



Manawatū District Council

Annual Report Summary

For the year ended 30 June 2017

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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.

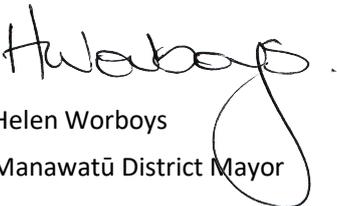
The first stage of the Business Case for replacement of the Mangaweka Bridge project has been completed in conjunction with Rangitikei District Council. We are now working on the second detailed stage in order to convince NZTA to support this significant asset that provides key access for our rural residents,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

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 Manawātū 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 Manawātū 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 Manawātū 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

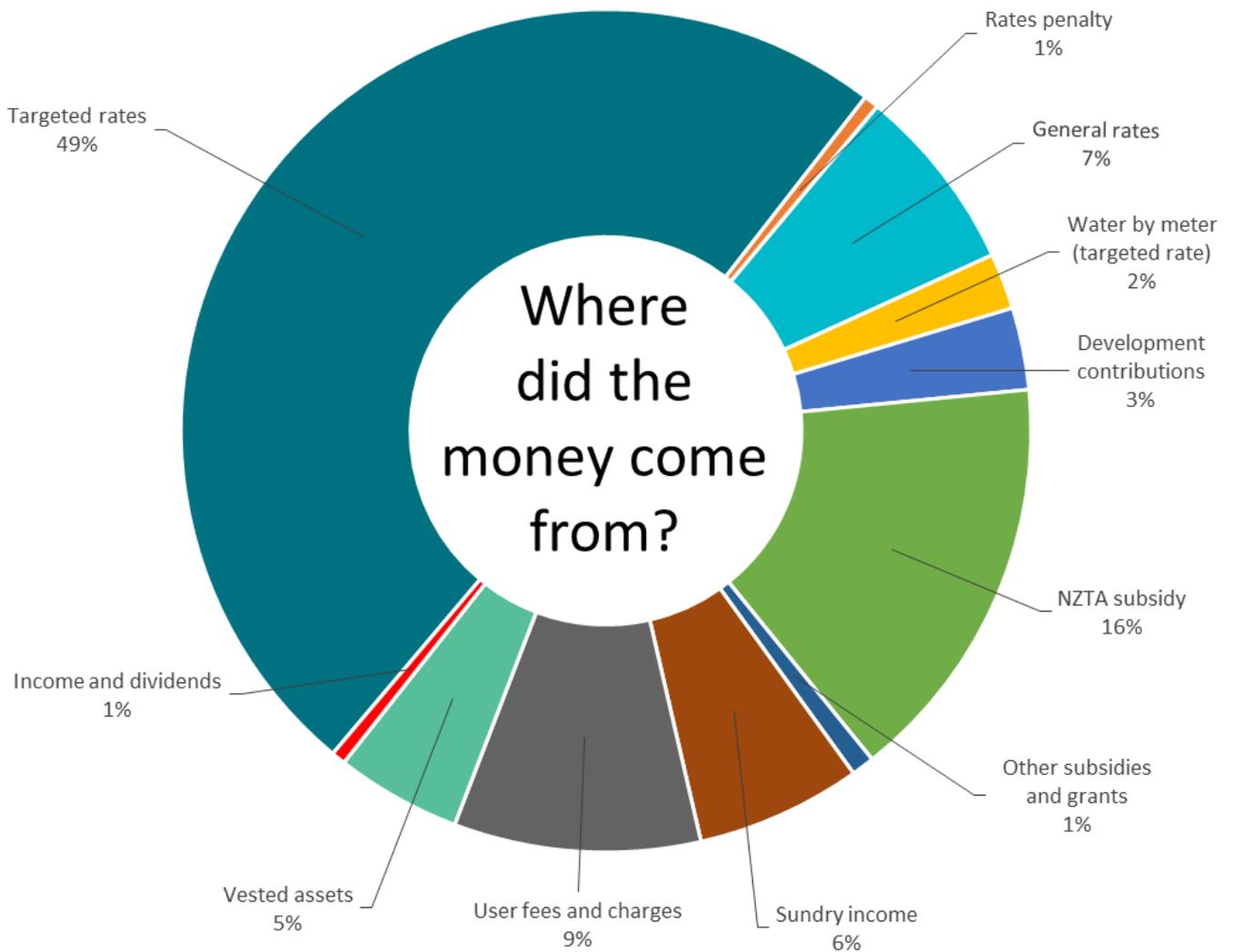
District development has been embraced by our communities with plans developed and owned for eight communities. Completed projects include the Apiti Domain entrance, new signage at Himatangi Beach, refurbished toilets at Rangiwahia, and Halcombe Domain fence replacement.

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

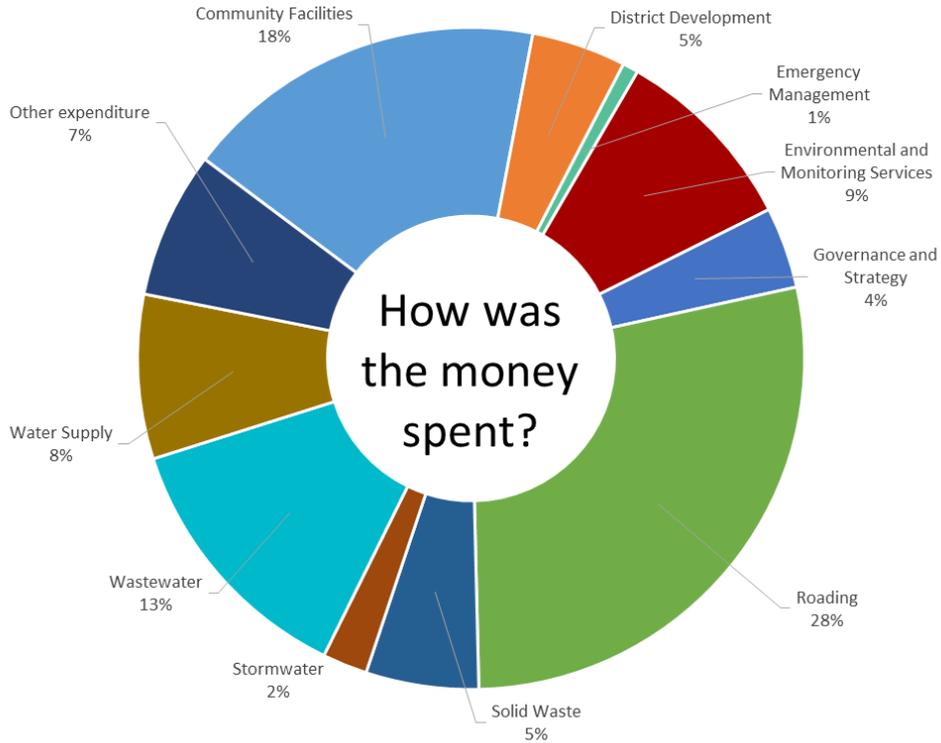
There has been significant improvements in the operational management of our parks, sports grounds and reserves, where we had no serious incidents during the new year camping season at Putai Ngahere (Vinegar Hill), and increased community engagement and participation at over 30 community projects and 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

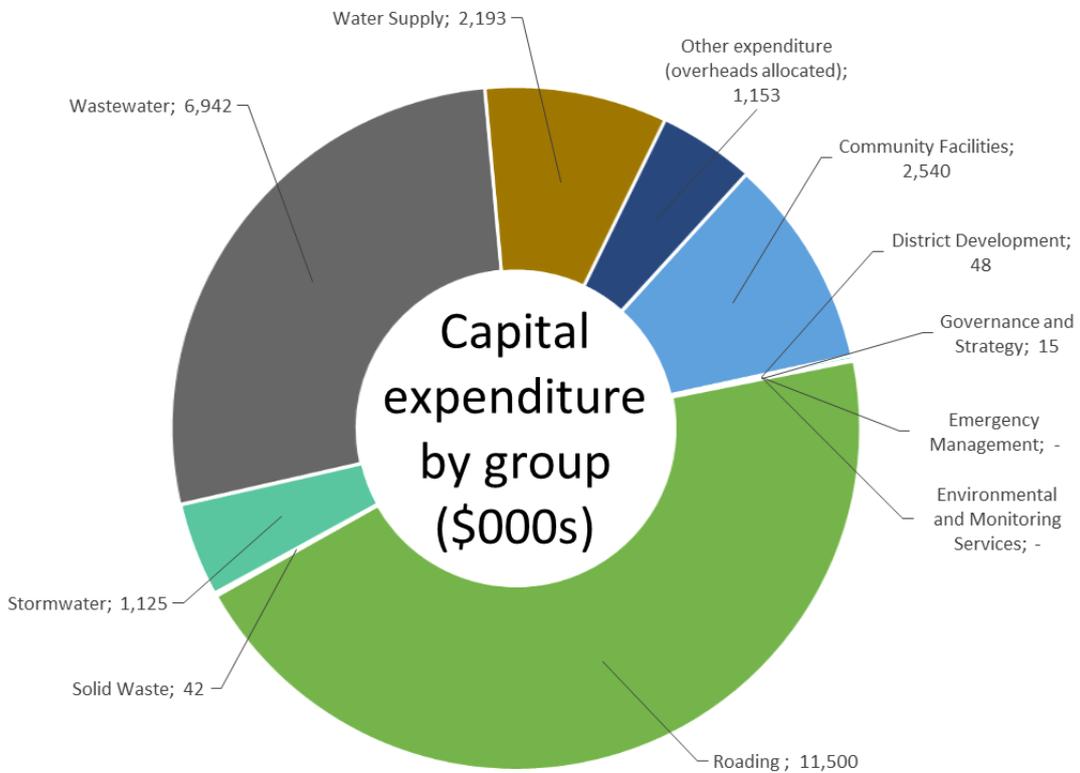
Revenue by source



Operating expenditure

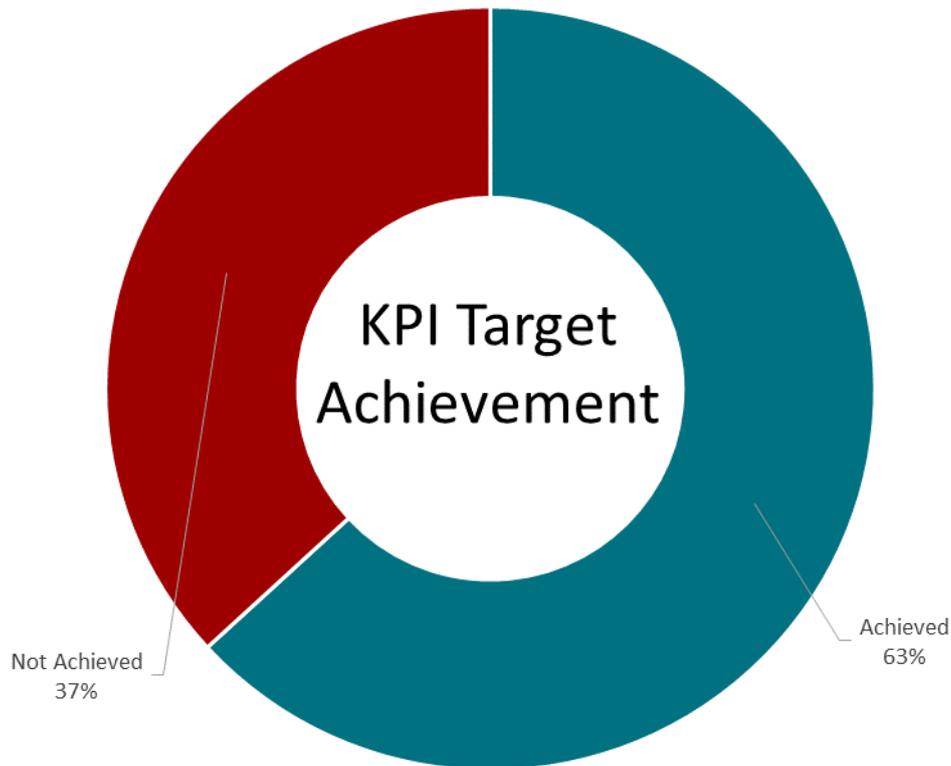


Capital Expenditure



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 the full 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.

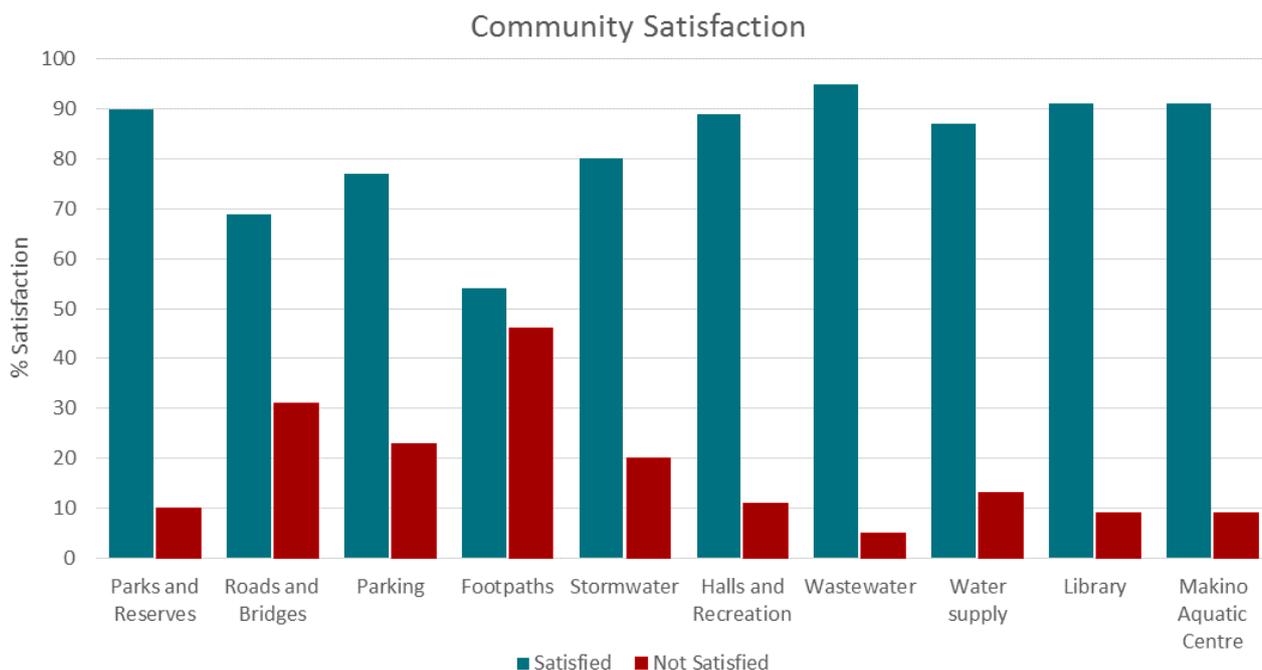
You can view all KPIs in Section Two of the full report. All KPIs are reviewed as part of the LTP process to ensure Council is providing the level of service the community wants.

Community survey

The Council uses 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 the full report under the appropriate activity.



Explanation of major variances

Explanations for major variations between the actual results and the estimated figures in the 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.

Additional notes

- This summary financial report is for Manawatu District Council and Group and is presented in New Zealand Dollars rounded to \$000s.
- This Annual Report Summary was authorised for issue on 17 November 2017 by the Mayor and Chief Executive. The full Annual Report was authorised for issue on 19 October 2017.
- The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP), as appropriate for a public benefit entity. The summary financial statements comply with PBE FRS-43 Summary Financial Statements.
- The specific disclosures included in the summary financial report have been extracted from the full financial report.
- These summary financial statements cannot be expected to provide as complete an understanding as provided by the full financial statements.
- The full financial statements of Council and the Group have been prepared in accordance with and are fully compliant with Tier 1 PBE accounting standards.
- The summary has been examined for consistency with the full Annual Report and was audited by Audit New Zealand on behalf of the Office of the Auditor-General. The full annual report received an modified audit opinion on 19 October 2017.
- 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. There were no other events subsequent to balance dates that affect the amounts including the financial statements.

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

Summary Statement of Financial Position

	Council			Group	
	Actual 2017 \$000	Budget 2017 \$000	Actual 2016 \$000	Actual 2017 \$000	Actual 2016 \$000
Total current assets	13,493	10,416	18,015	13,800	18,611
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
Total current liabilities	15,180	15,303	14,082	15,526	14,587
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
Total equity	601,047	589,379	575,484	618,298	588,642
Total Liabilities and Equity	671,511	663,056	640,903	691,892	657,923

Summary Statement of Comprehensive Revenue and Expense

	Council			Group	
	Actual 2017 \$000	Budget 2017 \$000	Actual 2016 \$000	Actual 2017 \$000	Actual 2016 \$000
Total revenue	52,375	49,119	46,703	54,078	48,859
Total expenses*	47,068	48,553	48,367	48,593	49,683
Share of associate's surplus / deficit	0	0	0	453	(9)
Operating surplus/(deficit) before tax	5,307	566	(1,663)	5,938	(833)
Income tax expense	0	0	0	0	0
Surplus/(deficit) after tax	5,307	566	(1,663)	5,938	(833)
Other comprehensive revenue and expense	20,258	14,945	1,244	23,718	1,244
Total comprehensive revenue and expense for the year	25,565	15,511	(419)	29,656	411

*This includes finance costs as follows:

2,000	3,181	1,895	2,149	1,994
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Summary Statement of Cash Flows

	Council			Group	
	Actual 2017 \$000	Budget 2017 \$000	Actual 2016 \$000	Actual 2017 \$000	Actual 2016 \$000
Net cash from operating activities	15,733	13,058	15,271	16,510	16,490
Net cash from investing activities	(26,674)	(30,448)	(19,165)	(27,073)	(25,350)
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	7,275	1,260	11,216	7,768	11,911

Summary Statement of Changes in Net Assets / Equity

	Council			Group	
	Actual 2017 \$000	Budget 2017 \$000	Actual 2016 \$000	Actual 2017 \$000	Actual 2016 \$000
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	601,047	589,379	575,484	618,298	588,642

Independent Auditor's Report

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

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

The summary of the annual report comprises the following summary statements on pages 9 to 15:

- the summary statement of financial position as at 30 June 2017;
- the summaries of the statement of comprehensive revenue and expense, statement of changes in net assets/equity and statement of cash flows for the year ended 30 June 2017;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary performance overview of the District Council.

Opinion

In our opinion:

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

However, the performance overview on page 11 includes a limitation in scope in relation to the comparative year information to the equivalent extent as the full audited statement of service performance. The limitation of scope of the full audited statement of service performance is described in our qualified audit report dated 19 October 2017 and is explained below in *the full annual report and our audit report thereon* section.

Summary of the annual report

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

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

The full annual report and our audit report thereon

We expressed a qualified audit opinion on the District Council's full audited statement of service performance in respect of the comparative year information and an unmodified audit

opinion on the District Council and group's full audited financial statements and other audited information in our report dated 19 October 2017. The basis for the qualified audit opinion on the statement of service performance is explained below.

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.

Council's responsibility for the summary of the annual report

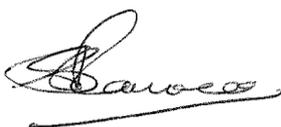
The Council is responsible for preparing the summary of the annual report which includes preparing summary statements, in accordance with PBE FRS-43: Summary Financial Statements.

Auditor's responsibility

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

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

In addition to reporting on the summary annual report, we have reported on the full annual report, and carried out an assurance review of the District Council's Debenture Trust Deed which is compatible with those independence requirements. Other than this reporting and the assurance review, we have no relationship with or interests in the District Council or any of its subsidiaries.



Clint Ramoo,
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand
17 November 2017