

Matamata-Piako District Council

Calendar 2017/18

A summary of our Annual Report 2016/17



See inside
for key
dates such
as rubbish
and recycling
collection



Mayor's Message

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

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

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

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

Facilities in demand

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

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

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

New cycleway

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

At the forefront of local government

Matamata-Piako District Council continues to be at the forefront of best practice in local government. We were recently graded a Triple B as one of 18 foundation members of the Local Government Excellence Programme. This programme helps councils demonstrate and deliver high performance. The rating shows that Council is continually striving to lift

its performance and residents can be reassured that we will also continue to give the best value for the ratepayer dollar that we can.

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

Youth initiatives

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

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



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

Jan Barnes
Mayor

This summary does not include all of the information provided in the full Annual Report, and for this reason cannot be expected to provide a complete understanding of Council's performance as provided by the Annual Report. The financial statements contained in the Annual Report comply with GAAP (Generally Accepted Accounting Practice). The financial statements in the Annual Report have been prepared in accordance with Tier 1 Public Benefit Entity (PBE) accounting standards. The Annual Report has been audited by our independent auditors, Audit New Zealand. They have issued an unmodified audit opinion. The financial statements and this summary were authorised for issue by Council on 11 October 2017. The Annual Report 2016/17 is available to view at our offices or libraries in Matamata, Morrinsville and Te Aroha. If you would like a copy of the Annual Report you can download it at mpdc.govt.nz.

Performance

In 2016/17 we focused on maintaining our services to support our community while making sure cost increases were kept affordable. We delivered our extensive range of activities, services and projects to similar levels as detailed in the Long Term Plan 2015-25, and to a similar standard as previous years. Our performance measures are measured through an annual customer survey and other surveys, external data reports and our customer request management system. Overall we achieved 46 out of 71 of our measures (64.79%), one of these measures was not assessed this financial year. For four measures we missed our target by less than 2%. Details of how we performed for each of our activities is outlined in the Annual Report Part Three: What we do. The tables below are a summary of each of our activity groups.

Community Facilities and Property are Council activities focused on recreational and cultural opportunities in the district. This includes providing services and assets such as Libraries, Swimming Pools, Parks and Reserves, Public Amenities, Housing for older persons, and Council offices.

Key performance measures	2015/16 Actual	2016/17 Target	2016/17 Actual
90% of complaints regarding carparks and street furniture will be responded to within assigned timeframes.	57%	90%	46.15%
Cemeteries visitors satisfied with our cemeteries.	88% Satisfied 1% Dissatisfied	80%	91%
Elderly Persons Housing tenants satisfied with the standard of maintenance and accommodation.	87%	80%	82.6%
The number of people visiting our libraries.	186,552	222,843	164,055
Playground safety will be assessed on a regular basis.	Achieved	Regular inspections	Achieved
The number of customers using our pool facilities will be maintained.	145,363	+/- 5% of five year average of 120,847	169,780
Number of complaints about cleanliness of public toilets.	22	20 or less per year	34
Complaints regarding recreation and heritage facilities will be responded to within the assigned timeframes.	57%	90%	90%

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

Key performance measures	2015/16 Actual	2016/17 Target	2016/17 Actual
We will have sufficient trained staff within the Thames Valley Emergency Management Operating Area.	35%	60%	36%
Residents satisfied with ease of access to Council information.	61% Satisfied 6% Dissatisfied	63%	63%
Residents satisfied with the performance of elected members.	65% Satisfied 6% Dissatisfied	75%	68%
Residents satisfied with their opportunity to participate in Council consultation processes.	52% Satisfied 4% Dissatisfied	52%	49%

Please view the full Annual Report on Council's website for more information on the Annual Customer Survey results, how we have performed over the year and any actions that Council is taking to improve its performance.

Community Infrastructure represents many of the responsibilities that Council has historically managed, including maintenance and development of Roads, Rubbish and Recycling, Stormwater, Wastewater (sewage and the grey water that goes down your drains) management and Water.

Key performance measures	2015/16 Actual	2016/17 Target	2016/17 Actual
Users who believe the roading network is maintained well for the long term.	61%	75%	59%
Percentage of the sealed local road network that is resurfaced.	9.52%	8.5% or more	8.7%
Percentage of waste diverted from landfill.	48%	45%	45.77%
The median response time to attend a flooding event.	Median: 0 hours	Median: 24 hours	Median: 1 hour and 13.5 minutes
Number of dry weather wastewater overflows from our wastewater system.	7 total	8 total	7 total
Median attendance and resolution time to sewage overflows.	Attend: 40 min Resolve: 2 hrs and 29 min	Attend: 4 hrs or less Resolve: 24 hrs or less	Attend: 24.5 minutes Resolve: 19 hours and 36 minutes
Median attendance and resolution time for urgent call-outs about our water network.	Attend: 44 min Resolve: 2 hrs and 9 minutes	Attend: 4 hrs or less Resolve: 24 hrs or less	Attend: 25 minutes Resolve: 3 hours and 12 minutes

Consents and Licensing focuses on our regulatory functions that we have an obligation to perform under legislation. These activities are Animal Control, Building Consents and Monitoring, Licensing and Enforcement, and Resource Consents and Monitoring.

Key performance measures	2015/16 Actual	2016/17 Target	2016/17 Actual
Complaints about disturbances caused by animals are investigated within set timeframes.	96.2%	95%	93.6%
Complaints about alleged illegal building activity will be responded to within 10 working days.	97.7%	100%	73.68%
On and off alcohol licenced premises will be inspected annually to ensure they comply with alcohol licensing standards.	100%	100%	100%
Percentage of land use consents monitored within four months of being granted.	94.7%	100%	98.6%



Road re-surfacing

We maintain 998 kilometres of local roads within the district, including 943km of sealed and 55km of unsealed roads. In 2016/17 we resurfaced 82.6km of sealed roads. Our renewal programmes ensure that we maintain our assets, including our roads, for the long term, while spreading the cost over several years.

November 2017

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
			1	2	3	4 Morrinsville Fireworks Extravaganza
5	6 Swim Zone Morrinsville opens	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27 Last day to pay your rates	28	29	30		

December 2017

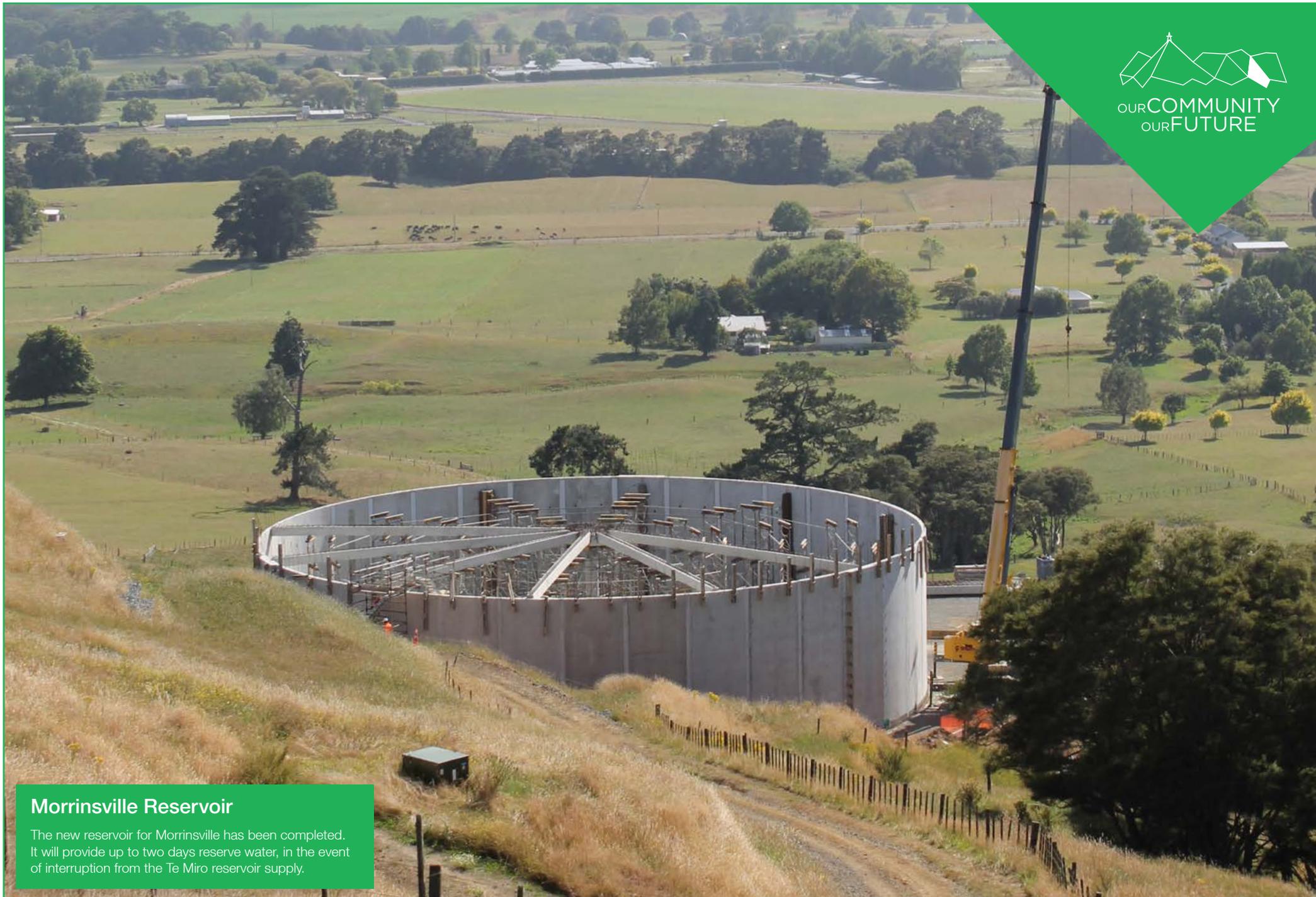
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
31					1	2 Matamata Christmas Parade
	All transfer stations are closed on Christmas Day and Boxing Day.					
3	4	5	6	7	8	9 Morrinsville Christmas Parade
10 Matamata Christmas at the Park	11	12	13	14	15	16 Te Aroha Christmas Parade
17	18	19	20	21	22	23
24	25 Christmas Day	26 Boxing Day	27	28	29	30
	Rubbish and recycling collection is one day later after Christmas Day.					

Rubbish and Recycling Key

<p>Te Aroha (week 2)</p> <p> rubbish recycling</p>	<p>Morrinsville (week 1) incl. Waihou, Waitoa, Tahuna</p> <p> rubbish recycling</p>	<p>Matamata (week 2) incl. Waharoa, Walton</p> <p> rubbish recycling</p>
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Transfer Stations
Opening hours
10am to 4pm

Matamata - Tues, Wed, Thurs, Sat & Sun
Morrinsville - Mon, Tues, Thurs, Sat & Sun
Te Aroha (Waihou) - Wed, Fri, Sun



Morrinsville Reservoir

The new reservoir for Morrinsville has been completed. It will provide up to two days reserve water, in the event of interruption from the Te Miro reservoir supply.

January 2018

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
	1 New Year's Day	2 New Year's Holiday	3	4	5	6
All transfer stations are closed on New Year's Day.						
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29 Auckland Anniversary Day	30	31	Rubbish and recycling collection is one day later after Auckland Anniversary Day and Waitangi Day.		

February 2018

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
				1	2	3
4	5	6 Waitangi Day	7	8	9	10 Morrinsville Motorama 10th to 11th
11	12	13	14 Community Grants open	15	16	17
18	19	20	21	22	23	24
25	26 Last day to pay your rates	27	28			

Rubbish and Recycling Key

<p>Te Aroha (week 2)</p> <p> rubbish recycling</p>	<p>Morrinsville (week 1) incl. Waihou, Waitoa, Tahuna</p> <p> rubbish recycling</p>	<p>Matamata (week 2) incl. Waharoa, Walton</p> <p> rubbish recycling</p>
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Transfer Stations
Opening hours
10am to 4pm

Matamata - Tues, Wed, Thurs, Sat & Sun
Morrinsville - Mon, Tues, Thurs, Sat & Sun
Te Aroha (Waihou) - Wed, Fri, Sun



ANZAC Day

Each year we hold ANZAC Day Civic Services in Matamata, Morrinsville, Te Aroha and Walton for our community to attend and to honour those who served our country.

March 2018

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
				1	2	3
4 Te Aroha A Day in the Domain						
11						
18 Morrinsville Piako Triathlon		20 Significant Natural Features Grants open	21 Community Grants close			
25						
					30 Good Friday	

April 2018

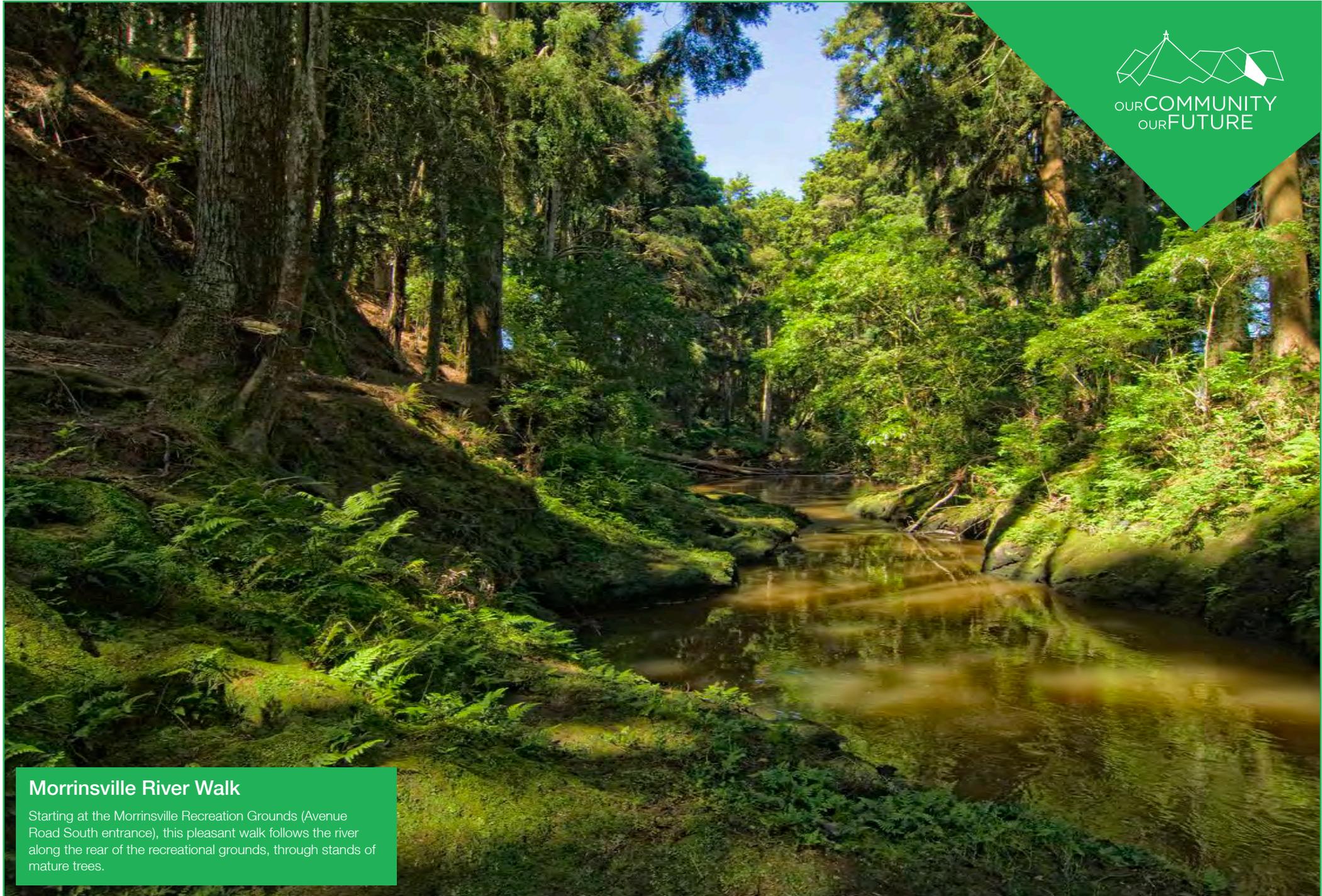
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
1 Easter Sunday Daylight saving ends	2 Easter Monday	3	4	5	6	7
8						
15						
22			25 ANZAC Day			
29	30	Rubbish and recycling collections will: - go ahead as normal on Good Friday - be one day later after Easter Monday - be one day later after ANZAC Day All transfer stations will be closed on Good Friday and until 1pm on ANZAC Day.				

Rubbish and Recycling Key

Te Aroha (week 2) rubbish recycling	Morrinsville (week 1) incl. Waihou, Waitoa, Tahuna rubbish recycling	Matamata (week 2) incl. Waharoa, Walton rubbish recycling
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Transfer Stations
Opening hours
10am to 4pm

Matamata - Tues, Wed, Thurs, Sat & Sun
Morrinsville - Mon, Tues, Thurs, Sat & Sun
Te Aroha (Waihou) - Wed, Fri, Sun



OUR COMMUNITY
OUR FUTURE

Morrinsville River Walk

Starting at the Morrinsville Recreation Grounds (Avenue Road South entrance), this pleasant walk follows the river along the rear of the recreational grounds, through stands of mature trees.

May 2018

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
		1	2	3 	4  	5
6	7	8	9	10 	11  	12
13 Mother's Day	14	15	16	17 	18  	19
20	21	22	23	24 	25 Last day to pay your rates  	26
27	28	29	30	31 		

June 2018

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
					1  	2
	Your rubbish and recycling collection is one day later after Queen's Birthday.					
3	4 Queen's Birthday	5	6	7	8 	9  
10	11	12	13	14 	15  	16
17	18	19	20 Significant Natural Features Grants close	21 	22  	23
24	25	26	27	28 	29 Last day to apply for rates rebate  	30

Rubbish and Recycling Key

<p>Te Aroha (week 2)</p> <p> rubbish</p> <p> recycling</p>	<p>Morrinsville (week 1) incl. Waihou, Waitoa, Tahuna</p> <p> rubbish</p> <p> recycling</p>	<p>Matamata (week 2) incl. Waharoa, Walton</p> <p> rubbish</p> <p> recycling</p>
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Transfer Stations
Opening hours
10am to 4pm

Matamata - Tues, Wed, Thurs, Sat & Sun
Morrinsville - Mon, Tues, Thurs, Sat & Sun
Te Aroha (Waihou) - Wed, Fri, Sun



OUR COMMUNITY
OUR FUTURE

Silver Fern Farms Events Centre

The Silver Fern Farms Events Centre opened in Te Aroha in October 2016. The Ingham's Sports Hall has two full size netball/basketball courts and space for eight badminton courts. There is also the Ballance Agri-Nutrients Function and Conference Rooms, which can seat 160 people. The function room can be split into two equal size rooms. The Ballance Room has full kitchen facilities, while the Seales Winslow Room has a small kitchenette.

July 2018

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
1	2	3	4	5 	6   	7
8	9	10	11	12  	13   	14
15	16	17	18	19 	20   	21
22	23	24	25	26  	27   	28
29	30	31 Last day to pay dog registrations				

August 2018

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
			1 Community Grants applications open	2 	3   	4
5	6	7	8	9  	10   	11
12	13	14	15	16 	17   	18
19	20	21	22	23  	24   	25
26	27 Last day to pay your rates	28	29	30 	31   	

Rubbish and Recycling Key

<p>Te Aroha (week 2)</p> <p> rubbish</p> <p> recycling</p>	<p>Morrinsville (week 1) incl. Waihou, Waitoa, Tahuna</p> <p> rubbish</p> <p> recycling</p>	<p>Matamata (week 2) incl. Waharoa, Walton</p> <p> rubbish</p> <p> recycling</p>
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Transfer Stations
Opening hours
10am to 4pm

Matamata - Tues, Wed, Thurs, Sat & Sun
Morrinsville - Mon, Tues, Thurs, Sat & Sun
Te Aroha (Waihou) - Wed, Fri, Sun



Matamata-Piako Civic and Memorial Centre

Demolition of the old Memorial Hall, Council office and part of the library started in April 2017, we recovered as many of the building materials (particularly timber) as possible; where possible these will be incorporated into the new building to reflect our history.

September 2018

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
30 Daylight saving begins						1
2 Father's Day	3	4	5 Community Grants applications close	6  	7  	8
9	10	11	12	13 	14  	15
16	17	18	19	20  	21  	22
23	24	25	26	27 	28  	29

October 2018

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
	1	2	3	4  	5  	6 Aroha Cruise In
7	8	9	10	11 	12  	13
14	15	16	17	18  	19  	20
21	22 Labour Day	23	24	25	26 	27  
28	29	30	31	Rubbish and recycling collection is one day later after Labour Day.		

Rubbish and Recycling Key

<p>Te Aroha (week 2)</p> <p> rubbish</p> <p> recycling</p>	<p>Morrinsville (week 1) incl. Waihou, Waitoa, Tahuna</p> <p> rubbish</p> <p> recycling</p>	<p>Matamata (week 2) incl. Waharoa, Walton</p> <p> rubbish</p> <p> recycling</p>
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Transfer Stations
Opening hours
10am to 4pm

Matamata - Tues, Wed, Thurs, Sat & Sun
Morrinsville - Mon, Tues, Thurs, Sat & Sun
Te Aroha (Waihou) - Wed, Fri, Sun

Wastewater Treatment

We manage wastewater systems in Matamata (includes Waharoa and Raungaiti), Morrinsville (includes Rukumoana), Te Aroha, Tahuna and Waihou. We hold 18 resource consents with Waikato Regional Council for the wastewater treatment plants. As part of our operations we must comply with consent conditions for discharge of treated wastewater into the environment. We received zero infringement notices for our wastewater operations in 2016/17.

Sometimes overflows from the wastewater system can occur. It is important that we respond quickly when this occurs. In 2016/17 we received seven calls about wastewater overflows during dry weather. The median attendance time for these calls was 24.5 minutes, with a median resolution time of 19 hours and 36 minutes.



Wastewater Treatment Plant - Matamata

November 2018

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
				1	2	3 Morrinsville Fireworks Extravaganza
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26 Last day to pay your rates	27	28	29	30	

December 2018

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
30	31					1
2	3	4	5	6	7	8 Morrinsville Christmas Parade
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25 Christmas Day	26 Boxing Day	27	28	29

All transfer stations are closed on Christmas Day and Boxing Day.

Rubbish and recycling collection is one day later after Christmas Day.

Rubbish and Recycling Key

<p>Te Aroha (week 2)</p> <p> rubbish</p> <p> recycling</p>	<p>Morrinsville (week 1) incl. Waihou, Waitoa, Tahuna</p> <p> rubbish</p> <p> recycling</p>	<p>Matamata (week 2) incl. Waharoa, Walton</p> <p> rubbish</p> <p> recycling</p>
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Transfer Stations Opening hours 10am to 4pm

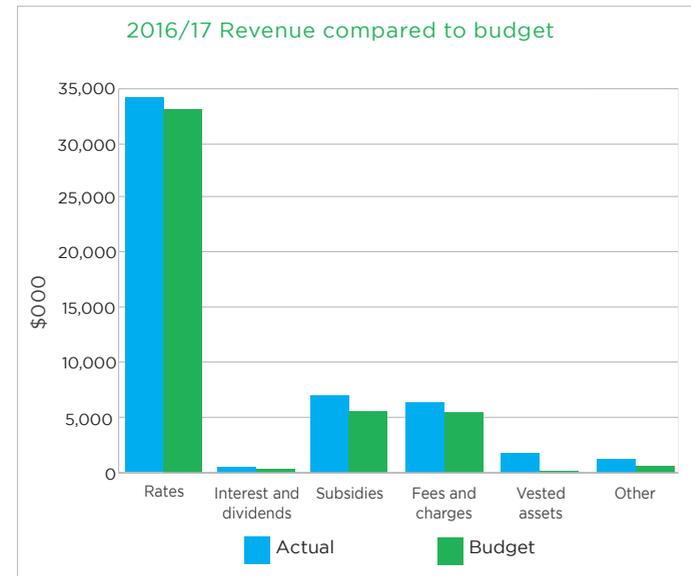
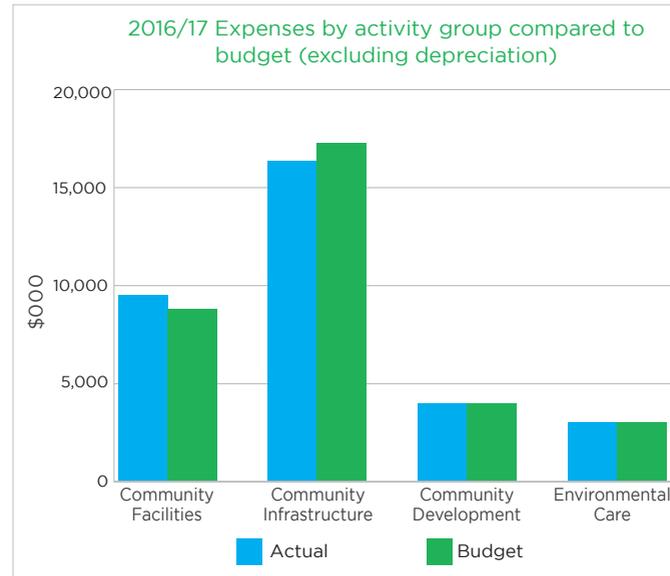
Matamata - Tues, Wed, Thurs, Sat & Sun
Morrinsville - Mon, Tues, Thurs, Sat & Sun
Te Aroha (Waihou) - Wed, Fri, Sun

Financials

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

Council utilises interest rate swaps - contracts that effectively lock in the current rates of interest on our future debt. The swap contracts are put in place while interest rates are considered low, with the expectation that over the long term, interest rates are likely to rise. The benefit of having fixed interest rates is that we can avoid having to ask our ratepayers for extra rates in years where the market interest rates rise sharply.

We value the swap portfolio on the 30th of June each year for financial reporting purposes, and the valuations may go up and down depending on how market interest rates are tracking, but these annual movements have no impact on Council's cash position - the focus of the swap portfolio is on the long term gains. The average interest rate that we have locked in with these contracts is 4.14%, which is the average rate that will apply on up to \$34 million of our debt over the next nine years.



What did we plan to spend?

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

What did we actually spend?

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

Why is there a difference?

The increased activity across a number of areas of Council that resulted in an increase in revenue for the year, also resulted in a small increase in costs to manage the additional workload. This included significantly the building and resource consent processing costs which increased by \$356,000. Costs in wastewater exceeded the budget by \$300,000 this year due to maintenance and remediation costs. \$184,000 in costs from the Te Aroha Events Centre capital project were reassessed as operating expenditure. A provision for Council's ongoing monitoring costs in respect of the 3 closed landfills within the district was increased by \$160,000 as additional work required to meet resource consent conditions were identified.

What about finance costs?

Significant savings of \$405,000 were achieved this year on the interest cost of Council's external loans as the level of external debt was significantly lower than planned due to the delay in capital spending.

What was our planned revenue?

Council budgeted for revenue of \$46.5 million.

What was our actual revenue?

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

Why is there a difference?

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

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

In terms of general day to day operations, the overall actual revenue for the year reflected an increase in activity across a number of areas. Metered water and trade waste processing revenue from our large industrial users in the district was \$448,000 more than budgeted. Continued development activity in the district over the past year saw combined building and resource consent fee income increase by \$658,000 compared to budget. Other areas experiencing a growth in revenue to budget included the aquatic facilities, housing, transfer stations, and a high volume of LIMs processed during the period.

The subsidy received from New Zealand Transport Agency (NZTA) for the replacement of district roads was \$208,000 more than budgeted for this year, as additional capital projects were approved and some projects were carried forward from the prior year.

Spending on assets this year

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

Why is there a difference?

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

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

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

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

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

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

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

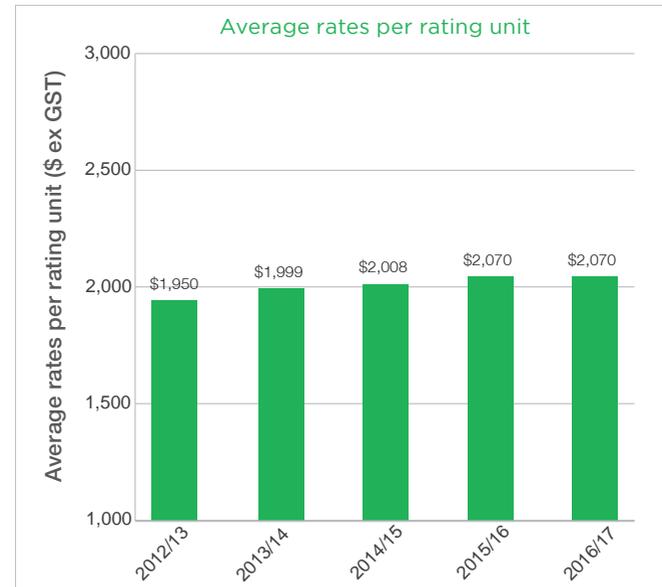
What did we borrow this year?

We didn't need to borrow any additional money this year to fund the replacement or building of new assets, as this work didn't happen as quickly as it was planned. This saved \$405,000 in finance costs for the year. Total debt at the end of this financial year was budgeted to be \$40.4 million. At 30 June 2017, our debt was \$29.8 million which was just under \$5 million more than last year. An additional \$5 million was borrowed in May to pre-fund an existing loan that is due to mature in December 2017, taking advantage of the market at that time.

Statement of cashflows - where did the cash come from and where did it go?

In terms of our day to day operating activities, we took in almost \$4 million more cash (net) than we had budgeted for. Extra cash came from a number of sources including metered water and trade waste revenue from industrial users, an increase in NZTA subsidy income compared to budget, unbudgeted contributions received in respect of the Silver Fern Farms Events Centre project, increased interest from investments, and a reduction in finance costs.

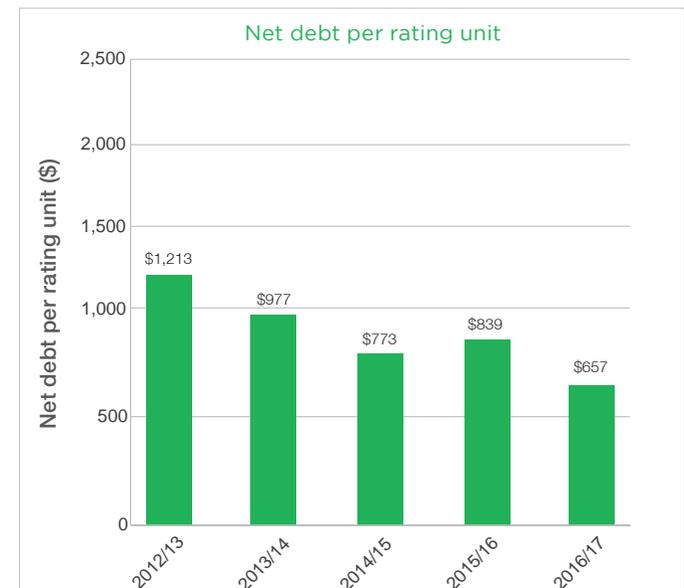
In terms of our investing activities, (that is cash earned/spent in the replacement or building of new assets and the acquisition of investments), our net spend was \$4.2 million more than we had budgeted. While our spend on replacing or building assets was lower than budgeted, more cash was invested in term deposits than budgeted. For our financing cashflows, we had budgeted to raise external debt of \$7.7 million to fund the capital spend, but that was not required, with the capital spending being funded from the existing cashflows. \$5 million was raised to pre-fund a loan due to mature in December 2017.



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

How do we pay for our assets?

We collect rates to pay for a lot of the day to day things that we do, but we also borrow money to pay for large projects that will provide services to the community for a long time (such as water and wastewater treatment plants). By borrowing the money over a long period of time it means that those who benefit from the service in the future will also pay their share. Where we have funds available internally, we utilise these instead of borrowing externally, reducing overall interest costs.



Note: Net debt is calculated as per the financial prudence regulations, except that it also excludes the industry's share of debt in respect of the Morrinsville Wastewater Treatment Plant upgrade project, which these industries are repaying by way of an annual targeted rate, and it excludes the 2016/17 change in valuation of Council's investment in the Waikato Regional Airport Limited.

Financials

Where is Council's debt heading?

A key focus of the Council (as set out in the Long Term Plan) is to not overburden future generations with debt by living beyond our means today. We sought professional advice on an appropriate limit for Council's borrowing, and these limits were adopted in Council's Liability Management Policy. The limits have regard for Council's long term financial sustainability that future lenders will look for when we need to secure finance in future years.

A limit on a prudent level of debt was set as follows: net debt as a percentage of total revenue will not exceed 150%. Our level of debt compared to revenue now sits at just 55% compared to the limit of 150%. What this means is that we have significant capacity to take up opportunities as they arise and perhaps more importantly, we have plenty of capacity to recover quickly if a disaster occurs. Having a lower level of debt makes us more resilient. In the 2015-25 Long Term Plan, we have forecast over the next 10 years that our debt will peak at around \$48 million in 2019/20, and will average around 81% of our revenue, so still well below the prudent limit of 150%.

Statement of financial position - how do we stand overall?

The key aspects to assessing a council's financial health is the state of their network of assets and their level of debt. Matamata-Piako District Council is in good financial shape. Our physical assets valued at \$581 million are generally in a good state. We do have some planned capital work to catch up on, but we have plenty of capacity financially to do so. Our current level of debt, at \$29.8 million is considered low for a Council of our size and nature. The delayed capital spending, the \$5 million proceeds from the pre-funded loan, and contributions owing from the Silver Fern Farms Events Centre project mean that our current assets at 30 June are much higher than budgeted.

Non-current assets are lower than budgeted due to the delay in the capital work programme and the disposal of assets. Also significantly, the valuation of 1 July 2016 decreased the estimated replacement cost of network assets in line with downward trending contract rates being secured at the time. A change in how Council recognises its investment in the Waikato Regional Airport Limited has resulted in an increase in value of \$10.174 million this year.

Current liabilities were higher than budgeted largely due to the capital work in progress at the end of the financial year, and payments of rates and metered water being received in advance of being invoiced.

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

Revenue
This is day to day revenue received from things such as rates, metered water, pool fees, resource consents etc.

Expenses
These are our day to day expenses such as the cost of collecting rubbish, mowing reserves and maintaining roads

Finance costs
This is the interest we pay on our external loans

Other gains and losses
These measure annual movements in the value of our assets that aren't property, plant and equipment

Total comprehensive revenue and expense
This is the difference between revenue and total expenses for the current year i.e. more revenue = surplus more expenses = (deficit)

Assets
The property we own

Liabilities
The amount we owe

Equity
This is the total that we own minus the total that we owe

Operating activities
The difference between operating revenue and operating expenses

Investing activities
The difference between buying and selling assets

Financing activities
The difference between borrowing and the repayment of loans

Cash held
Money in the bank

Summary financial statements

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

Figures shown in brackets indicate a deficit or loss

What are other gains and losses?

Council has shown a loss of \$766,000, which recognises the value of assets that were replaced before the end of their estimated useful life. This year it includes significantly the value written off in respect of the buildings being replaced by the Matamata-Piako Civic and Memorial Centre project. Last year other losses also included a loss in the value of Council's interest rates swaps of \$1,639,000. This year, as interest rates have continued to increase steadily, the value of the swap portfolio actually increased \$959,000. These non-cash gains and losses do not have any impact on Council's cash position – they are adjustments made in our books to ensure that the financial statements comply with International Financial Reporting Standards.



Additional Disclosures

Reporting entity

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

Council has a 34% interest in a jointly controlled entity, Thames Valley Combined Civil Defence Committee, together with Hauraki District Council and Thames-Coromandel District Council. Each Council has equal representation on the committee. Thames-Coromandel District Council is the administering authority. The combined committee previously incorporated the Thames Valley Rural Fire District Committee. This was disbanded from 30 June 2017, as under the Fire and Emergency New Zealand Act 2017, rural fire duties were transferred to Fire and Emergency NZ (FENZ). The Emergency Management Committee will continue to operate as normal.

The Council provides local infrastructure, local public services, and performs regulatory functions to the community. Council has designated itself as a Public Benefit Entity (PBE) for financial reporting purposes. The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000). There have been no changes in accounting policies during the financial year.

Capital commitments

At 30 June 2017, Council had commitments of \$6.533 million for projects where contracts have been entered into but goods or services have not been received. (2016: \$5.4 million).

Contingent liabilities

Local Government Funding Agency

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

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

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

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

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

Unquantified claims

Council is not aware of any specific potential future weathertightness claims. Council may be exposed to potential future claims that have not yet been lodged, up until the statutory limitation period expires. The amount of potential future claims is not able to be reliably measured and is therefore unquantifiable. Claims must be made within 10 years of construction or alteration of the dwelling in order for the claim to be eligible under the Weathertight Homes Resolution Services Act 2006, but other statutory limitation periods could also affect claims.

The Supreme Court decision in October 2012 on a council's liability for non-residential buildings may affect the liability of the Council for weathertightness claims for non-residential buildings. The impact of the decision is yet to be quantified by Council. Council is yet to receive any claims as a result of this ruling.

Te Aroha wastewater resource consent

Under the new resource consent issued by Waikato Regional Council for the Te Aroha Wastewater Treatment Plant during 2015, if Council fails to meet annual nitrate discharge conditions as per the consent, then an annual sum of \$15,000 will be payable to the local Wetlands Trust.

Thames Valley Civil Defence Emergency Management Committee

There are no contingent liabilities associated with Council's joint venture (2016: nil).

Events after balance date

There were no significant events after balance date.

Financials

Annual report disclosure statement for the year ending 30 June 2017

What is the purpose of this statement?

The purpose of this statement is to disclose the Council's financial performance in relation to various benchmarks to enable the assessment of whether the Council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings. The Council is required to include this statement in its Annual Report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information including definitions of some of the terms used in this statement.

Rates affordability benchmark

The Council meets the rates affordability benchmark if-

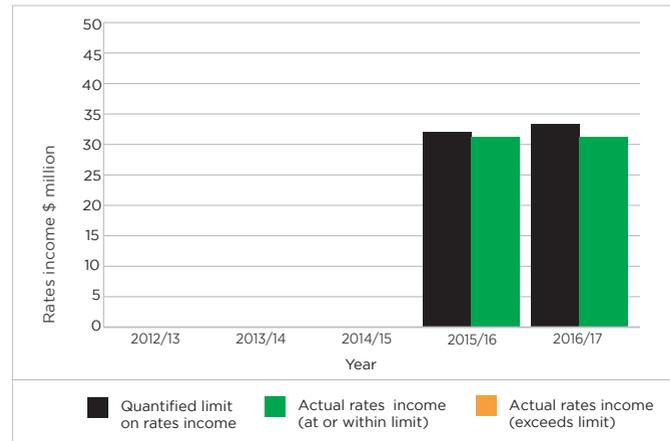
- its actual rates income equals or is less than each quantified limit on rates; and
- its actual rates increases equal or are less than each quantified limit on rates increases.

Rates (income) affordability

The following graphs compare the Council's actual rates income with a quantified limit on rates contained in the financial strategy included in the Council's Long Term Plan. The first graph shows the quantified limit on rates adopted in the 2015-25 LTP, which changed from the quantified limit on rates from the previous LTP, shown in the second graph.

2015-25 Long Term Plan

The quantified limit from the financial strategy included in the 2015-25 LTP is: Annual rates income* will not increase by more than 4%.



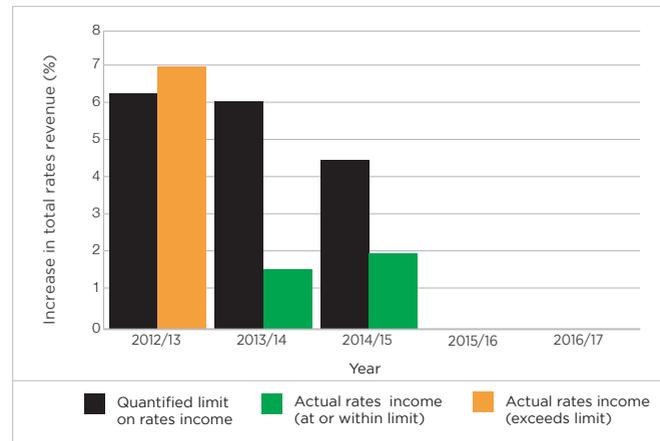
Comment:

The limit on rates income for 2016/17 was set at \$33m. Actual rates income (excluding penalties and metered water revenue) was \$31.6m. (2015/16: \$31.6m)

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

2012-22 Long Term Plan

The quantified limit on rates income from the financial strategy included in the 2012-22 LTP was set at a level that was intended to meet forecast increases in costs each year as set out in the 2012-22 LTP.



Comment:

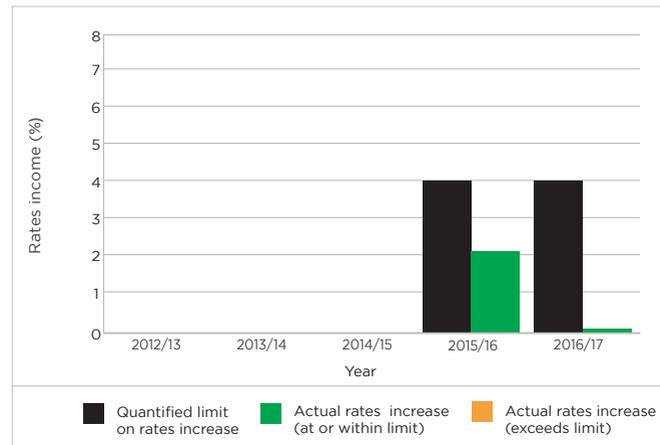
The limit for 2012/13 was exceeded because we had more ratepayers (because of growth) and rates penalty income than expected. The rate increase for the years following was much lower than the limit as a result of cost savings. The compound increase in rates revenue over the last three years was just 10.6% compared to the budgeted limit of 18%.

Rates (increases) affordability

The following graphs compare the Council's actual rates increases with a quantified limit on rates increases included in the financial strategy included in the Council's Long Term Plan. The first graph shows the quantified limit on rates increases adopted in the 2015-25 LTP, which changed from the quantified limit on rates increases from the previous LTP, shown in the second graph.

2015-25 Long Term Plan

The quantified limit from the financial strategy included in the 2015-25 LTP is: Annual rates increases* will not be more than 4%.

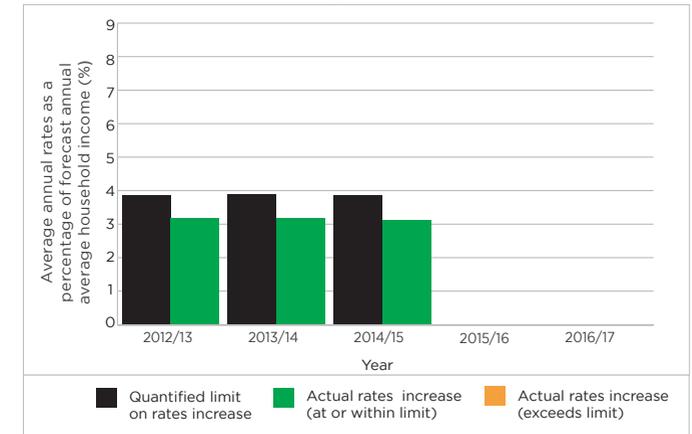


Comment:

The actual rates increase (excluding penalties and metered water revenue) for 2016/17 was 0.05% (2015/16 2.08%).

2012-22 Long Term Plan

The quantified limit on rates increases from the financial strategy included in the 2012-22 LTP was: Average annual rates will not increase to more than 4% of forecast average annual household income.

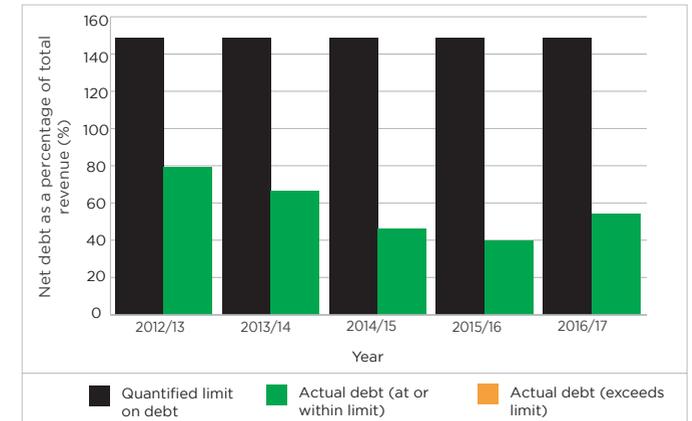


Comment:

Over the past three years, the average annual rates as a percentage of forecast annual average household income actually declined slightly from 3.32% to 3.25%, compared to the limit on increases of 4%.

Debt affordability benchmark

The Council meets the debt affordability benchmark if its actual borrowing is within the quantified limit on borrowing. The following graph compares the Council's actual borrowing with the quantified limit on borrowing stated in the Financial Strategy included in the Council's Long Term Plan. The quantified limit is: net debt as a percentage of total revenue# will not exceed 150%.



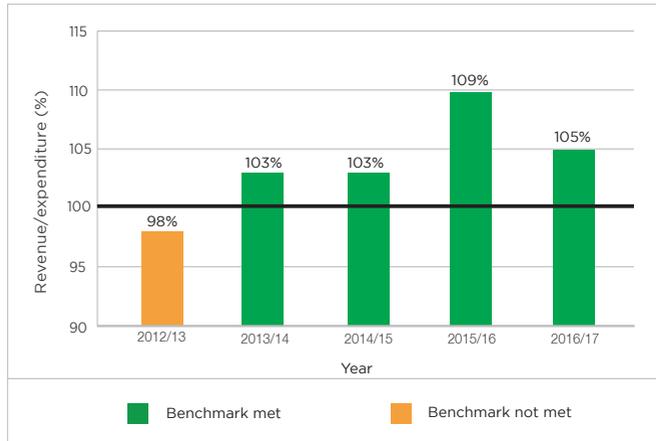
Comment:

Council's actual net debt as a percentage of total revenue has reduced from 80% in 2012/13 to 41% in 2015/16, and has increased again in 2016/17 to 55%. This calculation of net debt does not take into account cash invested in term deposits of more than 3 months, which are set aside to repay debt maturing in December 2017. If such deposits were taken into account net debt as a percentage of revenue would reduce from 55% to 18% for 2016/17.

#Consistent with our Liability Management Policy, total revenue excludes development and financial contributions, vested and found assets and other gains.

Balanced budget benchmark

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

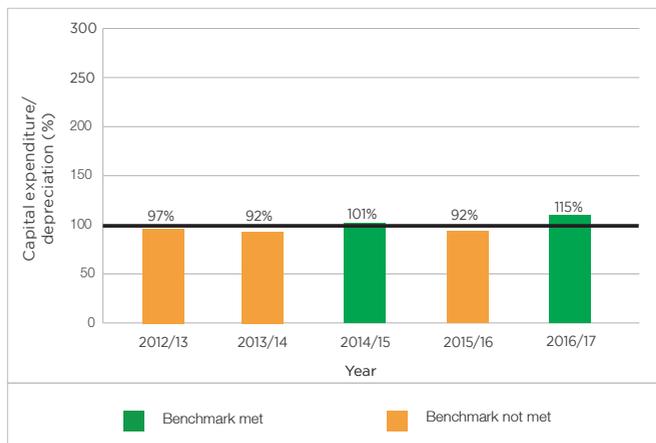


Comment:

Council spent a significant amount on upgrading wastewater and water treatment plants in the years up to 2012/13. For accounting purposes, the old replaced assets are "disposed of" and the "loss" from doing so is recorded as "operating expenses". Council does not rate to cover this expenditure.

Essential services benchmark

The following graph displays the Council's capital expenditure on network services as a proportion of depreciation on network services. The Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.

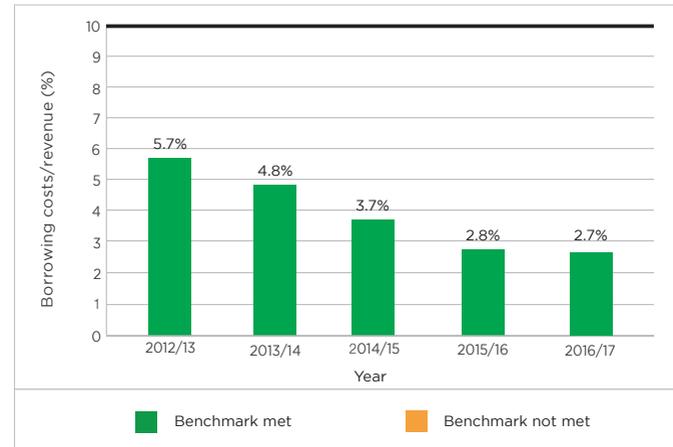


Comment:

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

Debt servicing benchmark

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

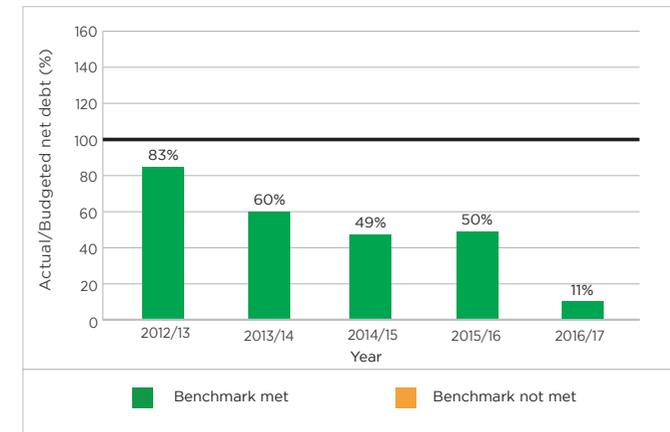


Comment:

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

Debt control benchmark

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



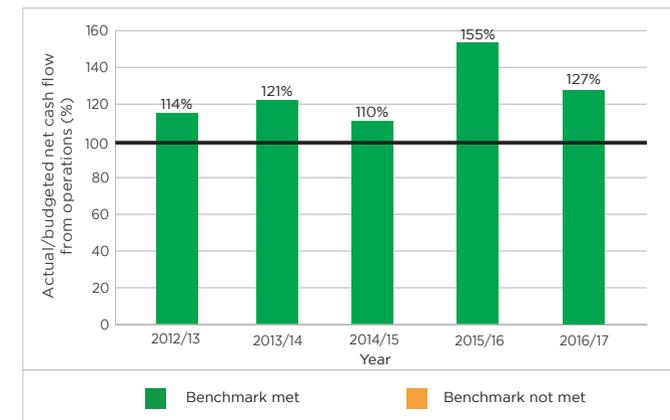
Comment:

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

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

Operations control benchmark

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



Comment:

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

Independent Auditor's Report

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

The summary of the annual report was derived from the annual report of the Matamata-Piako District Council (the District Council) for the year ended 30 June 2017. The summary of the annual report comprises the following summary statements on pages 2 to 25:

- the summary statement of financial position as at 30 June 2017;
- the summaries of the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 30 June 2017;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary statement of service performance.

Opinion

In our opinion:

- the summary of the annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report; and
- the summary statements comply with PBE FRS43: Summary Financial Statements.

Summary of the annual report

The summary of the annual report does not contain all the disclosures required by generally accepted practice in New Zealand. Reading the summary of the annual report and the auditor's report thereon, therefore, is not a substitute for reading the full annual report and the auditor's report thereon. The summary of the annual report does not reflect the effects of events that occurred subsequent to the date of our auditor's report on the full annual report. We expressed an unmodified audit opinion on the information we audited in the full annual report for the year ended 30 June 2017 in our auditor's report dated 11 October 2017.

The full annual report and our audit report thereon

B H Halford,
 Audit New Zealand
 On behalf of the Auditor-General
 Tauranga, New Zealand
 11 October 2017



Council's responsibility for the summary of the annual report

The Council is responsible for preparing the summary of the annual report which includes preparing summary statements, in accordance with PBE FRS43: Summary Financial Statements.

Auditor's responsibility

Our responsibility is to express an opinion on whether the summary of the annual report represents, fairly and consistently, the information regarding the major matters dealt with in the full annual report and whether the summary statements comply with PBE FRS 43: Summary Financial Statements.

Our opinion on the summary of the annual report is based on our procedures, which were carried out in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board.

Other than in our capacity as auditor, we have no relationship with, or interests in the District Council.



Matamata-Piako District Council

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