

Manawatū District Council

Annual Report Summary

For the year ended 30 June 2018

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Our Achievements — the Mayor's message

Every year Council uses your rates to maintain, create and provide the necessary infrastructure, services, support networks and facilities, we as residents and our visitors can all enjoy. These include our many parks, reserves and sports grounds and libraries around the district, Information Centre and the Makino Aquatic Centre etc. It also includes all of the invisible things such as the water we drink, our stormwater, our wastewater, rubbish and recycling, emergency management, our roads and bridges that we sometimes take for granted and perhaps only notice when they are not quite right.

Some of the stats provided from this last year you may find interesting: 661 building consents, 752 resource consents, 5818 building inspections, 1001 animal control responses, 50,282 incoming calls, 118,367 wheelie bins serviced, 1983 tonnes of refuse collected at the kerbsides, 4070 tonnes of refuse received at the Transfer Centre, 364,800 blue rubbish bags sold, 20 Council meetings, 4 NZ Citizenship Ceremonies and 43 community meetings.

Our Community Committees are doing a great job, empowering their communities to get things done that matter to them, in their parts of the District. We have supported various community projects to get underway or completed such as the Kimbolton Village Gateway, walkway planting days at Sanson, Himatangi Beach and Halcombe, public toilets at Kitchener Park and Tangimoana and the inaugural NZ Rural Sculpture Festival.

Keen to support our young people more, Council established a Youth Focus Group made up of Councillors, Police, social service agencies and our Youth Ambassadors to better understand what is happening in our community and how Council can assist. Following the tragic synthetic drugs incident we created a free Whanau Day with a 'no drugs' publicity campaign.

We know that the economy affects everyone in some way, not always visibly, and that we all benefit from economic development, so Council established an Economic Development Focus group to find ways for Council to support activities and organisations to ensure we get our fair share of economic growth in the Manawatu District. Our economic development statistics are currently very impressive.

Council is encouraging more economic development by agreeing to proceed with the extension of Turners Road, which will be the home of more new industry in the Kawakawa Industrial Park.

New legislation is changing how we manage our earthquake prone buildings strengthening requirements, which will affect how Feilding will look in the future. Council has formed a working party of councillors, building owners, professionals and interested parties. We are advocating on behalf of our community at central government level and will work with our community to create a new long term vision for Feilding's town centre.

The continued growth of our District and especially Feilding, where we are forecasting an additional 2800 people in coming years, has required us to invest in the invisible infrastructure in the north of Feilding bordered by Reid Line West, Pharazyn Street and Makino Stream, known within Council currently as Precinct 4.

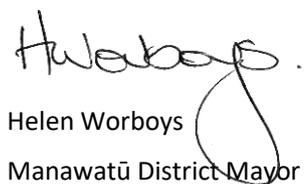
Council have agreed to centralise wastewater from our villages which will save significantly on costs and we are now ready to begin discharging waste water at Feilding's treatment plant to land to meet our resource conditions. These projects greatly improve the environmental quality of our streams and rivers. Council has also agreed to upgrade storm water services in several communities, and future proof Feilding's water supply.

Not everything was perfect though and we are working closely with central government to provide support and safe drinking and stock water for the people and businesses around Ohakea, who have been affected by the fire-fighting chemical contamination.

Council has adopted our Long Term Plan that sets out our projects for the next 10 years, we have some new projects and have placed some on hold. We had significant community input on our differential rates proposal, and decided not to proceed with it. The 2018/19 year sees an average rates rise of 4.8%, with a proposed 2% average rise per annum over the 10 years of the plan.

This financial year Council has borrowed less than planned due to some deferred or delayed projects, it has also increased revenue in part due to Development Contributions being higher than predicted as a result of exceptional growth.

Thank you to the people of the Manawatū District for your contribution to local government and for your contribution to all the organisations that make up our vibrant district community.



Helen Worboys
Manawatū District Mayor

Our Performance — the Chief Executive’s report

Kia Ora

It has been another productive year for the Manawatū District Council. Every day the Council provides our community with: safe well maintained roads; clean drinking water; environmentally sound waste disposal; relaxing green spaces and modern facilities for enjoyment and leisure; building and resource consents that align with government regulations and ensures that stray pets are returned to their owners. These services are essential for our community and your Council staff and our partners deliver these to a consistently high standard as shown in this Annual Report. The delivery of these front line services is only possible because of our hard working support staff who ensure the calls are answered, the bills are paid, people are engaged and cared for, the IT systems work, the district is planned, meetings function and our Councillors are well briefed and well informed.

In addition to delivering for our community every day, Council has undertaken a large number of projects. I would like to take the opportunity to highlight some of the projects we have delivered in partnership with our communities. Together we have: delivered new toilets in Tangimoana and Kitchener Park; continued the beautification of Halcombe, completed planting of the Del Parker walkway and added new seat; built a new bus shelter and information kiosk at Pohangina; added a new veranda to Waituna West Hall and developed community plans for Hiwinui, Cheltenham and Tangimoana. We also established new community committees in Colyton and Baines/Rangiotu. Notably, together with Keep Feilding Beautiful we helped Feilding win New Zealand’s most beautiful town for the 16th time.

Your Council has also invested in infrastructure improvements with roading upgrades in Kimbolton, Rongotea, Halcombe and North Feilding. On-going major projects include the Mangaweka bridge replacement process with NZTA, other bridge strengthening work and fixing a complex washout on Pohangina Road. A new water bore has been established for Sanson and the upgrade of Feilding’s water supply and wastewater treatment continues.

The largest project completed by your Council this year, in terms of person hours, has been the Long Term Plan [LTP]. This is a ten-year plan for MDC and it is refreshed every three years. It includes complete financials, detailed asset schedules and identifies all major areas of expenditure and revenue for your Council. It represents over 12 months of work by Council to develop, consult on and update. This year’s LTP generated lots of community interest and good attendance at 22 community meetings. Excitingly, for the first time your Council streamed meetings on Facebook which resulted in a wide digital audience. This is an area we will look to enhance in the future. The outcome of the LTP reflects the community’s voice, passion and engagement. Strong support for proactive investment in district wide infrastructure means our communities will be well positioned for the future.

In closing, I would like to thank the elected members and staff for all their hard work this year. We are a strong team, with different roles, who work collectively to achieve great outcomes for the Manawatū.

Nāku noa, nā



Richard Templer

Chief Executive

Our District

Stretching from the rugged and picturesque Ruahine Ranges in the north to the sands of Himatangi Beach in the south, and most of the area between the Rangitikei River in the west and Manawatū River in the east, the Manawatū District is called home by approximately 30,300¹ people.

At its heart is Feilding, which is the centre of this highly productive farming district. Feilding has been named New Zealand’s most beautiful town 16 times, is home to iconic attractions including the sale yards in the centre of town, the Coach House Museum, Manfeild Park and arguably the best farmer’s market in New Zealand.

Established on 1 November 1989, today’s Manawatū District is an amalgamation of the five former authorities of Oroua, KIWITEA, Pohangina, Manawatū and Feilding.

The Manawatū District is experiencing a period of strong economic growth, driven by strengthening global demand for goods produced in our district, solid commodity prices, growing tourism, population growth, and low levels of unemployment. These factors are combining to boost both consumption and investment levels, supporting the wider Manawatu District economy and delivering 5 percent GDP growth to the District to the year ended March 2018. Looking forward, emerging opportunities to build on our economic strength through Central Government investment in regional economies and confirmed Central and Local Government investment in infrastructure will provide additional stimulus to the local economy and beyond over 2018/19.

Your Council – who are we?

The map shows the Manawatū District divided into four wards: Northern Manawatū Rural Ward (2 members), Southern Manawatū Rural Ward (3 members), Feilding Ward (5 members), and Feilding Ward (5 members). The town of Feilding is highlighted in blue. Various locations are marked on the map, including Rangiwahia, Apiti, Kimbolton, Halcombe, Cheltenham, Pohangina, Sanson, Tangimoana, Rongotea, and Himatangi Beach.

Manawatū District Mayor

Helen Worboys

Northern Manawatū Rural Ward
2 Elected Members

Alison Short, Steve Bielski

Southern Manawatū Rural Ward
3 Elected Members

Phil Marsh, Andrew Quarrie, Howard Voss

Feilding Ward
5 Elected Members

Michael Ford (Deputy Mayor), Barbara Cameron, Hilary Humphrey, Shane Casey, Stuart Campbell

¹ Source StatsNZ Subnational population estimates: At 30 June 2017. NZ Census data states 27,456 for 2013

Council Vision

As part of preparations for the 2012–2022 Long Term Plan, Council created a vision statement for Manawatū District. It is a stated desire for the future, and helps guide Council with the decisions it needs to make.

Connected, vibrant, and thriving Manawatū – the best rural lifestyle in New Zealand

This statement is supported by vision statements for the District’s villages, rural communities and Feilding.

Villages’ vision

Attractive and prosperous communities that offer lifestyle choices and business opportunities within a unique environment.

Rural vision

The food basket of New Zealand within a sustainable rural landscape that offers outstanding recreational opportunity.

Feilding vision

A thriving community enjoying the most vibrant country town in New Zealand, servicing the regional rural sector.

Council outcomes

The following Council outcomes underpin Manawatū District’s vision:

- Manawatū District will improve the natural environment, stewarding the district in a practice aligned to the concept of kaitiakitanga
- Manawatū District will attract and retain residents
- Manawatū District develops a broad economic base from its solid foundation in the primary sector
- Manawatū and its people are connected via quality infrastructure and technology
- Manawatū’s built environment is safe, reliable and attractive
- Manawatū District Council is an agile and effective organisation

Around our activities

Roads

Managing a network of 1,370km of roads, and 373 bridges is always a challenge. This year has seen continuation of repairs following the 2015 storm event including the re-opening of the Nannestads Line bridge. There have been improvements to the roads in Colyton and Pohangina, with re-seals or reconstruction, installation of LED lighting, and planning for the Mangaweka bridge is underway. Road safety improvements were undertaken at 10 locations.

Community Facilities

This year we have re-established the Victoria Park Fitness trail, build and enhanced a number of the walking trails around the district, improvements to Kowhai Park. And of course worked with the community to enable Feilding to win the Most Beautiful Town award for the 16th time. The Makino pool is continuing to exceed expected users with 145,000 users for both swimming and swim programs. Our library has introduced many new programs for young and not so young, introducing an e-collection for electronic books.

Community Development

Community plans are now in for 11 of our communities with projects being started or completed , including the Apiti Domain, Himatangi Beach signage, Kimbolton Gateway. Funding was provided for 26 people to attend national and international sport events, as well as providing funding for Neighbourhood Support, community and business development, youth and parenting program and community patrol to help reduce crime.

Economic Development

To be better able to ensure that the Manawatū is doing all it can to encourage sustainable growth council set up its Economic Development Focus group to identify what more it can do or support to ensure that the District is able to get its share of economic growth. We adopted our Economic Development Strategy to focus and guide our actions, and have implemented monthly and quarterly economic reporting to ensure the District has the most up to date information to support Council and business decision making.

Water and Waste

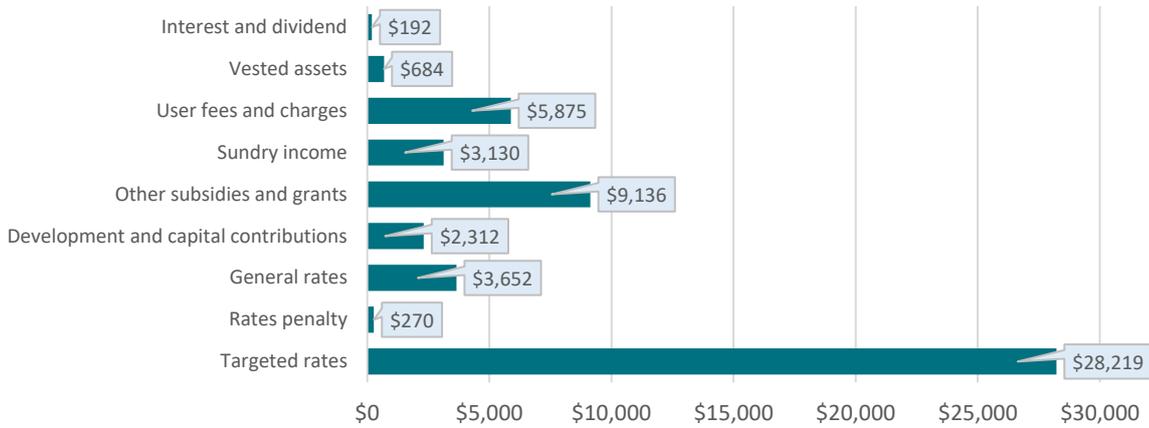
Two of the services we use but often don't notice until they are not there. Waste volumes have continued to increase with 1,300 tonnes collected at the kerb and 2,014 tonnes of recycling collected (down 3.5% on previous year). We have been working with the Enviroschools programme in 10 schools. Work on the three waters network continues with pipe renewals and new networks in the growth areas. A new 10 year consent has been granted for the Feilding Wastewater Treatment plant. Upgrades have been completed for the Himatangi water treatment plant providing a secure drinking water supply and improved firefighting capacity. The Rongotea plant is now fully commissioned and stage two of the Stanway-Halcombe water scheme completed.

Major stormwater improvements were planned and completed for the growth area (around Pharazyn Street), open drains have been piped, and council approved a plan to harmonise the stormwater rate to ensure storm water drainage work can begin our villages.

Financial overview

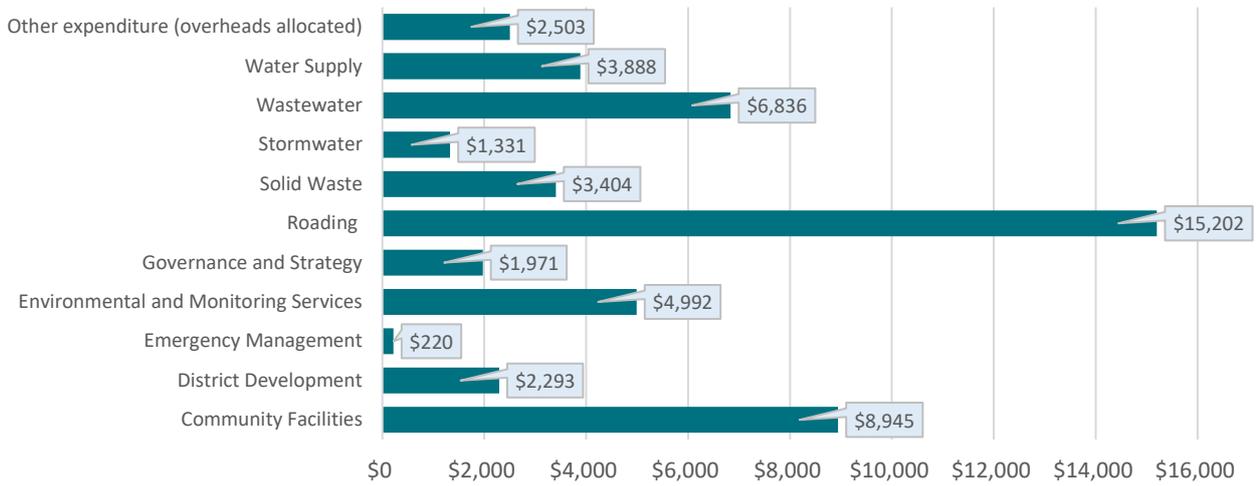
Revenue Sources (000)

Total Revenue \$53,471, 000



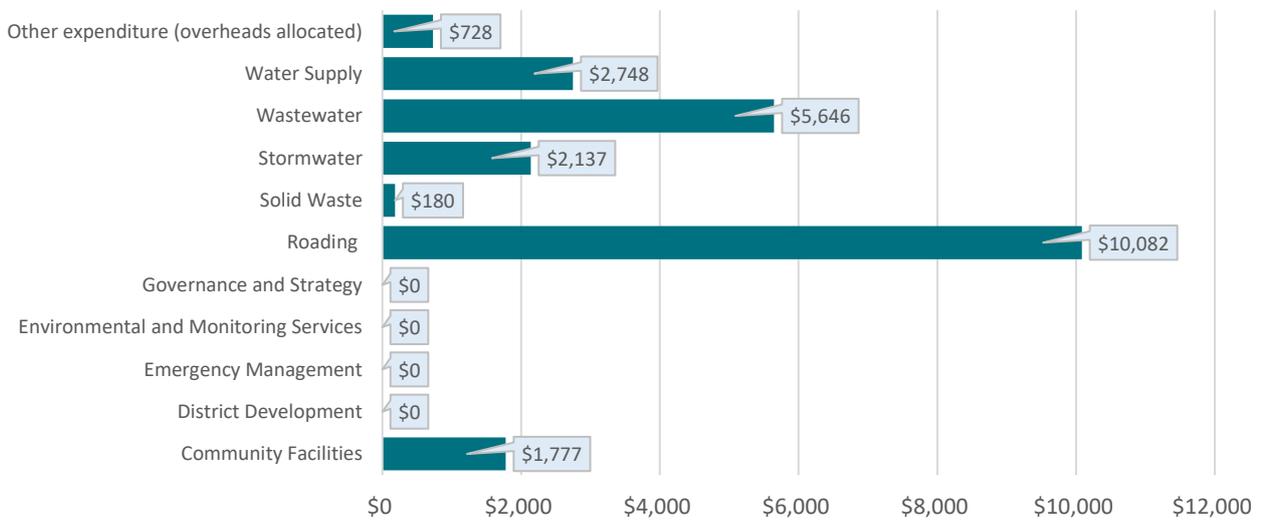
Operational Expenditure (\$000)

Total Operational Expenditure \$51,584,000



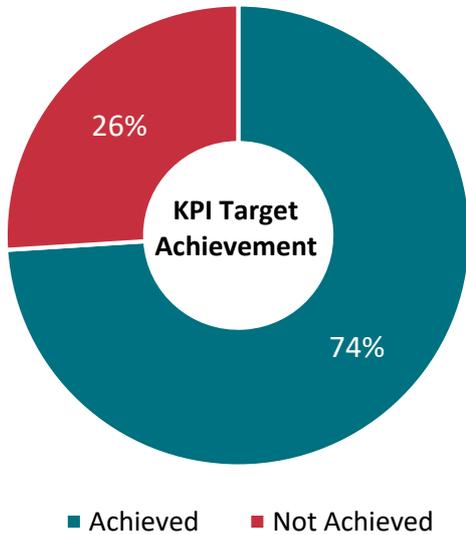
Capital Expenditure (\$000)

Total Expenditure \$23,300, 000



Performance overview

Council includes Key Performance Indicators (KPIs) in its Long Term and Annual Plans to assess how well it is delivering services to the community. For the 2017/18 year, Council reported against 74 KPIs, which are detailed in Section Two of the full report. Council has achieved the majority (74%) of the KPIs. In the previous year it was 63%.



This is an improvement on the previous year’s result and while it shows that there is still a shortfall that Council is working to address in our desired performance the outcome is pleasing.

We acknowledge that there were 19 instances where we did not achieve the target, in some cases the targets were technical. An example of this is meeting the criteria for bacteria in the drinking water. The target is 100% compliance, however there was a three minute period in February where the monitoring system was off-line resulting in a technical non-compliance. All samples taken showed that the water was safe i.e. no E coli detected.

Another example is where the Library had an ambitious target of 12 book issues per person but only achieved 8.5.

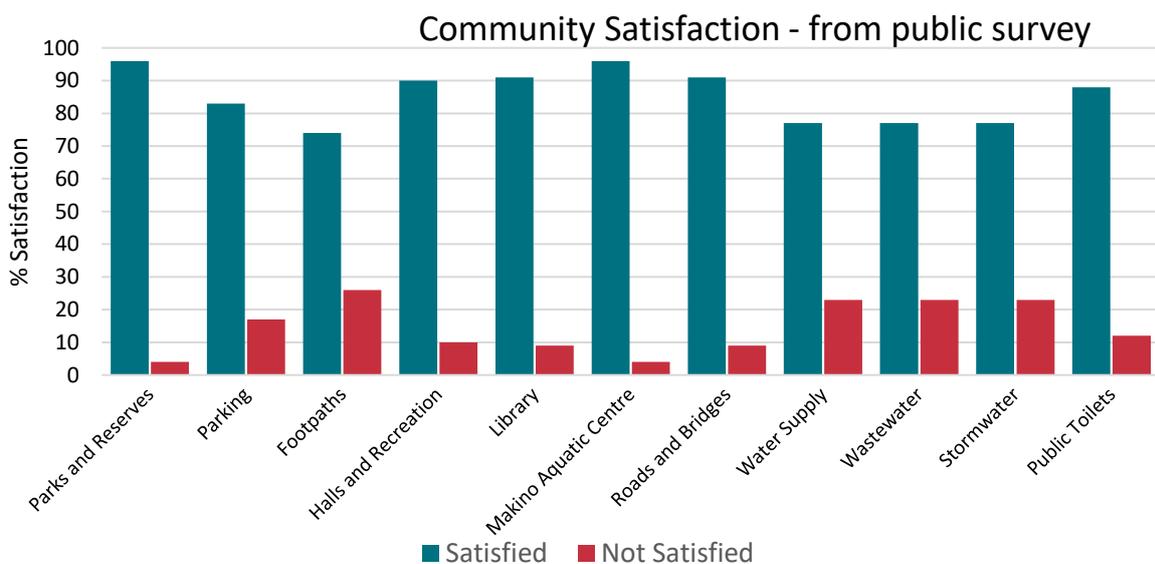
You can view all KPIs in Section Two of the full report. All KPIs are reviewed as part of the LTP process to ensure Council is providing the level of service the community wants.

Community survey

The Council uses a community perception survey to measure satisfaction for a number of KPIs. The survey is conducted quarterly and aims to achieve a representative view across gender, age, ethnicity and location across Manawatū District residents.

The survey is based on the responses of 457 residents which meets the number required for statistical reliability.

The surveys looked at the satisfaction levels with 11 Council services. All 11 services received satisfaction levels between 74% (footpaths) and 96% (parks and reserves).



Note: Where community satisfaction levels are required for KPIs, results are shown in Section Two of the full report under the appropriate activity.

Explanation of major variances

Explanations for major variations between the actual results and the estimated figures in the 2017/18 Annual Plan, which is the third year of the Long Term Plan 2015-2025, are detailed below. The explanations below only relate to Council and not the Group.

Statement of Comprehensive Revenue and Expense

The operating surplus for the year is \$1,881,000, against a budgeted surplus of \$60,000. The following are the most significant variances:

- Revenue from development contributions and capital contributions are \$1.6 million above budget. This reflects the level of building activity within the district. Increased building activities also resulted in increased consent revenue and associated costs.
- Finance costs are \$681,000 lower than budgeted. The external loans raised for the year also at a lower interest rate than budgeted. The amount of loans raised during the year were lower than expected as a result of not completing the budgeted capital programme (see comment below).
- Roading expenditure included \$2.2 million operating expenditure as a result of the July 2017 weather event, which is subsidised by a New Zealand Transport Agency (NZTA) subsidy. The balance is loan funded.
- District Development expenditure is lower than budget, due to postponement of the Ultra Fast Broadband project \$208k and Community Development funding \$135k has also been carried forward to the 2018/19 year.
- Solid waste costs are higher than budgeted, increased disposal costs of \$330k are partially offset by increased gate takings. A back payment of \$141k was made to the contractor to cover incorrect tonnage incorrectly charged since 2016.

Statement of Financial Position

The most significant movements are:

- Capital expenditure is only 69% of the work planned at the time of preparing the Annual Plan. A number of projects have been carried forward to the 2018/19 financial year. The level of capital expenditure has resulted in property, plant and equipment, intangible assets and the associated borrowing being lower than budgeted. Individual variations are documented with the individual activity reports in the full report.
- Borrowing is \$3.3 million less than planned. This is primarily a result of reduced capital expenditure and the timing of raising loans. In December 2017 Council borrowed \$8 million, of which \$5 million was used to finance retiring debt.
- Council revalued its infrastructural assets on 1 July 2017. The revaluations resulted in an increase in the asset value \$2.5 million less than budgeted. As a result both the asset value and the asset revaluation reserve are less than expected.
- Cash and cash equivalents are \$1.1 million greater than planned. This is primarily a result of reduced capital expenditure and loans and the timing of raising loans.
- Accounts receivable is significantly lower than budget, due to receipt of significant historic debtors.

Statement of Cash Flows

The variances in the statement of cash flow are a direct result of the items mentioned above.

Additional notes

- This summary financial report is for Manawatū District Council and Group and is presented in New Zealand Dollars rounded to \$000s.
- This Annual Report Summary was authorised for issue on 15 November 2018 by the Mayor and Chief Executive. The full Annual Report was authorised for issue on 18 October 2018.
- The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP), as appropriate for a public benefit entity. The summary financial statements comply with PBE FRS-43 Summary Financial Statements.
- The Group consists of Manawatū District Council, which is the controlling entity and four controlled entities; The Feilding Civic Centre Trust, the Manawatū Community Trust, Awahuri Forest / Kitchener Park Trust and Heartland Contractors Ltd (100% owned). The Group also includes Central Economic Development Agency Limited, (50% owned) and Manawatū Wanganui LASS (14.3%).
- The specific disclosures included in the summary financial report have been extracted from the full financial report.
- These summary financial statements cannot be expected to provide as complete an understanding as provided by the full financial statements.
- The full financial statements of Council and the Group have been prepared in accordance with and are fully compliant with Tier 1 PBE accounting standards.
- The summary has been examined for consistency with the full Annual Report and was audited by Audit New Zealand on behalf of the Office of the Auditor-General. The full annual report received an unmodified audit opinion on 18 October 2018.

**A copy of the full report can be obtained from the website www.mdc.govt.nz or there are copies available for viewing at the Feilding Library and our offices at
135 Manchester Street Feilding**

Summary Statement of Financial Position

	Council			Group	
	Actual 2018 \$000	Budget 2018 \$000	Actual 2017 \$000	Actual 2018 \$000	Actual 2017 \$000
Total current assets	9,344	10,970	13,493	9,814	13,800
Total non-current assets	677,684	668,566	658,017	699,909	678,092
Total assets	687,028	679,536	671,510	709,723	691,892
Total current liabilities	20,573	15,561	15,180	20,952	15,526
Total non-current liabilities	52,958	61,574	55,284	55,505	58,068
Total liabilities	73,531	77,135	70,464	76,457	73,594
Total equity	613,497	602,401	601,048	633,266	618,298
Total Liabilities and Equity	687,028	679,536	671,512	709,723	691,892

Summary Statement of Comprehensive Revenue and Expense

	Council			Group	
	Actual 2018 \$000	Budget 2018 \$000	Actual 2017 \$000	Actual 2018 \$000	Actual 2017 \$000
Total revenue	53,471	50,336	52,374	55,056	54,077
Total expenses*	51,584	50,276	47,068	53,304	48,593
Share of associate's surplus / (deficit)	0	0	0	68	453
Operating surplus/(deficit) before tax	1,887	60	5,306	1,820	5,937
Income tax expense	0	0	0	0	0
Surplus/(deficit) after tax	1,887	60	5,306	1,820	5,937
Other comprehensive revenue and expense**	10,563	13,083	20,257	13,148	23,717
Total comprehensive revenue and expense for the year	12,450	13,143	25,563	14,968	29,654
*This includes finance costs	2,288	2,969	2,000	2,412	2,149
**Revaluation gains / (losses)					

Summary Statement of Cash Flows

	Council			Group	
	Actual 2018 \$000	Budget 2018 \$000	Actual 2017 \$000	Actual 2018 \$000	Actual 2017 \$000
Net cash from operating activities	17,567	12,876	15,733	18,540	16,510
Net cash from investing activities	(23,505)	(28,769)	(26,674)	(24,175)	(27,073)
Net cash from financing activities	3,018	10,278	7,000	2,738	6,420
Net (decrease)/increase in cash, cash equivalents and bank overdrafts	(2,920)	(5,615)	(3,941)	(2,897)	(4,143)
Cash, cash equivalents and bank overdrafts at the beginning of the year	7,275	8,577	11,216	7,768	11,911
Cash, cash equivalents and bank overdrafts at the end of the year	4,355	2,962	7,275	4,871	7,768

Summary Statement of Changes in Net Assets / Equity

	Council			Group	
	Actual 2018 \$000	Budget 2018 \$000	Actual 2017 \$000	Actual 2018 \$000	Actual 2017 \$000
Balance at 1 July	601,047	589,258	575,484	618,298	588,644
Total comprehensive revenue /(expense) for the year	12,450	13,143	25,563	14,968	29,654
Balance as at 30 June	613,497	602,401	601,047	633,266	618,298

Contingent Liabilities

The most significant contingent liability relates to uncalled capital, in relation to the New Zealand Local Government Funding Agency (NZLGFA).

The Council is a shareholder of the 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+. The Council is one of 31 shareholders of the NZLGFA. In that regard, Council has uncalled capital of \$100,000. When aggregated with the uncalled capital of other shareholders, \$20 million is available in the event of an imminent default. Together with the other shareholders, the Council is a guarantor to all of NZLGFA's borrowings. At 30 June 2018, the NZLGFA had borrowings totalling \$8.594 billion (last year: \$7.945 billion). The Council has been unable to determine a sufficiently reliable fair value for the guarantee, and therefore has not recognised a liability. The Council considers the risk of the NZLGFA defaulting on repayment of interest or capital to be very low.

Independent Auditor's Report

To the readers of Manawatu District Council and Group's summary of the annual report for the year ended 30 June 2018

The summary of the annual report was derived from the annual report of the Manawatu District Council and Group (the District Council) for the year ended 30 June 2018.

The summary of the annual report comprises the following summary statements on pages 10 to 13:

- the summary statement of financial position as at 30 June 2018;
- the summaries of the statement of comprehensive revenue and expense, statement of changes in net assets/ equity and statement of cash flows for the year ended 30 June 2018;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary performance overview.

Opinion

In our opinion:

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

Summary of the annual report

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

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

The full annual report and our audit report thereon

We expressed an unmodified audit opinion on the information we audited in the full annual report for the year ended 30 June 2018 in our auditor's report dated 18 October 2018.

Council's responsibility for the summary of the annual report

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

Auditor's responsibility

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

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

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

A handwritten signature in black ink, appearing to read 'Clint Ramoo', with a horizontal line underneath.

Clint Ramoo,
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand
15 November 2018



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