



Manawatu District Council Annual Report

For the year ended 30 June 2017

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Role of the Annual Report

This report has been prepared under section 98 of the Local Government Act 2002 (and includes the provisions of schedule 10, part 3). It compares Manawatu District Council's (Council) actual performance against what was forecast for year two of the 2015–2025 Long Term Plan (LTP), as amended by the 2016 /17 Annual Plan.

The Annual Report:

- reports against the Council's key activities, performance indicators and budgets outlined in the 2015–2025 LTP — we are reporting against what we said we would do in the 2016/17 financial year
- reports against Council policies such as the Funding Policy and Borrowing Management and Investment Policies
- outlines how Council has spent money collected from ratepayers, residents, financial institutions and government agencies

The Annual Report includes both financial and non-financial information.

The report is broken into four sections:

Section One: Introduction Section one provides an overview of the 2016/17 year including key highlights.

Section Two: Groups of Activities Section two summarises what Council has achieved in each activity group, including performance indicators.

Section Three: Policy Reports Section three provides a financial overview, including financial statements, notes to the accounts and reports against the Revenue and Financing Policy and the Liability Management and Investment Policies.

Section Four: Other Information Section four provides other information, including summary information about the Council, elected representatives, staff and grants.

Section One: Introduction

Our achievements — the Mayor's message

Our vision is to be 'connected, vibrant, thriving Manawatū – the best lifestyle in New Zealand' This report is about delivering more of the public services and the infrastructure, that the people of the Manawatū District need and want to make the Manawatū District a great place to be, at a pace we can afford.

Due to the increasing demand and impressive levels of new residential growth in Feilding, Council has put the Rural Lifestyle and Rural Zone (Plan Change 53) on hold, to fast track Precinct 4 at the northern end of Feilding township and explore further options for residential growth.

The growth demand has seen an unprecedented increase in the number of consents applications being processed by our Building Services team. Council is providing a more streamlined service for developers, with a one point of contact, additional staff, and new 'Go Shift' online consenting programme, which will assist Council to meet critical deadlines for development.

Our Emergency Management systems proved effective and efficient during several potential weather events and reinforced our communication links with key agencies and the community.

Council has initiated Economic Development and Youth Focus groups, both aimed at identifying how Council can better support and grow the great work being done in these areas, and ensure Manawatū District is maximising its opportunities.

The implementation of the Earthquake Prone Building legislation has seen this Council step up, form a Council/community Working Party to lead and facilitate the planning process to ensure that together we will retain a vibrant, albeit potentially different looking Feilding town centre into the future. This is in addition to Council carrying out its regulatory function.

Our regional economic development agency CEDA, has some great initiatives being developed, including a regional event fund seeking to attract major events to our region. Accelerate 25, our regional growth plan, has several projects underway, involving tourism, aged quality care, regional transport networks and land optimisation looking at smarter ways to increase sustainable production.

The first stage of the Business Case for replacement of the Mangaweka Bridge project has been completed in conjunction with Rangitikei District Council. We are now working on the second detailed stage in order to convince NZTA to support this significant asset that provides key access for our rural residents, freight, produce and tourists.

Major projects have included the \$6m upgrade to the Makino Aquatic Centre, the comprehensive upgrade of the Feilding Waste Water Treatment Plant where the conditions were confirmed by the Environment Court in November 2016. This will see significant discharge to land at times of low river flow, with much improved and more comprehensive treatment, contributing to the health of the Oroua River. The costs will be circa \$30m but we are now well advanced compared to some of our neighbours.

Council finished the financial year borrowing less than was planned. Expenditure was lower than budgeted for, due to a mix of savings and projects deferred for various reasons and the rate increase set for the coming year is the lowest in six years.

It is pleasing to report that Council is fully functional, robustly and respectfully debating all matters. The governance team has a constructive relationship with the Chief Executive and through him, the Council officers. I thank them for their service to our community.

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

Our Performance – the Chief Executive’s report

Residents and visitors use Manawatu District Council assets and services every day. When you drink the water, drive on the roads, walk on the footpaths, use the green spaces, meet at the community halls, visit a pub or restaurant, develop a section, build a house, start a new business, get together as a community or see planned developments; you are experiencing our Council. Our Council also responds to Civil Defence emergencies and helps with recovery afterwards, it works with Central Government to create new roads, replace bridges and improve building safety.

Council delivers these services directly through its staff, but also through highly trained and talented partners. Managing all these activities to ensure safe, efficient and effective delivery is a key role of our Council.

This has been a strong year of delivery for the Manawatū District Council. Our Council has exceeded its non-rate revenue target and held expenditure under-budget, while also achieving over three quarters of its Capital Investment plan. I would like to acknowledge the hard work of Councillors, Council staff, Council partners and contractors in achieving these outcomes.

A key investment for our Council has been the Feilding Wastewater Treatment plant (paid for by Feilding ratepayers). To improve environmental outcomes for Manawatū and especially the Oroua River, we have invested to allow treated wastewater to be discharged to land when possible. This has necessitated the construction of an additional 25,000 cubic metre storage pond and the first of what will ultimately be five centre pivot irrigators. We are currently trialling the system using fresh water, but when we have the OK from Horizons Regional Council, we will commence irrigation to land, which should result in a 20-25% reduction in annual discharge to the river.

Our Council has also been busy in our rural villages. In partnership with the communities such as Apiti, Sanson, Rongotea, Rangiwahia, Halcombe and Himatangi, we have worked to provide new walking tracks, playgrounds, recreational facilities, recycling centres and toilet facilities.

This year has also seen our Council partner with Palmerston North City Council to support the Central Economic Development Agency (CEDA). Under the chairpersonship of Malcolm Bailey and with new CEO Linda Stewart, they are working to support local businesses, attract new businesses to the Manawatū and promote the region to visitors and tourists.

Our Council has had a successful year and we are already working on making next year even better.



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 29,800¹ 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 15 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, alongside unprecedented population growth and emerging opportunities through Central Government investment in improving accessibility between the markets of Wellington and the lower and Central North Island.

Your Council – who are we?

Manawatu District Mayor



Helen Worboys

Northern Manawatu Rural Ward



Alison Short

Steve Bielski

Southern Manawatu Rural Ward



Phil Marsh

Andrew Quarrie

Howard Voss



Feilding Ward



Michael Ford
(Deputy Mayor)

Barbara Cameron

Hilary Humphrey

Shane Casey

Stuart Campbell

¹ Infometrics district population 2016 estimate. NZ Census data states 27,456 for 2013

Vision and Council outcomes

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

Our year in review

Infrastructure

Council adopted Engineering Standards for Land Development which provide developers with the specific requirements, guidelines and minimum engineering standards for subdivision and developments within the Manawatū District. The standards will serve as a basis for technical compliance for the subdivision and development of land and they will provide efficiencies for all parties involved throughout the development process.

The dangerous Halcombe Rd/ Fergusson Rd intersection has been re-aligned, 59km of road has been resealed, and there has been significant work done to repair storm damaged roads, bridges and construction of retaining walls to contain slips.

Library and Makino Aquatic Centre

The two key community facilities have continued to develop and provide quality services for the community. Electronic systems have been introduced at the Makino to manage access to the pool and for lessons. This is shared with the library for membership. Swim school experienced significant growth with participation exceeding pre-redevelopment levels, and in a first for the Manawatū region the Aqua Mat classes are very popular. The Library has been introducing new programmes such as 'Try it Out Thursdays' for activities such as languages, illustration, music and more. The Tech School holiday programme has received excellent reviews.

Community

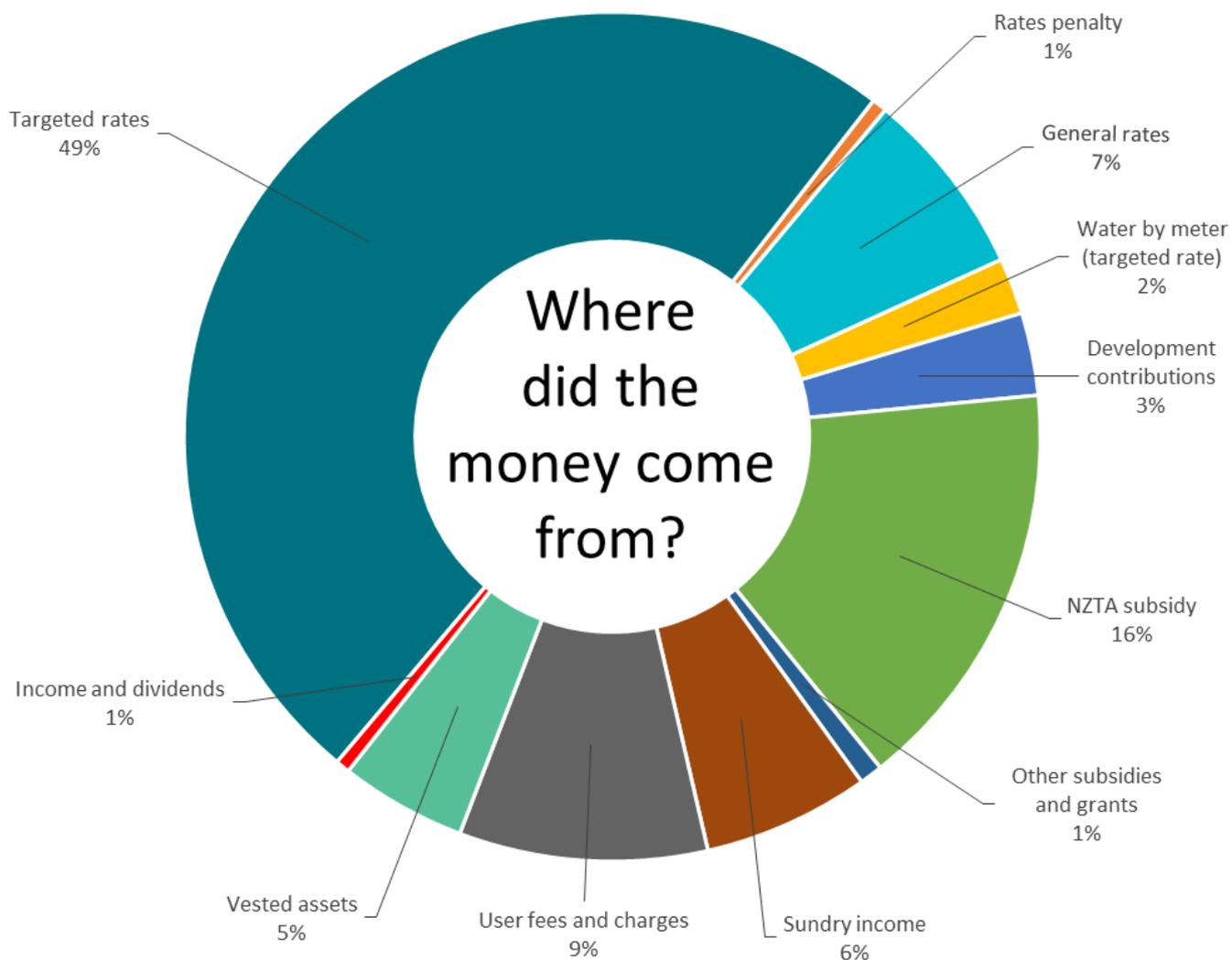
District development has been embraced by our communities with plans developed and owned for eight communities. Completed projects include the Apiti Domain entrance, new signage at Himatangi Beach, refurbished toilets at Rangiwahia, and Halcombe Domain fence replacement.

Our representative grant has enabled 22 people or groups to further their goals through attending national and international events ranging from sports to robotics.

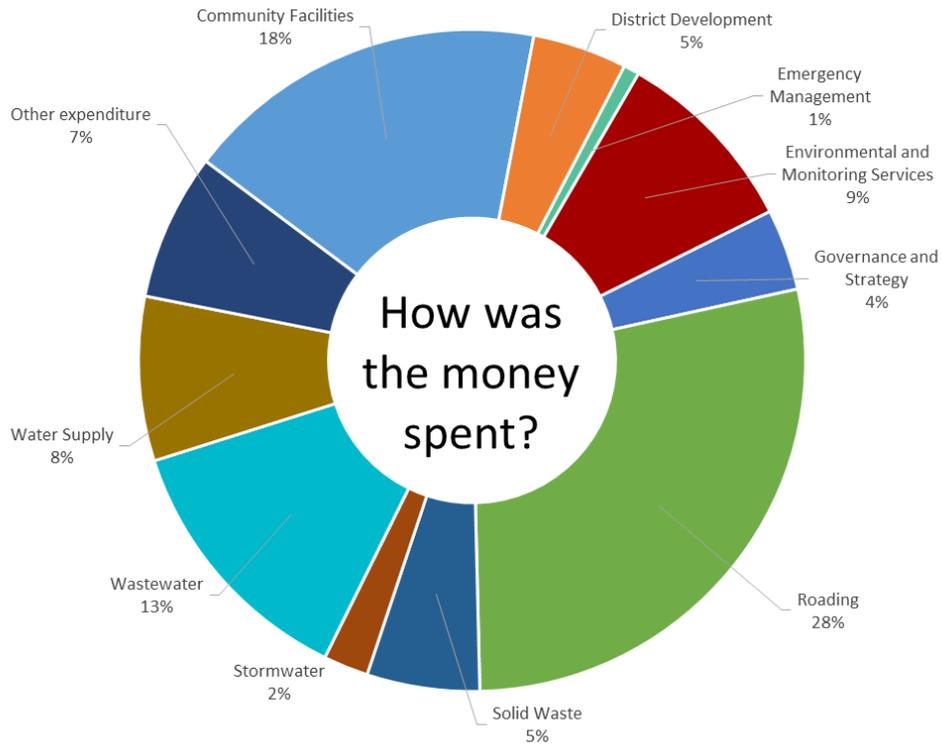
There has been significant improvements in the operational management of our parks, sports grounds and reserves, where we had no serious incidents during the new year camping season at Putai Ngahere (Vinegar Hill), and increased community engagement and participation at over 30 community projects and activities. There has been a reduction in complaints about the public conveniences, and we have installed new toilets at Raumai Reserve and Londons Ford.

Financial overview

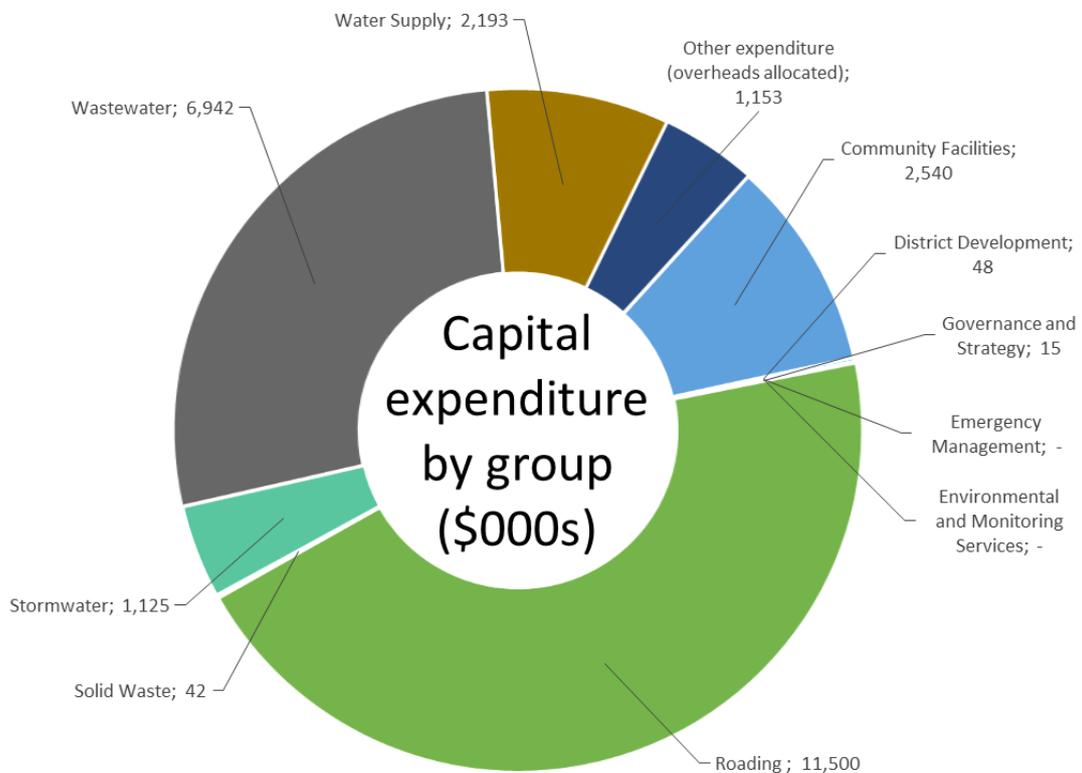
Revenue by source



Operating expenditure

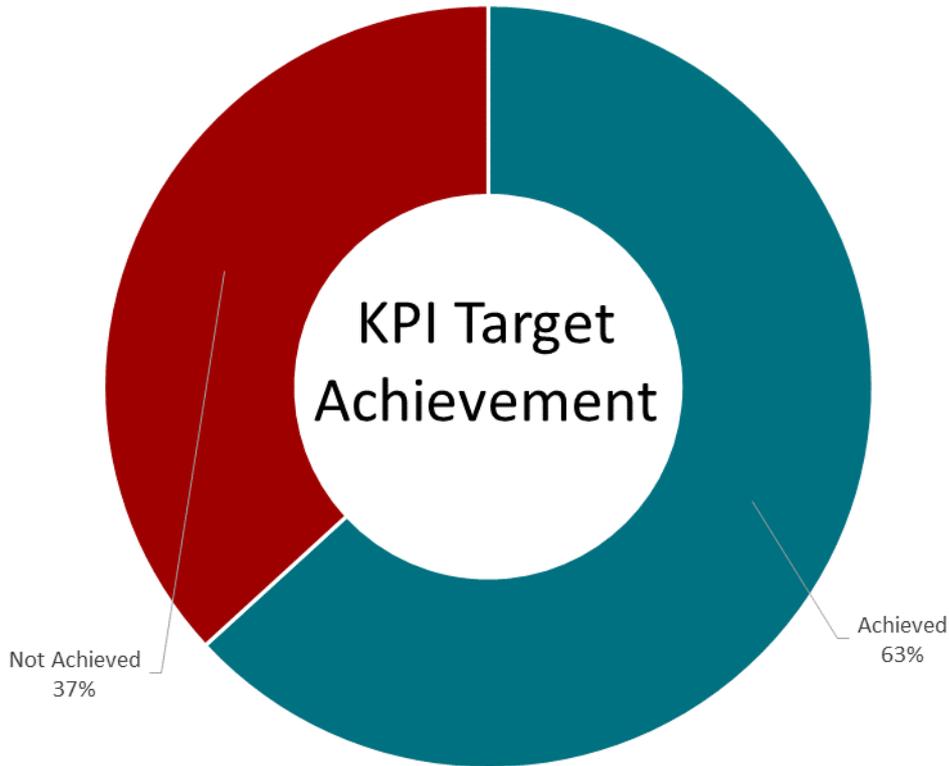


Capital Expenditure



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 2016/17 year, Council reported against 76 KPIs, which are detailed in Section Two of this report. Council has achieved the majority (63%) of the KPIs. In the previous year it was 60%.



Council has met 63% of its measured performance targets. While this leaves a number of targets not being achieved, 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:

Our target is to provide a response within one hour of an urgent water supply problem notification. There were 43 urgent requests during the year with an average response time of one hour six minutes; consequently the target was not met.

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

The statutory requirement for the issue of building consents and code of compliance is 100% issued within the prescribed timeframes. On a monthly basis we achieved between 76% – 100%. One reason for this is the increased growth in the district that is creating more work than the team can process.

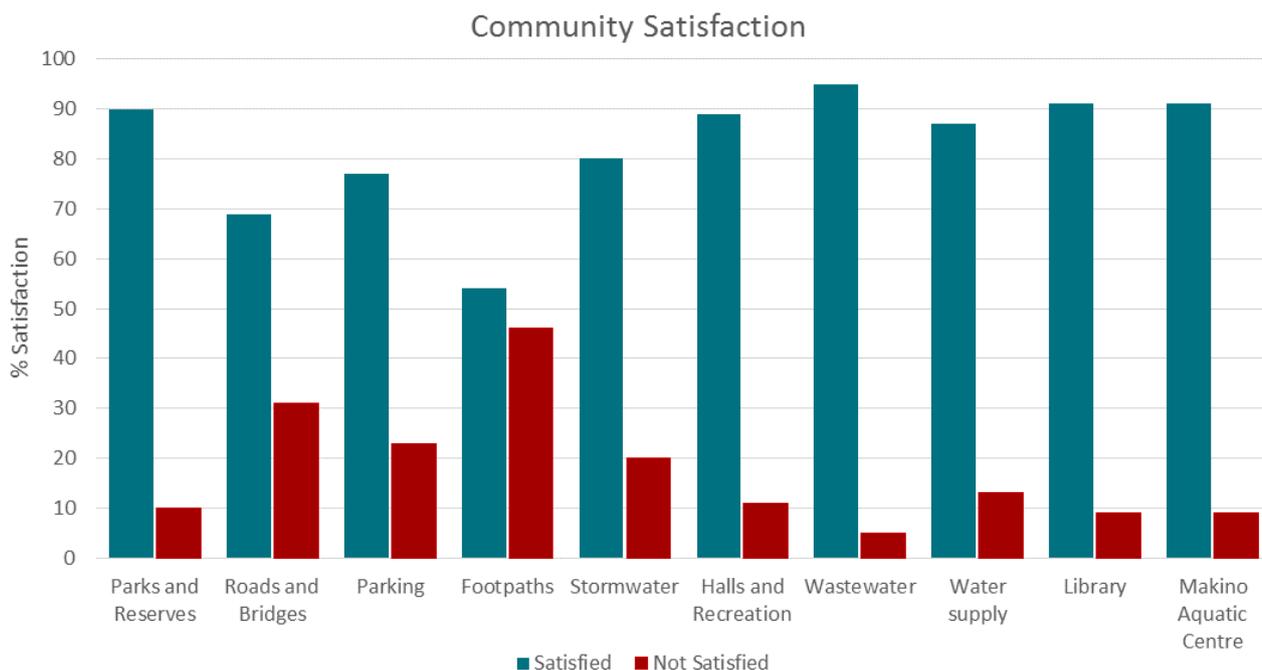
You can view all KPIs in Section Two of this report. All KPIs are reviewed as part of the LTP process to ensure Council is providing the level of service the community wants.

Community survey

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

There are currently about 1020 panel members. In the surveys conducted over the past year, the response (427) rate has been approximately 41%. This year the survey also included an additional 75 responses from self-selected respondents sourced from Facebook.

The surveys looked at the satisfaction levels with ten Council services. All ten services received satisfaction levels between 54% (footpaths) and 95% (wastewater).



Note:

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



Statement of Compliance and Responsibility

Compliance

The Council and management of Manawatu District Council confirm that they have complied with all the statutory requirements of section 98 of the Local Government Act 2002.

Responsibility

The Council and management of Manawatu District Council accept responsibility for the preparation of the annual Financial Statements and the judgements used in them.

The Council and management of Manawatu District Council accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

The Council and management of Manawatu District Council accept responsibility for the delivered levels of service for the activity groups described in Section Two.

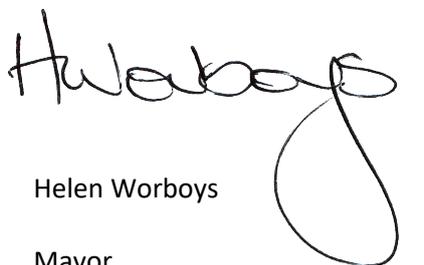
In the opinion of the Council and management of Manawatu District Council, the annual Financial Statements for the year ended 30 June 2017 fairly reflect the financial position and operations of Manawatu District Council.



Dr Richard Templer

Chief Executive

Date: 19 October 2017



Helen Worboys

Mayor

Date: 19 October 2017

**Independent Auditor's Report
To the readers of Manawatu District Council's annual report
for the year ended 30 June 2017**

The Auditor-General is the auditor of Manawatu District Council (the District Council) and its subsidiaries and controlled entities (the Group). The Auditor-General has appointed me, Clint Ramoo, using the staff and resources of Audit New Zealand, to report on the information in the District Council's annual report that we are required to audit under the Local Government Act 2002 (the Act). We refer to this information as "the audited information" in our report.

We are also required to report on:

- whether the District Council has complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- the completeness and accuracy of the District Council's disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014.

We refer to this information as "the disclosure requirements" in our report.

We completed our work on 19 October 2017. This is the date on which we give our report.

Qualified opinion on the audited information

Unmodified opinion on the audited information, excluding the statement of service performance

In our opinion:

- the financial statements on pages 71 to 135:
 - present fairly, in all material respects:
 - the District Council and Group's financial position as at 30 June 2017;
 - the results of the operations and cash flows for the year ended on that date; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Standards;
- the funding impact statement on page 69, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's annual plan;
- the statement about capital expenditure for each group of activities on pages 26 to 68, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the District Council's annual plan; and
- the funding impact statement for each group of activities on pages 26 to 68, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's Long-term plan.

Qualified opinion on the statement of service performance – Our work was limited with respect of the comparative year

In our opinion, except for the matter described in the *Basis for our qualified opinion* section of our report in respect of the comparative information, the Council Services on pages 17 to 68:

- presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2017, including:
 - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
 - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
- complies with generally accepted accounting practice in New Zealand.

Report on the disclosure requirements

We report that the District Council has:

- complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- made the disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence Regulations 2014) on pages 142 to 146, which represent a complete list of required disclosures and accurately reflects the information drawn from the District Council and Group's audited information and, where applicable, the District Council's long-term plan and annual plans.

Basis for our qualified opinion on the audited information

The Council reports on a number of response time related performance measures included in its Long-term plan in accordance with the *Non-Financial Measures Rules 2013* made by the Secretary for Local Government. In respect of the comparative year information only, the system for recording the data to report on these performance measures for the roading, wastewater and water supply groups of activities was not reliable for most of the comparative year due to inaccurate or omitted source data. As a result, the District Council was unable to report completely on these response time performance measures for the comparative year.

This meant that our work on the affected performance information for the comparative year was limited, and our audit opinion on the performance information for the year ended 30 June 2016 was modified accordingly.

The system reliability issue over recording of response times has been resolved for the 30 June 2017 year. However, the limitation cannot be resolved for the comparative year, which means that the District Council's performance information for the 30 June 2017 year, may not be directly comparable to the comparative year.

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. We describe our responsibilities under those standards further in the "Responsibilities of the auditor for the audited information" section of this report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the audited information.

Responsibilities of the Council for the audited information

The Council is responsible for meeting all legal requirements that apply to its annual report.

The Council's responsibilities arise under the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014.

The Council is responsible for such internal control as it determines is necessary to enable it to prepare the information we audit that is free from material misstatement, whether due to fraud or error.

In preparing the information we audit the Council is responsible for assessing its ability to continue as a going concern. The Council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to amalgamate or cease all of the functions of the District Council and the Group or there is no realistic alternative but to do so.

Responsibilities of the auditor for the audited information

Our objectives are to obtain reasonable assurance about whether the audited information, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of this audited information.

For the budget information reported in the audited information, our procedures were limited to checking that the budget information agreed to the District Council's annual plan.

We did not evaluate the security and controls over the electronic publication of the audited information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District Council and Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We determine the appropriateness of the reported intended levels of service in the Council Services section, as a reasonable basis for assessing the levels of service achieved and reported by the District Council.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material

uncertainty exists related to events or conditions that may cast a significant doubt on the District Council and Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the audited information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the District Council and the Group to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the entities or business activities within the Group to express an opinion on the consolidated audited information.

We communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Information

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 1 to 10, 15 to 16, 136 to 141, 147 to 160 but does not include the audited information and the disclosure requirements.

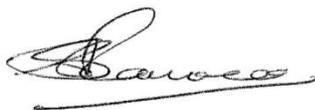
Our opinion on the audited information and our report on the disclosure requirements do not cover the other information.

Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the audited information and the disclosure requirements, or our knowledge obtained during our work, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the District Council and Group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

In addition to our audit and our report on the disclosure requirements, we have carried out an independent assurance review of the District Council's Debenture Trust Deed, which is compatible with those independence requirements. Other than these engagements we have no relationship with or interests in the District Council or its subsidiaries and controlled entities.



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

Section Two: Groups of Activities

Guide to Section Two: Groups of Activities

This section summarises results from the 2016/17 financial year for Council's Groups of Activities. In 2016/17, Council provided various services organised into ten Groups of Activities. These are:

| | |
|---------------------------------------|---------|
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| Water Supply | Page 64 |

For each group activity summary provided in Section Two of this report, you will find the following information:

Contribution to community outcomes

The community outcomes represent the long term goals Council is working towards. The community outcomes associated with each group of Activity are denoted by symbols. The outcomes and associated symbols are:



Kaitiakitanga – Manawatū District will improve the natural environment, stewarding the district in a practice aligned to the concept of kaitiakitanga which translates as holistic guardianship.



Attract and retain residents – Manawatū District will attract and retain residents.



Broad economic base – Manawatū District develops a broad economic base from its solid foundation in the primary sector.



Quality infrastructure – Manawatū and its people are connected via quality infrastructure and technology.



Safe built environment – Manawatū's built environment is safe, reliable and attractive.



Agile organisation – Manawatu District Council is an agile and effective organisation.

What has Council achieved in 2016/17?

Summaries of performance within each activity are provided, which show what is being measured, including community opinion, response times, deadlines and compliance with regional standards. Key projects are also summarised.

Funding Impact Statement

A Funding Impact Statement for each group of activity is shown and presents the actual costs and sources of funding for the 2016/17 financial year. For comparison purposes, the first column contains actual data for 2016/17, the second column is the 2016/17 Annual Plan and the last two columns contain information from the Long Term Plan for 2016/17 and 2015/16 financial years.

The Overall Funding Impact Statement on page 69 presents the actual financial results for the 2016/17 and 2015/16 financial years, compared against the annual plans (i.e. annual plan budgets) for those years.



Community Facilities

This group of activities relates to the outcomes



Cemeteries

What we do:

Provide and maintain cemeteries in park-like settings to provide facilities for burials and interments of ashes.

How we do it:

- Managing, maintaining and planning for future improvements, where required, for the following cemeteries: Feilding, Kimbolton, Pohangina, Sandon, Halcombe, Rangiwahia, Rongotea and Waituna West
- Working with the community to meet changing demands and community needs
- Maintaining accurate burial records
- Meeting the requirements of the Burial and Cremations Act 1964
- Ensuring that all cemeteries are maintained to a high standard.

Overview

Improvements in the quality and standard of maintenance at the District's Cemeteries saw an increase in satisfaction with the maintenance of our cemeteries, largely attributable to Council's new Parks and Open Spaces Contractor, Recreational Services Limited, operations in the district since March 2016.

Wet weather saw the delay of development at Feilding Cemetery with the construction of a new access way and beams in the southern end of the cemetery underway and expected to be completed in the 2017/18 year.

What has Council achieved in 2016/2017?

| Level of Service: Satisfaction with the maintenance of our cemeteries | | |
|---|-------------------|--|
| Key Performance Indicator and Target | Target Attained | Comments (if applicable) |
| 90% of customers are satisfied with maintenance of cemeteries | Target met | <p>95% of 164 customers were satisfied with the maintenance of cemeteries.</p> <p>The survey results were:</p> <p>30% very satisfied</p> <p>65% satisfied</p> <p>5% not satisfied</p> <p>Source – PublicVoice survey May 2017</p> <p><i>(Last year – target met - 92% satisfaction from 209 customers)</i></p> |

| Level of Service: Professional and timely interment services | | |
|--|-------------------|--|
| Key Performance Indicator and Target | Target Attained | Comments (if applicable) |
| No complaints about late or inadequate interment services | Target met | No complaints about late or in adequate interment services have been received. |

| Level of Service: Professional and timely interment services | | |
|--|-----------------|---|
| Key Performance Indicator and Target | Target Attained | Comments (if applicable) |
| | | <i>(Last year – target met – There were no complaints received)</i> |

District libraries

What we do:

Provide opportunities and experiences for lifelong learning and literacy. There is a fully-serviced main library in Feilding and community-run satellite libraries at Himatangi Beach, Kimbolton, Pohangina, Rongotea and Tangimoana.

How we do it:

By providing at our main library:

- Access to written and recorded information: books, magazines and DVDs
- Access to a range of online media and information
- Access to local culture research information and heritage collections
- Wi-Fi and internet access for digital literacy
- Opportunities, programmes and experiences that continue to build and promote lifelong learning
- Access to e-books, online collections and subscriptions
- Important spaces for the community to use
- A continually refreshed main collection, monitored for relevancy
- Refreshed collection items at the community run libraries every three months.

Overview

Development of District's Libraries has continued over the last 12 months, building on the work completed in the 2015/16 year.

Building on the electronic systems already introduced for self-checkout and returns, a shared Makino Aquatic Centre / District's Libraries card has been introduced that acts as a membership and payment card.

New programmes unlike any previously held at the Library such as; 'try it out Thursdays' (with languages, music, illustration skills), tech school holidays and the ongoing coding club and robotics have been getting excellent reviews.

New Year New You event hosting over 60 attendees.

The library's social media presence has been increasing, for example the 'remember when' post about the Bulls Bridge collapsing reaching 56,269 Facebook users.

What has Council achieved in 2016/2017?

| Level of Service: Access to a range of information | | |
|--|-----------------------|---|
| Key Performance Indicator and Target | Target Attained | Comments (if applicable) |
| 12 issues per capita | Target not met | <p>During the year 233,897 issues were made. This represents 8.2 issues per capita. This is consistent with our peers and the changing nature of libraries.</p> <p>At the time of setting the targets in the long-term plan, community library loans were included as issues. These are no longer being included in this measure.</p> <p><i>(Last year – target not met - 10.23 issues per capita with a target of 11))</i></p> |
| 12,000 digital users | Target met | <p>A total of 53,432 digital users have accessed a range of information via APNK (Aotearoa Peoples Network Kaharoa).</p> <p>28,541 logged onto one of the computers located in the library space.</p> <p>24,891 used their own device.</p> <p><i>(Last year – target met - 36,521 digital users accessed our network.)</i></p> |

| Level of Service: A range of activities and learning opportunities | | |
|--|-----------------------|--|
| Key Performance Indicator and Target | Target Attained | Comments (if applicable) |
| 920 events / 18,300 participants | Target not met | <p>925 library events were held in the library space with 13,212 participating in these events.</p> <p>While the event numbers were achieved, participant numbers were intentionally reduced for events where large numbers were originally planned. This was to mitigate issues such as noise and availability of space experienced earlier in the year.</p> <p><i>(Last year – target not met - 364 events were conducted with 6,385 participants)</i></p> |

Makino Aquatic Centre (MAC)

What we do:

Provision of a safe, quality aquatic complex including indoor and outdoor swimming pools and swimming programmes for water education and fitness.

How we do it:

Providing a variety of pools within the complex:

Indoor area (open all year round):

- Heated 25 metre pool
- Heated play pool
- Shop
- Changing rooms
- Whanāu changing rooms
- Wet area and learners pool

Outdoor area (open during the summer months):

- Heated 50 metre pool
- Heated learner pool
- Toddler pool
- Diving pool
- Barbeques, play equipment, shaded area and lawn
- Extended opening hours during the summer months

General Activities

- Providing 'Learn to Swim', water confidence, recreation programmes and activities for all levels of ability year round
- A variety of quality programmes, experiences focusing on aqua fitness
- Supervised water play and swimming space all year round
- Hosting Makino Aquatic Challenges and community events
- Working with after-school and school holiday programme providers
- The opportunity for pool and lane hire
- Individual swim coaching, training or learn to swim lessons
- Advice and services to community pool providers throughout the district
- Work with the District's schools to deliver 'Water Safety' programmes
- Work with local, regional and national swimming clubs
- Hosting local, regional and national water events

Overview

The Makino re-opened on 29 July 2016 on completion of a \$6m redevelopment. Subsequently the booking and facility management system has been improved with the installation of the Centaman system which has allowed greater access for MAC membership holders. This facility is also shared with the Library.

Swim School numbers are now exceeding pre-closure levels (highest at 604 in Term 2, 2017), and in a first for the Manawatū region the Aqua Mat classes are working well. The outdoor pools used during the winter season (cold, but filtering) for the first time by NZ Women's Canoe Polo for practice.

A few issues with new fire sensors in an aquatic environment resulted in several fire service callouts. This has had the unexpected bonus of proving the emergency response procedures for both the pool and the fire service.

What has Council achieved in 2016/2017?

|  Level of Service: Safe pools | | |
|--|-------------------|---|
| Key Performance Indicator and Target | Target Attained | Comments (if applicable) |
| 100% Pool Safe accreditation retained | Target met | <p>Following the redevelopment, the Poolsafe assessment was carried out on 22 February 2017 and accreditation was issued in April 2017.</p> <p>(Last year – target met - accreditation was in place until April 2016 at which time the pool closed for redevelopment)</p> |

|  Level of Service: Quality experiences | | |
|---|-------------------|---|
| Key Performance Indicator and Target | Target Attained | Comments (if applicable) |
| 90% of customers are satisfied overall with their experience at the complex | Target met | <p>A customer survey was carried out by staff in February/March 2017 and had 50 respondents.</p> <p>100% satisfaction with their overall experience at the complex was achieved.</p> <p>PublicVoice completed a survey in May 2017. Responses were received from 177 pool users and 90% were satisfied with their overall experience at the complex.</p> <p>The survey results were:</p> <ul style="list-style-type: none"> 47% strongly agree 43% somewhat agree 6% somewhat disagree 4% strongly disagree <p>(Last year – target met - a survey was carried out by MAC staff which resulted in 100% satisfaction – from 32 respondents)</p> |

|  Level of Service: A variety of water activities | | |
|---|-------------------|---|
| Key Performance Indicator and Target | Target Attained | Comments (if applicable) |
| More than 12,500 participants | Target met | <p>Individual participation numbers in MAC activities from 1 July 2016 to 30 June 2017 was 51,634.</p> <ul style="list-style-type: none"> Swim lessons – 12,733 Swim squad – 1,276 Aqua Fitness – 7,098 Schools/groups – 16,349 |



Level of Service: A variety of water activities

| Key Performance Indicator and Target | Target Attained | Comments (if applicable) |
|--------------------------------------|-----------------|--|
| | | Canoe Polo – 2,352 Canoe Polo Championships (31 March to 2 April)– approx. 2,100 Flippaball - 634 Clubs – 7,446 Programmes – 1,646 (Last year – target met - 15,270 participants took part in activities. The pool was closed for redevelopment for a portion of the year.) |

Parks and sports grounds

What we do:

Provide parks and sports grounds including camping grounds, open spaces, gardens, trees and playgrounds to ensure our community has access to a wide range of leisure and recreation opportunities.

How we do it:

- Maintaining parks and sports grounds to ensure provision of quality, safe spaces for recreation and leisure
- Continually improving accessibility to parks, sports grounds and facilities, making them available for a wide variety of users
- Managing parks and sports grounds bookings, fees and charges and liaising with ground staff to ensure facilities are ready for use
- Fostering collaboration between sport and recreation groups to encourage high-use facilities and opportunities for cost efficiencies
- Working with Sport Manawatu and other organisations to deliver programmes throughout the district to get ‘everyone active, everyday’
- Liaising with user groups
- Planning and providing a walking and cycling network that links neighbourhoods, schools and community facilities
- Adhering to plans and strategies that guide the development of the portfolio including: Open Spaces Framework 2006 and Feilding Cycle Network
- Fulfilling our legal requirements to have Reserve Management Plans in place identifying how Council intends to manage reserves

Overview

This year has seen a significant effort placed on making operational improvements for Parks and Sportsgrounds, with the support of the district’s new Parks and Open Spaces Contractor Recreational Services. Key highlights include the successful operation of Putai Ngahere (Vinegar Hill) Reserve camping over the summer period with no serious incidents, winning the Keep New Zealand Beautiful - Most Beautiful Town Award for the 15th time. We have provided improved and consistent maintenance standards in our parks and sportsgrounds, as well as increased community engagement and participation with our district staff involved in over 30 community projects and activities over the year.

During the year a number of projects were completed with the key projects including the completion of the Timona Park carpark, Tangimoana Beach Playground, Himatangi Beach carpark and signage and Te Kawau Playground.

What has Council achieved in 2016/2017?

| Level of Service: Satisfaction with Council's parks and sports grounds | | |
|--|-------------------|---|
| Key Performance Indicator and Target | Target Attained | Comments (if applicable) |
| 90% of customers are satisfied with their overall experience of parks and sports grounds | Target met | <p>Survey responses were received from 357 ratepayers of which 91% were satisfied with their overall experience of the parks and sports grounds.</p> <p>The survey results were:</p> <ul style="list-style-type: none"> 28% strongly agree 63% somewhat agree 7% somewhat disagree 2% strongly disagree <p>Source – PublicVoice survey May 2017</p> <p>(Last year – target met - 90% satisfaction from 342 respondents)</p> |
| Less than 10 closures or parks and sports grounds. | Target met | <p>There were two park closures during the year (both for Kitchener Park as a result of flooding).</p> <p><i>(Last year – target met -Kitchener Park and Timona Park were closed following the July 2015 flooding event)</i></p> |

| Level of Service: Safe parks and sports grounds | | |
|--|-------------------|--|
| Key Performance Indicator and Target | Target Attained | Comments (if applicable) |
| No reports of health and safety incidents or injuries due to inadequate or poor maintenance in our parks and sports grounds. | Target met | <p>There have been no reported health and safety incidents because of inadequate or poor maintenance in our parks and sportsgrounds.</p> <p><i>(Last year – target not met - there were two health and safety incidents during the year as a result of inadequate or poor maintenance)</i></p> |

Property

What we do:

Manage, support and administer the property portfolio.

How we do it:

- Managing 16 Council owned halls and five community owned halls
- Working with local groups to provide access to property for a range of community uses
- Carrying out renewal and building improvement programmes to ensure our facilities are well maintained, safe and meet quality standards
- Improving existing halls and recreational complexes to meet public expectations where appropriate
- Expanding or providing new facilities to meet community needs
- Reviewing the Hall Management Policy as a guide for future decision making regarding the provision and retention of halls and recreation complexes.

Overview

The activity achieved an 89% customer satisfaction result in the Customer Satisfaction Survey for the year, which was down from 91% for the 2015/16 year.

While only six hall reports have been received this year to date, the six halls have recorded slightly higher use than the same halls as last year. In total the achieving average uses per year was down from 72 times from the 2015/16 year.

What has Council achieved in 2016/2017?

| Level of Service: Satisfaction with our property facilities | | |
|--|-------------------|--|
| Key Performance Indicator and Target | Target Attained | Comments (if applicable) |
| 80% of surveyed customers are satisfied with their overall experience of property facilities | Target met | Survey responses were received from 216 customers. 89% were satisfied with the halls and recreation complexes within the district. The survey results were: 14% very satisfied 75% satisfied 11% not satisfied Source – PublicVoice survey May 2017 <i>(Last year – target met - 91% of 267 customers were satisfied with their overall experience of property facilities)</i> |

| Level of Service: Property facilities to be well used | | |
|---|-----------------------|--|
| Key Performance Indicator and Target | Target Attained | Comments (if applicable) |
| Each hall is used on average 26 times a year | Target not met | Council has 21 rural halls, 15 of which have not forwarded their report to Council. These halls are expected to have lower usage. Average usage is 28. |

| Level of Service: Property facilities to be well used | | |
|---|-----------------|--|
| Key Performance Indicator and Target | Target Attained | Comments (if applicable) |
| | | <p>This information is provided from the rural hall reports submitted by the Hall Committees.</p> <p><i>(Last year – target met - Council has 21 rural halls. 11 provided their report to council. The average hall usage for these halls was 72 times a year)</i></p> |

Public conveniences

What we do:

Provide and maintain public toilets.

How we do it:

- By providing a network of public toilets in the following business precincts: sports grounds, reserves and tourist routes: Feilding Central Business District, Feilding Railway Station, Pohangina, Apiti, Halcombe, Himatangi Beach, Tangimoana, Rongotea, Sanson, Cheltenham, Kimbolton, Rangiwahia, Kowhai Park, Johnston Park, Victoria Park, Timona Park, Almadale Reserve, Mt Lees, Raumai Reserve, Mt Stewart, Putai Ngahere Reserve (Vinegar Hill), Bartletts Ford and Londons Ford.
- Having a maintenance plan to ensure facilities are clean, accessible and fit for purpose.

Overview

New toilets were constructed this year at Raumai Reserve and Londons Ford, significantly improving the levels of service at these rural locations.

There was a significant reduction in the overall number complaints this year relating to inadequate maintenance or poor cleaning of public conveniences, reducing from 45 in the 2015/16 year to three in the 2016/17 year. This reduction is largely attributable to Council's new Parks and Open Spaces Contractor, Recreational Services Limited operating in the district since 29 February 2016.

What has Council achieved in 2016/2017?

|  Level of Service: Satisfaction with public toilets | | |
|--|-------------------|--|
| Key Performance Indicator and Target | Target Attained | Comments (if applicable) |
| Less than 25 complaints received | Target met | <p>Two complaints were received for the year.</p> <p>The introduction of Recreational Services to the district in 29 February 2016 has seen a dramatic reduction in the number of complaints.</p> <p>The complaints received related to maintenance of taps and water, and will be addressed as more proactive maintenance of assets continues. This is in contrast to the previous year where complaints related largely to poor cleaning.</p> <p><i>(Last year –target not met – 45 complaints or were received, against a target of 35)</i></p> |

Manawatu District Council
Funding Impact Statement for the year ended 30 June 2017
Community Facilities

| | Actual 2017 \$000 | Annual Plan 2017 \$000 | LTP 2017 \$000 | LTP 2016 \$000 |
|---|-------------------------|------------------------------|----------------------|----------------------|
| Sources of operating funding | | | | |
| General rates, uniform annual general charges, and rates penalties | 624 | 617 | 654 | 631 |
| Targeted rates | 5,726 | 5,611 | 5,745 | 5,282 |
| Subsidies and grants for operating purposes | 2 | 4 | 4 | 4 |
| Fees and charges | 1,038 | 1,354 | 1,367 | 818 |
| Internal charges and overheads recovered | 0 | 0 | 0 | 0 |
| Local authorities fuel tax, fines, infringement fees and other receipts | 9 | 24 | 10 | 10 |
| Total operating funding | 7,400 | 7,610 | 7,780 | 6,745 |
| Applications of operating funding | | | | |
| Payments to staff and suppliers | 5,183 | 5,110 | 4,832 | 4,664 |
| Finance costs | 753 | 1,235 | 1,285 | 1,096 |
| Internal charges and overheads applied | 811 | 916 | 1,012 | 939 |
| Other operating funding applications | 0 | 0 | 0 | 0 |
| Total applications of operating funding | 6,747 | 7,261 | 7,129 | 6,699 |
| Surplus (deficit) of operating funding | 652 | 349 | 651 | 46 |
| Sources of capital funding | | | | |
| Subsidies and grants for capital expenditure | 359 | 0 | 0 | 1,350 |
| Development and financial contributions | 184 | 92 | 91 | 90 |
| Increase (decrease) in debt | 173 | 1,511 | 683 | 3,712 |
| Gross proceeds from sale of assets | 0 | 2,050 | 2,050 | 2,050 |
| Lump sum contributions | 0 | 0 | 0 | 0 |
| Other dedicated capital funding | 0 | 0 | 0 | 0 |
| Total sources of capital funding | 715 | 3,653 | 2,824 | 7,202 |
| Applications of capital funding | | | | |
| Capital expenditure | | | | |
| - to meet additional demand | 318 | 967 | 165 | 349 |
| - to improve the level of service | 1,473 | 2,450 | 1,108 | 6,827 |
| - to replace existing assets | 749 | 824 | 622 | 1,840 |
| Increase (decrease) in reserves | (1,173) | (239) | 1,580 | (1,768) |
| Increase (decrease) of investments | 0 | 0 | 0 | 0 |
| Total application of capital funding | 1,368 | 4,002 | 3,475 | 7,248 |
| Surplus (deficit) of capital funding | (652) | (349) | (651) | (46) |
| Funding balance | 0 | 0 | 0 | 0 |
| Community Facilities Internal Borrowings | | | | |
| Opening balance 1 July | 11,999 | | | |
| Internal loans raised during the year | 290 | | | |
| Internal loans repaid during the year | (117) | | | |
| Closing balance at 30 June | 12,172 | | | |
| Community Facilities External Borrowings | | | | |
| Opening balance 1 July | 1,873 | | | |
| External loans raised directly by activity during the year | 1,873 | | | |
| Internal loans repaid directly by activity during the year | (1,873) | | | |
| Closing balance at 30 June | 1,873 | | | |

All external borrowing is managed through Council's treasury function which borrows externally to maintain sufficient liquidity for the day-to-day operations. Community facilities group of activities has a mixture of internal and external loans to fund its capital projects. Internal loans are raised by the activity from Council's treasury.

The finance cost above includes \$656,000 interest expense in relation to loans raised internally from Council's treasury and \$97,000 interest expense charged on external loan raised directly by Community Facilities group of activities, for the year ended 30 June 2017.

District Development

This group of activities relates to the outcomes



Community Funding and Development

What we do:

Provide funding and support for community organisations.

How we do it:

- Reviewing and administering the Community Development Funding Policy to ensure allocation of funding aligns with outcomes sought
- Partnering with community groups and not for profit organisations that deliver local solutions that promote economic, social, ecological and cultural wellbeing in our district
- Partnering with those villages that have participated in our Community Planning programme to implement identified projects and actions
- Providing a pool of funding for community development initiatives, events and programmes
- Providing a pool of funding for individuals and teams that will be representing the Manawatū District on the national and world stage
- Maintaining and developing relationships with funding recipients
- Administering Creative Community Funding scheme
- Supporting community committees throughout the district including: Apiti, Rangiwahia, Kimbolton, Waituna West, Halcombe, Sanson, Tangimoana, Rongotea, Pohangina and Himatangi Beach (Note: Colyton and Baines/Rangiotu will need to be included for 2017/18).

Overview

Community plans have been developed and owned by Apiti, Halcombe, Himatangi Beach, Kimbolton, Pohangina, Rangiwahia, Rongotea and Sanson. Completed community plan projects include the Apiti Domain entrance upgrade, Himatangi Beach new signage, Rangiwahia Hall refurbished toilets, Halcombe Domain fence replacement.

Other highlights included assisting the Manawatu Pottery Society to relocate to Kowhai Park, the Feilding Bluelight to take up to 40 children to the National Bluelight Rainbows End Weekend in Auckland on 10/11 September 2016, the Feilding & District Rose Society Inc hosting of the National Spring Rose Show and Convention held in the Feilding Civic Centre, partnership funding for Feilding and District Promotion Inc.

The Representative Fund grants enabled 22 recipients to attend national and international events such as Cheryl, Stephen, Bryce and Darren Hirschberg who qualified to represent New Zealand and compete at the World Age Group ITU Triathlon Championships in Cozumel, Mexico; Stephanie Dickins who represented New Zealand in the Junior World Cup Hockey Team which competed in the Junior World Cup held in Santiago, Chile and to play in the Australian Hockey League as preparation for the Junior World Hockey Tournament held in Perth; Manchester Street School & Feilding High School Robotics Teams, who were selected to attend the Vex IQ Robotics World Championships held in Louisville, Kentucky USA ; Tessa Webb who was selected as a member of the New Zealand Athletics Team to compete at the Oceania Athletics Area Championships held in Suva, Fiji and the Feilding High School's Rugby, Hockey and Athletics Teams attending various national events.

The meaning of the term “charitable organisation” in the Rate Remission policy was clarified.

What has Council achieved in 2016/2017?

| Level of Service: Relevant community development services | | |
|--|-------------------|--|
| Key Performance Indicator and Target | Target Attained | Comments (if applicable) |
| 100% satisfaction from Council that the outcomes set in the community development policy are being delivered | Target met | All funding has been allocated in accordance with the policy. Reports are received from partnership funding and have been accepted by the Council. No negative feedback was provided by Council. <i>(Last year – target met)</i> |

| Level of Service: Satisfaction with community development services | | |
|--|-----------------------|--|
| Key Performance Indicator and Target | Target Attained | Comments (if applicable) |
| 90% of customers are satisfied with community development services | Target not met | 71% of the 234 respondents were satisfied with the community and development services provided to the community. The survey results were: 9% strongly agree 62% somewhat agree 23% somewhat disagree 6% strongly disagree Source – PublicVoice survey May 2017 <i>(Last year – target not met – 51% of 202 respondents were satisfied with the service)</i> |

Economic Development

What we do:

Promote and grow the local economy through business support services, investment, and collaboration, advocacy in order for businesses to start and grow in the district. Some economic development services are purchased from external organisations.

How we do it:

- Working in partnership with Palmerston North City Council to direct and fund the Central Economic Development Agency Ltd to grow economic wealth in the Manawatū region
- Implementing the Manawatū District Economic Development Strategy
- Working with our partners in the Horizons Regional Council region to support Accelerate25 which is aimed at increasing job opportunities and quality of life in the Manawatū-Whanganui Region by connecting people, business, Iwi and our environment
- Working in partnership with our neighbouring councils to implement opportunities highlighted within the Horizons Accelerate25 Action Plan

- Advocating on behalf of the district and promoting Manawatū as a central location to do business
- Funding security guard services in the Feilding Central Business District.

Overview

The Central Economic Development Agency Ltd (CEDA) became operational in September 2016.

What has Council achieved in 2016/2017?

| Level of Service: Relevant economic development services | | |
|---|-------------------|---|
| Key Performance Indicator and Target | Target Attained | Comments (if applicable) |
| 100% satisfaction from Council that economic development strategies are being delivered | Target met | <p>All Economic Development funded agencies provide monitoring reports to Council. These were accepted by MDC or the Joint Strategic Planning Committee with Palmerston North City Council.</p> <p>The Central Economic Development Agency (CEDA) is a key agent for Council economic development strategy. It has been in operation since 1 September 2016. Other agencies include Food HQ.</p> <p><i>(Last year – target met)</i></p> |

| Level of Service: Satisfaction with economic development services | | |
|---|-----------------------|---|
| Key Performance Indicator and Target | Target Attained | Comments (if applicable) |
| 80% of customers are satisfied with economic development services | Target not met | <p>77% of 244 respondents were satisfied with economic development services.</p> <p>The survey results were:</p> <p>5% strongly agree</p> <p>72% somewhat agree</p> <p>18% somewhat disagree</p> <p>5% strongly disagree</p> <p>Source – PublicVoice survey May 2017</p> <p><i>(Last year – target not met – 63% satisfaction from 261 respondents)</i></p> |

Manawatu District Council
Funding Impact Statement for the year ended 30 June 2017
District Development

| | Actual 2017 \$000 | Annual Plan 2017 \$000 | LTP 2017 \$000 | LTP 2016 \$000 |
|---|-------------------------|------------------------------|----------------------|----------------------|
| Sources of operating funding | | | | |
| General rates, uniform annual general charges, and rates penalties | 2,144 | 2,119 | 2,229 | 2,203 |
| Targeted rates | 90 | 96 | 95 | 63 |
| Subsidies and grants for operating purposes | 0 | 25 | 56 | 55 |
| Fees and charges | 0 | 0 | 0 | 0 |
| Internal charges and overheads recovered | 0 | 0 | 0 | 0 |
| Local authorities fuel tax, fines, infringement fees and other receipts | 89 | 71 | 248 | 75 |
| Total operating funding | 2,323 | 2,311 | 2,628 | 2,396 |
| Applications of operating funding | | | | |
| Payments to staff and suppliers | 1,696 | 2,081 | 2,096 | 2,078 |
| Finance costs | 269 | 286 | 284 | 281 |
| Internal charges and overheads applied | 182 | 291 | 322 | 295 |
| Other operating funding applications | 0 | 0 | 0 | 0 |
| Total applications of operating funding | 2,147 | 2,658 | 2,702 | 2,654 |
| Surplus (deficit) of operating funding | 176 | (347) | (74) | (258) |
| Sources of capital funding | | | | |
| Subsidies and grants for capital expenditure | 0 | 0 | 0 | 0 |
| Development and financial contributions | 0 | 0 | 0 | 0 |
| Increase (decrease) in debt | (149) | (11) | 29 | 40 |
| Gross proceeds from sale of assets | 0 | 0 | 0 | 0 |
| Lump sum contributions | 0 | 0 | 0 | 0 |
| Other dedicated capital funding | 0 | 0 | 0 | 0 |
| Total sources of capital funding | (149) | (11) | 29 | 40 |
| Applications of capital funding | | | | |
| Capital expenditure | | | | |
| - to meet additional demand | 0 | 0 | 0 | 0 |
| - to improve the level of service | 0 | 8 | 0 | 0 |
| - to replace existing assets | 48 | 24 | 0 | 0 |
| Increase (decrease) in reserves | 211 | (275) | 154 | (110) |
| Increase (decrease) of investments | (232) | (115) | (199) | (108) |
| Total application of capital funding | 27 | (358) | (45) | (218) |
| Surplus (deficit) of capital funding | (176) | 347 | 74 | 258 |
| Funding balance | 0 | 0 | 0 | 0 |
| District Development Internal Borrowings | | | | |
| Opening balance 1 July | 4,723 | | | |
| Internal loans raised during the year | 0 | | | |
| Internal loans repaid during the year | (150) | | | |
| Closing balance at 30 June | 4,573 | | | |

All external borrowing is managed through Council's treasury function which borrows externally to maintain sufficient liquidity for the day-to-day operations. Internal loans are raised by the activity from Council's treasury.

The interest charged on internal borrowings for the year ended 30 June 2017 is disclosed above under finance costs.

Emergency Management

This group of activities relates to the outcomes



Civil Defence

What we do:

Provide services and information to reduce risk, increase readiness, response and resilience.

How we do it:

- Through a Civil Defence Emergency Management Service Agreement with Horizons Regional Council
- Administering the Civil Defence Emergency Act 2002
- Working with our neighbouring territorial authorities
- Working with organisations like Neighbourhood Support and local Community Groups
- Supporting promotions of Civil Defence in neighbourhoods
- Following the Manawatū-Wanganui Civil Defence Emergency Management Group Plan which focuses on: Risk reduction, identifying risk reduction initiatives, risk information exchange, risk reduction programming, flood plain mapping and modelling; risk reduction programmes for business, communities and care facilities; readiness, response and preparedness education and information activity through marketing opportunities with the support of our national organisation.
- Responding to emergencies and emergency events
- Recovery - reviewing of recovery plan, understanding, coordinating and promoting recovery prior to and post event.
- Monitoring and evaluation - including compliance monitoring, risk reduction monitoring, and a Civil Defence exercise programme
- Management and Governance activities including participation in regional Civil Defence Committee's - Coordinating Executive Group (Senior Management) and Joint Standing Committee, (Mayors) and Advisory Groups such as Welfare Coordination Group, Rural Coordination Group, and Lifelines Advisory Group. At the local level we administer the Manawatū Emergency Management Committee which works across the 4R's of Emergency Management (reduction, readiness, response and recovery) in collaboration with Emergency Services, Social Support Agencies, and voluntary groups.

Overview

This has been another very active period for the Civil Defence team. An intensive training programme for CDEM personnel, including Council staff, has been completed over the period and Civil Defence Community Response Plans (CRP) are being developed commenced for Rangiwahia, Pohangina Valley, and Apiti CRP's for Tangimoana and Himatangi Beach have been updated.

Staff training in the use of the Emergency Management Information System (EMIS) system with at least 95% of staff now trained in EMIS use to a basic level. District Emergency Management Officer continued to be actively involved in National EMIS Users Group (NEUG)

A 24/7 emergency management duty officer Civil defence capability was maintained throughout the year. District Emergency Management Officer continued regular attendance at Community Committee meetings to update communities on Civil Defence actions and activities and to provide advice and guidance as required

A CDEM Group Tsunami Signage and Public Education Project has been completed and implemented for our coastal communities of Himatangi Beach and Tangimoana. This included a programme of consultation with those communities.

What has Council achieved in 2016/2017?

| Level of Service: The community is informed about civil defence | | |
|---|-----------------------|---|
| Key Performance Indicator and Target | Target Attained | Comments (if applicable) |
| 90% of feedback received demonstrates that the community is satisfied with this service | Target not met | <p>72% of 332 respondents were satisfied with the Civil Defence services provided</p> <p>The average survey results were:</p> <ul style="list-style-type: none"> 16% strongly agree 56% somewhat agree 17% somewhat disagree 11% strongly disagree <p>These results are the average of the following four questions</p> <ul style="list-style-type: none"> - civil defence education information - access to civil defence risk and readiness information - information received about being prepared - appropriateness of the technology used to inform about civil defence initiatives <p>Source – PublicVoice survey May 2017</p> <p><i>(Last year – target not met – 69% of 307 respondents were satisfied)</i></p> |

Rural fire

What we do:

Issue fire permits and respond to rural fires. We also monitor fire indices and advise the community about fire risk prevention.

How we do it:

- Through an Emergency Management (Civil Defence and Rural Fire) Service Agreement with Horizons Regional Council
- Fulfilling Council's statutory obligations under the Forest and Rural Fires Act 1977, Civil Defence Emergency Management Act 2002; Health Act 1956; and Resource Management Act 1991
- Monitoring fire indices and implementing fire restrictions if and when required and advertising those restrictions
- Issuing permits during restricted fire seasons
- Talking with the community about fire risk prevention
- Training to ensure we are ready to respond to rural fires.

Overview

This responsibility transferred to Fire and Emergency NZ (FENZ) on 1 July 2017

What has Council achieved in 2016/2017?

| Level of Service: The community is informed about rural fire risk | | |
|---|-----------------------|---|
| Key Performance Indicator and Target | Target Attained | Comments (if applicable) |
| 90% of feedback received demonstrates that the customers are satisfied with the service | Target not met | <p>63% of 328 respondents were satisfied with the Rural Fire services provided</p> <p>The average survey results were:</p> <ul style="list-style-type: none"> 14% strongly agree 49% somewhat agree 25% somewhat disagree 12% strongly disagree <p>These results are the average of the following three questions</p> <ul style="list-style-type: none"> - fire prevention, risk and education information - changes in fire status information - appropriateness of the technology used to inform about changes in fire status <p>Source – PublicVoice survey May 2017</p> <p><i>(Last year – target not met – 65% of 293 respondents were satisfied)</i></p> |
| Level of Service: Response to rural fire callouts | | |
| Key Performance Indicator and Target | Target Attained | Comments (if applicable) |
| 100% response to a rural fire callout | Target met | <p>There has been 100% response to Rural Fire callouts.</p> <p>During the year, 111 rural fire incidents were reported and responded to (not including false alarms).</p> <p>The MDC rural fire tanker turned out in response to 22 of these incidents and the Manawatu Rural Fire Force attended 14 of the incidents.</p> <p><i>(Last year – target met – 161 rural fire incidents were reported and responded to.)</i></p> |

Manawatu District Council
Funding Impact Statement for the year ended 30 June 2017
Emergency Management

| | Actual 2017 \$000 | Annual Plan 2017 \$000 | LTP 2017 \$000 | LTP 2016 \$000 |
|---|----------------------------------|---------------------------------------|-------------------------------|-------------------------------|
| Sources of operating funding | | | | |
| General rates, uniform annual general charges, and rates penalties | 227 | 224 | 226 | 218 |
| Targeted rates | 179 | 183 | 184 | 178 |
| Subsidies and grants for operating purposes | 0 | 0 | 0 | 0 |
| Fees and charges | 0 | 0 | 0 | 0 |
| Internal charges and overheads recovered | 0 | 0 | 0 | 0 |
| Local authorities fuel tax, fines, infringement fees and other receipts | 16 | 0 | 0 | 0 |
| Total operating funding | 422 | 407 | 410 | 396 |
| Applications of operating funding | | | | |
| Payments to staff and suppliers | 283 | 324 | 324 | 317 |
| Finance costs | 0 | 0 | 0 | 0 |
| Internal charges and overheads applied | 53 | 75 | 78 | 73 |
| Other operating funding applications | 0 | 0 | 0 | 0 |
| Total applications of operating funding | 336 | 399 | 402 | 390 |
| Surplus (deficit) of operating funding | 86 | 8 | 8 | 6 |
| Sources of capital funding | | | | |
| Subsidies and grants for capital expenditure | 0 | 0 | 0 | 0 |
| Development and financial contributions | 0 | 0 | 0 | 0 |
| Increase (decrease) in debt | 0 | 0 | 0 | 0 |
| Gross proceeds from sale of assets | 0 | 0 | 0 | 0 |
| Lump sum contributions | 0 | 0 | 0 | 0 |
| Other dedicated capital funding | 0 | 0 | 0 | 0 |
| Total sources of capital funding | 0 | 0 | 0 | 0 |
| Applications of capital funding | | | | |
| Capital expenditure | | | | |
| - to meet additional demand | 0 | 0 | 0 | 0 |
| - to improve the level of service | 0 | 16 | 0 | 0 |
| - to replace existing assets | 0 | 0 | 16 | 5 |
| Increase (decrease) in reserves | 86 | (8) | (8) | 1 |
| Increase (decrease) of investments | 0 | 0 | 0 | 0 |
| Total application of capital funding | 86 | 8 | 8 | 6 |
| Surplus (deficit) of capital funding | (86) | (8) | (8) | (6) |
| Funding balance | 0 | 0 | 0 | 0 |

Emergency Management Internal Borrowings

There are no loans (internal or external) for this activity.

Environmental Services and Monitoring

This group of activities relates to the outcomes



Animal Control

What we do:

Animal control and dog owner education.

How we do it:

- Administering The Dog Control Act 1996, Impounding Act 1955 regulations, Dog Control Policy and Council's Animal Control and Dog bylaws
- Providing access to a 24 hour 7 day a week Animal Control Service for priority responses
- Ensuring dogs are registered and controlled throughout the district
- Offering dog owners a "preferred ownership" status
- Delivering dog owner or safety education programmes
- Sponsoring obedience training certificates to the Feilding Dog Training Club
- Impounding nuisance, surrendered or unregistered animals and wandering stock and housing these at our Awa Street site for collection by owners, rehoming or destruction
- Classifying the district's 'menacing' and 'dangerous' dogs
- Maintaining Council's National Dog database interface.

Overview

Six Animal Control Officers are employed by Rangitikei District Council. A joint service agreement is provided in partnership with Rangitikei and the Manawātū District. A Senior Animal Control Officer is based between the two areas, two Animal Control Officers are based in Feilding, two in Marton and one in Taihape.

Animal Control Officers respond to priority one calls after hours. Priority One calls include dog attacks and secured wandering dogs. During the year officers responded to 1078 complaints, where none required progression to prosecution.

Over the last year the Manawatu District Council secured funding from the DIA for a dog neutering campaign for dangerous and menacing dogs. The Animal Control Team were successful at ensuring that 12 previously unregistered dangerous and menacing dogs were neutered in accordance with the Dog Control Policy.

What has Council achieved in 2016/2017?

| Level of Service: Timely response to requests for service | | |
|---|-------------------|---|
| Key Performance Indicator and Target | Target Attained | Comments (if applicable) |
| 90% of requests for service are responded to or caller contacted within timeframe set: | | See individual timeframes below. |
| - Urgent requests about a dog attack or wandering stock; within 15 minutes of receiving request | Target met | 136 urgent (priority 1) requests were received. 97% were responded to within 15 minutes of receiving the request. <i>(Last year – target met – 281 urgent request were received and 95% were responded to within 15 minutes)</i> |
| - Notification of a roaming dog; next | Target met | 244 priority 2 requests were received relating to roaming dogs. 98% were responded to within the timeframe set. |

| Level of Service: Timely response to requests for service | | |
|--|-------------------|---|
| Key Performance Indicator and Target | Target Attained | Comments (if applicable) |
| work business day of receiving request | | <i>(Last year – target met – 176 urgent request were received and 96% were responded to within the set timeframes)</i> |
| - Routine animal control issues; next working business day of receiving notification | Target met | 698 requests were received relating to routine animal control issues (priority 3). 95% were responded to within the timeframe set. <i>(Last year – target not met – 229 routine animal control requests were received of which 77% were responded to within the timeframe set)</i> |

Building Control

What we do:

Process building consent applications for compliance with the Building Act, issue code compliance certificates, undertake inspections during construction and provide advice and information. We also monitor swimming pool and spa pool fencing for compliance and fire safety systems in commercial and public buildings.

How we do it:

- Being an accredited Building Consent Authority
- Administering the Building Act 2004
- Responding to earthquake-prone, dangerous or insanitary buildings issues
- Responding to building related complaints and provide advice
- Committing to develop good working relationships with external stakeholders by facilitating key stakeholder meetings for the construction and development industry
- Ensuring buildings provide facilities for people with disabilities where required
- Monitoring swimming pool/spa fencing to protect children under six years from drowning
- Developing policies for earthquake-prone buildings and dangerous and insanitary buildings in accordance with the Building Act 2004.
- Making Building Control Services information current and accessible via Council’s website and Council office (hard copy)

Overview

Building Services is a contracted service from Palmerston North City Council. Throughout the last year they processed 85% of the Building Consent applications, and 90% of the Code compliance certificates within the statutory time frames.

What has Council achieved in 2016/2017?

| Level of Service: A responsive building control service | | |
|---|-----------------------|--|
| Key Performance Indicator and Target | Target Attained | Comments (if applicable) |
| The requests for service are responded to within the timeframes set: | | See individual timeframes below. |
| 90% of inspections can be booked within four days of the request | Target not met | <p>For three months of the year the average waiting time for the first available inspection exceeded four days.</p> <p>In many instances inspections are booked weeks in advance, at the request of the builder. This timeframe is outside of the target.</p> <p><i>(Last year – target met – the waiting time for the first available inspection ranged between 1 and 4 days, with an average of 2.7 days)</i></p> |
| 90% of complaints about our building control service are responded to within ten working days | Target met | <p>105 complaints were received during the year and 95 were resolved within 10 working days - 90% compliant.</p> <p>The significant categories of complaints related to:</p> <ul style="list-style-type: none"> • Stormwater investigations (44) • Perceived non-compliance (50) • Service delivery (1) <p><i>(Last year – target met - 54 complaints received, 93% resolved within 10 days)</i></p> |
| 100% of building consents applications and code of compliance certificates are processed and approved within the statutory 20 working days. | Target not met | <p>654 building consents and 827 code of compliance certificates were issued, of which 85% and 95% respectively were issued within the 20 working day timeframe.</p> <p>The primary reason for not meeting set timeframes was due to increased numbers and complexity of applications as a result of growth and development.</p> <p><i>(Last year – target not met - 636 consents processed, 94% within statutory timeframe. 803 code of compliance certificates were processed, 90% issued within 20 days.)</i></p> |
| 100% of fixed fee (small works) building consents applications are processed and approved within 10 working days. | Target not met | <p>77 fixed fee building consents were issued, of which 76% were issued within the 10 working day timeframe.</p> <p>The primary reason for not meeting set timeframes was due to increased numbers of building consent applications as a result of growth and development.</p> |

| Level of Service: A responsive building control service | | |
|---|-----------------|--|
| Key Performance Indicator and Target | Target Attained | Comments (if applicable) |
| | | <i>(Last year – target not met – 350 fixed fee building consents were issued of which 92% were within the set timeframe)</i> |

| Level of Service: Commercial and public buildings are safe | | |
|--|-------------------|---|
| Key Performance Indicator and Target | Target Attained | Comments (if applicable) |
| 5% of the district's commercial and public buildings that hold current compliance schedules are audited. | Target met | There are 385 buildings that hold a current compliance schedule. 26 audits were completed during the year which represents 7%. <i>(Last year – target met - there were 385 buildings with compliance schedules and 24 were audited – 6%)</i> |

Environmental Health and Compliance Monitoring

What we do:

Work to keep residents, visitors and the environment safe by monitoring, mitigating and minimising potential harmful activities. Process alcohol licences and monitor licensed premises.

How we do it:

- Administering the Health Act 1956, Food Act 2014, Resource Management Act 1991, Amusement Devices Regulations 1978 and the Hazardous Substances and New Organisms Act 1996, the Gambling Act 2003 and the Racing Act 2003
- Appointing a District Licensing Committee who make decisions on applications for new and renewed licences and managers' certificates - temporary authorities and temporary licences, variation of licences, enforcement action for special licences
 - Collaborating with New Zealand Police, Mid Central Health and NZFS
 - Conducting annual inspections of licensed premises to ensure they comply with licence conditions
 - Establishing Feilding Central Business District as an 'alcohol free' area
 - Administering statutory obligations set by the Sale and Supply of Alcohol Act 2012.
- Registering, monitoring and auditing premises that prepare and sell food
- Monitoring and enforcing legislation relating to hazardous substances and amusement devices
- Monitoring and enforcing bylaw provisions
- Monitoring compliance with land use and subdivision consent conditions
- Educating and providing advice to the public and businesses
- Providing a 24 hours, 7 day a week noise response service.

Overview

In February 2016 a new Environmental Health Officer (EHO) was appointed and has caught up on the backlog of audits and inspections following a four month vacancy caused by a resignation. During this time no audits or inspections of food premises were able to be undertaken, and a number of Food hygiene complaints were

required to be passed onto the Primary Health Unit at Mid Central health in lieu of Council having an internal resource to undertake such investigations.

The district's 56 licensed premises continue to retain their liquor licenses, and all but one premises were inspected over the performance year due to a lack of response from the club. The premises are considered very low risk under the Risk Based Fees measure and will be visited in the following year. One premises failed after a controlled purchase operation was conducted with Police and enforcement action commenced through the Police.

The team have been successful in litter and fly tipping investigations and issuing infringements. The number of complaints regarding nuisances within the community are increasing and as a result the team are looking to take on more prosecutions for repeat offenders.

Noise Complaints continue to be the highest type of activity attended by the Compliance and Enforcement Team. After-hour service for noise complaints is conducted by a contractor, with serial offenders being managed more effectively and efficiently.

What has Council achieved in 2016/2017?

| Level of Service: Ensure a high standard of hygiene is maintained in food premises and other registered premises | | |
|--|-----------------------|---|
| Key Performance Indicator and Target | Target Attained | Comments (if applicable) |
| 100% of all food premises and registered premises are inspected annually. | Target not met | <p>During the year there were 156 registered food premises. Of these 62 have Food Control Plans, 40 of which were inspected.</p> <p>Two premises are on national programmes and are not inspected by Council and two cancelled their registration during the year.</p> <p>Last year Council commenced the transition to the new provision under the Food Act 2014. All licences are required to have transitioned by 30 June 2017 and therefore cannot be inspected until the next financial year.</p> <p>There are 53 other food premises and 41 general registered premises, of which 79 have been inspected – 84% compliance.</p> <p><i>(Last year – target not met – 125 registered food premises and 114 were inspected – 91% compliance.)</i></p> |

| Level of Service: A timely response to requests for service | | |
|--|-----------------|----------------------------------|
| Key Performance Indicator and Target | Target Attained | Comments (if applicable) |
| 90% of the following requests for service are responded and contacted with the timeframes set: | | See individual timeframes below. |

Level of Service: A timely response to requests for service

| Key Performance Indicator and Target | Target Attained | Comments (if applicable) |
|---|-----------------------|--|
| - Issues endangering public health are responded to within 24 hours of notification. | Target not met | <p>Eight complaints regarding food hygiene practices were received and seven were responded to within 24 hours– 88% compliance.</p> <p><i>(Last year – target not met – nine food complaints were received and six were responded to within the set timeframe 67% compliance)</i></p> |
| - Urban noise complaints are responded to within one hour of notification. | Target met | <p>728 urban noise complaints were received, of which 676 were responded to within one hour – 93% compliance.</p> <p><i>(Last year – target met - 644 noise complaints received and 95% responded to within one hour)</i></p> |
| - Other issues that are not endangering public health are responded to within 48 hours of notification. | Target not met | <p>507 requests for service were received, of which 431 were responded to within 48 hours – 85% compliance.</p> <p>The primary reason for not meeting set timeframes was due to increased number of issues being reported to Council.</p> <p><i>(Last year – target not met - 447 requests for service were received and 88% were responded to within the set timeframe)</i></p> |

Level of Service: All licensed premises selling alcohol comply with the appropriate alcohol license they have been issued

| Key Performance Indicator and Target | Target Attained | Comments (if applicable) |
|--|-----------------------|---|
| 100% of all licensed premises are inspected annually | Target not met | <p>55 of the 56 licensed premises selling alcohol were inspected during the year.</p> <p>There was one club not inspected. Several attempts were made to contact them to organise an inspection but we received no response. The premises are considered very low risk under the Risk Based Fees measure and will be visited next year.</p> <p><i>(Last year – target met – All 54 licensed premises were inspected during the year.)</i></p> |

District Planning and Policy

What we do:

Provide a framework, guidance and compliance, to help ensure our natural and physical resources are sustainably managed.

How we do it:

- Implementing a District Plan and policies that reflect the direction given by Central Government and Horizons Regional Council
- Processing resource consents
- Providing planning advice to all customers and input into the approval of liquor licenses, and Land Information Memorandums (LIMs)
- Assessing all building consents to ensure they meet the provisions of the District Plan
- Responding to Horizons Regional Council and Central Government policy proposals where these affect land use and resource management within the district
- Conducting a review of the District Plan every 10 years
- Conducting a review of the state of the district's environment every five years
- Processing private plan change requests and notices of requirements for designations
- Ensuring information about the resource consent application process, district planning and monitoring and the Resource Management Act 1991 (RMA) are up to date and easily accessible via Council's website and at the Council office (hard copy)
- Having a planner on duty on each working week day between the hours of 9am to 1pm at the Council office to assist with general planning or resource consent application enquiries
- Planners are also available outside this timeframe to assist with any planning or resource consent enquiries.

Overview

The performance of the Resource Consent team has been affected by a significant increase in workload over the previous financial year that has necessitated the outsourcing of approximately 65% of consent processing to external consultants for 2-3 months. As a result it has been difficult to achieve the 10 day timeframe for controlled activities, with several consents failing to achieve the 20-day timeframe.

The District Plan Review has progressed throughout the year. Plan Changes 52 (Industrial Zone), 53 (Rural Zone Review), 55 (District Wide rules) and 60 (Designations) were all 'clause 3' notified.

What has Council achieved in 2016/2017?

| Level of Service: A responsive district planning service | | |
|---|-----------------|----------------------------------|
| Key Performance Indicator and Target | Target Attained | Comments (if applicable) |
| 100% of resource management applications are processed and approved as per statutory timeframes specified within the Resource Management Act. | | See individual timeframes below. |

Level of Service: A responsive district planning service

| Key Performance Indicator and Target | Target Attained | Comments (if applicable) |
|--|------------------------------|---|
| <p>- 70 working days for notified and limited notified consents</p> | <p>Target not met</p> | <p>There has been one resource consent that proceeded to a hearing. The processing time was 189 days.</p> <p>This consent required additional time for consideration due to issues raised at the hearing. Additionally operational procedures were found to be ineffective and have since been remedied with a new standard operating procedure.</p> <p><i>(Last year – target met – No consents required a hearing)</i></p> |
| <p>- 20 working days for non-notified resource consents</p> | <p>Target not met</p> | <p>There were 210 non-notified resource consents processed during the year. 165 were processed within the required 20 working days – 79% compliance.</p> <p>The reason for not meeting set timeframes was due to increased numbers of applications putting pressure on resourcing.</p> <p><i>(Last year – target met - 134 consents processed, all within 20 working days.)</i></p> |
| <p>- 50 working days for notified and limited notified resource consents not requiring a hearing</p> | <p>Target met</p> | <p>There were 13 applications processed on a notified or limited notified basis and did not proceed to a hearing. All were processed within 50 working days – 100% compliance</p> <p><i>(Last year – target met – One limited or publicly notified consents that did not require a hearing. This was processed within 50 days.)</i></p> |
| <p>- 10 working days for controlled activities resource consents</p> | <p>Target not met</p> | <p>70 controlled activity resource consent applications were processed during the year, and only six were processed within 10 working days. 50 were processed with the statutory timeframe of 20 working days.</p> <p>Currently controlled activities are complex to process. We are reviewing the activity rules to ensure compliance with a 10 day timeframe required under the Resource Management Amendment Act can be achieved from October 2017.</p> <p><i>(Last year – target not met – 66 controlled consent applications were processed, of which only 16% met the target)</i></p> |

Manawatu District Council
Funding Impact Statement for the year ended 30 June 2017
Environmental and Monitoring Services

| | Actual 2017 \$000 | Annual Plan 2017 \$000 | LTP 2017 \$000 | LTP 2016 \$000 |
|---|----------------------------------|---------------------------------------|-------------------------------|-------------------------------|
| Sources of operating funding | | | | |
| General rates, uniform annual general charges, and rates penalties | 571 | 565 | 552 | 512 |
| Targeted rates | 1,971 | 2,014 | 1,963 | 1,821 |
| Subsidies and grants for operating purposes | 0 | 0 | 0 | 0 |
| Fees and charges | 1,837 | 1,509 | 1,510 | 1,476 |
| Internal charges and overheads recovered | 0 | 0 | 0 | 0 |
| Local authorities fuel tax, fines, infringement fees and other receipts | 61 | 24 | 23 | 23 |
| Total operating funding | 4,441 | 4,112 | 4,048 | 3,832 |
| Applications of operating funding | | | | |
| Payments to staff and suppliers | 2,039 | 2,132 | 1,989 | 2,000 |
| Finance costs | 0 | 0 | 0 | 0 |
| Internal charges and overheads applied | 2,280 | 2,216 | 2,196 | 2,030 |
| Other operating funding applications | 0 | 0 | 0 | 0 |
| Total applications of operating funding | 4,319 | 4,348 | 4,185 | 4,030 |
| Surplus (deficit) of operating funding | 122 | (236) | (137) | (199) |
| Sources of capital funding | | | | |
| Subsidies and grants for capital expenditure | 0 | 0 | 0 | 0 |
| Development and financial contributions | 0 | 0 | 0 | 0 |
| Increase (decrease) in debt | 0 | 0 | 0 | 0 |
| Gross proceeds from sale of assets | 0 | 0 | 0 | 0 |
| Lump sum contributions | 0 | 0 | 0 | 0 |
| Other dedicated capital funding | 0 | 0 | 0 | 0 |
| Total sources of capital funding | 0 | 0 | 0 | 0 |
| Applications of capital funding | | | | |
| Capital expenditure | | | | |
| - to meet additional demand | 0 | 0 | 0 | 0 |
| - to improve the level of service | 0 | 0 | 0 | 0 |
| - to replace existing assets | 0 | 0 | 0 | 0 |
| Increase (decrease) in reserves | 122 | (236) | (137) | (199) |
| Increase (decrease) of investments | 0 | 0 | 0 | 0 |
| Total application of capital funding | 122 | (236) | (137) | (199) |
| Surplus (deficit) of capital funding | (122) | 236 | 137 | 199 |
| Funding balance | 0 | 0 | 0 | 0 |

Environmental and Monitoring Services - Internal Borrowings

There are no loans (internal or external) for this activity.

Governance and Strategy

This group of activities relates to the outcomes



What we do:

Manage elected members' remuneration, run Council meetings, carry out community consultation and engagement, and run Local Body elections. The Governance and Strategy Group also provides strategic planning for the future and works to promote the best interests of the District.

How we do it:

- Having an elected Council comprising of one Mayor and 10 Councillors (Councillors represent three wards: Feilding, Northern rural ward and Southern rural ward)
- Providing the community with excellent governance and sound leadership
- Providing multiple opportunities for you to be involved in the important decisions that Council makes about the Manawatū District
- Having four standing committees and a number of subcommittees
- Working with our community committees
- Working to promote the best interests of the District at Regional and Central Government levels
- Managing finances responsibly.

What has Council achieved in 2016/2017?

|  Level of Service: Responsible management of finance | | |
|---|-------------------|---|
| Key Performance Indicator and Target | Target Attained | Comments (if applicable) |
| Zero breaches of rating or debt levels set in the Financial Strategy | Target met | <p>There have been no breaches of the rating or debt levels set in the financial strategy.</p> <p>The limit for rates increases in the Financial Strategy for the 2016/17 year is 5.9%. The rates set resulted in a 4.6% increase.</p> <p>The borrowing limit in the Financial Strategy for the 2016/17 year is \$74 million with planned borrowings being \$63 million. Year-end borrowing is \$59.6 million.</p> <p><i>(Last year – no breached occurred)</i></p> |

|  Level of Service: Opportunities for community involvement in decision-making. | | |
|---|-----------------------|--|
| Key Performance Indicator and Target | Target Attained | Comments (if applicable) |
| 80% customer satisfaction with the opportunities Council provides for community involvement in decision-making. | Target not met | <p>64% of 340 respondents were satisfied that they have the opportunity to participate in decision making.</p> <p>The survey results were:</p> <ul style="list-style-type: none"> • 12% strongly agree • 52% somewhat agree • 25% somewhat disagree • 11% strongly disagree <p>Source – PublicVoice survey May 2017</p> <p><i>(Last year – target not met – 48% of 397 were satisfied)</i></p> |

Manawatu District Council
Funding Impact Statement for the year ended 30 June 2017
Governance and Strategy

| | Actual 2017 \$000 | Annual Plan 2017 \$000 | LTP 2017 \$000 | LTP 2016 \$000 |
|---|----------------------------------|---------------------------------------|-------------------------------|-------------------------------|
| Sources of operating funding | | | | |
| General rates, uniform annual general charges, and rates penalties | 0 | 0 | 0 | 0 |
| Targeted rates | 2,089 | 2,135 | 1,959 | 1,864 |
| Subsidies and grants for operating purposes | 0 | 0 | 0 | 0 |
| Fees and charges | 0 | 0 | 0 | 0 |
| Internal charges and overheads recovered | 0 | 0 | 0 | 0 |
| Local authorities fuel tax, fines, infringement fees and other receipts | 66 | 66 | 66 | 0 |
| Total operating funding | 2,155 | 2,201 | 2,025 | 1,864 |
| Applications of operating funding | | | | |
| Payments to staff and suppliers | 721 | 850 | 654 | 576 |
| Finance costs | 0 | 0 | 0 | 0 |
| Internal charges and overheads applied | 1,136 | 1,346 | 1,365 | 1,288 |
| Other operating funding applications | 0 | 0 | 0 | 0 |
| Total applications of operating funding | 1,857 | 2,196 | 2,019 | 1,864 |
| Surplus (deficit) of operating funding | 298 | 5 | 6 | 0 |
| Sources of capital funding | | | | |
| Subsidies and grants for capital expenditure | 0 | 0 | 0 | 0 |
| Development and financial contributions | 0 | 0 | 0 | 0 |
| Increase (decrease) in debt | 0 | 0 | 0 | 0 |
| Gross proceeds from sale of assets | 0 | 0 | 0 | 0 |
| Lump sum contributions | 0 | 0 | 0 | 0 |
| Other dedicated capital funding | 0 | 0 | 0 | 0 |
| Total sources of capital funding | 0 | 0 | 0 | 0 |
| Applications of capital funding | | | | |
| Capital expenditure | | | | |
| - to meet additional demand | 0 | 0 | 0 | 0 |
| - to improve the level of service | 0 | 0 | 0 | 0 |
| - to replace existing assets | 15 | 0 | 0 | 51 |
| Increase (decrease) in reserves | 283 | 5 | 6 | (51) |
| Increase (decrease) of investments | 0 | 0 | 0 | 0 |
| Total application of capital funding | 298 | 5 | 6 | 0 |
| Surplus (deficit) of capital funding | (298) | (5) | (6) | 0 |
| Funding balance | 0 | 0 | 0 | 0 |

Governance and Strategy - Internal Borrowings

There are no loans (internal or external) for this activity.

Roading

This group of activities relates to the outcomes



What we do:

Provide a fit for purpose roading network.

How we do it:

Apply life-cycle management practices to maintain and renew the existing infrastructure including:

- 1,364 km of roads
- 380 bridges and large culverts that traverse waterways
- Footpaths and cycle paths to provide multi-modal transport
- Concrete kerb and channelling to aid urban street drainage
- Stormwater sumps and chambers to manage the removal of surface water
- Small diameter culverts as part of land drainage
- Rural roadside drains as part of land drainage
- Structural retaining walls to support road pavements
- Advisory and safety signage to provide awareness to road users
- Safety lighting for night time driving
- Redevelopment of Feilding Central Business District

Overview

Ongoing shared services continue with Rangitikei District Council in providing Asset Management and Engineering services. Opportunities continued to be explored with all our neighbouring local authorities to advance collaboration of specialist work functions.

The total cost of restoring the flood damage caused by the June 2015 storm event was \$6.1 million. \$3.1 million was expended in 2015/16 financial leaving a budget of \$3.0 million for the 2016/17 financial year. The majority of the permanent reinstatement of under-slips required the construction of 32 retaining walls, this is now complete. Three bridges were severely damaged. Arapata has been replaced, the approaches to Reu Reu Bridge have been repaired and Nannestad Bridge is passable but with restrictions. After a prolonged consenting process, work is expected to commence on Nannestad Bridge in September 2018. Cyclones Debbie and Cook caused further under-slips which have also been repaired.

Work has been completed for 59km of chip seal and asphaltic concrete re-surfacing.

Improvements have been carried out in conjunction with rehabilitation work improve safety. Achievements include the realignment of the dangerous Halcombe Road/Fergusson Road Intersection and the completion of 4.7km of Area Wide Treatment.

The 4.6km long Cheltenham Cross Road and a 4.0km section of the Makoura Road have had their seals extended.

Urban reconstruction include Stage 3 Pharazyn Street urban growth, which includes roading, footpaths, street lighting, utilities and services. Reconstruction of Wellington Street and Seddon Street (North) is well advanced..

What has Council achieved in 2016/2017?

| Level of Service: Road users can get to where they need to go safely using our road network | | |
|---|-----------------------|--|
| Key Performance Indicator and Target | Target Attained | Comments (if applicable) |
| The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network to increase by no more than five on the previous year. | Target met | <p>The Police Crash Analysis System (CAS) is only available to 1 April 2017.</p> <p>For the period 1 April 2016 to 1 April 2017 there was two fatal crashes and 12 serious injury crashes.</p> <p>For the same period last year there were eight fatal crashes and 22 serious injury crashes.</p> <p>This represents a reduction in the number of fatalities and serious injury crashes on the Council's road network.</p> <p><i>(Last year – target met – for the period 1 July 2015 to 1 February 2016 there were three fatal crashes, with three fatalities, and eight serious injury crashes, with nine serious injuries. This represented a reduction from the previous year)</i></p> |
| 90% customer satisfaction that our roading network was safe to use (customer satisfaction survey) | Target not met | <p>77% of 415 respondents are satisfied that the road will get them safely to their destination.</p> <p>The survey results were:</p> <ul style="list-style-type: none"> 28% strongly agree 49% somewhat agree 14% somewhat disagree 9% strongly disagree <p>Source – PublicVoice survey May 2017</p> <p><i>(Last year – target not met – 85% of 401 were satisfied)</i></p> |

| Level of Service: Road to be in good condition | | |
|--|-----------------------|---|
| Key Performance Indicator and Target | Target Attained | Comments (if applicable) |
| The annual average as per the Smooth Travel Exposure (STE) index on sealed roads. No target was set in the Long Term Plan. The target has been subsequently set at 90% or more. | Target met | <p>The STE index for:</p> <ul style="list-style-type: none"> • urban roads – 91% • rural roads – 95% • all roads – 94% <p><i>(Last year – target met – The STE index were, urban 95%, rural 99% and all roads 98%)</i></p> |
| 95% customer satisfaction that the | Target not met | 70% of 417 respondents were satisfied that the roads are in good condition and their journey is what they expected |

Level of Service: Road to be in good condition

| Key Performance Indicator and Target | Target Attained | Comments (if applicable) |
|--|-----------------|--|
| quality of the ride is as they would expect. | | <p>The survey results were:</p> <p>24% strongly agree</p> <p>46% somewhat agree</p> <p>16% somewhat disagree</p> <p>14% strongly disagree</p> <p>Source – PublicVoice survey May 2017</p> <p><i>(Last year – target not met – 76% of 402 were satisfied)</i></p> |

Level of Service: The roading network to be well maintained

| Key Performance Indicator and Target | Target Attained | Comments (if applicable) |
|--|-------------------|--|
| 5% of the sealed local road network is resurfaced each year. | Target met | <p>Council maintain a sealed roading network of 990.9 km. This year 58.86 km or 5.9% have been resealed.</p> <p><i>(Last year – target met – 65.6km or 6.7% of the network was resealed)</i></p> |

Level of Service: Well maintained footpaths

| Key Performance Indicator and Target | Target Attained | Comments (if applicable) |
|---|-------------------|---|
| 95% of the district's footpaths are within acceptable defect levels, for example cracking, breaks, high lips, trip hazards as determined in the Roding Asset Management Plan. | Target met | <p>99.7% of footpaths (by length) rated as condition 1-4. Condition 5 is considered to be unacceptable as defects present trip hazards.</p> <p>condition 1 – excellent - 39.3%</p> <p>condition 2 – good - 30.8%</p> <p>condition 3 – satisfactory - 25.3%</p> <p>condition 4 – poor (showing deterioration but not hazardous) - 4.3%</p> <p>condition 5 – trip hazards exist .- 0.3%</p> <p><i>(Last year – target met – 98% were rated condition 1-4)</i></p> |

Level of Service: People can easily get to where they want to go

| Key Performance Indicator and Target | Target Attained | Comments (if applicable) |
|---|-----------------------|---|
| 90% customer satisfaction that the network was accessible, easy to navigate and there was adequate signage. | Target not met | <p>88% of 415 respondents were satisfied that the road network has enough signage and is easy to navigate.</p> <p>The survey results were:</p> <p>31% strongly agree</p> <p>57% somewhat agree</p> <p>8% somewhat disagree</p> <p>4% strongly disagree</p> <p>Source – PublicVoice survey May 2017</p> <p><i>(Last year – target not met – 86% of 401 respondents were satisfied)</i></p> |

Level of Service: Timely response to requests for service

| Key Performance Indicator and Target | Target Attained | Comments (if applicable) |
|--|-----------------------|---|
| 90% of requests for service are responded and contacted within the timeframes set: | | See individual timeframes below |
| - Urgent requests for service responded to within one hour of Council receiving the request. | Target met | <p>180 urgent requests for service were received. All were responded to within the 60 minutes of Council receiving the request – 100% compliance.</p> <p><i>(Last year – target not met- Until 4 May 2016 Council were unable to report against this target. Between 5 May and 30 June 23 requests were received and all were responded to within the set timeframe)</i></p> |
| - Contracted service personnel are on site for urgent requests within one hour of the contractor receiving Council's notification. | Target not met | <p>For 64% of the urgent requests for service above, contactors were on-site within one hour of receiving Council's notification.</p> <p><i>(Last year – target not met - Until 4 May 2016 Council were unable to report against this target. Between 5 May and 30 June 23 requests were received and contractors were on-site within the hour for 61% of the requests)</i></p> |
| - For urgent requests the road network | Target met | For all the urgent requests, the road network was reinstated as soon as possible. |

Level of Service: Timely response to requests for service

| Key Performance Indicator and Target | Target Attained | Comments (if applicable) |
|--|-----------------------|--|
| reinstated as soon as possible. | | <p>The initial response normally occurs within two hours. If practical the contractor will remedy the situation immediately. If this cannot be done the site will be made safe and work will commence as agreed with Council.</p> <p><i>(Last year – target met)</i></p> |
| <ul style="list-style-type: none"> - Notifying customers when the road network has been reinstated within one hour of Council receiving confirmation from contracted service personnel. | Target not met | <p>When a customer lodges a request they are asked if they require notification when the road network has been reinstated. There were 14 requests for notification and 79% were actioned within the required timeframe.</p> <p><i>(Last year – target not met - Until 4 May 2016 Council were unable to report against this target. Between 5 May and 30 June there were 15 requests for notification and two were actioned within the required timeframe)</i></p> |
| <ul style="list-style-type: none"> - Responding, acknowledging and resolving non-urgent requests within five days of receipt. | Target not met | <p>There were 1,189 non-urgent requests received. 45% were responded to, acknowledged and resolved within five days of receipt.</p> <p><i>(Last year – target not met - Until 4 May 2016 Council were unable to report against this target. Between 5 May and 30 June 194 non urgent requests were received and 35% were resolved with five working days)</i></p> |

Manawatu District Council
Funding Impact Statement for the year ended 30 June 2017
Roading Network

| | Actual 2017 \$000 | Annual Plan 2017 \$000 | LTP 2017 \$000 | LTP 2016 \$000 |
|---|-------------------------|------------------------------|----------------------|----------------------|
| Sources of operating funding | | | | |
| General rates, uniform annual general charges, and rates penalties | 57 | 56 | 56 | 55 |
| Targeted rates | 6,133 | 6,101 | 6,110 | 5,913 |
| Subsidies and grants for operating purposes | 4,068 | 2,282 | 2,227 | 2,187 |
| Fees and charges | 6 | 0 | 0 | 0 |
| Internal charges and overheads recovered | 0 | 0 | 0 | 0 |
| Local authorities fuel tax, fines, infringement fees and other receipts | 202 | 187 | 187 | 184 |
| Total operating funding | 10,466 | 8,626 | 8,580 | 8,339 |
| Applications of operating funding | | | | |
| Payments to staff and suppliers | 5,956 | 4,453 | 4,347 | 4,292 |
| Finance costs | 164 | 198 | 198 | 197 |
| Internal charges and overheads applied | (16) | 318 | 370 | 346 |
| Other operating funding applications | 0 | 0 | 0 | 0 |
| Total applications of operating funding | 6,104 | 4,969 | 4,915 | 4,835 |
| Surplus (deficit) of operating funding | 4,362 | 3,657 | 3,665 | 3,504 |
| Sources of capital funding | | | | |
| Subsidies and grants for capital expenditure | 4,360 | 4,786 | 3,603 | 3,692 |
| Development and financial contributions | 282 | 133 | 133 | 131 |
| Increase (decrease) in debt | (88) | (84) | (84) | 33 |
| Gross proceeds from sale of assets | 0 | 0 | 0 | 0 |
| Lump sum contributions | 0 | 0 | 0 | 0 |
| Other dedicated capital funding | 0 | 0 | 0 | 0 |
| Total sources of capital funding | 4,554 | 4,835 | 3,652 | 3,856 |
| Applications of capital funding | | | | |
| Capital expenditure | | | | |
| - to meet additional demand | 680 | 1,458 | 133 | 1,381 |
| - to improve the level of service | 1,068 | 1,168 | 765 | 887 |
| - to replace existing assets | 9,762 | 9,081 | 6,693 | 6,965 |
| Increase (decrease) in reserves | (2,594) | (3,215) | (274) | (1,873) |
| Increase (decrease) of investments | 0 | 0 | 0 | 0 |
| Total application of capital funding | 8,916 | 8,492 | 7,317 | 7,360 |
| Surplus (deficit) of capital funding | (4,362) | (3,657) | (3,665) | (3,504) |
| Funding balance | 0 | 0 | 0 | 0 |
| Roading Network - Internal Borrowings | | | | |
| Opening balance 1 July | 2,758 | | | |
| Internal loans raised during the year | 0 | | | |
| Internal loans repaid during the year | (88) | | | |
| Closing balance at 30 June | 2,671 | | | |

All external borrowing is managed through Council's treasury function which borrows externally to maintain sufficient liquidity for the day-to-day operations. Internal loans are raised by the activity from Council's treasury.

The interest charged on internal borrowings for the year ended 30 June 2017 is disclosed above under finance costs.

Solid Waste

This group of activities relates to the outcomes



What we do:

Provide a refuse bag collection service, recycling service and work with the community to minimise waste.

How we do it:

- Providing weekly refuse bag collection service to urban and selected rural areas
- Providing kerbside recycling to Feilding residents and businesses
- Providing rural recycling facilities in selected villages
- Providing waste transfer stations
- Providing litterbin services
- Providing bulk rural refuse collection
- Removing fly-tipping
- Reviewing our Waste Minimisation Management Plan
- Meeting our legal obligations to the Waste Minimisation Act 2008, Local Government Act 2002, Health Act 1956 and Resource Management Act 1991 to provide solid waste services
- Supporting the Enviroschools programme
- Delivering waste education programmes
- Inspecting solid waste collection points to ensure safety and avoid health risks
- Providing educational material to households, farmers, schools and businesses educating them of the benefits of diverting more waste from landfill through recycling

Overview

Total waste volumes continued to increase over the previous year. This was largely due to more commercial waste being consolidated at Feilding Transfer Station. Kerbside recycling tonnages collected was similar to the previous year (total collected 1,300 tonnes) and total recyclables collected was down by 3.5% over previous year (total collected 2,014 Tonnes).

Council has five Mobile Recycling Centres collecting recyclables from rural communities (Tangimoana, Himatangi Beach, Rongotea, Sanson and Pohangina) which provide a low cost community recycling service. Capacity at two sites has been doubled to reduce servicing costs and provide a more easily managed site.

The Enviroschools programme continues to prove to be popular with three additional schools joining in making a total of 10 schools participating

What has Council achieved in 2016/2017?

| Level of Service: Access to waste management services | | |
|--|-------------------|--|
| Key Performance Indicator and Target | Target Attained | Comments (if applicable) |
| 90% of rural residents have convenient council refuse bag drop-off points less than 10km from their homes. | Target met | 94% of rural residents are within 10km of a rural refuse collection point <i>(Last year – target met – 94%)</i> |
| 100% mobile recycling centres (MRC) are conveniently located in identified villages. | Target met | MRCs are conveniently located in identified villages. (i.e. within 5km of village centre) |

Level of Service: Access to waste management services

| Key Performance Indicator and Target | Target Attained | Comments (if applicable) |
|--------------------------------------|-----------------|--|
| | | <p>Identified villages are based on historic submission and requests – Sanson, Himatangi Beach, Pohangina, Tangimoana and Rongotea.</p> <p>Council adopted a new Waste Management and Minimisation Plan (WMMP) in June 2017 which identified a need for MRCs in Halcombe and Apiti. These will be installed early in the 2017/18 financial year. Council is also planning to trial a MRC in Cheltenham in the 2017/18 financial year.</p> <p><i>(Last year – target met)</i></p> |

Level of Service: Waste education programmes to encourage recycling

| Key Performance Indicator and Target | Target Attained | Comments (if applicable) |
|--|-------------------|---|
| Two waste education programmes delivered per annum | Target met | <p>Nine schools received waste minimisation programmes from Waste Education NZ- Cheltenham, Kiwitea, Hiwinui, Kimbolton, North Street, Sanson, Tangimoana, Awahou and Rongotea.</p> <p>There are nine schools enrolled in the EnviroSchools programme. One less than last year. Activities this year included:</p> <ul style="list-style-type: none"> • Manchester School- NZ Athropods • Mount Biggs School – Vision mapping • Newbury School – Living landscapes • Apiti School – Whanaungatanga workshop • Puddleducks – Vision mapping • Secret Garden – Review of activities • Cluster workshop - Maori tikanga • Manchester Street School -Silver status review • Gails Childcare Centre- Reducing waste workshop <p>(Schools in EnviroSchools programme are: Manchester, Kimbolton, Apiti, Mount Biggs, Newbury and Sanson Schools. Early childhood Centres: Puddleducks, Gails Childcare Centre and Secret Garden)</p> <p><i>(Last year – target met – Seven schools and one early childhood centre received waste minimisation programmes and 10 schools enrolled in the EnviroSchools programme)</i></p> |

Level of Service: Cost effective solid waste services

| Key Performance Indicator and Target | Target Attained | Comments (if applicable) |
|--|--------------------------|---|
| <p>Solid waste service costs are within 10% per tonne to landfill of the average of neighbouring communities</p> | <p>Target met</p> | <p>There is commercial sensitivity regarding individual organisations (Council or private provider) and we are not able to report against this measure as stated.</p> <p>The intention of this measure is to compare the cost to the ratepayer and the measure has been redefined to the cost to our residents (gate charges) being no more than 10% per tonne higher than the average of our neighbouring communities.</p> <p>Rangitikei are 21% less than MDC.</p> <p>Horowhenua are 10% more than MDC.</p> <p>Palmerston North are 27% more than MDC.</p> <p>Tararua are 20% less than MDC.</p> <p>Whanganui are 23% more than MDC.</p> <p><i>(Last year – target met – the cost to ratepayers was no more than 10% per tonne higher than the average of our neighbouring communities)</i></p> |

Manawatu District Council
Funding Impact Statement for the year ended 30 June 2017
Solid Waste

| | Actual 2017 \$000 | Annual Plan 2017 \$000 | LTP 2017 \$000 | LTP 2016 \$000 |
|---|-------------------------|------------------------------|----------------------|----------------------|
| Sources of operating funding | | | | |
| General rates, uniform annual general charges, and rates penalties | 0 | 0 | 0 | 0 |
| Targeted rates | 1,657 | 1,670 | 1,672 | 1,644 |
| Subsidies and grants for operating purposes | 111 | 99 | 94 | 91 |
| Fees and charges | 945 | 908 | 677 | 652 |
| Internal charges and overheads recovered | 0 | 0 | 0 | 0 |
| Local authorities fuel tax, fines, infringement fees and other receipts | 13 | 1 | 1 | 1 |
| Total operating funding | 2,726 | 2,678 | 2,443 | 2,388 |
| Applications of operating funding | | | | |
| Payments to staff and suppliers | 2,423 | 2,152 | 1,911 | 1,832 |
| Finance costs | 41 | 79 | 79 | 69 |
| Internal charges and overheads applied | 241 | 397 | 409 | 402 |
| Other operating funding applications | 0 | 0 | 0 | 0 |
| Total applications of operating funding | 2,705 | 2,628 | 2,399 | 2,303 |
| Surplus (deficit) of operating funding | 20 | 50 | 44 | 85 |
| Sources of capital funding | | | | |
| Subsidies and grants for capital expenditure | 0 | 0 | 0 | 0 |
| Development and financial contributions | 0 | 0 | 0 | 0 |
| Increase (decrease) in debt | (25) | 713 | 713 | (59) |
| Gross proceeds from sale of assets | 0 | 0 | 0 | 0 |
| Lump sum contributions | 0 | 0 | 0 | 0 |
| Other dedicated capital funding | 0 | 0 | 0 | 0 |
| Total sources of capital funding | (25) | 713 | 713 | (59) |
| Applications of capital funding | | | | |
| Capital expenditure | | | | |
| - to meet additional demand | 0 | 0 | 0 | 0 |
| - to improve the level of service | 42 | 785 | 784 | 5 |
| - to replace existing assets | 0 | 0 | 0 | 0 |
| Increase (decrease) in reserves | (47) | (22) | (27) | 21 |
| Increase (decrease) of investments | 0 | 0 | 0 | 0 |
| Total application of capital funding | (5) | 763 | 757 | 26 |
| Surplus (deficit) of capital funding | (20) | (50) | (44) | (85) |
| Funding balance | 0 | 0 | 0 | 0 |
| Solid Waste - Internal Borrowings | | | | |
| Opening balance 1 July | 245 | | | |
| Internal loans raised during the year | 38 | | | |
| Internal loans repaid during the year | (63) | | | |
| Closing balance at 30 June | 220 | | | |

All external borrowing is managed through Council's treasury function which borrows externally to maintain sufficient liquidity for the day-to-day operations. Internal loans are raised by the activity from Council's treasury.

The interest charged on internal borrowings for the year ended 30 June 2017 is disclosed above under finance costs.

Stormwater

This group of activities relates to the outcomes



What we do:

Provide a network of stormwater systems throughout the District.

How we do it:

- Maintaining reticulated stormwater systems in Feilding, Rongotea and Sanson including inlets, pipes, open drains, and outlets to receiving environments
- Carrying out significant ongoing maintenance to the four rural drainage schemes: Bainesse, Maire, Makowhai and Oroua
- Maintaining shared stormwater assets in Himatangi Beach, Halcombe, Apiti, Kimbolton, Pohangina, Rangiwahia and Cheltenham.

Overview

There have been no incidents relating to contaminated stormwater discharges to streams or watercourses. MDC have investigated a couple of issues where apparent trade waste was discharged to stormwater drains, these were caught and isolated before there were any discharges to streams.

Major stormwater work was planned and completed for Stage Two Pharazyn Street and a section stormwater line on West Street. West Street was a renewal of an existing 1800mm diameter steel Helcor pipe that was rusted and caused a safety concern for traffic. Stage Three Pharazyn Street saw the completion of the stormwater upgrade between Root Street and Reid Line West.

What has Council achieved in 2016/2017?

| Level of Service: Stormwater system adequacy | | |
|--|-------------------|---|
| Key Performance Indicator and Target | Target Attained | Comments (if applicable) |
| The number of flooding events that occur in the district. | | |
| - Less than 10 habitable floors per 1000 properties affected by flooding per flooding event that occurred in the district. | Target met | No flooding of habitable floors was reported during the year. <i>(Last year – target met – no flooding of habitable floors was reported)</i> |

| Level of Service: Comply with discharge consent conditions | | |
|---|-------------------|---|
| Key Performance Indicator and Target | Target Attained | Comments (if applicable) |
| Less than two abatement notices received advising breaches of resource consent. | Target met | No abatement notices were received during the year. <i>(Last year target met – no abatement notices were received)</i> |

Level of Service: Comply with discharge consent conditions

| Key Performance Indicator and Target | Target Attained | Comments (if applicable) |
|--|-------------------|---|
| Zero infringement notices, enforcement orders or convictions received advising breaches of resource consent conditions per scheme. | Target met | No infringement notices, enforcement orders or convictions were received during the year. <i>(Last year – target met – no infringement notices, enforcement orders or convictions were received)</i> |

Level of Service: Respond to flooding events in a timely manner

| Key Performance Indicator and Target | Target Attained | Comments (if applicable) |
|--|-------------------|---|
| Median response times to attend flooding events is within two hours – from the time notification is received to the time the service personnel reach the site. | Target met | No flooding events occurred during the year. <i>(Last year – target met – no flooding events occurred)</i> |

Level of Service: Satisfaction with stormwater service

| Key Performance Indicator and Target | Target Attained | Comments (if applicable) |
|---|-------------------|--|
| Less than six complaints per annum, per 1,000 property connections. | Target met | During the year Council received 34 complaints relating to the stormwater service. This represents 5.1 complaints per 1,000 property connections. <i>(Last year – target met – 35 complaints were received which represents 5.3 complaints per 1,000 properties connected)</i> |

Manawatu District Council
Funding Impact Statement for the year ended 30 June 2017
Stormwater

| | Actual 2017 \$000 | Annual Plan 2017 \$000 | LTP 2017 \$000 | LTP 2016 \$000 |
|---|-------------------------|------------------------------|----------------------|----------------------|
| Sources of operating funding | | | | |
| General rates, uniform annual general charges, and rates penalties | 179 | 177 | 185 | 166 |
| Targeted rates | 667 | 681 | 710 | 635 |
| Subsidies and grants for operating purposes | 0 | 0 | 0 | 0 |
| Fees and charges | 0 | 0 | 0 | 0 |
| Internal charges and overheads recovered | 0 | 0 | 0 | 0 |
| Local authorities fuel tax, fines, infringement fees and other receipts | 0 | 0 | 0 | 0 |
| Total operating funding | 846 | 858 | 895 | 801 |
| Applications of operating funding | | | | |
| Payments to staff and suppliers | 238 | 350 | 346 | 298 |
| Finance costs | 240 | 361 | 361 | 302 |
| Internal charges and overheads applied | 92 | 21 | 40 | 42 |
| Other operating funding applications | 0 | 0 | 0 | 0 |
| Total applications of operating funding | 570 | 732 | 747 | 642 |
| Surplus (deficit) of operating funding | 277 | 126 | 148 | 159 |
| Sources of capital funding | | | | |
| Subsidies and grants for capital expenditure | 0 | 0 | 0 | 0 |
| Development and financial contributions | 182 | 244 | 244 | 240 |
| Increase (decrease) in debt | 737 | 1,678 | 697 | 1,930 |
| Gross proceeds from sale of assets | 130 | 0 | 0 | 0 |
| Lump sum contributions | 0 | 0 | 0 | 0 |
| Other dedicated capital funding | 0 | 0 | 0 | 0 |
| Total sources of capital funding | 1,049 | 1,922 | 941 | 2,170 |
| Applications of capital funding | | | | |
| Capital expenditure | | | | |
| - to meet additional demand | 592 | 1,542 | 771 | 1,989 |
| - to improve the level of service | 149 | 211 | 0 | 0 |
| - to replace existing assets | 384 | 863 | 383 | 349 |
| Increase (decrease) in reserves | 201 | (568) | (65) | (10) |
| Increase (decrease) of investments | 0 | 0 | 0 | 0 |
| Total application of capital funding | 1,326 | 2,048 | 1,089 | 2,329 |
| Surplus (deficit) of capital funding | (277) | (126) | (148) | (159) |
| Funding balance | 0 | 0 | 0 | 0 |
| Storm Water - Internal Borrowings | | | | |
| Opening balance 1 July | 4,027 | | | |
| Internal loans raised during the year | 804 | | | |
| Internal loans repaid during the year | (68) | | | |
| Closing balance at 30 June | 4,764 | | | |

All external borrowing is managed through Council's treasury function which borrows externally to maintain sufficient liquidity for the day-to-day operations. Internal loans are raised by the activity from Council's treasury.

The interest charged on internal borrowings for the year ended 30 June 2017 is disclosed above under finance costs.

Wastewater

This group of activities relates to the outcomes



What we do:

Collect, treat and dispose of wastewater.

How we do it:

- Maintaining reticulated wastewater systems in Feilding, Awahuri, Cheltenham, Halcombe, Kimbolton, Rongotea, Sanson and Himatangi Beach
- Maintaining partially treated effluent systems and disposal from septic tanks located in Awahuri, Cheltenham and Kimbolton
- Ensuring we meet resource consent requirements for the discharge of treated water to either land or water from the District’s Wastewater Treatment Plants
- Ensuring we meet statutory obligations under the Local Government Act 2002, Health Act 1956 and Resource Management Act 1991

Overview

Reticulation renewals have included lining of sections of deep sewer. The deep sewers could not have been replaced by any other means without severe disruption to road users and impact on the roading network. New wastewater pipes continue to be laid to provide infrastructure to new development in north Feilding (Precinct 4).

MDC is working with Horizons Regional Council to make improvements to all treatment plants that improve wastewater quality and disposal. Where practicable, the use of improved aeration and land based irrigation has made significant difference to performance.

Resource consent for the Feilding Wastewater Treatment Plant was granted last year with the consent conditions being confirmed by the Environment Court on November 2016. The Commission’s final decision was to grant a resource consent for a period of 10 years for discharge to river and 35 years for discharge to land.

Consent renewal applications were lodged for the Cheltenham and Halcombe wastewater treatment plants. Both are still awaiting the outcome of consultation.

On-line reporting and monitoring of all plants has enabled MDC to improve the management of these plants and allows full transparency to Horizons Regional Council for their own monitoring. However, few of the MDC wastewater treatment plants are yet to achieve full compliance with all consent conditions.

What has Council achieved in 2016/2017?

| Level of Service: Adequate management of wastewater system | | |
|--|-----------------------|---|
| Key Performance Indicator and Target | Target Attained | Comments (if applicable) |
| Less than six dry weather overflows per scheme from Council's sewerage system reported per scheme. | Target not met | <p>During the year there were eight dry weather overflows in Feilding and one in Sanson. The Feilding scheme exceeded the target.</p> <p>From a district wide perspective this represent 1.2 overflows per 1,000 connections across the district (target 6.9 per 1,000 connections).</p> <p><i>(Last year – target met -five dry weather events in Feilding and one in Sanson. This represents 0.9 overflows per 1,000 connections)</i></p> |

Level of Service: Discharge compliance

| Key Performance Indicator and Target | Target Attained | Comments (if applicable) |
|--|-------------------|--|
| Less than two abatement notices received advising of breaches of resource consent conditions. | Target met | No abatement notices were received. <i>(Last year – target met – no abatement notices were received)</i> |
| Zero infringement notices, enforcement orders or convictions received advising of breaches of resource consent conditions. | Target met | No infringement notices, enforcement orders or convictions received. <i>(Last year – target met – no infringement notices, enforcement orders or convictions were received)</i> |

Level of Service: Faults are responded to and resolved in a timely manner

| Key Performance Indicator and Target | Target Attained | Comments (if applicable) |
|--|-------------------|---|
| Median attendance time to sewerage overflows within two hours – from the receipt of the notification to the time service personnel reach the site. | Target met | There were 13 overflows during the year. <ul style="list-style-type: none"> - 8 dry weather - Feilding - 1 dry weather - Sanson - 4 wet weather – Feilding The median response time was 0.9 hours. <i>(Last year – target not met – there were 15 overflows but data was not available to record response times for the whole year)</i> |
| Median resolution time within five hours – from the receipt of the notification to the time the service personnel confirm resolution of the blockage or other fault. | Target met | The median resolution time to the 13 overflows above was 3.3 hours. <i>(Last year – target not met – there were 15 overflows but data was not available to record resolution times for the whole year)</i> |

Level of Service: Satisfaction with wastewater service

| Key Performance Indicator and Target | Target Attained | Comments (if applicable) |
|---|-------------------|---|
| Less than six complaints per 1,000 connections received | Target met | During the year 58 complaints were received. This represent 8.7 complaints per 1,000 connections (the overall target for all categories is 24 per 1,000 connections). |

Level of Service: Satisfaction with wastewater service

| Key Performance Indicator and Target | Target Attained | Comments (if applicable) |
|--|-----------------|--|
| <p>per category per annum.</p> <p>Complaints are those relating to odour, system faults, system blockages and Council's response to issues within its sewerage system.</p> | | <ul style="list-style-type: none"> - 30 relating to system failures (4.5 per 1,000 connections) - 2 relating to the level of response (0.3 per 1,000 connections) - 24 relating to blockages (3.5 per 1,000 connections) - 2 relating to odour (0.3 per 1,000 connections) <p><i>(Last year – target met - 46 complaints were received which represented 6.6 complaints per 1,000 connections)</i></p> |

Manawatu District Council
Funding Impact Statement for the year ended 30 June 2017
Wastewater

| | Actual 2017 \$000 | Annual Plan 2017 \$000 | LTP 2017 \$000 | LTP 2016 \$000 |
|---|----------------------------------|---------------------------------------|-------------------------------|-------------------------------|
| Sources of operating funding | | | | |
| General rates, uniform annual general charges, and rates penalties | 0 | 0 | 0 | 0 |
| Targeted rates | 4,573 | 4,567 | 4,849 | 4,510 |
| Subsidies and grants for operating purposes | 34 | 0 | 0 | 0 |
| Fees and charges | 865 | 956 | 745 | 708 |
| Internal charges and overheads recovered | 0 | 0 | 0 | 0 |
| Local authorities fuel tax, fines, infringement fees and other receipts | 18 | 0 | 0 | 0 |
| Total operating funding | 5,490 | 5,523 | 5,594 | 5,218 |
| Applications of operating funding | | | | |
| Payments to staff and suppliers | 2,191 | 2,907 | 2,853 | 2,823 |
| Finance costs | 1,457 | 1,506 | 1,571 | 1,404 |
| Internal charges and overheads applied | 654 | 21 | 27 | 33 |
| Other operating funding applications | 0 | 0 | 0 | 0 |
| Total applications of operating funding | 4,302 | 4,434 | 4,451 | 4,260 |
| Surplus (deficit) of operating funding | 1,188 | 1,089 | 1,143 | 958 |
| Sources of capital funding | | | | |
| Subsidies and grants for capital expenditure | 0 | 0 | 0 | 0 |
| Development and financial contributions | 547 | 271 | 280 | 268 |
| Increase (decrease) in debt | 4,136 | 3,464 | 2,336 | 3,195 |
| Gross proceeds from sale of assets | 0 | 0 | 0 | 0 |
| Lump sum contributions | 0 | 0 | 0 | 0 |
| Other dedicated capital funding | 0 | 0 | 0 | 0 |
| Total sources of capital funding | 4,683 | 3,735 | 2,616 | 3,463 |
| Applications of capital funding | | | | |
| Capital expenditure | | | | |
| - to meet additional demand | 449 | 500 | 0 | 1,477 |
| - to improve the level of service | 4,770 | 3,486 | 2,802 | 2,361 |
| - to replace existing assets | 1,827 | 3,844 | 2,623 | 3,889 |
| Increase (decrease) in reserves | (1,175) | (3,006) | (1,666) | (3,306) |
| Increase (decrease) of investments | 0 | 0 | 0 | 0 |
| Total application of capital funding | 5,871 | 4,824 | 3,759 | 4,421 |
| Surplus (deficit) of capital funding | (1,188) | (1,089) | (1,143) | (958) |
| Funding balance | 0 | 0 | 0 | 0 |
| Waste Water - Internal Borrowings | | | | |
| Opening balance 1 July | 23,310 | | | |
| Internal loans raised during the year | 4,756 | | | |
| Internal loans repaid during the year | (621) | | | |
| Closing balance at 30 June | 27,446 | | | |

All external borrowing is managed through Council's treasury function which borrows externally to maintain sufficient liquidity for the day-to-day operations. Internal loans are raised by the activity from Council's treasury.

The interest charged on internal borrowings for the year ended 30 June 2017 is disclosed above under finance costs.

Water Supply

This group of activities relates to the outcomes



What we do:

Undertake water treatment to ensure that it is safe to drink and also ensure there is enough water stored for supply.

How we do it:

Apply life-cycle management practices to maintain and renew the existing infrastructure including:

- Providing a potable water supply to meet residential, industrial/commercial, fire-fighting and agricultural needs via Council's six water schemes: Feilding, Himatangi Beach, Sanson, Rongotea and rural water schemes in Stanway/Halcombe and Waituna West
- Maintaining Council's water treatment plants and water storage facilities
- Maintaining and repairing Council's reticulation network system
- Monitoring, managing the demand for water
- Administering the following two rural water supply schemes that are community operated – Kiwitea and Oroua No.1
- Ensuring that all Council water schemes potable water quality meets New Zealand Drinking Water Standards

Overview

Himatangi and Sanson Water treatment upgrades remain on track to be completed 2017/18. Both projects will result in secure bores with improved fire fighting storage capacity.

Stanway-Halcombe rural water scheme Stage Two upgrade completed, Rongotea water supply scheme commissioning fully completed. This was a new water supply (2016) that provides sufficient water for residents as well as future firefighting capability for the town.

The Asbestos cement and cast iron water renewal program continued in Feilding. Watermain renewals were completed in; West Street, South Street, Andrew Street, Montagu Street, Reid Line West, Pharazyn Street and Sandon Road.

What has Council achieved in 2016/2017?

| Level of Service: Potable water supply is safe to drink. | | |
|--|-----------------------|---|
| Key Performance Indicator and Target | Target Attained | Comments (if applicable) |
| 100% New Zealand Drinking Water Standard Compliance | | |
| - Criteria for bacteria are met. | Target not met | <p>All samples taken showed that the water was safe i.e.no positive E coli.</p> <p>However, there was technical non-compliance as not enough samples were taken at various times during the year.</p> <ul style="list-style-type: none"> - Feilding - September 2016 (one five minute incident which is believed to have been an equipment recalibration issue) - Feilding - June 2017 (the continuous monitoring did not work for a three minute period) |

| | | |
|---------------------------------|-----------------------|--|
| | | <ul style="list-style-type: none"> - Himatangi Beach and Rongotea, July – November 2016 (frequency of sampling) - Himatangi Beach, Rongotea, Sanson, Stanway-Halcombe & Waituna West, May 2017 (one sample not taken) <p><i>(Last year – target not met – There was technical non-compliance in Feilding as not enough sample were taken. Rongotea came on line in October 2016 and the secure bore status was still being assessed.)</i></p> |
| - Criteria for protozoa are met | Target not met | <p>Feilding did not demonstrate compliance in March and May.</p> <p>The only treatment at Sanson was chlorination and the scheme does not comply. A new supply is being installed that will comprise a new deep bore and a new storage tank. Secure bore status to be sought once the new bore is in place to address protozoa compliance.</p> <p>Himatangi Beach and Rongotea supply did not comply. There was no treatment for protozoa as secure bore status was being sought. Secure bore status was obtained in for Himatangi Beach in March 2017 and Rongotea in June 2017.</p> <p>Stanway – Halcombe supply did not comply. The rural water supply is predominantly for stock watering. Treatment is being investigated for village supply. The bore is not secure and obtaining secure bore status is unlikely and an upgrade is being planned.</p> <p>Waituna West has secure bore status and is not required to demonstrate compliance.</p> <p><i>(Last year – target not met - Feilding and Waituna West were compliant. Himatangi Beach and Rongotea did not comply as there was no treatment while they seeking awaiting secure bore status. Sanson and Stanway–Halcombe supplies could not demonstrate compliance)</i></p> |

Level of Service: Water reticulation network is well maintained

| Key Performance Indicator and Target | Target Attained | Comments (if applicable) |
|---|-------------------|--|
| Zero increase in the 35% of real water lost per water supply scheme | Target met | <p>Water loss in Feilding estimates to be less than 10%. This is a decrease from prior years.</p> <p>We are unable to calculate the water losses on the smaller schemes due to:</p> <ul style="list-style-type: none"> • seasonal fluctuation in population at Himatangi Beach • tankered water top ups in Sanson were not captured in the metered flow. |

Level of Service: Water reticulation network is well maintained

| Key Performance Indicator and Target | Target Attained | Comments (if applicable) |
|--------------------------------------|-----------------|--|
| | | <p>The water loss in Rongotea, as a new scheme, is expected to be low.</p> <p>Feilding water system provides 80–90% of the reticulated water used within the district.</p> <p><i>(Last year – target met – water loss in Feilding is calculated at 12.9%. We are unable to calculate the water loss in other scheme)</i></p> |

Level of Service: Faults are responded to and resolved in a timely manner

| Key Performance Indicator and Target | Target Attained | Comments (if applicable) |
|---|-----------------------|--|
| Median attendance time within 1 hour (urgent) – from the receipt of the notification to the time service personnel reach the site. | Target not met | <p>There were 43 urgent requests during the year.</p> <p>The median response time was 1.1 hours.</p> <p><i>(Last year – target not met – there were 119 urgent requests but data was not available to record response times for the whole year)</i></p> |
| Median attendance time within 5 working days (non-urgent) – from the receipt of the notification to the time service personnel reach the site. | Target met | <p>During the year there were 473 non-urgent requests.</p> <p>The median response time was 5.4 hours.</p> <p><i>(Last year – target not met – there were 425 non-urgent requests but data was not available to record response times for the whole year)</i></p> |
| Median resolution time within 9 hours (urgent) – from the receipt of the notification to the time service personnel confirm the resolution of the fault or interruption. | Target met | <p>During the year there were 43 urgent requests.</p> <p>The median resolution time was 1.9 hours.</p> <p><i>Last year – target not met – there were 119 urgent requests but data was not available to record resolution times for the whole year)</i></p> |
| Median resolution time within 5 working days (non-urgent) – from the receipt of the notification to the time service personnel confirm the resolution of the fault or interruption. | Target met | <p>During the year there were 473 non-urgent request.</p> <p>The median resolution time was 21.3 hours.</p> <p><i>(Last year – target not met – there were 425 non-urgent requests but data was not available to record resolution times for the whole year)</i></p> |

Level of Service: Satisfaction with water supply service

| Key Performance Indicator and Target | Target Attained | Comments (if applicable) |
|--|--------------------------|---|
| <p>Less than 15 complaints received, per 1,000 connections to the networked reticulation system, per category, per annum.</p> <p>Complaints are those relating to clarity, taste, odour, pressure or flow and continuity of supply</p> | <p>Target met</p> | <p>In total there were 105 complaints were received during the year. This represent 16.2 complaints per 1,000 connection (target 60 per 1,000 connection).</p> <ul style="list-style-type: none"> • 18 relating to taste (2.8 per 1,000 connections) • 25 relating to clarity (3.9 per 1,000 connections) • 15 relating to pressure r flow (2.3 per 1,000 connections) • 43 relating to continuity of supply (6.7 per 1,000 connections) • 4 relating to odour (0.6 per 1,000 connections) <p><i>(Last year – target met – 134 complaints were received, representing 21.6 complaints per 1,000 connections. The highest category was continuity at 10.8 complaints per 1,000 connections)</i></p> |

Level of Service: Manage the demand for water

| Key Performance Indicator and Target | Target Attained | Comments (if applicable) |
|--|--------------------------|--|
| <p>Average consumption of drinking water per day, per resident within Council's area is 650 litres / person / day.</p> <p>Subsequent redefined as less than 650 litres / person / day.</p> | <p>Target met</p> | <p>Water consumption for Feilding (including all water used by industrial and commercial customers) was 540 litres per person per day.</p> <p>If metered water is excluded this reduces to 218 litres per person per day. Metered water primarily relates to commercial and industrial properties.</p> <p>Due to the reasons noted in the water loss measure above we are unable to report on the other scheme.</p> <p><i>(Last year – target met – Feilding water consumptions, including industrial and commercial customers, was 557 litres per person per day)</i></p> |

Manawatu District Council
Funding Impact Statement for the year ended 30 June 2017
Water Supply

| | Actual 2017 \$000 | Annual Plan 2017 \$000 | LTP 2017 \$000 | LTP 2016 \$000 |
|---|-------------------------|------------------------------|----------------------|----------------------|
| Sources of operating funding | | | | |
| General rates, uniform annual general charges, and rates penalties | 0 | 0 | 0 | 0 |
| Targeted rates | 4,080 | 3,941 | 3,953 | 3,707 |
| Subsidies and grants for operating purposes | 0 | 0 | 0 | 0 |
| Fees and charges | 0 | 0 | 0 | 0 |
| Internal charges and overheads recovered | 0 | 0 | 0 | 0 |
| Local authorities fuel tax, fines, infringement fees and other receipts | 26 | 0 | 0 | 0 |
| Total operating funding | 4,107 | 3,941 | 3,953 | 3,707 |
| Applications of operating funding | | | | |
| Payments to staff and suppliers | 993 | 1,862 | 1,829 | 1,679 |
| Finance costs | 265 | 395 | 417 | 417 |
| Internal charges and overheads applied | 1,038 | 207 | 242 | 241 |
| Other operating funding applications | 0 | 0 | 0 | 0 |
| Total applications of operating funding | 2,296 | 2,464 | 2,488 | 2,337 |
| Surplus (deficit) of operating funding | 1,811 | 1,477 | 1,465 | 1,370 |
| Sources of capital funding | | | | |
| Subsidies and grants for capital expenditure | 0 | 690 | 0 | 0 |
| Development and financial contributions | 368 | 233 | 244 | 232 |
| Increase (decrease) in debt | 159 | 692 | 337 | 1,399 |
| Gross proceeds from sale of assets | 0 | 0 | 0 | 0 |
| Lump sum contributions | 0 | 0 | 0 | 0 |
| Other dedicated capital funding | 0 | 0 | 0 | 0 |
| Total sources of capital funding | 527 | 1,615 | 581 | 1,631 |
| Applications of capital funding | | | | |
| Capital expenditure | | | | |
| - to meet additional demand | 310 | 705 | 593 | 1,176 |
| - to improve the level of service | 788 | 1,475 | 0 | 963 |
| - to replace existing assets | 1,095 | 2,358 | 3,601 | 1,924 |
| Increase (decrease) in reserves | 145 | (1,446) | (2,148) | (1,062) |
| Increase (decrease) of investments | 0 | 0 | 0 | 0 |
| Total application of capital funding | 2,338 | 3,092 | 2,046 | 3,001 |
| Surplus (deficit) of capital funding | (1,811) | (1,477) | (1,465) | (1,370) |
| Funding balance | 0 | 0 | 0 | 0 |
| Water Supply - Internal Borrowings | | | | |
| Opening balance 1 July | 4,487 | | | |
| Internal loans raised during the year | 360 | | | |
| Internal loans repaid during the year | (201) | | | |
| Closing balance at 30 June | 4,646 | | | |

All external borrowing is managed through Council's treasury function which borrows externally to maintain sufficient liquidity for the day-to-day operations. Internal loans are raised by the activity from Council's treasury.

The interest charged on internal borrowings for the year ended 30 June 2017 is disclosed above under finance costs.

Manawatu District Council
Funding Impact Statement (Whole of Council)
For the year ended 30 June 2017

| | Actual 2017 \$000 | Annual Plan 2017 \$000 | Actual 2016 \$000 | Annual Plan 2016 \$000 |
|---|-------------------------|------------------------------|-------------------------|------------------------------|
| Sources of operating funding | | | | |
| General rates, uniform annual general charge, rates penalties | 4,097 | 4,018 | 4,102 | 4,090 |
| Targeted rates | 27,165 | 27,000 | 25,633 | 25,617 |
| Subsidies and grants for operating purposes | 4,215 | 2,410 | 4,377 | 2,337 |
| Fees and charges | 4,714 | 4,749 | 3,891 | 3,677 |
| Interest and dividends from investments | 281 | 364 | 316 | 276 |
| | 3,227 | 3,713 | 3,428 | 3,454 |
| Local authorities fuel tax, fines, infringement fees and other receipts | | | | |
| Total operating funding | 43,698 | 42,254 | 41,747 | 39,451 |
| Applications of operating funding | | | | |
| Payments to staff and suppliers | 32,390 | 32,613 | 32,563 | 30,127 |
| Finance costs | 2,000 | 3,181 | 1,895 | 3,039 |
| Other operating funding applications | 0 | 0 | 0 | 0 |
| Total applications of operating funding | 34,390 | 35,794 | 34,458 | 33,166 |
| Surplus (deficit) of operating funding | 9,308 | 6,460 | 7,289 | 6,285 |
| Sources of capital funding | | | | |
| Subsidies and grants for capital expenditure | 4,719 | 5,476 | 3,896 | 5,042 |
| Development and financial contributions | 1,562 | 973 | 1,007 | 960 |
| Increase (decrease) in debt | 7,000 | 9,850 | 9,702 | 15,451 |
| Gross proceeds from sale of assets | 186 | 2,050 | 186 | 2,050 |
| Lump sum contributions | 0 | 0 | 0 | 0 |
| Other dedicated capital funding | 0 | 0 | 0 | 0 |
| Total sources of capital funding | 13,467 | 18,349 | 14,791 | 23,503 |
| Applications of capital funding | | | | |
| Capital expenditure | | | | |
| - to meet additional demand | 2,349 | 5,172 | 2,619 | 6,373 |
| - to improve the level of service | 8,827 | 10,229 | 7,720 | 11,705 |
| - to replace existing assets | 14,496 | 17,542 | 9,268 | 15,520 |
| Increase (decrease) in reserves | (2,664) | (8,019) | 2,696 | (3,702) |
| Increase (decrease) of investments | (232) | (115) | (223) | (108) |
| Total application of capital funding | 22,775 | 24,809 | 22,080 | 29,788 |
| Surplus (deficit) of capital funding | (9,308) | (6,460) | (7,289) | (6,285) |
| Funding balance | 0 | 0 | 0 | 0 |

All external borrowing is managed through Council's treasury function which borrows externally to maintain sufficient liquidity for the day-to-day operations. Internal loans are raised by the activity from Council's treasury.

The finance costs disclosed above are in relation to external loans only, as the internal interest received by Council's treasury for internal loans advanced to each group of activities is offset against interest expenses charged on internal loans raised by each group of activities. For the internal interest expense charged on internal loans advanced to each group of activities please refer to Funding Impact Statements for each group of activities.

Section Three: Financial Information

This section of the Annual Report contains the following information:

- Financial Statements
- Notes to Financial Statements
- The following policy reports
- Liability Management and Investment Policies
- Revenue and Financing Policy
- Council Controlled Organisations

Manawatu District Council
Statement of Comprehensive Revenue and Expense
For the year ended 30 June 2017

| | | Actual 2017 \$000 | Council Budget 2017 \$000 | Actual 2016 \$000 | Group Actual 2017 \$000 | Actual 2016 \$000 |
|--|-----------|-------------------------|------------------------------------|-------------------------|----------------------------------|-------------------------|
| | Notes | | | | | |
| Revenue | | | | | | |
| Rates revenue | 3 | 31,064 | 31,018 | 29,569 | 30,864 | 29,371 |
| Financial revenue | 4 | 281 | 364 | 316 | 198 | 228 |
| Subsidies and grants | 5 | 8,934 | 7,886 | 8,273 | 8,957 | 9,186 |
| Development and financial contributions | | 1,562 | 691 | 1,008 | 1,562 | 1,007 |
| Other revenue | 6 | 10,533 | 9,161 | 7,537 | 12,496 | 9,066 |
| Total revenue | 2 | 52,375 | 49,119 | 46,703 | 54,078 | 48,859 |
| Expenses | | | | | | |
| Personnel costs | 7 | 11,157 | 10,347 | 9,547 | 11,368 | 9,775 |
| Depreciation and amortisation | 8 | 12,729 | 12,759 | 11,859 | 13,322 | 12,376 |
| Finance costs | 9 | 2,000 | 3,181 | 1,895 | 2,149 | 1,994 |
| Other operating expenses | 10 | 21,182 | 22,266 | 25,066 | 21,754 | 25,538 |
| Total operating expenditure | 2 | 47,068 | 48,553 | 48,367 | 48,593 | 49,683 |
| Share of associate's surplus / deficit | 15 | - | - | - | 453 | (9) |
| Surplus/(deficit) before tax | | 5,307 | 566 | (1,663) | 5,938 | (833) |
| Income tax expense | 11 | - | - | - | - | - |
| Surplus/(deficit) after tax | | 5,307 | 566 | (1,663) | 5,938 | (833) |
| Other comprehensive revenue & expense | | | | | | |
| Gains/(losses) on the revaluation of property, plant and equipment | 25 | 20,279 | 14,945 | 1,203 | 23,739 | 1,203 |
| Impairment losses on restricted buildings through other comprehensive revenue and expense | 25 | - | - | - | - | - |
| Gains/(losses) on financial assets at fair value through other comprehensive revenue and expense | 25 | (22) | - | 41 | (22) | 41 |
| Total other comprehensive revenue and expense | 25 | 20,258 | 14,945 | 1,244 | 23,718 | 1,244 |
| Total comprehensive revenue and expense | | 25,565 | 15,511 | (419) | 29,656 | 411 |

Explanations of major variances against budget are provided in note 35

The accompanying notes form part of these financial statements.

Manawatu District Council
Statement of Financial Position
As at 30 June 2017

| | | Council | | Group | | |
|---|-------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | Notes | Actual 2017 \$000 | Budget 2017 \$000 | Actual 2016 \$000 | Actual 2017 \$000 | Actual 2016 \$000 |
| Assets | | | | | | |
| Current assets | | | | | | |
| Cash and cash equivalents | 12 | 7,275 | 1,260 | 11,216 | 7,768 | 11,911 |
| Debtors and other receivables | 13 | 5,388 | 7,538 | 5,755 | 5,442 | 5,889 |
| Investments in council organisations and similar entities | 14 | 240 | 279 | 232 | 0 | - |
| Other financial assets | 16 | 93 | 705 | 95 | 93 | 95 |
| Non-current assets held for sale | 17 | 497 | 634 | 717 | 497 | 717 |
| Total current assets | | 13,493 | 10,416 | 18,015 | 13,800 | 18,611 |
| Non-current assets | | | | | | |
| Property, plant and equipment | 18 | 652,403 | 644,439 | 617,064 | 674,801 | 636,419 |
| Intangible assets | 19 | 521 | 916 | 193 | 521 | 193 |
| Forestry assets | 20 | - | - | - | - | - |
| Investment in associate | 15 | 1 | - | 1 | 445 | (8) |
| Investments in council organisations and similar entities | 14 | 4,001 | 4,332 | 4,045 | 1,234 | 1,122 |
| Other financial assets | 16 | 1,091 | 2,953 | 1,585 | 1,091 | 1,585 |
| Total non-current assets | | 658,018 | 652,640 | 622,888 | 678,092 | 639,312 |
| Total assets | | 671,511 | 663,056 | 640,903 | 691,892 | 657,923 |
| Liabilities | | | | | | |
| Current liabilities | | | | | | |
| Creditors and other payables | 21 | 8,848 | 9,419 | 11,166 | 8,958 | 11,441 |
| Provisions | 22 | 116 | 103 | 60 | 116 | 60 |
| Employee entitlements | 23 | 1,194 | 781 | 983 | 1,214 | 997 |
| Borrowings | 24 | 5,022 | 5,000 | 1,873 | 5,238 | 2,089 |
| Total current liabilities | | 15,180 | 15,303 | 14,082 | 15,526 | 14,587 |
| Non-current liabilities | | | | | | |
| Provisions | 22 | 705 | 606 | 609 | 705 | 609 |
| Borrowings | 24 | 54,579 | 57,768 | 50,728 | 57,363 | 54,085 |
| Total non-current liabilities | | 55,284 | 58,374 | 51,337 | 58,068 | 54,694 |
| Total liabilities | | 70,464 | 73,677 | 65,419 | 73,594 | 69,281 |
| Equity | | | | | | |
| Retained earnings | 25 | 466,632 | 465,093 | 462,063 | 478,344 | 473,144 |
| Other reserves | 25 | 134,416 | 124,286 | 113,422 | 139,954 | 115,498 |
| Total equity | 25 | 601,047 | 589,379 | 575,484 | 618,298 | 588,642 |
| Total Liabilities and Equity | | 671,511 | 663,056 | 640,903 | 691,892 | 657,923 |

The accompanying notes form part of these financial statements.

Manawatu District Council
Statement of Changes in Net Assets / Equity
For the year ended 30 June 2017

| | | Actual 2017 \$000 | Council Budget 2017 \$000 | Actual 2016 \$000 | Group Actual 2017 \$000 | Actual 2016 \$000 |
|--|-----------|-------------------------|------------------------------------|-------------------------|----------------------------------|-------------------------|
| | Notes | | | | | |
| Balance at 1 July | | 575,482 | 573,868 | 575,903 | 588,642 | 588,231 |
| Total comprehensive revenue/(expense) for the year | | 25,565 | 15,511 | (419) | 29,656 | 411 |
| Balance as at 30 June | 25 | 601,047 | 589,379 | 575,484 | 618,298 | 588,642 |

The accompanying notes form part of these financial statements.

Manawatu District Council
Statement of Cash Flows
For the year ended 30 June 2017

| | Notes | Actual 2017 \$000 | Council Budget 2017 \$000 | Actual 2016 \$000 | Group Actual 2017 \$000 | Actual 2016 \$000 |
|--|-----------|-------------------------|------------------------------------|-------------------------|----------------------------------|-------------------------|
| Cash flows from operating activities | | | | | | |
| Receipts from rates revenue | | 31,219 | 31,018 | 29,599 | 30,973 | 29,400 |
| Interest received | | 245 | 346 | 280 | 162 | 192 |
| Dividends received | | 36 | 18 | 36 | 36 | 36 |
| Receipts from other revenue | | 18,365 | 17,320 | 16,823 | 20,342 | 19,175 |
| Payments to suppliers and employees | | (32,256) | (32,463) | (29,556) | (32,879) | (30,342) |
| Interest paid | | (1,943) | (3,181) | (1,742) | (2,185) | (1,835) |
| Goods and services tax (net) | | 67 | - | (169) | 61 | (136) |
| Net cash from operating activities | 26 | 15,733 | 13,058 | 15,271 | 16,510 | 16,490 |
| Cash flows from investing activities | | | | | | |
| Receipts from sale of property, plant and equipment | | 264 | 2,050 | 141 | 264 | 141 |
| Receipts from sale of forestry assets | | 0 | 33 | 134 | 0 | 134 |
| Receipts from sale of investments | | 671 | 411 | 671 | 489 | 453 |
| Purchase of intangibles assets | | (389) | (667) | (117) | (389) | (117) |
| Purchase of property, plant and equipment | | (27,011) | (32,275) | (19,507) | (27,228) | (25,474) |
| Acquisition of investments | | (209) | 0 | (487) | (209) | (487) |
| Net cash from investing activities | | (26,674) | (30,448) | (19,165) | (27,073) | (25,350) |
| Cash flows from financing activities | | | | | | |
| Proceeds from borrowing | | 11,873 | 11,723 | 11,701 | 13,873 | 14,864 |
| Repayment of borrowings | | (4,873) | (1,873) | (2,000) | (7,453) | (2,117) |
| Net cash from financing activities | | 7,000 | 9,850 | 9,701 | 6,420 | 12,747 |
| Net (decrease)/increase in cash, cash equivalents and bank overdrafts | | (3,941) | (7,540) | 5,807 | (4,143) | 3,887 |
| Cash, cash equivalents and bank overdrafts at the beginning of the year | | 11,216 | 8,800 | 5,409 | 11,911 | 8,024 |
| Cash, cash equivalents and bank overdrafts at the end of the year | 12 | 7,275 | 1,260 | 11,216 | 7,768 | 11,911 |

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Statement of Accounting Policies

Reporting entity

Manawatu District Council (Council) is a territorial local authority governed by the Local Government Act 2002 and is domiciled and operates in New Zealand.

The Group consists of Manawatu District Council, which is the controlling entity and four controlled entities; The Feilding Civic Centre Trust, the Manawatu 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 Manawatu Wanganui LASS (14.3%). All entities are incorporated and domiciled in New Zealand.

The primary objective of Council is to provide goods or services for the community and social benefits, rather than making a financial return. Accordingly, Council has designated itself and the Group as Public Benefit Entities (PBEs) as defined under the Public Benefit Entities International Public Sector Accounting Standards (PBE IPSAS).

The financial statements of Council and Group are for the year ended 30 June 2017. The financial statements were authorised for issue by Council on 19 October 2017.

Basis of preparation

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

Statement of compliance

The financial statements of Council and Group 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 to comply with PBE accounting standards for a Tier 1 entity.

These financial statements comply with the PBE Standards.

The financial statements have been prepared on an historical cost basis, except for assets and liabilities, which are recorded at fair value. These are detailed in the specific policies below.

Presentation currency and rounding

The financial statements are presented in New Zealand dollars and values are rounded to the nearest thousand dollars (\$'000). Consequently there may be rounding discrepancies in the financial statements.

The functional currency of Council and its controlled entities and associates is New Zealand dollars.

Summary of significant accounting policies

Basis of consolidation

The consolidated financial statements are prepared by adding together like items of assets, liabilities, equity, revenue and expenses of entities in the Group on a line-by-line basis. All intra-group balances, transactions, revenues and expenses are eliminated on consolidation.

Controlled entities

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

Council's investment in its controlled entities is carried at cost in Council's parent entity financial statements.

Associates

Council's associates are accounted for in the Group financial statements using the equity method. An associate is an entity over which Council has significant influence and that is neither a subsidiary nor an interest in a joint venture. The investment in an associate is initially recognised at cost and the carrying amount in the Group financial statements is increased or decreased to recognise the Group's share of the surplus or deficit of the associate after the date of acquisition.

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

Where the Group transacts with an associate, surpluses or deficits are eliminated to the extent of the Group's interest in the associate. Dilution gains or losses arising from investments in associates are recognised in the surplus or deficit.

The investment in the associate is carried at cost in Council's parent entity financial statements.

Joint ventures

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. For jointly controlled operations Council and Group recognises in its financial statements the assets it controls, the liabilities and expenses it incurs, and the share of income that it earns from the joint venture.

Budget figures

The budget figures are those approved by Council in the 2016/17 Annual Plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those used for preparing these financial statements.

Exchange transactions

Exchange transactions are transactions where Council receives assets (primarily cash) or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services, or use of assets) to another entity in exchange.

Non-exchange transactions

In a non-exchange transaction Council either receives value from or gives value to another entity without directly giving or receiving approximately equal value in exchange.

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As Council satisfies a present obligation (recognised as a liability) in respect of an inflow of resources from a non-exchange transaction (recognised as an asset), it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Revenue

Revenue is measured at the fair value of consideration received or receivable. Revenue may be derived from either exchange or non-exchange transactions.

Specific revenue policies

Specific accounting policies for major categories of revenue are outlined below:

- Rates are set annually by a resolution by Council and are recognised at the start of the financial year to which the resolution relates. All ratepayers are invoiced within the financial year to which the rates have been set.
- Rates arising from late payment penalties are recognised as revenue when penalties are applied on overdue rates as per Council's rates resolution.
- Rates remissions are recognised as a reduction of rates revenue when Council has received an application that satisfies its rates remission policy.
- Water billing revenue is recognised on an accrual basis. Unbilled usage, as a result of unread meters at year-end, is accrued on an average usage basis.
- Government grants and subsidies are recognised upon entitlement, which is when the conditions pertaining to eligible expenditure have been fulfilled. The most significant government grant is from New Zealand Transport Agency, which subsidises part of the costs in maintaining the local roading infrastructure network.
- Revenue from other services is recognised when the service has been rendered to a third party.
- Fees and charges for building and resource consent services are recognised on a percentage completion basis with reference to the recoverable costs incurred at balance date.
- Sales of goods are recognised when the goods are delivered.
- Interest revenue is accrued on a time basis, by reference to the investment principle and the effective interest applicable.
- Dividends (net of imputation credits) are recognised when the right to receive payment has been established.
- Where a physical asset is acquired for nil or nominal consideration, the fair value of the asset received is recognised as revenue. Assets vested in Council are recognised as revenue when control over the asset is obtained.
- Revenue derived through acting as an agent for another party is recognised as a commission or fee on the transaction.
- Development contributions are recognised as revenue when Council provides, or is able to provide, the services that gave rise to the charging of the contribution. Otherwise, development contributions are recognised as liabilities until such time as Council provides, or is able to provide, the service.

Borrowing costs

All borrowing costs are recognised as an expense in the period in which they are incurred.

Cost allocation

Costs directly attributable to an activity are charged directly to that activity. Indirect costs are charged to activities using appropriate cost drivers such as; actual usage, staff numbers and floor area.

Foreign currency

Foreign currency transactions are translated into New Zealand dollars (the functional currency) using the spot exchange rate prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denomination in foreign currencies are recognised in the surplus or deficit.

Grant expenditure

Non-discretionary grants are those grants that are awarded if the grant application meets a specified criteria. Expenditure is recognised when an application that meets the specified criteria for the grant has been received.

Discretionary grants are those grants where Council has no obligation to award on receipt of the grant application. Expenditure is recognised when a successful applicant has been notified of Council's decision.

Income tax

Income tax expense includes current tax 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 of 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 prospective financial statements and the corresponding tax bases used in the computation of taxable profit.

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 economic 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 profit 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 surplus nor taxable profit.

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.

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.

Financial instruments

Council is party to financial instruments as part of its normal operations. These include bank accounts, investments, accounts receivable, accounts payables and borrowings. All financial instruments are recognised in the statement of financial position and all revenues and expenses in relation to financial instruments are recognised in the statement of comprehensive revenue and expense.

Unless otherwise covered by a separate policy, all financial instruments are reported at their fair value.

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. All these deposits are reflected at their fair value.

Debtors and other receivables

Debtors and other receivables are recorded at their face value, less any provision for impairment.

A provision for impairment is established when there is objective evidence that Council will not be able to collect all amounts due, according to the original terms of the agreements. The amount of the provision is the difference between the assets' 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.

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.

Financial assets are categorised into the following four categories for the purpose of measurement: financial assets at fair value through surplus or deficit; held-to-maturity investments; loans and receivables; and financial assets at fair value through other comprehensive revenue and expense. The classification depends on the purpose for which each investment was acquired. Management determines the classification of its investments at initial recognition.

The fair value of financial instruments traded in active markets is based on the quoted market prices at the balance date. The quoted market price used is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. Council uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

Financial assets at fair value through surplus or deficit

This category has two sub-categories: financial assets held for trading, and those designated at fair value through surplus or deficit at inception.

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held for trading. Gains or losses due to change in fair value are recognised in the surplus or deficit.

Currently, Council does not hold any financial assets in this category.

Loans and receivables

Loans and receivables 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.

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 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 of a similar financial instrument. The difference between the face value and the present value

of the expected future cash flows of the loan recognised in the surplus or deficit as grant expenditure. The loans are subsequently measured at amortised costs using the effective interest method.

Council has provided a number of loans or advances to community-based organisations that have specific conditions attached. In some circumstances these loans are only repayable should the community-based organisation cease to operate in accordance with the loan conditions. Those loans that are not expected to be repaid to Council in the foreseeable future are recorded at fair value and shown as a contingent asset.

Receivables are classified as "Accounts Receivables" in the statement of financial position. Advances and loans are classified as "Other Financial Assets" in the statement of financial position.

Held-to-maturity investments

Held-to-maturity investments are assets with fixed or determinable payments and fixed maturities that Council has the positive intention and ability to hold to maturity. e.g. Local Government Stock and Bonds.

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.

Financial assets at fair value through other comprehensive revenue and expense

Financial assets at fair value through other comprehensive revenue and expense are those that are designated as fair value through equity or are not classified in any of the other categories above.

This category encompasses:

- Investments that Council intends to hold long-term, but may be realised before maturity; and
- Shareholdings held for strategic purposes (other than Council's investments in its controlled entity).

Gains and losses are recognised directly in other comprehensive revenue and expense except for impairment losses, which are recognised in the surplus or deficit. In the event of impairment, even though the asset has not been derecognised, any cumulative losses previously recognised in other comprehensive revenue and expense will be recognised in the surplus or deficit. On derecognition of the asset the cumulative gain or loss previously recognised in other comprehensive revenue and expense is recognised in the surplus or deficit.

Impairment of financial assets

Financial assets are assessed for objective evidence of impairment at each balance date. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the surplus or deficit.

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, not through continuing use. Non-current assets held for sale are measured at the 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 economic entity) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal economic entity classified as held for sale continue to be recognised.

Property, plant and equipment

Property, plant and equipment consists of:

- Operational assets: includes land, buildings, library books, plant and equipment, and motor vehicles.
- Restricted assets: includes parks, reserves and associated assets owned by Council, which provide a benefit or service to the community and cannot be disposed of because of legal or other Council restrictions.
- Infrastructure assets: the fixed utility systems that provide a continuing service to the community and are generally regarded as non-tradeable. Each asset class includes all items that are required for the network to function. For example, sewer reticulation includes reticulation piping and sewer pump stations.

Property, plant and equipment are shown at cost or valuation, less accumulated depreciation and impairment losses.

Cash and non-cash generating assets

Non-cash generating assets are those assets that are not held with the primary objective of generating a commercial return.

For non-cash generating assets, 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 used to measure value in use depends on the nature of the impairment and availability of information.

Cash generating assets are those assets that are held with the primary objective of generating a commercial return. Council does not hold any cash-generating assets.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment other than land (which is not depreciated), at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The residual value and useful life of an asset is reviewed and adjusted, if applicable, at each financial year-end.

The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

| | | |
|-------------------------------|----------------|-----------------|
| Buildings | 40 – 80 years | 1.25 – 2.5% |
| Plant and equipment | 4 – 10 years | 10 – 25% |
| Motor vehicles | 3 – 5 years | 20 – 33% |
| Library books | 10 years | 10% |
| Infrastructural assets | | |
| Roading network | | |
| Top surface (seal) | 5 – 18 years | 5.5 – 20% |
| Pavement (base course) | 67 years | 1.49% |
| Sealed | 25 – 60 years | 1.6 – 4% |
| Unsealed | 5 – 15 years | 6.6 – 20% |
| Formation | - | not depreciated |
| Culverts | 50 – 100 years | 1 – 2% |
| Footpaths | 25 – 70 years | 1.4 – 4% |
| Kerbs | 50 – 100 years | 1 – 2% |
| Signs | 13 years | 7.5% |
| Streetlights | 50 – 70 years | 1.4 – 2% |
| Bridges | 80 – 120 years | 0.8 – 1.25% |
| Water system | | |
| Pipes | 60 – 100 years | 1 – 1.66% |
| Valves, hydrants | 25 – 50 years | 2 – 4% |
| Pump stations | 25 years | 4% |
| Treatment, supply and storage | 15 – 50 years | 2 – 6.66% |
| Wastewater system | | |
| Pipes | 50 – 90 years | 1.1 – 2% |
| Manholes | 60 – 100 years | 1 – 1.66% |
| Pump stations | 25 years | 4% |
| Treatment plant | 25 – 50 years | 2 – 4% |
| Drainage network | | |
| Pipes | 60 – 100 years | 1 – 1.66% |
| Manholes, cesspits | 60 – 100 years | 1 – 1.66% |

Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that the asset will provide future economic benefits or service potential to Council and the cost of the item can be measured reliably.

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.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the surplus or deficit. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to retained earnings.

Work in progress

All assets constructed by Council are initially recorded as work in progress. Work in progress is recognised at cost less impairment and it is not depreciated. Upon completion, these assets are transferred to their relevant asset class and depreciation commences.

Revaluation

Those asset classes that are revalued are valued on either a one-year or a three-yearly valuation cycle on the basis described below. All other asset classes are carried at depreciated historical cost. The carrying values of revalued items are reviewed at each balance date to ensure that those values are not materially different to fair value. If a material difference exists, a revaluation will be undertaken.

- Operational and restricted – land and buildings

These assets are revalued to fair value as determined from market-based evidence by an independent valuer. The most recent valuation was performed by Quotable Value NZ as at 30 June 2017. Council's policy is to revalue land and buildings every three years.

- Infrastructural asset classes: water supply, wastewater, stormwater, drainage systems and roads

These assets are revalued annually to fair value on a depreciated replacement cost basis. The valuation was performed internally by engineering staff and will be peer reviewed every three years. Council's policy is to revalue these assets annually. The most recent valuation was 1 July 2016. The 2016 valuation was peer reviewed by Pauline True of MWH.

- Land under roads

Land under roads was valued based on fair value of adjacent land determined by Tony Jones of Quotable Value NZ, effective 1 July 2005. Council has elected to use the fair value of land under roads as at 30 June 2005 as deemed cost. Land under roads is therefore no longer revalued.

- Library collections

The library collections were initially valued at depreciated replacement cost in accordance with the guidelines released by the New Zealand Library Association and the National Library of NZ. This is considered deemed cost and is no longer revalued.

Accounting for revaluations

Council accounts for revaluations of property, plant and equipment on a class of asset basis.

The results of revaluing are credited or debited to other comprehensive revenue and expense and are accumulated in 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 recognised in the surplus or deficit. Any subsequent increase on revaluation that offsets 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 credited to other comprehensive revenue and expense.

Intangible assets

Software acquisition and development

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs associated with maintaining computer software are recognised as an expense when incurred.

Staff training costs are recognised in the surplus or deficit when incurred.

Costs that are directly associated with the development of software for internal use by Council are recognised as an intangible asset. Direct costs include the software development, employee costs and an appropriate portion of relevant overheads.

Software is amortised on a straight-line basis over the estimated useful life of the asset (usually 5 years). The amortisation charge for each period is recognised in the surplus or deficit.

Costs associated with development and maintenance of Council's website are recognised as an expense when incurred.

Easements

Easements that are an integral part of an infrastructure asset are included in the value of the asset. Other easements are not recognised.

Forestry assets

The Gordon Kear Forest was a joint venture between Council and the Palmerston North City Council, with Council owning a 23.3% share of the forestry crop.

The forestry crop is independently revalued to fair value by Alan Bell of Alan Bell & Associates as at 30 June annually. Fair value is determined based on the present value of expected net cash flows discounted at a current market determined pre-tax rate, less estimated point of sale costs. Gains or losses arising from a change in fair value less estimated point of sale costs are recognised in the surplus or deficit.

Costs of a capital nature are capitalised each year and the costs to maintain the forestry assets are included in the surplus or deficit.

Impairment of property, plant and equipment and intangible assets

Council's non-financial assets are split between cash generating assets and non-cash generating assets. Cash generating assets are assets held with the primary objective of generating a commercial return. Non-cash generating items are non-financial assets other than cash generating assets. The majority of Council non-financial assets are non-cash generating assets.

At each balance date, Council assesses whether there is any objective evidence that any non-financial asset has been impaired (unable to provide the intended level of service). Any impairment losses are recognised in the surplus or deficit.

If the carrying amount of a class of assets is increased as a result of a revaluation, the increase shall be credited directly to revaluation surplus. However, the increase shall be recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same class of assets previously recognised in surplus or deficit.

If the carrying amount of a class of assets is decreased as a result of a revaluation, the decrease shall be recognised in surplus or deficit. However, the decrease shall be debited directly to revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that class of assets.

Financial liabilities

Trade payables

Trade payables, (also income in advance, bonds and deposits) are initially recognised at their face value.

Loans and borrowings

Loans/borrowings are initially recognised at their fair value.

Borrowings are classified as current liabilities unless Council or group has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

Short-term employee entitlements

Employee benefits are expected to be settled within 12 months after the end of the period in which services are rendered for current rates of pay. These include salaries and wages accrued up to balance date and annual leave earned, but not yet taken, at balance date.

Annual leave has been calculated on an actual entitlement basis at current rates of pay. Sick leave has not been included, as the amount of accumulated sick leave that is anticipated to be taken in future periods is not considered to be material.

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.

Defined benefit schemes

The Council belongs to the Defined Benefit Plan Contributors Scheme (the scheme), which is managed by the Board of Trustees of the National Provident Fund. The scheme is a multi-employer defined benefit scheme.

Insufficient information is available to use defined benefit accounting, as it is not possible to determine, from the terms of the scheme, the extent to which the surplus/deficit will affect future contributions by individual employers, as there is no prescribed basis for allocation. The scheme is therefore accounted for as a Defined Contribution Scheme.

Provisions – landfill closure and aftercare costs

As the previous operator of landfills, Council has a legal obligation to rehabilitate landfill sites post-closure and to provide ongoing maintenance and monitoring services after closure. The costs to meet these post-closure landfill obligations are recognised within the provision.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense.

Financial guarantee contracts

A financial guarantee contract is a contract that requires Council and group to make specified payments to reimburse the holder of the contract for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are initially recognised at fair value, even if a payment under the guarantee is not considered probable. If a guarantee contract was issued in a stand-alone arm's-length transaction to an unrelated party, its fair value at inception is equal to the consideration received. When no consideration is received, a liability is recognised based on the probability that Council or economic entity will be required to reimburse a holder for a loss incurred discounted to present value. If the fair value of a guarantee cannot be reliably determined, a liability is only recognised when it is probable there will be an outflow under the guarantee. The portion of the guarantee that remains unrecognised, prior to discounting to fair value, is disclosed as a contingent liability.

Financial guarantees are subsequently measured at the higher of:

- The estimated amount determined if it is probable there will be an outflow to settle the guarantee; and
- The amount initially recognised less, when appropriate, cumulative amortisation as revenue.

Leases

Finance leases

A finance lease is a lease which transfers to the lessee substantially all the risks and benefits incidental to ownership of an asset, whether or not title is eventually transferred.

At the commencement of the lease term, Council recognises the leased asset and corresponding liability 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 asset is depreciated over the period Council is expected to gain benefit from the use of the asset.

Operating leases

An operating lease is a lease where the lessor effectively retains all the risks and benefits of ownership of an asset.

Lease payments under an operating lease are recognised as an expense on a straight line basis over the lease term.

Net assets/equity

Net assets or equity is the community's interest in Council and is measured as the difference between total assets and total liabilities.

The components of equity are:

- Retained earnings
- Restricted and Council created reserves
- Asset revaluation reserves
- Fair value through other comprehensive revenue and expense reserve

Restricted and Council created reserves

Restricted reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. These reserves may be legally restricted or created by Council.

Restricted reserves are those subject to specific conditions accepted as binding by Council and which may not be revised without reference to the Courts or a third party. Transfers from these reserves may be made for certain specified purposes or when certain specified conditions are met.

Also included in restricted reserves are reserves restricted by Council decision. Council may alter them without references to any third party or the Courts. Transfers to and from these reserves are at the discretion of Council.

Asset revaluation reserves

This reserve relates to the revaluation of property, plant, and equipment to fair value.

Fair value through other comprehensive revenue and expense reserve

This reserve comprises the cumulative net change in the fair value through other comprehensive revenue and expense assets.

Related parties

Related parties arise where one entity has the ability to affect the financial and operating policies of another through the presence of control or significant influence. Related parties include controlled entities and key management personnel, including the Mayor and elected members, the Chief Executive and members of the executive team.

Critical judgements in applying accounting policies, estimates and assumptions

All judgements, accounting estimates and assumptions are included in the accounting policies. None is considered critical, with the exception of the following:

Properties that receive rent

Properties that receive rent have been classified as Property Plant and Equipment rather than Investment Properties, as these are held for strategic purpose rather than to earn rentals or for capital appreciation.

Landfill aftercare provision

The exposure of Council in relation to the estimates and uncertainties surrounding the landfill aftercare provision is based on discounted cash flows of estimated liability costs.

Infrastructural assets

There are a number of assumptions and estimates used when performing depreciated replacement cost (DRC) valuations over infrastructural assets. These include:

- The physical determination and condition of an asset. For example, 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, storm water, wastewater and water supply pipes that are underground.
This risk is minimised by Council performing a combination of physical inspections and condition modelling assessment of underground assets;
- Estimating any obsolescence or surplus capacity of an asset; and

- 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 Council could be over or under estimating the annual depreciation charge recognised as an expense in the surplus or deficit.

To minimise this risk, Council'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 Economic Entity, and have been adjusted for local conditions based on experience.

Asset inspections, deterioration and condition modelling are also carried out regularly as part of Council's asset management planning activities, which gives Council further assurance over its useful life estimates.

Experienced valuers perform Council's infrastructural asset revaluations.

Comparatives

To ensure consistency with the current year, certain comparative information has been reclassified where appropriate. This has occurred:

- where classifications have changed between periods;
- where Council has made additional disclosure in the current year, and where a greater degree of disaggregation of prior year amounts and balances is therefore required; and
- where there has been a change of accounting policy.

Standards issued and not yet effective, and not early adopted

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

Interests in other entities

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

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

Financial instruments

In January 2017, the XRB issued PBE IFRS 9 *Financial Instruments*. PBE IFRS 9 replaces PBE IPSAS 29 *Financial Instruments: Recognition and Measurement*. PBE IFRS 9 is effective for annual periods beginning on or after 1 January 2021, with early application permitted. The main changes under PBE IFRS 9 are:

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

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

2 Summary Cost of Services

| | Actual 2017 \$000 | Council only Budget 2017 \$000 | Actual 2016 \$000 |
|--|----------------------|--------------------------------------|----------------------|
| Revenue* | | | |
| Community Facilities | 7,945 | 9,751 | 7,949 |
| District Development | 2,323 | 2,311 | 2,307 |
| Emergency Management | 422 | 407 | 434 |
| Environmental and Monitoring Services | 4,441 | 4,112 | 3,930 |
| Governance and Strategy | 2,155 | 2,201 | 1,868 |
| Roading | 16,026 | 13,546 | 13,488 |
| Solid Waste | 2,726 | 2,677 | 2,565 |
| Stormwater | 1,494 | 1,103 | 883 |
| Wastewater | 6,694 | 5,794 | 5,705 |
| Water Supply | 4,940 | 4,864 | 4,117 |
| Total activity revenue | 49,165 | 46,766 | 43,246 |
| Other revenue | 3,210 | 2,353 | 3,457 |
| Total operating revenue | 52,375 | 49,119 | 46,703 |
| Expenditure* | | | |
| Community Facilities | 8,305 | 8,554 | 7,056 |
| District Development | 2,147 | 2,529 | 2,439 |
| Emergency Management | 359 | 407 | 456 |
| Environmental and Monitoring Services | 4,334 | 4,361 | 4,116 |
| Governance and Strategy | 1,857 | 2,201 | 1,880 |
| Roading | 13,154 | 11,928 | 14,414 |
| Solid Waste | 2,727 | 2,693 | 2,422 |
| Stormwater | 1,020 | 1,533 | 872 |
| Wastewater | 6,020 | 5,875 | 5,090 |
| Water Supply | 3,761 | 4,164 | 3,795 |
| Total activity expenditure | 43,684 | 44,245 | 42,540 |
| Other expenditure/ (overheads allocated) | 3,384 | 4,308 | 5,827 |
| Total operating expenditure | 47,068 | 48,553 | 48,367 |

*** Note:**

The above summary cost of services includes non-cash items such as vested assets revenue, depreciation and amortisation expense which are not required to be included in the funding impact statements.

Each significant activity is stated gross of internal costs and revenues, and includes targeted rates attributable to activities (refer to note 3). In order to fairly reflect the total external operations for the council in the statement of comprehensive revenue and expense, these transactions are eliminated in the other revenue and other expenditure lines.

| | Council | | Group | |
|--|----------------------|----------------------|----------------------|----------------------|
| | Actual 2017 \$000 | Actual 2016 \$000 | Actual 2017 \$000 | Actual 2016 \$000 |
| Total revenue comprises of: | | | | |
| Revenue from exchange transactions | 2,236 | 2,357 | 3,939 | 4,512 |
| Revenue from non-exchange transactions | 50,139 | 44,347 | 50,139 | 44,347 |
| Total operating revenue | 52,375 | 46,703 | 54,078 | 48,859 |

3 Rates Revenue

| | Council | |
|--|----------------------|----------------------|
| | Actual 2017 \$000 | Actual 2016 \$000 |
| General Rates attributable to Activities: | | |
| Community Facilities | 624 | 636 |
| District Development | 2,144 | 2,217 |
| Emergency Management | 227 | 220 |
| Environmental and Monitoring Services | 571 | 517 |
| Roading | 57 | 56 |
| Stormwater | 179 | 167 |
| Total General Rates | 3,802 | 3,813 |
| Uniform Targeted Rates (UTR) and Targeted Rates attributable to Activities: | | |
| Community Facilities | 5,726 | 5,228 |
| District Development | 90 | 63 |
| Emergency Management | 179 | 178 |
| Environmental and Monitoring Services | 1,971 | 1,825 |
| Governance and Strategy | 2,089 | 1,868 |
| Roading | 6,133 | 5,996 |
| Solid Waste | 1,657 | 1,647 |
| Stormwater | 667 | 622 |
| Wastewater | 4,573 | 4,470 |
| Water | 4,080 | 3,736 |
| Total Uniform Targeted Rates and Targeted Rates | 27,165 | 25,633 |
| plus rates penalties | 295 | 290 |
| less internal rates charged | (198) | (166) |
| Total Revenue from Rates | 31,064 | 29,569 |

Rates remissions

Rates revenue is shown net of rates remissions. Council's rates remission policy (as detailed in the long term plan) allows Council to remit rates under Section 85 of the Local Government (Rating) Act 2002. Remissions are available for non-contiguous properties, additional dwellings, penalties, serviceable wastewater targeted rate (half charge) and serviceable water targeted rate (half charges), school sewerage charges, public utilities owned by not-for-profit organisations, community, sporting and other organisations, small dwellings, land affected by natural calamity, and miscellaneous circumstances.

| | Council and Group | |
|--|----------------------|----------------------|
| | Actual 2017 \$000 | Actual 2016 \$000 |
| Rates and penalties levied | 31,829 | 30,551 |
| less Rates Remissions | (765) | (816) |
| less Internal Rates Charged | (198) | (166) |
| Rates Revenue Net of Remissions | 31,064 | 29,569 |

In accordance with the Local Government (Rating) Act 2002 certain properties are not rated for general rates. These include schools, places of religious worship, public gardens and reserves. These non-rateable properties, where applicable, may be subject to targeted rates in respect of sewerage, water, refuse and sanitation. Non-rateable land does not constitute a remission under Council's rates remission policy. These and other not-for-profit organisations are not subject to rates.

Rating base information:

| | The number of rating units within the district | The total capital value of rating units within the district | The total land value of rating units within the district |
|--|--|---|--|
| At the end of the preceding financial year (i.e. 30 June 2016) | 14,430 | \$000 7,295,264 | \$000 4,222,779 |

The Council is required by the LGFA Guarantee and Indemnity Deed to disclose in its financial statements (or notes) its annual rates income. That Deed defines annual rates income 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 that Council for which those other local authorities rate. The annual rates income of the Council for the year ended 30 June 2017 for the purposes of the LGFA Guarantee and Indemnity Deed disclosure is shown below:

| | Council | |
|--|----------------------|----------------------|
| | Actual 2017 \$000 | Actual 2016 \$000 |
| Total Revenue from Rates | 31,064 | 29,569 |
| Add back Internal Rates Charged | 198 | 166 |
| Add Rangitikei District Council Shared Service Revenue | 1,955 | 2,041 |
| Total Annual Rates Income | 33,217 | 31,776 |

4 Financial Revenue

| | Council | | Group | |
|--|----------------------|----------------------|----------------------|----------------------|
| | Actual 2017 \$000 | Actual 2016 \$000 | Actual 2017 \$000 | Actual 2016 \$000 |
| Interest revenue for financial assets not at fair value through surplus or deficit | 245 | 280 | 162 | 192 |
| Dividend revenue | 36 | 36 | 36 | 36 |
| Total Financial Revenue | 281 | 316 | 198 | 228 |

5 Subsidies and Grants

| | Council | | Group | |
|--|----------------------|----------------------|----------------------|----------------------|
| | Actual 2017 \$000 | Actual 2016 \$000 | Actual 2017 \$000 | Actual 2016 \$000 |
| New Zealand Transport Agency subsidies | 8,428 | 6,963 | 8,428 | 6,963 |
| Grants received | 359 | 1,140 | 382 | 2,053 |
| Other subsidies | 147 | 170 | 147 | 170 |
| Total Subsidies and Grants | 8,934 | 8,273 | 8,957 | 9,186 |

There are no unfulfilled conditions and other contingencies attached to New Zealand Transport Agency subsidies, grants received and other subsidies recognised.

Makino Aquatic Centre Redevelopment Project – Grant Funding

The Manawatu District Council would like to specifically note and thank the funders listed for their generous contributions towards the Makino Aquatic Centre Redevelopment project. Without their funding support the project would have been unachievable for our community.

Council received a generous contribution to the project from the Lottery Community Facilities Fund of \$600,000. While the majority of this funding was received during the 2015/16 years, the final grant payment from the Lottery Communities Facilities Facility fund was made in the 2016/17 year.

The Makino officially reopened in July 2016 following a significant \$6.1 million dollar redevelopment. The redevelopment has resulted in a significant improvement in the provision of Aquatic Services for the Manawatu Community.

| Funder | \$ |
|-------------------------------------|---------|
| Lottery Community Facilities Fund | 600,000 |
| Central Energy Trust | 450,000 |
| Eastern and Central Community Trust | 200,000 |
| New Zealand Community Trust | 200,000 |
| Pub Charity | 25,000 |

6 Other Revenue

| | Council | | Group | |
|---|----------------------|----------------------|----------------------|----------------------|
| | Actual 2017 \$000 | Actual 2016 \$000 | Actual 2017 \$000 | Actual 2016 \$000 |
| User fees and charges | 4,714 | 3,890 | 4,714 | 3,890 |
| Shared service revenue | 1,955 | 2,041 | 1,955 | 2,041 |
| Petrol tax | 198 | 189 | 198 | 189 |
| Vested assets | 2,509 | 234 | 2,509 | 234 |
| Other revenue | 1,074 | 1,198 | 3,037 | 2,727 |
| Gain on disposal of property, plant and equipment | 84 | (16) | 84 | (16) |
| Total Other Revenue | 10,533 | 7,537 | 12,496 | 9,066 |

7 Personnel Costs

| | Council | | Group | |
|---|----------------------|----------------------|----------------------|----------------------|
| | Actual 2017 \$000 | Actual 2016 \$000 | Actual 2017 \$000 | Actual 2016 \$000 |
| Salaries and wages | 10,576 | 9,228 | 10,781 | 9,456 |
| Employer contributions to defined contribution plans | 370 | 321 | 370 | 321 |
| Increase/(decrease) in employee entitlement liabilities | 211 | (3) | 217 | (3) |
| Total Personnel Costs | 11,157 | 9,547 | 11,368 | 9,775 |

8 Depreciation and Amortisation

| | Council | |
|--|----------------------|----------------------|
| | Actual 2017 \$000 | Actual 2016 \$000 |
| Depreciation and Amortisation Expense per Group of Activities | | |
| Community Facilities | 1,447 | 1,194 |
| District Development | - | - |
| Emergency Management | 23 | 11 |
| Environmental and Monitoring Services | 15 | 8 |
| Governance and Strategy | - | - |
| Roading Network | 7,050 | 6,823 |
| Solid Waste | 61 | 60 |
| Stormwater and Drainage | 450 | 422 |
| Wastewater | 1,718 | 1,392 |
| Water Supply | 1,465 | 1,508 |
| Support Services | 500 | 442 |
| | 12,729 | 11,859 |

| | Council | | Group | |
|--|----------------------|----------------------|----------------------|----------------------|
| | Actual 2017 \$000 | Actual 2016 \$000 | Actual 2017 \$000 | Actual 2016 \$000 |
| Depreciation (note 18) | 12,668 | 11,770 | 13,261 | 12,287 |
| Amortisation (note 19) | 61 | 89 | 61 | 89 |
| Total Depreciation & Amortisation | 12,729 | 11,859 | 13,322 | 12,376 |

9 Finance Costs

| | Council | | Group | |
|--|----------------------|----------------------|----------------------|----------------------|
| | Actual 2017 \$000 | Actual 2016 \$000 | Actual 2017 \$000 | Actual 2016 \$000 |
| Interest Expense | | | | |
| Interest on borrowings | 1,972 | 1,852 | 2,121 | 1,951 |
| Provisions: discount unwinding (note 22) | 28 | 43 | 28 | 43 |
| Total Finance Costs | 2,000 | 1,895 | 2,149 | 1,994 |

10 Other Operating Expenses

| | Council | | Group | |
|---|----------------------|----------------------|----------------------|----------------------|
| | Actual 2017 \$000 | Actual 2016 \$000 | Actual 2017 \$000 | Actual 2016 \$000 |
| Fees to principal auditor | | | | |
| - Audit fees for financial statement audit MDC | 144 | 123 | 144 | 123 |
| - Audit fees for AP/ LTP and amendments / Debenture Trust | 4 | 4 | 4 | 4 |
| - Audit fees for Manawatu Community Trust | 0 | 0 | 18 | 18 |
| Fees to other auditors | | | | |
| Audit fees for Feilding Civic Centre Trust | 0 | 0 | 3 | 3 |
| Impairment of Community Investments | (84) | 1,979 | (84) | 1,979 |
| Impairment of Accounts Receivable | (19) | 56 | (19) | 56 |
| Loss on disposal of property, plant and equipment | 112 | 1 | 112 | 1 |
| Minimum lease payments under operating leases | 43 | 40 | 43 | 40 |
| Legal fees | 140 | 136 | 140 | 136 |
| Other operating expenses: | | | | |
| Chemicals | 819 | 664 | 819 | 664 |
| Consultants and Consultant Costs | 414 | 458 | 414 | 458 |
| Contract Payments | 5,129 | 4,809 | 5,129 | 4,809 |
| Energy - Electricity and Gas | 894 | 869 | 905 | 878 |
| Grants Made to other Organisations | 1,716 | 1,832 | 1,638 | 1,751 |
| Insurance | 353 | 372 | 464 | 496 |
| Maintenance and Materials | 2,249 | 2,248 | 2,524 | 2,486 |
| Operational Projects | 6,649 | 8,809 | 6,693 | 8,822 |
| Rates Paid | 247 | 227 | 256 | 246 |
| Refuse Disposal Costs | 414 | 336 | 424 | 345 |
| Other expenses | 1,959 | 2,103 | 2,128 | 2,223 |
| Total Other Expenses ^(note 1) | 21,182 | 25,066 | 21,754 | 25,538 |

Note: Rates remitted are deducted from rates revenue rather than treated as an operating expense (as disclosed in note 3).

11 Income tax

Relationship between Tax Expense and Accounting Surplus/(Deficit)

| | Council | | Group | |
|------------------------------|----------------------|----------------------|----------------------|----------------------|
| | Actual 2017 \$000 | Actual 2016 \$000 | Actual 2017 \$000 | Actual 2016 \$000 |
| Surplus/(deficit) before tax | 5,307 | (1,663) | 5,938 | (833) |
| Tax at 28% | 1,486 | (466) | 1,663 | (233) |
| Plus/(less) tax effect of: | | | | |
| Non-deductible expenditure | - | - | - | - |
| Non-taxable revenue | (1,494) | 458 | (1,671) | 225 |
| Taxation loss not recognised | 8 | 8 | 8 | 8 |
| Prior year adjustment | - | - | - | - |
| Tax losses utilised | - | - | - | - |
| Tax Expense | - | - | - | - |

Income tax recognised directly in equity

The amount of current and deferred tax charged or credited to equity during the period was \$nil (Last year: \$nil).

Components of Tax Expense

| | Council | | Group | |
|---|----------------------|----------------------|----------------------|----------------------|
| | Actual 2017 \$000 | Actual 2016 \$000 | Actual 2017 \$000 | Actual 2016 \$000 |
| Current tax expense | - | - | - | - |
| Adjustments to current tax in prior years | - | - | - | - |
| Deferred tax asset arisen from previously unrecognised tax loss | 8 | 8 | 8 | 8 |
| Deferred tax expense | (8) | (8) | (8) | (8) |
| Income Tax Expense | - | - | - | - |

| Deferred tax assets/(liabilities) | Property Plant and Equipment | Unused tax losses | Total |
|---|-------------------------------------|--------------------------|--------------|
| Council and Group | | | |
| Balance at 1 July 2015 | (17) | 17 | - |
| Charged to surplus or deficit | (8) | 8 | - |
| Charged / credited to other comprehensive revenue and expense | - | - | - |
| Balance at 30 June 2016 | (25) | 25 | - |
| Charged / credited to surplus or deficit | (8) | 8 | - |
| Charged to other comprehensive revenue and expense | - | - | - |
| Balance at 30 June 2017 | (33) | 33 | - |

Additional disclosure

Council has unrecognised tax losses of \$607,000 (Last year: \$579,000) with a tax effect of \$170,000 (Last year: \$162,000), which are available for carry forward in offsetting assessable income in future income years. A deferred tax asset has not been recognised in relation to the unused tax losses of \$607,000, as it is unlikely that the Council will generate sufficient taxable profit in the foreseeable future against which the unused tax losses can be utilised.

Heartland Contractors Limited has unrecognised tax losses of \$501,000 (Last year: \$501,000), which are available for carry forward in offsetting assessable income in future income years. A deferred tax asset has not been recognised in relation to the unused tax losses of \$501,000, as it is unlikely that the Company will generate sufficient taxable profit in the foreseeable future against which the unused tax losses can be utilised.

Under current income tax legislation the tax losses do not expire.

12 Cash and Cash Equivalents

| | Council | | Group | |
|---|----------------------|----------------------|----------------------|----------------------|
| | Actual 2017 \$000 | Actual 2016 \$000 | Actual 2017 \$000 | Actual 2016 \$000 |
| Cash at bank and in hand | 4,272 | 7,216 | 4,665 | 7,761 |
| Short term deposits with a term of three months or less | 3,003 | 4,000 | 3,103 | 4,150 |
| Total Cash and Cash Equivalents | 7,275 | 11,216 | 7,768 | 11,911 |

The carrying value of short-term deposits with a term of three months or less approximates their fair value.

The total value of cash and cash equivalents that can only be used for a specified purpose as outlined in the relevant trust funds is \$100,000 (last year: \$100,000). Refer to note 25 for detail of trust funds.

13 Debtors and other receivables

| | Council | | Group | |
|---|----------------------|----------------------|----------------------|----------------------|
| | Actual 2017 \$000 | Actual 2016 \$000 | Actual 2017 \$000 | Actual 2016 \$000 |
| Rates receivables | 1,356 | 1,533 | 1,356 | 1,533 |
| New Zealand Transport Agency Subsidy | 1,173 | 1,148 | 1,173 | 1,148 |
| Other receivables | 2,207 | 2,034 | 2,300 | 2,201 |
| Related party receivables | 39 | 35 | 0 | 0 |
| Accrued revenue | 228 | 285 | 228 | 285 |
| GST receivable | 523 | 879 | 523 | 881 |
| Prepayments | 163 | 163 | 163 | 163 |
| Less provision for impairment of receivables | (301) | (322) | (301) | (322) |
| Total | 5,388 | 5,755 | 5,442 | 5,889 |
| Total receivables comprise: | | | | |
| Receivables from non-exchange transactions <i>(includes amounts outstanding from rates, grants, infringements and fees and charges partly subsidised by rates)</i> | 3,261 | 3,598 | 3,261 | 3,598 |
| Receivables from exchange transactions <i>(includes amounts outstanding for fees and charges not subsidised by rates)</i> | 2,127 | 2,157 | 2,181 | 2,291 |
| Total | 5,388 | 5,755 | 5,442 | 5,889 |

The carrying value of debtors and other receivables approximates their fair value.

There is no concentration of credit risk with respect to receivables outside the group, as the group has a large number of customers.

Council does not provide for any impairment on rates receivable (except for rate penalties and uncollectable 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 payment plans are in place, debts are discounted to the present value of future payments.

These powers allow Council to commence legal proceedings to recover any rates that remain unpaid five months after the due date for payment. If payment has not been made within three months of the Court's judgement, then Council can apply to the Registrar of the High court to have the judgement enforced by sale or lease of the rating unit.

At balance date each year, all overdue receivables, except for rates receivable, have been assessed for impairment and appropriate provisions applied. Council holds no collateral as security or other credit enhancements over receivables that are either past due or impaired.

The impairment provision has been calculated based on expected losses for Council's pool of debtors. Expected losses have been determined based on an analysis of Council's losses in previous periods, and review of specific debtors.

Movements in provision for impairment of general receivables and community loans are as follows:

| | Council | | Group | |
|--|----------------------|----------------------|----------------------|----------------------|
| | Actual 2017 \$000 | Actual 2016 \$000 | Actual 2017 \$000 | Actual 2016 \$000 |
| As at 1 July | 322 | 297 | 322 | 297 |
| Additional provisions made during the year | (21) | 25 | (21) | 25 |
| Receivables written off during period | - | - | - | - |
| As at 30 June | 301 | 322 | 301 | 322 |

As at 30 June 2017, all overdue debtors and other receivables have been assessed for impairment and appropriate provisions applied, as detailed below:

Council - Rates receivables

| | Gross \$000 | Impairment \$000 | Net 2017 \$000 | Net 2016 \$000 |
|-----------------------------|----------------|---------------------|-------------------|-------------------|
| Not past due - current year | 1,054 | (11) | 1,043 | 1,062 |
| Past due by 1 year | 181 | (13) | 168 | 241 |
| Past due by 2 years+ | 121 | (37) | 84 | 80 |
| Total | 1,356 | (61) | 1,295 | 1,383 |

Council - Other receivables and Related party receivables

| | Gross \$000 | Impairment \$000 | Net 2017 \$000 | Net 2016 \$000 |
|---------------------|----------------|---------------------|-------------------|-------------------|
| Not past due | 1,333 | - | 1,333 | 825 |
| Past due 1-30 days | 110 | - | 110 | 270 |
| Past due 31-61 days | 167 | - | 167 | 197 |
| Past due > 61 days | 627 | (240) | 387 | 501 |
| Total | 2,246 | (240) | 1,997 | 1,793 |

All receivables greater than 30 days in age are considered to be past due.

14 Investments in Council Controlled Organisations and similar entities

| | Council | | Group | |
|---|----------------------|----------------------|----------------------|----------------------|
| | Actual 2017 \$000 | Actual 2016 \$000 | Actual 2017 \$000 | Actual 2016 \$000 |
| Investments in Council Controlled Organisations and similar entities classified as current | | | | |
| <i>Loans and receivables</i> | | | | |
| Community loans - Manawatu Community Trust | 240 | 232 | - | - |
| Total Current Portion | 240 | 232 | - | - |
| Investments in Council Organisation and similar entities classified as non-current | | | | |
| <i>Loans and receivables</i> | | | | |
| Community loans - Manawatu Community Trust | 2,767 | 2,923 | - | - |
| NZ Local Government Funding Agency borrower's notes | 928 | 816 | 928 | 816 |
| <i>Fair value through other comprehensive revenue and expense</i> | | | | |
| Unlisted shares in Manawatu - Wanganui LASS Limited | 16 | 16 | 16 | 16 |
| Unlisted shares in Civic Financial Services Ltd | 190 | 190 | 190 | 190 |
| Unlisted shares in NZ Local Government Funding Agency | 100 | 100 | 100 | 100 |
| <i>Investments in subsidiary (at cost)</i> | | | | |
| Heartland Contractors Ltd - shares | - | - | - | - |
| Total Non-Current Portion | 4,001 | 4,045 | 1,234 | 1,122 |
| Total Investments in Council Organisation and similar entities | 4,241 | 4,277 | 1,234 | 1,122 |

Council has a 100% shareholding in Heartland Contractors Ltd, which comprises of 100 ordinary shares. Council has exempted Heartland Contractors Ltd from being a Council Controlled Organisation based on section 7(4) of Local Government Act 2002.

Council has a 100% control of Manawatu Community Trust. Manawatu Community Trust was established as a Council Controlled Organisation as per requirements of section 6 of the Local Government Act 2002. The purpose of the Trust is the provision of housing for the elderly and disabled of the Manawatu district and promotion of health and wellbeing services for the residents of the Manawatu district.

Council has lent money to Manawatu Community Trusts. With the exception of the loan for the Feilding Integrated Family Health Centre (FIFHC) the interest rate for these loans is Council's external borrowing rate. The amount of the loan borrowed represents fair value based on Council's external borrowing rate.

The interest rate for the \$2.5 million loan for the FIFHC is 50% at Council's external borrowing rate and 50% interest free. Council has impaired the carrying value of the loan to fair value, to recognise the impact of the interest free portion. The term of this loan is 15 years.

| | Council | | Group | |
|--|----------------------|----------------------|----------------------|----------------------|
| | Actual 2017 \$000 | Actual 2016 \$000 | Actual 2017 \$000 | Actual 2016 \$000 |
| Face value of the loan | 2,500 | 2,500 | - | - |
| Opening balance of the loan | 2,041 | 2,141 | - | - |
| Loan Raised | - | - | - | - |
| Grant expenditure from low interest loans | 39 | 41 | - | - |
| Repaid this year | (148) | (141) | - | - |
| Fair value - loan to MCT for the FIFHC included above | 1,932 | 2,041 | 0 | 0 |

Council has a 100% control of the Feilding Civic Centre Trust. The Feilding Civic Centre Trust is an exempt Council Controlled Organisation as defined by section 7(4) of the Local Government Act 2002. The purpose of the Trust is to provide services to the community.

Council has a 100% control of the Awahuri Forest / Kitchener Park Trust. The Awahuri Forest / Kitchener Park Trust is an exempt Council Controlled Organisation as defined by section 7(4) of the Local Government Act 2002. The purpose of the Trust is for the management and restoration of Kitchener Park.

Council has 14.29% interest in Manawatu Wanganui Local Authority Shared Service Limited, which comprises 7 shares, all held by local authorities. Council has exempted Manawatu Wanganui Local Authority Shared Service Limited from being a Council Controlled Organisation as per section 7(4) of the Local Government Act 2002.

Council has 203,964 shares in Civic Financial Services Ltd, whose shareholders are local government authorities. Civic Financial Services Ltd is exempt from being a Council Controlled Organisation by virtue of section 6(4)f of the Local Government Act 2002.

Council acquired 100,000 \$1.00 shares in NZ Local Government Funding Agency (NZLGFA) in December 2012 and is one of 31 shareholders. Refer to Note 29 for more information. NZLGFA is exempt from being a Council Controlled Organisation as per section 6(4) of the Local Government Act 2002.

During the year, Council received NZLGFA borrower's notes with a face value of \$112,000 (Last year: \$80,000) at a fixed interest rate of 4.41% per annum (Last year: 3.16%) and NZLGFA borrower's notes of a face value of \$80,000 (Last year: \$80,000) at a floating rate of 2.55% as at 30 June 2017 (Last year: 2.81%). The NZLGFA borrower's notes are recognised at amortised cost. The face value of NZLGFA borrower's notes as at 30 June 2017 approximates their fair value.

Unlisted shares

Unlisted shares are recognised at cost, because they do not have a quoted market price in an active market and their fair value cannot be measured reliably.

15 Investment in Associate

| | Council | | Group | |
|---|----------------------|----------------------|----------------------|----------------------|
| | Actual 2017 \$000 | Actual 2016 \$000 | Actual 2017 \$000 | Actual 2016 \$000 |
| Non Current Portion | | | | |
| Investment in Central Economic Development Agency Ltd (at cost) | 1 | 1 | 1 | 1 |
| Increase from share of associate's (surplus / deficit) | - | - | 444 | (9) |
| Total non current portion | 1 | 1 | 445 | (8) |
| MDC's 50% share of associate's summarised financial information | | | | |
| Assets | | | 709 | 3 |
| Liabilities | | | 263 | 12 |
| Revenues | | | 1,453 | 74 |
| Surplus / (Deficit) | | | 453 | (9) |
| Group's interest | | | 50% | 50% |
| Share of contingent liabilities incurred jointly with other investors | | | - | - |

16 Other financial assets

| | Council | | Group | |
|---|----------------------|----------------------|----------------------|----------------------|
| | Actual 2017 \$000 | Actual 2016 \$000 | Actual 2017 \$000 | Actual 2016 \$000 |
| Current Portion | | | | |
| <i>Loans and receivables</i> | | | | |
| Community loans - other | 4 | 4 | 4 | 4 |
| Himatangi Beach Sewerage Scheme Contributions | 55 | 59 | 55 | 59 |
| Rongotea Water Supply Scheme Contributions | 34 | 32 | 34 | 32 |
| <i>Held to maturity investments</i> | | | | |
| Term deposits with maturity less than one year | - | - | - | - |
| Total Current Portion | 93 | 95 | 93 | 95 |
| Non-Current Portion | | | | |
| <i>Loans and receivables</i> | | | | |
| Community loans - other | 80 | 84 | 80 | 84 |
| Himatangi Beach Sewerage Scheme Contributions | 220 | 295 | 220 | 295 |
| Rongotea Water Supply Scheme Contributions | 92 | 130 | 92 | 130 |
| <i>Held to maturity investments</i> | | | | |
| Term deposits with maturity of over one year | 699 | 699 | 699 | 699 |
| <i>Fair value through other comprehensive revenue and expense</i> | | | | |
| Listed Shares in Fonterra | - | 377 | - | 377 |
| Total Non-Current Portion | 1,091 | 1,585 | 1,091 | 1,585 |
| Total Other Financial Assets | 1,184 | 1,680 | 1,184 | 1,680 |

Fair values

Term deposits

The carrying amount of term deposits approximates their fair value.

Community Loans

The above community loans have been advanced at interest rates ranging from 0% to 4.00% (Last year: from 0% to 4.68%).

The fair value of community loans is \$84,247 (last year: \$88,328). The face value of community loans is \$5,007,950 (last year: \$5,012,031). Some of these community loans are only repayable, should the entity concerned cease to operate for the purpose that the loan was given for. Detail of these loans is provided below.

Community Loans at nil fair value

There was no movement in community loans at nil fair value during the year.

The Council has a \$2,500,000 community loan to the Manfeild Park Trust. Loan funds were used to finance the building of a stadium. Interest accrued against this loan until 2010 and the loan now stands at \$2,952,703. In 2010 Council suspended interest and principal repayments for a five year period which was extended for a further 18 months. In September 2016 converted the loan to a suspensory loan. At 30 June 2016 the loan was impaired to \$nil.

On 30 September 2004 Council sold all the land and buildings associated with the Feilding racecourse to the Manfeild Park Trust for the sum of \$1,650,000. In return for this Council holds a Community Interest in this Trust to the same value. This investment is only repayable to the Council should the Manfeild Park Trust be wound up. Therefore the fair value of this investment is nil.

The Council has a community loan with Manawatu Historical Vehicle Trust totalling \$200,000 but only repayable if the Trust ceases to operate a facility for the storage, display and restoration of appropriate historic and vintage vehicles.

The Council has a \$50,000 community loan with Manchester House, which is secured over buildings, but only repayable if the Trust ceases to operate a facility for social services in the district.

Council has a \$71,000 community loan with the Feilding & District Steam Rail Society Inc., which is secured over buildings, but is only repayable if the society ceases to operate a facility for presentation and storage of steam engines in Feilding.

Himatangi Beach Sewerage Scheme and Rongotea Water Supply Scheme Contributions

Himatangi Beach and Rongotea residents were offered the option to pay the capital contribution for the new sewerage and water scheme over a 3, 5, 10 or 20 year period. The interest rate charged was 7%. The repayment of this debt is being processed through the rating system and therefore a charge against the relevant property.

Listed shares

Listed shares are recognised at fair value. The fair value of listed shares are determined by reference to published current bid quotations in an active market.

Impairment

Other than disclosed above, there were no impairment provisions for other financial assets.

For more information on financial assets refer to note 33, financial instruments.

17 Non-Current Assets Held for Sale

| | Council | | Group | |
|--|----------------------|----------------------|----------------------|----------------------|
| | Actual 2017 \$000 | Actual 2016 \$000 | Actual 2017 \$000 | Actual 2016 \$000 |
| Non-Current Assets held for Sale are: | | | | |
| Land held for sale | 177 | 333 | 177 | 333 |
| Buildings and improvements held for Sale | 320 | 384 | 320 | 384 |
| | 497 | 717 | 497 | 717 |
| Current Portion | 497 | 717 | 497 | 717 |
| Term Portion | - | - | - | - |
| Total | 497 | 717 | 497 | 717 |
| Opening balance assets for sale | 717 | 720 | 717 | 720 |
| Assets classified as held for sale during the period | - | - | - | - |
| Assets revalued or reclassified during the year | (220) | - | (220) | - |
| Less assets transferred or sold during the year | - | (3) | - | (3) |
| Closing balance assets held for sale | 497 | 717 | 497 | 717 |

In prior years the Council approved the sale of land and buildings, related to the Sanson Hotel and adjacent land. The contract for sale and purchase did not take place as planned however property is being actively advertised on the market.

The accumulated property revaluation reserve recognised in equity for the current assets held for sale is \$76,700, (last year: \$28,900).

18 Property, Plant and Equipment

2017

| | Cost/ Revaluation | Accumulated Depreciation and Impairment Charges | Carrying Amount |
|-------------------------------------|-------------------|---|-----------------|
| | \$000 | \$000 | \$000 |
| Council | | | |
| Operational assets | | | |
| Land | 17,629 | - | 17,629 |
| Buildings and Improvements | 7,918 | - | 7,918 |
| Library Books | 3,263 | (2,497) | 766 |
| Plant , Equipment and Furniture | 4,153 | (2,448) | 1,705 |
| Motor Vehicles | 1,657 | (753) | 904 |
| Total operational assets | 34,620 | (5,698) | 28,922 |
| Infrastructural assets | | | |
| Land | 4,518 | - | 4,518 |
| Solid Waste | 485 | (273) | 212 |
| Wastewater | 71,765 | (1,681) | 70,084 |
| Stormwater and Drainage | 25,853 | (450) | 25,403 |
| Water Supply | 57,667 | (1,679) | 55,988 |
| Roads and Footpaths | 369,085 | (7,050) | 362,035 |
| Land Under Roads | 65,246 | - | 65,246 |
| Total infrastructural assets | 594,619 | (11,133) | 583,486 |
| Restricted assets | | | |
| Land | 16,363 | - | 16,363 |
| Buildings and Improvements | 22,917 | (150) | 22,767 |
| Plant and Equipment | 1,998 | (1,133) | 865 |
| Total restricted assets | 41,278 | (1,283) | 39,995 |
| Total Council | 670,517 | (18,115) | 652,403 |
| Other Group Assets | | | |
| Land | 4,168 | - | 4,168 |
| Buildings and Improvements | 17,889 | - | 17,889 |
| Furniture and equipment | 425 | (241) | 184 |
| Leasehold Improvements | 553 | (396) | 157 |
| Total | 23,035 | (637) | 22,398 |
| Group Assets | 693,552 | (18,752) | 674,801 |

2016

| | Cost/ Revaluation | Accumulated Depreciation and Impairment Charges | Carrying Amount |
|-------------------------------------|-------------------|---|-----------------|
| | \$000 | \$000 | \$000 |
| Council | | | |
| Operational assets | | | |
| Land | 15,161 | - | 15,161 |
| Buildings and Improvements | 7,969 | (610) | 7,359 |
| Library Books | 3,093 | (2,410) | 683 |
| Plant , Equipment and Furniture | 8,669 | (2,064) | 6,605 |
| Motor Vehicles | 1,346 | (573) | 773 |
| Total operational assets | 36,238 | (5,657) | 30,581 |
| Infrastructural assets | | | |
| Land | 3,113 | - | 3,113 |
| Solid Waste | 443 | (212) | 231 |
| Wastewater | 62,484 | (1,384) | 61,100 |
| Stormwater and Drainage | 23,521 | (422) | 23,099 |
| Water Supply | 55,017 | (1,544) | 53,473 |
| Roads and Footpaths | 357,570 | (6,823) | 350,747 |
| Land Under Roads | 65,077 | - | 65,077 |
| Total infrastructural assets | 567,225 | (10,385) | 556,840 |
| Restricted assets | | | |
| Land | 14,465 | - | 14,465 |
| Buildings and Improvements | 15,715 | (1,013) | 14,702 |
| Plant and Equipment | 1,467 | (991) | 476 |
| Total restricted assets | 31,647 | (2,004) | 29,643 |
| Total Council | 635,110 | (18,047) | 617,064 |
| Other Group Assets | | | |
| Land | 3,474 | - | 3,474 |
| Buildings and Improvements | 15,945 | (418) | 15,527 |
| Furniture and equipment | 425 | (219) | 206 |
| Leasehold Improvements | 566 | (418) | 148 |
| Total | 20,410 | (1,055) | 19,355 |
| Group Assets | 655,520 | (19,102) | 636,419 |

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

| 2017 | Carrying Amount 1 July 2016 | Revaluation Movement | Additions | Reclassification | Disposals | Impairment of Assets | Current Year Depreciation | Carrying Amount 30 June 2017 |
|-------------------------------------|--------------------------------|-------------------------|---------------|------------------|--------------|----------------------|------------------------------|---------------------------------|
| | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 |
| Council | | | | | | | | |
| Operational assets | | | | | | | | |
| Land | 15,161 | 2,593 | 45 | (170) | - | - | - | 17,629 |
| Buildings and Improvements | 7,359 | 736 | 228 | - | (95) | - | (310) | 7,918 |
| Library Books | 683 | - | 170 | - | - | - | (87) | 766 |
| Plant , Equipment and Furniture | 6,605 | - | 628 | (5,143) | (1) | - | (384) | 1,705 |
| Motor Vehicles | 773 | - | 475 | - | (164) | - | (180) | 904 |
| Total operational assets | 30,581 | 3,329 | 1,546 | (5,313) | (260) | - | (961) | 28,922 |
| Infrastructural assets | | | | | | | | |
| Land | 3,113 | 379 | 856 | 170 | - | - | - | 4,518 |
| Solid Waste | 231 | - | 42 | - | - | - | (61) | 212 |
| Wastewater | 61,100 | 4,107 | 6,621 | (63) | - | - | (1,681) | 70,084 |
| Stormwater and Drainage | 23,099 | 1,164 | 1,590 | - | - | - | (450) | 25,403 |
| Water Supply | 53,473 | 1,267 | 2,653 | 60 | - | - | (1,465) | 55,988 |
| Roads and Footpaths | 350,747 | 5,957 | 12,278 | 103 | - | - | (7,050) | 362,035 |
| Land Under Roads | 65,077 | - | 84 | 85 | - | - | - | 65,246 |
| Total infrastructural assets | 556,840 | 12,874 | 24,124 | 355 | - | - | (10,707) | 583,486 |
| Restricted assets | | | | | | | | |
| Land | 14,465 | 1,602 | 383 | - | (87) | - | - | 16,363 |
| Buildings and Improvements | 14,702 | 2,666 | 1,294 | 5,050 | (24) | - | (921) | 22,767 |
| Plant and Equipment | 476 | - | 466 | - | - | - | (77) | 865 |
| Total restricted assets | 29,643 | 4,268 | 2,143 | 5,050 | (111) | - | (998) | 39,995 |
| Total Council | 617,064 | 20,471 | 27,813 | 92 | (371) | - | (12,666) | 652,403 |
| Other Group Assets | | | | | | | | |
| Land | 3,474 | 694 | - | - | - | - | - | 4,168 |
| Buildings and Improvements | 15,527 | 2,768 | 141 | - | - | - | (547) | 17,889 |
| Furniture and equipment | 206 | - | 6 | - | - | - | (28) | 184 |
| Leasehold Improvements | 148 | - | 26 | - | - | - | (17) | 157 |
| Total | 19,355 | 3,462 | 173 | - | - | - | (592) | 22,398 |
| Group Assets | 636,419 | 23,933 | 27,986 | 92 | (371) | - | (13,258) | 674,801 |

| Included above is work in progress | Actual 2017 \$000 |
|---|----------------------|
| Operational Buildings and Improvements | 109 |
| Plant , Equipment and Furniture | 19 |
| Restricted land | 81 |
| Restricted Buildings and Improvements | 452 |
| Solid Waste | 50 |
| Wastewater | 8,941 |
| Stormwater and Drainage | 1,549 |
| Water Supply | 3,793 |
| Roading and Footpaths | 1,956 |
| Total Council | 16,950 |
| Manawatu Community Trust - Buildings | 6 |
| Group Assets | 16,956 |

2016

| | Carrying Amount 1 July 2015 | Revaluation Movement | Additions | Reclassification | Disposals | Impairment of Assets | Current Year Depreciation | Carrying Amount 30 June 2016 |
|-------------------------------------|--------------------------------|-------------------------|---------------|------------------|-------------|----------------------|------------------------------|---------------------------------|
| | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 |
| Council | | | | | | | | |
| Operational assets | | | | | | | | |
| Land | 15,062 | - | 99 | - | - | - | - | 15,161 |
| Buildings and Improvements | 7,094 | - | 573 | - | - | - | (308) | 7,359 |
| Library Books | 573 | - | 191 | - | - | - | (81) | 683 |
| Plant , Equipment and Furniture | 1,324 | - | 5,507 | - | - | - | (226) | 6,605 |
| Motor Vehicles | 681 | - | 300 | - | (93) | - | (115) | 773 |
| Total operational assets | 24,734 | - | 6,670 | - | (93) | - | (730) | 30,581 |
| Infrastructural assets | | | | | | | | |
| Land | 2,844 | - | 269 | - | - | - | - | 3,113 |
| Solid Waste | 277 | - | 14 | - | - | - | (60) | 231 |
| Wastewater | 55,292 | 3,575 | 3,617 | - | - | - | (1,384) | 61,100 |
| Stormwater and Drainage | 20,409 | 2,050 | 1,062 | - | - | - | (422) | 23,099 |
| Water Supply | 51,743 | 1,184 | 2,053 | - | - | - | (1,507) | 53,473 |
| Roads and Footpaths | 358,194 | (5,607) | 4,983 | - | - | - | (6,823) | 350,747 |
| Land Under Roads | 65,077 | - | 0 | - | - | - | - | 65,077 |
| Total infrastructural assets | 553,836 | 1,202 | 11,998 | - | - | - | (10,196) | 556,840 |
| Restricted assets | | | | | | | | |
| Land | 14,454 | - | 11 | - | - | - | - | 14,465 |
| Buildings and Improvements | 14,499 | - | 851 | - | - | 130 | (778) | 14,702 |
| Plant and Equipment | 521 | - | 21 | - | - | - | (66) | 476 |
| Total restricted assets | 29,474 | - | 883 | - | - | 130 | (844) | 29,643 |
| Total Council | 608,044 | 1,202 | 19,551 | - | (93) | 130 | (11,770) | 617,064 |
| Other Group Assets | | | | | | | | |
| Land | 3,474 | - | - | - | - | - | - | 3,474 |
| Buildings and Improvements | 10,175 | - | 5,816 | - | - | - | (464) | 15,527 |
| Furniture and equipment | 226 | - | 11 | - | - | - | (31) | 206 |
| Leasehold Improvements | 160 | - | 10 | - | - | - | (22) | 148 |
| Total | 14,035 | - | 5,837 | - | - | - | (517) | 19,355 |
| Group Assets | 622,079 | 1,202 | 25,388 | - | (93) | 130 | (12,287) | 636,419 |

| | Actual 2016 \$000 |
|---|----------------------|
| Included above is work in progress | |
| Operational Buildings and Improvements | 174 |
| Plant , Equipment and Furniture | 5,050 |
| Restricted land | 41 |
| Restricted Buildings and Improvements | 315 |
| Solid Waste | 17 |
| Wastewater | 3,737 |
| Stormwater and Drainage | 1,559 |
| Water Supply | 2,147 |
| Roading and Footpaths | 563 |
| Total Council | 13,603 |
| Manawatu Community Trust - Buildings | 6 |
| Group Assets | 13,609 |

Core Infrastructural Assets

Includes roads, water supplies, sewerage treatment infrastructure, stormwater, and drainage works.

The table below reports on the core infrastructural assets as required by the Local Government (Financial Reporting and Prudence) Regulations 2014.

| 2017 | Assets Constructed by Council | Assets Transferred to Council | Carrying Amount 30 June 2017 | Replacement Cost 30 June 2017 |
|-------------------------------------|----------------------------------|----------------------------------|---------------------------------|----------------------------------|
| | \$000 | \$000 | \$000 | \$000 |
| Wastewater | | | | |
| Treatment Plant and Facilities | 4,996 | - | 27,375 | 36,259 |
| Other Assets (Reticulation Systems) | 968 | 657 | 42,709 | 66,379 |
| | 5,964 | 657 | 70,084 | 102,638 |
| Flood protection and control works | - | - | - | - |
| Stormwater drainage | 1,124 | 466 | 25,403 | 46,814 |
| Water Supply | | | | |
| Treatment Plant and Facilities | 991 | - | 19,493 | 19,493 |
| Other Assets (Reticulation Systems) | 1,197 | 465 | 36,495 | 85,899 |
| | 2,188 | 465 | 55,988 | 105,392 |
| Roads and Footpaths | 11,360 | 918 | 362,035 | 588,259 |

| 2016 | Assets Constructed by Council | Assets Transferred to Council | Carrying Amount 30 June 2016 | Replacement Cost 30 June 2016 |
|-------------------------------------|----------------------------------|----------------------------------|---------------------------------|----------------------------------|
| | \$000 | \$000 | \$000 | \$000 |
| Infrastructural assets | | | | |
| Wastewater of which: | | | | |
| Treatment Plant and Facilities | 2,390 | - | 21,344 | 33,912 |
| Other Assets (Reticulation Systems) | 1,052 | 175 | 39,756 | 57,582 |
| | 3,442 | 175 | 61,100 | 91,494 |
| Flood protection and control works | - | - | - | - |
| Stormwater drainage | 1,053 | 9 | 23,099 | 44,546 |
| Water Supply of which: | | | | |
| Treatment Plant and Facilities | 435 | - | 9,195 | 18,093 |
| Other Assets (Reticulation Systems) | 1,613 | 5 | 44,278 | 76,608 |
| | 2,048 | 5 | 53,473 | 94,701 |
| Roads and Footpaths | 4,937 | 46 | 350,747 | 566,791 |

Insurance Cover

| | Insurance Deductible* | Replacement Cover Council | Replacement Cover Group |
|--|--------------------------|---------------------------------|-------------------------------|
| | \$ | \$000 | \$000 |

Insurance Arrangements

At 30 June 2017 Council had the following insurance cover in place for the following assets:

| | | | |
|---|----------------|--------|--------|
| Material damage cover - buildings (operational and restricted) | \$100,000 | 72,251 | 92,251 |
| Material damage cover - plant and equipment | \$100,000 | 9,331 | 9,356 |
| Motor vehicle cover | 1% sum insured | 1,078 | 1,098 |
| Material damage cover - water and wastewater - treatment and supply | \$100,000 | 58,303 | 58,303 |

Assets not covered by insurance

Council does not insure its roading assets. In the event of a disaster it is expected that the repair and/or replacement of our roading assets will attract a high subsidy from the New Zealand Transport Agency. Council self insures the unsubsidised portion of roading.

Council does not insure land.

Council has no insurance in relation to intangible assets and financial assets. However Council has insured for the impact of cyber attacks.

Risk Sharing Arrangement

At 30 June 2017 Council had entered into mutual arrangement with LAPP (Local Authority Protection Programme) for disaster cover for water, stormwater and wastewater assets. The cover related to 40% of the replacement value of the assets (\$125m) and a deductible of \$800,000 applied. At 1 July 2017 Council transferred this insurance policy to the commercial market.

In the event of a disaster it is anticipated that the remaining 60% of reinstatement costs will be recovered from central government under the Civil Defence Emergency Management Plan.

* Loss or damage below the insurance deductible is covered by Council (either as an operating cost or by the Insurance Reserve - see note 25).

19 Intangible Assets

| | Council and Group | |
|---|----------------------|----------------------|
| | Actual 2017 \$000 | Actual 2016 \$000 |
| Balance at 1 July | | |
| Cost | 2,433 | 2,316 |
| Accumulated amortisation and impairment | (2,240) | (2,151) |
| Opening carrying amount | 193 | 166 |
| Additions | 389 | 117 |
| Less disposals at cost | - | - |
| Accumulated amortisation on disposals | - | - |
| Less amortisation charge | (61) | (89) |
| Closing carrying amount | 521 | 193 |
| Balance at 30 June | | |
| Cost | 2,822 | 2,433 |
| Accumulated amortisation and impairment | (2,301) | (2,240) |
| Closing carrying amount | 521 | 193 |

There are no restrictions over the title of Council's intangible assets, nor are any intangible assets pledged as security for liabilities.

All intangible assets are software.

20 Forestry Assets

| | Council and Group | |
|--|----------------------|----------------------|
| | Actual 2017 \$000 | Actual 2016 \$000 |
| Balance at 1 July | 0 | 56 |
| Increases due to purchases | 0 | 0 |
| Gains/(losses) arising from changes in fair value less estimated point of sale costs attributable to price changes | 0 | 0 |
| Decreases due to harvest | 0 | (56) |
| Balance at 30 June | 0 | 0 |

The Gordon Kear Forest was a jointly controlled asset with the Palmerston North City Council (PNCC). Council owned 23.3% of the first rotation of this forest.

Future Commitments

In accordance with the afforestation agreement entered into in 1976, Council has an obligation to meet 23.3% of all future costs associated with the first harvest of the forest and will receive 23.3% of all revenue. The first harvest rotation has been completed and therefore Council has no further commitment.

Joint venture commitments and contingencies

There are no commitments or contingent liabilities arising from Council's involvement in the joint venture.

Council's share of operations during the year

| | Council and Group | |
|------------------------------------|----------------------|----------------------|
| | Actual 2017 \$000 | Actual 2016 \$000 |
| Proceeds from harvesting | 0 | 134 |
| Expenses paid | 0 | (30) |
| Cost of bush harvested | 0 | (56) |
| Increase/(decrease) in asset value | 0 | 0 |
| | 0 | 48 |

Financial risk management strategies

With the end of the first rotation harvest, Council has withdrawn from the joint venture. Historically the joint venture was exposed to financial risks arising from changes in timber prices.

21 Creditors and Other Payables

| | Council | | Group | |
|---|----------------------|----------------------|----------------------|----------------------|
| | Actual 2017 \$000 | Actual 2016 \$000 | Actual 2017 \$000 | Actual 2016 \$000 |
| Trade payables | 5,769 | 7,929 | 5,880 | 8,142 |
| Deposits and bonds | 1,425 | 1,474 | 1,425 | 1,536 |
| Accrued expenses | 832 | 1,016 | 832 | 1,016 |
| Amounts due to related parties (note 30) | - | - | - | - |
| Revenue in advance | 821 | 747 | 821 | 747 |
| Total creditors and other payables | 8,848 | 11,166 | 8,958 | 11,441 |
| Total creditor and other payables comprise: | | | | |
| Creditors / other payables from exchange transactions | 7,932 | 10,419 | 8,137 | 10,694 |
| Creditors / other payables from non-exchange transactions | 916 | 747 | 821 | 747 |
| Total creditors and other payables | 8,848 | 11,166 | 8,958 | 11,441 |

Creditors and other payables are non-interest bearing and are normally settled on 30-day terms. Therefore, the carrying value of creditors and other payables approximates their fair value.

22 Provisions

| | Council and Group | |
|---|----------------------|----------------------|
| | Actual 2017 \$000 | Actual 2016 \$000 |
| Current Provisions are represented by: | | |
| Financial guarantees | - | - |
| Landfill aftercare provision | 116 | 60 |
| Total Current Provisions | 116 | 60 |
| Non-Current Provisions are represented by: | | |
| Financial guarantees | - | - |
| Landfill aftercare provision | 705 | 609 |
| Total Non-Current provisions | 705 | 609 |
| Reconciliation of Provisions | | |
| | Council and Group | |
| | Actual 2017 \$000 | Actual 2016 \$000 |
| Opening balance | 669 | 656 |
| Additional provisions made during the year | 168 | 13 |
| Amounts used during the year | (40) | (43) |
| Unused amounts reversed during the year | 0 | 0 |
| Discount unwinding | 24 | 43 |
| Closing Balance | 821 | 669 |

Provision for landfill aftercare costs

Council has recognised a provision for the aftercare costs of the Feilding landfill and two smaller landfills (located at Kimbolton and Tangimoana) which are no longer operational.

Feilding Landfill

The resource consent to operate the Feilding landfill expires on 1 July 2029. The Council has a responsibility under the conditions of the resource consent to rehabilitate and restore the landfill site and to provide on going maintenance and monitoring of the site for at least thirty years after closure.

Closure responsibilities include providing for:

- * additional soil cover
- * contouring and shaping the site
- * grassing
- * drainage structures including berms, chutes and drains

Post closure costs include providing for:

- * monitoring and treatment of leachate
- * ground water and surface water monitoring
- * on-going management including maintenance of grass cover, drainage systems and fencing

The cash outflows for landfill post-closure are expected to occur from 2006 to 2036 (30 years). The long-term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred. The provision has been estimated taking into account existing technology and using a discount rate of 3.63%. Each year part of the discounted amount will be unwound and recognised as an interest expense in the operating costs while at the same time adding this to the provision.

The following major assumptions have been made in the calculation of

- * The annual price index used is the Local Government Cost Index as detailed in the 2015-2025 Long Term Plan
- * An annual discount rate of 3.63%
- * Aftercare period of 30 years after closure

Other Landfills

Provision has been made for the ongoing aftercare of the Kimbolton and Tangimoana landfills that are no longer in use. Ongoing monitoring and maintenance expenditure has been allowed for these sites.

23 Employee Entitlement Liabilities

| | Council and Group | | Group | |
|---|----------------------|----------------------|----------------------|----------------------|
| | Actual 2017 \$000 | Actual 2016 \$000 | Actual 2017 \$000 | Actual 2016 \$000 |
| Accrued pay | 296 | 206 | 306 | 216 |
| Annual leave | 897 | 777 | 907 | 781 |
| Total Employee Entitlement Liabilities | 1,194 | 983 | 1,214 | 997 |
| Comprising: | | | | |
| Current | 1,194 | 983 | 1,214 | 997 |
| Non-current | - | - | - | - |
| Total Employee Entitlement Liabilities | 1,194 | 983 | 1,214 | 997 |

24 Borrowings

| | Council | | Group | |
|---|----------------------|----------------------|----------------------|----------------------|
| | Actual 2017 \$000 | Actual 2016 \$000 | Actual 2017 \$000 | Actual 2016 \$000 |
| Opening Balance of Term Borrowings | 52,601 | 42,900 | 56,188 | 43,487 |
| Loans raised during the year | 11,873 | 11,701 | 13,873 | 14,804 |
| Loans repaid during the year | (4,873) | (2,000) | (7,453) | (2,117) |
| Closing Balance of Term Borrowings | 59,601 | 52,601 | 62,608 | 56,174 |
| Current | | | | |
| Secured loans | 5,022 | 1,873 | 5,238 | 2,089 |
| Total current borrowings | 5,022 | 1,873 | 5,238 | 2,089 |
| Non-current | | | | |
| Secured loans | 54,579 | 50,728 | 57,363 | 54,085 |
| Total non-current borrowings | 54,579 | 50,728 | 57,363 | 54,085 |

As at 30 June 2017 there is a credit card facility in place with Bank of New Zealand for a limit of \$35k (last year: \$30k). There is a "multi-option" facility - treasury solution of \$10 million of which \$1.9m (last year: \$1.9 million) is used as of balance date.

Fixed-rate debt

\$30.5 million of debt has been issued at floating interest rate and the remainder is at fixed rates of interest. The borrowing rates range from 2.48% to 6.00% (last year: 2.85% to 6.00%).

When Council borrows on a fixed rate that differs from the current market rate offered, we receive a discount or pay a premium on the face value. This discount or premium is apportioned over the term of the loan and the amount repaid is equal to the face value of the loan received. The amounts disclosed above include the discount or premium of \$271,516 (last year \$274,422). The face value of fixed rate debt is \$29.4m.

Security

Council does not have any overdraft facilities associated with its bank accounts.
Council's loans are secured over the rating revenue of the district by way of a debenture trust.

Management

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 Long Term Plan.

Internal borrowings

Information about internal borrowings are provided for each group of activities, as part of the funding impact statements for group of activities.

25 Equity

| | Council | | Group | |
|---|----------------------|----------------------|----------------------|----------------------|
| | Actual 2017 \$000 | Actual 2016 \$000 | Actual 2017 \$000 | Actual 2016 \$000 |
| Retained Earnings | | | | |
| As at 1 July | 462,063 | 463,471 | 473,144 | 473,721 |
| Transfers to: | | | | |
| From restricted reserves | 234 | 414 | 234 | 414 |
| Transfers from: | | | | |
| To restricted reserves | (196) | (158) | (196) | (157) |
| Investment revaluation reserves on disposal | 40 | - | 40 | - |
| Property revaluation reserves on disposal | (816) | - | (816) | - |
| Surplus/(deficit) for the year | 5,307 | (1,663) | 5,938 | (833) |
| As at 30 June | 466,632 | 462,063 | 478,344 | 473,144 |
| Restricted Reserves | | | | |
| As at 1 July | 1,671 | 1,927 | 1,671 | 1,927 |
| Transfers to: | | | | |
| From Retained earnings | 196 | 158 | 196 | 158 |
| Transfers from: | | | | |
| To Retained earnings | (234) | (414) | (234) | (414) |
| As at 30 June | 1,633 | 1,671 | 1,633 | 1,671 |
| Asset Revaluation Reserves | | | | |
| As at 1 July | 111,686 | 110,483 | 113,766 | 112,559 |
| Revaluation gains/(losses) | 20,279 | 1,203 | 23,739 | 1,203 |
| Revaluation portion on disposed assets | 816 | - | 816 | - |
| Impairment loss on restricted buildings through other comprehensive revenue and expense | - | - | - | - |
| As at 30 June | 132,782 | 111,686 | 138,321 | 113,763 |
| Fair value through other comprehensive revenue and expense | | | | |
| As at 1 July | 62 | 22 | 62 | 22 |
| Transferred to retained earnings on disposal | (40) | - | (40) | - |
| Net revaluation gain/(losses) | (22) | 41 | (22) | 41 |
| As at 30 June | - | 62 | - | 62 |
| Total Other Reserves | 134,415 | 113,419 | 139,954 | 115,495 |
| Total Equity | 601,047 | 575,482 | 618,298 | 588,640 |

Retained Earnings

Included in retained earnings are the general funds, accumulated funds and the depreciation reserve.

General funds

| | Council | | Group | |
|--|----------------------|----------------------|----------------------|----------------------|
| | Actual 2017 \$000 | Actual 2016 \$000 | Actual 2017 \$000 | Actual 2016 \$000 |
| Opening balances | 458,016 | 455,055 | 469,102 | 465,305 |
| Transfers from restricted reserves | 233 | 412 | 233 | 412 |
| Transfers to restricted reserves | (192) | (157) | (192) | (157) |
| Property revaluation reserve on disposal | (816) | 0 | (816) | 0 |
| Transfers to General funds | 7,437 | 2,707 | 11,529 | 3,542 |
| Closing Balance | 464,679 | 458,016 | 479,856 | 469,102 |

Accumulated funds

Included in the Accumulated Funds in the balance sheet are two types of reserves. These are separate funds and growth funds detailed below.

Separate funds

When Council has used targeted rates for a specified purpose, unspent funds are separately accounted for and are applied in subsequent years to the specified activity.

| | Council | | Group | |
|-------------------------------|----------------------|----------------------|----------------------|----------------------|
| | Actual 2017 \$000 | Actual 2016 \$000 | Actual 2017 \$000 | Actual 2016 \$000 |
| Opening balances | (848) | (240) | (848) | (240) |
| Transfers to Separate Funds | 669 | 258 | 669 | 258 |
| Transfers from Separate Funds | (1,763) | (866) | (1,763) | (866) |
| Closing Balance | (1,942) | (848) | (1,942) | (848) |

Growth funds

These funds are created from Development Contributions levied. They are used for growth related expenditure for the creation of community assets. These include roads, parks and reserves, stormwater, wastewater and water supply.

| | Council | | Group | |
|-----------------------------|----------------------|----------------------|----------------------|----------------------|
| | Actual 2017 \$000 | Actual 2016 \$000 | Actual 2017 \$000 | Actual 2016 \$000 |
| Opening balances | (576) | 469 | (576) | 469 |
| Transfers to Growth Funds | 985 | 382 | 985 | 382 |
| Transfers from Growth Funds | (340) | (1,427) | (340) | (1,427) |
| Closing Balance | 69 | (576) | 69 | (576) |

Depreciation fund

These funds are created from depreciation and amortisation funded through revenue sources. These funds are only applied to the renewal of existing assets and for principal repayments of loans.

| | Council | | Group | |
|----------------------------------|----------------------|----------------------|----------------------|----------------------|
| | Actual 2017 \$000 | Actual 2016 \$000 | Actual 2017 \$000 | Actual 2016 \$000 |
| Opening balances | 5,470 | 8,186 | 5,470 | 8,186 |
| Transfers to Depreciation Fund | 8,945 | 8,204 | 8,945 | 8,204 |
| Transfers from Depreciation Fund | (10,626) | (10,920) | (10,626) | (10,920) |
| Closing Balance | 3,789 | 5,470 | 3,789 | 5,470 |
| Total Retained Earnings | 466,594 | 462,062 | 481,772 | 473,148 |

Restricted funds

Trust funds

| | Council and Group | | | Closing Balance \$000 |
|------------------------------------|-----------------------------|-----------------------|------------------------|-----------------------------|
| | Opening Balance \$000 | Transfers in \$000 | Transfers out \$000 | |
| 2017 | | | | |
| Hook Bequest | 12 | - | - | 12 |
| Trewin Bequest | 1 | - | - | 1 |
| Wakerill Trust | 1 | - | - | 1 |
| Robert Dickson Library Trust | 4 | - | - | 4 |
| P.A. Broad Memorial Trust | 7 | - | - | 7 |
| Historical Trust | 3 | - | - | 3 |
| Robert Dickson Educational Trust | 14 | - | (1) | 13 |
| Museum Trust | 2 | - | - | 2 |
| Feilding and District Relief Trust | 56 | 1 | - | 57 |
| | 100 | 1 | (1) | 100 |
| 2016 | | | | |
| Hook Bequest | 11 | 1 | - | 12 |
| Trewin Bequest | 1 | - | - | 1 |
| Wakerill Trust | 1 | - | - | 1 |
| Robert Dickson Library Trust | 4 | - | - | 4 |
| P.A. Broad Memorial Trust | 6 | 1 | - | 7 |
| Historical Trust | 3 | - | - | 3 |
| Robert Dickson Educational Trust | 19 | - | (5) | 14 |
| Museum Trust | 2 | - | - | 2 |
| Feilding and District Relief Trust | 134 | 3 | (81) | 56 |
| | 181 | 5 | (86) | 100 |

Purpose of each Trust Fund is detailed below:

| | |
|------------------------------------|---|
| Hook Bequest | Assist poor or needy/charitable purposes in Feilding |
| Trewin Bequest | Maintenance of the Trewin monument |
| Wakerill Trust | Maintenance of the Wackrill monument |
| Robert Dickson Library Trust | Children's books |
| P.A. Broad Memorial Trust | Books on NZ sport and wildlife |
| Historical Trust | To enhance the library's local research area |
| Robert Dickson Educational Trust | Advice/guidance/assistance to solo mothers and their children for education matters and advancement in life |
| Museum Trust | Council directs trust to enhance the library's local research area |
| Feilding And District Relief Trust | Donations ex 2004 flood |

Special Funds

| | Council and Group | | | Closing Balance \$000 |
|---------------------------------------|-------------------|--------------|---------------|--------------------------|
| | Opening Balance | Transfers in | Transfers out | |
| | \$000 | \$000 | \$000 | |
| 2017 | | | | |
| General Purpose Special Fund | 32 | 151 | (164) | 19 |
| Land Subdivision Reserve Special Fund | 552 | 22 | (21) | 553 |
| Insurance Fund | 987 | 22 | (48) | 961 |
| | 1,571 | 195 | (233) | 1,533 |
| 2016 | | | | |
| General Purpose Special Fund | 81 | 102 | (151) | 32 |
| Land Subdivision Reserve Special Fund | 659 | 22 | (129) | 552 |
| Insurance Fund | 1,006 | 29 | (48) | 987 |
| | 1,746 | 153 | (328) | 1,571 |

Purpose of each Special Fund is detailed below:

| | |
|---------------------------------------|--|
| General Purpose Special Fund | General expenditure |
| Land Subdivision Reserve Special Fund | Reserves contributions in accordance with the Local Government Act |
| Insurance Fund | Small claims not covered by external insurance policy |

Special funds are restricted by Council resolution and may only be applied to the purpose that established the fund.

| | Council | | Group | |
|--------------------------------------|----------------------|----------------------|----------------------|----------------------|
| | Actual 2017 \$000 | Actual 2016 \$000 | Actual 2017 \$000 | Actual 2016 \$000 |
| Trust Funds | 100 | 100 | 100 | 100 |
| Special Funds | 1,533 | 1,571 | 1,533 | 1,571 |
| Total Trust and Special Funds | 1,633 | 1,671 | 1,633 | 1,671 |

Asset Revaluation Reserves

| | Council | | Group | |
|--|----------------------|----------------------|----------------------|----------------------|
| | Actual 2017 \$000 | Actual 2016 \$000 | Actual 2017 \$000 | Actual 2016 \$000 |
| Operational assets | | | | |
| Land | 4,754 | 2,116 | 4,754 | 2,116 |
| Buildings & Improvements | 1,360 | 680 | 1,360 | 680 |
| Infrastructural assets | | | | |
| Land | 919 | 540 | 919 | 540 |
| Utilities (Water, Stormwater and Wastewater) | 39,614 | 33,076 | 39,614 | 33,076 |
| Roading network | 73,964 | 68,011 | 73,964 | 68,011 |
| Restricted assets | | | | |
| Land | 6,513 | 4,442 | 8,728 | 6,225 |
| Buildings & Improvements | 5,659 | 2,825 | 8,979 | 3,117 |
| Total | 132,782 | 111,689 | 138,318 | 113,765 |

26 Reconciliation of Net Surplus/(deficit) after Tax to Net Cash Flow from Operating Activities

| | Council | | Group | |
|---|---------------|---------------|---------------|---------------|
| | Actual 2017 | Actual 2016 | Actual 2017 | Actual 2016 |
| | \$000 | \$000 | \$000 | \$000 |
| Surplus/(deficit) after tax | 5,307 | (1,663) | 5,938 | (833) |
| Add/(less) non-cash items: | | | | |
| Depreciation and amortisation | 12,729 | 11,859 | 13,322 | 12,376 |
| Vested assets | (2,509) | (234) | (2,509) | (234) |
| Grant expenditure from low interest loans | 48 | 1,979 | 48 | 1,979 |
| Add/(less) items classified as investing or financing activities: | | | | |
| Investment revenue direct to investment | | | (320) | (5) |
| (Gains)/losses on disposal of forestry assets | - | (78) | - | - |
| (Gains)/losses on disposal of property, plant and equipment | 5 | 16 | 5 | 16 |
| Add/(less) movements in working capital items: | | | | |
| (Increase)/decrease in accounts receivable | 9 | 292 | 40 | 301 |
| Increase (decrease) in accounts payable | (287) | 3,289 | (461) | 3,055 |
| Increase (decrease) in provisions | 153 | 13 | 153 | 13 |
| Increase (decrease) in employee benefits | 210 | (33) | 216 | (41) |
| Net GST | 67 | (169) | 64 | (137) |
| Net cash from operating activities | 15,733 | 15,271 | 16,496 | 16,490 |

27 Capital Commitments and Operating Leases

Capital Commitments

| | Council | | Group | |
|---|--------------|---------------|--------------|---------------|
| | Actual 2017 | Actual 2016 | Actual 2017 | Actual 2016 |
| | \$000 | \$000 | \$000 | \$000 |
| Capital expenditure contracted for at balance date but not yet incurred for property, plant and equipment | | | | |
| - Buildings | - | 976 | - | 976 |
| - Roothing | 6,670 | 11,000 | 6,670 | 11,000 |
| - Stormwater | 151 | 187 | 151 | 187 |
| - Wastewater | 84 | 1,318 | 84 | 1,318 |
| - Water Supply | 1,617 | 472 | 1,617 | 472 |
| Total Capital Commitments | 8,522 | 13,953 | 8,522 | 13,953 |

Capital commitments represent capital expenditure contracted for at balance date but not yet incurred.

In respect to capital commitment for roading maintenance and upgrade, included in the above current commitment figure, \$3.28m (last year: \$5.8m) will be financed by way of subsidy from the New Zealand Transport Authority.

Operating Leases as Lessee

Council leases property, plant and equipment in the normal course of its business. The majority of these leases have a non-cancellable term of 36 months. The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows:

| | Council | | Group | |
|--|-------------|-------------|-------------|-------------|
| | Actual 2017 | Actual 2016 | Actual 2017 | Actual 2016 |
| | \$000 | \$000 | \$000 | \$000 |
| Non-cancellable operating leases as lessee | | | | |
| Not later than one year | 67 | 85 | 67 | 85 |
| Later than one year and not later than two years | 46 | 67 | 46 | 67 |
| Later than two years and not later than five years | 15 | 56 | 15 | 56 |
| Later than five years | 21 | 25 | 21 | 25 |
| Total non-cancellable operating leases | 149 | 233 | 149 | 233 |

Operating Leases as Lessor

The Council leases part of the Council's Regional Archives building under operating lease.

The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows:

| | Council | | Group | |
|--|--------------|--------------|--------------|--------------|
| | Actual 2017 | Actual 2016 | Actual 2017 | Actual 2016 |
| | \$000 | \$000 | \$000 | \$000 |
| Non-cancellable operating leases as lessor | | | | |
| Not later than one year | 133 | 133 | 133 | 133 |
| Later than one year and not later than two years | 133 | 133 | 133 | 133 |
| Later than two years and not later than five years | 400 | 400 | 400 | 400 |
| Later than five years | 700 | 833 | 700 | 833 |
| Total non-cancellable operating leases | 1,366 | 1,499 | 1,366 | 1,499 |

28 Contingencies

Contingent Liabilities

Risk Pool Insurance

In prior years Council obtained public liability and professional indemnity insurance cover from New Zealand Mutual Liability RiskPool, up to and including 2009. This operates as a mutual fund where each member makes an annual contribution to obtain cover. However should claims exceed contributions then calls can be made on the members of that fund year for the shortfall amount. We have not been advised on any future calls on this liability.

Building Act Claims

The Building Act 2004 imposes certain obligations and liabilities on local authorities in respect to the issue of building consents and building inspections work done. At the date of this report, there are no claims filed with the Weathertight Homes Tribunal.

Council signed a relationship agreement with the Department of Building and Housing on 21 November 2011. This agreement is to co-operate with the government to deliver the financial assistance package established by Central Government to assist homeowners in completing repairs. The timeframe for lodging claims under the Weathertight Homes Resolution Services Act 2006 states that the building to which the claim relates "was built (or alterations giving rise to the claim were made to it) before 1 January 2012 and within the period of 10 years immediately before the day on which the claim is brought". As at balance date, there is one claim lodged with the Council in June 2015, whereby the claimant had expressed an interest in accessing the financial assistance package, under the Weathertight Homes Resolution Services Act 2006. No estimated costs could be quantified by the Council as costs will be provided via the financial assistance package by way of experts report.

Uncalled capital – 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 2017, the NZLGFA had borrowings totalling \$7.945 billion (last year: \$6.501 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 on the basis that:

- it is not aware of any local authority debt default events in New Zealand
- 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.

Defined Benefit Scheme

Council belongs to the Defined Benefit Plan Contributors Scheme (the scheme), which is managed by the Board of Trustees of the National Provident Fund. The scheme is a multi-employer defined benefit scheme.

Insufficient information is available to use defined accounting as it is not possible to determine from the terms of the Scheme the extent to which the deficit will affect future contributions by employers, as there is no prescribed basis for allocation.

Guarantees

Council is one of the guarantors to the Deed of Lease of commercial property signed with Manawatu-Wanganui LASS Limited which is a Council Controlled Organisation, whereby the Council guarantees jointly and severally the payment of the rent and performance by the Tenant of the covenants in the lease. As at balance date, Manawatu Wanganui LASS Limited had complied with all terms of the lease agreement.

Other legal proceedings - unquantified claims

There are no unquantified claims to be recognised at balance date (last year: \$nil).

Contingent Assets

Buildings on Reserve Land

Council has a number of sports clubs that have constructed facilities (e.g. club rooms) on reserve land. The clubs control the use of these facilities and Council will only gain control of the asset if the clubs vacate the facility. Until this event occurs these assets are not recognised as assets in the statement of financial position.

Community Loans

A number of loans have been given to community organisations. These loans become repayable only if the organisation ceases to provide a service within the district. At this stage Council is not aware of any circumstance in which the loan becomes repayable. These loans are recorded at fair value (\$nil) in the statement of financial position. These loans total \$4.92m (last year: \$1.97m). Refer to note 16.

29 Related Party Transactions

Council is the ultimate parent of the group and controls four entities, being Heartland Contractors Ltd, the Feilding Civic Centre Trust, the Awahuri Forest/Kitchener Park Trust and the Manawatu Community Trust. Council also owns a 50% share in Central Economic Development Agency Limited.

Transaction with related parties that are a part of a normal customer relationship (such as payment of rates and purchase of rubbish bags etc.) are not included in related party disclosures. The following transactions were carried out with related parties.

| | Actual 2017 \$000 | Actual 2016 \$000 |
|---|----------------------|----------------------|
| Heartland Contractors Limited (Non Trading) | Nil | Nil |
| The Mayor, Deputy Mayor and Chief Executive are directors of this company | | |
| Feilding Civic Centre Trust | | |
| Grant provided by MDC | 78 | 76 |
| Services provided by MDC | 0 | 0 |
| Amounts payable to MDC at year end | | |
| Amounts receivable by MDC at year end | 2 | 5 |
| Manawatu Community Trust | | |
| Services provided by MDC (provided on a cost recovery basis only) | 0 | 14 |
| Interest paid to MDC (refer note below) | 89 | 111 |
| Amounts payable to MDC at year end | 39 | 35 |
| Loans repaid to the MDC | 232 | 218 |
| Loans drawn down from MDC during the year | 0 | 0 |
| Loan owing to MDC (as at balance date) | 3,232 | 3,463 |

Manawatu-Wanganui LASS Limited

The Chief Executive is a director of this company

The Council is one of the guarantors to the Deed of Lease for a property leased by the company - see note 28 for further details.

Awahuri Forest / Kitchener Park Trust

Grant provided by MDC

93 76

Central Economic Development Agency Limited

Grant provided by MDC

499 74

Council was also a related party in a joint venture forestry asset with Palmerston North City Council. Related party transactions within the joint venture asset have been disclosed in note 20 - Forestry Assets.

Council has impaired the loan given to Manawatu Community Trust to fair value. The reduction total of \$270,050 (last year \$308,982) is because 50% of the loan is interest free and has been treated as grant expenditure. There is no reduction of any other loans or other receivables to related parties (last year: \$nil).

Key Management Personnel Compensations

(includes senior management, the Mayor and Councillors)

| | Actual 2017 \$000 | Actual 2016 \$000 |
|--|----------------------|----------------------|
| Salaries and other short term employee benefits - elected members | 421 | 386 |
| Salaries and other short term employee benefits - Executive Team including the Chief Executive | 927 | 969 |
| Post employment benefits - Executive Team including the Chief Executive | 39 | 41 |
| Termination benefits | - | - |
| | 1,387 | 1,396 |
| Full time equivalents | | |
| Elected Members* | 11 | 11 |
| Executive Team including the Chief Executive | 5 | 5 |

* Due to the difficulty in determining the full-time equivalents for elected members, the full-time equivalent figure is taken as the number of elected members.

30 Remuneration**Elected Members**

Remuneration is determined by the Remuneration Authority. Remuneration paid to elected members (including meeting allowances for Hearings Committee meeting) during the year was:

| | Actual 2017 \$ | Actual 2017 Meeting Allowances | Actual 2016 \$ | Actual 2016 Meeting Allowances |
|---|-------------------|-----------------------------------|-------------------|-----------------------------------|
| Mayor Helen Worboys (from October 2016) | 70,521 | | | |
| Councillor Steve Bielski | 28,475 | | 26,301 | |
| Councillor Barbara Cameron | 30,724 | 485 | 32,876 | 289 |
| Councillor Stuart Campbell (from October 2016) | 19,479 | | | |
| Councillor Shane Casey | 28,475 | 400 | 26,301 | 300 |
| Councillor Michael Ford (Deputy Mayor from October 2016) | 27,058 | | | |
| Councillor Hilary Humphrey (from October 2016) | 24,216 | | | |
| Councillor Philson Marsh (from October 2016) | 24,216 | | | |
| Councillor Andrew Quarrie | 28,475 | | 26,301 | |
| Councillor Alison Short | 28,475 | | 26,301 | |
| Councillor Howard Voss | 35,422 | 500 | 31,561 | 375 |
| Mayor Margaret Kouvelis (until October 2016) | 33,566 | | 94,219 | |
| Councillor Wayne Ellery (until October 2016) | 8,996 | | 26,301 | |
| Councillor Jocelyn Heslop (until October 2016) | 8,996 | | 26,301 | 213 |
| Councillor Albert James (until October 2016) | 8,996 | | 26,301 | |
| Councillor Tony Jensen (Deputy Mayor until October 2016)) | 14,844 | 451 | 43,396 | 598 |
| | 420,933 | 1,836 | 386,159 | 1,774 |

Chief Executive

- For the year ended 30 June 2017, the remuneration paid to the Chief Executive, Richard Templer, was \$300,401 (Last year, Richard Templer was paid \$44,887, for the period 9 May 2016 to 30 June 2016).

- Last year, Lorraine Vincent was paid \$311,888 for the period 1 July 2015 to 8 April 2016. In addition, the value of the motor vehicle benefits received was \$7,700.

- Last year, Shayne Harris acted in the position for the period 9 April 2016 to 8 May 2016 and was paid \$19,698. In addition, the value of the motor vehicle benefits received was \$833.

Council employees

| | Actual 2017 as at 30 June | Actual 2016 as at 30 June |
|--|------------------------------|------------------------------|
| The number of employees employed by the Council: | 170 | 141 |
| The number of full-time employees: | 129 | 114 |
| The full-time equivalent number of all other employees: | 22 | 15 |
| Number of employees receiving total annual remuneration of | | |
| - less than \$60,000 | 89 | 68 |
| - between 60,001 and \$80,000 | 43 | 36 |
| - between \$80,001 and \$100,000 | 20 | 22 |
| - between \$100,001 and \$120,000 | 9 | 9 |
| - between \$120,001 and \$200,000 | 8 | 5 |
| - between \$280,001 and \$300,000 (Chief Executive) | - | 1 |
| - between \$300,001 and \$320,000 (Chief Executive) | 1 | - |
| A full-time employee is determined on the basis of a 40-hour working week. | | |
| | 170 | 141 |

31 Severance Payments

For the year ended 30 June 2017, the Council made four (2016: two) severance payments to employees totalling \$13,500 (2016 \$17,731). The value of each of the severance payments was \$2,500, \$5,000, \$5,000 and \$1,000.

32 Events after the Balance Sheet Date

The Manawatu District Council is not aware of any other events subsequent to balance date which would materially affect the amounts included in these financial statements or disclosures made.

In July 2017 the northern part of our district was hit by a severe snowstorm. Approximately \$2m of damage was caused to the road, with a further \$1m required to clear obstructions on roads.

33 Financial Instruments

Financial instrument categories

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

| | Council | | Group | |
|--|----------------------|----------------------|----------------------|----------------------|
| | Actual 2017 \$000 | Actual 2016 \$000 | Actual 2017 \$000 | Actual 2016 \$000 |
| FINANCIAL ASSETS | | | | |
| Loans and receivables | | | | |
| Cash and cash equivalents | 7,275 | 11,216 | 7,768 | 11,911 |
| Debtors and other receivables | 5,388 | 5,755 | 5,442 | 5,889 |
| Term deposits - other | 699 | 699 | 699 | 699 |
| Notes - NZ Local Government Funding Agency | 928 | 816 | 928 | 816 |
| Community loans | 485 | 604 | 485 | 604 |
| Community loans - related party | 3,007 | 3,155 | - | - |
| Total loans and receivables | 17,782 | 22,244 | 15,322 | 19,919 |
| Total held to maturity | | | | |
| Other financial assets | - | - | - | - |
| Total held to maturity | - | - | - | - |
| Available for sale | | | | |
| Unlisted shares in NZ Local Government Funding Agency (NZLGFA) | 100 | 100 | 100 | 100 |
| Unlisted shares in NZ Local Government Insurance Corp Ltd (NZIG) | 190 | 190 | 190 | 190 |
| Unlisted shares in Manawatu-Wanganui LASS Limited (LASS) | 16 | 16 | 16 | 16 |
| Listed shares in Fonterra | - | 377 | - | 377 |
| Total available for sale | 306 | 682 | 306 | 682 |
| Total financial assets | 18,088 | 22,927 | 15,628 | 20,601 |
| FINANCIAL LIABILITIES | | | | |
| Financial liabilities at amortised cost | | | | |
| Creditors and other payables | 8,848 | 11,166 | 8,958 | 11,441 |
| Borrowings | | | | |
| - Bank overdraft | - | - | - | - |
| - Secured loans | 59,601 | 52,601 | 62,608 | 56,174 |
| Total financial liabilities at amortised cost | 68,449 | 63,767 | 71,566 | 67,615 |

Fair Value Hierarchy Disclosures

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 market price | Observable inputs | Significant non- observable inputs |
| | \$000 | (Level 1) \$000 | (Level 2) \$000 | \$000 |
| 30 June 2017 - Council | | | | |
| Financial assets | | | | |
| Community Loan | - | | - | |
| Listed shares - Fonterra Group | - | - | | |
| 30 June 2017 -Group | | | | |
| Financial assets | | | | |
| Community Loan | - | | - | |
| Listed shares - Fonterra Group | - | - | | |
| 30 June 2016 - Council | | | | |
| Financial assets | | | | |
| Community Loan | - | | 0 | |
| Listed shares - Fonterra Group | 377 | 377 | | |
| 30 June 2016 -Group | | | | |
| Financial assets | | | | |
| Community Loan | - | | 0 | |
| Listed shares - Fonterra Group | 377 | 377 | | |

Fonterra Co-operative Group Ltd shares have been sold prior to 30 June 2017. The change in fair value of shares sold has been recognised in other comprehensive revenue and expense.

All other available for sale financial assets are recorded in the Statement of Financial Position at cost, as the fair value cannot be measured reliably. The carrying amount of these is detailed above.

Financial instrument risks

Council has a series of policies to manage the risks associated with financial instruments. Council is risk averse and seeks to minimise exposure from its treasury activities. Council 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. Council is exposed to equity securities price risk on its investments, which are classified as financial assets available for sale. This price risk arises due to market movements in listed securities. This price risk is managed by diversification of Council's investment portfolio in accordance with the limits set out in Council's Investment policy.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Council is not exposed to currency risk, as it does not enter into foreign currency transactions.

Interest rate risk

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 fixed rates exposes the Council to fair value interest rate risk. Council's Liability Management policy outlines the type of borrowing allowed.

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 Council to cash flow interest rate risk.

Credit risk

Credit risk is the risk that a third party will default on its obligation to Council, causing Council to incur a loss. Council has no significant concentrations of credit risk, as it has a large number of credit customers, mainly ratepayers, and Council has powers under the Local Government (Rating) Act 2002 to recover outstanding debts from ratepayers.

Council 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 A -. Accordingly, the group does not require any collateral or security to support

Maximum exposure to credit risk

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

| | Council | | Group | |
|---|----------------------|----------------------|----------------------|----------------------|
| | Actual 2017 \$000 | Actual 2016 \$000 | Actual 2017 \$000 | Actual 2016 \$000 |
| Balance as at 30 June | | | | |
| Cash at bank and term deposits | 7,974 | 11,915 | 8,467 | 12,610 |
| Debtors and other receivables | 5,388 | 5,755 | 5,442 | 5,889 |
| Community loans | 3,492 | 3,758 | 485 | 604 |
| Local authority stock and other investments | 1,234 | 1,498 | 1,234 | 1,498 |
| Financial guarantees | - | - | - | - |
| Total credit risk | 18,088 | 22,927 | 15,628 | 20,601 |

The maximum exposure to credit risk for financial guarantees is the maximum amount a Council would have to pay if the guarantee is called on, which may be significantly greater than the amount recognised as a liability.

Council is exposed to a credit risk as a guarantor of all of the LGFA's borrowings. Information about this exposure is explained in Note 28.

Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard and Poor's credit ratings (if available) or to historical information about counterparty default rates:

| | Council | | Group | |
|---|--------------|---------------|--------------|---------------|
| | 2017 | 2016 | 2017 | 2016 |
| | \$000 | \$000 | \$000 | \$000 |
| Balance as at 30 June | | | | |
| Counterparties with credit ratings | | | | |
| <i>Cash and term deposits</i> | | | | |
| Cash at bank and bank term deposits (AA- rated) | 7,974 | 11,915 | 8,467 | 12,610 |
| NZLGFA borrower's notes (AA rated) | 928 | 816 | 928 | 816 |
| Total cash at bank and term deposits | 8,902 | 12,731 | 9,395 | 13,426 |
| <i>Other investments</i> | | | | |
| Unlisted shares in NZ Local Government Funding Agency (NZLGFA) (AA Rated) | 100 | 100 | 100 | 100 |
| Total other investments | 100 | 100 | 100 | 100 |
| Counterparties without credit ratings | | | | |
| Local authority stock, community loans | | | | |
| Existing counterparty with no defaults in the past | 3,698 | 4,341 | 691 | 1,186 |
| Existing counterparty with defaults in the past | - | - | - | - |
| Total local authority stock and community loans | 3,698 | 4,341 | 691 | 1,186 |

Accounts receivable mainly arise from Council's statutory functions, therefore there are no procedures in place to monitor or report the credit quality of debtors and other receivables with reference to internal or external credit ratings. Council has no significant concentrations of credit risk in relation to debtors and other receivables, as it has a large number of credit customers, mainly ratepayers, and Council has powers under the Local Government (Rating) Act 2002 to recover outstanding debts from ratepayers.

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 maintaining sufficient short term investments.

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 include a Liability Management Policy. These policies have been adopted as part of the Council's Long Term Council Community Plan.

Contractual maturity analysis of financial liabilities

The table below analyses Council'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 are based on the floating rate on the instrument at the balance date. The amounts disclosed are the contractual undiscounted cash flows.

| | Carrying Amount \$000 | Contractual Cash Flows \$000 | Less than 1 year \$000 | 1-5 years \$000 | More than 5 years \$000 |
|------------------------------|-----------------------------|------------------------------------|------------------------------|--------------------|-------------------------------|
| Council 2017 | | | | | |
| Creditors and other payables | 8,848 | 8,848 | 8,848 | - | - |
| Secured loans | 59,601 | 69,507 | 6,969 | 34,658 | 27,880 |
| Financial guarantees | - | - | - | - | - |
| | 68,449 | 78,355 | 15,817 | 34,658 | 27,880 |
| Group 2017 | | | | | |
| Creditors and other payables | 8,958 | 8,958 | 8,958 | - | - |
| Secured loans | 62,608 | 73,772 | 7,358 | 38,534 | 27,880 |
| Financial guarantees | - | - | - | - | - |
| | 71,566 | 82,730 | 16,316 | 38,534 | 27,880 |
| Council 2016 | | | | | |
| Creditors and other payables | 11,166 | 11,166 | 11,166 | - | - |
| Secured loans | 52,601 | 60,647 | 1,915 | 32,849 | 25,883 |
| Financial guarantees | - | - | - | - | - |
| | 63,767 | 71,813 | 13,081 | 32,849 | 25,883 |
| Group 2016 | | | | | |
| Creditors and other payables | 11,441 | 11,441 | 11,441 | - | - |
| Secured loans | 56,174 | 64,912 | 2,304 | 36,725 | 25,883 |
| Financial guarantees | - | - | - | - | - |
| | 67,615 | 76,353 | 13,745 | 36,725 | 25,883 |

Contractual maturity analysis of financial assets

The table below analyses Council's financial assets into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

| | Carrying Amount \$000 | Contractual Cash Flows \$000 | Less than 1 year \$000 | 1-5 years \$000 | More than 5 years \$000 |
|-----------------------------------|-----------------------------|------------------------------------|------------------------------|--------------------|-------------------------------|
| Council 2017 | | | | | |
| Cash and cash equivalents | 7,275 | 7,275 | 7,275 | - | - |
| Debtors & other receivables | 5,388 | 5,388 | 5,388 | - | - |
| Other financial assets: | | | | | |
| - Term deposits | 699 | 699 | | 699 | |
| - LGFA Borrower notes | 928 | 816 | 80 | 464 | 272 |
| - Community loans | 485 | 306 | 8 | 97 | 201 |
| - Community loans - related party | 3,007 | 3,717 | 317 | 1,268 | 2,132 |
| | 17,782 | 18,201 | 13,068 | 2,528 | 2,605 |
| Group 2017 | | | | | |
| Cash and cash equivalents | 7,768 | 7,768 | 7,768 | - | - |
| Debtors & other receivables | 5,442 | 5,442 | 5,442 | - | - |
| Other financial assets: | | | | | |
| - Term deposits | 699 | 699 | - | 699 | - |
| - LGFA Borrower notes | 928 | 816 | 80 | 464 | 272 |
| - Community loans | 485 | 306 | 8 | 97 | 201 |
| | 15,322 | 15,031 | 13,298 | 1,260 | 473 |
| Council 2016 | | | | | |
| Cash and cash equivalents | 11,216 | 11,216 | 11,216 | - | - |
| Debtors & other receivables | 5,755 | 5,755 | 5,755 | - | - |
| Other financial assets: | | | | | |
| - Term deposits | 699 | 699 | - | 699 | - |
| - LGFA Borrower notes | 816 | 897 | 64 | 596 | 237 |
| - Community loans | 604 | 5,650 | 167 | 1,061 | 4,422 |
| - Community loans - related party | 3,155 | 4,506 | 329 | 1,317 | 2,860 |
| | 22,244 | 28,722 | 17,530 | 3,673 | 7,519 |
| Group 2016 | | | | | |
| Cash and cash equivalents | 11,911 | 11,911 | 11,911 | - | - |
| Debtors & other receivables | 5,889 | 5,889 | 5,889 | - | - |
| Other financial assets: | | | | | |
| - Term deposits | 699 | 699 | 0 | 699 | 0 |
| - LGFA Borrower notes | 816 | 897 | 64 | 596 | 237 |
| - Community loans | 604 | 5,650 | 167 | 1,061 | 4,422 |
| | 19,919 | 25,045 | 18,030 | 2,356 | 4,659 |

Council 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 27.

Sensitivity analysis - Council

The tables below illustrate the potential profit and loss and equity (excluding retained earnings) impact for reasonably possible market movements, with all other variables held constant, based on Council's financial instrument exposures at the balance date.

| 2017 | -100bps | | +100bps | |
|--|-----------------|-----------------------|-----------------|-----------------------|
| | Profit \$000 | Other Equity \$000 | Profit \$000 | Other Equity \$000 |
| INTEREST RATE RISK | | | | |
| Financial assets | | | | |
| Cash and cash equivalents | (43) | - | 43 | - |
| Other financial assets: | | | | |
| - Term deposits | - | - | - | - |
| - LGFA Borrower notes | (4) | - | 4 | - |
| - Community and related party loans | (28) | - | 28 | - |
| - Other investments | (1) | - | 1 | - |
| Financial liabilities | | | | |
| Secured loans | 305 | - | (305) | - |
| Total sensitivity to interest rate risk | 229 | - | (229) | - |
| EQUITY PRICE RISK | | | | |
| | -10% | | 10% | |
| Financial assets | | | | |
| Other financial assets: | | | | |
| - NZ Local Government Insurance Corp Ltd | - | - | - | - |
| - Shares in Manawatu-Wanganui LASS Limited | - | - | - | - |
| - Shares in NZ Local Government Funding Agency | - | - | - | - |
| - Shares in Fonterra | - | 0 | - | 0 |
| Total sensitivity to equity price risk | - | 0 | - | 0 |

| 2016 | -100bps | | +100bps | |
|--|-----------------|-----------------------|-----------------|-----------------------|
| | Profit \$000 | Other Equity \$000 | Profit \$000 | Other Equity \$000 |
| INTEREST RATE RISK | | | | |
| Financial assets | | | | |
| Cash and cash equivalents | (72) | - | 72 | - |
| Other financial assets: | | | | |
| - Term deposits | - | - | - | - |
| - LGFA Borrower notes | (3) | - | 3 | - |
| - Community and related party loans | (28) | - | 28 | - |
| - Other investments | (1) | - | 1 | - |
| - Local authority stock | - | - | - | - |
| Secured loans | 270 | - | (270) | - |
| Total sensitivity to interest rate risk | 166 | - | (166) | - |
| EQUITY PRICE RISK | | | | |
| | -10% | | 10% | |
| Financial assets | | | | |
| Other financial assets: | | | | |
| - NZ Local Government Insurance Corp Ltd | - | - | - | - |
| - Shares in Manawatu-Wanganui LASS Limited | - | - | - | - |
| - Shares in NZ Local Government Funding Agency | - | - | - | - |
| - Shares in Fonterra | - | (4) | - | 4 |
| Total sensitivity to equity price risk | - | (4) | - | 4 |

Explanation of sensitivity analysis - Council

Financial Assets

1 Cash and cash equivalents

Cash and cash equivalents include deposits on call totalling \$4,258,591 (last year: \$7,208,682) which are at floating rates. A movement in interest rates of plus or minus 1.0% has an effect on interest revenue of \$42,586 (last year: \$72,087).

2 Community loans

Council has floating rate community advances with a principal amount totalling \$8,239,680 (last year: \$8,376,345). A movement in interest rates of plus or minus 1.0% has an effect on interest revenue of \$82,397 (last year: \$83,763).

3 Local authority stock and other investments

Council has floating rate term bonds and deposits totalling \$440,000 (last year: \$80,000) that are held to maturity. A movement in interest rates of plus or minus 1.0% has an effect on interest revenue of \$4,400 (last year: \$800).

Financial Liabilities

4 Secured loans

Council has a floating rate debt with a principal amount totalling \$30,500,000 (last year: \$27,000,000). A movement in interest rates of plus or minus 1.0% has an effect on interest revenue of \$305,000 (last year: \$270,000).

Equity

5 Unlisted shares

Council holds unlisted equity instruments in Civic Financial Services Ltd, which are not traded and will continue to be held by Council. The market value of these shares is difficult to determine, but the net asset backing of this shareholding was \$312,065 at 31 December 2016. Council accounts for these shares at cost.

Council holds unlisted equity instruments in Manawatu Wanganui LASS Ltd, which are not traded and will continue to be held by Council. The market value of these shares is difficult to determine. Council accounts for these shares at cost.

Council holds unlisted equity instruments in New Zealand Local Government Funding Agency Ltd, which are not traded and will continue to be held by Council. Council accounts for these shares at cost, as there is no active market and thus the share price cannot be measured reliably.

Council holds unlisted equity instruments in Central Economic Development Agency Ltd, which are not traded and will continue to be held by Council. The market value of these shares is difficult to determine. Council accounts for these shares at cost.

6 Listed shares

Council held listed shares in Fonterra Group, which are not traded and were sold in June 2017. The sensitivity for listed shares was been calculated based on a -10%/+10% movement in the quoted bid share price at year-end for the listed shares.

Sensitivity analysis - Group

The tables below illustrate the potential profit and loss and equity (excluding retained earnings) impact for reasonably possible market movements, with all other variables held constant, based on Council's financial instrument exposures at the balance date.

| 2017 | -100bps | | +100bps | |
|--|-----------------|-----------------------|-----------------|-----------------------|
| | Profit \$000 | Other Equity \$000 | Profit \$000 | Other Equity \$000 |
| INTEREST RATE RISK | | | | |
| Financial assets | | | | |
| Cash and cash equivalents | (47) | - | 47 | - |
| Other financial assets: | | | | |
| - Term deposits | - | - | - | - |
| - LGFA Borrower notes | (4) | - | 3 | - |
| - Community loans | (1) | - | 1 | - |
| - Other investments | (1) | - | 1 | - |
| Financial liabilities | | | | |
| Secured loans | 305 | - | (305) | - |
| Total sensitivity to interest rate risk | 252 | - | (253) | - |
| EQUITY PRICE RISK | | | | |
| | -10% | | 10% | |
| Financial assets | | | | |
| Other financial assets: | | | | |
| - NZ Local Government Insurance Corp Ltd | - | - | - | - |
| - Shares in Manawatu-Wanganui LASS Limited | - | - | - | - |
| - Shares in NZ Local Government Funding Agency | - | - | - | - |
| - Shares in Fonterra | - | 0 | 0 | 0 |
| Total sensitivity to equity price risk | 0 | 0 | 0 | 0 |

| 2016 | -100bps | | +100bps | |
|--|-----------------|-----------------------|-----------------|-----------------------|
| | Profit \$000 | Other Equity \$000 | Profit \$000 | Other Equity \$000 |
| INTEREST RATE RISK | | | | |
| Financial assets | | | | |
| Cash and cash equivalents | (78) | - | 78 | - |
| Other financial assets: | | | | |
| - Term deposits | - | - | - | - |
| - LGFA Borrower notes | (3) | - | 3 | - |
| - Community loans | (1) | - | 1 | - |
| - Other investments | (1) | - | 1 | - |
| Financial liabilities | | | | |
| Secured loans | 270 | - | (270) | - |
| Total sensitivity to interest rate risk | 187 | - | (187) | - |
| EQUITY PRICE RISK | | | | |
| | -10% | | 10% | |
| Financial assets | | | | |
| Other financial assets: | | | | |
| - NZ Local Government Insurance Corp Ltd | - | - | - | - |
| - Shares in Manawatu-Wanganui LASS Limited | - | - | - | - |
| - Shares in NZ Local Government Funding Agency | - | - | - | - |
| - Shares in Fonterra | - | (4) | - | 4 |
| Total sensitivity to equity price risk | - | (4) | - | 4 |

Explanation of sensitivity analysis - Group

Financial Assets

1 Cash and cash equivalents

Cash and cash equivalents include deposits on call totalling \$4,651,591 (last year: \$7,753,682) which are at floating rates. A movement in interest rates of plus or minus 1.0% has an effect on interest revenue of \$46,516 (last year: \$77,537).

2 Community loans

The Group has floating rate community advances with a principal amount totalling \$84,247 (last year: \$88,328). A movement in interest rates of plus or minus 1.0% has an effect on interest revenue of \$842 (last year: \$883).

3 Local authority stock and other investments

The Group has floating rate term bonds and deposits totalling \$440,000 (last year: \$80,000) that are held to maturity. A movement in interest rates of plus or minus 1.0% has an effect on interest revenue of \$4,400 (last year: \$800).

Financial Liabilities

4 Secured loans

The Group has a floating rate debt with a principal amount totalling \$30,500,000 (last year: \$27,000,000). A movement in interest rates of plus or minus 1.0% has an effect on interest revenue of \$305,000 (last year: \$270,000).

Equity

5 Unlisted shares

The Group holds unlisted equity instruments in Civic Financial Services Ltd, which are not traded and will continue to be held by the Group. The market value of these shares is difficult to determine, but the net asset backing of this shareholding was \$312,065 at 31 December 2016. The Group accounts for these shares at cost.

The Group holds unlisted equity instruments in Manawatu Wanganui LASS Ltd, which are not traded and will continue to be held by the Group. The market value of these shares is difficult to determine. The Group accounts for these shares at cost.

The Group holds unlisted equity instruments in New Zealand Local Government Funding Agency Ltd, which are not traded and will continue to be held by the Group. The Group accounts for these shares at cost, as there is no active market and thus the share price cannot be measured reliably.

Council holds unlisted equity instruments in Central Economic Development Agency Ltd, which are not traded and will continue to be held by Council. The market value of these shares is difficult to determine. Council accounts for these shares at cost.

6 Listed shares

Group held listed shares in Fonterra Group, which are not traded and were sold in June 2017 by Council. The sensitivity for listed shares has been calculated based on a -10%/+10% movement in the quoted bid share price at year-end for the listed shares.

34 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 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:

- * Trust and bequest funds
- * Special Funds

Trust and bequest reserves are set up where Council has been donated funds that are restricted for particular purposes. Special Funds include a general purpose reserve, an insurance fund and the land subdivision reserve with the nature and purpose being determined by Council. Interest is added to these reserves and, where applicable, and deductions are made where funds have been used for the purpose they were given or established.

The amounts involved in our equity and reserves, together with the movements from last year, are disclosed in note 25.

The only externally imposed requirements for our capital management are those set out in the trust and bequest documents. Council has complied with these requirements.

35 Explanation of Major Variances

Explanations for major variations between the actual results and the estimated figures in the 2016/17 Annual Plan, which is the second year of the Long Term Plan 2015-2025, are detailed below.

Statement of Comprehensive Revenue and Expense

The operating surplus for the year is \$5.3 million, against a budgeted surplus of \$0.6 million. The following are the most significant variances:

- Revenue from development contributions and capital contributions is \$871,000 above budget. This reflects the building activity within the district. Increased building activities also resulted in increased consent revenue and associated costs.
- Finance costs are \$1.0 million 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 expenditure included \$0.9 million operating expenditure as a result of the June 2015 floods and other weather events. This is partially offset by an increase in the subsidy from NZTA.

Statement of Financial Position

The most significant movements are:

- Capital expenditure is only 78% of the work planned at the time of preparing the Annual Plan. A number of projects have been carried forward to the 2017/18 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.
- Council revalued its infrastructural assets on 1 July 2016 and land and buildings at 30 June 2017. The revaluations resulted in an increase in the asset value \$5.3 million more than budgeted. As a result both the asset value and the asset revaluation reserve are greater than expected.
- Cash and cash equivalents are \$6 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.

Report on Liability Management and Investment Policies

Liability Management Policy

Commentary

During the course of the financial year, Council repaid \$4.9 million of debt, raised \$11.9 million of debt, resulting in an increase of debt from \$52.6 million at the start of the financial year to \$59.6 million at 30 June 2017.

Key Statistics

| | Actual 2017 \$000 | Budget 2017 \$000 | Actual 2016 \$000 |
|---|----------------------|----------------------|----------------------|
| Gross interest expense compared to operating revenue not to exceed 10% | 3.8% | 6.5% | 4.1% |
| Gross interest expense compared to rates revenue not to exceed 20% | 6.4% | 10.3% | 6.4% |
| Net cash flows from operating activities to exceed gross interest expense by 1.5 times | 7.9 | 4.1 | 8.1 |
| Net Working Capital Ratio is greater than 1 (current assets compared to current liabilities excluding current portion of debt and properties for sale) | 1.28 | 0.95 | 1.42 |
| Total debt compared to total assets | 8.9% | 9.5% | 8.2% |

Measure: no more than 35% of net term debt planned to be refinanced in any financial period without pre-arranged facility being in place.

Result: Loans are due for repayment between December 2017 and April 2033. No more than 35% of the current loans fall due in any one year. Therefore the measure is complied with.

Council has complied with all aspects of its Liability Management Policy.

Investment Policy

Council is a prudent and conservative investor and while seeking to maximise the return from its investments, it realises that its level of short-term investments is comparatively small and not of great significance in the corporate money market. With the exception of loans to community organisations, Council's long-term investments are predominantly in nil risk assets such as government or local authority stock and bank bonds.

Council investment money includes funds accumulated with respect to general funds, special funds, loan repayment funds and trust monies.

Interest Received

Interest received on investments at \$245,000 was down on last year's \$280,000, due to a change in the market interest rates and the amounts invested.

Other Equity Investments

Council also has an historical investment in Civic Financial Services Ltd.

Council is a shareholder of the New Zealand Local Government Funding Agency Limited (NZLGFA), Civic Financial Services Limited, Heartland Contractors Limited, Manawatu-Wanganui LASS Limited and the Central Economic Development Agency. These shares are held for strategic purposes.

At the beginning of the year Council held Fonterra shares. These shares were owned to enable Council to lease land purchased for future wastewater land disposal. During the year Council sold these shares.

Council complied with its Investment Management Policy during the year.

Report on Revenue and Financing Policy

Council's current Revenue and Financing Policy was adopted as part of the 2015-2025 Long Term Plan (LTP). The Funding Policy sets out who will pay and how for Council's functions.

Part 6 s103(3) of the Local Government Act 2002 specifies that every local authority must provide in its annual report sufficient information about the Revenue and Financing Policy to enable an informed assessment of the extent to which the objectives and provisions of the policy have been met during the year.

This report summarises progress against the policy for the year ended 30 June 2017.

| Group of Activities | Function | ACTUAL | | FUNDING POLICY | |
|---|-------------------------------------|--------|---------|----------------|---------|
| | | Public | Private | Public | Private |
| Community Facilities | District Libraries | 97% | 3% | 95% | 5% |
| | Makino Aquatic Centre | 63% | 37% | 65% | 35% |
| | Parks and Reserves | 89% | 11% | 95% | 5% |
| | Property | 71% | 29% | 50% | 50% |
| | Local Halls and complexes | 100% | 0% | 100% | 0% |
| | Public Conveniences | 100% | 0% | 100% | 0% |
| District Development | Community Development | 100% | 0% | 100% | 0% |
| | Economic Development | 100% | 0% | 100% | 0% |
| | Feilding CBD Security | 20% | 80% | 20% | 80% |
| Emergency Management | Civil Defence | 100% | 0% | 100% | 0% |
| | Rural Fire | 93% | 7% | 100% | 0% |
| Environmental and Monitoring Service | Animal Control | 31% | 69% | 40% | 60% |
| | Building Control | 37% | 63% | 40% | 60% |
| | District Planning | 77% | 23% | 80% | 20% |
| | Environmental Health | 93% | 7% | 95% | 5% |
| | Alcohol Licensing | 29% | 71% | 50% | 50% |
| Governance and Strategy | Governance and Strategy | 100% | 0% | 100% | 0% |
| Roading Network | Roading | 38% | 62% | 55% | 45% |
| | Feilding CBD Redevelopment | 10% | 90% | 10% | 90% |
| Solid Waste | Solid Waste Collection and Disposal | 44% | 56% | 50% | 50% |
| | Feilding Kerbside Collection | 100% | 0% | 0% | 100% |
| Stormwater | Urban Stormwater | 20% | 80% | 20% | 80% |
| | Rural Land Drainage | 0% | 100% | 0% | 100% |
| Wastewater | Wastewater | 0% | 100% | 0% | 100% |
| Water Supply | Water Supply | 0% | 100% | 0% | 100% |

Report on Council Controlled Organisations

Manawatu Community Trust

The Manawatu Community Trust was formed on 23 June 2008. The purpose of the Trust is the provision of housing for the elderly and disabled of the Manawatu district, the promotion of health and wellbeing services for the residents of the Manawatu district, as well as promotion of any purposes within the Manawatu district for the relief of poverty and for the benefit of the residents of the Manawatu district. Following is the statement of comprehensive revenue and expense for the year ended 2017.

Manawatu Community Trust Statement of Comprehensive Revenue and Expense for the year ended 30 June 2017

| | Actual 2017 | Actual 2016 |
|---|--------------|--------------|
| | \$000 | \$000 |
| Revenue | | |
| Interest | 2 | 17 |
| Other revenue | 2,322 | 2,433 |
| Total Revenue | 2,324 | 2,450 |
| Employee benefit expenses | 162 | 195 |
| Depreciation | 554 | 470 |
| Finance costs | 238 | 218 |
| Other expenses | 783 | 723 |
| Loss on assets disposal | - | - |
| Property, plant and equipment impairment loss | - | - |
| Total Operating Expenditure | 1,737 | 1,606 |
| Operating Surplus/(Deficit) | 587 | 844 |
| Other comprehensive revenue and expense | - | - |
| Net Surplus/(Deficit) | 587 | 844 |

Awahuri Forest / Kitchener Park Trust

Council has exempted this from being a CCO.

Heartland Contractors Limited

Council has exempted this from being a CCO.

Feilding Civic Centre Trust

Council has exempted this from being a CCO.

Wanganui-Manawatu LASS Limited

This company has been set up in 2008 by seven Local Councils to investigate the possibilities of economies of scales by joint procurement.

Council has exempted this company from being a CCO.

Central Economic Development Agency Limited
Statement of Comprehensive Revenue and Expense for the year ended 30 June 2017

| | Actual 2017 \$000 | Actual 2016 (9 months) \$000 |
|---|----------------------|---------------------------------------|
| Revenue | | |
| Council funding | 1,932 | 148 |
| Services revenue | 568 | - |
| Donated assets | 832 | - |
| Project revenue | 405 | - |
| Interest | 13 | 1 |
| Other revenue | 8 | - |
| Total Revenue | 3,758 | 149 |
| | | |
| Employee expense | 1,309 | - |
| Operating expenses | 984 | 87 |
| Project expenses | 297 | - |
| Directors' fees | 155 | 83 |
| Depreciation | 24 | - |
| Loss on assets disposal | 1 | - |
| Total Operating Expenditure | 2,770 | 170 |
| Operating Surplus/(Deficit) before Taxation | 988 | (21) |
| | | |
| Income tax expense | 77 | - |
| Operating Surplus / (Deficit) after Taxation | 911 | (21) |
| | | |
| Other comprehensive revenue and expense | - | - |
| Net Surplus/(Deficit) | 911 | (21) |

Reporting against the Statement of Intent

Manawatu Community Trust: for the year ended 30 June 2017

Performance targets and other measures by which the performance of the Trust may be judged in relation to its objectives

| | Target | Results |
|--|--|---|
| Housing Portfolio | | |
| A housing portfolio that provides a modern, healthy living environment for the elderly and the disabled | Carry out refurbishment or upgrade on flats to ensure that they meet appropriate standards - Target: 8 flats per annum | Five flats have been refurbished, these being Puriri 21,23,25, Shelton 14 and Tate 17. Work commenced on flats 22 Fitzroy and Sanson 5. Exterior painting of all 11 Shelton Place flats was completed. <i>(Last year five flats were refurbished)</i> |
| Additional housing stock, investigate the cost of developing vacant land in Corrick Court | Plan to provide for at least 12 additional units | Estimated cost is \$2,357,985 plus GST |
| Housing Maintenance | | |
| Be responsive to urgent maintenance requirements or resident health and safety needs | Maintenance requirement requests are responded to within 48 hours | Average monthly requests for maintenance were 25.0. Response times have been met. <i>(Last year 21.5 requests)</i> |
| | Resident safety needs are responded to within 12 hours | Response times have been met |
| Housing Occupancy | | |
| Maintain a high occupancy level. | Annual average occupancy level is 95% per annum. | The average occupancy level for the 2016/17 year was 96.75% <i>(Last year 94%)</i> |
| Health Services | | |
| Facilitate the construction of the Integrated Family Health Centre complex in Feilding. | Code of Compliance Certificate issued by July 2016. | Code of compliance issued 19 June 2017. |
| Manawatu Community and Development Research project | | |
| The Manawatu Community and Development Research project funded by the Department of Internal Affairs is managed by the Trust. | Research the provision of emergency housing. | Investigate the financial viability of a partnership with another agency of developing a plan for the provision of emergency housing. |
| Compliance with current accounting policies | | |
| Ensure that a positive financial return on investment in line with the nature and condition of the Trusts' assets is achieved for re-investment and repayment of capital loans | Actual percentage of rental income for the year spent on capital improvements and major maintenance to be 45% | The level of rental income spent on capital work and major maintenance was 25.68%. The percentage is lower than anticipated due to high occupancy rates, meaning less empty flats to do upgrades on. <i>(Last year 13.02% of rental income was spent on capital improvements)</i> |
| Provide financial reporting to Manawatu District Council as required | Each report is to be prepared and presented before the due date Report as at 30 June 2016 and 31 December 2015 to be reported by 30 September 2015 and 31 March 2016 respectively | The copy of the 12 month report for the year ended 30 June 2016 was submitted to Council by 30 September 2016 and presented on 1 December 2016. The six month report for the period ended 31 December 2016 was submitted to Council on 28 February 2017. <i>(Last year reports were submitted on 30 September 2016 and 17 March 2016)</i> |
| Maintain the percentage of consolidated Trust funds in relation to total assets at no less than 60% | Actual percentage as evidenced in the annual financials as at the 30 June 2017 | The percentage of consolidated trust funds in relation to total assets is 71.51% <i>(last year 63.52%)</i> |

The key objectives for the 2016/17 year were to:

| | Target | Results |
|---|---|--|
| Support the growth of business in the region to grow bigger and better, GDP growth is at or above the national average. | To assist 320 businesses through a CEDA intervention | 297 businesses assisted (97% achieved). |
| | Net promoter score for Regional Engagement under the Regional Business Partners programme is greater than 50 | Net promoter score of 44 achieved. |
| Grow and retain education and talent in the region so businesses have the skills to grow, reducing business perception of staffing as a barrier to growth by 3% over three years. | Set baseline for international students and develop strategy, complete distribution and logistics sector survey | Baseline set at \$67.8m for international students. Project initiated to analyse skill gaps. Complete distribution and logistics survey. |
| | Develop a Labour Market Strategy for the regions | Project initiated to analyse the skill gaps for the regions major industries. |
| | Complete the distribution and logistics sector survey | Survey completed and reported to stakeholders. |
| Enhance the brand and experience of the region so people who say they are proud they live in the region increases by 3% over three years. | Undertake annual research, report results to stakeholders by 30 September | UMR research undertaken and reported back to Councils. |
| | 10 business events bids submitted with a 33% win/loss ratio | Seven bids completed with four won (56% win / loss ratio). |
| | Start baseline for analysis of major events sector | Baseline started with eight events measured. |

Annual Report Disclosure Statement for year ending 30 June 2017

What is the purpose of this statement?

The purpose of this statement is to disclose the Council's financial performance in relation to various benchmarks to enable the assessment of whether the Council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

The Council is required to include this statement in its annual report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

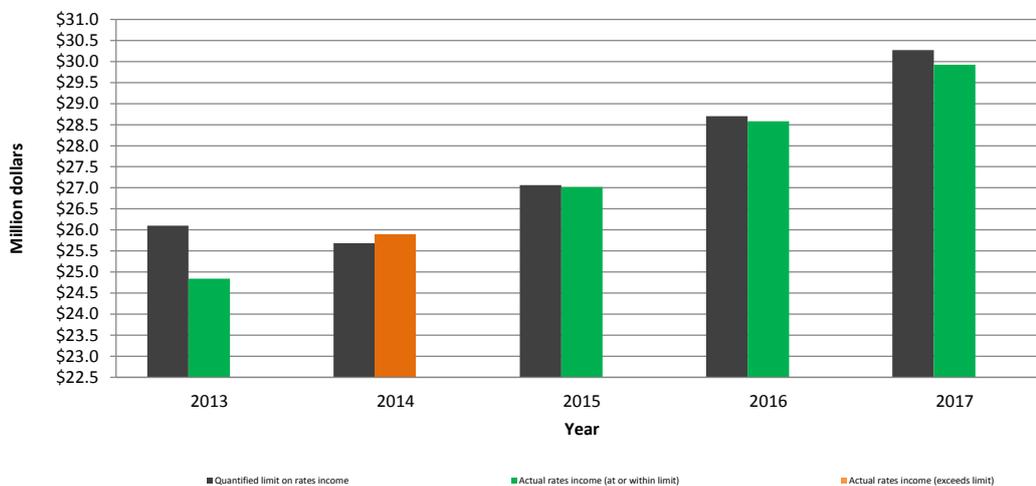
Rates affordability benchmark

The Council meets the rates affordability benchmark if—

- its actual rates income equals or is less than each quantified limit on rates; and
- its actual rates increases equal or are less than each quantified limit on rates increases

Rates (income) affordability

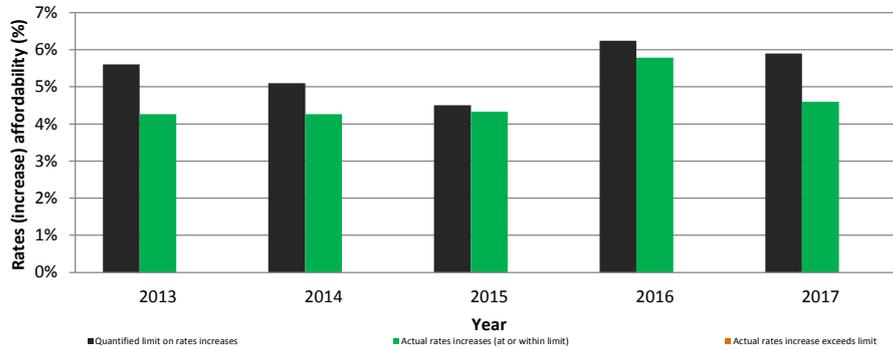
The following graph compares the Council's actual rates income with a quantified limit on rates contained in the financial strategy included in the Council's long-term plan. The quantified limit is the indicative rate limit of LGCI plus 4%, measured in million dollars. LGCI is the Local Government Cost Index provided by Business and Economic Research Limited (BERL) each year.



2014 exceeded the limit as a result of subdivisions created after rating models and the Annual Plan adopted but prior to levying the rate. The Annual Plan revenue was \$25.5m within the limit set in the Long Term Plan.

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 4%.

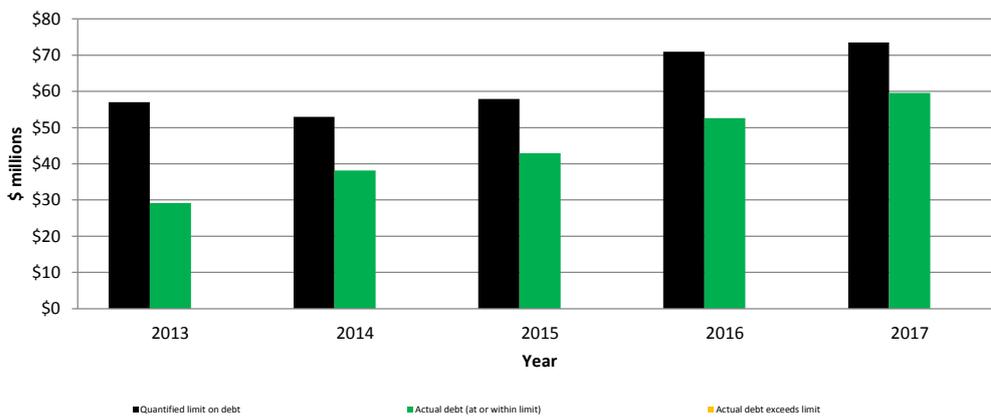


Debt affordability benchmark

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

The following graph compares the Council’s actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the Council’s long-term plan. The quantified limit is the maximum debt allowed measured in million dollars and it is based on the borrowing limits established in the Council's Liability Management policy (refer below) which yields the lowest debt. In this case it is the interest being less than 10% of operating revenue less \$5 million emergency buffer.

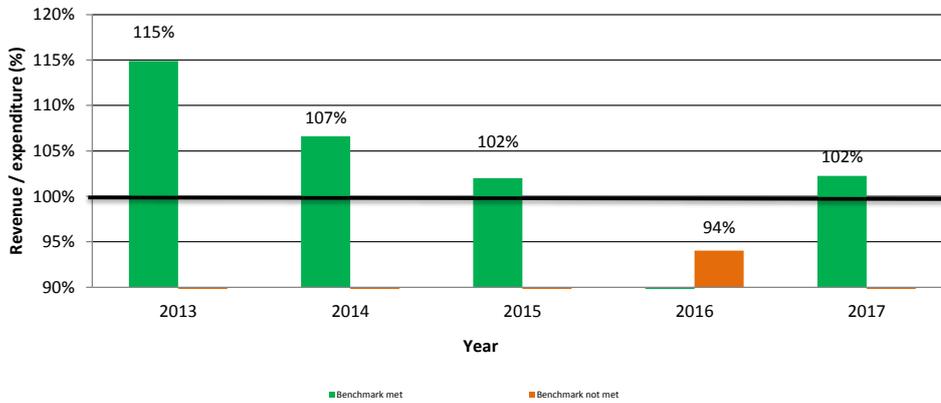
The Council meets the debt affordability benchmark if its actual borrowing is below the maximum debt allowed.



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.

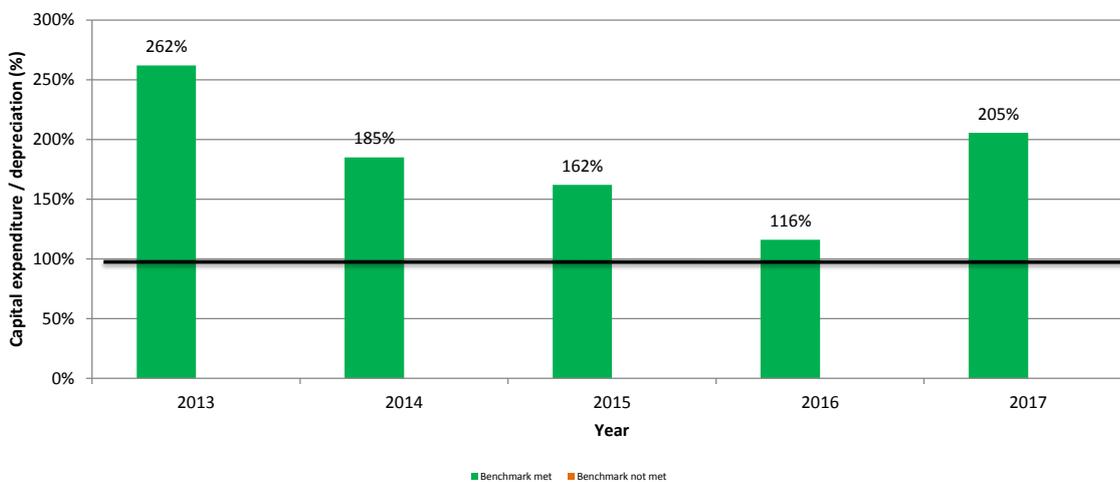


In 2016 operational expenditure included \$962k that related to the June 2015 floods and was not covered by NZTA grant funding. This expenditure was unbudgeted and was funded from the insurance reserve, separate funds or operational funding. Council also gave grants of \$80k to effected parties, funded from the Disaster Relief Fund. Also included in expenditure is \$2m for the impairment of the loan to Manfeild Park Trust.

Essential Services Benchmark

The following graph displays the Council's capital expenditure on network services as a proportion of depreciation on network services.

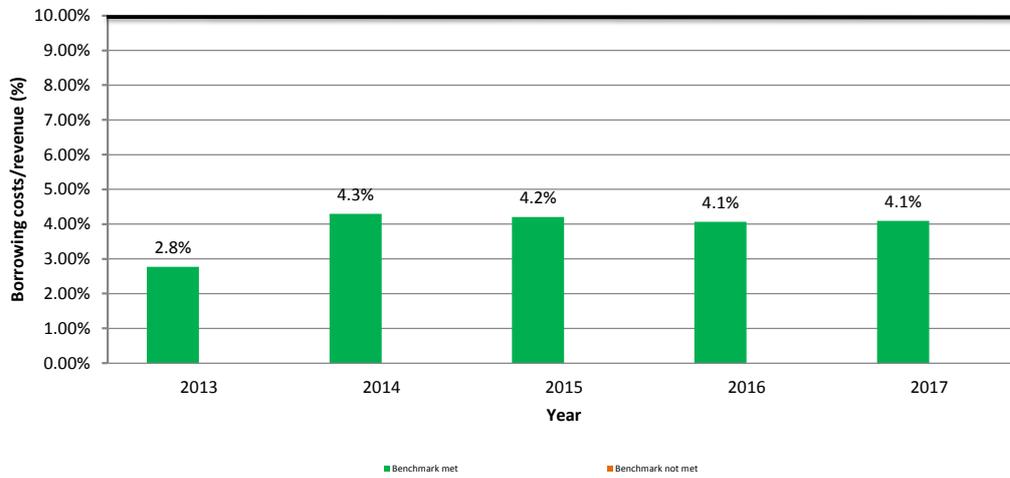
The Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



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).

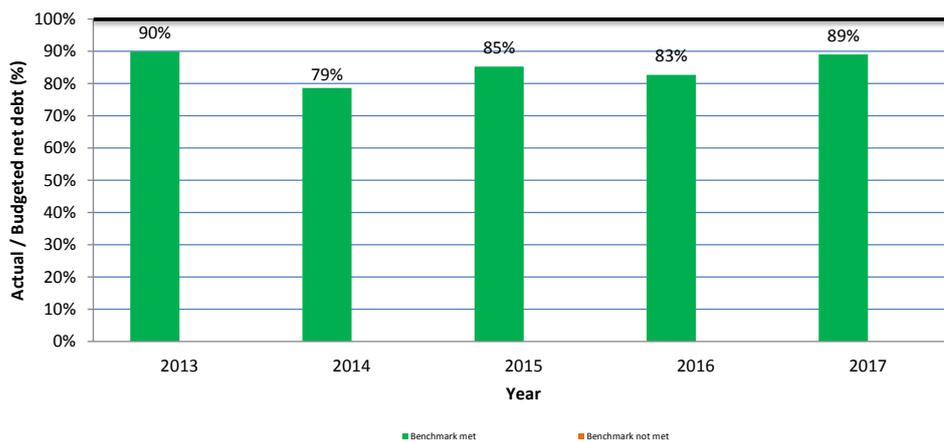
Because Statistics New Zealand projects the Council's population will grow as fast as the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue.



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).

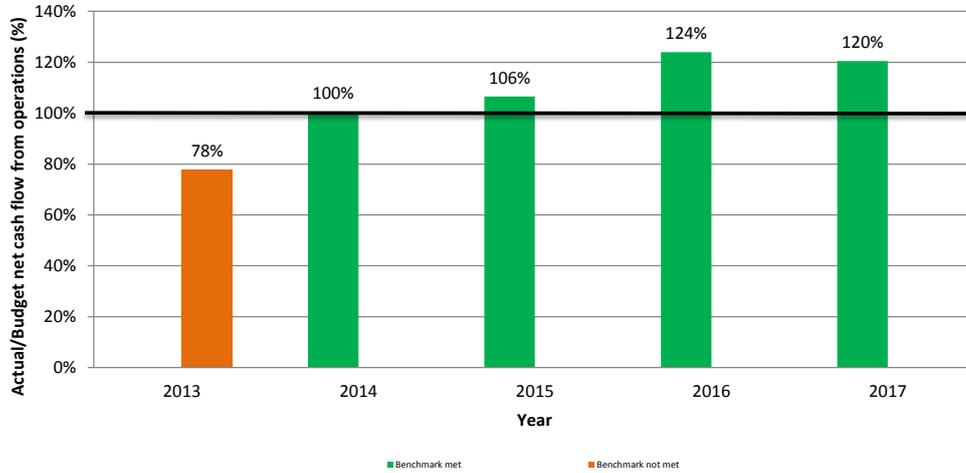
The Council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



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.



For the 2013 year

Capital subsidies for the Himatangi Community Sewerage Scheme (\$3.2m) and Rongotea Water Supply Scheme (\$1.2m) were included in the budgeted operating cash flow. Work for the Himatangi Community Sewerage Scheme was delayed and only \$1.1m was actually received. Work on the Rongotea Water Supply Scheme was postponed and consequently the subsidy was not received.

Section Four: Other Information

This section of the Annual Report contains the following information:

- Manawatu District Council: Organisation structure
- Manawatu District Council: Activities and functions
- Members' responsibilities
- Equal Employment Opportunities Statement
- Māori Capacity to Contribute to Decision-Making
- Grants 2016/2017
- Glossary

Executive Team



Chief Executive
Dr Richard Templer



**General Manager –
Community and Strategy**
Brent Limmer



**General Manager –
Infrastructure**
Hamish Waugh



**General Manager –
Corporate and Regulatory**
Shayne Harris



**General Manager –
People and Culture**
Frances Smorti



Member's responsibilities

Standing Committee Membership at 30 June 2017 (after Local Elections)

| Elected Members | Strategic Planning and Policy | Chief Executive's Employment | Community Funding Committee | Audit and Risk Committee | Hearings Committee | Ngā Manu Tāiko Manawatū District Council | MDC/PNCC Joint Strategic Planning Committee |
|-----------------|-------------------------------|------------------------------|-----------------------------|--------------------------|--------------------|--|---|
| Mayor | | (DC) | | | | | |
| Cr Bielski | | | | | | | |
| Cr Cameron | | | | | | | |
| Cr Campbell | | | | (C) | | | |
| Cr Casey | (DC) | | | | | | |
| Cr Ford | | (C) | | | | | |
| Cr Humphrey | | | (C) | | | | |
| Cr Marsh | (C) | | | | | | |
| Cr Quarrie | | | | | | | |
| Cr Short | | | | | | (C) | |
| Cr Voss | | | | | (C) | | |

Key:



Member of Committee

(C) Chairperson

(DC) Deputy Chairperson

Equal Employment Opportunities statement

The Local Government Act 2002 requires the Council to publish its plans for ensuring equal employment opportunity, and to report on its performance. The Manawatu District Council is committed to a culture that values diversity and inclusiveness. We believe that diversity within our workforce makes our Council stronger, more capable and more adaptive. With a diverse team we are better able to understand our broad-ranging customer and stakeholders needs and to respond effectively to them.

Consistent with our values, we will ensure that diversity and inclusion is central to our policies and practices throughout the Council. This will enable us to:

- recruit the right people based on merit from a diverse pool of talented candidates;
- make more informed and innovative decisions, drawing on the wide range of ideas, experiences, approaches and perspectives that employees from diverse backgrounds with differing skill sets bring to their roles
- better represent the diversity of our customers and stakeholders

We seek to provide the same opportunities for all people in all areas of employment, regardless of their gender, marital status, religious belief, colour, race, ethnic or national origins, disability (physical, mental, learning), age, political opinion, employment status, family status, or sexual orientation.

The Council seeks also to engage employees and other staff on the basis of merit. This includes experience and personal qualities, as well as any formal qualifications that a position might require. In its recruitment activities, the Council seeks to provide access to a wide range of talent from which to make selections. It seeks to make selection decisions in ways which do not discriminate unlawfully or unreasonably against any person or group of people.

We seek to identify and eliminate any policies, programmes, procedures or practices which have the effect of putting any person or group of people at a disadvantage in any aspect of employment.

Summary of the 2016/17 Equal Employment Opportunities programme

Training and education was implemented and targeted to areas of greatest need. Management policies were reviewed and amended as appropriate.

Development of Māori capacity to contribute to decision making

The Manawatū District is home to a number of Marae. In recognition of the important part they play within the community and because of a request from a Tangata Whenua Representatives Group, a Marae Consultative Standing Committee was established in 1998. Its principal purpose is to liaise between Council and local Tangata Whenua.

Membership of the Committee initially comprised one member from Aorangi, Kauwhata, Parewahawaha, Poupatate, Te Rangimarie, Taumata O Te Ra, Te Hiiri and Te Tikanga Marae, along with three elected members appointed by Council with the Chairperson being appointed by the Committee. The Marae of Kotuku and Te Iwa were added shortly after the Committee was established.

A continuing focus for Ngā Manu Tāiko Manawatū District Council will be to ensure that all Māori of the district are represented, and are able to have a say in Council decision making and that Council is liaising with the people who have mana whenua.

Ngā Manu Tāiko Manawatū District Council meets on a bi-monthly basis, with items of business reflecting Council's current activities and issues identified by committee members.

The committee meetings provide a forum for regular communication and is one avenue for tangata whenua to have input into Council's decision making processes.

The Local Electoral Act 2001 provides for the establishment of Māori Ward(s). Consideration of the establishment of a Māori ward in the Manawatū District is required to be done before 23 November, two years prior to the next election.

The Committee has previously established a Māori Representation Working Party tasked with the purpose of providing input to the Manawatu District Council representation review by considering the usefulness of a Māori ward or wards for the purpose of achieving effective Maori contribution to decision making at Manawatu District Council. The Working Party last met in 2011 and voted not to establish a Māori Ward at that time.

Ngā Manu Tāiko Manawatū District Council is currently considering whether or not a Māori ward or wards would assist in achieving effective Maori contribution to decision making at Manawatu District Council.

Ngā Manu Tāiko Manawatū District Council continues to represent the interests of Tangata Whenua — the people of the land, as well as those with mana whenua status within the Manawatū District and is inclusive of all Māori in our community.

Grants 2016/17

During 2016/2017, Council approved a number of grants from its Community Development Fund and Representative Grant Fund. Council also administered a number of applications to the Robert Dickson Education Trust.

The following schedule is provided for ratepayer's information. All figures shown below are GST exclusive.

Rates Remission for Charitable Organisations

The following organisations were assessed and approved by Council's Community Funding Committee to receive multi-year community rates support in the form of a Rates Remission as per the Rates Remission for Charitable Organisations Policy. The following organisations received support in 2016/17.

| Organisation | Amount of Remission \$ |
|--|------------------------|
| Activate Church Feilding | 3,834 |
| Anglican Faith Community of St Simon & St Jude | 1,595 |
| Anglican Parish of Oroua | 391 |
| Church at Feilding | 601 |
| Feilding Baptist Church | 601 |
| Feilding Bible Chapel | 2,575 |
| Feilding Civic Centre Trust | 5,207 |
| Feilding Guides & Scout Association | 2,755 |
| Feilding Congregation of Jehovah's Witness | 601 |
| Feilding Life Point Church | 1,855 |
| Feilding New Life Centre Charitable Trust | 930 |
| Feilding Oroua Presbyterian Parish | 601 |
| Feilding Playcentre | 1,049 |
| Feilding and District Caledonian Society | 2,362 |
| Feilding and District Steam Rail Society Inc | 2,337 |
| Foxton Shannon Co-Operating Parish, Himatangi | 539 |
| Halcombe Playcentre | 911 |
| Halcombe Rugby Football Club | 980 |
| Hapaitia Kohanga Reo, Feilding | 1,378 |
| Heritage Park Rhododendron Charitable Trust | 115 |
| Highland Home Christian Group – Stewards Tst | 1,142 |
| IHC NZ Inc | 2,132 |
| Manchester House Social Services Society Inc, Feilding | 10,243 |
| Manfeild Park Trust, Feilding | 5,005 |
| Presbyterian Support Central – Coombrae | 1,302 |
| Rangiwahia Environmental Arts Centre Trust Inc | 62 |
| Riding for the Disabled Assn. Manawatu Group Inc, Feilding | 297 |
| Rongotea Bible Chapel | 658 |
| Rongotea Playcentre | 539 |
| Rongotea Uniting Parish | 434 |
| Sanson Playcentre | 826 |

| | |
|--------------------------------------|-----------------|
| St Brigids Church, Feilding | 62 |
| St Marks Methodist Church (Feilding) | 930 |
| St Thomas Anglican Church – Sanson | 329 |
| Te Kawau Playcentre, Rongotea | 1,378 |
| The Order of St John, Feilding | 2,958 |
| Trinity Lutheran Parish | 601 |
| | \$60,115 |

Urupa/Private Cemetery Fund

Council has a fund to assist with the maintenance of urupa and private cemeteries throughout the District. This is currently funded to the level of \$2,500 per year.

| Organisation | Amount of Grant \$ |
|---|--------------------|
| Anglican Parishes of the Oroua – Stanway and Kiwitea Churches | 1,000 |
| Te Hiiri Marae Committee | 1,695 |
| Rongopai Cemetery Committee | 907 |
| | \$3,602 |

Partnership Fund

The following organisations were assessed and approved by Council's Community Funding Committee to receive multi-year financial support as per the Community Development Fund policy. The following is a breakdown of the amount of financial support these organisations received in 2016/17.

| Organisation | Amount of Grant \$ |
|--|--------------------|
| Feilding & District Youth Board | 5,000 |
| Feilding Brass Inc | 3,000 |
| Manawatu District Neighbourhood Support Inc | 20,000 |
| Manawatu Historic Vehicle Collection Trust | 10,000 |
| Manawatu Rural Support Service (Inc) | 10,000 |
| Manchester House Social Services Society | 15,000 |
| Palmerston North Surf Life Saving Club Inc | 10,000 |
| Social Issues Network Council of Social Services Inc (SINCOSS) | 1,000 |
| Te Manawa Services Charitable Trust | 47,349 |
| Feilding and District Promotion Inc | 165,273 |
| | \$286,622 |

Representative Fund

The following is a breakdown of Manawatū District residents who received financial assistance from Council to attend a national or international event during 2016/2017 as a representative of the District or New Zealand.

| Organisation / Individual | Amount of Grant \$ |
|--|--------------------|
| Cheryl, Stephen, Bryce and Darren Hirschberg | 2,000 |
| Bailey Jeffery | 2,000 |

| | |
|---|-----------------|
| Dane Keyes-Kumeroa | 500 |
| Tyla Stevens | 304 |
| Tessa Webb | 500 |
| Aimee Perrett | 1,000 |
| Stephanie Dryfhout | 500 |
| Jason Dalziell | 500 |
| Cole Hawkins | 500 |
| Stephanie Dickins | 1,000 |
| Feilding High School Athletics Team | 1,000 |
| Feilding High School | 1,000 |
| Rachel Humphries | 1,000 |
| Potene Rolls-Paewai | 350 |
| Vanessa Story | 500 |
| Manchester Street School and Feilding High School Robotics Team | 1,000 |
| Abbey Webb | 500 |
| Gordon Browne | 250 |
| Olivia Williams | 1,000 |
| Mya Rasmussen | 500 |
| Feilding High School Hockey Team | 1,000 |
| Tessa Webb | 400 |
| | \$17,304 |

Community Development Fund

The following organisations were assessed and approved by Council's Community Funding Committee to receive financial support as per the Community Development Fund policy to stage their event or provide a specific programme at a local level.

| Organisation | Amount \$ | Activity/Programme |
|--|-----------------|---|
| Feilding and District Rose Society Inc | 1,700 | Towards the costs of staging the 2016 National Spring Rose Show and Convention |
| Palmerston North Bird Club Inc | 2,210 | Towards the costs of hosting the New Zealand National Bird Show |
| Feilding Bluelight | 2,500 | Towards the costs associated with taking up to 40 children to the National Bluelight Rainbows End Weekend in Auckland |
| Palmerston North Off Road Racing Club | 1,667 | Towards the costs of staging the 3rd National Round of off-road racing |
| Manawatu Pottery Society Inc | 2,500 | Towards relocating the society's studio |
| Feilding and Districts Community Archive | 1,053 | Purchase of acid free containers for storing community records |
| Keep Feilding Beautiful | 523 | Towards costs of staging Annual Garden Competition |
| Neighbourhood Support | 2,003 | Towards transition costs associated with appointment of new coordinator |
| | \$14,156 | |

Trust Funds

Council administers trust funds that have been vested to Council, available for a specific purposes. Total grants allocated from these funds during the 2016/2017 financial year were:

| Organisation | Amount of Grant \$ |
|-------------------------------------|--------------------|
| Robert Dickson Education Trust Fund | 1,183 |
| | \$1,183 |

Creative NZ: Creative Communities Scheme

Council allocates funding it receives from Creative NZ for cultural activities and programmes within the Manawatū District.

| Organisation | Amount \$ | Activity/Programme |
|---|-----------|---|
| Mary Unkelbach-Eastham | 1,500 | The Walled Garden – to publish “The Wall Garden”, a monograph about Mt Lees Reserve written by the late poet, philosopher, Scott Eastham. |
| Feilding Kowhai Patchwork Quilters Club Inc | 1,200 | Quilts @ The Coach House – Exhibition of quilts and quilt related crafts. |
| Adele Gibb | 416 | Book showing Feilding's community pride 1978 to 2013 – Publish the history of Keep New Zealand's 14 times Beautiful Town Award showing community pride. |
| Te Punanga Whakaari Theatre Productions | 2,995 | Original Theatre Works – Two Feilding Seasons – Two professional theatre performances featuring original scripts and professional theatre practitioners. |
| Manawatu Scottish Pipe Band Inc | 4,978 | Manawatu Tattoo 2017. The Tattoo showcases celebrity guest artists, local community groups and schools and gives young people the opportunity to showcase their talent in a professional setting. |
| Virginia and Warren Warbrick | 640 | TAH180 – the hole in the ground. Weekend performances of TAH180 – a one hour bicultural music performance – by Warren and Virginia Warbrick in Halcombe, Pohangina, Apiti, |

| Organisation | Amount \$ | Activity/Programme |
|--|-----------|--|
| Literacy Feilding Inc | 2,148 | Cheltenham, Kimbolton and at Rangimarie Marae, Rangiotu. War Stories – Book 2 – Collecting, collating and publishing stories of Manawatū residents who have served in fields of combat. |
| Catherine McCall | 326 | Waituna West Craft Program – four craft workshops per school holidays for a year for all school age children 5 to 18 years. |
| Manawatu Writers Festival | 1,900 | An opportunity for Manawatū writers, readers, and would-be writers from all walks of life in our diverse community, to gather at the Feilding Library to get together, celebrate writing, share discussions, listen to an exciting range of speakers and authors and have some fun, with like-minded people who are passionate or curious about aspects of the craft of writing. |
| Connected Media Charitable Trust | 1,500 | The Outlook for Someday Free One-Day Film-making Workshop in Manawatū – A free one-day filmmaking and talent development workshop that equips young people with the skills to generate ideas then use those ideas as inspiration to develop them into films that have the potential to engage and inform their communities. |
| EVENTO Wearable Art Awards | 3,000 | Secondary School Wearable Art Competition. |
| Hapaitia Kohanga Reo | 546 | Mokotini 2017 – Inter-kohanga reo kapa haka extravaganza. |
| Te Pūanga Whakaari Theatre Productions | 1,000 | Dramaturg for Script Development/Rehearsal Workshop – Nancy Brunning has agreed to be Dramaturg to a piece of writing by Karla Haronga, workshopped by Te Puanga Whakaari Theatre Productions. Dramaturg means to outside eye/provide guidance/establish and maintain the vision of the writing. |

| Organisation | Amount \$ | Activity/Programme |
|---|-----------|--|
| Whanau Ataahua Beautiful Families Trust | 1,043 | 'Matariki' – Celebration of Maori New Year/New Beginnings. |
| Urban Dance Movement Crew | 1,440 | Urban Movement Dance – Teaching programme of hip hop, drama, contemporary Latin and stage craft. |
| ReaLM | 540 | ReaLM Literacy Tour – an author tour to local schools and the wider youth community. |
| | \$25,172 | |

Glossary

Activity – a good or service provided by or on behalf of a local authority.

Annual Plan – a document adopted by a local authority which sets out the budget for the year, and the sources of funding for the year.

Annual Report – a document that a local authority prepares each year, which provides the public with information on the performance of the local authority during the year (both in financial and non-financial terms).

Asset – assets are land, buildings, infrastructure and facilities owned by Council.

Asset Management Plan – plans that detail the future development and maintenance of Council's infrastructural assets to a specified level of service.

Community – a network of people and organisations linked together by common factors. This might refer to a network of people linked by place (that is, a geographic community), common interest or identify (for example, a hapu, a voluntary organisation or society), an administrative community (such as a district).

Code of Conduct – a document that sets out members' expectations of their roles and conduct when acting as an elected member.

PublicVoice Survey – survey which measures satisfaction with Council services, and asks questions on Council policy and direction, rates issues, contact with Council, information and representation.

Community Outcomes – a set of desired states of affairs that the community identified through a process. These outcomes are meant to inform the development of local authority planning, and co-ordinate the activities and planning of all sectors of the community.

Council Organisation (CO) – any organisation in which one or more local authorities own or control any proportion of the voting rights or has the right to appoint one or more of the directors, trustees, etc.

Council Controlled Organisation (CCO) – any organisation in which one or more local authorities own or control 50 per cent or more of the voting rights or have the right to appoint 50 per cent or more of the directors of the organisation. The following organisations are specifically excluded from being CCOs: Local Government New Zealand; Civic Assurance; Infrastructure Auckland; Watercare Services; and port, energy or electricity companies, NZ Local Government Funding Agency (LGFA).

Decision – a resolution or agreement to follow a particular course of action, including an agreement not to take any action in respect of a particular matter.

Exacerbator costs – additional or unplanned costs incurred by Council through deliberate acts of omission or vandalism and other forms of damage.

Funding Impact Statement (FIS) – written information that sets out the funding mechanisms that a local authority will use, their level, and the reason for their selection in terms of the principles of financial management. Funding impact statements must be included in a long term council community plan and in an annual plan.

Generally Accepted Accounting Practice (GAAP) – approved financial reporting standards (as defined by section 2(1) of the Financial Reporting Act 1993) in so far as they apply to local authorities or CCOs, or statements that are not approved but which are appropriate to the local authority or CCO and have the authoritative support of the accounting profession in New Zealand.

Group of Activities – two or more related activities.

Horizons Regional Council – trading name of Manawatu-Wanganui Regional Council

Long Term Plan (LTP) – a plan, covering at least 10 years, adopted under section 93 of the Local Government Act 2002, that describes the activities the local authority will engage in over the life of the plan, why the local authority plans to engage in those activities and how those activities will be funded.

Local Authority – a territorial authority or regional council as defined by the Local Government Act 2002.

Local Governance Statement – a collection of information prepared under section 40 of the Local Government Act 2002 that includes information about the ways in which a local authority engages with its community and makes decisions, and the ways in which citizens can influence those processes.

Private Public Partnership (PPP) – any arrangement or agreement entered into between one or more local authorities and one or more other persons or organisations engaged in business, not including arrangements or agreements where all of the parties are local authorities or council organisations, or a contract for the supply of goods and services by or on behalf of a local authority.

Pavement – in the context of roads, pavement refers to the sealed part of the road that vehicles drive on. This is not to be confused with footpaths which some people refer to as pavements.

Service Levels – the defined service parameters or requirements for a particular activity or service areas against which service performance may be measured. Service levels usually relate to quality, quantity, reliability, responsiveness, environmental acceptability and cost.

Significance – (in relation to any issue, proposal, decision or other matter that concerns or is before a local authority) means the degree of importance of the issue, proposal, decision or matter, as assessed by the authority, in terms of its likely impact on, and likely consequences for the future social, economic, cultural and environmental well-being of the district.