

Annual Report

For the year ended
30 June 2017



WHANGANUI
DISTRICT COUNCIL
Te Kaunihera a Rohe o Whanganui



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**Annual Report
For the year ended 30 June 2017**

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Mayoral introduction

Tēnā koe

Thank you for taking the time to stop and read our Annual Report. This document represents part of our accountability to our residents. It answers the question 'did we do what we set out to do, and if not, why not?'

Council works incredibly hard on the Annual and 10-Year Plans and these become our roadmap. They're documents that outline the direction for our district and highlight what we anticipate rates to be in the coming years, thus providing some certainty to residents.

Without the accountability of the Annual Report we would be unable to assure and provide the level of robustness that our residents and central government expect to see. The transparent nature of our processes gives us a strong rating with Standard and Poor's, which gives the ability to borrow for capital projects at a low rate of interest – this minimising rate rises.

I am proud of the work that we have achieved in the past 12 months. I feel confident as Mayor knowing we have an excellent Chief Executive and a highly competent senior management team who oversee a team of fantastic staff at Council. It was excellent to talk to a resident recently about an issue in the community, and they commented that they had received excellent customer services from every staff member they had talked to, in contrast to their previous expectation of Council customer service. I want people to go away from Council having had excellent customer service, even if the news they receive isn't what they expect to hear.

Now our Annual Report is complete and our 2017/2018 Annual Plan is in play, Council turns towards the 10-year plan. As I have numerous times this year, I again encourage you to engage in this vitally important process and tell us what you expect Council to do for the Whanganui community over the next decade.

Yours faithfully

A handwritten signature in blue ink, which appears to read 'Hamish McDouall'. The signature is stylized and cursive.

Hamish McDouall
Mayor of Whanganui

GOVERNANCE STRUCTURE

as at 30 June 2017

Mayor and Councillors



Mayor Hamish McDouall



Cr Jenny Duncan



Cr Charlie Anderson



Cr David Bennett



Cr Helen Craig



Cr Allan Taylor



Cr Rob Vinsen



Cr Murray Cleveland



Cr Kate Joblin



Cr Josh Chandulal-Mackay



Cr Hadleigh Reid



Cr Philippa Baker-Hogan



Cr Graeme Young

Wanganui Rural Community Board



Chair David Matthews
david.matthews@whanganui.govt.nz
Parapara Road
Whanganui subdivision



Deputy Chair Grant Skilton
grant.skilton@whanganui.govt.nz
Kai Iwi subdivision



Bill Ashworth
bill.ashworth@whanganui.govt.nz
Fordell
Kaitoke subdivision



David Wells
david.wells@whanganui.govt.nz
Mangamahu
Whanganui subdivision



Alistair Duff
alistair.duff@whanganui.govt.nz
Fordell
Kaitoke subdivision



Michael Dick
michael.dick@whanganui.govt.nz
Mowhanau
Kai Iwi subdivision



Sandra Falkner
sandra.falkner@whanganui.govt.nz
Westmere
Kai-Iwi subdivision



Cr Murray Cleveland
murray.cleveland@whanganui.govt.nz
Council representative on Board



Cr Josh Chandulal-Mackay
josh.chandulal-mackay@whanganui.govt.nz
Council representative on Board

Committees

Audit and Risk	Chair: Ms Sue Westwood	Deputy chair: Cr Jenny Duncan
Strategy and Finance	Chair: Cr Kate Joblin	Deputy chair: Cr Murray Cleveland
Infrastructure and projects	Chair: Cr Allan Taylor	Deputy chair: Cr Hadleigh Reid
Community and Property	Chair: Cr Helen Craig	Deputy chair: Cr Josh Chandulal-Mackay
Youth	Co-Chairs: Yth Crs Rhea Colaabavala Helena Hazelhurst	—

Joint Committee

Whanganui District Councils' Forestry Joint Committee	Chair: Cr Rob Vinsen	Deputy chair: Cr Charlie Anderson
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Subcommittees, working parties etc.

Tupoho working party	Iwi/Council alternating	—
Tamaupoko Link	Chairs: Daryn Te Uamairangi & Cr Allan Taylor (alternating)	—
District Plan Review working party	Chair: Cr Jenny Duncan	—
Waste Minimisation working party	Chair: Cr Rob Vinsen	—
Statutory Management Committee	Chair: Mayor Hamish McDouall	—



Chief Executive's overview

Ngā mihi nui ki a koutou katoa

I am pleased to present the 2016/17 Annual Report for Whanganui District Council. This has been a year of change and forward momentum for the Council and for our district and you will see this reflected throughout the report.

In the past year we have welcomed a new Mayor and Council and there has also been a transformation in the performance and focus of the Council. A major restructure has created a more progressive framework for our organisation and ensured we are staffed with the experience and expertise to deliver excellence to our community, while implementing efficiencies and maintaining a high level of accountability.

Construction of Whanganui's new wastewater treatment plant is well underway and the project is proceeding on time and on budget. The new plant will be completed by December 2017 and fully operational by June 2018. The benefits to the environment will be considerable and our residents will have the security of a well-designed facility with the capacity to accommodate Whanganui's growth in years to come.

I would like to acknowledge my staff for their ability to continue to achieve significant milestones in the midst of change and for their positivity and adaptability under sometimes trying circumstances. This Annual Report documents many of these achievements, but behind them are people who genuinely want to make great happen for the Council and the community.

Customer service is a priority in my view and this is something we are driving in every area of the Council. Our community has shown it has the energy, capability and creativity to drive growth in every area and the Council must do its part by committing to being business-friendly and working to reduce unnecessary red-tape.

Castlecliff's Rejuvenation Project is an example of a development that has breathed new life and optimism into our seaside suburb and shown us a model for collaborative development – led by the community, but supported by an enabling Council with vision.

I would like to thank Mayor Hamish McDouall and our Councillors for their support and acknowledge the various strengths and perspectives they bring to their governance role.

A stylized, handwritten signature in blue ink, consisting of a large loop followed by a horizontal stroke and a small upward flick.

Kym Fell
Chief Executive

Statement of compliance and responsibility

For the year ended 30 June 2017

Compliance

The Council and management of Whanganui District Council confirm that all the statutory requirements in relation to the Annual Report, as outlined in the Local Government Act 2002, have been complied with.

Responsibility

The Council and management accept responsibility for the preparation of the annual financial statements and non-financial information and the judgements used in them. They also accept responsibility for establishing and maintaining a system of internal controls designed to provide reasonable assurance as to the integrity and reliability of financial reporting

In the opinion of the Council and management, the annual financial statements for the year ended 30 June 2017 fairly reflect the financial position, results of operations and service performance achievements of Whanganui District Council.

Signatures

Mayor
Hamish McDouall

Chief Executive
Kym Fell

31 October 2017

Council's vision, outcomes and objectives

Council's vision

Council's vision is –

Whanganui: Leading Edge

Community: *Deeply united*
Connectivity: *Globally connected*
Creativity: *Powered by creative smarts*
Environment: *Flowing with richness*
Economy: *Works for everyone*

In essence this is about being confident leaders and influential trailblazers – operating comfortably on the cutting edge. It means we are a 'bit different', don't follow the pack and are energised and dynamic. A "leading edge" approach sets the scene for our strategy and the types of innovative approaches that we will front-foot. It's about Whanganui being seen as progressive and exciting – a magnetic place of abundance and diverse appeal.

Council's strategic themes

- **Deeply united** – Working in partnership – shaping a district that celebrates and champions its cultural and social diversity as well as its community spirit.
- **Globally connected** - A dynamic broadly connected district that is accessible, linked in and known for it.
- **Powered by creative smarts** – A knowledge economy driven by innovation and humming with cultural personality.
- **Flowing with richness** - A district that safeguards its natural resources and provides an environment with a sense of place, identity and vitality.
- **Works for everyone** - An easy-living place of choice of all – flourishing with employment and development opportunities.

Whanganui - Leading Edge

Outcomes	Strategic objectives
Community	<ul style="list-style-type: none">• Strengthen partnerships and ways of working collaboratively to weave our aspirations together - while respectfully acknowledging differences.• Meet our obligations arising from the Whanganui River settlement, support a Māori worldview and increase visibility of our Māori culture.• Pursue initiatives that secure our health, our safety and instill a sense of belonging and wellbeing for all.• Celebrate and champion the diversity in our district by educating, sharing and storytelling.

	<ul style="list-style-type: none"> • Demonstrate strong, positive and empowering leadership to support unity and drive our district forward.
Connectivity	<ul style="list-style-type: none"> • Continue to build on the connectivity opportunities provided by UFB. • Achieve greater accessibility to and within the district for all modes of transport including through making our district more walk and cycle friendly. • Improve our image and enhance our reputation as a great place to come, stay and invest. • Work together as a region to leverage more opportunities and bolster our pulling power. • Test ourselves on the global stage through the attainment of international benchmarks. • Commit to lifelong learning and continuous improvement. • Support existing and seek out new international relationships –culturally and in the business world. • Become positive ambassadors and self-promoters of our district and encourage those with a connection or interest in Whanganui to do the same.
Creativity	<ul style="list-style-type: none"> • Retain our historic and cultural heritage as a key point of difference. • Facilitate the use of digital technologies and smart approaches to drive innovation and productivity. • Sustain and nurture our arts reputation. • Use our compactness, agility and pioneering attitude to our advantage by attracting niche manufacturing opportunities, microbusinesses, start-ups, creative industries and points of difference. • Develop a dynamic knowledge economy and workforce. • Become a district renowned for talent and creativity.
Environment	<ul style="list-style-type: none"> • Capitalise and build on the value of our coastal location. • Ensure our built environment reflects 21st century needs while protecting our distinctive heritage. • Pursue integrated and rejuvenated urban design, placemaking and landscape approaches. • Safeguard the health of the Awa and let its richness shape us as a place. • Connect our identity to authenticity, abundance and community pride. • Maximise our rural assets.

	<ul style="list-style-type: none"> • Act as a kaitiaki for the environment – preserving and conserving our natural resources by seeking sustainable and innovative green solutions. • Generate a buzz through events and downtown vibrancy. • Look after our infrastructural network and assets with a view to the future – making sure that we couple this to the sustainable use of technology and other materials. • Continue to deliver a proactive, flexible and continually evolving District Plan – with the provision of appropriate zones and precincts.
Economy	<ul style="list-style-type: none"> • Ensure our services and facilities reflect the diverse and changing needs of our community. • Facilitate economic development initiatives in partnership with Iwi, the business community and the education sector. • Invest in our young people and look to boost skills, training, employment opportunities and our knowledge workforce. • Focus on efforts that will support population attraction and retention. • Act as a facilitator and enabler for development. • Support retention of key health and social infrastructure. • Play on our lifestyle advantages. • Ensure the quality and diversity of our education options and promote these widely.

Our plans and reporting

We are accountable to the people of the District for the achievement of our objectives and we are required to report to the public each year on our performance. We also work to achieve a satisfactory audit report from Audit New Zealand on our Annual Report.

Under the Local Government Act 2002 (the Act), we are required to adopt a 10-Year Plan every three years. In the year in which a 10-Year Plan is prepared, the first year of the Plan becomes the Annual Plan for that year. In the intervening years, years two and three after the 10-Year Plan is adopted, an Annual Plan must be produced.

The 10-Year Plan 2015-2025

In 2015, the Council adopted a 10-Year Plan for the period 2015 – 2025 which outlined the services and projects we planned to deliver for the district for that 10 year period.

In June 2016 the Council adopted an annual plan that outlined the work we would do as part of the second year of the 10-Year Plan. This annual report explains how we have delivered on that plan.

Annual Report

The Annual Report is required under section 98 of the Local Government Act 2002. The purpose of the Annual Report is to:

Compare actual activities and actual performance with the intended level of activity and performance as set out in the 10-Year Plan and Annual Plan.

Promote accountability of the local authority to the community for decisions made throughout the year.

The report must contain:

In relation to each group of activities:	<ul style="list-style-type: none">• The activities included within the group.• The community outcomes to which the group of activities primarily contributes.• The result of any measurement undertaken during the year on progress towards the achievement of those outcomes.• A description of any identified effects that any activity within the group has had on the community.• An audited statement comparing the capital expenditure budgeted for the financial year with the actual amount spent. This statement must show separately the amount of funds that Council intended to spend and the amount spent to:<ul style="list-style-type: none">○ meet additional demand for a group of activities;○ improve the level of performance in relation to a group of activities; and○ replace existing assets.• An audited statement of service provision, comparing intended levels with actual levels in relation to the
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	<p>performance targets set and giving the reasons for any significant variance between actual and intended levels.</p> <ul style="list-style-type: none"> • An audited funding impact statement identifying the amount of funds produced from each source of funding, how the funds were applied and how this compares with the information included in the 10-Year Plan. • A statement of the amount of internal borrowing used for the purpose of the group of activities, including the amount of funds borrowed and repaid during the year and the amount of interest (if any) paid in relation to the internal borrowing.
A report on each Council Controlled Organisation including:	<ul style="list-style-type: none"> • The extent to which each Council Controlled Organisation has attained the Council's policies and objectives. • A comparison between the actual and intended nature and scope of the organisation. • A comparison between actual performance and key performance targets.
Audited financial statements for core and consolidated Council.	
An audited funding impact statement for the financial year to which the report relates.	
Identification and detail regarding each reserve fund set aside by the Council	
Rating base information, including the number of rating units, the capital and land values of these rating units	
The insurance cover in place for Council assets	
Remuneration paid to elected representatives and the chief executive.	
A report on employee staffing levels and remuneration.	
Information relating to severance payments to the chief executive and any other staff.	
A statement that the requirements of the Act in relation to the Annual Report have been complied with.	
A report on the activities the Council has undertaken to establish and maintain processes to provide opportunities for Maori to contribute to the decision-making process of Council.	

Working with Maori

The Whanganui District Council continues to meet separately with two of the Atihaunui-A-Paparangi Runanga, Tupoho and Tamaupoko, on a six-weekly basis as per our relationship documents. Both relationship documents are currently under review and some minor additions have been proposed. Although relationship documents have not been developed with the two adjoining Iwi, Nga Rauru and Ngati Apa, contact has continued on an as-required basis.

Iwi, the Council and the Crown continued administration of Moutoa Gardens / Pakaitore through the Pakaitore Historic Reserve Board. Three meetings and the AGM were held during the year.

Council has started working on an Iwi engagement framework to support Iwi participation in local government and lessen the impact of council consultation on Iwi. This document will reflect a greater understanding of Iwi communication processes and provide council officers with realistic and mutual expectations of Iwi response.

Council will continue to engage with iwi and hapū across the region within our ongoing relationships as part of normal business activities. Treaty of Waitangi Settlements, such as Te Awa Tupua, provide further opportunities for us to engage in a meaningful and collaborative manner with iwi and hapū in the management of natural resources.

Acknowledged within the Te Awa Tupua Act 2017 is the collective responsibility of hapū and iwi; and the many communities of Te Awa Tupua, for the health and wellbeing of the river. This collective responsibility is recognised through those interest groups that are represented on Te Kōpuka, the group responsible for the development and implementation of the strategy document. Council is required to appoint a member on to Te Kōpuka.

An important partnership continues with the joint Council, Tupoho Whanau Trust and Sustainable Whanganui operation of the Whanganui Resource Recovery Centre.

Groups of activities

Our work is structured around 12 areas. The chapters in this report highlight our progress towards delivering on our outcomes in each of these areas. They are:

1. Water supply
2. Stormwater drainage
3. Waterways and natural drainage
4. Sewerage and the treatment and disposal of sewage
5. Provision of roads and footpaths
6. Parks and recreation
7. Community and cultural
8. Economic development
9. Community facilities and services
10. Transportation
11. Investments
12. Corporate

1 Water supply

Safe drinking water is a fundamental requirement for public health and for residents' wellbeing. Water systems play a vital role in ensuring the health and safety of communities, a productive economy and a healthy environment.

What we do

- Water supply

How these activities contribute to our Leading Edge outcomes

Community: We protect the community from water related health issues, and provide firefighting capacity and hydrants to help protect property and lives.

Economy: We provide a safe and reliable water supply with adequate quantities for our community and for industries and commercial ventures to establish.

Our key projects and highlights

- We installed approximately 400 meters of water mains replacement from City Bridge to 65 Anzac Parade, with service connections and interlinks to Purua and Portal Street.
- Work continued on the Castlecliff water mains replacement including 800 meters of pipe in March-April 2017.
- As part of the Roding Coordinated Projects we replaced a secondary reticulation pipe on Jones Street in February, and a secondary reticulation pipe is being replaced in Tregarth Street.
- We have completed an upgrade of cabinets and controls on the Booster Station in Cornfoot Street pump station.
- Earthworks are about to begin on SH 3, Kai Iwi on the Symes Road trunk mains replacement, this is a continuation of replacing Trunk main line. Consent application has been granted by Horizons and as part of the consent application an Erosion and Sediment Control Plan has been completed.
- New Production bore development will continue 2017/18 towards a full production bore. Prior investigations on flow rate and water quality have been completed. Further sampling of the Nukumara aquifer will be completed at a depth of 170-250mtrs to investigate possible increase in final bore production flow. Legal easements and long term lease have been set up in Gilligan's property.
- Remote metering has been integrated into the urban and rural areas. Replacement of new connections will be remote readers which will be linked back to our internal billing system.
- The first stage of the Westmere reservoir No. 1 project was due to begin this year, but has been deferred until 2017/18. The additional \$3M of work for this project will be carried out in 2018/19. Investigation stage is on track to start 2017/18.
- Work has begun on updating the water flow model and we have identified specific zones within the urban reticulation. This gives us a better understanding of water flow and pressure in the network and the location of permanent flow monitoring devices.
- There are 11 new rural water connections.

How did we perform?

Our aim is to supply water that is safe to drink and to ensure security of the city's water supply. We measure our effectiveness by monitoring responsiveness for service requests, compliance with New Zealand Drinking Water standards and ensuring we meet any consent conditions.

To measure the standard of the water supply systems and responsiveness of the service

The total number of complaints received about the water (per 1000 connections to the networked reticulation system)¹

Result: 45 (target: <5). The target was not met with 45 complaints received per 1000 properties connected to the networked reticulation system.

Source: WDC CRM System

Previous year results

Year	Result
2015/16	16

The median response time for attending urgent call outs²

Result: 15 minutes (target: 1 hour).³ The target was met.

Source: Veolia

Previous year results

Year	Result
2015/16	16

The median response time for resolution of urgent call outs⁴

Result: 1 hour 30 minutes (target: 22 hours).⁵ The target was met.

Source: Veolia

Previous year results

Year	Result
2015/16	1 hour 54 minutes

The median response time for attending non-urgent call outs⁶

Result: 20 hours 36 minutes (target: 24 hours). The target was met.

Source: Veolia

¹ Complaints may include: drinking water clarity; drinking water taste; drinking water odour; drinking water pressure; or flow; continuity of supply; or Council's response to any of these issues. Complaints also includes all requests for service about these issues. The target for this measure was set prior to receiving this clarification. As a result the target may be reviewed as part of the next 10-Year Plan.

² Measured from the time that notification is received to the time that the service personnel reach the site.

³ There were 48 calls that were excluded due to the calls being after hours and unable to be logged into Council's system until the next working day. We will review this process moving forward.

⁴ Measured from the time that notification is received to the time that the service personnel confirm resolution of the fault or interruption.

⁵ There were 2 calls that were excluded due to the calls being after hours and unable to be logged into Council's system until the next working day. We will review this process moving forward.

⁶ Measured from the time that notification is received to the time that the service personnel reach the site.

Previous year results

Year	Result
2015/16	17 hours 30 minutes

The median response time for resolution of non-urgent call outs⁷

Result: 2 days 22 minutes (target: 4 days). The target was met.

Source: Veolia

Year	Result
2015/16	23 hours 35 minutes

To measure the amount of water loss and usage

The percentage of real water loss from the network reticulation system

Result: 30% (target: <40%). This is an estimation as water loss was unable to be measured due to lack of water meters in the reticulation network.

Source: WDC Infrastructure

Year	Result
2015/16	Unable to measure

The average amount of water consumed per resident per day

Result: 257.5 litres (target: 350 litres). This is calculated through the total consumption from the reservoir, including industrial consumption, divided by 365 days, divided by the total population⁸. As we do not have flow meters on domestic connections the accuracy of this result cannot be certain.

Source: WDC Infrastructure

Previous year results

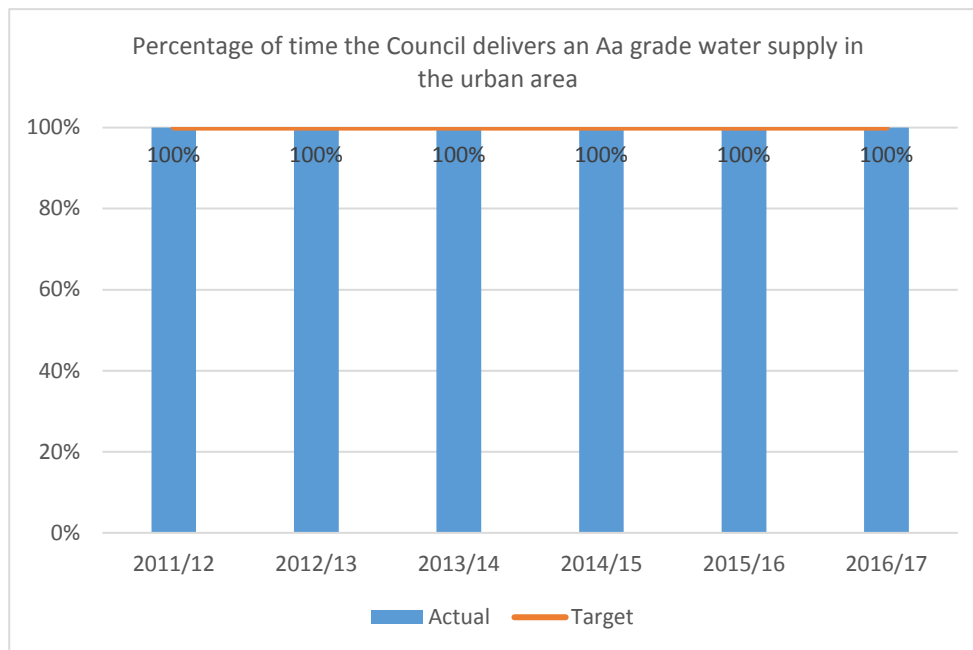
Year	Result
2015/16	391 litres

To measure the quality and supply of the water supplied to our residents

⁷ Measured from the time that notification is received to the time that the service personnel confirm resolution of the fault or interruption.

⁸ Total population used was 39,100 – which is the total on the urban water network.

The percentage of time the Council delivers an Aa grade water supply in the urban area



This target was met and continues to be achieved with Council delivering an Aa grade water supply to the urban area all of the time.

Ministry of Health grading is a measure of confidence that drinking water supplies will remain uncontaminated. 'A' means completely satisfactory with an extremely low level of risk at source and plant and 'a' similarly means completely satisfactory with an extremely low level of risk. The big 'A' represents the source and treatment and the little 'a' is the reticulation. Rural water supplies are not graded as they are considered small.

Source: Ministry of Health

The extent to which the water supply will comply with Part 4 of the New Zealand Drinking Water Standards (bacteria compliance criteria).

Result: 99% (target: 100%). The target was not met. One sample for bacterial monitoring was unable to be taken in the last quarter of the year due to the Aramoho bore plant being shut down due to Powerco network failure.

Previous year results

Year	Result
2015/16	100%

The extent to which the water supply will comply with Part 5 of the New Zealand Drinking Water Standards (protozoal compliance criteria).

Result: 100% (target: 100%). The target was met with compliance achieved with part 5 of the New Zealand drinking water standards (protozoal compliance criteria).

These Standards provide requirements for drinking water safety by specifying the maximum amounts of substances, organisms, contaminants and residues that may be present. There were no issues in the rural area.

Previous year results

Year	Result
2015/16	100%
2014/15	100%
2013/14	100%
2012/13	100%
2011/12	100%

Source: Ministry of Health

Percentage of Fire hydrants tested by the New Zealand Fire Service that comply with the New Zealand Fire Service's code of practice for water supply and pressure

Result: There were no fire hydrants tested (target: 95%). There have been no hydrants tested this year. The New Zealand Fire Service is currently looking at its Traffic Management Plan nationally for hydrant testing within the urban area and until this has been approved hydrant testing will be limited.

Previous year results

Year	Result
2015/16	-
2014/15	96%
2013/14	95%
2012/13	99%

Source: New Zealand Fire Service

Percentage of time Horizons Regional Council consent conditions are complied with (or mitigation undertaken if issues occur)

Result: 100% (target: 100%). The target was met. All consent conditions from Horizons Regional Council were complied with. Aramoho Bore Consent is currently being reviewed and temporary consent was been granted by Horizons Regional Council. We will investigate a global consent for all water takes and discharges.

Previous year results

Year	Result
2015/16	100%
2014/15	100%
2013/14	100%
2012/13	100%

Source: Horizons Regional Council

Water supply group

Capital expenditure

The following table shows the expenditure on capital work for the Water supply Group. Significant variations to the Annual Plan are discussed below where necessary.

Activity	Annual Plan Budget \$000	Opening Carry Over \$000	Approved Budget \$000	Actual For Year \$000	Closing Carry Over \$000
Capital expenditure to improve the level of service :					
Water Supply					
Generator	-	150	150	70	-
Meters and Connections	74	-	74	150	-
Sundry Projects	55	-	55	44	-
	129	150	279	264	-
Capital expenditure to replace existing assets :					
Water Supply					
Meters, valves, connections	405	-	405	547	-
Kai-iwi Bore No1 development	1,500	-	1,500	142	1,360
Symes Road	-	300	300	338	150
Tayforth Road	300	-	300	11	290
Roading coordinated projects	125	-	125	275	-
Sundry Projects	570	-	570	498	29
	2,900	300	3,200	1,811	1,829

Work was planned to maintain the service capacity of the Council facilities and to deal with the expected demands on the service.

Water supply

The capital acquisitions budget was just underspent for the year, with additional meters and connections costs being offset by the reduced cost for the generator.

The capital replacements budget was well underspent for the year, mainly as a result of the Kai-iwi No1 bore project being delayed due to leased land negotiations and consents being required. These have now been resolved and the project should be completed next year. The other major job delayed was Tayforth Road, as a result of flood damage work taking priority, and unfavourable weather conditions. Both these underspends have been carried forward.

Expenditure that was overspent for the year included roading coordinated projects mainly as a result of additional work carried out in conjunction with Powerco at Anzac Parade; and connections mainly as a result of a new pump station built at the City Bridge for the Airport. The Symes Road project will cost more than the original budget due to additional required work carried out as the job progressed, that needs a carry over budget to complete the work next year.

Usually work is reprioritised during the year to be within the overall available budget. This year's cost overrun has been covered by capital replacement underspends from previous years.

Internal borrowings

	2017	2016
	\$	\$
Brought forward	1,083,322	1,058,340
Borrowings raised	0	0
Borrowings repaid	(366,968)	(18,152)
Interest paid	16,529	43,134
Carried forward	<u>732,883</u>	<u>1,083,322</u>

Water supply group

Funding impact statement

For the year ended 30 June 2017

	Long Term Plan	Long Term Plan	Annual Plan	Actual
	2016	2017	2017	2017
	\$000	\$000	\$000	\$000
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	-	-	-	-
Targeted rates	6,608	6,794	6,639	6,324
Subsidies and grants for operating purposes	-	-	-	-
Fees and charges	40	83	40	45
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-	1
Total operating funding (A)	6,648	6,877	6,679	6,370
Application of operating funding				
Payments to staff and suppliers	2,942	2,984	2,949	2,593
Finance costs	707	786	668	687
Internal charges and overheads applied	599	624	607	615
Other operating funding applications	-	-	-	-
Total application of operating funding (B)	4,248	4,394	4,224	3,895
Surplus (deficit) of operating funding (A - B)	2,400	2,483	2,455	2,475
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	(1,300)	3,520	500	(445)
Gross proceeds from asset sales	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	74	74	74	32
Total sources of capital funding (C)	(1,226)	3,594	574	(413)
Application of capital funding				
Capital expenditure				
-to meet additional demand	-	-	-	-
-to improve the level of service	119	81	129	263
-to replace existing assets	1,055	5,996	2,900	1,799
Increase (decrease) in reserves	-	-	-	-
Increase (decrease) of investments	-	-	-	-
Total application of capital funding (D)	1,174	6,077	3,029	2,062
Surplus (deficit) of capital funding (C - D)	(2,400)	(2,483)	(2,455)	(2,475)
Funding balance ((A - B) + (C - D))	-	-	-	-

2 Stormwater

Stormwater collection and its disposal are necessary in order to protect the health and safety of people and their land and property. By managing the stormwater network from point source, to discharge, to natural environment, a degree of protection is applied to land, property, the receiving environment and life.

What we do

- Stormwater

How these activities contribute to our Leading Edge outcomes

Environment: We dispose of stormwater to meet environmental and public health standards. We aim to protect people, land and property from adverse effects of ponding and flooding.

Our key projects and highlights

- The installation of a swale along Heads Road to help prevent flooding and ponding has been completed.
- We commenced the Heads Road stormwater main extension.
- The Wilson Street stormwater renewal project has been completed.
- The design for the Mosston Road Stormwater Main is almost complete.
- Our 1D/2D stormwater modelling has continued. The next step is to analyse system improvements and growth scenarios for reporting and long term planning.
- A cross-connectivity in the Fitzherbert Street wastewater catchment has been identified and is the result of investigations into inflow and infiltration.
- We have continued to carry out maintenance and inspections on inlets and drains as per its requirements.

2017 McGredy Winder Society of Local Government's (SOLGM) Excellence Awards

Whanganui District Council's infrastructure team collected an award at the 2017 McGredy Winder Society of Local Government's (SOLGM) Excellence Awards for a more efficient and responsive way to assess underground infrastructure.

The Minister of Local Government's Award Innovation in Asset Management award was presented to Senior Stormwater Engineer Kritzo Venter, Senior Wastewater Engineer Arno Benadie and Chief Executive Kym Fell at the awards ceremony in Auckland.

The award, for a project called 'Risk Based Asset Management', uses a building information model to replace an aged-based or 'remaining useful life' approach to underground assets.

The model uses a combination of the Council's existing asset management plans, flow and rainfall monitoring and underground closed circuit television to prioritise at-risk underground assets.

The judges of the awards said:

"Decision-making based on an informed assessment of risk and consequence is the way ahead for asset management, especially with water and wastewater where the degree of risk is high and asset condition not always easy to observe.

Whanganui's approach is an effective, pragmatic, evidence based approach with the potential to deliver real value for money to their community. The sector can learn much from the process through which the Council is turning a morass of data into useful information for asset management decisions."

How did we perform?

Our stormwater activities should protect public health and property without compromising the environment. We measure our effectiveness by monitoring the instances of flooding, and by response times for service repairs.

To measure the standard of the stormwater infrastructure and the service

Number of flooding events⁹

Result: 0 (target: <5). The target was met as there were no flooding events.

Previous year results

Year	Result
2015/16	0

Source: WDC CRM System

For each flooding event the number of habitable floors affected (expressed for 1000 properties connected to the stormwater system)

Result: 0 (target: 0.5). The target was met as there were no flooding events.

Previous year results

⁹ A flooding event is an overflow of stormwater from Council's stormwater system that enters a habitable floor.

Year	Result
2015/16	0

Source: WDC CRM System

Median response time to attend a flooding events

Result: 0 (target: 4 hours).¹⁰ The target was met as there were no flooding events.

Previous year results

Year	Result
2015/16	0

Source: WDC CRM System

The number of complaints received about the performance of the stormwater system (expressed for 1000 properties connected to the stormwater system)

Result: 1 (target: 0.25).¹¹ The target was not met. There was 1 complaint per 1000 properties about the stormwater system.

Previous year results

Year	Result
2015/16	1

Source: WDC CRM System

To understand the impact of the stormwater system on the environment

Whanganui District Council holds relevant resource consents for the stormwater activity.

Compliance with all resource consents for discharge from the stormwater system: measured by the number of abatement notices received by Council in relation to those resource consents

Result: 0 (target: 0). The target was met.

Previous year results

Year	Result
2015/16	0

Source: WDC CRM System

Compliance with all resource consents for discharge from the stormwater system: measured by the number of infringement notices received by Council in relation to those resource consents

Result: 0 (target: 0). The target was met.

Previous year results

Year	Result
2015/16	0

Source: WDC CRM System

Compliance with all resource consents for discharge from the stormwater system: measured by the number of enforcement orders received by Council in relation to those resource consents

¹⁰ Measured from the time notification is received to the time that the service personnel reach the site.

¹¹ Complaints also includes all requests for service. The target for this measure was set prior to receiving this clarification. As a result the target may be reviewed as part of the next 10-Year Plan.

Result: 0 (target: 0). The target was met.

Previous year results

Year	Result
2015/16	0

Source: WDC CRM System

Compliance with all resource consents for discharge from the stormwater system: measured by the number of convictions received by Council in relation to these resource consents

Result: 0 (target: 0). The target was met.

Previous year results

Year	Result
2015/16	0

Source: WDC CRM System

Stormwater group

Capital expenditure

The following table shows the expenditure on capital works for the Stormwater Group. Significant variations to the Annual Plan are discussed below where necessary.

Activity	Annual Plan Budget \$000	Opening Carry Over \$000	Approved Budget \$000	Actual For Year \$000	Closing Carry Over \$000
Capital expenditure to improve the level of service :					
Stormwater					
Separation Completion	363	1,207	1,570	1,543	-
Mill Road Manufacturing zone	3,000	-	3,000	118	2,882
Inflow & infiltration investigations	-	256	256	191	-
City wide hotspots	100	181	281	182	100
Integrated catchment management	150	20	170	189	-
Heads Road swale	-	120	120	204	-
Hinau Street upgrade	120	-	120	2	120
Springvale Park detention investigations	-	100	100	3	-
Sundry Projects	30	-	30	5	-
	3,763	1,884	5,647	2,437	3,102
Capital expenditure to replace existing assets :					
Stormwater					
Network replacements	170	383	553	296	260
Sundry Projects	30	-	30	10	-
	200	383	583	306	260

Work was planned to maintain the service capacity of the Council facilities and to deal with the expected demands on the service.

Stormwater

The capital acquisitions budget was well underspent for the year. The Mill Road project was delayed while validating the design outcomes, through hydraulic modelling being carried out, and also extensive time was required to prepare the expenditure schedules. The carry over of \$2.882M will be added to next year's budget of \$3M, to give a combined budget available next year of \$5.882M. Stage one of the project was recently let for \$3.3M.

The separation project expenditure was on budget this year. Next year's budget is \$350k.

Other work to be carried forward related to delays in sourcing materials, but are now due for completion next year. This includes Hinau Street and citywide hotspots.

After closing carry overs are taken into account, the overall acquisitions capital expenditure is just under budget. As in previous years, some underspends may be assigned to other unbudgeted projects approved.

The capital replacements budget was underspent, mainly in network replacements. Contracts were redesigned and retendered to effect cost savings.

Internal borrowings

	2017	2016
	\$	\$
Brought forward	2,953,725	2,693,069
Borrowings raised	0	143,049
Borrowings repaid	(892,333)	0
Interest paid	47,565	117,606
Carried forward	<u>2,108,957</u>	<u>2,953,725</u>

Stormwater drainage group

Funding impact statement

For the year ended 30 June 2017

	Long Term Plan	Long Term Plan	Annual Plan	Actual
	2016	2017	2017	2017
	\$000	\$000	\$000	\$000
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	-	-	-	-
Targeted rates	4,864	5,295	5,125	5,124
Subsidies and grants for operating purposes	-	-	-	-
Fees and charges	-	-	-	-
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	1	-	-
Total operating funding (A)	4,864	5,296	5,125	5,124
Application of operating funding				
Payments to staff and suppliers	900	918	1,043	954
Finance costs	1,915	1,957	1,916	1,788
Internal charges and overheads applied	204	213	234	237
Other operating funding applications	-	-	-	-
Total application of operating funding (B)	3,019	3,088	3,193	2,979
Surplus (deficit) of operating funding (A - B)	1,845	2,208	1,932	2,145
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	(945)	1,862	1,991	594
Gross proceeds from asset sales	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	40	40	40	1
Total sources of capital funding (C)	(905)	1,902	2,031	595
Application of capital funding				
Capital expenditure				
-to meet additional demand	-	-	-	-
-to improve the level of service	620	3,782	3,763	2,439
-to replace existing assets	320	328	200	301
Increase (decrease) in reserves	-	-	-	-
Increase (decrease) of investments	-	-	-	-
Total application of capital funding (D)	940	4,110	3,963	2,740
Surplus (deficit) of capital funding (C - D)	(1,845)	(2,208)	(1,932)	(2,145)
Funding balance ((A - B) + (C - D))	-	-	-	-

3 Waterways and natural drainage

Natural water systems must be managed to meet environmental and amenity standards for the district's wellbeing. These systems are critical to allow or mitigate flooding impacts within the urban area.

What we do

- Waterways and natural drainage

How these activities contribute to our Leading Edge outcomes

Community: We manage the natural water systems to reduce public health risks and to reduce the risks of flooding in the urban area and to ensure public health and safety standards are protected by eliminating contamination of our natural watercourses.

Environment: We maintain drains and watercourses to reduce the risk of flooding during serviced events in the urban area. We protect the natural ecosystems in the district's waterways.

Our key projects and highlights

- Further stages of the 'Healthy Streams' initiative were completed including the stream enhancement project along the railway corridor off London Street. We began the Karaka Stream Watercourse enhancement project.
- We prepared an erosion and sediment control plan for Somme Parade, Tokomaru West Road (Bridge 10), Koatanui Road (Bridge 11), Landacre Road (Bridge 45), Heao Road (Bridge 49), Matthews Road (bridge 62) and Kainui Road (Bridge 93).

Healthy Streams

The London Street watercourse, which runs 250 metres between Glasgow Street and Victoria Avenue along the railway corridor, was created early in the early 20th century as a buffer to collect stormwater between the railway track and the residential area off Victoria Avenue. Over time it has been clogged with undesired weed species which has slowed down the movement of water and created an eyesore. To improve the health of the watercourse, environmentally friendly matting and grass has been laid on the steep slopes of the water course and native species have been planted on the shallow slopes.

Another watercourse which has been tidied up is Kaikokopu Stream, which is one of the six urban streams in the Healthy Streams Whanganui project. "We used what is referred to as 'soft engineering solutions' such as decreasing the angle of the slopes, constructing rock pools at strategic positions and constructing a fish passage to allow fish to swim through a culvert pipe to make their way to the Whanganui River.



London Street watercourse after its Healthy Streams makeover

How did we perform?

Our waterways and natural drainage activity aim to provide effective warnings and protect people and property from flood waters.

To measure the responsiveness to a potential flooding event

Compliance with the Whanganui River Flood Action Plan¹²

Result: 100% (target: 100%). The target was met.

Previous year results

Year	Result
2015/16	100%

Source: WDC Infrastructure

Reliable warning and support systems for protection against Whanganui River flooding and stormwater overflows lasting more than 8 hours are in place at all times

Result: 100% (target: 100%). The target was met.

Previous year results

Year	Result
2015/16	100%

Source: WDC Infrastructure

¹² This Plan describes the river stage heights, potential areas of impact, roles and responsibilities of players and the liaison between the District and Regional Councils. Its purpose is to provide timely advice between Horizons, Whanganui District Council and emergency services in consideration of evacuation of the flood hazard zones in the city reach of the Whanganui River.

Flood protection and control group

Capital expenditure

The following table shows the expenditure on capital works for the Flood Protection and Control Group. Significant variations to the Annual Plan are discussed below where necessary.

Activity	Annual Plan Budget \$000	Opening Carry Over \$000	Approved Budget \$000	Actual For Year \$000	Closing Carry Over \$000
Capital expenditure to improve the level of service :					
<i>Waterways and Natural Drainage</i>					
Whanganui River erosion control	10	153	163	-	163
Upgrades ex Horizons and Council	570	-	570	23	547
South Spit and Mole management	50	103	153	-	153
Sundry projects	25	-	25	7	-
	655	256	911	30	863

Work was planned to maintain the service capacity of the Council facilities and to deal with the expected demands on the service.

Waterways and natural drainage

There have been delays awaiting various engineering studies, complicated by the June 2015 storm event. Also the extent of Horizons input is still being worked through. A workshop with all interested parties is set for July 2017.

In the meantime erosion pocket maintenance and further investigative work is due to happen over the 2017/18 summer.

Internal borrowings

The flood protection group has no internal borrowings.

Waterways and natural drainage group

Funding impact statement

For the year ended 30 June 2017

	Long Term Plan	Long Term Plan	Annual Plan	Actual
	2016	2017	2017	2017
	\$000	\$000	\$000	\$000
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	896	913	895	897
Targeted rates	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	(4)
Fees and charges	-	-	-	-
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-	-
Total operating funding (A)	896	913	895	893
Application of operating funding				
Payments to staff and suppliers	618	630	617	665
Finance costs	(16)	(19)	(25)	(75)
Internal charges and overheads applied	149	155	151	153
Other operating funding applications	-	-	-	-
Total application of operating funding (B)	751	766	743	743
Surplus (deficit) of operating funding (A - B)	145	147	152	150
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	(60)	(60)	503	(146)
Gross proceeds from asset sales	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	(60)	(60)	503	(146)
Application of capital funding				
Capital expenditure				
-to meet additional demand	-	-	-	-
-to improve the level of service	85	87	655	4
-to replace existing assets	-	-	-	-
Increase (decrease) in reserves	-	-	-	-
Increase (decrease) of investments	-	-	-	-
Total application of capital funding (D)	85	87	655	4
Surplus (deficit) of capital funding (C - D)	(145)	(147)	(152)	(150)
Funding balance ((A - B) + (C - D))	-	-	-	-

4 Sewerage and the treatment and disposal of sewage

As well as providing a convenience to households by enabling easy sewage disposal, the collection, treatment and disposal of wastewater is also important to maintain public and environmental health, as well as maintaining clean waterways for quality of our natural environment.

What we do

- Wastewater

How these activities contribute to our Leading Edge outcomes

Environment: Completing a new wastewater scheme will substantially reduce the risk of potential sewage overflows to the river and so improve river water quality. It will also reduce the risk of sewage flowing onto private properties and roadways.

Our key projects and highlights

- As a part of our three year project we have replaced the control panels at 15 out of a total of 22 pump stations. This project will continue in 2017/2018.
- Construction on the wastewater treatment plant is well under way.

How did we perform?

We are responsible for the operation and management of wastewater systems, including an urban system that services the city and two rural systems. We aim to maintain public health and safety as well as protect the environment with clean waterways. We measure our effectiveness by monitoring the response times for service requests, and the impact of the wastewater system on the environment.

To measure the standard of the wastewater service

The total number of complaints received (expressed per 1000 connections)

Result: 3 (target: <5).¹³ The target was met with three complaints received per 1000 connections to the sewerage network.

Previous year results

Year	Result
2015/16	6

Source: WDC CRM System

The number of dry weather sewerage overflows from the system (expressed per 1000 sewerage connections)

¹³ Complaints may include sewage odour, sewerage system faults; sewerage system blockages and Council's response to any of these issues. Complaints also includes all requests for service. The target for this measure was set prior to receiving this clarification. As a result the target may be reviewed as part of the next 10-Year Plan.

Result: 2.63 (target: <4).¹⁴ The target was met.

Previous year results

Year	Result
2015/16	10.3

Source: Veolia

Median response time for attending sewerage overflows resulting from blockages or other faults¹⁵

Result: 21 minutes (target: 6 hours).¹⁶ The target was met.

Previous year results

Year	Result
2015/16	21 minutes

Source: Veolia

Median response time for resolution of blockages or other faults¹⁷

Result: 1 hour 48 minutes (target: 5 days).¹⁸ The target was met.

Previous year results

Year	Result
2015/16	2 hours 30 minutes

Source: Veolia

To measure the impact of wastewater on the environment

Whanganui District Council is currently authorised to discharge milliscreened wastewater for a period of three years (until 31 May 2019) to enable the construction and commissioning of a new wastewater treatment plant. Prior to this authorisation, we were discharging under the emergency works provisions of the Resource Management Act 1991 Section 330.

Compliance with all resource consents for discharge from the wastewater system: measured by the number of abatement notices in relation to the resource consents

Result: 1 (target: 0). The target was not met.

Previous year results

Year	Result
2015/16	0

Source: Horizons Regional Council

¹⁴ This relates to all overflows as we are unable to isolate only those relating to dry weather. We intend to improve our systems to enable better reporting in the future.

¹⁵ Measured from the time that notification is received to the time that service personnel reach the site.

¹⁶ There were 52 calls that were excluded due to the calls being after hours and unable to be logged into Council's system until the next working day. We will review this process moving forward.

¹⁷ Measured from the time that notification is received to the time that service personnel confirm resolution of the blockage or fault.

¹⁸ There were 13 calls that were excluded due to the calls being after hours and unable to be logged into Council's system until the next working day. We will review this process moving forward.

Compliance with all resource consents for discharge from the wastewater system: measured by the number of infringement notices in relation to the resource consents

Result: 0 (target: 0). The target was met.

Previous year results

Year	Result
2015/16	0

Source: Horizons Regional Council

Compliance with all resource consents for discharge from the wastewater system: measured by the number of enforcement orders in relation to the resource consents

Result: 0 (target: 0). The target was met.

Previous year results

Year	Result
2015/16	0

Source: Horizons Regional Council

Compliance with all resource consents for discharge from the wastewater system: measured by the number of convictions in relation to the resource consents

Result: 0 (target: 0). The target was met.

Previous year results

Year	Result
2015/16	0

Source: Horizons Regional Council

Sewerage and the treatment and disposal of sewage group

Capital expenditure

The following table shows the expenditure on capital works for the Wastewater Group. Significant variations to the Annual Plan are discussed below where necessary.

Activity	Annual Plan Budget \$000	Opening Carry Over \$000	Approved Budget \$000	Actual For Year \$000	Closing Carry Over \$000
Capital expenditure to improve the level of service :					
Wastewater					
New Treatment Plant	15,850	-	15,850	23,384	-
Overflow Manhole construction	-	350	350	-	350
City wide pump station upgrades	145	-	145	188	-
Trade waste monitoring equipment	1,000	-	1,000	12	1,000
Sundry Projects	100	-	100	89	70
	17,095	350	17,445	23,673	1,420
Capital expenditure to replace existing assets :					
Wastewater					
Urban reticulation	535	-	535	677	-
Refurbishment of old MCC at BRPS	-	500	500	-	500
Grit removal optimisation	-	372	372	10	362
Hydraulic gate replacement	300	-	300	-	300
Beach Road Station. Flood repairs	-	600	600	-	600
Sundry Projects	20	-	20	15	-
	855	1,472	2,327	702	1,762

Work was planned to maintain the service capacity of the Council facilities and to deal with the expected demands on the service.

Wastewater

The Treatment Plant Project budget for this year was \$15.85M. As the rebuild was accelerated and Council was informed by budget reforecasts during the year, the actual cost for the year was \$23.384M. The rebuild is due for completion by December 2017. This has been funded from loans. Note that the total cost of the rebuild over the two years is unchanged at \$41.2M.

The overflow manhole construction budget of \$350k has been carried over in total as no expenditure was incurred this year because of contractual issues.

The trade waste monitoring budget of \$1M has been carried over with delays awaiting final trade waste by-laws, and the new charging model.

The remaining carry over in acquisitions is sundry projects of \$70k, which relates to vehicle replacements. The delay has been due to awaiting a new vehicle specification policy.

The capital replacements expenditure is well under budget. The refurbishment of the master control cabinet at the Beach Road pumping station, and the grit removal optimisation projects have been delayed awaiting new designs in conjunction with the new Treatment Plant rebuild. These have now been finalised and the work will be carried out next year.

Flood damage at Beach Road for screens remedial work has been held up due to unfavourable river and weather conditions, but is currently under design. When this work is completed, the hydraulic gate replacement will commence.

Internal borrowings

	2017	2016
	\$	\$
Brought forward	260,437	746,003
Borrowings raised	1,431,979	0
Borrowings repaid	0	(495,935)
Interest paid	39,051	10,370
Carried forward	<u>1,731,468</u>	<u>260,437</u>

Sewerage and the treatment and disposal of sewage group

Funding impact statement

For the year ended 30 June 2017

	Long Term Plan	Long Term Plan	Annual Plan	Actual
	2016	2017	2017	2017
	\$000	\$000	\$000	\$000
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	-	-	-	-
Targeted rates	7,563	7,507	7,614	6,879
Subsidies and grants for operating purposes	-	-	-	-
Fees and charges	-	-	-	-
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	600	617	600	601
Total operating funding (A)	8,163	8,124	8,214	7,480
Application of operating funding				
Payments to staff and suppliers	3,535	3,623	3,549	3,166
Finance costs	575	491	561	615
Internal charges and overheads applied	713	752	724	734
Other operating funding applications	-	-	-	-
Total application of operating funding (B)	4,823	4,866	4,834	4,515
Surplus (deficit) of operating funding (A - B)	3,340	3,258	3,380	2,965
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	(1,030)	14,690	14,520	21,507
Gross proceeds from asset sales	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	50	50	50	-
Total sources of capital funding (C)	(980)	14,740	14,570	21,507
Application of capital funding				
Capital expenditure				
-to meet additional demand	-	-	-	-
-to improve the level of service	1,695	17,122	17,095	23,781
-to replace existing assets	665	876	855	692
Increase (decrease) in reserves	-	-	-	-
Increase (decrease) of investments	-	-	-	-
Total application of capital funding (D)	2,360	17,998	17,950	24,472
Surplus (deficit) of capital funding (C - D)	(3,340)	(3,258)	(3,380)	(2,965)
Funding balance ((A - B) + (C - D))	-	-	-	-

5 Provision of roads and footpaths

This activity manages the district's roads, bridges, traffic management and control systems and streetlights and contributes to our economic and social enhancement. Our network of urban and rural footpaths and pathways facilitate pedestrian safety as they move around our district.

What we do

- Roothing
- Footpaths and berms

How these activities contribute to our Leading Edge outcomes

Community: We support communities along the Whanganui River and provide and operate a safe local roading network. We provide the core infrastructure that will allow access to all healthcare services.

Connectivity: We maintain well-connected pathways throughout the district and a safe interconnected roading network. We provide the core infrastructure that will allow access to the port in order to develop it to its full potential.

Economy: We provide the core access infrastructure to: allow our district to become business friendly; continue to allow a strong rural economy; promote the sustainable development of cultural, sports and recreational activities and facilities for young people; and allow access to active recreational and sporting opportunities.

Our key projects and highlights

- We have continued with our maintenance on roads, pavements, drainage, structures, traffic services and level crossing warning devices. We continue to publicise our planned works through community link and public notices.
- We have continued our project to replace street lights with more energy efficient LED light bulbs.
- Many roads were affected by the 2015 June weather event and works are still being carried out:
 - The construction along the Whanganui River Road taking place between Parikino and the Gentle Annie/Aramoanais continuing on the three retaining walls.
 - Bank retreat work for Oyster Bluff and Jerusalem Bluff along the Whanganui River road has been designed.
- Construction on the Rangitiki Street Roundabout was completed.
- Kerb and footpath replacement and renewal on Wilson Street has commenced along with tree management works.
- The section of the Urban Shared Pathway, which runs from the Whanganui City Bridge to Bedford Avenue has been completed and is now open.

Whanganui's City to North Mole Shared Pathway

The City to North Mole pathway is one of two urban shared pathways being developed in Whanganui with funding assistance from the government's Urban Cycleways Programme.

The pathways enable people to get around on foot, by bicycle, scooter, skateboard and with mobility aids. The shared pathway network project supports the Whanganui Let's Go initiative and now provides users with the ability to travel on a safe high quality surface between the Aramoho Railway Bridge and the downstream end of Gilbert Street.

Use of the new sections of pathway by the community has increased significantly since the pathway was upgraded to a concrete surface. The new surface sees a significant reduction in the number of areas affected by ponding and is much cleaner during wet weather. The concrete surface now enables a greater range of users to utilize the pathway, roller skaters, scooter riders and skate boarders are all now able to enjoy the picturesque river bank scenery.

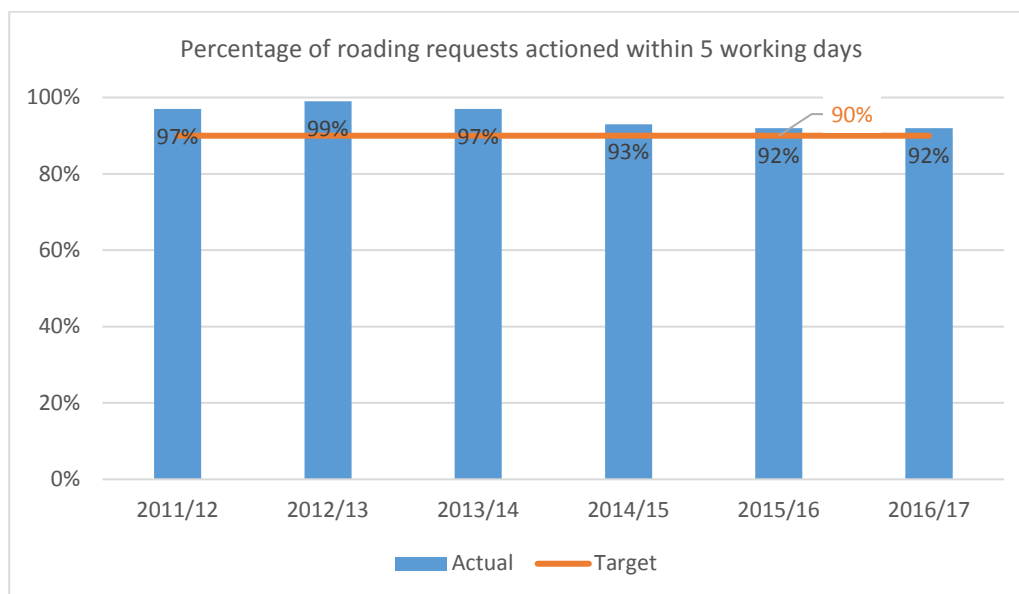
The final phase of the City to North Mole pathway is scheduled for completion in 2018.

How did we perform?

Roads connect our community both socially and economically. We want to ensure Whanganui's roading network is sustainable and safe. We assess our performance by recording the rate of road casualties occurring and by measuring service provision, and asset condition. These measures are to ensure that we maintain a safe and healthy community and to meet environmental standards.

To measure the standard of the roading infrastructure and the service

Percentage of customer service requests that are actioned within five working days



The target was met. There were a total of 898 roading requests actioned within five working days – which was 34 less than the previous year and continuing the decreasing trend of customer requests.

Source: WDC CRM System

The average quality ride on a sealed local road network, measured by smooth traffic exposure

Result: 88% (target: 85-90%). The target was met with 88% of the sealed local roads in the district considered "smooth" as per the smooth travel exposure measurement.

Previous year results

Year	Result
2015/16	89%

Source: WDC Annual Roughness Survey

Percentage of sealed road network that is resurfaced

Result: 7.7% (target: >4%). The target of 4% was met. There was 38.7km of the sealed road network resurfaced. In total there is 503.3km of sealed roads.

Previous year results

Year	Result
2015/16	5.9%

Source: NZ Transport Agency

To measure progress towards increasing roading safety

The change from previous financial year in the number of fatalities or serious injury crashes on the local road network

Result: 20 (target: -1). That target was not met. There were 20 fatal/serious injury crashes on local roads in the 2016 calendar year.

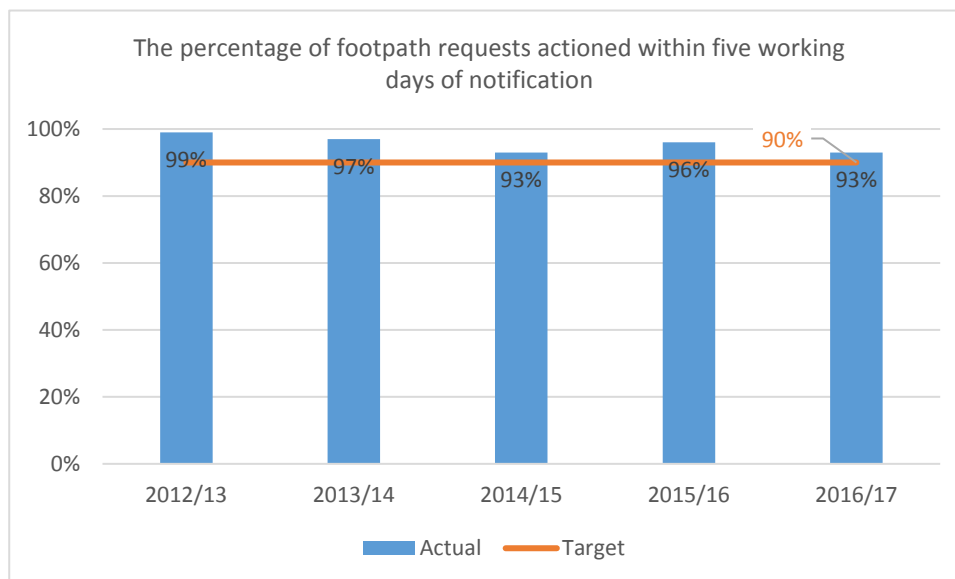
Source: NZ Transport Agency Crash Analysis System (CAS)

Previous year results

Year	Result
2015	8

To measure the standard of our footpath network and the service

The percentage of footpath requests actioned within five working days of notification¹⁹



The target of 90% was met.

Source: WDC CRM System

The percentage of footpaths that meet Council's standard of a defect score of <50²⁰

Result: 98% (target: 90%). This result is from the 2014 measure. Rating surveys occur every 5 years on footpaths, hence next count will happen in 2019.

Previous year results

¹⁹ This includes any requests relating to the footpath and berms activity, for example trip hazards and breakages.

²⁰ This is calculated by the number of bumps, depressions, cracks and scabs on footpaths

Year	Result
2015/16	98%

Source: WDC CRM System

The total number of footpath faults (includes berms)

Result: 15,916 (target: <35,000). This result is from the 2014 measure. Rating surveys occur every 5 years on footpaths, hence next count will happen in 2019.

Previous year results

Year	Result
2015/16	15,916
2009/10	32,104
2003/04	57,174

Source: WDC CRM System

Roads, footpaths and pathways group

Capital expenditure

The following table shows the expenditure on capital works for the Roads, footpaths and pathways Group. Significant variations to the Annual Plan are discussed below where necessary.

Activity	Annual Plan Budget \$000	Opening Carry Over \$000	Approved Budget \$000	Actual For Year \$000	Closing Carry Over \$000
Capital expenditure to improve the level of service :					
<i>Roading</i>					
Minor Safety Projects	807	280	1,087	496	600
Pathways Construction	1,840	1,170	3,010	774	2,200
Streetlights to LED	550	-	550	602	-
Strategy Studies	49	-	49	30	50
	3,246	1,450	4,696	1,902	2,850
<i>Footpaths and Berms</i>					
Acquisitions	-	-	-	113	-
	3,246	1,450	4,696	2,015	2,850
Capital expenditure to replace existing assets :					
<i>Roading</i>					
Emergency Management	12,900	-	12,900	9,214	4,300
Sealed road resurfacing	2,193	-	2,193	1,814	-
Drainage renewals	904	-	904	1,064	-
Unsealed road metalling	488	-	488	516	-
Pavement rehabilitation	782	280	1,062	862	-
Traffic services renewals	356	-	356	616	-
Sundry Projects	311	-	311	505	-
	17,934	280	18,214	14,591	4,300
<i>Footpaths and Berms</i>					
Renewals	321	-	321	370	30
	18,255	280	18,535	14,961	4,330

Work was planned to maintain the service capacity of the Council facilities and to deal with the expected demands on the service.

Roading

The Emergency Management Annual Plan budget of \$12.9M only spent \$8.832M for the year. This has required carry overs of \$4.3M as approved by NZTA. This included the River Road project of \$3M (at 100% subsidy) which was delayed awaiting the consent process and then improved weather conditions; and the Papaiti Road realignment project of \$1.3M (at 82% subsidy) which was delayed awaiting land purchases and NZTA approval now achieved.

The total cost of the June 2015 weather event for roading, spread over three years, is now estimated to be \$27M. This will be funded by NZTA subsidy of \$24.3M, and loan/rates funds of \$2.7M.

Other roading work requiring carry overs of \$2.85M were for pathways construction of \$2.2M (at 62% subsidy) being the Urban Cycleway Project ("the Spine") delayed awaiting a KiwiRail response but now ready to commence; and minor safety projects of \$600k (at 62% subsidy) for traffic signals along St Hill Street to be done in conjunction with the Urban Cycleway Project.

Footpaths and berms

Unbudgeted capital acquisitions work of \$113k related to expenditure at Rangiora Street as part of the Castlecliff Rejuvenation Project. Also capital replacements expenditure of \$370k was over budget by \$49k.

As has happened in previous years, these overspends have more than been matched by reduced footpaths maintenance/operational costs of \$196k. When routine operational repairs are carried out, it is often found that instead of operational repairs being required additional renewal work needs to be undertaken. Work classified as renewal work is recorded in the Council's asset register.

Internal borrowings

	2017	2016
	\$	\$
Brought forward	806,787	733,204
Borrowings raised	0	41,460
Borrowings repaid	(289,338)	0
Interest paid	11,940	32,123
Carried forward	<u>529,389</u>	<u>806,787</u>

Provision of roads and footpaths group

Funding impact statement

For the year ended 30 June 2017

	Long Term Plan	Long Term Plan	Annual Plan	Actual
	2016	2017	2017	2017
	\$000	\$000	\$000	\$000
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	-	-	-	-
Targeted rates	7,305	8,599	8,149	8,149
Subsidies and grants for operating purposes	3,310	3,074	7,323	3,160
Fees and charges	25	25	25	26
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	560	505	493	573
Total operating funding (A)	11,200	12,203	15,990	11,908
Application of operating funding				
Payments to staff and suppliers	7,058	6,731	6,722	6,619
Finance costs	526	702	733	447
Internal charges and overheads applied	695	788	757	768
Other operating funding applications	-	-	-	-
Total application of operating funding (B)	8,279	8,221	8,212	7,834
Surplus (deficit) of operating funding (A - B)	2,921	3,982	7,778	4,074
Sources of capital funding				
Subsidies and grants for capital expenditure	5,731	5,650	12,586	13,360
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	(70)	(1,007)	1,137	(479)
Gross proceeds from asset sales	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	5,661	4,643	13,723	12,881
Application of capital funding				
Capital expenditure				
-to meet additional demand	-	-	-	-
-to improve the level of service	2,409	2,068	3,246	1,979
-to replace existing assets	6,173	6,557	18,255	14,957
Increase (decrease) in reserves	-	-	-	19
Increase (decrease) of investments	-	-	-	-
Total application of capital funding (D)	8,582	8,625	21,501	16,955
Surplus (deficit) of capital funding (C - D)	(2,921)	(3,982)	(7,778)	(4,074)
Funding balance ((A - B) + (C - D))	-	-	-	-

6 Parks and recreation

We provide a range of services and facilities that offer access to sports and recreation opportunities for residents. This includes parks, open spaces, reserves, sports grounds and swimming pools. These facilities encourage quality of life and healthy lifestyles, and are important for the wellbeing of the district.

What we do

- Parks and reserves
- Swimming pools

How these activities contribute to our Leading Edge outcomes

Community: Our parks and recreation activities are delivered to improve the health and social wellbeing of the community.

Connectivity: Our quality sporting venues enable regional and national events. We also provide well connected accessible pathways throughout the district. These are found in and around parks, along the river, in neighbourhood areas and throughout the district's green belt.

Creativity: We promote our district as an arts and culture hub through community art and sculpture.

Environment: Environmental sustainability remains a key aspect of our processes.

Economy: Access to open space is part of our commitment to deliver a diverse range of activities and facilities to meet the varied needs of our community.

Our key projects and highlights

- Consultation on sport and recreational facilities was undertaken by Sport Whanganui which will be used to develop a Sport and Recreation Strategy.
- The running of Cooks Gardens events has now been brought back into Council and will be undertaken by the Whanganui Venues and Events team. This will be managed alongside other iconic venues including the War Memorial Centre and the Royal New Zealand Opera House.
- We installed a new toilet facility at Peat Park.
- Restoration of Kowhai Park was completed after the damage the June 2015 weather event caused.



*Horizons Regional Council helps clean up the
Kowhai Park gardens near the riverbank*

Work being done at Kowhai Park

- We have continued to manage public parks, open spaces, reserves, sports grounds, swimming pools and other recreational areas through a number of service maintenance contracts.
- We provide a contract to run the two public pools (Splash Centre and Whanganui East Pool) and will continue to fund the staged upgrade of Whanganui East outdoor swimming complex.
- As part of the Castlecliff rejuvenation project, there has been a remodelling of the Rangiora Street layout. As part of the upgrade, gardens have been planted to provide a more welcoming entrance to the growing vibrancy of the area and entrance to the beach.

How did we perform?

Our parks and reserves offer a variety of sports and recreation opportunities for residents. We assess our performance by measuring use of, and user satisfaction with our parks and facilities.

To understand the standard of the services we provide; and the value the community place on them

Community satisfaction (%) with the maintenance and presentation of our open spaces

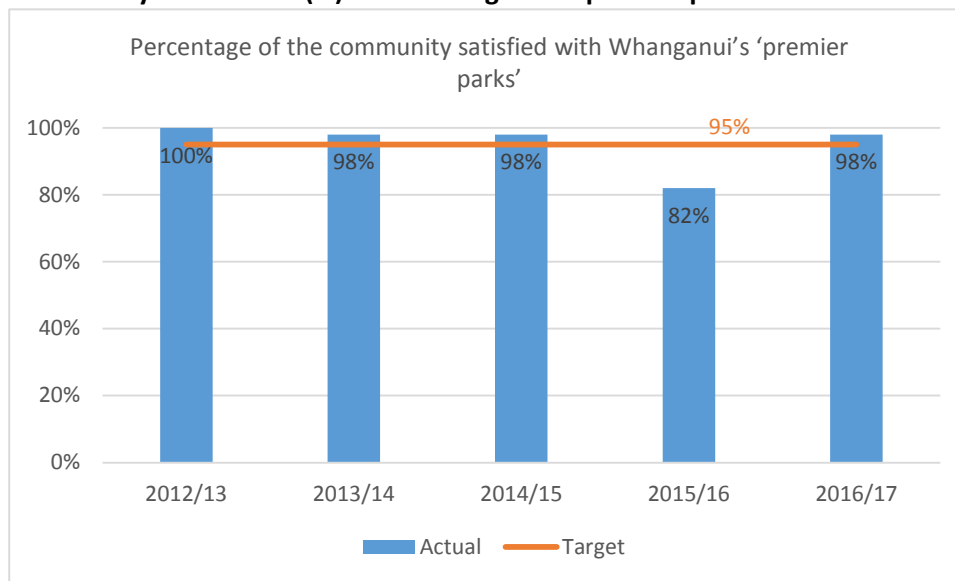
Result: 71% (target 90%). The target was not met however results from our independent Parks Check survey found 98% satisfaction across all parks. The Parks and Open Spaces Strategy will be reviewed in the coming year.

Previous year results

Year	Result
2015/16	74%

Source: Community Views Survey 2017.

Community satisfaction (%) with Whanganui's 'premier parks'



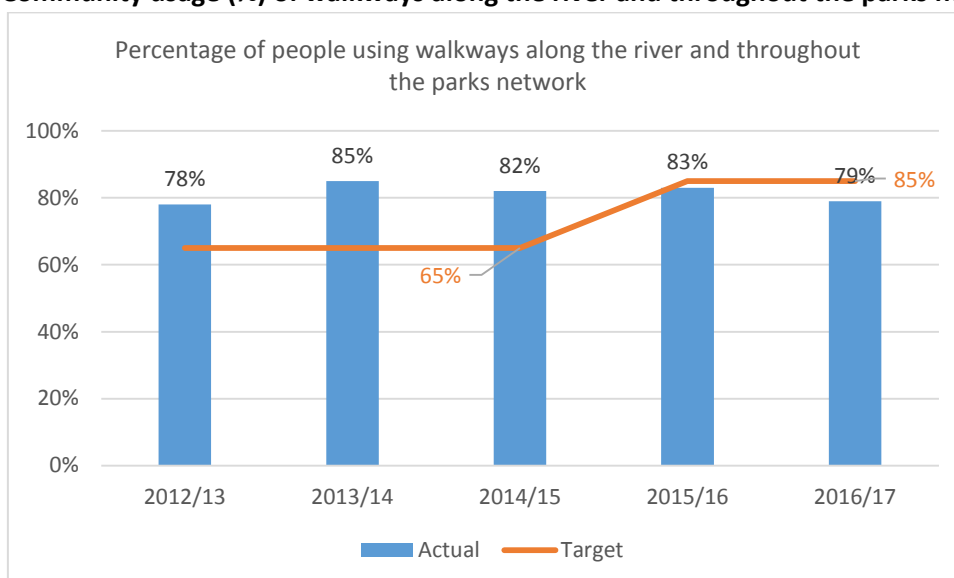
The target of 90% satisfaction with our 'premier parks' was met, with an increase in satisfaction of 16%. This significant increase could be attributed Kowhai Park being accessible after the previous year's closure due to flood damage.

These parks are termed destination parks and are of special value and significance. They have high recognition and use within the community and are an attraction for out of town visitors. Our 'premier parks' are: Virginia Lake Reserve and Winter Gardens, Bason Botanic Gardens, Queens Park, Kowhai Park, Castlecliff Domain and Majestic Square.

Source: Independent Park Check Survey 2017.

To understand the reach and utilisation of the services we provide

Community usage (%) of walkways along the river and throughout the parks network

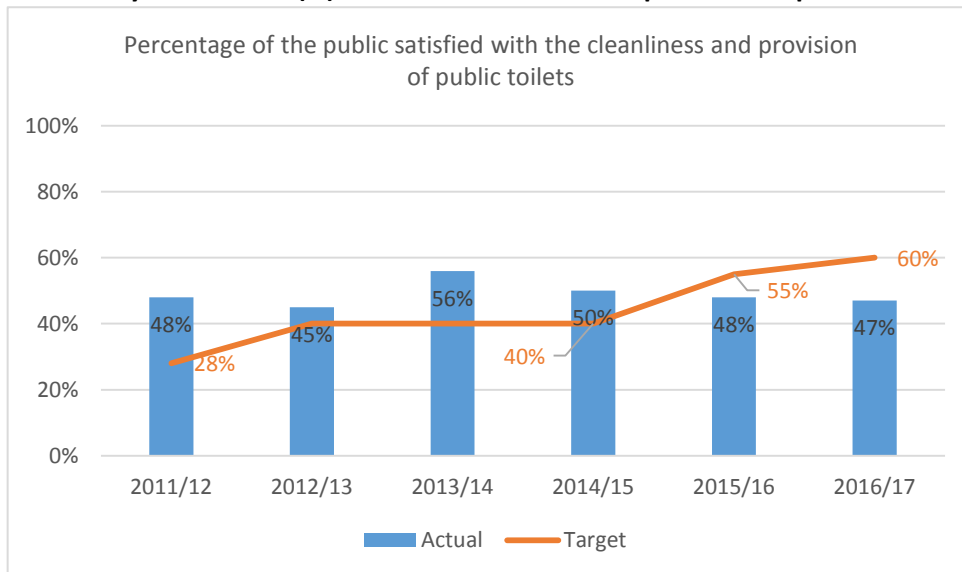


The target was not met. Low use numbers for Whanganui River Walkway and walkways in general can be attributed to on-going works for the former and closure of several walkways for the latter. River walkway

traffic counts support these findings with a general decrease of users during the planned works September to December 2016.

Source: Community Views Survey 2017

Community satisfaction (%) with the cleanliness and provision of public toilets



The target was not met, however results were consistent with the previous year.

Source: Community Views Survey 2017

To ensure facilities we provide are safe and meet the needs of our community

Monthly playground equipment safety checks

Result: Achieved (target: Achieve). Safety checks on playground equipment was carried out monthly.

Previous year results

Year	Result
2015/16	Achieved

Source: WDC Parks Team

The percentage of people that have used or visited a playground in the last 12 months

Result: 60% (target: 65%). The target was not met however there was an increase on the previous year.

Previous year results

Year	Result
2015/16	58%

Source: Community Views Survey 2017

The percentage of people that are satisfied with the playground equipment available

Result: 69% (target: 85%). The target was not met.

Previous year results

Year	Result
2015/16	68%

Source: Community Views Survey 2017

The Coastguard can launch from the Wharf Street ramp (or Putiki slipway) 24 hours a day, seven days a week

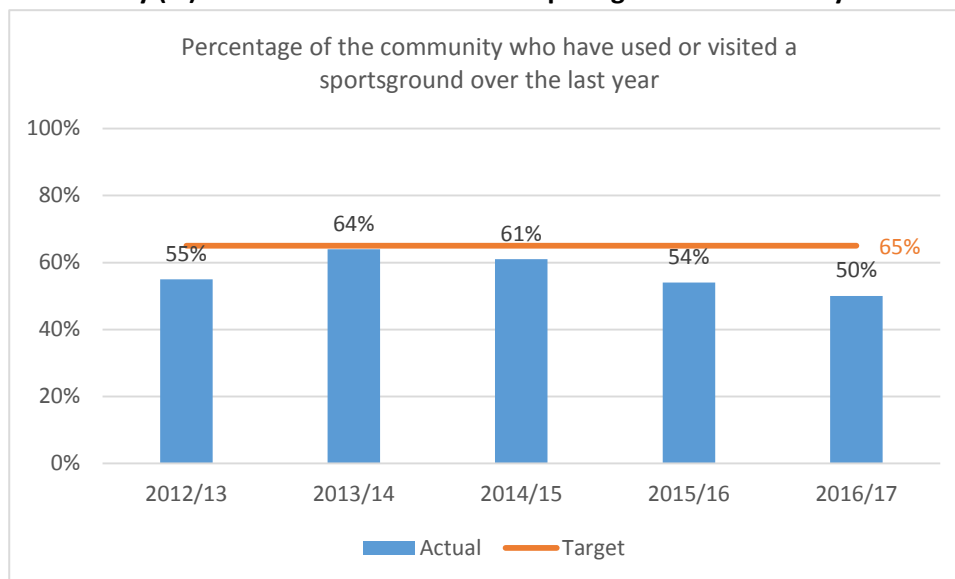
Result: Achieved (target: Achieve). The target was met. While there have been no incidences where boats cannot launch, there was a period at Easter where during low tide, the coastguard would not have been able to launch. The Putiki slipway would have still been available.

Previous year results

Year	Result
2015/16	Not achieved

Source: WDC Parks Team

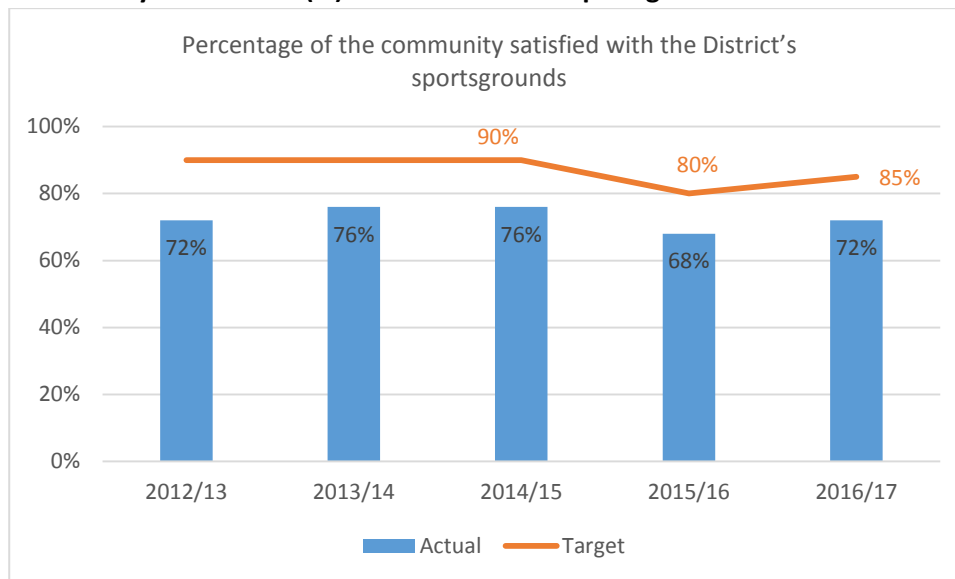
Community (%) who have used or visited a sportsground in the last year



The target was not met. The percentage of the community who had used or visited a sportsground over the last year continued to decrease. Council is working on a Sports and Recreation Strategy that will address a number of aspects, including usage.

Source: Community Views Survey 2017

Community satisfaction (%) with the district's sportsgrounds



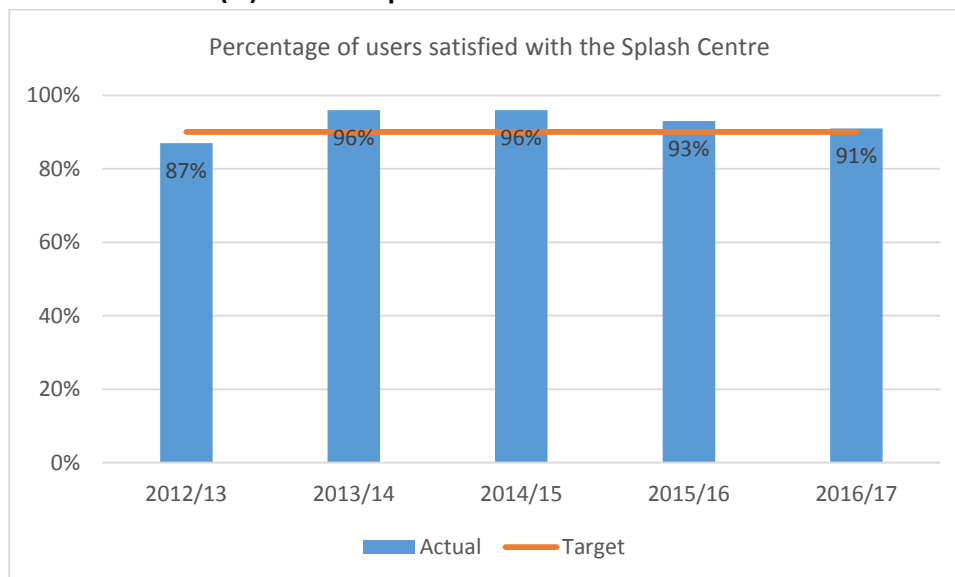
The target of 85% was not met, with 72% of the community satisfied with the district's sportsgrounds. While satisfaction increased by 4%, the independent Parks Check Survey of sportsground users indicated 100% satisfaction. The Park Check survey was conducted at Cooks, Wembley, Springvale, Williams Domain and Victoria Park.

Council is currently developing a Sport and Recreation Strategy.

Source: Community Views Survey 2017

To measure user satisfaction with our swimming pools

User satisfaction (%) with the Splash Centre



The target was met.

Source: Splash Centre User Survey 2017

User satisfaction (%) with the Whanganui East Pool

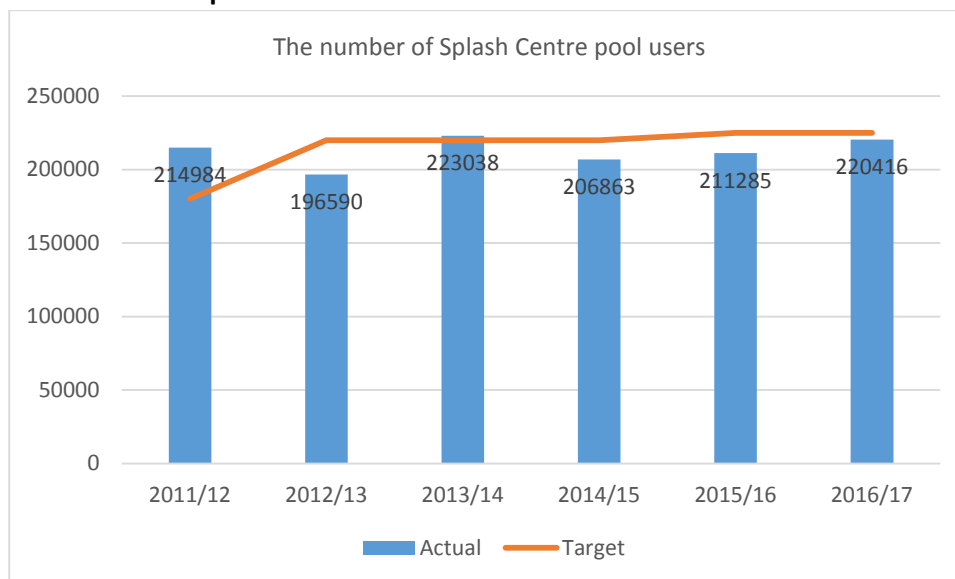
Result: Not available. (target: 90%). The survey was not undertaken this year as focus was to have the complex running correctly to a high standard. The survey will be carried out over the 2017/18 summer.

Previous year results

Year	Result
2015/16	98%

Source: Whanganui East Pool Trust

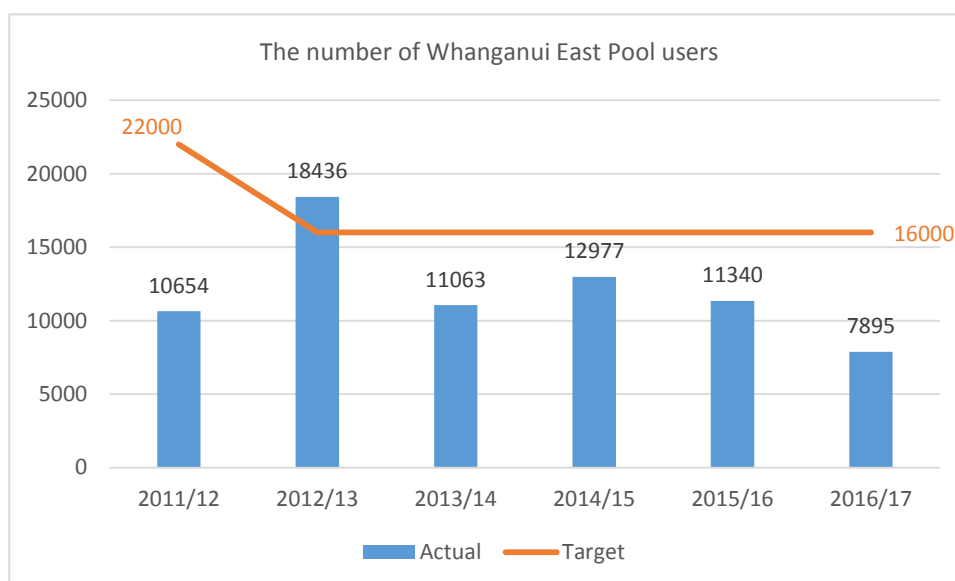
The number of Splash Centre users



The target was not met.

Source: Splash Centre

The number of Whanganui East Pool users



The target was not met.

Source: Whanganui East Pool Trust

Retention of ACC Pool safe accreditation

Result: Achieved (target: Achieve). The target was met. The Splash Centre retained ACC Pool Safe accreditation (this includes life guards are on duty and water quality tests are passed).

Previous year results

Year	Result
2015/16	Achieved
2014/15	Achieved
2013/14	Achieved
2012/13	Achieved

Source: Splash Centre

The Whanganui East Pool complies with lifeguard pool safety standard requirements

Result: Achieved (target: Achieve). The target was met.

Source: Whanganui East Pool Trust

Previous year results

Year	Result
2015/16	Achieved

The number of times that pool temperatures at the Splash Centre fall outside the target range (+/- 2%) for longer than an hour and a half.

Result: 0. (target: <5). The target was met. The pool temperatures at the Splash Centre did not fall outside the target range (+/- 2%) for longer than an hour and a half at all this year.

Previous year results

Year	Result
2015/16	0
2014/15	1
2013/14	0
2012/13	0

Source: Splash Centre

Parks and recreation group

Capital expenditure

The following table shows the expenditure on capital works for the Parks and recreation Group. Significant variations to the Annual Plan are discussed below where necessary.

Activity	Annual Plan Budget \$000	Opening Carry Over \$000	Approved Budget \$000	Actual For Year \$000	Closing Carry Over \$000
Capital expenditure to improve the level of service :					
<i>Parks and Reserves</i>					
Upokongaro Cycleway	1,240	-	1,240	30	1,340
Riverfront Toilet	-	128	128	7	121
Sundry Projects	-	-	-	10	-
	1,240	128	1,368	47	1,461
Capital expenditure to replace existing assets :					
<i>Parks and Reserves</i>					
Wharf Street boat ramp	170	310	480	140	325
North Mole upgrade	-	517	517	-	517
Castlecliff Beach coastal	50	50	100	-	83
Kowhai Park roading	50	13	63	84	30
Bason Reserve roading	-	68	68	-	45
Virginia Lake	62	-	62	-	-
Peat Park	60	-	60	63	-
Velodrome roof project	-	-	-	85	-
Street Trees	75	-	75	64	-
Sundry Projects	102	10	112	174	10
	569	968	1,537	610	1,010
<i>Swimming Pools</i>					
Wanganui East leak repairs	75	75	150	6	140
Sundry Projects	24	-	24	4	-
	99	75	174	10	140
	668	1,043	1,711	620	1,150

Work was planned to maintain the service capacity of the Council facilities and to deal with the expected demands on the service.

Parks and reserves

The Upokongaro to City Cycleway Project was delayed this year awaiting Central Government funding to be confirmed, and the tender process to be completed. The project is now ready to commence early next year. The total cost has been estimated to be \$2.5M, and this will be financed from next year's budget of \$1.16M, and a carry over this year of \$1.34M. This includes NZTA subsidy of \$1.25M; grants from the Ministry of Business Innovation & Employment of \$600k; and Council loans of \$650k.

The Riverfront toilet project has commenced some initial planning costs. There is a carry over of funds of \$121k awaiting final approval.

Work has yet to commence on the North Mole upgrade. There have been delays awaiting various engineering studies, complicated by the June 2015 storm event. Also the extent of Horizons input is still being worked through. A workshop with all interested parties is set for July 2017.

Some Castlecliff beach coastal reports have been received to date, but further reports are required. Delays have been awaiting future direction guidance.

The Wharf Street boat ramp work was delayed in conjunction with the Port Rejuvenation Project starting, but is now currently underway.

The Velodrome roof project expenditure of \$85k has been reimbursed as a grant from the Four Regions Trust.

Kowhai Park roading expenditure was partially financed from special funds and a budget transfer, allowing a carry over of \$30k to complete the job.

Numerous other sundry Parks projects have been undertaken this year. Some have not been completed by the end of the year due to a variety of reasons including second sealing work required, unfavourable weather, work since completed, lack of resources, etc. Where appropriate, there are carry overs required to complete those projects next year.

Swimming Pools

The unspent leak repair budget of \$140k this year has been carried over to next year, and together with next year's budget will give a workable budget to complete the job.

Sundry replacement work budgeted at \$24k at the Splash Centre included water pumps, piping, and aquatic equipment was either not required, or transferred to operating expenditure.

Internal borrowings

	2017	2016
	\$	\$
Brought forward	599,726	600,673
Borrowings raised	0	0
Borrowings repaid	(236,942)	(24,826)
Interest paid	8,371	23,879
Carried forward	<u>371,155</u>	<u>599,726</u>

Parks and recreation group

Funding impact statement

For the year ended 30 June 2017

	Long Term Plan	Long Term Plan	Annual Plan	Actual
	2016	2017	2017	2017
	\$000	\$000	\$000	\$000
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	7,628	7,782	7,497	7,508
Targeted rates	-	-	-	-
Subsidies and grants for operating purposes	134	134	134	320
Fees and charges	177	186	177	188
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	83	87	83	142
Total operating funding (A)	8,022	8,189	7,891	8,158
Application of operating funding				
Payments to staff and suppliers	5,360	5,490	5,503	5,621
Finance costs	430	427	437	400
Internal charges and overheads applied	975	1,028	1,013	1,027
Other operating funding applications	-	-	-	-
Total application of operating funding (B)	6,765	6,945	6,953	7,048
Surplus (deficit) of operating funding (A - B)	1,257	1,244	938	1,110
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	372	(485)	100	(667)
Gross proceeds from asset sales	-	-	-	7
Lump sum contributions	-	-	-	-
Other dedicated capital funding	130	150	870	-
Total sources of capital funding (C)	502	(335)	970	(660)
Application of capital funding				
Capital expenditure				
-to meet additional demand	-	-	-	-
-to improve the level of service	540	307	1,240	47
-to replace existing assets	1,219	602	668	428
Increase (decrease) in reserves	-	-	-	(25)
Increase (decrease) of investments	-	-	-	-
Total application of capital funding (D)	1,759	909	1,908	450
Surplus (deficit) of capital funding (C - D)	(1,257)	(1,244)	(938)	(1,110)
Funding balance ((A - B) + (C - D))	-	-	-	-

7

Community and cultural

Supporting community services and facilities as well as promoting cultural enrichment encourages a tolerant and strong community. We oversee the management of key cultural facilities; ensure appropriate stewardship of nationally important collections; and collaborate with community agencies and organisations to successfully deliver Council's key outcomes as well as enhancing our cultural and community strengths.

This strategic development and operational implementation stretches across the District's Libraries, Sarjeant Gallery Te Whare o Rehua Whanganui, Royal Wanganui Opera House and War Memorial Centre. We also provide support for the Whanganui Regional Museum.

What we do

- District libraries (Davis Central City, Alexander Heritage & Research, Gonville Café Library, Mobile Library, Suzanne Aubert Library at Jerusalem, Computer Clubhouse)
- Sarjeant Gallery Te Whare o Rehua Whanganui
- Royal Wanganui Opera House
- Whanganui Regional Museum (through a service level agreement)
- Community development
- War Memorial Centre

How these activities contribute to our Leading Edge outcomes

Community: We develop collaboration frameworks to implement our key strategies. We work closely with our Iwi partners.

Connectivity: We work to develop and sustain national and international partnerships. We actively seek and achieve appropriate global benchmarking frameworks.

Creativity: We support a programme of iconic arts and cultural events. We ensure all strategies we lead and implement have a powerful digital component.

Economy: Our work leads the Safer Whanganui Safe Community Accreditation, and through our cultural venues we aim to grow the level of commercial use to reduce the burden on ratepayers.

Our key projects and highlights

- In 2016 Safer Whanganui, in partnership with Accident Compensation Corporation, contracted HealthSearch Limited to complete an injury prevention needs assessment. The research will provide key focus areas enabling Safer Whanganui to identify key deliverables and a strategic framework for improving safety across the district.
- We supported the Whanganui Artists Open Studios by hosting the event which included the Festival of Glass. The support also came through funding, marketing and promotion of the event.
- We supported Whanganui's premier heritage event the annual Vintage Weekend which was held over three days in January.
- We supported the biennial New Zealand Masters Games by hosting the entertainment village at the War Memorial Centre.
- We helped support the Festival of Cultures, with performances taking place at the War Memorial Centre and also Majestic Square. This had been held annually since 2011.

- Puanga was celebrated in July marking the Maori New Year. Through a partnership with Creative New Zealand, we provided funding for the Puanga Pictures Film Festival. Puanga Pictures celebrates the best of contemporary local, Maori and New Zealand cinema.
- The Whanganui Positive Aging Forum continued to be held with various community groups, organisations and Council to progress issues of significance for older people in our community.

District Libraries

- The Library made some significant operating changes during 2016/17, including the transfer of the Computer Clubhouse operation to Nga Tai o te Awa; outsourcing of the bulk of library collection supply; and the introduction of a new Integrated Library Management System.
- The mobile library had a refurbishment including a repaint and vehicle maintenance.

Alexander Heritage & Research Library

- The Alexander Heritage and Research Library returned from its temporary relocation in Ridgway Street in September 2016 following the earthquake strengthening and upgrade of the Queens Park building. As part of the upgrade the Alex now has a new accessibility ramp, making it easier for everyone to use the facility.

Safer Whanganui

- The Safer Whanganui Community Needs assessment was completed and will be launched later in the year
- Safer Whanganui participated in the development of the Alcohol Control bylaw; Local Alcohol Policy; and the Smokefree & Vapefree Outdoor Areas Policy.
- We supported a successful Family Fun Day event at Springvale Stadium.
- There was a rejuvenation of the Justice Reference Group with a focus on Prisoner reintegration into the community

Family Fun Day

Seventeen organisations and numerous volunteers participated in the Family Fun Day which was held on at the Whanganui Springvale Stadium on 20 May 2017. The tag line; Creating Safer Homes Together, outlined the purpose of the collaborative event, ensuring organisations had a clear focus for their activity and messaging. The event encouraged families through interactive play to learn how to create safer homes together, thus reducing avoidable injury to children in our community. To determine if there was an increase in safety awareness for the families that attended, a 3-month post-event follow up will be undertaken with families that entered the 'competition'. Conversations on the day with families provided anecdotal evidence of increased awareness.

- 17 organisations participated on the day – involving over 30 staff plus many volunteers
- Around 1500 people attended the event
- 13 interactive activities engaged families in home safety
- 200+ people went through the entire safety where
- Free food and water was provided for everyone that attended the day
- Safer Whanganui and local businesses provided financial support sponsoring the venue, food, giveaways, prizes and services

Royal Wanganui Opera House

- We have continued to provide a world class venue with a variety of events such as Smokefree Rock Quest, stand-up comedy, body building championships, plays, arts awards and many more.

Sarjeant Gallery Te Whare o Rehua Whanganui

- By July 2016 the fundraising programme for the Sarjeant Gallery redevelopment project had met the \$10 million match funding target set by the Ministry for Culture & Heritage's Regional Culture & Heritage Fund, including significant pledges from both Powerco Wanganui Trust and the Whanganui Community Foundation.
- In November 2016 the redevelopment project received a further \$800,000 awarded by the Lottery Grants Board Environment and Heritage Fund; and the Regional Culture & Heritage Fund formally committed \$10 million towards the redevelopment project, conditional on all remaining funds being raised by 20 December 2017.
- A Whanganui District Council application for funding for the Sarjeant Gallery Redevelopment Project has been successful in attracting a \$6 million conditional grant from the Lottery Significant Projects Fund.

War Memorial Centre

- The War Memorial Centre continued to host events including the Red Poppy Ball, Rivercity Dance Sport Champs, Citizenship Ceremonies, and it also became the Village for the Masters Games.

Whanganui Regional Museum

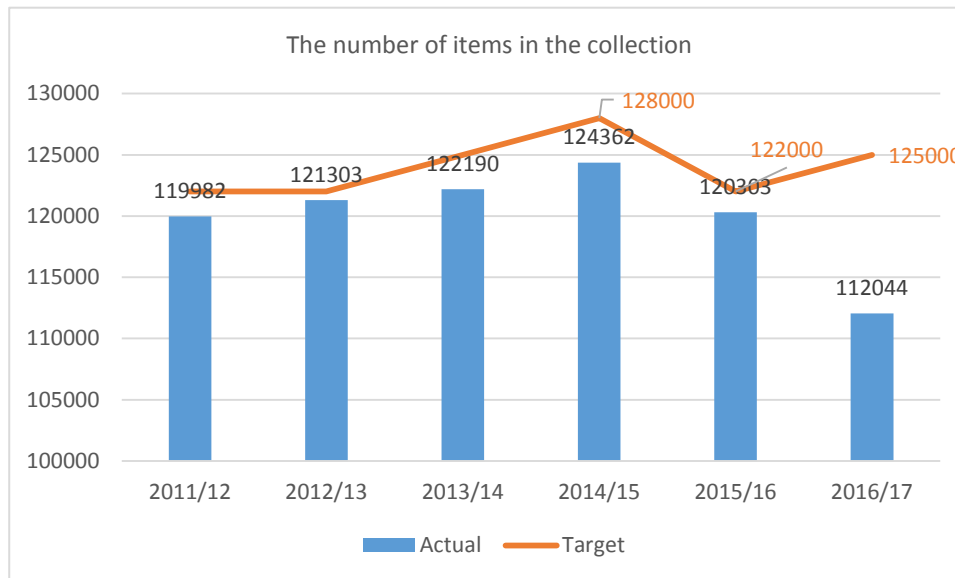
- The Museum closed to the public in September 2017 to prepare for the seismic strengthening of the Museum, which commenced in January 2017. The operation will be fully operational from this building again in the third quarter of 2018 with new exhibitions.

How did we perform?

We aim to support a wide range of community services and facilities, arts and cultural festivals. To assess our contribution we measure attendance and satisfaction with facilities, services and events.

To understand the utilisation of the library services we provide and the value the community place on them

The number of items in the Library collection



This measures our capacity to meet national standards for public libraries. The target of 125,000 items in the collection meeting the Library and Information Association of New Zealand standard of 3.5 items each year person was not met. The ongoing collection development and withdrawal of stock no longer relevant to community needs has affected this result.

Source: WDC Library Management Database

The rate of collection turn over each year

Result: 5.5 (target: 5.5). The target of 5.5 was met. The turnover rate indicates the average number of times each item in the collection was lent and demonstrates the use of our lending collection.

Source: WDC Library Management System Database

Previous year results

Year	Result
2015/16	6.0

The number of people visiting our libraries: physical visits

Result: 360,331 (target: 415,000). The target was not met. This may have been impacted by several closure days including several weeks of limited access and closure of the main Davis Library in October 2016.

Source: WDC Libraries

Previous year results

Year	Result
2015/16	383,414

The number of people visiting our libraries: online visits

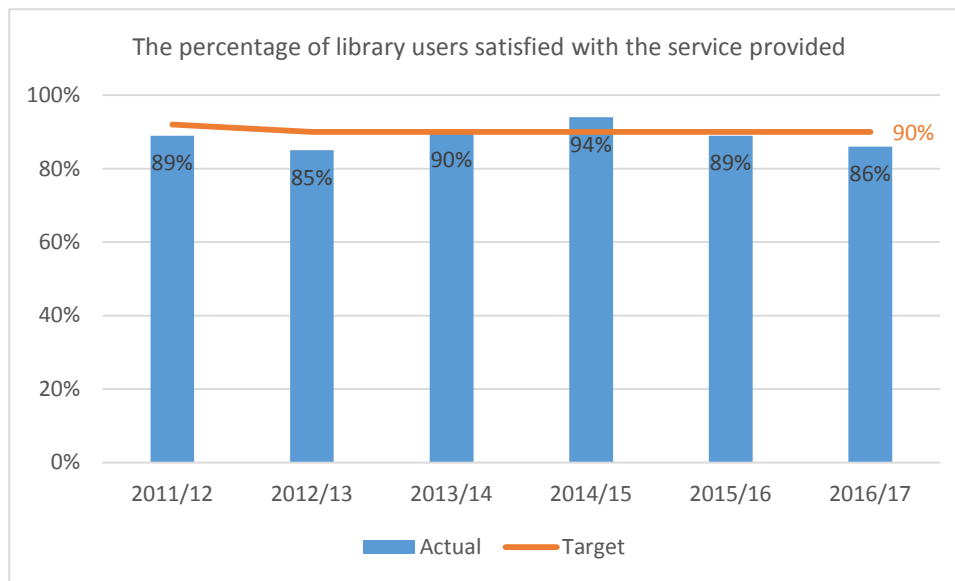
Result: 61,433 (target: 55,000). The target was met. The number of online visits to our libraries online exceeded target by over 6000.

Source: WDC Libraries

Previous year results

Year	Result
2015/16	62,083

Libraries – user (%) satisfaction with the service provided



The target was not met. User satisfaction at the libraries dropped by 3%. Over the coming year new equipment will allow self-checkout and check-in of items by library users and an upgraded system will provide an enhanced online experience for library customers.

Source: Community Views Survey 2017

The percentage of the Whanganui population that uses the library

Result: 57% (target: 70%). The target was not met.

Previous year results

Year	Result
2015/16	60%
2014/15	55%
2013/14	60%
2012/13	62%
2011/12	66%

Source: Community Views Survey 2017

Computer Clubhouse – number of youth (10-18 years) members

The Computer Clubhouse no longer sits under Whanganui District Council it has moved to Nga Tai o Te Awa. This measure will be removed.

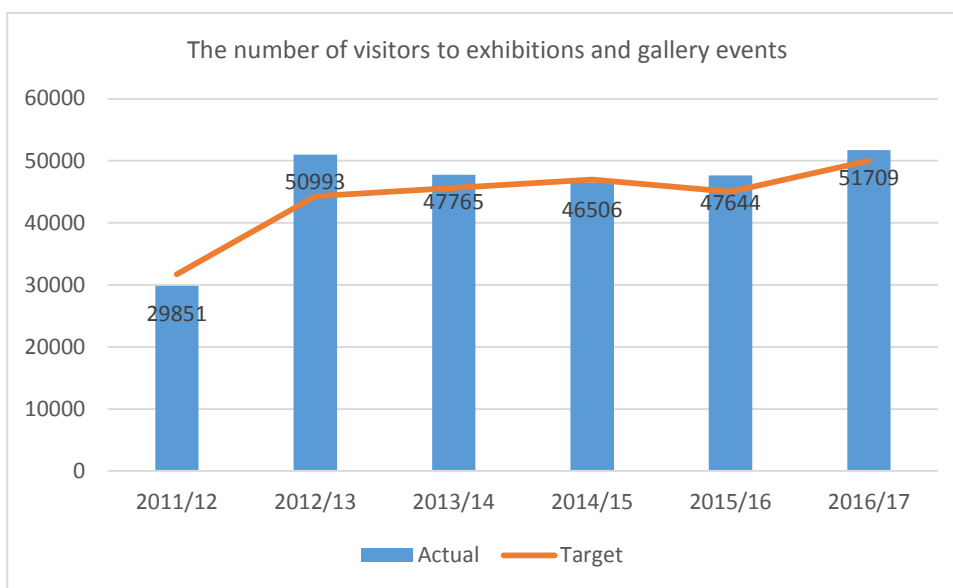
Previous year results

Year	Result
2015/16	852
2014/15	839
2013/14	738
2012/13	705

Source: WDC Computer Clubhouse

To understand the reach of our arts and culture activities

Sarjeant Gallery Te Whare o Rehua Whanganui – Number of visitors to gallery events and exhibitions



The target of 50,000 was met and there was increase of over 4000 visitors compared to last year.

Source: Sarjeant Gallery Te Whare o Rehua Whanganui

The percentage of the Whanganui population that uses the Gallery

Result: 34% (target: 45%). The target was not met, however results were consistent with last year. To increase this number we will continue to implement actions from the gallery's Strategic Plan.

Previous year results

Year	Result
2015/16	34%
2014/15	33%
2013/14	30%
2012/13	38%

Source: Community Views Survey 2017

Sarjeant Gallery Te Whare o Rehua Whanganui – the total number of items catalogued to best practice international standards

Result: 2190 (target: 2000). The target was met and there was an increase of over 300 items from the previous year.

Previous year results

Year	Result
2015/16	1875
2014/15	1241
2013/14	776
2012/13	238

Source: WDC Vernon Database

The amount of external funding received each year to support the collection care programme

Result: \$124,419 (target: \$50,000). The target was met. The Sarjeant received a major grant from the Stout Trust towards conservation of two major works within the Gallery collection.

Previous year results

Year	Result
2015/16	\$155,479

Source: Sarjeant Gallery Te Whare o Rehua Whanganui

The percentage of the Gallery's strategic plan objectives that are achieved each year

Result: 60% (target: 75%). The target was not met. The gallery's priorities have shifted towards completion of the redevelopment fundraising efforts and this has sometimes necessitated a reprioritisation of staff time and objectives. Since the Strategy was formulated the assumptions that the objectives and actions within the Strategy were based on have changed. This measure does not accurately capture the achievements or priorities of the Sarjeant and will be reviewed as part of the 10-Year Plan 2018-28.

Previous year results

Year	Result
2015/16	40%

Source: Sarjeant Gallery Te Whare o Rehua Whanganui

The number of days the Royal Wanganui Opera House hosts events

Result: Events were hosted 52 days of the year (target: 126). The target was not met. This result was impacted by the seismic strengthening work being undertaken at the facility, where it was closed from May to August 2016, and again in November.

Previous year results

Year	Result
2015/16	47
2014/15	85
2013/14	94
2012/13	63

Source: Royal Wanganui Opera House

Royal Wanganui Opera House – customer satisfaction (%) with services and facilities

Result: 82% (target: 85%). The target was not met. The Opera House underwent seismic strengthening work for much of the year resulting in less performances. It is assumed this has impacted satisfaction.

Previous year results

Year	Result
2015/16	88%
2014/15	81%
2013/14	91%
2012/13	67%
2011/12	84%

Source: Community Views Survey 2017

Royal Wanganui Opera House – percentage of population that attends one or more events

Result: 28% (target: 37%). The target was not met. The Opera House underwent seismic strengthening work for much of the year resulting in less performances. It is assumed this has impacted on this result.

Previous year results

Year	Result
2015/16	36%
2014/15	36%
2013/14	34%
2012/13	35%

Source: Community Views Survey 2017

The number of local-produced events at the Royal Wanganui Opera House

Result: 18 (target: 21). The target was not met. There were 18 locally-produced events hosted throughout the year. This result was impacted by the facility's closure for seismic strengthening. Events hosted included school shows.

Source: Royal Wanganui Opera House

Previous year results

Year	Result
2015/16	8

War Memorial Centre retention of Category 1 heritage status

Result: 100% (target: 100%). The target was met. The Centre remained fit for purpose while retaining its Category 1 heritage status.

Previous year results

Year	Result
2015/16	100%
2014/15	100%
2013/14	100%
2012/13	100%

Source: New Zealand Historic Places Trust

War Memorial Centre - hirer satisfaction (%)

Result: 92% (target: 90%). The target was met.

Previous year results

Year	Result
2015/16	72%

Source: War Memorial Centre Survey 2017

The average number of hours per week the Centre's rooms are booked for functions

Result: 1973 (target: 1866). The target was met.

War Memorial Centre usage is measured across the three facilities – Pioneer Room, Main Hall and Concert Chamber.

Previous year results

Year	Result
2015/16	1779

Source: War Memorial Centre

To understand the effectiveness of our community services

Community development – the number of areas of joint effort Council work on with Iwi

Result: 12 (target: 15). The target was not met. There were twelve hui during 2016/17. These included Tamaupoko and Tupoho link meetings; District Plan Working Party; Iwi Accord; Post Settlement - Whole of River Strategy, Port; and Council strategies and policies.

Previous year results

Year	Result
2015/16	13
2014/15	15
2013/14	16
2012/13	16

Source: WDC Community and Culture

Youth Committee – number of meetings held

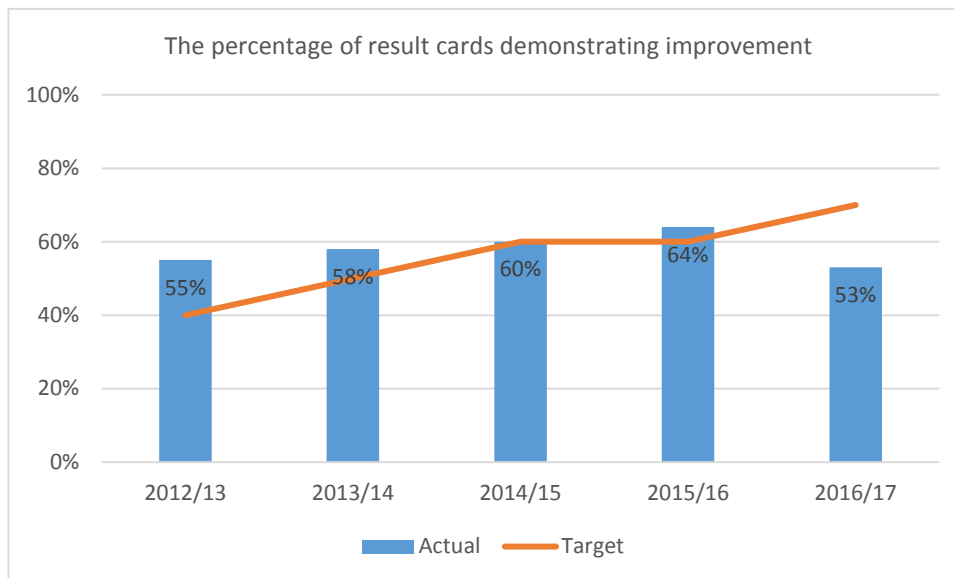
Result: 6 (target: 7). The target was not met. There were six formal Youth Committee meetings held throughout the year. There was one less in the first quarter of the year due to the election.

Previous year results

Year	Result
2015/16	8
2014/15	9
2013/14	12
2012/13	7

Source: WDC Youth Committee

Safer Whanganui - Result cards demonstrating improvement (%)



The target was not met. Draft Community Needs Assessment has been received and reviewed by the Steering Group. Once the final report has been received the steering group will use the report to develop its strategic plan with updated result cards.

Source: Safer Whanganui

To measure the effectiveness of our arts activities

The percentage of the Positive Ageing Strategy that is implemented and achieved

Result: 78% (target: 70%). The target was met. Priorities have been renewed for 2017/2018 in consultation with Forum members.

Source: WDC Community and Culture

Previous year results

Year	Result
2015/16	50%

Residents (%) that are satisfied with Public Art in Whanganui

Result: 54% (target: 65%). The target was not met.

Source: Community Views Survey 2017

Previous year results

Year	Result
2015/16	61%

New Zealanders (%) that perceive Whanganui as an Arts hub

Result: 61% (target: 61%). The target was not met. The survey is biennial and will be next due in 2019.

Previous year results

Year	Result
2015/16	N/A

Source: National Perceptions Survey 2017

Community and cultural group

Capital expenditure

The following table shows the expenditure on capital works for the Community and Culture Group. Significant variations to the Annual Plan are discussed below where necessary.

Activity	Annual Plan Budget \$000	Opening Carry Over \$000	Approved Budget \$000	Actual For Year \$000	Closing Carry Over \$000
Capital expenditure to improve the level of service :					
<i>Libraries</i>					
Shelving	40	-	40	68	-
Library Management System	170	-	170	56	114
Radio Frequency ID	120	-	120	20	100
Sundry projects	-	-	-	22	-
	330	-	330	166	214
<i>Community Development</i>					
Glassworks New Zealand	-	-	-	212	-
CCTC cameras	12	-	12	15	-
	12	-	12	227	-
<i>Sarjeant Gallery</i>					
Collections acquisitions	20	-	20	12	-
Redevelopment design	-	-	-	16	-
	20	-	20	28	-
	362	-	362	421	214
Capital expenditure to replace existing assets :					
<i>Libraries</i>					
Book Vote	320	-	320	320	13
Flooring upgrade	-	85	85	45	-
Accessibility upgrade	-	10	10	30	-
Door replacement	39	-	39	-	-
Heating project	-	-	-	38	-
Sundry projects	6	-	6	11	-
	365	95	460	444	13
<i>War Memorial Centre</i>					
Curtains and blinds	20	53	73	109	-
Heating project	-	26	26	26	-
Partitioning	68	-	68	39	-
Sundry projects	15	-	15	-	-
	103	79	182	174	-
<i>Regional Museum</i>					
Replace roof	-	236	236	171	65
Rewiring	30	49	79	15	106
Earthquake strengthening	1,200	315	1,515	1,301	254
	1,230	600	1,830	1,487	425
<i>Opera House</i>					
Plant and equipment	10	-	10	14	-
Earthquake strengthening	200	-	200	142	-
Roof replacement	11	18	29	45	-
	221	18	239	201	-
	1,919	792	2,711	2,306	438

Work was planned to maintain the service capacity of the Council facilities and to deal with the expected demands on the service.

Libraries

The Alexander Library earthquake strengthening project has been completed at a total cost of \$857k.

The Library received an unbudgeted Lotteries Board grant of \$125k for unbudgeted shelving, heating, and insulation costs.

The Radio Frequency ID project was ordered this year, but is not due for arrival until August 2017.

The Library Management System went live in June 2017, but final costs and support will be required into next year.

Other replacement work for the year were completed close to budgets.

The Book Vote of \$320k was maintained at 2015/16 year levels.

War Memorial Centre

Capital replacement work including curtains, blinds, heating and partitioning work was completed under budget.

Sarjeant Gallery

Art acquisitions of \$12k were purchased during the year, including prints and art works. Unbudgeted redevelopment design costs of \$16k were funded from loans.

Royal Wanganui Opera House

Earthquake strengthening work was completed during the year. The total cost for this project was \$1.477M.

Also completed were the roof replacement and ventilation projects.

Regional Museum

Earthquake strengthening work was undertaken this year at a cost to date of \$1.301M. The project should be completed next year.

The roof replacement and rewiring jobs were started during the year, initially held up awaiting the earthquake strengthening work.

Carry over funds are required to complete all these projects which are inter-related.

Internal borrowings

	2017	2016
	\$	\$
Brought forward	584,483	399,172
Borrowings raised	0	162,039
Borrowings repaid	(70,599)	0
Interest paid	11,857	23,272
Carried forward	<u>525,742</u>	<u>584,483</u>

Community and cultural group

Funding impact statement

For the year ended 30 June 2017

	Long Term Plan	Long Term Plan	Annual Plan	Actual
	2016	2017	2017	2017
	\$000	\$000	\$000	\$000
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	8,024	8,204	8,377	8,390
Targeted rates	774	856	787	786
Subsidies and grants for operating purposes	175	46	99	310
Fees and charges	639	685	632	649
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	79	116	113	301
Total operating funding (A)	9,691	9,907	10,008	10,436
Application of operating funding				
Payments to staff and suppliers	6,712	6,634	6,751	7,652
Finance costs	401	542	430	415
Internal charges and overheads applied	1,331	1,350	1,343	1,362
Other operating funding applications	-	-	-	-
Total application of operating funding (B)	8,444	8,526	8,524	9,429
Surplus (deficit) of operating funding (A - B)	1,247	1,381	1,484	1,007
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	518	4,141	776	1,531
Gross proceeds from asset sales	-	-	-	1
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	518	4,141	776	1,532
Application of capital funding				
Capital expenditure				
-to meet additional demand	-	-	-	-
-to improve the level of service	94	371	362	350
-to replace existing assets	1,691	5,171	1,918	2,180
Increase (decrease) in reserves	(20)	(20)	(20)	9
Increase (decrease) of investments	-	-	-	-
Total application of capital funding (D)	1,765	5,522	2,260	2,539
Surplus (deficit) of capital funding (C - D)	(1,247)	(1,381)	(1,484)	(1,007)
Funding balance ((A - B) + (C - D))	-	-	-	-

8

Economic development

Economic development is the process which influences growth and development of the district's economy to enhance the economic and social interests of the community. Our goal is to foster economic growth and wellbeing in order to improve business success, employment opportunities and the wealth of the community. The service delivery has been separated out into Economic development and Tourism and visitor services.

What we do

- Whanganui and Partners - Economic development
- Whanganui and Partners – Tourism and visitor services

How these activities contribute to our Leading Edge outcomes

Community: We facilitate working collaboratively with other organisations across the region to promote economic growth and social wellbeing.

Connectivity: National and international recognition programmes e.g. Smart21 Community status help to create a positive reputation and ultimately to increase investment and employment in the district. We promote and market the district to attract visitors and to improve our image as a tourism destination.

Creativity: Leveraging opportunities including ultrafast broadband to support entrepreneurial activity, investment and improved productivity. Marketing and promoting positive messages to create a great impression of our district.

Economy: We support initiatives around youth training and employment. We aim to provide a business friendly environment in order to create the right platform for business investment so that we can grow our economy. We support events and conferences to attract visitors and, in turn, creating a vibrant community for residents.

Our key projects and highlights

- We held a Den of Dragons event for the first time in 2016. Individuals and groups made submissions and a selection of the best six event ideas were presented to live judges with the winner taking away \$7500 to go towards turning their event into reality. The inaugural event was open to the public and saw a crowd of roughly 250-300 people come and watch as pitches were made.
- We have made a site available for the Whanganui Innovation Quarter where Whanganui & Partners, Te Manu Atatu, and Whanganui Chamber of Commerce will locate, incorporating a new Maori Business Hub.
- Whanganui and Partners have developed a program designed to speed up business growth. The Growing Business Enabler will be available through the Whanganui Centre of enterprise.
- A trip to China in May was considered a success with new insights around the China market and how we can attract the Chinese to New Zealand's central district for education and a life-style experience. Events were held every day across four different cities which included agent seminars, agent training, student mini fairs and school visits.
- Whanganui's branding "Whanganui All You Need (And Then Some)" was launched in October. Whanganui and Partners have developed brand usage guidelines and are working towards creating a license agreement.

- Whanganui was again named a Smart 21 Community.
- We completed an international education strategy along with Palmerston North. These strategies are focused on growing the GDP by attracting more international students of all levels. Education New Zealand have allocated money towards the cost of implementing these strategies.
- Whanganui and Partners are working in junction with the Flight School with the aim of attracting international students. Air Chathams now servicing Whanganui adds to the attractiveness of coming to Whanganui for flight training.
- We continued to support and participate in the Rural Enterprise Project. New Zealand and specifically the Manawatu-Whanganui region has an opportunity around non pastoral utilisation of class 1 and 2 lands and the concept of cooperation and innovation to grow that opportunity. Specifically the opportunity is for horticultural crops – vegetables, berries, and other crops – to be grown on small allotments of prime land on a cooperative basis and that the product produced be processed collectively, branded and then marketed to export markets through specifically developed channels to high end consumers. Artisan producers could be included with “export” markets for them being places such as Wellington, Auckland, and Hamilton. The opportunities also include a dairy goat milk processing and infant formula facility.
- We also supported Skills for Industry - the aim of this project is to solve the trades industry/business workforce supply problem by:
 - highlighting the value of trade employment-based pathways to students and educators;
 - supporting student and employer engagement - connecting industry current and future needs with graduating students and year 10 students ; and
 - implementing ‘work-ready’ initiatives which once completed, prove to the employer that the young person has the skills and the attitude they are looking for and value.

This will be achieved by building up the capability of the existing 100% SWEET initiative to work effectively in this space; Networking and partnerships; Work Ready Programme (Work Ready Passport, Business Mentor Events, Education – Industry visits etc); Digital Infrastructure (MyBluePrint student app).

Tourism and visitor services

- Commercial guest nights increased by 2.6% which is less than the previous year however this is an increase of 12.5% from the year ending June 2014. The lower level of increase may be attributed to an increase in the use of non-commercial accommodation and poor weather during summer season. We no longer solely rely on this measure and now subscribe to new visitor measurement statistics utilising current geolocation technology to measure total guest nights – both commercial and non-commercial.
- Domestic guest nights have grown 1.4% for the year ended June 2017 and international guest nights have increased 7%.
- Occupancy rates increased by 3.5% for commercial accommodation, however the length of stay fell 0.07 nights for this period compared to the last.
- Regional Tourism expenditure grew by 10% to \$128 million over the twelve month period compared to the previous year.
- Facebook and social media growth, reach and engagement has been significant with the Visit Whanganui Facebook page showing over 90% of followers from outside the district.
- We continued to increase the publicity achieved for Whanganui through articles in lifestyle magazines

- Collaborative activity with Taranaki, Rangitikei, Manawatu, Palmerston North and Horowhenua has increased with successful attendance at the national COVI Motorhome Show and production of joint collateral.

National Perceptions of Whanganui

Whanganui District Council conducts a National Perceptions Survey every second year and this year there was a significant leap in positive perceptions of Whanganui. Survey respondents considering visiting Whanganui as a tourist increased 13% from 2015. This puts us closer to more well-known tourism regions in the Lower North Island in the rankings.

Specific lifestyle factors attributed with Whanganui also improved in their ratings showing increased positivity about culture, heritage, arts and events amongst other things like affordability of housing and lack of congestion. Also of note are the increased positive ratings for offering business opportunities, career and business advancement including job opportunities. Being seen to be progressive and forward thinking increased 19% in respondents' perceptions compared to 2015.

How did we perform?

Whanganui and Partners aims to promote the district as a tourism destination and facilitates growth and development of our economy. We measure our contribution to this development by monitoring the number of visitors to the city, GDP increase and educational opportunities.

To measure the success of our investments in economic development

An average real GDP increase of more than 2.5% by 2020

Result: 0.66% (target: 1% increase on the previous year). The target was not met. Gross domestic product (GDP) figures for the Manawatu/Whanganui region are at an all-time high of \$9.2 billion, up from \$9.14 billion a year earlier (a 0.66% increase) and \$8.66 billion in 2013 – since 2013 growth in GDP is a 6.2% increase.

Source: Whanganui and Partners

Total spend in the education sector (measured as a proportion of GDP)

Result: \$92.4 million (target: increase on the previous year). The target was met. The total spend in education and training in Whanganui was \$92.4 million, which is a 0.1% increase on the previous year.

Previous year results

Year	Result
2015/16	\$91.5 million

Source: Whanganui and Partners - Infometrics

The number of tertiary and trade training opportunities in Whanganui

Result: 105 (target: 170). The target was not met. This measure will be reviewed as part of the next 10-Year Plan.

Source: Whanganui and Partners

The number of international students studying in Whanganui

Result: 239 (target: >169). The target was met with 239 international students studying in Whanganui.

Previous year results

Year	Result
2015/16	169

Source: Whanganui and Partners

The majority of Business Whanganui partners are satisfied with their relationship with Whanganui and Partners

Result: n/a (target: 80%). The survey was not completed this year. Last year's result was 73%. This measure will be reassessed to align with Whanganui and Partners Statement of Intent.

Source: Whanganui and Partners

To measure the success of our investments in promoting Whanganui as a tourism destination

The number of visitors to Whanganui track in line with national trends (as a share of national visitor figures)

Result: 0.50% (target: 0.55%). Figures are year-end May 2017.

The target was not met. The share of national guest nights has remained consistent at 50%. These figures are taken from commercial accommodation figures so do not include freedom camping, Air Bnb, or Holiday homes.

Previous year results

Year	Result
2015/16	0.50%
2014/15	0.53%
2013/14	0.51%
2012/13	0.53%

Source: Statistics NZ Commercial Accommodation Monitor

The average percentage dollar spend per visitor tracks in line with national trends (as a share of national spend)

Result: n/a (target: 0.55%). Regional tourism spend is no longer measured in the same way so this result is not able to be provided in the same terms. This measure will be removed in the next 10 Year Plan and replaced with a measure such as 'Whanganui will have the same rate of growth for tourism spend as the NZ total average'. Results for this measure was 6% for the year end June 2017 and Whanganui achieved 10%.

Source: Regional Tourism Estimates - MBIE

The number of visitors to the iSite

Result: 27,458 (target: 35,000). The target was not met however there was an increase from the previous year.

Previous year results

Year	Result
2015/16	23,183

Source: Whanganui iSite

Customer satisfaction with service received at the iSite

Result: 89% (target: 100%). The target was not met. These results are based on reviews from Google, Trip Advisor and Customer Radar ratings with 89% rating the service as excellent or very good. The national Benchmark Customer Satisfaction across all i-Site Visitor Centres is 87%, therefore placing Whanganui's performance in the top percentile.

Previous year results

Year	Result
2015/16	84%

Source: Whanganui iSite

Economic development group

Capital expenditure

The following table shows the expenditure on capital works for the Economic Development Group. Significant variations to the Annual Plan are discussed below where necessary.

Activity	Annual Plan Budget \$000	Opening Carry Over \$000	Approved Budget \$000	Actual For Year \$000	Closing Carry Over \$000
Capital expenditure to improve the level of service :					
<i>Economic Development</i>					
Sundry Projects	-	-	-	-	-
	-	-	-	-	-
Capital expenditure to replace existing assets :					
<i>Economic Development</i>					
Sundry Projects	-	-	-	-	-
	-	-	-	-	-

Internal borrowings

	2017 \$	2016 \$
Brought forward	1,429	916
Borrowings raised	0	456
Borrowings repaid	(1,429)	0
Interest paid	0	57
Carried forward	0	1,429

Economic development group

Funding impact statement

For the year ended 30 June 2017

	Long Term Plan	Long Term Plan	Annual Plan	Actual
	2016	2017	2017	2017
	\$000	\$000	\$000	\$000
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	2,285	2,342	2,323	2,325
Targeted rates	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	41
Fees and charges	-	-	-	71
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	90	99	90	19
Total operating funding (A)	2,375	2,441	2,413	2,456
Application of operating funding				
Payments to staff and suppliers	1,910	1,956	1,942	1,719
Finance costs	16	15	12	2
Internal charges and overheads applied	429	450	439	445
Other operating funding applications	-	-	-	-
Total application of operating funding (B)	2,355	2,421	2,393	2,166
Surplus (deficit) of operating funding (A - B)	20	20	20	290
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	(20)	(20)	(20)	(278)
Gross proceeds from asset sales	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	(20)	(20)	(20)	(278)
Application of capital funding				
Capital expenditure				
-to meet additional demand	-	-	-	-
-to improve the level of service	-	-	-	-
-to replace existing assets	-	-	-	-
Increase (decrease) in reserves	-	-	-	12
Increase (decrease) of investments	-	-	-	-
Total application of capital funding (D)	-	-	-	12
Surplus (deficit) of capital funding (C - D)	(20)	(20)	(20)	(290)
Funding balance ((A - B) + (C - D))	-	-	-	-

9 Community facilities and services

This group of activities includes services and facilities that underpin the maintenance of our district. Some of these activities are required by legislation and others respond to our community needs and demands. Our regulatory services include provision of advice, consent and licence management, monitoring and compliance. We provide social housing for elderly people with low to moderate financial means and provide for the effective management and minimisation of waste in our district to protect the health and sustainability of our community and natural environment.

What we do

- Cemeteries
- CBD maintenance
- Waste minimisation
- Pensioner housing
- Community buildings
- Emergency management
- Animal control
- Building control
- Environmental health
- Parking services
- Resource management
- Environmental policy

How these activities contribute to our Leading Edge outcomes

Community: This activity includes services and facilities that help to sustain the safety and welfare of our community.

Connectivity: We provide services and facilities that maintain a link between family and friends outside of the district.

Creativity: We seek new and innovative technology that will enhance our cemeteries and access to enable global connectivity.

Environment: We protect our environment and area. We work to foster our district's unique identity and image in a positive way.

Our key projects and highlights

Making Whanganui Visible

The Whanganui Town Centre Regeneration Strategy project was adopted by Council in April 2017. The overall vision for the town centre is: Making Whanganui Visible.

The project has taken the community on a journey to evaluate the issues, options, potential threats and opportunities for the town centre area. Using that information and with wide community input the project has delivered a pathway of prioritised actions that are transparent and rational with local flavour to assist the community, led by Council, to implement key actions.

This strategy provides an overall plan that comprehensively balances competing interests and objectives to achieve sustainable outcomes for the community with realistic actions, priorities and timelines to achieve sustainable change across the centre, rather than ad hoc development. The strategy will guide future plan changes, resource consents, and infrastructure planning.

The strategy endeavours to make both Whanganui and its assets and qualities more prominent, as well as proposing to strengthen existing and create new ones.

Cemeteries

- The Cemeteries and Crematoria Bylaw have been reviewed and we have developed a Cemetery Monument Policy.
- An extension to Aramoho cemetery was opened to burials in 2016.
- We have continued our review of the Natural Burial Policy.

CBD maintenance

- We continue to work with Mainstreet on the maintenance and presentation of our town centre.

Waste minimisation

- We continued to work with and develop the Whanganui Resource Recovery Centre as Whanganui's 'flagship' for waste minimisation activities.
- We began investigating the provision of satellite 'drop-off' recycling stations within our wider district.
- We are continuing to look for a sustainable composting operation for the recovery and repurposing of green waste and organics in Whanganui.
- Whanganui Resource Recovery Centre introduced a household hazardous substances drop off facility, baby car seat recycling and household battery recycling services.
- We are investigating glass and fibre collection services and recycling services from the commercial hospitality sector and the development of marae recycling.

Pensioner housing

- We have completed a review of pensioner housing and will progress towards creating a financially sustainable Pensioner Housing portfolio.

Emergency management

- We have started to upskill more (and new) staff in emergency management by having more staff partake in the Coordinated Centres Foundation Course.
- Tsunami information boards have been erected along Whanganui's coastal areas. The boards include natural tsunami warning signs and what to do if a tsunami is generated near our coastline.
- We have developed a Local Recovery Management Plan that sits within the Regional and National framework and continue updating our other plans.
- We have transitioned the Rural Fire Authorities into the new Fire and Emergency New Zealand organisation.
- Our Emergency Operations Centre team participated in Exercise Tangaroa, a national exercise to test New Zealand's preparations for, response to and recovery from a national tsunami impact. The exercise took place over three days in August and September.
- Our last declared emergency occurred in April 2017 and involved a significant community effort even without the predicted event occurring.
- We have emplaced an emergency fuel reserve plan and power supply back up.

Animal management

- The first stage of development of the new Animal Welfare Centre (dog pound) focused on identifying a suitable site, developing design plans and costs.
- We distributed 5000 updated Dog Handbooks to the public through Vet clubs and dog training schools.
- We delivered the campaign offering free neutering of menacing dogs, funded through a government grant.

Building control

- We developed an electronic consenting system for building consent applications to be lodged and processed online. The public can access the portal via the Council website.

Environmental policy

- The District Plan review programme continues with a focus to support increasing demand for new housing and commercial development.
- We developed the Town Centre Regeneration Strategy and the established a Town Centre Steering Group to oversee the implementation of the Strategy.
- We have continued to support and part fund the Castlecliff Rejuvenation Project working in partnership with Progress Castlecliff.
- The first phase of the Castlecliff Rejuvenation Project has been the Rangiora Street improvement works which have been completed. This involved redesigned footpaths, berms, road crossings, street lighting, junction improvements, undergrounding of power, ultra-fast fibre installation and landscaping.

Parking service

- We commenced a review of both the Parking Management plan and Traffic Bylaw.

How did we perform?

We aim to provide for strong, resilient and engaged communities. We assess our effectiveness by measuring our pensioner housing tenant satisfaction and occupancy rates and by monitoring the timeframes for providing services such as the issuing of building consents. We aim to ensure any development is of high quality, and complies with the District Plan and resource consent conditions. To evaluate our performance, we monitor the rates of customer satisfaction with the service we provide and timely issue consents.

We assess our effectiveness in waste minimisation by measuring resident use of waste management activities, and the amount of product recycled.

To measure the standard and effectiveness of our public health services and programmes

Cemeteries - the number of plots available for burial or cremation

Result: 2330 (target: 700). The target was met. This includes ash burial plots and full burial plots.

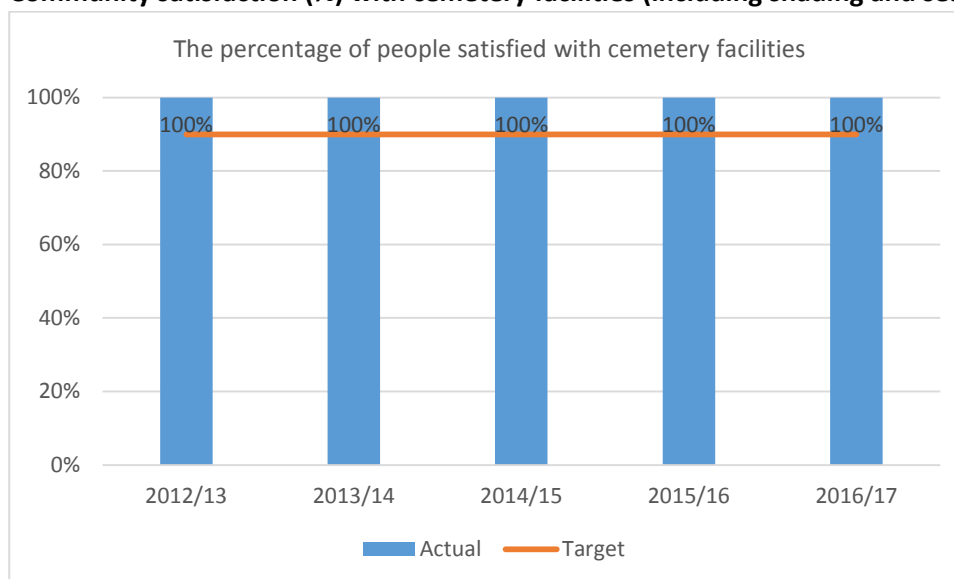
Previous year results

Year	Result
2015/16	2208
2014/15	2308
2013/14	2546
2012/13	2399

There were 767 burial plots available and 1563 cremation plots available at the end of June. The new extension area is now being used. The burial plots include Aramoho, Maxwell, Brunswick and Matarawa cemeteries.

Source: Cemetery Sexton

Community satisfaction (%) with cemetery facilities (including shading and seating)



The target was met.

Source: WDC Park Check Survey 2017

The number of official cemetery records available digitally

Result: 23,661 (target: 50,000). The target of 50,000 records was not met; there are currently 23,661 records available within the archives, and there are 5462 available that have been recorded by the sexton.

Previous year results

Year	Result
2015/16	28,571
2014/15	18,049
2013/14	18,049
2012/13	18,049

Source: WDC Cemetery records Database

The number of records accessed digitally per month

Result: 20825 (target: 7000). The target was met with over 20,000 records being accessed digitally per month.

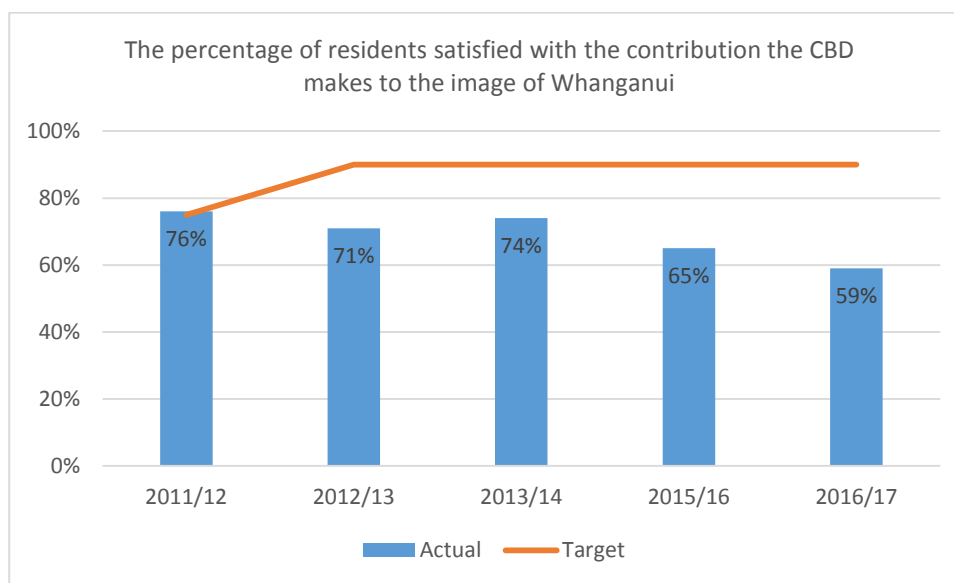
Previous year results

Year	Result
2015/16	14,012

Source: WDC Cemetery records Database

To understand the standard of the services we provide, and the value the public see in them

Resident satisfaction with the contribution the CBD makes to the image of Whanganui



Satisfaction with the contribution that the Whanganui CBD makes to the lifestyle and image of the community has remained relatively consistent over the years, however slightly more residents were dissatisfied with the CBD's contribution this year. This may be due to the number of vacant shops visible – something to be addressed through Mainstreet's objectives.

Source: Source: Community Views Survey 2017

The percentage of residents that feel safe in the CBD during the evening

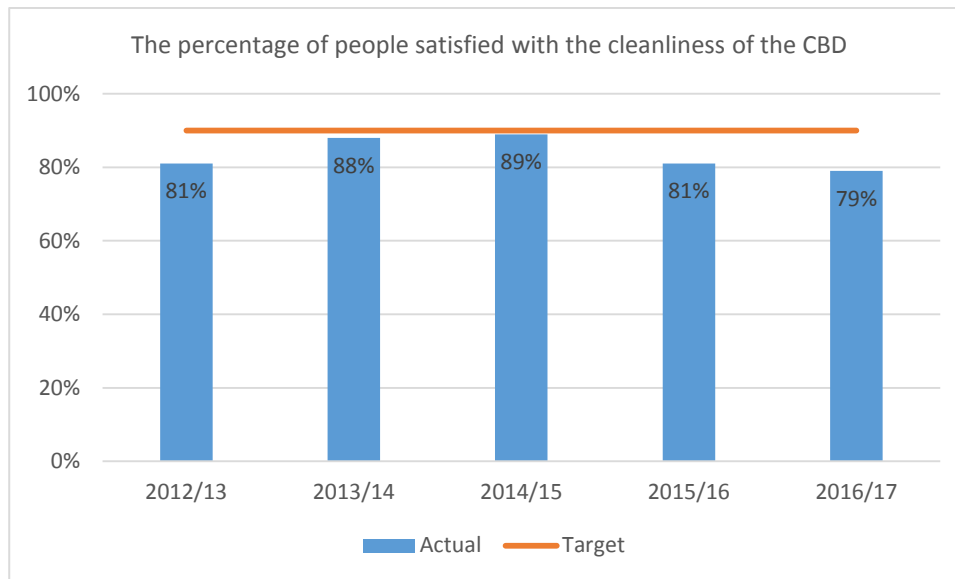
Result: 61% (target: 65%). The target was not met. Feelings of safety in the CBD during the evening has remained constant with the previous year.

Previous year results

Year	Result
2015/16	61%
2014/15	58%
2013/14	55%
2012/13	50%
2011/12	45%

Source: Community Views Survey 2017

The percentage of people satisfied with the cleanliness of the CBD



Satisfaction with the cleanliness of the CBD did not meet target. Council will continue to work alongside Mainstreet to ensure that the CBD maintenance contract key performance indicators are achieved.

Source: Community Views Survey 2017

The number of complaints about the cleanliness or hygiene of public toilets reported to Council

Result: 4 (target <12). The target was met with four calls regarding cleanliness and hygiene. These included lack of toilet paper in one toilet, and a cleaning programming error. A new toilet was installed at Peat Park this year.

Previous year results

Year	Result
2015/16	2
2014/15	1
2013/14	4
2012/13	4

Source: CRM system

Waste minimisation

To measure how well we provide and encourage the use of recycling services

User satisfaction with the overall service provided at the Resource Recovery Centre

Result: 98% (target: 70%). The target was met.

Previous year results

Year	Result
2015/16	100%

Source: Resource Recovery Centre User Survey 2017

Iconic events held in public parks and reserves will have an appropriate waste minimisation plan

Result: 100% (target: 100%). The target was met. All iconic events had an appropriate waste minimisation plan.

Previous year results

Year	Result
2015/16	69%

Source: WDC Parks Team

To measure how efficiently we recycle waste and to educate on the impact of waste on the environment

Amount of product (tonnes) recycled through the Centre

Result: 2355 (target: Maintain or improve from the previous year). The target was met. This is slightly more than the previous year which saw 2,300 tonnes through the centre.

Previous year results

Year	Result
2015/16	2300
2014/15	2533

Source: Resource Recovery Centre

The number of educational visits to schools on waste minimisation

Result: 29 (target: ≥ 5). The target was met.

Previous year results

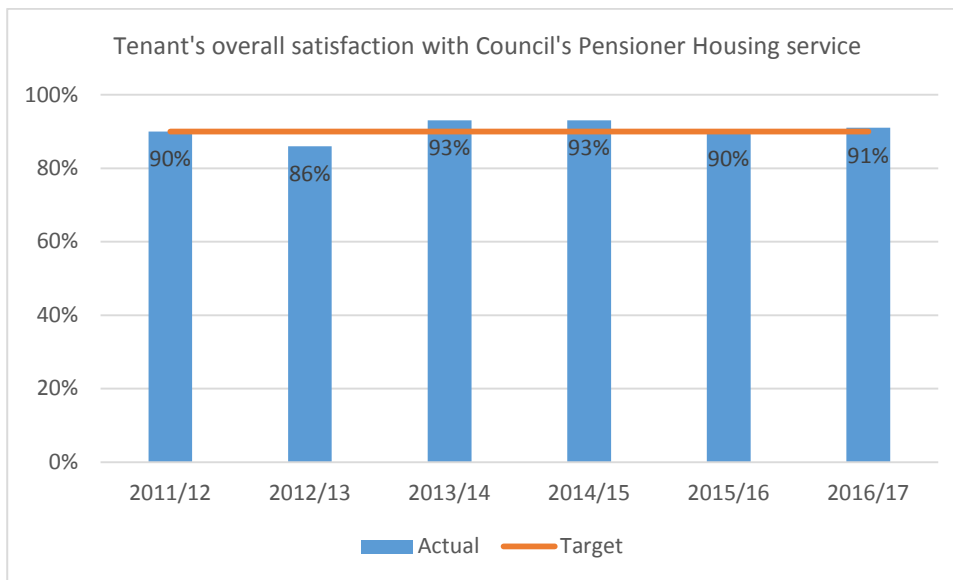
Year	Result
2015/16	13

Source: Resource Recovery Centre

Pensioner housing

To measure the standard of the housing services we provide

Tenant satisfaction (%) with pensioner housing



The target was met with 91% of pensioner housing tenants very satisfied, or satisfied overall with Council's pensioner housing service. As at 30 June 2017 there were 267 tenants in pensioner housing.

Source: WDC Pensioner Housing Survey 2017

Tenant satisfaction (%) with welfare services

Result: 83% (target: 75%). The target was met.

Previous year results

Year	Result
2015/16	82%
2014/15	83%
2013/14	74%
2012/13	74%

Source: WDC Pensioner Housing Survey 2017

Pensioner housing units (%) occupied

Result: 96% (target: 90%). The target was met. There are 275 units in total. Occupancy rates fluctuate from year to year depending upon demand.

Previous year results

Year	Result
2015/16	92%
2014/15	93%
2013/14	89%
2012/13	94%

Source: WDC Pensioner Housing

Community buildings

All Council owned buildings retain their code of compliance/building warrant of fitness

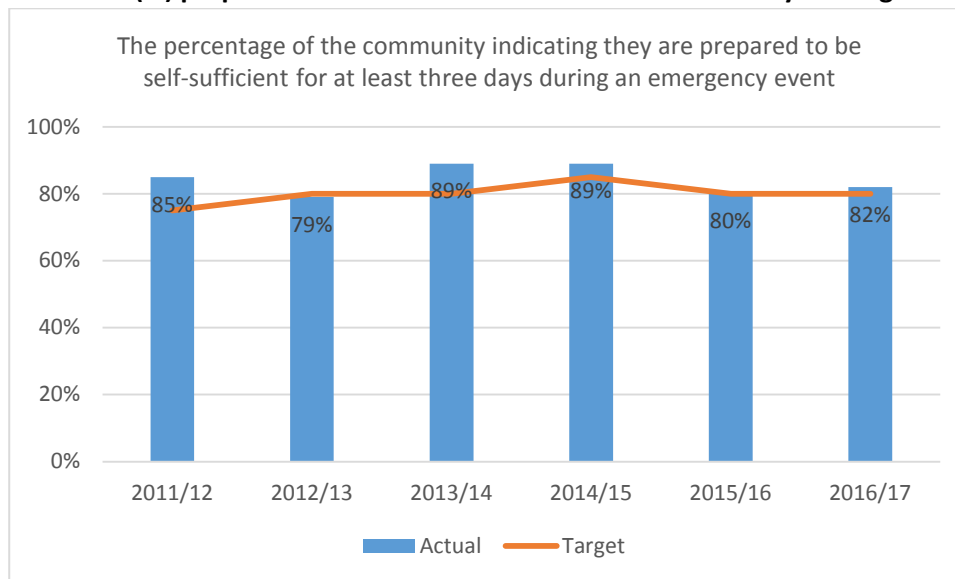
Result: Achieved (target: Achieve). The target was met. All Council owned buildings retained their code of compliance/building warrant of fitness. This is a new measure.

Source: WDC Property

Emergency management

To measure the progress towards minimising threats to public safety

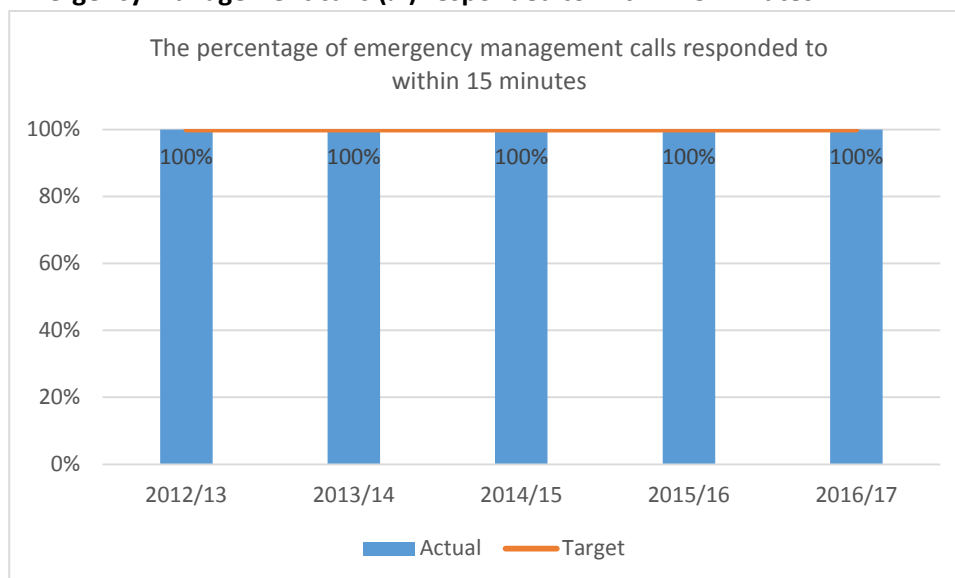
Residents (%) prepared to be self-sufficient for at least three days during an emergency event



The target was met.

Source: Community Views Survey 2017

Emergency management calls (%) responded to within 15 minutes



The target was met. All emergency management calls were answered within 15 minutes.

Source: MCDEM records

Rural fire calls (%) responded to within 10 minutes

Result: 100% (target: 100%). The target was met. Notification of all calls were acknowledged with the Fire Service within 10 minutes from the duty Rural Fire Officer.

Previous year results

Year	Result
2015/16	100%
2014/15	100%
2013/14	100%
2012/13	100%

Source: New Zealand Fire Service

Emergency Operations Centre activations (%) managed with appropriate staffing, systems and processes in place within two hours

Result: 100% (target: 100%). The target was met.

There are three levels for the Emergency Operations Plan: Standby (Staff of supporting organisations and volunteers are notified of the situation but are not required to report to the EOC); Partial (The EOC, manned by CDEM staff, section managers, Operations, Planning/Intelligence, Logistics, Public Information, Welfare and selected members of supporting organisations. These could be members of the emergency services or those with specialist responsibilities related to the nature of the threat); and Full (All staff are required to report. All systems, liaison links and resources are to be fully activated).

Previous year results

Year	Result
2015/16	100%
2014/15	100%
2013/14	100%

Source: WDC Emergency Management Team

Any fault identified through monthly testing of the tsunami sirens is rectified within 10 working days

Result: 93% (target: 100%). The target was not met. There have been continual problems with birds nesting in the Mowhanau siren. This is a difficult siren to repair as it is mechanical, physically heavy and requires specialist attention. An attempt will be made to bird proof the siren via wire netting.

Previous year results

Year	Result
2015/16	100%

Source: WDC Emergency Management

Regulatory services

To measure the standard and effectiveness of our animal control services

Registration (%) of known dogs (or enforcement action taken)

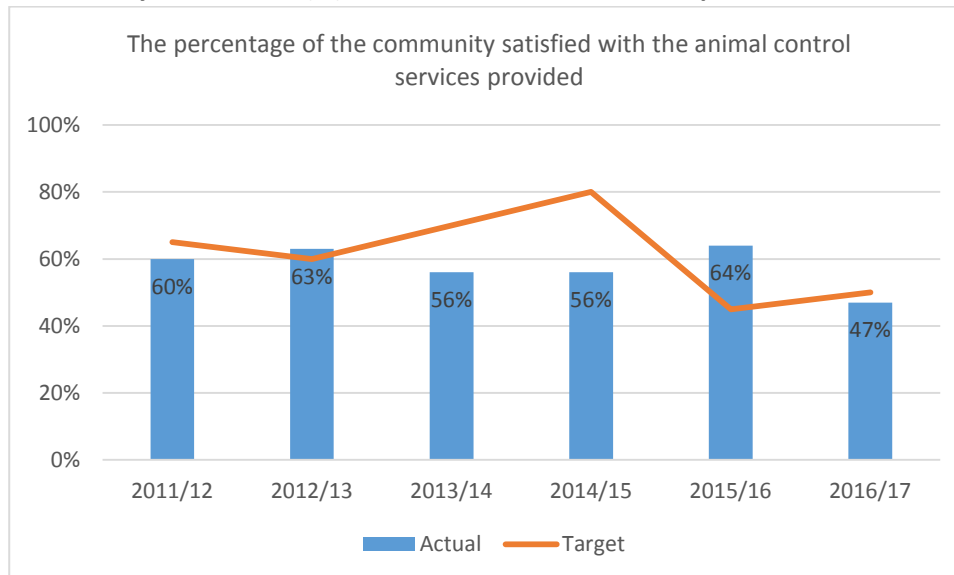
Result: 92% (target: 98%). The target was not met. Animal Management Officers continue to uncover previously unknown dogs and move them into becoming registered. There is a one month grace period for owners to register their dogs before they are infringed.

Previous year results

Year	Result
2015/16	97%
2014/15	95%
2013/14	96%
2012/13	96%

Source: WDC Property and Rating Database

Community satisfaction (%) with animal control services provided



The target was not met. Satisfaction with Animal Management services saw a significant decrease this year to 47% from 64% last year.

Source: Community Views Survey 2017

The percentage of Priority 1 (urgent) call outs that are responded to within 2 hours

Result: 93% (target: 93%). The target was met. All priority one calls were responded to within two hours.

Previous year results

Year	Result
2015/16	95%

Source: WDC CRM System

Building control

To measure the timeliness of our legislative compliance processes and related services

Maintenance of building consent authority accreditation status

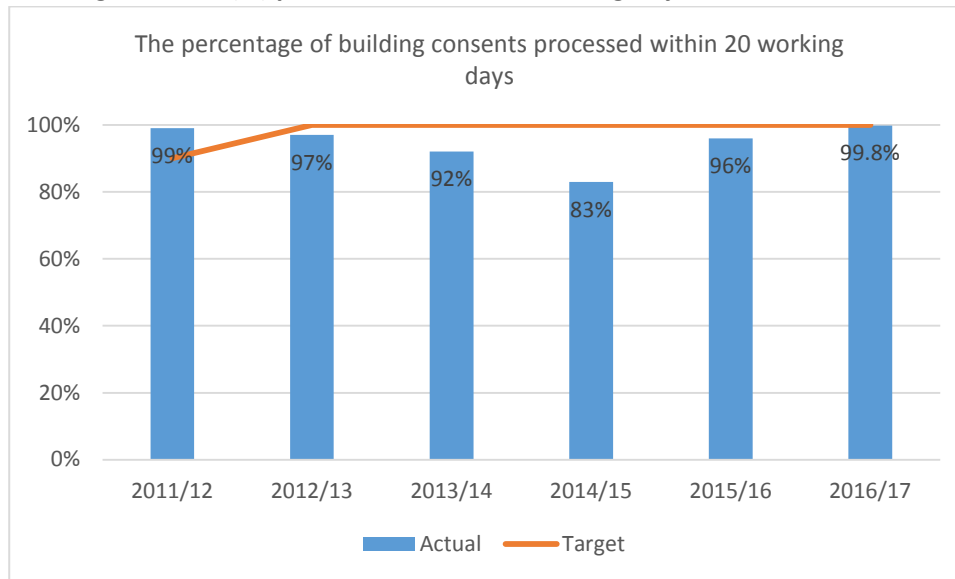
Result: Achieved (target Achieve). The target was met.

Previous year results

Year	Result
2015/16	100%
2014/15	100%
2013/14	100%
2012/13	100%

Source: WDC Building Control

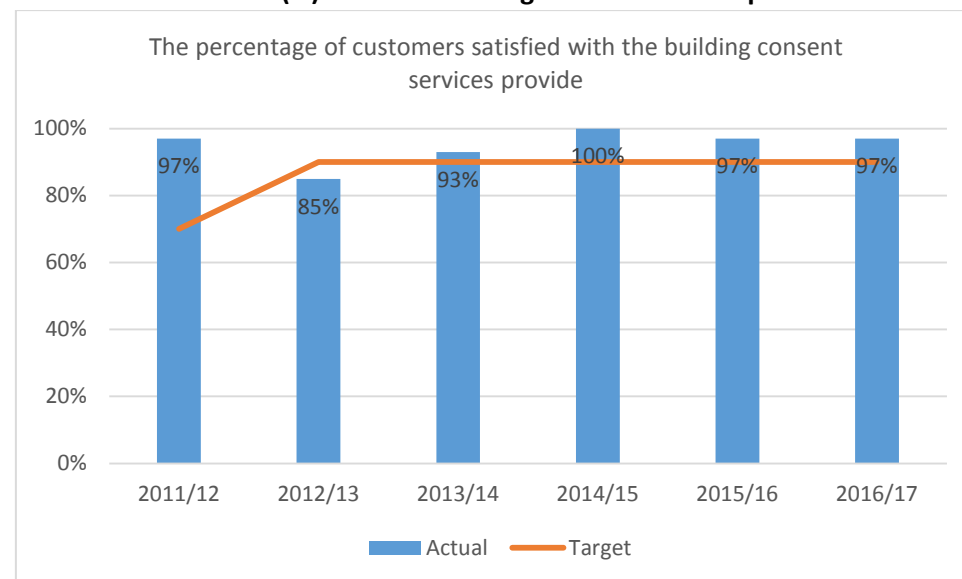
Building consents (%) processed within 20 working days



Almost all (99.8%) building consents were completed within the statutory 20 working days.

Source: WDC Property and Rating Database

Customer satisfaction (%) with the building consent services provided



The target was met. Satisfaction with Building Control services was 97% which is consistent with last year's result.

Source: WDC Building Consent Satisfaction Survey 2017

Environmental health

Food and other premises (%) inspected at least once a year

Result: 100% (target: 100%). The target was met. All premises (100%) received either an annual inspection and/or audit dependent on the nature of their compliance pathway i.e. Food Control Plan or Registered Health premise.

Previous year results

Year	Result
2015/16	96%
2014/15	100%
2013/14	100%
2012/13	99%

Source: WDC Property and Rating Database

Where premises do not meet minimum standards, a corrective plan is put in place to help them within 10 working days

Result: 100% (target: 100%). The target was met.

Previous year results

Year	Result
2015/16	100%

Source: WDC Property and Rating Database

Excessive noise complaints (%) investigated within 30 minutes

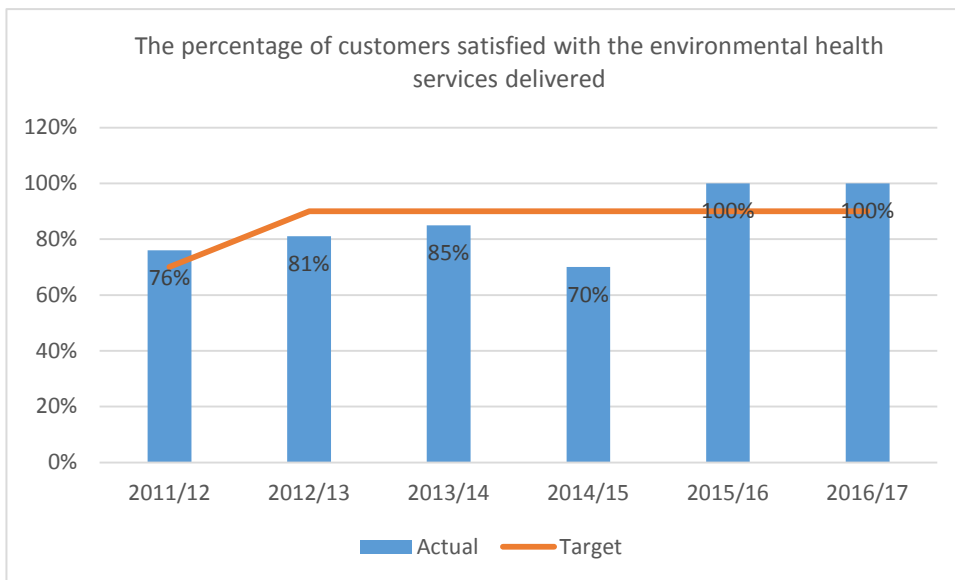
Result: 92% (target: 95%). The target was not met with 92% of excessive noise complaints being investigated within 30 minutes. Generally calls that are not responded to in the preferred time is due to the officer being at a higher priority job, or there is lack of Police availability to assist at an event.

Previous year results

Year	Result
2015/16	93%
2014/15	92%
2013/14	94%
2012/13	93%

Source: WDC Property and Rating Database

Customer satisfaction (%) with the environmental health services delivered



The target was met. Satisfaction with Environmental Health services was 100% which is consistent with last year's result.

Source: WDC Environmental Health Satisfaction Survey 2017

Resource management

Resource consents (non-notified) (%) processed within 20 working days

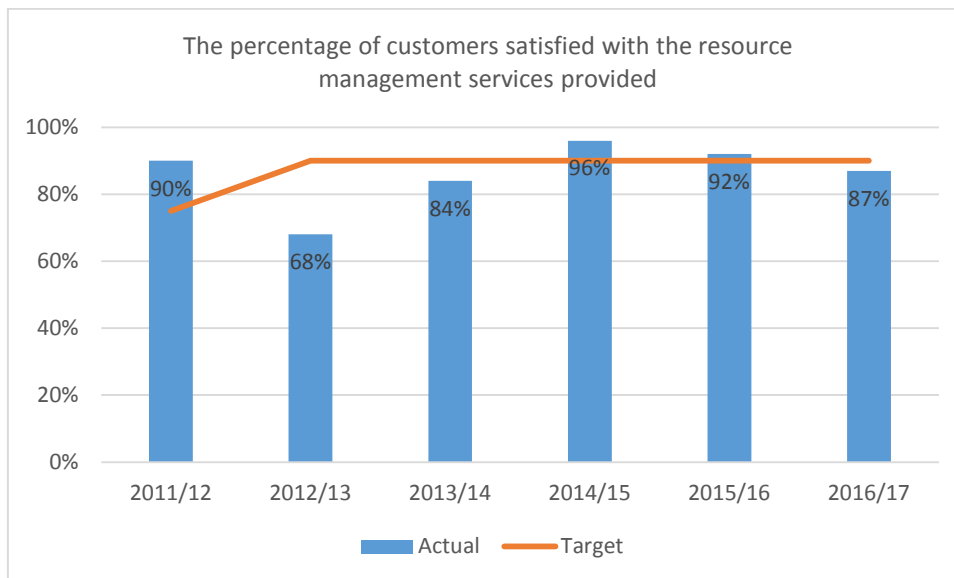
Result: 86% (target: 100%). The target was not met. This was due to a resourcing issue experienced in December 2016 and January 2017.

Previous year results

Year	Result
2015/16	97%
2014/15	99%
2013/14	100%
2012/13	99%

Source: WDC Property and rating Database

Customer satisfaction (%) with the resource management services provided



The target of 90% was not met.

Source: WDC Resource Consent Satisfaction Survey 2017

Resource consents (%) monitored within five years of being issued

Result: 65% (target: 80%). The target was not met due to lack of resourcing availability for monitoring resource consents.

Previous year results

Year	Result
2015/16	100%

Source: WDC Property and Rating Database

District Plan review completed (%)

Result: 65% (target: 78%). The target was met largely due to the increasing scope of the review since the target was set.

Previous year results

Year	Result
2015/16	66%
2014/15	76%
2013/14	47%
2012/13	48%

Source: WDC Planning Team

To measure the standard of the provision of parking

Percentage of time parking officers are present Monday to Saturday (excluding public holidays)

Result: 95% (target: 98%). The target was not met. In April parking officers were assisting with a Civil Defence emergency therefore there were no parking officers present in the CBD for two days.

Previous year results

Year	Result
2015/16	94%
2014/15	98%

2013/14	98%
2012/13	99%

Source: WDC Parking Team

Community satisfaction (%) with the availability of on-street parking

Result: 61% (target: 90%). The target was not met however only 15% were dissatisfied with the availability of on-street parking.

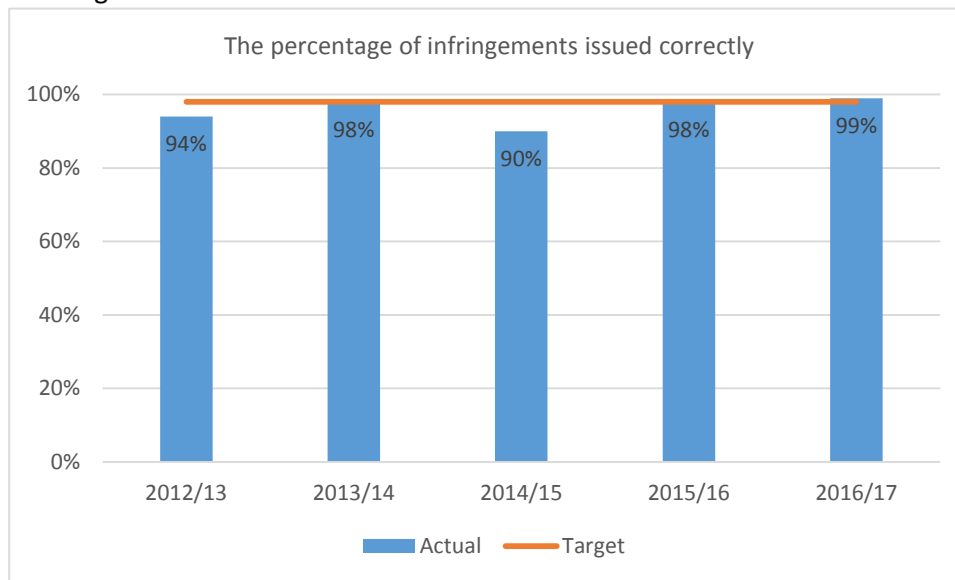
Previous year results

Year	Result
2015/16	65%

Source: Community Views Survey 2017

Infringements issued correctly (%)

The target was not met.



Source: WDC Parking Team – Ticket database

Non-compliant vehicles in the CBD

Result: 1225 (target: <885). The target to decrease from the previous year (885) was not met with 1225 warrant of fitness and infringements issued during the year.

Previous year results

Year	Result
2015/16	885
2014/15	1742
2013/14	1764
2012/13	1657

Source: WDC Property and Rating Database

Community facilities and services group

Capital expenditure

The following table shows the expenditure on capital works for the Property and Facilities Group. Significant variations to the Annual Plan are discussed below where necessary.

Activity	Annual Plan Budget \$000	Opening Carry Over \$000	Approved Budget \$000	Actual For Year \$000	Closing Carry Over \$000
Capital expenditure to improve the level of service :					
<i>Cemeteries</i>					
New cemetery design and extension	-	15	15	21	-
<i>Animal Control</i>					
Animal Welfare Centre	150	-	150	36	120
<i>Emergency Management</i>					
Mobile alerting systems	30	-	30	-	14
Tsunami signage	-	31	31	33	-
	30	31	61	33	14
<i>CBD Maintenance</i>					
Easements and improvements	-	25	25	41	-
	180	71	251	131	134
Capital expenditure to replace existing assets :					
<i>Cemeteries</i>					
Roading, roofing, fencing, and joinery	72	-	72	11	53
<i>Community Buildings</i>					
Building improvements	14	-	14	3	-
<i>Pensioner Housing</i>					
Building improvements	70	-	70	-	-
<i>Building Control</i>					
Vehicle replacement	19	-	19	-	19
<i>Environmental Health</i>					
Vehicle replacement	19	-	19	28	-
<i>CBD Parking</i>					
Hand-held machines	-	-	-	9	-
<i>Animal Control</i>					
Vehicle replacement	50	-	50	1	50
<i>Emergency Management</i>					
Plant and equipment replacement	30	-	30	23	-
Vehicle replacement	-	10	10	11	-
	30	10	40	34	-
	274	10	284	86	122

Work was planned to maintain the service capacity of the Council facilities and to deal with the expected demands on the service.

Cemeteries

The new cemetery design and extension project is an ongoing project.

Other improvements such as fencing, roofing, joinery and roading reseals were mostly deferred and carried over to next year awaiting better weather conditions and the Crematorium replacement.

Building Control and Environmental Health

Each of these Activities is carrying over funds for a vehicle replacement. The delay has been due to the setting up of a new vehicle specification policy.

CBD Maintenance

Work on an easement for a pedestrian accessway at 22-24 Victoria Avenue was completed during the year from opening carry over funds.

Animal Control

The Animal Welfare Centre was delayed awaiting design work and costings. Unspent funds will be carried over and added to next year's budget, with the Centre due for completion next year.

Also carried over is \$50k for two vehicle replacements. The delay was due to the setting up of a new vehicle specification policy.

Emergency Management

Tsunami signage was completed close to budget with opening carry over funds.

Mobile alerting systems will be funded from carry over funds next year.

Plant and equipment replacements cost was under budget.

Pensioner Housing

The capital replacement budget of \$70k was not spent. This is because all expenditure was classified as either planned or reactive maintenance, which are operating expenditure. Overall maintenance expenditure was just on budget for the year.

Internal borrowings

	2017	2016
	\$	\$
Brought forward	465,430	471,846
Borrowings raised	0	0
Borrowings repaid	(190,033)	(24,947)
Interest paid	6,355	18,532
Carried forward	<u>281,752</u>	<u>465,430</u>

Community facilities and services group

Funding impact statement

For the year ended 30 June 2017

	Long Term Plan	Long Term Plan	Annual Plan	Actual
	2016	2017	2017	2017
	\$000	\$000	\$000	\$000
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	4,752	5,060	5,225	5,233
Targeted rates	515	515	515	456
Subsidies and grants for operating purposes	-	-	-	54
Fees and charges	3,891	3,935	3,894	4,168
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	1,004	1,024	969	1,072
Total operating funding (A)	10,162	10,534	10,603	10,983
Application of operating funding				
Payments to staff and suppliers	8,017	8,059	8,330	7,962
Finance costs	269	282	298	308
Internal charges and overheads applied	1,737	1,787	1,812	1,838
Other operating funding applications	-	-	-	-
Total application of operating funding (B)	10,023	10,128	10,440	10,108
Surplus (deficit) of operating funding (A - B)	139	406	163	875
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	193	244	320	(606)
Gross proceeds from asset sales	-	-	-	38
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	193	244	320	(568)
Application of capital funding				
Capital expenditure				
-to meet additional demand	-	-	-	-
-to improve the level of service	99	154	180	107
-to replace existing assets	183	446	273	69
Increase (decrease) in reserves	50	50	30	131
Increase (decrease) of investments	-	-	-	-
Total application of capital funding (D)	332	650	483	307
Surplus (deficit) of capital funding (C - D)	(139)	(406)	(163)	(875)
Funding balance ((A - B) + (C - D))	-	-	-	-

10

Transportation

Transport provides and maintains connections both within the district and beyond and is essential for economic prosperity and social connectedness.

What we do

- Airport
- Sea port
- Durie Hill elevator

How these activities contribute to our Leading Edge outcomes

Community: Continuing to work with NZ Airways to ensure the safety of the airport through the provision of industry standard navigation and approach services. The airport enables the air ambulance service to be based in Wanganui.

Connectivity: We continue to work as a joint venture with the Crown to maintain our district's connectedness through the air network.

Environment: The Whanganui River offers a safe harbour for recreational and shallow draft commercial vessels and there is the potential to nurture the facility over time to become a valued resource for users and the travelling public.

Economy: Our airport provides aviation connections and forms a key component of the medical services locally, the development of the rural sector through the provision of agricultural aviation services, training through the provision of pilot training and recreation through the provision of services to recreational aviation. The port and harbour are available to a large range of business and recreational users.

Our key projects and highlights

- Council has been working on revitalising the Whanganui Port since it was bought back from a private company in 2010. In January 2015, work began on an upgrade to Wharf One to enable commercial and recreational use to continue at the Port. In August 2016, the Government announced \$500,000 of funding for a detailed masterplan as part of the Manawātū-Whanganui Economic Action Plan, also known as Accelerate 25, which aims to help to boost economic development in New Zealand's regions.

In December 2016 a draft masterplan was produced for public feedback. More than 200 people shared what they would like to see happen at the Whanganui Port. Submissions were received through the Council's Facebook page and website. Feedback was largely positive and encouraging and included questions about the project from an environmental and marine perspective.

Several businesses are interested in relocating to or investing in the Port area. The Port Revitalisation team, which is made up of Council staff and marine experts in conjunction with Whanganui District Holdings, community and iwi, are working through the details.

- The first Air Chathams flight was welcomed into Whanganui on Monday, 1 August 2016.

How did we perform?

We want to ensure our transportation activities are safe and sustainable. We assesses our safety regulations at the airport and the Durie Hill elevator and monitor resident satisfaction with the airport and the Durie Hill elevator. We also monitor the sustainability of the airport by monitoring the overall income and the seaport commercial vessel visits.

To measure the safety and satisfaction with transport infrastructure and services

Airport – safety certification

Result: 100% (target: 100%). The target was met. The airport will be safe as demonstrated by receipt of CAA Part 139 Certification (assessing runway maintenance, security, safety, and emergency and management systems and procedures).

Previous year results

Year	Result
2015/16	100%
2014/15	100%
2013/14	100%
2012/13	100%

Source: Whanganui Airport

The overall income from commercial activities meets the airport's operational and capital requirements

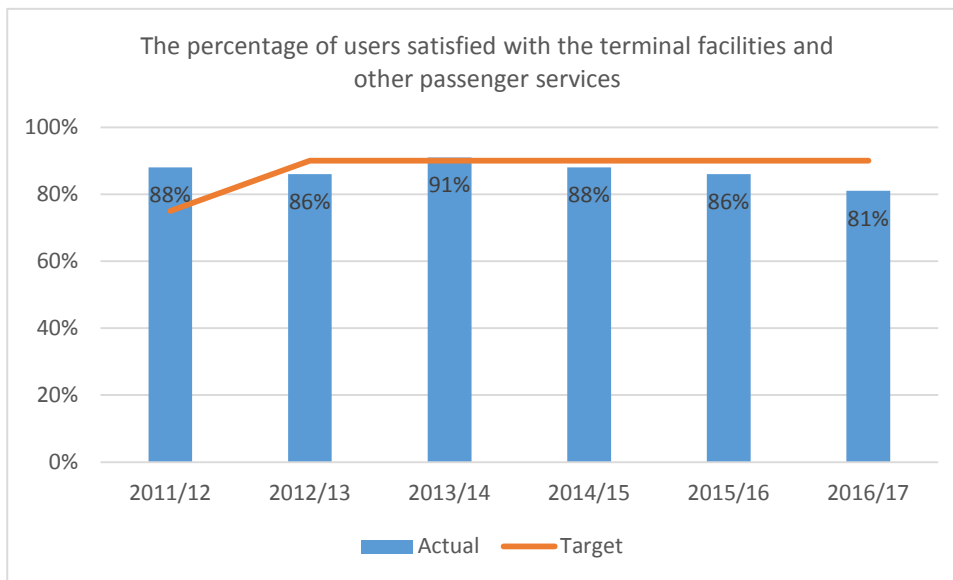
Result: No (target: Yes). This target was not met, it is a long-term target.

Previous year results

Year	Result
2015/16	No
2014/15	No
2013/14	No
2012/13	No

Source: Whanganui Airport

Airport – user satisfaction (%) with facilities and passenger services



The target was not met.

Source: Community Views Survey 2017

Sea port - number of commercial vessel visits

Result: 20 (target: 25).

The target was not met however there was a significant increase from the previous year.

Previous year results

Year	Result
2015/16	7
2014/15	11
2013/14	25
2012/13	41

Source: Whanganui Port

Durie Hill elevator – safety certification

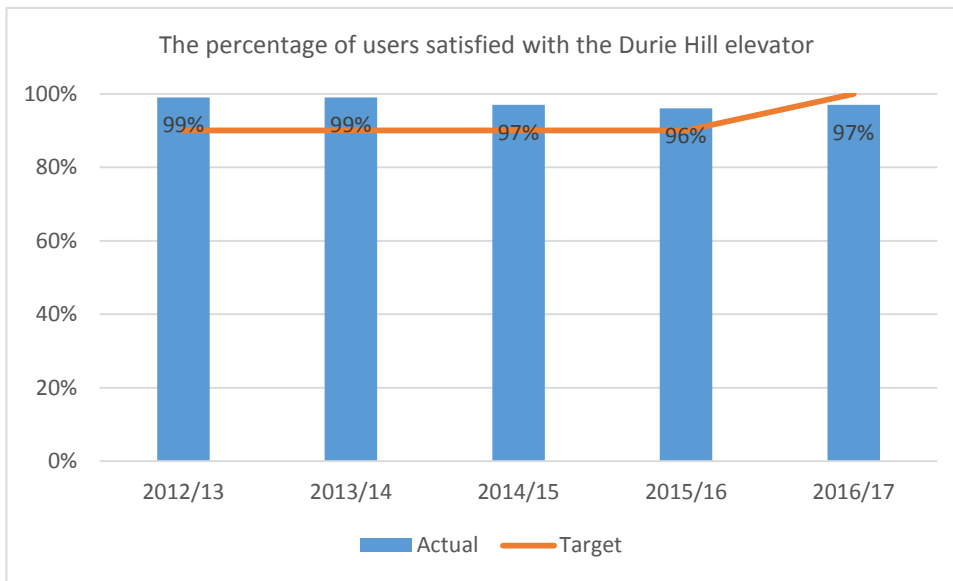
Result: 100% (target: 100%). The target was met. The Durie Hill Elevator received its annual safety certificate of inspection.

Previous year results

Year	Result
2015/16	100%
2014/15	100%
2013/14	100%
2012/13	100%

Source: WDC Property

Durie Hill elevator – user satisfaction (%)



The target was not met.

Source: WDC Property

Transportation group

Capital expenditure

The following table shows the expenditure on capital works for the Transportation Services Group. Significant variations to the Annual Plan are discussed below where necessary.

Activity	Annual Plan Budget \$000	Opening Carry Over \$000	Approved Budget \$000	Actual For Year \$000	Closing Carry Over \$000
Capital expenditure to improve the level of service :					
<i>Airport</i>					
Sundry Projects	-	-	-	-	-
	-	-	-	-	-
Capital expenditure to replace existing assets :					
<i>Durie Hill Elevator</i>					
Door replacement	-	-	-	20	-
Sundry projects	3	-	3	-	-
	3	-	3	20	-
<i>Airport (half-share)</i>					
Mower replacement	-	27	27	-	-
Seating repairs	-	4	4	-	-
Plumbing replacement	35	-	35	-	-
Runway resealing	130	-	130	-	-
Sundry projects	14	-	14	2	130
	179	31	210	2	130
	182	31	213	22	130

Work was planned to maintain the service capacity of the Council facilities and to deal with the expected demands on the service.

Airport

Council's half-share of \$130k for the airport runway reseal has been delayed while more economic solutions are explored.

Internal Borrowings

	2017	2016
	\$	\$
Brought forward	102,210	91,140
Borrowings raised	0	7,000
Borrowings repaid	(32,986)	0
Interest paid	1,597	4,070
Carried forward	<u>70,821</u>	<u>102,210</u>

Transportation group

Funding impact statement

For the year ended 30 June 2017

	Long Term Plan	Long Term Plan	Annual Plan	Actual
	2016	2017	2017	2017
	\$000	\$000	\$000	\$000
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	359	366	437	438
Targeted rates	-	-	-	-
Subsidies and grants for operating purposes	30	30	40	59
Fees and charges	235	248	242	191
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	21	22	21	35
Total operating funding (A)	645	666	740	723
Application of operating funding				
Payments to staff and suppliers	374	368	459	474
Finance costs	62	62	65	67
Internal charges and overheads applied	132	133	150	152
Other operating funding applications	-	-	-	-
Total application of operating funding (B)	568	563	674	693
Surplus (deficit) of operating funding (A - B)	77	103	66	30
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	(71)	83	115	(8)
Gross proceeds from asset sales	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	(71)	83	115	(8)
Application of capital funding				
Capital expenditure				
-to meet additional demand	-	-	-	-
-to improve the level of service	3	-	-	-
-to replace existing assets	3	186	181	22
Increase (decrease) in reserves	-	-	-	-
Increase (decrease) of investments	-	-	-	-
Total application of capital funding (D)	6	186	181	22
Surplus (deficit) of capital funding (C - D)	(77)	(103)	(66)	(30)
Funding balance ((A - B) + (C - D))	-	-	-	-

11 Investments

This group intends to enhance the development of Whanganui and provide an acceptable financial return to the Whanganui community.

What we do

- Whanganui District Council Holdings Limited
- Whanganui District Councils' Forestry Joint Committee
- Harbour Endowment property portfolio
- City Endowment property portfolio
- Quarry

How these activities contribute to our Leading Edge outcomes

Economy: We work to provide a reliable and acceptable financial return on our investments to enable development of projects and reduce reliance on rating as a source of funding for debt repayment.

Our key projects and highlights

The Council retained its long-term AA- credit rating from global rating agency Standard and Poor's. Standard and Poor's increased the outlook from stable to positive. AA- is Standard and Poor's fourth highest credit rating and is the same as the rating of New Zealand's major banks. Standard and Poor's has also given the Council a short-term issue rating of A-1+. This is the highest short-term credit rating, indicating the Council's very strong capacity to meet its short-term obligations.

How did we perform?

We monitor our portfolio of investments to ensure it provides income to support the work of Council.

To measure progress of increasing the return on investments

The forecast return for Whanganui District Council Holdings Limited

Result: (\$800,000) (Target: \$800,000). The target was met.

Previous year returns

Year	Result
2015/16	\$800,000
2014/15	(\$277,000)
2013/14	\$7,470,000
2012/13	\$495,000

Source: WDC Holdings Ltd Annual Report

The forecast return for Whanganui District Council's Forestry Joint Committee

Result: 0 (target: 5 - 8%). The target was not met. Forestry return is a long term measure with a 27 year crop rotation. The forestry portfolio is currently up for sale.

Previous year results

Year	Result
------	--------

2016/17	0
2014/15	6.2%
2013/14	6.8%
2012/13	8.3%

Source: WDC Forestry Joint Committee Annual Report

The forecast net income from Council's Harbour Endowment property portfolio

Result: 7.31% (target: 6.5%). The target was met.

Previous year results

Year	Result
2015/16	7.74%
2014/15	7.62%
2013/14	8.0%
2012/13	7.87%

Source: WDC Financial Reports

The forecast net income from Council's City Endowment property portfolio

Result: 7.69% (target: 6.5%). The target was met.

Previous year results

Year	Result
2015/16	7.18%
2014/15	7.18%
2013/14	8.0%
2012/13	8.21%

Source: WDC Financial Reports

Investments group

Capital expenditure

The following table shows the expenditure on capital works for the Investments Group. Significant variations to the Annual Plan are discussed below where necessary.

Activity	Annual Plan Budget \$000	Opening Carry Over \$000	Approved Budget \$000	Actual For Year \$000	Closing Carry Over \$000
Capital expenditure to improve the level of service :					
Investments					
City Endowment. Purchases Taupo Quay	227	-	227	-	-
City Endowment. Sundry projects	-	-	-	23	4
	227	-	227	23	4
Capital expenditure to replace existing assets :					
Investments					
Harbour Endowment. Wharf upgrade	-	1,155	1,155	1,400	-
Harbour Endowment. Sundry projects	71	-	71	137	37
	71	1,155	1,226	1,537	37

Work was planned to maintain the service capacity of the Council facilities and to deal with the expected demands on the service.

Harbour Endowment

The wharf upgrade project was completed during the year costing \$1.4M. The total cost of this project was \$2.127M, and was funded from the Harbour Endowment Operating special fund by \$1.262M, the balance of \$865k from loans funds.

The unbudgeted roof replacement cost at GasNet was \$116k. Most of the closing carry over relates to modelling work for the Port Revitalisation project, which is grant funded.

City Endowment

The budgeted purchase of 1 and 5 Taupo Quay didn't go ahead.

Internal borrowings

	2017	2016
	\$	\$
Brought forward	134,171	127,044
Borrowings raised	172,673	1,785
Borrowings repaid	0	0
Interest paid	7,080	5,342
Carried forward	<u>313,924</u>	<u>134,171</u>

Investments group

Funding impact statement

For the year ended 30 June 2017

	Long Term Plan	Long Term Plan	Annual Plan	Actual
	2016	2017	2017	2017
	\$000	\$000	\$000	\$000
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	(294)	(277)	(223)	(223)
Targeted rates	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-
Fees and charges	1,844	1,793	1,834	1,863
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	1,102	602	424	453
Total operating funding (A)	2,652	2,118	2,035	2,093
Application of operating funding				
Payments to staff and suppliers	1,497	1,562	1,545	2,194
Finance costs	127	96	213	195
Internal charges and overheads applied	267	277	283	287
Other operating funding applications	-	-	-	-
Total application of operating funding (B)	1,891	1,935	2,041	2,676
Surplus (deficit) of operating funding (A - B)	761	183	(6)	(583)
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	(760)	(260)	(260)	1,523
Gross proceeds from asset sales	-	-	-	35
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	(760)	(260)	(260)	1,558
Application of capital funding				
Capital expenditure				
-to meet additional demand	-	-	-	-
-to improve the level of service	-	-	227	17
-to replace existing assets	138	60	71	1,521
Increase (decrease) in reserves	(137)	(137)	(364)	(563)
Increase (decrease) of investments	-	-	(200)	-
Total application of capital funding (D)	1	(77)	(266)	975
Surplus (deficit) of capital funding (C - D)	(761)	(183)	6	583
Funding balance ((A - B) + (C - D))	-	-	-	-

12

Corporate

This group of activities provides support for Council staff and elected members to work together for the benefit of the community. We want to involve people, and maintain their confidence, in our decision-making.

What we do

- Governance
- Corporate management
- Community and operational property

How these activities contribute to our Leading Edge outcomes

Community: This group of activities provides support for Council staff and elected members to work together for the benefit of the community.

Our key projects and highlights

Governance

- We have been live streaming our Council meetings which has been received favourably by the community, and we will continue to do so.
- We have upgraded our speaker system in the Council chambers to make it easier for those attending to hear.
- After the October election we reviewed the effectiveness of the committee structure and the meeting schedule. This will continue to be assessed as we progress.

Corporate management

- We have continued to review our policies, bylaws, plans, and strategies whilst providing advice internally to ensure we have been compliant.
- We implemented a business friendly policy to assist economic growth and deliver services in business friendly manner.
- Our social media is ever expanding and we have continued to utilise it to communicate with the public to encourage engagement with council.
- Through social media, Community Link, and other outlets we have been able to promote our district and build our reputation as a district.
- We have continued to provide updates to our stakeholders to ensure they are well informed about current issues within Council.
- A project group for restorative practices has been established and the framework has been developed.
- We achieved tertiary ACC accreditation which shows Council is meeting its legislative requirements and due diligence obligations under the Health and Safety at Work Act.

Our District, Your Say

Council's online community panel, Our District, Your Say, commenced on 15 March, 2016 and has since grown from 133 to 385 members providing Whanganui district's residents, ratepayers, business owners, workers, students and volunteers another way of participating in Council's decision-making process.

The panel has contributed to key Council decisions and significant matters ranging from assessing Council's Leading Edge Strategy and developing a Local Alcohol Policy to help designing Council's website. Here's a list of projects the Panel has contributed to and influenced:

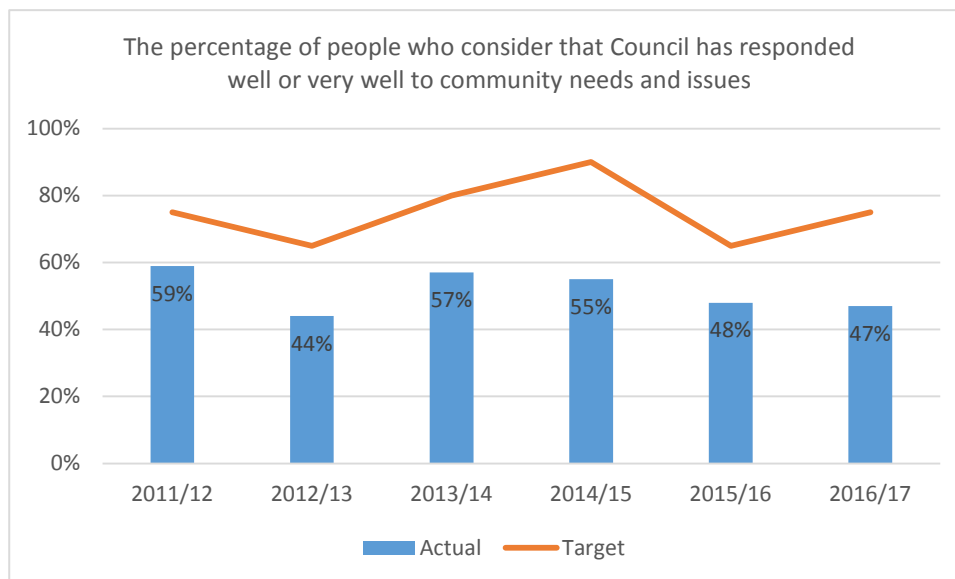
- Leading Edge Strategy assessment
- Alcohol Control Bylaw and Provisional Local Alcohol Policy
- Castlecliff Coastal Reserve Queens Park Management Plans
- Active Transport Strategy
- Designing Council's website
- St Johns Hill walkways perceptions and usage

How did we perform?

To assess our performance, we seek residents' views on information provision, decision-making, and consultation processes. We assess satisfaction with our Customer Services team, and monitor access to our Archives services.

To understand the extent to which the public is informed and engaged

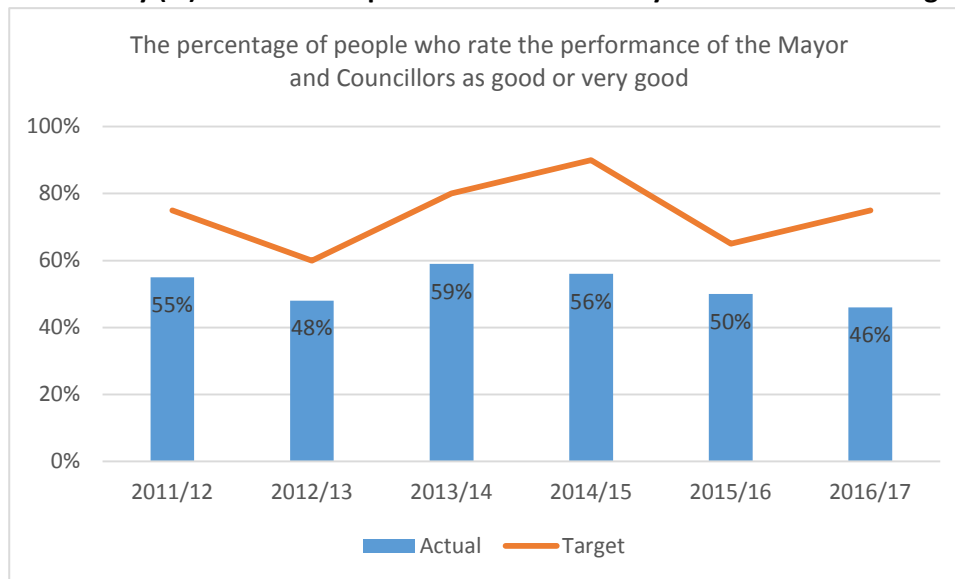
Community (%) who consider that Council has responded well or very well to community needs and issues



The target was not met. Working under our Leading Edge Strategy we remain committed to partnering with the community to address and appropriately respond to our district's needs and issues.

Source: Community Views Survey 2017

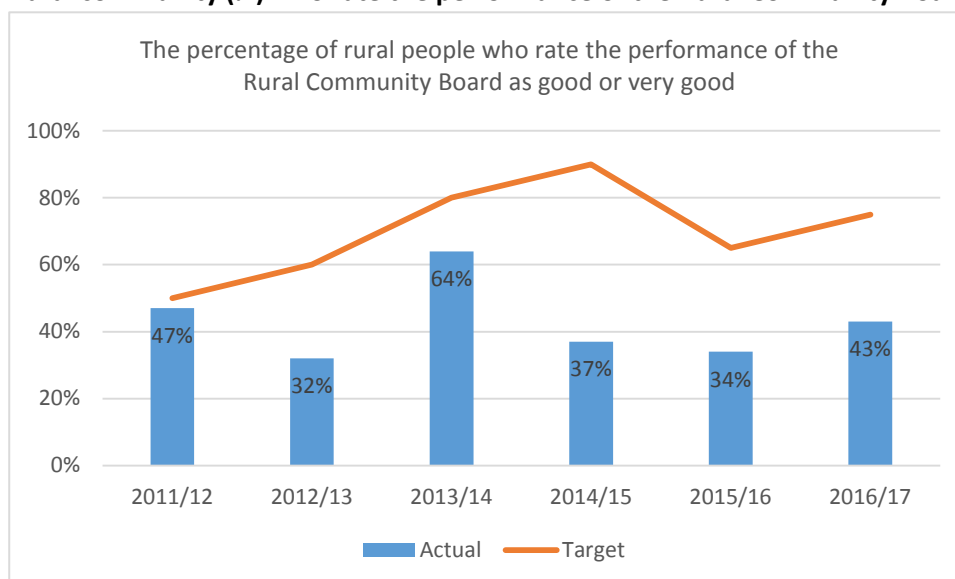
Community (%) who rate the performance of the Mayor and Councillors as good or very good



The target was not met.

Source: Community Views Survey 2017

Rural community (%) who rate the performance of the Rural Community Board as good or very good



The target was not met. There was a 9% increase in performance of the Board this year. The Rural Community Board have continued with their communications plan and identifying ways to increase their profile. This has included a greater online presence through Facebook, and a review of the Hotwire magazine.

Source: Community Views Survey 2017

To measure whether information is available in a timely manner

Council and committee agendas (%) made available to the public two working days prior to the meeting

Result: 100% (target: 100%). The target was met. The Local Government Official Information and Meetings Act 1987 requires us to make all agendas and reports available two working days before meetings. All agendas were made publicly available at least two working days prior to the meetings.

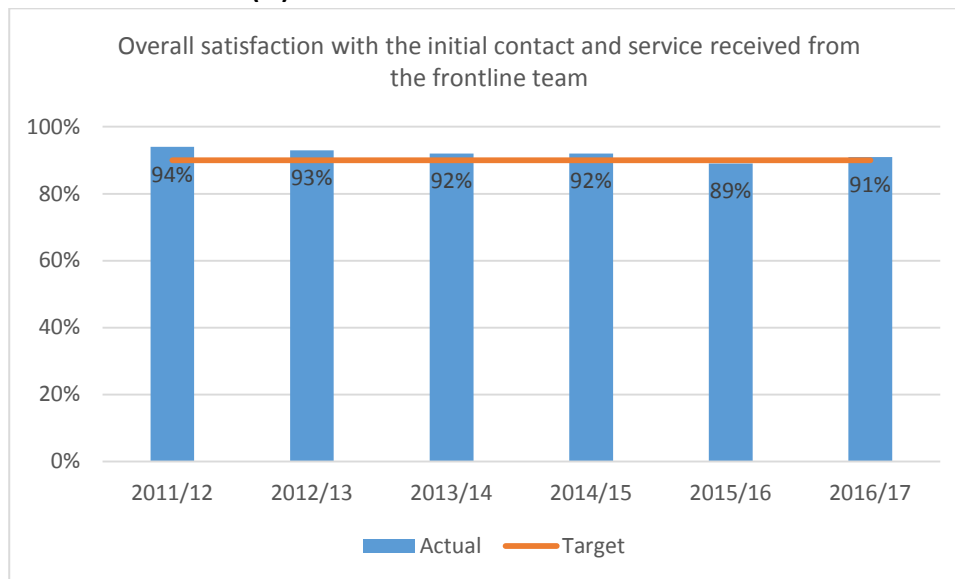
Previous year results

Year	Result
2015/16	100%
2014/15	100%
2013/14	100%
2012/13	100%

Source: WDC Governance

To measure the community's satisfaction with the service received from Council

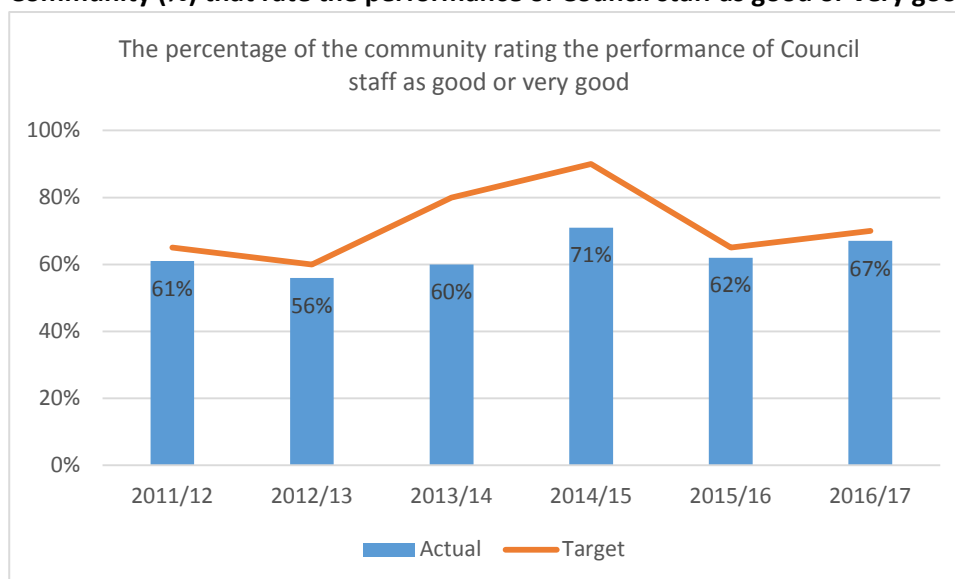
Overall satisfaction (%) with the initial contact and service received from the frontline team



The target was met.

Source: WDC Customer Services Survey 2017

Community (%) that rate the performance of Council staff as good or very good



The target of 70% was not met. The actual result saw 67% of respondents rating the performance of Council staff as 'good' or 'very good', which was a 5% increase from the previous year.

Source: Community Views Survey 2017

To monitor the health and safety of Council as a workplace

The number of workplace accidents for Council employees

Result: 44 (target: <55). The target was met. Council achieved tertiary ACC accreditation on 31 October 2016. Part of the maintaining the tertiary accreditation achieved with ACC is to complete a self-assessment audit showing continuous Health and Safety improvement across Council. This will be undertaken in November 2017.

Previous year results

Year	Result
2015/16	34
2014/15	38
2013/14	28
2012/13	42

Source: WDC Human Resources

To monitor the quality of the information provided to the community

Resident satisfaction (%) with ease of access to Council information

Result: 49% (target: 75%). The target of 75% was not met. We will continue to assess ways to provide information to the community.

Previous year results

Year	Result
2015/16	45%

Source: Community Views Survey 2017

Users (%) who agree that the Council website is easy to navigate and find what they are looking for

Result: 53% (target: 75%). The target was not met. A review of our Council website will be undertaken in the coming year.

Previous year results

Year	Result
2015/16	52%

Source: Community Views Survey 2017

The documents audited (%) that receive an unmodified audit opinion

Result: 100% (target: 100%). The target was met. The documents audited during 2016/17 were the Annual Report 2015/16 and the Annual Report Summary 2015/16.

Previous year results

Year	Result
2015/16	100%
2014/15	100%
2013/14	100%

2012/13	100%
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Source: WDC Finance

To measure the standard of the archives service

Archives requests (%) responded to within 24 hours

Result: 100% (target: 100%). The target was met.

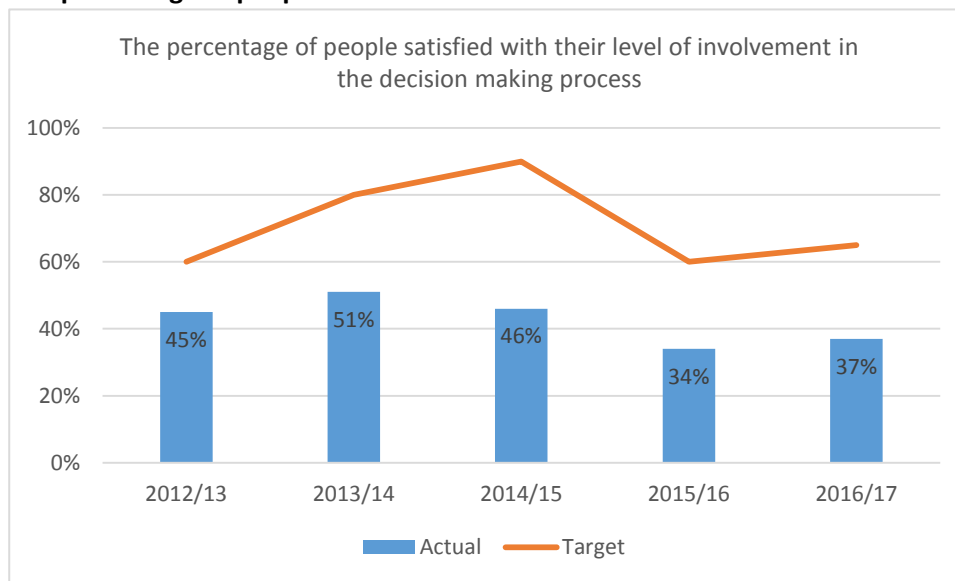
Previous year results

Year	Result
2015/16	100%
2014/15	100%
2013/14	100%
2012/13	100%

Source: WDC Archives

To monitor the extent to which the public is informed and engaged

The percentage of people satisfied with their level of involvement in the decision making process



The target was not met, however there was a slight increase in satisfaction. Initiatives to address this include additional opportunities for involvement in decision-making through our online portals and enhancements to our corporate communications.

Source: Community Views Survey 2017

Annual Plan or 10-Year Plan submission decision letters (%) provided within 10 working days of the adoption of the Plan

Result: 100% (target 100%). The target was met. All decision letters were sent to submitters within 10 working days of the adoption of the 2016/17 Annual Plan.

Previous year results

Year	Result
2015/16	100%

2014/15	100%
2013/14	100%
2012/13	57%

Source: WDC Policy Team

Bylaws (%) reviewed after five years of adoption (and then 10 years after that)

Result: 100% (target 100%). The target was met.

We made continued progress with our bylaw review programme this year, adopting a number of reviewed bylaws. This total includes those bylaws that are due for review. It does not include those that remain current or those that have been superseded.

Previous year results

Year	Result
2015/16	90%
2014/16	80%
2013/14	56%
2012/13	56%

Source: WDC Policy Team

To monitor the standard of our communal and operational property

Community organisation tenants (%) on the maximum subsidy (meaning that the services they deliver provide maximum benefit to the community)

Result: 72% (target 76%). The target was not met.

Previous year results

Year	Result
2015/16	72%
2014/15	72%
2013/14	76%
2012/13	76%

Source: WDC Property Team

Council-owned buildings (%) with a current, annually audited, Building Warrant of Fitness

Result: 100% (target: 100%). The target was met.

Previous year results

Year	Result
2015/16	100%
2014/15	100%
2013/14	100%
2012/13	100%

Source: WDC Property records

Corporate group

Capital expenditure

The following table shows the expenditure on capital works for the Corporate Group. Significant variations to the Annual Plan are discussed below where necessary.

Activity	Annual Plan Budget \$000	Opening Carry Over \$000	Approved Budget \$000	Actual For Year \$000	Closing Carry Over \$000
Capital expenditure to improve the level of service :					
Corporate Management					
Asset Management System	150	-	150	-	175
I T projects	100	-	100	50	
Plant and equipment	10	-	10	-	-
	260	-	260	50	175
Governance					
Stained glass windows	15	10	25	-	-
Communications					
Website upgrades	-	17	17	5	12
Emergency broadcast system	-	-	-	7	-
	-	17	17	12	12
	275	27	302	62	187
Capital expenditure to replace existing assets :					
Corporate Management					
Computer equipment replacement	215	-	215	194	-
Vehicle replacement	100	-	100	50	-
Furniture and Fittings	20	-	20	20	-
Folding Machine	-	-	-	68	-
	335	-	335	332	-
Governance					
Sound equipment	100	-	100	121	-
Vehicle replacement	30	-	30	-	30
	130	-	130	121	30
Community and Operational Buildings					
Mechanical heating and ventilation	170	215	385	4	404
Sundry projects	44	4	48	28	-
	214	219	433	32	404
Customer Services					
Reception changes	25	75	100	3	100
	704	294	998	488	534

Work was planned to maintain the service capacity of the Council facilities and to deal with the expected demands on the service.

Governance

The Chambers sound system was set up during the year at a cost of \$121k, ahead of the budget of \$100k. The vehicle replacement budget of \$30k was carried over. Delays were due to the setting up of a new vehicle specification policy.

The stained glass window work is an on-going project spread over many years. There was no expenditure this year.

Corporate Management

The Information Technology intangible asset budget only incurred expenditure of \$50k for the year, compared to the budget of \$250k. This enabled a carry over of \$175k to go into next year for the Asset Management System which has just been scoped. This project will be undertaken next year.

The unspent website upgrade expenditure of \$12k to replace the Content Management System project has been carried over, which had been held up pending the reorganisation.

Computer replacement expenditure of \$194k was just under the budget of \$215k. Replacements expenditure included network costs, PCs, laptops, monitors, and servers. Unbudgeted expenditure was incurred of \$68k when the folding machine needed replacing.

Customer Services

The unspent reception changes budget of \$100k was carried forward to next year. Work has been held over pending first and ground floor reviews, and the reorganisation. These have now been completed.

Community and operational property

Investigations into the mechanical heating and ventilation project continued, with little expenditure to date. The unspent funds have been carried forward for this on-going project.

Internal borrowings

	2017	2016
	\$	\$
Brought forward	302,633	230,037
Borrowings raised	0	60,546
Borrowings repaid	(238,917)	0
Interest paid	1,470	12,050
Carried forward	<u>65,187</u>	<u>302,633</u>

Corporate group

Funding impact statement

For the year ended 30 June 2017

	Long Term Plan	Long Term Plan	Annual Plan	Actual
	2016	2017	2017	2017
	\$000	\$000	\$000	\$000
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	3,365	3,641	3,426	3,463
Targeted rates	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	9
Fees and charges	128	125	123	102
Internal charges and overheads recovered	8,129	8,508	8,438	8,223
Local authorities fuel tax, fines, infringement fees and other receipts	445	530	562	790
Total operating funding (A)	12,067	12,804	12,549	12,587
Application of operating funding				
Payments to staff and suppliers	9,543	10,128	10,249	10,596
Finance costs	(126)	(139)	(269)	(44)
Internal charges and overheads applied	896	952	926	606
Other operating funding applications	-	-	-	-
Total application of operating funding (B)	10,313	10,941	10,906	11,158
Surplus (deficit) of operating funding (A - B)	1,754	1,863	1,643	1,429
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	(534)	121	(44)	(475)
Gross proceeds from asset sales	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	(534)	121	(44)	(475)
Application of capital funding				
Capital expenditure				
-to meet additional demand	-	-	-	-
-to improve the level of service	125	847	275	27
-to replace existing assets	475	517	704	473
Increase (decrease) in reserves	620	620	620	454
Increase (decrease) of investments	-	-	-	-
Total application of capital funding (D)	1,220	1,984	1,599	954
Surplus (deficit) of capital funding (C - D)	(1,754)	(1,863)	(1,643)	(1,429)
Funding balance ((A - B) + (C - D))	-	-	-	-

Community monitoring indicators

The following indicators were developed to assess achievement of our Leading Edge Strategy as identified in the 10-Year Plan 2015-2025. These outcomes serve as a guide for shaping our future and reflect our overall aspirations for the district. They are aimed at supporting partnership approaches, sustainability and innovation.

Over time we expect to see improvement across all areas, however, it should be noted that this is an aspirational strategy with actions spanning a number of years. As a result, these outcomes will require long-term commitment.

COMMUNITY

Goal: *Working in partnership – shaping a district that celebrates and champions its cultural and social diversity as well as its community spirit.*

How will we know when we get there?

Indicators	Commentary	Result
We will maintain World Health Organisation (WHO) accreditation as a safe city	We were formally reaccredited as a safe community in June 2016. This no longer operates through WHO – it is now through the Pan Pacific Safe Communities Network. This accreditation demonstrates our capacity to take strategic and proactive steps to prevent injury and promote a culture of safety for everyone in our district. <i>(Source: Receipt of international accreditation)</i>	✓
We will demonstrate restorative city principles	Elected members and 40 staff have now received training in restorative practices and we are using restorative techniques in-house. There are plans to roll out a restorative measurement framework for the whole organisation. <i>(Source: Participation in the Restorative Cities programme)</i>	✓
The percentage of people who indicate high levels of belonging and wellbeing will increase	Overall, 55% of residents indicated that they had a “very high” or “high” level of wellbeing. This was a decrease of 12% on the year before.	✗
	Belonging experienced a slight decrease – from 55% to 51% in 2016/17. Older residents (50+) are more likely to state that their belonging is “strong” or “very strong”. <i>(Source: Community Views Survey)</i>	✗
We will improve our levels of collaboration – with a particular focus on the ‘triple helix’ model of education, business and local government	Whanganui & Partners led the way as a collaborative model. Over the last year we have partnered across education, business and local government delivering supportive programmes	✓

	including: the Mind Lab Post Graduate Certificate in Applied Practice - Digital and Collaborative Learning; Maori Pasifika Trades Training Initiative; GovHack Whanganui. (Source: Intelligent Community Forum success factor)	
We will improve our performance on the Creative Cities Index in relation to 'openness, tolerance, participation and accessibility'	We have not commenced development of our Creative Cities Strategy yet. The first step will be to assess the Creative Cities Index as an applicable assessment. This will be a long-term commitment across the period of our 10-Year Plan. (Source: Creative Cities Index assessment)	—
We will improve our performance on the Creative Cities Index in relation to 'strategic leadership, agility and vision'	As above. (Source: Creative Cities Index assessment)	—
We will become more culturally diverse	We had more Maori, Pacific peoples, Asian and Middle Eastern / Latin American / African residents between the 2006 and 2013 censuses. (Source: Census results)	✓
We will have more formal Iwi partnerships	Council has continued to dedicate resources to support Iwi to manage their on-going commitments and enable collaboration with Council. A "Working Together" framework was, and continues to be successfully delivered to ensure that both Council and Iwi representative's capacities are managed efficiently. Council will continue to pursue development of relationship documents developed with Nga Rauru, Ngati Apa, Nga Tangata Tiaki, with informal discussions having started with Nga Tangata Tiaki representatives (Source: Council records)	✓
Satisfaction with Council-Iwi partnerships will increase	There was no survey conducted during the year but this will be looked at in 2017/18. (Source: Internally-delivered survey)	—
The community will be more satisfied with Council leadership	Satisfaction with the performance of the Mayor and Councillors dropped from 50% to 46 between 2015/16 and 2016/17. (Source: Community Views Survey)	✗
There will be greater levels of community pride	We measured this for the first time last year. Overall, 67% of people told us that they were proud to live in Whanganui. This is slightly down	✓







	<p>compared to last year (73%), however, it should be noted that last year's result was a 'snapshot' of community perceptions drawn from a small sample size.</p> <p><i>(Source: Community Views Survey)</i></p>	
<p>Our community's performance in relation to national health targets will improve</p>	<p>Whanganui equaled its performance in relation to national health targets with a 95% score for both 2015/16 and 2016/17. These measure the following:</p> <ul style="list-style-type: none"> • Shorter stays in emergency departments • Improved access to elective surgery • Faster cancer treatment • Increased immunisation • Better help for smokers to quit • Raising healthy kids <p><i>(Source: Ministry of Health)</i></p>	✓

CONNECTIVITY

Goal: A dynamic broadly connected district that is accessible, linked in and known for it.

How will we know when we get there?


Indicators	Commentary	Result
<p>We will achieve international benchmarks</p>	<p>We were reaccredited as a Safe Community and were acknowledged as one of the Smart21 communities of 2017.</p> <p><i>(Source: Receipt of international accreditation)</i></p>	✓
<p>National perceptions of our district as a tourism destination will increase</p>	<p>More people considered Whanganui to be a tourism destination – representing an increase of 13% to 48% in 2017. This was canvassed via an externally delivered National Perceptions Survey.</p> <p><i>(Source: National Perceptions Survey)</i></p>	✓
<p>We will keep and build on our Smart21 status</p>	<p>This is the fifth consecutive year we held onto our Smart21 status.</p> <p><i>(Source: International Intelligent Community Forum accreditation)</i></p>	✓
<p>Visitor numbers to the district will increase</p>	<p>Whanganui dropped fractionally in line with commercial regional trends. The drop has been in domestic visitation while international visitor trends have held.</p> <p><i>(Source: Commercial Accommodation Monitor)</i></p>	✗

We will achieve the goal of our Digital Strategy and become 100% Connected	<p>With the completion of the fibre roll-out, ultrafast broadband (UFB) is now available to everyone in Whanganui. Although we have not yet achieved the goal of being 100% connected we remain committed to leading the way in terms of digital innovation.</p> <p><i>(Source: Census results)</i></p>	
Satisfaction with roading and connectivity will increase	<p>We measured this online for the first time last year and found that 57% were satisfied with the local roading network. No survey was undertaken this year to capture satisfaction with roading, but this will be investigated as part of the 2018-2028 10 year plan.</p>	
	<p>A snapshot 2016 showed Seventy percent thought that Whanganui had good digital connectivity. The option of a complete survey will be evaluated in 2017/18.</p> <p><i>(Source: Community Outcomes Survey)</i></p>	
More people will be using our walkways	<p>Walkway usage remained relatively high, thought there was a slight decrease in the amount of people who used our walkways at 79% compared to 83% in 2016.</p> <p><i>(Source: Community Views Survey)</i></p>	
We will have higher rates of tertiary qualifications	<p>More people in the Whanganui district had a Bachelor degree or higher between the 2006 and 2013 Census.</p> <p><i>(Source: Census results)</i></p>	
We will improve our performance on the Creative Cities Index in relation to 'communication, connectivity and networking'	<p>We have not commenced development of our Creative Cities Strategy yet. The first step will be to assess the Creative Cities Index as an applicable assessment. This will be a long-term commitment across the period of our 10-Year Plan.</p> <p><i>(Source: Creative Cities Index assessment)</i></p>	

CREATIVITY

Goal: A knowledge economy driven by innovation and humming with cultural personality.

How will we know when we get there?

Indicators	Commentary	Result
We will improve our performance on the Creative Cities Index in relation to 'entrepreneurship, exploration and innovation'	We have not commenced development of our Creative Cities Strategy yet. The first step will be to assess the Creative Cities Index as an applicable assessment. This will be a long-term	

	commitment across the period of our 10-Year Plan. <i>(Source: Creative Cities Index assessment)</i>	
We will improve our performance on the Creative Cities Index in relation to 'talent and learning'	We have not commenced development of our Creative Cities Strategy yet. The first step will be to assess the Creative Cities Index as an applicable assessment. This will be a long-term commitment across the period of our 10-Year Plan. <i>(Source: Creative Cities Index assessment)</i>	—
The types of jobs we offer will increasingly support a knowledge economy in line with Intelligent Community Forum award benchmarking measures	We have seen a 1.4% growth in technology employment in 2016 and 4.8% increase in information and media services employment. <i>(Source: Infometrics)</i>	✓
We will have implemented our Creative Community Strategy	This work has not begun yet and forms part of our long-term strategy as per the 10-Year Plan 2015-2025. It is likely to commence in 2017/18. <i>(Source: Council minutes)</i>	—
We will be using technology and the internet in smart and creative ways to improve productivity	Whanganui & Partners is facilitating access to workshops and information to help businesses better understand and utilise technology to improve their productivity. Key deliverables here include 100% Connected, First in Fibre and the Beyond Broadband Expo, and # GetDigital. <i>(Source: Intelligent Community Forum awards application data)</i>	✓



ENVIRONMENT

Goal: A district that safeguards its natural resources and provides an environment with a sense of place, identity and vitality.

How will we know when we get there?

Indicators	Commentary	Result
We will meet environmental monitoring targets through the State of the Environment Report	The next State of the Environment Report will be delivered by Horizons Regional Council in 2018. In lieu of this, key service level results reported on annually showed we had successfully met environment monitoring targets including: <ul style="list-style-type: none"> Compliance with all resource consents for discharge from the wastewater system. 	✓







	<ul style="list-style-type: none"> • The percentage of users of the Resource Recovery Centre that are satisfied with the overall service provided. • The amount of product recycled through the centre each year. • The number of educational visits to schools on waste minimisation. • The percentage of resource consents monitored within five years of being issued. • The percentage of the District Plan review completed. <p><i>(Source: State of the Environment Report)</i></p>	
We will have implemented a Suburban Revitalisation Strategy	<p>Work on this strategy is due to begin in 2017/18.</p> <p><i>(Source: Council minutes)</i></p>	—
There will be more people attending events and we will have more of them	<p>Though there has been an increase in visitors to the district, less events were funded with the withdrawal of the December V8 Jet Sprints, M2C Multisport Race and Hoop Nation and overall there was less event attendance. In response, we are working to increase our online capability and the delivery of booking conversions. We can report an increase of two events between 2014/15 and 2015/16. There has been an increase of 1004 people attending events in this period.</p> <p><i>(Source: Event reports)</i></p>	✓
We will have achieved the targets in our Waste Management and Minimisation Plan	<p>Work on this strategy will be an ongoing commitment but progress is being made. 14 of the 19 stated actions within the Plan being either completed or partially completed. This includes good progress with increased volumes and types of products being recycled through the Resource Recovery Centre and progress in the number of events in Whanganui that include recycling facilities.</p> <p><i>(Source: Waste Working Party Reports)</i></p>	✓
We will improve our performance on the Creative Cities Index in relation to 'distinctiveness, diversity, vitality and expression'	<p>We have not commenced development of our Creative Cities Strategy yet. The first step will be to assess the Creative Cities Index as an applicable assessment. This will be a long-term commitment across the period of our 10-Year Plan.</p> <p><i>(Source: Creative Cities Index assessment)</i></p>	—
We will improve our performance on the Creative Cities Index in relation to 'the place and place making'	<p>As above.</p>	—






We will achieve Enviro-Mark accreditation for our facilities where appropriate	The Strategy and Finance Committee resolved to implement some internal monitoring measurements as part of the 10-Year Plan 2018-28. Future consideration will be given to looking at an external auditor. <i>(Source: Receipt of Enviro-Mark accreditation)</i>	
We will meet Intelligent Community sustainability criteria	As part of our successful application, we have met sustainability criteria, but an ongoing monitoring framework is warranted. <i>(Source: Intelligent Community Forum awards programme)</i>	






ECONOMY

Goal: An easy-living place of choice for all – flourishing with employment and development opportunities.

How will we know when we get there?

Indicators	Commentary	Result
There will be more jobs – including more jobs in ICT as measured by the Intelligent Community Forum benchmarking process	There were approximately 200 new jobs created in Whanganui over the last 12 months, including 7 new ICT jobs. <i>(Source: Infometrics)</i>	
Our median income will increase	Our median income increased from \$19,800 to \$23,500 between 2006 and 2013. This compares to a median of \$28,500 for all of New Zealand. <i>(Source: Census results)</i>	
We will have more people in employment	We've seen an increase of 1.3% in employment with total employment sitting at 19,183. <i>(Source: Ministry of Social Development)</i>	
Our GDP will grow	Our GDP grew by 2.5% - it is now \$1,425 million <i>(Source: Infometrics)</i>	
We will have more people in our district	Our population declined from 42,639 to 42,153 between Census periods. However, our population forecast for 2016 was 43,534. <i>(Source: .id Community Profile too)</i>	
We will have more people with NCEA Level 2	The percentage of students with NCEA Level 2 increased by 0.7% to just over 80%. A formal school qualification is a measure of the extent to which young adults have completed a basic prerequisite for higher education and training, and many entry-level jobs. <i>(Source: Ministry of Education)</i>	

<p>We will perform well on the Affordability Index</p>	<p>The Affordability Index measures the affordability of housing by comparing average current house values with average annual earnings. Our score went from 4.24 in 2014 to 3.99 in 2015. This represents improvement as a high ratio suggests that median houses cost a greater multiple of typical incomes, which indicates lower housing affordability.</p> <p><i>(Source: Affordability Index results)</i></p>	
<p>More people will have a positive view of the lifestyle benefits in Whanganui – both internally and externally</p>	<p>There has been an overall 11% positive increase in lifestyle factors measured as part of this year's Community Views Survey compared to 2016.</p> <p><i>(Source: Community Views Survey)</i></p>	
	<p>Respondents to the 2017 National Perceptions Survey had a more positive view of all the lifestyle factors canvassed. The survey is conducted every two years.</p> <p><i>(Source: National Perceptions Survey)</i></p>	
<p>Our residents' satisfaction in relation to their standard of living will improve</p>	<p>We measured this online for the first time last year. In total 67% of people were satisfied with their current material standard of living. A telephone survey in 2011 found that 70% were happy with this. However, it should be noted that this was a 'snapshot' of community perceptions drawn from a small sample size. A complete survey will be investigated in 2017/18.</p> <p><i>(Source: Community Outcomes Survey)</i></p>	
<p>We will meet the targets in our Economic Development Strategy</p>	<p>Whanganui & Partners have completed key work that have contributed to positively moving towards Economic Development Strategy's goals compelling experiences, marketing and information, and partnerships. Work has included:</p> <ul style="list-style-type: none"> • Events – established Conference Lead continued to work with major funded events to improve marketing and promotion and event management capability. • Collaboration with Taranaki, Manawatu, Horowhenua and Rangitikei for attendance at consumer shows and collateral development. • Significant work undertaken on Whanganui and Partners' Website and social media development. 	

	The Economic Development Strategy, adopted in 2015, is currently under review. <i>(Source: Whanganui & Partners report)</i>	
Our schools will have more international students	Comparing reporting periods, there are less international students in 2014 compared to 2016, with totals 141 and 136 respectively. <i>(Source: Ministry of Education)</i>	
We will improve our performance on the Creative Cities Index in relation to 'liveability and wellbeing'	We have not commenced development of our Creative Cities Strategy yet. The first step will be to assess the Creative Cities Index as an applicable assessment. This will be a long-term commitment across the period of our 10-Year Plan. <i>(Source: Creative Cities Index assessment)</i>	
We will improve our performance on the Creative Cities Index in relation to 'professionalism and effectiveness'	As above.	
There will be more tertiary and trade training opportunities in our district	We had ten more tertiary and trade training opportunities this year. There were 180 options at the end of June 2016. <i>(Source: Tertiary Education Commission)</i>	
We will have access to capital for business start-ups and expanding businesses, in line with Intelligent Community Forum benchmarking measures	Whanganui & Partners developed and implemented a capital raising service and is now working towards the creation of a specific fund. <i>(Source: Whanganui & Partners report)</i>	

Community Outcomes and identified effects on community wellbeing

SOCIAL

Groups that are primarily linked:

- Water supply
- Stormwater drainage
- Waterways and natural drainage
- Sewerage and the treatment and disposal of sewage
- Provision of roads and footpaths
- Parks and recreation
- Community and cultural
- Economic development
- Community facilities and services
- Transportation
- Corporate

The social connectedness of our community continued to be supported and the value of diverse voices recognised. Whanganui was been selected to participate in the Welcoming Communities New Zealand Pilot Programme led by Immigration New Zealand and the Office of Ethnic Communities. We continued to provide of a number of 'community participation' platforms, including the Youth Committee and Positive Ageing Forum and via our online panel – *Our District Your Say* – providing residents further opportunities to engage with Council and to contribute to decision-making.

We continued to build on our Smart21 Intelligent Community status with Whanganui making the list for the fifth time.

We remained committed to working in conjunction with the community to advance the health and safety of our district. We have taken a lead on protecting the health of our communities and our environment through health policy initiatives such as adopting a provisional Local Alcohol Policy and Smokefree and Vapefree Policy, and achieving accreditation as a World Health Organisation Safe Community.

Our indicators demonstrated a slight drop in community connectedness revealed through community wellbeing and sense of belonging. However, sense of community remained consistent as did neighbourly behaviour. We saw improvements to our district's national health targets; and improvements to Council's level of collaboration. The castle cliff rejuvenation project is a great example of Council collaboration and a community initiative that has had a positive impact on the social wellbeing and community pride in Castlecliff.

Indicators and actions reveal a commitment to enhancing community partnerships, reinforced by our commitment to increase our online presence and finding new ways of connecting with our communities.

ECONOMIC

Groups that are primarily linked:

- Water supply
- Provision of roads and footpaths
- Parks and recreation
- Community and cultural
- Economic development
- Community facilities and services
- Transportation
- Investments
- Corporate

We focused on enhancing economic growth through Whanganui and Partners who worked collaboratively with other organisations across the region. This included Accelerate 25 - since its launch in August last year, significant progress has been made in implementing many of the identified opportunities in the Manawatū–Whanganui Economic Action Plan under the banner of Accelerate25. A number of project teams were formed to help lead the implementation of key actions in the Plan, with involvement from business, iwi, local, regional and central government.

Our efforts saw an increase in our visitor numbers and with a 10% increase in visitor spending with visitors spending a total of \$128 million for this period.

As part of the visitor attraction and economic growth work, Whanganui and Partners participated in a regional collaboration off-shore visit to China in May 2017, to increase opportunities for investment attraction, visitor attraction and exporting to sister cities.

We developed a Business Friendly policy to enhance a business friendly environment and deliver business friendly services to facilitate economic development, and in particular a growth in the number of jobs.

Indicators and actions generally signify support and progress towards our economic growth and wellbeing including an increase of jobs; more people employed; an increase in GDP; more people with NCEA Level 2; and having access to capital for business start-ups and expanding businesses.

ENVIRONMENTAL

Groups that are primarily linked:

- Stormwater drainage
- Waterways and natural drainage
- Sewerage and the treatment and disposal of sewage
- Community facilities and services

We continued with a focus on our district's sustainability and efficient use of resources including water mains replacements and commencing development of a new test bore. Work also began on updating our

water flow model to give us a better understanding of water flow and pressure in the network and the location of permanent flow monitoring devices.

We complied with our consent conditions for our wastewater from Horizons Regional Council and construction of the new plant is underway.

Indicators and actions illustrate commitment to enhancing our community's environmental sustainability with targets being achieved in our Waste Management and Minimisation Plan and meeting Intelligent Community sustainability criteria. Event recycling is now more imbedded with more and more key events being introduced to event recycling, as well as an increase in our environmental monitoring such as recycling and educational visits to schools on waste minimisation.

Ensuring our built environment is cared for sustainably while also protecting heritage was a key focus with both the Royal Wanganui Opera House & Alexander Library strengthening works completed. Adoption of our Town Centre Regeneration Strategy also provides objectives to achieve sustainable outcomes for the community, ensuring there is sustainable change across the town centre rather than ad hoc development.

CULTURAL

Groups that are primarily linked:

- Parks and recreation
- Community and cultural
- Economic development
- Community facilities and services
- Transportation
- Corporate

There was a range of cultural and recreational opportunities promoted and attended during 2016/17 including *Let's Go Whanganui* - part of the Urban Cycleways Programme aiming to encourage active transport options such as cycle, walk, scooter, and skate to get around. This was further enhanced by the adoption of our Active Transport Strategy.

We continued our support for key events that celebrate our community's diversity including Vintage Weekend and Artist Open Studios.

Highlighting our commitment to supporting our cultural diversity in our community was demonstrated by being selected to participate in the Welcoming Communities New Zealand Pilot Programme led by Immigration New Zealand and the Office of Ethnic Communities.

Indicators were slightly more mixed, with little change to our community's recreational participation, however in most instances the satisfaction with the facilities provided had increased. The number of people visiting our cultural facilities remained steady. Overall the community continue to utilise and enjoy the recreational and cultural facilities we provide.

Council Controlled Organisations

Whanganui District Council Holdings Limited

Objectives

- 1.1 *The Board intends to operate as a successful business in relation to its investments to the monitoring roles assigned to it under contract by WDC.*

The directors have closely monitored the performance of both its own investments and those assigned to it by WDC. The Board has worked with WDC staff to monitor current investment and develop new investment opportunities, with regular feedback being provided to its shareholder.

- 1.2 *The company aims to improve the long term value and financial return that WDC receives from its trading undertakings.*

WDCHL's directors have continued to closely monitor the company's progress and have aggressively advised on implementing new income streams and have taken advantage of risk mitigating courses of action.

- 1.2.1 *Optimise financial and physical resources through close scrutiny of potential areas of inefficiency, waste or under-utilisation of capital.*

The Directors all have extensive and varied commercial experience which when combined provides a wide set of skills that can provide solutions to issues of inefficiency or under-utilisation of capital. This has been evidenced by our involvement in the shellrock venture at Waitaihangā, and working alongside Iwi to co-develop the shellrock reserve at Kaiwhiaki.

- 1.2.2 *Provide prudent management of investments and timely, constructive professional advice regarding its position as shareholder in Wanganui Gas Limited, and any other subsidiary companies or undertakings.*

In 2014, as a result of the review, it was decided to replicate the Directors of Wanganui Gas Limited onto the Board of Wanganui District Council Holdings Limited to provide for a more streamlined and co-ordinated governance model. In addition, WDCHL's directors sit on the Airport Management Board, worked along side external contractors with the Forestry portfolio, worked along side WDC staff with regard to property matters, including monitoring the Port operations, and investigated new commercial projects such as property development opportunities, shell rock extraction agreements, and the purchase of a flight school.

- 1.2.3 *Meet the expectations of WDC for quality, competitively priced strategic planning advice on investments and trading undertakings.*

The Board meets six-weekly to discuss its portfolio performance and the Chairman has reported to Council every meeting to update the Council on matters.

1.2.4 Review and advise on the strategies and plans of any subsidiary company, business unit or asset as requested by WDC.

Board meetings are held on a six-weekly basis and include the Chief Executive of the Council which enables open communication regarding matters concerning the Council. Board papers include reports on each area under WDCHL's governance portfolio.

1.2.5 Be a good corporate citizen and exercising the appropriate level of social responsibility toward the community and the environment, consistent with the conduct of a sustainable and profitable business.

WDCHL's Directors are experienced directors who have had significant training and experience in the operations of a Board and the concept of governance. The directors are aware of the responsibilities of local government as defined by the Local Government Act 2002 and carry out their decision making with the benefits to the ratepayers of the Whanganui District in the forefront in addition to ensuring the sustainability and profitability of the business.

Performance targets

2 To break-even for the financial year

		Budget	Actual	Actual
		2016/17	2016/17	2015/16
Surplus/(deficit)	after	\$115,936	(\$64,000)	(\$175,000)
dividends				
Dividend received		\$750,000	\$1,050,000	\$800,000
Dividend paid		\$0	\$0	\$0

The directors of GasNet Ltd resolved to pay a subvention payment of \$600,000 directly to Whanganui District Council instead of paying this as a dividend to WDCHL. This, together with unbudgeted revaluations of derivative financial instruments were the main reasons for the variance between actual and budget for 2017.

3 To facilitate GasNet Limited to achieve the performance targets identified in its Statement of Intent

On 30th June 2016 Wanganui Gas Limited, Wanganui Gas No 1 Limited, Wanganui Gas No 3 Limited and GasNet Limited were amalgamated to become GasNet Limited. The directors have closely monitored the Whanganui District Council's investment in Wanganui Gas Limited, with three Directors of WDCHL, including the Chairman, sitting on the Wanganui Gas Limited's Board. The Board has facilitated the continuance of the Council's investment with variances to performance targets being monitored.

The Annual Report for WDC Holdings Ltd is available on the Council website.

GasNet Limited

Statement of Intent

GasNet Limited ("the Company") is an Energy Company established under the Companies Act 1993. The Company is incorporated in New Zealand and is domiciled in Wanganui, New Zealand.

The Statement of Corporate Intent sets out the overall intentions and objectives of GasNet Limited for the year beginning 01 July 2016.

Objectives

The Directors intend that the Company operate as a successful business and be at least as profitable and efficient as other energy companies.

The Company aims to achieve a reasonable rate of return to its Shareholder after retaining adequate earnings for future business requirements.

Activities

The Company's core business is that of network infrastructure utility company with interests in natural gas distribution networks.

Performance Targets and Assessment

The performance of the Company will be judged against the following measures:

KPIs

	Target 2016/17	Actual 2016/17	Actual 2015/16
Health and Safety			
Incidents Reported (No)	5	3	3
Lost Time Incidents	0	0	0
Lost Time Rate	0	0	0
Financial Performance			
EBITDA	\$3.91m	\$4.45m	\$2.98m
Capex Depreciation Ratio	1.0	0.8	0.9
Rate of Return (minimum)	8.0%	11.9%	7.0%
Accumulated profits and capital reserves distributed to shareholder	\$1.60m	\$1.65m	Nil
Network Throughput			
Total Throughput	1.35 PJ	1.28 PJ	1.27 PJ
UFG (Unaccounted For Gas)	1.00%	1.48%	0.62%
Operational Financial Performance			
Direct & Indirect Costs per consumer	\$198	\$209	\$192
Direct & Indirect Costs per GJ conveyed	\$1.48	\$1.62	\$1.50
Network Reliability			
Planned Interruptions (Class B)			
Consumer Hours Lost		126.95	379.52

	Target	Actual	Actual
	2016/17	2016/17	2015/16
SAIDI		588.50	1,766.56
SAIFI		4.87	12.26
CAIDI		120.90	144.12
Unplanned Interruptions (Class C)			
Consumer Hours Lost		75.83	183.62
SAIDI		351.54	854.69
SAIFI		4.48	5.04
CAIDI		78.45	169.49
Unplanned Third Party Interruptions (Class I)			
Consumer Hours Lost		51.83	34.80
SAIDI		240.28	161.99
SAIFI		2.40	1.63
CAIDI		100.32	169.49
Total Interruptions			
Consumer Hours Lost	100.00	254.61	597.94
SAIDI		1,180.33	2,783.24
SAIFI		11.74	18.93
CAIDI		100.51	147.03
Third Party Interference Damage (No)	0.50	0.25	0.28
Public Reported Gas Escapes (No)	0.90	0.29	0.28

Explanation of acronyms above:

System Average Interruption Duration Index (SAIDI)

System Average Interruption Frequency Index (SAIFI)

Consumer Average Interruption Duration Index (CAIDI)

Assessment

The Company is of the opinion that, as a reasonable and prudent operator, it has achieved the above performance targets within acceptable margins and continues to exercise tight cost controls on the financial KPIs. A subvention payment was made to Whanganui District Council which reduced the EBITDA figure by \$600,000. The company also advanced \$1.05M to the parent Whanganui District Council Holdings Ltd as a dividend.

Variances in the Planned Interruptions (Class B) included three times less consumer supplies being interrupted during conditional renewal work. The mains that were renewed in 2015/16 had more consumers connected to them than the mains renewed in 2016/17.

Variances on the Unplanned Interruptions (Class C) are mainly due to more than usual interruptions occurring in 2015/16 - due to two events during that period. The two events in 2015/16 included the gas to over 20 properties being inadvertently interrupted during an operation to connect a new main. Also

one lengthy interruption of 94 hours occurred when the gas service pipe to a property filled with water required renewal.

The Board has met on eight occasions during the financial year and have closely monitored the company's progress, using a substantial range of both financial and non-financial measures.

New Zealand International Commercial Pilot Academy Limited (NZICPA)

Description of Entity's outcomes

To provide a return on the investment by the Whanganui community by providing jobs to attract people to live in the Whanganui area. To attract students to the Whanganui area and the financial benefits that these students bring. Whilst acting as a good corporate citizen and exercising the appropriate level of social responsibility toward the community and the environment, consistent with the conduct of a sustainable and profitable business.

To act as a good corporate citizen and exercise the appropriate level of social responsibility toward the community and the environment, consistent with the conduct of a sustainable and profitable business.

Description and Quantification of the Entity's outputs

To provide high quality flight training commensurate with existing levels of aviation activity and in accordance with all the appropriate Acts, Regulations and Rules pertaining to aviation operations in line with the size of the company.

The flight training industry is very highly regulated but not many students go directly from flight school to a commercial flying job. This is because most employers prefer their employees to have at least 500 flying hours before taking them on; whereas students normally have between 180 and 230 flying hours at the completion of their training. Therefore it was decided to measure the quality of training against meeting these regulations.

Performance Results

NZICPA maintained CAA accreditation in part 135 General Aviation Air Operator Certificate and part 141 Aviation Training Organization Certificate.

NZICPA also underwent an NZQA audit on which it received a complimentary report and maintained approval to deliver the following qualifications:

- New Zealand Diploma in Aviation (Aeroplane) (General Aviation) (Level 5)
- New Zealand Diploma in Aviation (Aeroplane) (Flight Instruction) (Level 6)
- New Zealand Diploma in Aviation (Aeroplane) (Airline Preparation) (Level 6)
- Single or Multi Engine Instrument Rating
- Private Pilot License (Aeroplane)
- Multi Engine Type Rating.

NZICPA Maintained its registration on NZQA list of Code approved education providers for the Pastoral Care of International Students

Description and Quantification of the Entity's Outputs

The Company's aim was to break even for its second year of operation. The Company failed to do this for a number of reasons. Being a Council Controlled Organisation NZICPA is subject to more regulation than the previous entity so the organisation is still adapting to deal with those regulations. One of the Holdings Cessna 152's was written off in an accident during the year. Hiring a plane under a conventional hire arrangement to replace this was much less profitable for NZICPA. Staffing structure and pay rates also had to be changed as flight instructors were being poached by more established flight schools. With the relocation to the purpose built flight school building in Whanganui Airport the framework for growth for the future is now in place. This building, with an estimated cost of \$2.4M, will be leased from WDC Holdings Ltd.

	2017	2016
EBITDA for the year before one off costs	(135,564)	856
One off costs	-	100,003
EBITDA	(135,564)	(99,147)

The target ratio of consolidated shareholders' funds (including parent company advances) to total assets for the period covered by this Statement of Intent shall be at least 0%. This target ratio does not take into account unusual or one-off type transactions that impact this ratio.

The ratio for the year was 34.8% (2016: 30%) so more than the minimum expected on the Statement of Intent.

	2017	2016
Consolidated Shareholder Funds	\$487,529	\$466,546
Total Assets	\$1,399,014	\$1,555,736
Ratio Shareholder funds Divided by Total Assets	34.8%	30.0%

Whanganui Airport Joint Venture (WAJV)

The primary objectives of the airport operation are to:

- Provide high quality facilities and service commensurate with existing levels of aviation activity and in accordance with all the appropriate Acts, Regulations and Rules pertaining to airport and aviation operations in line with the size of Whanganui Airport.
- Operate the airport in a sound and business-like manner.
- Improve the long term value and financial performance of the airport while improving the economic value of the airport to Whanganui.

The objectives of the Whanganui Airport Joint Venture for this financial year and the following two financial years are clearly specified in the statement of intent which was approved by the joint partners.

These objectives are listed below with the relevant targets and measure(s) of performance, and the performance achieved during the financial year.

Objective

Operate the airport in a sound and business-like manner.

Performance measure

Reduction of the current loss position to 'break even' or to a level acceptable to Council in light of the CCO's economic value to Whanganui.

Achievement

	2013	2014	2015	2016	2017
Net Profit/(Loss)	-176,000	-239,000	-226,000	-258,000	299,000

The 2014 figure has been adjusted to take into account a prior year adjustment due to errors on valuation, and includes a \$101,000 loss on revaluation. The 2017 figure includes a \$884,000 revaluation gain.

The airport was operated in a business-like manner. Cost control was a focus again this year, with a reduction in a number of costs, such as maintenance and contractors; but this was offset by an increase in a number of expenses such as compliance costs (primarily regulation changes), depreciation and personnel expenses. Operating income was slightly down from 2016 due to a decrease in landing fees; as Air New Zealand no longer operates from WAJV and Air Chathams took over. After an initial decline landing fees are increasing. The WAJV will be boosted in the 2017/18 by the arrival of the New Zealand International Pilot Academy to its purpose built centre on the site.

The result is acceptable to the Joint Venture Partners.

Objective

Provide high quality facilities and service commensurate with existing levels of aviation activity and in accordance with all the appropriate Acts, Regulations and Rules pertaining to airport and aviation operations of the size of Whanganui Airport.

Performance measure

Compliance with all aspects of Part 139 of Civil Aviation Rules with a minimum of one requirement per inspection.

Achievement

Full compliance with Civil Aviation Rules Part 139 was achieved. The CAA audit in February 2016 had no findings.

Objective

Improve the long term value and financial performance of the airport along with improving the economic value of the airport to Whanganui.

Performance measure

Delivery of an activity plan and subsequent achievement of the individual targets outlined within that plan.

Achievement

Although the deficit exceeded that outlined in the business plan above, there was an overall improvement from the previous year. The Joint Partners continue to investigate ways of improving revenue streams as well as controlling costs. Directors meet on a six to eight week cycle to monitor the performance of the Airport. Positive development continues with the direction being taken by the airport aimed at increasing user satisfaction.

Exempt Council Controlled Organisations

Wanganui Incorporated (WINC)

The objective of Wanganui Incorporated is to provide to advance to the people of the Whanganui Region educational, training and employment opportunities. Council brought many activities in house on 1 July 2007 however this charitable trust works in tandem with the Council's economic development activity. The Trust was closed in the 2016/17 year.

Whanganui River Enhancement Charitable Trust

The purposes of the Whanganui River Enhancement Charitable Trust are to promote the enhancement of the quality of the waters and catchment of the Whanganui River; to encourage other parties to promote the enhancement of the quality of the waters and catchment of the Whanganui River; to make funds available to allow river enhancement projects (social, economic and environmental) to be undertaken; to contribute to public education about the health and wellbeing of the Whanganui River; and to assist in the education of students engaged in full-time tertiary study, where that study is relevant to the Whanganui River.

Although Council appoints two of the six Trustees (two also appointed by Ruapehu District Council) they do not exercise significant influence over the Trust. Genesis contributes all revenue, and provides management and accounting personnel. The life of the Trust is linked to the resource consents of Genesis's Tongariro Power Development.

The Whanganui River Enhancement Charitable Trust has been exempted according to section 7 of the Local Government Act 2002 (the Act). It is therefore not a Council Controlled Organisation for the purposes of the Act.

Sarjeant Gallery Trust Board

The purpose of the Sarjeant Gallery Trust Board is to promote and foster the interests of the Whanganui Sarjeant Gallery and the interests of Whanganui's art and artists.

The Whanganui Sarjeant Gallery provides a nationally recognised art experience for both residents of Whanganui and visitors. In addition to providing up-to-date exhibitions, it facilitates educational talks and forums, as well as providing artists a platform for displaying local art.

The Sarjeant Gallery Trust Board has been exempted according to section 7 of the Local Government Act 2002 (the Act). It is therefore not a Council Controlled Organisation for the purposes of the Act.

Manawatu-Whanganui Local Authority Shared Services Limited (MW LASS Ltd)

MW LASS Ltd was formed in October 2008 to provide an 'umbrella vehicle' for the councils of the Manawatu-Whanganui region to investigate, procure, develop and deliver shared services.

Such services will be initiated under the umbrella of MW LASS Ltd where a business case shows that they provide benefits to the council users by either improved levels of service, reduced costs, improved efficiency and/or increased value through innovation. Current work is being undertaken on establishing a common debt collection unit, enabling participating councils to benefit from the use of specialised debt collection resources.

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

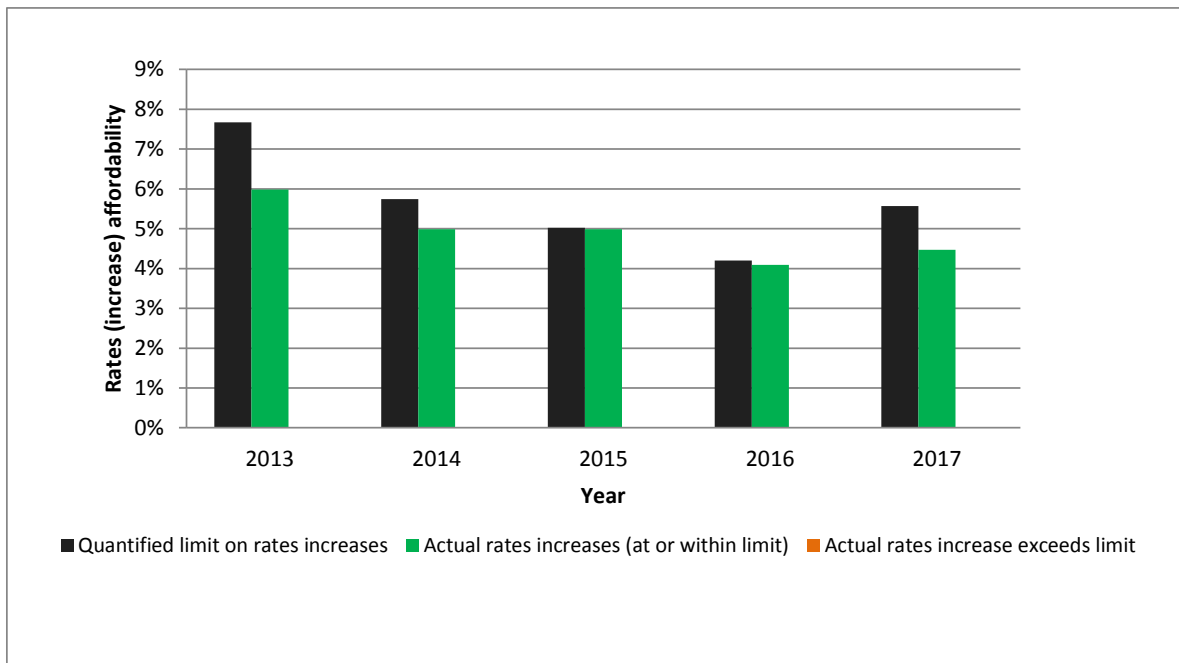
The following graph compares the Council's actual rates income with a quantified limit on rates contained in the financial strategy included in the Council's long-term plan. The quantified limit is the indicative rate limit measured in that rates (excluding metered water, trade waste and penalties) will not be more the 75% of Council's income.



There are no quantified limits on rates income for financial years prior to the 2013 financial year.

Rates (increases) affordability

The following graph compares 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 quantified limit is based on the Local Government Consumer Index plus 2% plus targeted rates for debt repayment or natural disaster.



Debt affordability benchmark

The council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing as detailed below.

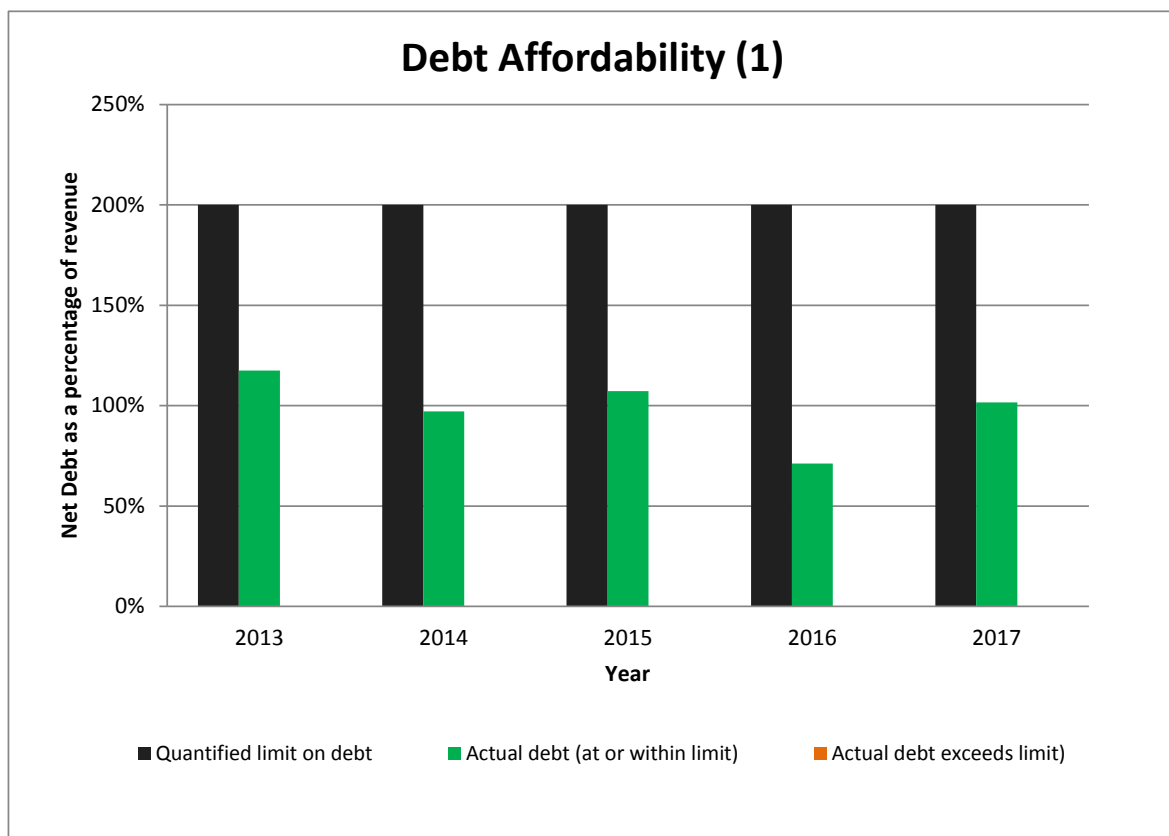
Note: There is no maximum planned debt stipulated for financial years prior to 2012/13 in the council's long term plan.

Council's limits on borrowing identified in the Liability Management Policy, included in the long term plan 2012-2025 are:

- (1) Net debt will not exceed 200% of total revenue
- (2) Net interest will not exceed 15% of total revenue
- (3) Net interest will not exceed 20% of annual rates (excluding metered water, trade waste and penalties)
- (4) Liquidity (external debt + cash or near cash financial investments
+ committed loan facilities will be greater than 110% of external debt)

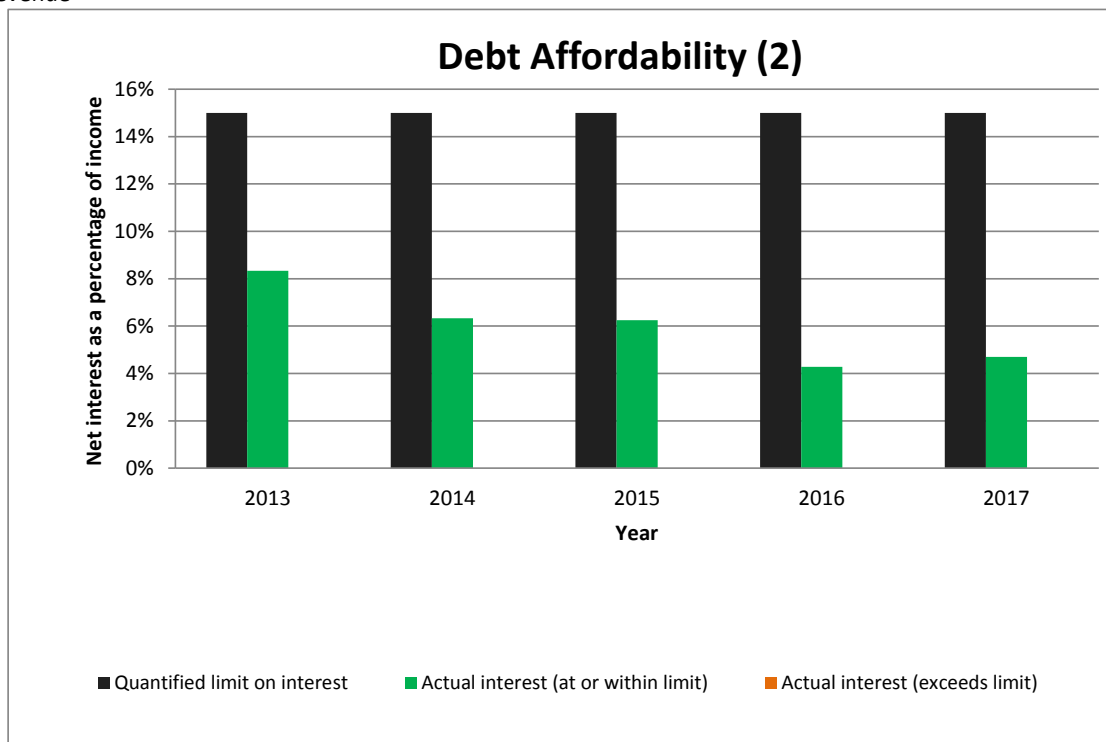
The following graph compares the council's planned debt with a quantified limit on borrowing contained in the financial strategy included in this long-term plan. The quantified limit is that (1) Net debt will not exceed 200% of total revenue

The council meets the debt affordability benchmark if planned net debt is less than 200% of total planned revenue



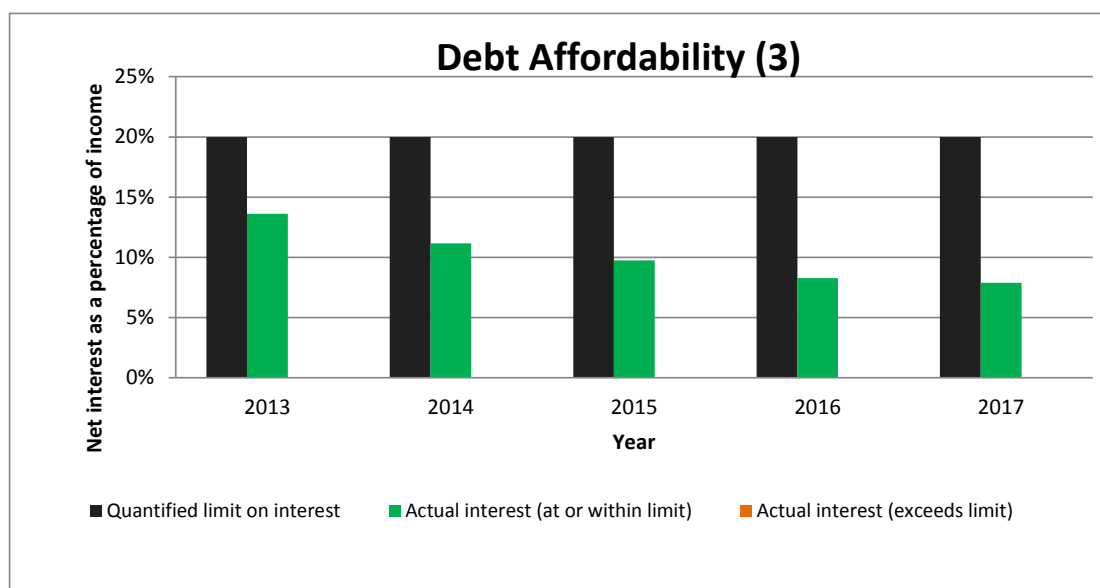
The following graph compares the council's planned debt with a quantified limit on borrowing contained in the financial strategy included in this long-term plan. The quantified limit is that (2) planned net interest will not exceed 15% of total planned revenue

The council meets the debt affordability benchmark if planned net interest is less than 15% of total planned revenue

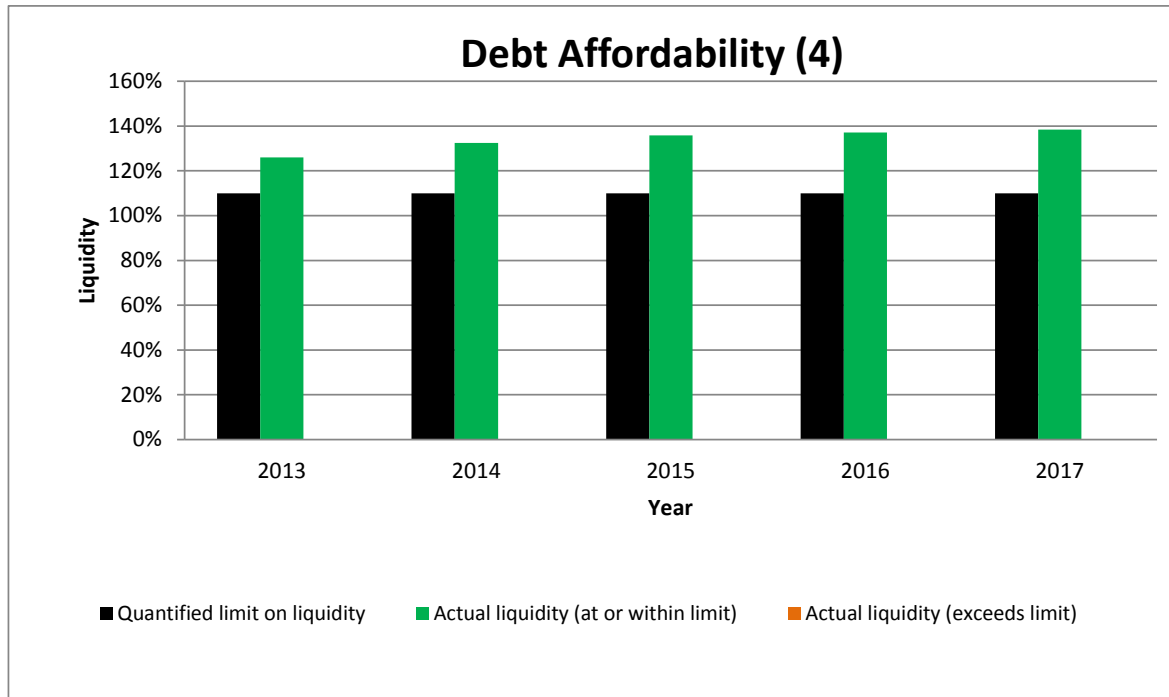


The following graph compares the council's planned debt with a quantified limit on borrowing contained in the financial strategy included in this long-term plan. The quantified limit is that (3) planned net interest will not exceed 20% of planned annual rates income(excluding metered water, trade waste and penalties).

The council meets the debt affordability benchmark if planned net interest is less than 20% of planned annual rates income(excluding metered water, trade waste and penalties).



The following graph compares the council's actual liquidity, to ensure that external debt + cash (or equivalent) + committed loan facilities are greater the 110% of current external debt
The council meets this debt affordability benchmark if its actual liquidity is greater than 110% of external debt.

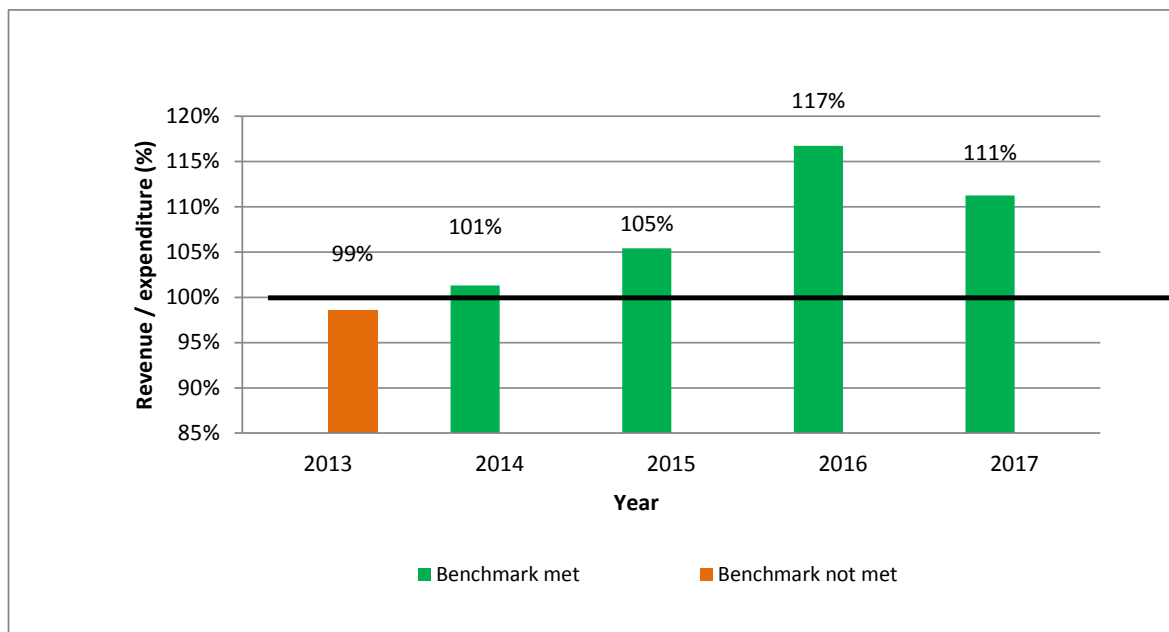


SUSTAINABILITY BENCHMARKS

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.

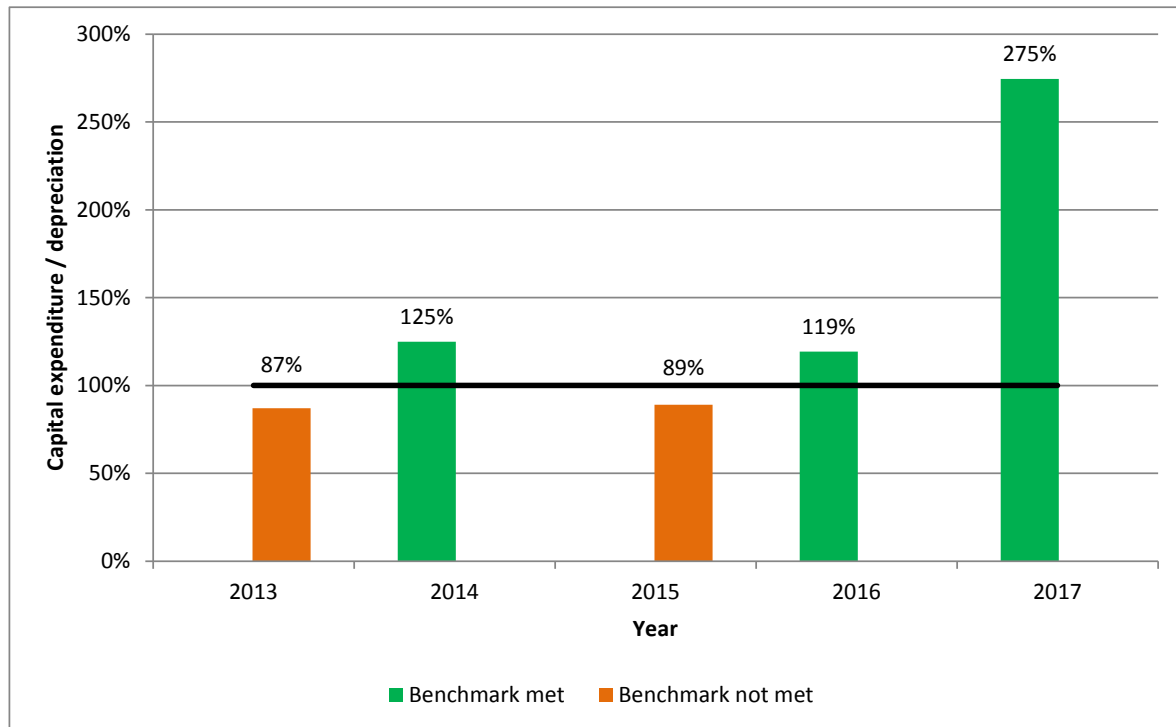


SUSTAINABILITY BENCHMARKS

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.

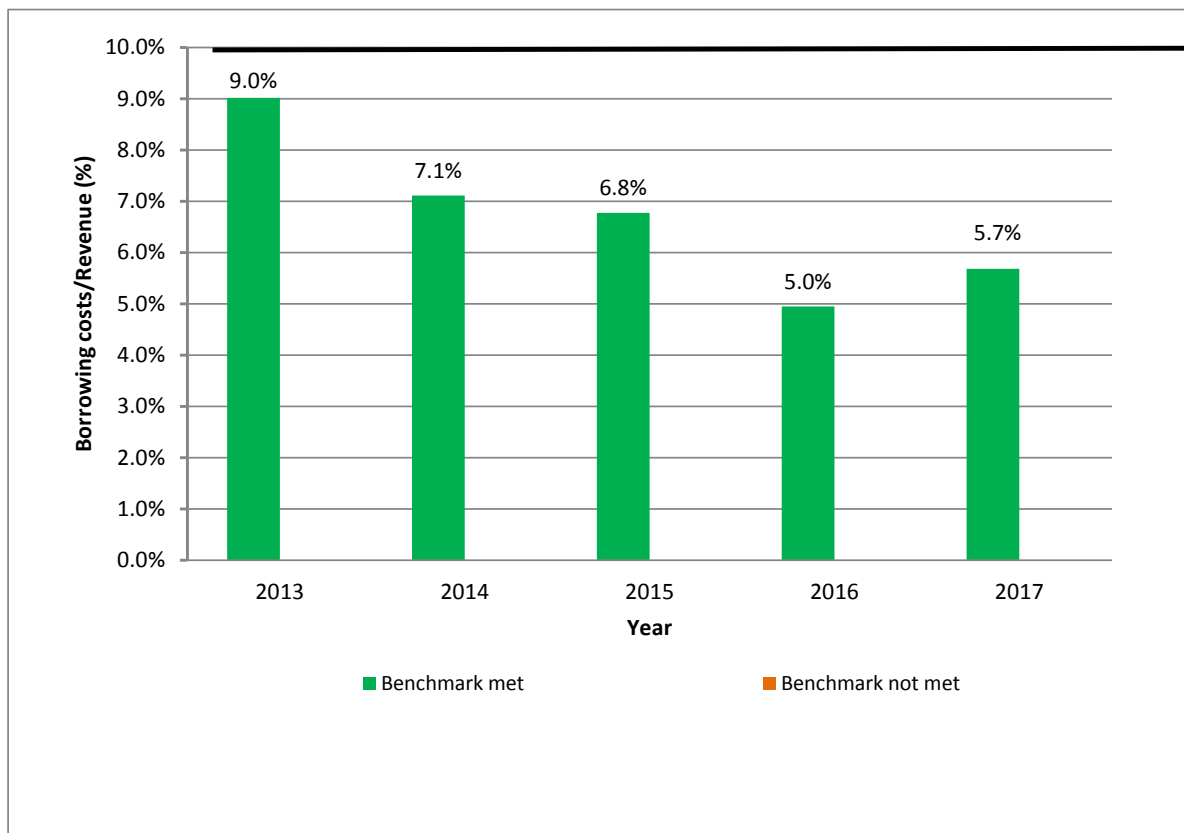


SUSTAINABILITY BENCHMARKS

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 as fast as the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue.

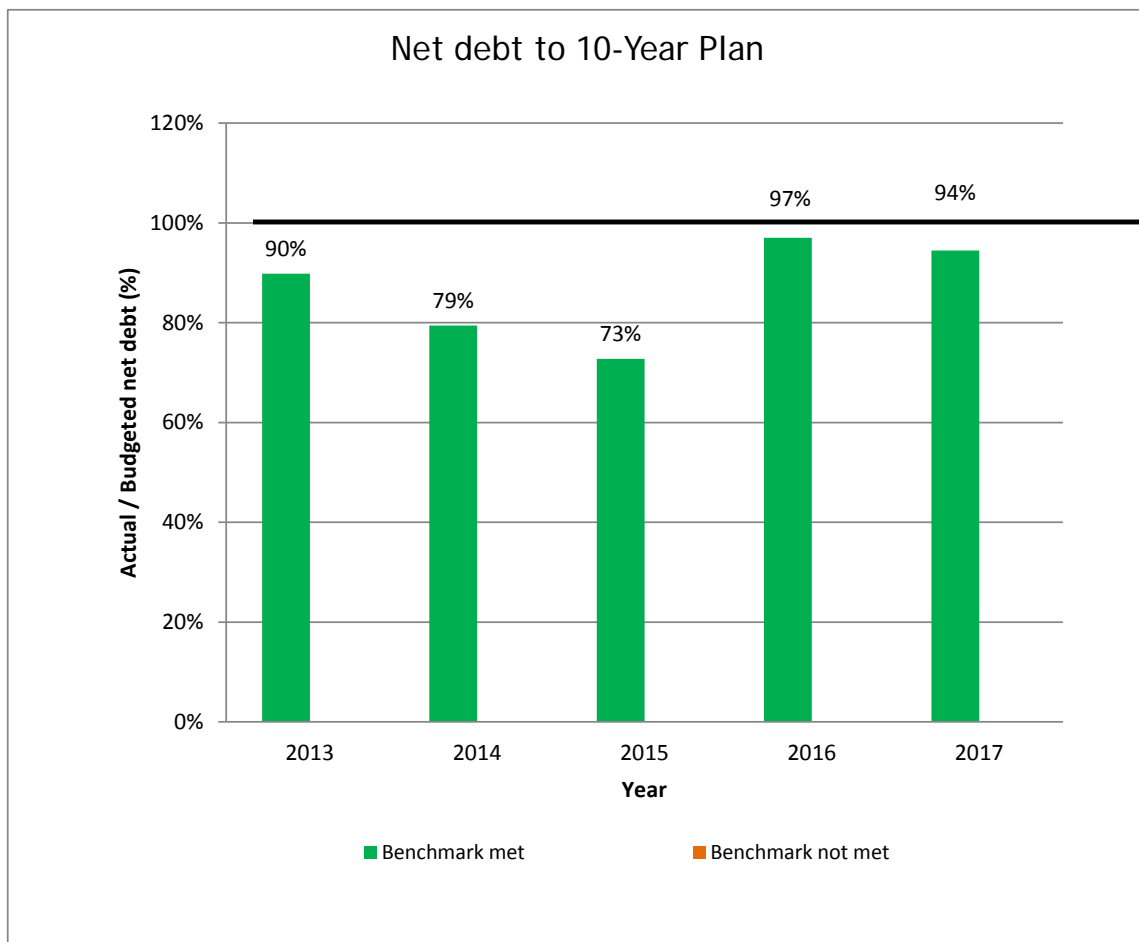


PREDICTABILITY BENCHMARKS

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 trade and other receivables).

The council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.

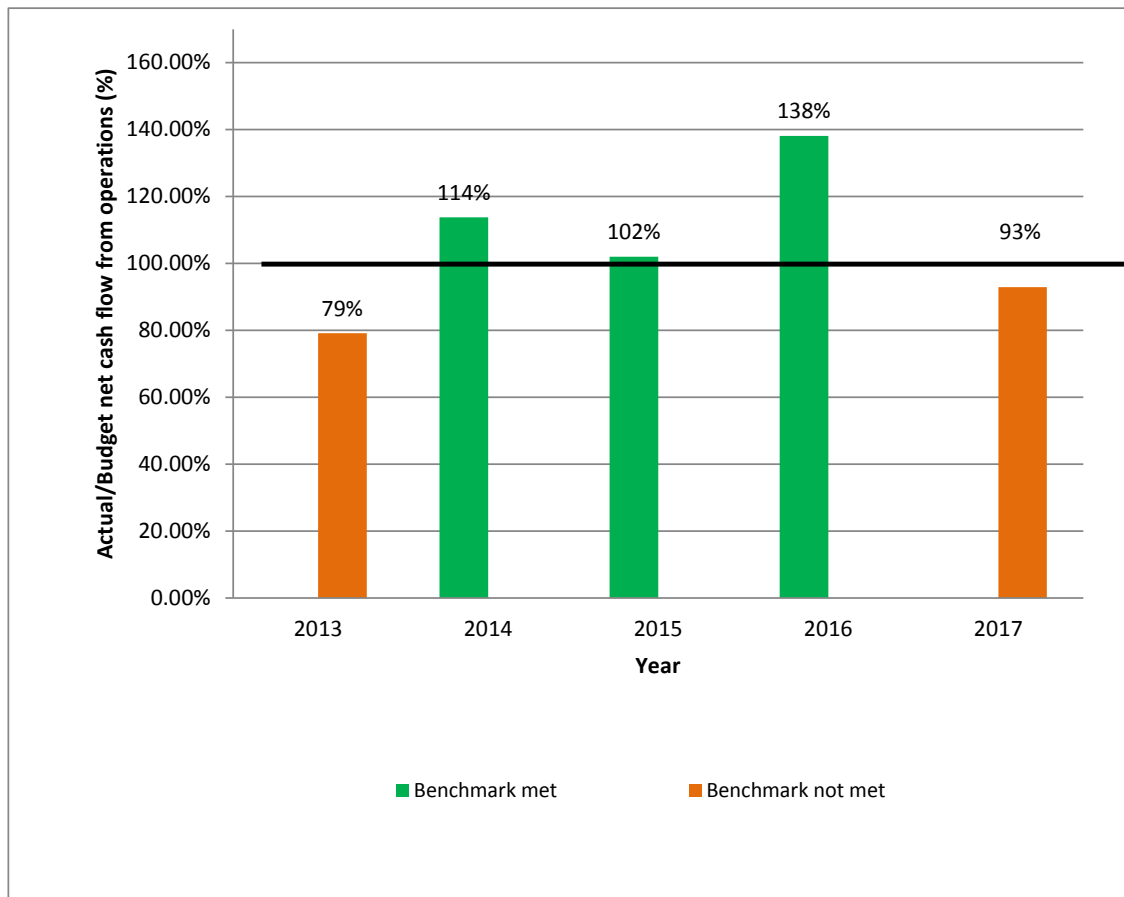


PREDICTABILITY BENCHMARKS

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.



Statement of comprehensive revenue and expense

For the year ended 30 June 2017

		Budget 2017 \$000	Council 2017 \$000	2016 \$000	Group 2017 \$000	2016 \$000
Revenue	Note					
Rates revenue (including metered water, trade waste and penalties) split as below:						
Rates (excluding water supply and trade waste)	1	53,475	53,487	50,875	53,487	50,875
Rates from metered water supply and trade waste	1	3,311	2,263	3,441	2,263	3,441
Total Rates		56,786	55,750	54,316	55,750	54,316
Finance revenue	2	941	1,190	1,191	463	258
Development and financial contributions		-	-	(39)	-	(39)
Other revenue:	3					
Subsidies and grants		20,182	17,308	20,530	17,308	20,530
User fees and other revenue		10,413	10,137	14,998	17,366	21,357
Gains	4	578	5,387	7,487	7,046	7,487
Total revenue		88,899	89,772	98,483	97,933	103,909
Expenses						
Personnel costs	5	16,472	16,856	16,752	18,486	18,262
Depreciation and amortisation expense	6	18,658	20,526	19,607	21,832	20,882
Finance costs	2	5,039	4,806	4,600	5,457	5,285
Other expenses	7	33,184	33,800	42,929	35,524	44,347
Total expenses		73,353	75,988	83,888	81,299	88,776
Share of associate surplus/(deficit)		-	18	(13)	18	(13)
Surplus/(deficit) before tax		15,546	13,802	14,606	16,652	15,144
Income tax expense	8	-	58	(27)	762	421
Surplus/(deficit) after tax		15,546	13,744	14,633	15,889	14,723
Surplus/deficit attributable to:						
Whanganui District Council		15,546	13,744	14,633	15,889	14,723
Other comprehensive revenue and expense						
Gain/(loss) on property plant & equipment revaluations		46,483	6,281	2,912	6,281	2,912
Gain/(loss) on carbon credits revaluation		-	(21)	671	(21)	671
Financial assets at fair value through other comprehensive revenue and expense		-	62	(126)	64	(128)
Adjustments from CCO through retained earnings		-	-	-	-	-
Total other comprehensive revenue and expense		46,483	6,322	3,457	6,324	3,455
Total comprehensive revenue and expense		62,028	20,066	18,090	22,212	18,178
Total comprehensive revenue and expense attributable to:						
Whanganui District Council		62,028	20,066	18,090	22,212	18,178
		62,028	20,066	18,090	22,212	18,178

Explanations of major variances against budget are detailed in note 39.

The accompanying notes form part of these financial statements.

Statement of changes in equity

For the year ended 30 June 2017

	Note	Budget 2017 \$000	Council 2017 \$000	Council 2016 \$000	Group 2017 \$000	Group 2016 \$000
Balance at 1 July		823,763	804,731	786,642	823,374	805,196
Net surplus / (deficit)		15,546	13,744	14,633	15,889	14,723
Other comprehensive revenue and expense		46,483	6,322	3,457	6,324	3,455
Total comprehensive revenue and expense for the year		62,028	20,066	18,090	22,213	18,178
Balance at 30 June	25	885,792	824,797	804,732	845,587	823,374
<i>Total comprehensive revenue and expense attributable to:</i>						
Whanganui District Council		62,028	20,066	18,090	22,213	18,178

Explanations of major variances against budget are detailed in note 39.

The accompanying notes form part of these financial statements.

Statement of financial position

As at 30 June 2017

		Budget 2017 \$000	Council 2017 \$000	Council 2016 \$000	Group 2017 \$000	Group 2016 \$000
Note						
Assets						
Current assets						
Cash and cash equivalents	9	3,221	10,887	6,748	16,743	8,679
Receivables	10	7,566	7,838	8,830	8,638	9,813
Other financial assets	11	-	313	207	313	207
Inventories	12	105	1	126	286	393
Non-current assets held for sale	13	531	-	357	-	357
Taxation		-	-	-	3	-
Total current assets		11,423	19,039	16,268	25,984	19,449
Non-current assets						
Derivative financial instruments	14	-	-	-	-	-
Investments in associates	15	-	109	91	109	91
Other financial assets	11	12,095	12,417	11,934	3,195	2,185
Property, plant and equipment	16	943,646	878,947	841,083	913,589	874,742
Intangible assets	17	876	1,379	1,351	11,432	12,132
Forestry assets	18	4,712	8,833	7,447	8,833	7,447
Investment property	19	24,808	23,737	23,535	22,912	22,710
Total non-current assets		986,136	925,422	885,441	960,070	919,307
Total assets		997,558	944,461	901,709	986,054	938,756
Liabilities						
Current liabilities						
Payables and deferred revenue	21	10,278	14,864	9,998	17,329	11,366
Derivative financial instruments	14	-	90	-	90	58
Borrowings & other financial liabilities	22	21,000	22,300	16,000	22,300	19,000
Employee entitlements	23	1,752	1,519	1,589	1,650	1,698
Provisions	24	-	-	-	-	-
Total current liabilities		33,029	38,773	27,587	41,368	32,122
Non-current liabilities						
Payables and deferred revenue	21	-	-	-	145	743
Derivative financial instruments	14	4,637	8,936	12,475	9,544	13,330
Borrowings & other financial liabilities	22	73,822	71,750	56,750	83,350	63,750
Employee entitlements	23	128	125	143	125	143
Deferred tax liability	8	150	80	22	5,936	5,294
Total non-current liabilities		78,737	80,891	69,390	99,100	83,260
Total liabilities		111,766	119,664	96,977	140,468	115,382
Net assets		885,792	824,797	804,732	845,587	823,374
Equity						
Retained earnings	25	553,679	547,363	535,980	562,632	549,126
Restricted reserves		56,109	59,762	57,357	59,762	57,357
Revaluation reserves		275,634	216,463	210,227	221,984	215,747
Other reserves		370	1,209	1,168	1,209	1,144
Total equity attributable to WDC		885,792	824,797	804,732	845,587	823,374
Total equity		885,792	824,797	804,732	845,587	823,374
Investments in CCOs and similar entities						
	37		8,546	8,484		

Explanations of major variances against budget are detailed in note 39.

The accompanying notes form part of these financial statements.

Statement of cash flows

For the year ended 30 June 2017

	Budget 2017 \$000	Council 2017 \$000	Council 2016 \$000	Group 2017 \$000	Group 2016 \$000
Note					
Cash flows from operating activities					
Receipts from rates revenue	53,475	55,544	54,369	55,544	54,369
Interest received	341	585	334	459	396
Dividends received	600	6	-	6	2
Subvention receipt	-	600	800	-	-
Receipts from other revenue	33,718	28,498	35,281	37,440	43,701
Payments to suppliers	(33,330)	(33,158)	(38,737)	(35,889)	(41,911)
Payments to employees	(16,041)	(16,945)	(17,171)	(18,597)	(18,681)
Goods and services tax (net)	-	793	11	682	81
Interest paid	(5,039)	(4,577)	(4,596)	(5,230)	(5,308)
Income tax paid	-	-	-	-	-
Net cash from operating activities	26	33,724	31,346	30,291	34,414
Cash flows from investing activities					
Receipts from sale of property, plant and equipment	-	81	391	2,971	391
Purchase of property, plant and equipment	(52,658)	(48,067)	(23,114)	(50,976)	(24,593)
Acquisition of investments	-	(472)	(285)	(996)	(458)
Receipts for sale and maturity of investments	200	-	757	-	757
Purchase of intangible assets	(540)	(49)	(53)	(249)	(481)
Net cash from investing activities		(52,998)	(22,304)	(49,250)	(24,384)
Cash flows from financing activities					
Proceeds from borrowings	27,866	25,000	-	26,600	1
Proceeds from interest rate swaps	-	-	-	-	-
Repayment of borrowings	(8,228)	(3,700)	(12,250)	(3,700)	(12,250)
Net cash from financing activities		19,638	(12,250)	22,900	(12,249)
Net (decrease)/increase in cash and cash equivalents		364	4,139	8,064	(3,984)
Cash and cash equivalents at the beginning of the year		2,857	6,748	11,011	8,679
Cash and cash equivalents at the end of the year	9	3,221	10,887	6,748	16,743

Explanations of major variances against budget are detailed in note 39.

The accompanying notes form part of these financial statements.

Funding Impact Statement for the Whole of Council

For the year ended 30 June 2017

	Annual Plan 2017 \$000	Annual Report 2017 \$000	Annual Plan 2016 \$000	Annual Report 2016 \$000
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	27,957	28,032	27,015	26,786
Targeted rates	28,829	27,719	27,628	27,530
	-	-	-	-
Subsidies and grants for operating purposes	7,595	3,948	3,648	8,993
Fees and charges	6,966	7,302	6,979	7,260
Interest and dividends from investments	941	1,190	1,583	1,185
Local authorities fuel tax, fines, infringement fees and other receipts	2,413	2,797	2,401	7,386
Total operating funding (A)	74,701	70,987	69,254	79,140
Application of operating funding				
Payments to staff and suppliers	49,656	50,213	48,465	54,880
Finance costs	5,039	4,806	4,886	4,600
Other operating funding applications	-	-	-	-
Total application of operating funding (B)	54,695	55,019	53,351	59,480
Surplus (deficit) of operating funding (A - B)	20,006	15,968	15,903	19,660
Sources of capital funding				
Subsidies and grants for capital expenditure	12,586	13,361	5,731	11,537
Development and financial contributions	-	-	-	(39)
Increase (decrease) in debt	19,638	21,300	(3,706)	(12,250)
Gross proceeds from asset sales	-	81	-	391
Lump sum contributions	-	-	-	-
Other dedicated capital funding	1,034	34	294	158
Total sources of capital funding (C)	33,258	34,776	2,319	(203)
Application of capital funding				
Capital expenditure				
-to meet additional demand	-	-	-	-
-to improve the level of service	27,172	29,015	5,788	4,373
-to replace existing assets	26,026	22,445	11,921	19,662
Increase (decrease) in reserves	266	(716)	513	(4,578)
Increase (decrease) of investments	(200)	-	-	-
Total application of capital funding (D)	53,264	50,744	18,222	19,457
Surplus (deficit) of capital funding (C - D)	(20,006)	(15,968)	(15,903)	(19,660)
Funding balance ((A - B) + (C - D))	-	-	-	-

Explanations of major variances against budget are detailed in note 39.

Statement of accounting policies

For the year ended 30 June 2017

REPORTING ENTITY

Whanganui District Council is a territorial local authority governed by the Local Government Act 2002 (LGA) and is domiciled and operates in New Zealand. The relevant legislation that governs the operations of the Council includes the LGA and the Local Government (Rating) Act 2002.

The Whanganui District Council group (WDCG) consists of the ultimate parent Whanganui District Council (WDC) and its subsidiaries, Whanganui District Council Holdings Limited (100% owned) which in turn owns 100% of Wanganui Gas Limited (WGL) and its subsidiaries, Whanganui District Councils' Forestry Joint Committee (95.09%), Whanganui Airport Joint Venture (50%) and Wanganui Incorporated. Its 49% equity share of New Zealand Masters Games Limited, its 15% interest in the Manawatu Wanganui LASS Limited and its 33% interest in the Whanganui River Enhancement Trust are equity accounted. All WDC subsidiaries and associates are domiciled in New Zealand.

The primary objective of WDC is to provide local infrastructure, regulatory functions and goods or services to the community for social benefit.

Accordingly, WDC has designated itself and the group as public benefit entities (PBEs) for financial reporting purposes.

The financial statements of WDC are for the year ended 30 June 2017. The financial statements were authorised for issue by Council on 31 October 2017.

BASIS OF PREPARATION

The financial statements have been prepared on the going concern basis, and the accounting policies have been consistently applied throughout the period.

Statement of compliance

The financial statements of WDC have been prepared in accordance with the requirements of the Local Government Act 2002, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP).

The financial statements have been prepared in accordance with Tier 1 PBE accounting standards.

These financial statements comply with PBE standards.

Measurement base

The financial statements have been prepared on a historical cost basis, modified by the revaluation of land and buildings, certain infrastructural assets, investment property, forestry assets, certain intangible assets and certain financial instruments (including derivative instruments).

Functional and presentation currency

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000). The functional currency of WDC is New Zealand dollars.

Standards issued and not yet effective and not early adopted

Standards and amendments, issued but not yet effective that have not been early adopted, and which are relevant to the Council and group are:

Interests in other entities

In January 2017, the XRB issued new standards for interests in other entities (PBE IPSAS 34 - 38). These new standards replace the existing standards for interests in other entities (PBE IPSAS 6 - 8). The new standards are effective for annual periods beginning on or after 1 January 2019, with early application permitted.

The Council plans to apply the new standards in preparing the 30 June 2020 financial statements. The Council and group has not yet assessed the effects of these new standards.

Financial instruments

In January 2017, the XRB issued PBE IFRS 9 Financial Instruments. PBE IFRS 9 replaces PBE IPSAS 29 Financial

Instruments: Recognition and Measurement. PBE IFRS 9 is effective for annual periods beginning on or after 1

January 2021, with early application permitted. The main changes under PBE IFRS 9 are:

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

The Council plans to apply this standard in preparing its 30 June 2022 financial statements. The Council and group has not yet assessed the effects of the new standard.

2016 Omnibus Amendments – Service concession assets

In January 2017, the External Reporting Board (XRB) issued the 2016 Omnibus Amendments to PBE Standards, which incorporates a range of amendments to the PBE Standards. A relevant amendment for the Council is to PBE IPSAS 32 Service Concession Arrangements: Grantor. This amendment requires that service concession assets be grouped with similar property, plant, and equipment assets for the purpose of subsequent measurement and disclosure under PBE IPSAS 17 Property, Plant and Equipment.

The Council has early adopted this amendment in preparing its 30 June 2017 financial statements. The previously presented “service concession asset – sewerage facility” asset class has been reclassified into the “sewerage system” asset class in Note 16. The comparative year disclosures are restated for this change.

Impairment of Revalued Assets

In April 2017, the XRB issued Impairment of Revalued Assets, which now scopes in revalued property, plant, and equipment into the impairment accounting standards. Previously, only property, plant, and equipment assets measured at cost were scoped into the impairment accounting standards.

PBE IPSAS 21.83.5 The Council has early adopted this amendment in preparing its 30 June 2017 financial statements. From the 30 June 2017 year onwards, the Council is required to assess at each reporting date whether there is any indication that an asset may be impaired. If any indication exists, the Council is required to assess the recoverable amount of that asset and recognise an impairment loss if the recoverable amount is less than the carrying amount. The Council can therefore impair a revalued asset without having to revalue the entire class of asset to which the asset belongs.

SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

The purchase method is used to prepare the consolidated financial statements, which involves adding together like items of assets, liabilities, equity, revenue and expenses on a line-by-line basis. All significant intragroup balances, transactions, revenue and expenses are eliminated on consolidation.

Subsidiaries

WDC consolidates as subsidiaries in the group financial statements all entities where WDC has the capacity to control their financing and operating policies so as to obtain benefits from the activities of the entity. This power exists where WDC controls the majority voting power on the governing body or where such policies have been irreversibly predetermined by the Council or where the determination of such policies is unable to materially impact the level of potential ownership benefits that arise from the activities of the subsidiary.

Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The consideration transferred in an acquisition of a subsidiary reflects the fair value of the assets transferred by the acquirer and liabilities incurred by the acquirer to the former owner.

Any excess of the cost of the business combination over WDC's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised as goodwill. If WDC's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised exceeds the cost of the business combination, the difference will be recognised immediately in the surplus or deficit.

Investments in subsidiaries are carried at cost in WDC's own "parent entity" financial statements.

Associates

WDC accounts for investments in associates in the group financial statements using the equity method. An associate is an entity over which the WDC has significant influence and that is neither a subsidiary nor an interest in a joint venture of WDC. The investment in an associate is initially recognised at cost and the carrying amount is increased or decreased to recognise WDC's share of the surplus or deficit of the associate after the date of acquisition. WDC's share of the surplus or deficit of the associate is recognised in WDC's statement of comprehensive income. Distributions received from an associate reduce the carrying amount of the investment.

If WDC's share of deficits of an associate equals or exceeds its interest in the associate, WDC discontinues recognising its share of further deficits. After WDC's interest is reduced to zero, additional deficits are provided for, and a liability is recognised, only to the extent that WDC has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports surpluses, WDC will resume recognising its share of those surpluses only after its share of the surpluses equals the share of deficits not recognised.

Where WDC transacts with an associate, surplus or deficits are eliminated to the extent of WDC's interest in the relevant associate.

Dilution gains or losses arising from investments in associates are recognised in the surplus or deficit.

Investments in associates are carried at cost in WDC's own "parent entity" financial statements.

Joint ventures

A joint venture is a contractual arrangement whereby two or more parties undertake an activity that is subject to joint control. For jointly controlled assets, WDC recognises in its financial statements its share of jointly controlled assets, the liabilities and expenses it incurs, its share of liabilities and expenses incurred jointly, and revenue from the sale or use of its share of the output of the joint venture.

Revenue

Revenue is measured at the fair value of consideration received or receivable.

Accounting policies for significant revenue items are explained below:

Rates revenue

Rates are set annually by a resolution from Council and relate to a financial year. All ratepayers are invoiced within the financial year to which the rates have been set. Rates revenue is recognised when payable.

Revenue from water rates by meter is recognised on an accrual basis. Unbilled usage, as a result of unread meters at year-end, is accrued on an average usage basis.

Gas

Revenue is derived from gas network distribution services. Such revenue is recognised when earned and is reported in the financial period to which it relates.

Government grants

WDC receives government grants from the New Zealand Transport Agency which subsidises part of WDC's costs in maintaining the local roading infrastructure. The subsidies are recognised as revenue upon entitlement, as conditions pertaining to eligible expenditure have been fulfilled.

Other grants received

Other grants are recognised as revenue when receivable unless there is a condition return the funds if they are not used as specified by the grant. If there is such an obligation when the grant is received it is recorded as a grants received in advance and revenue is only recognised when conditions of the grant are satisfied.

Provision of services

Revenue from the rendering of services is recognised by reference to the stage of completion of the transaction at balance date, based on the actual service provided as a percentage of the total services to be provided.

Vested assets

Where a physical asset is acquired for nil or nominal consideration, the fair value of the asset received is recognised as income. Assets vested in WDC are recognised as income when control over the asset is obtained, unless there is a use or return condition attached to the asset.

Sale of goods

Revenue from sales of goods is recognised when a product is sold to the customer.

Traffic and parking infringements

Traffic and parking infringements are recognised when tickets are issued. The fair value of this revenue is determined based on the probability of collecting fines, which is estimated by considering the collection history of fines over the preceding 2 year period.

Interest and dividends

Interest income is recognised using the effective interest method. Interest income on an impaired financial asset is recognised using the original effective interest rate.

Dividends are recognised when the right to receive payment has been established. If a dividend is declared from pre-acquisition surpluses the dividend is deducted from the cost of the investment.

Development contributions

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

Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

Grant expenditure

Non-discretionary grants are those grants that are awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received.

Discretionary grants are those grants where WDC has no obligation to award on receipt of the grant application and are recognised as expenditure when a successful applicant has been notified of the WDC's decision.

Income Tax

Income tax expense is the aggregate of current period movements in relation to both current and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect to prior years. Current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profits.

Deferred tax is measured at the tax rates that are expected to apply when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at balance date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the entity expects to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable surpluses will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset and liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is recognised on taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the company can control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Current and deferred tax is recognised against the surplus or deficit for the period, except to the extent that it relates to a business combination, or to transactions recognised in other comprehensive revenue and expense or directly in equity.

Leases

Finance leases

A finance lease is a lease that transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred.

At the commencement of the lease term, WDC recognises finance leases as assets and liabilities in the statement of financial position at the lower of the fair value of the leased item or the present value of the minimum lease payments.

The finance charge is charged to the surplus or deficit over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether WDC will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

Operating leases

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

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

Receivables

Receivables are recorded at their face value, less any provision for impairment.

Impairment of a receivable is established when there is objective evidence that the Council will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership or liquidation, and default in payments are considered indicators that the debt is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectible, it is written off against the allowance account for receivables. Overdue receivables that have been renegotiated are reclassified as current (that is, not past due).

Derivative financial instruments

WDC uses derivative financial instruments to manage exposure to interest rate risks arising from financing activities. In accordance with its treasury policy, WDC does not hold or issue derivative financial instruments for trading purposes.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value at each balance date.

The associated gains or losses of derivatives that are not hedge accounted are recognised in the surplus or deficit.

Other financial assets

Financial assets are initially recognised at fair value plus transaction costs unless they are carried at fair value through surplus or deficit in which case the transaction costs are recognised in the surplus or deficit.

Purchases and sales of financial assets are recognised on trade-date, the date on which WDC commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the WDC has transferred substantially all the risks and rewards of ownership.

WDC classifies its financial assets into the following categories:

- fair value through surplus or deficit;
- loans and receivables;
- held-to-maturity investments; and
- fair value through other comprehensive revenue and expense.

The classification of a financial asset depends on the purpose for which the instrument was acquired. Management determines the classification of its investments at initial recognition.

Financial assets at fair value through surplus or deficit

Financial assets at fair value through surplus or deficit include financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term or it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of short-term profit taking. Derivatives are also categorised as held for trading unless they are designated as hedges for which hedge accounting is applied. WDC's financial assets at fair value through surplus or deficit include derivatives that are not designated as hedges.

Financial assets acquired principally for the purpose of selling in the short-term, or part of a portfolio classified as held for trading, are classified as a current asset. If a contract is due for settlement, or its remaining maturity is, within 12 months of balance date it is classified as current.

After initial recognition they are measured at their fair values with gains or losses on remeasurement are recognised in the surplus or deficit.

Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance date, which are included in non-current assets. WDC's loans and receivables comprise cash and cash equivalents, debtors and other receivables, term deposits, community and related party loans, long term receivables and hire purchase long term debtors.

After initial recognition they are measured at amortised cost using the effective interest method less impairment. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

Loans to community organisations made by WDC at nil, or below-market interest rates are initially recognised at the present value of their expected future cash flows, discounted at the current market rate of return for a similar financial instrument. The loans are subsequently measured at amortised cost using the effective interest method. The difference between the face value and present value of expected future cash flows of the loan is recognised in the surplus or deficit as a grant.

Held to maturity investments

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that WDC has the positive intention and ability to hold to maturity. They are included in current assets, except for maturities greater than 12 months after the balance date, which are included in non-current assets. WDC's held to maturity investments include interest bearing bonds and deposits and sinking funds.

After initial recognition they are measured at amortised cost using the effective interest method less impairment. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

Fair value through other comprehensive revenue and expense

Financial assets at fair value through other comprehensive revenue and expense are those that are designated into the category at initial recognition or are not in any of the other categories above. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance date or if the debt instrument is not expected to be realised within 12 months of balance date. WDC's financial assets at fair value through equity comprise investments in quoted and unquoted shares. WDC includes in this category:

- investments that it intends to hold long-term but which may be realised before maturity; and
- shareholdings that it holds for strategic purposes.

WDC's investments in its subsidiary and associate companies are not included in this category as they are held at cost (whereas this category is to be measured at fair value).

After initial recognition these investments are measured at their fair value, with gains and losses recognised in other comprehensive revenue and expense, except for impairment losses, which are recognised in the surplus or deficit.

On derecognition the cumulative gain or loss previously recognised in other comprehensive revenue and expense is reclassified from equity to the surplus or deficit.

Fair value

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance date. The quoted market price used is the current bid price.

Impairment of financial assets

At each balance date WDC assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. Any impairment losses are recognised in the surplus or deficit.

Loans and receivables, and held-to-maturity investments

Impairment of a loan or a receivable is established when there is objective evidence that WDC will not be able to collect amounts due according to the original terms. Significant financial difficulties of the debtor/issuer, probability that the debtor/issuer will enter into bankruptcy, and default in payments are considered indicators that the asset is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. For debtors and other receivables, the carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectible, it is written off against the allowance account. Overdue receivables that have been renegotiated are reclassified as current (i.e. not past due). For term deposits, local authority stock, government stock and community loans, impairment losses are recognised directly against the instruments carrying amount.

Impairment of term deposits, local authority, government stock, and related party and community loans is established when there is objective evidence that the WDC will not be able to collect amounts due to the original terms of the instrument. Significant financial difficulties of the issuer, probability the issuer will enter into bankruptcy, and default in payments are considered indicators that the instrument is impaired.

Financial assets at fair value through other comprehensive revenue and expense

For equity investments a significant or prolonged decline in the fair value of the investment below its cost is considered objective evidence of impairment. If such evidence exists for investments at fair value through other comprehensive revenue and expense, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the surplus or deficit) recognised in other comprehensive revenue and expense is reclassified from equity to the surplus or deficit. Impairment losses recognised in the surplus or deficit are not reversed through the surplus or deficit.

If in a subsequent period the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed in the surplus or deficit.

Inventories

Inventories (such as spare parts and other items) held for distribution or consumption in the provision of services that are not supplied on a commercial basis are measured at the lower of cost (using the FIFO method), adjusted when applicable, for any loss of service potential. Where inventories are acquired at no cost or for nominal consideration, the cost is the fair value at the date of acquisition.

WGL inventories, comprising the network, is valued at the lower of cost or net realisable value after making provision for damaged or obsolete items. Cost is determined by the weighted average method of valuation.

The amount of any write-down for the loss of service potential or from cost to net realisable value is recognised in the surplus or deficit in the period of the write-down.

Non-current assets held for sale

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

Any impairment losses for write-downs of non-current assets held for sale are recognised in the surplus or deficit. Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale.

Property, plant and equipment

Property, plant and equipment consists of:

Operational assets – these include land, buildings, motor vehicles, plant and equipment and library books.

Restricted assets – these include land and buildings in the City Endowment and Harbour Endowment portfolios. These assets provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions.

Infrastructure assets – these include the fixed utility systems comprising the roading, airport runway, water reticulation and drainage systems, and infrastructure land (including land under roads). Each asset type includes all items that are required for the network to function.

The infrastructure networks are valued at optimised depreciated replacement cost, adjusted by additions (at cost), disposals and depreciation. Revaluations are carried out every three years and are independently reviewed.

Land (operational and restricted) is measured at fair value, and buildings (operational and restricted), and infrastructural assets are measured at fair value less accumulated depreciation. All other asset classes are measured at cost less accumulated depreciation and impairment losses.

Revaluation

Land, buildings (operational and restricted), infrastructural assets (except land under roads) and artworks are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value and at least every three years. All other asset classes are carried at depreciated historical cost.

WDC assesses the carrying values of its revalued assets annually to ensure that they do not differ materially from the assets' fair values. If there is a material difference, then the off-cycle asset classes are revalued.

WDC accounts for revaluations of property, plant and equipment on a class of asset basis.

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

Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to WDC and the cost of the item can be measured reliably.

Work in progress is recognised at cost less impairment and is not depreciated.

In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

Derecognition and Disposals

An asset is derecognised on disposal or when no future economic benefits or service potential is expected from its use or disposal. Gains and losses on derecognition are determined by comparing the proceeds, or future economic benefits, with the carrying amount of the asset. Gains and losses on disposals are reported net in the surplus or deficit. The revaluation surplus included in net assets/equity in respect of property, plant and equipment will be transferred directly to retained earnings when the assets are derecognised.

Subsequent Costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably.

Depreciation

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

Asset type	Useful life	Depreciation rate
Land (including Restricted properties)		Not a Depreciable item
Buildings and leasehold improvements (including Restricted properties)	5 to 50 years	2-20%
Plant, vehicles and equipment	3 to 20 years	5-33%
Furniture & Fittings	5 to 10	10-20%
Library books	10 years	10%
Art Works		Not a Depreciable item
<i>Infrastructural assets</i>		
Roading network*		
Pavement	4-18 years	3.6%
Basecourse	80-100 years	3.6%
Footpaths	8-100 years	3.6%
Bridges & large culverts	100 years	3.6%
Kerb and channel	20-100 years	3.6%
Retaining Walls	50-100 years	3.6%
Street lighting	15-50 years	3.6%
Culverts	80 years	3.6%
Traffic signals and under road assets	5-50 years	3.6%
Wastewater system*	20 to 120 years	2.5%
Storm water system*	20 to 120 years	1.7%
Water system*	9 to 100 years	2.6%
Gas distribution network mains and services	7 to 100 years	1 - 15%
Gas distribution network condition renewals	50 years	2%
Gas measurement systems and distribution network customer stations	10 to 100 years	1 - 10%
Airport runway*	0 to 50 years	10%

*The Depreciation rate for these classes of assets are calculated on a weighted average rate, based on the range of useful lives of each different asset component within the networks.

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year-end.

Intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of WDC's share of the identifiable assets, liabilities and contingent liabilities of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisition of subsidiaries is included in "intangible assets". Goodwill on acquisition of associates is included in "investments in associates" and is tested for impairment as part of the overall balance.

Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. An impairment loss recognised for goodwill is not reversed.

Goodwill is allocated to cash generating units for the purposes of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination, in which the goodwill arose.

Carbon credits

Carbon credits are initially recognised at cost. After initial recognition they are not amortised but all carbon credits are measured, annually, at fair value.

The net revaluation result is credited or debited to other comprehensive revenue and expense and is accumulated to fair value through general reserve. Where this results in a debit balance in the reserve, this balance is not recognised in other comprehensive revenue and expense but is recognised in the surplus or deficit. Any subsequent increase in revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then recognised in other comprehensive revenue and expense. They are derecognised when they are used to satisfy carbon emission obligations.

Software acquisition and development

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs that are directly associated with the development of software for internal use by WDC, are recognised as an intangible asset. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Staff training costs are recognised in the surplus or deficit when incurred.

Costs associated with maintaining computer software are recognised as an expense when incurred.

Costs associated with development and maintenance of the Council's website are recognised as an expense when incurred.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the surplus or deficit.

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

Asset type	Useful life	Amortisation rate
Computer software	3-10 years	10%-33%

Impairment of property, plant and equipment and intangible assets

Intangible assets that have an indefinite useful life, or are not yet available for use, are not subject to amortisation and are tested annually for impairment.

Assets that have a finite useful life are reviewed for indicators of impairment at each balance date and whenever events and circumstances indicate the carrying amount may not be recoverable. When there is an indicator of impairment the asset's recoverable amount is estimated. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use for non-cash generating assets

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

Value in use is determined using an approach based on either a depreciated replacement cost approach, restoration cost approach, or a service units approach. The most appropriate approach depends on the nature of the impairment and availability of information.

Value in use for cash-generating assets

Cash generating assets are those held for the primary purpose of generating a commercial return.

The value in use for cash-generating assets and cash-generating units is the present value of expected future cash flows.

If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount. The total impairment loss is recognised in the surplus or deficit. Where an impairment loss is reversed this is recognised in the surplus or deficit.

Forestry assets

Standing forestry assets are independently revalued annually at fair value less estimated costs to sell for one growth cycle. Fair value is determined based on the present value of expected net cash flows discounted at a current market determined pre-tax rate. This calculation is based on existing sustainable felling plans and assessments regarding growth, timber prices, felling costs, and silvicultural costs and takes into consideration environmental, operational and market restrictions.

Gains or losses arising on initial recognition of biological assets at fair value less estimated costs to sell and from a change in fair value less estimated costs to sell are recognised in the surplus or deficit.

The costs to maintain forestry assets are included in the surplus or deficit when incurred.

Investment property

Properties leased to third parties under operating leases are classified as investment property unless the property is held to meet service delivery objectives, rather than to earn rentals or for capital appreciation.

Investment property is measured initially at its cost, including transaction costs.

After initial recognition, WDC measures all investment property at fair value as determined annually by an independent valuer.

Gains or losses arising from a change in the fair value of investment property are recognised in the surplus or deficit.

Payables

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

Borrowings

Borrowings are initially recognised at their fair value plus transaction costs incurred. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless WDC has an unconditional right to defer settlement of the liability for at least 12 months after the balance date or if the borrowings are expected to be settled within 12 months of balance date.

Employee entitlements

Short-term employee entitlements

Employee benefits that WDC expects to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at, balance date, retiring and long service leave entitlements expected to be settled within 12 months, and sick leave.

WDC recognises a liability for sick leave to the extent that compensated absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent that WDC anticipates it will be used by staff to cover those future absences.

WDC recognises a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

Long-term employee entitlements

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

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

Presentation of employee entitlements

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

Superannuation schemes

Defined contribution schemes

Obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the surplus or deficit as incurred.

Equity

Equity is the community's interest in WDC and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into a number of reserves.

The components of equity are:

- retained earnings
- restricted reserves
- asset revaluation reserves
- other reserves

Restricted reserves

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

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

Also included in restricted reserves are reserves restricted by Council decision. The Council may alter them without references to any third party or the Courts. Transfers to and from these reserves are at the discretion of the Council.

Revaluation Reserves

These relate to the revaluation of land, buildings and infrastructural assets to fair value.

Other Reserves

These relate to the revaluation of financial assets (shares and bonds) to fair value and the revaluation of carbon credits to fair value.

WDC's objectives, policies and processes for managing capital are described in note 39.

Goods and Service Tax (GST)

All items in the financial statements are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the statement of financial position.

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

Commitments and contingencies are disclosed exclusive of GST.

Budget figures

The budget figures are those approved by the Council in its 2015-2025 Long Term Plan relating to the 2016-2016 year. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by WDC for the preparation of the financial statements.

Cost allocation

WDC has derived the cost of service for each significant activity of WDC using the cost allocation system outlined below.

Direct costs are those costs directly attributable to a significant activity. Indirect costs are those costs which cannot be identified in an economically feasible manner with a specific significant activity.

Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities using appropriate cost drivers such operating expenditure net of NZTA subsidies.

Critical accounting estimates and assumptions

In preparing these financial statements WDC has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

WDC infrastructural assets

There are a number of assumptions and estimates used when performing DRC valuations over infrastructural assets. These include:

- the physical deterioration and condition of an asset, for example the Council could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets which are not visible, for example stormwater, wastewater and water supply pipes that are underground. This risk is minimised by Council performing a combination of physical inspections and condition modelling assessments of underground assets;
- estimating any obsolescence or surplus capacity of an asset;
- estimates are made when determining the remaining useful lives over which the asset will be depreciated. These estimates can be impacted by the local conditions, for example weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then WDC could be over or under estimating the annual depreciation charge recognised as an expense in the surplus or deficit. To minimise this risk, WDC's infrastructural asset useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration and condition modelling are also carried out regularly as part of the WDC's asset management planning activities, which gives WDC further assurance over its useful life estimates.

Valuations of infrastructural assets are performed in-house by experienced engineers and the valuations are peer reviewed by independent experts.

WGL infrastructural assets

At each balance date WGL reviews the useful lives and residual values of its property, plant and equipment. Assessing the appropriateness of useful life and residual value estimates of property, plant

and equipment requires WGL to consider a number of factors such as the physical condition of the asset, expected period of use of the asset by WGL, and expected disposal proceeds from the sale of the asset.

An incorrect estimate of the useful life or residual value will impact on the depreciable amount of an asset, therefore impacting on the depreciation expense recognised in the surplus or deficit, and carrying amount of the asset in the statement of financial position. WGL minimises the risk of this estimation uncertainty to its infrastructure assets by:

- an annual review internally by experienced engineers of the value of the infrastructure assets to determine if any material changes exist.
- physical inspection of assets
- asset replacement programs
- review of second hand market prices for similar assets
- analysis of prior assets sales; and
- completing a revaluation of the infrastructure assets every third year

WGL has not made significant changes to past assumptions concerning useful lives and residual values.

Critical judgements in applying WDC's accounting policies

Management has exercised the following critical judgements in applying the WDC's accounting policies for the period ended 30 June 2017:

Classification of property

WDC owns a number of properties, which are maintained primarily to provide housing to pensioners. The receipt of market-based rental from these properties is incidental to holding these properties. These properties are held for service delivery objectives as part of the Council's social housing policy. These properties are accounted for as property, plant and equipment.

Impairment of shares in subsidiary

Management reviews its share investment in its subsidiary and has made estimates and assumptions concerning the future. These estimates and assumptions include revenue growth, future cash flows and future economic and market conditions. These estimates are based upon assumptions believed to be reasonable, but which are inherently uncertain and unpredictable. WDC minimises the risk of this estimation uncertainty by annually reviewing the value of its share investment.

Notes to the financial statements

For the year ended 30 June 2017

1. Rates (Other than a targeted rate for water supply)

	Council		Group	
	2017	2016	2017	2016
	\$000	\$000	\$000	\$000
CBD rate	456	566	456	566
General rate	27,853	26,747	27,853	26,747
Roading and footpath rates	7,222	7,228	7,222	7,228
Stormwater rate	4,606	4,342	4,606	4,342
Wastewater rate	5,916	5,564	5,916	5,564
Water charge (excluding metered water)	4,018	4,021	4,018	4,021
Storm damage rate	850	-	850	-
Fire capacity rate	1,005	999	1,005	999
Debt retirement rate	576	577	576	577
Earthquake strengthening rate	786	772	786	772
Rates Penalties	417	422	417	422
Rates discounts	(200)	(190)	(200)	(190)
Rates remissions	(21)	(174)	(21)	(174)
Total rates revenue (excluding metered water and trade waste)	53,487	50,875	53,487	50,875
Tradewaste fees	963	2,000	963	2,000
Metered water supply charges	1,300	1,441	1,300	1,441
Total rates revenue (including metered water and trade waste)	55,750	54,316	55,750	54,316

The total amount of rates charged on Council-owned properties that have not been eliminated from revenue and expenditure is \$1.6M (2016 \$1.6M).

WDC is required by the LGFA Guarantee and Indemnity Deed to disclose in its financial statements (or notes) its annual rates revenue. That Deed defines annual rates revenue as an amount equal to the total revenue from any funding mechanism authorised by the Local Government (Rating) Act 2002 together with any revenue received by the Council from other local authorities for services provided by the Council for which those other local authorities rate.

Non-rateable land

Under the Local Government (Rating) Act 2002 certain properties cannot be rated for general rates. These properties include schools, places of religious worship, public gardens and reserves. These non-rateable properties may be subject to targeted rates in respect of sewerage, water, refuse and sanitation. Non-rateable land does not constitute a remission under WDC's rates remission policy.

Rating base information

	The number of rating units	The total capital value of rating units \$000	The total land value of rating units \$000
At the end of the preceeding financial year (i.e. 30 June 2016)	21,427	6,375,630	2,433,631
Last year (i.e. 30 June 2015)	21,383	6,325,141	2,430,042

Notes to the financial statements

For the year ended 30 June 2017

2. Finance revenue and finance costs

	Council		Group	
	2017	2016	2017	2016
	\$000	\$000	\$000	\$000
Finance revenue				
Interest revenue:				
- money market and term deposits	351	158	404	195
- related party loans	206	206	-	-
- other	27	21	54	57
Subvention receipt	600	800	-	-
Dividend revenue	6	6	6	6
Total finance revenue	1,190	1,191	464	258
Finance costs				
Interest expense:				
- interest on borrowings and swaps	4,806	4,600	5,457	5,285
- interest on finance leases	-	-	-	-
Total finance costs	4,806	4,600	5,457	5,285
Net finance costs	3,616	3,409	4,993	5,027

3. Other revenue

	Council		Group	
	2017	2016	2017	2016
	\$000	\$000	\$000	\$000
Subsidies and Grants				
New Zealand Transport Agency subsidies	16,520	19,537	16,520	19,537
Lotteries Board Grant - Gallery Collection Transition	-	147	-	147
Lotteries Board Grant - Opera House Seismic and seating upgrade	-	130	-	130
Lotteries Board Grant - Library shelving, heating and insulation	120	-	120	-
Other government grants	668	716	668	716
Subsidies and grants Total	17,308	20,530	17,308	20,530
User fees and other revenue				
Other user charges	1,689	2,038	1,689	2,038
Regulatory revenue	2,057	1,770	2,057	1,770
Rental from investment properties	1,767	1,724	1,767	1,724
Rental from other properties	2,208	2,135	2,208	2,135
Infringements and fines	439	363	439	363
Rendering of services	628	595	628	595
Petrol tax	324	315	324	315
Vested assets	182	-	182	-
Forestry revenue	5	194	5	194
Other (includes trading revenue from Wanganui Gas Limited)	837	5,864	8,066	12,223
Total User fees and other revenue	10,137	14,998	17,366	21,357
Total other revenue	27,445	35,528	34,674	41,887

There are no unfulfilled conditions and other contingencies attached to New Zealand Transport Agency subsidies or any government grant recognised (2016 nil).

Notes to the financial statements

For the year ended 30 June 2017

4. Gains

	Council		Group	
	2017	2016	2017	2016
	\$000	\$000	\$000	\$000
Non-financial instruments				
Investment property revaluation gains/(losses) (note 19)	244	676	244	676
Investment property gains/(losses) on disposal	(24)	-	(24)	-
Gain on shares held in WDC Holdings Ltd	-	-	-	-
Gain/(loss) arising from physical change of forestry assets	604	645	604	645
Gain/(loss) arising from change in fair value of forest assets	781	1,069	781	1,069
Decreases due to harvest of forest assets	-	(14)	-	(14)
Change in fair value of property, plant and equipment (including reversal of previous year write-downs)	332	4,851	1,990	4,851
<i>Total non-financial instruments gains</i>	1,938	7,227	3,597	7,227
Financial instruments				
Fair value through other comprehensive revenue and expense gains/(losses) on disposal (note 25)	3,449	260	3,449	260
<i>Total financial instruments gains</i>	3,449	260	3,449	260
Total gains	5,387	7,487	7,046	7,487

5. Personnel costs

	Council		Group	
	2017	2016	2017	2016
	\$000	\$000	\$000	\$000
Salaries and wages	16,532	16,360	18,141	17,841
Employer contributions to defined contribution plans	474	460	507	487
Increase/(decrease) in employee entitlements/liabilities	(149)	(68)	(162)	(66)
Total personnel costs	16,856	16,752	18,486	18,262

Council received employment subsidies of \$110,609 (2016 \$433,151)

Notes to the financial statements

For the year ended 30 June 2017

6. Depreciation and amortisation expense by group of activity

	Council	
	2017	2016
	\$000	\$000
Water supply	2,094	2,048
Stormwater drainage	1,795	1,761
Waterways and natural drainage	40	40
Sewerage and the treatment and disposal of sewage	3,653	3,605
Provision of roads and footpaths	9,306	8,589
Parks and recreation	1,110	1,111
Community and cultural	836	741
Economic development	25	26
Community facilities and services	624	696
Transportation	118	115
Investments	56	55
Corporate	869	820
Total depreciation and amortisation expense	20,526	19,607

7. Other expenses

	Council		Group	
	2017	2016	2017	2016
	\$000	\$000	\$000	\$000
Fees to auditors:				
- Audit New Zealand for financial statement audit	175	166	251	247
- Audit New Zealand for 10-Year Plan audit & Consultation Document	-	50	-	50
- Audit New Zealand for audit related fees for disclosure regulations	-	-	36	46
- Audit New Zealand for audit related fees for Debenture Trust Deed	4			
- Audit New Zealand for joint venture financial statement audit	5	8	5	8
- Brian Smith Advisory Services Ltd for other audit fees	12	12	12	12
Donations	3	250	3	375
General grants	796	834	796	834
Contractors	13,673	18,026	13,673	18,055
Maintenance	1,959	2,152	1,959	2,156
Electricity	1,747	1,740	1,747	1,740
Planned maintenance	1,731	1,357	1,731	1,357
Insurance premiums	636	751	636	751
Directors' fees	-	-	229	143
Consultancy	2,200	1,903	2,200	1,904
Legal fees	397	495	397	495
Rates Expense	1,791	1,740	1,791	1,740
Property, plant and equipment losses on disposal	86	150	86	150
Losses from derivative financial instruments	-	4,296	(305)	4,463
Impairment of receivables (note 10)	129	433	129	524
Minimum lease payments under operating leases	62	190	145	272
Forestry expenditure	356	355	356	355
Other operating expenses	8,036	8,021	9,645	8,670
Total other expenses	33,800	42,929	35,524	44,347

Notes to the financial statements

For the year ended 30 June 2017

8. Tax

	Council		Group	
	2017	2016	2017	2016
	\$000	\$000	\$000	\$000
Components of tax expense				
Current tax expense	-	22	121	71
Deferred tax expense	58	(48)	641	350
Income tax expense	58	(26)	762	421
impairment of receivables (note 10)				
Relationship between tax expense and accounting profit				
Surplus/(deficit) before tax	13,802	14,606	16,652	15,144
Tax at 28%	3,865	4,090	4,663	4,240
Non-deductible expenditure	(3,394)	(3,924)	(3,946)	(3,877)
Loss not recognised	(413)	(215)	-	-
Prior year adjustment to deferred tax	(1)	1	(494)	(436)
Deferred tax adjustment	-	22	540	494
Total tax expense	58	(27)	762	421

Council

Council has not recognised a deferred tax asset in relation to tax losses of \$1,426,000 (2016 \$3,013,000). However, these tax losses have been recognised at group level.

Deferred tax liability

	Property, plant and equipment	Financial instruments	Tax losses	Employee entitlements	Total
	\$000	\$000	\$000	\$000	\$000
Council					
Balance 1 July 2015	745	-	(689)	(8)	48
Charged to profit and loss	(13)	-	(35)	(1)	(48)
Charged to equity	22	-	-	-	22
Balance 30 June 2016	754	-	(724)	(8)	22
Charged to profit and loss	(14)	-	69	3	58
Charged to equity	-	-	-	-	-
Balance 30 June 2017	740	-	(657)	(5)	80
Group					
Balance 1 July 2015	7,551	(259)	(2,236)	(133)	4,922
Charge/(credit) to revenue	(54)	(12)	416	(1)	350
Charge/(credit) to equity	22	-	-	-	22
Balance 30 June 2016	7,519	(271)	(1,820)	(133)	5,294
Charged to profit and loss	(89)	80	647	3	641
Charged to equity	-	-	-	-	-
Balance 30 June 2017	7,430	(193)	(1,173)	(130)	5,936

9. Cash and cash equivalents

	Council		Group	
	2017	2016	2017	2016
	\$000	\$000	\$000	\$000
Cash at bank and on hand	857	6,748	6,713	8,679
Term deposits with maturities less than 3 months at acquisition	10,030	-	10,030	-
Total cash and cash equivalents	10,887	6,748	16,743	8,679

The total value of cash and cash equivalents that can only be used for a specific purpose as outlined in the relevant trust deeds is \$nil (2016 \$nil).

Notes to the financial statements

For the year ended 30 June 2017

10. Receivables

	Council		Group	
	2017	2016	2017	2016
	\$000	\$000	\$000	\$000
Rates receivables	4,410	4,156	4,410	4,156
Other receivables:				
- related party receivables	-	177	-	16
- New Zealand Transport Agency subsidies	2,190	2,015	2,190	2,015
- interest receivable	-	-	-	-
- other	3,399	4,845	4,208	5,990
Gross Receivables	9,999	11,193	10,808	12,177
Less provision for impairment	(2,161)	(2,363)	(2,170)	(2,364)
Total Receivables	7,838	8,830	8,638	9,813

Total receivables comprise:

Receivables from exchange transactions	476	809	1,276	1,792
Receivables from non exchange transactions	7,362	8,021	7,362	8,021
Gross Receivables	7,838	8,830	8,638	9,813

Fair value

Receivables are non-interest bearing and receipt is normally on 30-day terms, therefore the carrying value of receivables approximate their fair value.

Impairment

WDC does not provide for any impairment on rates receivable (except Maori land) as it has various powers under the Local Government (Rating) Act 2002 to recover any outstanding debts. Ratepayers can apply for payment plan options in special circumstances. Where such repayment plans are in place, debts are discounted to their present value of future payments if the impact of discounting is material.

These powers allow WDC to commence legal proceedings to recover any rates that remain unpaid 4 months after the due date for payment. If payment has not been made within 3 months of the Court's judgement, then WDC can apply to the Registrar of the High Court to have the judgement enforced by sale or lease of the rating unit.

The ageing profile of receivables as at 30 June 2017 and 2016 are detailed below:

	2017		
	Gross	Impairment	Net
	\$000	\$000	\$000
Council			
Not past due	5,308	-	5,308
Past due 1-60 days	147	(14)	133
Past due 61-120 days	23	-	23
Past due > 120 days	4,520	(2,147)	2,374
Total	9,999	(2,161)	7,838

	2016		
	Gross	Impairment	Net
	\$000	\$000	\$000
Council			
Not past due	3,755	-	3,755
Past due 1-60 days	484	(1)	483
Past due 61-120 days	352	(2)	350
Past due > 120 days	6,602	(2,360)	4,242
Total	11,193	(2,363)	8,830

Notes to the financial statements

For the year ended 30 June 2017

	2017		
Group	Gross \$000	Impairment \$000	Net \$000
Not past due	6,075	-	6,075
Past due 1-60 days	153	(14)	139
Past due 61-120 days	52	(9)	43
Past due > 120 days	4,528	(2,147)	2,381
Total	10,808	(2,170)	8,638

	2016		
Group	Gross \$000	Impairment \$000	Net \$000
Not past due	4,703	-	4,703
Past due 1-60 days	497	(1)	496
Past due 61-120 days	355	(2)	353
Past due > 120 days	6,622	(2,361)	4,261
Total	12,177	(2,364)	9,813

All receivables greater than 30 days in age are considered to be past due.

The impairment provision has been calculated based on expected losses for individual receivables. Expected losses have been determined based on an analysis of WDC's losses in previous periods, and review of specific receivables as detailed below:

	Council		Group	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Individual impairment	2,161	311	2,170	311
Collective impairment	-	2,052	()	2,053
Total provision for impairment	2,161	2,363	2,170	2,364

Individually impaired receivables have been determined to be impaired because of the unlikeliness of the debt being repaid. An analysis of these individually impaired debtors are as follows:

	Council		Group	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Not past due	-	-	-	-
Past due 1-60 days	14	-	14	-
Past due 61-120 days	-	-	9	-
Past due > 120 days	2,147	311	2,147	311
Total individual impairment	2,161	311	2,170	311

Movements in the provision for impairment of receivables are as follows:

	Council		Group	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
At 1 July	2,363	2,568	2,364	2,729
Additional provisions made during the year	476	824	(190)	1
Provisions reversed during the year	(3)	-	(163)	(160)
Receivables written-off during period	(674)	(1,029)	159	(206)
At 30 June	2,161	2,363	2,170	2,364

WDC holds no collateral as security or other credit enhancements over receivables that are either past due or impaired.

Notes to the financial statements

For the year ended 30 June 2017

11. Other financial assets

	Council		Group	
	2017	2016	2017	2016
	\$000	\$000	\$000	\$000
Current portion				
Loans to subsidiaries and associates	313	207	313	207
Long term receivables	-	-	-	-
<i>Total current portion</i>	313	207	313	207
Non-current portion				
Community loans	5	7	5	7
Loans to subsidiaries and associates	2,750	2,750	-	-
Government Indexed Bonds	-	-	-	-
NZ Local Government Funding Agency borrower notes	1,135	711	1,135	711
Unlisted shares in NZ Local Government Insurance Corporation Limited	442	423	442	423
Unlisted shares in NZ Local Government Funding Agency Limited	239	197	239	197
Sarjeant Gallery (NJ Young Fund with Craigs Investment Partners & Term Deposits)	-	-	1,374	847
Shares in subsidiary (at cost - WDCHL)	7,846	7,846	-	-
<i>Total non-current portion</i>	12,417	11,934	3,195	2,185
Total other financial assets	12,730	12,141	3,507	2,392

Fair value

Community loans

The fair value of community loans is their carrying value of \$5,000 (2016 \$7,000), which has not been discounted due to immaterial size. The terms of the loans may be discretionary as a result of a Council decision.

Loans to related parties

The fair value and carrying amount of Group loans to related parties is \$313,218 (2016 \$207,496).

Unlisted shares

Due to the immaterial size and nature, the unlisted shares in NZ Local Government Insurance Corporation Limited are valued using the net assets of the company. Council considers this to be fair value at 30 June 2017.

Due to the immaterial size and nature of the Council's investment in the NZ Local Government Funding Authority Limited ("LGFA"), WDC has estimated the fair value of this investment based on the LGFA's net asset backing as at 30 June.

Notes to the financial statements

For the year ended 30 June 2017

12. Inventories

	Council		Group	
	2017	2016	2017	2016
	\$000	\$000	\$000	\$000
<i>Held for distribution/Commercial inventories</i>				
Inventory	1	126	1	126
Network	-	-	285	267
Total inventories	1	126	286	393

Network Inventories are pledged as security for liabilities -2017 \$Nil (2016 \$266,893). There has been no write-down of commercial inventories to net realisable value (2016 \$nil).

13. Non-current assets held for sale

No non-current assets are held for sale at 30 June 2017. (2016 3 Kotuku St, 152 Somme Pde, Windsor Tce Reserve, 8 Gilmour St.)

	Council		Group	
	2017	2016	2017	2016
	\$000	\$000	\$000	\$000
Land	-	328	-	328
Buildings	-	29	-	29
Total non-current assets held for sale	-	357	-	357

14. Derivative financial instruments

	Council		Group	
	2017	2016	2017	2016
	\$000	\$000	\$000	\$000
Current asset portion				
Interest rate swaps - cash flow hedges	-	-	-	-
	-	-	-	-
Non-current asset portion				
Interest rate swaps - cash flow hedges	-	-	-	-
	-	-	-	-
Total derivative financial instrument assets	-	-	-	-
Current liability portion				
Interest rate swaps - cash flow hedges	90	-	90	58
	90	-	90	58
Non-current liability portion				
Interest rate swaps - cash flow hedges	8,936	12,475	9,544	13,330
	8,936	12,475	9,544	13,330
Total derivative financial instrument liabilities	9,026	12,475	9,634	13,388

Fair value

The fair values of interest rate swaps have been determined by calculating the expected cash flows under the terms of the swaps and discounting these values to present value. The inputs into the valuation model are from independently sources market parameters such as interest rate yeild curves. Most market parameters are implied from instrument prices.

Interest rate swaps

The notional principal amounts of the outstanding interest rate swap contracts for WDC were \$87,500,000 (2016 \$75,500,000) and for the WDC group were \$93,000,000 (2016 \$84,500,000). At 30 June 2017 the Fixed Interest rates on the swaps ranged from 2.48% to 6.39%.

Notes to the financial statements

For the year ended 30 June 2017

15. Investments in associates

	Council		Group	
	2017	2016	2017	2016
	\$000	\$000	\$000	\$000
Whanganui River Enhancement Charitable Trust (WRET)	75	67	75	67
New Zealand Masters Games Limited (NZMGL)	15	6	15	6
Manawatu Wanganui Local Advisory Shared Services (MW LASS)	19	18	19	18
Total investments in associates	109	91	109	91

Summarised financial information of associate entities

	WRET	
	2017	2016
	\$000	\$000
Assets	368	389
Liabilities	141	186
Revenues	142	144
Surplus/(deficit)	24	34
Group's interest	33%	33%

	NZMGL	
	2017	2016
	\$000	\$000
Assets	32	15
Liabilities	2	(3)
Revenues	34	32
Surplus/(deficit)	21	(10)
Group's interest	49%	49%

	MW LASS	
	2017	2016
	\$000	\$000
Assets	544	581
Liabilities	413	454
Revenues	1,260	1,344
Surplus/(deficit)	5	(21)
Group's interest	14%	14%

All associates are not listed companies and, accordingly, there are no published price quotations to determine the fair value of the investments.

Wanganui-Manawatu LASS Limited

This company was set up in 2008 by seven Local Councils to investigate the possibilities of economies of scale by joint procurement.

Notes to the financial statements

For the year ended 30 June 2017

16. Property, plant and equipment

Movements for each class of property, plant and equipment are as follows:

	Cost/ revaluation 1/7/2016 \$000	Accumulated depreciation and impairment charges 1/7/2016 \$000	Carrying amount 1/7/2016 \$000	Current year additions \$000	Current Years Vesting Additions \$000	Current year disposals \$000	Accumulated depreciation & Impairments eliminated on disposals / revaluations \$000	Current year depreciation \$000	Current year Impairment charges \$000	Transfers \$000	Depreciation Transfers \$000	Revaluation surplus \$000	Cost/ revaluation 30/6/2017 \$000	Accumulated depreciation and impairment charges 30/6/2017 \$000	Carrying amount 30/6/2017 \$000
Council 2017															
Operational assets															
Land	57,091	-	57,091	18	-	-	-	-	-	328	-	-	57,437	-	57,437
Buildings	49,453	(2,062)	47,391	1,048	-	(89)	5	(1,855)	(67)	2,684	(24)	-	53,096	(4,002)	49,094
Plant, equipment and motor vehicles	13,315	(10,915)	2,400	626	-	(217)	176	(1,059)	-	26	(16)	-	13,751	(11,815)	1,936
Leased equipment	1,178	(1,178)	-	-	-	-	-	-	-	-	-	-	1,178	(1,178)	-
Furniture and fittings	3,411	(2,413)	998	179	-	(38)	30	(134)	-	56	(12)	-	3,608	(2,530)	1,078
Library books	3,141	(1,560)	1,581	320	-	-	-	(317)	-	-	-	-	3,461	(1,877)	1,584
Artworks	27,886	-	27,886	12	-	-	-	-	-	-	-	-	27,898	-	27,898
Capital work in progress (see breakdown below)	9,482	-	9,482	25,169	-	-	-	-	-	(3,377)	-	-	31,273	-	31,273
Total operational assets	164,957	(18,128)	146,829	27,371	-	(344)	212	(3,366)	(67)	(283)	(52)	-	191,702	(21,400)	170,301
Infrastructural assets															
Stormwater and Drainage	104,329	(3,590)	100,739	2,735	-	-	5,415	(1,826)	-	-	-	1,457	108,523	-	108,523
Wastewater Other	129,786	(6,389)	123,397	920	-	-	9,631	(3,242)	-	-	-	(3,701)	127,007	-	127,007
Waste Water Treatment Plants & Facilities	15,164	(754)	14,410	-	-	-	1,132	(377)	-	-	-	(1,658)	13,505	-	13,505
Water Other	63,642	(3,182)	60,460	1,442	-	-	4,819	(1,637)	-	-	-	(4,383)	60,701	-	60,701
Water Treatment Plants & Facilities	16,744	(836)	15,908	497	-	-	1,267	(431)	-	-	-	(3,434)	13,806	-	13,806
Road network	385,385	(35,393)	349,992	16,908	-	-	44,699	(9,303)	-	-	-	(49,008)	353,284	-	353,284
Land under roads	8,053	-	8,053	-	-	-	-	-	-	-	-	-	8,053	-	8,053
Airport runway	1,801	(162)	1,639	-	-	-	244	(81)	-	-	-	198	1,999	-	1,999
Total infrastructural assets	724,904	(50,306)	674,598	22,502	-	-	67,208	(16,899)	-	-	-	(60,529)	686,878	-	686,879
Restricted assets															
Land	16,270	-	16,270	-	-	-	-	-	-	-	-	-	16,270	-	16,270
Buildings	3,511	(125)	3,387	1,556	-	-	-	(181)	-	735	-	-	5,802	(305)	5,496
Total restricted assets	19,781	(125)	19,656	1,556	-	-	-	(181)	-	735	-	-	22,072	(305)	21,766
Total property, plant and equipment	909,642	(68,559)	841,082	51,429	-	(344)	67,420	(20,446)	(67)	452	(52)	(60,529)	900,653	(21,706)	878,946

Notes to the financial statements

For the year ended 30 June 2017

Group 2017	Cost/ revaluation 1/7/2016 \$000	Accumulated depreciation and impairment charges 1/7/2016 \$000	Carrying amount 1/7/2016 \$000	Current year additions \$000	Current Years Vesting Additions \$000	Current year disposals \$000	Accumulated depreciation & impairments eliminated on disposals / revaluations \$000	Current year depreciation \$000	Current year Impairment charges \$000	Transfers \$000	Depreciation Transfers \$000	Revaluation surplus \$000	Cost/ revaluation 30/6/2017 \$000	Accumulated depreciation and impairment charges 30/6/2017 \$000	Carrying amount 30/6/2017 \$000
Operational assets															
Land	57,131	-	57,131	18	-	-	-	-	-	328	-	-	57,476	-	57,476
Buildings	50,823	(2,241)	48,581	1,048	-	(89)	5	(1,876)	(67)	2,633	()	-	54,414	(4,178)	50,236
Plant, equipment and motor vehicles	15,283	(11,826)	3,458	816	-	(282)	182	(1,210)	-	-	-	-	15,818	(12,854)	2,964
Leased equipment	1,178	(1,178)	-	-	-	-	-	-	-	-	-	-	1,178	(1,178)	-
Furniture and fittings	3,445	(2,436)	1,011	179	-	(38)	30	(136)	-	40	-	-	3,626	(2,541)	1,084
Library books	3,141	(1,560)	1,581	320	-	-	-	(317)	-	-	-	-	3,461	(1,877)	1,584
Art work	27,886	-	27,886	12	-	-	-	-	-	-	-	-	27,898	-	27,898
Capital work in progress	9,480	-	9,480	26,432	-	-	-	-	-	(3,377)	-	-	32,535	-	32,535
Total operational assets	168,367	(19,241)	149,126	28,825	-	(409)	217	(3,539)	(67)	(377)	-	-	196,406	(22,628)	173,779
Infrastructural assets															
Stormwater and Drainage	104,329	(3,590)	100,739	2,735	-	-	5,415	(1,826)	-	-	-	1,457	108,523	-	108,523
Wastewater Other	129,786	(6,389)	123,397	920	-	-	9,631	(3,242)	-	-	-	(3,701)	127,006	-	127,006
Waste Water Treatment Plants & Facilities	15,164	(754)	14,410	-	-	-	1,132	(377)	-	-	-	(1,658)	13,505	-	13,505
Water Other	63,642	(3,182)	60,460	1,442	-	-	4,819	(1,637)	-	-	-	(4,383)	60,701	-	60,701
Water Treatment Plants & Facilities	16,744	(836)	15,908	497	-	-	1,267	(431)	-	-	-	(3,434)	13,806	-	13,806
Road network	385,385	(35,393)	349,992	16,908	-	-	44,699	(9,303)	-	-	-	(49,008)	353,284	-	353,284
Land under roads	8,053	-	8,053	-	-	-	-	-	-	-	-	-	8,053	-	8,053
Airport runway	1,801	(162)	1,639	-	-	-	244	(81)	-	-	-	198	1,999	-	1,999
Gas network infrastructure	34,474	(3,112)	31,362	883	-	-	-	(1,078)	-	-	-	-	35,357	(4,190)	31,167
Total infrastructural assets	759,378	(53,418)	705,960	23,385	-	-	67,208	(17,976)	-	-	-	(60,529)	722,234	(4,190)	718,045
Restricted assets															
Land	16,268	-	16,268	-	-	-	-	-	-	-	-	-	16,268	-	16,268
Buildings	3,513	(125)	3,389	1,556	-	-	-	(181)	-	735	-	-	5,804	(305)	5,498
Total restricted assets	19,781	(125)	19,657	1,556	-	-	-	(181)	-	735	-	-	22,072	(305)	21,766
Total property, plant and equipment	947,526	(72,784)	874,742	53,766	-	(409)	67,425	(21,695)	(67)	358	-	(60,529)	940,712	(27,124)	913,590

Notes to the financial statements

For the year ended 30 June 2017

	Cost/ revaluation 1/7/2015 \$000	Accumulated depreciation and impairment charges 1/7/2015 \$000	Carrying amount 1/7/2015 \$000	Current year additions \$000	Current Years Vesting Additions \$000	Current year disposals \$000	Accumulated depreciation eliminated on disposals / revaluations \$000	Current year depreciation \$000	Current year Impairment charges \$000	Transfers \$000	Depreciation Transfers \$000	Revaluation surplus \$000	Cost/ revaluation 30/6/2016 \$000	Accumulated depreciation and impairment charges 30/6/2016 \$000	Carrying amount 30/6/2016 \$000
Council 2016															
Operational assets															
Land	59,064	-	59,064	-	-	-	-	-	-	(140)	-	(1,833)	57,091	-	57,091
Buildings	49,331	(2,919)	46,412	198	-	(209)	2,619	(1,762)	-	(1)	-	134	49,453	(2,062)	47,391
Plant, equipment and motor vehicles	12,838	(10,119)	2,719	829	-	(352)	323	(1,119)	-	-	-	-	13,315	(10,915)	2,400
Leased equipment	1,178	(1,178)	()	-	-	-	-	-	-	-	-	-	1,178	(1,178)	-
Furniture and fittings	3,082	(2,314)	768	333	-	(4)	4	(103)	-	-	-	-	3,411	(2,413)	998
Library books	4,864	(3,288)	1,576	320	-	(2,043)	2,043	(315)	-	-	-	-	3,141	(1,560)	1,581
Artworks	22,099	-	22,099	22	-	-	-	-	-	()	-	5,765	27,886	-	27,886
Capital work in progress (see breakdown below)	6,127	-	6,127	3,364	-	-	-	-	-	(9)	-	-	9,482	-	9,482
Total operational assets	158,583	(19,818)	138,765	5,066	-	(2,608)	4,989	(3,299)	-	(150)	-	4,066	164,957	(18,128)	146,829
Infrastructural assets															
Stormwater and Drainage	103,530	(1,789)	101,741	799	0	0	0	(1,801)	0	0	0	0	104,329	(3,590)	100,739
Wastewater Other	128,403	(3,186)	125,217	1,383	-	-	-	(3,203)	-	-	-	-	129,786	(6,389)	123,397
Waste Water Treatment Plants & Facilities	15,164	(377)	14,787	-	-	-	-	(377)	-	-	-	-	15,164	(754)	14,410
Water Other	62,515	(1,580)	60,935	1,127	-	-	-	(1,602)	-	-	-	-	63,642	(3,182)	60,460
Water Treatment Plants & Facilities	16,481	(413)	16,068	263	-	-	-	(423)	-	-	-	-	16,744	(836)	15,908
Road network	370,548	(26,805)	343,743	14,837	-	-	-	(8,588)	-	-	-	-	385,385	(35,393)	349,992
Land under roads	8,050	-	8,050	3	-	-	-	-	-	-	-	-	8,053	-	8,053
Airport runway	1,801	(81)	1,720	-	-	-	-	(81)	-	-	-	-	1,801	(162)	1,639
Total infrastructural assets	706,492	(34,231)	672,261	18,412	-	-	-	(16,075)	-	-	-	-	724,904	(50,306)	674,598
Restricted assets															
Land	14,931	-	14,931	-	-	-	-	-	-	(38)	-	1,377	16,270	-	16,270
Buildings	4,065	(292)	3,773	66	-	-	292	(125)	-	-	-	(620)	3,511	(125)	3,386
Total restricted assets	18,996	(292)	18,704	66	-	-	292	(125)	-	(38)	-	757	19,781	(125)	19,656
Total property, plant and equipment	884,071	(54,341)	829,730	23,544	-	(2,608)	5,281	(19,499)	-	(188)	-	4,823	909,642	(68,559)	841,083

#REF!

Note: Vested assets to Whanganui District Council \$Nil (2015 \$Nil)

Notes to the financial statements

For the year ended 30 June 2017

Group 2016	Cost/ revaluation 1/7/2015 \$000	Accumulated depreciation and impairment charges 1/7/2015 \$000	Carrying amount 1/7/2015 \$000	Current year additions \$000	Current Years Vesting Additions \$000	Current year disposals \$000	Accumulated depreciation eliminated on disposals / revaluations \$000	Current year depreciation \$000	Current year Impairment charges \$000	Transfers \$000	Depreciation Transfers \$000	Revaluation surplus \$000	Cost/ revaluation 30/6/2016 \$000	Accumulated depreciation and impairment charges 30/6/2016 \$000	Carrying amount 30/6/2016 \$000
Operational assets															
Land	59,104	-	59,104	-	-	-	-	-	-	(140)	-	(1,833)	57130829.87	-	57,131
Buildings	50,702	(3,077)	47,625	198	-	(210)	2,620	(1,784)	-	(1)	-	134	50822749.33	(2,241)	48,582
Plant, equipment and motor vehicles	14,205	(10,908)	3,297	1,444	-	(366)	337	(1,255)	-	-	-	-	15283259.58	(11,826)	3,457
Leased equipment	1,178	(1,178)	-	-	-	-	-	-	-	-	-	-	1178000	(1,178)	-
Furniture and fittings	3,116	(2,335)	781	334	-	(5)	5	(106)	-	-	-	-	3445328.56	(2,436)	1,009
Library books	4,864	(3,288)	1,576	320	-	(2,043)	2,043	(315)	-	-	-	-	3141008.02	(1,560)	1,581
Art work	22,099	-	22,099	22	-	-	-	-	-	(1)	-	5,765	27886001.07	-	27,886
Capital work in progress	6,125	-	6,125	3,364	-	-	-	-	-	(9)	-	-	9479511.33	-	9,480
Total operational assets	161,393	(20,786)	140,607	5,682	-	(2,624)	5,005	(3,460)	-	(150)	-	4,066	168,367	(19,241)	149,126
Infrastructural assets															
Stormwater and Drainage	103,530	(1,789)	101,741	799	-	-	-	(1,801)	-	-	-	-	104,329	(3,590)	100,739
Wastewater Other	128,403	(3,186)	125,217	1,383	-	-	-	(3,203)	-	-	-	-	129,786	(6,389)	123,397
Waste Water Treatment Plants & Facilities	15,164	(377)	14,787	-	-	-	-	(377)	-	-	-	-	15,164	(754)	14,410
Water Other	62,515	(1,580)	60,935	1,127	-	-	-	(1,602)	-	-	-	-	63,642	(3,182)	60,460
Water Treatment Plants & Facilities	16,481	(413)	16,068	263	-	-	-	(423)	-	-	-	-	16,744	(836)	15,908
Roading network	370,548	(26,805)	343,743	14,837	-	-	-	(8,588)	-	-	-	-	385,385	(35,393)	349,992
Land under roads	8,050	-	8,050	3	-	-	-	-	-	-	-	-	8,053	-	8,053
Airport runway	1,801	(81)	1,720	-	-	-	-	(81)	-	-	-	-	1,801	(162)	1,639
Gas network infrastructure	33,489	(2,055)	31,434	985	-	-	-	(1,057)	-	-	-	-	34,474	(3,112)	31,362
Total infrastructural assets	739,981	(36,286)	703,695	19,397	-	-	-	(17,132)	-	-	-	-	759,378	(53,418)	705,960
Restricted assets															
Land	14,929	-	14,929	-	-	-	-	-	-	(38)	-	1,377	16,268	-	16,268
Buildings	4,067	(292)	3,775	66	-	-	292	(125)	-	-	-	(620)	3,513	(125)	3,388
Total restricted assets	18,996	(292)	18,704	66	-	-	292	(125)	-	(38)	-	757	19,781	(125)	19,656
Total property, plant and equipment	920,370	(57,364)	863,006	25,145	-	(2,624)	5,297	(20,717)	-	(188)	-	4,823	947,526	(72,784)	874,742

Notes to the financial statements

For the year ended 30 June 2017

16. Property, plant and equipment (continued)

Valuation

Operational and restricted land and buildings

At fair value as determined from market-based evidence by an independent valuer. The most recent valuation was performed by Mr KD Pawson (ANZIV, SPINZ, Bcom (VPN), of Morgans Property Advisors, Valuers and the valuation is effective as at 1 July 2015. Adjustments have been made to the "unencumbered" land value where there is a restriction on the use of the land. Forestry land has been valued by Mr KD Pawson (ANZIV, SPINZ, Bcom (VPN), of Morgans Property Advisors, Valuers and the valuation is effective as at 1 July 2015.

Infrastructural asset classes: roads, airport runway, water system, sewerage reticulation, stormwater system.

These are valued at fair value determined on a depreciated replacement cost basis. The most recent valuation, as at 30 June 2017, was performed by Robin Mackie (an employee of WDC), NZCE, Member of NZWWA), with John Vessey of Opus consultants (BE (Civil), BA (Econ), CPEng, FIPENZ, Affiliate Member PINZ, Member of ACENZ) peer reviewing the methodology.

At Balance date WDC assesses the carrying values of its infrastructural assets to ensure that they do not materially differ from the assets fair values. If there is a material difference then the off-cycle asset classes are revalued.

Land under Roads

Land under roads was valued at 30 June 2003 and this valuation is considered deemed cost. Under NZ IFRS WDC has elected to use the fair value of land under roads as at 30 June 2003 as deemed cost. Land under roads is no longer revalued. Subsequent additions are shown at cost.

Gas distribution network

The distribution network of WGL was valued using a discounted cash flow model, as at 30 June 2013 by Geoff Evans, BE (Mech), Network Manager and reviewed in accordance with NZ IAS 16 by Jeff Whitlock CA (PP), B.BS, of Moore Stephens Markhams. The network is revalued on a five yearly cycle.

Art collection

The art collection of the Sarjeant Gallery has been valued by Mr James Parkinson (MPINZ) and Mr Ben Plumbly of Art + Object, and Christies of London, on 30 June 2016. Subsequent additions are shown at cost.

Impairment

There are no impairments to Property, plant and equipment for the year ending 30 June 2017 (2016 \$Nil).

Work in progress

	Council		Group	
	2017	2016	2017	2016
	\$000	\$000	\$000	\$000
Operational Buildings & improvements	2,761	4,114	4,024	4,114
Waste Water Treatment Plants & Facilities	28,117	4,566	28,117	4,566
Water Other	121	-	121	-
Roading	14	-	14	-
Waterways & Natural Drainage	62	62	62	62
Restricted Buildings & improvements	120	739	120	739
Intangible	77	-	77	-
Total work in progress	31,273	9,481	32,535	9,481

Notes to the financial statements

For the year ended 30 June 2017

Core infrastructure asset disclosures

Included within the Council infrastructure assets above are the following core Council assets:

	Closing book value \$000	Additions constructed by Council \$000	Additions transferred to Council \$000	Most recent replacement cost estimate for revalued assets \$000
2017				
Stormwater & Drainage	108,523	2,735	-	167,020
Wastewater Other	127,007	920	-	253,209
Wastewater Treatment Plants & Facilities	13,505	-	-	34,366
Water Other	60,701	1,442	-	119,155
Water Treatment Plants & Facilities	13,806	497	-	40,925
Road network	353,284	16,908	-	632,921
2016				
Storm Water	100,739	799	-	164,678
Wastewater Other	123,397	1,383	-	268,966
Waste Water Treatment Plants & Facilities	14,410	-	-	34,215
Water Other	60,460	1,127	-	116,516
Water Treatment Plants & Facilities	15,908	263	-	40,631
Road network	349,992	14,837	-	610,550

Notes to the financial statements

For the year ended 30 June 2017

17. Intangible assets

	Council computer software \$000	Council other \$000	Council total \$000	Group other \$000	Group goodwill \$000	Group \$000
Movements for each class of intangible asset are as follows:						
Balance at 1 July 2016						
Cost	3,152	1,116	4,268	470	10,702	15,440
Accumulated amortisation and impairment	(2,917)	-	(2,917)	(392)	-	(3,309)
Opening carrying amount	234	1,116	1,351	78	10,702	12,132
Year ended 30 June 2017						
Additions	19	31	49	30	-	78
Amortisation / Impairment charge	(80)	-	(80)	(678)	-	(759)
Disposals/Transfers	-	80	80	(80)	-	-
Amortisation charge eliminated on disposal	-	-	-	-	-	-
Revaluation increment	-	(21)	(21)	-	-	(21)
Closing carrying amount	173	1,205	1,379	(650)	10,702	11,430
Year ended 30 June 2017						
Cost	3,171	1,205	4,376	420	10,702	15,498
Accumulated amortisation and impairment	(2,997)	-	(2,997)	(1,070)	-	(4,067)
Closing carrying amount	174	1,205	1,379	(650)	10,702	11,432
Balance at 1 July 2015						
Cost	3,104	440	3,544	440	10,226	14,210
Accumulated amortisation and impairment	(2,809)	-	(2,809)	(335)	-	(3,144)
Opening carrying amount	295	440	735	105	10,226	11,066
Year ended 30 June 2016						
Additions	48	5	53	30	476	559
Amortisation charge	(108)	-	(108)	(57)	-	(165)
Disposals/Transfers	-	-	-	-	-	-
Amortisation charge eliminated on disposal	-	-	-	-	-	-
Revaluation increment	-	671	671	-	-	671
Closing carrying amount	235	1,116	1,352	78	10,702	12,131
Year ended 30 June 2016						
Cost	3,152	1,116	4,268	470	10,702	15,440
Accumulated amortisation and impairment	(2,917)	-	(2,917)	(392)	-	(3,309)
Closing carrying amount	235	1,116	1,351	78	10,702	12,132

Council's other intangible assets relate to Whanganui District Councils Forestry Joint Committee's holdings of Carbon Credits under the Emissions Trading Scheme.

There are no restrictions over the title of WDC's intangible assets, nor are any intangible assets pledged as security for liabilities.

Impairment

Goodwill

Goodwill arises on the consolidation of Wanganui Gas Limited and the New Zealand International Commercial Pilot Academy in the books of Whanganui District Council Holdings Limited and the consolidation of the WINC glass school into the books of WDC. Any excess of the cost of the business combination over WDC's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised as goodwill. If WDC's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised exceeds the cost of the business combination, the difference will be recognised immediately in the statement of comprehensive revenue and expense. There is no impairment of goodwill as the net book value of assets, cashflows and the meeting of expected dividends are all in line with the expectations contained in the Council's 10 year plan 2015/25.

Notes to the financial statements

For the year ended 30 June 2017

18. Forestry assets

	Council		Group	
	2017	2016	2017	2016
	\$000	\$000	\$000	\$000
Balance at 1 July	7,447	5,747	7,447	5,747
Increases due to purchases	-	-	-	-
Gain/(loss) arising from physical change	604	645	604	645
Gain/(losses) arising from changes in fair value	781	1,069	781	1,069
Decreases due to harvest	-	(14)	-	(14)
Balance at 30 June	8,833	7,447	8,833	7,447

Through its investment in the Whanganui District Councils' Forestry Joint Committee, WDC owns 1,136 hectares of pinus radiata forest (2016 1,140 hectares), which are at varying stages of maturity ranging up to 36 years. There are no restrictions over the title of forestry assets. No forestry assets have been pledged as security for liabilities.

Valuation assumptions

Independent registered valuers Alan Bell and Associates have valued forestry assets as at 30 June 2017. The following valuation assumptions have been adopted in determining the fair value of forestry assets:

- a discount rate of 5.8% (2016 6.5%) has been used in discounting the present value of expected after tax cash flows;
- land is excluded from the tree crop value by applying an annual "land cost" of \$75 per ha per annum (2016 \$70);
- the forest has been valued on a going concern basis and only includes the value of the existing crops on a single rotation basis;
- no allowance for inflation has been provided on the basis that costs and prices rise equally in line;
- costs are current average costs. No allowance has been made for cost improvements in future operations; and
- log prices are based on a 3 year historical rolling average.

Financial risk management strategies

WDC is exposed to financial risks arising from changes in timber prices. WDC is a long-term forestry investor and does not expect timber prices to decline significantly in the foreseeable future, therefore, has not taken any measures to manage the risks of a decline in timber prices. WDC reviews its outlook for timber prices regularly in considering the need for active financial risk management.

Fire - All forest estate is insured for loss from fire based on the latest valuation from Alan Bell, Registered Forest Consultant. On site mitigation includes updating the Rural Fire Authority and neighbours on access and risk issues, contacts and procedures. It also includes maintaining maps of water supplies and access to such. During the Fire Season (1 October to 30 April) the Fire Weather Index is monitored and on site operations curtailed or cancelled depending on extent of risk. All contractors must have operative fire plans and be fully covered for insurance.

Tree Health - Regular surveillance with a defined procedure to have samples analysed at ENSIS (Forest Research) for any suspicious fungal or insect damage.

Pestilence - Control of animal and plant pests is ongoing. Uncontrolled, they can cause damage or mortality to the crop. Animal control is focused on goats and hares at establishment and possums in mid rotation. Plant pests are focused on new "invaders" with liaison and reporting to the Regional Council's Plant Pest division.

Security - All properties have secured access available only to registered key holders. Contractors and other forest users are given full briefings for health and safety reasons and to avoid any third party claims.

Harvesting - Local, national and international prices, transport costs and supply and demand are monitored to be aware of impending sudden decreases or potential increases in prices. If the latter occurs, production levels may be increased. All contracts have a 3 month exit clause or sooner by agreement. Access roads are established at least 6 months in advance of harvesting to allow them to stabilise in order to prevent collapse during operations. If this happens, timber may be isolated and lose quality. A \$50,000 bond was held with BNZ for the current harvesting agent, John Turkington Limited, to cover one month's harvesting if payment is in default. This was fully refunded during the 2017 year (2016 \$50,000).

Notes to the financial statements

For the year ended 30 June 2017

19. Investment property

	Council		Group	
	2017	2016	2017	2016
	\$000	\$000	\$000	\$000
Balance at 1 July	23,535	22,418	22,710	21,593
Additions from acquisitions	17	441	17	441
Disposals/Transfers	(59)	-	(59)	-
Fair value gains/(losses) on valuation	244	676	244	676
Balance at 30 June	23,737	23,535	22,912	22,710

WDC's investment properties are valued annually at fair value effective 30 June 2017. All investment properties were valued independently based on open market evidence. The valuation was performed by KD Pawson (ANZIV, SPINZ, Bcom (VPN)) of Morgans Property Advisors (Morgans). Morgans is an experienced valuer with extensive market knowledge in the types of investment properties owned by WDC.

The fair value of the investment property has been determined using the capitalisation of actual/potential net revenues and direct comparison methods. The methods are also based on assumptions of 'highest and best use' and have regard for current lease arrangements. Where long term ground leases are in place only the lessors' (councils) interest in the land has been assessed.

Net revenue from properties within the harbour endowment must be applied to the maintenance and development of the Port. Net revenue from the City Endowment properties is used to aid the people of Whanganui. For both endowments Crown approval is required for any change to the make up or purpose of the endowment. Also all capital or divestment proceeds must remain within those Endowments.

	Council		Group	
	2017	2016	2017	2016
	\$000	\$000	\$000	\$000
<u>Revenue and expenses in relation to investment properties:</u>				
Rental revenue	1,767	1,724	1,767	1,724
Expenses from investment property generating revenue	(705)	(701)	(663)	(671)
Expenses from investment property not generating revenue	(41)	(30)	(41)	(30)
Contractual obligations for capital expenditure	-	-	-	-
Contractual obligations for operating expenditure	-	-	-	-

20. Joint ventures

WDC has a 50/50 joint venture with the Crown to operate the Whanganui Airport. WDC's interest in the jointly controlled operation is as follows:

	Council and Group	
	2017	2016
	\$000	\$000
Current assets	60	131
Non-current assets	4,242	3,958
Current liabilities	345	277
Non-current liabilities	81	23
Revenue	226	249
Expenses	478	425

Notes to the financial statements

For the year ended 30 June 2017

WDC has an interest in the Whanganui District Councils' Forestry Joint Committee. WDC's share is 95.09%. WDC's interest in the jointly controlled operation is as follows:

	Council and Group	
	2017	2016
	\$000	\$000
Current assets	70	159
Non-current assets	12,539	11,174
Current liabilities	365	85
Non-current liabilities	-	-
Revenue	1,391	2,028
Expenses	356	355

Joint venture commitments and contingencies

Details of any commitments and contingencies arising from the group's involvement in the joint ventures are disclosed separately in notes 27 and 28.

21. Payables and deferred revenue

	Council		Group	
	2017	2016	2017	2016
	\$000	\$000	\$000	\$000
Current portion				
<i>Payables under exchange transactions</i>				
Trade payables	10,633	6,674	11,771	7,261
Deposits and bonds	2,185	888	2,185	888
Accrued expenses	314	591	328	604
Amounts due to related parties	-	22	-	-
Accrued interest payable	657	428	815	589
Revenue in advance	377	380	964	380
<i>Payables under non exchange transactions</i>				
Taxes payable	183	515	751	1,143
Rates in advance	515	501	515	501
Grants and funding with conditions	-	-	-	-
	14,864	9,998	17,329	11,366
Non-current portion				
<i>Payables under non exchange transactions</i>				
Grants and funding with conditions	-	-	145	743
	-	-	145	743
Total payables and deferred revenue	14,864	9,998	17,473	12,109

Payables are non-interest bearing and are normally settled on 30-day terms, therefore the carrying value of payables approximates their fair value.

22. Borrowings & other financial liabilities

	Council		Group	
	2017	2016	2017	2016
	\$000	\$000	\$000	\$000
Current portion				
Secured loans	22,300	16,000	22,300	19,000
Finance leases	-	-	-	-
<i>Total current portion</i>	22,300	16,000	22,300	19,000
Non-current portion				
Secured loans	71,750	56,750	83,350	63,750
Finance leases	-	-	-	-
<i>Total non-current borrowings</i>	71,750	56,750	83,350	63,750
Total borrowings	94,050	72,750	105,650	82,750

Notes to the financial statements

For the year ended 30 June 2017

Secured loans

WDC's secured debt of \$94,050,000 (2016 \$72,750,000) is mostly issued at floating rates of interest. For floating rate debt, the interest rate is reset quarterly based on the 90-day bill rate plus a margin of 0.07-1.4% for credit risk.

There is a multi option credit facility of \$15,000,000 (2016 \$15,000,000) available with Westpac. At year end there had been drawdowns of \$2,050,000 (2016 \$5,750,000) on this facility. In addition WDC has a loan facility of \$15,000,000 available with ANZ. At year end there was no drawdown (2016 \$NIL). It also has a \$75,000 credit card facility with ANZ Bank. At June 2017 \$4,652.82 was owing on this facility (2016 \$5,053).

WDC has debt raised with the New Zealand Local Government Funding Agency. At 30 June 2017, \$66,000,000 is outstanding (2016 \$41,000,000) with maturities from 2017 to 2027.

Security

Council loans are secured over rates revenue or property. WDC adopted a new Liability Management Policy during the 2014/15 year.

Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

Fair values

Due to interest rates on debt resetting to the market rate every three months, the carrying amounts of secured loans approximates their fair value.

Notes to the financial statements

For the year ended 30 June 2017

23. Employee entitlements

	Council		Group	
	2017	2016	2017	2016
	\$000	\$000	\$000	\$000
Current portion				
Accrued pay	292	231	341	263
Annual leave	1,093	1,221	1,171	1,295
Retirement and long service leave	116	115	116	115
Sick leave	18	22	21	25
<i>Total current portion</i>	1,519	1,589	1,650	1,698
Non-current portion				
Retirement and long service leave	125	143	125	143
<i>Total non-current portion</i>	125	143	125	143
Total employee entitlements	1,644	1,732	1,775	1,841

The present value of long service leave obligations depend on a number of factors that are determined on an actuarial basis. Two key assumptions used in calculating this liability include the discount rate and the salary inflation factor. Any changes in these assumptions will affect the carrying amount of the liability.

Expected future payments are discounted using forward discount rates derived from the yield curve of New Zealand government bonds. The discount rates used are from 2 year, 5 year and 10 year bond yields. The salary inflation factor has been determined after considering historical salary inflation patterns. An average discount rate of 2.57% (2016 2.12%) and an inflation factor of 3.2% (2016 3.2%) were used.

24. Provisions

Council has not made any provisions during the 2016/17 and 2015/16 periods.

Notes to the financial statements

For the year ended 30 June 2017

25. Equity

	Council		Group	
	2017	2016	2017	2016
	\$000	\$000	\$000	\$000
Retained earnings				
Balance at 1 July	535,980	522,656	549,126	535,710
Asset adjustment to equity 1 July	-	-	-	-
Transfers (to)/from restricted reserves	(2,405)	(1,622)	(2,405)	(1,622)
Adjustment to equity from CCO's	-	-	(23)	-
Transfers from property revaluation reserves on disposal	44	313	44	315
Surplus/(deficit) for the year	13,744	14,633	15,889	14,723
Balance at 30 June	547,363	535,980	562,632	549,126
Restricted reserves				
Balance at 1 July	57,357	55,735	57,357	55,735
Transfers (to)/from retained earnings	2,405	1,622	2,405	1,622
Balance at 30 June	59,762	57,357	59,762	57,357
Asset revaluation reserves				
Balance at 1 July	210,227	207,629	215,747	213,150
Revaluation gains/(losses)	6,280	2,911	6,281	2,912
Impairment of roading assets	-	-	-	-
Transfer to accumulated funds on disposal of property	(44)	(313)	(44)	(315)
Tax on property revaluations	-	-	-	-
Balance at 30 June	216,463	210,227	221,984	215,747
Asset revaluation reserves consist of:				
Operational assets:				
- land	35,347	35,347	35,347	33,970
- buildings	-	-	-	328
- Artworks	3,630	3,630	3,630	3,630
Infrastructural assets:				
- wastewater system (including stormwater)	117,172	104,895	117,172	104,895
- water system	15,464	17,195	15,464	17,195
- roading network	25,109	29,418	25,109	29,418
- Airport runway	-	-	-	-
- gas network infrastructure	-	-	5,521	5,520
Restricted assets:				
- land	18,797	18,797	18,797	20,174
- buildings	945	945	945	617
	216,463	210,227	221,984	215,747
Other reserves				
Balance at 1 July	1,168	622	1,144	601
Valuation gains/(losses) taken to equity	62	(125)	86	(128)
Carbon credits	(21)	671	(21)	671
Balance at 30 June	1,209	1,168	1,209	1,144
Other reserves consist of:				
- Fair value through equity	119	57	119	32
- Carbon credit reserve	1,090	1,112	1,090	1,112
	1,209	1,168	1,209	1,144
Total Equity	824,797	804,732	845,587	823,374

Notes to the financial statements

For the year ended 30 June 2017

Restricted Reserves consists of:

Reserve	Activities to which the reserve relates	Purpose of the reserve	Balance at 1 July 2016 \$000	Transfers into fund \$000	Transfers out of fund \$000	Balance at 30 June 2017 \$000
Self funding insurance	All activities	To set aside funds to cover insurance excesses	2,072	344	(7)	2,409
City Endowment	Investments	To provide alternative income for funding of Council activities	21,886	95	(67)	21,914
Harbour Endowment	Investments	To provide funds for operation and maintenance of the Port	24,849	2,382	(535)	26,697
Henry Sarjeant Bequest	Community & cultural	To fund the purchase of artworks	381	26	(12)	395
Hutton Estate	Community & cultural	To fund Sarjeant Gallery expenditure	3	-	-	3
Robertson Art Prize Fund	Community & cultural	To fund art competitions and grants	12	-	-	12
Grave maintenance bequests	Community facilities and services	Maintenance of specific grave sites	20	-	-	20
Waste minimisation levy	Community facilities and services	To fund waste minimisations services	191	173	(65)	299
CBD parking fund	Community facilities and services	To fund CBD parking infrastructure	348	7	(17)	338
Heritage Building Preservation fund	Community facilities and services	To fund future IEP grants	120	30	-	150
De-sexing program	Community facilities and services	To fund future dog de-sexing program	-	15	-	15
MA Larsen Bequest	Parks and recreation	To finance improvements at the Bason Reserve	566	11	-	577
Kowhai Park Improvements fund	Parks and recreation	To fund improvements to Kowhai Park	18	-	(18)	-
T Waight Park fund	Parks and recreation	For improvements at Thomas Waight Park	29	-	-	29
Fairbridge Bequest	Parks and recreation	For upgrading work at the Winter Gardens	10	-	-	10
Vera Thrush Donation	Parks and recreation	To improve Virginia Lake access	21	-	(21)	-
Dovey Gazebo fund	Parks and recreation	For Bason Reserve maintenance	8	-	-	8
Birch Reserve Fund	Parks and recreation	To provide funds for maintenance of parks and reserves	101	3	-	104
Kai Iwi Trust	Parks and recreation	Council is trustee for Maori land at Kai Iwi	26	-	(7)	19
J McLean Bequest	Parks and recreation	Reserve created on historic bequest	11	-	-	11
Handley Park fund	Parks and recreation	To fund improvements at Handley Park	6	-	-	6
Suzuki Donation	Parks and recreation	For qualifying expenditure	9	-	-	9
Nicholson bequest	Parks and recreation	For qualifying expenditure	-	40	-	40
Crown and other trusts' properties	Parks and recreation	Properties administered on behalf of third parties	6,263	-	(9)	6,254
Rural road special rate - Whangaehu No 1	Roads, footpaths and pathways	Rural rates specifically collected for future works	22	11	-	33
Rural road special rate - Whangaehu No 2	Roads, footpaths and pathways	Rural rates specifically collected for future works	59	9	-	68
CUVL renewals fund	Economic development	To fund renewals of community under-veranda lighting	179	3	-	182
International Education	Economic development	To fund education initiatives	-	12	-	12
The Waitotara Centennial Fund	Corporate	To fund Outward Bound trips for approved people	37	1	-	38
Aged Citizens Benefit Trust	Corporate	To benefit aged citizens	5	-	-	5
Tram Fund	Community & cultural	To fund the Tram project	10	-	-	10
Community Development grants	Community & cultural	To fund Youth Committee projects	16	4	(3)	17
LI Smith Bequest	Community & cultural	To fund an arts award	80	1	-	81
			57,357	3,168	(762)	59,762

Notes to the financial statements

For the year ended 30 June 2017

Reserve	Activities to which the reserve relates	Purpose of the reserve	Balance at 1 July 2015 \$000	Transfers into fund \$000	Transfers out of fund \$000	Balance at 30 June 2016 \$000
Self funding insurance	All activities	To set aside funds to cover insurance excesses	1,735	371	(34)	2,072
City Endowment	Investments	To provide alternative income for funding of Council activities	20,541	1,570	(225)	21,886
Harbour Endowment	Investments	To provide funds for operation and maintenance of the Port	24,961	747	(859)	24,849
Henry Sarjeant Bequest	Community & cultural	To fund the purchase of artworks	370	33	(22)	381
Hutton Estate	Community & cultural	To fund Sarjeant Gallery expenditure	3	-	-	3
Robertson Art Prize Fund	Community & cultural	To fund art competitions and grants	12	-	-	12
Grave maintenance bequests	Community facilities and services	Maintenance of specific grave sites	19	1	-	20
Waste minimisation levy	Community facilities and services	To fund waste minimisations services	91	191	(91)	191
CBD parking fund	Community facilities and services	To fund CBD parking infrastructure	476	12	(140)	348
Heritage Building Preservation fund	Community facilities and services	To fund future IEP grants	87	33	-	120
MA Larsen Bequest	Parks and recreation	To finance improvements at the Bason Reserve	547	19	-	566
Kowhai Park Improvements fund	Parks and recreation	To fund improvements to Kowhai Park	17	1	-	18
T Waight Park fund	Parks and recreation	For improvements at Thomas Waight Park	39	1	(11)	29
Fairbridge Bequest	Parks and recreation	For upgrading work at the Winter Gardens	10	-	-	10
Vera Thrush Donation	Parks and recreation	To improve Virginia Lake access	20	1	-	21
Dovey Gazebo fund	Parks and recreation	For Bason Reserve maintenance	8	-	-	8
Birch Reserve Fund	Parks and recreation	To provide funds for maintenance of parks and reserves	98	3	-	101
Kai Iwi Trust	Parks and recreation	Council is trustee for Maori land at Kai Iwi	28	1	(3)	26
J McLean Bequest	Parks and recreation	Reserve created on historic bequest	11	-	-	11
Handley Park fund	Parks and recreation	To fund improvements at Handley Park	5	-	-	6
Suzuki Donation	Parks and recreation	For qualifying expenditure	3	7	-	9
Crown and other trusts' properties	Parks and recreation	Properties administered on behalf of third parties	6,115	148	-	6,263
Rural road special rate - Whangaehu No 1	Roads, footpaths and pathways	Rural rates specifically collected for future works	11	11	-	22
Rural road special rate - Whangaehu No 2	Roads, footpaths and pathways	Rural rates specifically collected for future works	48	11	-	59
Rural road special rate - River Road	Roads, footpaths and pathways	Rural rates specifically collected for future works	144	-	(144)	-
CUVL renewals fund	Economic development	To fund renewals of community under-veranda lighting	173	6	-	179
The Waitotara Centennial Fund	Corporate	To fund Outward Bound trips for approved people	36	1	-	37
Business Continuity Plan fund	Corporate	To fund standby generator	8	-	(8)	()
Aged Citizens Benefit Trust	Corporate	To benefit aged citizens	5	-	-	5
Tram Fund	Community & cultural	To fund the Tram project	10	-	-	10
For Our Kids Grant fund	Community & cultural	To fund the For Our Kids Program	27	1	(12)	16
LI Smith Bequest	Community & cultural	To fund an arts award	77	3	-	80
			55,735	3,170	(1,548)	57,357

Notes to the financial statements

For the year ended 30 June 2017

26. Reconciliation of net surplus/(deficit) after tax to net cash flow from operating activities

	Council		Group	
	2017	2016	2017	2016
	\$000	\$000	\$000	\$000
Surplus/(deficit) after tax	13,744	14,633	15,889	14,723
Add/(less) non-cash items				
Share of associate surplus/(deficit)	(18)	(11)	(18)	(11)
Interest credited directly to investments	-	(56)	-	(56)
Depreciation and amortisation expense	20,526	19,607	21,833	20,882
Vested assets	(182)	-	(182)	-
(Gains)/losses in fair value of biological assets	(1,386)	(1,700)	(1,386)	(1,700)
Movement in fair value of investment property	(244)	(676)	(244)	(676)
(Gains)/losses on derivative financial instruments	(3,449)	4,297	(3,752)	4,463
(Gains)/losses on shares held in WDC Holdings Ltd	-	-	-	-
(Gains)/losses in fair value of plant, property and equipment	(332)	(4,851)	(332)	(4,851)
Increase/(decrease) in deferred tax	58	(26)	642	203
(Gains)/losses on other investments	-	(260)	(762)	(260)
	14,974	16,322	15,800	17,994
Add/(less) items classified as investing or financing activities				
(Gains)/losses on disposal of property, plant and equipment	86	150	86	150
	86	150	86	150
Add/(less) movements in working capital items				
Accounts receivable	991	(465)	58	(386)
Inventories	125	-	106	(35)
Accounts payable	1,445	(363)	2,472	152
Employee benefits	(19)	13	2	51
	2,542	(815)	2,639	(218)
Net cash inflow/(outflow) from operating activities	31,346	30,291	34,414	32,649

27. Capital commitments and operating leases

	Council		Group	
	2017	2016	2017	2016
	\$000	\$000	\$000	\$000
Capital commitments				
Plant & Equipment	-	-	-	-
Parks	-	-	-	-
Building & Improvements	599	2,238	599	2,238
Water System	7	367	7	367
Storm Water & Drainage System	4,201	362	4,201	362
Waste Water System	1,122	1,375	1,122	1,375
Roading Network	943	4,519	943	4,519
Wastewater Treatment Plant (see note 22)	19,653	41,200	19,653	41,200
Investment property	-	-	-	-
Total capital commitments	26,524	50,061	26,524	50,061

There are no capital commitments in relation to the WDC's interest in the Forestry joint venture or Airport joint venture.

Notes to the financial statements

For the year ended 30 June 2017

Operating leases as lessee

WDC leases property, plant and equipment in the normal course of its business. The majority of these leases have a non-cancellable term of 60 months. The future aggregate minimum lease payments payable under non-cancellable operating leases are as follows:

	Council		Group	
	2017	2016	2017	2016
	\$000	\$000	\$000	\$000
Not later than one year	161	192	161	199
Later than one year and not later than five years	343	472	343	463
Later than five years	-	-	-	-
Total non-cancellable operating leases	504	662	504	662

The total minimum future sublease payments expected to be received under non-cancellable subleases at balance date is \$nil (2016 \$nil).

Lease can be renewed at WDC's option, with rents set by reference to current market rates for items of equivalent age and condition. WDC does not have the option to purchase the asset at the end of the lease term.

There are no restrictions placed on WDC by any of the leasing arrangements.

WDC's financial statements include lease expenditure of \$205,440 (2016 \$190,430). The lease expenditure is for photocopiers, water coolers, and Eftpos terminals.

Operating leases as lessor

WDC leases its investment property under operating leases. These leases have a varying non-cancellable terms.

The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows:

	Council		Group	
	2017	2016	2017	2016
	\$000	\$000	\$000	\$000
Not later than one year	1,363	1,540	1,363	1,540
Later than one year and not later than five years	3,482	3,987	3,482	3,987
Later than five years	5,766	5,899	5,766	5,899
Total non-cancellable operating leases	10,610	11,426	10,610	11,426

No contingent rents have been recognised in the statement of financial performance during the period.

Notes to the financial statements

For the year ended 30 June 2017

28. Contingencies

	Council		Group	
	2017	2016	2017	2016
	\$000	\$000	\$000	\$000
Litigation	200	200	200	200
Building Act claims	100	100	100	100
Total contingent liabilities	300	300	300	300

Building act claims

The Building Act (2004) imposes certain obligations and liabilities on local authorities relating to the issue of building consents and inspection of work done. At the date of this report, 1 matter under that act indicating potential liability had been brought to the Councils attention.

In April 2013, the Ministry of Education (MOE) initiated High Court proceedings against Carter Holt Harvey (CHH) and others alleging inherent defects in the cladding sheets and cladding systems manufactured and prepared by CHH. Subsequently, in December 2016, CHH commenced third party proceedings against 48 Councils, including Whanganui District Council alleging a breach of duty in the processing of building consents, undertaking building inspections and issuing Code Compliance Certificates. The Council have applied for orders setting aside and striking out CHH's claims against them. The MOE's claim against CHH is for 833 school buildings, 5 of which are located within the Whanganui District. At present there is insufficient information to conclude on potential liability and claim quantum, if any.

Defined Benefit Plan Contributors Scheme

Whanganui District Council is a participating employer in the Defined Benefit Plan Contributors Scheme (the scheme), which is a multi-employer defined benefit scheme. If the other participating employers cease to participate in the scheme, Whanganui District Council could be responsible for any deficit of the scheme. Similarly, if a number of employers cease to participate in the scheme, the Whanganui District Council could be responsible for an increased share of any deficit.

Financial Assistance Package

Whanganui District Council will be a participating territorial authority to the Financial Assistance Package (FAP) scheme passed into legislation by the Weathertight Homes Resolutions Services (Financial Assistance Package) Amendment Act 2011. The scheme is optional to the homeowner. In signing up to the scheme, WDC is committing to funding 25 per cent of eligible claims. It is a five-year commitment. There is currently one property which Whanganui District Council has agreed meets the requirements of the FAP.

New Zealand Local Government Funding Agency

WDC is a guarantor of the New Zealand Local Government Funding Agency Limited (NZLGFA). The NZLGFA 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+.

WDC is one of 30 local authority shareholders and 8 local authority guarantors of the NZLGFA. In that regard it has uncalled capital of \$100,000. When aggregated with the uncalled capital of other shareholders, \$20m is available in the event that an imminent default is identified. Also, together with the other shareholders and guarantors, WDC is a guarantor of all of NZLGFA's borrowings. At 30 June 2017, NZLGFA had borrowings totalling \$7,945m (2016: \$6,501m).

Financial reporting standards require WDC 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 WDC considers the risk of NZLGFA 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 Liabilities

There are a small number of claims Council are contesting. These have not been quantified due to the nature of the issues and uncertainty over the outcome of Council's liability.

The Council suffered damage to its main sewer pipe to its Beach Road pump station, caused by a contractor working for Powerco. The cost to Council to repair the damage has not yet been quantified. The Council is in negotiations with the other parties regarding compensation. There is also the possibility of damage to the Regional Councils stop bank. The longer the sewer pipe remains in a damaged state. This damage could be as much as \$2M.

Notes to the financial statements

For the year ended 30 June 2017

29. Related party transactions

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those it is reasonable to expect the Council and group would have adopted in dealing with the party at arm's length in the same circumstances.

Related party disclosures have also not been made for transactions with entities within the Council group (such as funding and financing flows), where transactions are consistent with the normal operating relationships between the entities and are on normal terms and conditions for such group transactions.

Related party transactions required to be disclosed

The Council received from Gasnet Limited a subvention payment of \$600,000 (2016 \$800,000).

The Council believe the following to be arms length transactions, but are disclosing them for transparency and include transactions with entities that Councillors and Management have an interest in:

The Council paid Wanganui Incorporated a grant to run the glass school totalling \$Nil (2016 \$55,691).

The Council paid Take it Easy Tours for coach hire \$2,490 (2016: \$2,285).

The Council paid the YMCA \$Nil for the provision of Youth and Community Services (2016: \$17,250).

The Council paid the Drawing Room \$32,947 for the provision of Architectural services (2016: \$27,531).

The Council paid Pacific Helmets \$2,913 for the supply of Rural Fire equipment (2016: \$2,629).

The Council paid Pac Fire \$614 for the supply of Rural Fire equipment (2016: \$Nil).

The Council paid Downer NZ \$30.4M for the supply of various contract works (2016: \$27M)

The Council paid MWLASS for shared services \$997,502 (2016: \$105,835).

The Council paid Whanganui District Council Holdings Ltd (WDCHL) by way of Port grants \$685,381 (2016 \$536,250).

The Council made an equity contribution to Whanganui Joint Venture Airport totalling \$Nil (2016 Nil).

The Council received from NZ Masters Games Ltd for administrative services \$1,310 (2016: \$Nil).

The Council received from the Sarjeant Gallery Trust grants totalling \$61,592 (2016 \$125,000). An amount of \$61,592 was outstanding at 30 June 2017 (2016 Nil).

Key management personnel compensation

	2017 \$000	2016 \$000
<i>Councillors</i>		
Remuneration	526	532
Full-time equivalent members	13	13
<i>Senior Management Team, including the Chief Executive</i>		
Remuneration	1,287	1,782
Full-time equivalent members	7	7
	1,813	2,314
Total full-time equivalent personnel	20	20

Key management personnel include the Mayor, Councillors, Chief Executive and other senior management personnel.

Notes to the financial statements

For the year ended 30 June 2017

30. Remuneration

Chief Executive

The total remuneration (including any non-financial benefits) paid or payable for the year to the Chief Executive was \$287,927 (2016 \$283,412).

Elected representatives

Elected representatives received the following remuneration:

Council as elected on 8 October 2016

Mayor Hamish McDouall (includes car)	82	-	-	-
Councillor Charlie Anderson (01/07/16 - 30/6/17)	33	32	-	-
Councillor Philippa Baker-Hogan (01/07/16 - 30/6/17)	34	36	-	-
Councillor David Bennett	23	-	-	-
Councillor Josh Chandulal-Mackay	23	-	-	-
Councillor Murray Cleveland	23	-	-	-
Councillor Helen Craig (01/07/16 - 30/6/17)	35	36	-	-
Councillor Jenny Duncan (01/07/16 - 30/6/17)	39	36	-	-
Councillor Kate Joblin	24	-	-	-
Councillor Hadleigh Reid	23	-	-	-
Councillor Alan Taylor	24	-	-	-
Councillor Rob Vinsen (01/07/16 - 30/6/17)	35	35	18	10
Councillor Graeme Young	23	-	-	-

Not re-elected on 8 October 2016

Mayor Annette Main (includes car)	33	112	18	10
Councillor Jack Bullock	9	31	-	-
Councillor Jason Granville	9	31	-	-
Councillor Hamish McDouall	12	39	-	-
Councillor Ray Stevens	11	35	-	-
Councillor Martin Visser	11	38	-	-
Councillor Sue Westwood	11	35	-	-
Councillor Rangī Wills	11	35	-	-

Rural Community Board as elected on 8 October 2016

Chairperson David Matthews (01/07/16 - 30/6/17)	11	8	-	-
Bill Ashworth (01/07/16 - 30/06/17)	6	6	-	-
Michael Dick	4	-	-	-
Sandra Falkner	4	-	-	-
Grant Skilton	4	-	-	-
David Wells	4	-	-	-

as elected at by-election on 17 February 2017

Alistair Duff

Not re-elected on 8 October 2016

Andrew Collins	2	6	-	-
Matthew Collins	2	5	-	-
Darrell Monk	2	6	-	-
Erin Reeve	2	5	-	-
Alan Taylor	2	10	-	-

Total

Council		WGL/WDCHL	
2017	2016	2017	2016
\$000	\$000	\$000	\$000
526	532	36	20
11	8	-	-
6	6	-	-
4	-	-	-
4	-	-	-
4	-	-	-
4	-	-	-
2	-	-	-
2	6	-	-
2	5	-	-
2	6	-	-
2	5	-	-
2	10	-	-
43	47	-	-
569	579	36	20

Notes to the financial statements

For the year ended 30 June 2017

Employee staffing levels and remuneration

As at 30 June, the number of employees receiving total annual remuneration and other benefits within specified bands were as follows:

	Council	
	2017	2016
	Number of employees	Number of employees
\$0 - \$59,999	173	203
\$60,000 - \$79,999	69	69
\$80,000 - \$99,999	27	26
\$100,000 - \$119,999	14	9
\$120,000 - \$179,999	8	6
\$180,000 - \$299,999	3	3
Total number of employees as at 30 June	294	316

At 30 June, WDC employed 183 (2016 176) full time employees, with the balance of staff representing 46 (2016 48) full-time equivalent employees. A full-time equivalent employee is determined on the basis of a 40 hour working week.

31. Severance payments

Severance payments were made to five employees during the year. The payments amount totalled \$66,175 (2016 four payments totalling \$54,864).

The value of each of the severance payments were \$12,599, \$7,500, \$5,000, \$2,000 and \$25,076 (2016 \$25,490, \$18,348, \$8,026 and \$3,000).

32. Events after the balance date

There are no material events after the balance date (2016: On 20 September 2016, a guaranteed maximum price contract was signed Hawkins Infrastructure for the construction of the new Wastewater Treatment Plant to be completed by December 2018).

Notes to the financial statements

For the year ended 30 June 2017

33. Financial instruments

Financial instrument categories

The accounting policies for financial instruments have been applied to the line items below:

	Council		Group	
	2017	2016	2017	2016
	\$000	\$000	\$000	\$000
Financial assets				
Loans and receivables				
Cash and cash equivalents	10,887	6,748	16,743	8,679
Receivables	7,838	8,830	8,638	9,813
Loans to related parties	3,063	2,957	313	207
Community loans	5	7	5	7
Long term receivables	-	-	-	-
Fair value through other comprehensive revenue and expense				
Other financial assets:				
- unlisted shares	681	620	681	620
LGFA borrower notes	1,135	711	1,135	711
Government Indexed Bonds	-	-	-	-
Financial liabilities				
Fair value through surplus or deficit - Held for trading				
Derivative financial instrument liabilities	9,026	12,475	9,634	13,387
Financial liabilities at amortised cost				
Payables	14,864	9,998	17,329	11,366
Borrowings:				
- secured loans	94,050	72,750	105,650	82,750

34. Fair value hierarchy disclosures

For those instruments recognised at fair value in the statement of financial position, fair values are determined according to the following hierarchy:

- Quoted market price (level 1) - Financial instruments with quoted prices for identical instruments in active markets
- Valuation technique using observable inputs (level 2) - Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable
- Valuation techniques with significant non-observable inputs (level 3) - Financial instruments valued using models where one or more significant inputs are not observable

Notes to the financial statements

For the year ended 30 June 2017

The following table analyses the basis of the valuation of classes of financial instruments measured at fair value in the statement of financial position

	Valuation technique			
	Total	market price	inputs	non-
	\$000	\$000	\$000	\$000
30 June 2017 - Council				
Financial assets				
Unlisted shares	681		681	
LGFA borrower notes	1,135		1,135	
Government indexed bonds	-	-		
Financial liabilities				
Derivatives	9,026		9,026	
30 June 2017 - Group				
Financial assets				
Shares unlisted	681		681	
LGFA borrower notes	1,135		1,135	
Government indexed bonds	-	-		
NJ Young bequest with Craigs Investment Partners / Term Deposits	-		1,374	
Financial liabilities				
Derivatives	9,634		9,634	
30 June 2016 - Council				
Financial assets				
Shares unlisted	619		619	
LGFA borrower notes	711		711	
Government indexed bonds	-	-		
Financial liabilities				
Derivatives	12,475		12,475	
30 June 2016 - Group				
Financial assets				
Shares unlisted	620		620	
LGFA borrower notes	711		711	
Government indexed bonds	-	-		
NJ Young bequest with Craigs Investment Partners / Term Deposits	847		847	
Financial liabilities				
Derivatives	13,387		13,387	

There were no transfers between the different levels of the fair value hierarchy

Notes to the financial statements

For the year ended 30 June 2017

35. Financial instrument risks

WDC has a series of policies to manage the risks associated with financial instruments. WDC is risk averse and seeks to minimise exposure from its treasury activities. WDC has established Council approved Liability Management and Investment policies. These policies do not allow any transactions that are speculative in nature to be entered into.

Market risk

Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices. WDC is exposed to equity securities price risk on its investments, which are classified as financial assets held at fair value through equity. This price risk arises due to market movements in listed securities. This price risk is managed by diversification of WDC's investment portfolio in accordance with the limits set out in WDC's Investment Policy.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. WDC is not exposed to currency risk, as it does not enter into foreign currency transactions.

Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Borrowing issued at floating rates exposes WDC to fair value interest rate risk. WDC's Liability Management Policy outlines the level of borrowing that is to be secured using fixed rate instruments. Floating to fixed interest rate swaps are entered into to hedge the fair value interest rate risk arising where WDC has borrowed at floating rates. In addition, investments at fixed interest rates expose the WDC to fair value interest rate risk. If interest rates on investments at 30 June 2017 had fluctuated by plus or minus 0.5%, the effect would have been to decrease/increase the surplus by \$Nil (2016 Nil). If interest rates on borrowings at 30 June 2017 had fluctuated by plus or minus 0.5%, the effect would have been to decrease/increase the surplus after tax by \$32,750 (2016 \$13,750) as a result of higher/lower interest expense on floating-rate borrowings.

Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Borrowings and investments issued at variable interest rates expose WDC to cash flow interest rate risk. WDC manages its cash flow interest rate risk on borrowings by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings at floating rates and swaps them into fixed rates that are generally lower than those available if WDC borrowed at fixed rates directly. Under the interest rate swaps, WDC agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional principal amounts.

Credit risk

Credit risk is the risk that a third party will default on its obligation to WDC, causing WDC to incur a loss. WDC has no significant concentrations of credit risk, as it has a large number of credit customers, mainly ratepayers, and WDC has powers under the Local Government (Rating) Act 2002 to recover outstanding debts from ratepayers. WDC invests funds only in deposits with registered banks and local authority stock and its Investment Policy limits the amount of credit exposure to any one institution or organisation. Investments in other Local Authorities are secured by charges over rates. Other than other local authorities, the group only invests funds with those entities which have a Standard and Poor's credit rating of at least A2 for short term and A- for long term investments. Accordingly, the group does not require any collateral or security to support these financial instruments.

The Council and group holds no other collateral or credit enhancements for financial instruments that give rise to credit risk.

Notes to the financial statements

For the year ended 30 June 2017

Maximum exposure to credit risk

WDC's maximum credit exposure for each class of financial instrument is as follows:

	Council		Group	
	2017	2016	2017	2016
	\$000	\$000	\$000	\$000
Cash at bank and term deposits	10,887	6,748	16,743	8,679
Receivables	7,838	8,830	8,638	9,813
Government bonds and LGFA borrower notes	1,135	711	1,135	711
Related party and community loans	3,068	2,964	318	214
Total credit risk	22,928	19,253	26,834	19,417

WDC is exposed to credit risk as a guarantor of all of the LGFA's borrowings. Information about this exposure is explained in note 28.

Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard and Poor's credit ratings (if available) or to historical information about counterparty default rates:

	Council		Group	
	2017	2016	2017	2016
	\$000	\$000	\$000	\$000
Counterparties with credit ratings				
Cash at bank, term deposits and sinking funds:				
AA	-	-	-	-
AA-	10,887	6,748	16,743	8,679
Total cash at bank, term deposits and sinking fund	10,887	6,748	16,743	8,679
Government bonds and LGFA borrower notes:				
AA+	1,135	711	1,135	711
AA-	-	-	-	-
Total Government bonds and LGFA borrower notes:	1,135	711	1,135	711
Counterparties without credit ratings				
Community and related party loans:				
Existing counterparty with no defaults in the past	3,068	2,964	318	214
Existing counterparty with defaults in the past	-	-	-	-
Total long term receivables and related party loans	3,068	2,964	318	214

Receivables mainly arise from WDC's statutory functions, therefore there are no procedures in place to monitor or report the credit quality of receivables with reference to internal or external credit ratings. WDC has no significant concentrations of credit risk in relation to Receivables, as it has a large number of credit customers

Liquidity risk

Management of liquidity risk

Liquidity risk is the risk that Council will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Council aims to maintain flexibility in funding by keeping committed credit lines available. In meeting its liquidity requirements, Council maintains a target level of investments that must mature within the next 12 months. Council manages its borrowings in accordance with its funding and financial policies, which includes a liability Management Policy. These policies have been adopted as part of the Council's 10-Year Plan. The maturity profiles of the Council's interest bearing investments and borrowings are disclosed in notes 11 and 22 respectively.

Contractual maturity analysis of financial liabilities

The table below analyses WDC's financial liabilities into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date. Future interest payments on floating rate debt is based on the floating rate on the instrument at the balance date. The amounts disclosed are the contractual undiscounted cash flows and include interest payments

Notes to the financial statements

For the year ended 30 June 2017

	Carrying amount cash flows	contractual cash flows \$000	Less than 1 year \$000	1-2 years \$000	2-5 years \$000	More than 5 years \$000
Council 2017						
Payables	14,864	14,864	14,864	-	-	-
Secured loans	94,050	107,803	2,650	23,275	31,805	50,074
Total	108,914	122,667	17,513	23,275	31,805	50,074
Group 2017						
Payables	17,329	17,329	17,329	-	-	-
Secured loans	105,650	120,312	9,056	23,275	37,907	50,074
Total	122,979	137,640	26,386	23,275	37,907	50,074
Council 2016						
Payables	9,998	9,998	9,998	-	-	-
Secured loans	72,750	87,382	19,320	8,083	39,561	20,418
Total	82,748	97,380	29,318	8,083	39,561	20,418
Group 2016						
Payables	11,366	11,366	11,366	-	-	-
Secured loans	82,750	99,891	25,727	8,083	45,663	20,418
Total	94,116	111,257	37,093	8,083	45,663	20,418

The table below analyses WDC's derivative financial instruments that will be settled on a gross basis into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

	Liability carrying amount \$000	Contractual cash flows \$000	Less than 6 months \$000	6 months to 2 years \$000	More than 2 years \$000
Council and group 2017					
Contracts:					
Council	8,936	8,936	90	122	8,725
Group	9,634	9,634	90	211	9,332
Council and group 2016					
Contracts:					
Council	12,475	12,475	-	187	12,288
Group	13,387	13,387	-	330	13,057

WDC is exposed to liquidity risk as a guarantor of all of the LGFA's borrowings. This guarantee becomes callable in the event of the LGFA failing to pay its borrowings when they fall due. Information about this exposure is explained in note 28.

Notes to the financial statements

For the year ended 30 June 2017

Contractual maturity analysis of financial assets

The table below analyses WDC's financial assets into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date.

	Carrying amount and contractual cash flows \$000	Less than 1 year \$000	1-2 years \$000	More than 2 years \$000
Council 2017				
Cash and cash equivalents	10,887	10,887		
Receivables	7,838	7,838		
Other financial assets:				
- term deposits	-	-		
- related party loans	3,063	313		2,750
- community loans	5	5		
Total	21,792	19,042	-	2,750
Group 2017				
Cash and cash equivalents	16,743	16,743		
Receivables	8,638	8,638		
Other financial assets:				
- term deposits	-	-		
- related party loans	313	313		
- community loans	5	5		
Total	25,698	25,698	-	-
Council 2016				
Cash and cash equivalents	6,748	6,748		
Receivables	8,830	8,830		
Other financial assets:				
- term deposits	-	-		
- related party loans	2,957	207		2,750
- community loans	7	7		
Total	18,542	15,792	-	2,750
Group 2016				
Cash and cash equivalents	8,679	8,679		
Receivables	9,813	9,813		
Other financial assets:				
- term deposits	-	-		
- related party loans	207	207		
- community loans	7	7		
Total	18,706	18,706	-	-

Notes to the financial statements

For the year ended 30 June 2017

Sensitivity analysis

The tables below illustrate the potential effect on the surplus or deficit and equity (excluding retained earnings) impact for reasonably possible market movements, with all other variables held constant, based on WDC's financial instrument exposures at the balance date.

Council

2017 \$'000

Interest rate risk

Financial assets

Cash and cash equivalents

Other financial assets:

Financial liabilities

Borrowings:

- bank overdraft

- term loans

- Derivatives

Total sensitivity to interest rate risk

	Surplus	- 50bps Other Equity	Surplus	+ 100bps Other Equity
Cash and cash equivalents	(54)		109	
Other financial assets:	(2)		3	
Financial liabilities				
Borrowings:				
- bank overdraft	-		-	
- term loans	405		(811)	
- Derivatives	(438)		875	
Total sensitivity to interest rate risk	(88)	-	176	-

Council

2016 \$'000

Interest rate risk

Financial assets

Cash and cash equivalents

Other financial assets:

Financial liabilities

Borrowings:

- bank overdraft

- term loans

- derivatives

Total sensitivity to interest rate risk

	Surplus	- 50bps Other Equity	Surplus	+ 100bps Other Equity
Cash and cash equivalents	(34)		67	
Other financial assets:	(1)		2	
Financial liabilities				
Borrowings:				
- bank overdraft	-		-	
- term loans	364		(728)	
- derivatives	(378)		755	
Total sensitivity to interest rate risk	(49)	-	96	-

Notes to the financial statements

For the year ended 30 June 2017

Group

2017 \$'000

Interest rate risk

Financial assets

Cash and cash equivalents

Other financial assets:

Financial liabilities

Borrowings:

- bank overdraft

- term loans

- derivatives

Total sensitivity to interest rate risk

	Surplus	- 50bps Other Equity	Surplus	+ 100bps Other Equity
Cash and cash equivalents	(84)		167	
Other financial assets:				
Financial liabilities				
Borrowings:				
- bank overdraft	-		-	
- term loans	463		(927)	
- derivatives	(465)		930	
Total sensitivity to interest rate risk	(85)	-	171	-

Group

2016 \$'000

Interest rate risk

Financial assets

Cash and cash equivalents

Other financial assets:

Financial liabilities

Borrowings:

- bank overdraft

- term loans

- derivatives

Total sensitivity to interest rate risk

	Surplus	- 50bps Other Equity	Surplus	+ 100bps Other Equity
Cash and cash equivalents	(43)		87	
Other financial assets:				
Financial liabilities				
Borrowings:				
- bank overdraft	-		-	
- term loans	458		(915)	
- derivatives	(423)		845	
Total sensitivity to interest rate risk	(8)	-	17	-

Explanation of interest rate sensitivity

The interest rate sensitivity is based on a reasonable possible movement in interest rates, with all other variables held constant, measured as a basis points (bps) movement. For example, a decrease in 50 bps is equivalent to a decrease in interest rates of 0.5%.

The sensitivity for derivatives (interest rate swaps) has been calculated using a derivative valuation model based on a parallel shift in interest rates of -50bps/+100bps (2016 -50bps/+100bps).

Notes to the financial statements

For the year ended 30 June 2017

36. Insurance Contracts

Whanganui District Council (WDC) is part of a regional collective of local authorities (Manawatu Local Authority Shared Services - MWLASS) for insurance purposes. Through this collective economies of scale WDC has access to the best process and cover.

As at the end of the financial year, WDC had the following insurance cover in place.

Material Damage - full replacement value \$204,797,467

Council's Material Damage cover is based on a Maximum Probable Loss model (MPL) which means that its assets are insured for the value of the largest probable loss that could result from a disaster in Whanganui. The collective has insured up to \$150m combined limit for Material Damage/Business Interruption any one loss or series of losses .

Fine Arts - full replacement value \$27,882,580

This cover is for the total replacement value of art, artifacts owned or on loan to WDC, as follows;
\$24,549,830 for all WDC owned art.

\$1,000,000 for Whanganui Visitor Information Centre.

\$1,000,000 for art on temporary loan to WDC.

\$1,332,750 for the Edith Collier collection, which is on long term custodial care with WDC.

Commercial Motor Vehicles - full replacement value \$2,122,878

Motor insurance up to the market value of each individual vehicle.

Infrastructure (3 Waters) -full replacement value \$683,406,022

Based on risk engineering and loss modelling for the Manawatu/Whanganui hazardscape a \$125m shared loss limit is in place with the MWLASS collective. Insurance is 40% in anticipation of a 60% contribution from central government in a disaster. WDC has a MPL of \$100M

Infrastructure (Roading) -full replacement value \$610,550,000

WDC currently receives a minimum subsidy of 62% from the NZTA for any roading works with this % increasing in the event of a disaster. In the event of a disaster the shortfall between repair costs and subsidy received is loan funded.

The Council carries a self insurance fund, currently valued at \$2,073,000. This fund covers excesses for the Material Damage and Commercial Motor Vehicle policies.

Notes to the financial statements

For the year ended 30 June 2017

37. Investments in CCOs and similar entities

Section 5(3) of the Local Government (Financial Reporting and Prudence) Regulations 2014 requires the Council to present a single Council Controlled Organisation (CCO) investment figure in the Statement of Financial Position. As Council is also required to comply with IAS 1, Presentation of Financial Statements, Council has decided to disclose the total CCO investment amount as a footnote to the Statement of Financial Position

	Council	
	2017	2016
	\$000	\$000
Shares in subsidiary (at cost - WDCHL)	7,846	7,846
Unlisted shares in NZ Local Government Funding Agency Limited	239	197
Unlisted shares in NZ Local Government Insurance Corporation Limited	442	423
Manawatu Wanganui Local Advisory Shared Services (MW LASS)	19	18
	8,546	8,484

38. Capital management

The Council's capital is its equity (or ratepayers' funds), which comprises retained earnings and reserves. Equity is represented by net assets. The Local Government Act 2002 (the Act) requires the Council to manage its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayers' funds are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments and general financial dealings. The objective of managing these items is to achieve intergenerational equity which is a principle promoted in the Act and applied by the Council. Intergenerational equity requires today's ratepayers to meet the costs of utilising the Council's assets and not expecting them to meet the full cost of long term assets that will benefit ratepayers in future generations. Additionally, the Council has in place asset management plans for major classes of assets detailing renewal and maintenance programmes, to ensure ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance. The Act requires the Council to make adequate and effective provision in its Long term Plan (LTP) and in its Annual Plan (where applicable) to meet the expenditure needs identified in those plans. The Act also sets out the factors that the Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the funding and financial policies in the Council's LTP.

Council has the following Council created reserves:

- reserves for different areas of benefit;
- self-insurance reserves; and
- trust and bequest reserves.

Reserves for different areas of benefit are used where there is a discrete set of rate or levy payers as distinct from the general rate. Any surplus or deficit relating to these separate areas of benefit is applied to the specific reserves. Self-insurance reserves are built up annually from general rates and are made available for specific unforeseen events. The release of these funds generally can only be approved by Council. Trust and bequest reserves are set up where Council has been donated funds that are restricted for particular purposes. Interest is added to trust and bequest reserves where applicable and deductions are made where funds have been used for the purpose they were donated.

Notes to the financial statements

For the year ended 30 June 2017

39. Explanation of major variances to budget

Statement of comprehensive revenue and expense

Revenue

Overall rates revenue of \$55.750M is under budget by \$1.036M (1.8% variance). The main reason for this variance was lower revenue from metered water. This was due to reduced industrial water consumption and charge out rates.

Finance revenue is ahead of budget by \$249k (26%), mainly as a result of additional loan funds raised in advance for the Treatment Plant rebuild. These funds, consisting of \$25M borrowed in December 2015, were raised in advance to take advantage of favourable market conditions. \$10M of these funds were still held as at June 2017.

Subsidies and grants are behind budget by \$2.874M (14%), mainly as a result of June 2015 flood damage roading projects being delayed due to various reasons like awaiting consent and NZTA approval, unfavorable weather conditions, and required land purchases. These projects will be completed next year.

User fees and other revenue are behind budget by \$276k (3%). This is mainly due to the delay of the Upokongaro Cycleway project awaiting funding approval and the tender process. The project is now due for completion next year. This reduction has been partially offset by additional revenue for pensioner housing rentals (due to higher demand for social housing compared to previous years), animal control revenue, and building consent fees.

Gains of \$5.39M are well ahead of the budgeted \$578k. This is mainly due to gains on swaps of \$3.449M, with the balance relating to gains on forestry, property, and plant revaluations.

Expenditure

Personnel costs are over budget by \$384k (2%), mainly as a result of incurring restructuring costs.

Depreciation and amortisation expense is \$1.868M (10%) higher than the budget. The budgeted depreciation is based on year 2 of the 2015-2025 Long-term Plan, the impact of revaluations in both 2015/16 & 2016/17 have affected depreciation rates and asset value to a greater extent than previously forecast.

Finance costs were \$233k (5%) lower than budget due to capital expenditure being behind budget resulting in a corresponding reduction in loans required to fund overall capital expenditure.

Statement of financial position

Assets

Cash and cash equivalents of \$10.88M are \$7.7M higher than budget. This variance is mainly due to the funds still held as a result of pre-funding the Treatment Plant rebuild discussed above.

Receivables fluctuate regularly due to the timing of invoicing and workloads.

Total non-current assets were \$61M (6.2%) lower than budget. This variance is the result of a number of factors. Firstly, a number of budgeted capital projects were deferred or delayed, such as the Urban cycleway project, roading flood damage work and water supply projects.

Significant capital projects are detailed in pages 21-133 in the Groups of Activities Section.

Secondly, the June 2017 infrastructure assets revaluation was lower than that forecast in the 2015 - 2025 Long-term Plan (which was the basis of the 2017 Annual Plan budget) mainly as a result of the June 15 weather event and lower than forecast inflation.

Liabilities

Payables fluctuate regularly due to the timing of invoicing and workloads.

Statement of cash flows

Operating activities

Cash flows from operating activities is an indication of whether an entity is able to finance its normal operations from short-term funds. Council generated a \$31.3M cash surplus from operating activities. This is a negative variance to budget of \$2.4M (7%) due mainly to Capital subsidies received for June 2015 flood damage being reduced due to work being carried over to 2017/18.

Investing activities

Cash flows from investing activities show asset purchases to be \$48.1M, which is \$4.6M (9%) less than budget. The main reason is additional Roothing work required as a result of the June 2015 flood event being carried over to 2017/18. Other variances to budget are disclosed on pages 21-133 of the annual report in the Group of Activities section.

Financing activities

Cash flows from financing activities shows net borrowings of \$21.3M, which is \$1.7M more than budgeted. Borrowings were made on the basis of projected capital spending all of which did not happen as detailed above. More money was held in Cash at the year end to reflect this.

Notes to the financial statements

For the year ended 30 June 2017

Reconciliation of Prospective statement of comprehensive revenue and expense to the Funding impact statement (FIS)

The Funding impact statements are prepared in accordance to with the Local Government (Financial Reporting and Prudence) Regulations 2014. They do not comply with Generally accepted accounting practices (GAAP). However, the Statement of comprehensive revenue and expense is prepared in compliance with GAAP. The following is a reconciliation between the and expense shown on the statement of comprehensive revenue and expense and the funding impact statement for the whole of Council

	Annual Plan 2017 \$000	Annual Report 2017 \$000	Annual Plan 2016 \$000	Annual Report 2016 \$000
Operating funding in the FIS	74,701	70,987	69,254	79,140
Subsidies and grants for capital expenditure	12,586	13,361	5,731	11,537
Development and financial contributions	-	-	-	(39)
Forestry revenue	-	5	-	200
Other dedicated capital funding	1,034	34	294	158
Net gains not included in the FIS	578	5,387	518	7,487
Total Revenue in the Statement of Comprehensive revenue and expense	88,899	89,773	75,798	98,483
Application of operating funding in the FIS	54,695	55,019	53,352	59,480
Depreciation not included in the FIS	18,658	20,526	18,355	19,607
Losses from derivative financial instruments	-	-	-	4,296
Forestry expenses	-	356	-	355
Property, plant and equipment losses on disposal	-	86	-	150
Total expenditure in the statement of revenue and expense	73,353	75,988	71,706	83,888

Additional information

For the year ended 30 June 2017

Mayor's Relief Fund

	Actual	
	2017	2016
	\$000	\$000
Balance at 1 July	13	19
Money Received	1	936
Interest received		
Payments made	5	942
Balance at 30 June	9	13

WDC administers the Mayor's Relief Fund which is held in a separate bank account from the Council's normal banking facilities. Transactions and balances are not recognised in the Group financial statements.

Equal employment opportunities (EEO) report

Over the past year the attainment of EEO goals has been sought through:

- Making EEO information more readily available on the intranet, policies and through discussions of matters that impacted on our EEO policy and goals at senior management meetings, staff committee meetings and the union/employer working party meetings.
- Giving staff the opportunity to express their views through the annual staff survey and addressing issues that arose.
- Giving staff the opportunity to feed issues to senior management through a Staff Committee structure.
- The continuation of the conduct of Treaty of Waitangi training seminars for all newly appointed staff.
- Having in place an Employees Assistance Programme which includes:
 - Staff support procedures which were adopted to assist employees to resolve concerns and difficulties before they became costly in terms of personal distress or work efficiency.
 - Access to an independent counselling service.
- Adopting health and safety initiatives and supporting wellness programmes through:
 - Appointing a Health and Safety Advisor.
 - Reviewing, rewriting, endorsing and implementing the current health and safety policy and procedure manual.
 - The establishment of an independent staff health and safety committee.
 - The continuance of the influenza inoculation programme which was extended to provide alternative anti-flu medications.
 - The subsidisation of fees programme for medical health and eye checks.

Independent Auditor's Report

To the readers of Whanganui District Council's annual report for the year ended 30 June 2017

The Auditor-General is the auditor of Whanganui District Council (the District Council) and its subsidiaries and controlled entities (the Group). The Auditor-General has appointed me, Debbie Perera, using the staff and resources of Audit New Zealand, to report on the information in the District Council's annual report that we are required to audit under the Local Government Act 2002 (the Act). We refer to this information as "the audited information" in our report.

We are also required to report on:

- whether the District Council has complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- the completeness and accuracy of the District Council's disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014.

We refer to this information as "the disclosure requirements" in our report.

We completed our work on 31 October 2017. This is the date on which we give our report.

Opinion on the audited information

In our opinion:

- the financial statements on pages 153 to 156 and pages 158 to 218:
 - present fairly, in all material respects:
 - the District Council and Group's financial position as at 30 June 2017;
 - the results of the operations and cash flows for the year ended on that date; and
 - comply with generally accepted accounting practice in New Zealand in accordance with the Public Benefit Entity Standards;
- the funding impact statement on page 157, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's annual plan;
- the groups of activities on pages 17 to 118:
 - presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2017, including:

- the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
 - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
- complies with generally accepted accounting practice in New Zealand; and
- the statement about capital expenditure for each group of activities on pages 22 to 120, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the District Council's annual plan; and
- the funding impact statement for each group of activities on pages 24 to 121, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's Long-term plan.

Report on the disclosure requirements

We report that the District Council has:

- complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- made the disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence Regulations 2014) on pages 143 to 152, which represent a complete list of required disclosures and accurately reflects the information drawn from the District Council and Group's audited information and, where applicable, the District Council's long-term plan and annual plans.

Basis for opinion on the audited information

We carried out our audit 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. We describe our responsibilities under those standards further in the "Responsibilities of the auditor for the audited information" section of this report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the audited information.

Responsibilities of the Council for the audited information

The Council is responsible for meeting all legal requirements that apply to its annual report.

The Council's responsibilities arise under the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014.

The Council is responsible for such internal control as it determines is necessary to enable it to prepare the information we audit that is free from material misstatement, whether due to fraud or error.

In preparing the information we audit the Council is responsible for assessing its ability to continue as a going concern. The Council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to amalgamate or cease all of the functions of the District Council and the Group or there is no realistic alternative but to do so.

Responsibilities of the auditor for the audited information

Our objectives are to obtain reasonable assurance about whether the audited information, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of this audited information.

For the budget information reported in the audited information, our procedures were limited to checking that the budget information agreed to the District Council's annual plan.

We did not evaluate the security and controls over the electronic publication of the audited information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit 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 and Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We determine the appropriateness of the reported intended levels of service in the groups of activities, as a reasonable basis for assessing the levels of service achieved and reported by the District Council.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant

doubt on the District Council and Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the audited information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the District Council and the Group to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the entities or business activities within the Group to express an opinion on the consolidated audited information.

We communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Information

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 3 to 8, 10 to 15 and 219 to 220, but does not include the audited information and the disclosure requirements.

Our opinion on the audited information and our report on the disclosure requirements do not cover the other information.

Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the audited information and the disclosure requirements, or our knowledge obtained during our work, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the District Council and Group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

In addition to this audit and our report on the disclosure requirements, we have carried out an engagement in the area of independent assurance review of the District Council's Debenture Trust Deed, which is compatible with those independence requirements.

We have also carried out the following engagements for a subsidiary which are compatible with those independence requirements:

- an assurance engagement involving issuing of certificates pursuant to the Gas Distribution Information Disclosure Determination 2012 for the regulatory period ended 30 June 2016;
- an assurance engagement on the default price-quality path Compliance Statement prepared under the Gas Distribution Services Default Price-Quality Path Determination 2013 NZCC 4 for the period ended 30 September 2016.

Other than these engagements we have no relationship with or interests in the District Council or any of its subsidiaries and controlled entities.



Debbie Perera
Audit New Zealand
On behalf of the Auditor-General
Palmerston North, New Zealand