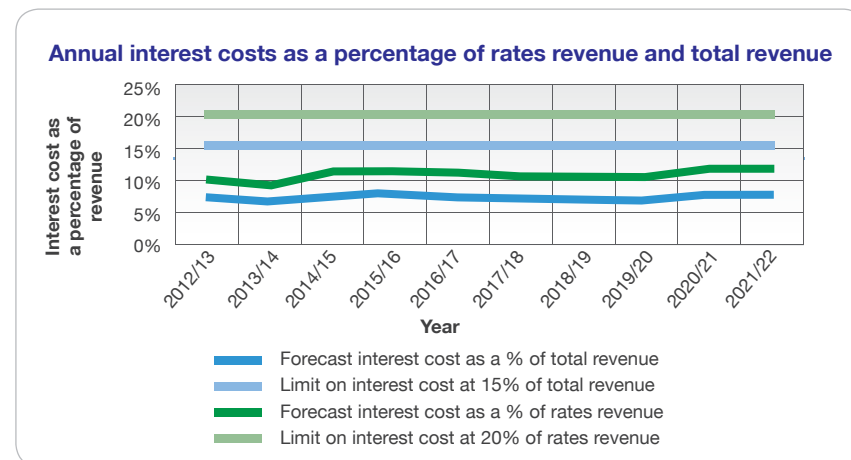
The graph illustrates that while \$75 million is a lot to borrow, our debt level is actually lower than a typical household paying a mortgage on their home.

A limit of 150% of income is considered conservative for a council of our size, and



is in line with limits that other similar sized councils have adopted **150% is the maximum limit - it is not a target**. Our debt is expected to be, on average, around 116% of our income over the next ten years. The graph also shows that in the future we could borrow more money to pay for more of the “choose to do” facilities or projects, if that’s what the community wants us to do; however this would mean that rates would have to increase to pay for the interest on the new loans.

More importantly than the actual level of debt is our ability to meet the ongoing cost of the debt (i.e. interest). We have set a limit (in line with our borrowing policy) as follows: **Annual interest costs will be less than 15% of total revenue and 20% of rates revenue**. Our current forecasts show that we can comfortably meet these limits, as shown on the graph over the page.



Future sources of borrowing

Council intends to utilise the newly created New Zealand Local Government Funding Agency (LGFA) as a potential source of future debt funding where this is advantageous to us. The LGFA is predicted to be able to offer us lower rates of interest (than a traditional bank) and a secure source of future funding. There are also risks associated with our participation in the LGFA. These are outlined further at the end of part three of this plan.

Security for our borrowing

Our borrowing is secured by a charge over rates revenue by way of a debenture trust deed. Utilising rates revenue as security lowers the risk involved for lenders and therefore will lower the cost of our borrowing. Generally assets are not offered as security for any loan or performance of any obligations under other arrangements.

What we expect from our investments

Our investment policy in part three of this plan sets out the detail of the type of investments we currently hold, and our objectives and risk management strategies related to holding these investments.

Aside from the treasury investments that we use to effectively manage our cashflow, there are two other main types of investments we currently hold.

Firstly, we have the Power New Zealand (PNZ) investment fund. The fund was established in 1998 using the proceeds of the \$24 million from the sale of Power New Zealand shares that were allocated to Council on the disestablishment of the Power Board. There are two components to the PNZ fund:

- \$11.9 million of the fund was used in lieu of obtaining borrowing from an external source to fund capital projects for various activities of Council (we refer to this as internal borrowing). A return on our internal borrowing equal to the five year swap rate at 1 July each year plus 0.25% is budgeted annually, and charged to the various activities that have utilised this funding. This internal interest effectively reduces the rates that we would be required to collect if we had to pay interest on external loans. The balance of our internal borrowing at 30 June 2011 was \$11.9 million.
- An investment policy was established for the second component of the fund that provides for the placement in overseas and New Zealand equities by investment advisor Michael Chamberlain and Associates New Zealand Limited. The overseas equities are vested with State Street Global Advisors. Initially, \$12.45 million was invested in the security market in 1999. The value of the fund has fluctuated over the years to a high of \$15.6 million in 2007, and a low of \$8.6 million in September 2011. At 31 December 2011 the balance was \$9 million.

Given the volatility of the overseas markets, and after consultation with the community, Council resolved to commence the realisation of the shares when the market value achieves its 1 July 2007 value of \$15.6 million. The fund



could be used as a capital funding source in the future. We currently budget to receive a dividend of \$390,000 per annum from the externally invested fund, which is used to offset the rate requirements for our district-wide roading activity.

Secondly, there is a range of strategic shareholdings that we have acquired over a number of years. We intend to continue to hold these investments, not for any direct financial return, but for the strategic benefit to the district. These investments include:

- Waikato Regional Airport Limited – we own 15.625% of the airport company with the balance owned by surrounding local authorities. The objective of ownership of the airport is to secure the retention of the airport as a major infrastructural facility, important to the economy of the Waikato.
- NZ Local Government Insurance Company – we hold a 0.9% shareholding in this company (that trades as Civic Assurance) with the balance owned by local government entities throughout New Zealand.
- Thames Valley Combined Civil Defence Committee – we hold a 34% interest in this committee, with the balance held by two neighbouring councils. The purpose of the committee is to jointly plan for civil defence emergencies that may affect our wider district.
- Local Authority Shared Services Limited – we hold a 7.69% shareholding in this company that was established to investigate and secure efficiencies through shared service delivery for its regional shareholders.

The overall picture

The policy decisions and forecasts set out in this plan currently meet the limits set on rate increases, rates affordability and borrowing. So what do our forecasts include?

Total cost of operating expenditure

Operational expenditure over the ten year period is forecasted at \$534 million. This forecasted budget only provides for delivering the services that we currently deliver. This budget does not include any allowance for any further services to be offered over the next ten years.

Total cost of capital expenditure

The capital cost to maintain existing levels of service over the next ten years is

forecasted at \$128 million. \$106 million of this is the cost to maintain our basic network infrastructure.

We've also budgeted \$30 million of capital costs over the next ten years for increasing/improving our services. The most significant projects include:

- Morrinsville wastewater monofill project (to meet resource consent conditions) \$3 million
- Te Aroha wastewater plant upgrade (to meet resource consent conditions) \$1 million
- Matamata and Morrinsville water reservoirs (to increase storage capacity and ensure continuity of supply) \$2.3 million and \$3 million respectively
- A replacement/redevelopment of the Matamata library and memorial/service centre \$1.5 million
- Morrinsville heated pool upgrades \$0.4 million
- Headon Stadium upgrade \$2 million

The expected changes to the district's population and land use are outlined in part one of this plan. Our Growth Strategy projected an increase of just over 1,000 households in the ten years of this plan. The current use of the district's land is not expected to change significantly. We have budgeted \$19 million of capital work to cater for this growth over the next ten years. The bulk of this cost is anticipated to be incurred in 2019/20 when Matamata's Precinct F growth cell is expected to be developed for subdivision.

Our budgets and forecasting is based on the best information that we have at hand today. We have had to make some key assumptions (that are set out in part three of this plan). We have been conservative in our estimates and have set some prudent limits on rates, rate increases and borrowing that we feel are sustainable over the ten years so that we continue to be in a sound position in 2022. We believe that the forecasts will be sufficient to provide and maintain existing levels of service and meet additional demands for services as and when growth occurs.

Balancing the budget



The statement of comprehensive income indicates that there will be a surplus in each of the next ten years.

The main reasons for the surpluses are:

- Assets that are vested to us from developers. For example in 2015/2016 we are expecting industry to fund expansion to the water supply infrastructure. We will own the asset
- Interest earned on special funds/reserves that we allocate to these reserves
- We have used part of the Power New Zealand investment as a source of internal borrowing to activities. Some of the loans will be repaid during the ten year period. As the loans are internal loans, the repayments are treated as income
- Development contributions which fund capital expenditure are shown in the statement of comprehensive income but the capital expenditure is not

These surpluses are partially offset by our decision:

- Not to fully fund depreciation on some activities
- To ring-fence the financial performance for some activities i.e. activities that should be self-funding.

These activities are listed as follows:

Self-funding activities – housing and rural halls

Council considers that Elderly Person Housing, Owner-Occupier Housing and rural halls should be ring-fenced operations. In other words the cost of the activities should be funded from income from those activities. In the case of rural halls this includes targeted rates over the hall rating areas.

Any surplus or deficit is held against the activities and recovered or used in future years.

We can reduce costs or increase charges to ensure the balance does not become unmanageable. For example, we review the financial position and rental/charges with Elderly Persons Housing tenants and Owner-Occupier owners annually.

The projected annual deficit is in the following table:

	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Annual deficit	100	85	69	38	26	63	43	30	54	38



Non-funded depreciation

Halls

Rural halls operate on the basis that funding is provided from the local communities through targeted rates or hall hire revenue. The halls were built by these communities from locally raised funds.

We are comfortable allowing those communities to decide if the halls are to be maintained and/or replaced in the future. For this reason we have decided that we will not fund depreciation for halls.

The table below lists the annual deficit arising from non-funded depreciation on halls:

	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Annual deficit	226	226	232	232	232	254	254	254	276	276

Community buildings

There are a number of situations where community groups have built or moved buildings on to our land. We are comfortable with the situation but we have decided we will not fund the depreciation on the assets and will leave the users of these facilities to determine how major upgrades or replacement may be funded in future.

We also own buildings that are considered to be redundant/non-essential to the delivery of agreed levels of service.

The table below lists the annual deficit arising from non-funded depreciation:

	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Annual deficit	168	168	173	173	173	189	189	189	206	206

Other considerations

We must give consideration to four areas when choosing not to set a balanced budget:

Levels of service

We believe that desired levels of service will be maintained over the ten years.

Funding

We believe that the projected funding for these services is appropriate and prudent.

Intergenerational equity

Council believes that the intergenerational equity is achieved by ensuring that:

- the current generation does not fund replacement of assets that are not considered essential to the desired levels of service
- that the groups using these assets will fund upgrades or replacement if and when they may consider it is necessary

Consistency with revenue and financing policies

Our approach is consistent with the Revenue and Financing Policy.

Our district today



The Matamata-Piako District is a rural area of approximately 175,300 hectares in the Waikato Region. Just over half the district's population live in one of three main towns (Matamata, Morrinsville and Te Aroha), with the remainder living in rural areas. The district is well known for its dairy farming and thoroughbred racing industry but has a number of other key features.

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

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

The easy rolling terrain surrounding Morrinsville makes for some of the best farmland in New Zealand, earning it the title 'Cream of the Country'. Morrinsville is also home to the new Wallace Gallery, which showcases artwork from around the district and wider region.

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

The majority of the demographic information we've used in developing this plan is from the 2006 Census of Population and Dwellings (conducted by Statistics New Zealand in March 2006). We have also used an analysis of the historical population growth of the district. This is the most up to date information available as the Census was not held in March 2011 as planned. The next census will be held in March 2013.





General information about the district

	2009/10	2010/11	2011/12
Area 175,300 hectares			
Number of electors (enrolled) ¹	21,725	21,701	21,995
<i>Total rateable properties</i>	14,102	14,064	14,203
Value of improvements	3,174,652,700	3,153,140,210	3,332,370,000
<i>Net land value</i>	6,011,542,000	5,996,570,680	6,708,163,500
Net capital value	9,186,194,700	9,149,710,890	10,040,533,500
<i>Total rates</i>	26,596,310	27,884,087	29,173,808
Average total rates per property	1,886	1,982	2,054

- 1 Electoral Enrolment Centre data
- 2 Statistics New Zealand 5 July 2011
- 3 Statistics New Zealand <http://www.stats.govt.nz/Census/> 2006 Census
- 4 Statistics New Zealand 2006 Census
- 5 Statistics New Zealand New Zealand in Profile 2011 (569,200 / 4,367,800)
- 6 Statistics New Zealand New Zealand in Profile 2011 (894,500 / 4,367,800)
- 7 Statistics New Zealand 2006 Census
- 8 Statistics New Zealand - June quarter 2010
- 9 Statistics New Zealand, - March quarter 2011

About our people

	Matamata-Piako	Rest of New Zealand
District population		
Matamata	6,728	4,407,693 ²
Morrinsville	7,083	
Te Aroha	4,028	
Rural	14,150	
Median age	38 years ³	36 years ⁴
People aged 65 years +	15.6%	13.0% ⁵
People aged under 15 years	23.1%	20.5% ⁶
Average household income	\$57,800 ⁷	\$60,700 ⁷
Average hourly wage	\$20.38	\$23.88 ⁸
% of people enrolled to vote (aged 18 + years)	99.4%	95.4%
Residents that speak Maori	4.0%	4.1%
Unemployment rate	3.7%	6.6% ⁹
Ethnicity		
New Zealand European	77.9%	67.6%
Maori	13.2%	14.6%
Dwelling status		
<i>Occupied</i>		
Private dwelling	11,394	1,471,746
Non-private dwelling	33	6,963
Total	11,427	1,478,709
<i>Unoccupied</i>	699	159,276
Education (of people aged 15 and over)		
Post-school qualification	30.4%	39.9%
No formal qualifications	34.9%	25.0%



Our district has an older population, with a median age of 38 years

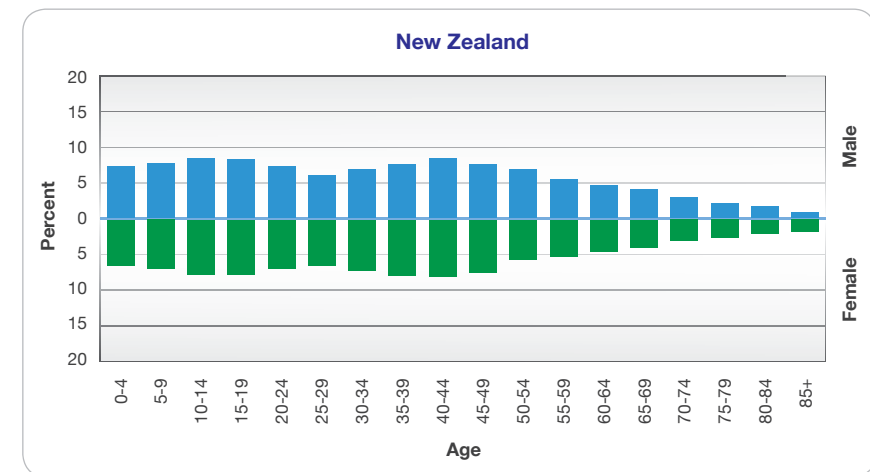
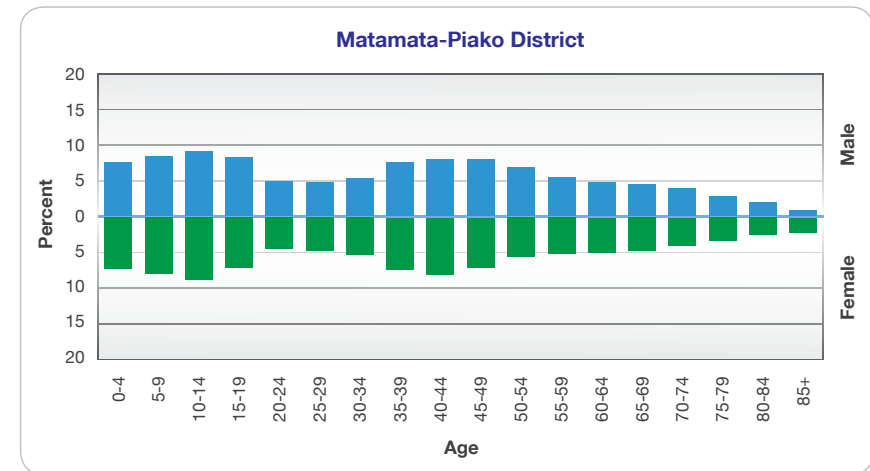
Population distribution

The graphs on the right compares the Matamata-Piako District population distribution (2006) to the rest of New Zealand.

Currently, there is a lack of young people in the 15-34 year age bracket in the district, and the level of education of the population as a whole is below the national average. These trends are likely to be due to the few tertiary education providers in the district and less employment opportunities for school leavers¹.

Compared to the national median of 36 years, and 13% aged 65 years and over, our district has an older population with a median age of 38 years, and 15.6% of people aged 65 years and over.

Matamata-Piako District population distribution 2006



1 Matamata-Piako District Council Growth Strategy 2009 page 22

Growth trends



Dealing with the effects of growth

Growth is important to improve the wellbeing of our community, however with growth comes pressure on the district's resources and on Council. It is our responsibility to manage these pressures in a way that protects our environment, our economy, and our people.

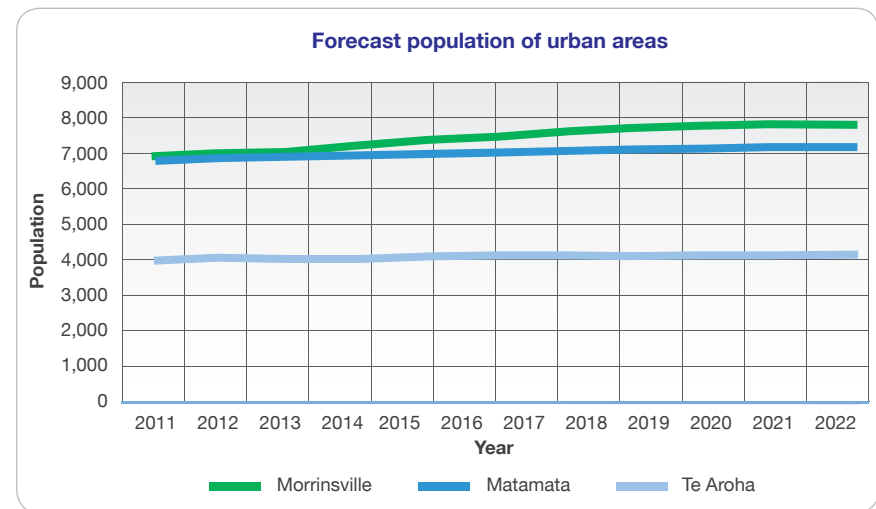
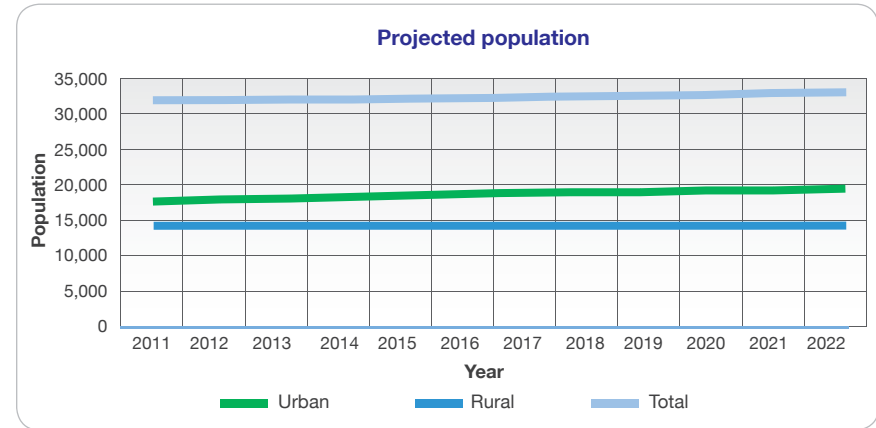
We have developed the Matamata-Piako Growth Strategy to ensure growth in our district is well planned and consistent. It identifies how much growth is anticipated in each zone (rural, residential, rural-residential, business and industrial), and the areas that will be preserved and protected. The strategy identifies where growth would be best to occur in our district, taking practical considerations into account such as accessibility and availability of services/utilities.

The following growth population and household projections are based on the district's actual growth over the last ten years, as well as official projections from Statistics New Zealand. As part of the Matamata-Piako Growth Strategy, we will monitor and review the population and household projections annually using in-house information (such as the number of subdivision and building consents granted). This information will be reviewed every five years to coincide with national census data.

Population

Over the last ten years, the populations of Morrinsville and Matamata have grown at a rate of just less than 1% per year, and the rural population has remained constant; these trends are expected to continue. This means that the total population of the district could grow from 31,804 to 33,416 by 2022. The populations of Matamata and Morrinsville are predicted to grow to approximately 7,257–7,805 residents each, and Te Aroha to 4,204 people by the year 2022.

Our district is slowly growing





Forecast of population 2011 - 2022²

Area	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Morrinsville	6,912 ¹²	6,989	7,066	7,145	7,224	7,304	7,385	7,467	7,550	7,634	7,719	7,805
Matamata	6,728	6,774	6,821	6,868	6,916	6,963	7,011	7,060	7,108	7,157	7,207	7,257
Te Aroha	4,014 ¹³	4,031	4,048	4,065	4,082	4,099	4,116	4,133	4,151	4,168	4,186	4,204
Urban	17,654	17,794	17,935	18,078	18,222	18,366	18,512	18,660	18,809	18,959	19,112	19,266
Rural	14,150	14,150	14,150	14,150	14,150	14,150	14,150	14,150	14,150	14,150	14,150	14,150
Total	31,804	31,944	32,085	32,228	32,372	32,516	32,662	32,810	32,959	33,109	33,262	33,416

Ageing population

The number of households is also projected to increase more than the population will increase. This is because the number of one person households is increasing, and the size of family households are decreasing. These trends are mainly driven by the fact that our population is ageing.

Our population profile is projected to continue growing older. By 2022 the number of residents between 0 and 14 is projected to decline from 22% to less than 20%. In comparison, the number of residents aged 65 and over is projected to increase from 17% to 22%. A similar trend is occurring throughout New Zealand.



Our population is ageing

- Assumptions: Rural population remains constant. Morrinsville and Matamata grow at the 1996 – 2006 growth rates. Te Aroha grows at the 2001 – 2006 growth rate.
- This figure was calculated by multiplying the adjusted 2011 number of households (2,700) with the 2011 projected household size for Morrinsville (2.56).
- This figure was calculated by multiplying the adjusted 2011 number of households (1,738) with the 2011 projected household size for Te Aroha (2.31).

Between 2006 and 2031 the median age of residents in the district is projected to increase from 37.9 to 46.6 years; over the same period, the median age for New Zealand is projected to increase from 35.8 to 40.9 years. This means that our district population is projected to age faster than the national average⁵. The ageing population will result in changes in housing preference as older people opt for smaller, low maintenance accommodation.

Projected age distribution⁶

The table below sets out the age makeup of the population over time:

Territorial authority area	Year	Percentage population by age group (years), at 30 June				Total Population	Median age (years) at 30 June
		0-14	15-39	40-64	65+		
Matamata-Piako District	1996	25.74	35.65	26.07	12.54	30,300	32.8
	2001	24.83	31.79	29.47	13.91	30,280	35.6
	2006	22.76	30.13	31.41	15.70	31,200	37.9
	2011	21.50	28.97	32.40	17.13	31,804	39.7
	2016	20.43	28.17	32.20	19.20	32,516	41.2
	2022	19.70	27.80	30.34	22.16	33,416	42.52

- Matamata-Piako Growth Strategy 2009, page 47
- Statistics New Zealand population/estimates and projections 2010



The average household is getting smaller

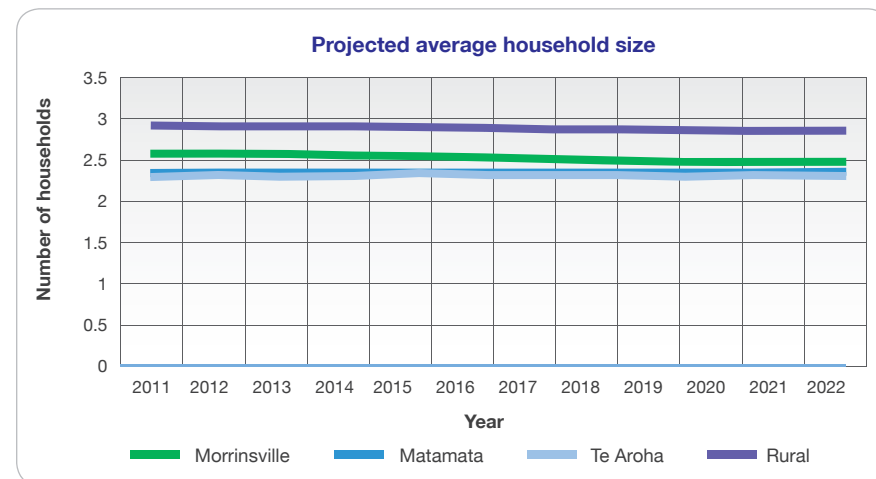
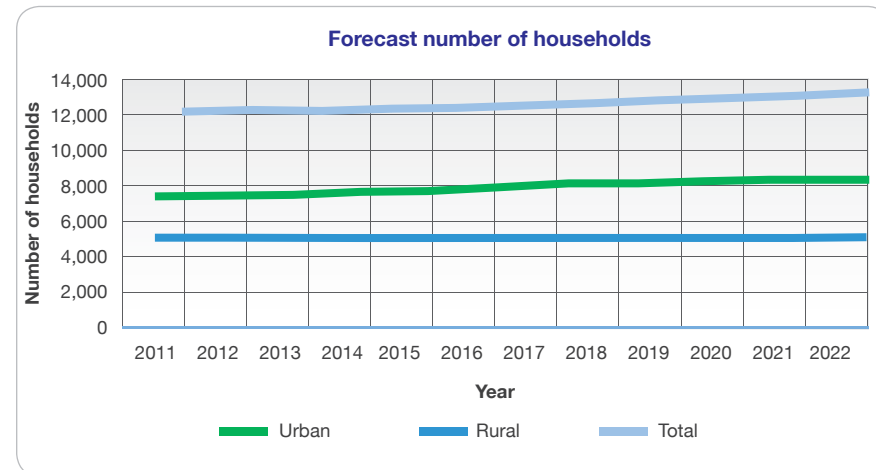
Households

The average size of households is decreasing right around New Zealand – the average size was 2.6 people per household in 2006, and this is projected to decrease to 2.4 people by 2031⁷. The current average household in our district houses about 2.5 people in urban areas and about three people in rural areas.

The number of people living in each household in our district is currently decreasing. As the population is ageing, this trend is predicted to continue and increase the number of houses in the district as a result. The number of households in the district is expected to increase from over 12,000 (2011) to over 13,000 by 2022.

Projected average household size 2011–2022⁸

Area	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Morrinsville	2.56	2.55	2.54	2.53	2.52	2.51	2.50	2.49	2.48	2.47	2.46	2.45
Matamata	2.32	2.31	2.30	2.29	2.28	2.27	2.26	2.25	2.24	2.23	2.22	2.21
Te Aroha	2.31	2.30	2.29	2.28	2.27	2.26	2.25	2.24	2.23	2.22	2.21	2.26
Average (3 urban areas)	2.40	2.39	2.38	2.37	2.36	2.35	2.34	2.33	2.32	2.31	2.30	2.30
Rural	2.92	2.91	2.90	2.89	2.88	2.87	2.86	2.85	2.84	2.83	2.82	2.81



7 Statistics New Zealand National Family and Household Projections
 8 Assumptions: Household size decreases by 0.01 persons for every year during the period 2011 – 2022

Our economy¹⁸



In February 2010, the Waikato economy made up approximately 8.6% of the NZ economy (down from 9% in 2007); our district made up approximately 8% of this.

Our economy and the national Gross Domestic Product (GDP)

GDP is one of the main indicators used to gauge the health of a country's economy; the regional/district equivalent of this is called Gross Regional Product or GRP. The GRP for our district economy is \$1,527.4 million (2003/2004). This compares to \$10,598 million for the whole Waikato Region in 2003¹⁰.

In the year ending September 2010, households in our district spent approximately \$642 million on goods and services supplied by businesses and organisations within

our district and another \$123 million on goods and services bought in from outside the district (including from overseas). Each worker in our district adds \$119,759 of value (called 'value added')¹¹ annually to our economy. This is exceptionally high for a rural district and exceeds the New Zealand average of \$100,923 by just under 19%. This is highly likely to be due to the high returns for dairy farming in recent years, with dairy farming and dairy processing being major sectors of our district's economy.

Employment

Dairy farming makes up a large part of the district's economy. Farming, agricultural contracting, dairy manufacturing and meat

processing account for 46.6% of all economic activity in the district, (this is a slight increase from 45% in 2007), however the number of people employed by these industries decreased from 42.9%.

in 2007 to 37.8% in 2010. This may reflect the consolidation of farms, creating bigger units with resulting economies of greater scale, particularly with respect to employment of workers.

Total employment in the district between 2007 and 2010 increased slightly from 12,690 people to 12,780. The table below shows the fastest growing sectors for employment in our district over this period:

Sector	Employment count 2007	Employment count 2010	Growth rate percent p.a.
Gaming & casinos	0	6	81.7%
Mixed cropping	12	55	66.1%
Other fruit (citrus, berries, grapes)	9	25	40.6%
Child care	15	35	32.6%
Waste, sewerage & drainage	9	20	30.5%
Clothing manufacturing	30	65	29.4%
Computer services	6	12	26.0%
Pre-school education	100	160	17.0%

For the gaming and casinos sector, the 81.7% annual growth rate was calculated using 1 for the 2007 year (not zero). Although this sector is not a big employer, we believe that it demonstrates growth in the scope of services offered in the district economy over previous years.

Our economy is doing well despite the global financial crisis



9 Information obtained from 'Matamata-Piako District Economic Analysis for the Year ended 30 September 2010' by Dr Warren Hughes, March 2011.
 10 Information obtained from Statistics New Zealand Gross Regional Product at http://www.stats.govt.nz/browse_for_stats/economic_indicators/gdp/regional-gross-domestic-product.aspx
 11 Value added is the amount by which the value of goods or services are increased by each stage in its production. It is the difference between the value of all the inputs (raw materials, purchased services) and the price at which the product is sold. The sum of the Value Added (VA) from all economic activities in a region or country adds up to GRP or GDP.



Growth in the child care and pre-school education sectors may suggest a greater demand for child care as the economic climate requires people to maintain employment. As projected in our growth strategy, the district's population will continue ageing with more than 30% of residents likely to be in the 65 and over age-group by the year 2038, so it is unreasonable to suggest a younger age group is coming to the district.

Sectors where employment decreased between 2007 and 2010 include motor vehicles, sheep and beef farming, other leather products, other wood products, business administrative services, pest and cleaning services and other education.

Which sectors contribute most to Gross Domestic Product (2010)?

The five most valuable sectors for employment and our economy¹² in our district are shown below:

Sector	Number of workers	Sector	Contribution to the economy (\$m) ²²
Retail trade	1,570	Dairy farming	323.30
Dairy farming	1,250	Dairy processing	154.19
Dairy processing	1,050	Meat processing	87.32
Meat processing	890	Retail trade	65.27
Poultry processing	670	Wholesale trade	57.94

These five sectors make up 42.6% of employment in our district and 45% of the district's total economy.

The top five sectors in 2010 were the same as in 2007. The only difference is that dairy processing has overtaken meat processing as the third most important employment sector.

Our district and the global financial crisis

The global financial crisis has been the most important economic event in the evolution of the world economy since the Great Depression of the 1930s (except for World Wars). The effects of the global financial crisis on the Matamata-Piako economy can be shown using employment data between 2007 and 2010. The changes in employment over this period are shown below:

Year	Our district		Waikato Region		New Zealand	
	Employment	% Change	Employment	% Change	Employment	% Change
2007	12,690		167,740		1,928,500	
2008	13,360	5.3	170,870	1.9	1,974,030	2.4
2009	13,190	-1.3	165,210	-3.3	1,926,990	-2.4
2010	12,780	-3.1	161,610	-2.2	1,889,900	-1.9

Employment growth in Matamata-Piako in 2007/2008 (at 5.3%) was markedly higher than in the Waikato Region and the rest of New Zealand. One year into the global financial crisis, employment growth was negative for all regions but only -1.3% in Matamata-Piako, which was considerably lower than the Waikato Region and the rest of New Zealand.

¹² Employment in EC Persons in terms of total employment and Value Added to the economy

²² Total value added in \$ millions

Community wellbeing



One of the purposes of Local Government is to promote the social, economic, environmental and cultural wellbeing of communities, both now and for the future.

As the diagram below shows, when there is a balance of social, economic, environmental and cultural wellbeing, there is community wellbeing. Achieving this would mean that we have a sustainable community that will provide for current and future generations.

It can be difficult to get all four of the wellbeings to meet as there is often tension between them - for example, a new industrial business could be great for the economic wellbeing of the community but could have a negative impact on environmental wellbeing. This is why it is important to look at the wellbeings in the 'big picture' rather than individually.



Cultural wellbeing

Cultural wellbeing is about living in communities where cultural heritage is protected and respected. To achieve cultural wellbeing, people should have easy access to knowledge of the district's history and culture, and the district's character should be retained.

Economic wellbeing

Economic wellbeing is about supporting economic growth. To achieve economic wellbeing there should be sufficient employment and affordable housing for residents, and local migration and investment should be encouraged.

Environmental wellbeing

Environmental wellbeing is about protecting our natural and physical resources and significant environmental sites. To achieve environmental wellbeing, amenity values (the things that make an area pleasant) should be improved and native flora and fauna should be preserved. It also involves educating communities about environmental concerns and encouraging people to change negative behaviour.

Social wellbeing

Social wellbeing is about living in safe, active and healthy communities where everyone has access to employment, education and life-long learning opportunities. To achieve social wellbeing, people should have financial and personal security, rights, freedom and be treated fairly. Social wellbeing includes having strong partnerships in place that help to achieve these goals.

Sustainability is more than just looking after the environment – we need to look after our people, culture and economy as well





How do we contribute to sustainability and community wellbeing?

The Local Government Act 2002 requires us to take a sustainable development approach in conducting our business. In doing this we are required to take into account:

- the social, economic, environmental and cultural wellbeing of people and communities
- the need to maintain and enhance the quality of the environment
- the reasonably foreseeable needs of future generations

We currently contribute to the four wellbeings in the following ways to make our district more sustainable:

Cultural

We contribute to cultural wellbeing by consulting with arts and cultural groups and Maori in the community; this preserves cultural identity when making decisions. We also maintain facilities such as libraries, where people can learn about heritage and culture.

Economic

We contribute to the economic wellbeing of our district by providing businesses and industry with infrastructure such as roading, water and wastewater services. We work with industry to facilitate growth and development in urban and industrial areas. The District Plan provides for growth and development in our district through zoning of land. We also support tourism, with recent growth in tourism leading to development of some facilities, such as the Te Aroha Mineral Spas and the Hauraki Rail Trail.

Environmental

As a business we are taking steps towards becoming more environmentally sustainable. We are looking into initiatives such as reducing our reliance on fossil fuels by using more fuel efficient vehicles. By making documents, newsletters and submission forms available online, we will also reduce the amount of paper waste we produce.

We contribute to maintaining and enhancing our environment by ensuring that development complies with the objectives and policies of the District Plan and

the purposes of the Resource Management Act 1991. We also monitor the District Plan and prepare District Plan changes if required. After granting resource consent applications, we use a monitoring system to ensure conditions are being met and that the quality of the environment is being maintained.

Social

We contribute to the social wellbeing of our communities by providing information to ensure people are well informed and know how to contribute to decisions that affect them - participation in democracy benefits current and future generations.

Our libraries provide access to knowledge and life-long learning opportunities for our communities and are a place that people can come together and enjoy themselves in a social environment. Our cemeteries contribute to social wellbeing by providing a local burial place and a peaceful environment for families to meet and remember the deceased. Pensioner housing assists the ageing population by providing elderly with access to low cost housing (while remaining self funding). Public swimming pools, walking tracks, parks and reserves all allow for physical activity, improving the health of our communities in times of escalating rates of obesity and diabetes. Our infrastructure activities also contribute to social wellbeing by providing clean water, removing waste and providing roading networks that allow our community to work, rest and play in a safe and healthy environment.

Gaps between our contribution and sustainability

We know there are some gaps in our approach to sustainability. An example of this is that it may not be sustainable to continue to provide the current levels of service for some activities (such as roads). We addressed some of these issues by asking the community for their thoughts on how we should manage those issues before developing this plan.

We have also put in place a sustainability policy so we can move towards being a more sustainable organisation and to encourage the community to become more sustainable in environmental, cultural, social and economic ways. The sustainability policy sets the scene by starting with internal sustainability projects which aim to flow into 'bigger picture' community initiatives in the future. We will consider increasing the sustainability targets and projects over the next three years with funding set aside in the next Long Term Plan 2015-25.

Community outcomes



Community outcomes are our vision for our community – these form the basis for all of Council's planning



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

Our future approach

Our vision includes a balance of cultural, economic, social and environmental outcomes to achieve wellbeing in our communities in the present and the future.

Our original community outcomes were developed in 2004/05 after consultation with the community and stakeholders. We worked with the community to develop their visions for Matamata, Morrinsville, Te Aroha, the rural area, and Iwi, and used these visions to develop 117 community outcomes for us and other organisations (such as schools and the police).

In 2010/11 we worked with the community to review the community outcomes, and the revised outcomes have formed the basis of this Our Community Our Future plan. As a result of changes to legislation, our community outcomes now focus on activities we undertake to contribute to the wellbeing of the community (they no longer include outcomes for other organisations).

How we developed our community outcomes

We started the review of our community outcomes by asking various community agencies how we should go about a review. The feedback helped to make sure we involved as many people as possible in the review process. We then reviewed the community outcomes, focusing on the ones that we contribute to directly.

Community consultation

Once we had narrowed down the focus and developed some draft outcomes, we worked through a consultation process to get feedback from the community.

We developed a 'three-tiered' consultation process that allowed people to have their say in the way that suited them best. The opportunity for people to take part was advertised in full-page advertisements in two local newspapers (the Piako Post and Matamata Chronicle) on 10 and 24 November 2010. This was also promoted on our website.

The basic level of consultation involved people being able to comment on the 'best thing about living in Matamata-Piako' and the 'one thing that would improve life in Matamata-Piako'. People could have their say on this using Facebook, text message, or on the Our Community Our Future website. We aimed to use the feedback from this level to identify specific issues that could be addressed within the community outcomes.

The mid level of consultation was a survey seeking feedback on the draft outcomes. This was able to be completed online or in hard copy, at our offices and libraries. Feedback from this level was used when reviewing the outcomes again.

The deepest level of consultation was community focus groups, which were held in Morrinsville, Matamata and Te Aroha. We encouraged both community groups and individuals to attend the focus groups.

We used an "H-form", which is a tool that allowed the groups to evaluate and score the draft community outcomes, and the reasons why they gave it that score. It also involved seeking suggestions for improvements. The H-forms were done in small groups (4-5 people) with Council staff and a facilitator assisting the process.



Community Boards

The community outcomes were also discussed with the three Community Boards in November and December 2010. The proposed community outcomes were discussed as formal agenda items at the Morrinsville and Matamata community board meetings. Te Aroha Community Board members attended the Te Aroha community focus group, so further discussion at a Community Board meeting wasn't necessary.

Te Manawhenua Forum mo Matamata-Piako (Forum)

We sought feedback on the community outcomes at the Te Manawhenua Forum mo Matamata-Piako meeting on 11 December 2010 and at a workshop in January 2011. The Te Manawhenua Forum mo Matamata-Piako put forward various suggestions for improving the community outcomes, including developing 'Maori specific outcomes'.



Council decisions

We reviewed all of the feedback collated from the consultation process and made changes to the community outcomes, which we adopted for inclusion in the Our Community Our Future plan.

We grouped these outcomes into six themes:

- Strong and Safe Communities
- Decision Making
- Recreation and Facilities
- Growth and Development
- Arts and Heritage
- Our Environment

The new community outcomes are listed in the following table. We have also identified how these outcomes relate to the social, economic, environmental and cultural wellbeings, and the indicators that help measure and report on community outcomes.

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

We aim to contribute to all the community outcomes and encourage the community to make positive contributions towards these outcomes. We will report on progress made towards these community outcomes in our Annual Report each year.



Community outcomes and how we measure them

We need to report on our community outcomes to show the community we are making progress towards achieving them. We will report on these community outcomes through our performance framework in our Annual Reports. The table below summarises our performance framework which is covered in more detail within each activity plan.

Wellbeings	Community outcomes	Activities that contribute to these outcomes	How will we contribute?
1. Strong and safe communities			
Social Cultural	(a) Council will aim to significantly reduce illegal activities and anti-social behaviour in our community	Animal Control Building Control Community Protection	We contribute to the safety of our community by providing a 24 hour, seven day a week Animal Control service. We also ensure buildings meet legal requirements, complaints of illegal building work and disturbing noise are quickly responded to and liquor licensing inspections are carried out to confirm liquor sale and abuse controls operate effectively
	(b) Council will encourage a vibrant and cooperative community and recognise success within our district	Communications Strategies and Planning	We organise an annual event to recognise those who give their time and effort to help others, and support local businesses. We also aim to foster local community development by making available grants to groups that provide community services
	(c) Council will encourage growth and prosperity to ensure the district is an attractive place to raise a family	Strategies and Planning	We achieve this outcome by allocating grants to support local and regional tourism promotion initiatives and local social services
Social Environmental	(d) Council will encourage access to good quality and affordable housing	Housing and other property Building Control	We support this outcome by providing affordable elderly persons housing. We also achieve this outcome by processing building consents so that buildings are safe and of a good quality
Social Environmental	(e) Council will prepare for emergencies	Community Protection	We aim to be prepared for emergencies by ensuring staff are qualified to act in a civil defence emergency if necessary
Social Cultural Economic Environmental	(f) Council services and activities will contribute to the health and wellbeing of our community/Iwi	Rubbish and Recycling Stormwater Wastewater Water Community Protection Building Control	We aim to have a strong community, and we contribute to this through most of our activities, such as our water service, which provides safe drinking water, our wastewater and rubbish networks that ensure safe disposal of waste and our stormwater system which prevents flooding to properties Our regulatory services ensure buildings and food premises are safe



Wellbeings	Community outcomes	Activities that contribute to these outcomes	How will we contribute?
2. Decision making			
Social Cultural Environmental	(a) Our community/lwi will be informed and have the opportunity to comment on significant issues	Communications Democracy Strategies and Planning Regulatory Planning	We provide important information to the community and lwi so people are aware of what is happening at Council, how it will affect them, and how they can be involved in decision making
Social Cultural	(b) Tangata whenua with mana whenua status (those with authority over the land under Maori lore) have meaningful involvement in decision making	Democracy	By involving Tangata Whenua with manawhenua status in the decision making process we ensure that we are making informed and representative decisions on behalf of the community
Social Cultural Environmental	(c) Council's decision making will be sound, visionary, and consider the different needs of our community/lwi	Democracy Strategies and Planning Regulatory Planning	For people to participate in the democratic process they need to be confident that we will make sound decisions, and we will listen and respect ideas from the community and lwi. We aim to ensure this happens through improvements in our engagement with the community and lwi, and by following statutory processes
Cultural	(d) Council will recognise treaty settlement issues between the Crown and lwi		Refer to the Maori Outcomes section
3. Recreation and facilities			
Social Cultural Environmental	(a) Council's reserves and facilities will be safe, well maintained and accessible to encourage people to use them	Libraries Parks and Reserves Public Amenities Recreation and Culture	We contribute to this through activities, such as providing libraries that support learning, and good quality, safe sports fields and facilities for exercise. Clean and safe amenities, such as public toilets, playgrounds and park benches encourage people to use our public spaces
Social Economic	(b) People will be well informed of the district's resources, equipment, and facilities	Communications	Our website is a key business tool to provide information and electronic services to the community. It allows people to find the information they need and interact with Council at their convenience
Social	(c) Council walking and cycling tracks will be promoted, well maintained, and developed as resources allow	Public amenities	Our goal is to keep our tracks maintained to a good standard to ensure they are safe and encourage people to use them



Wellbeings	Community outcomes	Activities that contribute to these outcomes	How will we contribute?
Social Economic	(d) The tourism potential of our district will be recognised and encouraged	Strategies and Planning	We continue to work towards this outcome by supporting local and regional tourism promotion initiatives.
Cultural	(e) Maori cultural facilities (such as marae) will be recognised for their contribution to community wellbeing		Refer to the Maori Outcomes section
	(f) Maori will have opportunities to provide input to the governance of ancestral lands administered as reserves		
4. Our environment			
Social Environmental	(a) Council will manage contaminants, odours and air pollution from its activities	Stormwater Wastewater	Stormwater and wastewater systems discharge into the environment. The quality and quantity of the discharges must meet the appropriate standards. We hold resource consents for these discharges and have set a target to comply with these as measured by Waikato Regional Council
Environmental	(b) Council will provide and promote sustainable waste management options to protect our environment	Rubbish and Recycling	Making sure our services are reliable and available encourages people to recycle and to dispose of waste responsibly and sustainably
	(c) Council will protect and regenerate our native flora, wetlands and significant natural features	District Plan Regulatory Planning	Our District Plan sets rules to protect significant natural features in our district. Through implementation of these rules we aim to protect the natural environment. We monitor success through our state of the environment reporting
	(d) The adverse effects of development, industry and farming will be managed, monitored and minimised		Our District Plan sets rules to regulate industry and farming. Through the implementation of these rules we protect the community from adverse effects on the environment. Monitoring and reporting on the state of our environment allows us to identify if we are achieving our objectives to protect the environment and highlights any issues that need to be addressed during District Plan reviews
	(e) High quality soils in our district will be protected		



Wellbeings	Community outcomes	Activities that contribute to these outcomes	How will we contribute?
5. Arts and heritage			
Cultural	(a) The whakapapa (ancestral heritage)/ heritage and character of our district will be protected and promoted	Libraries	Our aim is for libraries to offer collections of information, recreational and cultural resources that contribute towards people having the opportunity to learn about our own and other's heritage and culture Refer also to the Maori Outcomes section
Social Cultural	(b) Our kawa (protocol), tikanga (customs), history and knowledge will be respected and preserved		Our aim is for libraries to offer collections of information that mean our history and knowledge is preserved for future generations
Cultural	(c) Waahi tapu and taonga (significant and treasured sites) will be recognised		Refer to the Maori Outcomes section
	(d) People will have the opportunity to learn about their own and other's kawa (protocol), tikanga (customs), whakapapa (ancestral heritage), heritage and culture	Libraries	Our aim is for libraries to allow people the opportunity to learn about our own and other's heritage and culture Refer also to the Maori Outcomes section
Social Cultural	(e) Council will encourage the arts	Communications	Our communications activities help promote artistic activities and keep the community informed on arts events
6. Growth and development			
Social Environmental	(a) Council plans will be flexible, to accommodate well planned, sustainable growth	District Plan Strategies and Planning Regulatory Planning	District Plan changes are a way to exercise some flexibility while still ensuring growth and development occurs in a well planned and sustainable manner. Through resource consent processing we allow flexibility so breaches of the District Plan can be considered appropriately We also aim to ensure that all our strategies are well planned and flexible to respond to the needs of the community by consulting with them when developing these documents
Environmental	(b) Development will be conducted in a manner respectful to kawa (protocol), tikanga (customs) and values	Regulatory Planning	Through resource consent processing we can ensure development is carried out in a controlled and sustainable way Refer also to the Maori Outcomes section



Wellbeings	Community outcomes	Activities that contribute to these outcomes	How will we contribute?
Social Economic	(c) Council will provide essential infrastructure to meet the needs of our community now and in the future	Roading Solid Waste Water Wastewater Stormwater	Our goal is to ensure that our assets are maintained and replaced when required so our community has access to essential services
Social Environmental	(d) Council consent processes will ensure that our communities and environment are safe and sustainable	Building Control Regulatory Planning	By processing consents we ensure projects meet relevant safety and environmental standards
Cultural Environmental	(e) Systems will exist to provide sustainable clean water for our community/lwi	Water	Our core goal for the Water activity is to protect communities from drinking water related health issues
Cultural	(f) Council will support Tangata Whenua in their role to provide facilities such as marae and papakainga		Refer to the Maori Outcomes section
Social Economic	(g) Council will contribute to a safe and efficient transport network	Roading	We seek to provide a roading and footpath network that is accessible and affordable



Council reserves and facilities are safe, well maintained and accessible

Maori outcomes



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

The aim of the Maori outcomes are:

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

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

Maori outcomes reflect the importance of Maori culture to our community’s vision and Council’s activities

How we measure performance

Maori indicators were developed in conjunction with the Te Manawhenua Forum Mo Matamata-Piako. An indicator is a parameter that can be measured (e.g. a distance from a goal, target, threshold or benchmark) to show trends or sudden changes in a particular condition. They are reactive to change and simplify complex data into readily usable information that we can use to communicate complex trends or events. They provide a general signal about issues and trends, and measure progress towards achieving outcomes. The indicators for our Maori specific outcomes are as follows:

Wellbeings	Community outcomes	Activities that contribute to these outcomes	How do we contribute?	How we measure progress
2. Decision making				
Social Cultural	(b) Tangata Whenua with manawhenua status (those with authority over the land under Maori lore) have meaningful involvement in decision making	Democracy Strategies and Planning District Plan Regulatory Planning All of Council	The Te Manawhenua Forum is a standing committee of Council that has been developed under a Heads of Agreement with Forum members. The purpose of the Forum is to facilitate Tangata Whenua contribution to our decision making. We plan to achieve this outcome by continuing to fund and hold Forum meetings each year, and workshops where required so Iwi can participate in decision making	Measured by the number of times we consult with Iwi in resource consent applications made under the Resource Management Act 1991
			The purpose of the Forum is to facilitate Tangata Whenua contribution to our decision making. The Forum can make formal submissions to our plans and strategies (such as Long Term Plans, District Plan changes). Through the submissions process we are able to formally consider the views of the Forum. We aim to achieve this outcome by consulting with the Forum on our key legislative documents	We aim to measure progress by recording the specific instances where the Forum have formally submitted on Council proposals
			We sometimes establish working parties to undertake specific projects, and report back to the full Council	We will measure progress by the number of Council initiated working parties which have Iwi representation



Wellbeings	Community outcomes	Activities that contribute to these outcomes	How do we contribute?	How we measure progress
Social Cultural	(b) Tangata Whenua with manawhenua status (those with authority over the land under Maori lore) have meaningful involvement in decision making	Democracy Strategies and Planning District Plan Regulatory Planning All of Council	We have statutory obligations to facilitate participation of Maori in decision making. We consult with Iwi in the district on resource consent applications made under the Resource Management Act 1991 that are relevant to Maori	We measure progress by the number of times we consult with Iwi
Social Cultural Environmental	(d) Council will recognise treaty settlement issues between the Crown and Iwi	Strategies and Planning	We have been working with the Crown to provide feedback on treaty settlement issues. We aim to recognise Treaty settlement issues working through the Office of Treaty Settlement process	We will measure progress by undertaking an annual satisfaction survey of Forum members (how satisfied are you with Council's recognition of Treaty of Waitangi settlement issues?)
		Democracy Strategies and Planning	We have been engaged by the Crown to provide feedback on Treaty settlement negotiations with Hauraki Iwi. Treaty settlement outcomes may result in Iwi having greater involvement in decision making	We will measure progress by measuring the extent to which we have participated in Treaty of Waitangi settlement negotiation discussions
3. Recreation and facilities				
Social Cultural	(e) Maori cultural facilities (such as marae) will be recognised for their contribution to community wellbeing	Communications	In order for Maori cultural facilities to be recognised the community need to be aware of them. We aim to provide information on our website about our local Maori cultural facilities so the community can be informed about the important role they play in the district	We will measure our progress by including information on local Maori cultural facilities on Council's website
		All of Council	In order for Maori cultural facilities to be recognised by the community, it is important they are supported for the role they play in the district. We aim to provide opportunities for rates relief through our policy on rates remissions for Maori freehold land and policy on postponement of rates on Maori freehold land	We measure progress by recording how Council has supported/ contributed to Maori cultural facilities (e.g. funding, rates relief)



Wellbeings	Community outcomes	Activities that contribute to these outcomes	How do we contribute?	How we measure progress
Social Cultural Environmental	(f) Maori will have opportunities to provide input to the governance of ancestral lands administered as reserves	Parks and Reserves	We manage parks and reserves for the benefit of the community, one of our aims is to ensure that Iwi are consulted with on our reserve management plans	We will measure progress by the number of formalised arrangements for joint management of reserves and times Iwi are consulted with on reserve management plans and the number of reserves classified as historic reserves or otherwise for Maori purposes
5. Arts and Heritage				
Social Cultural Environmental	(a) The whakapapa (ancestral heritage)/heritage and character of our district will be protected and promoted	District Plan Regulatory Planning	Regulatory planning is a service provided by Council as one of the activities required to meet our obligations under the Resource Management Act 1991. Through this activity we apply the rules set down in our District Plan to protect the whakapapa (ancestral heritage)/heritage and character of our district	<p>We will measure progress by the number of resource consents applied for/granted to substantially modify scheduled buildings within the Te Aroha character area</p> <p>We will measure progress by the measures taken by Council toward the recognition and protection of cultural/heritage sites (e.g. funding, numbers of resource consents impacting heritage or cultural sites)</p>
Social Cultural	(b) Our kawa (protocol), tikanga (customs), history and knowledge will be respected and preserved	Regulatory Planning District Plan	We have statutory obligations to facilitate Maori participation in decision making. We currently have agreements to consult with Iwi in the district on resource consent applications made under the Resource Management Act 1991	We will measure progress by the number of consultations with Iwi under the Resource Management Act 1991
Social Cultural Environmental	(c) Waahi tapu and taonga (significant and treasured sites) will be recognised	All of Council		We will measure progress by the measures taken by us toward the recognition and protection of cultural/heritage sites (e.g. funding, numbers of resource consents impacting upon heritage or cultural sites)

* Maori collections items – anything by or about Maori.



Wellbeings	Community outcomes	Activities that contribute to these outcomes	How do we contribute?	How we measure progress
Social Cultural	(d) People will have the opportunity to learn about their own and other's kawa (protocol), tikanga (customs), whakapapa (ancestral heritage), heritage and culture	Libraries	Our aim is for libraries to offer collections of information, recreational and cultural resources that contribute towards people having the opportunity to learn about our own and others' heritage and culture	We will measure progress by the: <ul style="list-style-type: none"> • number of Maori collection items available at our libraries • number of new Maori items added to the library collection • usage of Maori collection items (borrowing)
		Communications	We aim for our website to be a key business tool to provide information and electronic services to the community. We aim to make continual improvements to the website content and services	We will measure progress by the number of Maori events promoted on our website
6. Growth and development				
Social Cultural Environmental	(b) Development will be conducted in a manner respectful to kawa (protocol), tikanga (customs) and values	Regulatory Planning District Plan	Regulatory planning is a service provided by us as one of the activities required to meet our obligations under the Resource Management Act 1991. Through this activity we apply the rules set down in our District Plan to ensure development is carried out in an appropriate way	We measure progress by the: <ul style="list-style-type: none"> • number of consent conditions imposed to protect Iwi interests • number and location of listed/known or protected culturally significant sites • number of declined resource consent applications involving sites that contain a culturally significant site • number of resource consents applied for/granted involving sites that contain a culturally significant site
Social Cultural	(f) Council will support Tangata Whenua in their role to provide facilities such as marae and papakainga	District Plan	Through our District Plan we provide for the ongoing management of the natural and physical resources of the district to ensure it is protected for future generations. Our District Plan objectives, policies and rules are one of the ways we can support facilities such as marae and papakainga	We measure progress by recording the number of Iwi development and management plans in operation
		Finance and Business Services	We aim to support Tangata Whenua to provide facilities such as marae and papakainga through our policy on rates remissions for Maori freehold land and policy on postponement of rates on Maori freehold land	We measure progress by recording the number of non-rated Marae and meeting houses as per the Local Government (Rating) Act 2002

Maori participation in Council decision making



Under the Local Government Act 2002, we need to establish and maintain processes to provide opportunities for Maori to contribute to our decision making processes. Ngati Tumutumu, Ngati Haua and Ngati Raukawa are Iwi with the largest rohe (ancestral boundary) within Matamata-Piako. However, there are other Iwi who have interests in the district, and this is reflected in our processes for Maori to have opportunities to contribute to decision making in the district.

Te Manawhenua Forum mo Matamata-Piako

Te Manawhenua Forum mo Matamata-Piako (Forum) is a standing committee of Council that has been developed under a Heads of Agreement with the Forum.

The purpose of the Forum is to facilitate Mana Whenua contribution to our decision making. The Forum meets quarterly to consider matters relating to the social, economic, environmental and cultural wellbeing of the Maori communities, both today and for the future.

Resource Management Act 1991 - resource consent processing

Currently we have agreements with Iwi within the district to consult with them on resource consent applications made under the Resource Management Act 1991. When we receive resource consent applications that may be of Iwi interest, we notify the agreed Iwi representatives and seek their feedback. Those Iwi are Ngati Paoa, Ngati Tumutumu, Ngati Haua and Ngati Raukawa. We are currently undertaking a rolling review of the District Plan. As part of this process we will review how we engage with Iwi through the resource consent process. We also monitor the number of times we seek and receive feedback from Iwi. The results of this monitoring are reported each year in our State of the Environment Report, which is available from www.mpd.govt.nz.

Treaty of Waitangi settlements²⁵

Treaty of Waitangi claims and settlements have been a significant feature of New Zealand race relations and politics since 1975. Over the last 30 years, New Zealand governments have increasingly provided formal, legal and political opportunities for Maori to seek redress for breaches by the Crown of the guarantees set out in the Treaty of Waitangi. The current government has indicated that it wants all

claims settled by 2014. Iwi in and around the Matamata-Piako District are currently negotiating with the Crown to settle Treaty of Waitangi claims.

While these agreements are between the Crown and Iwi, local authorities will be affected by the outcome of these settlements, particularly where Iwi are seeking co-governance of natural resources. Broadly put, co-governance involves setting up frameworks for Iwi to have input into Resource Management Act 1991 governance matters (such as the development of regional plans and strategies).

In 2010, the Crown and Hauraki Iwi signed the Hauraki Collective Framework agreement, which outlines the process for ongoing negotiations towards settlement of shared claims, including possible elements of a settlement. The Iwi in the Hauraki Collective are Ngati Hako, Ngati Paoa, Ngati Tamatera, Ngati Tara-Tokanui, Ngati Porou ki Hauraki, Ngati Whanaunga, Ngati Hei, Ngati Maru, Ngati Pukenga, Te Patukirikiri, Ngati Tai ki Tamaki and Ngati Tumutumu. The Hauraki Collective is seeking co-governance of the Waihou and Piako Rivers with the Waikato Regional Council, and recognition of their interests in culturally and spiritually significant sites.

All 12 Iwi and the Crown have signed terms of negotiation with the Crown to progress their respective Treaty of Waitangi claims. Iwi that have signed terms of negotiation are negotiating with the Crown on the basic elements of a settlement, such as cultural and commercial redress.

The Crown is in Treaty settlement negotiations with the Hauraki Collective, and is in the very early stages of exploring co-governance arrangements in respect of the Waihou River. The Crown acknowledges that Ngati Raukawa, Ngati Haua have interests in the Waihou River which are of significant cultural, historical and spiritual importance to the Iwi.

Ngati Haua have signed terms of negotiation and are negotiating with the Crown on the basic elements of a settlement. We (as well as the Waikato Regional Council and other adjoining district councils) have been engaged by the Crown to provide feedback on its negotiations with Hauraki Iwi. The Crown and Ngati Raukawa initialed a Deed of Settlement on 21 September 2011, which remains subject to ratification and the passage of settlement legislation.

The Deed of Settlement between the Crown and Ngati Raukawa, says the Crown agrees that in developing any co-governance arrangement for the Waihou River in the Hauraki Collective settlement, it will work with Ngati Raukawa to ensure that any proposal for redress includes appropriate arrangements for the interests of Raukawa.

Under the Local Government Act 2002 we need to provide ways for Maori to participate in decision making

²⁵ Information obtained from <http://www.ots.govt.nz/>

Decisions for the future of our community



Discussion with the community

We face a struggle each year to provide the standard of service that is expected from the community without increasing rates. As a result, we decided to involve the community right from the start of the planning process to ensure we had a good understanding of what the community wants.

We identified six major issues we are facing and put these issues to the community in a booklet called 'Decisions for the future of our community'. The booklet explained each issue, the options for addressing it, the advantages and disadvantages of each choice, and the impact each option would have on rates.



Council asked for your feedback on the big issues

The feedback process was highly successful, with over 800 people making a total of 822 submissions. This also included approximately 115 replies from secondary schools in the district, and input from key groups such as Federated Farmers and Grey Power.

Our future direction

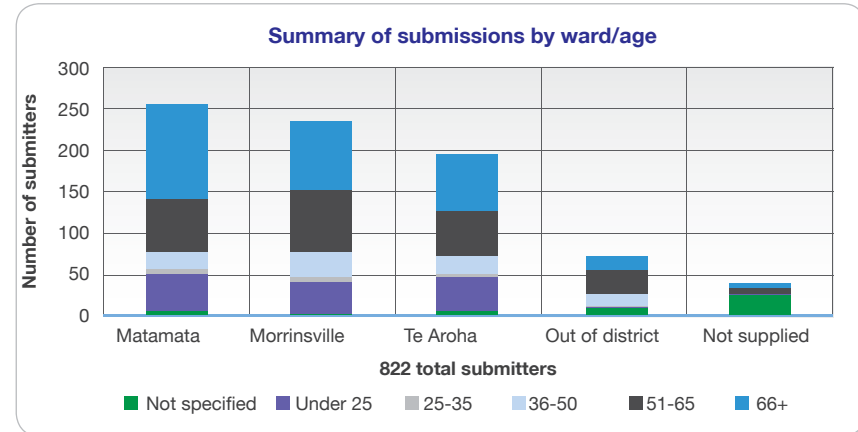
We're facing a major challenge to continue providing services and facilities at the current levels. This is likely to mean continued rate increases each year to maintain current services.

When we wrote 'Decisions for the future of our community' we estimated that for

every additional million dollars we spend on operating costs (funded by general rates), rates go up by 5.9% - that's about \$299 for a \$4 million, rural property (not connected to services such as water and sewerage), or \$50 for a \$300,000 urban property (connected to services such as water and sewerage). For every additional one million dollars we borrow for capital, rates go up by 0.7%.

What did we do with this feedback?

We considered this feedback when we completed the draft Our Community Our Future Plan and went out for consultation in April and May of 2012. We received more feedback during this process which was taken in to account in deciding the form of the final plan. The next few pages outline the results of this process



How much are you willing to pay?



What we asked you (based on information from our 2009-2019 Long-Term Council Community Plan)

We have a responsibility to ensure that all decisions we make are financially prudent, and that rates remain affordable.

Just like costs at home, costs to run our services continue to increase each year, meaning that rates also need to increase to fund these extra costs. This means that just to continue to provide the same services that we always have, rates will have to increase.

Our projects and services can be roughly divided into two categories - the things we 'have to do' to meet safety or statutory requirements (like meeting our resource consent conditions, meeting water treatment standards and providing safe roads) and the things we 'choose to do' because they contribute to the wellbeing of the community (like swimming pool upgrades, sports facilities, and providing grants). The things we 'choose to do' are where we have the best ability to control future rates increases.

The challenge is finding a balance between providing the services and facilities the community wants, keeping rates affordable, and ensuring the decisions we make now are not unfair to ratepayers in the future.

Although costs (including rates) go up over time, so should incomes. We also recognise that there are many people in our community whose income is below average - these people may be entitled to rates rebates.

What were the options?

Option 1 – stick with the current services and concentrate on the 'have to dos'

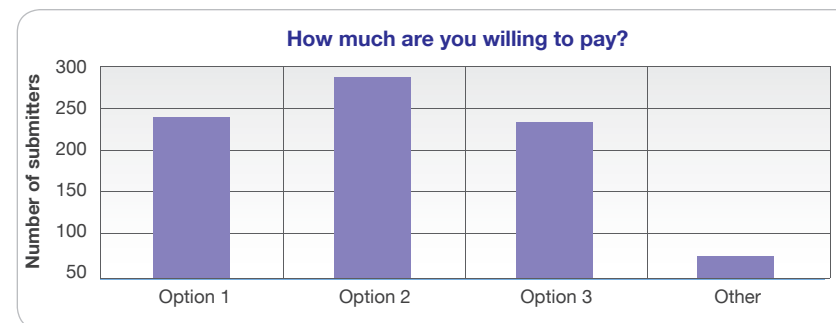
Option 2 – do the 'have to dos', but look at what current services can be cut back

Option 3 – stick with the current services and add some of the 'choose to dos'

What you said

When we consulted with the community in August/September 2011 this was the issue that we received the most mixed feedback on. Option two (do the 'have to do's' but look at what services can be cut back) received the most votes, however there were also a lot of submissions supporting options one and three.

When we went out to consult with you on the draft Our Community Our Future Plan in April/May 2012, we were mindful that we needed to keep rates affordable for the community. The draft plan included all of our 'have to do' projects and some projects that were 'choose to dos'. We proposed to set limits on our borrowing and rates increases to manage rates for the future. The feedback we received generally said that we needed to reduce rates increases and borrowing limits and review the 'choose to do' projects.



What we're planning

We will keep the same limits on our borrowing and rates increases to manage rates for the future. Many of our projects we have to do, although we always review costs, and tender work to ensure that we get the best value for money. We have reviewed the 'choose to do' projects that we included in the plan, with the result that over \$2 million of capital projects have been removed.

What does this mean for you?

We've planned moderate rate increases in the years that we need them; setting limits on these increases means that you can have certainty that the increases we're projecting in this plan are what Council intends to rate for over the next ten years.

Need more information?

Check out the Financial Strategy and timeline here in part one for more details on what we are planning.

Rates



What we asked you (based on information from our 2009-2019 Long Term Council Community Plan)

Rates are a form of tax, and the basic principle of a tax is that everyone pays to benefit the greater community. To make this more fair, our current rating system also charges some people for specific services they benefit from.

General rates are collected two ways:

- Capital Value of properties – the higher value your property is, the higher rates you pay, and
- Uniform Annual General Charge (UAGC) – a set fee (currently \$457.67) charged to all properties.

General rates pay for services that everyone generally benefits from (such as roads, libraries, parks and reserves and democracy). General rates are a tax based system.

Targeted rates – these are rates charged for specific services (such as rubbish collection, Community Boards, water and rural halls) to the people who receive those services. This is a mix of both user pays and tax based systems.

We have chosen these ways to charge rates, as in the majority of cases they are fair to the majority of the community; however, there are other ways we could cut the pie. Remember that no matter how many pieces you cut a pie into, the total size of the pie remains the same – this process isn't about collecting more rates, it's about reviewing how we collect them.



Matamata-Piako District Council, along with many other councils, will now use pan charges to rate for wastewater

What were the options?

Option 1 – keep the rating system as it is

Option 2 – change to a more user pays system

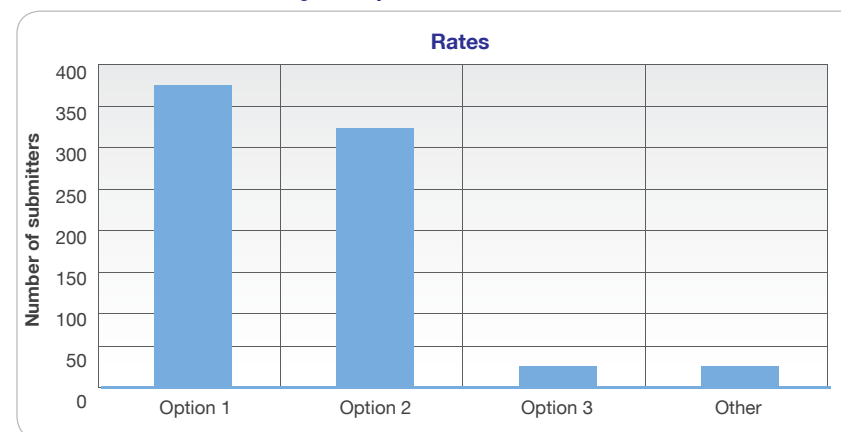
Option 3 – make rates more tax based

What you said

When we consulted with the community in August/September 2011 we received

mixed feedback showing a preference for keeping the rating system as it is, along with a lot of support for changing to a more user pays system.

When we consulted with you on the draft Our Community Our Future Plan in April/May 2012, we proposed to move to 'pan charges' to make the wastewater system more user pays. We received a number of submissions from the business/commercial community against the proposal, saying it was not fair to them and not a true user pays system.



What we're planning

We listened to the feedback on the proposed pan charges and have proposed to introduce a range of remission policies that make the pan charge system fairer while still making sure that high users are paying their share. These policies recognise that the impact a property has on the wastewater system is more closely related to the amount of water that goes into the property, than to the number of pans that the property has.

Businesses, organisations and properties where there is more than one home on the land (e.g. units) will be affected by this change. The pan charges, combined with the proposed remissions policies mean that there are now effectively four ways a property can be charged for wastewater.

Pay by the number of pans

Commercial properties will be charged for the number of toilets/urinals they have. They will pay the full wastewater rate (\$687) for the first toilet, then pay for the remaining pans on a 'graduated scale' – meaning the more pans they have, the less they pay per pan. This change will be phased in over three years. If property owners do not want to be charged on this basis, they can choose one of the two options below.



Pay by assessment

We'll assess businesses/properties to determine how much water they are likely to use in comparison to a household (households are charged for 328m³ per year). We'll use data from similar properties that already have meters to make these assessments.

Properties that are assessed to use the equivalent of a household will only pay for one pan - the same as what a household will be charged (\$687 in 2012/13).

Properties that are assessed to use more than one household can either pay the full wastewater rate (\$687) for each 'household' we assess them to use, or they can choose to pay to have a water meter installed to measure their true impact on the wastewater system.

Pay by water use

If a property already has a water meter installed, we'll determine how much water they already use in comparison to a household to determine how many 'households' they should be charged for.

If property owners don't currently have a water meter but do not want to pay by either of the methods above, they can also choose to have a water meter installed before 1 October in any financial year to be rated based on their water consumption for that year.

Schools and educational establishments

Schools and eligible educational establishments will be charged under the same system, however, we will use a special formula called the 'Donnelly formula' to ensure the amount they are charged reflects the number of students enrolled, and takes into account the fact that schools are not in use during term breaks. Under this formula schools will be charged for one toilet per 20 students/staff. Schools will also have the option of installing a water meter to measure the actual number of 'households' they use.

What does this mean for you?

If you live in a normal residential household

Normal residential houses are not affected and will not be assessed for their impact on the wastewater system. Wastewater rates for normal residential houses for 2012/13 will be \$687 and will increase to approximately \$778 by 2014/15 (about \$74 in total more than we originally projected). The additional \$74 is the result of the proposed new remission policies for businesses/organisations.

If you pay by the number of pans

To help reduce the initial impact of the rates increase on property owners, we will phase in the pan charges in over three years.

In the first year (2012/13) there will be a remission (discount) for two thirds of the wastewater charge (after the first pan). In the second year, the system will be the same, but the discount will be one third of the wastewater charge instead of two. By the third year, properties will either need to pay the full pan charge or pay by one of the other options (by assessment or by water use).

If you pay by assessment

If you have more pans than the number of 'households' we assess your property to use, then you can pay the full wastewater rate (\$687) for each 'household'. For example, if a property has ten pans, but is only assessed to use the equivalent of five households, you can pay $\$687 \times 5$ 'households' (\$3,435). If you disagree with the number of 'households' we assess your property to use, you can pay to install a water meter to measure your impact on the wastewater system.

This option is not being discounted or phased in – if you choose to do this, you will pay the full amount (\$687 per 'household') from the first year you choose to do so.

If you pay by water use

If you already have a water meter we will review your historical water consumption to see how many 'households' you use, and you will be charged the full wastewater rate (\$687) for each 'household'.



If you don't already have a water meter but install one before 1 October in any financial year, you will be charged by the number of pans or by assessment for the first three rates installments of that year. If your water meter then proves that your impact on the wastewater system is less than the number of pans or less than what we assessed, the balance will be credited to your account in time for the fourth (final) rates installment.

This option is not being discounted or phased in – if you choose to do this, you will pay the full amount (\$687 per 'household') from the first year you choose to do so.

You'll always be charged the lowest option

Ratepayers (excluding schools/educations establishments) will always pay the lower of the three options available to them.

Example: Metered Property

If a property has six toilets but historical water consumption shows it uses three 'households' the options and charges in 2012/13 will be:

Option 1: Pay by the number of pans – pay for the first pan at \$687, then pay for the other five at \$583.95 (due to the graduated scale), then take \$1,946.50 off due to the two thirds remission for the first year, total = \$1,660.25

Option 2: Pay by water use – pay for the number of 'households' used as measured by a water meter, e.g. a water meter may show that the property actually uses four 'households' at the full wastewater rate (\$687), total = \$2,748

The ratepayer will be charged the cheaper option - \$1,660.25

Example: Non-Metered Property

If a property has six toilets but is only assessed to use three 'households' the options and charges in 2012/13 will be:

Option 1: Pay by the number of pans – pay for the first pan at \$687, then pay for the other five at \$583.95 (due to the graduated scale), then take \$1,946.50 off due to the two thirds remission for the first year, total \$1,660.25

Option 2: Pay by assessment – pay the full wastewater rate (\$687) for each of the three 'households' the property is assessed to use, total = \$2,061.00

Option 3: Install a water meter – if you disagree with the assessment, you can install a water meter before 1 October to be charged by water use. A water meter may show the property actually uses two 'households' at the full wastewater rate (\$687), total = \$1,374.00

The ratepayer will be charged the cheaper option - \$1,374.00 in the 2012/13 rating year.

If you are a non profit organisation

Many of the smaller non-profit organisations such as theatres, churches and scouts are likely to be assessed as using the equivalent of a household, so will only pay for one pan. We are also establishing a contestable grant of \$10,000 per year, for larger non-profit charitable organisations to apply for partial remission of their wastewater charges.

Need more information?

There are three specific Rates Remission policies that relate to how we will rate for wastewater:

- Proposed policy on remissions of 'pan charge' targeted rates based on water use.
- Proposed policy on remissions of 'pan charge' targeted rates for Educational Establishments
- Policy on remissions for the transition to "pan charge" targeted rates

Our Revenue and Financing Policy also details how we fund our activities and the reasons for funding them this way, and our rates and funding forecasts are set out in the funding impact statements. All of these can be found in part three of this plan.

Supporting economic growth



Tourism brings people to our district

What we asked you (based on information from our 2009-2019 Long-Term Council Community Plan)

We have a strong local economy that is traditionally based on farming and industry. Tourism is also starting to play a larger role in our economy, with attractions like Hobbiton, Wallace Gallery, Te Aroha Mineral Spas and the upcoming Hauraki Rail Trail, drawing more visitors to our district.

Many councils around New Zealand have a dedicated staff member or team who work in 'economic development' to try to support economic development in their district. We currently don't have anyone who does this for Matamata-Piako, but we do contribute to economic development in other ways. We asked you if you thought we should be doing more to try and draw people to our district and grow our economy, or should we be cutting back on the things we 'choose to do' like economic development, and focus on providing our core services like water and roads.

What were the options?

Option 1 – continue providing the current economic development services

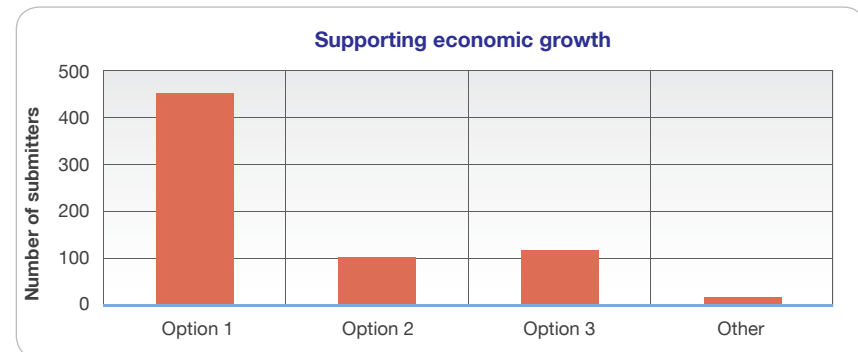
Option 2 – cut back on the current economic development services

Option 3 – drive economic development in our community

What you said

When we consulted with the community in August/September 2011 the majority of people said they want us to continue providing the current economic development services. There was little support for us cutting back on what we do or driving economic development in the community.

When we went out to consult with you on the draft Our Community Our Future Plan in April/May 2012, we identified that we were planning to maintain our contribution to economic development. We had a low level of feedback on this issue through the submission process.



What we're planning

Based on this feedback, we're planning to maintain our contribution to economic development through holding functions (such as the Business Night Out and Industry Training Graduation), operating tourist facilities (such as the Te Aroha Mineral Spas) and providing funding towards district and regional tourism initiatives. We've allocated money in the budget to support the Matamata and Morrinsville business/promotional associations; these organisations support local businesses and run the information centres in these two towns. We operate the i-SITE in Te Aroha. We have also set aside funding to support regional tourism - this is currently run by Hamilton and Waikato Tourism Limited, a subsidiary company of the Waikato Regional Airport.

What does this mean for you?

As a ratepayer it means you are supporting tourism initiatives locally and regionally through your rates, you'll see the benefits in the community with tourists accessing information through the information centres and boosting our local economy.

Growth – who should pay?



What we asked you (based on information from our 2009-2019 Long-Term Council Community Plan)

Growth is important in our district to ensure our towns continue to grow and industry flourishes. Last time we reviewed the Long Term Plan, you agreed growth was important and told us we should concentrate growth in the three main towns to benefit both rural and urban residents.

Growth has slowed significantly over the last three years during the global financial crisis and governments all around the world are looking for ways to encourage growth. Matamata-Piako is no exception - we will continue encouraging growth as it brings opportunities for our district; however, managing this growth also brings increased costs.

Under our current policies, developers who create demand for extra services from us (such as water, wastewater or new roads) must pay for the costs of this growth, rather than ratepayers. These payments are called Development Contributions.

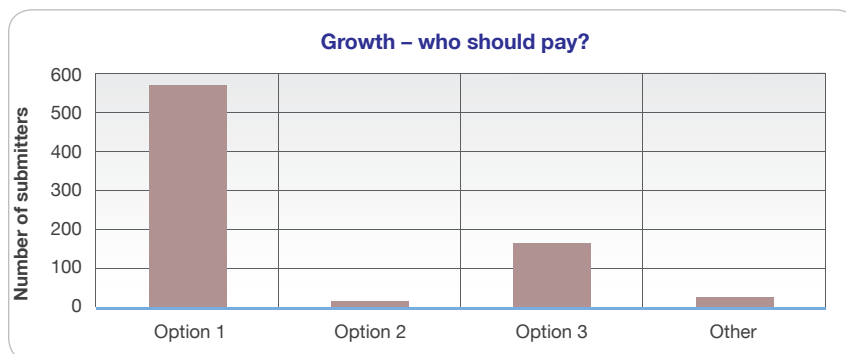
We must use this money for those purposes - we legally can't use it to offset rates in other areas. If we don't use money collected for Development Contributions within ten years, we have to return it to the developers. Development Contributions ensure that the people who create demand on our services, pay for it; however, everyone benefits from growth, and charging Development Contributions could also discourage people from developing in our community, so we asked you who you thought should pay.

What were the options?

Option 1 – developers pay for growth

Option 2 – ratepayers pay for growth

Option 3 – developers and Ratepayers share the costs of growth



What you said

When we consulted with the community in August/September 2011 your feedback showed a very strong preference for developers paying the cost of growth. Very few submitters supported ratepayers paying the cost of growth or sharing the costs.

When we went out to consult with you on the draft Our Community Our Future Plan in April/May 2012, we went out with a policy that ensured that developers paid their fair share for growth, with a reviewed approach to Precinct F and plans of a review of the growth needs in Matamata. We had a low level of feedback on this issue through the submission process.

What we're planning

We will to continue to charge Development Contributions to ensure developers share the costs caused by their developments. We have reviewed our Development Contributions Policy as part of this Our Community Our Future plan. As part of this review we updated the statistics and projections for growth in the district, and changed how we calculate the Development Contributions for non-residential developments. The largest change we made is separating out 'Precinct F' (an area zoned to accommodate growth in Matamata) from the rest of Matamata in the policy. We've done this because the services (water, wastewater, stormwater and roads) needed to supply Precinct F are unique to that area.

We've made some assumptions about when growth will occur in Precinct F, the types of services we think it will need and when we'll need to provide those services. We've also projected the income that we think we'll get through Development Contributions. These are set out in the next table. You'll see from the table that we don't expect to see growth in Precinct F for some time, and don't expect to have to fund infrastructure until 2019. You'll also see that the estimated costs of developing Precinct F are large. The table also shows, under the projected income from Precinct F, that based on these predictions we'll be able to service the debt generated from putting the infrastructure for Precinct F in place. If the maximum number of lots (about 700) are developed in Precinct F, based on our current information, we estimate that the Development Contributions payable would be \$60,000 per section, that's about five times more than it currently costs to develop land in the rest of Matamata.



There are always risks when planning for large developments. For us these risks are mainly the assumptions that we have set out above (growth projections and income from Development Contributions). If they are wrong, and development doesn't occur when we think it will, then there may be additional interest costs to pay on our loans for the infrastructure while we wait for growth to occur. These additional costs would need to be paid from Development Contributions, making development more expensive and possibly less likely to occur. Precinct F is a large area, so we have identified some ways to manage the risks associated with it.

One of the ways we have done this is in the Development Contributions Policy to specify that if anyone wants to develop in Precinct F they'll need to enter into a 'developer agreement' with us and take some of the risk associated with the cost of servicing Precinct F – for example they may have to pay for infrastructure and wait until their neighbour's land is developed to recover some of the cost of doing so. Another way we can reduce the risk associated with Precinct F development is to review the planning framework through a District Plan change. We have set \$100,000 aside in 2012/13 to do this because the growth requirements for Matamata are not as high as they were projected before the 'global financial crisis'. We don't know what the outcome of a plan change would be, but it could possibly include further controls for Precinct F such as developing in stages, or more infrastructure requirements.

Finally, if a developer does come to us tomorrow wanting to undertake a development in Precinct F, they currently need to have a plan for a minimum of a 50 lot subdivision; at approximately \$60,000 per lot, that means that even before we start negotiating over risks surrounding the development they will need to be able to finance approximately \$3 million in development contributions.

What does this mean for you?

As a ratepayer this means that you won't be paying for the cost of growth, however, a developer will need to cover their share of costs related to growth.

Everyone can be confident that we are working out these costs on the best information we have. If you are thinking of developing in Precinct F, you'll need to talk to us about entering into a developer agreement and be prepared to take some of the risks around supplying infrastructure to the area. You'll also need to remember that the District Plan rules for Precinct F may be reviewed. Another possible implication for property buyers is that buying a property in Precinct F may be higher because the developers will pass on some of their costs to buyers.

Need more information?

Check out the Development Contributions Policy in part three of this plan.

Council has made some changes to how developers pay for growth in the area known as Precinct F in Matamata



Currently, developers who create extra demand on our services, pay for it



Forecast growth projections and infrastructure requirements for Precinct F

Year	2012/13 - 2018/19	2019/20	2020/21	2021/22	LTP Subtotal	2022/23	2023/24	2024/25	2025/26	2026/27	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Infrastructure											
Stormwater	-	1,900	1,900	-	3,800	-	-	-	-	-	3,800
Wastewater	-	2,019	2,019	-	4,038	-	-	-	-	-	4,038
Water	-	1,120	-	-	1,120	-	-	-	-	-	1,120
Roading	-	3,217	926	112	4,255	-	1,390	-	-	-	5,645
Parks & Reserves	-	-	770	-	770	-	-	-	1,330	-	2,100
Total	-	8,256	5,615	112	13,983	-	1,390	-	1,330	-	16,703
Total (including inflation)	-	11,471	6,457	151	18,079	-	1,995	-	1,737	-	21,811
Precinct F – Projected income from Development Contributions											
Total	-	-	2,900	1,624	4,524	986	986	986	1,044	1,044	14,094
Total (including inflation)	-	-	3,912	2,269	6,181	1,412	1,450	1,489	1,620	1,665	13,817
Precinct F – Projected number of houses (cumulative total)											
Households	31	46	63	79	79	96	113	130	147	165	165
Population	69	104	139	175	175	210	246	283	319	356	365

Paying for our roads



What we asked you (based on information from our 2009-2019 Long-Term Council Community Plan)

Our district has a roading network of 997 kilometres, 94% of which is sealed roads. Our roads are maintained to a high standard, which is funded through a mix of rates, loans and government subsidies.

The government currently subsidises around \$5 million (almost half) of our roading costs, however, with a lot of government money being spent on state highways, and the current economic climate, it's highly likely that funding for roading operations and maintenance around the country will be reduced.

Even with the current level of subsidies, roading is our most expensive service – for every \$100 of general rates you pay, \$28.80 is spent on roading (including roads, bridges, street lights, kerb and channel, rural drainage, road marking, road signs, and any other structures (such as barriers) on the road reserve). The level of rates we spend on roading is comparable to other similar sized councils. With increasing costs and inflation, and lower government subsidies, we needed to know how you thought we should manage our roads over the coming years.

What were the options?

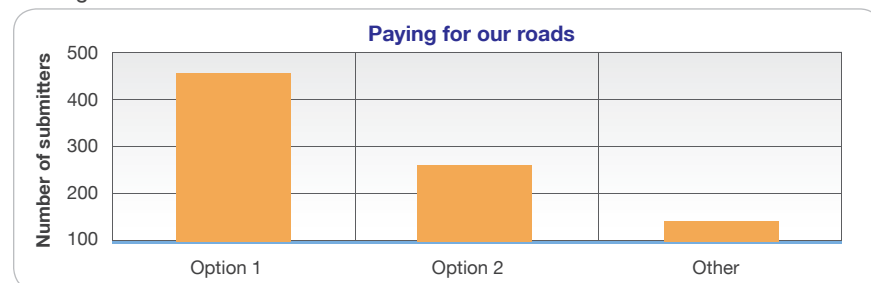
Option 1 – increase rates to keep maintaining roads to the current standard

Option 2 – reduce road maintenance to keep roading rates around the same level

What you said

When we consulted with the community in August/September 2011 your feedback showed that the majority of people voted to increase rates to keep maintaining roads to the current standard. This told us that our community believes roads are an important asset and they are willing to pay extra rates for us to keep maintaining our roads.

When we went out to consult with you on the draft Our Community Our Future Plan in April/May 2012, our plan reflected the desire of the community to maintain current roading standards.



What we're planning

Our roads are maintained to a good standard, and we want to keep them this way. We have submitted our proposed roading programme for the next three years to the New Zealand Transport Agency for approval; through this programme we are planning to maintain our roads to the current standard. The government currently subsidises 48% of our annual roading costs (approximately \$5 million worth), - they have reviewed this percentage and confirmed that this level of subsidy will be maintained for the next three years.

Our challenge is to get best value from government and our own funding to deliver the current levels of service. The New Zealand Transport Agency has identified opportunities for efficiencies and increased effectiveness in the delivery of operations, road maintenance and renewals throughout the country. The four general areas identified are:

- Adapting the business models used to deliver maintenance, renewals and operations
- Improved procurement practices, also in support of new business models
- Improved prioritisation and optimisation through level of service differentiation
- Consistent introduction of advanced asset management practices

What does this mean for you?

We're proposing to maintain roads to the current standards, and the budgets in this plan reflect this. This includes meeting greater user expectations, managing the increase of heavier vehicles on our roads and safety requirements.

Need more information?

Check out the roading section in part two for more details on what we're proposing and what it will cost.

Water from the tap isn't free



What we asked you (based on information from our 2009-2019 Long-Term Council Community Plan)

A lot of people consider the water from their tap as 'free' - but it definitely isn't. We have to source water from natural supplies, get consent to 'take' it, treat it to meet New Zealand Drinking Water Standards, then pipe it to your property. Properties connected to the water supply currently pay \$353 a year for this service. However, water is often undervalued as a resource; it's becoming harder to source and demand is increasing.

We currently meter properties with 'extraordinary supply' such as industry or properties with swimming pools, but the majority of residents have no limits on their water usage. This doesn't encourage people to save water, or value it as a precious resource. There are several ways we could ensure we are managing water supply better for the future so we asked you what you thought.

What were the options?

Option 1 – install new water services to meet demand

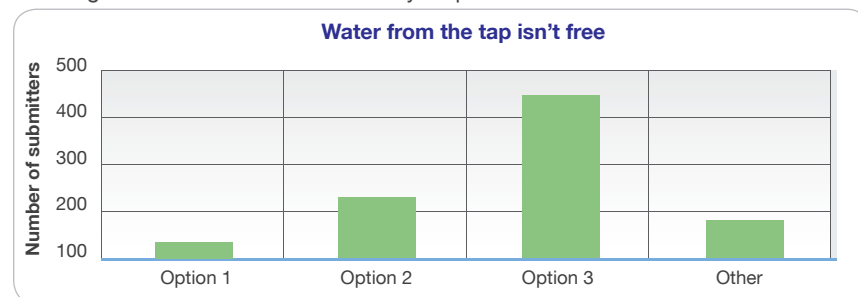
Option 2 – install water meters on all residential properties

Option 3 – encourage water conservation by requiring new houses to install rooftop rainwater systems, and providing water rates rebates

What you said

When we consulted with the community in August/September 2011 you told us to encourage water conservation by requiring new houses to install rooftop rainwater systems and providing water rates rebates. We also received a lot of comments indicating a preference for a combination of options 2 and 3.

When we went out to consult with you on the draft Our Community Our Future Plan in April/May 2012, we proposed a range of measures for water, investigating regulatory measures of water conservation and a water meter trial. We received a low level of feedback on this issue. We did however receive a higher level of feedback on reducing the 'choose to dos' in our ten year plan.



What we're planning

Based on the feedback we have received we are planning a range of projects to see if there are ways that we can encourage the community to save water and improve the capacity of our current supply. We have budgeted \$20,000 in the first year of the plan to investigate regulatory water conservation measures (such as using the District Plan or bylaws to require new houses to install rainwater systems) and we have allocated funding for education on water saving measures. We are also planning to increase our water reservoir capacity to ensure our communities have a secure water supply for the future. We are proposing new reservoirs and increased water storage capacity in Matamata in 2013/14 and Morrinsville in 2014/15.

We had also budgeted \$50,000 in 2012/13 for a water metering trial to help us understand the water savings we could achieve across the district and show people what they could save by being more aware of their water use. We have taken this funding out of the budget to help reduce our costs, as we think we can use data from other districts to help us understand what the effects of water metering are.

What does this mean for you?

This means as a ratepayer we may invite you to take part in a water metering trial. This means as a ratepayer we may ask you for more feedback on changes to our District Plan and/or our bylaws to introduce water saving measures. The most likely way we would do this would be by requiring some new dwellings to install 'grey water' tanks. Grey water tanks are connected to gutters or relatively safe sources of dirty water (such as washing machines) to collect water that can be used to water gardens. This way home owners can continue to water gardens even when restrictions are in place, without having to use treated water.

If you are in Morrinsville and Matamata we will be investigating and increasing capacity for water storage in your towns. The extra capacity will mean greater security of supply, so if something goes wrong in the future (such as a broken main pipe) we'll be in a better position to continue the water service while the pipe is fixed.

Although funding has not been included for a water metering trial, we will still look in to the impacts of water meters. Bringing in water meters for everyone is a big decision, and not one that we are planning for right now, we may consult with the community on this issue again in the future.

Need more information?

Check out the information in the Water section in part two of this plan.

Plans for the next ten years (2012-2022)



Key

✓ Have to do

? Choose to do



Introduction



These are only some of the projects Council has planned for the next ten years. To see all of the planned projects, read part two of the Our Community Our Future plan

Changes incorporated in the Our Community Our Future Plan

We received 485 submissions, with 196 relating to pan charges. A public hearing was held on 30 and 31 May 2012, where submitters who wished to present their views to Councillors spoke about their submissions. All submissions were considered individually by the councillors over two days following the hearing process.

In making decisions on the Our Community Our Future Plan 2012-22 Council was very aware that times are still difficult for many people in our community and many businesses and individuals are looking to see where they can cut back. We have recognised this and done the same.

A number of "choose to do" projects were removed from the draft plan or cut back, reducing capital spending by over \$2 million as follows:

- Three million dollars in 2015/16 for the Matamata Library upgrade has been removed from the plan, this has been replaced with \$1.5 million for potential future development at the Memorial centre/Library area in Matamata
- \$485,000 has been removed for replacing toilets at the Matamata, Morrinsville and Te Aroha cemeteries and the Waharoa rest area
- \$50,000 for a water metering trial in 2012/13 has been removed from the plan

- \$100,000 (in 2013/14) and \$145,000 (in 2014/15) for improvements to Te Aroha for the Hauraki Rail Trail (toilets, car parks, bike racks etc) has been reduced to \$50,000 in each of those years
 - \$100,000 for the upgrade of pump stations in 2012/13 has been removed
 - Biodiversity funding of \$3,000 has been removed from the plan
- Some funding has been added to the plan, including:
- \$30,000 for the Matamata Piako Museums Group
 - \$5,000 to help promote Matamata during the Hobbit premier
 - Funding of the Morrinsville Community House of \$5,000 which has been increased from \$4,000
 - \$2,000 to investigate charging for public toilets at Hetana Street, Matamata and Waharoa.
 - \$5,500 for maintenance of the Matamata BMX track
 - \$2,100 for beautification of the Jaycee Reserve
- All of the policies in the plan remain unchanged, with the exception of the rates remission policy that will be altered to include proposed remissions on 'pan charges'. More information on the changes can be found under 'Decisions for the future of our community' here in part one.

Project costs included in this timeline are in today's dollars (excluding inflation)