



Manawatu District Council

Summary Annual Report

for the year ended 30 June 2015

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Message from the Mayor

Our vision is to be a connected, vibrant, thriving Manawatu and many people tell us that we are. In looking over this year I asked myself if we have done what we said we would; improved our outcomes and achieved our annual goals? I'm pleased to say we have done that, while still remaining focussed on the long term goals.

This has been a Long Term Plan year — we have re-evaluated our previous ten year plan and asked you for your input to ensure that it is sustainable, aligned and relevant. In fact we found we did not need to change very much at all. We are still headed in the right direction and for the right reasons.

When I engage with the entrepreneurs of the district and internationally it is easy to see why we are growing. We have a lot of potential in our district that is attractive to overseas investors; our disease free status, first class soils, abundant water, average rainfall and proximity to the research centres in Palmerston North is a huge drawcard. In Feilding, we have developers progressing subdivisions and infill housing, at a pace which is affordable to young families wanting to locate here. We have schools that are vibrant places to learn.

While we are encouraging economic development we are mindful that our land is also our Taonga and needs to be protected. We have the luxury of being able to look ahead 50 years to identify the things we need to protect; our water and our fertile class-one soils. These are the key things that support our agribusiness. We have identified our special character areas that will attract tourism. The proposed District Plan revision incorporates these key items to guide our future development, ensuring that we have the space and resources for everything we want to achieve.

Our focus has been on growth and how to achieve it. We are collaborating with Palmerston North City on the establishment of a Council Controlled Organisation to provide economic development and tourism. We have led out and engaged with government to create a regional growth strategy ensuring that when our region prospers, our people prosper.

UltraFast broadband is the way of the future and an enabler of growth. We have targeted our industrial area to benefit from this as it is so important to international clients.

Change is inevitable, and we are spearheading change and look forward to meeting the challenges head on as we achieve our goal of making Manawatu the best rural lifestyle in New Zealand.



Margaret Kouvelis

Manawatu District Mayor

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 Manawatu River in the east, the Manawatu District is called home by 28,800 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 14 times, is home to iconic attractions including the saleyards 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 Manawatu District is an amalgamation of the five former authorities of Oroua, KIWITEA, Pohangina, Manawatu and Feilding.

The district is experiencing strong growth, growing by five per cent between 2006 and 2013, adding 1,400 people to the area.

Your Council – who are we?

Manawatu District Mayor



Margaret Kouvelis

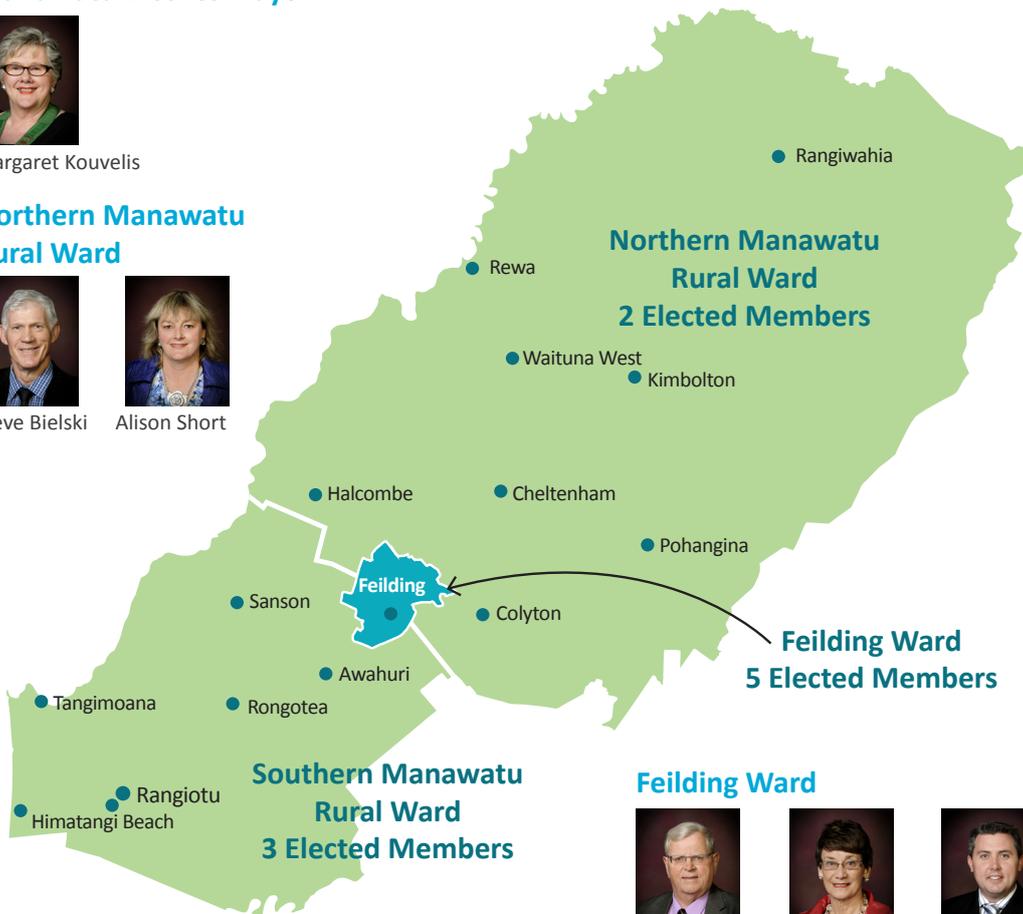
Northern Manawatu Rural Ward



Steve Bielski



Alison Short



Southern Manawatu Rural Ward



Jo Heslop



Howard Voss



Andrew Quarrie

Feilding Ward



Tony Jensen
(Deputy Mayor)



Barbara
Cameron



Shane Casey



Wayne Ellery



Albert James

Vision and Council outcomes

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

Connected, vibrant, and thriving Manawatu – 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 Manawatu District’s vision:

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

Our highlights

Mangarere bridge refurbishment

The current Mangarere bridge has been in place since 1964 and provides a lifeline for the Mangarere Road community. In 2013 the bridge was identified as needing major refurbishment. Work began in January 2015 to replace the damaged deck, sides and fastenings. The challenge was to do the work with minimal disruption, which was achieved with excellent communication between the contractors, residents, and Council.



Rongotea water

The Rongotea water supply is nearing completion and will provide a reliable clean domestic water supply for connected residents as well as a fire fighting capability for the village. The scheme has an 800 cu.m capacity reservoir.

CBD redevelopment

A further component of the CBD redevelopment programme was completed with the section of Manchester Street from Fergusson Street to Eyre Street. Works involved full pavement reconstruction and asphaltic concrete resurfacing, major drainage improvements, removal of the old deep style kerb and channel, and new footpath surfacing and paving.

Awahuri – Feilding Road and Stewart Road

First phase of improvements to the Awahuri – Feilding Road have been completed with the safety improvements to the intersection with Stewart Road. Improvements included a revised intersection connection with Stewart Road, space for a right turn bay on Awahuri – Feilding Road, and general widening of the approaches to the intersection.

Community funding

Council has redefined its approach to Community Development, focusing on creating long term sustainability by working with service providers through a “hand up” approach rather than a “hand out”. A new policy with its own separate fund has been created for individuals and teams within the District representing New Zealand or the region at international and national events. From 2015/16 there will be three funding rounds per year for applications to the Community Fund and Regional Events Fund. Applications will be closing 30 September, 30 March and 30 June.

Community planning

All of our communities now have plans that reflect the vision and identify key projects. Created by the community, for the community, with some seed funding from Council, they have been able to commence implementing their projects. Two projects of significance undertaken during the year were the creation of walkways in Halcombe and Pohangina Valley in partnership with Council and private property owners and were jointly funded by the community, Council and third party funders.

District Plan changes

Plan Change 45 rezoned land from rural to residential on the periphery of Feilding in three of the five precinct growth areas. This plan change produced a more directive approach to coordinate urban development. Plan Change 46 included changes to the business zoning provisions and historic built heritage in the Feilding Town Centre.

Main South Road sealing

Completion of a three year infrastructure project has seen the last stage of sealing completed on the Main South Road, enabling tourists easy access to the hidden places and tucked away treasures ranging from convivial country cafes and pubs; heritage sites, galleries and gardens, to scenic reserves, day walks, swimming holes, glow-worm caves, picnic areas, and camping spots.



Some numbers

19

people and teams received representative grants to achieve their goals



10,370 m³
metal on unsealed roads



\$583 k
spent for community support



52 km

roads resurfaced



\$12,899 m

spent on roads



1,453 m

sewer lines upgraded



568

building consents issued



10

community committees funded



6,197 m

water mains replaced

Our performance – the Chief Executive’s report

Nowadays it is cliché to mention the only thing constant in our lives is change. Change has always been with us — it is just faster this week than last week, this month than last month, this year than last year.

This Council’s aim remains — keep improving to stay responsive, modern and agile. It will always be an ongoing process (and one we will never quite reach) because our District’s technological, business and cultural expectations are also evolving — and changing.

Technology is a crucial tool to make the best use of time and therefore money. This year has seen the implementation of technologies to unchain our people from their desks. Elected members and Council staff are now better able to work on the road or away from the office.

Use of teleconferencing has reduced the need to travel for many meetings. Our building services team is using new technology to speed the processing of building inspections, while a phone application makes it easy for builders to arrange inspections and get the results back to their pocket.

Council has also been working towards having a smart library that embraces technology and ensures getting information is easier and faster. Libraries have traditionally been about books — today they are about information and communication in all forms.

From books to bathing, much work has been done refining design and securing funding for the Makino Aquatic Centre redevelopment. This is another step to ensuring we have a vibrant community asset fit for future.

Technology in itself is not a panacea for good business. People are the front, centre and rear of what Council does. We have been building new processes to support our restructure begun in June 2014. It has had some rocky patches but change is rarely smooth. We have appreciated feedback from our District so we can recalibrate services — or even decide if the service needs to be delivered.

Local government has rightly been challenged by its Minister Paula Bennett to look at what it does, how it does it, how it can make a difference for the community, and how it can do it better.

These will continue to be drivers for improvement in the next year, with Council and its people more prepared for the challenges.



Lorraine Vincent
Chief Executive

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 2014/15 year, Council reported against 122 KPIs, Council has achieved the majority (67%) of the KPIs.



Council continues to meet the majority of its performance of targets, achieving 67% of its measured targets. While the shortfall in achieving some targets is very small, Council acknowledges that these need to be improved and is working towards a better outcome.

In some instances, the target has only just been missed. For example:

A desired level of service relating to the sale of liquor is that all applications are processed and issued within five working days. Of the 173 applications received 171 were processed on time (98%). The two that failed to meet the time frame were due to staffing constraints. Many of the 'not met' KPIs are within 3–4% of the target.

In other instances, changes are required to achieve KPIs. For example:

A desired level of service for the environmental and regulatory management activity is for 95% of public nuisance complaints to be investigated within one working day. We achieved this for 72% of the 477 complaints received. We have now employed a monitoring officer and the indication is that the rate of completed investigations has improved since February 2015.

Lastly, change in community dynamic is affecting attainment. For example:

The desired level of service for an information service is an increasing number of visitors to the information centre. There has been a 25% drop in walk-in visitors which may be attributable to the increased use of technology to access information. This assessment criteria for KPI will need to be reviewed.

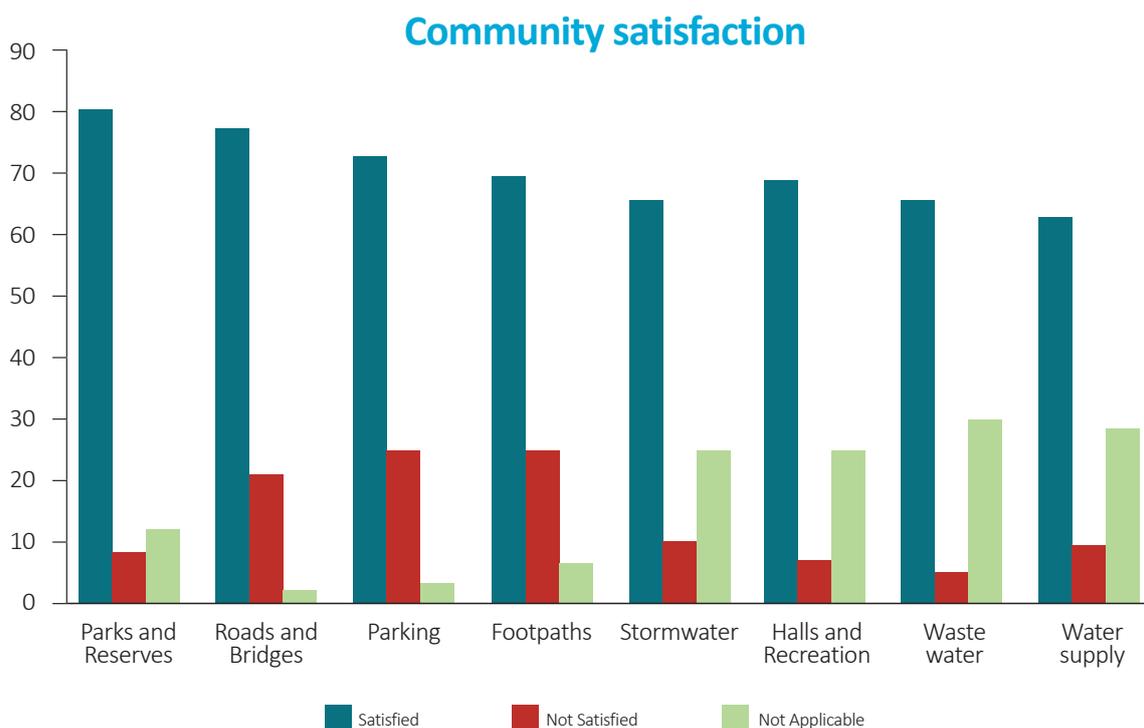
You can view all KPIs in the full Annual Report, which includes explanations for why, or why not, the targets were met. All KPIs are reviewed as part of the LTP process to ensure Council is providing the level of service the community wants, and is measuring its performance in an appropriate and relevant way.

Community survey

The Council uses community surveys to measure a number of KPIs. A panel of Manawatu residents has been recruited to fairly represent the local demographic.

There are currently about 1091 panel members. In the surveys conducted over the past year, the response rate has been approximately 45%.

The surveys looked at the satisfaction levels with eight Council services. All eight services received satisfaction levels between 62% (Water supply) and 80% (Parks and Reserves).

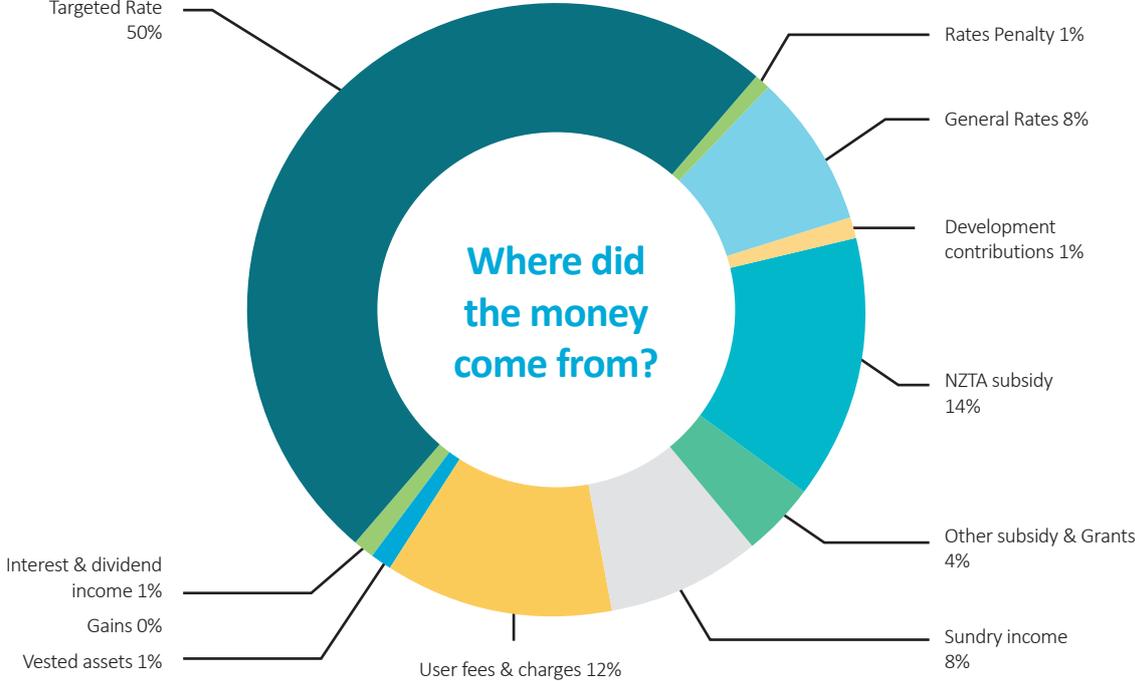


Note:

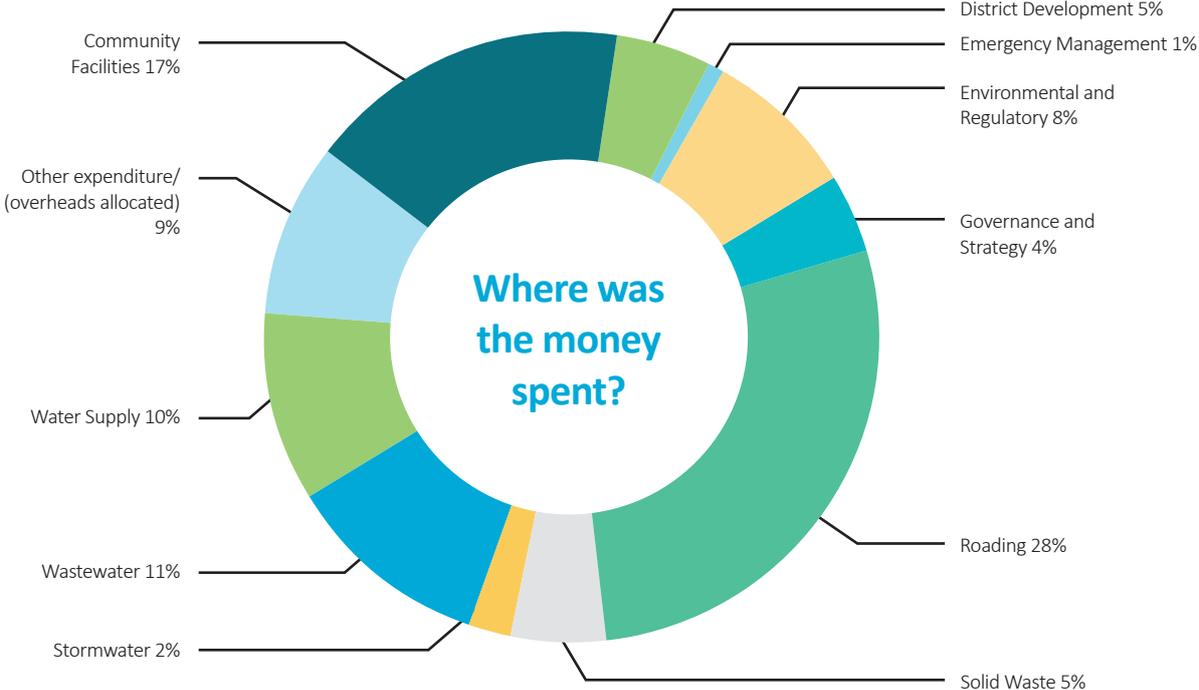
- 'Not Applicable' results represent those who do not use the service or have chosen not to quantify their level of satisfaction.
- Where community satisfaction levels are required for KPIs, results are shown in section two of this report under the appropriate activity.

Financial overview

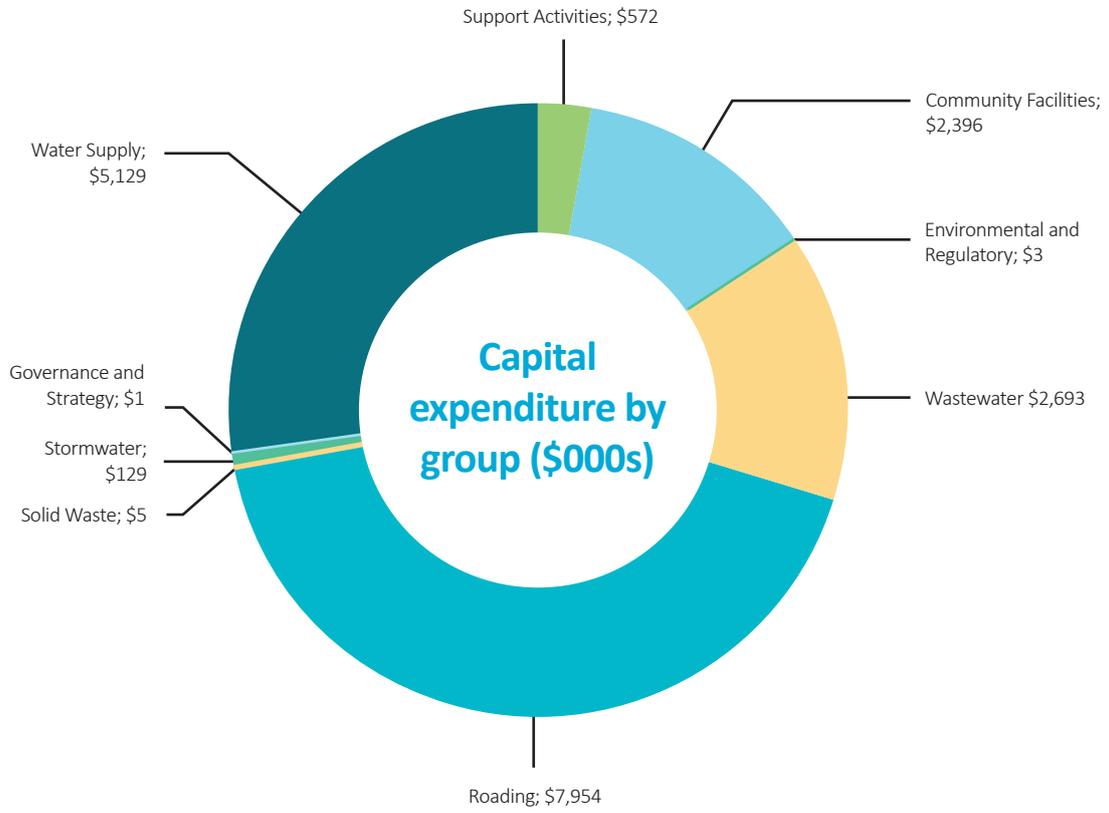
Revenue by source



Operating expenditure



Capital expenditure



Explanation of major variances

Explanations for major variations between the actual results and the estimated figures in the 2014/15 Annual Plan, which is the third year of the Long Term Plan 2012-2022, are detailed below.

Statement of Comprehensive Revenue and Expense

The operating surplus tax for the year is \$2.0 million, against a budgeted surplus of \$1.8 million. The following are the most significant variances:

- Revenue from development contributions is \$267,000 above budget. This reflects the building activity within the district.
- Finance costs are \$952,000 lower than budgeted. The external loans raised for the year were 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 operation expenditure is \$1.2 million greater than planned in some areas. This is the result of additional work required from flooding and other weather events. There was also a transfer of work from renewal to maintenance to ensure the most appropriate work was carried out to gain the most benefit. There is a corresponding increase in the subsidy from the New Zealand Transport Agency.
- Revenue from wastewater rates is lower than planned but is offset by an increase in the revenue from volumetric wastewater charges.

Balance Sheet

The most significant movements are:

- Capital expenditure is only 70% of the work planned at the beginning year. A number of projects have been carried forward to the 2015/16 financial year. The level of capital expenditure has resulted in property, plant and equipment and the associated borrowing being lower than budgeted. Individual variations are documented with the individual activity reports.
- Council revalued its infrastructural assets on 1 July 2014. This revaluation resulted in an increase in the asset value \$15.4 million greater than budgeted. As a result both the asset value and the asset revaluation reserve are higher than expected.
- The Annual Plan included \$3.8 million of asset held for sale. This related to land associated with the Manfeild Park Development. At balance date the subdivision of land had not been finalised and consequently the land is included as operational land as a part of property, plant and equipment.
- Cash and cash equivalents are \$3.9 million greater than planned. This is primarily a result of reduced capital expenditure and the timing of raising loans. The movements are documented in the Statement of Cash Flows.

Statement of Cash Flows

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

Additional notes

- The summary financial statements are for Manawatu District Council and Group and are presented in New Zealand dollars rounded to \$000s.
- The specific disclosures included in the summary financial statements have been extracted from the full financial statements.
- The summary financial statements cannot be expected to provide as complete an understanding as provided by the full financial statements.
- Council has designated itself and the Group as a public benefit entity as defined under the PBE International Public Sector Accounting Standards (PBE IPSAS).
- The full financial statements have been prepared in accordance with Tier 1 PBE accounting statements and generally accepted accounting practice in New Zealand (NZ GAAP). This is the first set of financial statements prepared under these standards.
- Council's summary financial statements complies with PBE Financial Reporting Standards 43 (FRS43) Summary Financial Statements.
- 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 opinion and were authorised for issue by the Council on 15 October 2015.
- This Annual Report Summary was authorised for issue on 9 November 2015 by the Chief Executive.
- The full annual report can be obtained from the website – www.mdc.govt.nz or from the Manawatu District Council main office.

Summary Statement of Financial Position

As at 30 June 2015

	Council			Group	
	Actual 2015 \$000	Budget 2015 \$000	Actual 2014 \$000	Actual 2015 \$000	Actual 2014 \$000
Total current assets	11,902	10,174	14,600	14,361	15,259
Total non-current assets	616,005	609,096	581,981	626,926	593,639
Total assets	627,907	619,270	596,581	641,287	608,898
Total current liabilities	8,492	15,482	15,597	8,955	15,839
Total non-current liabilities	43,512	39,208	31,811	44,102	31,811
Total liabilities	52,004	54,690	47,408	53,057	47,650
Total equity	575,903	564,580	549,173	588,230	561,248
Total Liabilities and Equity	627,907	619,270	596,581	641,287	608,898

Summary Statement of Comprehensive Revenue and Expense

For year ended 30 June 2015

	Council			Group	
	Actual 2015 \$000	Budget 2015 \$000	Actual 2014 \$000	Actual 2015 \$000	Actual 2014 \$000
Total revenue	46,115	45,274	45,492	47,143	46,294
Total expenses*	44,081	43,510	40,605	44,856	41,891
Operating surplus/ (deficit) before tax	2,034	1,764	4,887	2,287	4,403
Income tax expense	-	-	-	-	-
Surplus/(deficit) after tax	2,034	1,764	4,887	2,287	4,403
Other comprehensive revenue and expense	24,696	9,377	(9,896)	24,696	(9,896)
Total comprehensive revenue and expense for the year	26,730	11,141	(5,009)	26,983	(5,493)
*This consists of finance costs as follows:	1,954	2,906	1,552	1,958	1,552

Summary Statement of Cash Flows

For year ended 30 June 2015

	Council			Group	
	Actual 2015 \$000	Budget 2015 \$000	Actual 2014 \$000	Actual 2015 \$000	Actual 2014 \$000
Net cash from operating activities	13,737	12,899	16,309	14,312	16,969
Net cash from investing activities	(21,439)	(22,987)	(22,536)	(20,131)	(22,948)
Net cash from financing activities	4,724	7,345	9,041	4,716	9,041
Net (decrease)/ increase in cash, cash equivalents and bank overdrafts	(2,978)	(2,743)	2,814	(1,103)	3,062
Cash, cash equivalents and bank overdrafts at the beginning of the year	8,386	4,215	5,572	9,127	6,065
Cash, cash equivalents and bank overdrafts at the end of the year	5,408	1,472	8,386	8,024	9,127

Summary Statement of Changes in Net Assets / Equity

For year ended 30 June 2015

	Council			Group	
	Actual 2015 \$000	Budget 2015 \$000	Actual 2014 \$000	Actual 2015 \$000	Actual 2014 \$000
Balance at 1 July	549,173	553,439	554,182	561,248	566,741
Total comprehensive revenue /(expense) for the year	26,730	11,141	(5,009)	26,983	(5,493)
Balance as at 30 June	575,903	564,580	549,173	588,231	561,248
Equity is made up of:					
Retained earnings	463,470	462,447	461,399	473,722	471,398
Restricted Reserves (Trust and Special funds)	1,925	1,292	1,885	1,925	1,885
Asset Revaluation Reserves	110,486	100,759	85,806	112,562	87,882
Fair value through other comprehensive revenue and expense	22	82	83	22	83
Total Equity	575,903	564,580	549,173	588,231	561,248

Independent Auditor's Report

To the readers of Manawatu District Council and group's summary annual report for the year ended 30 June 2015

The summary annual report was derived from the annual report of the Manawatu District Council (the District Council) and group for the year ended 30 June 2015. We have considered whether the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report.

The annual report included full audited statements, and the summary annual report includes summary statements. We have audited the following summary statements reported in the summary annual report on pages 7 to 14:

- the summary statement of financial position as at 30 June 2015;
- 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 2015;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary statement of service provision (referred to as performance overview) of the District Council and group.

We expressed an unmodified audit opinion on the District Council and group's full audited statements in our report dated 15 October 2015.

Opinion

In our opinion:

- the summary 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*.

Basis of opinion

Our audit was carried out in accordance with the Auditor General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand), and in particular with the International Standard on Auditing (New Zealand) 810: *Engagements to Report on Summary Financial Statements*. These standards require us to carry out procedures to confirm whether the summary annual report contains the information necessary, and at an appropriate level of aggregation, so as not to be misleading.

The summary statements do not contain all the disclosures required for full audited statements under generally accepted accounting practice in New Zealand. Reading the summary statements, therefore, is not a substitute for reading the full audited statements in the annual report of the District Council and group.

Responsibilities of the Council and the Auditor

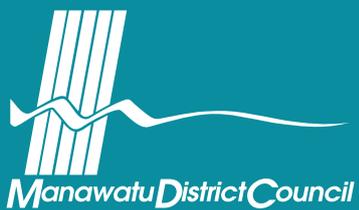
The Council is responsible for preparing the summary annual report so that it represents, fairly and consistently, the information regarding the major matters dealt with in the annual report. This includes preparing summary statements, in accordance with PBE FRS 43: *Summary Financial Statements*. The Council is also responsible for the publication of the summary annual report, whether in printed or electronic form.

We are responsible for expressing an opinion on whether the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report and whether the summary statements comply with PBE FRS 43: *Summary Financial Statements*.

Other than in our capacity as auditor we have no relationship with, or interest in, the District Council or any of its subsidiaries.



Phil Kennerley,
Audit New Zealand
On behalf of the Auditor General
Wellington, New Zealand
13 November 2015



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