



WHANGANUI
DISTRICT COUNCIL
Te Kaunihera a Rohe o Whanganui

Annual Report

For the year ended 30 June 2016



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Cover image credit: South Mole Sunset: Anneka Barritt

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Mayoral introduction

Phew – it's been a whirlwind of a year.

While we spent a huge amount of time working through the issues around building a new wastewater treatment plant and continuing our recovery from the June 2015 weather event, there were also many exciting new initiatives and progress for our community – seeing us recognised locally, nationally and internationally.

We gained certainty for our community in November 2015 when Land Information Minister Louise Upston announced her decision to change the name of the Wanganui District to Whanganui. The decision fits in with our vision of Whanganui as a place which works for all of us. While we may have diverse views on the spelling, we are united in wanting our district to be the best place it can be and our community spirit and pride is strong.

Our partnership with Whanganui Iwi provides exciting opportunities for the future. Te Awa Tupua (Whanganui River Claims Settlement) Bill had its first reading in Parliament in May 2016, with the Maori Affairs Select Committee hearing oral submissions in August 2016. Our Council will be a partner in the development of a Whole of River Strategy that will help provide a strong foundation for the future health and wellbeing of the Whanganui River.

We are working alongside Whanganui Iwi and other partners on plans to revitalise the port area, an economic development opportunity that the government recognised through the Manawatu-Whanganui Regional Growth Strategy. The Accelerate25 Action Plan to deliver on the opportunities outlined in the Growth Strategy includes \$500,000 of government funding to further develop plans for the port.

Other areas earmarked for rejuvenation are Castlecliff and the Town Centre. Plans are well under way to enhance Castlecliff, led by the suburb's enthusiastic, energetic and committed residents. Exciting things are coming for our seaside suburb. Already we have seen increases in people purchasing properties and moving to the area.

We are also working to develop a plan to revitalise the Town Centre. We want to find new ideas for the best ways of meeting the challenge of changing retail trends, using this space and embracing new uses so it's not just a retail area but includes arts, entertainment, education and residential uses.

A huge fundraising push has seen us 'get across the line' in raising \$10M of private funding to enable us to reapply for an equivalent amount of government funds for the Sarjeant Gallery redevelopment project. It has been a significant effort by the Sarjeant Gallery Trust and staff and a reflection of their dedication to our gallery's future. The government's decision on our reapplication will be announced later in October. I am sure it will be the good news we are looking for.

Work is under way on the Upokongaro Cycleway which forms part of the Mountains to Sea Cycle Trail and we look forward to completion of this section of Nga Haerenga, The New Zealand Cycle Trail, to provide a safer, mostly off-road route for the Whanganui end of the journey. Work has commenced on the Whanganui City Bridge to North Mole shared pathway which also forms part of the Mountains to Sea Cycle Trail. People are already out there enjoying the first stage of the upgraded pathway and

it fits nicely with our recently-launched Let's Go Whanganui project to promote active transport, whether it's walking, biking, skating or scootering. The pathway will also provide a much improved transport route for mobility aid users.

During the year Whanganui District Council Holdings Ltd purchased established flight school Flight Training Manawatu. The school, which trains commercial pilots, has been renamed NZ International Commercial Pilot Academy. It will move from its current base near Feilding to a new base at Whanganui Airport and provide a welcome new energy as well as other business opportunities. We look forward to welcoming our existing and new students to their new home in Whanganui.

Whanganui District Council's charitable trust Wanganui Incorporated (WINC) purchased local business Chronicle Glass Studio to ensure the future of hot glass facilities and education in our community. The establishment of a community glass facility is the final piece of the programme initiated by the Whanganui District Council/UCOL Taskforce, established in 2013 to investigate ways UCOL and the community could work together to consider the future of arts and glass, as well as other tertiary studies, in our district. The new entity, New Zealand Glassworks Te Whare Tūhua O Te Ao, will be the national centre for community glass and has significant potential to further highlight Whanganui's creative diversity and reputation in the global arts community.

During the year we achieved some international benchmarks.

In late June 2016 we were reaccredited as a Safe Community through the Pan Pacific Safe Communities Network. We were first accredited as a World Health Organisation Safe Community in 2010. This ongoing work involves partnerships with a range of community organisations and other agencies to make our place safe and healthy for our community.

A highlight for the year was Whanganui once again being recognised by the Intelligent Community Forum for our work on developing community and economic prosperity using broadband technology. After achieving Smart21 status every year since 2013, this year we took a step up and were named in the Top7 global communities. It was an outstanding achievement for our small community on the global stage but in the end it really is the journey that matters. It's all about improving our communities and making it a better world for everyone to live in.

This is my final Annual Report in my term as Mayor. I am proud of what we have achieved and I look forward to the next Mayor and Council continuing to build on this. We are a community with so much potential – by working together we can make so many more great things happen.



Annette Main
Mayor of Wanganui

GOVERNANCE STRUCTURE

as at 30 June 2016

Mayor and Councillors



Mayor Annette Main



Cr Charlie Anderson



Cr Philippa Baker-Hogan



Cr Jack Bullock



Cr Helen Craig



Cr Jenny Duncan



Cr Jason Granville



Cr Hamish McDouall
Deputy Mayor



Cr Ray Stevens



Cr Rob Vinsen



Cr Martin Visser



Cr Sue Westwood



Cr Rangi Wills

Wanganui Rural Community Board



Mr David Matthews
Chairman



Mr Alan Taylor
Deputy Chair



Mr Bill Ashworth



Mr Andrew Collins



Mr Matthew Collins



Mr Darrell Monk



Ms Erin Reeve

Councillors Duncan and McDouall are appointed by the Council
to the Wanganui Rural Community Board

Committees

Audit and Risk	Chair: Cr Sue Westwood	Deputy chair: Cr Jenny Duncan
Youth	Co-Chairs: Yth Crs Macy Duxfield & Jack Southee	—

Joint Committee

Whanganui District Councils' Forestry Joint Committee	Chair: Cr Ray Stevens	Deputy chair: Cr Rob Northcott (South Taranaki District Council representative)
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Subcommittees, working parties etc.

Tupoho working party	Chair decided at each meeting	—
Tamaupoko Link	Chairs: Daryn Te Uamairangi & Cr Hamish McDouall (alternating)	—
District Plan Review working party	Chair: Cr Jenny Duncan	—
Whanganui Leaders Forum	Digital Chair: Mayor Annette Main	—
Waste working party	Minimisation Chair: Cr Rob Vinsen	—
Statutory Committee	Management Chair: Cr Hamish McDouall	—



Chief Executive's overview

This is my first Annual Report as Chief Executive, with the July to December period under the watch of my predecessor and the January to June period within my term.

We have our Whanganui Leading Edge Strategy now firmly in place and are beginning to focus more closely on initiatives to deliver on the strategy. At the same time, we are reviewing our operations and looking for ways we can make improvements for the benefit of our community. This means being able to respond smartly and nimbly and we will be introducing a Business-Friendly Policy so that our customers know what they can expect from us. Work on the policy began during this year and we are aiming to adopt it early in the term of the new Council.

During the year a number of our work programmes did not go according to plan. This was due to the impact of the June 2015 weather event on budgets and our ability to carry out business as usual operations and planned projects. Some budgets needed to be reallocated to deal with issues arising from the floods and a number of planned programmes have taken a back seat while we focus on restoring essential services to our community and cleaning up throughout the district.

Our roading network was hit extremely hard. The impact of the weather event on our roading infrastructure will cost an estimated \$25M to repair. The road clean-up operations are estimated at \$7.5M, while the road reconstruction works (estimated at \$17.5M) are still being investigated. The clean-up will carry on until the end of the 2016 calendar year, while the reconstruction will carry on until June 2017.

As a result of last year's event, we are working with Horizons Regional Council on options for the future management of the Whanganui River to help alleviate flood issues. This is a long-term project which began during the 2015/16 year with some initial investigations and preliminary findings which were presented to both councils. The group is now looking at potential next steps and priority areas.

Our roading network faces further challenges due to the reduction in our Financial Assistance Rate (FAR). When a land transport activity we undertake qualifies for funding from the National Land Transport Fund, the FAR determines the proportion of the approved costs that we will receive funding for. The reduction in the FAR will mean funding must be found elsewhere or we will have to decrease levels of service to match our reduced funds.

Much of the Council's focus during the year was on the wastewater treatment plant as we reviewed options, got expert opinions and provided the Council with more information on which to base its decisions about the new plant. In March the Council confirmed that the Cardno design for the plant would proceed with the addition of a sludge drying facility. After further deliberations and additional information provided in the months following the March decision, including doubt about whether all the existing trade waste industries would use the new plant, in August 2016 the Council reconfirmed its decision to proceed with construction.

The existing plant failed the community since opening in 2007 and the Council and our advisors have worked tirelessly ever since to find the most affordable, sustainable and reliable replacement scheme to protect the health and wellbeing of residents. We can now move forward with confidence. We will continue working with the trade waste industries toward a new trade waste bylaw for implementation when the new plant becomes operational.

During the year we have turned our attention to refurbishing and earthquake strengthening the Royal Wanganui Opera House and Alexander Heritage and Research Library. The next cab off the rank for earthquake strengthening will be the Whanganui Regional Museum with work scheduled to begin in late 2016. Planned strengthening of the War Memorial Centre has been postponed because the Centre will host the NZ Masters Games in February 2017. This will be an exciting new use for one of our most important community facilities.

Thank you to our great team of staff for their work during the year. At a time of exciting change for us as an organisation, I look forward to what we will be able to achieve together.

Finally, thank you to the elected members who also dedicate their time and energy for the benefit of the community. There will be change at the next election with the Mayor and a number of councillors and Rural Community Board members stepping down. It is an unenviable, often thankless, task so I want to record my appreciation of the support and hard work of the elected members.

A handwritten signature in blue ink, consisting of a stylized 'K' followed by a long, sweeping horizontal line that curves slightly upwards at the end.

Kym Fell
Chief Executive

Statement of compliance and responsibility

For the year ended 30 June 2016

Compliance

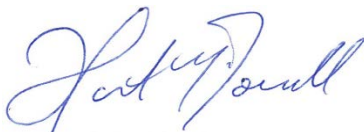
The Council and management of Whanganui District Council confirm that all the statutory requirements in relation to the Annual Report, as outlined in the Local Government Act 2002, have been complied with.

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 2016 fairly reflect the financial position, results of operations and service performance achievements of Whanganui District Council.

Signatures



Mayor
Hamish McDouall



Chief Executive
Kym Fell

26 October 2016

Council's vision, goals and objectives

Council's vision

Council's vision is –

Whanganui: Leading Edge

Deeply united

Globally connected

Powered by creative smarts

Flowing with richness

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
Deeply united	<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.• Demonstrate strong, positive and empowering leadership to support unity and drive our district forward.

Globally connected	<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.
Powered by creative smarts	<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.
Flowing with richness	<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. • Act as a kaitiaki for the environment – preserving and conserving our natural resources by seeking sustainable and innovative green solutions.

	<ul style="list-style-type: none"> • 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.
Works for everyone	<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.

This annual report explains how we have delivered on the first year of 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 performance targets set and giving the reasons for any significant variance between actual and intended levels.
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	<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. Six Tamaupoko Link hui and seven Tupoho Working Party hui took place during the 2015/16 year.

The Council responded to an Iwi request regarding the “Whanganui” spelling of the District’s name by submitting an application to the New Zealand Geographic Board to enable the change. The name change became official in December 2015.

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.

A reviewed relationship document was signed with Tupoho in early 2016, and the Tamaupoko document is under review.

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. Drafting has begun on a Nga Rauru – Council document.

Council employs an Iwi Liaison officer on a halftime contract basis. Officers continue to carry out consultation with Iwi on specific issues.

Council officers continued to work with Iwi, the Crown and other local authorities on post-settlement, pre-legislation issues arising from the Whanganui River Treaty of Waitangi claim, signed at Ranana on 5 August 2014. In October 2015 Council representatives were present for the presentation to Whanganui Iwi of the Whanganui Land claims report from the Waitangi Tribunal.

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

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

Works for everyone: 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 a new pump at Kai Iwi No 1 bore.
- A remote metering trial continued with four meters installed within the reticulation network. We hope to install further meters.
- Investigations began for the design of a new water supply bore for Whanganui at Kai Iwi.
- Structural repairs were undertaken to two pipe bridges at Kai Iwi resulting from the June 2015 floods.
- While other regions saw water restrictions in place, there was no need for such restrictions in our district. Residents were encouraged not to waste water, however our water supply was able to keep up with demand during a dry, hot summer.
- After the June storm event a water main was located in a slip prone area and as a result damage occurred to the main line. We relocated the main down Durie Vale Road and linked back into the main supply through Portal Street. This link has eliminated the current high risk water-main and is no longer used as a supply line.
- We replaced 500 metres of pipe in Anzac Parade. This is a continuation of the replacement main in Anzac Parade. Stage 1 was from Dublin St Matarawa Bridge, Stage 2 was the Southern side of Matarawa Bridge to Ikitara Rd. Stage 3 will be in 2017.
- Work began in Symes Road Trunk-main on a new pipeline with a total length of 3km. This is roughly parallel with State Highway 3 near Kai Iwi. The existing trunk-main is within the main State Highway and has been tagged as a high risk water-main because of location and high pressure.
- Stage 1 of linking the city water supply with the rural supply of Fordell commenced. The link will give a continuous supply to the Fordell scheme and an emergency back up to support the current system. This is a 3 stage project with a total length of 4km over the next two to three years.



Anzac Parade

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: 16 (target: <5). The target was not met with 16 complaints received per 1000 properties connected to the networked reticulation system. This is a new measure.

Source: WDC CRM System

The median response time for attending urgent call outs²

Result: 16 minutes (target: 1 hour).³ This is a new measure.

Source: Veolia

The median response time for resolution of urgent call outs⁴

Result: 1 hour 54 minutes (target: 22 hours).⁵ This is a new measure.

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 28 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 3 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.

Source: Veolia

The median response time for attending non-urgent call outs⁶

Result: 17 hours 30 minutes (target: 24 hours). This is a new measure.

Source: Veolia

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

Result: 23 hours 35 minutes (target: 4 days). This is a new measure.

Source: Veolia

To measure the amount of water loss and usage

The percentage of real water loss from the network reticulation system

Result: Unable to measure (target: <40%). Water loss was unable to be measured due to lack of water meters in the reticulation network. We will look at installing flow monitors. This is a new measure.

Source: WDC Infrastructure

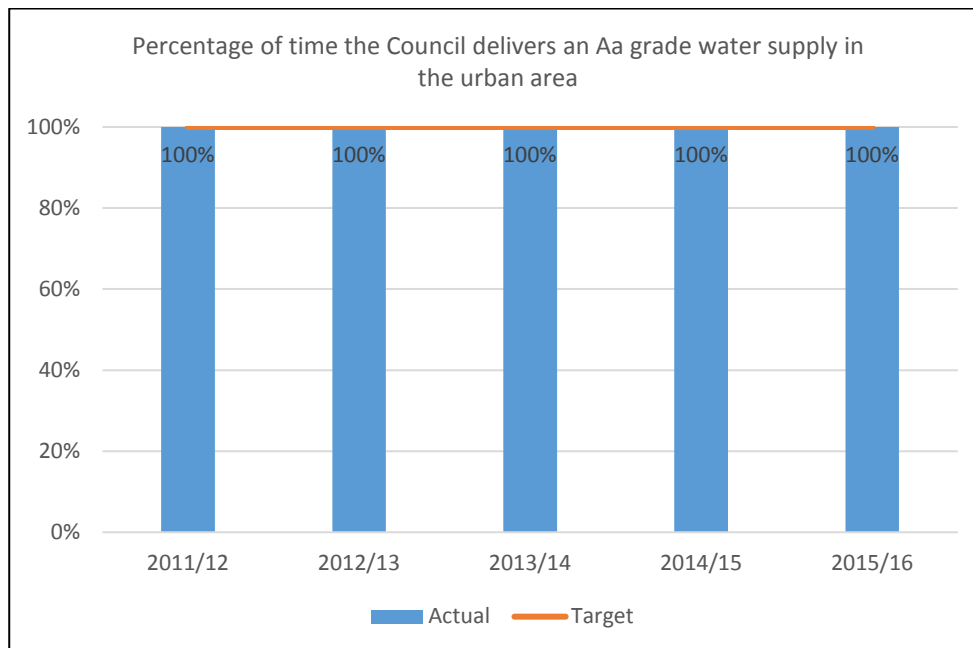
The average amount of water consumed per resident per day

Result: 391 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. This is a new measure.

Source: WDC Infrastructure

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

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



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

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.

This target 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: 100% (target: 100%). Compliance was achieved with part 4 of the New Zealand drinking water standards (bacteria compliance criteria). There was one transgression for the Maxwell Station that required additional monitoring.

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%). Compliance was achieved with part 5 of the New Zealand drinking water standards (protozoal compliance criteria). The Blueskin treatment plant was offline for the duration of the compliance period.

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
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
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%). All consent conditions from Horizons Regional Council were complied with.

Previous year results

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

Source: Horizons Regional Council

Water supply group

Capital expenditure

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

Activity	Item	Budget \$000	Actual \$000
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Capital expenditure to improve the level of service :

Water supply	Sundry capital acquisitions projects	89	160
	Linking City and Fordell water supply	30	25

Capital expenditure to replace existing assets :

Water Supply	Connections, meters, valves, hydrants etc	412	563
	Capital replacements. Symes Road	200	8
	Spiral welded replacements	150	53
	Roading coordinated projects	125	141
	Capital replacements. Anzac Parade	80	87
	Flood Damage	0	157
	Other capital replacement projects	88	220

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 of \$119k was overspent in areas like mains, valves and connections. There was an opening carry over from 2014/15 of \$150k for a new generator, and this will need to be carried over again to 2016/17, with the delay due to sourcing the best option. Stage one of the linking of the City and Fordell Rural Schemes was undertaken, with the project to be completed next year.

The capital replacements Annual Plan budget of \$1.055M was increased by \$170k carried over from 2014/15, giving a total budget of \$1.225M. Excluding flood damage, the actual expenditure was \$1.072M. The underspend will be carried over to 2016/17 to complete the Symes Road job.

As in previous years, some work was reprioritised during the year within the overall available budget.

The June 2015 flood event required that remedial expenditure be reforecast during the year. Actual expenditure for this year was \$157k, funded from loan funds pending upcoming insurance claims.

Internal borrowings

	2016 \$	2015 \$
Brought forward	1,058,340	1,063,762
Borrowings raised	0	0
Borrowings repaid	-18,152	-64,724
Interest paid	43,134	59301
Carried forward	<u>1,083,322</u>	<u>1,058,340</u>

Water supply group

Funding impact statement

For the year ended 30 June 2016

	Long Term Plan* 2015 \$000	Long Term Plan 2016 \$000	Actual 2016 \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates	7,819	6,608	6,461
Subsidies and grants for operating purposes	-	-	-
Fees and charges	20	40	53
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	115	-	1
Total operating funding (A)	7,954	6,648	6,515
Application of operating funding			
Payments to staff and suppliers	3,493	2,942	2,658
Finance costs	1,001	707	750
Internal charges and overheads applied	739	599	626
Other operating funding applications	-	-	-
Total application of operating funding (B)	5,233	4,248	4,034
Surplus (deficit) of operating funding (A - B)	2,721	2,400	2,481
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	34	-	(14)
Increase (decrease) in debt	(1,980)	(1,300)	(1,086)
Gross proceeds from asset sales	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	64	74	32
Total sources of capital funding (C)	(1,882)	(1,226)	(1,068)
Application of capital funding			
Capital expenditure			
-to meet additional demand	-	-	-
-to improve the level of service	81	119	184
-to replace existing assets	758	1,055	1,229
Increase (decrease) in reserves	-	-	-
Increase (decrease) of investments	-	-	-
Total application of capital funding (D)	839	1,174	1,413
Surplus (deficit) of capital funding (C - D)	(2,721)	(2,400)	(2,481)
Funding balance ((A - B) + (C - D))	-	-	-

*LTP budget restated to include metered water as a targeted rate

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

Flowing with richness: 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

- We undertook flood damage repair work.
- Work progressed on the CCTV condition surveying – progress was slowed due to the necessity to waterblast sediment from certain areas and also difficulty with traffic management in complex intersections.
- Our 1D/2D stormwater modelling continued – the next steps will be to analyse system improvements and look at growth scenarios.
- Further stages were completed under the Healthy Streams initiative including a stream enhancement project on Kaikokopu stream, with a second stage planned to start in July 2016.
- Information about overland flow paths, the predicted route stormwater takes on its way to streams, stormwater networks or the sea during an usually large rain event, have been added to Land Information Memorandums (LIMs) for properties in the Whanganui District.

The overland flow path information will indicate where water is likely to flow and accumulate during an unusually large rain event when natural or man-made storm water networks are overloaded. The LIMs will also identify depression areas which may be prone to accumulating water during such an event. Having this information on a LIM provides potential property buyers information about how properties may be affected.

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). There were no flooding events. This is a new measure.

Source: WDC CRM System

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

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

Result: 0 (target: 0.5). There were no flooding events. This is a new measure.

Source: WDC CRM System

Median response time to attend a flooding events

Result: 0 (target: 4 hours).¹⁰ There were no flooding events. This is a new measure.

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 There was 1 complaint per 1000 properties about the stormwater system. This is a new measure.

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). This is a new measure.

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). This is a new measure.

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

Result: 0 (target: 0). This is a new measure.

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). This is a new measure.

Source: WDC CRM System

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.

Stormwater group

Capital expenditure

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

Activity	Item	Budget \$000	Actual \$000
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Capital expenditure to improve the level of service :

Stormwater	Connections	30	21
	Separation completion	220	49
	City wide stormwater hotspots	100	69
	Inflow and Infiltration investigations	0	8
	Swale land purchases	120	0
	Integrated catchment management	150	168

Capital expenditure to replace existing assets :

Stormwater	Network replacements	290	0
	Replace inlet structures	30	31
	Flood Damage	0	434
	Vehicle replacement	0	42

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

Stormwater

Connection costs were under budget due to lower than expected demand. These reduced costs were off-set by reduced revenue.

The Annual Plan budget of \$220k for the separation of stormwater from sewage was increased by \$1.036M carried over from 2014/15, giving a total budget of \$1.256M. During the year only \$49k was spent. There were delays awaiting the outcome of stormwater 2D modelling. This has been completed and the contract is currently out to tender. The remaining unspent funds from this year will be carried forward to 2016/17.

The city wide stormwater hotspots budget of \$100k was increased by \$150k carried over from 2014/15, giving a total budget of \$250k. Actual expenditure was \$69k. There were delays awaiting the outcome of stormwater 2D modelling. This has been completed and the contract is currently out to tender. The remaining unspent funds from this year will be carried forward to 2016/17.

The inflow and infiltration investigations had a carry over budget of \$264k. Only \$8k was spent during the year. The project has begun by focusing on the Wanganui East and Central City catchments. The remaining unspent funds will be carried forward to 2016/17.

The Heads Road swale budget was \$120k. There were delays awaiting the outcome of stormwater 2D modelling. This has been completed and the contract is currently out to tender. The remaining unspent funds will be carried forward to 2016/17.

The integrated catchment management infrastructure budget of \$150k was increased by \$40k carried over from 2014/15, giving a total budget of \$190k. Actual expenditure was \$168k. The project is currently underway using 2D modelling to establish the true technical levels of service. The remaining unspent funds will be carried forward to 2016/17.

The networks replacement budget of \$290k was increased by \$93k carried over from 2014/15, giving a total budget of \$383k. There was no expenditure for the year. There were delays awaiting the outcome of the CCTV project on condition ratings of critical assets. This has been completed and the contract is currently out to tender. The remaining unspent budget has been carried forward to 2016/17.

The June 2015 flood event required that remedial expenditure be reforecast during the year. Actual expenditure for this year was \$434k, funded from loan funds pending upcoming insurance claims.

The budget for the vehicle replacement is in another Council Activity. Overall Council, vehicle replacements were under budget.

Internal borrowings

	2016	2015
	\$	\$
Brought forward	2,693,069	2,379,552
Borrowings raised	143,049	162,618
Borrowings repaid	0	0
Interest paid	117,606	150,899
Carried forward	<u>2,953,724</u>	<u>2,693,069</u>

Stormwater drainage group

Funding impact statement

For the year ended 30 June 2016

	Long Term Plan* 2015 \$000	Long Term Plan 2016 \$000	Actual 2016 \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates	4,849	4,864	4,861
Subsidies and grants for operating purposes	-	-	-
Fees and charges	75	-	-
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	5	-	-
Total operating funding (A)	4,929	4,864	4,861
Application of operating funding			
Payments to staff and suppliers	829	900	855
Finance costs	2,517	1,915	1,892
Internal charges and overheads applied	198	204	213
Other operating funding applications	-	-	-
Total application of operating funding (B)	3,544	3,019	2,960
Surplus (deficit) of operating funding (A - B)	1,385	1,845	1,901
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	4	-	(2)
Increase (decrease) in debt	-	(945)	(1,088)
Gross proceeds from asset sales	-	-	17
Lump sum contributions	-	-	-
Other dedicated capital funding	-	40	8
Total sources of capital funding (C)	4	(905)	(1,065)
Application of capital funding			
Capital expenditure			
-to meet additional demand	-	-	-
-to improve the level of service	1,251	620	329
-to replace existing assets	138	320	507
Increase (decrease) in reserves	-	-	-
Increase (decrease) of investments	-	-	-
Total application of capital funding (D)	1,389	940	836
Surplus (deficit) of capital funding (C - D)	(1,385)	(1,845)	(1,901)
Funding balance ((A - B) + (C - D))	-	-	-

*LTP budget restated to include the Debt retirement rate

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

Deeply united: 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.

Flowing with richness: 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

- During the June 2015 storm event our network performed as it was designed. Whilst there were some blockages as a result of debris run-off these were cleared during the event and then again as part of the clean-up.

Stormwater flow paths

We produced an overland flow path map which indicates where water is likely to flow and accumulate during an unusually large rain event, when natural or man-made storm water networks are overloaded.

This information has been added to Land Information Memorandums (LIMs) for properties in the Whanganui District.

The overland flow path information will indicate where water is likely to flow and accumulate during an unusually large rain event when natural or man-made storm water networks are overloaded. The LIMs will also identify depression areas which may be prone to accumulating water during such an event.

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%). This is a new measure.

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.

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%). This is a new measure.

Source: WDC Infrastructure

Flood protection and control group

Capital expenditure

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

Activity	Item	Budget \$000	Actual \$000
Capital expenditure to improve the level of service :			
Waterways and natural drainage	South Spit and South Mole management	50	0
	Whanganui River erosion control	10	61
	Improvements	25	7

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

Whanganui River erosion control expenditure this year was restricted to the preparation of a report. Delays have been due to the June 2015 flood event, and also because Horizons is contributing towards the costs Council needs to coordinate with their schedule. This year's capital budget of \$10k was increased by a \$153k carry over from 2014/15, giving a total budget available of \$163k. This year's unspent budget will be carried forward to 2016/17.

Work on South Spit and South Mole management had no expenditure for the year. Again this was due to the June 2015 flood event, and working within Horizon's work schedule. This year's capital budget of \$50k was increased by a \$103k carry over from 2014/15, giving a total budget available of \$153k. This will be carried over to next year.

Internal borrowings

The flood protection group has no internal borrowings.

Waterways and natural drainage group

Funding impact statement

For the year ended 30 June 2016

	Long Term Plan 2015 \$000	Long Term Plan 2016 \$000	Actual 2016 \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	950	896	894
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	29
Fees and charges	-	-	-
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-
Total operating funding (A)	950	896	923
Application of operating funding			
Payments to staff and suppliers	681	617	667
Finance costs	16	(16)	(65)
Internal charges and overheads applied	168	149	156
Other operating funding applications	-	-	-
Total application of operating funding (B)	865	750	758
Surplus (deficit) of operating funding (A - B)	85	146	165
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	75	(60)	(98)
Gross proceeds from asset sales	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	75	(60)	(98)
Application of capital funding			
Capital expenditure			
-to meet additional demand	-	-	-
-to improve the level of service	144	86	67
-to replace existing assets	16	-	-
Increase (decrease) in reserves	-	-	-
Increase (decrease) of investments	-	-	-
Total application of capital funding (D)	160	86	67
Surplus (deficit) of capital funding (C - D)	(85)	(146)	(165)
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

Flowing with richness: 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

- In March the Council confirmed that the Cardno design for the plant would proceed with the addition of a sludge drying facility. On 30 June Council adopted an amendment to the 10-Year Plan 2015-25 to proceed with building a new wastewater treatment plant. We will continue working with the trade waste industries toward establishing a new trade waste bylaw when the new plant is operational. Construction of the new plant is expected to start early in July 2016.
- Asset condition assessment work of small pump stations has been completed and repairs and replacement of assets will start in the 2016/17 year.
- We completed the upgrade of the control cabinets for six pump stations. The upgrade of Jones Street pump station included more advanced control software and a larger cabinet to accommodate a three pump configuration.

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: 6 (target: <5).¹³ The target was not met with 6 complaints received per 1000 connections to the sewerage network. This is a new measure.

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.

Source: WDC CRM System

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

Result: 10.3 (target: <5).¹⁴ This is a new measure.

Source: Veolia

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

Result: 21 minutes (target: 6 hours).¹⁶ This is a new measure.

Source: Veolia

Median response time for resolution of blockages or other faults¹⁷

Result: 2 hours 30 minutes (target: 5 days).¹⁸ This is a new measure.

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: 0 (target: 0). This is a new measure.

Source: Horizons Regional Council

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). This is a new measure.

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). This is a new measure.

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). This is a new measure.

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 37 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 11 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.

Sewerage and the treatment and disposal of sewage group

Capital expenditure

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

Activity	Item	Budget \$000	Actual \$000
Capital expenditure to improve the level of service :			
Wastewater	New Treatment Plant	800	603
	City wide pump station upgrades	145	340
	CCTV work	100	140
	Network modelling	100	114
	Overflow manhole construction	100	0
	Connections	50	12
	BRPS pump sizing and operation study	100	49
	Inflow and Infiltration investigations	100	111
	Generator refurbishment	150	19
	Sundry Projects	50	22

Capital expenditure to replace existing assets :

Wastewater	Network reticulation replacements	665	593
	Flood Damage	0	54

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 this year of \$800k was increased by \$100k carried over from 2014/15, giving a total budget of \$900k. Actual expenditure for the year was \$603k. The amended 2015-2025 10-Year Plan has budgeted the Council to spend \$42.1M on the Treatment Plant over the next two years.

Connections costs were under budget due to lower than expected demand. These reduced costs were off-set by reduced revenue.

The City wide pump stations upgrade budget of \$145k was overspent by \$195k. This overspend was absorbed by savings achieved elsewhere in this Activity.

The Overflow manhole construction budget of \$100k was increased by \$250k carried over from 2014/15, giving a total budget available of \$350k. There was no expenditure during the year due to delays awaiting flow measurement and network modelling. This has been completed and the contract is currently out to tender. The unspent funds will be carried forward to 2016/17.

The Beach Road pumping station pump sizing and operation study had a budget of \$100k. The work was completed at a cost of \$42k.

The CCTV budget of \$100k was increased by \$248k carried over from 2014/15, giving a total budget of \$348k. Work was delayed as storm damage took priority, the actual cost for the year was \$140k, with no funds being carried over to 2016/17. Remaining work of around \$50k will be budgeted through a future Annual Plan process.

The Network modelling project had a budget of \$100k, and was completed during the year at a cost of \$114k. Also inflow and infiltration investigations budget of \$100k was a little overspent costing \$111k. Both overspends were absorbed by savings achieved elsewhere in this Activity.

The Grit removal optimisation work had an opening carry over budget of \$424k carried over from 2014/15. However there was minimal expenditure during the year due to delays awaiting the new Treatment Plant design. The remaining unspent budget has been carried forward to 2016/17.

The Refurbishment of the old master control cabinet (MCC) at the Beach Road pumping station (BRPS) had an opening carry over budget of \$500k. There was no expenditure for the year, awaiting the new Treatment Plant design. The unspent budget has been carried forward to 2016/17.

The June 2015 flood event required that remedial expenditure be reforecast during the year. Actual expenditure for this year was \$54k, funded from loan funds pending upcoming insurance claims.

Capital replacement jobs including Network replacements were budgeted at \$665k, and was completed at a cost of \$556k.

Internal borrowings

	2016	2015
	\$	\$
Brought forward	746,003	640,121
Borrowings raised	0	64,082
Borrowings repaid	-495,935	0
Interest paid	10,370	41,800
Carried forward	<u>260,438</u>	<u>746,003</u>

Sewerage and the treatment and disposal of sewage group

Funding impact statement

For the year ended 30 June 2016

	Long Term Plan* 2015 \$000	Long Term Plan 2016 \$000	Actual 2016 \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates	5,824	7,563	7,564
Subsidies and grants for operating purposes	-	-	-
Fees and charges	-	-	()
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	117	600	601
Total operating funding (A)	5,941	8,163	8,165
Application of operating funding			
Payments to staff and suppliers	3,708	3,535	4,291
Finance costs	1,030	575	396
Internal charges and overheads applied	783	713	745
Other operating funding applications	-	-	-
Total application of operating funding (B)	5,521	4,823	5,432
Surplus (deficit) of operating funding (A - B)	420	3,340	2,733
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	26	-	(11)
Increase (decrease) in debt	2,620	(1,030)	(697)
Gross proceeds from asset sales	-	-	16
Lump sum contributions	-	-	-
Other dedicated capital funding	75	50	15
Total sources of capital funding (C)	2,721	(980)	(677)
Application of capital funding			
Capital expenditure			
-to meet additional demand	-	-	-
-to improve the level of service	2,289	1,695	1,409
-to replace existing assets	852	665	647
Increase (decrease) in reserves	-	-	-
Increase (decrease) of investments	-	-	-
Total application of capital funding (D)	3,141	2,360	2,056
Surplus (deficit) of capital funding (C - D)	(420)	(3,340)	(2,733)
Funding balance ((A - B) + (C - D))	-	-	-

*LTP budget restated to include trade waste fees as a targeted rate

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

- Roding
- Footpaths and berms

How these activities contribute to our Leading Edge outcomes

Deeply united: 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.

Globally connected: 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.

Works for everyone: 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

- The June 2015 storm event impacted on 79% of Whanganui's rural roads and 7% of Whanganui's urban roading network. Over a thousand significant slips and dropouts were identified and the reinstatement of Whanganui's roading network was been estimated at \$25M.
- We continued with our footpath renewal programme completing the CBD side of Wilson Street which including moving all services underground. The other side will be complete in 2016/17 and requires Heritage New Zealand authority before it commences.
- We successfully attained NZTA and UCP funding to build urban cycleways (shared pathways) - Te Tuaiwi (the Spine) and City Bridge to North Mole.



Let's Go Whanganui

Let's Go is about making walking, cycling and scootering a popular and safe travel choice for the people of Whanganui. It involves key community organisations in Whanganui to provide the community with infrastructure, opportunities and information required to allow a wide range of active transport choices.

Encouraging more people to cycle and walk to get around Whanganui's urban area is behind the construction of two new shared pathways for the city. The new shared pathways - City to North Mole and Te Tuaiwi will provide better connectivity between existing transport links and improve safety for everyone.

Construction work began in May on Stage 1 of the new City to North Mole shared pathway which runs from the Whanganui City Bridge to the North Mole at Castlecliff Beach. The City to North Mole pathway is one of two urban shared pathways that will be developed with funding assistance from the government's Urban Cycleways Programme.

The second shared pathway, planned for construction in 2017/18, is the Te Tuaiwi Shared Pathway. This will be a three metre wide sealed path that will provide a safe route across the Whanganui City Bridge, through town and past some of our central schools.

Let's Go Whanganui will be a collaborative initiative with other groups and agencies to provide the community with infrastructure, opportunities and information required to allow a wide range of active transport choices.

- A great portion of our maintenance and renewals program continues to be linked to the June 2015 event and resulting network reinstatement.
- We replaced the existing pedestrian crossing near the Whanganui East shopping centre with a raised pedestrian crossing.
- Archers Bridge – work began in November to rebuild Archer's Bridge at Mowhanau Beach. The bridge was severely damaged during the severe weather event in June 2015.
- A new Wyley's bridge was opened in August. The new bridge, (officially called 'Bridge 46'), is the main access to the Mangamahu settlement. The new bridge was built next to the old one, which will be retained as a heritage feature. This was a joint project co-funded with Rangitikei District Council.



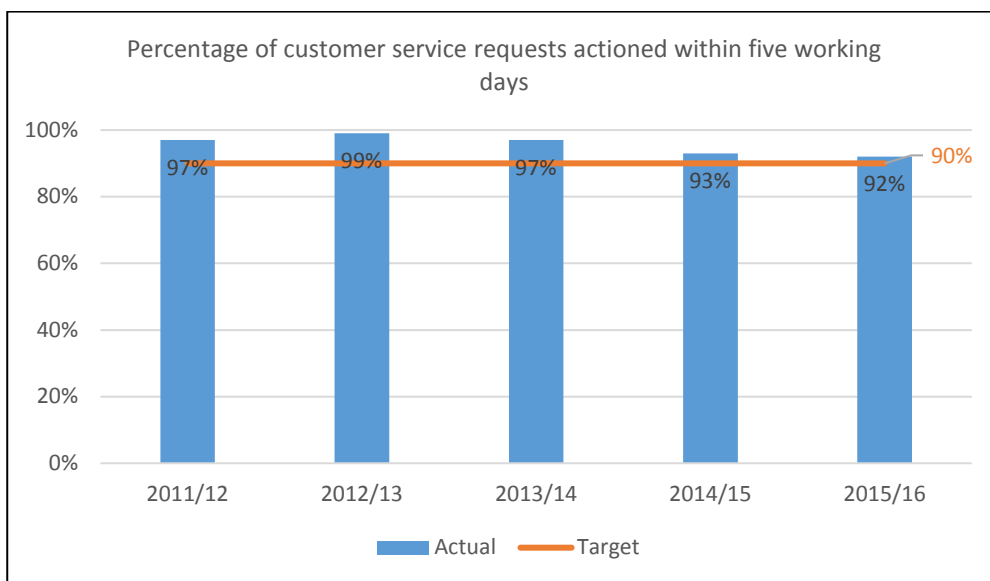
Wyley's Bridge

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 of 90% continued to be exceeded. There were a total of 1008 roading requests actioned within five working days – which is 134 less than the previous year, continuing the decreasing trend. The impact of the June 2015 storm event on the roading infrastructure has been estimated at costing \$25M to repair. During the 2015/16 period approximately \$16M of the clean-up and minor repairs were carried out, while the major reconstruction works will carry on until June 2017.

Source: WDC CRM System

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

Result: 89% (target: 85-90%). The target was met with 89% of the sealed local roads in the district considered "smooth" as per the smooth travel exposure measurement. This is a new measure.

Source: WDC Annual Roughness Survey

Percentage of sealed road network that is resurfaced

Result: 5.9% (target: >4%). The target of 4% was exceeded. There was 29.6km of the sealed road network resurfaced. In total there is 502.8km of sealed roads. This is a new measure.

Source: WDC CRM System

To measure progress towards increasing roading safety

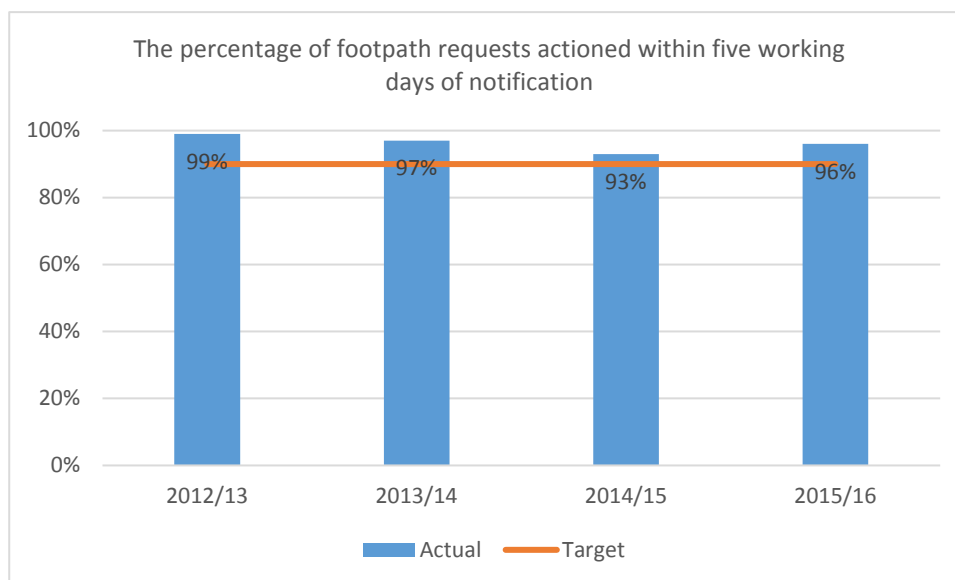
The change from previous financial year in the number of fatalities or serious injury crashes on the local road network

Result: 0 (target: -1). There were 4 fatal/serious injury crashes on local roads this year, an increase of five from the previous year. This is a new measure.

Source: NZ Transport Agency

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 exceeded, and there was an increase of 3% from the previous year. We were unable to measure this at the start of the 2015/16 year, and requests were recorded from February 2016.

Source: WDC CRM System

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

Result: 98% (target: 90%). This is a new measure.

Source: WDC CRM System

The total number of footpath faults (includes berms)

Result: 15916 (target: <35,000). This is a new measure.

Source: WDC CRM System

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

Roads, footpaths and pathways group

Capital expenditure

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

Activity	Item	Budget \$000	Actual \$000
Capital expenditure to improve the level of service :			
Roothing	Minor Safety Projects	831	513
	Pathways Construction	1,428	352
	Streetlights to LED	0	402
	Sundry Projects	149	92
Capital expenditure to replace existing assets :			
Roothing	Emergency Management	700	8,529
	Sealed road resurfacing	2,000	1,819
	Drainage renewals	867	1050
	Unsealed road metalling	457	293
	Pavement rehabilitation	840	718
	Traffic services renewals	740	341
	Structures components	252	329
Footpaths and Berms	Renewals	317	367

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

Roothing

The Emergency Management Annual Plan budget was \$700k. However the June 2015 flood event forecast an increase of \$12.250M for this budget for this year (funded by NZTA subsidy of \$10.795M and Council loans of \$1.455M) giving a total budget of \$12.950M. Total expenditure for the year was \$14.013M (made up by \$8.529M capital and \$5.484M operating), which was funded from subsidy of \$12.652M and Council loans of \$1.361M. Next year's Annual Plan has budgeted \$12.1M to complete the flood damage work.

The effect of the June 2015 flood event was that remedial work took priority over other non-flood projects. This included minor safety, pathways construction, sealed pavement maintenance, traffic services renewals, and unsealed road metalling. As a result, NZTA has approved \$2.195M of carry overs into the 2016/17 year.

During the year NZTA approved the LED street lighting project at 64% subsidy.

Footpaths and berms

Capital renewal expenditure exceeded budget by \$50k, which was more than offset by reduced footpaths maintenance costs. When routine operational repairs are planned, 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

	2016	2015
	\$	\$
Brought forward	733,204	651,591
Borrowings raised	41,460	40,530
Borrowings repaid	0	0
Interest paid	32,123	41,083
Carried forward	<u>806,787</u>	<u>733,204</u>

Provision of roads and footpaths group

Funding impact statement

For the year ended 30 June 2016

	Long Term Plan* 2015 \$000	Long Term Plan 2016 \$000	Actual 2016 \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates	6,889	7,305	7,304
Subsidies and grants for operating purposes	3,341	3,502	8,130
Fees and charges	20	25	20
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	442	560	517
Total operating funding (A)	10,692	11,392	15,971
Application of operating funding			
Payments to staff and suppliers	6,623	7,059	11,123
Finance costs	663	526	514
Internal charges and overheads applied	730	695	726
Other operating funding applications	-	-	-
Total application of operating funding (B)	8,016	8,280	12,363
Surplus (deficit) of operating funding (A - B)	2,676	3,112	3,608
Sources of capital funding			
Subsidies and grants for capital expenditure	4,497	5,539	11,407
Development and financial contributions	67	-	(12)
Increase (decrease) in debt	121	(70)	(280)
Gross proceeds from asset sales	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	4,685	5,469	11,115
Application of capital funding			
Capital expenditure			
-to meet additional demand	-	-	-
-to improve the level of service	1,309	2,409	1,380
-to replace existing assets	6,052	6,172	13,469
Increase (decrease) in reserves	-	-	(126)
Increase (decrease) of investments	-	-	-
Total application of capital funding (D)	7,361	8,581	14,723
Surplus (deficit) of capital funding (C - D)	(2,676)	(3,112)	(3,608)
Funding balance ((A - B) + (C - D))	-	-	-

*LTP budget restated to include the Debt retirement rate

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

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

Globally connected: Our quality sporting venues enable regional and national events. We also provide well connected accessible pathways throughout the district.

Powered by creative smarts: We promote our district as an arts and culture hub through community art and sculpture.

Flowing with richness: Environmental sustainability remains a key aspect of our processes.

Works for everyone: 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

- Kowhai Park was closed after the storm event in June 2015, and reopened in January 2016. This included the installation of four new swings, including group swings, a disability swing and a rope swing.
- Work on a new bike park development commenced in March. The bike park is an initiative between Sport Whanganui and the Wanganui Mountain Bike Club. In November the Council gave the go-ahead for the group to use vacant land at Springvale Park between the Splash Centre and YMCA. The bike park will include pump tracks for junior and senior level riders with a learn to ride track to be constructed in the future.
- Approximately 85 trees were felled during the year, and the tree planting programme is due to commence with 180 trees to be planted.
- Flooring upgrades have been completed in Kowhai Park and Mowhanau toilet blocks. Both the Springvale Park and Wembley Park grandstand toilets will also have new flooring installed, with the Springvale toilets also getting an interior paint.

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.

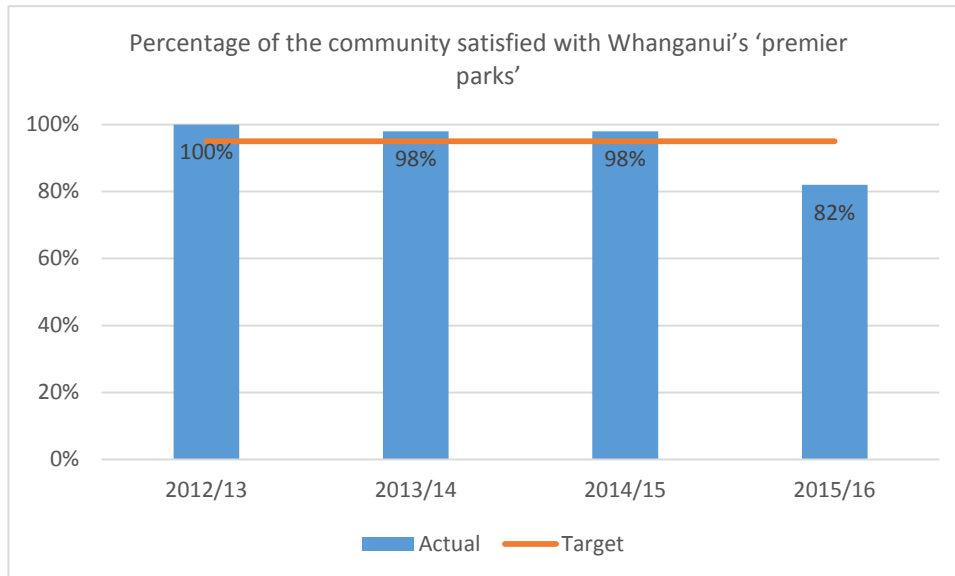
To understand the standard of the services we provide; and the value the community place on them

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

Result: 74% (target 90%). The Parks and Open Spaces Strategy will be reviewed in the coming year. This is a new measure.

Source: Community Views Survey 2016.

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



The target of 90% satisfaction with our 'premier parks' was not met, with a drop in satisfaction of 16%. This was a significant decrease and can be attributed to an unusually low result for Kowhai Park due to the ongoing effects of flood damage.

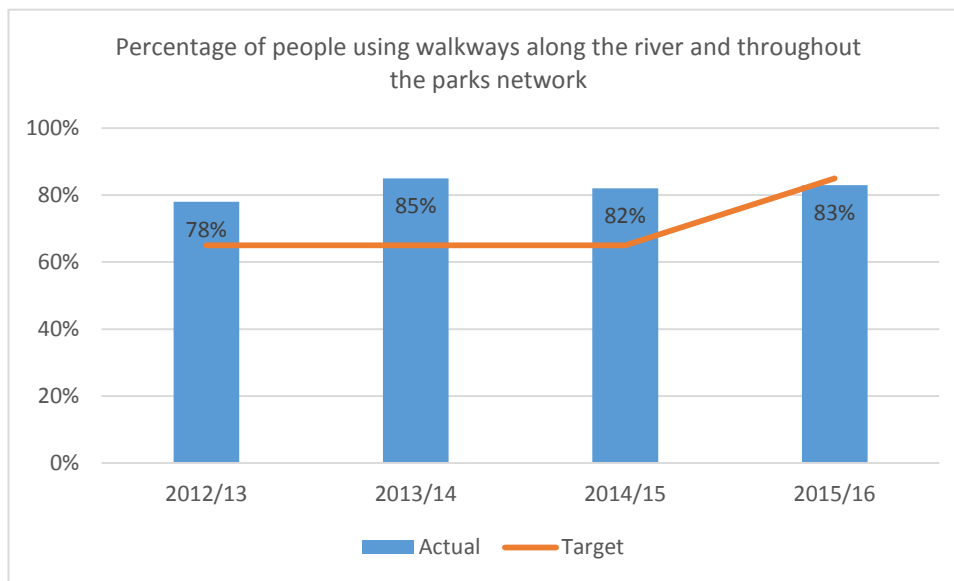
These parks are termed destination parks and are of special value and significance. They have high recognition and use within the community and are an attraction for out of town visitors. Our 'premier parks' are: Virginia Lake Reserve and Winter Gardens, Bason Botanic Gardens, Queens Park, Kowhai Park,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

This year Bason Botanic Gardens and Virginia Lake achieved 100% satisfaction. Since the floods Kowhai Park has had its toilets renovated and much of the equipment has received a new coat of paint.

Source: Independent Park Check Survey 2016.

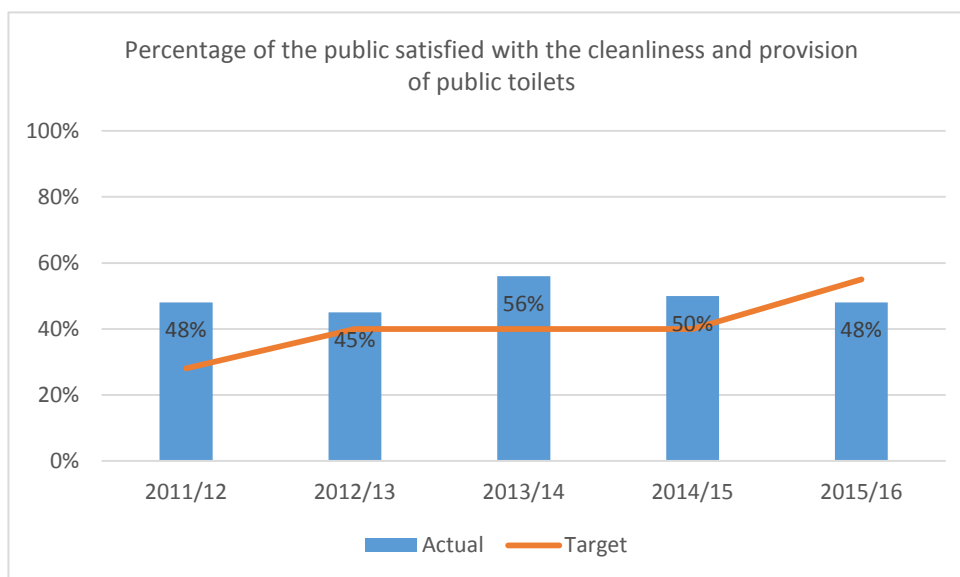
To understand the reach and utilisation of the services we provide

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



Source: Community Views Survey 2016

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



Source: Community Views Survey 2016

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. This is a new measure.

Source: WDC Parks Team

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

Result: 58% (target: 65%). This is a new measure. The target was not met. This may have been impacted by the closure of Kowhai Park for 6 months after the June 2015 storm event.

Source: WDC Parks Team

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

Result: 68% (target: 85%). This is a new measure.

Source: WDC Parks Team

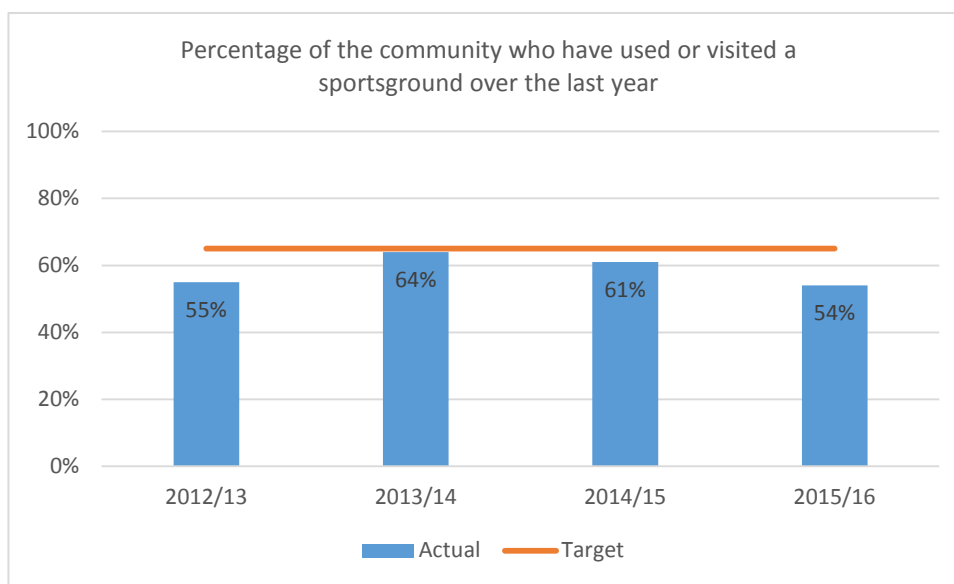
The Coastguard can launch from the Wharf Street ramp (or Putiki slipway) 24 hours a day, seven days a week

Result: Not achieved (target: Achieve).

On average the Coastguard was able to launch just over 91% of the time during the year. While there were no issues in the third and fourth quarters, the June storm event had an impact on availability during the first half of the year. The wording of this measure has been changed from previous years, however past results demonstrate that this was also achieved 100% of the time (in 2012/13; 2013/14; 2014/15).

Source: WDC Parks Team

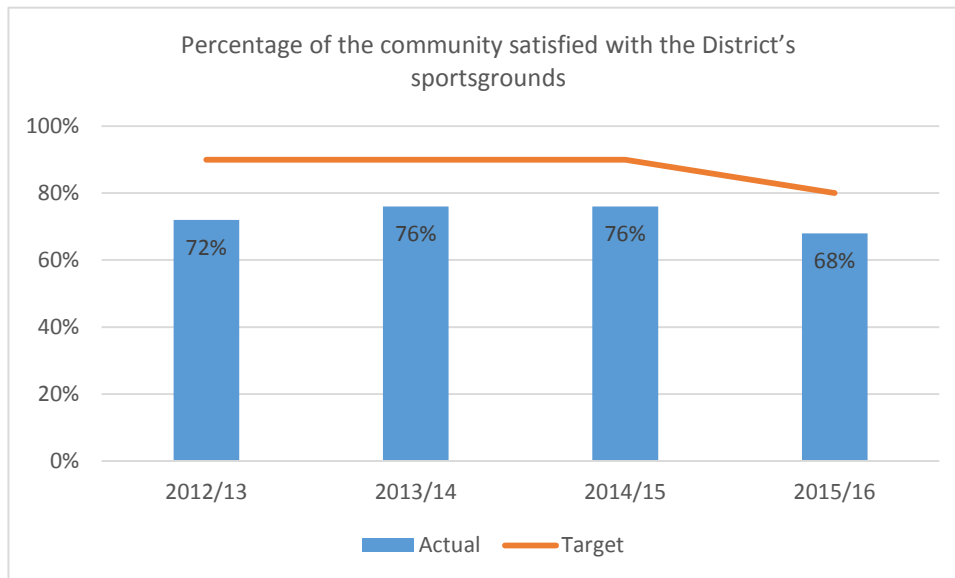
Community (%) who have used or visited a sportsground in the last year



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 2016

Community satisfaction (%) with the district's sportsgrounds

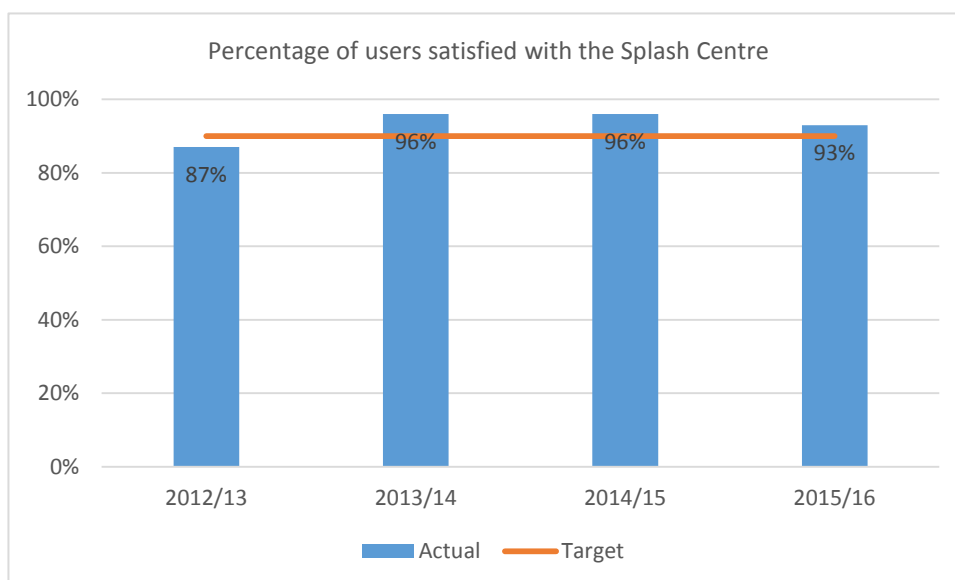


The target of 80% was not achieved, with 68% of the community satisfied with the district's sportsgrounds. While satisfaction dropped by 8%, the independent Parks Check Survey of sportsground users indicated 100% satisfaction. Council is currently developing a Sport and Recreation Strategy.

Source: Community Views Survey 2016

To measure user satisfaction with our swimming pools

User satisfaction (%) with the Splash Centre



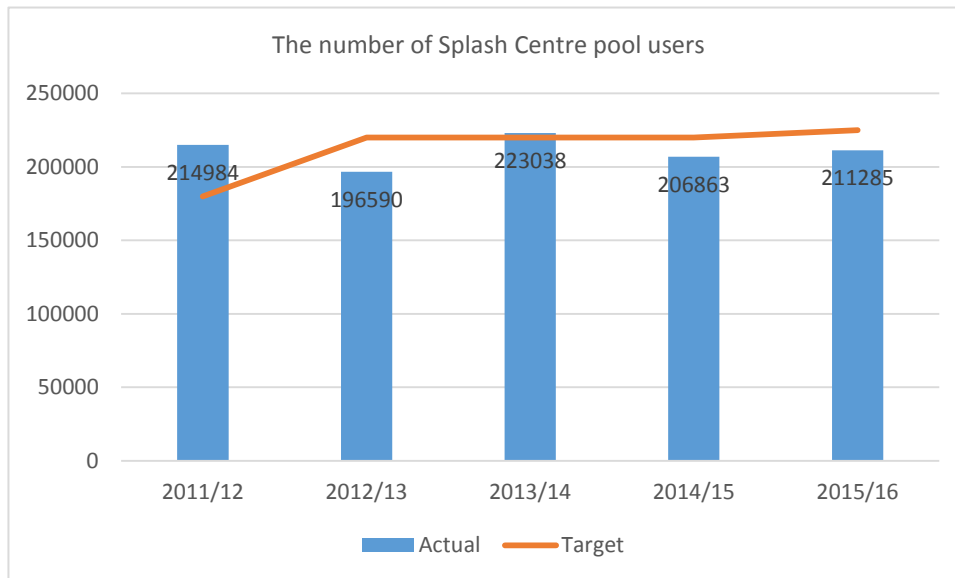
Source: Splash Centre User Survey 2016

User satisfaction (%) with the Whanganui East Pool

Result: 98% (target: 90%). This was a 2% increase from last year. While this is not a new measure, user satisfaction was not canvassed in years prior to last.

Source: Whanganui East Pool Trust

The number of Splash Centre users



Source: Splash Centre

The number of Whanganui East Pool users

Result: 11340 (target: 16000). The target was not met.

Previous year results

Year	Result
2014/15	12977
2013/14	11063
2012/13	18436

Source: Whanganui East Pool Trust

Retention of ACC Pool safe accreditation

Result: Achieved (target: Achieve). 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
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). This is a new measure.

Source: Whanganui East Pool Trust

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 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
2014/15	1
2013/14	0
2012/13	0

Source: Splash Centre

Parks and recreation group

Capital expenditure

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

Activity	Item	Budget \$000	Actual \$000
Capital expenditure to improve the level of service :			
Parks and reserves	Bason Reserve. Roothing	200	167
	Riverfront Toilet project	80	22
	Upokongaro cycleway	260	78
Capital expenditure to replace existing assets :			
Parks and reserves	Parks General. Vehicle replacements	30	63
	Parks General. Castlecliff Coastal report	50	0
	Parks General. Wharf Street boat ramp	267	0
	Parks General. North Mole upgrade	517	0
	Parks General. Street trees	75	0
	Premier Parks. Sundry projects	180	51
Swimming pools	Wanganui East pool. Leak repairs.	75	2
	Splash. Sundry replacements	26	0

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

Bason Reserve roading improvements were undertaken during the year. The underspend is required for second sealing work, and accordingly will be carried over to next year.

The Riverfront toilet project has commenced some initial planning costs, but is still to be finally approved. With the transfer of some other Parks budgets during the year, potential funding to be carried forward to next year is \$128k.

The Upokongaro Cycleway has commenced this year. Next year's Annual Plan has a budget of \$1.24M to complete the project, funded from NZTA subsidy and Council loans.

Parks purchased two vehicles during the year. The CPT vehicle purchased had additional requirements than budgeted, and the budget for the Parks administration vehicle is included under the Property budget. Total vehicle replacements costs overall Council are under budget by \$56k.

Castlecliff beach coastal reports have been delayed due to the June 2015 flood event, but should happen next year with the \$50k budget being carried over to 2016/17.

The Wharf Street boat ramp work budgeted for \$267k has been delayed while the Port Rejuvenation project is completed towards the end of 2016, and will be carried over to 2016/17.

The North Mole structural upgrade budgeted of \$517k was delayed while the quarry was closed, and also awaiting a scoping study to determine the most economic way forward. The unspent funds will be carried over to 2016/17.

Street trees spending of \$77k have been reclassified as operating expenditure.

Numerous sundry Parks projects were not undertaken this year, mainly as a result of the June 2015 flood event taking priority. This work included Cooks Gardens, Bason Reserve, Virginia Lake, Peat Park, Victoria Park, etc. Some sundry work has been carried over to 2016/17.

Swimming Pools

The leak repair budget of \$75k this year has been carried over to next year, and together with next year's budget of \$75k will give a workable budget of \$150k to complete the job.

Sundry replacement work budgeted at \$26k at the Splash Centre included water pumps, piping, and aquatic equipment was either not required, or transferred to operating expenditure.

Internal borrowings

	2016	2015
	\$	\$
Brought forward	600,673	593,072
Borrowings raised	0	0
Borrowings repaid	-24,826	-26,057
Interest paid	23,879	33,657
Carried forward	<u>599,726</u>	<u>600,673</u>

Parks and recreation group

Funding impact statement

For the year ended 30 June 2016

	Long Term Plan 2015 \$000	Long Term Plan 2016 \$000	Actual 2016 \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	7,897	7,628	7,608
Targeted rates	-	-	-
Subsidies and grants for operating purposes	142	134	149
Fees and charges	187	177	582
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	91	83	133
Total operating funding (A)	8,317	8,022	8,472
Application of operating funding			
Payments to staff and suppliers	5,223	5,359	5,898
Finance costs	612	430	449
Internal charges and overheads applied	1,014	975	1,019
Other operating funding applications	-	-	-
Total application of operating funding (B)	6,849	6,764	7,366
Surplus (deficit) of operating funding (A - B)	1,468	1,258	1,106
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(30)	372	(826)
Gross proceeds from asset sales	-	-	17
Lump sum contributions	-	-	-
Other dedicated capital funding	-	130	103
Total sources of capital funding (C)	(30)	502	(706)
Application of capital funding			
Capital expenditure			
-to meet additional demand	-	-	-
-to improve the level of service	692	540	292
-to replace existing assets	746	1,220	116
Increase (decrease) in reserves	-	-	(8)
Increase (decrease) of investments	-	-	-
Total application of capital funding (D)	1,438	1,760	400
Surplus (deficit) of capital funding (C - D)	(1,468)	(1,258)	(1,106)
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

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

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

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

Works for everyone: Our work leads the Safer Whanganui Safe Community Accreditation, and we deliver the For Our Kids programme.

Our key projects and highlights

- Once again we supported and hosted Whanganui Artists Open Studios in March. This included the Festival of Glass.
- Whanganui Community Glass Facility – Whanganui's reputation as a centre for glass arts excellence was secured, thanks to Council purchasing the privately-owned business Chronicle Glass through the Whanganui District Council's charitable trust Wanganui Incorporated (WINC). The Rutland Street facility, will be used primarily by hot and kiln glass artists and will also be available for students of UCOL's Bachelor of Design and Art, specialist glass programmes and art and design programmes. It is expected to be up and running by July 2016.
- We supported Whanganui's premier heritage event the annual Vintage Weekend which was held over three days in January.
- We supported the Festival of Cultures, held annually since 2011. There were over 30 cultures represented in the daylong celebration held at Majestic Square.
- Puanga was celebrated in July marking the Maori New Year.

- The Whanganui Positive Aging Forum met quarterly to progress issues of significance for older people in our community.

District Libraries

- We deployed computer workstations at Jerusalem – creating a total digital access package (wifi & desktops) for community users and national/international visitors.
- Development of the library's Home Service, funded by the Jo Duncan bequest, was ongoing – including a new dedicated vehicle.
- We saw increased usage by members of the community with the total active borrowers increasing by 6%.

Alexander Heritage & Research Library

- The Alexander Heritage and Research Library was awarded \$120,117 by the Lottery WW1 Commemorations, Environment and Heritage fund to improve conservation and storage of heritage collections. The funding will provide a new climate control system in the collection store and mobile shelving to enhance the storage of the community's heritage material which is held at the Alex.

The storage system will be installed by August 2016, following the completion of the Alexander Heritage and Research Library's earthquake strengthening project which will bring the building up to 67% of the New Building Standard. Improvements as part of the earthquake strengthening project also include refurbished offices and public toilets and an accessibility ramp.



Safer Whanganui

- Safer Whanganui received reaccreditation as a Safe Community on 23 June 2016.

"Safer Whanganui is an outstanding example of collaborative leadership, involving local authority, central Government agencies and community networks. It is impressive to see such a diverse range of stakeholders involved"

Safe Community Foundation NZ

- Safer Whanganui, in collaboration with the Safety & Wellbeing Reference Group established an online smoke alarm and home safety checklist.

Royal Whanganui Opera House

- The Lottery World War One Commemorations, Environment and Heritage Committee approved \$400,000 toward the cost of seismic upgrade of the Royal Whanganui Opera House.
- We hosted Opera Week – included a gala evening at the Royal Whanganui Opera House attended by Dame Kiri Te Kanawa.

Sarjeant Gallery Te Whare o Rehua Whanganui

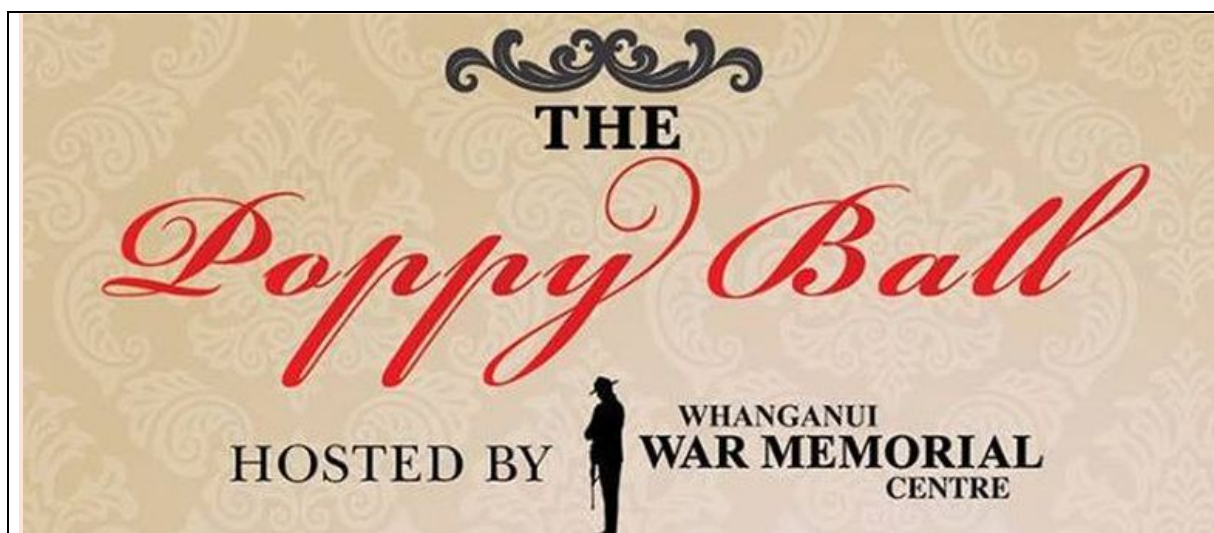
- The movement of all collection items from storage locations to 38 Taupo Quay completed in December 2015.
- We achieved a further three years funding from the Ministry of Education's competitive *Learning Experiences Outside the Classroom* fund December 2015.
- The Gallery hosted a total of 99 events including Musicians for the Sarjeant, Artist Forum talks, presentations outside of the Gallery to community groups, exhibition opening events, special functions and Members events.
- 8338 artworks were safely removed from Sarjeant Gallery at Pukenui Queen's Park and offsite storage areas, to secure storage at Sarjeant on the Quay
- The Gallery mounted 17 exhibitions (excluding the closure period).
- By the end of June 2016, fundraising approached the \$10m mark in support of the Redevelopment Project. This ensured that the Sarjeant Gallery Trust would be eligible to reapply for a similar amount of funding in the July round of the Ministry for Culture & Heritage's Regional Culture & Heritage Fund, in early July.

War Memorial Centre

- We hosted the River City Dancesport Championship and Inter School DanceSport Challenge which attracted over 500 people - an excellent turnout for its first time.
- We hosted many regular events including Whanganui Disability expo, Brand Outlet and Kick boxing.

Poppy Ball

The War Memorial Centre was proud to host the first Poppy Ball. The Downton Abbey themed charity ball was to recognise both the Poppy appeal and also the work carried out by the Red Cross during the floods in 2015. This event will be repeated each year.

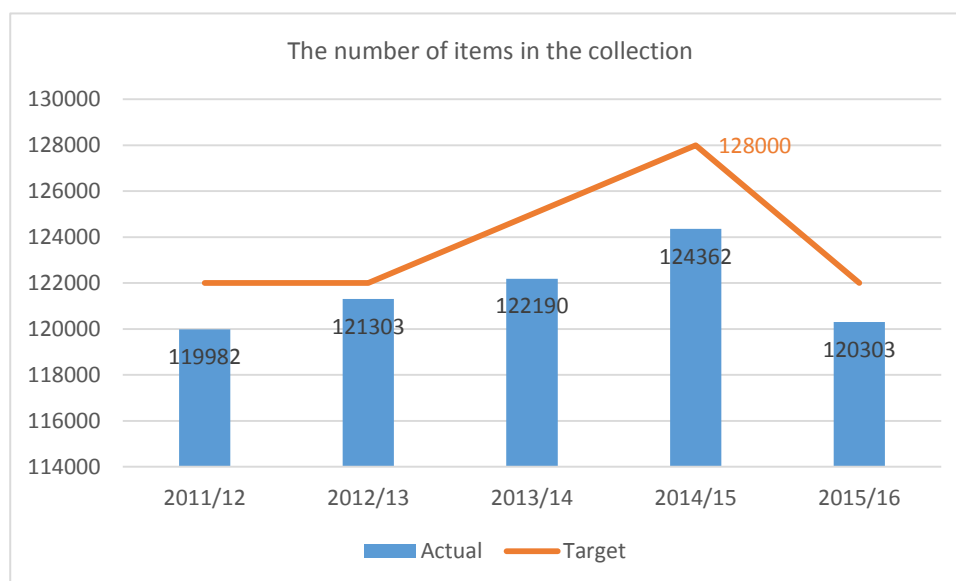


How did we perform?

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 122,000 items in the collection meeting the Library and Information Association of New Zealand standard of 3.5 items each year person was not achieved. 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: 6.0 (target: 5.0). The target of 5.0 was achieved. The turnover rate indicates the average number of times each item in the collection was lent and demonstrates the use of our lending collection. This is a new measure.

Source: WDC Library Management System Database

The number of people visiting our libraries: physical visits

Result: 383,414 (target: 410,000). The target was not met. This may have been impacted by the Mobile Branch Library being off the road from the beginning of June. This is a new measure -previous years' results combined physical and online visits.

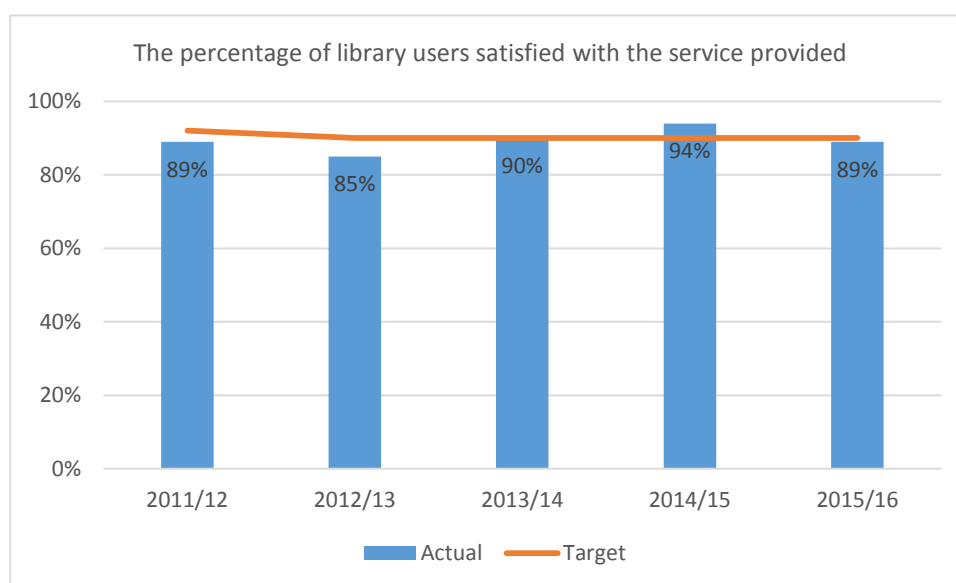
Source: WDC Libraries

The number of people visiting our libraries: online visits

Result: 62,083 (target: 50,000). The number of online visits to our libraries online exceeded target by over 12,000. This is a new measure.

Source: WDC Libraries

Libraries – user (%) satisfaction with the service provided



User satisfaction at the libraries dropped by 5% and just missed the target of 90%. Over the coming year it is planned to implement actions from the Library Strategic Plan and finalise and implement a membership strategy (focussing on increasing membership).

Source: Community Views Survey 2016

The percentage of the Whanganui population that uses the library

Result: 60% (target: 65%).

Previous year results

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

Source: Community Views Survey 2016

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

Result: 852 (target: 750). The target of 750 members was exceeded.

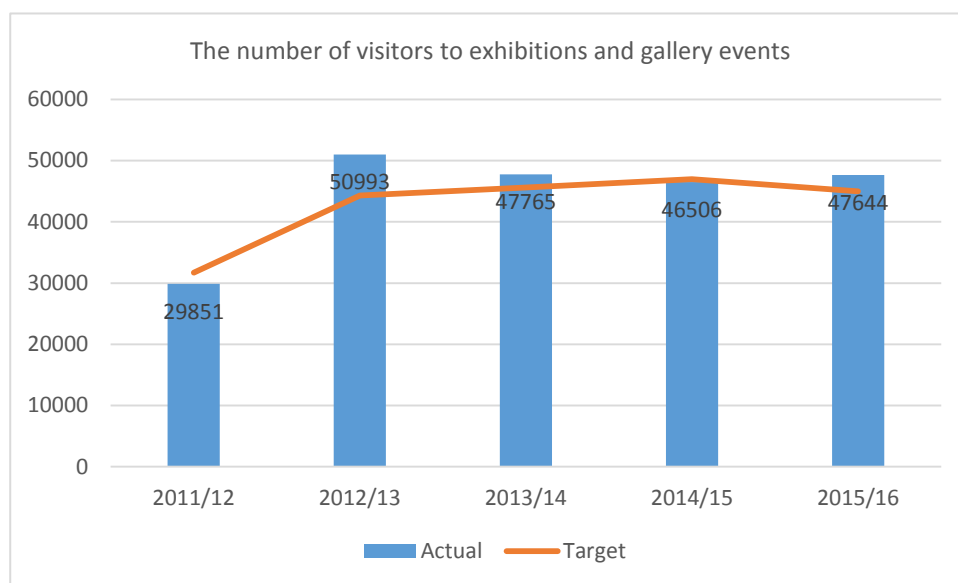
Previous year results

Year	Result
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 was of 45,000 was exceeded, despite the gallery being closed through the first quarter as a result of flooding and a subsequent re-fit.

Source: Sarjeant Gallery Te Whare o Rehua Whanganui

The percentage of the Whanganui population that uses the Gallery

Result: 34% (target: 40%). To increase this number we will continue to implement actions from the gallery's Strategic Plan and will be reviewing findings from the Council's general art survey, which included why respondents would not visit art centres.

Previous year results

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

Source: Community Views Survey 2016

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

Result: 1875 (target: 1000). The target was exceeded due to a focussed effort of the Collection Transition team.

Previous year results

Year	Result
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: \$155,479 (target: \$25,000). Income of \$155,479 was received from six external sources. In June 2016 a further application for \$125,000 had also been lodged. A decision on this is expected in September 2016. This is a new measure.

Source: Sarjeant Gallery Te Whare o Rehua Whanganui

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

Result: 40% (target: 60%). The target was not achieved. In total 40% of the plan was complete - this equated to 22 out of the 55 actions. Closure of the gallery for the first quarter of due to flooding meant a reprioritising of all staff resources. In addition, a shift in focus towards achieving redevelopment fundraising deadlines meant that some aspects of the plan have had to be delayed and timeframes are to be reviewed. This is a new measure.

Source: Sarjeant Gallery Te Whare o Rehua Whanganui

The number of days the Royal Wanganui Opera House hosts events

Result: Events were hosted 47 days of the year (target: 125). This result was impacted by the seismic strengthening work being undertaken at the facility, where it was closed from May to August 2016.

Previous year results

Year	Result
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: 88% (target: 85%).

Previous year results

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

Source: Community Views Survey 2016

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

Result: 36% (target: 35%).

Previous year results

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

Source: Community Views Survey 2016

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

Result: 8 (target: 20). There were eight locally-produced events hosted throughout the year. This result was impacted by the facility's closure for seismic strengthening. Events hosted included dance recitals, school shows and the UCOL graduation. This is a new measure.

Source: Royal Wanganui Opera House

War Memorial Centre retention of Category 1 heritage status

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

Previous year results

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

Source: New Zealand Historic Places Trust

War Memorial Centre - hirer satisfaction (%)

Result: 72% (target: 90%). The survey was not undertaken in the first quarter. This is a new measure.

Source: War Memorial Centre Survey 2016

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

Result: 1779 (target: 1867). This is a new measure.

Source: Wanganui War Memorial Centre

Whanganui War Memorial Centre usage is measured across the three facilities – Pioneer Room, Main Hall and Concert Chamber. Sourcing additional business has been a focus for the Centre and there has been 35 new businesses over the last 12 months.

To understand the effectiveness of our community services

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

Result: 13 (target: 15). There were thirteen hui during 2015/16. The lower number this year was due to cancellations caused by the floods, a tangi in the first quarter and a scheduling conflict with the first reading in Parliament of Te Awa Tupua (Whanganui River) Settlement Bill in the fourth.

Previous year results

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

Source: WDC Community and Culture

Youth Committee – number of meetings held

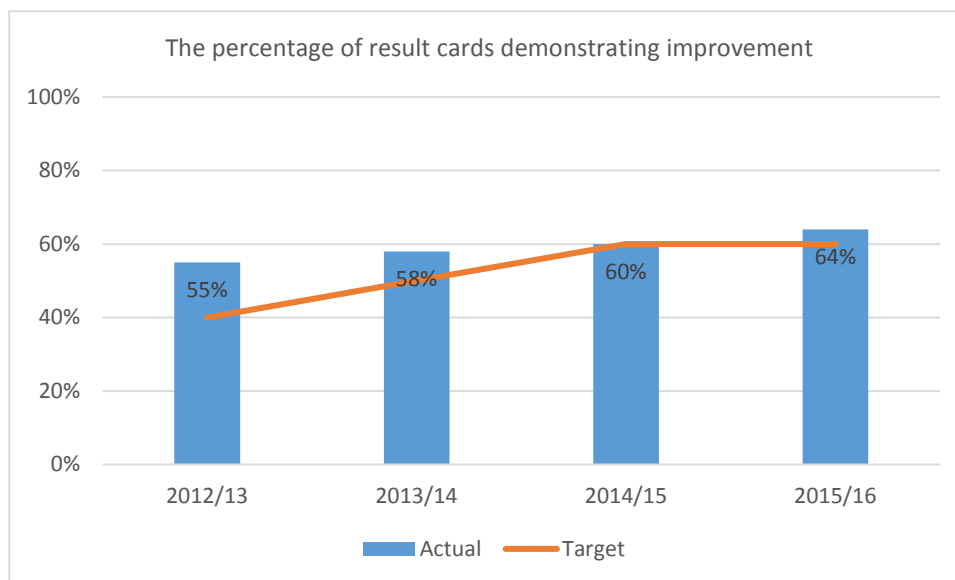
Result: 8 (target: 7). There were eight formal Youth Committee meetings held throughout the year. This equated to two each quarter. The Youth Committee considered a wide range of issues during 2015/16, provided youth grants to support youth development, ran pop-up youth forums and also hosted events such as the 'Feeling Inspired' Youth Art Exhibition and 'So Long Summer' Music Festival.

Previous year results

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

Source: WDC Youth Committee

Safer Whanganui - Result cards demonstrating improvement (%)



New result cards have been developed for Safer Whanganui which will be updated for the 2016/17 year. However, just over 60% had demonstrated improvement prior to the review.

Source: Safer Whanganui

To measure the effectiveness of our arts activities

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

Result: 50% (target: 40%). A review of the strategy will be undertaken in the 2016/17 year. This is a new measure.

Source: WDC Community and Culture

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

Result: 61% (target: 60%). This is a new measure.

Source: Community Views Survey 2016

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

Result: n/a (target: 60%). This is a new measure. The survey is biennial and will be next due in 2017.

Source: National Perceptions Survey 2015

Community and cultural group

Capital expenditure

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

Activity	Item	Budget \$000	Actual \$000
Capital expenditure to improve the level of service :			
Libraries	Office equipment and furniture	40	33
Sarjeant Gallery	Collection Transition project	0	14
	Collection acquisitions	20	22
Community Development	Safer Whanganui equipment	12	21
War Memorial Centre	Office and computer equipment	22	13
Capital expenditure to replace existing assets :			
War Memorial Centre	Earthquake strengthening work	0	47
	Heating and cooling project	0	315
	Portable partitioning work	20	20
Libraries	Book Vote	320	320
	Alexander Library earthquake work	750	642
	Alexander Library improvements	80	60
Regional Museum	Replace roof	100	0
	Earthquake strengthening work	0	70
	Electrical rewire	49	0
Royal Wanganui Opera House	Seating replacement	140	243
	Earthquake strengthening work	200	633
	Roof replacement	0	94

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

Libraries

Expenditure for office and computer equipment, furniture and fittings for the Library business unit was under budget. Expenditure is closely monitored, especially with earthquake work currently underway.

Earthquake strengthening work at the Alexander Library has been undertaken this year, and is nearing completion. Unspent funds will be carried over to 2016/17 to complete the project early next year.

In addition subsequent improvements work (weatherproofing, rewiring and accessibility) will be carried over to 2016/17, which will be undertaken once earthquake strengthening work is completed.

The Book Vote of \$320k was maintained at 2014/15 year levels.

War Memorial Centre

Earthquake strengthening work has been deferred pending further investigations. Some early investigative expenditure has been incurred.

The heating and cooling project was completed this year. The final cost of \$315k was above the opening carry over budget of \$192k, with additional work required for redesigned ducting following discussions with the Historic Places Trust.

Also undertaken was portable partitioning work which was completed within the \$20k budget.

Sarjeant Gallery

The Collection Transition project had residual capital costs of \$14k for mobile storage units and shelving, funded from Council loans. This project was completed December 2015. Operating expenditure was mostly covered by Lotteries Board grants.

Art acquisitions of \$22k were purchased during the year, including prints and art works.

Royal Wanganui Opera House

Earthquake strengthening work was completed during the year. Generic opening carry over funds of \$786k were available, as well as this year's budget of \$200k. When including last year's cost of \$749k, the total cost was \$1.382M. The project has been funded from Council loans and a \$400k grant from the Lotteries Board (\$350k of this was received in 2015).

The Seating replacement programme was completed during the year. Opening carry over funds of 140k were available, as well as this year's budget of \$140k. When including last year's cost of \$41k, the total cost was \$284k. This project was funded from Council loans and a \$80k grant from the Lotteries Board.

The roof was also replaced during the year. Opening carry over funds of \$200k were available. The actual cost of \$94k was well behind budget.

Regional Museum

Some earthquake strengthening studies have been incurred to date, with the project due to be undertaken next year.

The work planned for the roof replacement and electrical rewire have been carried over to 2016/17 awaiting the completion of the earthquake strengthening project.

Internal borrowings

	2016 \$	2015 \$
Brought forward	399,172	353,343
Borrowings raised	162,039	23,463
Borrowings repaid	0	0
Interest paid	23,272	22,367
Carried forward	<u>584,483</u>	<u>399,172</u>

Community and cultural group

Funding impact statement

For the year ended 30 June 2016

	Long Term Plan* 2015 \$000	Long Term Plan 2016 \$000	Actual 2016 \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	7,795	8,024	8,002
Targeted rates	1,534	774	772
Subsidies and grants for operating purposes	160	175	270
Fees and charges	557	639	561
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	156	79	205
Total operating funding (A)	10,202	9,691	9,810
Application of operating funding			
Payments to staff and suppliers	6,128	6,712	6,909
Finance costs	1,215	401	331
Internal charges and overheads applied	1,286	1,331	1,390
Other operating funding applications	-	-	-
Total application of operating funding (B)	8,629	8,444	8,630
Surplus (deficit) of operating funding (A - B)	1,573	1,247	1,180
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	130
Development and financial contributions	-	-	-
Increase (decrease) in debt	6,045	518	1,239
Gross proceeds from asset sales	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	6,045	518	1,369
Application of capital funding			
Capital expenditure			
-to meet additional demand	-	-	-
-to improve the level of service	417	95	116
-to replace existing assets	7,221	1,690	2,467
Increase (decrease) in reserves	(20)	(20)	(34)
Increase (decrease) of investments	-	-	-
Total application of capital funding (D)	7,618	1,765	2,549
Surplus (deficit) of capital funding (C - D)	(1,573)	(1,247)	(1,180)
Funding balance ((A - B) + (C - D))	-	-	-

*LTP budget restated to include the Earthquake Strengthening rate

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

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

Globally connected: 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.

Powered by creative smarts: 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.

Works for everyone: 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 Wikipedia-edit-a-thon in November. It provided a chance for people to contribute to the content on Wikipedia about Whanganui and the Whanganui River.
- In October, Whanganui was announced as a Smart21 Intelligent Community 2016 by the Intelligent Community Forum (ICF), an international think-tank which helps communities adapt to the demands of the broadband economy. This is the fourth time Whanganui has made the list. The theme for 2016 was 'From Revolution to Renaissance', which focuses on how Intelligent Communities are planning their future at a time when the economy, the environment and urban and rural life are undergoing dramatic change.
- The ICF also recognised Whanganui District in the world's Top7 Intelligent Communities. Whanganui joined seven communities worldwide which have been awarded the prestigious title for their work on developing community and economic prosperity using broadband technology.
- We supported #GetDigital – a regional initiative along with Rangitikei and South Taranaki District Councils. The campaign, set to run over the next three years, provides businesses in the regions with tools, events and resources aimed at helping them get online and more digitally engaged.
- Our International Education Strategy has been signed off by Education New Zealand and they are providing significant funding and other support to drive implementation.

- We worked with several entrepreneurs and existing businesses to develop business plans, assist with consent processing, raise capital, network with potential customers and provide access to central government support services.
- We worked in collaboration with our regional partners and central government to launch projects linked to the Regional Growth Study (Accelerate 25).

Whanganui and Partners

Whanganui and Partners continue to undertake a range of activities focussing on delivering the short, medium and long term outcomes contained within the Economic Development strategy, including:

- Development of tools and templates for business capability building (available from W&P website).
- Creation of a capital raising platform and process to provide easy and lower cost access to capital.
- Research to inform the creation of an investment memorandum for a dairy goat milk processing spray dryer and infant formula canning plant (phase 1 of capital raising completed).
- Supporting the local loyal app and business launch. The smart app technology component launched 29 February supported by a marketing and promotion campaign. In the second week of the launch 2000 apps had been downloaded and 80 businesses signed up to the programme.
- Supporting services provided to a number of existing and start-up businesses.
- Business cases/proposals for investment and business attraction developed.
- Creation of new marketing collateral including Move to Whanganui videos to attract artists, businesses, workers and students.
- We partnered with Mainstreet to launch a project to fill empty shops with art, temporary displays and “pop up” test shops.

Tourism and visitor services

- Whanganui was voted into NZ’s Top 10 Destinations by Experience Oz + NZ this year for the first time, beating the likes of Hawke’s Bay, Wellington and Auckland.
- Whanganui i-SITE Visitor Centre was awarded a Certificate of Excellence on TripAdvisor.
- A new tourism statistics portal is now being subscribed to, Qrious Voyager, that enables us to measure all visitor stays, day trips and overnight stays including non-commercial accommodation such as bed and breakfasts, motorhomes, freedom campers, vacations and people staying with friends and family. This portal has shown Whanganui has 4.3 times as many guest nights annually than the previously reported commercial accommodation guest nights.
- Occupancy rates increased by 2% for the year and the length of stay by 5% for this period compared to the last.
- Regional Tourism expenditure grew by 10.3% over the twelve month period compared to the previous year.
- A successful Whanganui “Den of Dragons” event was held to foster and encourage new events within the district during the winter and shoulder seasons. Twenty-three applications were received from the community with six finalists taking place at a live event. Event related business sponsorship was secured from within the district adding to the wider community engagement and support for the concept.
- A new events calendar was launched encompassing visitor and community events www.whanganuiwhatson.nz and integrated with relevant social media.
- Facebook and social media growth, reach and engagement has been significant with the Visit Whanganui Facebook page showing over 80% of followers from outside the district.

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: 2.73% (target: 1% increase on the previous year). This is a new measure so the result from this year will be the baseline result.

Source: Whanganui and Partners

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

Result: \$4,225,000 (target: increase on the previous year). This is a new measure so the result from this year will be the baseline result.

Source: Whanganui and Partners

The number of tertiary and trade training opportunities in Whanganui

Result: 175 (target: 170). The target was met with 175 tertiary and trade opportunities in Whanganui. This is a new measure so the result from this year will be the baseline result.

Source: Whanganui and Partners

The number of international students studying in Whanganui

Result: 169 (target: 145). The target was exceeded with 169 international students studying in Whanganui. This is a new measure so the result from this year will be the baseline result.

Source: Whanganui and Partners

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

Result: 73% (target: 60%). The target was exceeded with 73% satisfied with their relationship with Whanganui and Partners. This is a new measure.

Source: Whanganui and Partners

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

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

Result: 0.50% (target: 0.53%).

The share of national guest nights has dropped slightly to 50%. This was in line with commercial regional trends. The drop has been in domestic visitation while international visitor trends have held.

Previous year results

Year	Result
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: 0.52%). Regional tourism spend is no longer measured in the same way so this result is not able to be provided in the same terms. New measurements are in place so there is not an annual comparison able to be made for this year. This is a new measure.

Source: Regional Tourism Estimates

The number of visitors to the iSite

Result: 23,183 (target: 30,000). The target was not met. The flood event in June 2015 had an impact on visitor numbers in the first quarter. This is a new measure.

Source: Whanganui iSite

Customer satisfaction with service received at the iSite

Result: 84% (target: 100%). The iSite received a TripAdvisor Certificate of Excellence, with 84% of reviews rating the service as "very good" or "excellent". This is a new measure.

Source: Whanganui iSite

Economic development group

Capital expenditure

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

Activity	Item	Budget	Actual
		\$000	\$000

Capital expenditure to improve the level of service:

Visitor Information Centre	Furniture and Fittings	0	3
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Internal borrowings

	2016	2015
	\$	\$
Brought forward	916	11,037
Borrowings raised	456	0
Borrowings repaid	0	-10,172
Interest paid	57	51
Carried forward	<u>1,429</u>	<u>916</u>

Economic development group

Funding impact statement

For the year ended 30 June 2016

	Long Term Plan* 2015 \$000	Long Term Plan 2016 \$000	Actual 2016 \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	2,167	2,285	2,279
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	-	-	58
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	77	90	17
Total operating funding (A)	2,244	2,375	2,354
Application of operating funding			
Payments to staff and suppliers	1,746	1,910	1,820
Finance costs	27	16	9
Internal charges and overheads applied	371	429	448
Other operating funding applications	-	-	-
Total application of operating funding (B)	2,144	2,355	2,277
Surplus (deficit) of operating funding (A - B)	100	20	77
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(100)	(20)	(81)
Gross proceeds from asset sales	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	(100)	(20)	(81)
Application of capital funding			
Capital expenditure			
-to meet additional demand	-	-	-
-to improve the level of service	-	-	3
-to replace existing assets	-	-	-
Increase (decrease) in reserves	-	-	(7)
Increase (decrease) of investments	-	-	-
Total application of capital funding (D)	-	-	(4)
Surplus (deficit) of capital funding (C - D)	(100)	(20)	(77)
Funding balance ((A - B) + (C - D))	-	-	-

*LTP budget restated for comparative purposes

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

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

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

Powered by creative smarts: We seek new and innovative technology that will enhance our cemeteries and access to enable global connectivity.

Flowing with richness: 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

- Reshaping Whanganui – The town centre project aims to reshape Whanganui's town centre and make it a more vibrant place to be. The project began in October with a series of stakeholder meetings with businesses, retailers, landowners, community groups, public agencies and arts representatives. This was followed by three days of 'inquiry by design' workshops led by Urbanism+, one of Australasia's top urban design teams, leading the way to develop ideas to reshape our town centre for the future.

Storm event – Emergency management

On the two days of 19 and 20 June 2015, the Whanganui District received more rain than the monthly average for the whole of June on already saturated land and catchment areas. It is the largest ever recorded flood in Wanganui.

A State of Emergency was declared at 4.00pm Saturday 20 June (and remained in place until Thursday 2 July).

Localised and river flooding resulted in the evacuation of about 400 people in multiple areas.

The State Highway network was also disrupted, with access to the region severely restricted at one point. State Highways were all reopened by 6th July although SH 4 was restricted to emergency and 4WD access for residents until 20 July.

The rail line from Whanganui to Hawera was closed due to slips and was reopened on Monday 6 July. Most power customers had supply interruptions but had all been reconnected by 22 July 2015 (with the exception of a few remote areas).

Gas supply was interrupted to some properties but Gas reticulation had been restored to all areas by 23 July 2015.

Whanganui District Council transitioned from response to recovery on 2 July 2015.

- We continued our review of the Pensioner Housing Activity with key considerations being the financial sustainability of the portfolio and the social housing needs of our community. Council will only consider the long term strategy for the Pensioner Housing Activity upon conclusion of this review.
- As a result from public feedback on the Dog Control Policy and Bylaw, we continued with a stronger stance on bad dog owners – resulting in three court prosecutions and two more pending.
Investigations continued for a new animal welfare centre with the original site in Castlecliff no longer deemed as suitable due to the potential impact of barking dogs. Plans for identifying and developing a new site are underway.
- Between the end of November and Christmas Eve, as part of a trial to encourage holiday shoppers, weekend parking was free in Victoria Avenue with a two hour parking limit on Saturdays. Parking in St Hill Street was free with no time limit every day until January 3.



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: 2208 (target: 700). This includes ash burial plots and full burial plots.

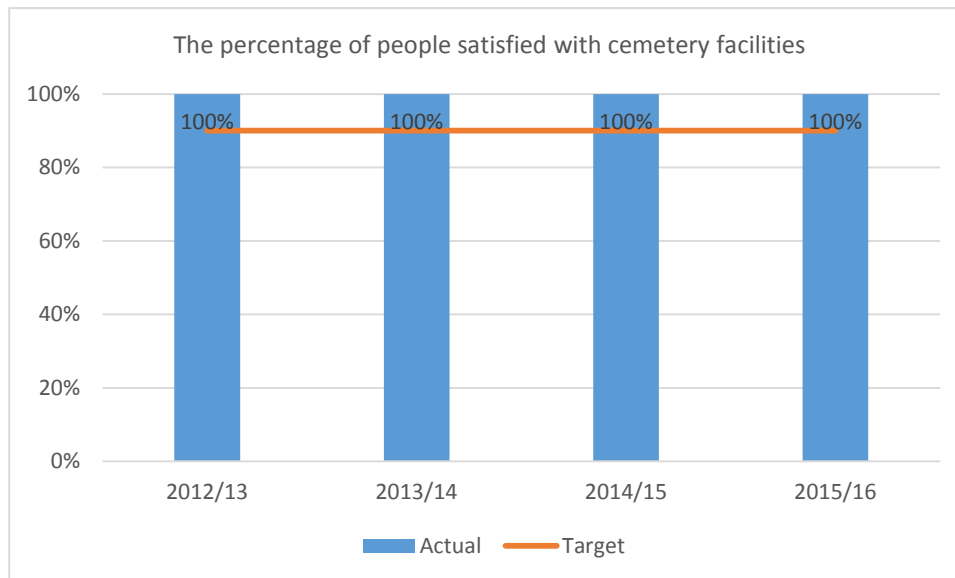
Previous year results

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

These figures are based on all available land left in the cemetery for the purposes of plots according to the proposed layout. Revised figures now include natural burial sites, all ash and burial plots as well as plots available at rural cemeteries and specific allocations for Muslim and RSA burials.

Source: Cemetery Sexton

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



Source: WDC Park Check Survey 2016

The number of official cemetery records available digitally

Result: 28,571 (target: 35,000). The target of 35,000 records was not achieved; there are currently 28,571 records online. This followed a stall in the project during 2015/16, however, work has now resumed after. The first priority is to ensure that the Aramoho burial records on the database are complete and correct.

Previous year results

Year	Result
2014/15	18,049
2013/14	18,049
2012/13	18,049

Source: WDC Cemetery records Database

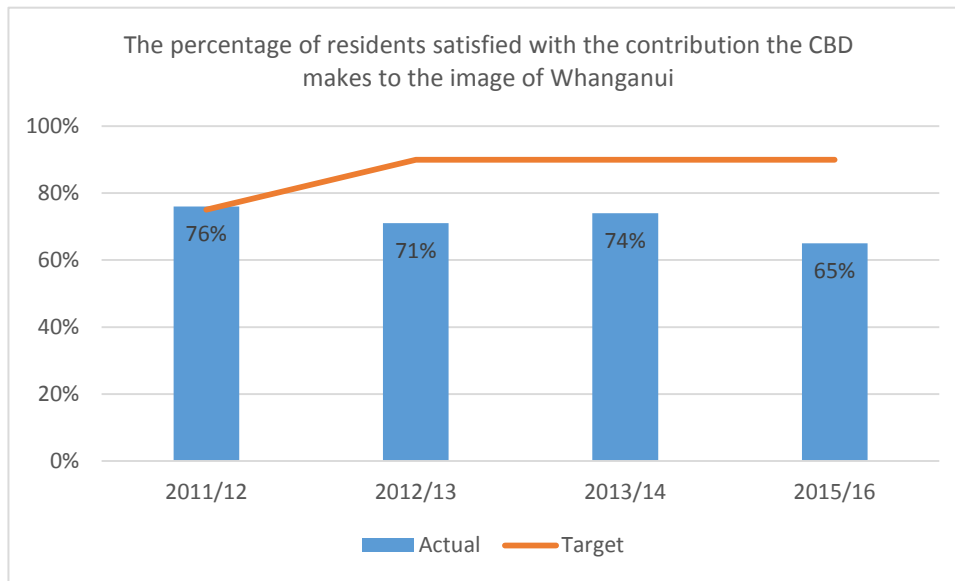
The number of records accessed digitally per month

Result: 14,012 (target: 5000). The target was exceeded with over 14,000 records being accessed digitally per month. This is a new measure.

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 2016

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

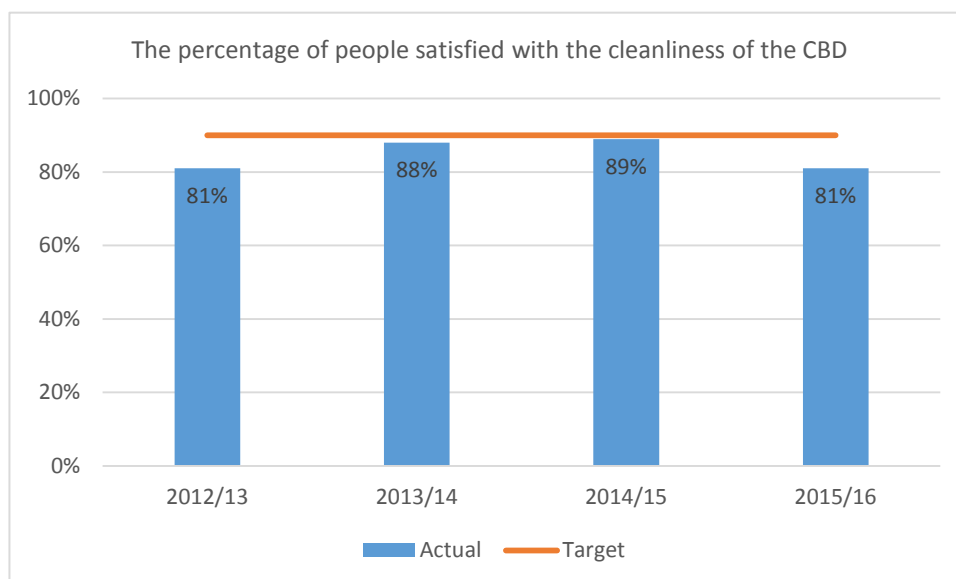
Result: 61% (target: 60%). Feelings of safety in the CBD during the evening has steadily increased year on year.

Previous year results

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

Source: Community Views Survey 2016

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 2016

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

Result: 2 (target <12).

Previous year results

Year	Result
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: 100% (target: 70%). This is a new measure.

Source: Resource Recovery Centre User Survey 2016

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

Result: 69% (target: 100%). The average result across the year was 69%. This is because the policy was not in place in the first quarter and was only being rolled-out in the second. In the third quarter all iconic events had an appropriate waste minimisation plan. There were no iconic events held in public parks or reserves in the fourth quarter. This is a new measure.

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: 2300 (target: Maintain or improve from the previous year.). This is slightly less than the previous year which saw 2,533 tonnes through the centre. This was previously measured in cubic metres.

Source: Resource Recovery Centre

The number of educational visits to schools on waste minimisation

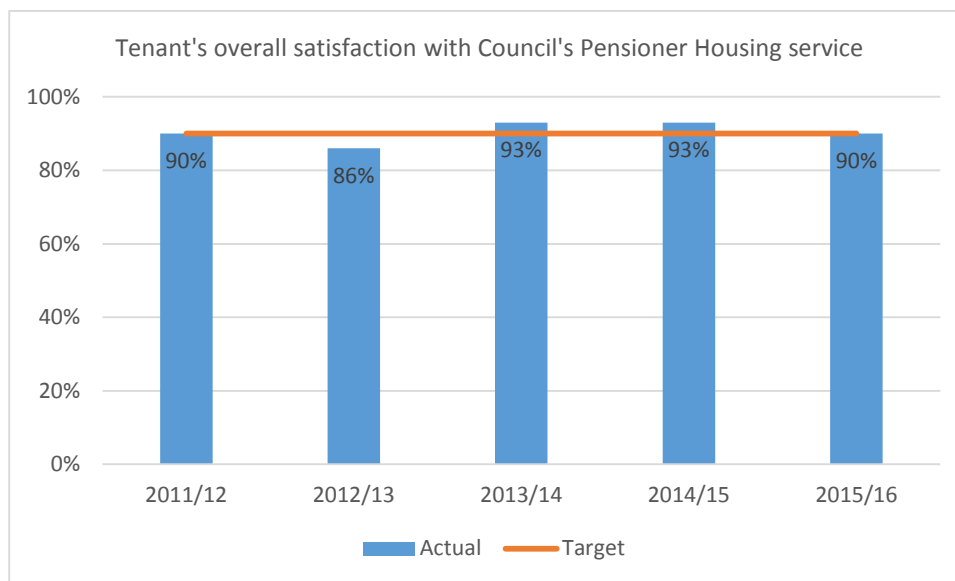
Result: 13 (target: ≥ 5). This is a new measure.

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 90% of pensioner housing tenants very satisfied, or satisfied overall with Council's pensioner housing service. As at 30 June 2016 there were 267 tenants in pensioner housing.

Source: WDC Pensioner Housing Survey 2016

Tenant satisfaction (%) with welfare services

Result: 82% (target: 75%).

Previous year results

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

Source: WDC Pensioner Housing Survey 2016

Pensioner housing units (%) occupied

Result: 92% (target: 90%). There are 275 units in total.

Previous year results

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

Occupancy rates fluctuate from year to year depending upon demand. Council are currently reviewing the pensioner housing activity.

Source: WDC Pensioner Housing

Community buildings

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

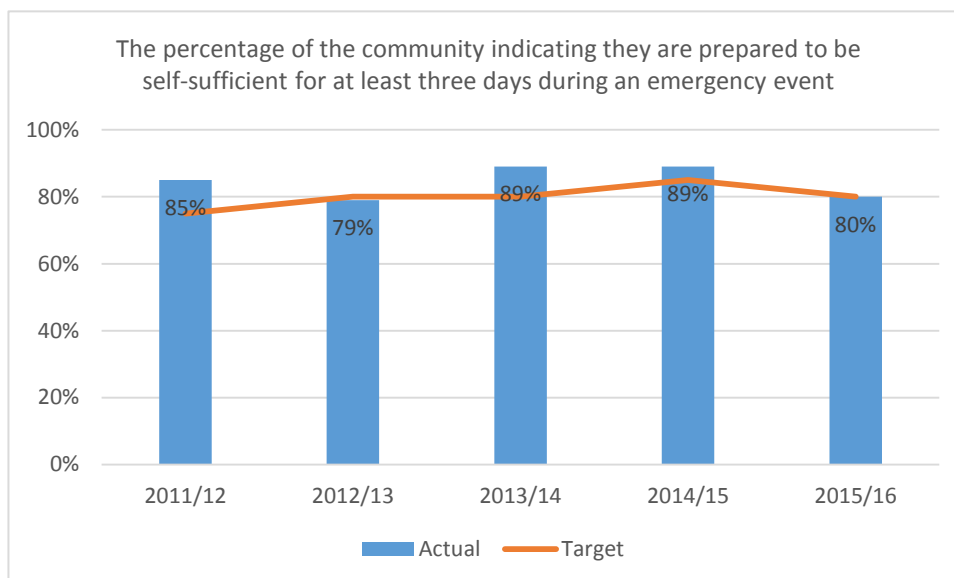
Result: Achieved (target: Achieve). All Council owned buildings retained their code of compliance/building warrant of fitness. This is a new measure.

Source: WDC Property

Emergency management

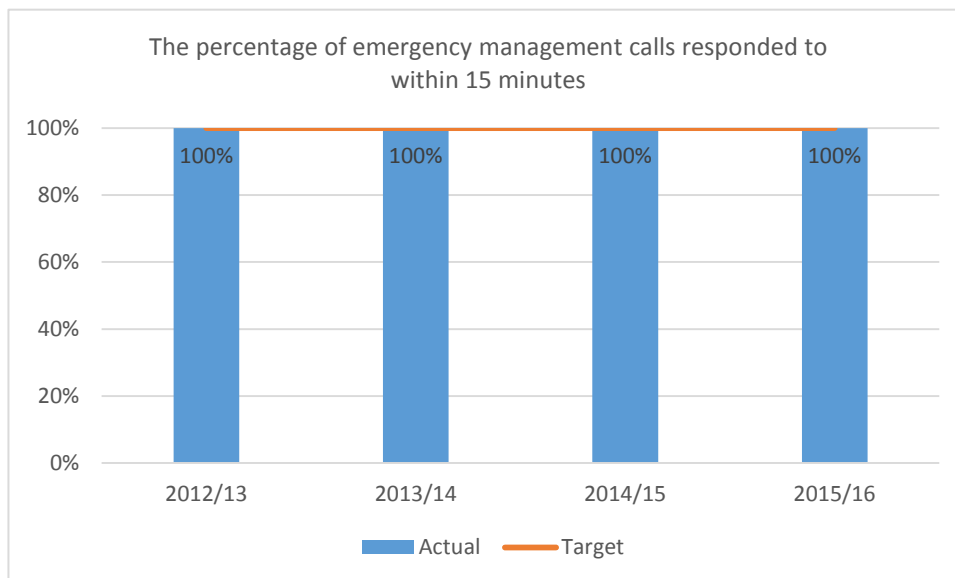
To measure the progress towards minimising threats to public safety

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



Source: Community Views Survey 2016

Emergency management calls (%) responded to within 15 minutes



All emergency management calls were answered within 15 minutes.

Source: MCDEM records

Rural fire calls (%) responded to within 10 minutes

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

Previous year results

Year	Result
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%).

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
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: 100% (target: 100%). One siren was identified as defective in November but was repaired within the timeframe. All other sirens passed the testing process and new batteries were also fitted to all the sirens.

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)

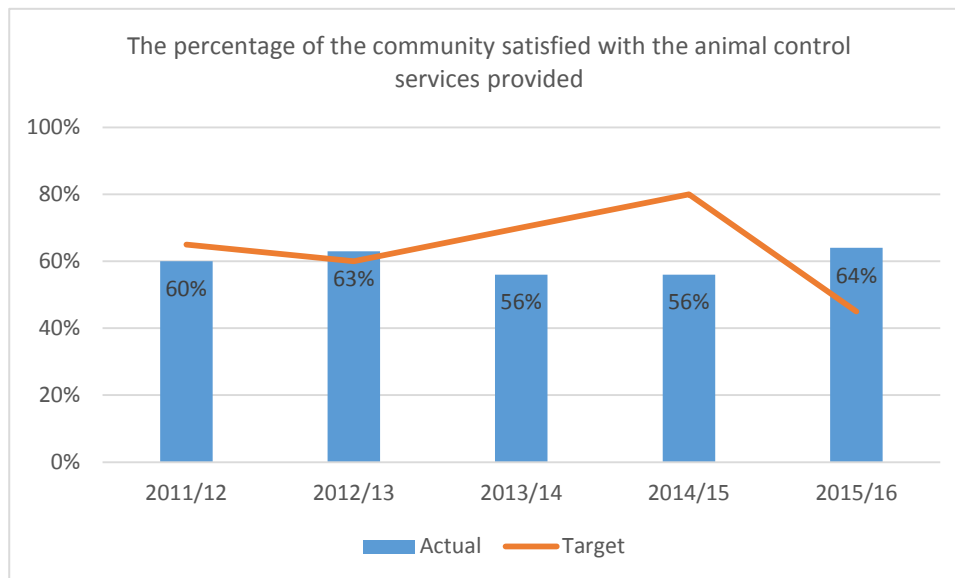
Result: 97% (target: 98%). There is a one month grace period for owners to register their dogs before they are infringed. Registrations entered in the system in June do not incur charges as it is so close to the beginning of the registration year (which begins on 1 July). Animal Management officers continue to work towards increasing the number of unknown dogs becoming part of our database.

Previous year results

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

Source: WDC Property and Rating Database

Community satisfaction (%) with animal control services provided



Satisfaction with animal control services saw a significant increase this year.

Source: Community Views Survey 2016

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

Result: 95% (target: 92%). This is a new measure.

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

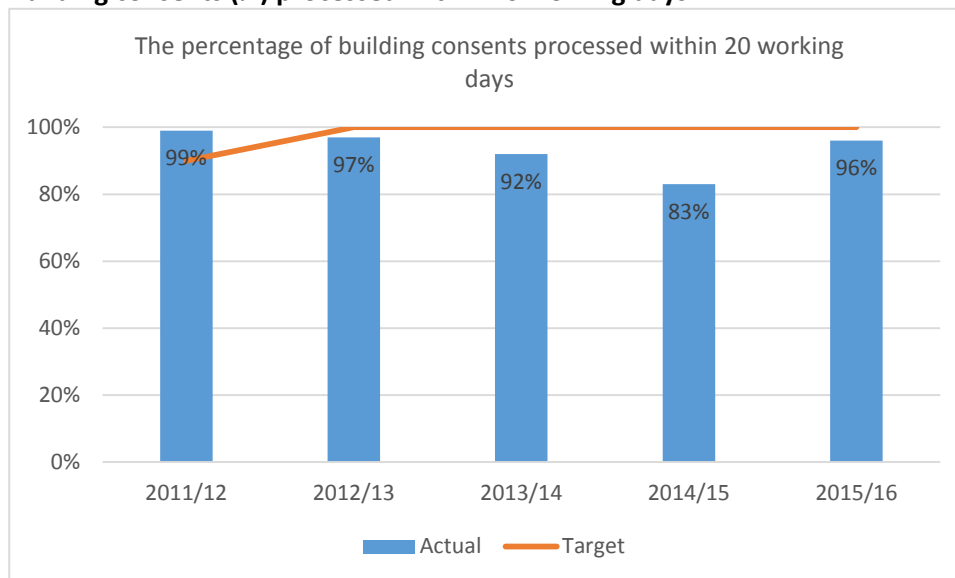
Result: Achieved (target Achieve).

Previous year results

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

Source: WDC Building Control

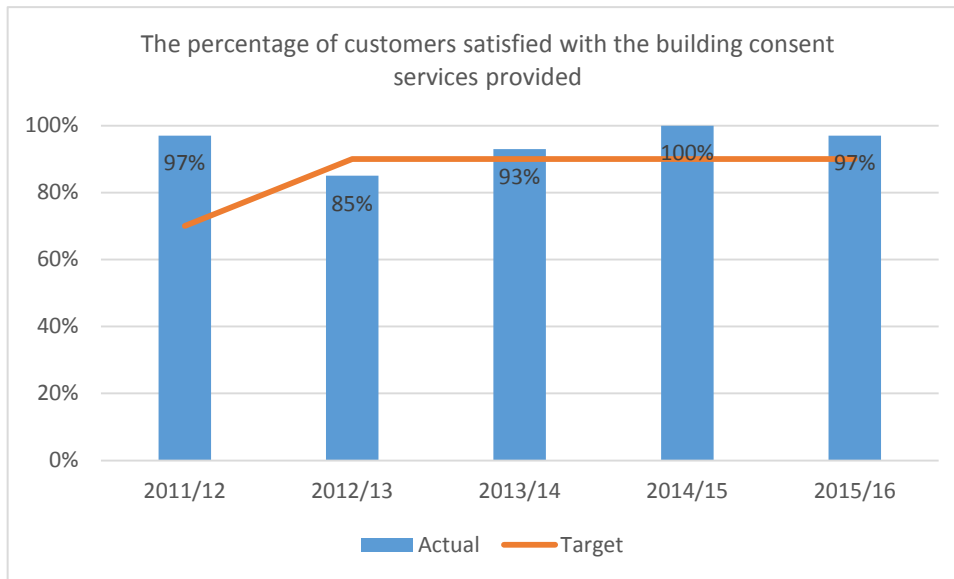
Building consents (%) processed within 20 working days



Despite just not meeting the target of 100%, there was a significant increase from the previous year in the number of building consents completed within the statutory 20 working days.

Source: WDC Property and Rating Database

Customer satisfaction (%) with the building consent services provided



Source: WDC Building Consent Satisfaction Survey 2016

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

Result: 96% (target: 100%). Some of the premises not inspected were seasonal (e.g. honey houses) and some were scheduled for inspection in July 2016.

Previous year results

Year	Result
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%). Only one business failed to meet minimum standards during the year. A corrective plan was then put in place. This is a new measure.

Source: WDC Property and Rating Database

Excessive noise complaints (%) investigated within 30 minutes

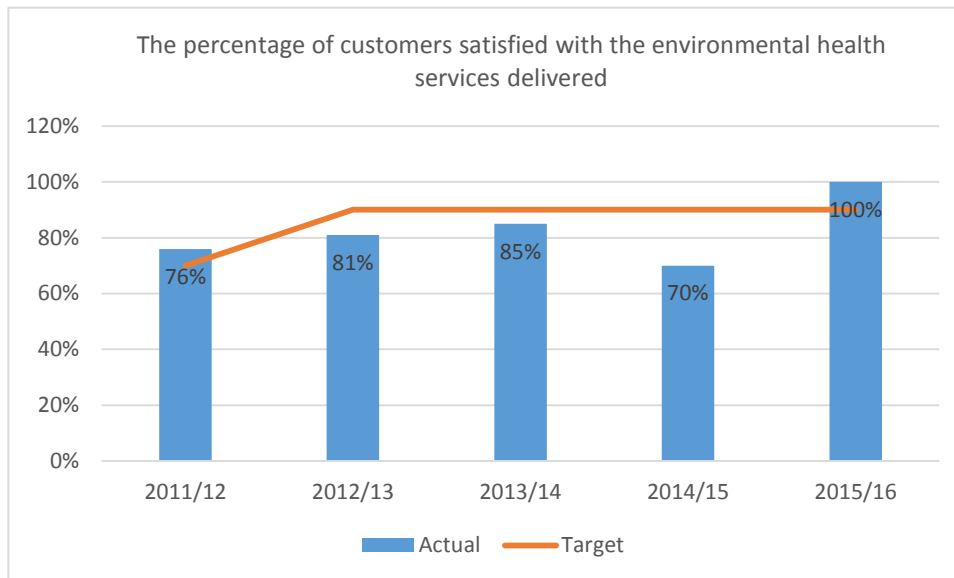
Result: 93% (target: 95%). The target was not achieved with 93% of excessive noise complaints being investigated within 30 minutes. Generally calls that are not responded to in the preferred time is because the officer is at a higher priority job.

Previous year results

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

Source: WDC Property and Rating Database

Customer satisfaction (%) with the environmental health services delivered



Source: WDC Environmental Health Satisfaction Survey 2016

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

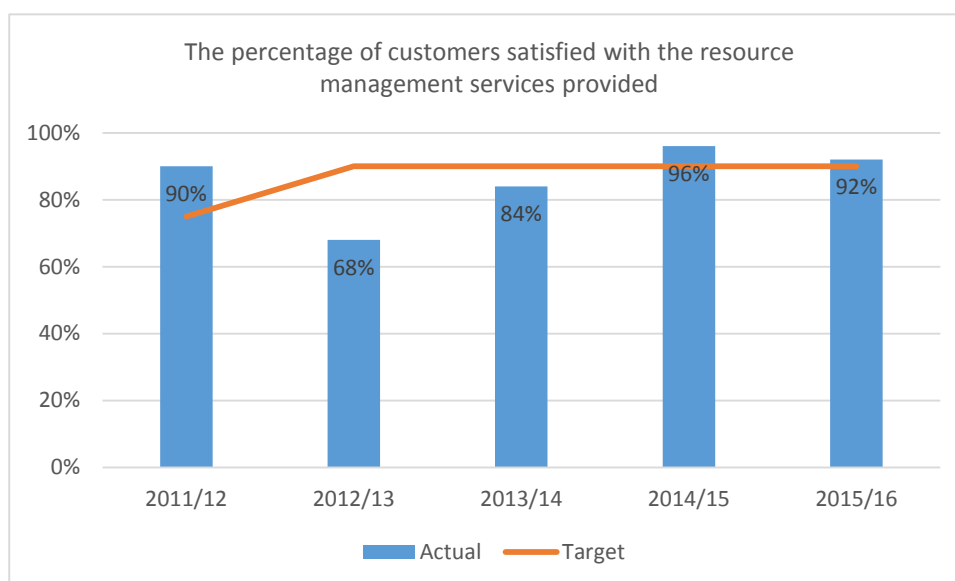
Result: 97% (target: 100%).

Previous year results

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

Source: WDC Resource Consent Satisfaction Survey 2016

Customer satisfaction (%) with the resource management services provided



The target of 90% was met, despite a small decrease from the previous year.

Source: WDC Resource Consent Satisfaction Survey 2016

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

Result: 100% (target: 75%). The target was exceeded with all resource consents being monitored within five years of being issued. This is a new measure.

Source: WDC Property and rating Database

District Plan review completed (%)

Result: 66% (target: 64%).

Previous year results

Year	Result
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: 94% (target: 98%).

Previous year results

Year	Result
2014/15	98%
2013/14	98%
2012/13	99%

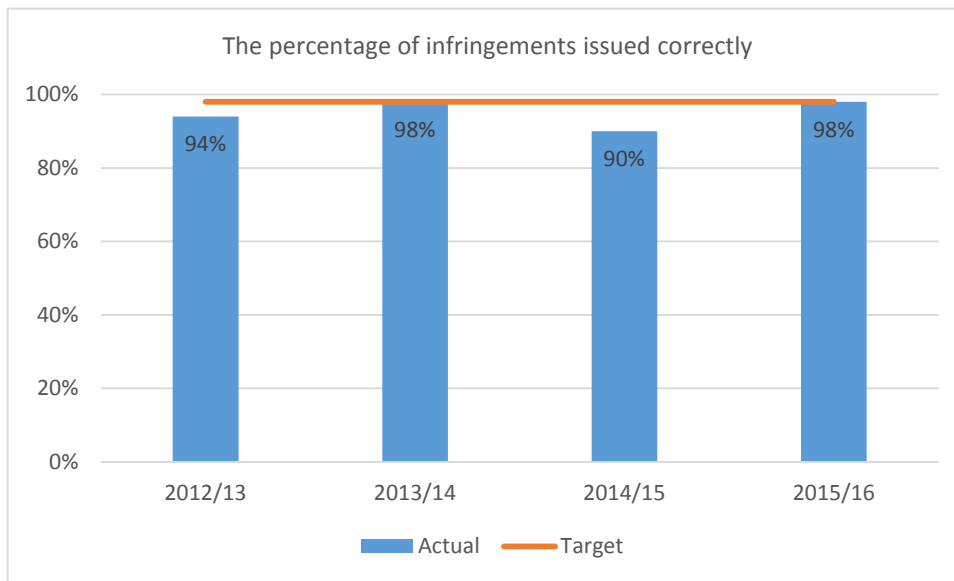
Source: WDC Parking Team

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

Result: 65% (target: 90%). Despite not meeting target only 10% were dissatisfied with the availability of on-street parking. This is a new measure.

Source: Community Views Survey 2016

Infringements issued correctly (%)



Source: WDC Parking Team – Ticket database

Non-compliant vehicles in the CBD

Result: 885 (target: <1742). The target to decrease from the previous year (1742) was achieved.

Previous year results

Year	Result
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 significant expenditure on capital works for the Property and Facilities Group. Significant variations to the Annual Plan are discussed below where necessary.

Activity	Item	Budget \$000	Actual \$000
Capital expenditure to improve the level of service :			
Cemeteries	New cemetery design and extension	15	0
Animal Control	Computer equipment	0	38
CBD Maintenance	Easement accessway	30	5
Civil Defence	Business Continuity Plan	0	17
	I T packs	23	20
	Tsunami signage	31	0
Capital expenditure to replace existing assets :			
Pensioner housing	Building improvements	65	13
Cemeteries	Improvements	52	25
Civil Defence	Vehicle and equipment replacements	15	53
Community Buildings	Improvements	36	21

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. The unspent budget of \$15k will be carried over to 2016/17.

Other improvements, such as fencing, seating, signage and roading reseals were completed during the year. Jobs not required to be done this year included drainage and building work.

Community Buildings

Drainage work at the Observatory was undertaken, costing \$21k (budget \$17k). Other work at the Womens Resource Centre and the Duncan Pavillion were not undertaken this year.

CBD Maintenance

Work on an easement for a pedestrian accessway 22-24 Victoria Avenue was just underway. Unspent funds of \$25k will be carried over to 2016/17 to complete the job.

Animal Control

The Animal control activity purchased unbudgeted CCTV for the Dog Pound, and other laptop computer equipment.

Civil Defence

Budgeted funds of \$27k for a new vehicle were carried over from 2014/15 as last years purchase was delayed due to a required change in vehicle specifications.

The Business Continuity Plan was completed during the year, financed from funds received from previous years.

The Tsunami signage project was delayed due to the flood event, but are due to be erected early next year. Accordingly the \$31k funding will be carried forward to 2016/17.

Pensioner Housing

The capital replacement budget of \$65k was mostly unspent. Most expenditure has been classified as either planned or reactive maintenance, which is operating expenditure. Overall maintenance expenditure was under budget for the year.

Internal borrowings

	2016 \$	2015 \$
Brought forward	471,846	388,237
Borrowings raised	0	57,171
Borrowings repaid	-24,947	0
Interest paid	18,532	26,439
Carried forward	<u>465,431</u>	<u>471,846</u>

Community facilities and services group

Funding impact statement

For the year ended 30 June 2016

	Long Term Plan 2015 \$000	Long Term Plan 2016 \$000	Actual 2016 \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	3,209	4,752	4,739
Targeted rates	566	515	566
Subsidies and grants for operating purposes	-	-	362
Fees and charges	2,607	3,891	3,836
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	736	1,004	903
Total operating funding (A)	7,118	10,162	10,406
Application of operating funding			
Payments to staff and suppliers	5,234	8,017	8,356
Finance costs	300	269	301
Internal charges and overheads applied	1,150	1,737	1,814
Other operating funding applications	-	-	-
Total application of operating funding (B)	6,684	10,023	10,471
Surplus (deficit) of operating funding (A - B)	434	139	(65)
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	21	193	168
Gross proceeds from asset sales	-	-	48
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	21	193	216
Application of capital funding			
Capital expenditure			
-to meet additional demand	-	-	-
-to improve the level of service	308	99	80
-to replace existing assets	297	183	124
Increase (decrease) in reserves	(150)	50	(53)
Increase (decrease) of investments	-	-	-
Total application of capital funding (D)	455	332	151
Surplus (deficit) of capital funding (C - D)	(434)	(139)	65
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

Deeply united: 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 Whanganui.

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

Flowing with richness: 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.

Works for everyone: 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

- In May 2016, Air New Zealand announced they would be withdrawing their services from the Whanganui Airport. As such, Air Chathams are now providing the same scheduled daily Whanganui – Auckland flights with their 34 seat Saab and 19 seater metroliner. An open day to welcome Air Chathams to Whanganui was planned for July.
- A staged upgrade began of the Wharf Street recreational Slipway and a user's group was established to explore opportunities for better facilities and services such a boat storage and servicing.
- A replacement heavy duty dredging barge was purchased from the Port of Bluff, to arrive in Whanganui and be fitted out in October 2016.
- Work had been planned on stage two (of four) upgrade of the North Mole, however this did not take place as the impact of recent storms has identified the need to first undertake an engineering investigation process followed by a detailed design before commencing work. It is expected that this work will commence in 2017.
- We applied for funding, via the Region's economic development initiative, Accelerate 25, to undertake a scoping study for a Whanganui Port Revitalisation program and marine service centre. The application resulted in a pre-feasibility study being completed, funded jointly by the Harbour Endowment and Government. The pre-feasibility study highlighted a number of promising opportunities that warrant further investigation.



How did we perform?

We want to ensure our transportation activities are safe and sustainable. We assess 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 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
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 achieved, it is a long-term target. The actual result was a loss of 20%.

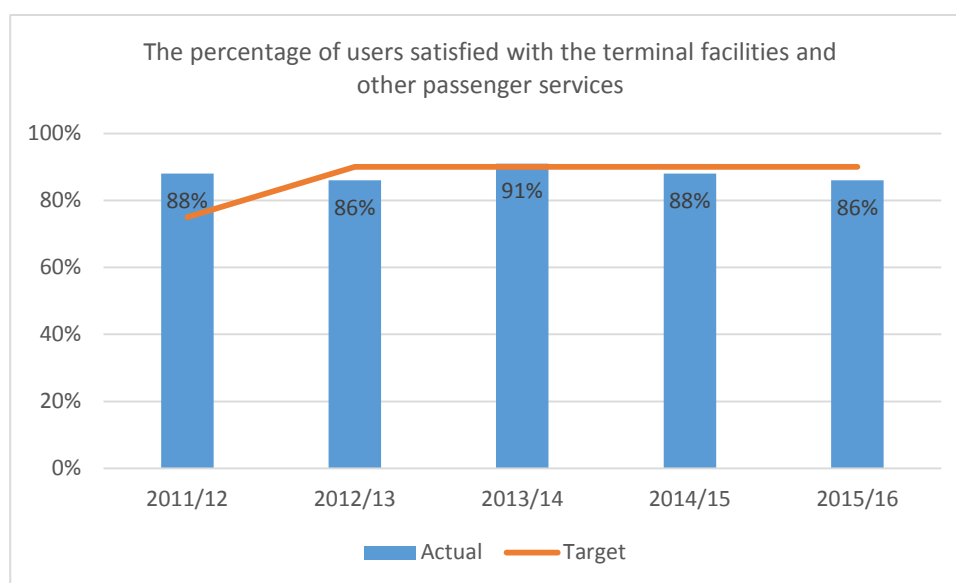
Previous year results

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

Source: Whanganui Airport

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



Source: Community Views Survey 2016

Sea port - number of commercial vessel visits

Result: 7 (target: 25).

The target was not met primarily due to repairs to the wharf.

Previous year results

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

Source: Whanganui Port

Durie Hill elevator – safety certification

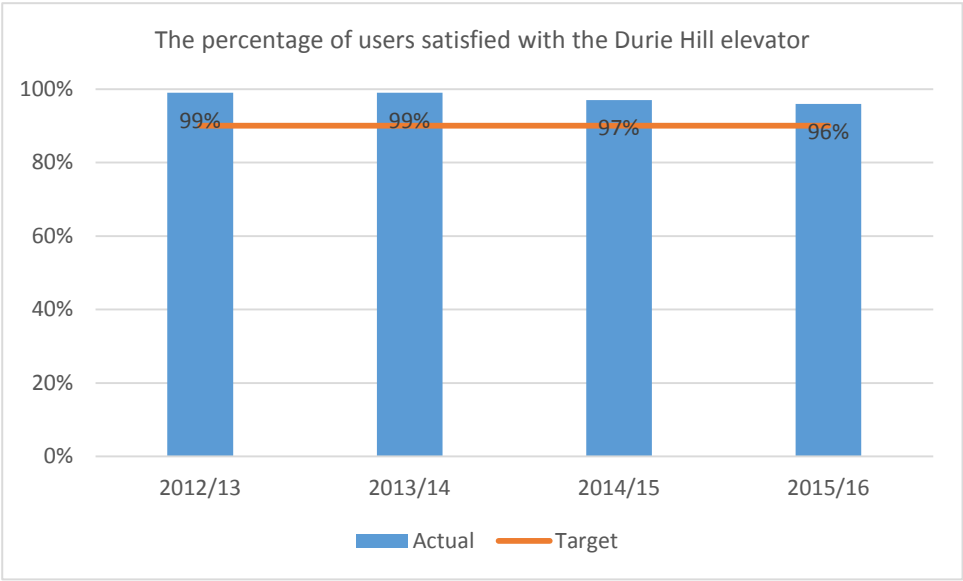
Result: 100% (target: 100%). The Durie Hill Elevator received its annual safety certificate of inspection.

Previous year results

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

Source: WDC Property

Durie Hill elevator – user satisfaction (%)



Source: WDC Property

Transportation group

Capital expenditure

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

Activity	Item	Budget \$000	Actual \$000
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Capital expenditure to replace existing assets :

Airport	Mower replacement	0	3
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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 for mower replacement was \$27k, being a carry over from 2014/15. Due to delays in the finalising of specifications and quotes, and getting Ministry of Transport approval, the budget has been carried over to 2016/17.

Internal Borrowings

	2016 \$	2015 \$
Brought forward	91,140	78,737
Borrowings raised	7,000	7,296
Borrowings repaid	0	0
Interest paid	4,070	5,107
Carried forward	<u>102,210</u>	<u>91,140</u>

Transportation group

Funding impact statement

For the year ended 30 June 2016

	Long Term Plan* 2015 \$000	Long Term Plan 2016 \$000	Actual 2016 \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	369	359	358
Targeted rates	-	-	-
Subsidies and grants for operating purposes	29	30	53
Fees and charges	229	235	215
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	39	21	35
Total operating funding (A)	666	645	661
Application of operating funding			
Payments to staff and suppliers	377	374	437
Finance costs	89	62	67
Internal charges and overheads applied	136	132	138
Other operating funding applications	-	-	-
Total application of operating funding (B)	602	568	642
Surplus (deficit) of operating funding (A - B)	64	77	19
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(50)	(71)	(16)
Gross proceeds from asset sales	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	(50)	(71)	(16)
Application of capital funding			
Capital expenditure			
-to meet additional demand	-	-	-
-to improve the level of service	14	3	-
-to replace existing assets	-	3	3
Increase (decrease) in reserves	-	-	-
Increase (decrease) of investments	-	-	-
Total application of capital funding (D)	14	6	3
Surplus (deficit) of capital funding (C - D)	(64)	(77)	(19)
Funding balance ((A - B) + (C - D))	-	-	-

*LTP budget restated for comparative purposes

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

Works for everyone: 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

- Whanganui District Council Holdings (WDCHL) purchased a well-established flight school Flight Training Manawatu. The flight school operates under a wholly owned company of WDCHL 'New Zealand International Commercial Pilot Academy Ltd'. The flight school operations will remain at the Feilding Aerodrome while we establish new hangars and educational facilities at Whanganui Airport and look at accommodation options for the students.
- The Council retained its long-term AA- credit rating from global rating agency Standard and Poor's. 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
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%). 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
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: 7.74% (target: 6.5%).

Previous year results

Year	Result
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: 7.18% (target: 6.5%).

Previous year results

Year	Result
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 significant expenditure on capital works for the Investments Group. Significant variations to the Annual Plan are discussed below where necessary.

Activity	Item	Budget \$000	Actual \$000
Capital expenditure to improve the level of service :			
Investments. City Endowment Harbour Endowment	180 Ridgeway Street	0	112
	1 Kirk Street	0	323
Capital expenditure to replace existing assets :			
Investments. City Endowment Harbour Endowment	Parks Yard	18	8
	Wharf upgrade	0	704
	8-10 Cooks Street	19	4
	Gas Building	85	3

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 commenced during the year costing \$704k, and is due for completion towards the end of 2016. Opening carry over funds of \$1.255M from 2014/15 were available for the year. Unspent funds from this year will be carried over to 2016/17. The estimated total cost of the project is \$1.94M, to be funded mostly from the Harbour Endowment Operating special funds, the balance from Council loans.

The purchase of 1 Kirk Street was financed \$158k from the Harbour Endowment Capital special fund (residual funds), the balance of \$165k from Council loans as approved by Council.

The reroof for 8-10 Cooks Street was delayed as the work had to be coordinated with the tenant. Including opening carry over funds of \$87k, the budget available was \$106k which will be carried over to next year. Work is due to commence shortly.

Work on the Gas Building was delayed due to historical requirements that needed further investigations. The Report has now been received and work is about to be undertaken. Unspent funds will be carried over to 2016/17.

City Endowment

Office refurbishment work at 180 Ridgeway Street was completed this year at a cost of \$112k (total cost \$183k including last year), and was financed from the City Endowment special fund as approved by Council.

Sundry cladding and electrical work at the Peats Street Yard completed under budget.

Internal borrowings

	2016 \$	2015 \$
Brought forward	127,044	169,678
Borrowings raised	1,785	0
Borrowings repaid	0	-49,752
Interest paid	5,342	7,119
Carried forward	<u>134,171</u>	<u>127,044</u>

Investments group

Funding impact statement

For the year ended 30 June 2016

	Long Term Plan* 2015 \$000	Long Term Plan 2016 \$000	Actual 2016 \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	(224)	(294)	(293)
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	2,051	1,844	1,843
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	488	1,102	640
Total operating funding (A)	2,315	2,652	2,190
Application of operating funding			
Payments to staff and suppliers	1,772	1,498	1,550
Finance costs	217	127	76
Internal charges and overheads applied	297	267	279
Other operating funding applications	-	-	-
Total application of operating funding (B)	2,286	1,892	1,905
Surplus (deficit) of operating funding (A - B)	29	760	285
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(166)	(760)	(104)
Gross proceeds from asset sales	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	(166)	(760)	(104)
Application of capital funding			
Capital expenditure			
-to meet additional demand	-	-	-
-to improve the level of service	-	-	441
-to replace existing assets	-	137	718
Increase (decrease) in reserves	(137)	(137)	(978)
Increase (decrease) of investments	-	-	-
Total application of capital funding (D)	(137)	()	181
Surplus (deficit) of capital funding (C - D)	(29)	(760)	(285)
Funding balance ((A - B) + (C - D))	-	-	-

*LTP budget restated for comparative purposes

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

Deeply united: 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

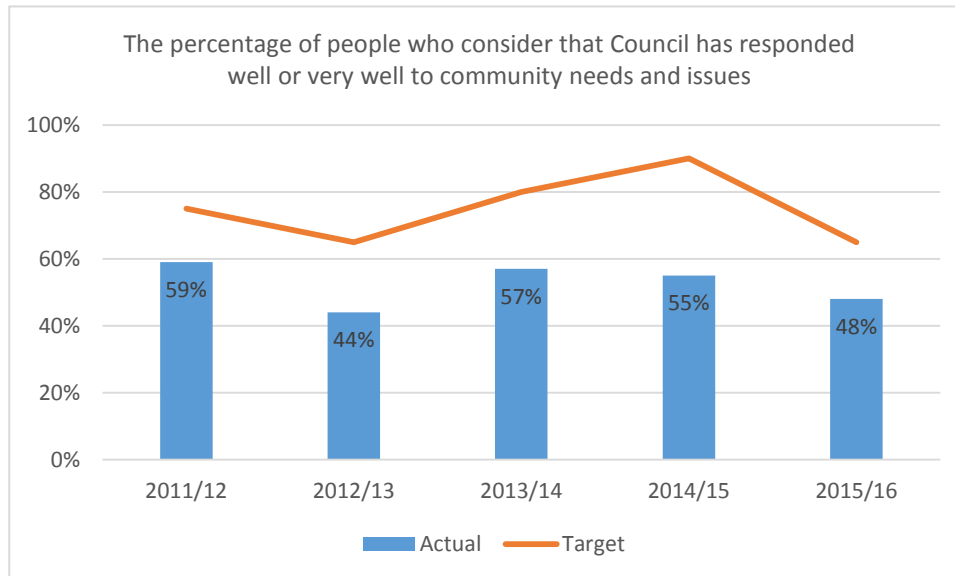
- Whanganui District Council was selected to take part in an online voting trial for the next local authority elections. In April the Government decided not to proceed with enabling the trial for the 2016 elections.
- The Youth Committee hosted an outdoor music event with live entertainment in February. The So Long Summer Festival was created as an event to showcase Whanganui's diverse range of musical talent. The Festival began with live music along Victoria Avenue followed by an evening concert held in Majestic Square.
- We launched our online community forum *Viewpoint Whanganui*. *Viewpoint Whanganui* will feature a series of topics for people to provide feedback on via comments, polls and surveys.
We hosted two information evenings for prospective candidates for the upcoming local body elections. These sessions provided information on the Council's Leading Edge vision, the challenges and opportunities of local government and the level of time commitment needed to be an elected representative.

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

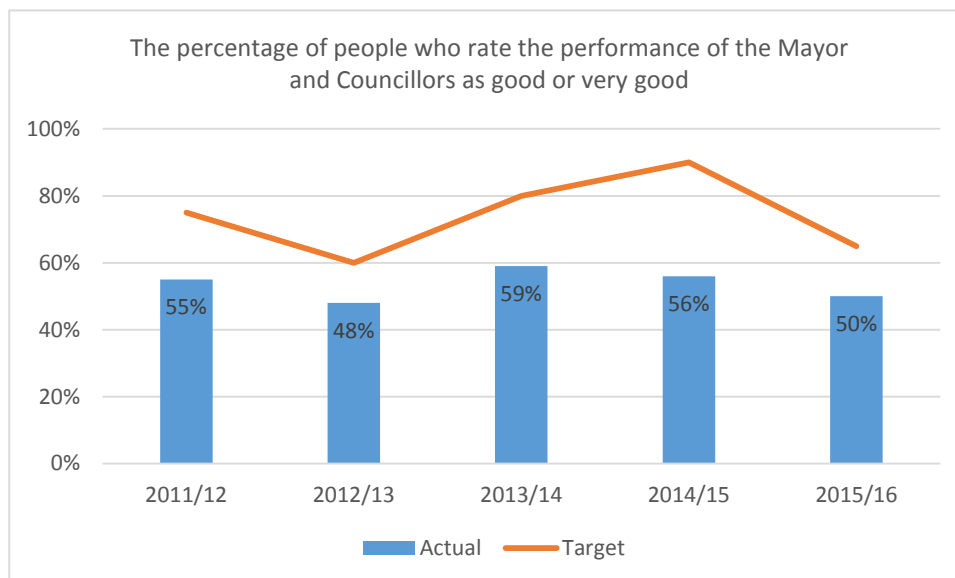
Community (%) who consider that Council has responded well or very well to community needs and issues



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.

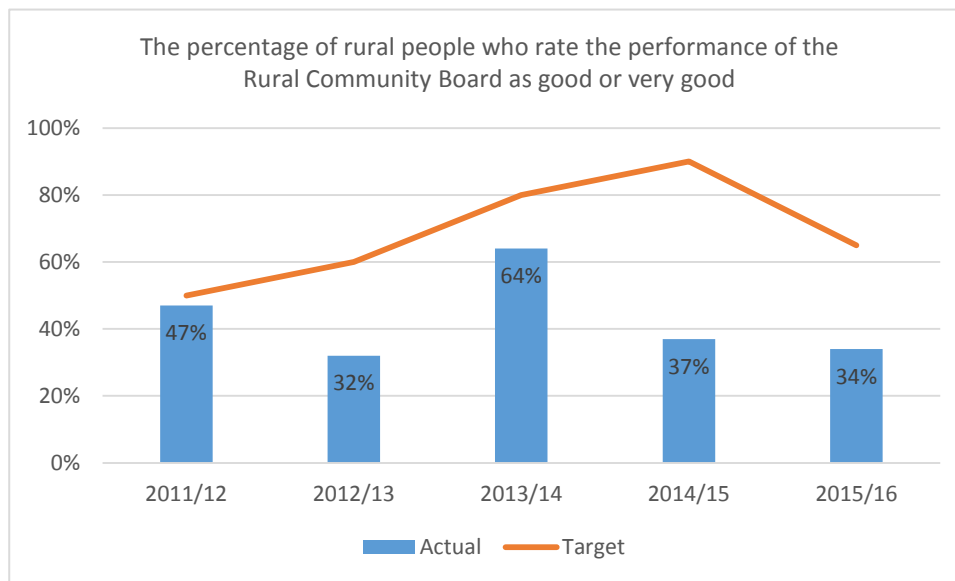
Source: Community Views Survey 2016

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



Source: Community Views Survey 2016

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



There has been a substantial decrease from 2013/14 in performance of the Board. This year's results are back on par with 2013 and 2015, suggesting that the increase in publicity regarding the Rural Broadband initiative and the Rural Directions Strategic Plan may have resulted in an increase in 2014. The Rural Community Board will continue with their communications plan and look for ways to increase their profile. The results of a recent Board-run survey also resulted in actions such as reviewing the Hotwire magazine, and opportunities to increase the Rural Community Board's Facebook page.

Source: Community Views Survey 2016

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 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.

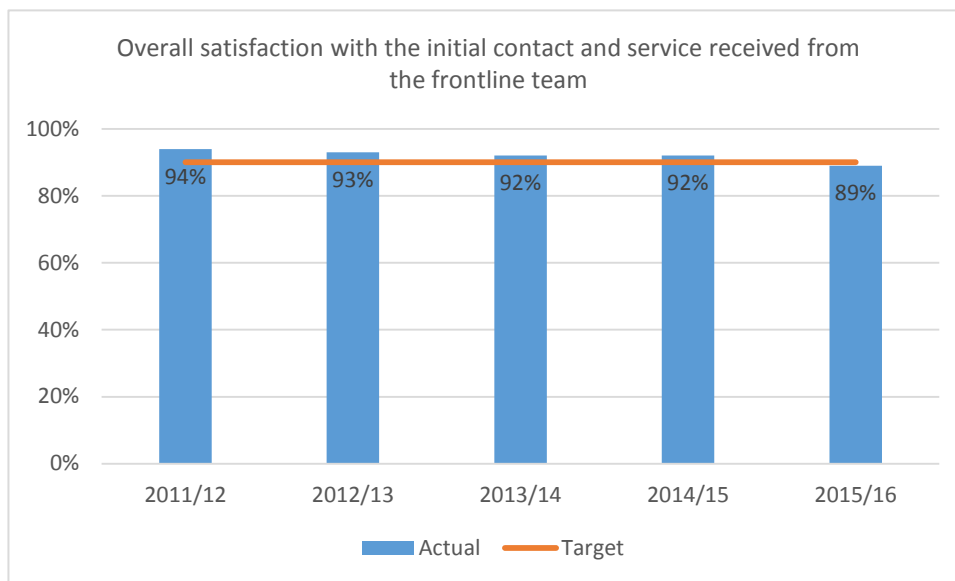
Previous year results

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

Source: WDC Governance

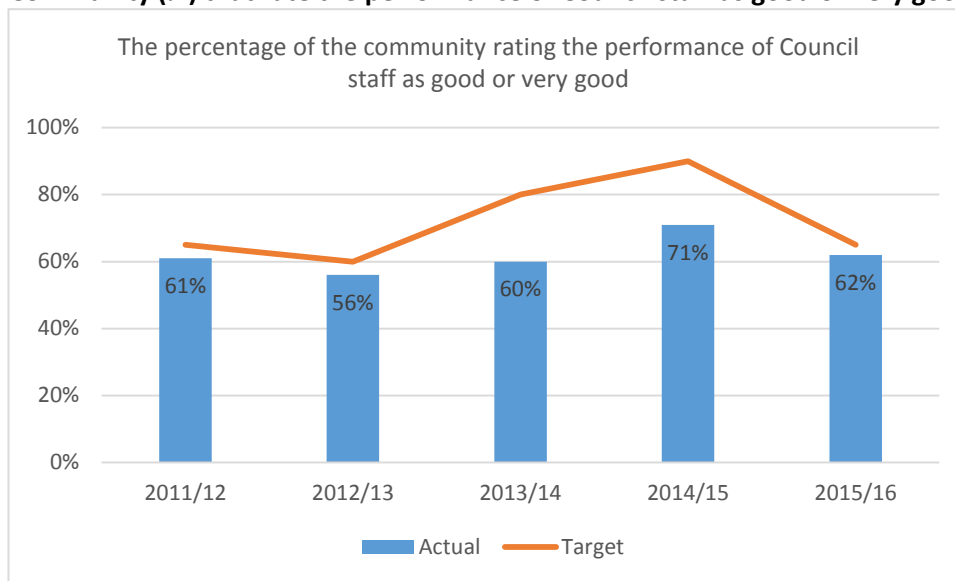
To measure the community's satisfaction with the service received from Council

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



Source: WDC Customer Services Survey 2016

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



The target of 65% was not achieved. The actual result saw 62% of respondents rating the performance of Council staff as 'good' or 'very good'.

Source: Community Views Survey 2016

To monitor the health and safety of Council as a workplace

The number of workplace accidents for Council employees

Result: 34 (target: <55).

Previous year results

Year	Result
2014/15	38
2013/14	28

2012/13	42
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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: 45% (target: 70%). This is a new measure. The target of 70% was not achieved. One means of addressing this is through review of our Council website which is currently underway.

Source: Community Views Survey 2016

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

Result: 52% (target: 70%). This is a new measure.

Source: Community Views Survey 2016

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

Result: 100% (target: 100%). The documents audited during 2015/16 were the Annual Plan 2016/17 Consultation Document and amendment to the 10-Year Plan 2015-2025; the Annual Report 2014/15 and the Annual Report Summary 2014/15.

Previous year results

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

Source: WDC Finance

To measure the standard of the archives service

Archives requests (%) responded to within 24 hours

Result: 100% (target: 100%).

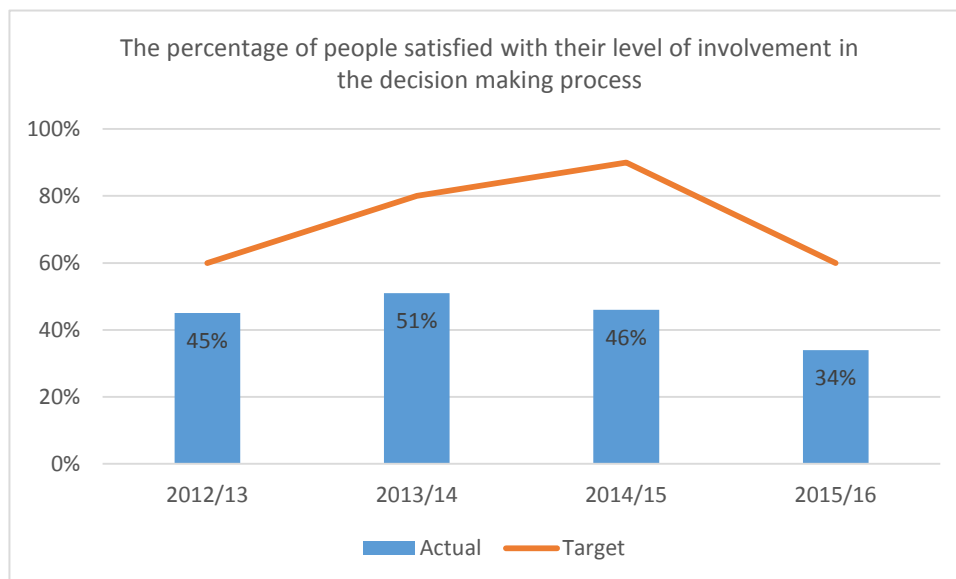
Previous year results

Year	Result
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 and satisfaction continued to decrease. Initiatives to address this include additional opportunities for involvement in decision-making through our online portals and enhancements to our corporate communications through a new strategy.

Source: Community Views Survey 2016

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

Result: 100% (target 100%). All decision letters were sent to submitters within 10 working days of the adoption of the 2015/16 Annual Plan.

Previous year results

Year	Result
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: 90% (target 100%).

We made continued progress with our bylaw review programme this year, adopting a number of reviewed bylaws and nearing completion with the remainder of the schedule. 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
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%).

Previous year results

Year	Result
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%).

Previous year results

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

Source: WDC Property records

Corporate group

Capital expenditure

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

Activity	Item	Budget \$000	Actual \$000
Capital expenditure to improve the level of service :			
Governance	Stained glass windows	10	0
Corporate Management	Intangible asset additions	100	22
	Furniture, fittings, office equipment	15	23
	Website upgrades	0	26
Capital expenditure to replace existing assets :			
Corporate Management	Administration. Furniture and fittings	20	29
	Computer equipment replacement	235	174
	Vehicle Replacement	205	136
Community and operational property	Council Chambers. HVAC project	15	44

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

Governance

The stained glass window work is an on-going project spread over many years. Although there was no expenditure this year, there is an order for early next year.

Corporate Management

The Information Technology intangible asset budget only incurred expenditure of \$22k against a budget of \$100k available for the year. The decision was made during the year to cut back on expenditure in this area to help additional operating costs incurred. Also some expenditure has been reclassified as license fee operating expenditure.

The website upgrade expenditure of \$26k for online building consents was mostly covered by a \$20k carry over from 2014/15.

Computer replacement expenditure of \$174k was also deliberately under the budget of \$235k to help cover additional operating expenditure. Replacements expenditure included network costs, PCs, laptops, monitors, and servers.

The vehicle replacement budget of \$205k is net of trade-ins. The actual cost is less due to competitive prices and a reduction in the number of budgeted vehicles purchased.

Additional costs for furniture and fittings including screens, panel shelving, and Boardroom furniture was partially due to restructuring.

Community and operational property

Investigations into the HVAC project at the Council Chambers continued, with some expenditure to date. There was an opening carry over of \$215k from 2014/15. Unspent funds from this year will be carried over to 2016/17.

Internal borrowings

	2016 \$	2015 \$
Brought forward	230,037	197,058
Borrowings raised	60,546	19,640
Borrowings repaid	0	0
Interest paid	12,050	12,890
Carried forward	<u>302,633</u>	<u>230,037</u>

Corporate group

Funding impact statement

For the year ended 30 June 2016

	Long Term Plan 2015 \$000	Long Term Plan 2016 \$000	Actual 2016 \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	4,241	3,365	3,199
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	1,588	128	93
Internal charges and overheads recovered	7,932	8,129	8,130
Local authorities fuel tax, fines, infringement fees and other receipts	1,181	445	5,519
Total operating funding (A)	14,942	12,067	16,941
Application of operating funding			
Payments to staff and suppliers	12,296	9,543	10,316
Finance costs	233	(126)	(119)
Internal charges and overheads applied	1,059	896	576
Other operating funding applications	-	-	-
Total application of operating funding (B)	13,588	10,313	10,773
Surplus (deficit) of operating funding (A - B)	1,354	1,754	6,168
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	333	(534)	(5,414)
Gross proceeds from asset sales	-	-	293
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	333	(534)	(5,121)
Application of capital funding			
Capital expenditure			
-to meet additional demand	-	-	-
-to improve the level of service	138	125	71
-to replace existing assets	1,049	475	384
Increase (decrease) in reserves	500	620	592
Increase (decrease) of investments	-	-	-
Total application of capital funding (D)	1,687	1,220	1,047
Surplus (deficit) of capital funding (C - D)	(1,354)	(1,754)	(6,168)
Funding balance ((A - B) + (C - D))	-	-	-

Community monitoring indicators

The following indicators were developed to assess achievement of our Community Outcomes (what we call 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.

This is the first time that we have reported on these new measures. 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.

DEEPLY UNITED

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	Some elected members and staff have now received training in restorative practices and we are using restorative techniques in-house. There are plans to roll out a restorative framework for the whole organisation in 2016/17. <i>(Source: Participation in the Restorative Cities programme)</i>	✓
The percentage of people who indicate high levels of belonging and wellbeing will increase	Overall, 67% of residents indicated that they had a “very high” or “high” level of wellbeing. This was an increase of 3% on the year before.	✓
	However, belonging experienced a slight decrease – from 57% to 55% in 2015/16. 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 and are now transitioning to “champion networks” for Business, Education, Destination and Innovation. This is based on our commitment to improve the way we engage and foster stronger cooperative working relationships.	✓

	<i>(Source: Intelligent Community Forum success factor)</i>	
We will improve our performance on the Creative Cities Index in relation to 'openness, tolerance, participation and accessibility'	<p>We have not commenced development of our Creative Cities Strategy yet. The first step will be to benchmark ourselves according to the Creative Cities Index. 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 'strategic leadership, agility and vision'	<p>As above.</p> <p><i>(Source: Creative Cities Index assessment)</i></p>	—
We will become more culturally diverse	<p>We had more Maori, Pacific peoples, Asian and Middle Eastern / Latin American / African residents between the 2006 and 2013 censuses.</p> <p><i>(Source: Census results)</i></p>	✓
We will have more formal Iwi partnerships	<p>The number of Tamaupoko and Tupoho hui increased from 12 to 13 during the year. We have relationship documents with both of these Iwi and reviewed one of these documents during the year. We also began drafting a new relationship document with Nga Rauru.</p> <p><i>(Source: Council records)</i></p>	✓
Satisfaction with Council-Iwi partnerships will increase	<p>There was no survey conducted during the year but this will be looked at in 2016/17.</p> <p><i>(Source: Internally-delivered survey)</i></p>	—
The community will be more satisfied with Council leadership	<p>Satisfaction with the performance of the Mayor and Councillors dropped from 56% to 50% between 2014/15 and 2015/16.</p> <p><i>(Source: Community Views Survey)</i></p>	✗
There will be greater levels of community pride	<p>We measured this for the first time this year. Overall, 73% of people told us that they were proud to live in Whanganui. However, it should be noted that this was a 'snapshot' of community perceptions drawn from a small sample size. A complete survey will be completed in 2017/18.</p> <p><i>(Source: Community Outcomes Survey)</i></p>	—
Our community's performance in relation to national health targets will improve	<p>Whanganui improved or equaled its performance in relation to national health targets. 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 	✓

	<ul style="list-style-type: none"> More heart and diabetes checks <p>(Source: Ministry of Health)</p>	
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globally connected

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
We will achieve international benchmarks	<p>We were reaccredited as a Safe Community and were acknowledged as one of the 'Top7' Intelligent Communities in the world through the Intelligent Communities Forum.</p> <p>(Source: Receipt of international accreditation)</p>	✓
National perceptions of our district as a tourism destination will increase	<p>More people considered Whanganui to be a tourism destination – representing an increase of 3% to 35% in 2015. This was canvassed via an externally delivered National Perceptions Survey.</p> <p>(Source: National Perceptions Survey)</p>	✓
We will keep and build on our Smart21 status	<p>We held onto our Smart21 status and made it into the Top7 intelligent communities for the first time in 2015/16.</p> <p>(Source: International Intelligent Community Forum accreditation)</p>	✓
Visitor numbers to the district will increase	<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>(Source: Commercial Accommodation Monitor)</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>(Source: Census results)</p>	✗
Satisfaction with roading and connectivity will increase	<p>We measured this online for the first time this year and found that 57% were satisfied with the local roading network. A previous telephone survey in 2014 found that 48% were satisfied.</p>	—
	<p>We also measured satisfaction with digital connectivity for the first time. Seventy percent thought that Whanganui had good digital connectivity. However, it should be noted that both of these were a 'snapshot' of community</p>	—

	<p>perceptions drawn from a small sample size. A complete survey will be completed in 2017/18.</p> <p><i>(Source: Community Outcomes Survey)</i></p>	
More people will be using our walkways	<p>Slightly more people used our walkways over the last year with usage remaining high at 83%.</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 benchmark ourselves according to the Creative Cities Index. 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>	—

POWERED BY CREATIVE SMARTS

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'	<p>We have not commenced development of our Creative Cities Strategy yet. The first step will be to benchmark ourselves according to the Creative Cities Index. 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 'talent and learning'	<p>We have not commenced development of our Creative Cities Strategy yet. The first step will be to benchmark ourselves according to the Creative Cities Index. 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>	—
The types of jobs we offer will increasingly support a knowledge economy in line with Intelligent Community Forum award benchmarking measures	<p>We haven't started tracking this yet but Whanganui & Partners is working hard to attract business and investment in sectors identified as having opportunities for growth through the Regional Growth Study. Some of these will be "knowledge economy" positions.</p> <p><i>(Source: Infometrics)</i></p>	—

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. Whanganui & Partners is also improving its own use of technology to improve communication with partners and businesses as well as to enhance access to information and better market Whanganui as a great place to visit, live, work and invest. <i>(Source: Intelligent Community Forum awards application data)</i>	✓

FLOWING WITH RICHNESS

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. <i>(Source: State of the Environment Report)</i>	—
We will have implemented a Suburban Revitalisation Strategy	Work on this strategy is due to begin in 2017/18. <i>(Source: Council minutes)</i>	—
There will be more people attending events and we will have more of them	While most events have achieved greater visitor numbers this year, not all funded events have robust measurement systems in place. Ticketed and registration events (such as V8 Jet Sprints, Cemetery Circuit and the Whanganui Cricket Festival) are the only events we can accurately measure. We are working with event owners to improve measurement and reporting for next year. <i>(Source: Event reports)</i>	—
We will have achieved the targets in our Waste Management and Minimisation Plan	Work on this strategy will be an ongoing commitment but progress is being made. Of the 20 actions contained in the plan, 12 have been completed, six are underway and two are yet to start. <i>(Source: Waste Working Party Reports)</i>	✓
We will improve our performance on the Creative Cities Index in relation to	We have not commenced development of our Creative Cities Strategy yet. The first step will be to benchmark ourselves according to the	—

'distinctiveness, diversity, vitality and expression'	Creative Cities Index. 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 'the place and place making'	As above.	—
We will achieve Enviro-Mark accreditation for our facilities where appropriate	We have begun investigation of our accreditation options and this work will be initiated in 2016/17. This is likely to be a long-term process over a number of years. <i>(Source: Receipt of Enviro-Mark accreditation)</i>	—
We will meet Intelligent Community sustainability criteria	We haven't started tracking this yet but it will form part of our next application for the 2016/17 round. <i>(Source: Intelligent Community Forum awards programme)</i>	—

WORKS FOR EVERYONE

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. <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 had 182 more people in employment this year, bringing us to a total of 18,971. <i>(Source: Ministry of Social Development)</i>	✓
Our GDP will grow	Our GDP grew by 2.7% - it is now \$1,390 billion. <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. (Source: Ministry of Education)	
We will perform well on the Affordability Index	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. (Source: Affordability Index results)	✓
More people will have a positive view of the lifestyle benefits in Whanganui – both internally and externally	We measured this online for the first time this year. In total 73% had a positive view of the lifestyle benefits in Whanganui and were proud to live here. However, it should be noted that this was a ‘snapshot’ of community perceptions drawn from a small sample size. A complete survey will be completed in 2017/18. (Source: Community Views Survey)	—
	Respondents to the 2015 National Perceptions Survey had a more positive view of all the lifestyle factors canvassed. The survey is conducted every two years. (Source: National Perceptions Survey)	✓
Our residents’ satisfaction in relation to their standard of living will improve	We measured this online for the first time this 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 completed in 2017/18. (Source: Community Outcomes Survey)	—
We will meet the targets in our Economic Development Strategy	While Whanganui’s economic growth is slightly lower than the national growth figures we are on track to achieve our GDP growth target and are making in-roads into our population growth target. We are ahead of target in the visitor growth (numbers, nights and spend) and with continuing strong growth in tourism nationally are confident of ongoing growth in this sector. The launch of our international education strategy was delayed but implementation now underway. With this focus on attracting international students and the flight school acquisition we should achieve our target growth in the number of international students and contribution to GDP. (Source: Whanganui & Partners report)	—

Our schools will have more international students	There were 24 more international students in 2015/16 – taking us to a total of 169. <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 benchmark ourselves according to the Creative Cities Index. 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 a capital raising platform in partnership with Liftoff Limited. This has provided access to capital. <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. This inclusiveness was achieved through the provision of a number of 'community participation' platforms, including the Youth Committee and Positive Ageing Forum and via the provision of social support functions such as For Our Kids. We also launched a new online engagement panel giving residents the chance to get engaged with Council and contribute to decision-making.

We continued to build on our Smart21 Intelligent Community status with Whanganui making the list for a fourth time. This year the focus was on how communities plan for the future amongst dramatic change in the environment and economy. Whanganui was also acknowledged in the world's Top7 Intelligent Communities for the work undertaken on developing rural broadband and for developing economic prosperity through technology.

Our economic development, led by Whanganui and Partners included working in collaboration with regional partners and central government to launch projects associated to the Regional Growth Study (Accelerate 25). This Study identified a number of opportunities aimed to grow the regional prosperity between now and 2025.

We remained committed to working in conjunction with the community to advance the health and safety of our district. These efforts continued to be driven by Safer Whanganui – a cornerstone example of positive community partnership in action.

Our indicators demonstrated a high level of community connectedness revealed through community wellbeing, a sense of community and neighbourly behaviour. However there was a decrease in positive perceptions of Council leadership.

During 2015/16 much of our focus was storm recovery work for our community. In addition, our health and safety statistics revealed the number involved in fatal/serious crashes on local roads remained consistent with the previous year, and perceptions of safety remained high.

Indicators and actions reveal a commitment to enhancing community partnerships through efforts that champion inter-sector collaboration and widespread public engagement. This is reinforced by

our commitment to increase our online presence and find innovative ways of connecting with our community.

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 and social wellbeing in 2015/16 through Whanganui and Partners. This was delivered through economic development and Tourism and Visitor Services.

As a result, we worked collaboratively with other organisations across the region to promote economic growth. Our Smart21 status helped create a positive reputation and to leverage opportunity including ultra-fast broadband to support new business activity and investment. Our efforts saw Regional Tourism expenditure grow, occupancy rates increase and the launch of new digital tools to enhance the promotion of visitor and community events.

We facilitated the provision of iconic events, improved our transport networks and supported our community's cultural business efforts. Whilst the majority of our economic indicators are new for the 2015/16 year most targets were met or exceeded.

Indicators and actions generally signify support for economic growth and wellbeing.

ENVIRONMENTAL

Groups that are primarily linked:

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

Much of our work in 2015/16 focused on the recovery work from the June 2015 storm event.

We continued sustainable and efficient use of the district's resources throughout 2015/16 including investigations for a new water supply bore, commencing with Stage 1 of linking the city water supply with the rural supply in Fordell to provide emergency back up to the current system, and a stream enhancement project under the Healthy Streams Initiative.

Although our indicators reflected a slight decrease in recyclable material there was high satisfaction with the Centre. We complied with the short term consent conditions for our wastewater from Horizons Regional Council and construction of the new plant will substantially reduce the risk of potential overflows to the river and this improve water quality.

Indicators and actions illustrate commitment to enhancing our community's environmental sustainability.

CULTURAL

Groups that are primarily linked:

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

A wide array of cultural and recreational opportunities were promoted and enhanced during 2015/16. These included celebration of our diverse cultural makeup, the staging of events for (and by) young people, hosting iconic events such as the Vintage Weekend and Artist Open Studios, and maintenance and improvement work at our parks.

Indicators were slightly more mixed, with a slight decrease in our community's recreational participation and failure to achieve targets set for our CBD. The number of people visiting our cultural facilities remained steady.

Indicators and actions denote that our community is continuing to utilise and enjoy our recreational and cultural offerings.

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 Waitaihanga, 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
	2015/16	2015/16	2014/15
Surplus/(deficit) after dividends	\$1,420	(\$177,000)	(\$277,000)
Dividend received	\$1,600,000	\$800,000	\$750,000
Dividend paid	\$800,000	\$0	\$0

The directors of Wanganui Gas Ltd resolved to pay a subvention payment of \$800,000 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 2016.

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

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.

Wanganui Gas Limited

Statement of Intent

Wanganui Gas Limited ("the Company") is an Energy Company established under the Energy Companies Act 1992.

The Statement of Corporate Intent sets out the overall intentions and objectives of Wanganui Gas Limited for the three financial years beginning 01 July 2015.

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 from its subsidiary companies (GasNet Limited and Wanganui Gas No 1 Ltd (formerly Energy Direct NZ Limited)) and to provide a satisfactory dividend to its shareholder after retaining adequate earnings for future business requirements.

Activities

The Company's core businesses are those of providing gas traders with safe, efficient and reliable gas distribution and metering services through the Company's networks.

Performance Targets and Assessment

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

Strategic Plan

Develop and annually review an outline on the future direction of the Company and the strategies required to achieve it.

Reporting

To provide timely monthly reports to management and the Shareholder covering the trading activities undertaken by the Company.

To provide an unaudited interim financial statement for the six months to 31 December to the Shareholder by the end of February.

To provide an audited Annual Report to the Shareholder by the end of September.

Timely Response

To provide timely advice to the Shareholder on any significant developments that may have an impact on either the income stream or the value of the business. To inform the Shareholder of any issues that are controversial, likely to be discussed in the public arena or might otherwise impact on the accountabilities and responsibilities of the Shareholder.

Assessment

The Company is of the opinion that its performance has been satisfactory, being within acceptable margins for those performance measures not meeting budget. A subvention payment was made directly to WDC which reduced the EBITDA figure by \$800,000. The Group continues to exercise tight cost controls.

The Board has met on six occasions during the financial year 2015/16. At these meetings the Company has reported on the above matters. In addition, substantial informal contact has been maintained between the Chairman, the Directors and the Shareholder in regard to all the above issues.

Financial Performance

	Group Actual	Group Actual	Target
Year Ended 30 June	2015/16	2014/15	2015/16
	\$000	\$000	\$000
EBITDA	\$2.88M	\$2.56M	\$3.79M
Return on Shareholder funds*	6.1%	3.8%	8.0%
Subvention Payment to WDC	\$0.80M	\$1.25M	0
Payments to shareholder	\$0.80M	\$0.75M	\$1.55M

*A subvention payment of \$800,000 was paid directly to WDC reducing the level of dividend paid to Wanganui District Council Holdings Limited

Performance targets relevant to the operation of GasNet Limited

KPIs

	Target 2015/16	Actual 2015/16	2014/15
<u>Health and Safety</u>			
Incidents Reported (No)	5	3	6
Lost Time Incidents	0	0	1
Lost Time Rate	0	0	0
<u>Network Throughput</u>			
Total Throughput	1.40 PJ	1.27 PJ	1.13 PJ
UFG (Unaccounted For Gas)	1.00%	0.62%	0.66%
<u>Operational Financial Performance</u>			
Direct & Indirect Costs per consumer	\$190	\$192	\$193
Direct & Indirect Costs per GJ conveyed	\$1.50	\$1.50	\$1.69
<u>Network Reliability</u>			
Consumer Hours Lost			
Planned (Class B)		380	-
Unplanned (Class C)		183	-
Unplanned third party (Class I)		35	-
Total Consumer Hours Lost	100	598	107
Third Party Interference Damage (No)	50	29	24
Public Reported Gas Escapes (No)	90	29	51

New Zealand International Commercial Pilot Academy Limited (NZICPA)

Description of Entity's outcomes

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.

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

Break even for the first year of operation excluding one off costs	\$15,228
One off costs	\$110,003
Net loss	\$94,775

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.

- 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

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

	2012	2013	2014	2015	2016
Net Profit/(Loss)	-136,000	-176,000	-239,000	-235,000	-64,000

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 2016 figure includes a \$286,000 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 up from 2015 due to an increase in other revenue and landing fees due to larger scheduled service aircraft.

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.

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 2016

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

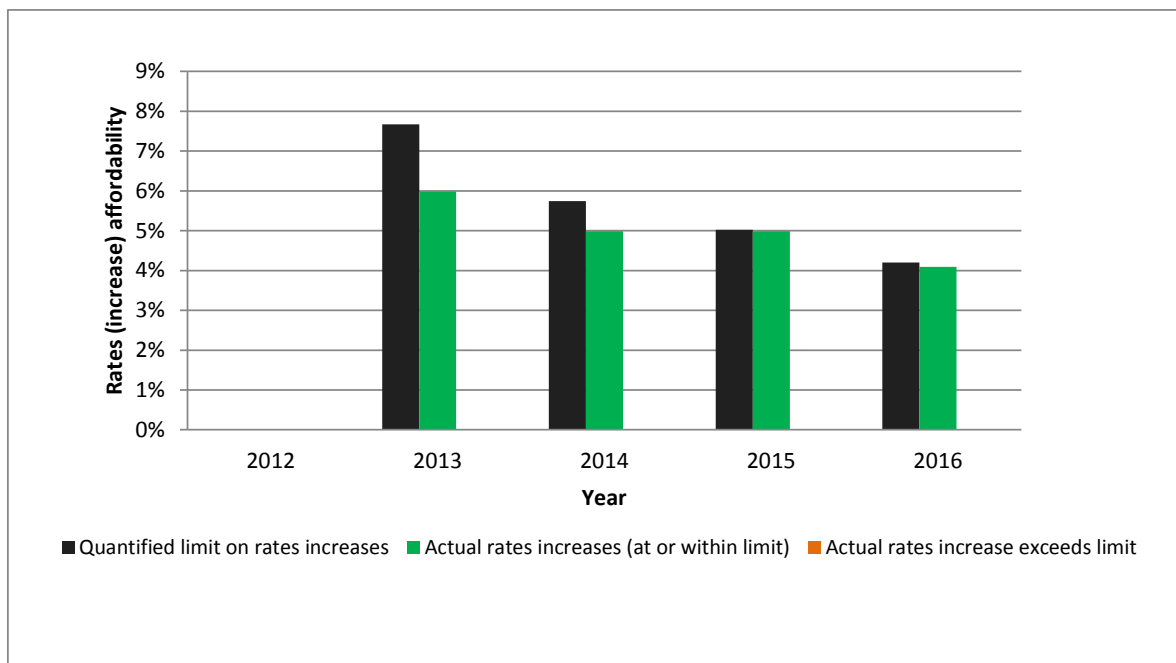
The following graph compares the Council's actual rates income with a quantified limit on rates contained in the financial strategy included in the Council's long-term plan. The quantified limit is the indicative rate limit measured in that rates (excluding metered water, trade waste and penalties) will 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.



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

Debt affordability benchmark

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

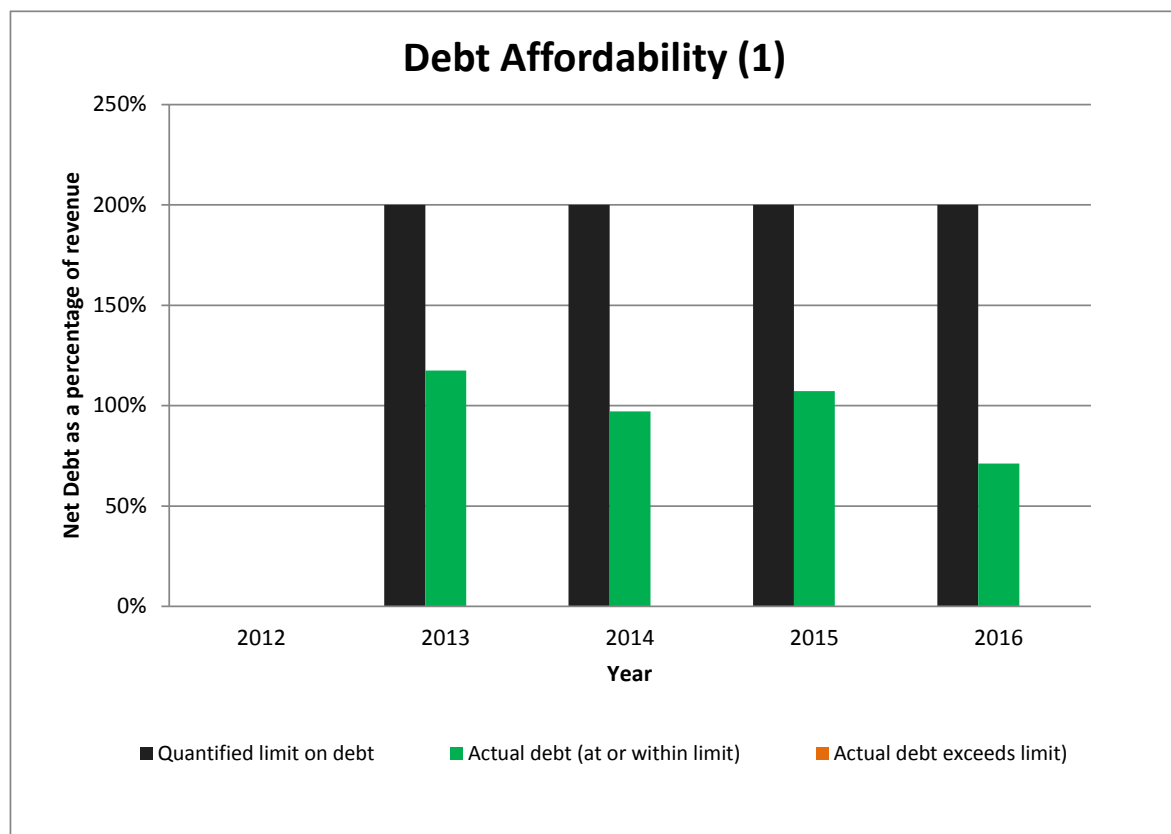
Note: There is no maximum planned debt stipulated for financial years prior to 2012/13 in the council's long term plan.

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)

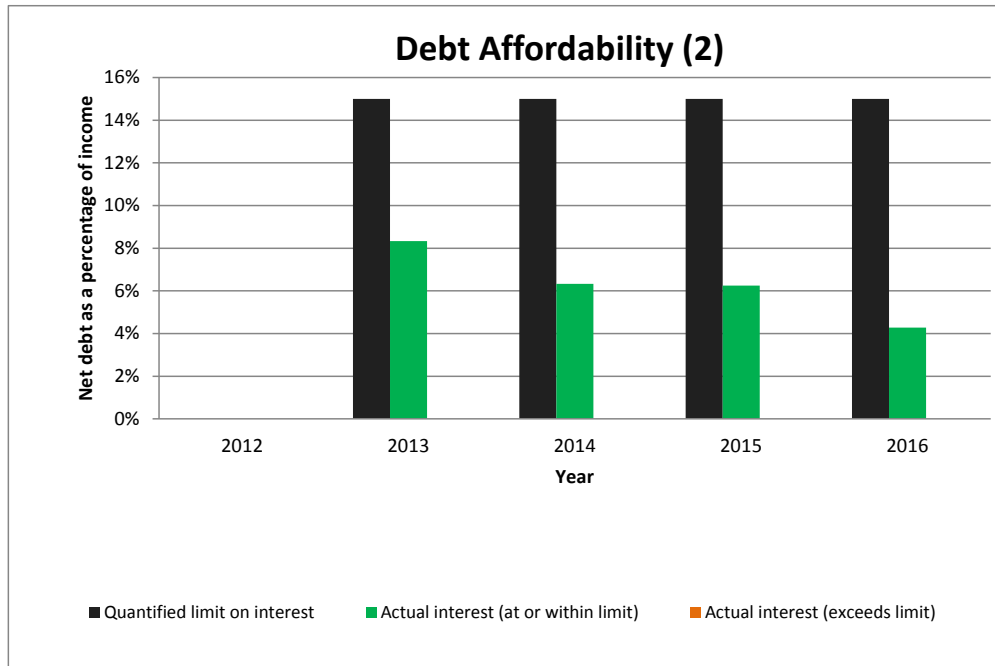
The following graph compares the council's planned debt with a quantified limit on borrowing contained in the financial strategy included in this long-term plan. The quantified limit is that (1) Net debt will not exceed 200% of total revenue

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



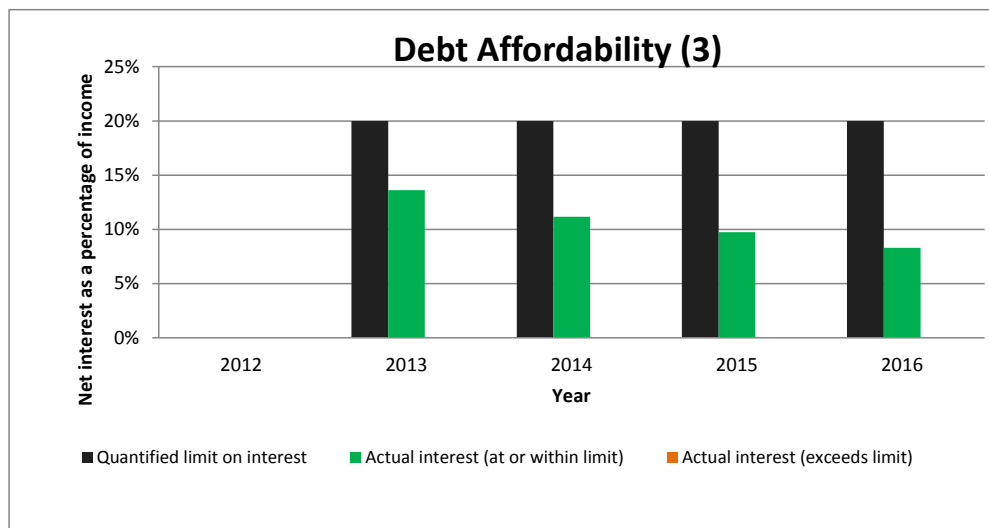
The following graph compares the council's planned debt with a quantified limit on borrowing contained in the financial strategy included in this long-term plan. The quantified limit is that (2) planned net interest will not exceed 15% of total planned revenue

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

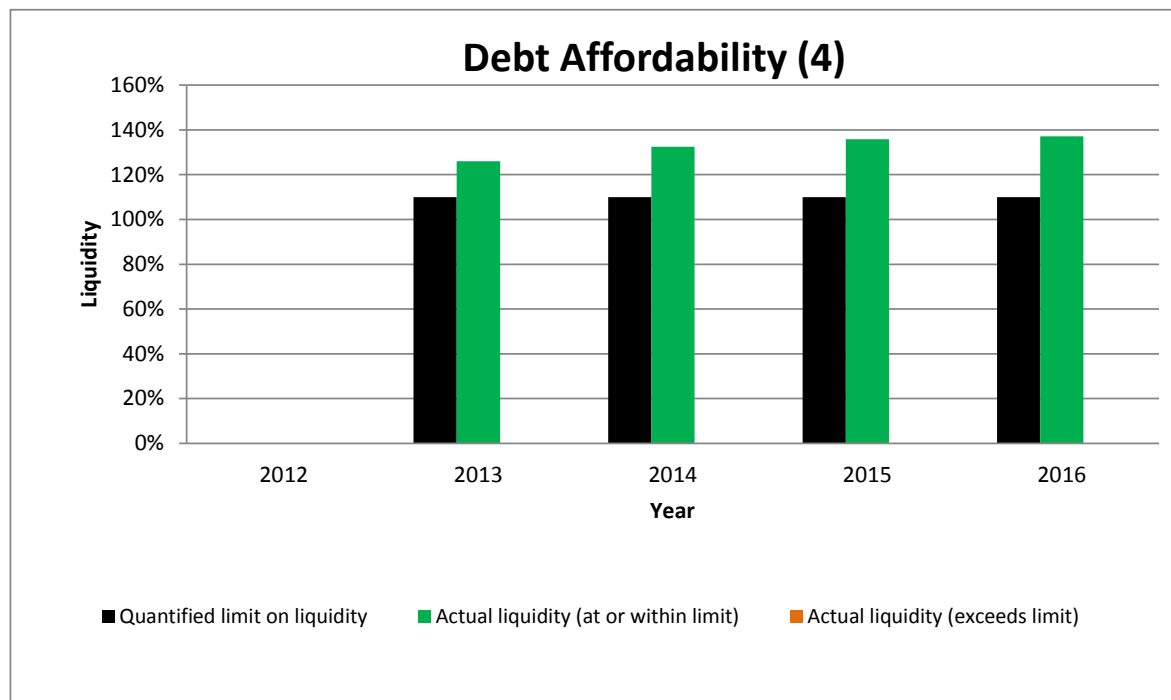


The following graph compares the council's planned debt with a quantified limit on borrowing contained in the financial strategy included in this long-term plan. The quantified limit is that (3) planned net interest will not exceed 20% of planned annual rates income(excluding metered water, trade waste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

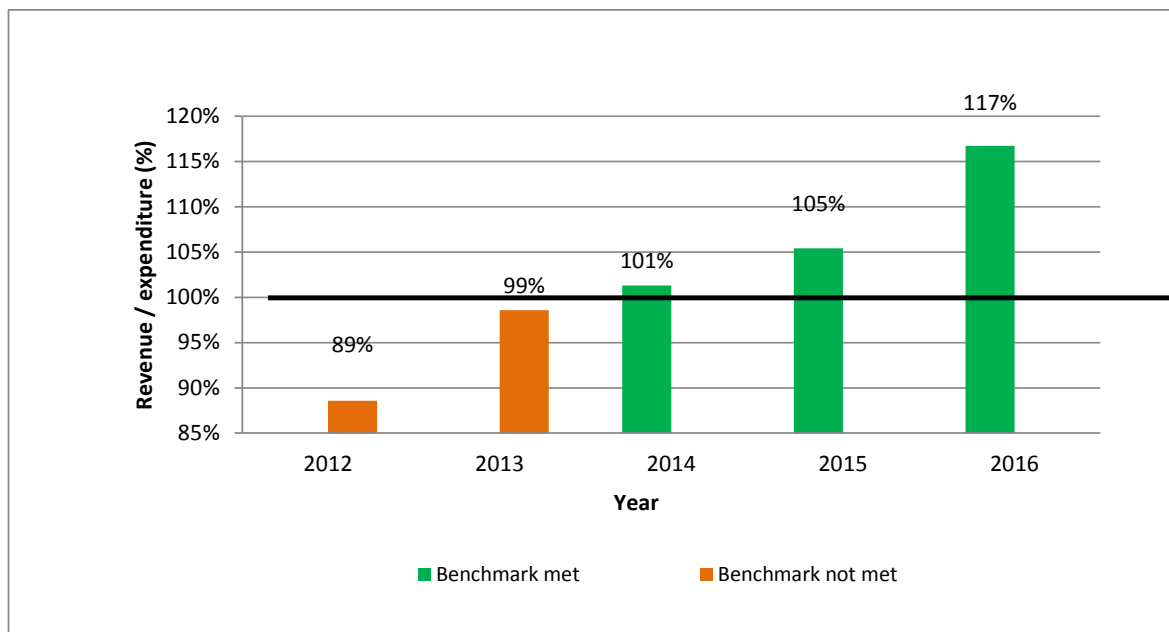


SUSTAINABILITY BENCHMARKS

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.



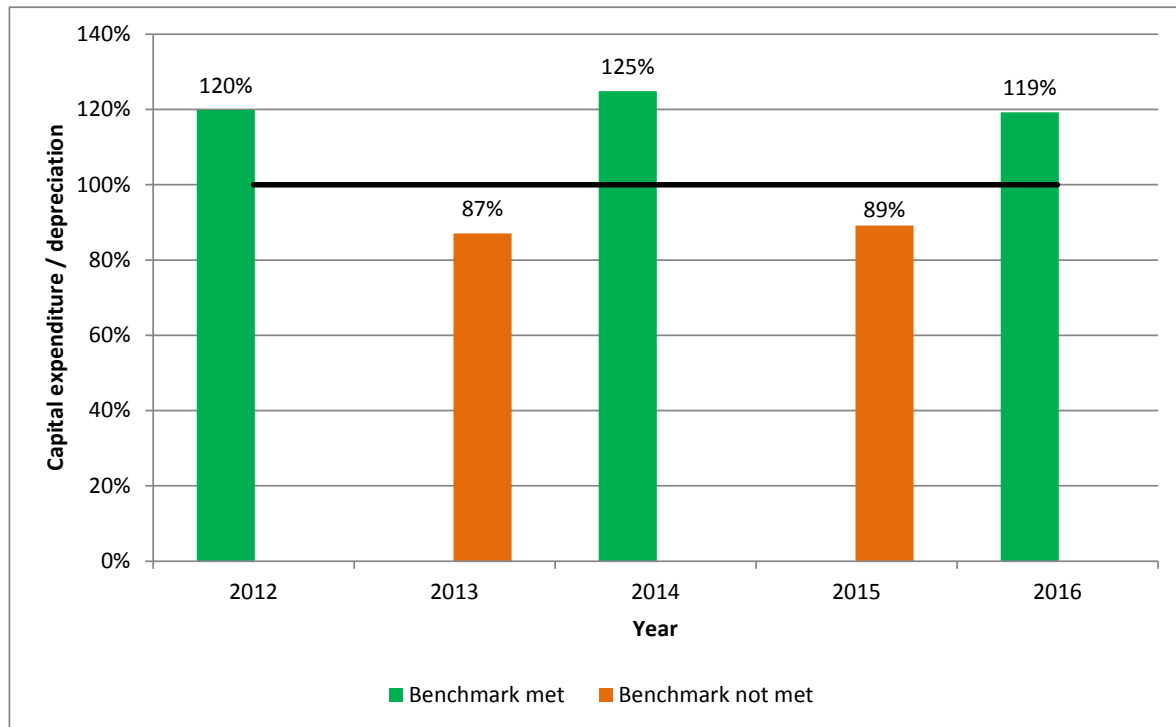
Note: 2012 is well below the benchmark as a result of a \$7.56M impairment of earthquake prone buildings

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.

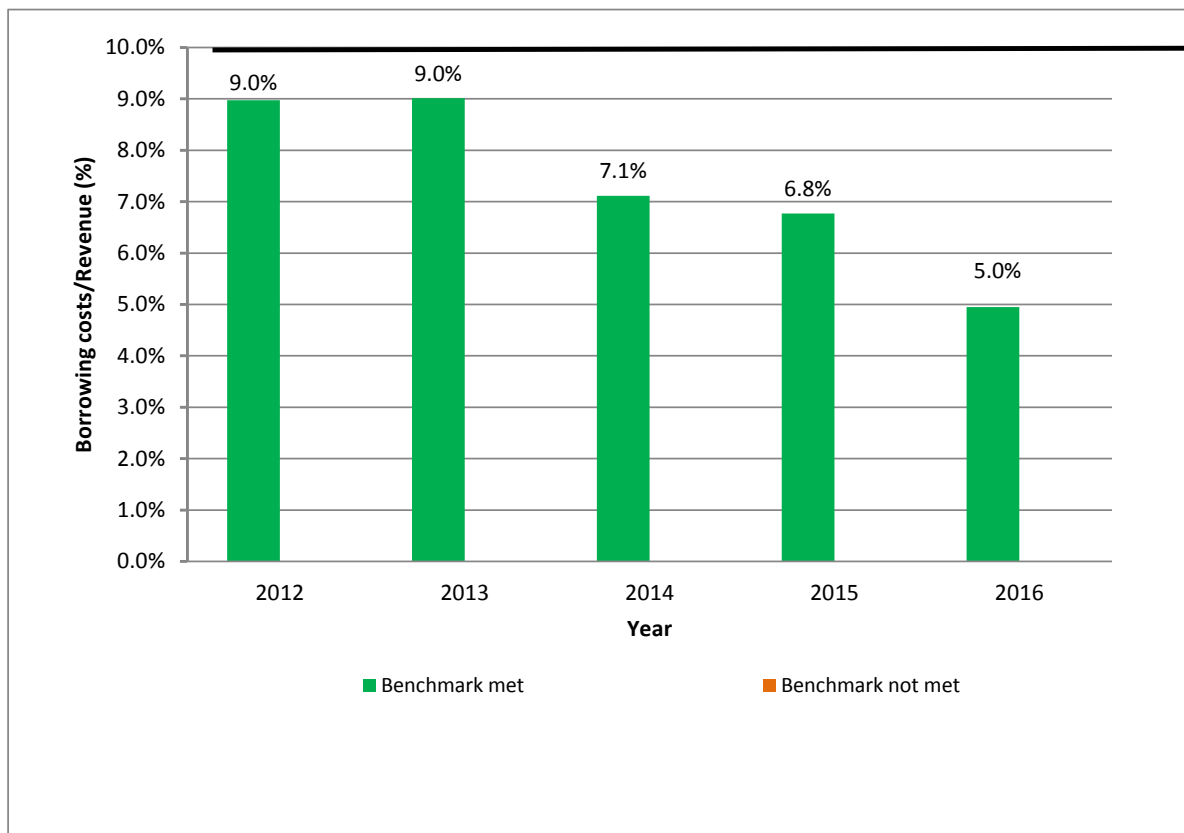


SUSTAINABILITY BENCHMARKS

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.

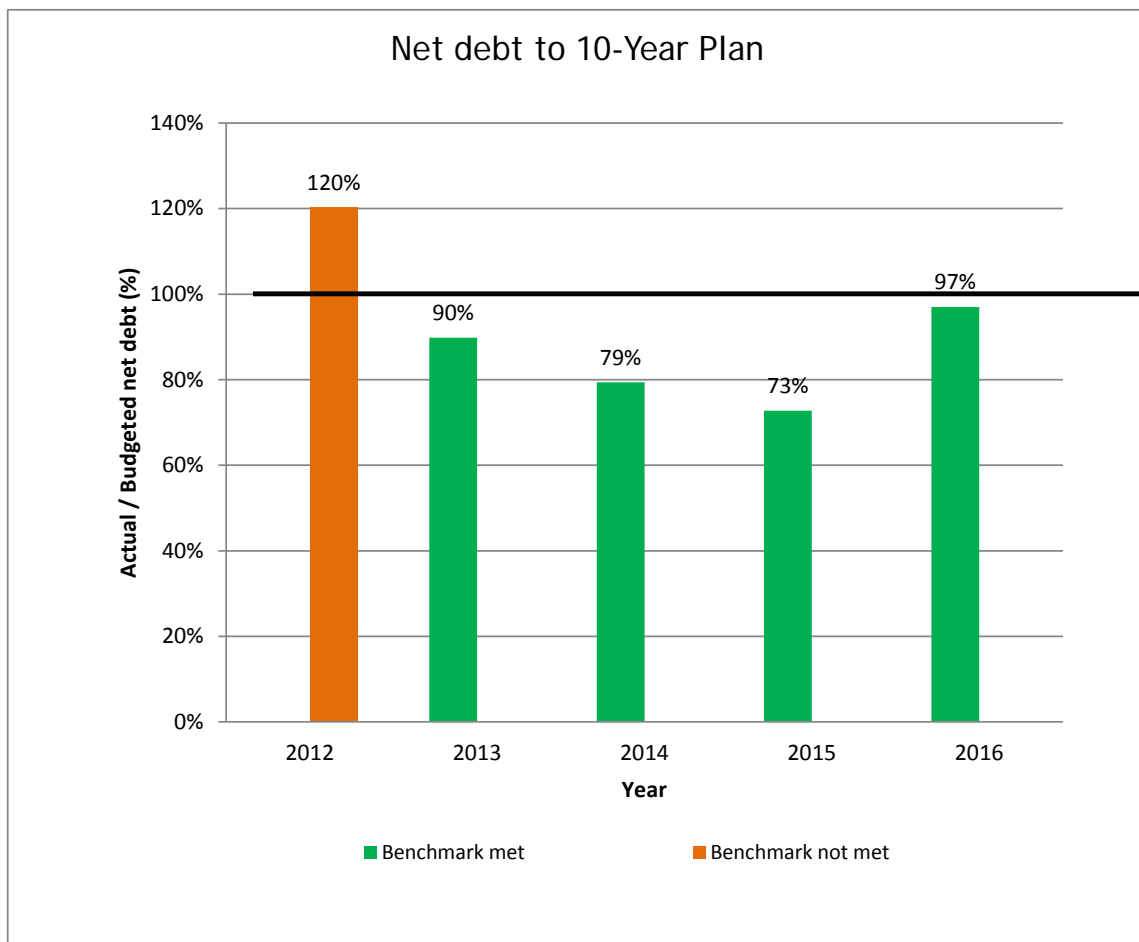


PREDICTABILITY BENCHMARKS

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.

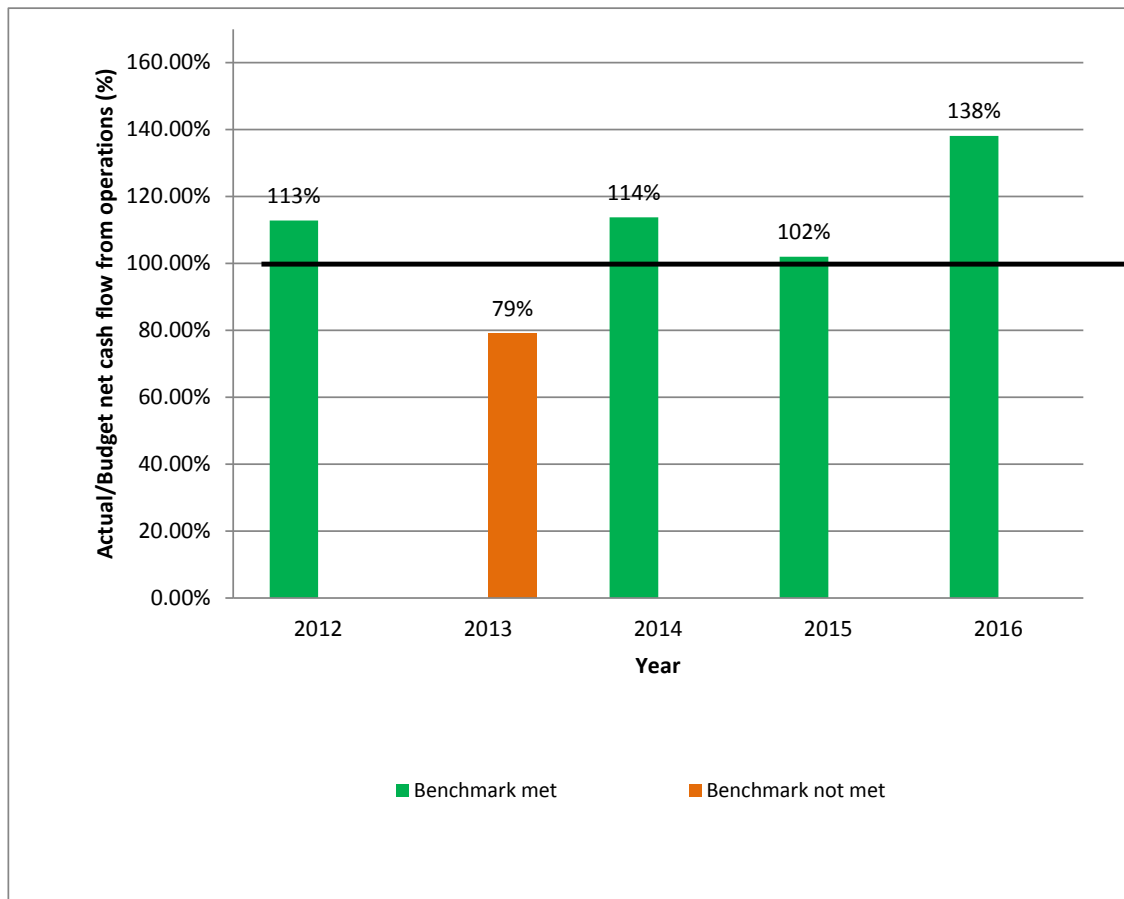


PREDICTABILITY BENCHMARKS

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 2016

Revenue	Note	Budget	Council		Group	
		2016 \$000	2016 \$000	2015 \$000	2016 \$000	2015 \$000
Rates revenue (including metered water, trade waste and penalties)	1	54,643	54,316	52,975	54,316	52,975
Finance revenue	2	1,583	1,191	1,704	258	329
Development and financial contributions		-	(39)	58	(39)	58
Other revenue:	3					
Subsidies and grants		9,380	20,530	11,368	20,530	11,368
User fees and other revenue		9,674	14,998	9,996	21,357	16,976
Gains	4	518	7,487	631	7,487	631
Total revenue		75,798	98,483	76,732	103,909	82,337
Expenses						
Personnel costs	5	15,801	16,752	15,177	18,262	16,492
Depreciation and amortisation expense	6	18,355	19,607	19,025	20,882	20,256
Finance costs	2	4,886	4,600	5,243	5,285	5,968
Other expenses	7	32,664	42,929	37,254	44,347	39,195
Total expenses		71,706	83,888	76,699	88,776	81,911
Share of associate surplus/(deficit)		-	11	(13)	11	(13)
Surplus/(deficit) before tax		4,092	14,606	20	15,144	413
Income tax expense	8	-	(27)	(45)	421	309
Surplus/(deficit) after tax		4,092	14,633	65	14,723	104
Surplus/deficit attributable to:						
Whanganui District Council		4,092	14,633	65	14,723	104
Other comprehensive revenue and expense						
Gain/(loss) on property plant & equipment revaluations		2,482	2,912	-	2,912	-
Impairment of roading network		-	-	(17,937)	-	(17,937)
Gain/(loss) on carbon credits revaluation		-	671	187	671	187
Financial assets at fair value through other comprehensive revenue and expense		-	(126)	66	(128)	70
Prior period adjustments from CCO through retained earnings		-	-	-	-	(87)
Total other comprehensive revenue and expense		2,482	3,457	(17,684)	3,455	(17,767)
Total comprehensive revenue and expense		6,574	18,090	(17,619)	18,178	(17,663)
Total comprehensive revenue and expense attributable to:						
Whanganui District Council		6,574	18,090	(17,619)	18,178	(17,663)
		6,574	18,090	(17,619)	18,178	(17,663)

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 2016

		Budget 2016 \$000	Council 2016 \$000	Council 2015 \$000	Group 2016 \$000	Group 2015 \$000
	Note					
Balance at 1 July		813,268	786,642	804,261	805,196	822,859
Net surplus / (deficit)		4,092	14,633	65	14,723	104
Other comprehensive revenue and expense		2,482	3,457	(17,684)	3,455	(17,767)
Total comprehensive revenue and expense for the year		6,574	18,090	(17,619)	18,178	(17,663)
Balance at 30 June	25	819,842	804,732	786,642	823,374	805,196
<i>Total comprehensive revenue and expense attributable to:</i>						
Whanganui District Council		6,574	18,090	(17,619)	18,178	(17,663)

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 2016

		Budget 2016 \$000	Council 2016 \$000	Council 2015 \$000	Group 2016 \$000	Group 2015 \$000
	Note					
Assets						
Current assets						
Cash and cash equivalents	9	3,821	6,748	11,011	8,679	12,663
Receivables	10	7,382	8,830	8,366	9,813	9,293
Other financial assets	11	-	207	29	207	29
Inventories	12	102	126	126	393	357
Non-current assets held for sale	13	531	357	458	357	458
Taxation		-	-	-	-	21
Total current assets		11,836	16,268	19,990	19,449	22,821
Non-current assets						
Derivative financial instruments	14	-	-	-	-	-
Investments in associates	15	-	91	68	91	68
Other financial assets	11	12,295	11,934	12,540	2,185	2,622
Property, plant and equipment	16	862,848	841,083	829,730	874,742	863,006
Intangible assets	17	599	1,351	735	12,132	11,067
Forestry assets	18	4,712	7,447	5,747	7,447	5,747
Investment property	19	24,281	23,535	22,418	22,710	21,593
Total non-current assets		904,735	885,441	871,238	919,307	904,103
Total assets		916,571	901,709	891,228	938,756	926,924
Liabilities						
Current liabilities						
Payables and deferred revenue	21	10,039	9,998	9,208	11,366	10,402
Derivative financial instruments	14	-	-	44	58	73
Borrowings & other financial liabilities	22	16,000	16,000	27,500	19,000	30,500
Employee entitlements	23	1,963	1,589	2,021	1,698	2,092
Provisions	24	-	-	-	-	-
Total current liabilities		28,002	27,587	38,773	32,122	43,067
Non-current liabilities						
Payables and deferred revenue	21	-	-	-	743	257
Derivative financial instruments	14	4,637	12,475	8,135	13,330	8,852
Borrowings & other financial liabilities	22	63,814	56,750	57,500	63,750	64,500
Employee entitlements	23	126	143	130	143	130
Deferred tax liability	8	150	22	48	5,294	4,922
Total non-current liabilities		68,727	69,390	65,813	83,260	78,661
Total liabilities		96,729	96,977	104,586	115,382	121,728
Net assets		819,842	804,732	786,642	823,374	805,196
Equity						
Retained earnings	25	533,978	535,980	522,656	549,126	535,710
Restricted reserves		56,343	57,357	55,735	57,357	55,735
Revaluation reserves		229,151	210,227	207,629	215,747	213,150
Other reserves		370	1,168	622	1,144	601
Total equity attributable to WDC		819,842	804,732	786,642	823,374	805,196
Total equity		819,842	804,732	786,642	823,374	805,196

Investments in CCOs and similar entities 38 23,083 21,277

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 2016

		Budget 2016 \$'000	Council 2016 \$'000	Council 2015 \$'000	Group 2016 \$'000	Group 2015 \$'000
	Note					
Cash flows from operating activities						
Receipts from rates revenue		51,032	54,369	48,730	54,369	48,730
Interest received		283	334	437	396	311
Dividends received		1,300	-	7	2	7
Subvention receipt		-	800	1,250	-	-
Receipts from other revenue		22,664	35,281	24,929	43,701	31,862
Payments to suppliers		(33,092)	(38,737)	(35,972)	(41,911)	(37,769)
Payments to employees		(15,373)	(17,171)	(14,947)	(18,681)	(16,225)
Goods and services tax (net)		-	11	(113)	81	(149)
Interest paid		(4,886)	(4,596)	(5,283)	(5,308)	(6,001)
Income tax paid		-	-	-	-	-
Net cash from operating activities	26	21,928	30,291	19,038	32,649	20,766
Cash flows from investing activities						
Receipts from sale of property, plant and equipment		-	391	806	391	806
Purchase of property, plant and equipment		(17,609)	(23,114)	(16,047)	(24,593)	(17,028)
Acquisition of investments		-	(285)	-	(458)	(107)
Receipts for sale and maturity of investments		-	757	-	757	-
Purchase of intangible assets		(100)	(53)	(24)	(481)	(110)
Net cash from investing activities		(17,709)	(22,304)	(15,265)	(24,384)	(16,439)
Cash flows from financing activities						
Proceeds from borrowings		3,675	-	20,000	1	20,000
Proceeds from interest rate swaps		-	-	-	-	-
Repayment of borrowings		(7,381)	(12,250)	(17,064)	(12,250)	(17,064)
Net cash from financing activities		(3,706)	(12,250)	2,936	(12,249)	2,936
Net (decrease)/increase in cash and cash equivalents		513	(4,263)	6,709	(3,984)	7,263
<i>Cash and cash equivalents at the beginning of the year</i>		<i>3,308</i>	<i>11,011</i>	<i>4,302</i>	<i>12,663</i>	<i>5,400</i>
Cash and cash equivalents at the end of the year	9	3,821	6,748	11,011	8,679	12,663

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 2016

	Annual Plan 2016 \$000	Annual Report 2016 \$000	Annual Plan 2015 \$000	Annual Report 2015 \$000
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	27,015	26,786	25,061	25,389
Targeted rates	27,628	27,530	27,634	27,582
Subsidies and grants for operating purposes	3,648	8,993	3,777	4,588
Fees and charges	6,979	7,260	7,189	6,835
Interest and dividends from investments	1,583	1,185	1,570	1,696
Local authorities fuel tax, fines, infringement fees and other receipts	2,401	7,386	2,156	2,768
Total operating funding (A)	69,254	79,140	67,387	68,858
Application of operating funding				
Payments to staff and suppliers	48,466	54,880	47,104	48,310
Finance costs	4,886	4,600	6,295	5,243
Other operating funding applications	-	-	-	-
Total application of operating funding (B)	53,352	59,480	53,399	53,553
Surplus (deficit) of operating funding (A - B)	15,903	19,660	13,988	15,305
Sources of capital funding				
Subsidies and grants for capital expenditure	5,731	11,537	4,349	6,782
Development and financial contributions	-	(39)	132	58
Increase (decrease) in debt	(3,706)	(12,250)	13,682	2,936
Gross proceeds from asset sales	-	391	-	806
Lump sum contributions	-	-	-	-
Other dedicated capital funding	294	158	134	104
Total sources of capital funding (C)	2,319	(203)	18,297	10,686
Application of capital funding				
Capital expenditure				
-to meet additional demand	-	-	-	-
-to improve the level of service	5,788	4,373	19,319	6,126
-to replace existing assets	11,921	19,662	12,473	11,777
Increase (decrease) in reserves	513	(4,578)	493	864
Increase (decrease) of investments	-	-	-	7,224
Total application of capital funding (D)	18,222	19,457	32,285	25,991
Surplus (deficit) of capital funding (C - D)	(15,903)	(19,660)	(13,988)	(15,305)
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 2016

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 2016. The financial statements were authorised for issue by Council on 26 October 2016.

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

In 2015, the External Reporting Board issued Disclosure Initiative (Amendments to PBE IPSAS 1),

2015 Omnibus Amendments to PBE Standards, and Amendments to PBE Standards and Authoritative Notice as a Consequence of XRB A1 and Other Amendments. These amendments apply to PBEs with reporting periods beginning on or after 1 January 2016. WDC will apply these amendments in preparing its 30 June 2017 financial statements. WDC expects there will be no effect in applying these amendments.

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

Infrastructural assets

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	1% - 11.1%
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	50 years	2%

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 2015-2016 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 2016:

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 2016

1. Rates (Other than a targeted rate for water supply)

	Council		Group	
	2016	2015	2016	2015
	\$000	\$000	\$000	\$000
CBD rate	566	542	566	542
Community facilities rate	-	14,678	-	14,678
General rate	27,065	10,838	27,065	10,838
Roading and footpath rates	7,248	6,959	7,248	6,959
Stormwater rate	4,364	4,062	4,364	4,062
Wastewater rate	5,594	5,329	5,594	5,329
Water charge (excluding metered water)	4,041	4,410	4,041	4,410
Fire capacity rate	1,005	1,101	1,005	1,101
Debt retirement rate	580	581	580	581
Earthquake strengthening rate	776	722	776	722
Rates discounts (in 2015, (\$180k) was allocated across all rate types)	(190)	-	(190)	-
Rates remissions	(174)	(7)	(174)	(7)
Total rates revenue (excluding metered water and trade waste)	50,875	49,215	50,875	49,215
Tradewaste fees	2,000	2,250	2,000	2,250
Metered water supply charges	1,441	1,510	1,441	1,510
Total rates revenue (including metered water and trade waste)	54,316	52,975	54,316	52,975

The total amount of rates charged on Council-owned properties that have not been eliminated from revenue and expenditure is \$1.6M (2015 \$1.5M).

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 2015)	21,383	6,325,141	2,430,042
Last year (i.e. 30 June 2014)	21,451	6,268,636	2,426,238

Notes to the financial statements

For the year ended 30 June 2016

2. Finance revenue and finance costs

	Council		Group	
	2016	2015	2016	2015
	\$000	\$000	\$000	\$000
Finance revenue				
Interest revenue:				
- money market and term deposits	158	183	195	232
- related party loans	206	206	-	-
- other	21	58	57	90
Subvention receipt	800	1,250	-	-
Dividend revenue	6	7	6	7
Total finance revenue	1,191	1,704	258	329
Finance costs				
Interest expense:				
- interest on borrowings ad swaps	4,600	5,243	5,285	5,968
- interest on finance leases	-	-	-	-
Total finance costs	4,600	5,243	5,285	5,968
Net finance costs	3,409	3,539	5,027	5,639

3. Other revenue

	Council		Group	
	2016	2015	2016	2015
	\$000	\$000	\$000	\$000
Subsidies and Grants				
New Zealand Transport Agency subsidies	19,537	10,506	19,537	10,506
Lotteries Board Grant - Gallery Collection Transition	147	148	147	148
Lotteries Board Grant - Opera House Seismic and seating upgrade	130	350	130	350
Other government grants	716	364	716	364
Subsidies and grants Total	20,530	11,368	20,530	11,368
User fees and other revenue				
Other user charges	2,038	1,775	2,038	1,775
Regulatory revenue	1,770	1,642	1,770	1,642
Rental from investment properties	1,724	1,729	1,724	1,729
Rental from other properties	2,135	2,080	2,135	2,080
Infringements and fines	363	527	363	527
Rendering of services	595	671	595	671
Petrol tax	315	303	315	303
Vested assets	-	-	-	-
Forestry revenue	194	292	194	292
Other (includes trading revenue from Wanganui Gas Limited)	5,864	977	12,223	7,957
Total User fees and other revenue	14,998	9,996	21,357	16,976
Total other revenue	35,528	21,364	41,887	28,344

There are no unfulfilled conditions and other contingencies attached to New Zealand Transport Agency subsidies or any government grant recognised (2015 nil).

Notes to the financial statements

For the year ended 30 June 2016

4. Gains

	Council		Group	
	2016	2015	2016	2015
	\$000	\$000	\$000	\$000
Non-financial instruments				
Investment property revaluation gains/(losses) (note 19)	676	(294)	676	(294)
Investment property gains/(losses) on disposal	-	65	-	65
Gain on shares held in WDC Holdings Ltd	-	-	-	-
Gain/(loss) arising from physical change of forestry assets	645	342	645	342
Gain/(loss) arising from change in fair value of forest assets	1,069	960	1,069	960
Decreases due to harvest of forest assets	(14)	(266)	(14)	(266)
Change in fair value of property, plant and equipment (including reversal of previous year write-downs)*	4,851	(176)	4,851	(176)
<i>Total non-financial instruments gains</i>	7,227	631	7,227	631
Financial instruments				
Fair value through other comprehensive revenue and expense gains/(losses) on disposal (note 25)	260	-	260	-
<i>Total financial instruments gains</i>	260	-	260	-
Total gains	7,487	631	7,487	631

*Reconciliation of previous year write-downs write

Impairment loss on earthquake prone buildings per 2012 and 2013 Annual Reports	6,498
Revaluation losses recognised in 2013 Annual Report	1,001
Revaluation gains this year	(2,716)
Remaining impairment/revaluation loss the needs to be reversed by future revaluation gains	4,783

5. Personnel costs

	Council		Group	
	2016	2015	2016	2015
	\$000	\$000	\$000	\$000
Salaries and wages	16,360	14,862	17,841	16,164
Employer contributions to defined contribution plans	460	436	487	466
Increase/(decrease) in employee entitlements/liabilities	(68)	(121)	(66)	(138)
Total personnel costs	16,752	15,177	18,262	16,492

Council received employment subsidies of \$443,151 (2015 \$144,966)

Notes to the financial statements

For the year ended 30 June 2016

6. Depreciation and amortisation expense by group of activity

	Council	
	2016	2015
	\$000	\$000
Water supply	2,048	2,014
Stormwater drainage	1,761	1,749
Waterways and natural drainage	40	39
Sewerage and the treatment and disposal of sewage	3,605	3,584
Provision of roads and footpaths	8,589	8,872
Parks and recreation	1,111	700
Community and cultural	741	720
Economic development	26	20
Community facilities and services	696	475
Transportation	115	100
Investments	55	42
Corporate	820	710
Total depreciation and amortisation expense	19,607	19,025

7. Other expenses

	Council		Group	
	2016	2015	2016	2015
	\$000	\$000	\$000	\$000
Fees to auditors:				
- Audit New Zealand for financial statement audit	166	163	247	244
- Audit New Zealand for 10-Year Plan audit & Consultation Document	50	94	50	94
- Audit New Zealand for audit related fees for disclosure regulations	-	-	46	43
- Audit New Zealand for joint venture financial statement audit	8	7	8	7
- Brian Smith Advisory Services Ltd for other audit fees	12	-	12	-
Donations	250	11	375	241
General grants	834	660	834	660
Contractors	18,026	14,832	18,055	14,844
Maintenance	2,152	1,819	2,156	1,822
Electricity	1,740	1,818	1,740	1,818
Planned maintenance	1,357	984	1,357	984
Insurance premiums	751	679	751	679
Directors' fees	-	-	143	143
Consultancy	1,903	1,497	1,904	1,506
Legal fees	495	650	495	650
Rates Expense	1,740	1,701	1,740	1,701
Property, plant and equipment losses on disposal	150	135	150	135
Losses from derivative financial instruments	4,296	3,542	4,463	3,315
Impairment of receivables (note 10)	433	624	524	624
Minimum lease payments under operating leases	190	121	272	199
Forestry expenditure	355	379	355	379
Other operating expenses	8,021	7,538	8,670	9,107
Total other expenses	42,929	37,254	44,347	39,195

Notes to the financial statements

For the year ended 30 June 2016

8. Tax

	Council		Group	
	2016	2015	2016	2015
	\$000	\$000	\$000	\$000
Components of tax expense				
Current tax expense	22	-	71	468
Deferred tax expense	(48)	(45)	350	(159)
Income tax expense	(26)	(45)	421	309
impairment of receivables (note 10)				
Relationship between tax expense and accounting profit				
Surplus/(deficit) before tax	14,606	20	15,144	413
Tax at 28%	4,090	5	4,240	116
Non-deductible expenditure	(3,924)	224	(3,877)	217
Loss not recognised	(215)	(337)	-	-
Prior year adjustment to deferred tax	1	1	(436)	(57)
Deferred tax adjustment	22	62	494	33
Total tax expense	(26)	(45)	421	309

Council

A deferred tax asset has not been recognised in relation to tax losses of \$3,013,000 (2015 \$3,778,000). 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 2014	815	-	(652)	(8)	155
Charged to profit and loss	(70)	-	(37)	-	(107)
Charged to equity	-	-	-	-	-
Balance 30 June 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
Group					
Balance 1 July 2014	7,698	(196)	(2,286)	(133)	5,083
Charge/(credit) to revenue	(147)	(63)	50	-	(161)
Charge/(credit) to equity	-	-	-	-	-
Balance 30 June 2015	7,551	(259)	(2,236)	(133)	4,922
Charged to profit and loss	(54)	(12)	416	(1)	350
Charged to equity	22	-	-	-	22
Balance 30 June 2016	7,519	(271)	(1,820)	(133)	5,294

9. Cash and cash equivalents

	Council		Group	
	2016	2015	2016	2015
	\$000	\$000	\$000	\$000
Cash at bank and on hand	6,748	11,011	8,679	12,663
Term deposits with maturities less than 3 months at acquisition	-	-	-	-
Total cash and cash equivalents	6,748	11,011	8,679	12,663

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 (2015 \$nil).

Notes to the financial statements

For the year ended 30 June 2016

10. Receivables

	Council		Group	
	2016	2015	2016	2015
	\$000	\$000	\$000	\$000
Rates receivables	4,156	4,136	4,156	4,136
Other receivables:				
- related party receivables	177	230	16	-
- New Zealand Transport Agency subsidies	2,015	1,495	2,015	1,495
- interest receivable	-	-	-	-
- other	4,845	5,073	5,990	6,391
Gross Receivables	11,193	10,934	12,177	12,022
Less provision for impairment	(2,363)	(2,568)	(2,364)	(2,729)
Total Receivables	8,830	8,366	9,813	9,293

Total receivables comprise:

Receivables from exchange transactions	809	1,134	1,792	2,061
Receivables from non exchange transactions	8,021	7,232	8,021	7,232
Gross Receivables	8,830	8,366	9,813	9,293

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 2016 and 2015 are detailed below:

	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

	2015		
	Gross	Impairment	Net
	\$000	\$000	\$000
Council			
Not past due	4,622	-	4,622
Past due 1-60 days	191	-	191
Past due 61-120 days	480	-	480
Past due > 120 days	5,641	(2,568)	3,073
Total	10,934	(2,568)	8,366

Notes to the financial statements

For the year ended 30 June 2016

	2016		
	Gross \$000	Impairment \$000	Net \$000
Group			
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

	2015		
	Gross \$000	Impairment \$000	Net \$000
Group			
Not past due	5,409	-	5,409
Past due 1-60 days	200	-	200
Past due 61-120 days	489	-	489
Past due > 120 days	5,924	(2,729)	3,195
Total	12,022	(2,729)	9,293

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 WDC's pool of 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	
	2016 \$000	2015 \$000	2016 \$000	2015 \$000
Individual impairment	311	146	311	146
Collective impairment	2,052	2,422	2,053	2,583
Total provision for impairment	2,363	2,568	2,364	2,729

Individually impaired receivables have been determined to be impaired because of the significant financial difficulties being experienced by the debtor. An analysis of these individually impaired debtors are as follows:

	Council		Group	
	2016 \$000	2015 \$000	2016 \$000	2015 \$000
Not past due	-	-	-	-
Past due 1-60 days	-	-	-	-
Past due 61-120 days	-	-	-	-
Past due > 120 days	311	146	311	146
Total individual impairment	311	146	311	146

Movements in the provision for impairment of receivables are as follows:

	Council		Group	
	2016 \$000	2015 \$000	2016 \$000	2015 \$000
At 1 July	2,568	1,983	2,729	2,141
Additional provisions made during the year	824	484	(204)	627
Provisions reversed during the year	-	(42)	(160)	(44)
Receivables written-off during period	(1,029)	143	(1)	5
At 30 June	2,363	2,568	2,364	2,729

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 2016

11. Other financial assets

	Council		Group	
	2016	2015	2016	2015
	\$000	\$000	\$000	\$000
Current portion				
Loans to subsidiaries and associates	207	29	207	29
Long term receivables	-	-	-	-
<i>Total current portion</i>	207	29	207	29
Non-current portion				
Community loans	7	9	7	9
Loans to subsidiaries and associates	2,750	2,750	-	-
Government Indexed Bonds	-	757	-	757
NZ Local Government Funding Agency borrower notes	711	690	711	690
Unlisted shares in NZ Local Government Insurance Corporation Limited	423	348	423	348
Unlisted shares in NZ Local Government Funding Agency Limited	197	140	197	140
Sarjeant Gallery NJ Young Fund with Craigs Investment Partners	-	-	847	678
Shares in subsidiary (at cost - WDCHL)	7,846	7,846	-	-
<i>Total non-current portion</i>	11,934	12,540	2,185	2,622
Total other financial assets	12,141	12,569	2,392	2,651

Fair value

Government stock

The fair value of government stock is its carrying value.

Community loans

The fair value of community loans is their carrying value of \$7,000 (2015 \$9,000), 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 \$207,496 (2015 \$28,600).

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 2016.

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 2016

12. Inventories

	Council		Group	
	2016	2015	2016	2015
	\$000	\$000	\$000	\$000
<i>Held for distribution/Commercial inventories</i>				
Inventory	126	126	126	126
Network	-	-	267	231
Total inventories	126	126	393	357

Network Inventories are pledged as security for liabilities - \$266,893 (2015 \$230,839). There has been no write-down of commercial inventories to net realisable value (2015 \$nil).

13. Non-current assets held for sale

Non-current assets held for sale at 30 June are: 3 Kotuku St, 152 Somme Pde, Windsor Tce Reserve, 8 Gilmour St.

	Council		Group	
	2016	2015	2016	2015
	\$000	\$000	\$000	\$000
Land	328	412	328	412
Buildings	29	46	29	46
Total non-current assets held for sale	357	458	357	458

14. Derivative financial instruments

	Council		Group	
	2016	2015	2016	2015
	\$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	-	44	58	73
	-	44	58	73
Non-current liability portion				
Interest rate swaps - cash flow hedges	12,475	8,135	13,330	8,852
	12,475	8,135	13,330	8,852
Total derivative financial instrument liabilities	12,475	8,179	13,388	8,925

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 yield 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 \$75,500,000 (2015 \$79,500,000) and for the WDC group were \$84,500,000 (2015 \$88,500,000). At 30 June 2016 the Fixed Interest rates on the swaps ranged from 4.38% to 6.39%.

Notes to the financial statements

For the year ended 30 June 2016

15. Investments in associates

	Council		Group	
	2016	2015	2016	2015
	\$000	\$000	\$000	\$000
Whanganui River Enhancement Charitable Trust (WRET)	67	56	67	56
New Zealand Masters Games Limited (NZMGL)	6	6	6	6
Manawatu Wanganui Local Advisory Shared Services (MW LASS)	18	6	18	6
Total investments in associates	91	68	91	68

Summarised financial information of associate entities

	WRET	
	2016	2015
	\$000	\$000
Assets	389	404
Liabilities	186	235
Revenues	144	150
Surplus/(deficit)	34	(27)
Group's interest	33%	33%

	NZMGL	
	2016	2015
	\$000	\$000
Assets	15	15
Liabilities	(3)	(3)
Revenues	32	32
Surplus/(deficit)	(10)	(10)
Group's interest	49%	49%

	MW LASS	
	2016	2015
	\$000	\$000
Assets	581	442
Liabilities	454	399
Revenues	1,344	966
Surplus/(deficit)	(21)	(1)
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 2016

16. Property, plant and equipment

Movements for each class of property, plant and equipment are as follows:

	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	-	-	-	(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
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

Notes to the financial statements

For the year ended 30 June 2016

		Accumulated depreciation and			Current Years		Accumulated depreciation eliminated on		Current year			Depreciation	Revaluation		Accumulated depreciation and	
Group 2016	Cost/ revaluation 1/7/2015 \$000	impairment charges 1/7/2015 \$000	Carrying amount 1/7/2015 \$000	Current year additions \$000	Vesting Additions \$000	Current year disposals \$000	disposals / revaluations \$000	Current year depreciation \$000	Impairment charges \$000	Transfers \$000	Transfers \$000	surplus \$000	Cost/ revaluation 30/6/2016 \$000	impairment charges 30/6/2016 \$000	Carrying amount 30/6/2016 \$000	
Operational assets																
Land	59,104	-	59,104	-	-	-	-	-	-	(140)	-	(1,833)	57,131	-	57,131	
Buildings	50,702	(3,077)	47,625	198	-	(210)	2,620	(1,784)	-	(1)	-	134	50,823	(2,241)	48,582	
Plant, equipment and motor vehicles	14,205	(10,908)	3,297	1,444	-	(366)	337	(1,255)	-	-	-	-	15,283	(11,826)	3,457	
Leased equipment	1,178	(1,178)	-	-	-	-	-	-	-	-	-	-	1,178	(1,178)	-	
Furniture and fittings	3,116	(2,335)	781	334	-	(5)	5	(106)	-	-	-	-	3,445	(2,436)	1,009	
Library books	4,864	(3,288)	1,576	320	-	(2,043)	2,043	(315)	-	-	-	-	3,141	(1,560)	1,581	
Art work	22,099	-	22,099	22	-	-	-	-	-	(1)	-	5,765	27,886	-	27,886	
Capital work in progress	6,125	-	6,125	3,364	-	-	-	-	-	(9)	-	-	9,480	-	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	
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	
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 2016

	Cost/ revaluation 1/7/2014 \$000	Accumulated depreciation and impairment charges 1/7/2014 \$000	Carrying amount 1/7/2014 \$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	Transfer \$000	Depreciation Transfers \$000	Revaluation surplus \$000	Cost/ revaluation 30/6/2015 \$000	Accumulated depreciation and impairment charges 30/6/2015 \$000	Carrying amount 30/6/2015 \$000
Council 2015															
Operational assets															
Land	59,247	-	59,247	-	-	(183)	-	-	-	-	-	-	59,064	-	59,064
Buildings	49,025	(1,971)	47,054	574		(471)	49	(997)	-	203	-	-	49,331	(2,919)	46,412
Plant, equipment and motor vehicles	11,764	(9,527)	2,237	1,213		(193)	183	(977)	-	54	202	-	12,838	(10,119)	2,719
Leased equipment	1,178	(903)	275	-		-	-	(73)	-	-	(202)	-	1,178	(1,178)	()
Furniture and fittings	3,011	(2,216)	795	71				(98)	-	-	-	-	3,082	(2,314)	768
Library books	4,544	(2,956)	1,588	320		-	-	(332)	-	-	-	-	4,864	(3,288)	1,576
Artworks	22,093	-	22,093	6		-	-	-	-	-	-	-	22,099	-	22,099
Capital work in progress	3,687	-	3,687	2,718		-	-	-	-	(278)	-	-	6,127	-	6,127
Total operational assets	154,549	(17,573)	136,976	4,902		(847)	232	(2,477)	-	(21)	-	-	158,583	(19,818)	138,765
Infrastructural assets															
Stormwater and Drainage	102,742	(1)	102,741	788	0	0	0	(1,788)	0	0	0	0	103,530	(1,789)	101,741
Wastewater Other	127,634	-	127,634	769	-	-	-	(3,186)	-	-	-	-	128,403	(3,186)	125,217
Waste Water Treatment Plants & Facilities	15,164	-	15,164	-	-	-	-	(377)	-	-	-	-	15,164	(377)	14,787
Water Other	61,657	-	61,657	858	-	-	-	(1,580)	-	-	-	-	62,515	(1,580)	60,935
Water Treatment Plants & Facilities	16,152	-	16,152	329	-	-	-	(413)	-	-	-	-	16,481	(413)	16,068
Road network	360,433	2	360,435	10,115	-	-	-	(8,870)	(17,937)	-	-	-	370,548	(26,805)	343,743
Land under roads	8,050	-	8,050	-	-	-	-	-	-	-	-	-	8,050	-	8,050
Airport runway	2,022	(12)	2,010	-	-	-	-	(81)	-	(221)	12	-	1,801	(81)	1,720
Total infrastructural assets	693,854	(11)	693,843	12,859	-	-	-	(16,295)	(17,937)	(221)	12	-	706,492	(34,231)	672,261
Restricted assets															
Land	14,931	-	14,931	-	-	-	-	-	-	-	-	-	14,931	-	14,931
Buildings	4,018	(211)	3,807	47	-	-	-	(81)	-	-	-	-	4,065	(292)	3,773
Total restricted assets	18,949	(211)	18,738	47	-	-	-	(81)	-	-	-	-	18,996	(292)	18,704
Total property, plant and equipment	867,352	(17,795)	849,557	17,808		(847)	232	(18,853)	(17,937)	(242)	12	-	884,071	(54,341)	829,730

Note: Vested assets to Whanganui District Council \$Nil (2014 \$2,804,000)

Notes to the financial statements

For the year ended 30 June 2016

Group 2015	Cost/ revaluation 1/7/2014 \$000	Accumulated depreciation and impairment charges 1/7/2014 \$000	Carrying amount 1/7/2014 \$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 30/6/2015 \$000	Accumulated depreciation and impairment charges 30/6/2015 \$000	Carrying amount 30/6/2015 \$000
Operational assets															
Land	59,286	-	59,286	-	-	(182)	-	-	-	-	-	-	59,104	-	59,104
Buildings	50,396	(2,092)	48,304	574	-	(471)	49	(1,019)	-	203	(15)	-	50,702	(3,077)	47,625
Plant, equipment and motor vehicles	13,221	(10,314)	2,907	1,263	-	(333)	300	(1,096)	-	54	202	-	14,205	(10,908)	3,297
Leased equipment	1,178	(903)	275	-	-	-	-	(73)	-	-	(202)	-	1,178	(1,178)	()
Furniture and fittings	3,038	(2,235)	803	78	-	-	-	(100)	-	-	-	-	3,116	(2,335)	781
Library books	4,544	(2,956)	1,588	320	-	-	-	(332)	-	-	-	-	4,864	(3,288)	1,576
Art work	22,093	-	22,093	6	-	-	-	-	-	-	-	-	22,099	-	22,099
Capital work in progress	3,686	-	3,686	2,718	-	-	-	-	-	(278)	-	-	6,125	-	6,125
Total operational assets	157,442	(18,500)	138,942	4,959		(986)	349	(2,620)	-	(21)	(15)	-	161,393	(20,786)	140,607
Infrastructural assets															
Stormwater and Drainage	102,742	(1)	102,741	788	0	-	0	(1,788)	-	-	-	0	103,530	(1,789)	101,741
Wastewater Other	127,634	-	127,634	769	-	-	-	(3,186)	-	-	-	-	128,403	(3,186)	125,217
Waste Water Treatment Plants & Facilities	15,164	-	15,164	-	-	-	-	(377)	-	-	-	-	15,164	(377)	14,787
Water Other	61,657	-	61,657	858	-	-	-	(1,580)	-	-	-	-	62,515	(1,580)	60,935
Water Treatment Plants & Facilities	16,152	-	16,152	329	-	-	-	(413)	-	-	-	-	16,481	(413)	16,068
Road network	360,433	2	360,435	10,115	-	-	-	(8,870)	(17,937)	-	-	-	370,548	(26,805)	343,743
Land under roads	8,050	-	8,050	-	-	-	-	-	-	-	-	-	8,050	-	8,050
Airport runway	2,022	(12)	2,010	-	-	-	-	(81)	-	(221)	12	-	1,801	(81)	1,720
Gas network infrastructure	32,563	(1,018)	31,545	926	-	-	-	(1,037)	-	-	-	-	33,489	(2,055)	31,434
Total infrastructural assets	726,417	(1,029)	725,388	13,785	-	-	-	(17,332)	(17,937)	(221)	12	-	739,981	(36,286)	703,695
Restricted assets															
Land	14,929	-	14,929	-	-	-	-	-	-	-	-	-	14,929	-	14,929
Buildings	4,020	(211)	3,809	47	-	-	-	(81)	-	-	-	-	4,067	(292)	3,775
Total restricted assets	18,949	(211)	18,738	47	-	-	-	(81)	-	-	-	-	18,996	(292)	18,704
Total property, plant and equipment	902,808	(19,740)	883,068	18,791		(986)	349	(20,033)	(17,937)	(242)	(3)	-	920,370	(57,364)	863,006

Notes to the financial statements

For the year ended 30 June 2016

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 2014, 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 2016 (2015 Rounding \$17.937M).

Work in progress

	Council and Group	
	2016	2015
	\$000	\$000
Operational Buildings & improvements	4,114	2,075
Waste Water Treatment Plants & Facilities	4,566	3,963
Waterways & Natural Drainage	62	-
Restricted Buildings & improvements	739	81
Intangible	-	7
Total work in progress	9,481	6,126

Leasing

The net carrying amount of plant and equipment held under finance leases is \$Nil (2015 \$Nil).

Notes to the financial statements

For the year ended 30 June 2016

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
2016				
Stormwater & Drainage	100,739	799	-	164,678
Wastewater Other	123,020	1,383	-	268,966
Wastewater Treatment Plants & Facilities	14,787	-	-	34,215
Water Other	60,300	1,390	-	116,516
Water Treatment Plants & Facilities	16,068	-	-	40,631
Road network	349,992	14,837	-	610,550
2015				
Storm Water	101,741	788	-	160,461
Wastewater Other	125,217	769	-	265,492
Waste Water Treatment Plants & Facilities	14,787	-	-	33,579
Water Other	60,935	858	-	134,075
Water Treatment Plants & Facilities	16,068	329	-	20,125
Road network	343,743	10,115	-	609,143

Notes to the financial statements

For the year ended 30 June 2016

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 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
Balance at 1 July 2014						
Cost	3,080	253	3,333	355	10,226	13,914
Accumulated amortisation and impairment	(2,636)	-	(2,636)	(285)	-	(2,922)
Opening carrying amount	444	253	697	70	10,226	10,992
Year ended 30 June 2015						
Additions	24	-	24	85	-	109
Amortisation charge	(172)	-	(172)	(50)	-	(222)
Disposals/Transfers	-	-	-	-	-	-
Amortisation charge eliminated on disposal	-	-	-	-	-	-
Revaluation increment	-	187	187	-	-	187
Closing carrying amount	296	440	736	104	10,226	11,066
Year ended 30 June 2015						
Cost	3,104	440	3,544	440	10,226	14,210
Accumulated amortisation and impairment	(2,809)	-	(2,808)	(335)	-	(3,143)
Closing carrying amount	295	440	736	105	10,226	11,067

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 2016

18. Forestry assets

	Council		Group	
	2016	2015	2016	2015
	\$000	\$000	\$000	\$000
Balance at 1 July	5,747	4,712	5,747	4,712
Increases due to purchases	-	-	-	-
Gain/(loss) arising from physical change	645	341	645	341
Gain/(losses) arising from changes in fair value	1,069	960	1,069	960
Decreases due to harvest	(14)	(266)	(14)	(266)
Balance at 30 June	7,447	5,747	7,447	5,747

Through its investment in the Whanganui District Councils' Forestry Joint Committee, WDC owns 1,142 hectares of pinus radiata forest (2015: 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 2016. The following valuation assumptions have been adopted in determining the fair value of forestry assets:

- a discount rate of 6.5% (2015 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 \$70 per ha per annum (2015 \$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 bond is held with BNZ for the current harvesting agent, John Turkington Limited, to cover one month's harvesting if payment is in default. At present this is \$50,000 (2015 \$50,000).

Notes to the financial statements

For the year ended 30 June 2016

19. Investment property

	Council		Group	
	2016	2015	2016	2015
	\$000	\$000	\$000	\$000
Balance at 1 July	22,418	22,999	21,593	22,174
Additions from acquisitions	441	70	441	70
Disposals/Transfers	-	(357)	-	(357)
Fair value gains/(losses) on valuation	676	(294)	676	(294)
Balance at 30 June	23,535	22,418	22,710	21,593
Less Impairment of earthquake prone buildings	-	-	-	-
Balance at 30 June	23,535	22,418	22,710	21,593

WDC's investment properties are valued annually at fair value effective 30 June. 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	
	2016	2015	2016	2015
	\$000	\$000	\$000	\$000
<u>Revenue and expenses in relation to investment properties:</u>				
Rental revenue	1,724	1,729	1,724	1,729
Expenses from investment property generating revenue	(701)	(619)	(671)	(570)
Expenses from investment property not generating revenue	(30)	(48)	(30)	(48)
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	
	2016	2015
	\$000	\$000
Current assets	131	55
Non-current assets	3,958	3,929
Current liabilities	277	141
Non-current liabilities	23	50
Revenue	249	225
Expenses	425	387

Notes to the financial statements

For the year ended 30 June 2016

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	
	2016	2015
	\$000	\$000
Current assets	159	356
Non-current assets	11,174	9,272
Current liabilities	85	126
Non-current liabilities	-	-
Revenue	2,028	1,335
Expenses	355	379

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	
	2016	2015	2016	2015
	\$000	\$000	\$000	\$000
Current portion				
<i>Payables under exchange transactions</i>				
Trade payables	6,674	6,448	7,261	6,900
Deposits and bonds	888	910	888	910
Accrued expenses	591	207	604	216
Amounts due to related parties	22	-	-	-
Accrued interest payable	428	424	589	612
Revenue in advance	380	424	380	424
<i>Payables under non exchange transactions</i>				
Taxes payable	515	365	1,143	910
Rates in advance	501	430	501	430
Grants and funding with conditions	-	-	-	-
	9,999	9,208	11,366	10,402
Non-current portion				
<i>Payables under non exchange transactions</i>				
Grants and funding with conditions	-	-	743	257
	-	-	743	257
Total payables and deferred revenue	9,999	9,208	12,109	10,658

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	
	2016	2015	2016	2015
	\$000	\$000	\$000	\$000
Current portion				
Secured loans	16,000	27,500	19,000	30,500
Finance leases	-	-	-	-
<i>Total current portion</i>	16,000	27,500	19,000	30,500
Non-current portion				
Secured loans	56,750	57,500	63,750	64,500
Finance leases	-	-	-	-
<i>Total non-current borrowings</i>	56,750	57,500	63,750	64,500
Total borrowings	72,750	85,000	82,750	95,000

Notes to the financial statements

For the year ended 30 June 2016

Secured loans

WDC's secured debt of \$72,750,000 (2015 \$85,500,000) 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 (2014 \$15,000,000) available with Westpac. At year end there had been drawdowns of \$5,750,000 (2015 \$6,500,000) on this facility. In addition WDC has a loan facility of \$15,000,000 available with ANZ. At year end there was no drawdown (2015 \$NIL). It also has a \$75,000 credit card facility with ANZ Bank. At June 2016 \$5,053 was owing on this facility (2015 \$7,412).

WDC has debt raised with the New Zealand Local Government Funding Agency. At 30 June 2016, \$41,000,000 is outstanding (2015 \$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 2016

23. Employee entitlements

	Council		Group	
	2016	2015	2016	2015
	\$000	\$000	\$000	\$000
Current portion				
Accrued pay	231	582	263	589
Annual leave	1,221	1,282	1,295	1,343
Retirement and long service leave	115	132	115	132
Sick leave	22	25	25	28
<i>Total current portion</i>	1,589	2,021	1,698	2,092
Non-current portion				
Retirement and long service leave	143	130	143	130
<i>Total non-current portion</i>	143	130	143	130
Total employee entitlements	1,732	2,151	1,841	2,222

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 2.12% (2015 3.16%) and an inflation factor of 3.2% (2015 3.2%) were used.

24. Provisions

Council has not made any provisions during the 2015/16 and 2014/15 periods.

Notes to the financial statements

For the year ended 30 June 2016

25. Equity

	Council		Group	
	2016	2015	2016	2015
	\$000	\$000	\$000	\$000
Retained earnings				
Balance at 1 July	522,656	521,885	535,710	534,989
Asset adjustment to equity 1 July	-	-	-	-
Transfers (to)/from restricted reserves	(1,622)	(398)	(1,622)	(398)
Adjustment to equity from CCO's	-	-	-	(89)
Transfers from property revaluation reserves on disposal	313	1,104	315	1,104
Surplus/(deficit) for the year	14,633	65	14,723	104
Balance at 30 June	535,980	522,656	549,126	535,710
Restricted reserves				
Balance at 1 July	55,735	55,337	55,735	55,337
Transfers (to)/from retained earnings	1,622	398	1,622	398
Balance at 30 June	57,357	55,735	57,357	55,735
Asset revaluation reserves				
Balance at 1 July	207,629	226,669	213,150	232,189
Revaluation gains/(losses)	2,911	-	2,912	-
Impairment of roading assets	-	(17,936)	-	(17,936)
Transfer to accumulated funds on disposal of property	(313)	(1,104)	(315)	(1,103)
Tax on property revaluations	-	-	-	-
Balance at 30 June	210,227	207,629	215,747	213,150
Asset revaluation reserves consist of:				
Operational assets:				
- land	35,347	37,428	35,347	37,428
- buildings	-	-	-	-
- Artworks	3,630	-	3,630	-
Infrastructural assets:				
- wastewater system (including stormwater)	104,895	104,896	104,895	104,896
- water system	17,195	17,195	17,195	17,195
- roading network	29,418	29,418	29,418	29,418
- Airport runway	-	-	-	-
- gas network infrastructure	-	-	5,520	5,521
Restricted assets:				
- land	18,797	17,420	18,797	17,420
- buildings	945	1,272	945	1,272
	210,227	207,629	215,747	213,150
Other reserves				
Balance at 1 July	622	370	601	344
Valuation gains/(losses) taken to equity	(125)	65	(128)	70
Carbon credits	671	187	671	187
Balance at 30 June	1,168	622	1,144	601
Other reserves consist of:				
- Fair value through equity	57	182	32	160
- Carbon credit reserve	1,112	441	1,112	441
	1,168	622	1,144	601
Total Equity	804,732	786,642	823,374	805,196

Notes to the financial statements

For the year ended 30 June 2016

Restricted Reserves consists of:

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	3,172	(1,549)	57,357

Notes to the financial statements

For the year ended 30 June 2016

Reserve	Activities to which the reserve relates	Purpose of the reserve	Balance at 1 July 2014 \$000	Transfers into fund \$000	Transfers out of fund \$000	Balance at 30 June 2015 \$000
Self funding insurance	All activities	To set aside funds to cover insurance excesses	1,354	428	(47)	1,735
City Endowment	Investments	To provide alternative income for funding of Council activities	20,257	476	(192)	20,541
Harbour Endowment	Investments	To provide funds for operation and maintenance of the Port	25,058	645	(742)	24,961
Henry Sarjeant Bequest	Community & cultural	To fund the purchase of artworks	335	41	(6)	370
Hutton Estate	Community & cultural	To fund Sarjeant Gallery expenditure	3	-	-	3
Robertson Art Prize Fund	Community & cultural	To fund art competitions and grants	11	1	-	12
Grave maintenance bequests	Community facilities and services	Maintenance of specific grave sites	18	1	-	19
Waste minimisation levy	Community facilities and services	To fund waste minimisations services	22	150	(81)	91
CBD parking fund	Community facilities and services	To fund CBD parking infrastructure	629	21	(174)	476
Heritage Building Preservation fund	Community facilities and services	To fund future IEP grants	62	24	-	87
MA Larsen Bequest	Parks and recreation	To finance improvements at the Bason Reserve	523	24	-	547
Kowhai Park Improvements fund	Parks and recreation	To fund improvements to Kowhai Park	17	()	-	17
T Waight Park fund	Parks and recreation	For improvements at Thomas Waight Park	37	2	-	39
Fairbridge Bequest	Parks and recreation	For upgrading work at the Winter Gardens	9	1	-	10
Vera Thrush Donation	Parks and recreation	To improve Virginia Lake access	18	2	-	20
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	94	4	-	98
Kai Iwi Trust	Parks and recreation	Council is trustee for Maori land at Kai Iwi	63	1	(36)	28
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	-	-	5
Suzuki Donation	Parks and recreation	For qualifying expenditure	-	5	(2)	3
Crown and other trusts' properties	Parks and recreation	Properties administered on behalf of third parties	6,123	-	(8)	6,115
Rural road special rate - Whangaehu No 1	Roads, footpaths and pathways	Rural rates specifically collected for future works	122	11	(122)	11
Rural road special rate - Whangaehu No 2	Roads, footpaths and pathways	Rural rates specifically collected for future works	92	11	(55)	48
Rural road special rate - River Road	Roads, footpaths and pathways	Rural rates specifically collected for future works	138	6	-	144
CUVL renewals fund	Economic development	To fund renewals of community under-veranda lighting	174	8	(9)	173
The Waitotara Centennial Fund	Corporate	To fund Outward Bound trips for approved people	34	2	-	36
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	9	1	-	10
For Our Kids Grant fund	Community & cultural	To fund the For Our Kids Program	26	13	(12)	27
LI Smith Bequest	Community & cultural	To fund an arts award	74	3	-	77
			55,337	1,881	(1,484)	55,735

Notes to the financial statements

For the year ended 30 June 2016

26. Reconciliation of net surplus/(deficit) after tax to net cash flow from operating activities

	Council		Group	
	2016	2015	2016	2015
	\$000	\$000	\$000	\$000
Surplus/(deficit) after tax	14,633	65	14,723	104
Add/(less) non-cash items				
Share of associate surplus/(deficit)	(11)	13	(11)	13
Interest credited directly to investments	(56)	(10)	(56)	(10)
Depreciation and amortisation expense	19,607	19,025	20,882	20,256
Vested assets	-	-	-	-
(Gains)/losses in fair value of biological assets	(1,700)	(1,301)	(1,700)	(1,301)
Movement in fair value of investment property	(676)	294	(676)	294
(Gains)/losses on derivative financial instruments	4,296	3,542	4,463	3,768
(Gains)/losses on shares held in WDC Holdings Ltd	-	-	-	-
(Gains)/losses in fair value of plant, property and equipment	(4,851)	176	(4,851)	176
Increase/(decrease) in deferred tax	(26)	(106)	203	13
(Gains)/losses on other investments	(260)	-	(260)	-
	16,323	21,633	17,994	23,209
Add/(less) items classified as investing or financing activities				
(Gains)/losses on disposal of property, plant and equipment	150	200	150	200
	150	200	150	200
Add/(less) movements in working capital items				
Accounts receivable	(465)	(106)	(386)	77
Inventories	-	(23)	(35)	(51)
Accounts payable	(363)	(2,529)	152	(2,572)
Employee benefits	13	(202)	51	(201)
	(815)	(2,860)	(218)	(2,747)
Net cash inflow/(outflow) from operating activities	30,291	19,038	32,649	20,766

27. Capital commitments and operating leases

	Council		Group	
	2016	2015	2016	2015
	\$000	\$000	\$000	\$000
Capital commitments				
Plant & Equipment	-	131	-	131
Parks	-	-	-	-
Building & Improvements	2,238	827	2,238	827
Water System	367	-	367	-
Storm Water & Drainage System	362	-	362	-
Waste Water System	1,375	-	1,375	-
Roading Network	4,519	905	4,519	905
Wastewater Treatment Plant (see note 22)	41,200	38,108	41,200	38,108
Investment property	-	-	-	-
Total capital commitments	50,061	39,971	50,061	39,971

There are no capital commitments in relation to the WDC's interest in the Forestry joint venture or Airport joint venture.

The amount listed for the Wastewater Treatment Plant is not a capital commitment in that WDC does not have signed contracts for this amount of work. However, Council is committed to building a Treatment Plant and has made allowance for the build in it's 2015-2025 10 Year Plan.

Notes to the financial statements

For the year ended 30 June 2016

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	
	2016	2015	2016	2015
	\$000	\$000	\$000	\$000
Not later than one year	199	187	199	187
Later than one year and not later than five years	463	542	463	542
Later than five years	-	-	-	-
Total non-cancellable operating leases	662	729	662	729

The total minimum future sublease payments expected to be received under non-cancellable subleases at balance date is \$nil (2015 \$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 \$190,430 (2015 \$120,956). 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	
	2016	2015	2016	2015
	\$000	\$000	\$000	\$000
Not later than one year	1,540	1,662	1,540	1,662
Later than one year and not later than five years	3,987	4,253	3,987	4,253
Later than five years	5,899	6,644	5,899	6,644
Total non-cancellable operating leases	11,426	12,559	11,426	12,559

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 2016

28. Contingencies

	Council		Group	
	2016	2015	2016	2015
	\$000	\$000	\$000	\$000
Litigation	200	200	200	200
Building Act claims	100	180	100	180
Total contingent liabilities	300	380	300	380

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.

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 provisionally 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 2016, NZLGFA had borrowings totalling \$6,501m (2015: \$4,996m).

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.

Notes to the financial statements

For the year ended 30 June 2016

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 \$800,000 (2015 \$1,250,000).

The Council believe the following to be arms length transactions, but are disclosing them for transparency.

The Council paid Wanganui Incorporated a grant to run the glass school totalling \$55,691 (2015 \$67,500).

The Council paid Take it Easy Tours for coach hire \$2,285 (2015: \$230).

The Council paid the YMCA \$17,250 for the provision of Youth and Community Services (2015: Nil).

The Council paid MWLASS for shared services \$105,835 (2015: \$60,731).

The Council paid Whanganui District Council Holdings Ltd (WDCHL) by way of Port grants \$536,250 (2015 \$509,293).

The Council made an equity contribution to Whanganui Joint Venture Airport totalling \$Nil (2015 \$59,674).

The Council received from the Sarjeant Gallery Trust grants totalling \$125,000 (2015 \$230,000). An amount of \$Nil was outstanding at 30 June 2016 (2015 \$30,000).

Key management personnel compensation

	2016 \$000	2015 \$000
<i>Councillors</i>		
Remuneration	532	497
Full-time equivalent members	13	13
<i>Senior Management Team, including the Chief Executive</i>		
Remuneration	1,782	1,358
Full-time equivalent members	7	7
	2,314	1,855
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 2016

30. Remuneration

Chief Executive

The current chief executive was appointed in January 2016 and received \$134,514 for the year ended 30 June 2016.

The outgoing chief executive who left in December 2016 received remuneration of \$215,704 for the year ended 30 June 2016 (2015 \$343,206 -including retirement gratuity of \$57,058).

The annual remuneration of the current Chief Executive is \$283,412.

In terms of his contract, the Chief Executive also received professional subscriptions of \$Nil (2014 \$636).

Elected representatives

Elected representatives received the following remuneration:

Council as elected on 12 October 2013

	Council 2016 \$000	2015 \$000	WGL/WDCHL 2016 \$000	2015 \$000
Mayor Annette Main (includes car)	112	108	10	10
Councillor Charlie Anderson	32	30	-	-
Councillor Philippa Baker-Hogan	36	34	-	-
Councillor Jack Bullock	31	29	-	-
Councillor Helen Craig	36	32	-	-
Councillor Jenny Duncan	36	33	-	-
Councillor Jason Granville	31	27	-	-
Councillor Hamish McDouall	39	38	-	-
Councillor Ray Stevens	35	34	-	-
Councillor Rob Vinsen	35	32	10	10
Councillor Martin Visser	38	33	-	-
Councillor Sue Westwood	35	34	-	-
Councillor Rangī Wills	35	33	-	-
	532	497	20	20

Rural Community Board as elected on 12 October 2013

Chairperson David Matthews (24/3/16 - 30/6/16)	8	6	-	-
Alan Taylor (Chairperson 1/7/15 - 23/3/16)	10	11	-	-
Bill Ashworth	6	6	-	-
Andrew Collins	6	6	-	-
Matthew Collins	5	5	-	-
Darrell Monk	6	6	-	-
Erin Reeve	5	5	-	-
	47	45	-	-

Total

579	542	20	10
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Notes to the financial statements

For the year ended 30 June 2016

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	
	2016	2015
	Number of employees	Number of employees
\$0 - \$59,999	203	208
\$60,000 - \$79,999	69	60
\$80,000 - \$99,999	26	26
\$100,000 - \$119,999	9	12
\$120,000 - \$219,999	8	6
\$220,000 - \$299,999	1	1
Total number of employees as at 30 June	316	313

At 30 June, WDC employed 176 (2015 187) full time employees, with the balance of staff representing 48 (2015 46) 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 four employees during the year. The payments amount totalled \$54,864 (2015 three payments totalling \$210,000).

The value of each of the severance payments were \$25,490, \$18,348, \$8,026, and \$3,000 (2015 \$198,000, \$8,000, and \$4,000).

32. Events after the balance date

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.

There are no other material events after the balance date (2015 nil)

Notes to the financial statements

For the year ended 30 June 2016

33. Financial instruments

Financial instrument categories

The accounting policies for financial instruments have been applied to the line items below:

	Council		Group	
	2016	2015	2016	2015
	\$000	\$000	\$000	\$000
Financial assets				
Loans and receivables				
Cash and cash equivalents	6,748	11,011	8,679	12,663
Receivables	8,830	8,366	9,813	9,293
Loans to related parties	2,957	2,779	207	29
Community loans	7	9	7	9
Long term receivables	-	-	-	-
Fair value through other comprehensive revenue and expense				
Other financial assets:				
- unlisted shares	620	488	620	488
LGFA borrower notes	711	690	711	690
Government Indexed Bonds	-	757	-	757
Financial liabilities				
Fair value through surplus or deficit - Held for trading				
Derivative financial instrument liabilities	12,475	8,179	13,387	8,925
Financial liabilities at amortised cost				
Payables	9,998	9,208	11,366	10,402
Borrowings:				
- secured loans	72,750	85,000	82,750	95,000

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 2016

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	Quoted	Observable	Significant non-observable
	\$000	market price \$000	inputs \$000	inputs \$000
30 June 2016 - Council				
Financial assets				
Unlisted shares	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	847		847	
Financial liabilities				
Derivatives	13,387		13,387	
30 June 2015 - Council				
Financial assets				
Shares unlisted	488		488	
LGFA borrower notes	690		690	
Government indexed bonds	757		757	
Financial liabilities				
Derivatives	8,179		8,179	
30 June 2015 - Group				
Financial assets				
Shares unlisted	488		488	
LGFA borrower notes	690		690	
Government indexed bonds	757		757	
NJ Young bequest with Craigs Investment Partners	678	678		
Financial liabilities				
Derivatives	8,925		8,925	

There were no transfers between the different levels of the fair value hierarchy

Notes to the financial statements

For the year ended 30 June 2016

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 2016 had fluctuated by plus or minus 0.5%, the effect would have been to decrease/increase the fair value through equity reserve by \$NIL (2015 \$3,786). If interest rates on borrowings at 30 June 2016 had fluctuated by plus or minus 0.5%, the effect would have been to decrease/increase the surplus after tax by \$13,750 (2015 \$40,000) 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 2016

Maximum exposure to credit risk

WDC's maximum credit exposure for each class of financial instrument is as follows:

	Council		Group	
	2016	2015	2016	2015
	\$000	\$000	\$000	\$000
Cash at bank and term deposits	6,748	11,011	8,679	12,663
Receivables	8,830	8,366	9,813	9,293
Government bonds and LGFA borrower notes	711	1,447	711	1,447
Related party and community loans	2,964	2,788	214	38
Total credit risk	19,253	23,612	19,417	23,441

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	
	2016	2015	2016	2015
	\$000	\$000	\$000	\$000
Counterparties with credit ratings				
Cash at bank, term deposits and sinking funds:				
AA	-	-	-	-
AA-	6,748	11,011	8,679	12,663
<i>Total cash at bank, term deposits and sinking fund</i>	<i>6,748</i>	<i>11,011</i>	<i>8,679</i>	<i>12,663</i>
Government bonds and LGFA borrower notes:				
AA+	711	1,447	711	1,447
AA-	-	-	-	-
<i>Total Government bonds and LGFA borrower notes:</i>	<i>711</i>	<i>1,447</i>	<i>711</i>	<i>1,447</i>
Counterparties without credit ratings				
Community and related party loans:				
Existing counterparty with no defaults in the past	2,964	2,788	214	38
Existing counterparty with defaults in the past	-	-	-	-
<i>Total long term receivables and related party loans</i>	<i>2,964</i>	<i>2,788</i>	<i>214</i>	<i>38</i>

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 paym

Notes to the financial statements

For the year ended 30 June 2016

	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 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
Council 2015						
Payables	9,208	9,208	9,208	-	-	-
Secured loans	85,000	102,126	31,605	3,537	34,953	32,031
Total	94,208	111,334	40,813	3,537	34,953	32,031
Group 2015						
Payables	10,402	10,402	10,402	-	-	-
Secured loans	95,000	113,755	37,211	3,537	40,976	32,031
Total	105,402	124,157	47,613	3,537	40,976	32,031

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 2016					
Contracts:					
Council	12,475	12,475		187	12,288
Group	13,387	13,387	-	330	13,057
Council and group 2015					
Contracts:					
Council	8,179	8,179		237	7,942
Group	8,925	8,925	-	289	8,636

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 2016

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 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	-	-
Council 2015				
Cash and cash equivalents	11,011	11,011		
Receivables	8,366	8,366		
Other financial assets:				
- term deposits	-	-		
- related party loans	2,779	29		2,750
- community loans	9	9		
- long term loans				
Total	22,165	19,415	-	2,750
Group 2015				
Cash and cash equivalents	12,663	12,663		
Receivables	9,293	9,293		
Other financial assets:				
- term deposits	-	-		
- related party loans	29	29		
- community loans	9	9		
- long term loans				
Total	21,994	21,994	-	-

Notes to the financial statements

For the year ended 30 June 2016

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

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	
<i>Financial liabilities</i>				
Borrowings:				
- bank overdraft	-		-	
- term loans	364		(728)	
- Derivatives	(378)		755	
Total sensitivity to interest rate risk	(49)	-	96	-

Council

2015 \$'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	(55)		110	
Other financial assets:	(1)			
<i>Financial liabilities</i>				
Borrowings:				
- bank overdraft	-		-	
- term loans	408		(815)	
- derivatives	(378)		755	
Total sensitivity to interest rate risk	(25)	-	50	-

Notes to the financial statements

For the year ended 30 June 2016

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:				
Borrowings:				
- bank overdraft	-		-	
- term loans	458		(915)	
- derivatives	(423)		845	
Total sensitivity to interest rate risk	(8)	-	17	-

Group

2015 \$'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	(63)		127	
Other financial assets:				
Borrowings:				
- bank overdraft	-		-	
- term loans	458		(915)	
- derivatives	(423)		845	
Total sensitivity to interest rate risk	(28)	-	57	-

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 (2015 -50bps/+100bps).

Notes to the financial statements

For the year ended 30 June 2016

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 \$199,943,420

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 \$27,505,744

This cover is for the total replacement value of art, artifacts owned or on loan to WDC, as follows;

\$7,500,000 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.

In the event of a total loss, \$18,172,994 worth of art would be uninsured.

Commercial Motor Vehicles - full replacement value \$2,132,850

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 2016

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	
	2016	2015
	\$000	\$000
WDC Forestry Joint Committee	11,252	9,504
Shares in subsidiary (at cost - WDCHL)	7,846	7,846
Unlisted shares in NZ Local Government Funding Agency Limited	197	140
Whanganui Joint Venture airport	3,788	3,787
	23,083	21,277

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 2016

39. Explanation of major variances to budget

Statement of comprehensive revenue and expense

Revenue

Rates revenue is lower by \$327k (0.6%) due to unbudgeted rates remissions granted during the year because of the flood event of June 2015. Finance revenue is under budget by \$392k (25%), mainly as a result of the Forestry dividend not being declared for the year.

Total other revenue of \$43.07M was considerably over budgeted income of \$19.6M (119%). This variance related mainly to additional unbudgeted subsidies and grants relating to the flood damage work. In addition there was unbudgeted receipts of logging income, donations, and a one-off receipt. This additional income was partially off-set by a reduction in water sales, parking income and resource consent fees. There was a In addition to the above there were unbudgeted Property, Artwork and Forestry revaluation gains. Gains from Artworks and building revaluations were treated as revenue this year to reverse losses made in prior years which were put through the profit & loss statement

Expenditure

Personnel costs are over budget by \$951k (6%) due to additional staff costs resulting from the June 2015 flood event (of which the majority has been offset by subsidies received), in addition to other subsidised staff costs such as the Gallery Transition project. There were also additional costs associated with a restructure.

Depreciation and amortisation expense is \$1.2M (6.8%) higher than the budget. The variance is due to a revision of the estimated useful lives of assets, and is based on the revaluation carried out at 1 July 2015.

Finance costs were \$286k (6%) lower than budget due to general market conditions providing lower interest rates and savings from the timing of borrowings. Council practices pro active interest rate risk management and has changed the way it manages its short term cash position which has resulted in lower working capital being held throughout the year.

Other expenses are \$10.3M (31%) over budget. This was partly due to unbudgeted losses from derivative financial instruments of \$4.3M. In addition \$5.5M was spent on Roding to clean up damage causes by the June 2015 storm. Some operating Roding maintenance expenditure was delayed until the 2016/17 year, with flood damage replacement expenditure taking priority.

Statement of financial position

Assets

Cash and cash equivalents are \$2.9M (77%) over budget due to the timing between cash received and payment of invoices. Council increased its working capital at year end to cover expected end of year payments.

Receivables fluctuate regularly due to the timing of invoicing and workloads.

Total non-current assets were \$19.3M (2%) lower than budget. A number of budgeted capital projects were deferred, including the Wastewater Treatment Plant. Significant capital projects are detailed in pages 31-118 in the Groups of Activities Section.

Liabilities

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

Borrowings were \$7.1M (9%) below budget due to the deferral of capital expenditure as detailed in pages 31-118 in the Groups of Activities Section.

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 \$30.3M cash surplus from operating activities. This is a positive variance to budget of \$8.4M (38%) due mainly to additional unbudgeted subsidies received for June 2015 flood damage.

Investing activities

Cash flows from investing activities show asset purchases to be \$22.3M, which is \$4.6M (26%) greater than budget. The main reason is additional Roding work required as a result of the June 2015 flood event. Other variances to budget are disclosed on pages 31-118 of the annual report in the Group of Activities section.

Financing activities

Cash flows from financing activities shows net repayments of \$12.3M, which is \$8.5M more than budgeted with capital projects not undertaken mainly as a result of the 2015 flood event. The majority of this work has been carried over to next year.

Notes to the financial statements

For the year ended 30 June 2016

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	Annual Report
	2016	2016
	\$000	\$000
Operating funding in the FIS	69,254	79,140
Subsidies and grants for capital expenditure	5,731	11,537
Development and financial contributions	-	(39)
Forestry revenue	-	200
Other dedicated capital funding	294	158
Net gains not included in the FIS	518	7,487
Total Revenue in the Statement of Comprehensive revenue and expense	75,798	98,483
Application of operating funding in the FIS	53,352	59,480
Depreciation not included in the FIS	18,355	19,607
Losses from derivative financial instruments	-	4,296
Forestry expenses		355
Property, plant and equipment losses on disposal		150
Total expenditure in the statement of revenue and expense	71,706	83,888

Additional information

For the year ended 30 June 2016

Waste Water Treatment Plant (WWTP)

The following represents total expenditure from 1 February 2012 to 30 June 2016 on mitigating the effects of the failed WWTP and the cost associated with the design of a replacement Plant.

	Total costs incurred to 30 June 2016	Total costs incurred to 30 June 2015
	\$000	\$000
Operating costs		
Short term mitigation costs for failed plant	2,281	2,281
Legal costs	1,254	729
Total operating costs	3,535	3,010
Capital costs		
Desludging and decommissioning of failed plant*	4,649	4,649
Replacement WWTP design		
Design fees & technical support	3,355	3,124
Biosolids strategy	302	212
Peer review & expert opinion	292	277
	3,949	3,612
Construction	476	324
Project management, facilitation and communication support	309	156
Affordability project	29	4
Other		
Short-term discharge consent for untreated wastewater	55	23
Alternative design options	156	134
Independent review - Likelihood of new outfall consent	42	-
Legal advice	8	-
Trade waste		
Cost allocation model	60	48
Trade waste consulting support	104	104
Trade waste monitoring equipment - Tier 1	40	22
Trade waste monitoring equipment - Tier 2	-	-
Total capital costs	9,876	9,076

* These costs were considered operating rather than capital under accounting standards, but form part of our project capital budget

Expected costs of the replacement Plant is listed in Note 28 'Capital Commitments and Operating Leases'.

Mayor's Relief Fund

	Actual	
	2016	2015
	\$000	\$000
Balance at 1 July	19	1
Money Received	936	20
Interest received	-	-
Payments made	942	2
Balance at 30 June	13	19

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 and group's annual report for the year ended 30 June 2016

The Auditor-General is the auditor of Whanganui District Council (the District Council) and group. The Auditor-General has appointed me, Debbie Perera, using the staff and resources of Audit New Zealand, on her behalf, to:

- audit the information included in the District Council and group's annual report that we are required to audit under the Local Government Act 2002 (the audited information);
- report on whether the District Council and group has complied with the requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report and the Local Government (Financial Reporting and Prudence) Regulations 2014.

Opinion on the audited information

In our opinion:

- the financial statements on pages 146 to 149 and pages 151 to 209:
 - present fairly, in all material respects:
 - the District Council and group's financial position as at 30 June 2016;
 - the results of its operations and cash flows for the year ended on that date; and
 - comply with generally accepted accounting practice in New Zealand and have been prepared in accordance with Public Benefit Entity Standards;
- the funding impact statement on page 150, 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 and group's Long-term plan;
- the statement of service provision (referred to as How did we perform?) on pages 20 to 112:
 - presents fairly, in all material respects, the District Council's levels of service for each group of activities for the year ended 30 June 2016, 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;
- the statement about capital expenditure for each group of activities on pages 24 to 114, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the District Council and group's Long-term plan;
- the funding impact statement for each group of activities on pages 26 to 115, 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 and group's Long-term plan.

Compliance with requirements

The District Council and group has:

- complied with the requirements of schedule 10 of the Local Government Act 2002 that apply to the annual report; and
- made the disclosures on pages 26 to 207 which are required by the Local Government (Financial Reporting and Prudence) Regulations 2014 which represent a complete list of required disclosures and accurately reflects the information drawn from the District Council and group's audited information.

Our audit was completed on 26 October 2016. This is the date at which our opinion is expressed.

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

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the information we audited is free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the audited information. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the information we audited. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the information we audited, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the District Council and group's preparation of the information we audited in order to design 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.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Council;
- the adequacy of the disclosures in the information we audited;
- determining the appropriateness of the reported statement of service provision and within the District Council's framework for reporting performance; and
- the overall presentation of the information we audited.

We did not examine every transaction, nor do we guarantee complete accuracy of the information we audited.

When reporting on whether the District Council and group complied with the requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report, we limited our procedures to making sure the annual report included the required information and identifying material inconsistencies, if any, with the information we audited. We carried out this work in accordance with International Standard on Auditing (New Zealand) 720; The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements.

We did not evaluate the security and controls over the electronic publication of the information we are required to audit and report on. We believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Council

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 ensure that the annual report is free from material misstatement, whether due to fraud or error. The Council is also responsible for the publication of the annual report, whether in printed or electronic form.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the annual report in accordance with the reporting requirements of the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014. Our responsibility arises from the Public Audit Act 2001.

Independence

When carrying out our audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

In addition to this audit, which includes our report on the Compliance with Requirements, we carried out assignments in the area of the audit of the amendment to the Long Term Plan and an assurance review of the District Council's Debenture Trust Deed, which are 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 2015;
- 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 2015.

Other than these assignments we have no relationship with or interests in the District Council or any of its subsidiaries.



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