

Summary Annual Report

For the year ended
30 June 2017



WHANGANUI
DISTRICT COUNCIL
Te Kaunihera a Rohe o Whanganui

Welcome

Welcome to our 2016/17 Annual Report Summary. In this summary you will find highlights of our key achievements and how we have performed over the past 12 months, as well as a summary of our financial performance.

The Annual and Long term Plans 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.

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.

The year has come with challenges, but once again we have demonstrated our strong community resilience and spirit. Now our Annual Report is complete and our 2017/2018 Annual Plan is in play, Council turns towards the Long term Plan. We 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.

A handwritten signature in blue ink, which appears to read 'Hamish McDouall'.

Hamish McDouall
Mayor of Whanganui

A handwritten signature in blue ink, which appears to read 'Kym Fell'.

Kym Fell
Chief Executive

Our 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.

Our work

Our work is structured around 12 areas. The report highlights our progress and achievements on delivering our outcomes in each of the 12 areas.

These areas focus on the services and functions that Council provide to the residents and ratepayers of the Whanganui district. Council recognises that it is responsible for community objectives to be achieved and the report of our work to the public outlines our performance.

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 we adopted an annual plan that outlined the work we would do as part of the second year of the 10-Year Plan.

This summary report highlights what we have achieved for each of our activity areas and our progress towards delivering on our community outcomes for the past 12 months.

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.

Our water supply activity contributes to the following 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.

Key highlights

We replaced 800 metres of the Castlecliff water mains.

Work has begun on updating the water flow model with specific zones in the urban area being targeted. This gives us a better understanding of pressure and water flow.

We have installed 11 new rural water connections.

We replaced 400 metres of water mains from City Bridge along Anzac Parade.

Our performance

We continued to achieve compliance with New Zealand drinking water standards for the urban area, and to supply an Aa grade water supply to the urban area all of the time. We met our targets for median response times for attending, and resolution of, urgent and non-urgent callouts.

We also met our targets on consent conditions from Horizons Regional Council.

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.

Our stormwater supply activity contributes to the following Leading Edge outcome:

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.

Key highlights

The installation of a swale along Heads Road to help prevent flooding and ponding has been completed.

The Wilson Street stormwater renewal project has been completed.

We have continued to carry out maintenance and inspections on inlets and drains as per its requirements.

Our 1D/2D stormwater modelling has continued. The next step is to analyse system improvements and growth scenarios for reporting and long term planning

Our performance

There were no flooding events this year therefore all measures regarding flood events and response times were met. We received one complaint about the performance of the stormwater network per 1000 properties. We held and met all compliance for our stormwater activity resource consents.

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.

Our waterways and natural drainage activity contributes to the following 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.

Key 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), Longacre Road (Bridge 45), Heao Road (Bridge 49), Matthews Road (bridge 62) and Kainui Road (Bridge 93).

Our performance

Compliance with the Whanganui River Flood Action plan were met, and reliable warning and support systems for protection against Whanganui River flooding and stormwater overflows lasting more than 8 hours were in place at all times.

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.

Our sewerage and the treatment and disposal of sewage supply activity contributes to the following Leading Edge outcome:

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.

Key highlights

As 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.

Our performance

We met our target with the number of complaints and dry weather sewerage overflows from the system. We exceeded both targets for median response and resolution time for sewerage overflows blockages, and other faults (Median response time for resolution was 1 hour 48 minutes; target: 5 days). The target for compliance with all resource consents for discharge from the wastewater system: measured by the number of abatement notices in relation to the resource consents was not achieved (abatement notices received was 1; target was 0) however we met our targets for compliance with all other resource consents for discharge from the wastewater system.

PROVISION OF ROADS AND FOOTPATHS

This activity manages the district's roads, bridges, traffic management, control systems, 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.

Our roads and footpaths activity contributes to the following 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.

Key highlights

We have continued our project to replace street lights with more energy efficient LED light bulbs.

Construction on the Rangitikei Street roundabout was completed.

The section of the Urban Shared Pathway, which runs from the Whanganui City Bridge to Bedford Avenue has been completed and is now open.

Kerb and footpath replacement and renewal on Wilson Street has commenced along with tree management work.

Our performance

We met our target of customer service roading requests actioned within five days, the average quality ride on a sealed local road network and the target of footpath requests actioned within five days. We did not meet target on the change in number of fatalities or serious injury crashes on the local road network, with 20 fatal/serious injury crashes on local roads in the 2016 calendar year – an increase of 12 from the previous year.

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.

Our parks and recreation activity contributes to the following 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.

Key highlights

The running of Cooks Gardens events has now been brought back into Council and will be undertaken by the Whanganui Venues and Events team.

We installed a new toilet facility at Peat Park. Restoration of Kowhai Park was completed after the damage the June 2015 weather event caused.

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.

Our performance

We failed to meet targets regarding the presentation and maintenance of our open spaces, satisfaction with sportsgrounds and cleanliness and provision of public toilets. Usage of our walkways along the river and throughout the parks network was down on the previous year attributed to on-going works and closure of several walkways.

We met our target for community satisfaction of premier parks (result: 98%; target: 95%) and user satisfaction of Splash centre (result: 91%; target 90%). The target of 90% satisfaction with our 'premier parks' was met, with an increase in satisfaction of 16%. This significant increase could be attributed to Kowhai Park being accessible after the previous year's closure due to flood damage.

Our targets for usage of playgrounds and satisfaction with playground equipment were not met (60% of people had used or visited a playground, target: 65%; 69% of people were satisfied with playground equipment available, target was 85%). However both results were an increase from the previous year. We did achieve our target of playground equipment safety checks.

The target for ensuring the Coastguard can launch from the Wharf Street ramp 24 hours a day seven days a week was achieved, and our retention of ACC pool safe and lifeguard pool safety standards were achieved.

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.

Our community and cultural activity contributes to the following 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.

Key highlights

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 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.

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.

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.

Our performance

Targets were not met for physical visits, usage and satisfaction with the libraries service, however we met our target for the number of visits to our online libraries and the rate of collection turnover.

The number of visitors to the Sarjeant Gallery Te Whare o Rehua Whanganui was met (result: 51709; target: 50,000), as well as the total number of items catalogued to best practice international standards (result: 2190; target: 2000).

The target for hosting events at the Royal Wanganui Opera House was not met as this was impacted by the seismic strengthening work. Targets for both the percentage of population that attends one or more events and customer satisfaction were not met.

We continued to work collaboratively with our Iwi partners, and youth committee however our targets were not met (the number of areas of joint effort Council work on with iwi was 12, target: 15; the number of youth committee meetings held was 6, target: 7).

The War Memorial Centre retained their Category 1 heritage and met targets for the average number of hours per week the Centres rooms are booked for functions and hirer satisfaction.

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 Visitor services.

Our economic development activity contributes to the following 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.

Key highlights

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.

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 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.

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.

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.

Our performance

We exceeded our target with regards to the number of international students studying in Whanganui (result: 239; target: 169) but did not meet the target number of tertiary and trade training opportunities in Whanganui.

We did not meet our target for average real GDP (an increase of more than 2.5% by 2020) but we did meet target on the total spend in the education sector measured as a proportion of GDP - the total spend in education and training in Whanganui was \$92.4 million, which is a 0.1% increase on the previous year.

The number of visitors to, and satisfaction with, our iSite did not meet target however both were an increase from the previous year.

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.

Our community facilities and services activity contributes to the following 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 communities 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.

Key highlights

We continued to work with and develop the Whanganui Resource Recovery Centre as Whanganui's 'flagship' for waste minimisation activities.

We are continuing to look for a sustainable composting operation for the recovery and

repurposing of green waste and organics in Whanganui.

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

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.

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 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.

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.

Our performance

We exceeded our targets regarding waste services including the number of educational visits to schools on waste minimisation and user satisfaction at the Resource Recovery Centre and the amount of product recycled through the centre increased this year.

Our pensioner housing tenants remained satisfied and we met our occupation target.

We met all targets regarding our emergency management including the percentage of residents prepared to be self-sufficient for at least three days during an emergency event.

No resource management targets were met, this was due to lack of resourcing in December 2016 and January 2017.

Almost all (99.8%) building consents were completed within the statutory 20 working days and the customer satisfaction target was met.

TRANSPORTATION

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

Our transportation activity contributes to the following 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.

Key highlights

Council has been working on revitalising the Whanganui Port since it was bought back from a private company in 2010. In August 2016, the Government announced \$500,000 of funding for a detailed masterplan as part of the Manawatū-Whanganui Economic Action Plan,

also known as Accelerate 25, which aims to help to boost economic development in New Zealand's regions.

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

Our performance

We maintained our safety certification at the Airport, and though the user satisfaction with facilities and passenger services did not meet target it remained high at 81%.

The Durie Hill Elevator also retained its safety certification but did not meet its user satisfaction although it remained high at 97%.

The port did not meet its target of commercial vessel visits however it did see an increase from the previous year.

INVESTMENTS

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

Our investments activity contributes to the following 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.

Key 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.

Our performance

Our targeted forecasted return for Whanganui District Council Holdings Limited was met.

The forecast return for Whanganui District Council's Forestry Joint Committee was not met, and the forestry portfolio is currently up for sale.

The forecast net income from Council's Harbour Endowment property and City Endowment property portfolio were both met.

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.

Our corporate activity contributes to the following 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.

Key highlights

We have been live streaming our Council meetings which has been received favourably by the community, and we will continue to do so.

We implemented a business friendly policy to assist economic growth and deliver services in a business friendly manner.

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.

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.

Our performance

While we failed to meet target with the percentage of community that consider that Council has responded well or very well to community needs and issues, 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.

We continued to make all Council and committee agendas available to the public two working days prior to the meeting.

Community satisfaction with access to Council information failed to meet target, and we will continue to assess ways to provide information to the community.

The percentage of people satisfied with their level of involvement in the decision making process was not met, however there was a slight increase in satisfaction from the previous year. Initiatives to address this include additional opportunities for involvement in decision-making through our online portals and enhancements to our corporate communications.

Again all of our documents audited received an unmodified audit opinion, all archive requests were responded to within 24 hours and all decision letters on our Annual Plan were provided within 10 working days of adoption of the plan.

Financial summary

The following pages provide a summary of Council's financial performance for 2017.

Whanganui District Council

Summary statement of comprehensive revenue and expense

For the year ended 30 June 2017

Summary Statement of comprehensive revenue and expense

	Budget	Council		Group	
	2017	2017	2016	2017	2016
	\$000	\$000	\$000	\$000	\$000
Rates	56,786	55,750	54,316	55,750	54,316
Other Revenue	32,113	34,022	44,167	42,183	49,593
Total Revenue	88,899	89,772	98,483	97,933	103,909
Finance costs	(5,039)	(4,806)	(4,600)	(5,457)	(5,285)
Other operating expenses	(68,314)	(71,182)	(79,288)	(75,842)	(83,491)
Surplus/(deficit) before tax	15,546	13,784	14,594	16,634	15,133
Share of associate surplus/(deficit)	-	18	11	18	11
Income tax (expense)/benefit	-	(58)	27	(762)	(421)
Surplus/(deficit) after tax	15,546	13,744	14,633	15,889	14,723
Other comprehensive revenue and expense					
Gain on property plant & equipment revaluations	46,483	6,281	2,912	6,281	2,912
Gain on carbon credits revaluation	-	(21)	671	(21)	671
Financial assets at fair value through other comprehensive revenue and expense	-	62	(126)	64	(128)
Total other comprehensive revenue and expense	46,483	6,322	3,458	6,324	3,455
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

Explanation of major variances:

REVENUE

- Rates revenue: lower by \$1.036M due mainly to lower revenue from metered water.
- Other revenue is greater by \$1.909M because:
 - Finance revenue is higher by \$249K (26%) due to additional loan funds of \$25M being raised in advance of usage to take advantage of favourable market conditions. \$10M of these funds were still held at June 2017.
 - Subsidies and grants are behind budget by \$2.874M (14%), mainly as a result of the 2015 flood damage

roading projects being delayed by awaiting consents and NZTA approval, unfavourable weather conditions, and required land purchases. These projects will be completed next year.

- User fees and other revenue are behind budget by \$276K (3%): due mainly to the delay in the Upokongaro Cycleway project awaiting funding approval and the tender process. The project is due for completion next year. This reduction was partly offset by additional revenue for pensioner housing rentals (due to higher

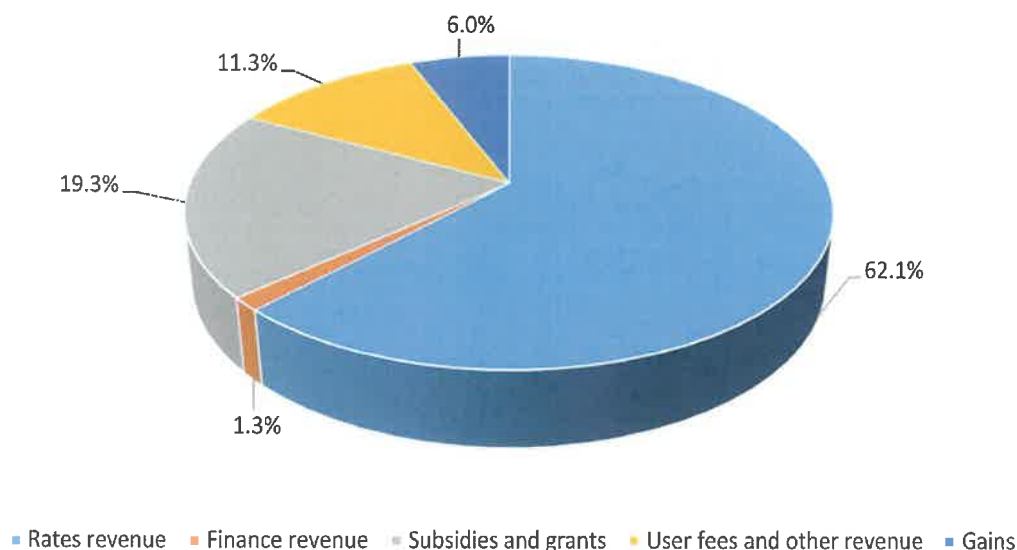
- demand), animal control revenue and building consent fees.
- Gains of \$5.39M are well ahead of the budgeted \$578K, due mainly to gain on Swaps of \$3.449M with the balance relating to gains on forestry, property and plant revaluations.

EXPENDITURE

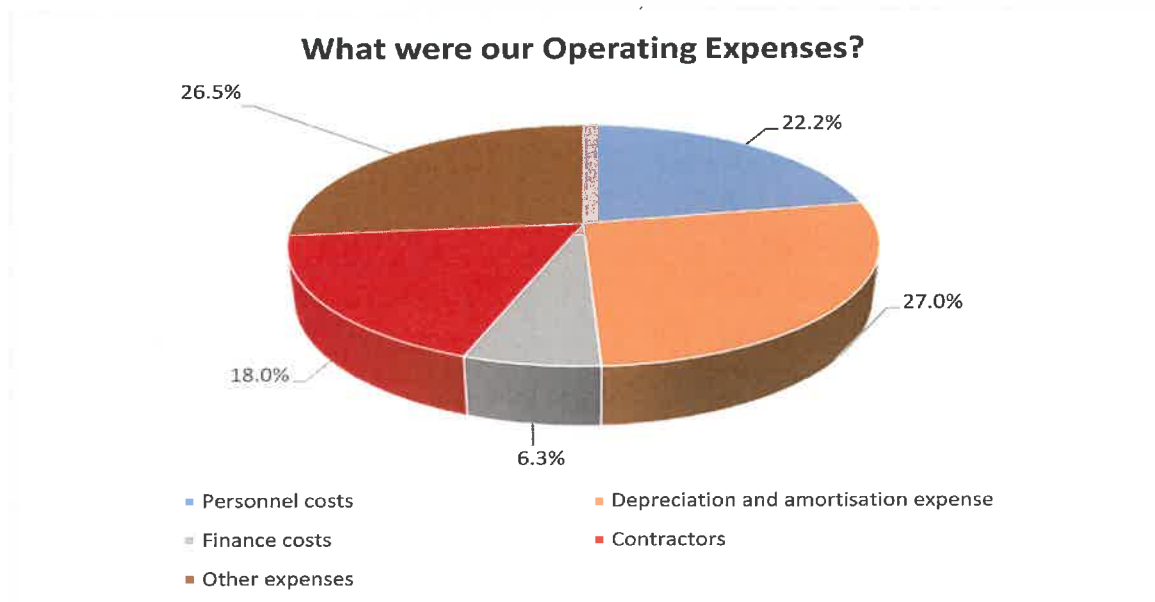
- Finance costs were under budget by \$233K due to capital expenditure being behind budget resulting in a corresponding reduction in loans required to fund overall capital expenditure.
- Other operating expenses are higher because:

- Depreciation and amortisation \$1.868M higher because the budget figures are based on the Year 2 figures of the 2015/25 Long Term Plan. Revaluations in 2015/16 and 2016/17 have impacted asset values and depreciation rates to a greater extent than forecast.
- Personnel costs higher by \$384 due mainly to the costs of a restructure.

Where did our Operating Revenue come from?



Council receives revenue from a number of different sources, as shown on the graph above. Rates are the primary source of revenue for the Council accounting for 62.1% (\$55.75M) of the total. The subsidies and grants are primarily government transport subsidies –which were greater than average, but lower than the previous financial year (2016/17 19.3%, 2015/16 20.8%, 2014/15 14.8%). This was due primarily to the effect of the additional flood damage repairs as a result of the June 2015 weather event. User fees are paid by those using Council services such as building consents, dog fees and water by meter.



In order to provide the services for the community Council incurs costs as illustrated above. In addition to the above, \$13.4M (2016: \$11.5M) of subsidies and grants received were spent on capital projects.

Whanganui District Council

Summary statement of changes in equity

For the year ended 30 June 2017

Summary Statement of changes in equity

	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
Total comprehensive revenue and expense for the year	62,029	20,066	18,090	22,213	18,178
Balance at 30 June	885,792	824,797	804,732	845,587	823,374
Components of equity					
Retained earnings	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
Balance at 30 June	885,792	824,797	804,732	845,587	823,374

Whanganui District Council

Summary statement of Financial Position

As at 30 June 2017

Summary Statement of financial position

	Budget 2017 \$000	Council 2017 \$000	Council 2016 \$000	Group 2017 \$000	Group 2016 \$000
Total current assets	11,423	19,039	16,268	25,984	19,449
Total non-current assets	986,136	925,422	885,441	960,070	919,307
Total current liabilities	(33,029)	(38,773)	(27,587)	(41,368)	(32,122)
Total non-current liabilities	(78,737)	(80,891)	(69,390)	(99,100)	(83,260)
Net assets	885,792	824,797	804,732	845,587	823,374
Total equity	885,792	824,797	804,732	845,587	823,374

Explanation of major variances:

- **Current Assets**

- Cash and cash equivalents of \$10.88M are \$7.7M above budget. This variance is due mainly to the funds still held as a result of pre-funding the Treatment Plant rebuild.
- Receivables fluctuate regularly due to the timing of invoicing and workloads.

- **Non-Current Assets**

- Total non-current assets were \$61M (6.2%) lower than budget. This is due to delays or deferment in a number of budgeted projects such as the Urban Cycleway project, roading flood damage work and water supply projects. Significant capital projects are disclosed on page 19. Secondly, the June 2017

infrastructural valuation was lower than forecast in the 2015/25 Long Term Plan (which is the basis of the 2016/17 Annual Plan budget) mainly as a result of the 2015 weather event and lower inflation than forecast.

- **Liabilities** - Payables fluctuate regularly due to the timing of invoicing and workloads.

Whanganui District Council

Summary statement of cash flows

For the year ended 30 June 2017

Summary Statement of cash flows

Cash and cash equivalents at the beginning of the year

Net cash from operating activities

Net cash from investing activities

Net cash financing activities

Cash and cash equivalents at the end of the year

Budget 2017 \$000	Council 2017 \$000	Council 2016 \$000	Group 2017 \$000	Group 2016 \$000
2,857	6,748	11,011	8,679	12,663
33,724	31,346	30,291	34,414	32,649
(52,998)	(48,507)	(22,304)	(49,250)	(24,384)
19,638	21,300	(12,250)	22,900	(12,249)
3,221	10,887	6,748	16,742	8,680

Explanation of major variances are:

- **Operating Activities:** Cash flow 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 were \$4.6M (9%)

above budget due mainly to roading work required as a result of the June 2015 flood event being carried over to 2017/18.

- **Financing Activities:** Net borrowings were \$21.3M which is \$1.7M above budget. 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.

Whanganui District Council

Summary funding impact statement

For the year ended 30 June 2017

Summary Funding impact statement

	Annual Plan 2017 \$000	Annual Report 2017 \$000	Annual Plan 2016 \$000	Annual Report 2016 \$000
Sources of operating funding				
Rates	56,786	55,751	54,643	54,316
Other income	17,915	15,236	14,612	24,824
Total operating funding (A)	74,701	70,987	69,255	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
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	15,904	19,660
Sources of capital funding				
Subsidies, grants and development contributions	12,586	13,361	5,731	11,498
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 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) in investments	(200)	-	-	-
Total application of capital funding (D)	53,264	50,744	18,221	19,457
Surplus (deficit) of capital funding (C - D)	(20,006)	(15,968)	(15,902)	(19,660)
Funding balance ((A - B) + (C - D))	-	-	-	-

Notes to the Summary Financial Statements

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 with Hawkins Infrastructure for the construction of the new Wastewater Treatment Plant to be completed by December 2018).

Capital commitments

The Group capital commitments as at 30 June 2017 are \$26,524,000 (2016: \$50,061,000)

Summary of Capital Expenditure

The following table shows a summary of the expenditure on capital work for the Council. Major variations to the Annual Plan are discussed below.

Activity	Budget 2017 \$000	Actual 2017 \$000
Water Supply	3,479	2,075
Stormwater	6,230	2,743
Waterways and natural drainage	911	30
Sewerage and the treatment and disposal of sewage	19,772	24,375
Roads, footpaths and pathways	23,231	16,976
Parks and recreation	3,079	667
Community and cultural	3,073	2,727
Economic Development	-	-
Community facilities and services	535	217
Transportation	216	42
Investments	1,453	1,560
Corporate	1,300	550
Total	63,279	51,962

Explanation of major variances:

Water Supply: 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.

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. \$2.9M was carried forward to next year.

Sewerage and the treatment and disposal of sewerage: 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.

Roads, footpaths and pathways: 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.

Parks and recreation: 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.

Additional information about this Summary

This Summary Annual Report has been prepared in accordance with PBE FRS 43: Summary Financial Statements. It has been extracted from the full Annual Report and is designed to give an overview of the Council and Group* operations. This summary does not include all the disclosures provided in the full financial statements and cannot be expected to provide as complete an understanding as the full financial report of the Council. The Annual Report contains detailed information on the finances and service performance and was adopted by the Council on 31st October 2017.

The Council has designated itself a Public Benefit Entity (PBE) for financial reporting purposes. The full financial statements were prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP) and comply with Tier 1 Public Benefit Entity (PBE) accounting standards. The financial statements are for the year ended 30 June 2017 and all figures are in New Zealand dollars and are rounded to the nearest thousand dollars.

Audit New Zealand has audited the full financial statements and has issued an unmodified report. This summary has been examined by Audit New Zealand for consistency with the full Annual Report. The Summary Annual Report was authorised for issue on 25 November 2017 by the Mayor, Hamish McDouall, and Chief Executive, Kym Fell. Copies of the Whanganui District Council's Annual Report are available from the Council's website www.whanganui.govt.nz or the Council offices at 101 Guyton Street, Whanganui or by phoning 06 349 0001.

* The Whanganui District Council group consists of the ultimate parent Whanganui District Council and its subsidiaries, Wanganui District Council Holdings Limited (100% owned) which in turn owns 100% of Wanganui Gas Limited 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 Whanganui LASS Limited and its 33% interest in the Whanganui River Enhancement Trust are equity accounted.

Independent Auditor's Report

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

The summary of the annual report was derived from the annual report of the Whanganui District Council (the District Council) for the year ended 30 June 2017.

The summary of the annual report comprises the following summary statements on pages 2 to 20:

- the summary statement of financial position as at 30 June 2017;
- the summaries of the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended 30 June 2017;
- the notes to the summary financial statements that include other explanatory information; and
- the summary performance information (called our work).

Opinion

In our opinion:

- the summary of the annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report; and
- the summary statements comply with PBE FRS-43: Summary Financial Statements.

Summary of the annual report

The summary of the annual report does not contain all the disclosures required by generally accepted accounting practice in New Zealand. Reading the summary of the annual report and the auditor's report thereon, therefore, is not a substitute for reading the full annual report and the auditor's report thereon.

The summary of the annual report does not reflect the effects of events that occurred subsequent to the date of our auditor's report on the full annual report.

The full annual report and our audit report thereon

We expressed an unmodified audit opinion on the information we audited in the full annual report for the year ended 30 June 2017 in our auditor's report dated 31 October 2017.

Council's responsibility for the summary of the annual report

The Council is responsible for preparing the summary of the annual report which includes preparing summary statements, in accordance with PBE FRS-43: Summary Financial Statements.

Auditor's responsibility

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

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

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



Debbie Perera,
Audit New Zealand
On behalf of the Auditor-General
Palmerston North, New Zealand
5 December 2017