

# Annual Report Summary

For the year ended  
30 June 2018



WHANGANUI  
DISTRICT COUNCIL  
Te Kaunihera a Rohe o Whanganui



## Welcome

Welcome to our 2017/18 Annual Report Summary. In this summary you will find highlights of our key achievements and how we have performed over the past 12 months, as well as a summary of our financial performance.

The Annual Report is a vital document in terms of Council's accountability to the residents of Whanganui District. We answer the key question – did we do what we set out to do, and if not, why not? As Council is funded largely from contributions from property rates it is only appropriate for you to be able to track the use with which we put your money.

As we move towards our Long term Plan 2018-2028 -which sets out the budget and council work programme for the next ten years – we are planning for our future, while dealing with challenges such as climate change and the quality of our roading infrastructure. As our district grows it is vital we provide the infrastructure and services to meet the growing needs of residents, workers and visitors – and to ensure our district remains prosperous, sustainable and liveable.



Hamish McDouall  
Mayor of Whanganui



Kym Fell  
Chief Executive

## Our Vision

### Whanganui: Leading Edge

Community: *a deeply united community*

Connectivity: *connected*

Creativity: *innovative and creative*

Environment: *safeguarding our place*

Economy: *works for everyone*

In essence this is about being confident leaders and influential trailblazers. It means we are comfortable with being a 'bit different' because this sets the scene for the types of innovative approaches that we continue to front-foot. It's about Whanganui being seen as positive and exciting – a community that is united, connected, creative, environmentally rich and economically prosperous.

## Our work

Our work is structured around 12 areas. The report highlights our progress and achievements on delivering our outcomes in each of the 12 areas.

These areas focus on the services and functions that Council provide to the residents and ratepayers of the Whanganui district. Council recognises that it is responsible for community objectives to be achieved and the report of our work to the public outlines our performance.

In 2015, the Council adopted a 10-Year Plan for the period 2015 – 2025 which outlined the services and projects we planned to deliver for the district for that 10 year period. In June 2017 we adopted an annual plan that outlined the work we would do as part of the third year of the 10-Year Plan.

This summary report highlights what we have achieved for each of our activity areas and our progress towards delivering on our community outcomes for the third year of that plan.

### WATER SUPPLY

Safe drinking water is a fundamental requirement for public health and for residents' wellbeing. Water systems play a vital role in ensuring the health and safety of communities, a productive economy and a healthy environment.

Our water supply activity contributes to the following Leading Edge outcomes:

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

**Economy:** We provide a safe and reliable water supply with adequate quantities for our community and for industries and commercial ventures to establish.

#### Key highlights

- We have completed laying 800 metres of pipe from the Belmont Golf course to Westmere Road and completed the final connection to the existing main.
- Construction has started on a new incoming water main which will be connected into No 2 reservoir. This allows complete isolation of the No 1 reservoir while construction is taking

place and we will be able to continue our normal operation of supplying fresh water to the urban and industrial zones.

#### *Our performance*

We continued to achieve compliance with New Zealand drinking water standards for the urban area, and to supply an Aa grade water supply to the urban area all of the time. We met our targets for median response times for attending, and resolution of, urgent and non-urgent callouts.

We also met our targets on the average amount of water consumed per resident per day, and our consent conditions from Horizons Regional Council.

## STORMWATER

Stormwater collection and its disposal are necessary in order to protect the health and safety of people and their land and property. By managing the stormwater network from point source, to discharge to natural environment, a degree of protection is applied to land, property, the receiving environment and life.

Our stormwater supply activity contributes to the following Leading Edge outcome:

**Environment:** We dispose of stormwater to meet environmental and public health standards. We aim to protect people, land and property from adverse effects of ponding and flooding.

#### *Key highlights*

- The outfall structure for the Mosston Road Storm Water Main has been completed. A new pipeline is currently under construction in Mosston Road to provide service to this area. We have completed 30% of this pipeline and the project is expected to be complete by July 2019.

#### *Our performance*

There were no flooding events this year therefore all measures regarding flood events and response times were met. We received 2.05 complaints about the performance of the stormwater network per 1000 properties. We held and met all compliance for our stormwater activity resource consents.

## WATERWAYS AND NATURAL DRAINAGE

Natural water systems must be managed to meet environmental and amenity standards for the district's wellbeing. These systems are critical to allow or mitigate flooding impacts within the urban area.

Our waterways and natural drainage activity contributes to the following Leading Edge outcomes:

**Community:** We manage the natural water systems to reduce public health risks and to reduce the risks of flooding in the urban area and to ensure public health and safety standards are protected by eliminating contamination of our natural watercourses.

**Environment:** We maintain drains and watercourses to reduce the risk of flooding during serviced events in the urban area. We protect the natural ecosystems in the district's waterways.

### Key highlights

- New fencing and planting has been completed on the watercourse draining into the Kokohuia Wetland as an initiative with land based training to create new skills for local community members.
- Two rain-gardens have been installed as a part of the Rangiora Street renewal in Castlecliff. The Gardens are being monitored as a trial and signage is being designed for public awareness of green stormwater infrastructure.

### Our performance

Compliance with the Whanganui River Flood Action plan was met, and reliable warning and support systems for protection against Whanganui River flooding and stormwater overflows lasting more than 8 hours were in place at all times.

## SEWERAGE AND THE TREATMENT AND DISPOSAL OF SEWAGE

As well as providing a convenience to households by enabling easy sewage disposal, the collection, treatment and disposal of wastewater is also important to maintain public and environmental health, as well as maintaining clean waterways for quality of our natural environment.

Our sewerage and the treatment and disposal of sewage supply activity contributes to the following Leading Edge outcome:

**Environment:** Completing a new wastewater scheme will substantially reduce the risk of potential sewage overflows to the river and so improve river water quality. It will also reduce the risk of sewage flowing onto private properties and roadways.

### Key highlights

- Construction of the new wastewater treatment plant was completed in March 2018.
- The estimated cost for the construction was expected to be around \$41.2M. After taking into account all other costs associated with the project, we completed it under budget with savings of around \$1.5M.

### Our performance

We did not meet our target with the number of complaints (there were 14.49 complaints received per 1000 connections and the target was less than 5) and dry weather sewerage overflows from the system (there were 3.08 dry weather overflows per 1000 connections and the target was less than three).

We exceeded both targets for median response and resolution time for sewerage overflows blockages, and other faults (Median response time for resolution was 1 hour 31 minutes; target: 5 days). We held and met all compliance for our sewerage activity resource consents.

## PROVISION OF ROADS AND FOOTPATHS

This activity manages the district's roads, bridges, traffic management, control systems, streetlights and contributes to our economic and social enhancement. Our network of urban and rural footpaths and pathways facilitate pedestrian safety as they move around our district.

Our roads and footpaths activity contributes to the following Leading Edge outcomes.

**Community:** We support communities along the Whanganui River and provide and operate a safe local roading network. We provide the core infrastructure that will allow access to all healthcare services.

**Connectivity:** We maintain well-connected pathways throughout the district and a safe interconnected roading network. We provide the core infrastructure that will allow access to the port in order to develop it to its full potential.

**Economy:** We provide the core access infrastructure to: allow our district to become business friendly; continue to allow a strong rural economy; promote the sustainable development of cultural, sports and recreational activities and facilities for young people; and allow access to active recreational and sporting opportunities.

### Key highlights

- The streetlight upgrade to LED luminaires is progressing well with over 50% now changed and the remaining are set to be changed over the rest of the 2018 year.
- The section of the Urban Shared Pathway, which runs along the top end of Dublin Street and along St. Hill Street to Ingestre Street has been completed.
- We completed the traffic signal upgrade at the Ridgway Street and St Hill Street intersection.

### Our performance

We met all our targets with 868 customer service roading requests actioned within five days (result: 95%; target: 90%); 86% of the local road network considered smooth (target: 85-90%); and 5.9% of the sealed road network resurfaced (target: greater than 4%), and the target of footpath requests actioned within five days (result: 94%; target 90%). We also met target on the change in number of fatalities or serious injury crashes on the local road network, with 15 fatal/serious injury crashes on local roads in the 2017/18 year – down from 20 the previous year.

## PARKS AND RECREATION

We provide a range of services and facilities that offer access to sports and recreation opportunities for residents. This includes parks, open spaces, reserves, sports grounds and swimming pools. These facilities encourage quality of life and healthy lifestyles, and are important for the wellbeing of the district.

Our parks and recreation activity contributes to the following Leading Edge outcomes.

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

**Connectivity:** Our quality sporting venues enable regional and national events. We also provide well connected accessible pathways throughout the district. These are found in and around parks, along the river, in neighbourhood areas and throughout the district's green belt.

**Creativity:** We promote our district as an arts and culture hub through community art and sculpture.

**Environment:** Environmental sustainability remains a key aspect of our processes.

**Economy:** Access to open space is part of our commitment to deliver a diverse range of activities and facilities to meet the varied needs of our community.

### *Key highlights*

- We have made a substantial upgrade along Rangiora Street as a part of the Castlecliff Rejuvenation Project. This has provided a significantly enhanced visual aesthetic look and improved entrance to the beach and broader area around Castlecliff.
- We are developing a Sport and Recreation Strategy to provide a platform for the future sports and recreational needs of the community.
- We have completed work on the Whanganui East Pool to fix cracks along with repair work to fix a leak in the learner's pool. We have repainted both the main pool and learners.

### *Our performance*

We failed to meet targets regarding the presentation and maintenance of our open spaces (result: 77%; target: 90%), however there was a 6% increase from the previous year. Satisfaction with cleanliness and provision of public toilets increased by 10% and there are plans for a new toilet facility in the town centre as part of the regeneration project.

The usage of our walkways along the river and throughout the parks network failed to meet target but increased from the previous year from 79% to 83%. The Bason Botanic Gardens Trust completed a new section of the lake walk, and we are currently looking at a project to put a walkway around the back of the lake which will almost complete a walking loop around the lake.

We met our target for community satisfaction of premier parks (result: 100%; target: 95%). The target for ensuring the Coastguard can launch from the Wharf Street ramp 24 hours a day seven days a week was achieved, and our retention of ACC pool safe and lifeguard pool safety standards were achieved.

Our targets for usage of playgrounds and satisfaction with playground equipment were not met (46% of people had used or visited a playground, target: 65%; 54% of people were satisfied with playground equipment available, target was 85%). We did achieve our target of playground equipment safety checks. Feedback and provision of facilities will be reviewed as part of our Parks and Open Spaces Strategy review.

## COMMUNITY AND CULTURAL

Supporting community services and facilities as well as promoting cultural enrichment encourages a tolerant and strong community. We oversee the management of key cultural facilities; ensure appropriate stewardship of nationally important collections; and collaborate with community agencies and organisations to successfully deliver Council's key outcomes as well as enhancing our cultural and community strengths.

Our community and cultural activity contributes to the following Leading Edge outcomes.

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

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

**Creativity:** We support a programme of iconic arts and cultural events. We ensure all strategies we lead and implement have a powerful digital component.

**Economy:** Our work leads the Safer Whanganui Safe Community Accreditation, and through our cultural venues we aim to grow the level of commercial use to reduce the burden on ratepayers.

### Key highlights

- We continued to build community resilience, including through Safer Whanganui, Community Contracts, supporting iconic events and Youth Services.
- We have completed the installation of a new self-checkout and return equipment in the Davis Library, Queens Park.
- Seismic strengthening of the Whanganui Regional Museum was completed in January 2018. We have started working on refurbishing the interior of the Museum.
- New Zealand Glassworks (NZG) upgraded the main furnace in 2017/18 with vast improvement to the quality of glass and doubling the capacity of glass that can be used.
- NZG held three exhibitions, hosted nine community events and saw seven new artists join the gallery.

### Our performance

Targets were not met for online or physical visits, usage and satisfaction with the libraries service, however we met our target for the rate of collection turnover. The Library website is currently schedule for redevelopment in the first quarter of 2018/19.

The number of visitors to the Sarjeant Gallery Te Whare o Rehua Whanganui was met (result: 60126; target: 55,000), with an increase of 8417 visitors to be the previous year. The total number of items catalogued to best practice international standards did not meet target (result: 2413; target: 3000) due to the prioritisation of the redevelopment project. .

The target for hosting events at the Royal Wanganui Opera House was not met (result: 66; target: 126), however the number of local-produced events did meet target (result: 27; target: 22). Targets for both the percentage of population that attends one or more events (result: 35%; target: 40%) and customer satisfaction (result: 67%; target: 85%) were not met. Satisfaction levels may have been impacted by the transition period of moving the box office and the natural ventilation works which were uncompleted, causing uncomfortable theatre temperatures for patrons. The number of local-produced events



We continued to work collaboratively with our Iwi partners, and youth committee and our targets were met (the number of areas of joint effort Council work on with iwi was 18, target: 15; the number of youth committee meetings held was 7, target: 7).

The War Memorial Centre retained their Category 1 heritage and met target for hirer satisfaction.

## ECONOMIC DEVELOPMENT

Economic development is the process which influences growth and development of the district's economy to enhance the economic and social interests of the community. Our goal is to foster economic growth and wellbeing in order to improve business success, employment opportunities and the wealth of the community. The service delivery has been separated out into Economic development and Visitor services.

Our economic development activity contributes to the following Leading Edge outcomes.

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

**Connectivity:** National and international recognition programmes e.g. Smart21 Community status help to create a positive reputation and ultimately to increase investment and employment in the district. We promote and market the district to attract visitors and to improve our image as a tourism destination.

**Creativity:** Leveraging opportunities including ultrafast broadband to support entrepreneurial activity, investment and improved productivity. Marketing and promoting positive messages to create a great impression of our district.

**Economy:** We support initiatives around youth training and employment. We aim to provide a business friendly environment in order to create the right platform for business investment so that we can grow our economy. We support events and conferences to attract visitors and, in turn, creating a vibrant community for residents.

### *Key highlights*

- Whanganui and Partners have had significant activity including a pathway to business establishment, a new website, a business pack, lifestyle pack, plus meetings with potential businesses, a start-up locally based investment fund, and developing a campaign to build on media coverage to attract new business to Whanganui.
- We worked in partnership with Air Chathams to promote Whanganui as a destination. Air Chathams have trialled charter flights for conferences and back filling with discount flights for locals.
- Changes to the way we rate for economic development will result in a reduction of the share paid by commercial ratepayers.

### *Our performance*

We did not meet our target with regards to the number of international students studying in Whanganui (result: 210; target: 239) but did meet the target number of tertiary and trade training opportunities in Whanganui.

We met our target for average real GDP (an increase of more than 2.5% by 2020) with a 2.4% increase for the year; and on the total spend in the education sector measured as a proportion of GDP - The total spend in education and training in Whanganui was \$93.85 million, which is a 5.6% increase on the previous period.

The number of visitors to our iSite exceeded the target (result: 131,403; target: 40,000)

## COMMUNITY FACILITIES AND SERVICES

This group of activities includes services and facilities that underpin the maintenance of our district. Some of these activities are required by legislation and others respond to our community needs and demands. Our regulatory services include provision of advice, consent and licence management, monitoring and compliance. We provide social housing for elderly people with low to moderate financial means and provide for the effective management and minimisation of waste in our district to protect the health and sustainability of our community and natural environment.

Our community facilities and services activity contributes to the following Leading Edge outcomes.

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

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

**Creativity:** We seek new and innovative technology that will enhance our cemeteries and access to enable global connectivity.

**Environment:** We protect our environment and awa. We work to foster our district's unique identity and image in a positive way.

### *Key highlights*

- We have continued to implement our Town Centre Regeneration Strategy including establishing a little park on Victoria Avenue called 'The Conversation Station'.
- Commercial fibre collection services is currently provided by the Whanganui Resource Recovery Centre whilst the Whanganui Resource Recovery Centre Trust continues to investigate commercial glass collection services from the hospitality sector.
- Baby Car Seat Recycling and household battery recycling have been introduced during the year whilst hazardous substance drop off services are now planned for 2018/19 as notified drop off events, one day each quarter.
- Council approved further funding for the Animal Welfare Centre, from \$450k to \$1M. Work has started on the detailed design phase and layout of the facility which is due to be complete in 2018/2019.
- Completing Code Compliance Certificates online is scheduled to be up and running in September 2018.
- The District Plan review programme continued with the major focus on preparing structure plans and rezone additional residential land at Otamatea and Springvale to support increasing demand for new housing.

### *Our performance*

We exceeded our targets regarding waste services including the number of educational visits to schools on waste minimisation and user satisfaction at the Resource Recovery Centre and the amount of product recycled through the centre increased this year.

Our pensioner housing tenants remained satisfied and we met our occupation target.

We met our animal control targets with 100% of known dogs registered, and community satisfaction with animal control services at 58% (target 50%).

All building consents were completed within the statutory 20 working days however the customer satisfaction target was not met (result: 88%; target: 90%).

## TRANSPORTATION

Transport provides and maintains connections both within the district and beyond and is essential for economic prosperity and social connectedness.

Our transportation activity contributes to the following Leading Edge outcomes.

**Community:** Continuing to work with NZ Airways to ensure the safety of the airport through the provision of industry standard navigation and approach services. The airport enables the air ambulance service to be based in Whanganui.

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

**Environment:** The Whanganui River offers a safe harbour for recreational and shallow draft commercial vessels and there is the potential to nurture the facility over time to become a valued resource for users and the travelling public.

**Economy:** Our airport provides aviation connections and forms a key component of the medical services locally, the development of the rural sector through the provision of agricultural aviation services, training through the provision of pilot training and recreation through the provision of services to recreational aviation. The port and harbour are available to a large range of business and recreational users.

### *Key highlights*

- We upgraded our security system and mandatory signage at the Airport.
- We have prepared a business case for upgrading the trailer boat ramp and facilities as well for non-powered craft and recreational swimming at the sea port.
- The Durie Hill elevator continued to provide access for pedestrians and cyclists from the city to Durie Hill and also the city lookout area.

### *Our performance*

We maintained our safety certification at the Airport, and though the user satisfaction with facilities and passenger services did not meet target it remained high at 84 and increased by 3% from the previous year.

The Durie Hill Elevator also retained its safety certification and met its user satisfaction target.

The Port met its target of commercial vessel visits with 28 commercial visits, an increase of 8 from the previous year.

## INVESTMENTS

This group intends to enhance the development of Whanganui and provide an acceptable financial return to the Whanganui community.

Our investments activity contributes to the following Leading Edge outcomes.

**Economy:** We work to provide a reliable and acceptable financial return on our investments to enable development of projects and reduce reliance on rating as a source of funding for debt repayment.

### *Key highlights*

- We continued to use the Harbour Endowment Fund and City Endowment Fund to support community objectives and benefit the people in the district. The Funds have helped subsidise costs that would have otherwise had to be met by ratepayers.

### *Our performance*

Our targeted forecasted return for Whanganui District Council Holdings Limited was met.

The forecast return for Whanganui District Council's Forestry Joint Committee was not met, there is a contract in place to sell five of the six joint forests within the forestry portfolio.

The forecast net income from Council's Harbour Endowment property and City Endowment property portfolio were not met.

## CORPORATE

This group of activities provides support for Council staff and elected members to work together for the benefit of the community. We want to involve people, and maintain their confidence, in our decision-making.

Our corporate activity contributes to the following Leading Edge outcomes.

**Community:** This group of activities provides support for Council staff and elected members to work together for the benefit of the community.

### *Key highlights*

- We have been successfully live streaming Council meetings to continue enhancing transparency, openness and accessibility of Council business.
- Enhancements to customer service have been initiated, with the adoption of a revised Business Friendly Policy to improve, streamline, and enhance the way Council interacts by applying a customer focus.
- Social media platforms have continued to be used as a tool to communicate with the public and provide updates on what's going on in the district and also community.



### *Our performance*

While we failed to meet target with the percentage of community that consider that Council has responded well or very well to community needs and issues (result: 56%; target: 80%), we saw a 9% increase from the previous year. We remain committed to partnering with the community to address and appropriately respond to our district's needs and issues.

We continued to make all Council and committee agendas available to the public two working days prior to the meeting.

Satisfaction with the initial contract and service received from the frontline team met target (result: 96%; target 90%).

Community satisfaction with access to Council information failed to meet target (result: 56%; target: 80%), however there was an increase of 7% from the previous year. Satisfaction with access to information may continue to grow as community needs are further evaluated with new channels developed and used to improve access to information.

The percentage of people satisfied with their level of involvement in the decision making process was not met (result: 46%; target: 70%), however there was an increase in satisfaction from the previous year. Initiatives to address this include a targeted survey distributed to capture these views and experiences immediately following the engagement process.

Again all of our documents audited received an unmodified audit opinion, all archive requests were responded to within 24 hours, all bylaws were reviewed within five years of adoption and all decision letters on our Long Term Plan were provided within 10 working days of adoption of the plan.

## Financial summary

The following pages provide a summary of Council's financial performance for 2018.

### Whanganui District Council

#### Summary statement of comprehensive revenue and expense

For the year ended 30 June 2018

	Budget	Council		Group	
	2018	2018	2017	2018	2017
	\$000	\$000	\$000	\$000	\$000
Rates	57,849	57,909	55,750	57,909	55,750
Other Revenue	22,812	37,791	34,022	47,604	42,183
<b>Total Revenue</b>	<b>80,661</b>	<b>95,700</b>	<b>89,772</b>	<b>105,513</b>	<b>97,933</b>
Finance costs	(6,121)	(5,220)	(4,806)	(5,889)	(5,457)
Other operating expenses	(69,601)	(73,343)	(71,182)	(79,322)	(75,842)
<b>Surplus/(deficit) before tax</b>	<b>4,939</b>	<b>17,137</b>	<b>13,784</b>	<b>20,302</b>	<b>16,635</b>
Share of associate surplus/(deficit)	-	26	18	26	18
Income tax (expense)/benefit	-	54	(58)	305	(762)
<b>Surplus/(deficit) after tax</b>	<b>4,939</b>	<b>17,217</b>	<b>13,744</b>	<b>20,633</b>	<b>15,889</b>
<b>Other comprehensive revenue and expense</b>					
Gain on property plant & equipment revaluations*	-	10,279	6,281	13,099	6,281
Gain on carbon credits revaluation	-	136	(21)	136	(21)
Financial assets at fair value through other comprehensive revenue and expense	-	43	62	43	64
<i>Total other comprehensive revenue and expense</i>	<i>-</i>	<i>10,458</i>	<i>6,322</i>	<i>13,278</i>	<i>6,324</i>
<b>Total comprehensive revenue and expense attributable to:</b>					
Whanganui District Council	4,939	27,675	20,066	33,910	22,212
	<b>4,939</b>	<b>27,675</b>	<b>20,066</b>	<b>33,910</b>	<b>22,212</b>

\*Gains on property plant & equipment revaluations are presented net of taxation.

#### Explanation of major variances:

##### Revenue

Other revenue is greater by \$14.9M because:

- Subsidies and grants are ahead of budget by \$8.7M (84%), mainly as a result of the 2015 flood damage roading projects, that were delayed in previous years, being completed in the 2018 Financial year. Also unbudgeted Lotteries Board grants for the Sarjeant Gallery redevelopment and earthquake strengthening at the War Memorial Hall were received.
- Gains of \$7M are well ahead of the budgeted \$616K, mainly due to gains of

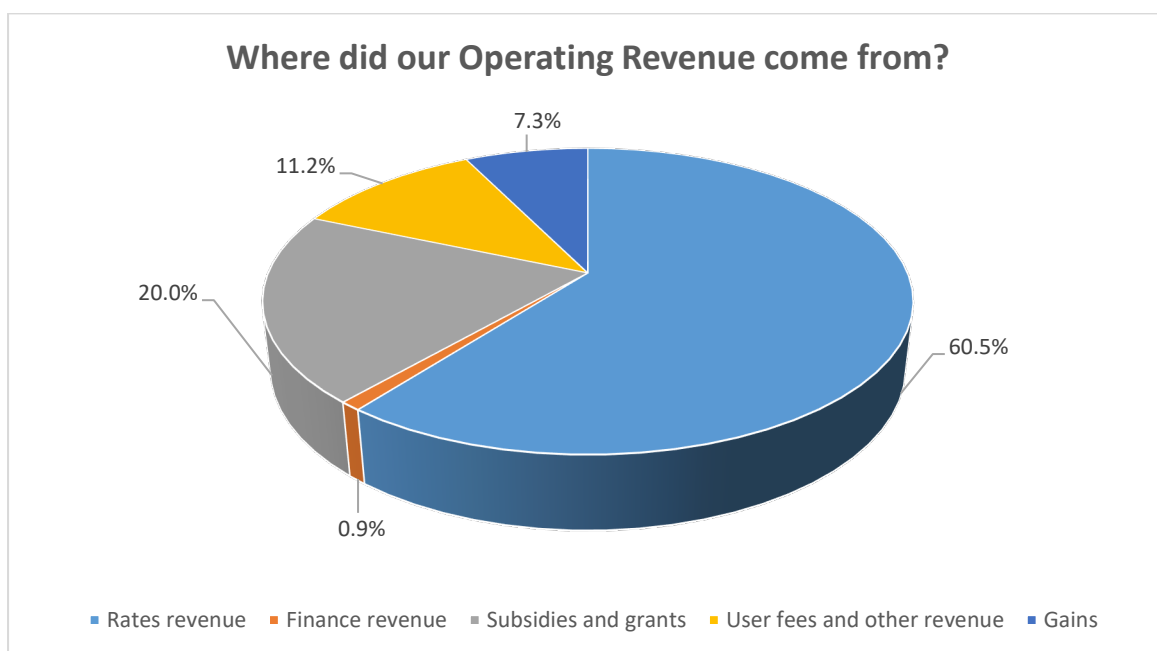
\$4.8M on Land and Buildings revaluation and \$2.5M on revaluation of forestry assets, which was partially offset through revaluation loss on investment property of \$637k.

##### Expenditure

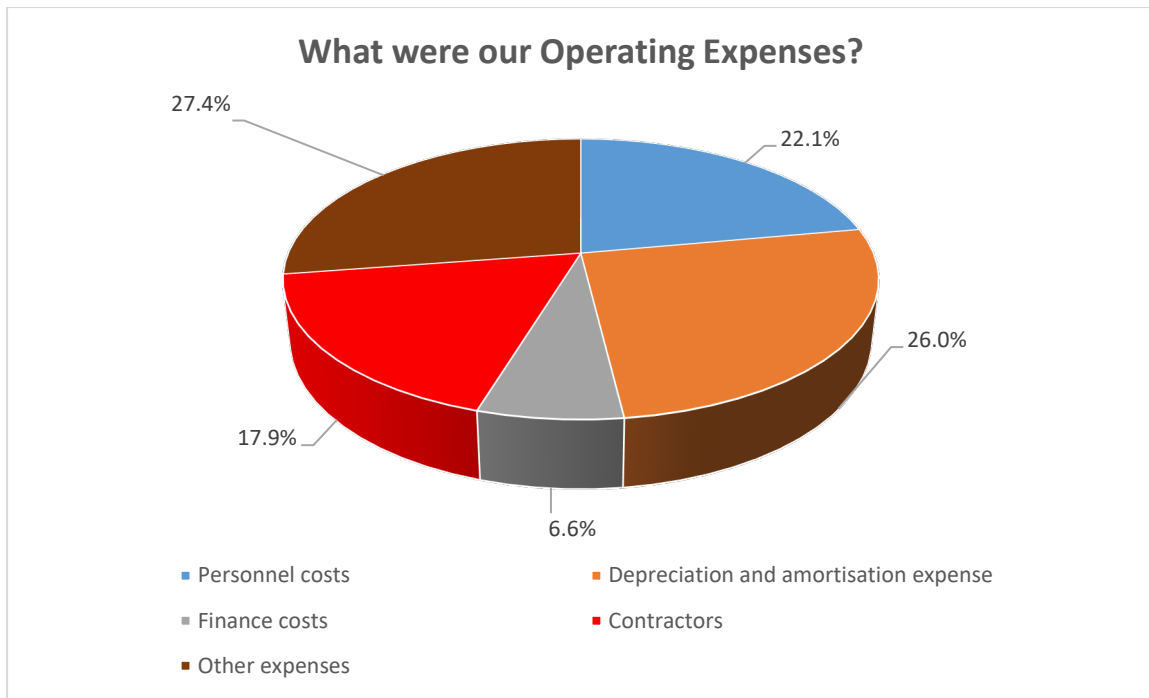
Other operating expenses were over budget by \$3.7M due to the following reasons:

- 2017 budgeted expenditure within such areas as repairs and maintenance, planned maintenance and subcontractors being

- carried over to the 2018 financial year in which the work was completed.
- Council incurred additional costs for its insurance premiums and rates it pays on buildings it owns.
- Personnel costs higher than budget due to:
  - corresponding external funding not showing in the personnel cost line
  - work originally budgeted within Consultancy being done in-house to build capacity within staff
- costs being budgeted within other expense categories, coordinator,
- additional staff required to complete essential work,
- restructuring costs, and work originally budgeted within Consultancy being done in-house to build capacity within staff.



Council receives revenue from a number of different sources, as shown on the graph above. Rates are the primary source of revenue for the Council accounting for 60.5% (\$57.9M) of the total. The subsidies and grants are primarily government transport subsidies which were greater than average due to the additional flood damage repairs resulting from the June 2015 weather event. User fees are paid by those using Council services such as building consents, and dog fees.



In order to provide the services for the community Council incurs costs as illustrated above. In addition to the above, \$14.3M (2017: \$13.4M) of subsidies and grants received were spent on capital projects.



## Whanganui District Council

### Summary statement of changes in equity

For the year ended 30 June 2018

	Budget 2018 \$000	Council 2018 \$000	Council 2017 \$000	Group 2018 \$000	Group 2017 \$000
<b>Balance at 1 July</b>	871,475	824,797	804,731	845,587	823,374
Total comprehensive revenue and expense for the year	4,939	27,675	20,066	33,911	22,213
<b>Balance at 30 June</b>	<b>876,414</b>	<b>852,472</b>	<b>824,797</b>	<b>879,498</b>	<b>845,587</b>
<b>Components of equity</b>					
Retained earnings	539,545	560,765	547,363	579,449	562,632
Restricted reserves	57,246	64,068	59,762	64,068	59,762
Revaluation reserves	279,264	226,742	216,463	235,084	221,984
Other reserves	359	897	1,209	897	1,209
<b>Balance at 30 June</b>	<b>876,414</b>	<b>852,472</b>	<b>824,797</b>	<b>879,498</b>	<b>845,587</b>

## Whanganui District Council

### Summary statement of Financial Position

As at 30 June 2018

	Budget 2018 \$000	Council 2018 \$000	Council 2017 \$000	Group 2018 \$000	Group 2017 \$000
Total current assets	11,515	24,780	19,039	37,748	25,984
Total non-current assets	1,014,803	953,708	925,422	990,554	960,070
Total current liabilities	(35,722)	(42,161)	(38,773)	(47,197)	(41,368)
Total non-current liabilities	(114,181)	(83,855)	(80,891)	(101,607)	(99,100)
<b>Net assets</b>	<b>876,414</b>	<b>852,472</b>	<b>824,797</b>	<b>879,498</b>	<b>845,587</b>
<b>Total equity</b>	<b>876,414</b>	<b>852,472</b>	<b>824,797</b>	<b>879,498</b>	<b>845,587</b>

#### Explanation of major variances:

##### Current Assets

- Non-current assets held for sale were \$10 million higher than budget mostly due to forestry assets being reclassified as held for sale.
- Cash and cash equivalents were \$5.0 million higher than budget. This variance is mainly due to Council taking advantage of favourable interest rates to pre-fund upcoming capital expenditure.

##### Non-Current Assets

Total non-current assets were \$61 million lower than budget as a result of:

- a number of capital infrastructure projects were deferred or delayed.
- the June 2017 infrastructure asset revaluation was lower than that forecast in the 2015-25 Long-term Plan, which was the basis for the 2018 Annual Plan.

**Current Liabilities**

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

**Non-Current Liabilities**

- Total borrowings are \$21.8 million lower than budget mainly due to the capital underspend mentioned above.

- Derivative financial instruments are \$3.5 million lower than budget. The variance is a result of changing market conditions affecting the revaluation of these financial instruments.

**Whanganui District Council****Summary statement of cash flows**

For the year ended 30 June 2018

	Budget 2018 \$000	Council 2018 \$000	Council 2017 \$000	Group 2018 \$000	Group 2017 \$000
Cash and cash equivalents at the beginning of the year	3,387	10,887	6,748	16,743	8,679
Net cash from operating activities	24,727	31,919	31,346	36,893	34,414
Net cash from investing activities	(54,818)	(44,718)	(48,507)	(51,052)	(49,250)
Net cash financing activities	30,482	10,700	21,300	11,100	22,900
<b>Cash and cash equivalents at the end of the year</b>	<b>3,777</b>	<b>8,788</b>	<b>10,887</b>	<b>13,684</b>	<b>16,742</b>

*Explanation of major variances are:***Operating Activities**

Cash flows from operating activities is an indication of whether an entity is able to finance its normal operations from short-term funds. Council generated a \$31.9 million cash surplus from operating activities. This is a positive variance to budget of \$7.25 million mainly due to variances discussed above, especially within the subsidies and grants categories.

**Investing Activities**

Cash from investing activities show asset purchases to be \$44.7 million, which is \$10 million less than budget. The main reason for this relates to the deferral of capital projects.

**Financing Activities**

Cash flow from financing activities shows net borrowings of \$10.7 million, which is \$19.8 million less than budgeted. Borrowings were made on the basis of projected capital spending, all of which did not happen as detailed above. More money was held in cash at the year end to reflect this.

## Whanganui District Council

### Summary funding impact statement

For the year ended 30 June 2018

	Annual Plan 2018 \$000	Annual Report 2018 \$000	Annual Plan 2017 \$000	Annual Report 2017 \$000
<b>Sources of operating funding</b>				
Rates	57,848	57,910	56,786	55,751
Other income	13,801	16,102	17,915	15,236
<b>Total operating funding (A)</b>	<b>71,649</b>	<b>74,012</b>	<b>74,701</b>	<b>70,987</b>
<b>Application of operating funding</b>				
Payments to staff and suppliers	49,197	52,828	49,656	50,213
Finance costs	6,121	5,220	5,039	4,806
<b>Total application of operating funding (B)</b>	<b>55,318</b>	<b>58,048</b>	<b>54,695</b>	<b>55,019</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>16,331</b>	<b>15,964</b>	<b>20,006</b>	<b>15,968</b>
<b>Sources of capital funding</b>				
Subsidies, grants and development contributions	5,812	14,291	12,586	13,361
Increase (decrease) in debt	30,481	10,700	19,638	21,300
Gross proceeds from asset sales	-	141	-	81
Lump sum contributions	-	-	-	-
Other dedicated capital funding	2,584	388	1,034	34
<b>Total sources of capital funding (C)</b>	<b>38,877</b>	<b>25,520</b>	<b>33,258</b>	<b>34,776</b>
<b>Application of capital funding</b>				
Capital expenditure				
-to improve the level of service	36,272	23,493	27,172	29,015
-to replace existing assets	18,746	18,882	26,026	22,445
Increase (decrease) in reserves	390	(491)	267	(716)
Increase (decrease) in investments	(200)	(400)	(200)	-
<b>Total application of capital funding (D)</b>	<b>55,208</b>	<b>41,484</b>	<b>53,264</b>	<b>50,744</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(16,331)</b>	<b>(15,964)</b>	<b>(20,006)</b>	<b>(15,968)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Notes to the Summary Financial Statements

### Events after the balance date

The Whanganui District Councils' Forestry Joint Committee received Overseas Investment Office approval in August to sell four (4) forestry blocks, of which WDC will receive 95.09% of the sale proceeds. (2017: There were no material events after balance date).

### Capital commitments

The Group capital commitments as at 30 June 2018 are \$13,492,000 (2017: \$26,524,000)

## Summary of Capital Expenditure

The following table shows a summary of the expenditure on capital work for the Council. Major variations to the Annual Plan are discussed below.

Activity	Budget	Actual
	2018	2018
	\$000	\$000
Water Supply	4,223	2,470
Stormwater	4,050	2,448
Waterways and natural drainage	545	43
Sewerage and the treatment and disposal of sewage	26,958	17,299
Roads, footpaths and pathways	9,861	15,720
Parks and recreation	3,061	983
Community and cultural	3,954	1,452
Economic Development	-	84
Community facilities and services	1,101	390
Transportation	119	62
Investments	80	345
Corporate	1,066	1,079
<b>Total</b>	<b>55,018</b>	<b>42,375</b>

### Explanation of major variances:

**Water Supply:** The capital replacements budget was well underspent for the year: mainly as a result of the Westmere Reservoir No1 project being delayed due to further investigations being undertaken to assess the exact scope of the work required. The unspent funds are to be carried over to complete this project by December 2018.

**Stormwater:** The capital acquisitions budget was well underspent for the year. The Mill Road project was further delayed pending the need to develop a structure plan for future servicing requirements. Unspent funds this year will be carried over to next year to enable the project to be completed by November 2019.

**Sewerage and the treatment and disposal of sewerage:** The Treatment Plant Project budget for this year was \$25.19M. The rebuild was accelerated in 2016/17, with Council being updated through



budget reforecasts during the past two years. The actual cost for this year was \$15.97M. The project was completed on time and under budget.

**Roads, footpaths and pathways:** The Emergency Management budget of \$5.2 M included \$4.3M of opening carry overs. Actual costs for the year were ahead at \$7.24M due to additional reinstatement work relating to the June 2015 weather event being done at subsidy rates ranging from 82% to 100%.

**Parks and recreation:** The Upokongaro to City Cycleway Project was further delayed this year awaiting Central Government funding to be confirmed, and the tender process to be completed. The project has now commenced and is due for completion by March 2019.

**Community and cultural:** Earthquake strengthening work on the War Memorial Centre was initially delayed awaiting further seismic tests and reports. Work was commenced during the year, and will be completed in 2018/19. Unspent funding will be carried forward to 2018/19 and added to that year's budget. The Sarjeant Gallery Redevelopment project has been held up pending the securing of external funds to allow the project to commence. The required funding has now been attained, and work is scheduled to begin December 2018.

## Additional information about this Summary

This Summary Annual Report has been prepared in accordance with PBE FRS 43: Summary Financial Statements. It has been extracted from the full Annual Report and is designed to give an overview of the Council and Group\* operations. This summary does not include all the disclosures provided in the full financial statements and cannot be expected to provide as complete an understanding as the full financial report of the Council. The Annual Report contains detailed information on the finances and service performance and was adopted by the Council on 30<sup>th</sup> October 2018.

The Council has designated itself a Public Benefit Entity (PBE) for financial reporting purposes. The full financial statements were prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP) and comply with Tier 1 Public Benefit Entity (PBE) accounting standards. The financial statements are for the year ended 30 June 2018 and all figures are in New Zealand dollars and are rounded to the nearest thousand dollars.

Audit New Zealand has audited the full financial statements and has issued an unmodified report. This summary has been examined by Audit New Zealand for consistency with the full Annual Report. The Summary Annual Report was authorised for issue on 15 November 2018 by the Mayor, Hamish McDouall, and Chief Executive, Kym Fell. Copies of the Whanganui District Council's Annual Report are available from the Council's website [www.whanganui.govt.nz](http://www.whanganui.govt.nz) or the Council offices at 101 Guyton Street, Whanganui or by phoning 06 349 0001.

\* The Whanganui District Council group consists of the ultimate parent Whanganui District Council and its subsidiaries, Whanganui District Council Holdings Limited (100% owned) which in turn owns 100% of GasNet Limited and 100% of NZICPA, Whanganui District Councils' Forestry Joint Committee (95.09%), Whanganui Airport Joint Venture (50%), Its 49% equity share of New Zealand Masters Games Limited, its 15% interest in the Manawatu Whanganui LASS Limited and its 33% interest in the Whanganui River Enhancement Trust are equity accounted.

## **Independent Auditor's Report**

### **To the readers of Whanganui District Council's and group summary of the annual report for the year ended 30 June 2018**

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

The summary of the annual report comprises the following summary statements on pages 1 to 20:

- the summary statement of financial position as at 30 June 2018;
- the summaries of the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended 30 June 2018;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary statement of service provision called "Our Work".

### **Opinion**

In our opinion:

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

### **Summary of the annual report**

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

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

### **The full annual report and our audit report thereon**

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

## **Council's responsibility for the summary of the annual report**

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

## **Auditor's responsibility**

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

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

In addition to reporting on the summary annual report, we have reported on the full annual report, we have audited the District Council's 2018-28 long term plan, and we have performed a limited assurance engagement related to the District Council's debenture trust deed. Other than this reporting and these engagements, we have no relationship with, or interests in, the District Council or its subsidiaries and controlled entities.



Debbie Perera,  
Audit New Zealand  
On behalf of the Auditor-General  
Palmerston North, New Zealand  
28 November 2018