

Annual Report

For the year ended
30 June 2018



WHANGANUI
DISTRICT COUNCIL
Te Kaunihera a Rohe o Whanganui



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Te Kaunihera a Rohe o Whanganui

**Annual Report
For the year ended 30 June 2018**

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Mayoral introduction

Tena Koe,

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. It is my anticipation that this Report will give you the assurance that we spent money prudently, and according to our Long Term Plan 2015-2025, to which many members of our community contributed.

More and more people and businesses show interest in relocating to Whanganui, and we at Council are committed to enhancing your customer experience with us through effective people and business engagement. For example, the resources and effort we have put towards bolstering our economic development arm, Whanganui & Partners, is bearing fruit.

The Chief Executive and his staff have worked extremely well in implementing the Long Term Plan - engaging the community in the democratic processes, keeping the financials in control, and integrating business friendly strategies into our day-to-day operations.

I want to acknowledge some key successes:

- Our credit rating with Standard and Poor's lifted, which means a cheaper rate of borrowing.
- Obtaining Central Government funding to build cycleways and tourism infrastructure.
- The Waste Water Treatment Plant was built on time and under-budget, and exceeds our environmental obligations.
- We have begun the work towards the Sarjeant Gallery extension and the entire iconic building will be open in 2021.

Now the focus moves onto the Long Term Plan 2018-2028 which we have produced after a mammoth effort. We are planning for our future, while dealing with the challenges presented by climate change, and the quality of our roading infrastructure. We want to retain what makes Whanganui attractive and liveable while growing our district sustainably.

A handwritten signature in blue ink, which appears to read 'Hamish McDouall'. The signature is fluid and cursive.

Hamish McDouall
Mayor of Whanganui

GOVERNANCE STRUCTURE

as at 30 June 2018

Mayor and Councillors



Mayor Hamish McDouall



Cr Jenny Duncan



Cr Charlie Anderson



Cr David Bennett



Cr Helen Craig



Cr Alan Taylor



Cr Rob Vinsen



Cr Murray Cleveland



Cr Kate Joblin



Cr Josh Chandulal-Mackay



Cr Hadleigh Reid



Cr Philippa Baker-Hogan



Cr Graeme Young

Whanganui Rural Community Board



Chair David Matthews
david.matthews@whanganui.govt.nz
Parapara Road
Whanganui subdivision



Deputy Chair Grant Skilton
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Kai Iwi subdivision



Bill Ashworth
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Kaitoke subdivision



David Wells
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Fordell
Kaitoke subdivision



Michael Dick
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Mowhanau
Kai Iwi subdivision



Sandra Falkner
sandra.falkner@whanganui.govt.nz
Westmere
Kai-Iwi subdivision



Cr Murray Cleveland
murray.cleveland@whanganui.govt.nz
Council representative on Board



Cr Josh Chandulal-Mackay
josh.chandulal-mackay@whanganui.govt.nz
Council representative on Board

Committees

Audit and Risk	Chair: Mrs Sue Westwood	Deputy chair: Cr Jenny Duncan
Strategy and Finance	Chair: Cr Kate Joblin	Deputy chair: Cr Murray Cleveland
Infrastructure	Chair: Cr Alan Taylor	Deputy chair: Cr Hadleigh Reid
Property and Community Services	Chair: Cr Helen Craig	Deputy chair: Cr Josh Chandulal-Mackay
Youth	Co-Chairs: Yth Cr Rhea Colaabavala Yth Cr Ara Molijn	—

Joint Committee

Whanganui District Councils' Forestry Joint Committee	Chair: Cr Rob Vinsen	Deputy chair: Cr Charlie Anderson
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Subcommittees, working parties etc.

Tupoho working party	Co-Chairs: Cr Jenny Duncan & John Maihi	—
Tamaupoko Link	Co-Chairs: Daryn Te Uamairangi & Cr Allan Taylor Rāwiri Tinirau (appointed May 2018)	—
District Plan Review working party	Chair: Cr Jenny Duncan (Dis-established 12 June 2018)	—

Waste Minimisation working party	Chair: Cr Rob Vinsen	—
Statutory Management Committee	Chair: Mayor Hamish McDouall	—
Town Centre Steering Committee	Chair: Cr Helen Craig	



Chief Executive's overview

On behalf of the Whanganui District Council, it's my pleasure to present the 2017/18 Annual Report.

As a vibrant and thriving district, Whanganui needs strong financial management to underpin our planning for the future. In the past year, the Council has invested heavily in infrastructure and expanded services across the district, while keeping operational costs tightly-controlled.

With a buoyant economy, record house prices and a strong-growing population, Whanganui is at the forefront of cutting-edge initiatives with the best cities in the world. This is demonstrated through Council's ownership in ventures such as the New Zealand International Commercial Pilot Academy, an aviation centre of excellence; and NZ Glassworks, the nation's first interactive designer glass art facility.

This prosperity and connectedness allows us to strengthen our community, and build on our reputation as one of the New Zealand's most affordable and liveable destinations.

Almost 44,500 people call Whanganui home and many more visit every day for work or recreation. As the 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.

Through prudent financial management we have been able to reinvest in our future. In 2017/18 we delivered the key projects we set out to achieve. Taking centre stage was our new state-of-the-art waste water treatment plant, along with significant stormwater upgrades and earthquake strengthening of municipal buildings to preserve our built heritage.

Projects such as energy efficient street light renewals were carried out along with a significant investment in activating our urban open spaces through initiatives such as the Little-Park Conversation Station and streetscape improvements at our seaside suburb of Castlecliff.

It has been an exciting and rewarding year for Whanganui and I am immensely proud to lead such a strong and innovative local government that continues to grow and deliver on its vision of being leading edge. Whanganui does not continue to be a leading organisation through the efforts of a single organisation alone, but through the collective effort and partnership of organisations and stakeholders.

I want to thank Mayor Hamish McDouall, Deputy Mayor Jenny Duncan and our Councillors for their dedication, commitment and leadership to our district over the past year.

Similarly, our achievements in 2017/18 would not have been possible without the support, dedication and true commitment of all the Council staff. Whether that be supporting progress through town planning, driving sustainability through our waste minimisation scheme, looking after the wellbeing of our newest residents through our Welcoming Communities programme, or holding it all together by paying the district's bills - they make a direct and invaluable contribution to our community.

As we commence with our Long Term Plan for 2018-2028 I look forward to working alongside the Council and the community to further develop our district for the future.



Kym Fell
Chief Executive

Statement of compliance and responsibility

For the year ended 30 June 2018

Compliance

The Council and management of Whanganui District Council confirm that all the statutory requirements in relation to the Annual Report, as outlined in the Local Government Act 2002, have been complied with.

Responsibility

The Council and management accept responsibility for the preparation of the annual financial statements and non-financial information and the judgements used in them. They also accept responsibility for establishing and maintaining a system of internal controls designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the opinion of the Council and management, the annual financial statements for the year ended 30 June 2018 fairly reflect the financial position, results of operations and service performance achievements of Whanganui District Council.

Signatures



Mayor
Hamish McDouall



Chief Executive
Kym Fell

30 October 2018

Council's vision, outcomes and objectives

Council's vision

Council's vision is –

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 a 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.

Council's strategic themes

- **Community** – Working in partnership – shaping a district that celebrates and champions its cultural and social diversity as well as its community spirit.
- **Connectivity** - A dynamic broadly connected district that is accessible, linked in and known for it.
- **Creativity** – A knowledge economy driven by innovation and humming with cultural personality.
- **Environment** - A district that safeguards its natural resources and provides an environment with a sense of place, identity and vitality.
- **Economy** - An easy-living place of choice of all – flourishing with employment and development opportunities.

Whanganui - Leading Edge

Outcomes	Strategic objectives
<p>Community</p>	<ul style="list-style-type: none"> • Strengthen partnerships and ways of working collaboratively to weave our aspirations together – while respectfully acknowledging differences • Meet our obligations arising from the Te Awa Tupua [Whanganui River Claims Settlement] Act 2017 and the aspirations of the Whanganui Lands Negotiations Settlement Trust in a mutually appropriate partnership process with mana whenua [whanau, hapu and iwi] • Pursue initiatives that secure our health, our safety and instill a sense of belonging and wellbeing for all • Celebrate and champion the diversity in our district by educating, sharing and storytelling

	<ul style="list-style-type: none"> • Demonstrate strong, positive and empowering leadership to support unity and drive our district forward • Be transparent and inclusive in all our democratic processes • Deliver sport and recreation facilities to meet the needs of our community
<p>Connectivity</p>	<ul style="list-style-type: none"> • Continue to build on the connectivity opportunities provided by technology • Drive digital innovation and opportunity in partnership with the community • Achieve greater accessibility to and within the district for all modes of transport, including through making our district more walk and cycle friendly • Improve our image and enhance our reputation as a great place to come, stay and invest • Work together as a region to leverage more opportunities and bolster our pulling power • Test ourselves on the global stage through the attainment of international benchmarks • Commit to continuous improvement and be an educated district – with a lifelong commitment to learning • Support existing, and seek out new international relationships – culturally and in the business world • Become positive ambassadors and self-promoters of our district and encourage those with a connection or interest in Whanganui to do the same
<p>Creativity</p>	<ul style="list-style-type: none"> • Protect and promote our culture and heritage as a key point of difference • Facilitate the use of digital technologies and smart approaches to drive innovation and productivity • Sustain and nurture our arts reputation • Use our compactness, agility and pioneering attitude to our advantage by attracting niche manufacturing opportunities, microbusinesses, start-ups, creative industries and points of difference • Develop a dynamic knowledge economy and workforce • Become a district renowned for talent and creativity • Generate a buzz through events and downtown vibrancy

<p>Environment</p>	<ul style="list-style-type: none"> • Capitalise and build on the value of our coastal location • Ensure our built environment reflects 21st century needs while preserving our distinctive heritage • Pursue integrated and rejuvenated urban design, placemaking and landscape approaches • Safeguard the health of the Awa and let its richness shape us as a place • Connect our identity to authenticity, abundance and community pride • Maximise our rural assets and identify opportunities for sustainable growth • Recognise the values held by mana whenua under kaitiaki for the environment – preserving and conserving our natural resources and heritage by seeking sustainable and innovative green solutions • Look after our infrastructural network and assets with a view to the future – encouraging innovation and making sure of the sustainable use of technology and other materials • Continue to deliver a proactive, flexible and continually evolving District Plan – with the provision of appropriate zones and precincts • Ensure the growth of the district is undertaken in a sustainable way • Increase our resilience to climate change
<p>Economy</p>	<ul style="list-style-type: none"> • Ensure our services and facilities reflect the diverse and changing needs of our community • Facilitate economic development initiatives in partnership with Iwi, the business community and the education sector • Invest in our young people and look to boost skills, training, employment opportunities and our knowledge workforce • Focus on efforts that will support population attraction and retention • Act as a facilitator and enabler for development • Support the retention of key health and social infrastructure • Promote and enhance our lifestyle advantages • Ensure the quality and diversity of our education options and promote these widely

Our plans and reporting

We are accountable to the people of the District for the achievement of our objectives and we are required to report to the public each year on our performance. We also work to achieve a satisfactory audit report from Audit New Zealand on our Annual Report.

Under the Local Government Act 2002 (the Act), we are required to adopt a Long Term Plan every three years. In the year in which a Long Term Plan is prepared, the first year of the Plan becomes the Annual Plan for that year. In the intervening years, years two and three after the Long Term Plan is adopted, an Annual Plan must be produced.

The 10-Year Plan 2015-2025

In 2015, the Council adopted a Long Term Plan for the period 2015 – 2025 which outlined the services and projects we planned to deliver for the district for that 10 year period.

This annual report explains how we have delivered on the third year of that plan.

Annual Report

The Annual Report is required under section 98 of the Local Government Act 2002. The purpose of the Annual Report is to:

Compare actual activities and actual performance with the intended level of activity and performance as set out in the 10-Year Plan and Annual Plan.

Promote accountability of the local authority to the community for decisions made throughout the year.

The report must contain:

In relation to each group of activities:	<ul style="list-style-type: none">• The activities included within the group.• The community outcomes to which the group of activities primarily contributes.• The result of any measurement undertaken during the year on progress towards the achievement of those outcomes.• A description of any identified effects that any activity within the group has had on the community.• An audited statement comparing the capital expenditure budgeted for the financial year with the actual amount spent. This statement must show separately the amount of funds that Council intended to spend and the amount spent to:<ul style="list-style-type: none">○ meet additional demand for a group of activities;○ improve the level of performance in relation to a group of activities; and○ replace existing assets.• An audited statement of service provision, comparing intended levels with actual levels in relation to the
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	<p>performance targets set and giving the reasons for any significant variance between actual and intended levels.</p> <ul style="list-style-type: none"> • An audited funding impact statement identifying the amount of funds produced from each source of funding, how the funds were applied and how this compares with the information included in the 10-Year Plan. • A statement of the amount of internal borrowing used for the purpose of the group of activities, including the amount of funds borrowed and repaid during the year and the amount of interest (if any) paid in relation to the internal borrowing.
A report on each Council Controlled Organisation including:	<ul style="list-style-type: none"> • The extent to which each Council Controlled Organisation has attained the Council's policies and objectives. • A comparison between the actual and intended nature and scope of the organisation. • A comparison between actual performance and key performance targets.
Audited financial statements for core and consolidated Council.	
An audited funding impact statement for the financial year to which the report relates.	
Identification and detail regarding each reserve fund set aside by the Council	
Rating base information, including the number of rating units, the capital and land values of these rating units	
The insurance cover in place for Council assets	
Remuneration paid to elected representatives and the chief executive.	
A report on employee staffing levels and remuneration.	
Information relating to severance payments to the chief executive and any other staff.	
A statement that the requirements of the Act in relation to the Annual Report have been complied with.	
A report on the activities the Council has undertaken to establish and maintain processes to provide opportunities for Maori to contribute to the decision-making process of Council.	

Working with Maori

Council engages with Maori through iwi, hapu and whanau as well as mataa waka [those who are not tangata whenua with mana whenua].

The approach is based on partnership and participation at the strategic and operational levels.

Strategic engagement

This includes agreements with iwi entities as follows:

- The Whanganui Lands Negotiation Settlement Trust
- Te Runanga o Tupoho
- Te Runanga o Tamaupoko
- Nga Rauru Kiihahi

The relationship document with Tamaupoko is under review between the parties. A relationship document is being developed with Nga Rauru Kiihahi in collaboration with Horizons Regional Council, Taranaki Regional Council and South Taranaki District Council.

Further, Council works in a positive collaboration with public sector agencies with specific objectives to serve Maori: Te Puni Kokiri, the Maori Land Court, the Department of Internal Affairs.

The Pakaitore Historic Reserve Board comprises iwi, Crown and Council participants. It continues since its inception in 2001. The purpose of Pakaitore, stated in its Strategic Plan 2016, is connecting the people to the awa and its vision is Our turangawaewae – a gathering place for all to remember, acknowledge, celebrate and enjoy. It is a matter of record that the genesis of the Board is iwi's reclamation of ahi kaa in 1995. Current activity is to establish agreed text for monuments, and the retrieval of an historic narrative to inform, include and educate the community about past, recent and ongoing responses to settlement.

Pursuant to the Te Awa Tupua Act 2017 Council appointed a representative to Te Kopuka. Te Kopuka is responsible for the development and implementation of the strategy document.

Operational engagement

This is focused on responsiveness to Maori regarding infrastructure, development, the consents process, and planning policy in particular. A partnership with iwi produced an overlay report on the Outstanding Natural Landscapes in the District: to inform the review of the District Plan.

Work has commenced on support for a marae based development plan with Te Ao Hou Marae to contribute to the Aramoho community in particular as well as hapu whanui.

The purpose of the Council-Iwi Accord is to develop a partnership that is mutually beneficial to Council and iwi. The primary focus was the development of the waste water treatment plant – and to update and inform the parties on the progress of the project. Now that the installation is complete site visits have taken place on the South Beach to consider opportunities for dune revegetation and restoration. Also the members are looking at ways to educate and be informed about water quality: through monitoring activities that could engage young people in the community.

The Tamaupoko Charitable Trust worked with Council to install a recycling station at Ranana.

The joint Council-Tupoho Whanau Trust-Sustainable Whanganui partnership continues to operate the Whanganui Resource Recovery Centre.

Groups of activities

Our work is structured around 12 areas. The chapters in this report highlight our progress towards delivering on our outcomes in each of these areas. They are:

1. Water supply
2. Stormwater drainage
3. Waterways and natural drainage
4. Sewerage and the treatment and disposal of sewage
5. Provision of roads and footpaths
6. Parks and recreation
7. Community and cultural
8. Economic development
9. Community facilities and services
10. Transportation
11. Investments
12. Corporate

1 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.

What we do

- Water supply

How these activities contribute to our 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.

Our key projects and highlights

- We started the next section of the new bore at Kai Iwi with drilling to approximately 200- 250 metres. Further sampling of the Nukumarū aquifer will be completed to investigate a possible increase in final bore production flow. We have completed testing the flow rate which is at 60litres/second. The next step is to apply to Horizons Region Council for consent so that we can test a higher flow rate.
- We have moved to remote metering within the urban and rural areas. If further replacements or new connections are needed we will install remote readers.
- 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. The second stage within the new subdivision development, Westmere Road to Cameron Road East has begun.
- 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. Construction is expected to be complete by September 2018.
- We are waiting on a decision from Central Government about fluoridation in the water supply.

How did we perform?

Our aim is to supply water that is safe to drink and to ensure security of the city's water supply. We measure our effectiveness by monitoring responsiveness for service requests, compliance with New Zealand Drinking Water standards and ensuring we meet any consent conditions.

To measure the standard of the water supply systems and responsiveness of the service

The total number of complaints received about the water (per 1000 connections to the networked reticulation system)¹

¹ Complaints include: drinking water clarity; drinking water taste; drinking water odour; drinking water pressure; or flow; continuity of supply; or Council's response to any of these issues. Complaints also includes all requests for service about these issues – including a toby repair. The target for this measure was set prior to receiving this clarification. As a result the target will be reviewed as part of the Long term Plan 2018-2028.

Result: 60 (target: <5). The target was not met with 60 complaints received per 1000 properties connected to the networked reticulation system.

Previous year results

Year	Result
2016/17	45
2015/16	16

Source: WDC CRM System

The median response time for attending urgent call outs²

Result: 24 minutes (target: 1 hour). The target was met.

Previous year results

Year	Result
2016/17	15 minutes
2015/16	16 minutes

Source: Veolia

The median response time for resolution of urgent call outs³

Result: 2 hours 26 minutes (target: 22 hours). The target was met.

Previous year results

Year	Result
2016/17	1 hour 30 minutes
2015/16	1 hour 54 minutes

Source: Veolia

The median response time for attending non-urgent call outs⁴

Result: 15 hours 20 minutes (target: 24 hours). The target was met.

Previous year results

Year	Result
2016/17	20 hours 36 minutes
2015/16	17 hours 30 minutes

Source: Veolia

The median response time for resolution of non-urgent call outs⁵

Result: 2 days 16 hours (target: 4 days). The target was met.

Year	Result
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² Measured from the time that notification is received to the time that the service personnel reach the site.

³ Measured from the time that notification is received to the time that the service personnel confirm resolution of the fault or interruption.

⁴ Measured from the time that notification is received to the time that the service personnel reach the site.

⁵ Measured from the time that notification is received to the time that the service personnel confirm resolution of the fault or interruption.

2016/17	2 days 22 minutes
2015/16	23 hours 35 minutes

Source: Veolia

To measure the amount of water loss and usage

The percentage of real water loss from the network reticulation system

Result: 28% (target: <40%). This is an estimation⁶ as water loss was unable to be measured due to lack of water meters in the reticulation network.

Previous year results

Year	Result
2016/17	30%
2015/16	Unable to measure

Source: WDC Infrastructure

The average amount of water consumed per resident per day

Result: 257.5 litres (target: 350 litres). The target was met. This is calculated through the total consumption from the reservoir, excluding industrial consumption, divided by 365 days, divided by the total population⁷.

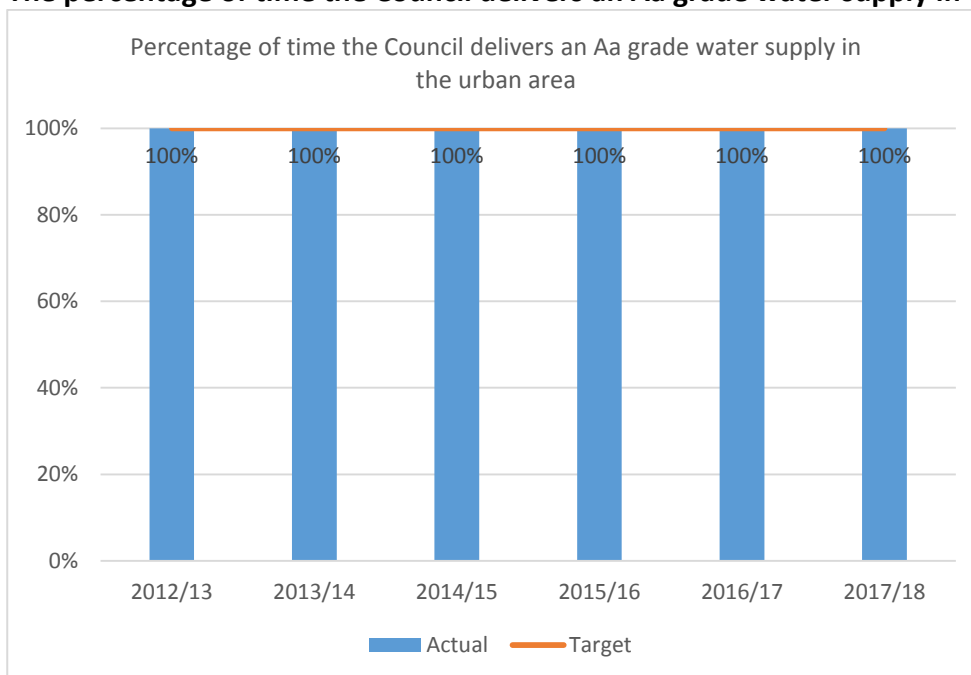
Previous year results

Year	Result
2016/17	257 litres
2015/16	391 litres

Source: WDC Infrastructure

To measure the quality and supply of the water supplied to our residents

The percentage of time the Council delivers an Aa grade water supply in the urban area



⁶ This estimation is calculated as follows: City minimum flow + Castlecliff minimum flow + Aramoho minimum flow / City average flow + Castlecliff average flow + Aramoho average flow x 100 = estimated % of water loss.

⁷ Total population used was 39,100 – which is the total on the urban water network.

This target was met and continues to be achieved with Council delivering an Aa grade water supply to the urban area all of the time.

Ministry of Health grading is a measure of confidence that drinking water supplies will remain uncontaminated. 'A' means completely satisfactory with an extremely low level of risk at source and plant and 'a' similarly means completely satisfactory with an extremely low level of risk. The big 'A' represents the source and treatment and the little 'a' is the reticulation. Rural water supplies are not graded as they are considered small.

Source: Ministry of Health

The extent to which the water supply will comply with Part 4 of the New Zealand Drinking Water Standards (bacteria compliance criteria).

Result: 100% (target: 100%). The target was met with compliance achieved with part 4 of the New Zealand drinking water standards (bacteria compliance criteria).

Previous year results

Year	Result
2016/17	100%
2015/16	100%

Source: Ministry of Health

The extent to which the water supply will comply with Part 5 of the New Zealand Drinking Water Standards (protozoal compliance criteria).

Result: 100% (target: 100%). The target was met with compliance achieved with part 5 of the New Zealand drinking water standards (protozoal compliance criteria).

Previous year results

Year	Result
2016/17	100%
2015/16	100%
2014/15	100%
2013/14	100%

Source: Ministry of Health

Percentage of Fire hydrants tested by the New Zealand Fire Service that comply with the New Zealand Fire Service's code of practice for water supply and pressure

Result: Not available (target: 95%). There have been no hydrants tested this year by the New Zealand Fire Service.

Previous year results

Year	Result
2016/17	-
2015/16	-
2014/15	96%
2013/14	95%

Source: New Zealand Fire Service

Percentage of time Horizons Regional Council consent conditions are complied with (or mitigation undertaken if issues occur)

Result: 100% (target: 100%). The target was met. All consent conditions from Horizons Regional Council were complied with.

Previous year results

Year	Result
2016/17	100%
2015/16	100%
2014/15	100%
2013/14	100%

Source: Horizons Regional Council

Water supply group

Capital expenditure

The following table shows the expenditure on capital work for the Water supply Group. Significant variations to the Annual Plan are discussed below where necessary.

Activity	Annual Plan Budget \$000	Opening Carry Over \$000	Approved Budget \$000	Actual For Year \$000	Closing Carry Over \$000
Capital expenditure to improve the level of service :					
Water Supply					
Portal Street	30	-	30	-	-
Meters, valves, hydrants, mains, etc	74	-	74	65	-
Sundry Projects	20	-	20	22	-
	124	-	124	87	-
Capital expenditure to replace existing assets :					
Water Supply					
Meters, valves, connections, mains	434	-	434	760	-
Kai-iwi Bore No1 development	-	1,360	1,360	504	850
Westmere Reservoir No1	3,050	-	3,050	148	2,903
Symes Road	200	150	350	33	317
Tayforth Road	-	290	290	278	-
Ikitara Road	100	-	100	11	88
Roading coordinated projects	125	-	125	283	-
Spiral welded replacement	150	-	150	193	-
Sundry Projects	40	29	69	173	-
	4,099	1,829	5,928	2,383	4,158

Work was planned to maintain the service capacity of the Council facilities and to deal with the expected demands on the service.

Water supply

The capital acquisitions budget was underspent for the year, with reduced expenditure required for meters, watermains, valves, hydrants, and connections costs.

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.

The other major underspend this year relates to the Kai-iwi bore No1 development project. Delays were due to Horizons consent issues, however the project is now underway.

The other larger projects not completed this year includes Symes Road, delayed due to weather conditions and land issues; and Anzac Parade, delayed awaiting NZTA approval. These projects are now underway, and will require carry over of funds into 2018/2019. Expenditure that was overspent for the year included roading coordinated projects mainly as a result of damage to pipes in Heads Road; and

connections, mains, and hydrants/valves mainly as a result of a new pump station built at the City Bridge for the new Treatment Plant project.

Internal borrowings

	2018	2017
	\$	\$
Brought forward	732,883	1,083,322
Borrowings raised	0	0
Borrowings repaid	(25,036)	(366,968)
Interest paid	17,377	16,529
Carried forward	<u>725,225</u>	<u>732,883</u>

Water supply group

Funding impact statement

For the year ended 30 June 2018

	Long Term Plan	Long Term Plan	Annual Plan	Actual
	2017	2018	2018	2018
	\$000	\$000	\$000	\$000
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	-	-	-	-
Targeted rates	6,794	6,935	6,453	6,419
Subsidies and grants for operating purposes	-	-	-	-
Fees and charges	83	132	40	45
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-	1
Total operating funding (A)	6,877	7,067	6,493	6,465
Application of operating funding				
Payments to staff and suppliers	2,984	3,057	2,918	2,974
Finance costs	786	950	722	603
Internal charges and overheads applied	624	665	649	643
Other operating funding applications	-	-	-	-
Total application of operating funding (B)	4,394	4,672	4,289	4,220
Surplus (deficit) of operating funding (A - B)	2,483	2,395	2,204	2,245
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	3,520	1,944	1,945	187
Gross proceeds from asset sales	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	74	74	74	38
Total sources of capital funding (C)	3,594	2,018	2,019	225
Application of capital funding				
Capital expenditure				
-to meet additional demand	-	-	-	-
-to improve the level of service	81	125	124	87
-to replace existing assets	5,996	4,288	4,099	2,383
Increase (decrease) in reserves	-	-	-	-
Increase (decrease) of investments	-	-	-	-
Total application of capital funding (D)	6,077	4,413	4,223	2,470
Surplus (deficit) of capital funding (C - D)	(2,483)	(2,395)	(2,204)	(2,245)
Funding balance ((A - B) + (C - D))	-	-	-	-

2 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.

What we do

- Stormwater

How these activities contribute to our Leading Edge outcomes

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.

Our key projects and 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.

How did we perform?

Our stormwater activities should protect public health and property without compromising the environment. We measure our effectiveness by monitoring the instances of flooding, and by response times for service repairs.

To measure the standard of the stormwater infrastructure and the service

Number of flooding events⁸

Result: 0 (target: <5). The target was met as there were no flooding events.

Previous year results

Year	Result
2016/17	0
2015/16	0

Source: WDC CRM System

For each flooding event the number of habitable floors affected (expressed for 1000 properties connected to the stormwater system)

Result: 0 (target: 0.5). The target was met as there were no flooding events.

Previous year results

Year	Result
2016/17	0
2015/16	0

Source: WDC CRM System

Median response time to attend a flooding events

Result: 0 (target: 4 hours).⁹ The target was met as there were no flooding events.

⁸ A flooding event is an overflow of stormwater from Council's stormwater system that enters a habitable floor.

⁹ Measured from the time notification is received to the time that the service personnel reach the site.

Previous year results

Year	Result
2016/17	0
2015/16	0

Source: WDC CRM System

The number of complaints received about the performance of the stormwater system (expressed for 1000 properties connected to the stormwater system)

Result: 2.05 (target: 0.25).¹⁰ The target was not met with 2.05 complaints received per 1000 properties connected to the stormwater system.

Previous year results

Year	Result
2016/17	1
2015/16	1

Source: WDC CRM System

To understand the impact of the stormwater system on the environment

Whanganui District Council holds relevant resource consents for the stormwater activity.

Compliance with all resource consents¹¹ for discharge from the stormwater system: measured by the number of abatement notices received by Council in relation to those resource consents

Result: 0 (target: 0). The target was met.

Previous year results

Year	Result
2016/17	0
2015/16	0

Source: WDC CRM System

Compliance with all resource consents for discharge from the stormwater system: measured by the number of infringement notices received by Council in relation to those resource consents

Result: 0 (target: 0). The target was met.

Previous year results

Year	Result
2016/17	0
2015/16	0

Source: WDC CRM System

Compliance with all resource consents for discharge from the stormwater system: measured by the number of enforcement orders received by Council in relation to those resource consents

Result: 0 (target: 0). The target was met.

¹⁰ Complaints also includes all requests for service. The target for this measure was set prior to receiving this clarification. As a result the target may be reviewed as part of the Long Term Plan 2018-2028.

¹¹ There are three current resource consents for stormwater discharge: Urban stormwater; Virginia Lake; and Virginia Lake to Whanganui River.

Previous year results

Year	Result
2016/17	0
2015/16	0

Source: WDC CRM System

Compliance with all resource consents for discharge from the stormwater system: measured by the number of convictions received by Council in relation to these resource consents

Result: 0 (target: 0). The target was met.

Previous year results

Year	Result
2016/17	0
2015/16	0

Source: WDC CRM System

Stormwater group

Capital expenditure

The following table shows the expenditure on capital works for the Stormwater Group. Significant variations to the Annual Plan are discussed below where necessary.

Activity	Annual Plan Budget \$000	Opening Carry Over \$000	Approved Budget \$000	Actual For Year \$000	Closing Carry Over \$000
Capital expenditure to improve the level of service :					
Stormwater					
Separation Completion	350	-	350	695	104
Mill Road Manufacturing zone	3,000	2,882	5,882	1,515	4,333
City wide hotspots	100	100	200	-	-
Integrated catchment management	150	-	150	211	-
Hinau Street upgrade	130	120	250	-	-
Sundry Projects	30	-	30	17	-
	3,760	3,102	6,862	2,438	4,437
Capital expenditure to replace existing assets :					
Stormwater					
Network replacements	290	260	550	10	540
	290	260	550	10	540

Work was planned to maintain the service capacity of the Council facilities and to deal with the expected demands on the service.

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 of \$4.333M will be carried over to next year to enable the project to be completed by November 2019.

The separation project expenditure exceeded this year's budget of \$345k, and has been financed by underspends in the Hinau Street and City Wide hotspots projects.

The capital replacements budget was well underspent for network replacements. Work has been prioritised following CCTV inspections, and the underspend of \$540k will be carried over to 2018-2019 to enable the project to commence.

Internal borrowings

	2018	2017
	\$	\$
Brought forward	2,108,957	2,953,725
Borrowings raised	0	0
Borrowings repaid	(107,972)	(892,333)
Interest paid	49,124	47,565
Carried forward	<u>2,050,108</u>	<u>2,108,957</u>

Stormwater drainage group

Funding impact statement

For the year ended 30 June 2018

	Long Term Plan	Long Term Plan	Annual Plan	Actual
	2017	2018	2018	2018
	\$000	\$000	\$000	\$000
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	-	-	-	-
Targeted rates	5,295	5,607	5,390	5,386
Subsidies and grants for operating purposes	-	-	-	-
Fees and charges	-	-	-	-
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	1	2	-	-
Total operating funding (A)	5,296	5,609	5,390	5,386
Application of operating funding				
Payments to staff and suppliers	918	942	1,041	1,291
Finance costs	1,957	2,057	1,940	1,385
Internal charges and overheads applied	213	225	251	249
Other operating funding applications	-	-	-	-
Total application of operating funding (B)	3,088	3,224	3,232	2,925
Surplus (deficit) of operating funding (A - B)	2,208	2,385	2,158	2,461
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	1,862	1,681	1,862	(13)
Gross proceeds from asset sales	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	40	40	30	-
Total sources of capital funding (C)	1,902	1,721	1,892	(13)
Application of capital funding				
Capital expenditure				
-to meet additional demand	-	-	-	-
-to improve the level of service	3,782	3,800	3,760	2,438
-to replace existing assets	328	306	290	10
Increase (decrease) in reserves	-	-	-	-
Increase (decrease) of investments	-	-	-	-
Total application of capital funding (D)	4,110	4,106	4,050	2,448
Surplus (deficit) of capital funding (C - D)	(2,208)	(2,385)	(2,158)	(2,461)
Funding balance ((A - B) + (C - D))	-	-	-	-

3 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.

What we do

- Waterways and natural drainage

How these activities contribute to our 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.

Our key projects and highlights

- Horizons Regional Council are taking responsibility for the work required on the Lower Whanganui River Control Structures and we will make a 25% contribution over the next 10 years for the work on these structures. The timing and scope of the proposed work is now being revisited as a part of preparing a business case to the Government's Provincial Growth Fund.
- We completed our Erosion and Sediment Control Plans at Somme Parade, Tokomaru West Road (Bridge 10), Koatanui Road (Bridge 11), Landacre Road (Bridge 45), Heao Road (Bridge 49), Matthews Road (bridge 62) and Kainui Road (Bridge 93).
- 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.

How did we perform?

Our waterways and natural drainage activity aim to provide effective warnings and protect people and property from flood waters.

To measure the responsiveness to a potential flooding event

Compliance with the Whanganui River Flood Action Plan¹²

Result: 100% (target: 100%). The target was met. The Flood Action Plan was activated in one instance, but only to an elementary level within this period.

¹² This Plan describes the river stage heights, potential areas of impact, roles and responsibilities of players and the liaison between the District and Regional Councils. Its purpose is to provide timely advice between Horizons, Whanganui District Council and emergency services in consideration of evacuation of the flood hazard zones in the city reach of the Whanganui River.

Previous year results

Year	Result
2016/17	100%
2015/16	100%

Source: WDC Infrastructure

Reliable warning and support systems for protection against Whanganui River flooding and stormwater overflows lasting more than 8 hours are in place at all times

Result: 100% (target: 100%). The target was met.

Previous year results

Year	Result
2016/17	100%
2015/16	100%

Source: WDC Infrastructure

Waterways and Natural Drainage

Capital expenditure

The following table shows the expenditure on capital works for the Flood Protection and Control Group. Significant variations to the Annual Plan are discussed below where necessary.

Activity	Annual Plan Budget \$000	Opening Carry Over \$000	Approved Budget \$000	Actual For Year \$000	Closing Carry Over \$000
Capital expenditure to improve the level of service :					
<i>Waterways and Natural Drainage</i>					
Whanganui River erosion control	10	163	173	43	173
Upgrades ex Horizons and Council	-	547	547	-	494
South Spit and Mole management	110	153	263	-	263
North Mole upgrade	400	-	400	-	400
Sundry projects	25	-	25	-	-
	545	863	1,408	43	1,330

Work was planned to maintain the service capacity of the Council facilities and to deal with the expected demands on the service.

Waterways and natural drainage

There have been delays awaiting further engineering studies and external funding issues being resolved. Horizons input has now been established at 75% (WDC 25%) for structural work. Once the structural work has been done, WDC will be 100% responsible for amenity work like pathways and fishing platforms. The majority of the unspent budget has been carried forward to 2018/19 to complete the stated projects.

Internal borrowings

The flood protection group has no internal borrowings.

Waterways and natural drainage group

Funding impact statement

For the year ended 30 June 2018

	Long Term Plan	Long Term Plan	Annual Plan	Actual
	2017	2018	2018	2018
	\$000	\$000	\$000	\$000
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	913	899	924	923
Targeted rates	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-
Fees and charges	-	-	-	-
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-	-
Total operating funding (A)	913	899	924	923
Application of operating funding				
Payments to staff and suppliers	630	614	614	657
Finance costs	(19)	(23)	(2)	(59)
Internal charges and overheads applied	155	158	160	159
Other operating funding applications	-	-	-	-
Total application of operating funding (B)	766	749	772	757
Surplus (deficit) of operating funding (A - B)	147	150	152	166
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	(60)	(60)	393	(123)
Gross proceeds from asset sales	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	(60)	(60)	393	(123)
Application of capital funding				
Capital expenditure				
-to meet additional demand	-	-	-	-
-to improve the level of service	87	90	545	43
-to replace existing assets	-	-	-	-
Increase (decrease) in reserves	-	-	-	-
Increase (decrease) of investments	-	-	-	-
Total application of capital funding (D)	87	90	545	43
Surplus (deficit) of capital funding (C - D)	(147)	(150)	(152)	(166)
Funding balance ((A - B) + (C - D))	-	-	-	-

4 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.

What we do

- Wastewater

How these activities contribute to our Leading Edge outcomes

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.

Our key projects and 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.

Waste water treatment plant exceeds expectations

Construction of the plant was completed according to plan in March 2018 and the biological commissioning stage is now well underway and the plant is already delivering well beyond expectations.

The water being discharged into the sea has been through the treatment process, including UV disinfection, and it looks clear and clean as it leaves the plant.

We are currently exceeding future consent requirements well ahead of time. The Council has resource consent to discharge untreated waste to the sea until May 2019.

How did we perform?

We are responsible for the operation and management of wastewater systems, including an urban system that services the city and two rural systems. We aim to maintain public health and safety as well as protect the environment with clean waterways. We measure our effectiveness by monitoring the response times for service requests, and the impact of the wastewater system on the environment.

To measure the standard of the wastewater service

The total number of complaints received (expressed per 1000 connections)

Result: 14.49 (target: <5).¹³ The target was not met with 14.49 complaints received.

¹³ Complaints may include sewage odour, sewerage system faults; sewerage system blockages and Council's response to any of these issues. Complaints also includes all requests for service. The target for this measure was

Previous year results

Year	Result
2016/17	3
2015/16	6

Source: WDC CRM System

The number of dry weather sewerage overflows from the system (expressed per 1000 sewerage connections)

Result: 3.08 (target: <3).¹⁴ The target was not met. There was a total of 3.08 spills per 1000 sewerage connections for the period.

Previous year results

Year	Result
2016/17	2.63
2015/16	10.3

Source: Veolia

Median response time for attending sewerage overflows resulting from blockages or other faults¹⁵

Result: 26 minutes (target: 6 hours).The target was met.

Previous year results

Year	Result
2016/17	21 minutes
2015/16	21 minutes

Source: Veolia

Median response time for resolution of blockages or other faults¹⁶

Result: 1 hour 31 minutes (target: 5 days). The target was met.

Previous year results

Year	Result
2016/17	1 hour 48 minutes
2015/16	2 hours 30 minutes

Source: Veolia

To measure the impact of wastewater on the environment

Compliance with all resource consents for discharge from the wastewater system: measured by the number of abatement notices in relation to the resource consents

set prior to receiving this clarification. As a result the target will be reviewed as part of the Long term Plan 2018-2028.

¹⁴ This relates to all overflows as we are unable to isolate only those relating to dry weather. We intend to improve our systems to enable better reporting in the future.

¹⁵ Measured from the time that notification is received to the time that service personnel reach the site.

¹⁶ Measured from the time that notification is received to the time that service personnel confirm resolution of the blockage or fault.

Result: 0 (target: 0). This target was met with no abatement notices received.

Previous year results

Year	Result
2016/17	1
2015/16	0

Source: Horizons Regional Council

Compliance with all resource consents for discharge from the wastewater system: measured by the number of infringement notices in relation to the resource consents

Result: 0 (target: 0). This target was met with no infringement notices received.

Previous year results

Year	Result
2016/17	0
2015/16	0

Source: Horizons Regional Council

Compliance with all resource consents for discharge from the wastewater system: measured by the number of enforcement orders in relation to the resource consents

Result: 0 (target: 0). This target was met with no enforcement orders received.

Previous year results

Year	Result
2016/17	0
2015/16	0

Source: Horizons Regional Council

Compliance with all resource consents for discharge from the wastewater system: measured by the number of convictions in relation to the resource consents

Result: 0 (target: 0). This target was met with no convictions received.

Previous year results

Year	Result
2016/17	0
2015/16	0

Source: Horizons Regional Council

Sewerage and the treatment and disposal of sewage group

Capital expenditure

The following table shows the expenditure on capital works for the Wastewater Group. Significant variations to the Annual Plan are discussed below where necessary.

Activity	Annual Plan Budget \$000	Opening Carry Over \$000	Approved Budget \$000	Actual For Year \$000	Closing Carry Over \$000
Capital expenditure to improve the level of service :					
Wastewater					
New Treatment Plant	25,193	-	25,193	15,974	600
Overflow Manhole construction	-	350	350	-	-
City wide pump station upgrades	145	-	145	64	-
Trade waste monitoring equipment	-	1,000	1,000	278	148
Interceptor capacity study	100	-	100	-	-
Treatment Plant commissioning	150	-	150	239	-
Sundry Projects	150	-	150	84	-
	25,738	1,350	27,088	16,639	748
Capital expenditure to replace existing assets :					
Wastewater					
Urban reticulation	600	70	670	314	-
Refurbishment of old MCC at BRPS	-	500	500	-	500
Grit removal optimisation	-	362	362	113	-
Hydraulic gate replacement	-	300	300	-	300
Beach Road Station. Flood repairs	-	600	600	148	452
Closing actuators for valves	600	-	600	-	600
Sundry Projects	20	-	20	85	-
	1,220	1,832	3,052	660	1,852

Work was planned to maintain the service capacity of the Council facilities and to deal with the expected demands on the service.

Wastewater

The Treatment Plant Project budget for this year was \$25.193M. 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 \$15.974M. The rebuild has now been completed. The final cost of the project has been calculated to be \$40.57M. The project was completed on time and under budget. An amount of \$600k has been carried over for consents required to put biosolids onto land.

The overflow manhole construction budget of \$350k was carried over from last year. No expenditure was incurred in 2017/18, resulting in the budget no longer being required. Similarly, the Interceptor capacity study budgeted at \$100k will not now be done in the immediate future.

The trade waste monitoring budget of \$1M has been reduced to \$600k. Equipment has been purchased for \$278k, with \$148k being carried over to install and commission the equipment. Strategy and implementation costs to date of \$194k have been transferred to operating costs.

The total capital replacements expenditure of \$660k is well under budget. The refurbishment of the master control cabinet at the Beach Road pumping station, and the closing actuators for valves projects have both been delayed awaiting new designs in conjunction with the new Treatment Plant rebuild. These have now been finalised with some work having commenced, however the majority of these projects require funding to be carried over 2018/19.

Flood damage at Beach Road for screens remedial work has been held up due to unfavourable river and weather conditions. When this work is completed, the hydraulic gate replacement will commence.

The grit optimisation project costing \$113k has been completed well under budget.

Internal borrowings

	2018	2017
	\$	\$
Brought forward	1,731,468	260,437
Borrowings raised	963,149	1,431,979
Borrowings repaid	0	0
Interest paid	66,152	39,051
Carried forward	2,760,769	1,731,468

Sewerage and the treatment and disposal of sewage group

Funding impact statement

For the year ended 30 June 2018

	Long Term Plan	Long Term Plan	Annual Plan	Actual
	2017	2018	2018	2018
	\$000	\$000	\$000	\$000
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	-	-	-	-
Targeted rates	7,508	8,714	8,060	8,055
Subsidies and grants for operating purposes	-	-	-	-
Fees and charges	-	-	-	-
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	616	635	600	601
Total operating funding (A)	8,124	9,349	8,660	8,656
Application of operating funding				
Payments to staff and suppliers	3,623	3,600	3,503	4,190
Finance costs	491	1,366	1,448	1,806
Internal charges and overheads applied	752	777	773	766
Other operating funding applications	-	-	-	-
Total application of operating funding (B)	4,866	5,743	5,724	6,762
Surplus (deficit) of operating funding (A - B)	3,258	3,606	2,936	1,894
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	14,690	23,290	23,971	15,385
Gross proceeds from asset sales	-	-	-	20
Lump sum contributions	-	-	-	-
Other dedicated capital funding	50	50	50	-
Total sources of capital funding (C)	14,740	23,340	24,021	15,405
Application of capital funding				
Capital expenditure				
-to meet additional demand	-	-	-	-
-to improve the level of service	17,122	25,660	25,738	16,639
-to replace existing assets	876	1,286	1,219	660
Increase (decrease) in reserves	-	-	-	-
Increase (decrease) of investments	-	-	-	-
Total application of capital funding (D)	17,998	26,946	26,957	17,299
Surplus (deficit) of capital funding (C - D)	(3,258)	(3,606)	(2,936)	(1,894)
Funding balance ((A - B) + (C - D))	-	-	-	-

5 Provision of roads and footpaths

This activity manages the district's roads, bridges, traffic management and control systems and 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.

What we do

- Roothing
- Footpaths and berms

How these activities contribute to our 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.

Our key projects and highlights

Roothing

- We have continued to carry out road maintenance including work on pavements, drainage, structures, traffic services (including power consumption) and level crossing warning devices.
- Erosion work on Oyster Bluff has been completed and erosion work on Jerusalem Bluff is due to be complete in July 2018.
- We have commenced work on the Papaiti Road realignment with progress ahead of schedule.
- Urban Shared Pathways (Urban Cycleways Programme)
 - Nelson Street to Ingestre Street - This project along the top end of Dublin Street and along St. Hill Street to Ingestre Street has been completed.
 - City Bridge to North Mole - This project is almost complete to Gilbert Street. The design for the section from Gilbert Street, past the Q-West site and onto the port wharf and from the port to the North Mole, has been put on hold until Horizons Regional Council have upgraded the rip-rap protection of the North Mole.
 - Ingestre Street to Taupo Quay – The design for this section is complete and it is now under construction.
 - We have completed the traffic signal upgrade at the Ridgway Street and St Hill Street intersection. All traffic signals will be upgraded through St Hill Street with new signals at the Taupo Quay end.
 - London Street to Nelson Street - This project along the railway corridor will go out for tender when rail corridor access lease costs are agreed to with KiwiRail.

- 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. This will provide a further significant reduction in energy cost and a very low maintenance amenity.

LED lighting generating cost savings

The Council has already saved more than \$100,000 in electricity costs during the roll-out of its LED streetlight replacement project, with final cost savings of \$6M expected.

Around 2500 residential streetlights have been replaced with the LED (Light Emitting Diode) lights since the project began in the 2015/16 financial year. By the project's end, 5,500 lights will have been upgraded with the help of 85 percent funding from the New Zealand Transport Agency.

Street lighting energy costs have reduced from \$457,842 in 2015/16 to \$350,649 in 2016/17.

As well as being more energy efficient than the older technology High Pressure Sodium (HPS/SON) streetlights, they have a much longer replacement timeframe and provide improved lighting for motorists and pedestrians.

LED streetlights emit a white light, rather than the yellow light of the older fixtures. The white light only projects downwards, creating a different visual effect from the former lights.

The Council will invest around \$3M during the roll-out with expected savings in electricity and maintenance costs of \$9M, resulting in direct savings of \$6M over the LED lights' lifetime.

The project began firstly as a trial on the Whanganui City Bridge, extended to main arterial routes and is now spreading throughout the suburbs.

Footpaths and berms

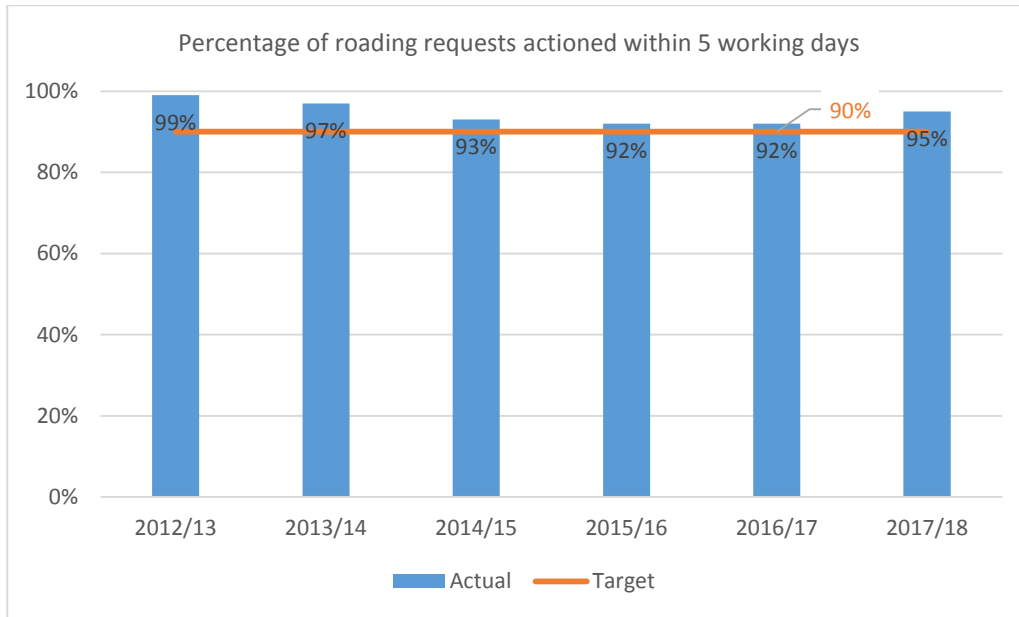
- We have continued to carry out maintenance and replacements on footpaths.
- We have started physical work on the pavements near the Cooks Gardens steps, by the Woman's Rest Rooms.

How did we perform?

Roads connect our community both socially and economically. We want to ensure Whanganui's roading network is sustainable and safe. We assess our performance by recording the rate of road casualties occurring and by measuring service provision, and asset condition. These measures are to ensure that we maintain a safe and healthy community and to meet environmental standards.

To measure the standard of the roading infrastructure and the service

Percentage of customer service requests that are actioned within five working days



The target was met. There were a total of 868 roading requests actioned within five working days.

Source: WDC CRM System

The average quality ride on a sealed local road network, measured by smooth traffic exposure
Result: 86% (target: 85-90%). The target was met with 86% of the sealed local roads in the district considered "smooth" as per the smooth travel exposure measurement.

Previous year results

Year	Result
2016/17	88%
2015/16	89%

Source: WDC Annual Roughness Survey

Percentage of sealed road network that is resurfaced

Result: 5.9% (target: >4%). The target was met with 34.1km of the 574km of the sealed road network resurfaced.

Previous year results

Year	Result
2016/17	7.7%
2015/16	5.9%

Source: NZ Transport Agency

To measure progress towards increasing roading safety

The change from previous financial year in the number of fatalities or serious injury crashes on the local road network

Result: 15 (target: -1). The target was met with a reduction of 5 fatal crashes or serious injuries from the previous financial year. During the 2017/18 period there were 3 fatal crashes and 12 serious injury crashes on local roads.

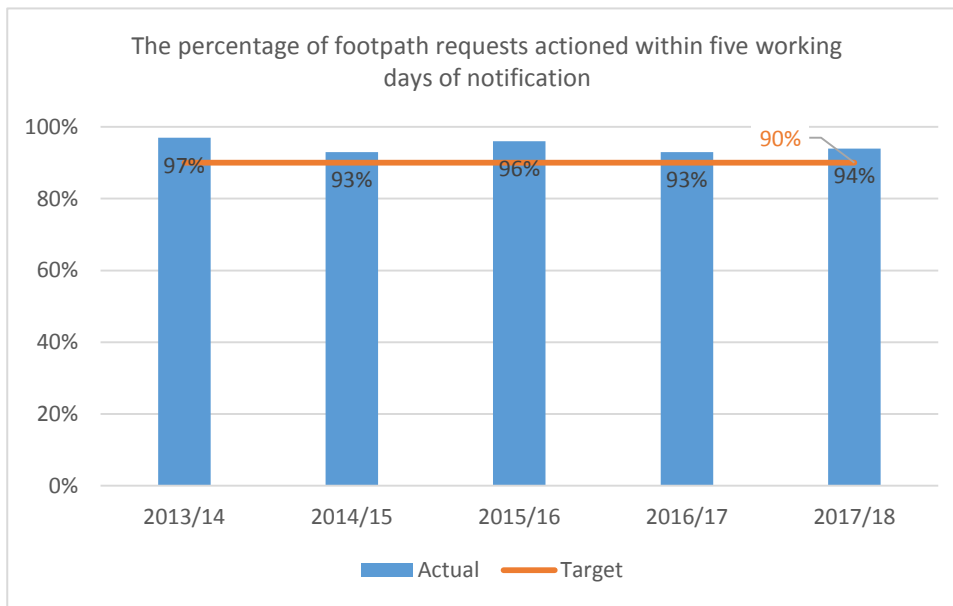
Previous year results

Year	Result
2016/17	20
2015/16	8

Source: NZ Transport Agency Crash Analysis System (CAS)

To measure the standard of our footpath network and the service

The percentage of footpath requests actioned within five working days of notification¹⁷



The target of greater than 90% was met.

Source: WDC CRM System

The percentage of footpaths that meet Council's standard of a defect score of <50¹⁸

Result: 98% (target: >90%). This result is from the 2014 measure. Rating surveys occur every 5 years on footpaths, hence next count will happen in 2019.

Previous year results

Year	Result
2016/17	98%
2015/16	98%

Source: WDC CRM System

¹⁷ This includes any requests relating to the footpath and berms activity, for example trip hazards and breakages.

¹⁸ This is calculated by the number of bumps, depressions, cracks and scabs on footpaths

The total number of footpath faults (includes berms)

Result: 15,916 (target: <35,000). This result is from the 2014 measure. Rating surveys occur every 5 years on footpaths, hence next count will happen in 2019.

Previous year results

Year	Result
2016/17	15,916
2015/16	15,916
2009/10	32,104
2003/04	57,174

Source: WDC CRM System

Roads, footpaths and pathways group

Capital expenditure

The following table shows the expenditure on capital works for the Roads, footpaths and pathways Group. Significant variations to the Annual Plan are discussed below where necessary.

Activity	Annual Plan Budget \$000	Opening Carry Over \$000	Approved Budget \$000	Actual For Year \$000	Closing Carry Over \$000
Capital expenditure to improve the level of service :					
Roading					
Minor Safety Projects	809	600	1,409	1344	-
Pathways Construction	1,199	2,200	3,399	625	1,260
Streetlights to LED	550	-	550	904	750
Other projects	98	50	148	305	-
	2,656	2,850	5,506	3,178	2,010
Footpaths and Berms					
Acquisitions	15	15	-	18	-
	2,671	2,865	5,506	3,196	2,010
Capital expenditure to replace existing assets :					
Roading					
Emergency Management	900	4,300	5,200	7,245	-
Sealed road resurfacing	2,272	-	2,272	1,892	-
Drainage renewals	893	-	893	939	-
Unsealed road metalling	482	-	482	385	-
Pavement rehabilitation	745	-	745	883	-
Structures components	354	-	354	121	-
Traffic services renewals	868	-	868	286	-
Other Projects	350	-	350	372	-
	6,864	4,300	11,164	12,123	-
Footpaths and Berms					
Renewals	326	30	356	401	-
	7,190	4,330	11,520	12,524	0

Work was planned to maintain the service capacity of the Council facilities and to deal with the expected demands on the service.

Roading

Minor Safety projects costing \$\$1.344M were just under budget by \$65k.

Pathways construction costs of \$625k were well under budget. This mainly relates to the Urban Cycleway Project which was delayed due to KiwiRail negotiations, and the need to coordinate with the Port Revitalisation project. This has necessitated a carry over of \$1.26M at a 75% subsidy rate.

The LED streetlights budget of \$550k was increased by an additional \$1.1M during the year, giving an available budget of \$1.65M. Delays were due to reprioritising work after the project was extended by NZTA. Actual expenditure for the year was \$904k, necessitating a carry over of \$750k at a 85% subsidy rate.

The Emergency Management budget of \$5.2M included \$4.3M of opening carry overs. Actual costs for the year were ahead at \$7.245M due to additional reinstatement work relating to the June 2015 weather event being done at subsidy rates ranging from 82% to 100%. The total cost of the June 2015 weather event for roading, spread over three years, has now been calculated to cost \$28.4M. This was funded by NZTA subsidy of \$25.3M, and loan funds of \$3.1M.

Excluding Emergency Management costs, the balance of Roading replacement expenditure was budgeted to be \$5.964M. Actual expenditure for the year was \$4.878M, with no opening or closing carry overs required. Resources were more concentrated on the flood damage work, at higher subsidy rates.

Footpaths and berms

Renewals expenditure for the year is over budget by \$45k. As in previous years, this overspend has been matched by underspends in footpaths maintenance costs. When routine operational repairs are carried out, it is often found that instead of operational repairs being required additional renewal work needs to be undertaken, and vice-versa. Work classified as renewal work is recorded in the Council's asset register.

Internal borrowings

	2018	2017
	\$	\$
Brought forward	529,389	806,787
Borrowings raised	0	0
Borrowings repaid	(44,449)	(289,338)
Interest paid	11,905	11,940
Carried forward	496,844	529,389

Provision of roads and footpaths group

Funding impact statement

For the year ended 30 June 2018

	Long Term Plan	Long Term Plan	Annual Plan	Actual
	2017	2018	2018	2018
	\$000	\$000	\$000	\$000
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	-	-	-	-
Targeted rates	8,599	8,218	8,677	8,676
Subsidies and grants for operating purposes	3,074	2,982	3,323	3,385
Fees and charges	25	26	25	30
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	505	590	560	476
Total operating funding (A)	12,203	11,816	12,585	12,567
Application of operating funding				
Payments to staff and suppliers	6,731	6,834	6,705	7,054
Finance costs	702	657	676	368
Internal charges and overheads applied	788	859	849	842
Other operating funding applications	-	-	-	-
Total application of operating funding (B)	8,221	8,350	8,230	8,264
Surplus (deficit) of operating funding (A - B)	3,982	3,466	4,355	4,303
Sources of capital funding				
Subsidies and grants for capital expenditure	5,650	6,742	5,812	11,689
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	(1,007)	256	(305)	(253)
Gross proceeds from asset sales	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	4,643	6,998	5,507	11,436
Application of capital funding				
Capital expenditure				
-to meet additional demand	-	-	-	-
-to improve the level of service	2,068	3,606	2,671	3,196
-to replace existing assets	6,557	6,858	7,191	12,524
Increase (decrease) in reserves	-	-	-	19
Increase (decrease) of investments	-	-	-	-
Total application of capital funding (D)	8,625	10,464	9,862	15,739
Surplus (deficit) of capital funding (C - D)	(3,982)	(3,466)	(4,355)	(4,303)
Funding balance ((A - B) + (C - D))	-	-	-	-

6 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.

What we do

- Parks and reserves
- Swimming pools

How these activities contribute to our 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.

Our key projects and highlights

Parks and reserves

- 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. The Strategy will have a particular focus around the use of the spaces and facilities we currently have.
- Sport Whanganui are working with water sports activities i.e. rowing, multisport, waka ama, on the feasibility of a water sports hub which will be a part of the Sports and Recreation Strategy.

Swimming pools

- 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.

How did we perform?

Our parks and reserves offer a variety of sports and recreation opportunities for residents. We assess our performance by measuring use of, and user satisfaction with our parks and facilities.

To understand the standard of the services we provide; and the value the community place on them

Community satisfaction (%) with the maintenance and presentation of our open spaces

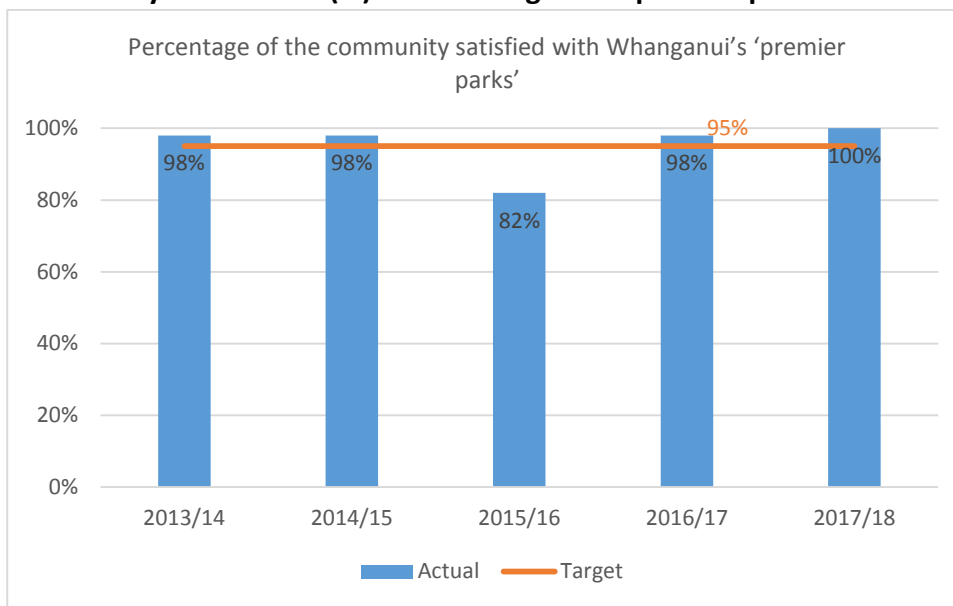
Result: 77% (target 90%). The target was not met however satisfaction with the maintenance and presentation of open spaces has increased on last year's results by 6%¹⁹.

Previous year results

Year	Result
2016/17	71%
2015/16	74%

Source: Community Views Survey 2018.

Community satisfaction (%) with Whanganui's 'premier parks'



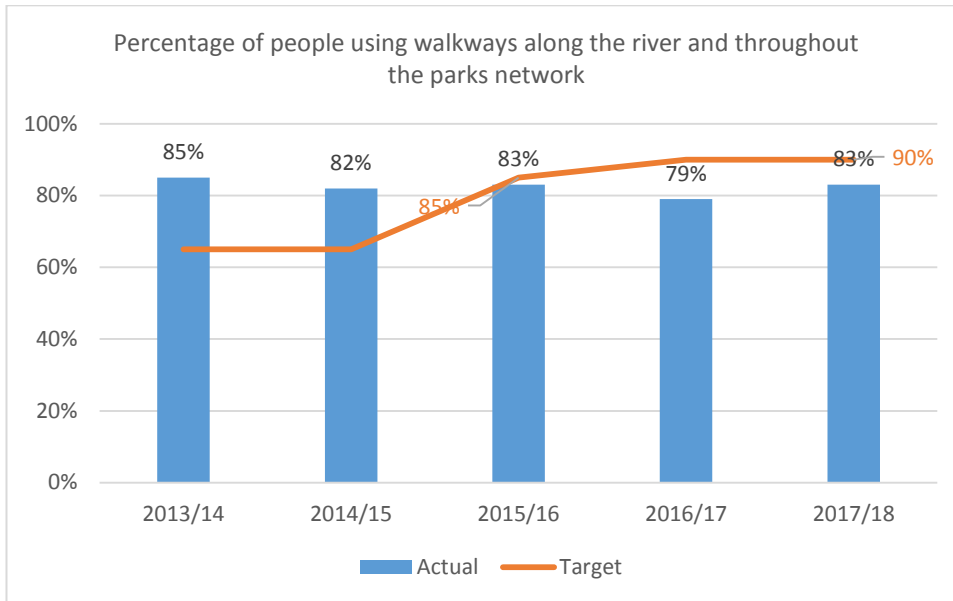
The target of 95% satisfaction with our 'premier parks' was met.

Source: Independent Park Check Survey 2018.

¹⁹ The 2018 Park Check Survey recorded a 98.9% satisfaction level with open spaces. Council will analyse the feedback received from those that expressed a level of dissatisfaction to see if there are further areas for improvement. Additional feedback will be received as part of the Parks and Open Spaces Strategy review.

To understand the reach and utilisation of the services we provide

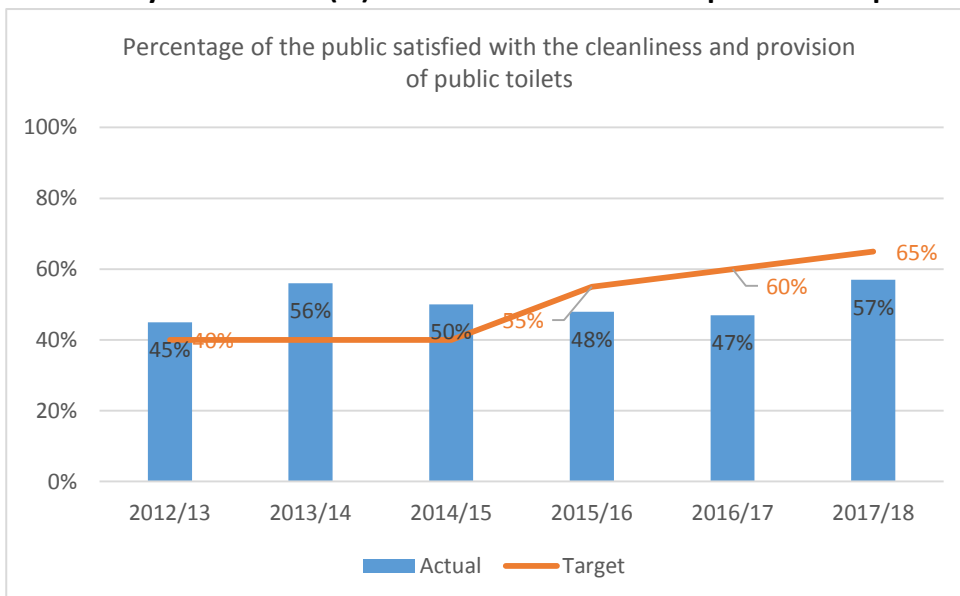
Community usage (%) of walkways along the river and throughout the parks network



The target was not met. 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. Sealing of the roadway has greatly improved the driving experience. There are increasing numbers of groups using the park for sporting activities including Harriers.

Source: Community Views Survey 2018

Community satisfaction (%) with the cleanliness and provision of public toilets



The target was not met. Residents' satisfaction with public toilets is up by 10%, sitting at 57% for 2018.

There are plans to put a new toilet facility in the town centre as part of the town centre regeneration project. Toilets will also be installed in Kowhai Park North and Jerusalem. These are particularly aimed at supporting tourism, and in the case of Kowhai Park, freedom camping.

Source: Community Views Survey 2018

To ensure facilities we provide are safe and meet the needs of our community

Monthly playground equipment safety checks

Result: Achieved (target: Achieve). Safety checks on playground equipment were carried out monthly.

Previous year results

Year	Result
2016/17	Achieved
2015/16	Achieved

Source: WDC Parks Team

The percentage of people that have used or visited a playground in the last 12 months

Result: 46% (target: 65%). The target was not met with a 14% decrease in residents who have used or visited a playground in the last 12 months. Residents attributed accessibility and attractiveness as key reasons for dissatisfaction. Council's Parks team continue to maintain the playgrounds to a high standard and the community pump track has been completed at Springvale Park. Further improvements to the facilities at Mosquito Point is scheduled. The community views survey indicated that usage is lower in Aramoho where there is a recognised lack of playground facilities. Provision of playground facilities in Aramoho will be investigated and further feedback collated as part of the Parks and Open Spaces Strategy review.

Previous year results

Year	Result
2016/17	60%
2015/16	58%

Source: Community Views Survey 2018

The percentage of people that are satisfied with the playground equipment available

Result: 54% (target: 85%). The target was not met. Routine maintenance occurs and generally, the facilities present well. An assessment of playground provision is currently being undertaken and survey feedback received will be incorporated with the outcome of meeting community expectations.

Previous year results

Year	Result
2016/17	69%
2015/16	68%

Source: Community Views Survey 2018

The Coastguard can launch from the Wharf Street ramp (or Putiki slipway) 24 hours a day, seven days a week

Result: Achieved (target: Achieve). The target was met. Wharf Street was dredged during April, but Putiki slipway was still available.

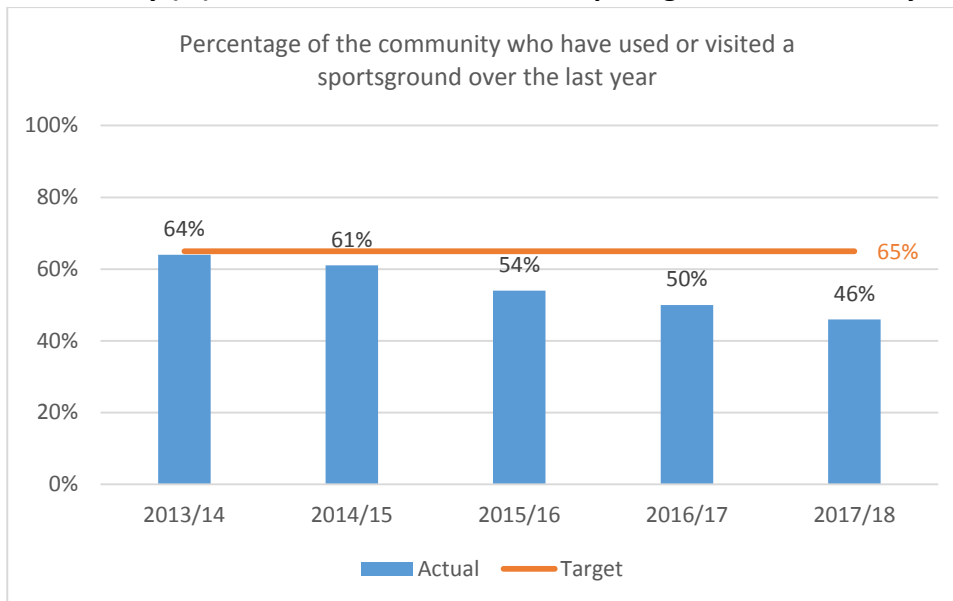
Previous year results

Year	Result
2016/17	Achieved

2015/16	Not achieved
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Source: WDC Parks Team

Community (%) who have used or visited a sportsground in the last year

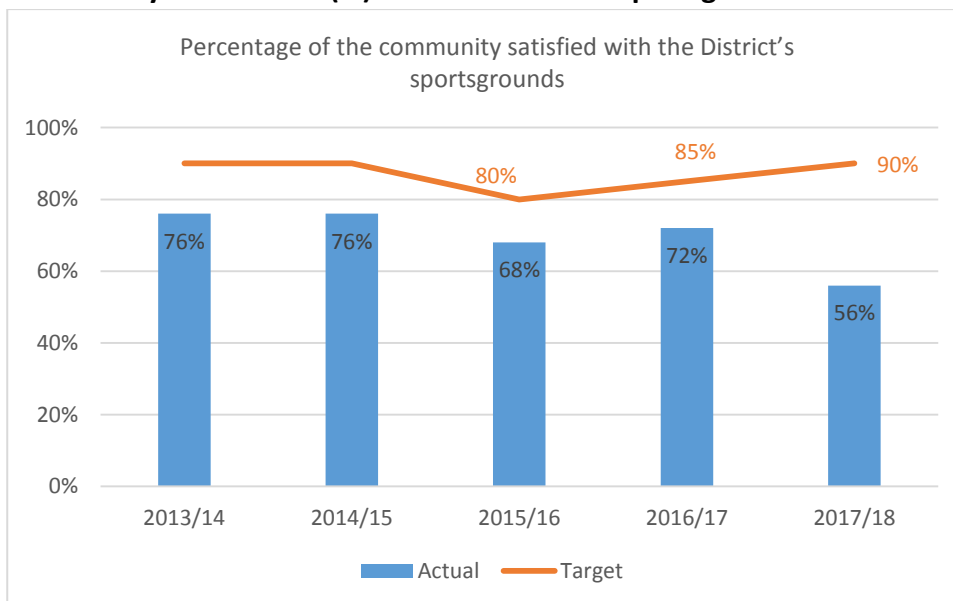


The target was not met. The percentage of the community who had used or visited a sportsground over the last year continued to decrease.

Sport participation is a key focus for our sporting partner, Sport Whanganui and a strategy is being jointly developed focusing on increasing physical activity. Implementation of the Sport and Recreation Strategy is to commence towards the end of 2018 and should increase sports ground usage and satisfaction. Whanganui will be hosting the New Zealand Masters Games in February 2019 which should result in an increased level of sporting participation.

Source: Community Views Survey 2018

Community satisfaction (%) with the district's sportsgrounds



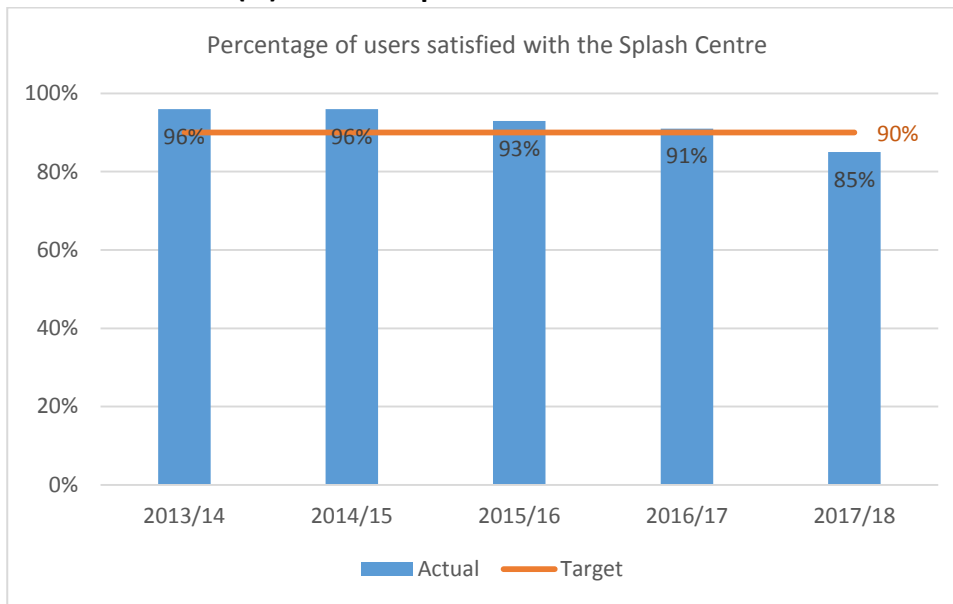
The target of 90%, with 56% of the community satisfied with the district's sportsgrounds.

As above, it is expected that the implementation of the Sport and Recreation Strategy will see an increase in sportsground usage and satisfaction.

Source: Community Views Survey 2018

To measure user satisfaction with our swimming pools

User satisfaction (%) with the Splash Centre



The target of 90% user satisfaction for the Splash Centre was not met. The user satisfaction for the period was 85%.

Source: Splash Centre User Survey 2018

User satisfaction (%) with the Whanganui East Pool

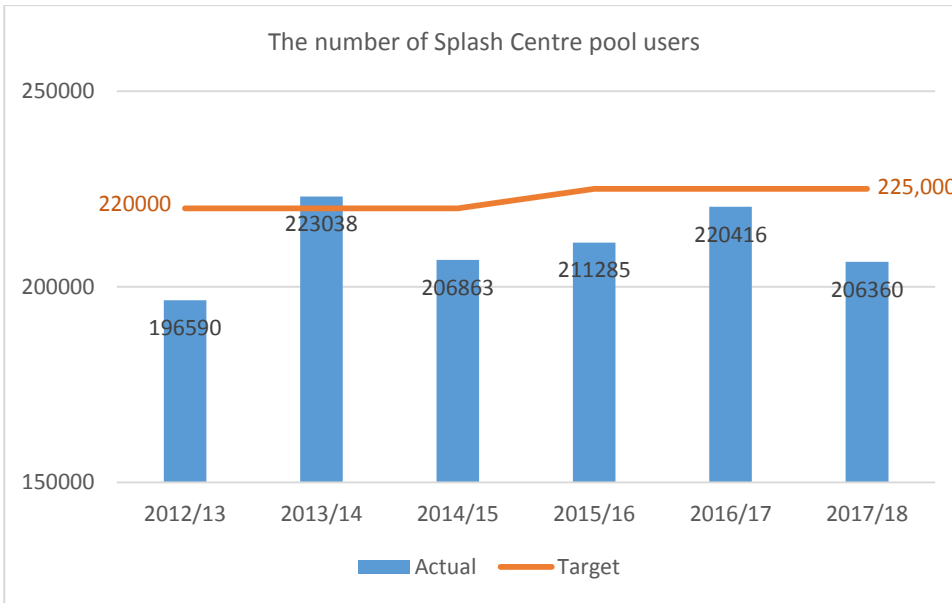
Result: Not available. (target:90%). The survey was not undertaken this year. The survey will be reactivated in the 2018/19 summer.

Previous year results

Year	Result
2016/17	Not available
2015/16	98%

Source: Whanganui East Pool Trust

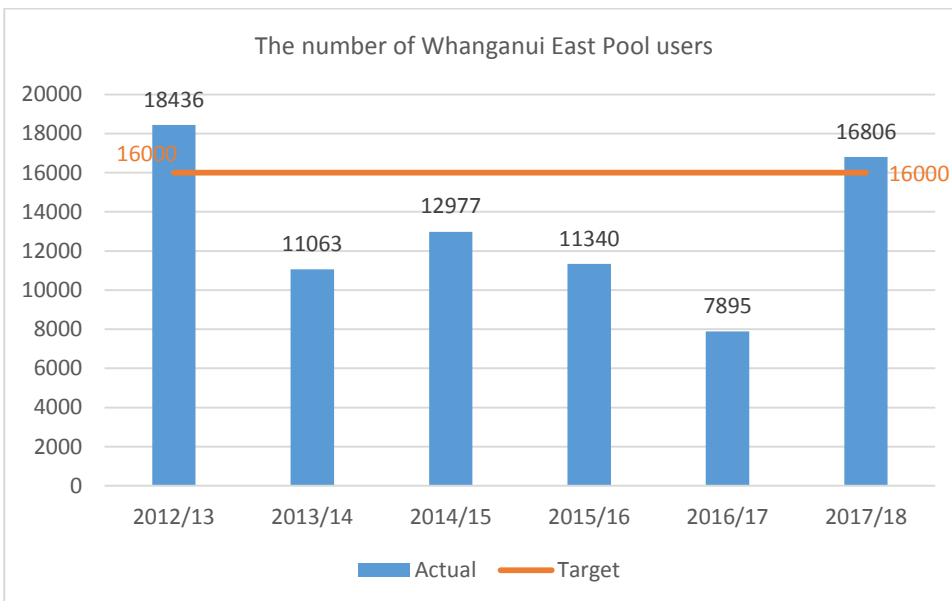
The number of Splash Centre users



The target was not met. However it is noted that the recreation side of pool closed from 22 December until anniversary weekend (22 January 2018) for major refurbishment.

Source: Splash Centre

The number of Whanganui East Pool users



The target was met.

Source: Whanganui East Pool Trust

Retention of ACC Pool safe accreditation

Result: Achieved (target: Achieve). The target was met. The Splash Centre retained ACC Pool Safe accreditation (this includes life guards are on duty and water quality tests are passed).

Previous year results

Year	Result
2016/17	Achieved
2015/16	Achieved
2014/15	Achieved

2013/14	Achieved
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Source: Splash Centre

The Whanganui East Pool complies with lifeguard pool safety standard requirements

Result: Achieved (target: Achieve). The target was met.

Source: Whanganui East Pool Trust

Previous year results

Year	Result
2016/17	Achieved
2015/16	Achieved

The number of times that pool temperatures at the Splash Centre fall outside the target range (+/- 2%) for longer than an hour and a half.

Result: 0. (target: <5). The target was met. The pool temperatures at the Splash Centre did not fall outside the target range (+/- 2%) for longer than an hour and a half at all this year.

Previous year results

Year	Result
2016/17	0
2015/16	0
2014/15	1
2013/14	0

Source: Splash Centre

Parks and recreation group

Capital expenditure

The following table shows the expenditure on capital works for the Parks and recreation Group. Significant variations to the Annual Plan are discussed below where necessary.

Activity	Annual Plan Budget \$000	Opening Carry Over \$000	Approved Budget \$000	Actual For Year \$000	Closing Carry Over \$000
Capital expenditure to improve the level of service :					
<i>Parks and Reserves</i>					
Upokongaro Cycleway	1,160	1,340	2,500	252	2,248
Riverfront Toilet	-	121	121	52	69
Sundry Projects	10	-	10	23	-
	1,170	1,461	2,631	327	2,317
Capital expenditure to replace existing assets :					
<i>Parks and Reserves</i>					
Wharf Street boat ramp	190	325	515	45	457
North Mole upgrade	-	516	516	-	516
Castlecliff Beach coastal	50	83	133	15	-
Kowhai Park	-	30	30	7	18
Bason Reserve	15	55	70	-	-
Virginia Lake	48	-	48	29	-
Street Trees	75	-	75	-	-
Velodrome Roof project	1,000	-	1,000	194	1,000
Cooks Gardens speaker system	80	-	80	8	69
Vehicle replacement	44	-	44	-	44
Sundry Projects	27	-	27	33	14
	1,529	1,009	2,538	331	2,118
<i>Swimming Pools</i>					
Whanganui East leak repairs	75	140	215	325	-
Upgrade filtration plant	127	-	127	-	-
Complete non-slip flooring	100	-	100	-	-
Sundry Projects	60	-	60	-	-
	362	140	502	325	-
	1,891	1,149	3,040	656	2,118

Work was planned to maintain the service capacity of the Council facilities and to deal with the expected demands on the service.

Parks and reserves

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. The total cost has been estimated to be \$2.5M, and will be financed by NZTA subsidy of \$1.25M; grants from the Ministry of Business Innovation & Employment of \$575k; and Council loans of \$675k.

The Riverfront toilet project has begun after initially being delayed due to securing external funds and finding a suitable location. Actual expenditure for 2017/18 was \$52k. The project should be completed in 2018/2019, with carry over funds of \$69k and possible funding from MBIE.

The Wharf Street boat ramp project has incurred some initial costs, but has been delayed in conjunction with the Port Revitalisation project being progressed. External funds are being sought, and final costings and plans should be completed by the end of 2018.

Work has yet to commence on the North Mole upgrade. There have been delays awaiting further engineering studies and the securing of external funds. This expenditure will be run in conjunction with the Port Revitalisation project. Final costs for what is required should be finalised by December 2018.

The budget for Castlecliff beach coastal reports was transferred to the Castlecliff Rejuvenation project under the Roothing Activity.

The Velodrome roof project study expenditure of \$194k has been reimbursed as a grant from the Four Regions Trust. The \$1M pledge from Council remains intact, pending other external funding being secured to enable the project to be undertaken.

The speaker system at Cooks Gardens is currently being replaced, and requires funding of \$69k to be carried over with the work due to be completed 2018/2019.

Numerous other sundry Parks projects have been undertaken this year, including unbudgeted expenditure on the Mowhanau coastal hazards zones. Some projects were completed by the end of the year due to a variety of reasons including second sealing work required, unfavourable weather, work since completed, lack of resources, etc. Where appropriate, there are carry overs required to complete those projects next year.

Swimming Pools

Leak repairs at the Whanganui East Pool were completed during the year, above budget by \$110k. Budgeted expenditure for 2018/19 was brought forward to complete the repairs this year.

The filtration plant upgrade project at the Splash Centre will now be carried out in 2022-2023.

The non-slip flooring work at the Splash Centre was completed during the year and was classified as planned maintenance.

Other sundry replacement work budgeted at \$60k at the Splash Centre included water pumps, piping, and aquatic equipment was either not required, or transferred to operating expenditure.

Internal borrowings

	2018	2017
	\$	\$
Brought forward	371,155	599,726
Borrowings raised	0	0
Borrowings repaid	(59,840)	(236,942)
Interest paid	7,643	8,371
Carried forward	<u>318,957</u>	<u>371,155</u>

Parks and recreation group

Funding impact statement

For the year ended 30 June 2018

	Long Term Plan	Long Term Plan	Annual Plan	Actual
	2017	2018	2018	2018
	\$000	\$000	\$000	\$000
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	7,782	8,098	8,040	8,035
Targeted rates	-	-	-	-
Subsidies and grants for operating purposes	134	134	134	156
Fees and charges	186	197	185	251
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	87	92	96	189
Total operating funding (A)	8,189	8,521	8,455	8,631
Application of operating funding				
Payments to staff and suppliers	5,490	5,781	5,752	5,959
Finance costs	427	402	406	313
Internal charges and overheads applied	1,028	1,128	1,148	1,139
Other operating funding applications	-	-	-	-
Total application of operating funding (B)	6,945	7,311	7,306	7,411
Surplus (deficit) of operating funding (A - B)	1,244	1,210	1,149	1,220
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	(485)	(325)	982	(600)
Gross proceeds from asset sales	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	150	150	930	350
Total sources of capital funding (C)	(335)	(175)	1,912	(250)
Application of capital funding				
Capital expenditure				
-to meet additional demand	-	-	-	-
-to improve the level of service	307	316	1,170	326
-to replace existing assets	602	719	1,891	656
Increase (decrease) in reserves	-	-	-	(12)
Increase (decrease) of investments	-	-	-	-
Total application of capital funding (D)	909	1,035	3,061	970
Surplus (deficit) of capital funding (C - D)	(1,244)	(1,210)	(1,149)	(1,220)
Funding balance ((A - B) + (C - D))	-	-	-	-

7 Community and cultural

Supporting community services and facilities as well as promoting cultural enrichment encourages a tolerant and strong community.

We work together with hapu, the arts and other community groups. This provides facilitation and support as we relate with relevant public sector agencies to strengthen the achievement of shared objectives and to ensure services are in place to support a thriving, resilient, safe and cohesive District.

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.

What we do

- District libraries (Davis Central City, Alexander Heritage & Research, Gonville Café Library, Mobile Library, Suzanne Aubert Library at Jerusalem)
- Sarjeant Gallery Te Whare o Rehua Whanganui
- Royal Wanganui Opera House
- Whanganui Regional Museum (through a service level agreement)
- Community/hapu/marae development
- War Memorial Centre

How these activities contribute to our 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.

Our key projects and highlights

Community

- We continued to build community resilience, including through Safer Whanganui, Community Contracts, supporting iconic events and Youth Services.
- Safer Whanganui developed a strategic plan which was approved by Council for public consultation. We will continue to work with Safer Whanganui and it is expected that the plan will be adopted in August 2018.

Libraries

- We have completed the installation of a new self-checkout and return equipment in the Davis Library, Queens Park. The new equipment has also allowed the ability to free up staff time.

Self-service at the Library

New self-checkout and return equipment at Whanganui District Library Te Wharepukapuka o Whanganui is not only convenient for users, but also frees up library staff to help customers browse the shelves.

Three self-checkout kiosks and two bookcases, which automatically mark books as returned, have been installed at the Davis Central City Library. New checkout equipment for staff to use at all Whanganui libraries has also been installed, which will speed up the issuing process.

The upgrade involved tagging more than 100,000 books, CDs, DVDs and other materials using a Radio Frequency Identification system. Improved content software will also give users a heads-up on new titles, recommended reads and publicise upcoming promotions.

Sarjeant Gallery

The funding target for the Sarjeant Gallery Redevelopment Project has been met and the Sarjeant Gallery Trust is continuing to fundraise in order to ensure that the Council's underwriting component will not be required. The Project is currently in the detailed design phase with construction expected to commence, once the main contractor has been appointed, in 2019.

Royal Wanganui Opera House

We focussed on growing our business at the Royal Wanganui Opera House. This included making the venue attractable to the wider community, and varying types of venue utilisation other than just theatre shows.

War Memorial Centre

The War Memorial Centre saw a slight decrease in venue utilisation due to the venue closing for seismic strengthening at the end of April 2018, with a full shutdown period of two months in the 2017/18 year. We have continued to focus on marketing and promotional activity during the seismic strengthening period, so it can be used to its full potential when it is reopened.

War Memorial Centre

The War Memorial Centre will be upgraded to 67 percent of the New Building Standard (NBS) at a cost of \$4.59M.

\$3M was budgeted in the LTP 2015-25 toward the cost of the seismic upgrade for the War Memorial Centre, with \$1.5M budgeted in the 2017/18 and 2018/19 years. At the same time, we will also be doing maintenance and redecorating, seating and carpeting, flooring and electrical maintenance and weatherproofing.

With the exception of the Sarjeant Gallery Redevelopment Project, the upgrade of the Centre will be the last prominent Council-owned building to undertake earthquake strengthening.

It follows the strengthening of the Alexander Heritage and Research Library, the Whanganui Regional Museum and the Royal Wanganui Opera House.

The work will be divided into two separate timeframes so the venue can be used for the Masters Games in 2019.

The War Memorial Centre, which opened in 1960, is a living memorial to 375 local service men and women who died in World War II and has become one of the most celebrated examples of post-war modern architecture in New Zealand.

Whanganui Regional Museum

Seismic strengthening of the Whanganui Regional Museum was completed in January 2018. We have started working on refurbishing the interior of the Museum. We have used a temporary site on Ridgway St as the focal point for continuing a series of exhibitions, education programmes and outreach programmes.

The closure of the museum during seismic strengthening provided the opportunity to address the storage issue at the museum with new shelving, climate controlled storage, air conditioned vault, mobile shelving, and specialist storage units alongside a laboratory for scientific work.

New Zealand Glassworks

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.

The past year saw over 42 workshops run at NZG with the addition of two new workshops – Beginners Glass Blowing Part Two and a Cold Working Workshop catering from beginner to advanced techniques.

New Zealand Glassworks held three exhibitions: A solo exhibition – Balance by Christine Cathie, The NZSAG Members Summer Exhibition and Figuring Dysfunction – A UCOL Art Student exhibition. NZG hosted nine community events throughout the year.

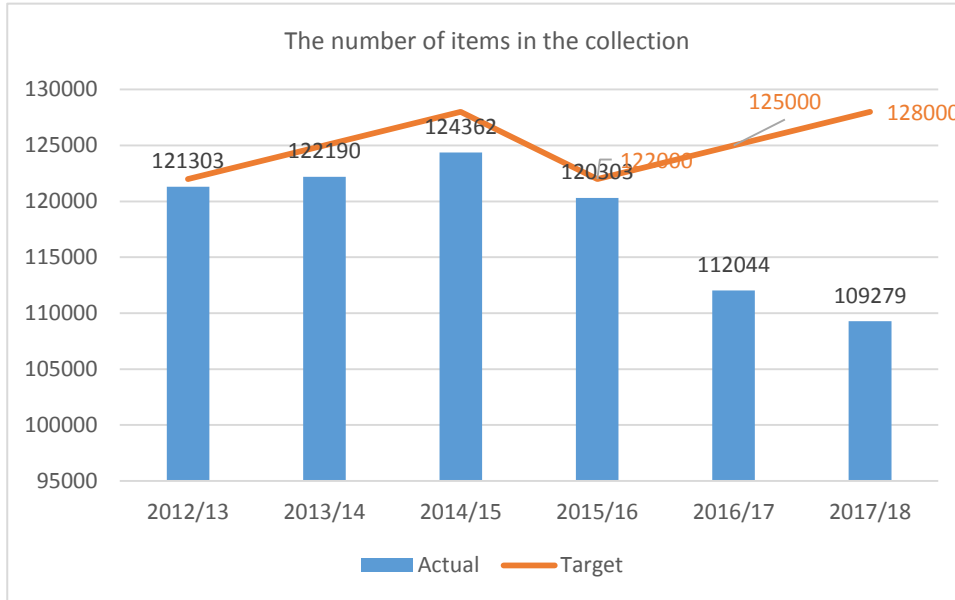
New Zealand Glassworks saw seven new artists join the gallery. This now brings the amount of artists represented by the gallery to 27. In addition to these artists NZG has also been developing a NZG production range of works retailing from \$30.00 - \$600.00.

How did we perform?

We aim to support a wide range of community services and facilities, arts and cultural festivals. To assess our contribution we measure attendance and satisfaction with facilities, services and events.

To understand the utilisation of the library services we provide and the value the community place on them

The number of items in the Library collection



Source: WDC Library Management Database

This measures our capacity to meet national standards for public libraries. The target of 128,000 items in the collection meeting the Library and Information Association of New Zealand standard of 3.5 items each year person was not met. On-going collection development and withdrawal of stock no longer relevant to community needs has affected this result. This measure has been reviewed as part of the Long Term Plan 2018-2028.

The rate of collection turn over each year

Result: 6 (target: 6). The target was met. The turnover rate indicates the average number of times each item in the collection was lent and demonstrates the use of our lending collection.

Previous year results

Year	Result
2016/17	5.5
2015/16	6.0

Source: WDC Library Management System Database

The number of people visiting our libraries: physical visits

Result: 359,721 (target: 420,000). The target was not met. This may have been impacted by several closure days as well as a seasonal decline in visits.

Previous year results

Year	Result
2016/17	360,331
2015/16	383,414

Source: WDC Libraries

The number of people visiting our libraries: online visits

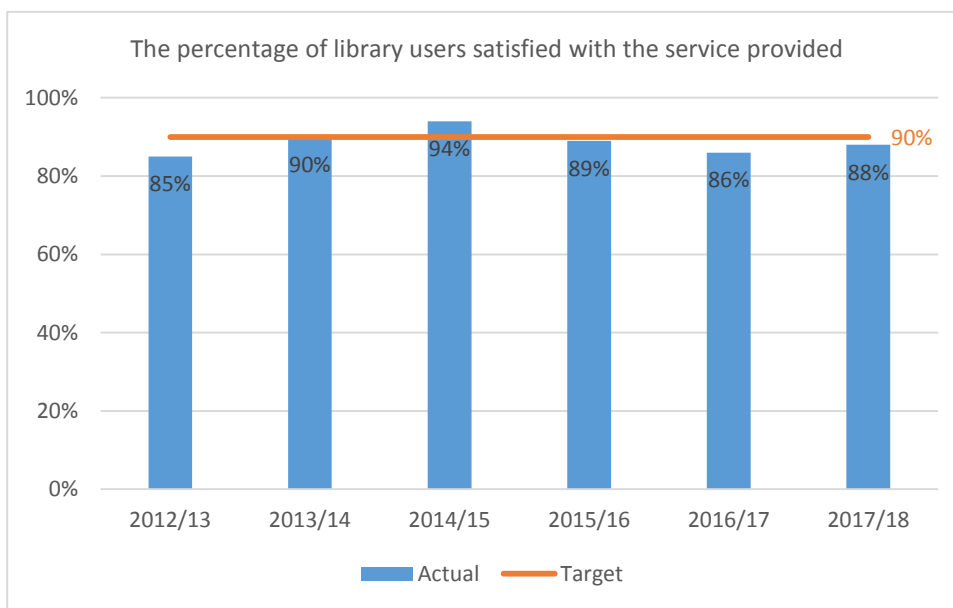
Result: 39,320 (target: 60,000). The target was not met. The Library website is currently scheduled for redevelopment in the first quarter of 2018/19.

Previous year results

Year	Result
2016/17	61,433
2015/16	62,083

Source: WDC Libraries

Libraries – user (%) satisfaction with the service provided



The target was not met. User satisfaction at the libraries increased by 2% over the previous period.

Source: Community Views Survey 2018

The percentage of the Whanganui population that uses the library

Result: 59% (target: 70%). The target was not met however it is noted that there has been a 2% increase on the previous period. The library hub programme will extend library access into underserved suburbs where usage is low such as Whanganui East, and the replacement of the Mobile Library will enable access to currently hard-to-reach places.

Previous year results

Year	Result
2016/17	57%
2015/16	60%
2014/15	55%
2013/14	60%

Source: Community Views Survey 2018

Computer Clubhouse – number of youth (10-18 years) members

Result: N/A. The Computer Clubhouse no longer sits under Whanganui District Council and has moved to Nga Tai o Te Awa. This measure will be removed in the Long Term Plan 2018-2028.

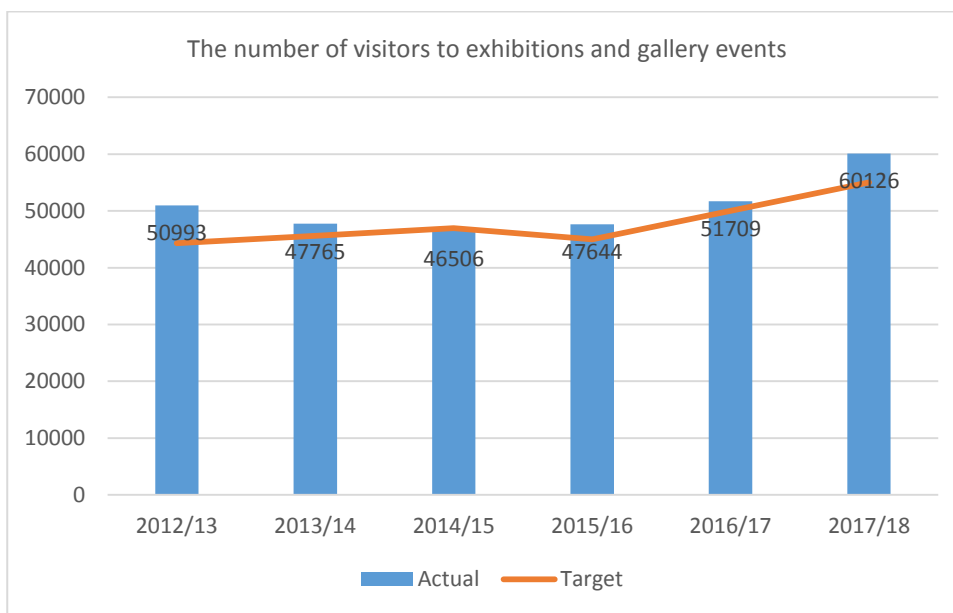
Previous year results

Year	Result
2016/17	-
2015/16	852
2014/15	839
2013/14	738

Source: WDC Computer Clubhouse

To understand the reach of our arts and culture activities

Sarjeant Gallery Te Whare o Rehua Whanganui – Number of visitors to gallery events and exhibitions



The target of 55,000 was met and there was increase of over 8417 visitors compared to last year.

Source: Sarjeant Gallery Te Whare o Rehua Whanganui

The percentage of the Whanganui population that uses the Gallery

Result: 31% (target: 50%). The target was not met. This figure is 3% down from the previous year. Staff are working to develop a plan (consistent with those used by Te Papa and Creative NZ) to grow local visitorship, particularly among Whanganui youth.

Previous year results

Year	Result
2016/17	34%

2015/16	34%
2014/15	33%
2013/14	30%

Source: Community Views Survey 2018

Sarjeant Gallery Te Whare o Rehua Whanganui – the total number of items catalogued to best practice international standards

Result: 2413 (target: 3000). This target has not been met, though quality cataloguing has taken place to achieve the numbers reported. The redevelopment project has been a priority for some staff however considerable efforts have been made to increase the total number of items catalogued.

Previous year results

Year	Result
2016/17	2190
2015/16	1875
2014/15	1241
2013/14	776

Source: WDC Vernon Database

The amount of external funding received each year to support the collection care programme

Result: \$0 (target: \$50,000). The target was not met. Substantial funding of over \$124,000 for the collection had been achieved in the previous financial year and this is in the process of being expended. Any further fundraising for the collection will be done on a case by case basis.

Previous year results

Year	Result
2016/17	\$124,419
2015/16	\$155,479

Source: Sarjeant Gallery Te Whare o Rehua Whanganui

The percentage of the Gallery's strategic plan objectives that are achieved each year

Result: 50% (target: 90%). The target was not met. The gallery's priorities have shifted towards completion of the redevelopment fundraising efforts and this has sometimes necessitated a reprioritisation of staff time and objectives. Since the Strategy was formulated, the assumptions that the objectives and actions within the Strategy were based on have changed. This measure does not accurately capture the achievements or priorities of the Sarjeant and has been reviewed as part of the Long Term Plan 2018-2028.

Previous year results

Year	Result
2016/17	60%
2015/16	40%

Source: Sarjeant Gallery Te Whare o Rehua Whanganui

The number of days the Royal Wanganui Opera House hosts events

Result: Events were hosted 66 days of the year (target: 126). The target was not met. There was a reduction on theatre show procurement due to the lack of a Theatre Manager for a period of

time. Shows are booked 6 – 12 months in advance and this target was reviewed as part of the Long Term Plan 2018-2028.

Previous year results

Year	Result
2016/17	52
2015/16	47
2014/15	85
2013/14	94

Source: Royal Wanganui Opera House

Royal Wanganui Opera House – customer satisfaction (%) with services and facilities

Result: 67% (target: 85%). The target was 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.

Previous year results

Year	Result
2016/17	82%
2015/16	88%
2014/15	81%
2013/14	91%

Source: Community Views Survey 2018

Royal Wanganui Opera House – percentage of population that attends one or more events

Result: 35% (target: 40%). The target was not met however there was a 7% increase on the previous year. Overall for the period the Opera House put on 45 different events, over 66 days.

Previous year results

Year	Result
2016/17	28%
2015/16	36%
2014/15	36%
2013/14	34%

Source: Community Views Survey 2018

The number of local-produced events at the Royal Wanganui Opera House

Result: 27 (target: 22). The target was met.

Previous year results

Year	Result
2016/17	18
2015/16	8

Source: Royal Wanganui Opera House

War Memorial Centre retention of Category 1 heritage status

Result: 100% (target: 100%). The target was met. The Centre remained fit for purpose while retaining its Category 1 heritage status.

Previous year results

Year	Result
2016/17	100%
2015/16	100%
2014/15	100%
2013/14	100%

Source: New Zealand Historic Places Trust

War Memorial Centre - hirer satisfaction (%)

Result: 95% (target: 90%). The target was met.

Previous year results

Year	Result
2016/17	92%
2015/16	72%

Source: War Memorial Centre Survey 2017

The average number of hours per week the Centre's rooms are booked for functions

Result: 1,168 (target: Increase from previous year). The target was not achieved as the hours per week that the centre's room were book for reduced from 1,973 hours in the 2016/17 period to 1,168 hours in the 2017/18 period. The reduction is due in part to the centre closing for two months during the period (from April 2018) for seismic strengthening works.

Year	Result
2016/17	1973
2015/16	1779

Source: War Memorial Centre

To understand the effectiveness of our community services

Community development – the number of areas of joint effort Council work on with Iwi

Result: 18 (target: 15). The target was met. There are 18 areas of joint effort listed in the partnership agreements with Iwi. Council's Iwi Engagement Framework is currently under review which will refocus future activity.

Previous year results

Year	Result
2016/17	12
2015/16	13
2014/15	15
2013/14	16

Source: WDC Community and Culture

Youth Committee – number of meetings held

Result: 7 (target: 7). The target was met.

Previous year results

Year	Result
2016/17	6
2015/16	8
2014/15	9
2013/14	12

Source: WDC Youth Committee

Safer Whanganui - Result cards demonstrating improvement (%)

Result: Not available (target: 80%). The results cards were not distributed in this period. The Safer Whanganui Strategy has been reviewed and will include an action plan with new result cards. This measure has been reviewed as part of the Long Term Plan 2018-2028.

Year	Result
2016/17	53%
2015/16	64%
2014/15	60%
2013/14	58%

Source: Safer Whanganui

To measure the effectiveness of our arts activities

The percentage of the Positive Ageing Strategy that is implemented and achieved

Result: 94% (target: 90%). The target was met. Sixteen of the 17 priorities set by the Positive Ageing Forum members have been met with planning for the remaining priority underway for the coming year.

Previous year results

Year	Result
2016/17	78%
2015/16	50%

Source: WDC Community and Culture

Residents (%) that are satisfied with Public Art in Whanganui

Result: 64% (target: 70%). The target was not met. The satisfaction with public art has increased by 10% over the previous period. New public artworks have been unveiled in Castlecliff and received positive publicity. Increased new public art activity will take place in the next year, galvanised by the new Public Art Fund.

The pending implementation of a new Arts and Culture Strategic Plan is likely to increase the percentage of respondents actively participating as performers and artists - the Plan identifies this as an area of focus, and youth engagement in particular.

Previous year results

Year	Result
2016/17	54%
2015/16	61%

Source: Community Views Survey 2018

New Zealanders (%) that perceive Whanganui as an Arts hub

Result: 61% (target: 61%). The target was not met. The survey is biennial and will be next due in 2019.

Previous year results

Year	Result
2016/17	61%
2015/16	N/A

Source: National Perceptions Survey 2017

Community and cultural group

Capital expenditure

The following table shows the expenditure on capital works for the Community and Culture Group. Significant variations to the Annual Plan are discussed below where necessary.

Activity	Annual Plan Budget \$000	Opening Carry Over \$000	Approved Budget \$000	Actual For Year \$000	Closing Carry Over \$000
Capital expenditure to improve the level of service :					
Libraries					
Shelving	40	-	40	39	-
Library Management System	-	114	114	29	-
Radio Frequency ID	-	100	100	95	4
	40	214	254	163	4
Community Development					
CCTV cameras	12	-	12	10	-
Regional Museum					
Sundry projects	2	-	2	-	-
Opera House					
Instal fire exit	15	-	15	-	-
Sarjeant Gallery					
Collections acquisitions	20	-	20	6	-
Redevelopment project costs					
2016/17 transferred to Opex	-	-	-	(80)	-
Redevelopment project	1,500	-	1,500	60	1,440
	1,520	-	1,520	(14)	1,440
	1,589	214	1,803	159	1,444
Capital expenditure to replace existing assets :					
Libraries					
Book Vote	320	13	333	276	-
Roof replacement	75	-	75	-	75
Gutter replacement	37	-	37	-	37
	432	13	445	276	112
Regional Museum					
Earthquake strengthening	100	254	354	403	-
Building improvements	78	-	78	-	18
Electrical rewire	-	106	106	121	-
Replace roof	-	65	65	20	45
	178	425	603	544	63
War Memorial Centre					
Earthquake strengthening	1,500	-	1,500	387	905
Repitch forecourt pavement	50	-	50	-	50
Plant Room flooring	78	-	78	-	78
Replace chairs	17	-	17	-	-
	1,645	-	1,645	387	1,033
Opera House					
Ventilation system	100	-	100	86	-
Sarjeant Gallery					
Tylee Cottage	10	-	10	-	12
	2,365	438	2,803	1,293	1,220

Work was planned to maintain the service capacity of the Council facilities and to deal with the expected demands on the service.

Libraries

The Radio Frequency ID project was substantially completed during the year within budget. However there is some residual expenditure required in 2018/19.

The Library Management System went live last year, with final costs and support required during this year. The final cost \$85k was well under budget.

Shelving work at the Alexander Library during the year was completed on budget.

The Book Vote of \$320k was maintained at 2017/18 year levels. Some expenditure for magazine and newspaper subscriptions has been reclassified as operating expenditure.

Roof and gutter replacement work was held up pending the completion of earthquake strengthening, and will be carried over to 2018/19.

War Memorial Centre

Earthquake strengthening work this year 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 of \$1.5M.

Related capital replacement work including re-pitching the forecourt pavement and Plant Room flooring will be carried forward, and done after the completion of the earthquake strengthening project.

Sarjeant Gallery

The 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 around December 2018. Unspent funding has been carried over.

Expenditure this year of \$60k has been financed from a \$2M grant received from the Lotteries Board, the balance being held in special funds.

Art acquisitions of \$6k were purchased from special funds during the year, including prints and art works. These special funds, with a current balance \$680k, will be allocated to the Gallery Redevelopment project going forward.

Royal Wanganui Opera House

Capital replacement work involving the ventilation system was completed during the year, within the \$100k budget.

Regional Museum

Earthquake strengthening work was completed this year. The total cost for this project was \$1.596M.

Electrical rewiring was completed during the year, after initially being delayed awaiting the earthquake strengthening work to be completed. The roof replacement and other sundry jobs are currently underway with some carry overs being required.

Internal borrowings

	2018	2017
	\$	\$
Brought forward	525,742	584,483
Borrowings raised	0	0
Borrowings repaid	(34,908)	(70,599)
Interest paid	12,050	11,857
Carried forward	<u>502,883</u>	<u>525,742</u>

Community and cultural group

Funding impact statement

For the year ended 30 June 2018

	Long Term Plan	Long Term Plan	Annual Plan	Actual
	2017	2018	2018	2018
	\$000	\$000	\$000	\$000
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	8,204	8,580	7,519	7,515
Targeted rates	856	990	823	823
Subsidies and grants for operating purposes	46	46	179	300
Fees and charges	684	724	841	686
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	116	122	110	421
Total operating funding (A)	9,906	10,462	9,472	9,745
Application of operating funding				
Payments to staff and suppliers	6,634	6,802	6,263	6,946
Finance costs	542	695	485	435
Internal charges and overheads applied	1,350	1,434	1,347	1,336
Other operating funding applications	-	-	-	-
Total application of operating funding (B)	8,526	8,931	8,095	8,717
Surplus (deficit) of operating funding (A - B)	1,380	1,531	1,377	1,028
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	2,601
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	4,141	924	1,057	(14)
Gross proceeds from asset sales	-	-	-	77
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	1,580	1,500	-
Total sources of capital funding (C)	4,141	2,504	2,557	2,664
Application of capital funding				
Capital expenditure				
-to meet additional demand	-	-	-	-
-to improve the level of service	371	3,175	1,589	159
-to replace existing assets	5,170	880	2,365	1,293
Increase (decrease) in reserves	(20)	(20)	(20)	2,240
Increase (decrease) of investments	-	-	-	-
Total application of capital funding (D)	5,521	4,035	3,934	3,692
Surplus (deficit) of capital funding (C - D)	(1,380)	(1,531)	(1,377)	(1,028)
Funding balance ((A - B) + (C - D))	-	-	-	-

8 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 Tourism and visitor services.

What we do

- Whanganui and Partners - Economic development
- Whanganui and Partners – Tourism and visitor services

How these activities contribute to our 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 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.

Our key projects and highlights

Whanganui & Partners - Economic development

- Changes to the way we rate for economic development will result in a reduction of the share paid by commercial ratepayers.
- Council adopted the statement of intent from Whanganui and Partners for 2018/19 and a strategic plan is being developed.
- 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.

Whanganui & Partners – Tourism and visitor services

- We have begun updating all collateral and campaigns and will continue to do so, with new photos, video, maps and online content..
- 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.

- Council and the Whanganui and Partners team have been working together to promote Whanganui as a destination to live, work, study and visit.

How did we perform?

Whanganui and Partners aims to promote the district as a tourism destination and facilitates growth and development of our economy. We measure our contribution to this development by monitoring the number of visitors to the city, GDP increase and educational opportunities.

To measure the success of our investments in economic development

An average real GDP increase of more than 2.5% by 2020

Result: 2.4% (target: 1% increase on the previous year). The target was met. \$1.46M

Previous year results

Year	Result
2016/17	2.8% \$1.42M
2015/16	2.2% \$1.39M

Source: Infometrics

Total spend in the education sector (measured as a proportion of GDP)

Result: \$93.85 million (target: increase on the previous year). The target was met. The total spend in education and training in Whanganui was \$93.85 million, which is a 5.6% increase on the previous period.

Previous year results

Year	Result
2016/17	5.6% \$13.2M \$92.4 million
2015/16	5.2% \$13.3M \$91.5 million

Source: Whanganui and Partners - Infometrics

The number of tertiary and trade training opportunities in Whanganui

Result: 105 (target: Maintain or increase from previous year). The target was met with the number of tertiary and trade training opportunities in Whanganui remaining constant. Whanganui & Partners are working with providers, industry and Council to identify opportunities for training.

Previous year results

Year	Result
2016/17	105

Source: Whanganui and Partners

The number of international students studying in Whanganui

Result: 210 (target: Increase from previous year). The target was not met with the number of international students studying in Whanganui reducing from 239 students in the 2016/17 period to 210 students in the 2017/18 period. While results were down on the previous year, indications are positive for 2018/2019 with enrolments for the New Zealand International Commercial Pilot Academy.

Previous year results

Year	Result
2016/17	239
2015/16	169

Source: Whanganui and Partners

The majority of Business Whanganui partners are satisfied with their relationship with Whanganui and Partners

Result: Not available (target: 90%). The survey was not completed this year. A survey, including face to face interviews, is to be held during Business Month in August 2018. A survey of those who interact directly with Whanganui & Partners during the year is now online and being used. Both of these will provide up to date information in 2018/19 year.

Previous year results

Year	Result
2016/17	-

Source: Whanganui and Partners

To measure the success of our investments in promoting Whanganui as a tourism destination

The number of visitors to Whanganui track in line with national trends (as a share of national visitor figures)

Result: 0.49% (target: 0.58%). The target was not met. The share of national guest nights has slipped 0.1%. These figures are taken from commercial accommodation figures so do not include freedom camping, Air BnB, or Holiday homes.

Previous year results

Year	Result
2016/17	0.50%
2015/16	0.50%
2014/15	0.53%
2013/14	0.51%

Source: Statistics NZ Commercial Accommodation Monitor

The average percentage dollar spend per visitor tracks in line with national trends (as a share of national spend)

Result: n/a (target: 0.55%). Regional tourism spend is no longer measured in the same way so this result is not able to be provided in the same terms. This measure will be removed in the next Long Term Plan and replaced with a measure such as 'Whanganui will have the same rate of growth for tourism spend as the NZ total average'.

Previous year results

Year	Result
2016/17	-

Source: Regional Tourism Estimates - MBIE

The number of visitors to the i-Site

Result: 131,403 (target: 40,000). The target was met. The increase in the recorded numbers of visitors is a result of increased services being provided by the i-Site and a new door counter system installed in November 2017 which more accurately captures visitor numbers.

Previous year results

Year	Result
2016/17	27,458
2015/16	23,183

Source: Whanganui iSite

Customer satisfaction with service received at the iSite

Result: Not available (target: Excellent). The method for measuring customer satisfaction of local i-Sites has been change by the i-Site NZ and is no longer directly comparable the target. The customer satisfaction rating for the i-Site 85%. The national Benchmark Customer Satisfaction across all i-Site Visitor Centres is 91%.

Previous year results

Year	Result
2016/17	89%
2015/16	84%

Source: Whanganui i-Site

Economic development group

Capital expenditure

The following table shows the expenditure on capital works for the Economic Development Group. Significant variations to the Annual Plan are discussed below where necessary.

Activity	Annual Plan Budget \$000	Opening Carry Over \$000	Approved Budget \$000	Actual For Year \$000	Closing Carry Over \$000
Capital expenditure to improve the level of service :					
<i>Economic Development</i>					
Innovation Quarters	-	-	-	56	-
	-	-	-	56	-
Capital expenditure to replace existing assets :					
<i>Economic Development</i>					
Innovation Quarters	-	-	-	28	-
	-	-	-	28	-

During the year, Whanganui and Partners moved into new premises at 179 Saint Hill Street (Innovation Quarters). There were alterations and refurbishments at the new premises required to meet the needs of the new organisation. The costs were covered by underspends in the operations budget.

Internal borrowings

	2018 \$	2017 \$
Brought forward	0	1,429
Borrowings raised	0	0
Borrowings repaid	0	(1,429)
Interest paid	0	0
Carried forward	0	0

Economic development group

Funding impact statement

For the year ended 30 June 2018

	Long Term Plan	Long Term Plan	Annual Plan	Actual
	2017	2018	2018	2018
	\$000	\$000	\$000	\$000
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	2,342	2,515	2,777	2,775
Targeted rates	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	32
Fees and charges	-	-	-	77
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	99	115	80	16
Total operating funding (A)	2,441	2,630	2,857	2,900
Application of operating funding				
Payments to staff and suppliers	1,956	2,101	2,282	1,872
Finance costs	15	13	11	(6)
Internal charges and overheads applied	450	496	544	539
Other operating funding applications	-	-	-	-
Total application of operating funding (B)	2,421	2,610	2,837	2,405
Surplus (deficit) of operating funding (A - B)	20	20	20	495
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	(20)	(20)	(20)	(411)
Gross proceeds from asset sales	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	(20)	(20)	(20)	(411)
Application of capital funding				
Capital expenditure				
-to meet additional demand	-	-	-	-
-to improve the level of service	-	-	-	56
-to replace existing assets	-	-	-	28
Increase (decrease) in reserves	-	-	-	-
Increase (decrease) of investments	-	-	-	-
Total application of capital funding (D)	-	-	-	84
Surplus (deficit) of capital funding (C - D)	(20)	(20)	(20)	(495)
Funding balance ((A - B) + (C - D))	-	-	-	-

9 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.

What we do

- Cemeteries
- CBD maintenance
- Waste minimisation
- Pensioner housing
- Community buildings
- Emergency management
- Animal control
- Building control
- Environmental health
- Parking services
- Resource management
- Environmental policy

How these activities contribute to our 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.

Our key projects and highlights

Cemeteries

- We reviewed our Natural Burials Policy and will now replace this with guidelines.
- The cremator is going to be replaced in the second half of 2018.

CBD maintenance

- We have continued to implement our Town Centre Regeneration Strategy including establishing a little park on Victoria Avenue called 'The Conversation Station'.
- Council has continued to work alongside Mainstreet to ensure that the maintenance and presentation of the town centre is up kept.

Waste minimisation

We have continued to give effect to our Waste Minimisation and Management Plan 2015 with key projects including:

- Enhancing the Whanganui Resource Recovery Centre's profile as Whanganui's flagship for waste minimisation activities including provision of greater product acceptance, increased product, enhanced design upgrades, greater education initiatives delivered through the centre and plans generated for future expansion.
- 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 has been working with two potential composting operators keen to set up in Whanganui.
- Council has financially supported, via its waste fund, the initiation of Marae recycling (Pare kore Programme) in the District.
- 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.

Pensioner housing

- The Pensioner Housing Working Party reviewed the financial sustainability of the portfolio and the result was to increase rentals over a five year period.

Community buildings

- We continually review our ownership of community buildings and look for divestment opportunities where Council ownership is not critical or community usage indicates that maintaining the level of service is no longer warranted.

Emergency management

- We are investigating a backup broadcast capability in an event where the main Council building is damaged or unusable.
- Fuel reserve locations and supporting infrastructure have been put in place.
- We continued to train and upskill staff of which we now have over 150 so that in the event of an emergency staff will be able to work in the Civil Defence Emergency Operating Centre. We are continuing with this so we can have as many people available in an emergency event.
- Work on developing recovery capability, community volunteers, and large regional earthquake preparedness is ongoing. We are also continuing with public education and community response planning.

Animal management

- 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. An independent noise assessment has been sought to establish the extent of noise mitigation required.
- A late payment penalty fee was introduced in 2017/18 which saw an increase in registered dogs between August and September. The fee has proven worthwhile with an increase of owners retrieving their dogs from the pound without the financial burden this may have presented previously. Subsequently this has resulted in a decrease in dogs being euthanised.
- Animal Management Officers have continued to ensure that working dogs have been registered correctly.

- There have been four successful prosecutions for dog attacks.
- In 2017/18 a total of 256 menacing dogs out of the targeted 250 have been neutered through the initiative to offer free neutering to menacing dogs. The initial end date of this project was July 2017 however the DIA agreed to allow councils to continue the project until all funds had been spent. This has proved to be an invaluable initiative reducing the number of menacing by breed dogs in Whanganui.

Building control

- Completing Code Compliance Certificates online is scheduled to be up and running in September 2018.
- GoBuild online inspection booking app was implemented in March 2018.

Environmental health

- We continued to fulfil our implementation of the Food Act 2014 requirements.
- Our food application forms are now on the Council website.

Resource management

- We continued to provide a customer-focussed resource management consenting service, pre-application advice and ensure timely regulatory compliance.

Environmental policy

- 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. This plan change process for Otamatea is currently awaiting recommendations on submissions from the Hearing Panel, before being finalised in 2018/19.
- A technical report reviewing land demand and supply was completed to inform the review of the Manufacturing Zone and associated industrial activity issues and trends. The associated planning review will occur in 2018/19.

Parking services

- Both the Parking Management Plan and Parking Bylaw have been completed.
- Education on the changed bylaws regarding mobility parking has been provided to key stakeholders.
- The parking team have been patrolling schools to educate drivers on safe parking practices when dropping of and picking up children.

90 minute Parking for Victoria Avenue

As part of our review of parking charges it was decided to increase metered parks in Victoria Avenue to 90 minutes, while Mobility Card Holders will get an extra 30 minutes on top of paid parking.

While parking in Victoria Avenue will cost the same (\$1 per half hour), drivers are now able to stay in the same park for 90 minutes (which will cost \$3).

It was found that people were generally parking in Victoria Avenue for longer than an hour and that parking spaces closest to Victoria Avenue are used for the longest amount of time.



Parking Wardens handing out information about 90-parking spaces in Victoria Avenue

How did we perform?

We aim to provide for strong, resilient and engaged communities. We assess our effectiveness by measuring our pensioner housing tenant satisfaction and occupancy rates and by monitoring the timeframes for providing services such as the issuing of building consents. We aim to ensure any development is of high quality, and complies with the District Plan and resource consent conditions. To evaluate our performance, we monitor the rates of customer satisfaction with the service we provide and timely issue consents.

We assess our effectiveness in waste minimisation by measuring resident use of waste management activities, and the amount of product recycled.

To measure the standard and effectiveness of our public health services and programmes

Cemeteries - the number of plots available for burial or cremation

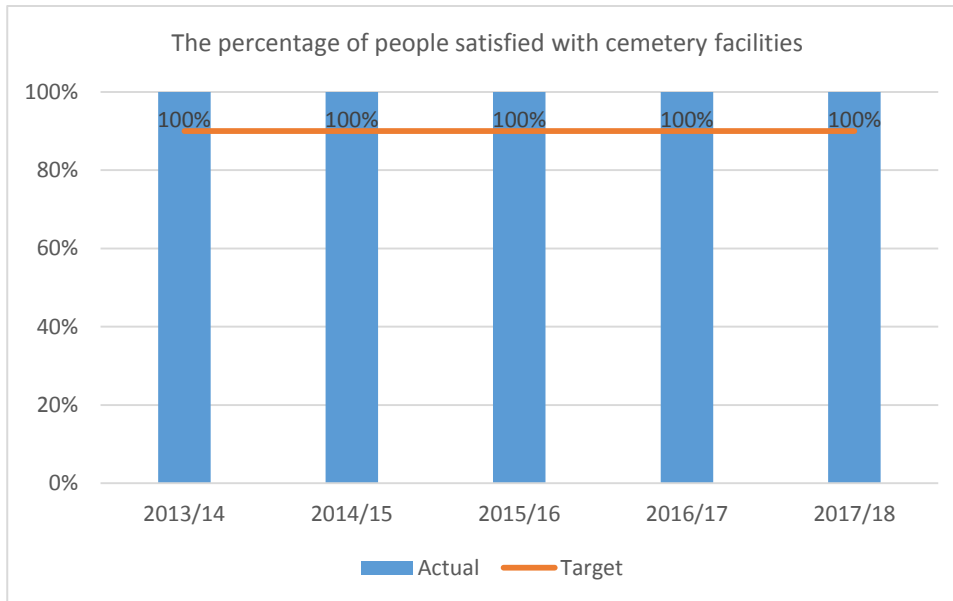
Result: 2571 (target: 700). The target was met. This includes 690 burial plots for all cemeteries under WDC control.

Previous year results

Year	Result
2016/17	2330
2015/16	2208
2014/15	2308
2013/14	2546

Source: Cemetery Sexton

Community satisfaction (%) with cemetery facilities (including shading and seating)



The target was met.

Source: WDC Park Check Survey 2018

The number of official cemetery records available digitally

Result: 29,762 (target: 65,000). The target of 50,000 records was not met. The result in includes 6101 Sexton records and 23661 archive records.

Previous year results

Year	Result
2016/17	23,661
2015/16	28,571
2014/15	18,049
2013/14	18,049

Source: WDC Cemetery records Database

The number of records accessed digitally per month

Result: 12,506 (target: 10,000). The target was met.

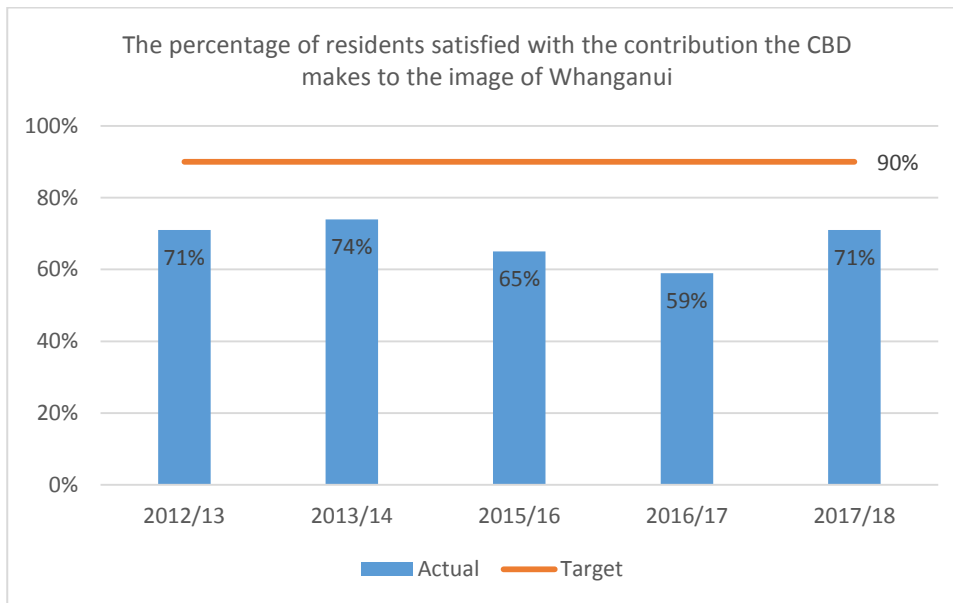
Previous year results

Year	Result
2016/17	20,825
2015/16	14,012

Source: WDC Cemetery records Database

To understand the standard of the services we provide, and the value the public see in them

Resident satisfaction with the contribution the CBD makes to the image of Whanganui



This target was not met. The community’s perception that the CBD contributes to lifestyle and image has significantly improved from last year by 12%. Initiatives from the town centre regeneration strategy are starting to be implemented, including the Parklet in the fourth block.

Source: Source: Community Views Survey 2018

The percentage of residents that feel safe in the CBD during the evening

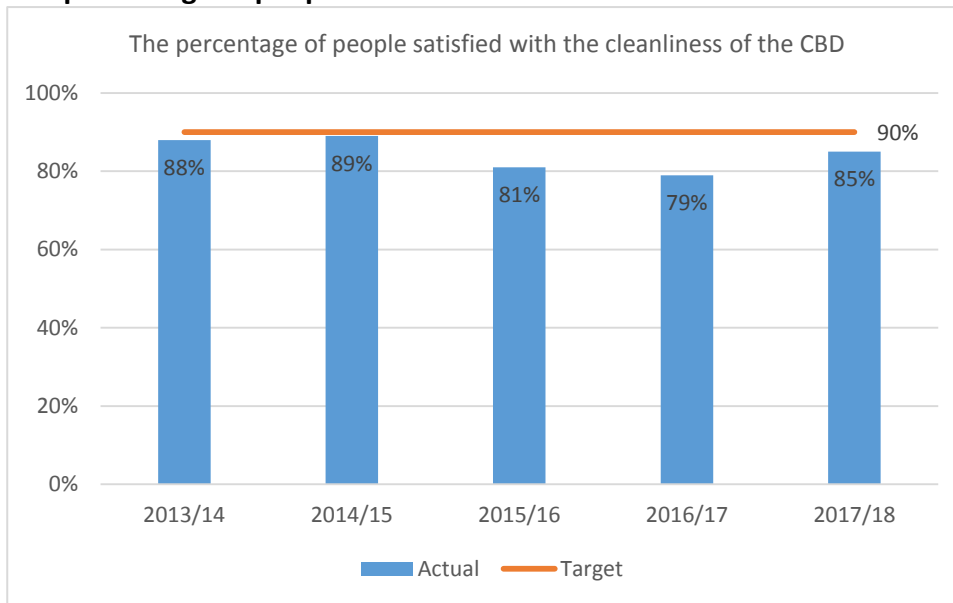
Result: 67% (target: 70%). The target was not met. There has been a 6% increase on the previous year. The gradual increased patrolling of both Maori Wardens and Community Patrol can be contributed to this ongoing increase.

Previous year results

Year	Result
2016/17	61%
2015/16	61%
2014/15	58%
2013/14	55%
2012/13	50%

Source: Community Views Survey 2017

The percentage of people satisfied with the cleanliness of the CBD



Satisfaction with the cleanliness of the CBD did not meet target however there was a 6% increase from the previous year.

Source: Community Views Survey 2018

The number of complaints about the cleanliness or hygiene of public toilets reported to Council

Result: 1 (target <12). The target was met with one call regarding cleanliness and hygiene.

Previous year results

Year	Result
2016/17	4
2015/16	2
2014/15	1
2013/14	4

Source: CRM system

Waste minimisation

To measure how well we provide and encourage the use of recycling services

User satisfaction with the overall service provided at the Resource Recovery Centre

Result: 100% (target: 75%). The target was met.

Previous year results

Year	Result
2016/17	98%
2015/16	100%

Source: Resource Recovery Centre User Survey 2017

Iconic events held in public parks and reserves will have an appropriate waste minimisation plan

Result: 100% (target: 100%). The target was met. All iconic events had an appropriate waste minimisation plan.

Previous year results

Year	Result
2016/17	100%
2015/16	69%

Source: WDC Parks Team

To measure how efficiently we recycle waste and to educate on the impact of waste on the environment

Amount of product (tonnes) recycled through the Centre

Result: 3155 (target: Maintain or improve from the previous year). The target was met. This is more than the previous year which saw 2,355 tonnes through the centre.

Previous year results

Year	Result
2016/17	2355
2015/16	2300
2014/15	2533

Source: Resource Recovery Centre

The number of educational visits to schools on waste minimisation

Result: 31 (target: ≥ 5). The target was met.

Previous year results

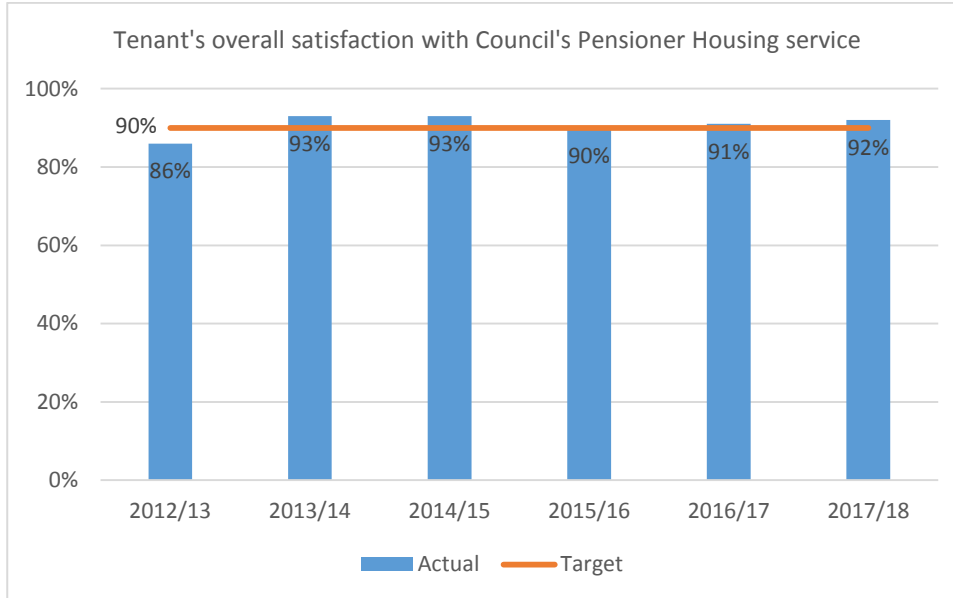
Year	Result
2016/17	29
2015/16	13

Source: Resource Recovery Centre

Pensioner housing

To measure the standard of the housing services we provide

Tenant satisfaction (%) with pensioner housing



The target was met with 92% of pensioner housing tenants very satisfied, or satisfied overall with Council's pensioner housing service.

Source: WDC Pensioner Housing Survey 2018

Tenant satisfaction (%) with welfare services

Result: 76% (target: 75%). The target was met.

Previous year results

Year	Result
2016/17	83%
2015/16	82%
2014/15	83%
2013/14	74%

Source: WDC Pensioner Housing Survey 2018

Pensioner housing units (%) occupied

Result: 93% (target: 90%). The target was met. There are 275 units in total. Occupancy rates fluctuate from year to year depending upon demand.

Previous year results

Year	Result
2016/17	96%
2015/16	92%
2014/15	93%
2013/14	89%

Source: WDC Pensioner Housing

Community buildings

All Council owned buildings retain their code of compliance/building warrant of fitness

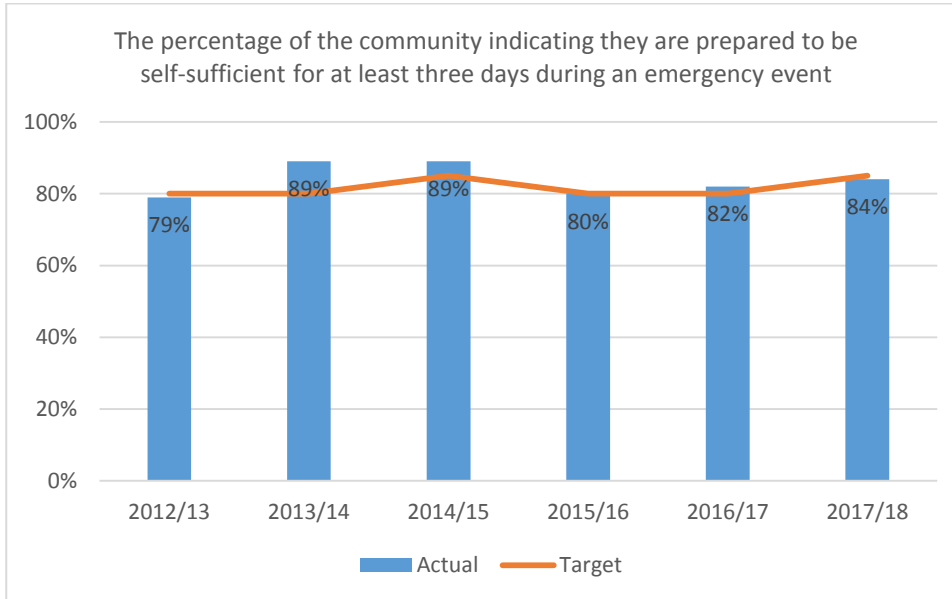
Result: Achieved (target: Achieve). The target was met. All Council owned buildings retained their code of compliance/building warrant of fitness. This is a new measure.

Source: WDC Property

Emergency management

To measure the progress towards minimising threats to public safety

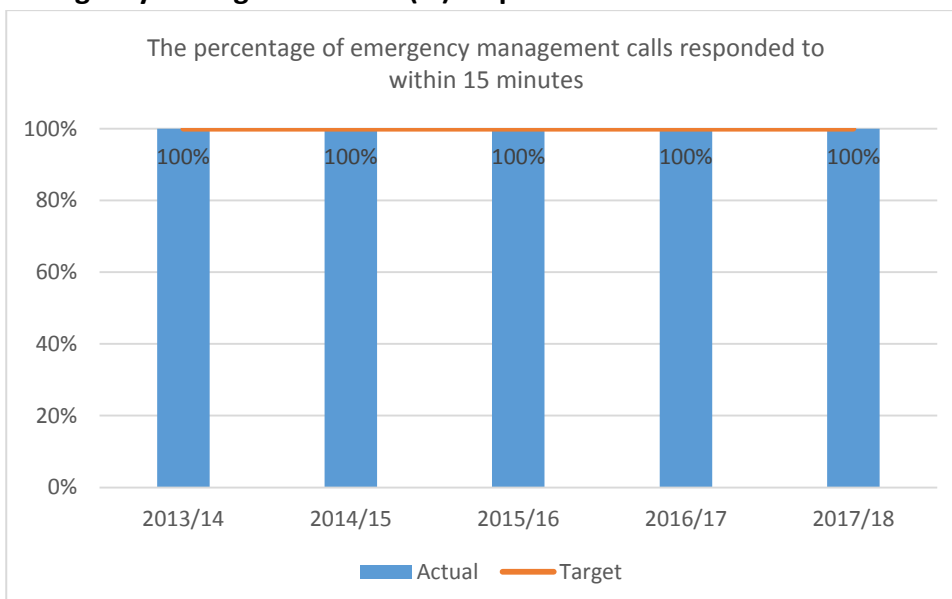
Residents (%) prepared to be self-sufficient for at least three days during an emergency event



The target of greater than 85% was not met with 84% of respondents to the community views survey indicating they are prepared to be self-sufficient for at least three days during an emergency event.

Source: Community Views Survey 2018

Emergency management calls (%) responded to within 15 minutes



The target was met. All emergency management calls were answered within 15 minutes.

Source: MCDEM records

Rural fire calls (%) responded to within 10 minutes

Result: N/A. Council is no longer responsible for rural fire which has been taken over by FENZ.

Previous year results

Year	Result
2016/17	100%
2015/16	100%
2014/15	100%
2013/14	100%

Source: New Zealand Fire Service

Emergency Operations Centre activations (%) managed with appropriate staffing, systems and processes in place within two hours

Result: 100% (target: 100%). The target was met.

There are three levels for the Emergency Operations Plan: Standby (Staff of supporting organisations and volunteers are notified of the situation but are not required to report to the EOC); Partial (The EOC, manned by CDEM staff, section managers, Operations, Planning/Intelligence, Logistics, Public Information, Welfare and selected members of supporting organisations. These could be members of the emergency services or those with specialist responsibilities related to the nature of the threat); and Full (All staff are required to report. All systems, liaison links and resources are to be fully activated).

Previous year results

Year	Result
2016/17	100%
2015/16	100%
2014/15	100%
2013/14	100%

Source: WDC Emergency Management Team

Any fault identified through monthly testing of the tsunami sirens is rectified within 10 working days

Result: 91% (target: 100%). The target was not met. There have been continual problems with birds nesting in the Mowhanau siren. A long term fix delayed due to outside providers which required CDEM to cover with a stinger mobile system. These issues have now been resolved.

Previous year results

Year	Result
2016/17	93%
2015/16	100%

Source: WDC Emergency Management

Regulatory services

To measure the standard and effectiveness of our animal control services

Registration (%) of known dogs (or enforcement action taken)

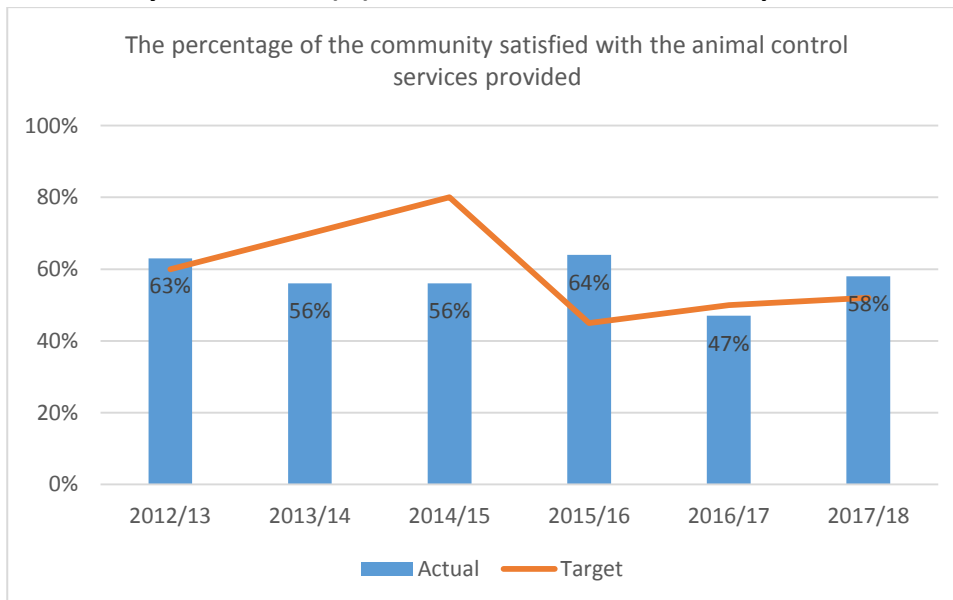
Result: 100% (target: 98%). The target was met with 98.1% dogs registered and the remaining 1.9% have enforcement action against them.

Previous year results

Year	Result
2016/17	92%
2015/16	97%
2014/15	95%
2013/14	96%

Source: WDC Property and Rating Database

Community satisfaction (%) with animal control services provided



The target was met. Satisfaction with Animal Management services had an increase from 11% with 31% satisfied and 27% very satisfied.

Source: Community Views Survey 2018

The percentage of Priority 1 (urgent) call outs that are responded to within 2 hours

Result: Unknown. Due to system issues wandering dog complaints were included as priority 1 – which they are not. Response times were also not being correctly entered into the CRM system. These issues have now been resolved. Officers note that all call outs have been responded to within this period.

Previous year results

Year	Result
2016/17	93%
2015/16	95%

Source: WDC CRM System

Building control

To measure the timeliness of our legislative compliance processes and related services

Maintenance of building consent authority accreditation status

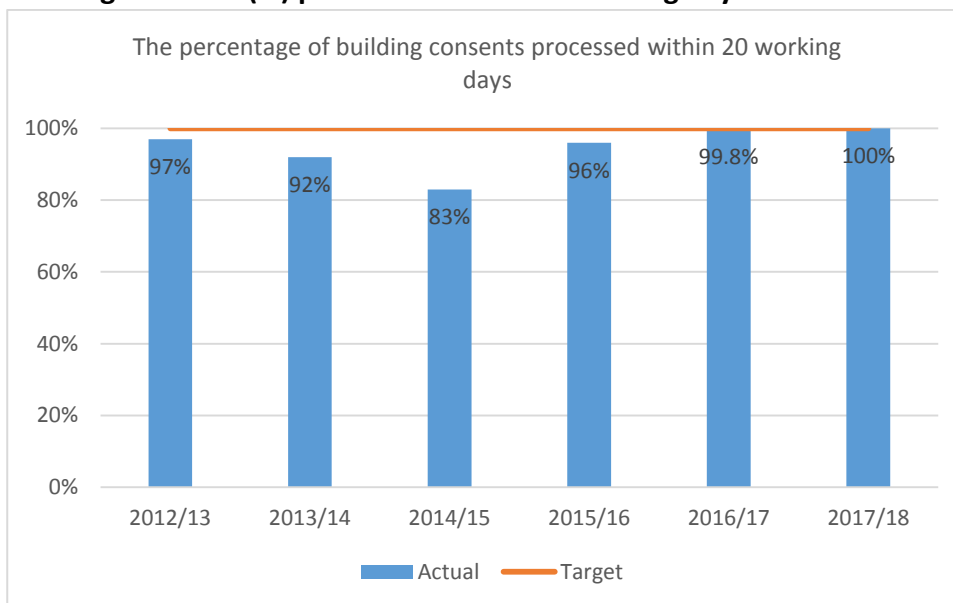
Result: Achieved (target Achieve). The target was met.

Previous year results

Year	Result
2016/17	100%
2015/16	100%
2014/15	100%
2013/14	100%

Source: WDC Building Control

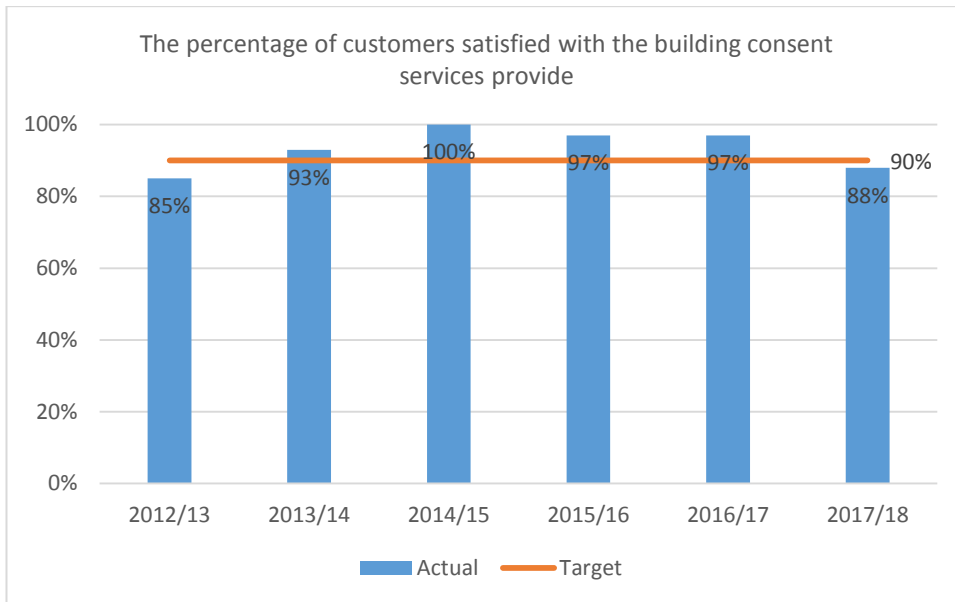
Building consents (%) processed within 20 working days



The target was met.

Source: WDC Property and Rating Database

Customer satisfaction (%) with the building consent services provided



The target was not met. Satisfaction with Building Control services was 88%. A survey was not completed during this period however a follow-up of applicants was initiated with 17 responses received. Of these responses 15 were either satisfied or very satisfied with two responses dissatisfied.

Source: WDC Building Consent Satisfaction Survey 2018

Environmental health

Food and other premises (%) inspected at least once a year

Result: 100% (target: 100%). The target was met. All premises (100%) received either an annual inspection and/or audit dependent on the nature of their compliance pathway i.e. Food Control Plan or Registered Health premise.

Previous year results

Year	Result
2016/17	100%
2015/16	96%
2014/15	100%
2013/14	100%

Source: WDC Property and Rating Database

Where premises do not meet minimum standards, a corrective plan is put in place to help them within 10 working days

Result: 100% (target: 100%). The target was met.

Previous year results

Year	Result
2016/17	100%
2015/16	100%

Source: WDC Property and Rating Database

Excessive noise complaints (%) investigated within 30 minutes

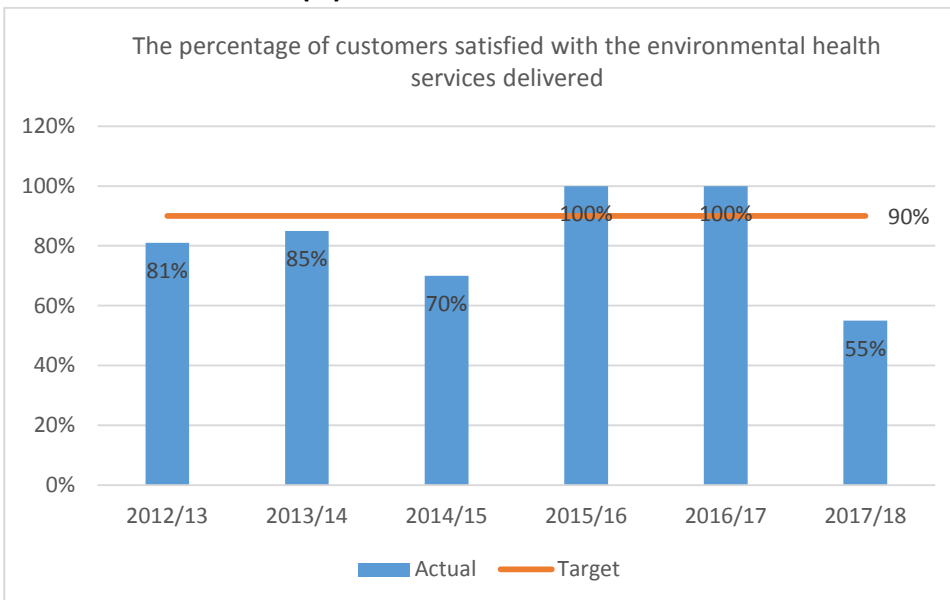
Result: 93% (target: 95%). The target was not met with 93% of excessive noise complaints being investigated within 30 minutes. A CRM project was completed in the fourth quarter to improve the accuracy of reporting.

Previous year results

Year	Result
2016/17	92%
2015/16	93%
2014/15	92%
2013/14	94%

Source: WDC Property and Rating Database

Customer satisfaction (%) with the environmental health services delivered



The target was not met. An improved method of recording customer satisfaction has highlighted key areas to focus on in 2018/19. The previous method only recorded satisfaction with alcohol licensing.

Source: WDC Environmental Health Satisfaction Survey 2018

Resource management

Resource consents (non-notified) (%) processed within 20 working days

Result: 97% (target: 100%). The target was not met. Five consent applications exceeded the statutory timeframe in the 17/18 period, providing an average 97% of applications issued within the statutory timeframe. Extensions of time agreed with applicants pursuant to s37 of the RMA were in place for the five consent applications.

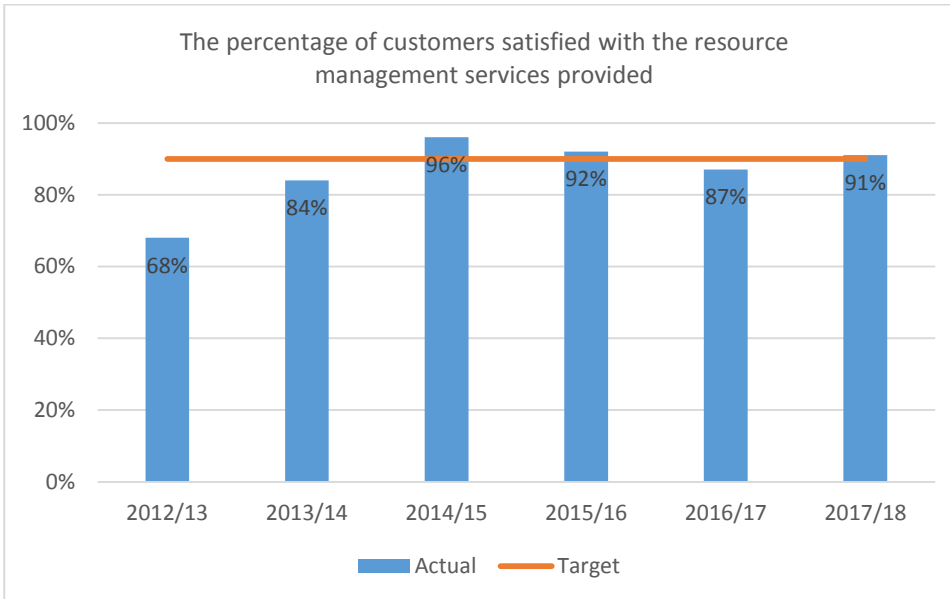
Previous year results

Year	Result
2016/17	86%
2015/16	97%

2014/15	99%
2013/14	100%

Source: WDC Property and rating Database

Customer satisfaction (%) with the resource management services provided



The target of 90% was not met.

Source: WDC Resource Consent Satisfaction Survey 2018

Resource consents (%) monitored within five years of being issued

Result: 0% (target: 85%). Monitoring of consent conditions was not undertaken during 2017/18 due to resourcing levels. The priority for this period focused on processing applications within statutory timeframes.

Previous year results

Year	Result
2016/17	65%
2015/16	100%

Source: WDC Property and Rating Database

District Plan review completed (%)

Result: 65% (target: 100%). The target was not met. The programme has been revised which reduces the percentage complete from 65%. This has resulted from project delays due to resourcing and focus has been diverted to the Queens Park and Castlecliff management plan reviews.

Previous year results

Year	Result
2016/17	65%
2015/16	66%
2014/15	76%
2013/14	47%
2012/13	48%

Source: WDC Planning Team

To measure the standard of the provision of parking

Percentage of time parking officers are present Monday to Saturday (excluding public holidays)

Result: 98% (target: 98%). The target was met. There was a total of four absent days due to the Christmas break.

Previous year results

Year	Result
2016/17	95%
2015/16	94%
2014/15	98%
2013/14	98%

Source: WDC Parking Team

Community satisfaction (%) with the availability of on-street parking

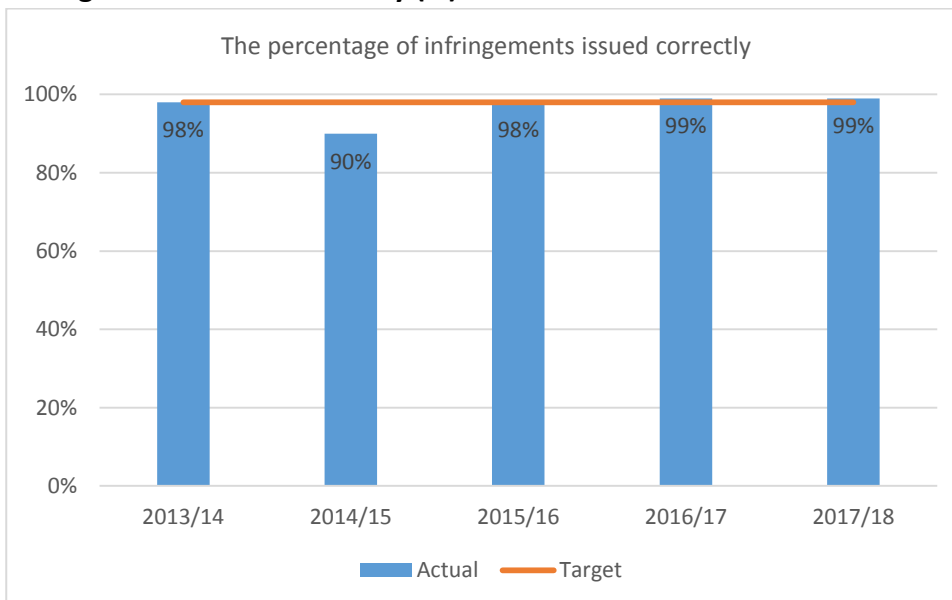
Result: 64% (target: 90%). The target was not met. Results for this period increased 3% on the previous period. Increased visibility of parking officers has improved vehicle movements in the CBD and made parks more available. Ongoing improvements as a result on the Parking Management Plan 2017 will continue to rollout over the next year.

Previous year results

Year	Result
2016/17	61%
2015/16	65%

Source: Community Views Survey 2017

Infringements issued correctly (%)



The target was met.

Source: WDC Parking Team – Ticket database

Non-compliant vehicles in the CBD

Result: 583 (target: Decrease from previous year). The target was met with a decrease in the non-compliant vehicles within the CBD from 1225 in the 2016/17 period to 583 non-compliant vehicle in the 2017/18 period.

Previous year results

Year	Result
2016/17	1225
2015/16	885
2014/15	1742
2013/14	1764

Source: WDC Property and Rating Database

Community facilities and services group

Capital expenditure

The following table shows the expenditure on capital works for the Property and Facilities Group. Significant variations to the Annual Plan are discussed below where necessary.

Activity	Annual Plan Budget \$000	Opening Carry Over \$000	Approved Budget \$000	Actual For Year \$000	Closing Carry Over \$000
Capital expenditure to improve the level of service :					
<i>Animal Control</i>					
Animal Welfare Centre	300	120	420	26	394
<i>Emergency Management</i>					
Plant and equipment acquisitions	35	14	49	26	18
<i>CBD Maintenance</i>					
Town Centre Regeneration	200	-	200	24	174
	535	134	669	76	586
Capital expenditure to replace existing assets :					
<i>Cemeteries</i>					
Cremator upgrade	400	-	400	247	153
Roading, roofing, and redecoration	-	53	53	-	51
	400	53	453	247	204
<i>Community Buildings</i>					
Womens Resource Centre	19	-	19	13	6
<i>Pensioner Housing</i>					
Building improvements	75	-	75	-	-
<i>Building Control</i>					
Vehicle replacements	57	19	76	54	38
<i>Animal Control</i>					
Vehicle replacement	-	50	50	-	50
<i>Emergency Management</i>					
Plant and equipment replacement	15	-	15	-	-
	566	122	688	314	298

Work was planned to maintain the service capacity of the Council facilities and to deal with the expected demands on the service.

Cemeteries

The Cremator upgrade was 60% completed as at June 2018. The upgrade will be fully completed early in the 2018/19 year, funded from budgets carried over from 2017/18.

Other improvements, including Crematorium redecoration and roof replacement, are waiting for the completion of the upgrade. These also will be funded from budgets carried over from 2017/18.

Building Control

Building Control is carrying over funds for the purchase of vehicle replacements.

CBD Maintenance

The Town Centre Regeneration work was delayed due to weather conditions and sourcing contractors. While work was started, unspent funds are being carried over to enable further projects to be completed.

Animal Control

The Animal Welfare Centre was delayed awaiting design work, costings, a suitable location, and final Council approval. Unspent funds of \$394k will be carried over and added to next year's budget \$550k. The Centre is due for completion next year.

In addition, \$50k has also been carried over for two vehicle replacements.

Emergency Management

Capital expenditure was within overall budget, and included a trailer, mobile alerting systems, plant and equipment. The trailer fit-out will be completed next year. Some expenditure has been reclassified as operating expenditure.

Pensioner Housing

The capital replacement budget of \$75k was not spent. This was due to expenditure being classified as either planned or reactive maintenance, i.e. as operating expenditure. Overall maintenance expenditure was ahead of budget to facilitate the increased occupancy rates being achieved.

Internal borrowings

	2018	2017
	\$	\$
Brought forward	281,752	465,430
Borrowings raised	0	0
Borrowings repaid	(20,675)	(190,033)
Interest paid	6,409	6,355
Carried forward	<u>267,487</u>	<u>281,752</u>

Community facilities and services group

Funding impact statement

For the year ended 30 June 2018

	Long Term Plan	Long Term Plan	Annual Plan	Actual
	2017	2018	2018	2018
	\$000	\$000	\$000	\$000
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	5,060	5,267	4,998	5,050
Targeted rates	515	515	515	459
Subsidies and grants for operating purposes	-	-	-	-
Fees and charges	3,935	4,030	3,764	4,462
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	1,024	1,056	989	984
Total operating funding (A)	10,534	10,868	10,266	10,955
Application of operating funding				
Payments to staff and suppliers	8,059	8,067	7,764	8,271
Finance costs	282	301	307	230
Internal charges and overheads applied	1,787	1,849	1,817	1,802
Other operating funding applications	-	-	-	-
Total application of operating funding (B)	10,128	10,217	9,888	10,303
Surplus (deficit) of operating funding (A - B)	406	651	378	652
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	244	402	723	(96)
Gross proceeds from asset sales	-	-	-	21
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	244	402	723	(75)
Application of capital funding				
Capital expenditure				
-to meet additional demand	-	-	-	-
-to improve the level of service	154	579	535	76
-to replace existing assets	446	545	566	314
Increase (decrease) in reserves	50	(71)	-	187
Increase (decrease) of investments	-	-	-	-
Total application of capital funding (D)	650	1,053	1,101	577
Surplus (deficit) of capital funding (C - D)	(406)	(651)	(378)	(652)
Funding balance ((A - B) + (C - D))	-	-	-	-

10 Transportation

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

What we do

- Airport
- Sea port
- Durie Hill elevator

How these activities contribute to our 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.

Our key projects and highlights

Airport

- We have continued to work on the garage replacement with final building consent being worked through.
- We have upgraded both our security system and mandatory signage.

Sea port

- We have prepared a business case for upgrading the trailer boat ramp and facilities as well for non-powered craft and recreational swimming. Preparation of the business case is reaching its final stages and it is hoped that it will be lodged with Government in late 2018.

Durie Hill elevator

- The Durie Hill elevator continued to provide access for pedestrians and cyclists from the city to Durie Hill and also the city lookout area.
- The operation, management and marketing contract of the Durie Hill Elevator has been extended to 31 May 2020.

How did we perform?

We want to ensure our transportation activities are safe and sustainable. We assess our safety regulations at the airport and the Durie Hill elevator and monitor resident satisfaction with the airport and the Durie Hill elevator. We also monitor the sustainability of the airport by monitoring the overall income and the seaport commercial vessel visits.

To measure the safety and satisfaction with transport infrastructure and services

Airport – safety certification

Result: 100% (target: 100%). The target was met. The airport will be safe as demonstrated by receipt of CAA Part 139 Certification (assessing runway maintenance, security, safety, and emergency and management systems and procedures).

Previous year results

Year	Result
2016/17	100%
2015/16	100%
2014/15	100%
2013/14	100%

Source: Whanganui Airport

The overall income from commercial activities meets the airport's operational and capital requirements

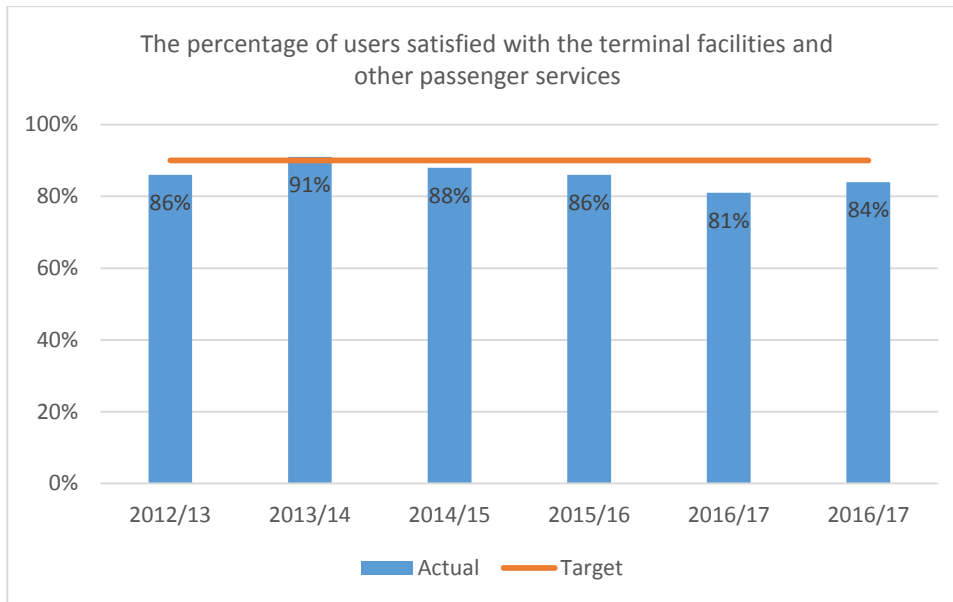
Result: No (target: Yes). This target was not met, it is a long-term target.

Previous year results

Year	Result
2016/17	No
2015/16	No
2014/15	No
2013/14	No

Source: Whanganui Airport

Airport – user satisfaction (%) with facilities and passenger services



The target was not met. User satisfaction with the terminal facilities and services of the Whanganui Airport increased by 3% over the previous period. The patronage of the airport is linked largely to the use of Air Chathams flights to/from Auckland which remains outside of Council control. Ongoing activities will be undertaken to ensure that the airport is well presented. A targeted user survey will be administered in the coming year, which will provide further insights into customer expectations and inform subsequent actions.

Source: Community Views Survey 2018

Sea port - number of commercial vessel visits

Result: 28 (target: 25). The target was met.

Previous year results

Year	Result
2016/17	20
2015/16	7
2014/15	11
2013/14	25

Source: Whanganui Port

Durie Hill elevator – safety certification

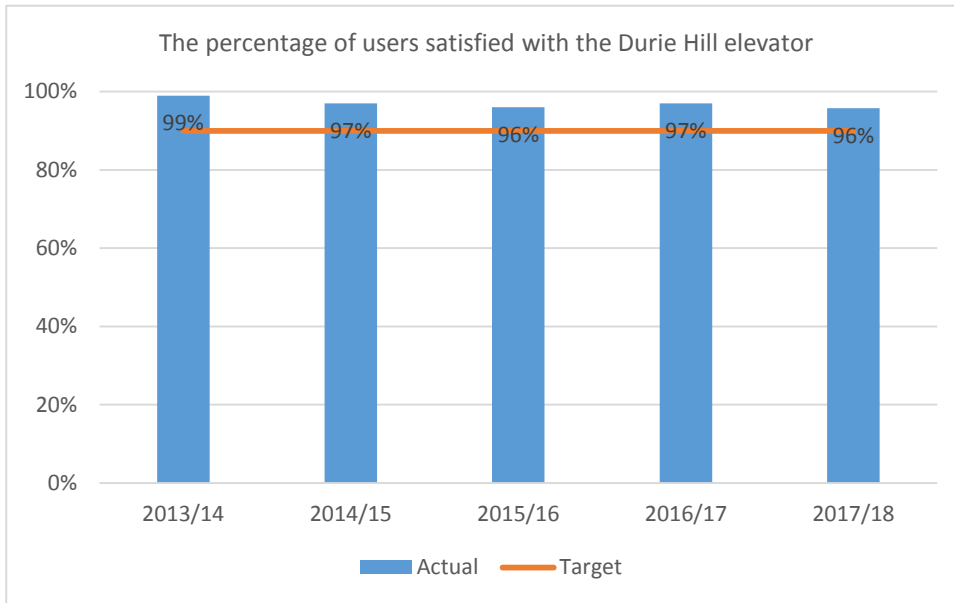
Result: 100% (target: 100%). The target was met. The Durie Hill Elevator received its annual safety certificate of inspection.

Previous year results

Year	Result
2016/17	100%
2015/16	100%
2014/15	100%
2013/14	100%

Source: WDC Property

Durie Hill elevator – user satisfaction (%)



The target was met.

Source: WDC Property

Transportation group

Capital expenditure

The following table shows the expenditure on capital works for the Transportation Services Group. Significant variations to the Annual Plan are discussed below where necessary.

Activity	Annual Plan Budget \$000	Opening Carry Over \$000	Approved Budget \$000	Actual For Year \$000	Closing Carry Over \$000
Capital expenditure to improve the level of service :					
Airport					
Sundry Projects	-	-	-	7	-
	-	-	-	7	-
Capital expenditure to replace existing assets :					
Durie Hill Elevator					
Sundry projects	7	-	7	-	-
Airport (half-share)					
Airport residence	90	-	90	34	48
Airport Terminal	13	-	13	-	13
Vehicle replacement	-	-	-	19	-
Runway resealing	-	130	130	-	130
Sundry projects	9	-	9	2	-
	112	130	242	55	191
	119	130	249	55	191

Work was planned to maintain the service capacity of the Council facilities and to deal with the expected demands on the service.

Airport

Council's half-share of \$130k for the airport runway reseal has been delayed while more economic solutions are being sought. The funding has been carried forward to 2018/19.

Work on the Airport residence has commenced with demolition work completed, and the building contract now underway. This requires a carry over to 2018/19 of \$48k.

Internal Borrowings

	2018	2017
	\$	\$
Brought forward	70,821	102,210
Borrowings raised	154	0
Borrowings repaid	0	(32,986)
Interest paid	1,742	1,597
Carried forward	<u>72,718</u>	<u>70,821</u>

Transportation group

Funding impact statement

For the year ended 30 June 2018

	Long Term Plan	Long Term Plan	Annual Plan	Actual
	2017	2018	2018	2018
	\$000	\$000	\$000	\$000
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	366	361	419	419
Targeted rates	-	-	-	-
Subsidies and grants for operating purposes	30	30	50	52
Fees and charges	249	269	232	215
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	22	22	18	271
Total operating funding (A)	667	682	719	957
Application of operating funding				
Payments to staff and suppliers	369	383	387	662
Finance costs	62	62	68	52
Internal charges and overheads applied	133	140	142	141
Other operating funding applications	-	-	-	-
Total application of operating funding (B)	564	585	597	855
Surplus (deficit) of operating funding (A - B)	103	97	122	102
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	83	(75)	(3)	(44)
Gross proceeds from asset sales	-	-	-	4
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	83	(75)	(3)	(40)
Application of capital funding				
Capital expenditure				
-to meet additional demand	-	-	-	-
-to improve the level of service	-	-	-	7
-to replace existing assets	186	22	119	55
Increase (decrease) in reserves	-	-	-	-
Increase (decrease) of investments	-	-	-	-
Total application of capital funding (D)	186	22	119	62
Surplus (deficit) of capital funding (C - D)	(103)	(97)	(122)	(102)
Funding balance ((A - B) + (C - D))	-	-	-	-

11 Investments

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

What we do

- Whanganui District Council Holdings Limited
- Whanganui District Councils' Forestry Joint Committee
- Harbour Endowment property portfolio
- City Endowment property portfolio
- Quarry

How these activities contribute to our 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.

Our key projects and 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.

How did we perform?

We monitor our portfolio of investments to ensure it provides income to support the work of Council.

To measure progress of increasing the return on investments

The forecast return for Whanganui District Council Holdings Limited

Result: \$800,000 (Target: \$800,000). The target was met.

Previous year returns

Year	Result
2016/17	\$800,000
2015/16	\$800,000
2014/15	(\$277,000)

Source: WDC Holdings Ltd Annual Report

The forecast return for Whanganui District Council's Forestry Joint Committee

Result: 0 (target: 5 - 8%). The target was not met. Forestry return is a long term measure with a 27 year crop rotation. In addition there is a contract in place to sell five of the six joint forests within the forestry portfolio, however the sale is conditional upon Overseas Investment Office approval.

Previous year results

Year	Result
2016/17	0.0%
2015/16	0.0%
2014/15	6.2%

Source: WDC Forestry Joint Committee Annual Report

The forecast net income from Council's Harbour Endowment property portfolio

Result: 3.5% (target: 6.5%). The target was not met. The result was significantly impacted by holding costs, fire compliance work and unplanned maintenance.

Previous year results

Year	Result
2016/17	7.31%
2015/16	7.74%
2014/15	7.62%

Source: WDC Financial Reports

The forecast net income from Council's City Endowment property portfolio

Result: 6.2% (target: 6.5%). The target was not met. The low grazing returns at one of the properties reduced the overall return by 1.1%

Previous year results

Year	Result
2016/17	7.69%
2015/16	7.18%
2014/15	7.18%

Source: WDC Financial Reports

Investments group

Capital expenditure

The following table shows the expenditure on capital works for the Investments Group. Significant variations to the Annual Plan are discussed below where necessary.

Activity	Annual Plan Budget \$000	Opening Carry Over \$000	Approved Budget \$000	Actual For Year \$000	Closing Carry Over \$000
Capital expenditure to improve the level of service :					
<i>Investments</i>					
Harbour Endowment. Gas Building	-	-	-	271	-
Harbour Endowment. Sundry projects	-	-	-	20	-
Harbour Endowment. Innovations Quarters	-	-	-	54	-
	-	-	-	345	-
Capital expenditure to replace existing assets :					
<i>Investments</i>					
City Endowment. Parks Yard	18	4	22	-	5
Harbour Endowment. Gas Building	-	3	3	-	-
Harbour Endowment. Sundry projects	25	-	25	-	25
Harbour Endowment. Port Improvements	37	34	71	-	-
	80	41	121	-	30

Work was planned to maintain the service capacity of the Council facilities and to deal with the expected demands on the service.

Harbour Endowment

The unbudgeted cost of \$54k was for the Innovation Quarters (Whanganui and Partners) alterations and refurbishment at 179 Saint Hill Street. This is the Harbour Endowments share of the costs as agreed with Whanganui and Partners as the new tenant.

Also unbudgeted was the acquisition of the Sarjeant Trust's 10% share of 179 Saint Hill Street costing \$271k. This now gives the Harbour Endowment 100% ownership of the land and building.

City Endowment

There was no major capital expenditure in this Activity this year.

Internal borrowings

	2018	2017
	\$	\$
Brought forward	313,924	134,171
Borrowings raised	0	172,673
Borrowings repaid	(33,757)	0
Interest paid	6,878	7,080
Carried forward	<u>287,045</u>	<u>313,924</u>

Investments group

Funding impact statement

For the year ended 30 June 2018

	Long Term Plan	Long Term Plan	Annual Plan	Actual
	2017	2018	2018	2018
	\$000	\$000	\$000	\$000
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	(277)	(274)	33	33
Targeted rates	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	570
Fees and charges	1,793	1,727	1,714	1,847
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	602	603	393	504
Total operating funding (A)	2,118	2,056	2,140	2,954
Application of operating funding				
Payments to staff and suppliers	1,562	1,498	1,556	2,223
Finance costs	96	85	176	240
Internal charges and overheads applied	277	277	338	335
Other operating funding applications	-	-	-	-
Total application of operating funding (B)	1,935	1,860	2,070	2,798
Surplus (deficit) of operating funding (A - B)	183	196	70	156
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	(260)	(90)	(260)	(259)
Gross proceeds from asset sales	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	(260)	(90)	(260)	(259)
Application of capital funding				
Capital expenditure				
-to meet additional demand	-	-	-	-
-to improve the level of service	-	-	-	345
-to replace existing assets	60	243	80	-
Increase (decrease) in reserves	(137)	(137)	(70)	(48)
Increase (decrease) of investments	-	-	(200)	(400)
Total application of capital funding (D)	(77)	106	(190)	(103)
Surplus (deficit) of capital funding (C - D)	(183)	(196)	(70)	(156)
Funding balance ((A - B) + (C - D))	-	-	-	-

12 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.

What we do

- Governance
- Corporate management
- Community and operational property

How these activities contribute to our 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.

Our key projects and highlights

Governance

- We continued to evaluate the effectiveness of our governance structure throughout the year. This resulted in minor amendments such as changes to committee terms of reference and the frequency of meetings. New improvement ideas were also implemented such as enhanced governance support for chairs.
- We have been successfully live streaming Council meetings to continue enhancing transparency, openness and accessibility of Council business.
- A working party was established to commence a review of the Youth Committee.

Corporate management

- We have continued to review our policies, strategies and bylaws to ensure that we are compliant.
- The Long Term Plan 2018-2028 was adopted on 28 June 2018.
- 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.
- We are continuously working on our online services to present accurate data that the public can access. This includes building consents, online payments for rates and dog registrations.
- Our Leading Edge Strategy was reviewed and updated.
- We have continued to work on improving the Council website to make it more accessible and user friendly for the public.
- 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.

Community and operational property

- We continued to manage property in a responsible manner so that it benefited the community and met its needs while supporting the achievement of community wellbeing.

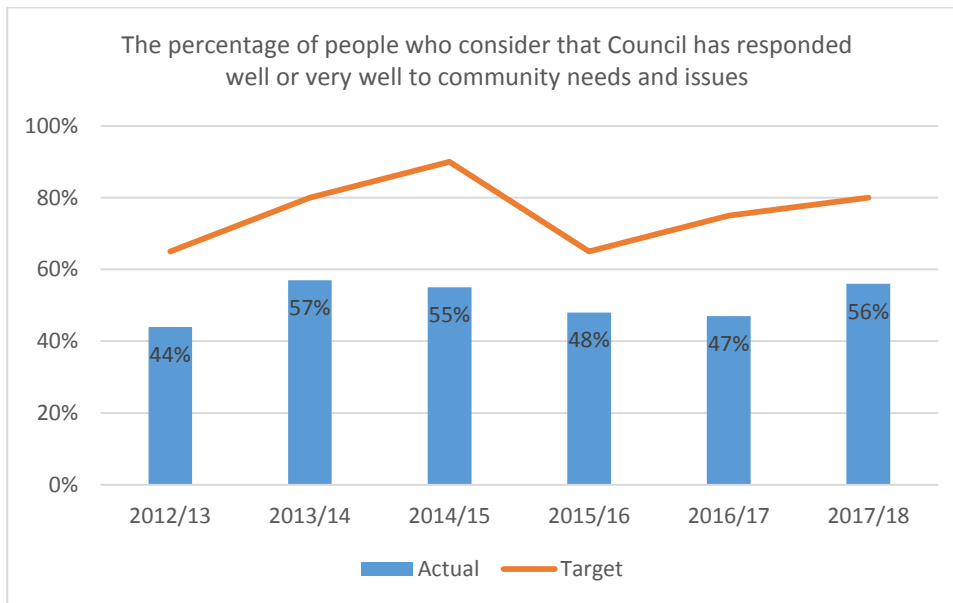
We also ensured it was managed in a way that delivered investment return where possible.

How did we perform?

To assess our performance, we seek residents' views on information provision, decision-making, and consultation processes. We assess satisfaction with our Customer Services team, and monitor access to our Archives services.

To understand the extent to which the public is informed and engaged

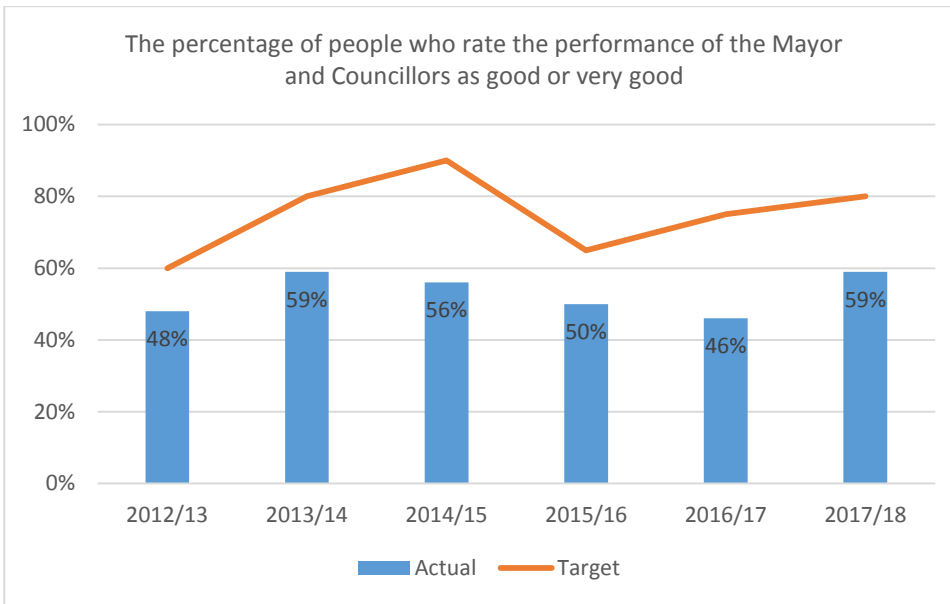
Community (%) who consider that Council has responded well or very well to community needs and issues



The target was not met. 56% of Whanganui district residents surveyed felt Council responded to community needs and issues well (50%) or very well (6%) which is up 9% on the previous period. There has been an enhanced focus on communications and engagement over the last year. This has been demonstrated through more active two-way engagement via our online tools and in the introduction of a public engagement forum at the beginning of Council meetings. Future improvement projects include making more information available online and increasing the transparency of Council so that we can identify and respond to community needs and issues.

Source: Community Views Survey 2018

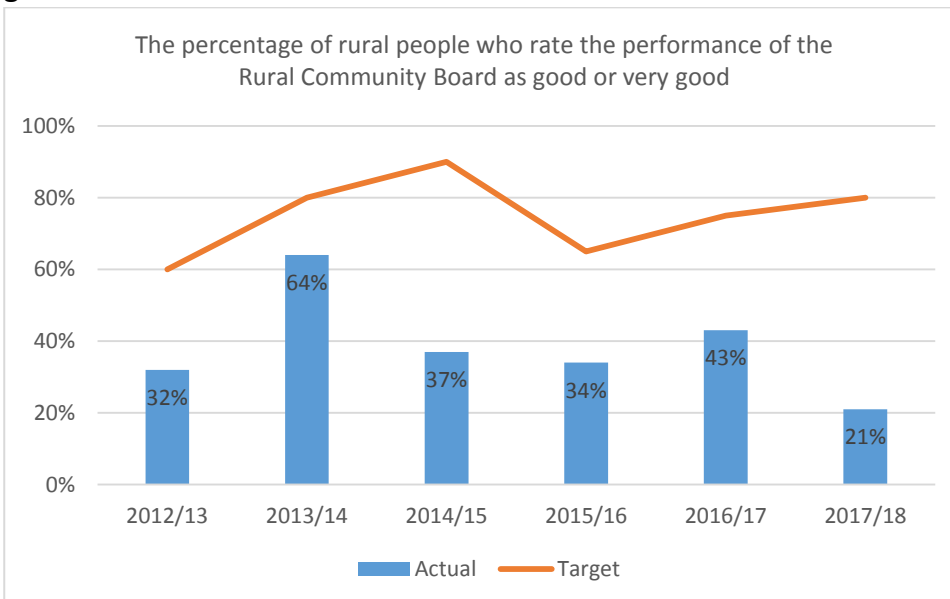
Community (%) who rate the performance of the Mayor and Councillors as good or very good



The target was not met however there was a 13% increase from the previous year.

Source: Community Views Survey 2018

Rural community (%) who rate the performance of the Rural Community Board as good or very good



The target was not met. The Rural Community Board is active and productive and are developing a communications plan that will target specific age groups and raise the Board's profile for the coming year.

Source: Community Views Survey 2018

To measure whether information is available in a timely manner

Council and committee agendas (%) made available to the public two working days prior to the meeting

Result: 100% (target: 100%). The target was met. All agendas were made publicly available at least two working days prior to the meetings.

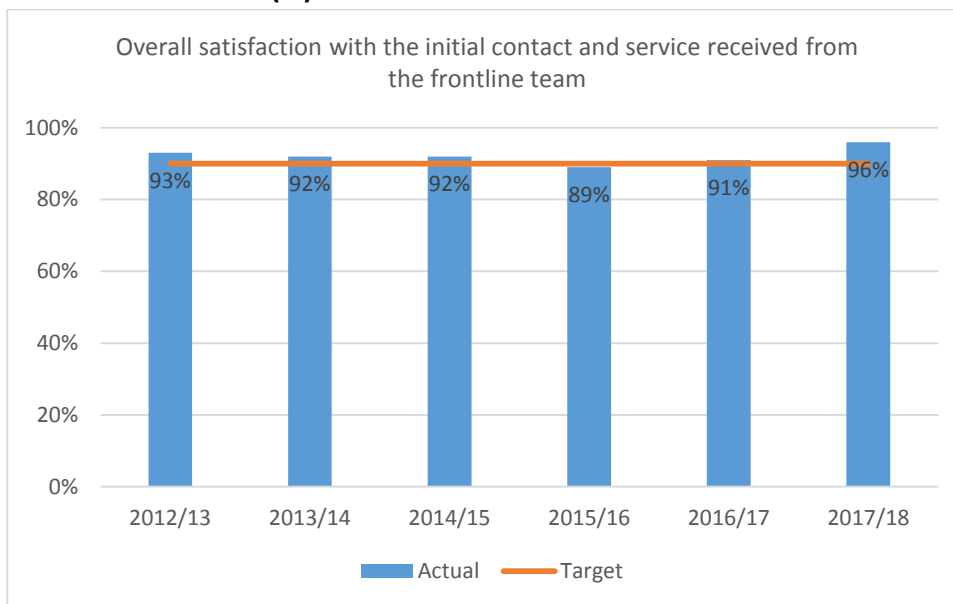
Previous year results

Year	Result
2016/17	100%
2015/16	100%
2014/15	100%
2013/14	100%

Source: WDC Governance

To measure the community's satisfaction with the service received from Council

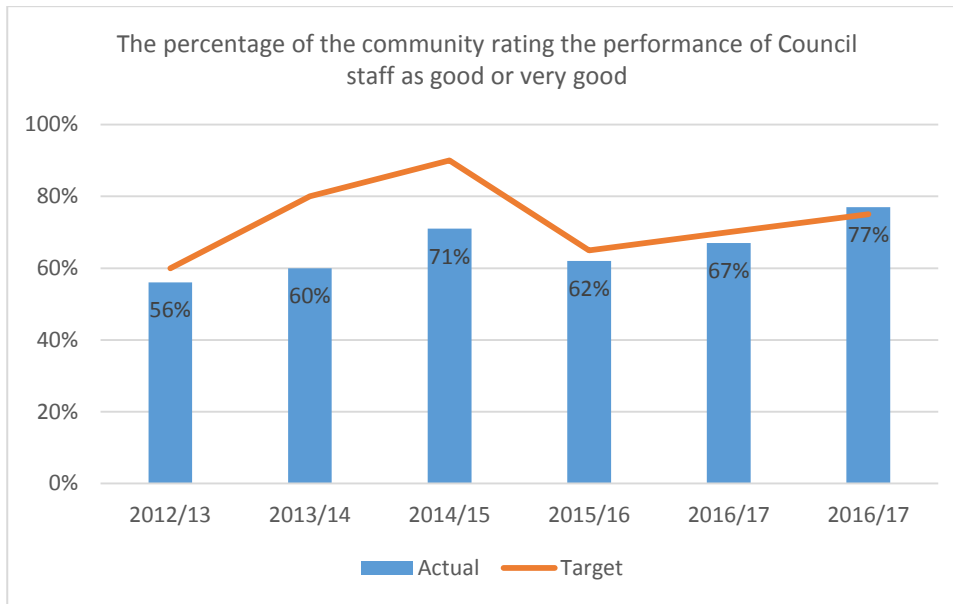
Overall satisfaction (%) with the initial contact and service received from the frontline team



The target was met.

Source: WDC Customer Services Survey 2018

Community (%) that rate the performance of Council staff as good or very good



The target was met.

Source: Community Views Survey 2018

To monitor the health and safety of Council as a workplace

The number of workplace accidents for Council employees

Result: 23 (target: <55). The target was met.

Previous year results

Year	Result
2016/17	44
2015/16	34
2014/15	38
2013/14	28

Source: WDC Human Resources

To monitor the quality of the information provided to the community

Resident satisfaction (%) with ease of access to Council information

Result: 56% (target: 80%). The target of 80% was not met. There has been a 7% increase on satisfaction 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. Ongoing communication efforts include further development of social media and digital communications and local media relations.

Previous year results

Year	Result
2016/17	49%
2015/16	45%

Source: Community Views Survey 2018

Users (%) who agree that the Council website is easy to navigate and find what they are looking for

Result: 57% (target: 80%). The target was not met. 57% agreed or strongly agreed the website is easy to navigate and find what they were looking for, representing a 4% improvement on 2017 results. Results should continue to improve with the introduction of a new website over the coming months and this will be even easier to navigate and search. Website content will be improved.

Previous year results

Year	Result
2016/17	53%
2015/16	52%

Source: Community Views Survey 2018

The documents audited (%) that receive an unmodified audit opinion

Result: 100% (target: 100%). The target was met. The documents audited during 2017/18 were the Long Term Plan 2018-2028 and the Annual Report 2016/17.

Previous year results

Year	Result
2016/17	100%
2015/16	100%
2014/15	100%
2013/14	100%

Source: WDC Finance

To measure the standard of the archives service

Archives requests (%) responded to within 24 hours

Result: 100% (target: 100%). The target was met.

Previous year results

Year	Result
2016/17	100%
2015/16	100%
2014/15	100%
2013/14	100%

Source: WDC Archives

To monitor the extent to which the public is informed and engaged

The percentage of people satisfied with their level of involvement in the decision making process



The target was not met. The result is a 9% increase on the previous year’s results. A targeted survey is now being distributed to capture these views and experiences immediately following the engagement process.

Source: Community Views Survey 2018

Annual Plan or 10-Year Plan submission decision letters (%) provided within 10 working days of the adoption of the Plan

Result: 100% (target 100%). The target was met. All resolution letters were provided to submitters within 10 days of the adoption of the final Long Term Plan 2018-2028.

Previous year results

Year	Result
2016/17	100%
2015/16	100%
2014/15	100%
2013/14	100%

Source: WDC Policy Team

Bylaws (%) reviewed after five years of adoption (and then 10 years after that)

Result: 100% (target 100%). The target was met. All current bylaws have been or are scheduled to be reviewed before their five year anniversary.

Previous year results

Year	Result
2016/17	100%
2015/16	90%
2014/16	80%
2013/14	56%

Source: WDC Policy Team

To monitor the standard of our communal and operational property

Community organisation tenants (%) on the maximum subsidy (meaning that the services they deliver provide maximum benefit to the community)

Result: 76% (target 76%). The target was met.

Previous year results

Year	Result
2016/17	72%
2015/16	72%
2014/15	72%
2013/14	76%

Source: WDC Property Team

Council-owned buildings (%) with a current, annually audited, Building Warrant of Fitness

Result: 100% (target: 100%). The target was met.

Previous year results

Year	Result
2016/17	100%
2015/16	100%
2014/15	100%
2013/14	100%

Source: WDC Property records

Corporate group

Capital expenditure

The following table shows the expenditure on capital works for the Corporate Group. Significant variations to the Annual Plan are discussed below where necessary.

Activity	Annual Plan Budget \$000	Opening Carry Over \$000	Approved Budget \$000	Actual For Year \$000	Closing Carry Over \$000
Capital expenditure to improve the level of service :					
Corporate Management					
Asset Management System	-	175	175	96	-
IT projects	100	-	100	16	-
Plant and equipment	10	-	10	-	-
	110	175	285	112	-
Governance					
Stained glass windows	10	-	10	9	-
Communications					
Website upgrades	-	12	12	-	-
Customer Services					
Furniture and fittings	20	-	20	-	-
	140	187	327	121	-
Capital expenditure to replace existing assets :					
Corporate Management					
Computer equipment replacement	215	-	215	137	-
Vehicle replacements	70	-	70	-	70
Furniture and Fittings	26	-	26	14	-
Storage Area Network replacement	500	-	500	616	40
	811	-	811	767	110
Governance					
Vehicle replacement	-	30	30	41	-
Community and Operational Buildings					
Mechanical heating and ventilation	-	404	404	103	301
Vehicle replacement	35	-	35	-	-
	35	404	439	103	301
Customer Services					
Ground Floor reception area	80	100	180	47	130
	926	534	1,460	958	541

Work was planned to maintain the service capacity of the Council facilities and to deal with the expected demands on the service.

Governance

The stained glass window work is an on-going project spread over many years. Another window was commenced in 2017/18.

Corporate Management

The Information Technology (IT) Asset Management System had opening carry over funds of \$175k, but only \$96k was required to complete the project. Other IT projects were also underspent.

The Storage Area Network (SAN) was replaced during the year. Although the cost of \$616k was above the budget of \$500k, the additional expenditure will enable the SAN replacement programme to be extended from a 3-year to a 5-year cycle, thus effecting savings going forward. A carry over of \$40k was required to complete the migration of the decommissioned server.

Other computer replacement expenditure (excluding the SAN) of \$137k was under the budget of \$215k. Replacements expenditure included network costs, PCs, laptops, monitors, and servers. This underspend partially covers the additional SAN cost.

Customer Services

Work has been held up pending ground floor reviews. These have now been completed and planning has begun. This year's carry of \$130k will be added to 2018/19's budget of \$200k. The work is due for completion next year.

Community and operational property

Investigations into the mechanical heating and ventilation project continued this year. The unspent funds of \$301k have been carried forward for this on-going project.

Internal borrowings

	2018	2017
	\$	\$
Brought forward	65,187	302,633
Borrowings raised	13,474	0
Borrowings repaid	0	(238,917)
Interest paid	1,931	1,470
Carried forward	80,592	65,187

Corporate group

Funding impact statement

For the year ended 30 June 2018

	Long Term Plan 2017 \$000	Long Term Plan 2018 \$000	Annual Plan 2018 \$000	Actual 2018 \$000
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	3,641	3,572	3,222	3,342
Targeted rates	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	9
Fees and charges	125	126	71	81
Internal charges and overheads recovered	8,509	8,975	8,946	8,837
Local authorities fuel tax, fines, infringement fees and other receipts	530	434	397	439
Total operating funding (A)	12,805	13,107	12,636	12,708
Application of operating funding				
Payments to staff and suppliers	10,128	10,619	10,412	10,727
Finance costs	(139)	(128)	(115)	(147)
Internal charges and overheads applied	952	966	929	885
Other operating funding applications	-	-	-	-
Total application of operating funding (B)	10,941	11,457	11,226	11,465
Surplus (deficit) of operating funding (A - B)	1,864	1,650	1,410	1,243
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	121	303	136	250
Gross proceeds from asset sales	-	-	-	18
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	121	303	136	268
Application of capital funding				
Capital expenditure				
-to meet additional demand	-	-	-	-
-to improve the level of service	848	421	140	121
-to replace existing assets	517	912	926	958
Increase (decrease) in reserves	620	620	480	432
Increase (decrease) of investments	-	-	-	-
Total application of capital funding (D)	1,985	1,953	1,546	1,511
Surplus (deficit) of capital funding (C - D)	(1,864)	(1,650)	(1,410)	(1,243)
Funding balance ((A - B) + (C - D))	-	-	-	-

Community monitoring indicators

The following indicators were developed to assess achievement of our Leading Edge Strategy as identified in the 10-Year Plan 2015-2025. These outcomes serve as a guide for shaping our future and reflect our overall aspirations for the district. They are aimed at supporting partnership approaches, sustainability and innovation.

Over time we expect to see improvement across all areas, however, it should be noted that this is an aspirational strategy with actions spanning a number of years. As a result, these outcomes will require long-term commitment. A reviewed Leading Edge Strategy will be in place in time for has been reviewed and windergone a review and new

COMMUNITY

Goal: Working in partnership – shaping a district that celebrates and champions its cultural and social diversity as well as its community spirit.

How will we know when we get there?

Indicators	Commentary	Result ²⁰
We will maintain World Health Organisation (WHO) accreditation as a safe city	We were formally reaccredited as a safe community in June 2016. This no longer operates through WHO – it is now through the Pan Pacific Safe Communities Network. This accreditation demonstrates our capacity to take strategic and proactive steps to prevent injury and promote a culture of safety for everyone in our district. <i>(Source: Receipt of international accreditation)</i>	✓
We will demonstrate restorative city principles	Elected members and 23 staff have now received training in restorative practices and we are using restorative techniques in-house. There are plans to roll out a restorative measurement framework for the whole organisation. <i>(Source: Participation in the Restorative Cities programme)</i>	✓
The percentage of people who indicate high levels of belonging and wellbeing will increase	Overall, 56% of residents indicated that they had a “very high” or “high” level of wellbeing. This was an increase of 1% on the year before.	✓
	Belonging experienced an increase from 51% to 56% in 2017/18. <i>(Source: Community Views Survey)</i>	✓
We will improve our levels of collaboration – with a particular focus	2018 marks the opening of the Innovation Quarter. Whanganui & Partners, Te Mana Atatū, and the Chamber of Commerce have	✓

²⁰ ✓ = achieved; — = not commenced/no result ; ✗ = not achieved

<p>on the 'triple helix' model of education, business and local government</p>	<p>since been joined by 100% SWEET. The Innovation Quarter hosts a range of education, business, tourism and Council events and is occasionally used by visitors to the city for important meetings.</p> <p><i>(Whanganui & Partners report)</i></p>	
<p>We will improve our performance on the Creative Cities Index in relation to 'openness, tolerance, participation and accessibility'</p>	<p>We have not commenced development of our Creative Cities Strategy yet. This indicator has been revised within the refreshed Leading Edge Strategy.</p> <p><i>(Source: Creative Cities Index assessment)</i></p>	<p>—</p>
<p>We will improve our performance on the Creative Cities Index in relation to 'strategic leadership, agility and vision'</p>	<p>As above.</p> <p><i>(Source: Creative Cities Index assessment)</i></p>	<p>—</p>
<p>We will become more culturally diverse</p>	<p>We had more Maori, Pacific peoples, Asian and Middle Eastern / Latin American / African residents between the 2006 and 2013 censuses.</p> <p><i>(Source: Census results)</i></p>	<p>✓</p>
<p>We will review partnership agreements with iwi</p>	<p>Council will focus on strategic engagement with iwi in reviewed relationship agreements. Operational matters will be dealt with separately in a responsive manner on a day to day basis as required.</p> <p>Council has an informal relationship with Ngati Apa on an as required basis. A relationship document based on Te Mana Whakahono a Rohe is being developed between Nga Rauurū Kīitahi, and this Council, Horizons, Taranaki Regional Council and South Taranaki Council.</p> <p><i>(Source: Council records)</i></p>	<p>✓</p>
<p>Satisfaction with Council-iwi partnerships will increase</p>	<p>There was no survey conducted during the year.</p> <p><i>(Source: Internally-delivered survey)</i></p>	<p>—</p>
<p>The community will be more satisfied with Council leadership</p>	<p>Satisfaction with the performance of the Mayor and Councillors increased from 46% to 59% between 2016/17 and 2017/18.</p> <p><i>(Source: Community Views Survey)</i></p>	<p>✓</p>
<p>There will be greater levels of community pride</p>	<p>The sense of community pride rose from 67% to 71% in the current period.</p> <p><i>(Source: Community Views Survey)</i></p>	<p>✓</p>
<p>Our district's performance in relation to national health targets will improve</p>	<p>In June 2018 the government stopped publically reporting on national health targets.</p>	<p>—</p>

CONNECTIVITY

Goal: A dynamic broadly connected district that is accessible, linked in and known for it.

How will we know when we get there?

Indicators	Commentary	Result
We will achieve international benchmarks	We were reaccredited as a Safe Community. <i>(Source: Receipt of international accreditation)</i>	✓
National perceptions of our district as a tourism destination will increase	More people considered Whanganui to be a tourism destination – representing an increase of 13% to 48% in 2017. This was canvassed via an externally delivered National Perceptions Survey which is conducted every two years. <i>(Source: National Perceptions Survey)</i>	✓
We will keep and build on our Smart21 status	Whanganui did not enter the Smart21 awards for 2017/18 however through Whanganui and Partners commitment remains to be part of the Intelligent Community Forum. <i>(Source: International Intelligent Community Forum accreditation)</i>	✓
Visitor numbers to the district will increase	Guest nights within Whanganui increased by 0.9% compared to the previous reporting period. <i>(Source: Commercial Accommodation Monitor)</i>	✓
We will achieve the goal of our Digital Strategy and become 100% Connected	With the completion of the fibre roll-out, ultrafast broadband (UFB) is now available to everyone in Whanganui. Although we have not yet achieved the goal of being 100% connected we remain committed to leading the way in terms of digital innovation with a revised digital strategy underway. <i>(Source: Census results)</i>	—
Satisfaction with roading and connectivity will increase	We measured this for the first time in 2016 through the community views survey with a 50% satisfaction rating. No results are available for this period as it was not included in the 2018 community views survey.	—
	A snapshot in 2016 showed 70% thought that Whanganui had good digital connectivity. <i>(Source: Community Outcomes Survey)</i>	—
More people will be using our walkways	Walkway usage remained relatively high with a 4% increase from 79% to 83% between the current and previous reporting period. <i>(Source: Community Views Survey)</i>	✓

We will have higher rates of tertiary qualifications	More people in the Whanganui district had a Bachelor degree or higher between the 2006 and 2013 Census. <i>(Source: Census results)</i>	✓
We will improve our performance on the Creative Cities Index in relation to ‘communication, connectivity and networking’	We have not commenced development of our Creative Cities Strategy yet. This indicator has been revised within the refreshed Leading Edge Strategy. <i>(Source: Creative Cities Index assessment)</i>	—

CREATIVITY

Goal: A knowledge economy driven by innovation and humming with cultural personality.

How will we know when we get there?

Indicators	Commentary	Result
We will improve our performance on the Creative Cities Index in relation to ‘entrepreneurship, exploration and innovation’	We have not commenced development of our Creative Cities Strategy yet. This indicator has been revised within the refreshed Leading Edge Strategy. <i>(Source: Creative Cities Index assessment)</i>	—
We will improve our performance on the Creative Cities Index in relation to ‘talent and learning’	As above. <i>(Source: Creative Cities Index assessment)</i>	—
The types of jobs we offer will increasingly support a knowledge economy	We have seen a 9.5% increase in information media and telecommunications services employment. <i>(Source: Infometrics)</i>	✓
We will have implemented our Creative Community Strategy	The development of the strategy is currently underway. <i>(Source: Council minutes)</i>	—
We will be using technology and the internet in smart and creative ways to improve productivity	A number of digital projects, including the delivery of free WI-FI to the CBD and an economic tool known as the Bridge are being explored. The Bridge project involves partnerships with Council and external partners and has potential commercial and economic benefits. <i>(Whanganui & Partners report)</i>	✓

ENVIRONMENT

Goal: A district that safeguards its natural resources and provides an environment with a sense of place, identity and vitality.

How will we know when we get there?

Indicators	Commentary	Result
We will meet environmental monitoring targets through the State of the Environment Report	<p>The next State of the Environment Report will be delivered by Horizons Regional Council in 2018. In lieu of this, key service level results reported on annually showed we had successfully met environment monitoring targets including:</p> <ul style="list-style-type: none"> • Compliance with all resource consents for discharge from the wastewater system. • The percentage of users of the Resource Recovery Centre that are satisfied with the overall service provided. • The amount of product recycled through the centre each year. • The number of educational visits to schools on waste minimisation. <p><i>(Source: State of the Environment Report)</i></p>	✓
We will have implemented a Suburban Revitalisation Strategy	<p>This strategy is no longer a focus of Council and was removed from the revised Leading Edge Strategy.</p> <p><i>(Source: Council minutes)</i></p>	—
There will be more people attending events and we will have more of them	<p>Visitor numbers to the district with events was largely stable with a marginal drop (0.7%, 185) in the number of people attending events between the current and previous period. The number of funded events in Whanganui increased by one to eleven events.</p> <p><i>(Source: Event reports)</i></p>	—
We will have achieved the targets in our Waste Management and Minimisation Plan	<p>Work on this strategy will be an ongoing commitment but progress is being made. 15 of the 19 stated actions within the Plan being either completed or partially completed. This includes good progress with increased volumes and types of products being recycled through the Resource Recovery Centre and works towards assessing the community appetite for Council led kerbside waste and recycling collection services. The Strategy is due for review in 2020.</p> <p><i>(Source: Waste Working Party Reports)</i></p>	✓

<p>We will improve our performance on the Creative Cities Index in relation to ‘distinctiveness, diversity, vitality and expression’</p>	<p>We have not commenced development of our Creative Cities Strategy yet. This indicator has been revised within the refreshed Leading Edge Strategy.</p> <p><i>(Source: Creative Cities Index assessment)</i></p>	<p>—</p>
<p>We will improve our performance on the Creative Cities Index in relation to ‘the place and place making’</p>	<p>As above.</p>	<p>—</p>
<p>We will achieve Enviro-Mark accreditation for our facilities where appropriate</p>	<p>The Strategy and Finance Committee resolved to implement some internal monitoring measurements as part of the 10-Year Plan 2018-28. Future consideration will be given to looking at an external auditor.</p> <p><i>(Source: Receipt of Enviro-Mark accreditation)</i></p>	<p>—</p>
<p>We will meet Intelligent Community sustainability criteria</p>	<p>Whanganui did not enter the Intelligent Community awards for 2017/18.</p> <p><i>(Source: Intelligent Community Forum awards programme)</i></p>	<p>—</p>

ECONOMY

Goal: An easy-living place of choice for all – flourishing with employment and development opportunities.

How will we know when we get there?

Indicators	Commentary	Result
There will be more jobs – including more jobs in ICT as measured by the Intelligent Community Forum benchmarking process	There were approximately 267 new jobs created in Whanganui over the last 12 months <i>(Source: Infometrics)</i>	✓
Our median income will increase	Our median income increased from \$19,800 to \$23,500 between 2006 and 2013. This compares to a median of \$28,500 for all of New Zealand. <i>(Source: Census results)</i>	✓
We will have more people in employment	We've seen an increase of 1.4% in employment with total employment sitting at 19,369. <i>(Source: Ministry of Social Development)</i>	✓
Our GDP will grow	Our GDP grew by 2.4% - it is now \$1,457 million <i>(Source: March 2017 Infometrics)</i>	✓
We will have more people in our district	Our population declined from 42,639 to 42,153 between Census periods. However, our population forecast for 2017 is 44,500. <i>(Source: Infometrics)</i>	✓
We will have more people with NCEA Level 2	The percentage of students with NCEA Level 2 increased by 0.5% from 81.3% (2015) to 81.8% (2016). A formal school qualification is a measure of the extent to which young adults have completed a basic prerequisite for higher education and training, and many entry-level jobs. <i>(Source: Ministry of Education)</i>	✓
We will perform well on the Affordability Index	The Affordability Index measures the affordability of housing by comparing average current house values with average annual earnings. The overall Manawatu/Whanganui regional housing affordability has decreased by 10.6% from the previous reporting period to 14.2. The housing affordability measure for Whanganui District has had a corresponding increase from 79.2% to 81.2%. A higher percentage indicates less affordable housing. <i>(Source: Massey University Home Affordability Report and MBIE HAM results)</i>	✗
	Results from the 2017 Community Views Survey showed and overall increase in positive lifestyle	—

<p>More people will have a positive view of the lifestyle benefits in Whanganui – both internally and externally</p>	<p>factors. Comparable lifestyle factors were not actively surveyed in the 2018 Community Views Survey.</p> <p><i>(Source: Community Views Survey)</i></p>	
	<p>Respondents to the 2017 National Perceptions Survey had a more positive view of all the lifestyle factors canvassed. The survey is conducted every two years.</p> <p><i>(Source: National Perceptions Survey)</i></p>	✓
<p>Our residents' satisfaction in relation to their standard of living will improve</p>	<p>We measured this online for the first time in 2016. In total 67% of people were satisfied with their current material standard of living. A telephone survey in 2011 found that 70% were happy with this. However, it should be noted that this was a 'snapshot' of community perceptions drawn from a small sample size.</p> <p><i>(Source: Community Outcomes Survey)</i></p>	—
<p>We will meet the targets in our Economic Development Strategy</p>	<p>Changes at Whanganui & Partners delayed development of a new Economic Development Strategy. This project, led by Council, is now underway. In the interim the focus is on delivering economic growth informed by the 2018/2019 Statement of Intent.</p> <p><i>(Source: Whanganui & Partners report)</i></p>	—
<p>Our schools will have more international students</p>	<p>Comparing reporting periods, there are more international students in 2016 compared to 2017, with totals 136 and 138 respectively.</p> <p><i>(Source: Ministry of Education)</i></p>	✓
<p>We will improve our performance on the Creative Cities Index in relation to 'liveability and wellbeing'</p>	<p>We have not commenced development of our Creative Cities Strategy yet. This indicator has been revised within the refreshed Leading Edge Strategy.</p> <p><i>(Source: Creative Cities Index assessment)</i></p>	—
<p>We will improve our performance on the Creative Cities Index in relation to 'professionalism and effectiveness'</p>	<p>As above.</p>	—
<p>There will be more tertiary and trade training opportunities in our district</p>	<p>Compared to the last reporting period the number of tertiary and trade training opportunities has remained stable at 105.</p> <p><i>(Source: Tertiary Education Commission)</i></p>	—
<p>We will have access to capital for business start-ups and expanding businesses, in line with Intelligent</p>	<p>Whanganui & Partners have continued to explore options for raising capital for business. A recent expression of interest by a returning local (with experience in this area) has been</p>	✓

Community Forum benchmarking measures	welcomed and we will work with them to assist in the establishment of a viable fund. <i>(Source: Whanganui & Partners report)</i>	
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Community Outcomes and identified effects on community wellbeing

SOCIAL

Groups that are primarily linked:

- Water supply
- Stormwater drainage
- Waterways and natural drainage
- Sewerage and the treatment and disposal of sewage
- Provision of roads and footpaths
- Parks and recreation
- Community and cultural
- Economic development
- Community facilities and services
- Transportation
- Corporate

The social connectedness of our community continued to be supported and the value of diverse voices recognised. We achieved inclusiveness by providing multiple platforms for community participation. Our online panel has continued to be an excellent resource for receiving feedback along with Council's *Our District Your Say* page providing residents further opportunities to engage with Council and enabling them to be a part of the decision making process.

We maintained our World Health Organisation (now Pan Pacific Safe Communities Network) accreditation as a safe city demonstrating our strategic approach to prevent injury and promote a culture of safety. We continued to demonstrate restorative city principles with Elected Members and 23 staff receiving training in restorative practices.

We remained committed to working in conjunction with the community to advance the health and safety of our district. This effort continues to be driven by Safer Whanganui including the development of a Safer Whanganui Strategic Plan.

There was an increase in people who indicated high levels of belonging and wellbeing as well as an increase in community pride.

Indicators and actions reveal a commitment to enhancing community partnerships, reinforced by our commitment to increase our online presence and finding new ways of connecting with our communities.

ECONOMIC

Groups that are primarily linked:

- Water supply
- Provision of roads and footpaths
- Parks and recreation
- Community and cultural
- Economic development
- Community facilities and services
- Transportation
- Investments
- Corporate

We focused on enhancing economic growth and wellbeing, improving business success, and employment opportunities through Whanganui and Partners who worked collaboratively with other organisations across the region. Development of a new Economic Development Strategy is underway that will define the strategic direction of economic growth in the district.

Visitor numbers and visitors to the iSite increased. Visitor spend is no longer measured in the same way so the result cannot be provided under the same terms.

We have been implementing our Business Friendly Policy to enhance a business friendly environment and deliver business friendly services to facilitate economic development, and in particular a growth in the number of jobs.

Indicators and actions generally signify support and progress towards our economic growth. Over the last year there has been approximately 267 jobs established, there was an increase in median income, we have more people in employment and our GDP grew by 2.4%.

Again the amount of people obtaining NCEA Level 2 increased and through Whanganui and Partners provide access to capital for business start-ups and expanding businesses.

ENVIRONMENTAL

Groups that are primarily linked:

- Stormwater drainage
- Waterways and natural drainage
- Sewerage and the treatment and disposal of sewage
- Community facilities and services

We continued with a focus on our district's sustainability and efficient use of resources including water mains replacements and progressing through work on our new bore. We have completed consented activity to perform pump testing and sustainable water flow which has helped us understand water flow and pressure in our network.

As part of the development of our Long Term Plan 2018-2028 we set some internal environmental monitoring measures to start tracking how our energy use, fuel use and waste and minimization.

We completed the build of our new wastewater treatment plant under budget.

We continued to work on our Waste Management and Minimisation Plan with 15 of the 19 actions either completed or partially completed. Indicators showed an increase in volumes and types of products being recycled through the Resource Recovery Centre and a 100% satisfaction rate.

We are making progress towards assessing the community appetite for Council led kerbside waste and recycling collection services. There was also an increase in educational visits to schools.

Ensuring our built environment is cared for sustainably while also protecting heritage was a key focus with both the War Memorial Centre and Sarjeant Gallery both having earthquake strengthening work done on them. We continued to implement our Town Centre Regeneration Strategy.

CULTURAL

Groups that are primarily linked:

- Parks and recreation
- Community and cultural
- Economic development
- Community facilities and services
- Transportation
- Corporate

We continued to promote and host a range of cultural and recreational events during 2017/18. These included a wide range to reflect the diversity of the Whanganui community.

Once again we continued to provide support for the iconic Vintage Weekend and Open Artists Studio. In December 2017 Cooks Garden played host to the inaugural Vibe (music) Festival aimed at the 12-24 year old demographic with ticket sales revenue going to Youthline. The event also promoted the various avenues of support for youth in the community.

Arts and active transport collaborated this year to host the Light Up Bike Spectacle, aligning with the Active Transport Strategy. The aim was to normalise biking in everyday activity and to use the shared pathways in a creative way.

We were selected to participate in the Welcoming Communities New Zealand Pilot Programme led by Immigration New Zealand and the Office of Ethnic Communities. As a result we have developed our own Welcoming Communities Strategic Plan that will be implemented throughout 2018/19.

Indicators were slightly more mixed, there was an increase in the usage of footpaths and walkways with other recreational facilities having a slight decrease. The number of visitors to our cultural facilities varied, with some seeing an increase in users and others seeing a decrease.

Council Controlled Organisations

Whanganui District Council Holdings Limited

Objectives

1.1 The Board intends to operate as a successful business in relation to its investments to the monitoring roles assigned to it under contract by WDC.

The directors have closely monitored the performance of both its own investments and those assigned to it by WDC. The Board has worked with WDC staff to monitor current investment and develop new investment opportunities, with regular feedback being provided to its shareholder.

1.2 The company aims to improve the long term value and financial return that WDC receives from its trading undertakings.

WDCHL's directors have continued to closely monitor the company's progress and have aggressively advised on implementing new income streams and have taken advantage of risk mitigating courses of action.

1.2.1 Optimise financial and physical resources through close scrutiny of potential areas of inefficiency, waste or under-utilisation of capital.

The Directors all have extensive and varied commercial experience which when combined provides a wide set of skills that can provide solutions to issues of inefficiency or under-utilisation of capital. This has been evidenced by our involvement in the shellrock venture at Waitaihanga, and working alongside Iwi to co-develop the shellrock reserve at Kaiwhiaki.

1.2.2 Provide prudent management of investments and timely, constructive professional advice regarding its position as shareholder in Wanganui Gas Limited, and any other subsidiary companies or undertakings.

In 2014, as a result of the review, it was decided to replicate the Directors of Wanganui Gas Limited onto the Board of Whanganui District Council Holdings Limited to provide for a more streamlined and co-ordinated governance model. In addition, WDCHL's directors sit on the Airport Management Board, worked along-side external contractors with the Forestry portfolio, worked along-side WDC staff with regard to property matters, including monitoring the Port operations, and investigated new commercial projects such as property development opportunities, shell rock extraction agreements, and the purchase of a flight school.

1.2.3 Meet the expectations of WDC for quality, competitively priced strategic planning advice on investments and trading undertakings.

The Board meets six-weekly to discuss its portfolio performance and the Chairman has reported to Council every meeting to update the Council on matters.

1.2.4 Review and advise on the strategies and plans of any subsidiary company, business unit or asset as requested by WDC.

Board meetings are held on a six-weekly basis, and regularly include the Chief Executive of the Council for part of the meeting, which enables open communication regarding matters concerning the Council. Board papers include reports on each area under WDCHL's governance portfolio.

1.2.5 Be a good corporate citizen and exercising the appropriate level of social responsibility toward the community and the environment, consistent with the conduct of a sustainable and profitable business.

WDCHL's Directors are experienced directors who have had significant training and experience in the operations of a Board and the concept of governance. The directors are aware of the responsibilities of local government as defined by the Local Government Act 2002 and carry out their decision making with the benefits to the ratepayers of the Whanganui District in the forefront in addition to ensuring the sustainability and profitability of the business.

Performance targets

2 To break-even for the financial year

		Budget	Actual	Actual
		2017/18	2017/18	2016/17
Surplus/(deficit) after dividends		\$82,100	(\$878,000)	\$64,000
Dividend received		\$800,000	\$1,250,000	\$1,050,000
Dividend paid		\$0	\$0	\$0

The directors of GasNet Ltd resolved to pay a subvention payment of \$600,000 directly to Whanganui District Council instead of paying this as a dividend to WDCHL. This, together with unbudgeted revaluations of derivative financial instruments, and an impairment of Port Assets of \$1.02M (which are to be transferred to Council), were the main reasons for the variance between actual and budget for 2018.

3 To facilitate GasNet Limited to achieve the performance targets identified in its Statement of Intent

On 30th June 2016 Wanganui Gas Limited, Wanganui Gas No 1 Limited, Wanganui Gas No 3 Limited and GasNet Limited were amalgamated to become GasNet Limited. The directors have closely monitored the Whanganui District Council's investment in GasNet Limited, with three Directors of WDCHL, including the Chairman, sitting on the GasNet Board. The Board has facilitated the continuance of the Council's investment with variances to performance targets being monitored.

GasNet Limited

Statement of Intent

For the year ended 30 June 2018

GasNet Limited (the Company) is a company formed in accordance with and registered under the Companies Act 1993. The Company is incorporated in New Zealand and is domiciled in Wanganui, New Zealand. The Company's parent entity is Wanganui Gas Limited.

The Statement of Intent sets out the overall intentions and objectives of GasNet Limited for the year beginning 1 July 2017.

Objectives

The Directors intend that the Company operate as a successful business and be at least as profitable and efficient as other gas distribution network companies.

The Company aims to provide a reasonable rate of return to its Shareholder after retaining adequate earnings for future business requirements.

Activities

The Company's core business is that of network infrastructure utility company with interests in natural gas distribution networks.

Performance Targets

The performance of the Company will be judged against the following measures:

KPIs

	Target 2017/18	Actual 2017/18	Actual 2016/17
Health and Safety			
Incidents Reported (No)	5	3	3
Lost Time Incidents	0	0	0
Lost Time Rate	0	0	0
Financial Performance			
EBITDA (before subvention payment)	\$3.48m	3.53m	\$4.45m
Capex Depreciation Ratio	1.0	0.9	0.8
Rate of Return (minimum)	8.0%	8.24%	11.9%
Accumulated profits and capital reserves	\$1.60m	\$1.25m	\$1.65

	Target 2017/18	Actual 2017/18	Actual 2016/17
distributed to shareholder			
Network Throughput			
Total Throughput	1.33 PJ	1.24 PJ	1.28 PJ
UFG (Unaccounted For Gas)	1.00%	1.40%	1.48%
Operational Financial Performance			
Direct & Indirect Costs per consumer	\$190	\$210	\$209
Direct & Indirect Costs per GJ conveyed	\$1.46	\$1.69	\$1.62
Network Reliability			
Planned Interruptions (Class B)			
Consumer Hours Lost	400	310.27	126.95
SAIDI		1428.70	588.50
SAIFI		6.14	4.87
CAIDI		232.70	120.90
Unplanned Interruptions (Class C)			
Consumer Hours Lost	200	640.17	75.83
SAIDI		2947.81	351.54
SAIFI		7.14	4.48
CAIDI		413.01	78.45
Unplanned Third Party Interruptions (Class I)			
Consumer Hours Lost	100	18.65	51.83
SAIDI		85.88	240.28
SAIFI		1.07	2.40
CAIDI		79.93	100.32
Total Interruptions			
Consumer Hours Lost	700.00	969.09	254.61
SAIDI		4462.39	1180.33
SAIFI		14.35	11.74
CAIDI		310.94	100.51
Third Party Interference Damage (No)	50	22	25
Public Reported Gas Escapes (No)	50	28	29

Explanation of acronyms above:

System Average Interruption Duration Index (SAIDI) – represents the average number of minutes a consumer was without gas during the reporting period

System Average Interruption Frequency Index (SAIFI) - represents the average number of interruptions that a consumer experiences during the reporting period.

Consumer Average Interruption Duration Index (CAIDI) – represents the average duration in minutes that a consumer experienced during the reporting period

Assessment

The Company is of the opinion that, as a reasonable and prudent operator, it has achieved the above performance targets within acceptable margins and continues to exercise tight cost controls on the financial KPIs. A subvention payment was made to Whanganui District Council which reduced the EBITDA figure by \$600,000. The company also advanced \$1.25M to the parent Whanganui District Council Holdings Ltd as a dividend. The company undertook a revaluation of its infrastructural assets using a discounted cash flow model resulting in a net increase to capital reserves of \$2.822M.

The total number of consumer hours lost due to unplanned interruptions (Class C) was significantly greater than previous years. The variance is mainly due to one event in April 2018 when pressurized water entered the low pressure gas network in Downes Avenue, Whanganui effectively blocking the gas main and interrupting all supplies. This event contributed 556 hours to the total 640 hours of unplanned interruptions. It is worthy of note that the cause of the water ingress was not identified and if damage by a party had been identified, the interruptions may have been classed unplanned third party damage (Class 1).

The number of consumer hours lost due to unplanned third party damage (Class C) was low with less incidents and none affecting more than one supply.

Planned Interruptions (Class B) were low again this year due to fewer connections to the mains that were replaced than usual. One mains renewal project in Heads Road and Carlton Avenue incurred 130 of the total 310 hours during changeover of the gas services to the new main.

The Board has met on five occasions during the financial year and have closely monitored the company's progress, using a substantial range of both financial and non-financial measures.

New Zealand International Commercial Pilot Academy Limited (NZICPA)

Description of Entity's outcomes

The New Zealand International Commercial Pilot Academy (NZICPA) exist to train professional flight-deck crew for the global aviation industry. The business is intended to operate as a profit centre within the wider Whanganui District Council Holdings (WDCHL) portfolio. The business was established under a regional economic development mandate and accordingly seeks to enable spend from New Zealand and international students within the district. NZICPA acts in alignment with corporate social responsibility best practice, and this is particularly focussed on a community approach to youth development.

Description and Quantification of the Entity's outputs

NZICPA provides professional flight training programmes for New Zealand and international students. New Zealand students typically complete training for a Private Pilot Licence, or a level 5 or 6 New Zealand Diploma in Aviation qualification. Flight training and education is delivered

IAW New Zealand rules and regulations for both education and aviation, including those established by; Tertiary Education Commission (TEC) and New Zealand Qualifications Authority (NZQA) and Civil Aviation Authority (CAA).

NZICPA delivers the following programmes and or qualifications:

- Private Pilot Licence (aeroplane).
- Commercial Pilot Licence (aeroplane).
- New Zealand Multi-engine Instrument Rating.
- Aerobatics Rating.
- New Zealand Diploma in Aviation (Aeroplane) General Aviation Strand (level 5)
- New Zealand Diploma in Aviation (Aeroplane) Flight Instruction Strand (level 6)
- New Zealand Diploma in Aviation (Aeroplane) Airline Preparation Strand (level 6)

Generally, in New Zealand the minimum pilot hours requirement for employment by a passenger airline exceeds the hours attained during flight training. Accordingly many young pilots are employed as flight instructors following their training courses to gain experience. NZICPA employs a high number of graduates who have completed the initial flight instructor qualification.

Performance Results

NZICPA is regularly assessed through detailed audit as an aviation, education and Council Controlled Organisation.

NZICPA has maintained the highest education organisation ranking against the NZQA External Evaluation and Review (EER) assessment criteria, being Highly Confident in Educational Performance (1), and Highly Confident in Capability and Self-Assessment.

NZICPA completed CAA re-entry audit for both certificates, including the Part 141 approved training organisation (ATO) and Part 135 air operator. The detailed and comprehensive audit was completed with no findings.

Regular audit by Audit New Zealand demonstrates sound business procedures and processes are applied across the organisation.

NZICPA is a signatory to the Code of Practice for the Pastoral Care of International Students.

Description and Quantification of the Entity's Outputs

NZICPA delivered an ambitious programme during FY 17/18, including completing a significant facility project, and relocating from the Feilding Aerodrome to the Whanganui Airport. The organisation encountered a significant delay in completing the complex project and as a result operated from three temporary locations for a period of four months. Coupled with personnel and fleet turnover, the outcome was a reduction in completed flying against those planned. Specifically, 3,926 hours were flown against the planned 5,600.

The transition to Whanganui has resulted in increased costs. As a result of establishing a purpose-built flight training centre, NZICPA has increased operating costs (building lease, insurance, power, and ground maintenance), and increased airport usage fees (landing fees).

Despite a complex year NZICPA maintained superior results against CAA, NZQA and Audit New Zealand measures of performance. Furthermore the company maintained financial viability.

NZICPA completed CAA re-entry audit for both certificates, including the Part 141 approved training organisation (ATO) and Part 135 air operator. The detailed and comprehensive audit was completed with no findings.

NZICPA is a signatory to the Code of Practice for the Pastoral Care of International Students.

Description and Quantification of the Entity's Outputs		
	2018	2017
EBITDA for the year before one off costs	(436,679)	(135,564)
One off Costs	-	-
EBITDA	(436,679)	(135,564)
Other Performance Objectives	2018	2017
Donations	100	100
Flying hours available to community groups	67	-

Whanganui Airport Joint Venture (WAJV)

The primary objectives of the airport operation are to:

- Provide high quality facilities and service commensurate with existing levels of aviation activity and in accordance with all the appropriate Acts, Regulations and Rules pertaining to airport and aviation operations in line with the size of Whanganui Airport.
- Operate the airport in a sound and business-like manner.
- Improve the long term value and financial performance of the airport while improving the economic value of the airport to Whanganui.

The objectives of the Whanganui Airport Joint Venture for this financial year and the following two financial years are clearly specified in the statement of intent which was approved by the joint partners.

These objectives are listed below with the relevant targets and measure(s) of performance, and the performance achieved during the financial year.

Objective

Operate the airport in a sound and business-like manner.

Performance measure

Reduction of the current loss position to 'break even' or to a level acceptable to Council in light of the CCO's economic value to Whanganui.

Achievement

	2014	2015	2016	2017	2018
Net Profit/(Loss)	-239,000	-226,000	-253,000	266,000	-313,000

The 2014 figure has been adjusted to take into account a prior year adjustment due to errors on valuation, and includes a \$101,000 loss on revaluation. The 2017 figure includes an \$884,000 gain on revaluation.

The airport was operated in a business-like manner. Cost control was a focus again this year, with a reduction in a number of costs, such as maintenance and contractors and personnel costs; but this was offset by an increase in a number of expenses such as compliance costs (primarily regulation changes) and materials. Operating income was slightly up from 2017 due to an increase in café usage and landing fees due to the increasing use of the Airport.

The result is acceptable to the Joint Venture Partners.

Objective

Provide high quality facilities and service commensurate with existing levels of aviation activity and in accordance with all the appropriate Acts, Regulations and Rules pertaining to airport and aviation operations of the size of Whanganui Airport.

Performance measure

Compliance with all aspects of Part 139 of Civil Aviation Rules with a minimum of one requirement per inspection.

Achievement

Full compliance with Civil Aviation Rules Part 139 was achieved. The CAA audit in February 2017 had no findings.

Objective

Improve the long term value and financial performance of the airport along with improving the economic value of the airport to Whanganui.

Performance measure

Delivery of an activity plan and subsequent achievement of the individual targets outlined within that plan.

Achievement

The Joint Partners continue to investigate ways of improving revenue streams as well as controlling costs. Directors meet on a six to eight week cycle to monitor the performance of the Airport. Positive development continues with the direction being taken by the airport aimed at increasing user satisfaction.

Exempt Council Controlled Organisations

Whanganui River Enhancement Charitable Trust

The purposes of the Whanganui River Enhancement Charitable Trust are to promote the enhancement of the quality of the waters and catchment of the Whanganui River; to encourage other parties to promote the enhancement of the quality of the waters and catchment of the Whanganui River; to make funds available to allow river enhancement projects (social, economic and environmental) to be undertaken; to contribute to public education about the health and wellbeing of the Whanganui River; and to assist in the education of students engaged in full-time tertiary study, where that study is relevant to the Whanganui River.

Although Council appoints two of the six Trustees (two also appointed by Ruapehu District Council) they do not exercise significant influence over the Trust. Genesis contributes all revenue, and provides management and accounting personnel. The life of the Trust is linked to the resource consents of Genesis's Tongariro Power Development.

The Whanganui River Enhancement Charitable Trust has been exempted according to section 7 of the Local Government Act 2002 (the Act). It is therefore not a Council Controlled Organisation for the purposes of the Act.

Sarjeant Gallery Trust Board

The purpose of the Sarjeant Gallery Trust Board is to promote and foster the interests of the Whanganui Sarjeant Gallery and the interests of Whanganui's art and artists.

The Whanganui Sarjeant Gallery provides a nationally recognised art experience for both residents of Whanganui and visitors. In addition to providing up-to-date exhibitions, it facilitates educational talks and forums, as well as providing artists a platform for displaying local art.

The Sarjeant Gallery Trust Board has been exempted according to section 7 of the Local Government Act 2002 (the Act). It is therefore not a Council Controlled Organisation for the purposes of the Act.

Manawatu-Whanganui Local Authority Shared Services Limited (MW LASS Ltd)

MW LASS Ltd was formed in October 2008 to provide an 'umbrella vehicle' for the councils of the Manawatu-Whanganui region to investigate, procure, develop and deliver shared services.

Such services will be initiated under the umbrella of MW LASS Ltd where a business case shows that they provide benefits to the council users by either improved levels of service, reduced costs, improved efficiency and/or increased value through innovation. Current work is being undertaken on establishing a common debt collection unit, enabling participating councils to benefit from the use of specialised debt collection resources.

Annual report disclosure statement

For the year ending 30 June 2018

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.

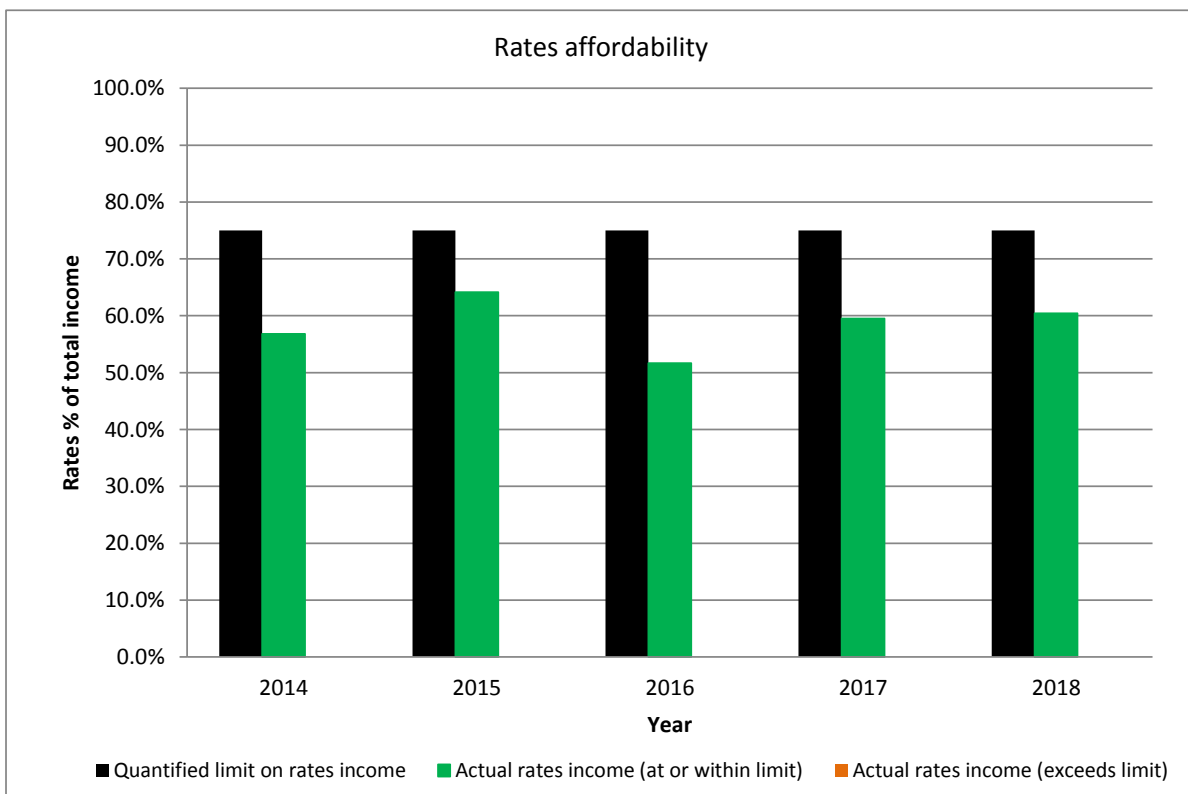
Rates affordability benchmark

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.

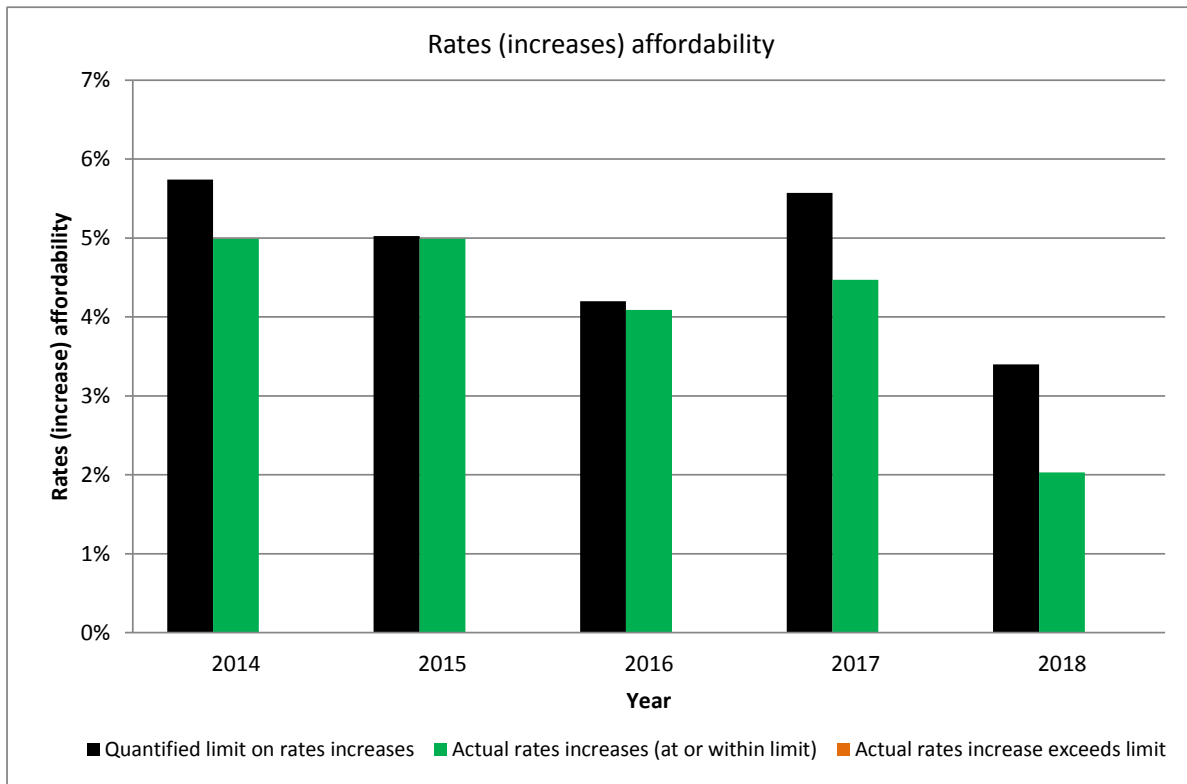
Rates (income) affordability

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 measured in that rates (excluding metered water, trade waste and penalties) will not be more the 75% of Council's income.



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 2% plus targeted rates for debt repayment or natural disaster.



Debt affordability benchmark

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

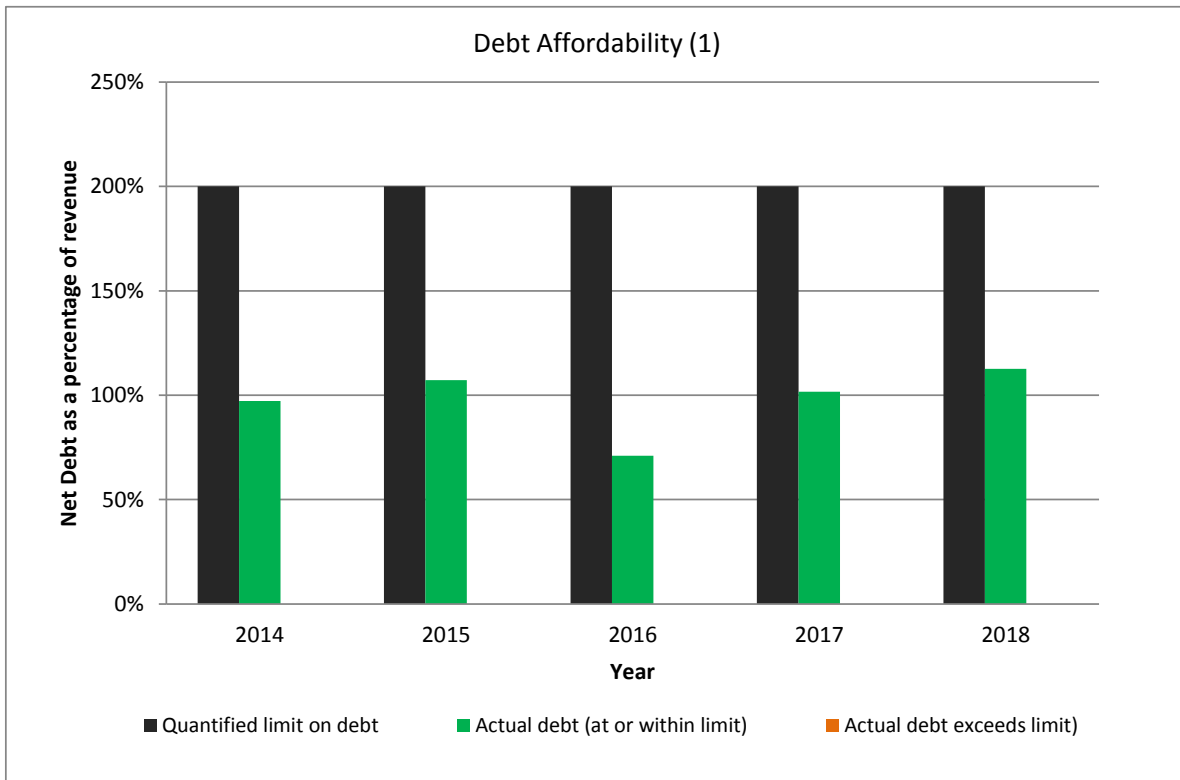
Council's limits on borrowing identified in the Liability Management Policy, included in the long term plan 2015-2025 are:

- (1) Net debt will not exceed 200% of total revenue
- (2) Net interest will not exceed 15% of total revenue
- (3) Net interest will not exceed 20% of annual rates (excluding metered water, trade waste and penalties)
- (4) Liquidity (external debt + cash or near cash financial investments + committed loan facilities will be greater than 110% of external debt)"

The following graph compares the council's planned debt with a quantified limit on borrowing contained in the financial strategy included in this long-term plan.

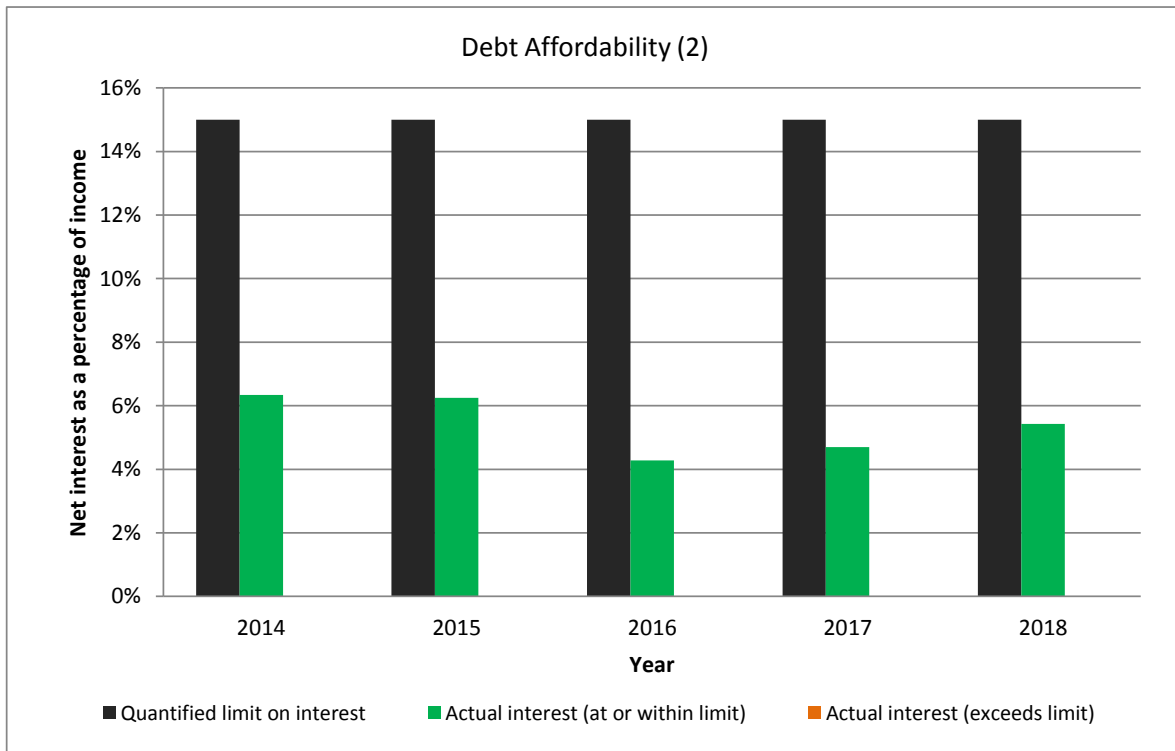
The quantified limit is that (1) Net debt will not exceed 200% of total revenue

The council meets the debt affordability benchmark if planned net debt is less than 200% of total planned revenue.



The following graph compares the council's planned debt with a quantified limit on borrowing contained in the financial strategy included in this long-term plan.

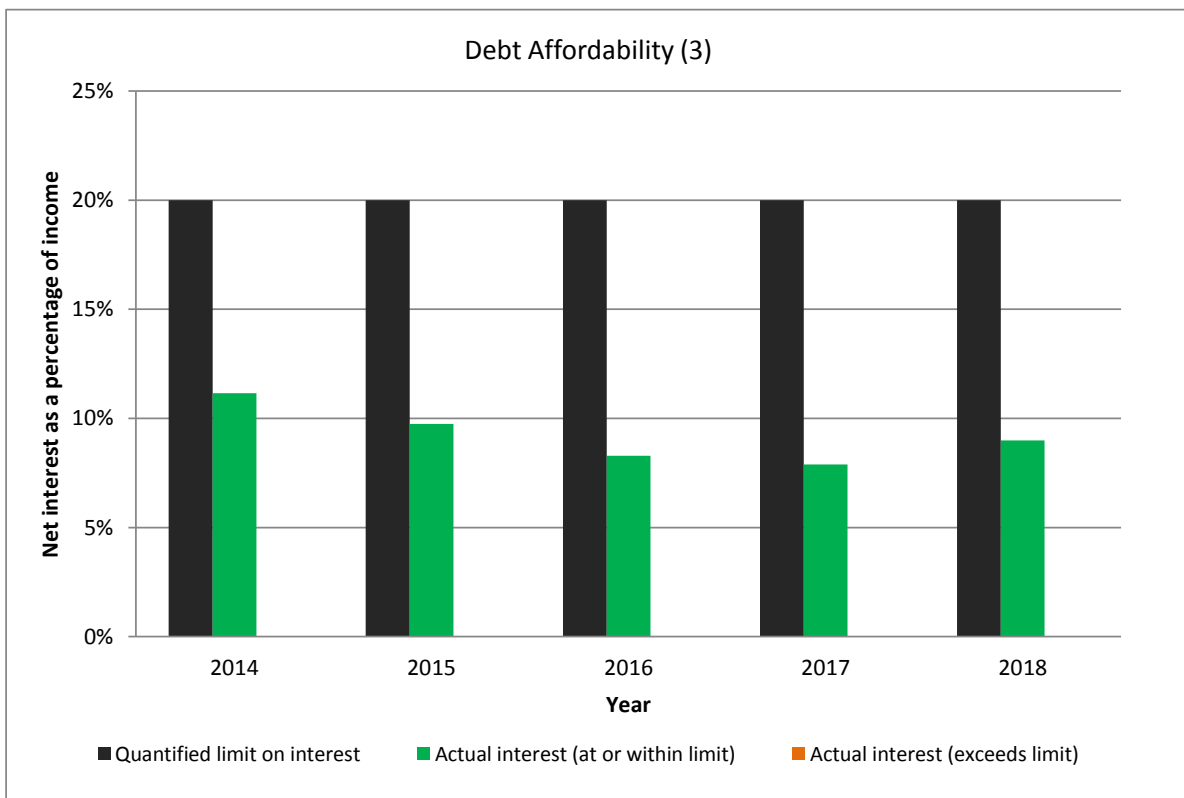
The quantified limit is that (2) planned net interest will not exceed 15% of total planned revenue. The council meets the debt affordability benchmark if planned net interest is less than 15% of total planned revenue.



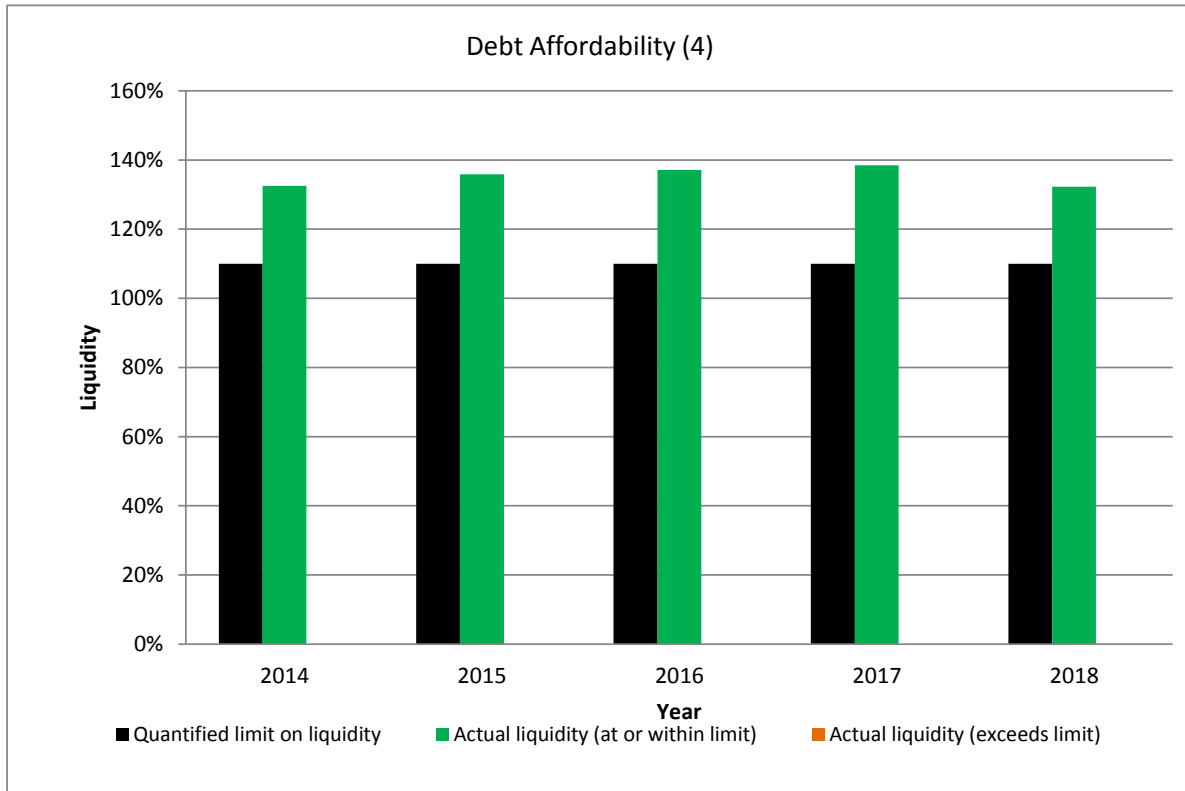
The following graph compares the council’s planned debt with a quantified limit on borrowing contained in the financial strategy included in this long-term plan.

The quantified limit is that (3) planned net interest will not exceed 20% of planned annual rates income (excluding metered water, trade waste and penalties).

The council meets the debt affordability benchmark if planned net interest is less than 20% of planned annual rates income (excluding metered water, trade waste and penalties).



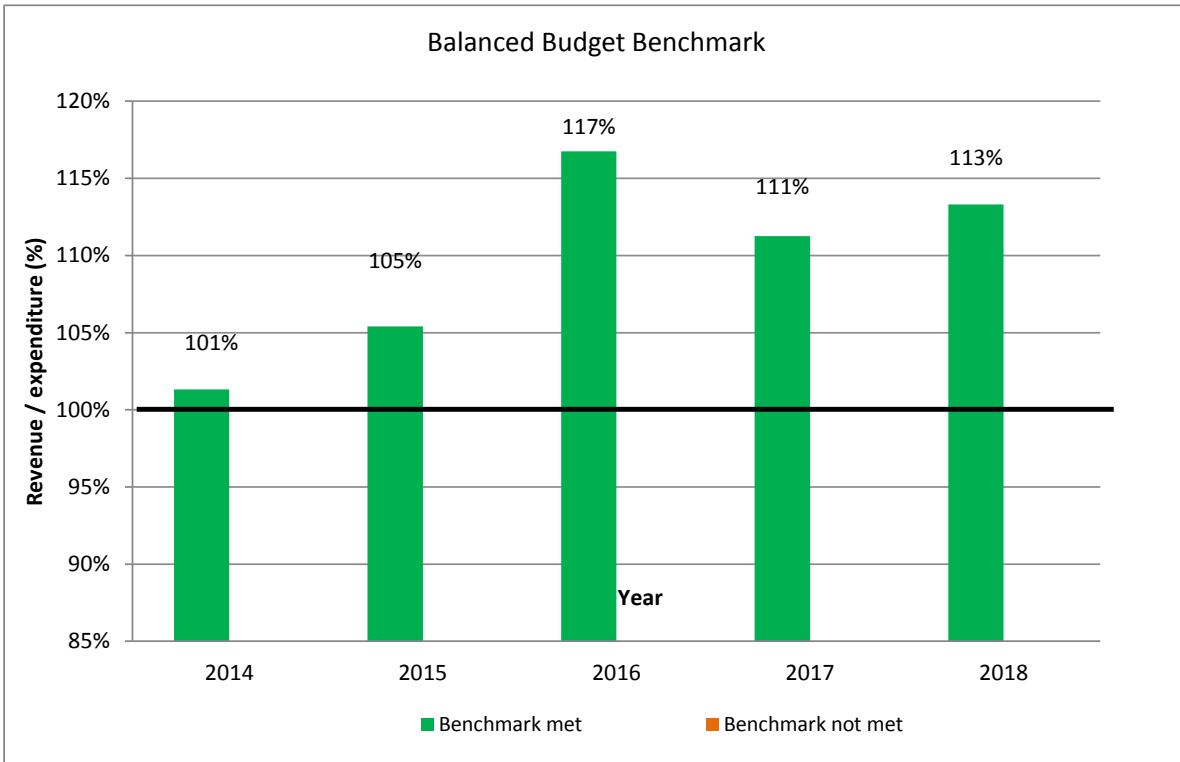
The following graph compares the council's actual liquidity, to ensure that external debt + cash (or equivalent) + committed loan facilities are greater the 110% of current external debt. The council meets this debt affordability benchmark if its actual liquidity is greater than 110% of external debt.



SUSTAINABILITY BENCHMARKS

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.

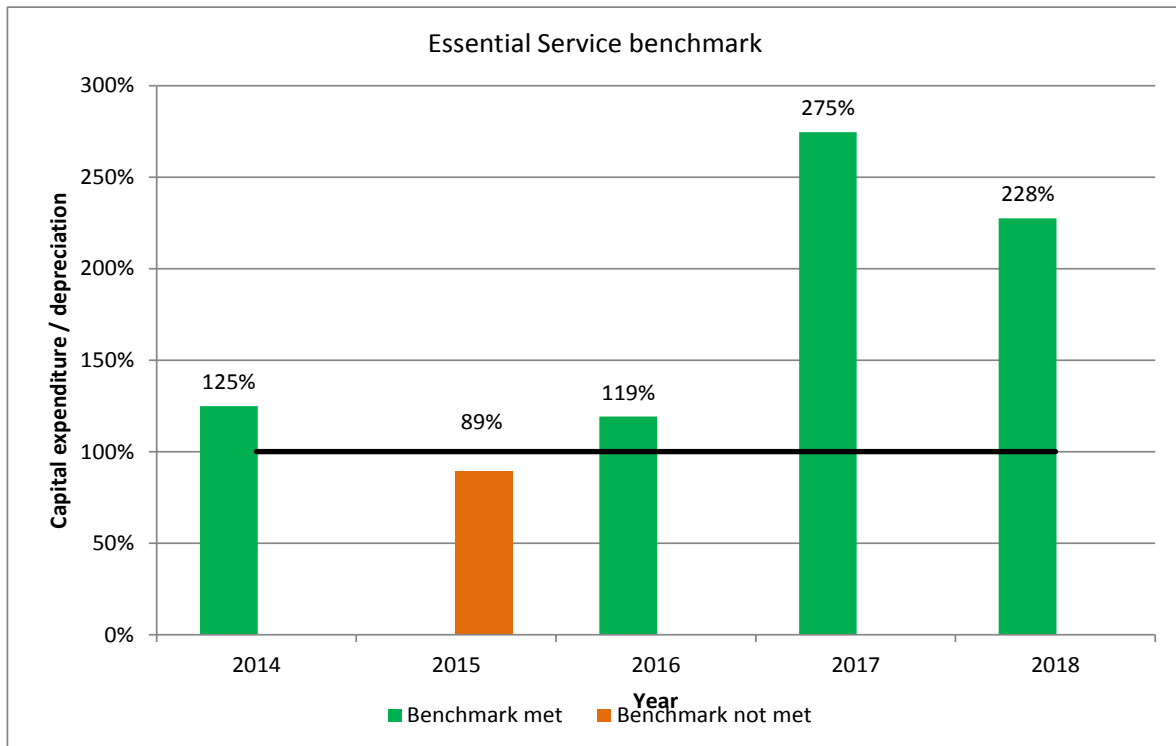


SUSTAINABILITY BENCHMARKS

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.

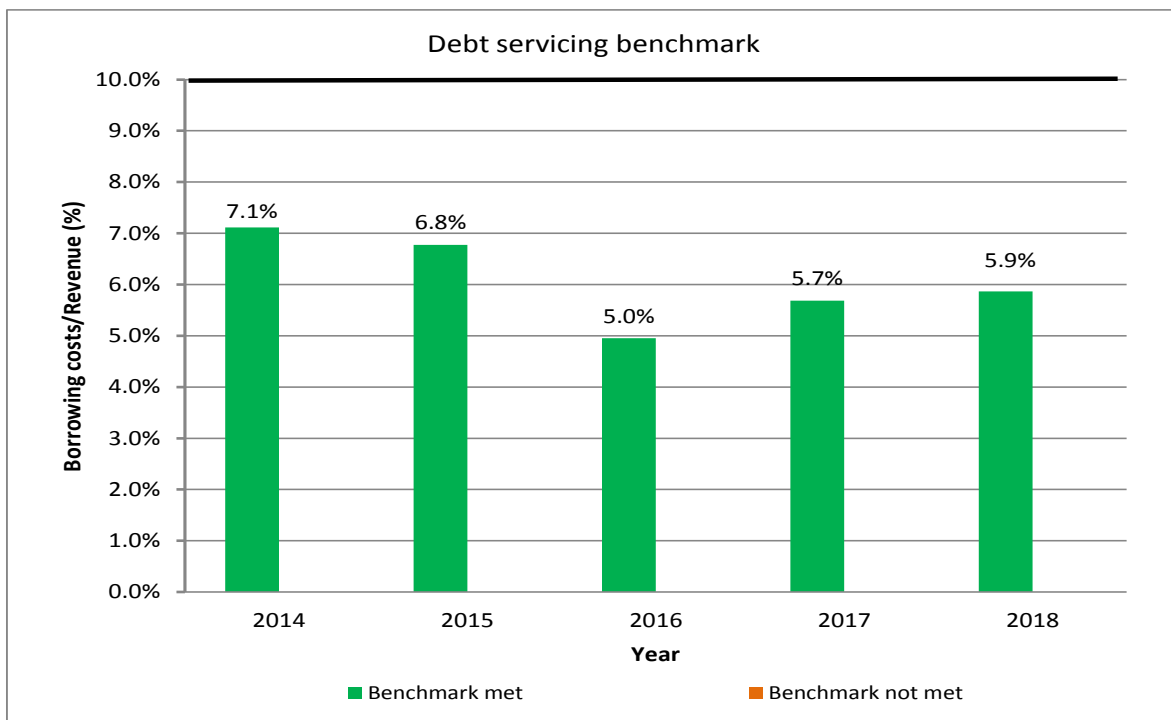


SUSTAINABILITY BENCHMARKS

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.

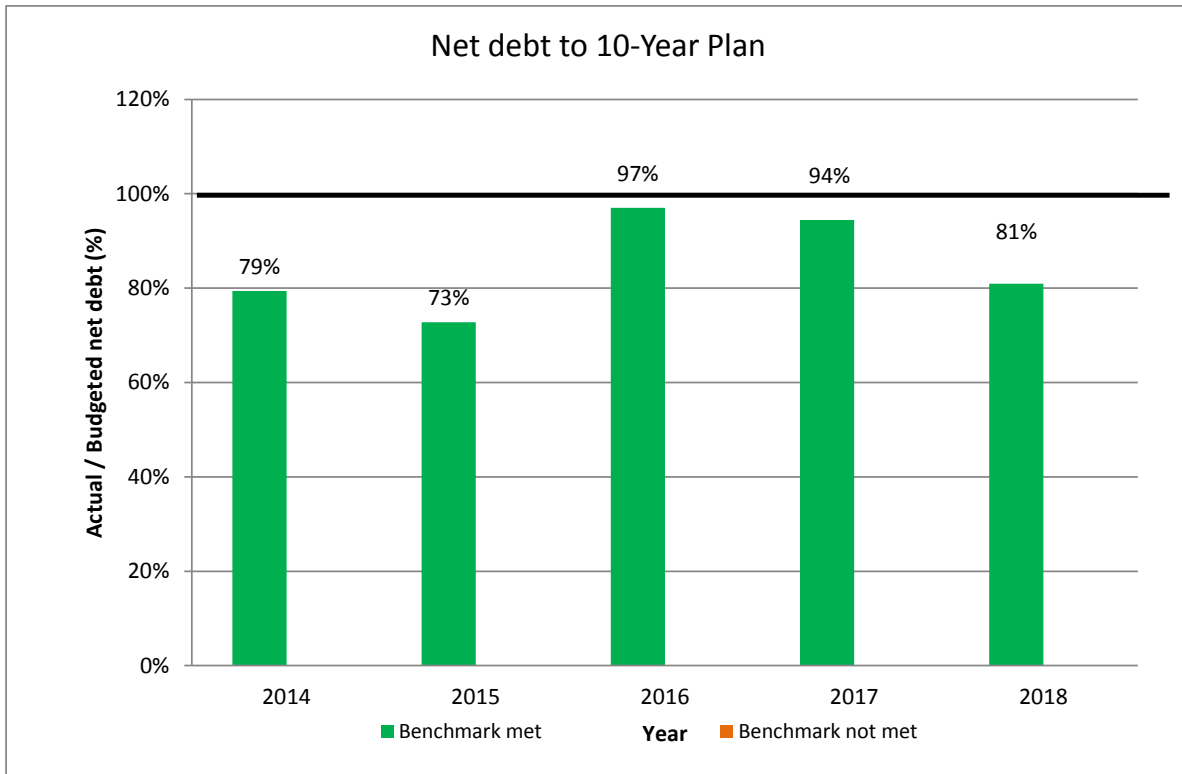


PREDICTABILITY BENCHMARKS

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.

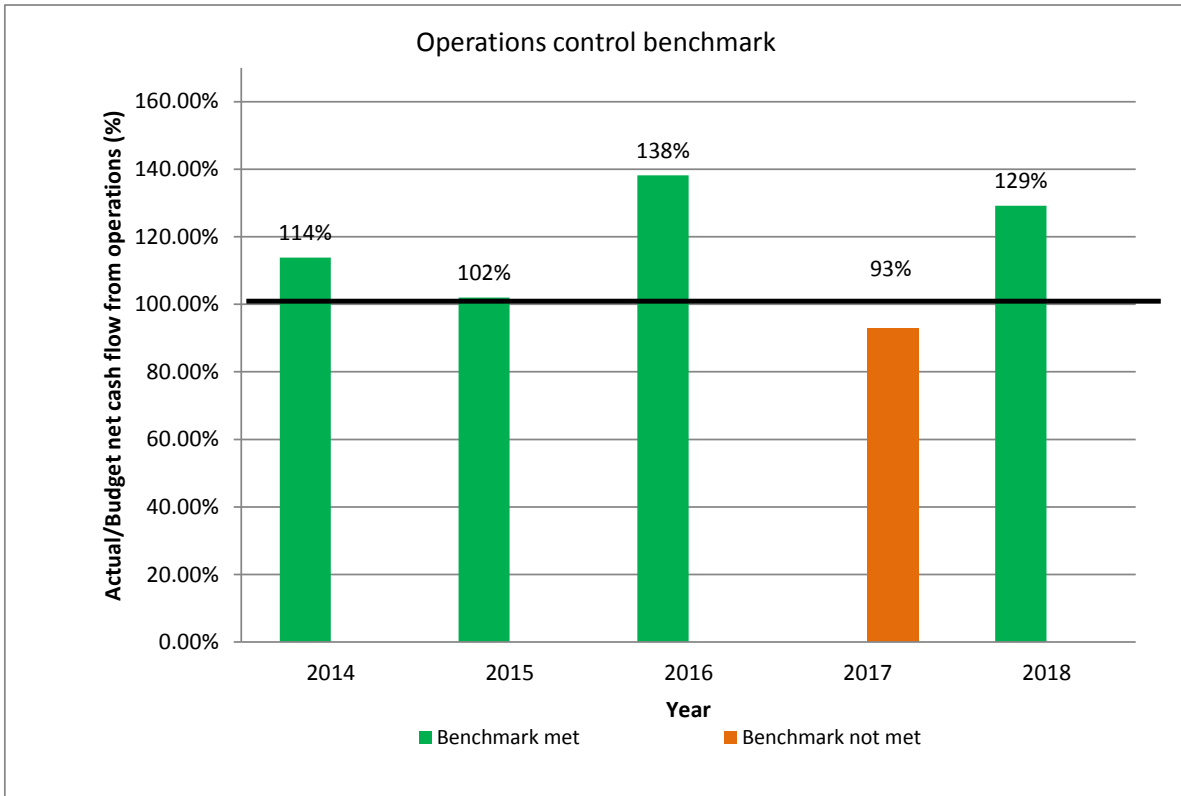


PREDICTABILITY BENCHMARKS

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.



Statement of comprehensive revenue and expense

For the year ended 30 June 2018

	Note	Budget	Council		Group	
		2018 \$000	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Revenue						
Rates revenue (including metered water, trade waste and penalties) split as below:						
Rates (excluding water supply and trade waste)	1	54,803	54,902	53,487	54,902	53,487
Rates from metered water supply and trade waste	1	3,046	3,007	2,263	3,007	2,263
Total Rates		57,849	57,909	55,750	57,909	55,750
Finance revenue	2	898	891	1,190	312	463
Development and financial contributions		-	-	-	-	-
Other revenue:	3					
Subsidies and grants		10,427	19,146	17,308	19,146	17,308
User fees and other revenue		10,870	10,753	10,137	21,034	17,366
Gains	4	616	7,001	5,387	7,112	7,046
Total revenue		80,661	95,700	89,772	105,513	97,933
Expenses						
Personnel costs	5	16,379	17,370	16,856	19,189	18,486
Depreciation and amortisation expense	6	20,404	20,393	20,526	21,751	21,832
Finance costs	2	6,121	5,220	4,806	5,889	5,457
Other expenses	7	32,818	35,580	33,800	38,382	35,524
Total expenses		75,722	78,563	75,988	85,211	81,299
Share of associate surplus/(deficit)		-	26	18	26	18
Surplus/(deficit) before tax		4,939	17,163	13,802	20,328	16,652
Income tax expense	8	-	(54)	58	(305)	762
Surplus/(deficit) after tax		4,939	17,217	13,744	20,633	15,889
Surplus/deficit attributable to:						
Whanganui District Council		4,939	17,217	13,744	20,632	15,889
Other comprehensive revenue and expense						
Gain/(loss) on property plant & equipment revaluations		-	10,307	6,281	14,225	6,281
Gain/(loss) on carbon credits revaluation		-	136	(21)	136	(21)
Financial assets at fair value through other comprehensive revenue and expense		-	43	62	43	64
Income tax re components of other comprehensive income		-	(28)	-	(1,126)	-
Total other comprehensive revenue and expense			10,458	6,322	13,278	6,324
Total comprehensive revenue and expense		4,939	27,675	20,066	33,910	22,212
Total comprehensive revenue and expense attributable to:						
Whanganui District Council		4,939	27,675	20,066	33,910	22,212
		4,939	27,675	20,066	33,910	22,212

Explanations of major variances against budget are detailed in note 39.

Some of the Annual Plan budgets have been restated, to better align to the categories shown in the Annual Report.

The accompanying notes form part of these financial statements.

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
Balance at 1 July	871,475	824,797	804,731	845,587	823,374
Net surplus / (deficit)	4,939	17,217	13,744	20,633	15,889
Other comprehensive revenue and expense		10,458	6,322	13,278	6,324
Total comprehensive revenue and expense for the year	4,939	27,675	20,066	33,911	22,213
Balance at 30 June	25 876,414	852,472	824,797	879,498	845,587
<i>Total comprehensive revenue and expense attributable to:</i>					
Whanganui District Council	4,939	27,675	20,066	33,911	22,213

Explanations of major variances against budget are detailed in note 39.

The accompanying notes form part of these financial statements.

Statement of financial position

As at 30 June 2018

		Budget 2018 \$000	Council 2018 \$000	Council 2017 \$000	Group 2018 \$000	Group 2017 \$000
Assets						
Current assets						
Cash and cash equivalents	9	3,777	8,788	10,887	13,685	16,743
Receivables	10	7,184	5,365	7,838	7,456	8,638
Other financial assets	11	-	212	313	4,890	313
Inventories	12	125	1	1	298	286
Non-current assets held for sale	13	430	10,414	-	11,414	-
Taxation		-	-	-	5	3
Total current assets		11,515	24,780	19,039	37,748	25,984
Non-current assets						
Derivative financial instruments	14	-	-	-	-	-
Investments in associates	15	-	135	109	135	109
Other financial assets	11	11,624	12,184	12,417	2,547	3,195
Property, plant and equipment	16	968,777	915,909	878,947	954,898	913,589
Intangible assets	17	1,284	1,174	1,379	9,590	11,432
Forestry assets	18	7,447	925	8,833	925	8,833
Investment property	19	25,670	23,381	23,737	22,459	22,912
Total non-current assets		1,014,803	953,708	925,422	990,554	960,070
Total assets		1,026,317	978,488	944,461	1,028,302	986,054
Liabilities						
Current liabilities						
Payables and deferred revenue	21	8,831	10,550	14,864	13,050	17,329
Derivative financial instruments	14	-	30	90	71	90
Borrowings & other financial liabilities	22	25,000	30,000	22,300	32,350	22,300
Employee entitlements	23	1,892	1,581	1,519	1,726	1,650
Provisions	24	-	-	-	-	-
Total current liabilities		35,722	42,161	38,773	47,197	41,368
Non-current liabilities						
Payables and deferred revenue	21	-	-	-	642	145
Derivative financial instruments	14	12,475	8,949	8,936	9,417	9,544
Borrowings & other financial liabilities	22	101,541	74,750	71,750	84,800	83,350
Employee entitlements	23	143	126	125	126	125
Deferred tax liability	8	22	30	80	6,622	5,936
Total non-current liabilities		114,181	83,855	80,891	101,607	99,100
Total liabilities		149,903	126,016	119,664	148,803	140,468
Net assets		876,414	852,472	824,797	879,498	845,587
Equity	25					
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
Total equity attributable to WDC		876,414	852,472	824,797	879,498	845,587
Total equity		876,414	852,472	824,797	879,498	845,587
Investments in CCOs and similar entities	37		8,594	8,546		

Explanations of major variances against budget are detailed in note 39.

The accompanying notes form part of these financial statements.

Statement of cash flows

For the year ended 30 June 2018

	Budget	Council	Council	Group	Group
	2018	2018	2017	2018	2017
Note	\$000	\$000	\$000	\$000	\$000
Cash flows from operating activities					
Receipts from rates revenue	54,803	57,850	55,544	57,850	55,544
Interest received	298	158	585	147	459
Dividends received	600	6	6	6	6
Subvention receipt	-	600	600	-	-
Receipts from other revenue	24,344	31,701	28,498	43,787	37,440
Payments to suppliers	(33,288)	(35,551)	(33,158)	(39,513)	(35,889)
Payments to employees	(15,909)	(17,306)	(16,945)	(19,137)	(18,597)
Goods and services tax (net)	-	(297)	793	(340)	682
Interest paid	(6,121)	(5,218)	(4,577)	(5,880)	(5,230)
Income tax paid	-	(24)	-	(27)	-
<i>Net cash from operating activities</i>	26	24,727	31,919	31,346	36,893
Cash flows from investing activities					
Receipts from sale of property, plant and equipment	-	141	81	153	2,971
Purchase of property, plant and equipment	(54,918)	(45,055)	(48,067)	(47,538)	(50,976)
Acquisition of investments	-	-	(472)	(4,248)	(996)
Receipts for sale and maturity of investments	200	335	-	720	-
Purchase of intangible assets	(100)	(139)	(49)	(139)	(249)
<i>Net cash from investing activities</i>		(54,818)	(44,718)	(48,507)	(51,052)
Cash flows from financing activities					
Proceeds from borrowings	39,318	17,000	25,000	17,800	26,600
Proceeds from interest rate swaps	-	-	-	-	-
Repayment of borrowings	(8,836)	(6,300)	(3,700)	(6,700)	(3,700)
<i>Net cash from financing activities</i>		30,482	10,700	21,300	11,100
Net (decrease)/increase in cash and cash equivalents		390	(2,099)	4,139	(3,058)
<i>Cash and cash equivalents at the beginning of the year</i>		3,387	10,887	6,748	16,743
Cash and cash equivalents at the end of the year	9	3,777	8,788	10,887	13,685

Explanations of major variances against budget are detailed in note 39.

The accompanying notes form part of these financial statements.

Funding Impact Statement for the Whole of Council

For the year ended 30 June 2018

	Annual Plan 2018 \$000	Annual Report 2018 \$000	Annual Plan 2017 \$000	Annual Report 2017 \$000
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	27,930	28,092	27,957	28,032
Targeted rates	29,918	29,818	28,829	27,719
	-	-	-	-
Subsidies and grants for operating purposes	3,686	4,505	7,595	3,948
Fees and charges	6,872	7,693	6,966	7,302
Interest and dividends from investments	898	888	941	1,190
Local authorities fuel tax, fines, infringement fees and other receipts	2,345	3,016	2,413	2,797
Total operating funding (A)	71,649	74,012	74,701	70,988
Application of operating funding				
Payments to staff and suppliers	49,197	52,828	49,656	50,213
Finance costs	6,121	5,220	5,039	4,806
Other operating funding applications	-	-	-	-
Total application of operating funding (B)	55,318	58,048	54,695	55,019
Surplus (deficit) of operating funding (A - B)	16,331	15,964	20,006	15,969
Sources of capital funding				
Subsidies and grants for capital expenditure	5,812	14,291	12,587	13,361
Development and financial contributions	-	-	-	-
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
Total sources of capital funding (C)	38,877	25,520	33,259	34,776
Application of capital funding				
Capital expenditure				
-to meet additional demand	-	-	-	-
-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) of investments	(200)	(400)	(200)	-
Total application of capital funding (D)	55,208	41,484	53,265	50,744
Surplus (deficit) of capital funding (C - D)	(16,331)	(15,964)	(20,006)	(15,968)
Funding balance ((A - B) + (C - D))	-	-	-	-

Explanations of major variances against budget are detailed in note 39.

Statement of accounting policies

For the year ended 30 June 2018

REPORTING ENTITY

Whanganui District Council is a territorial local authority governed by the Local Government Act 2002 (LGA) and is domiciled and operates in New Zealand. The relevant legislation that governs the operations of the Council includes the LGA and the Local Government (Rating) Act 2002.

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

The primary objective of WDC is to provide local infrastructure, regulatory functions and goods or services to the community for social benefit.

Accordingly, WDC has designated itself and the group as public benefit entities (PBEs) for financial reporting purposes.

The financial statements of WDC are for the year ended 30 June 2018. The financial statements were authorised for issue by Council on 30 October 2018.

BASIS OF PREPARATION

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

Statement of compliance

The financial statements of WDC 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 in accordance with Tier 1 PBE accounting standards.

These financial statements comply with PBE standards.

Measurement base

The financial statements have been prepared on a historical cost basis, modified by the revaluation of land and buildings, certain infrastructural assets, investment property, forestry assets, certain intangible assets and certain financial instruments (including derivative instruments).

Functional and presentation currency

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000). The functional currency of WDC is New Zealand dollars.

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 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.

SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

The purchase method is used to prepare the consolidated financial statements, which involves adding together like items of assets, liabilities, equity, revenue and expenses on a line-by-line basis. All significant intragroup balances, transactions, revenue and expenses are eliminated on consolidation.

Subsidiaries

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

Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The consideration transferred in an acquisition of a subsidiary reflects the fair value of the assets transferred by the acquirer and liabilities incurred by the acquirer to the former owner.

Any excess of the cost of the business combination over WDC's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised as goodwill. If WDC's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised exceeds the cost of the business combination, the difference will be recognised immediately in the surplus or deficit.

Investments in subsidiaries are carried at cost in WDC's own "parent entity" financial statements.

Associates

WDC accounts for investments in associates in the group financial statements using the equity method. An associate is an entity over which the WDC has significant influence and that is neither a subsidiary nor an interest in a joint venture of WDC. The investment in an associate is initially recognised at cost and the carrying amount is increased or decreased to recognise WDC's share of the surplus or deficit of the associate after the date of acquisition. WDC's share of the surplus or deficit of the associate is recognised in WDC's statement of comprehensive income. Distributions received from an associate reduce the carrying amount of the investment.

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

Where WDC transacts with an associate, surplus or deficits are eliminated to the extent of WDC's interest in the relevant associate.

Dilution gains or losses arising from investments in associates are recognised in the surplus or deficit.

Investments in associates are carried at cost in WDC's own "parent entity" financial statements.

Joint ventures

A joint venture is a contractual arrangement whereby two or more parties undertake an activity that is subject to joint control. For jointly controlled assets, WDC recognises in its financial statements its share of jointly controlled assets, the liabilities and expenses it incurs, its share of liabilities and expenses incurred jointly, and revenue from the sale or use of its share of the output of the joint venture.

Revenue

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

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.

Accounting policies for significant revenue items are explained below:

Rates revenue

The following policies for rates have been applied:

- General rates, targeted rates (excluding water-by-meter), and uniform annual general charges are recognised at the start of the financial year to which the rates resolution relates. They are recognised at the amounts due. The Council considers that the effect of payment of rates by instalments is not sufficient to require discounting of rates receivables and subsequent recognition of interest revenue.
- Rates arising from late payment penalties are recognised as revenue when rates become overdue.
- Revenue from water-by-meter rates is recognised on an accrual basis based on usage. Unbilled usage, as a result of unread meters at year-end, is accrued on an average usage basis.
- Rates remissions are recognised as a reduction of rates revenue when the Council has received an application that satisfies its rates remission policy.

Gas

Revenue is derived from gas network distribution services. Such revenue is recognised when earned and is reported in the financial period to which it relates.

Government grants

WDC receives government grants from the New Zealand Transport Agency which subsidises part of WDC's costs in maintaining the local roading infrastructure. The subsidies are recognised as revenue upon entitlement, as conditions pertaining to eligible expenditure have been fulfilled.

Other grants received

Other grants are recognised as revenue when receivable unless there is a condition return the funds if they are not used as specified by the grant. If there is such an obligation when the grant is received it is recorded as a grants received in advance and revenue is only recognised when conditions of the grant are satisfied.

Provision of services

Revenue from the rendering of services is recognised by reference to the stage of completion of the transaction at balance date, based on the actual service provided as a percentage of the total services to be provided.

Vested assets

Where a physical asset is acquired for nil or nominal consideration, the fair value of the asset received is recognised as income. Assets vested in WDC are recognised as income when control over the asset is obtained, unless there is a use or return condition attached to the asset.

Sale of goods

Revenue from sales of goods is recognised when a product is sold to the customer.

Traffic and parking infringements

Traffic and parking infringements are recognised when tickets are issued. The fair value of this revenue is determined based on the probability of collecting fines, which is estimated by considering the collection history of fines over the preceding 2 year period.

Interest and dividends

Interest income is recognised using the effective interest method. Interest income on an impaired financial asset is recognised using the original effective interest rate.

Dividends are recognised when the right to receive payment has been established. If a dividend is declared from pre-acquisition surpluses the dividend is deducted from the cost of the investment.

Development contributions

Development and financial contributions are recognised as revenue when the council provides, or is able to provide, the service for which the contribution was charged. Otherwise development and financial contributions are recognised as liabilities until such time the Council provides or is able to provide, the service.

Borrowing costs

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

Grant expenditure

Non-discretionary grants are those grants that are awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received.

Discretionary grants are those grants where WDC has no obligation to award on receipt of the grant application and are recognised as expenditure when a successful applicant has been notified of the WDC's decision.

Income Tax

Income tax expense is the aggregate of current period movements in relation to both current 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 to 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 financial statements and the corresponding tax bases used in the computation of taxable profits.

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 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 surpluses 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 profit nor taxable profit.

Deferred tax is recognised on taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the company can control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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.

Leases

Finance leases

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

At the commencement of the lease term, WDC recognises finance leases as assets and liabilities 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 finance charge is charged to the surplus or deficit over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether WDC will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

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.

Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

Receivables

Receivables are recorded at their face value, less any provision for impairment.

Impairment of a receivable is established when there is objective evidence that the Council will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership or liquidation, and default in payments are considered indicators that the debt is impaired. The amount of the impairment is the difference between the asset's 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. Overdue receivables that have been renegotiated are reclassified as current (that is, not past due).

Derivative financial instruments

WDC uses derivative financial instruments to manage exposure to interest rate risks arising from financing activities. In accordance with its treasury policy, WDC does not hold or issue derivative financial instruments for trading purposes.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value at each balance date.

The associated gains or losses of derivatives that are not hedge accounted are recognised in the surplus or deficit.

Other 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.

Purchases and sales of financial assets are recognised on trade-date, the date on which WDC commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the WDC has transferred substantially all the risks and rewards of ownership.

WDC classifies its financial assets into the following categories:

- fair value through surplus or deficit;
- loans and receivables;
- held-to-maturity investments; and
- fair value through other comprehensive revenue and expense.

The classification of a financial asset depends on the purpose for which the instrument was acquired. Management determines the classification of its investments at initial recognition.

Financial assets at fair value through surplus or deficit

Financial assets at fair value through surplus or deficit include financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term or it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of short-term profit taking. Derivatives are also categorised as held for trading unless they are

designated as hedges for which hedge accounting is applied. WDC's financial assets at fair value through surplus or deficit include derivatives that are not designated as hedges.

Financial assets acquired principally for the purpose of selling in the short-term, or part of a portfolio classified as held for trading, are classified as a current asset. If a contract is due for settlement, or its remaining maturity is, within 12 months of balance date it is classified as current.

After initial recognition they are measured at their fair values with gains or losses on remeasurement are recognised in the surplus or deficit.

Loans and receivables

These 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. WDC's loans and receivables comprise cash and cash equivalents, debtors and other receivables, term deposits, community and related party loans, long term receivables and hire purchase long term debtors.

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 by WDC 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 for a similar financial instrument. The loans are subsequently measured at amortised cost using the effective interest method. The difference between the face value and present value of expected future cash flows of the loan is recognised in the surplus or deficit as a grant.

Held to maturity investments

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that WDC has the positive intention and ability to hold to maturity. They are included in current assets, except for maturities greater than 12 months after the balance date, which are included in non-current assets. WDC's held to maturity investments include interest bearing bonds and deposits and sinking funds.

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.

Fair value through other comprehensive revenue and expense

Financial assets at fair value through other comprehensive revenue and expense are those that are designated into the category at initial recognition or are not in any of the other categories above. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance date or it the debt instrument is not expected to be realised within 12 months of balance date. WDC's financial assets at fair value through equity comprise investments in quoted and unquoted shares. WDC includes in this category:

- investments that it intends to hold long-term but which may be realised before maturity; and
- shareholdings that it holds for strategic purposes.

WDC's investments in its subsidiary and associate companies are not included in this category as they are held at cost (whereas this category is to be measured at fair value).

After initial recognition these investments are measured at their fair value, with gains and losses recognised in other comprehensive revenue and expense, except for impairment losses, which are recognised in the surplus or deficit.

On derecognition the cumulative gain or loss previously recognised in other comprehensive revenue and expense is reclassified from equity to the surplus or deficit.

Fair value

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

Impairment of financial assets

At each balance date WDC assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. Any impairment losses are recognised in the surplus or deficit.

Loans and receivables, and held-to-maturity investments

Impairment of a loan or a receivable is established when there is objective evidence that WDC will not be able to collect amounts due according to the original terms. Significant financial difficulties of the debtor/issuer, probability that the debtor/issuer will enter into bankruptcy, and default in payments are considered indicators that the asset is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. For debtors and other receivables, 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. Overdue receivables that have been renegotiated are reclassified as current (i.e. not past due). For term deposits, local authority stock, government stock and community loans, impairment losses are recognised directly against the instruments carrying amount.

Impairment of term deposits, local authority, government stock, and related party and community loans is established when there is objective evidence that the WDC will not be able to collect amounts due to the original terms of the instrument. Significant financial difficulties of the issuer, probability the issuer will enter into bankruptcy, and default in payments are considered indicators that the instrument is impaired.

Financial assets at fair value through other comprehensive revenue and expense

For equity investments a significant or prolonged decline in the fair value of the investment below its cost is considered objective evidence of impairment. If such evidence exists for investments at fair value through other comprehensive revenue and expense, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the surplus or deficit) recognised in other comprehensive revenue and expense is reclassified from equity to the surplus or deficit. Impairment losses recognised in the surplus or deficit are not reversed through the surplus or deficit.

If in a subsequent period the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed in the surplus or deficit.

Inventories

Inventories (such as spare parts and other items) held for distribution or consumption in the provision of services that are not supplied on a commercial basis are measured at the lower of cost (using the FIFO method), adjusted when applicable, for any loss of service potential. Where inventories are acquired at no cost or for nominal consideration, the cost is the fair value at the date of acquisition.

WGL inventories, comprising the network, is valued at the lower of cost or net realisable value after making provision for damaged or obsolete items. Cost is determined by the weighted average method of valuation.

The amount of any write-down for the loss of service potential or from cost to net realisable value is recognised in the surplus or deficit in the period of the write-down.

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 rather than through continuing use. Non-current assets held for sale are recorded at 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 group) are not depreciated or amortised while they are classified as held for sale.

Property, plant and equipment

Property, plant and equipment consists of:

Operational assets – these include land, buildings, motor vehicles, plant and equipment and library books.

Restricted assets – these include land and buildings in the City Endowment and Harbour Endowment portfolios. These assets provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions.

Infrastructure assets – these include the fixed utility systems comprising the roading, airport runway, water reticulation and drainage systems, and infrastructure land (including land under roads). Each asset type includes all items that are required for the network to function.

The infrastructure networks are valued at optimised depreciated replacement cost, adjusted by additions (at cost), disposals and depreciation. Revaluations are carried out every three years and are independently reviewed.

Land (operational and restricted) is measured at fair value, and buildings (operational and restricted), and infrastructural assets are measured at fair value less accumulated depreciation. All other asset classes are measured at cost less accumulated depreciation and impairment losses.

Revaluation

Land, buildings (operational and restricted), infrastructural assets (except land under roads) and artworks are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value and at least every three years. All other asset classes are carried at depreciated historical cost.

WDC assesses the carrying values of its revalued assets annually to ensure that they do not differ materially from the assets' fair values. If there is a material difference, then the off-cycle asset classes are revalued.

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

The net revaluation results are credited or debited to other comprehensive revenue and expense and are accumulated to 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 not recognised in other comprehensive income but is recognised in the surplus or deficit. Any subsequent increase on revaluation that reverses 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 recognised in other comprehensive income.

Additions

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

Work in progress is recognised at cost less impairment and is not depreciated.

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.

Derecognition and Disposals

An asset is derecognised on disposal or when no future economic benefits or service potential is expected from its use or disposal. Gains and losses on derecognition are determined by comparing the proceeds, or future economic benefits, with the carrying amount of the asset. Gains and losses on disposals are reported net in the surplus or deficit. The revaluation surplus included in net assets/equity in respect of property, plant and equipment will be transferred directly to retained earnings when the assets are derecognised.

Subsequent Costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment other than land and art works, at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Asset type	Useful life	Depreciation rate
Land (including Restricted properties)		Not a Depreciable item
Buildings and leasehold improvements (including Restricted properties)	5 to 50 years	2-20%
Plant, vehicles and equipment	3 to 20 years	5-33%
Furniture & Fittings	5 to 10 years	10-20%
Library books	10 years	10%
Art Works		Not a Depreciable item
<i>Infrastructural assets</i>		
Roading network		
Pavement	4-18 years	3.6%
Basecourse	80-100 years	3.6%
Footpaths	8-100 years	3.6%
Bridges & large culverts	100 years	3.6%
Kerb and channel	20-100 years	3.6%
Retaining Walls	50-100 years	3.6%
Street lighting	15-50 years	3.6%
Culverts	80 years	3.6%
Traffic signals and under road assets	5-50 years	3.6%
Wastewater system	20 to 120 years	2.5%
Storm water system	20 to 120 years	1.7%
Water system	9 to 100 years	2.6%
Gas distribution network mains and services	7 to 100 years	1% - 15%
Gas distribution network condition renewals	50 years	2%
Gas measurement systems and distribution network customer stations	10 to 100 years	1% - 10%
Airport runway	10 years	10%

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year-end.

Intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of WDC's share of the identifiable assets, liabilities and contingent liabilities of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisition of subsidiaries is included in "intangible assets". Goodwill on acquisition of associates is included in "investments in associates" and is tested for impairment as part of the overall balance.

Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. An impairment loss recognised for goodwill is not reversed.

Goodwill is allocated to cash generating units for the purposes of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination, in which the goodwill arose.

Carbon credits

Carbon credits are initially recognised at cost. After initial recognition they are not amortised but all carbon credits are measured, annually, at fair value.

The net revaluation result is credited or debited to other comprehensive revenue and expense and is accumulated to fair value through general reserve. Where this results in a debit balance in the reserve, this balance is not recognised in other comprehensive revenue and expense but is recognised in the surplus or deficit. Any subsequent increase in revaluation that reverses 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 recognised in other comprehensive revenue and expense. They are derecognised when they are used to satisfy carbon emission obligations.

Software acquisition and development

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

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

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

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

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

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the surplus or deficit.

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

Asset type	Useful life	Amortisation rate
Computer software	3-10 years	10%-33%

Impairment of property, plant and equipment and intangible assets

Intangible assets that have an indefinite useful life, or are not yet available for use, are not subject to amortisation and are tested annually for impairment.

Assets that have a finite useful life are reviewed for indicators of impairment at each balance date and whenever events and circumstances indicate the carrying amount may not be recoverable. When there is an indicator of impairment the asset's recoverable amount is estimated. An impairment loss is

recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use for non-cash generating assets

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

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 depends on the nature of the impairment and availability of information.

Value in use for cash-generating assets

Cash generating assets are those held for the primary purpose of generating a commercial return.

The value in use for cash-generating assets and cash-generating units is the present value of expected future cash flows.

If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount. The total impairment loss is recognised in the surplus or deficit. Where an impairment loss is reversed this is recognised in the surplus or deficit.

Forestry assets

Standing forestry assets are independently revalued annually at fair value less estimated costs to sell for one growth cycle. Fair value is determined based on the present value of expected net cash flows discounted at a current market determined pre-tax rate. This calculation is based on existing sustainable felling plans and assessments regarding growth, timber prices, felling costs, and silvicultural costs and takes into consideration environmental, operational and market restrictions.

Gains or losses arising on initial recognition of biological assets at fair value less estimated costs to sell and from a change in fair value less estimated costs to sell are recognised in the surplus or deficit.

The costs to maintain forestry assets are included in the surplus or deficit when incurred.

Investment property

Properties leased to third parties under operating leases are classified as investment property unless the property is held to meet service delivery objectives, rather than to earn rentals or for capital appreciation.

Investment property is measured initially at its cost, including transaction costs.

After initial recognition, WDC measures all investment property at fair value as determined annually by an independent valuer.

Gains or losses arising from a change in the fair value of investment property are recognised in the surplus or deficit.

Payables

Short-term creditors and other payables are recorded at their face value.

Borrowings

Borrowings are initially recognised at their fair value plus transaction costs incurred. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless WDC has an unconditional right to defer settlement of the liability for at least 12 months after the balance date or if the borrowings are expected to be settled within 12 months of balance date.

Employee entitlements

Short-term employee entitlements

Employee benefits that WDC expects to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at, balance date, retiring and long service leave entitlements expected to be settled within 12 months, and sick leave.

WDC recognises a liability for sick leave to the extent that compensated absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent that WDC anticipates it will be used by staff to cover those future absences.

WDC recognises a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

Long-term employee entitlements

Employee benefits that are due to be settled beyond 12 months after the end of the period in which the employee renders the related service, such as long service leave and retirement gratuities; have been calculated on an actuarial basis. The calculations are based on:

- likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlements information; and
- the present value of the estimated future cash flows.

Presentation of employee entitlements

Sick leave, annual leave, vested long service leave, and non-vested long service leave and retirement gratuities expected to be settled within 12 months of balance date, are classified as a current liability. All other employee entitlements are classified as a non-current liability.

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.

Equity

Equity is the community's interest in WDC and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into a number of reserves.

The components of equity are:

- retained earnings
- restricted reserves
- asset revaluation reserves
- other reserves

Restricted reserves

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

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

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

Revaluation Reserves

These relate to the revaluation of land, buildings and infrastructural assets to fair value.

Other Reserves

These relate to the revaluation of financial assets (shares and bonds) to fair value and the revaluation of carbon credits to fair value.

WDC's objectives, policies and processes for managing capital are described in note 39.

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.

Budget figures

The budget figures are those approved by the Council in its 2015-2025 Long Term Plan relating to the 2017-2018 year. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by WDC for the preparation of the financial statements.

Cost allocation

WDC has derived the cost of service for each significant activity of WDC using the cost allocation system outlined below.

Direct costs are those costs directly attributable to a significant activity. Indirect costs are those costs which cannot be identified in an economically feasible manner with a specific significant activity.

Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities using appropriate cost drivers such operating expenditure net of NZTA subsidies.

Critical accounting estimates and assumptions

In preparing these financial statements WDC has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

WDC infrastructural assets

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

- the physical deterioration and condition of an asset, for example the 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 stormwater, wastewater and water supply pipes that are underground. This risk is minimised by Council performing a combination of physical inspections and condition modelling assessments of underground assets;
- estimating any obsolescence or surplus capacity of an asset;
- 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 WDC could be over or under estimating the annual depreciation charge recognised as an expense in the surplus or deficit. To minimise this risk, WDC'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 Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration and condition modelling are also carried out regularly as part of the WDC's asset management planning activities, which gives WDC further assurance over its useful life estimates.

Valuations of infrastructural assets are performed in-house by experienced engineers and the valuations are peer reviewed by independent experts.

WGL infrastructural assets

At each balance date WGL reviews the useful lives and residual values of its property, plant and equipment. Assessing the appropriateness of useful life and residual value estimates of property, plant and equipment requires WGL to consider a number of factors such as the physical condition of the asset, expected period of use of the asset by WGL, and expected disposal proceeds from the sale of the asset.

An incorrect estimate of the useful life or residual value will impact on the depreciable amount of an asset, therefore impacting on the depreciation expense recognised in the surplus or deficit, and carrying amount of the asset in the statement of financial position. WGL minimises the risk of this estimation uncertainty to its infrastructure assets by:

- an annual review internally by experienced engineers of the value of the infrastructure assets to determine if any material changes exist.
- physical inspection of assets

- asset replacement programs
- review of second hand market prices for similar assets
- analysis of prior assets sales; and
- completing a revaluation of the infrastructure assets every third year

WGL has not made significant changes to past assumptions concerning useful lives and residual values.

Critical judgements in applying WDC's accounting policies

Management has exercised the following critical judgements in applying the WDC's accounting policies for the period ended 30 June 2018.

Classification of property

WDC owns a number of properties, which are maintained primarily to provide housing to pensioners. The receipt of market-based rental from these properties is incidental to holding these properties. These properties are held for service delivery objectives as part of the Council's social housing policy. These properties are accounted for as property, plant and equipment.

Impairment of shares in subsidiary

Management reviews its share investment in its subsidiary and has made estimates and assumptions concerning the future. These estimates and assumptions include revenue growth, future cash flows and future economic and market conditions. These estimates are based upon assumptions believed to be reasonable, but which are inherently uncertain and unpredictable. WDC minimises the risk of this estimation uncertainty by annually reviewing the value of its share investment.

Notes to the financial statements

For the year ended 30 June 2018

1. Rates (Other than a targeted rate for water supply)

	Council		Group	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
CBD rate	458	456	458	456
General rate	27,799	27,853	27,799	27,853
Roading and footpath rates	7,765	7,222	7,765	7,222
Stormwater rate	4,864	4,606	4,864	4,606
Wastewater rate	6,457	5,916	6,457	5,916
Water charge (excluding metered water)	4,005	4,018	4,005	4,018
Storm damage rate	830	850	830	850
Fire capacity rate	1,001	1,005	1,001	1,005
Debt retirement rate	577	576	577	576
Earthquake strengthening rate	823	786	823	786
Rates Penalties	549	417	549	417
Rates discounts	(202)	(200)	(202)	(200)
Rates remissions	(23)	(21)	(23)	(21)
Total rates revenue (excluding metered water and trade waste)	54,903	53,487	54,903	53,487
Tradewaste fees	1,596	963	1,596	963
Metered water supply charges	1,410	1,300	1,410	1,300
Total rates revenue (including metered water and trade waste)	57,909	55,750	57,909	55,750

The total amount of rates charged on Council-owned properties that have not been eliminated from revenue and expenditure is \$1.6M (2017 \$1.6M).

WDC is required by the LGFA Guarantee and Indemnity Deed to disclose in its financial statements (or notes) its annual rates revenue. That Deed defines annual rates revenue 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 the Council for which those other local authorities rate.

Non-rateable land

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

Rating base information

	The number of rating units	The total capital value of rating units \$000	The total land value of rating units \$000
At the end of the preceeding financial year (i.e. 30 June 2017)	21,421	6,828,151	2,670,715
Last year (i.e. 30 June 2016)	21,427	6,375,630	2,433,631

Notes to the financial statements

For the year ended 30 June 2018

2. Finance revenue and finance costs

	Council		Group	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Finance revenue				
Interest revenue:				
- money market and term deposits	86	351	165	404
- related party loans	168	206	-	-
- other	31	27	141	54
Subvention receipt	600	600	-	-
Dividend revenue	6	6	6	6
Total finance revenue	891	1,190	312	464
Finance costs				
Interest expense:				
- interest on borrowings and swaps	5,220	4,806	5,889	5,457
- interest on finance leases	-	-	-	-
Total finance costs	5,220	4,806	5,889	5,457
Net finance costs	4,329	3,616	5,577	4,993

3. Other revenue

	Council		Group	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Subsidies and Grants				
New Zealand Transport Agency Rooding subsidies	15,075	16,520	15,075	16,520
Lotteries Board Grant - Gallery Redevelopment project	2,000	-	2,000	-
Lotteries Board Grant - War Memorial Hall seismic upgrade	601	-	601	-
Lotteries Board Grant - Library shelving, heating and insulation	-	120	-	120
Other government grants	1,470	668	1,470	668
Subsidies and grants Total	19,146	17,308	19,146	17,308
User fees and other revenue				
Other user charges	2,013	1,689	2,013	1,689
Regulatory revenue	2,161	2,057	2,161	2,057
Rental from investment properties	1,510	1,767	1,510	1,767
Rental from other properties	2,461	2,208	2,461	2,208
Infringements and fines	470	439	470	439
Rendering of services	502	628	502	628
Petrol tax	331	324	331	324
Vested assets	318	182	318	182
Forestry revenue	5	5	5	5
Other (includes trading revenue from Wanganui Gas Limited)	982	837	11,264	8,066
Total User fees and other revenue	10,753	10,137	21,034	17,366
Total other revenue	29,899	27,445	40,181	34,674

There are no unfulfilled conditions and other contingencies attached to New Zealand Transport Agency subsidies or any government grant recognised (2017 nil).

Notes to the financial statements

For the year ended 30 June 2018

4. Gains

	Council		Group	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Non-financial instruments				
Investment property revaluation gains/(losses) (note 19)	(637)	244	(637)	244
Investment property gains/(losses) on disposal	-	(24)	-	(24)
Gain on shares held in WDC Holdings Ltd	-	-	-	-
Gain/(loss) arising from physical change of forestry assets	988	604	988	604
Gain/(loss) arising from change in fair value of forest assets	1,519	781	1,519	781
Decreases due to harvest of forest assets	-	-	-	-
Change in fair value of property, plant and equipment (including reversal of previous year write-downs)	5,007	332	5,118	1,990
<i>Total non-financial instruments gains</i>	6,877	1,938	6,987	3,597
Financial instruments				
Fair value through other comprehensive revenue and expense gains/(losses) on disposal (note 25)	124	3,449	124	3,449
<i>Total financial instruments gains</i>	124	3,449	124	3,449
Total gains	7,001	5,387	7,112	7,046

5. Personnel costs

	Council		Group	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Salaries and wages	16,890	16,532	18,692	18,141
Employer contributions to defined contribution plans	498	474	532	507
Increase/(decrease) in employee entitlements/liabilities	(18)	(149)	(35)	(162)
Total personnel costs	17,370	16,856	19,189	18,486

Council received employment subsidies of \$160,007 (2017 \$110,609)

Notes to the financial statements

For the year ended 30 June 2018

6. Depreciation and amortisation expense by group of activity

	Council	
	2018 \$000	2017 \$000
Water supply	2,224	2,094
Stormwater drainage	1,730	1,795
Waterways and natural drainage	50	40
Sewerage and the treatment and disposal of sewage	3,747	3,653
Provision of roads and footpaths	9,079	9,306
Parks and recreation	1,076	1,110
Community and cultural	929	836
Economic development	28	25
Community facilities and services	585	624
Transportation	119	118
Investments	56	56
Corporate	770	869
Total depreciation and amortisation expense	20,393	20,526

7. Other expenses

	Council		Group	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Fees to auditors:				
- Audit New Zealand for financial statement audit	177	175	247	251
- Audit New Zealand for 10-Year Plan audit & Consultation Document	100	-	100	-
- Audit New Zealand for audit related fees for disclosure regulations	-	-	41	36
- Audit New Zealand for audit related fees for Debenture Trust Deed	-	4	-	-
- Audit New Zealand for joint venture financial statement audit	7	5	7	5
- Road Alliance Contract - Brian Smith Advisory Services	12	12	28	12
- Road Alliance Contract - McHale Group	16	-	-	-
Donations	9	3	9	3
General grants	951	796	951	796
Contractors	14,052	13,673	14,052	13,673
Maintenance	2,557	1,959	2,557	1,959
Electricity	1,958	1,747	1,958	1,747
Planned maintenance	1,601	1,731	1,601	1,731
Insurance premiums	1,088	636	1,088	636
Directors' fees	-	-	236	229
Consultancy	1,947	2,200	1,948	2,200
Legal fees	442	397	442	397
Rates Expense	1,828	1,791	1,828	1,791
Property, plant and equipment losses on disposal	(28)	86	(28)	86
Losses from derivative financial instruments	-	-	(98)	(305)
Impairment of receivables (note 10)	155	129	155	129
Minimum lease payments under operating leases	49	62	131	145
Forestry expenditure	149	356	149	356
Other operating expenses	8,510	8,036	10,978	9,645
Total other expenses	35,580	33,800	38,382	35,524

Notes to the financial statements

For the year ended 30 June 2018

8. Tax

	Council		Group	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Components of tax expense				
Current tax expense	-	-	142	121
Deferred tax expense	126	58	379	641
Prior year adjustment	(180)	-	(826)	-
Income tax expense	(54)	58	(305)	762
impairment of receivables (note 10)				
Relationship between tax expense and accounting profit				
Surplus/(deficit) before tax	17,163	13,802	20,328	16,652
Tax at 28%	4,806	3,865	5,692	4,663
Non-deductible expenditure	(4,735)	(3,394)	(5,354)	(3,946)
Loss not recognised	55	(413)	-	-
Prior year adjustment to deferred tax	(180)	-	(826)	(494)
Deferred tax adjustment	-	-	183	540
Total tax expense	(54)	58	(305)	762

Council

Council has not recognised a deferred tax asset in relation to tax losses of \$923,000 (2017 \$1,426,000). However, these tax losses have been recognised at group level.

Deferred tax liability

Council	Property, plant and equipment	Financial instruments	Tax losses	Employee entitlements	Total
	\$000	\$000	\$000	\$000	\$000
Balance 1 July 2016	754	-	(724)	(8)	22
Charged to profit and loss	(14)	-	69	3	58
Charged to equity	-	-	-	-	-
Balance 30 June 2017	740	-	(657)	(5)	80
Charged to profit and loss	(200)	-	185	(61)	(77)
Charged to equity	28	-	-	-	28
Balance 30 June 2018	568	-	(472)	(66)	30
Group					
Balance 1 July 2016	7,519	(271)	(1,820)	(133)	5,294
Charge/(credit) to revenue	(89)	80	647	3	641
Charge/(credit) to equity	-	-	-	-	-
Balance 30 June 2017	7,430	(193)	(1,173)	(130)	5,936
Charged to profit and loss	(218)	30	(189)	(62)	(439)
Charged to equity	1,125	-	-	-	1,125
Balance 30 June 2018	8,336	(164)	(1,362)	(192)	6,622

9. Cash and cash equivalents

	Council		Group	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Cash at bank and on hand	6,960	857	11,857	6,713
Term deposits with maturities less than 3 months at acquisition	1,828	10,030	1,828	10,030
Total cash and cash equivalents	8,788	10,887	13,685	16,743

The total value of cash and cash equivalents that can only be used for a specific purpose as outlined in the relevant trust deeds is \$nil (2017 \$nil).

Notes to the financial statements

For the year ended 30 June 2018

10. Receivables

	Council		Group	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Rates receivables	4,567	4,410	4,567	4,410
Other receivables:				
- related party receivables	-	-	-	-
- New Zealand Transport Agency subsidies	1,052	2,190	1,052	2,190
- interest receivable	-	-	-	-
- other	2,098	3,399	4,207	4,208
Gross Receivables	7,717	9,999	9,826	10,808
Less provision for impairment	(2,352)	(2,161)	(2,370)	(2,170)
Total Receivables	5,365	7,838	7,456	8,638
<i>Total receivables comprise:</i>				
Receivables from exchange transactions	652	476	2,743	1,276
Receivables from non exchange transactions	4,713	7,362	4,713	7,362
Gross Receivables	5,365	7,838	7,456	8,638

Fair value

Receivables are non-interest bearing and receipt is normally on 30-day terms, therefore the carrying value of receivables approximate their fair value.

Impairment

WDC does not provide for any impairment on rates receivable (except 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 repayment plans are in place, debts are discounted to their present value of future payments if the impact of discounting is material.

These powers allow WDC to commence legal proceedings to recover any rates that remain unpaid 4 months after the due date for payment. If payment has not been made within 3 months of the Court's judgement, then WDC can apply to the Registrar of the High Court to have the judgement enforced by sale or lease of the rating unit.

The ageing profile of receivables as at 30 June 2018 and 2017 are detailed below:

	2018		
	Gross \$000	Impairment \$000	Net \$000
Council			
Not past due	2,890	-	2,890
Past due 1-60 days	121	(14)	107
Past due 61-120 days	6	-	6
Past due > 120 days	4,700	(2,338)	2,362
Total	7,717	(2,352)	5,365
	2017		
	Gross \$000	Impairment \$000	Net \$000
Council			
Not past due	5,308	-	5,308
Past due 1-60 days	147	(14)	133
Past due 61-120 days	23	-	23
Past due > 120 days	4,520	(2,147)	2,374
Total	9,999	(2,161)	7,838

Notes to the financial statements

For the year ended 30 June 2018

	2018		
	Gross \$000	Impairment \$000	Net \$000
Group			
Not past due	4,875	-	4,875
Past due 1-60 days	175	(14)	161
Past due 61-120 days	8	-	8
Past due > 120 days	4,768	(2,356)	2,412
Total	9,826	(2,370)	7,456

	2017		
	Gross \$000	Impairment \$000	Net \$000
Group			
Not past due	6,075	-	6,075
Past due 1-60 days	153	(14)	139
Past due 61-120 days	52	(9)	43
Past due > 120 days	4,528	(2,147)	2,381
Total	10,808	(2,170)	8,638

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

The impairment provision has been calculated based on expected losses for individual receivables. Expected losses have been determined based on an analysis of WDC's losses in previous periods, and review of specific receivables as detailed below:

	Council		Group	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Individual impairment	2,352	2,161	2,370	2,170
Collective impairment	-	-	-	()
Total provision for impairment	2,352	2,161	2,370	2,170

Individually impaired receivables have been determined to be impaired because of the unlikeliness of the debt being repaid. An analysis of these individually impaired debtors are as follows:

	Council		Group	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Not past due	-	-	-	-
Past due 1-60 days	14	14	14	14
Past due 61-120 days	-	-	-	9
Past due > 120 days	2,338	2,147	2,356	2,147
Total individual impairment	2,352	2,161	2,370	2,170

Movements in the provision for impairment of receivables are as follows:

	Council		Group	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
At 1 July	2,161	2,363	2,170	2,364
Additional provisions made during the year	613	476	199	(190)
Provisions reversed during the year	-	(3)	-	(163)
Receivables written-off during period	(422)	(674)	1	159
At 30 June	2,352	2,161	2,370	2,170

WDC holds no collateral as security or other credit enhancements over receivables that are either past due or impaired.

Notes to the financial statements

For the year ended 30 June 2018

11. Other financial assets

	Council		Group	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Current portion				
Loans to subsidiaries and associates	212	313	212	313
Long term receivables	-	-	4,678	-
<i>Total current portion</i>	212	313	4,890	313
Non-current portion				
Community loans	-	5	-	5
Loans to subsidiaries and associates	2,350	2,750	-	-
NZ Local Government Funding Agency borrower notes	1,263	1,135	1,263	1,135
Unlisted shares in NZ Local Government Insurance Corporation Limited	439	442	439	442
Unlisted shares in NZ Local Government Funding Agency Limited	286	239	286	239
Sarjeant Gallery (NJ Young Fund with Craigs Investment Partners & Term Deposits)	-	-	559	1,374
Shares in subsidiary (at cost - WDCHL)	7,846	7,846	-	-
<i>Total non-current portion</i>	12,184	12,417	2,547	3,195
Total other financial assets	12,396	12,730	7,437	3,507

Fair value

Community loans

The fair value of community loans is their carrying value of \$0 (2017 \$5,000), which has not been discounted due to immaterial size. The terms of the loans may be discretionary as a result of a Council decision.

Loans to related parties

The fair value and carrying amount of Group loans to related parties is \$212,013 (2017 \$313,218).

Unlisted shares

Due to the immaterial size and nature, the unlisted shares in NZ Local Government Insurance Corporation Limited are valued using the net assets of the company. Council considers this to be fair value at 30 June 2018.

Due to the immaterial size and nature of the Council's investment in the NZ Local Government Funding Authority Limited ("LGFA"), WDC has estimated the fair value of this investment based on the LGFA's net asset backing as at 30 June.

Notes to the financial statements

For the year ended 30 June 2018

12. Inventories

	Council		Group	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
<i>Held for distribution/Commercial inventories</i>				
Inventory	1	1	1	1
Network	-	-	297	285
Total inventories	1	1	298	286

Network Inventories are pledged as security for liabilities -2018 \$297,000 (2017 \$285,000). There has been no write-down of commercial inventories to net realisable value (2017 \$nil).

13. Non-current assets held for sale

	Council		Group	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Land	-	-	281	-
Buildings	-	-	-	-
Forestry Assets	10,414	-	10,414	-
Port Assets	-	-	719	-
Total non-current assets held for sale	10,414	-	11,414	-

14. Derivative financial instruments

	Council		Group	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Current asset portion				
Interest rate swaps - cash flow hedges	-	-	-	-
Non-current asset portion				
Interest rate swaps - cash flow hedges	-	-	-	-
Total derivative financial instrument assets	-	-	-	-
Current liability portion				
Interest rate swaps - cash flow hedges	30	90	71	90
Non-current liability portion				
Interest rate swaps - cash flow hedges	8,949	8,936	9,417	9,544
Total derivative financial instrument liabilities	8,979	9,026	9,488	9,634

Fair value

The fair values of interest rate swaps have been determined by calculating the expected cash flows under the terms of the swaps and discounting these values to present value. The inputs into the valuation model are from independently sources market parameters such as interest rate yeild curves. Most market parameters are implied from instrument prices.

Interest rate swaps

The notional principal amounts of the outstanding interest rate swap contracts for WDC were \$79,500,000 (2017 \$87,500,000) and for the WDC group were \$85,000,000 (2017 \$93,000,000). At 30 June 2018 the Fixed Interest rates on the swaps ranged from 2.48% to 6.39%.

Notes to the financial statements

For the year ended 30 June 2018

15. Investments in associates

	Council		Group	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Whanganui River Enhancement Charitable Trust (WRET)	80	75	80	75
New Zealand Masters Games Limited (NZMGL)	31	15	31	15
Manawatu Wanganui Local Advisory Shared Services (MW LASS)	24	19	24	19
Total investments in associates	135	109	135	109

Summarised financial information of associate entities

	WRET	
	2018 \$000	2017 \$000
Assets	403	368
Liabilities	161	141
Revenues	144	142
Surplus/(deficit)	25	24
Group's interest	33%	33%

	NZMGL	
	2018 \$000	2017 \$000
Assets	72	32
Liabilities	9	2
Revenues	68	34
Surplus/(deficit)	332	21
Group's interest	49%	49%

	MW LASS	
	2018 \$000	2017 \$000
Assets	428	544
Liabilities	261	413
Revenues	1,145	1,260
Surplus/(deficit)	41	5
Group's interest	14%	14%

All associates are not listed companies and, accordingly, there are no published price quotations to determine the fair value of the investments.

Wanganui-Manawatu LASS Limited

This company was set up in 2008 by seven Local Councils to investigate the possibilities of economies of scale by joint procurement.

Notes to the financial statements

For the year ended 30 June 2018

16. Property, plant and equipment

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

Council 2018	Accumulated depreciation and impairment charges		Carrying amount 1/7/2017	Current Years			Accumulated depreciation & impairments eliminated on disposals / revaluations	Current year depreciation	Current year Impairment charges	Transfers	Depreciation Transfers	Revaluation surplus	Accumulated depreciation and impairment charges		Carrying amount 30/6/2018
	Cost/ revaluation 1/7/2017	1/7/2017		Current year additions	Vesting Additions	Current year disposals							Cost/ revaluation 30/6/2018	30/6/2018	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Operational assets															
Land	57,437	-	57,437	-	-	(12)	-	-	(140)	-	4,354	61,639	-	61,639	
Buildings	53,096	(4,002)	49,094	1,058	-	(65)	5,435	(1,927)	1,234	-	4,347	59,671	(492)	59,178	
Plant, equipment and motor vehicles	13,751	(11,815)	1,936	1,319	-	(177)	161	(910)	2	-	-	14,895	(12,563)	2,332	
Leased equipment	1,178	(1,178)	-	-	-	-	-	-	-	-	-	1,178	(1,178)	-	
Furniture and fittings	3,608	(2,530)	1,078	101	-	-	-	(136)	(2)	-	-	3,707	(2,666)	1,042	
Library books	3,461	(1,877)	1,584	276	-	-	-	(313)	-	-	-	3,737	(2,190)	1,547	
Artworks	27,898	-	27,898	2	319	-	-	-	-	-	-	28,219	-	28,219	
Capital work in progress (see breakdown below)	31,273	-	31,273	2,282	-	-	-	-	(29,627)	-	-	3,928	-	3,928	
Total operational assets	191,702	(21,401)	170,301	5,038	319	(254)	5,596	(3,287)	-	(28,532)	-	8,701	(19,090)	157,884	
Infrastructural assets															
Stormwater and Drainage	108,523	-	108,523	2,442	-	-	-	(1,769)	-	-	-	110,965	(1,769)	109,196	
Wastewater Other	127,007	-	127,007	675	-	-	-	(3,363)	-	-	-	127,682	(3,363)	124,319	
Waste Water Treatment Plants & Facilities	13,505	-	13,505	16,275	-	-	-	(357)	28,010	-	-	57,790	(357)	57,433	
Water Other	60,701	-	60,701	1,555	-	-	-	(1,794)	-	-	-	62,255	(1,794)	60,461	
Water Treatment Plants & Facilities	13,806	-	13,806	329	-	-	-	(410)	-	-	-	14,135	(410)	13,725	
Roading network	353,284	-	353,284	15,601	-	-	-	(9,074)	-	-	-	368,885	(9,074)	359,811	
Land under roads	8,053	-	8,053	112	-	-	-	-	-	-	-	8,166	-	8,166	
Airport runway	1,999	-	1,999	-	-	-	-	(85)	-	-	-	1,999	(85)	1,914	
Total infrastructural assets	686,878	-	686,879	36,988	-	-	-	(16,852)	28,010	-	-	751,877	(16,852)	735,025	
Restricted assets															
Land	16,270	-	16,270	12	-	-	-	-	-	-	817	17,099	-	17,099	
Buildings	5,802	(305)	5,497	169	-	-	515	(209)	-	-	(71)	5,901	-	5,901	
Total restricted assets	22,072	(305)	21,767	181	-	-	515	(209)	-	-	747	23,000	-	23,000	
Total property, plant and equipment	900,653	(21,706)	878,947	42,208	319	(254)	6,111	(20,348)	-	(522)	-	9,448	(35,941)	915,909	

Note: Vested assets to Whanganui District Council; Art works \$318,500 (2017 \$Nil).

Notes to the financial statements

For the year ended 30 June 2018

Group 2018	Cost/ revaluation 1/7/2017	Accumulated depreciation and impairment charges 1/7/2017	Carrying amount 1/7/2017	Current Years		Current year disposals	Accumulated depreciation & impairments eliminated on disposals / revaluations	Current year depreciation	Current year impairment charges	Transfers	Depreciation Transfers	Revaluation surplus	Cost/ revaluation 30/6/2018	Accumulated depreciation and impairment charges 30/6/2018	Carrying amount 30/6/2018
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Operational assets															
Land	57,476	-	57,476	-	-	(12)	-	-	-	(140)	-	4,354	61,678	-	61,678
Buildings	54,414	(4,178)	50,236	1,064	-	(65)	5,518	(1,976)	-	3,142	-	4,347	62,902	(635)	62,267
Plant, equipment and motor vehicles	15,818	(12,854)	2,964	1,636	-	(685)	516	(1,104)	(352)	2	-	-	16,771	(13,795)	2,976
Leased equipment	1,178	(1,178)	-	-	-	-	-	-	-	-	-	-	1,178	(1,178)	-
Furniture and fittings	3,626	(2,541)	1,084	334	-	(3)	2	(149)	-	(2)	-	-	3,955	(2,688)	1,267
Library books	3,461	(1,877)	1,584	276	-	-	-	(313)	-	-	-	-	3,737	(2,190)	1,547
Art work	27,898	-	27,898	2	319	-	-	-	-	-	-	-	28,218	-	28,218
Capital work in progress	32,535	-	32,535	3,195	-	-	-	-	-	(31,803)	-	-	3,926	-	3,926
Total operational assets	196,406	(22,628)	173,779	6,507	319	(766)	6,036	(3,542)	(352)	(28,801)	-	8,701	182,366	(20,487)	161,880
Infrastructural assets															
Stormwater and Drainage	108,523	-	108,523	2,442	-	-	-	(1,769)	-	-	-	-	110,965	(1,769)	109,196
Wastewater Other	127,006	-	127,006	675	-	-	-	(3,363)	-	-	-	-	127,681	(3,363)	124,318
Waste Water Treatment Plants & Facilities	13,505	-	13,505	16,275	-	-	-	(357)	-	28,010	-	-	57,790	(357)	57,433
Water Other	60,701	-	60,701	1,555	-	-	-	(1,794)	-	-	-	-	62,255	(1,794)	60,461
Water Treatment Plants & Facilities	13,806	-	13,806	329	-	-	-	(410)	-	-	-	-	14,135	(410)	13,725
Roading network	353,284	-	353,284	15,601	-	-	-	(9,074)	-	-	-	-	368,884	(9,074)	359,810
Land under roads	8,053	-	8,053	112	-	-	-	-	-	-	-	-	8,166	-	8,166
Airport runway	1,999	-	1,999	-	-	-	-	(85)	-	-	-	-	1,999	(85)	1,914
Gas network infrastructure	35,357	(4,190)	31,167	1,302	-	-	5,290	(1,102)	-	(294)	-	3,919	34,994	-	34,994
Total infrastructural assets	722,234	(4,190)	718,045	38,290	-	-	5,290	(17,953)	-	27,716	-	3,919	786,869	(16,852)	770,018
Restricted assets															
Land	16,268	-	16,268	12	-	-	-	-	-	-	-	817	17,097	-	17,097
Buildings	5,804	(305)	5,498	169	-	-	515	(209)	-	-	-	(71)	5,903	-	5,903
Total restricted assets	22,072	(305)	21,766	181	-	-	515	(209)	-	-	-	747	23,000	-	23,000
Total property, plant and equipment	940,712	(27,124)	913,590	44,978	319	(766)	11,841	(21,704)	(352)	(1,085)	-	13,367	992,235	(37,338)	954,898

Notes to the financial statements

For the year ended 30 June 2018

Council 2017	Accumulated depreciation and impairment charges		Carrying amount	Current Years		Accumulated depreciation & impairments eliminated on disposals / revaluations		Current year depreciation	Current year impairment charges	Transfers	Depreciation Transfers	Revaluation surplus	Accumulated depreciation and impairment charges		Carrying amount
	Cost/ revaluation 1/7/2016	1/7/2016		1/7/2016	Current year additions	Vesting Additions	Current year disposals						disposals / revaluations	Cost/ revaluation 30/6/2017	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Operational assets															
Land	57,091	-	57,091	18	-	-	-	-	-	328	-	-	57,437	-	57,437
Buildings	49,453	(2,062)	47,391	1,048	-	(89)	5	(1,855)	(67)	2,684	(24)	-	53,096	(4,002)	49,094
Plant, equipment and motor vehicles	13,315	(10,915)	2,400	626	-	(217)	176	(1,059)	-	26	(16)	-	13,751	(11,815)	1,936
Leased equipment	1,178	(1,178)	-	-	-	-	-	-	-	-	-	-	1,178	(1,178)	-
Furniture and fittings	3,411	(2,413)	998	179	-	(38)	30	(134)	-	56	(12)	-	3,608	(2,530)	1,078
Library books	3,141	(1,560)	1,581	320	-	-	-	(317)	-	-	-	-	3,461	(1,877)	1,584
Artworks	27,886	-	27,886	12	-	-	-	-	-	-	-	-	27,898	-	27,898
Capital work in progress (see breakdown below)	9,482	-	9,482	25,169	-	-	-	-	-	(3,377)	-	-	31,273	-	31,273
Total operational assets	164,957	(18,128)	146,829	27,371	-	(344)	212	(3,366)	(67)	(283)	(52)	-	191,702	(21,400)	170,301
Infrastructural assets															
Stormwater and Drainage	104,329	(3,590)	100,739	2,735	-	-	5,415	(1,826)	-	-	-	1,457	108,523	-	108,523
Wastewater Other	129,786	(6,389)	123,397	920	-	-	9,631	(3,242)	-	-	-	(3,701)	127,007	0	127,007
Waste Water Treatment Plants & Facilities	15,164	(754)	14,410	-	-	-	1,132	(377)	-	-	-	(1,658)	13,505	0	13,505
Water Other	63,642	(3,182)	60,460	1,442	-	-	4,819	(1,637)	-	-	-	(4,383)	60,701	0	60,701
Water Treatment Plants & Facilities	16,744	(836)	15,908	497	-	-	1,267	(431)	-	-	-	(3,434)	13,806	0	13,806
Roading network	385,385	(35,393)	349,992	16,908	-	-	44,699	(9,303)	-	-	-	(49,008)	353,284	0	353,284
Land under roads	8,053	-	8,053	-	-	-	-	-	-	-	-	-	8,053	0	8,053
Airport runway	1,801	(162)	1,639	-	-	-	244	(81)	-	-	-	198	1,999	0	1,999
Total infrastructural assets	724,904	(50,306)	674,598	22,502	-	-	67,208	(16,899)	-	-	-	(60,529)	686,878	-	686,879
Restricted assets															
Land	16,270	-	16,270	-	-	-	-	-	-	-	-	-	16,270	-	16,270
Buildings	3,511	(125)	3,387	1,556	-	-	-	(181)	-	735	-	-	5,802	(305)	5,497
Total restricted assets	19,781	(125)	19,656	1,556	-	-	-	(181)	-	735	-	-	22,072	(305)	21,767
Total property, plant and equipment	909,642	(68,559)	841,083	51,429	-	(344)	67,420	(20,446)	(67)	452	(52)	(60,529)	900,653	(21,706)	878,947

Note: Vested assets to Whanganui District Council \$Nil (2016 \$Nil)

Notes to the financial statements

For the year ended 30 June 2018

Group 2017	Accumulated depreciation and impairment charges		Carrying amount 1/7/2016	Current Years		Current year disposals	Accumulated depreciation & impairments eliminated on disposals / revaluations		Current year depreciation	Current year Impairment charges	Transfers	Depreciation Transfers	Revaluation surplus	Accumulated depreciation and impairment charges		Carrying amount 30/6/2017
	Cost/ revaluation 1/7/2016	1/7/2016		Current year additions	Vesting Additions		Current year disposals	disposals / revaluations						Current year depreciation	Current year Impairment charges	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Operational assets																
Land	57,131	-	57,131	18	-	-	-	-	-	-	328	-	-	57,476	-	57,476
Buildings	50,823	(2,241)	48,581	1,048	-	(89)	5	(1,876)	(67)	2,633	-	-	-	54,414	(4,178)	50,236
Plant, equipment and motor vehicles	15,283	(11,826)	3,458	816	-	(282)	182	(1,210)	-	-	-	-	-	15,818	(12,854)	2,964
Leased equipment	1,178	(1,178)	-	-	-	-	-	-	-	-	-	-	-	1,178	(1,178)	-
Furniture and fittings	3,445	(2,436)	1,011	179	-	(38)	30	(136)	-	40	-	-	-	3,626	(2,541)	1,084
Library books	3,141	(1,560)	1,581	320	-	-	-	(317)	-	-	-	-	-	3,461	(1,877)	1,584
Art work	27,886	-	27,886	12	-	-	-	-	-	-	-	-	-	27,898	-	27,898
Capital work in progress	9,480	-	9,480	26,432	-	-	-	-	-	(3,377)	-	-	-	32,535	-	32,535
Total operational assets	168,367	(19,241)	149,126	28,825	-	(409)	217	(3,539)	(67)	(377)	-	-	-	196,406	(22,628)	173,779
Infrastructural assets																
Stormwater and Drainage	104,329	(3,590)	100,739	2,735	-	-	5,415	(1,826)	-	-	-	-	1,457	108,523	-	108,523
Wastewater Other	129,786	(6,389)	123,397	920	-	-	9,631	(3,242)	-	-	-	-	(3,701)	127,006	-	127,006
Waste Water Treatment Plants & Facilities	15,164	(754)	14,410	-	-	-	1,132	(377)	-	-	-	-	(1,658)	13,505	-	13,505
Water Other	63,642	(3,182)	60,460	1,442	-	-	4,819	(1,637)	-	-	-	-	(4,383)	60,701	-	60,701
Water Treatment Plants & Facilities	16,744	(836)	15,908	497	-	-	1,267	(431)	-	-	-	-	(3,434)	13,806	-	13,806
Road network	385,385	(35,393)	349,992	16,908	-	-	44,699	(9,303)	-	-	-	-	(49,008)	353,284	-	353,284
Land under roads	8,053	-	8,053	-	-	-	-	-	-	-	-	-	-	8,053	-	8,053
Airport runway	1,801	(162)	1,639	-	-	-	244	(81)	-	-	-	-	198	1,999	-	1,999
Gas network infrastructure	34,474	(3,112)	31,362	883	-	-	-	(1,078)	-	-	-	-	-	35,357	(4,190)	31,167
Total infrastructural assets	759,378	(53,418)	705,960	23,385	-	-	67,208	(17,976)	-	-	-	-	(60,529)	722,234	(4,190)	718,045
Restricted assets																
Land	16,268	-	16,268	-	-	-	-	-	-	-	-	-	-	16,268	-	16,268
Buildings	3,513	(125)	3,389	1,556	-	-	-	(181)	-	735	-	-	-	5,804	(305)	5,498
Total restricted assets	19,781	(125)	19,657	1,556	-	-	-	(181)	-	735	-	-	-	22,072	(305)	21,766
Total property, plant and equipment	947,526	(72,784)	874,742	53,766	-	(409)	67,425	(21,695)	(67)	358	-	(60,529)	-	940,712	(27,124)	913,590

Notes to the financial statements

For the year ended 30 June 2018

16. Property, plant and equipment (continued)

Valuation

Operational and restricted land and buildings

Under NZ IFRS, this portfolio is being held for operational purposes, is valued and accounted for under the public Benefit Entity International Public Sector Accounting Standard 17 (PBE IPSAS 17) Property Plant and Equipment. The most recent valuation was performed by Mr KD Pawson (ANZIV, SPINZ, Bcom (VPN), of Morgans Property Advisors, Valuers and the valuation is effective as at 30 June 2018.

Fair value of individual structures have been assessed assuming the continued "economic" use for each structure with same forming an integral part of the total operation of the various portfolios. This use is typically considered the highest and best use. The properties contain a range of improved and bareland operational assets with various different uses relating to the Council function.

Where there has been a definable market for the asset then market comparisons have been utilised to determine Fair Value. Where the asset is not one that has a defined market then Depreciated Cost method has been adopted to determine Fair Value.

Where Council only holds a land interest, then Fair Value has been determined by comparison with market based land sales. A proportion of the portfolio is subject to term ground leases. Where this is the case, only the lessors' (Councils) interest in the land has been assessed - i.e.. The freehold value of the land has been discounted (where applicable) to adequately reflect any rental detriment (through under-renting) and/or the (where perpetually renewable) the tenants 'right to occupy'. Some of the portfolio is impacted by reserves status (zoned or gazetted) and designations. Where land is impacted by same, the approach has been to firstly assess market values as per underlying zoning/status and then discounted values by a percentage that appropriately reflects the 'percentage chance' of changing the zoning/status or uplifting the designation. The property has been valued as if free and clear of any mortgages, debenture or toher charge against the property.

No allowance has been made for any liability for taxation which may arise on disposal of the property, nor any allowance for capital based Government grants investments allowances which may apply if the property was being built at the date of valuation.

Replacement cost has been based on known recent contract prices along with references to most recent QV Cost Builder Statistics.

Forestry land has been valued by Mr KD Pawson (ANZIV, SPINZ, Bcom (VPN), of Morgans Property Advisors, Valuers and the valuation is effective as at 30 June 2018.

Infrastructural asset classes: roads, airport runway, water system, sewerage reticulation, stormwater system.

These are valued at fair value determined on a depreciated replacement cost basis. The most recent valuation, as at 30 June 2017, was performed by Robin Mackie (an employee of WDC), NZCE, Member of NZWWA), with John Vessey of Opus consultants (BE (Civil), BA (Econ), CPENG, FIPENZ, Affiliate Member PINZ, Member of ACENZ) peer reviewing the methodology.

At Balance date WDC assesses the carrying values of its infrastructural assets to ensure that they do not materially differ from the assets fair values. If there is a material difference then the off-cycle asset classes are revalued.

Land under Roads

Land under roads was valued at 30 June 2003 and this valuation is considered deemed cost. Under NZ IFRS WDC has elected to use the fair value of land under roads as at 30 June 2003 as deemed cost. Land under roads is no longer revalued. Subsequent additions are shown at cost.

Gas distribution network

The distribution network of WGL was valued using a discounted cash flow model, as at 30 June 2018 by Geoff Evans, BE (Mech), Network Manager and reviewed in accordance with NZ IAS 16 by Jeff Whitlock CA (PP), B.BS, of Moore Stephens Markhams. The network is revalued on a five yearly cycle.

Art collection

The art collection of the Sarjeant Gallery has been valued by Mr James Parkinson (MPINZ) and Mr Ben Plumbly of Art + Object, and Christies of London, on 30 June 2016. Subsequent additions are shown at cost.

Impairment

There are no impairments to Property, plant and equipment for the year ending 30 June 2018 (2017 \$Nil).

Work in progress

	Council		Group	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Operational Buildings & improvements	2,903	2,761	2,903	4,024
Plant & Equipment	17	-	17	-
Waste Water Treatment Plants & Facilities	260	28,117	260	28,117
Storm Water	6	-	6	-
Water Other	621	121	621	121
Roading	14	14	14	14
Waterways & Natural Drainage	105	62	105	62
Gas distribution network	-	-	19	-
Restricted Buildings & improvements	-	120	-	120
Intangible	-	77	-	77
Total work in progress	3,926	31,273	3,946	32,535

Leasing

The net carrying amount of plant and equipment held under finance leases is \$Nil (2017 \$Nil).

Notes to the financial statements

For the year ended 30 June 2018

Core infrastructure asset disclosures

Included within the Council infrastructure assets above are the following core Council assets:

	Closing book value \$000	Additions constructed by Council \$000	Additions transferred to Council \$000	Most recent replacement cost estimate for revalued assets \$000
2018				
Stormwater & Drainage	109,196	2,442	-	169,458
Wastewater Other	124,319	675	-	253,209
Wastewater Treatment Plants & Facilities	57,433	44,285	-	79,111
Water Other	60,461	1,555	-	119,242
Water Treatment Plants & Facilities	13,725	329	-	40,925
Roading network	359,811	15,601	-	636,117
2017				
Storm Water	108,523	2,735	-	167,020
Wastewater Other	127,007	920	-	253,209
Waste Water Treatment Plants & Facilities	13,505	-	-	34,366
Water Other	60,701	1,442	-	119,155
Water Treatment Plants & Facilities	13,806	497	-	40,925
Roading network	353,284	16,908	-	632,921

Notes to the financial statements

For the year ended 30 June 2018

17. Intangible assets

	Council computer software \$000	Council other \$000	Council total \$000	Group other \$000	Group goodwill \$000	Group \$000
Movements for each class of intangible asset are as follows:						
Balance at 1 July 2017						
Cost	3,171	1,205	4,376	420	10,702	15,498
Accumulated amortisation and impairment	(2,997)	-	(2,997)	(1,070)	-	(4,067)
Opening carrying amount	174	1,205	1,379	(650)	10,702	11,432
Year ended 30 June 2018						
Additions	122	17	139	1	-	140
Amortisation / Impairment charge	(45)	-	(45)	-	(1,110)	(1,155)
Disposals/Transfers	56	(491)	(434)	678	(1,206)	(963)
Amortisation charge eliminated on disposal	-	-	-	-	-	-
Revaluation increment	-	136	136	-	-	136
Closing carrying amount	307	868	1,174	29	8,386	9,590
Year ended 30 June 2018						
Cost	3,349	868	4,217	1,099	9,496	14,812
Accumulated amortisation and impairment	(3,043)	-	(3,043)	(1,070)	(1,110)	(5,223)
Closing carrying amount	307	868	1,174	29	8,386	9,590
Balance at 1 July 2016						
Cost	3,152	1,116	4,268	470	10,702	15,440
Accumulated amortisation and impairment	(2,917)	-	(2,917)	(392)	-	(3,309)
Opening carrying amount	234	1,116	1,351	78	10,702	12,132
Year ended 30 June 2017						
Additions	19	31	49	30	-	80
Amortisation charge	(80)	-	(80)	(678)	-	(758)
Disposals/Transfers	-	80	80	(80)	-	-
Amortisation charge eliminated on disposal	-	-	-	-	-	-
Revaluation increment	-	(21)	(21)	-	-	(21)
Closing carrying amount	173	1,205	1,379	(650)	10,702	11,434
Year ended 30 June 2017						
Cost	3,171	1,205	4,376	420	10,702	15,498
Accumulated amortisation and impairment	(2,997)	-	(2,997)	(1,070)	-	(4,067)
Closing carrying amount	174	1,205	1,379	(650)	10,702	11,432

Council's other intangible assets relate to Whanganui District Councils Forestry Joint Committee's holdings of Carbon Credits under the Emissions Trading Scheme.

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

Impairment

Goodwill

Goodwill arises on the consolidation of GasNet Limited and the New Zealand International Commercial Pilot Academy in the books of Whanganui District Council Holdings Limited and the consolidation of the WINC glass school into the books of WDC. Any excess of the cost of the business combination over WDC's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised as goodwill. If WDC's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised exceeds the cost of the business combination, the difference will be recognised immediately in the statement of comprehensive revenue and expense. There is no impairment of goodwill as the net book value of assets, cashflows and the meeting of expected dividends are all in line with the expectations contained in the Council's 10 year plan 2015/25.

Work in progress

	Council		Group	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Software	96	-	96	-
Easements	-	-	-	-
	96	-	96	-

Notes to the financial statements

For the year ended 30 June 2018

18. Forestry assets

	Council		Group	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Balance at 1 July	8,833	7,447	8,833	7,447
Increases due to purchases	-	-	-	-
Gain/(loss) arising from physical change	988	604	988	604
Gain/(losses) arising from changes in fair value	1,518	781	1,518	781
Decreases due to harvest	-	-	-	-
Forests held for sale at 30 June	(10,414)	-	(10,414)	-
Balance at 30 June	925	8,833	925	8,833

Through its investment in the Whanganui District Councils' Forestry Joint Committee, WDC owns 1,136 hectares of pinus radiata forest (2017 1,136 hectares), which are at varying stages of maturity ranging up to 36 years. There are no restrictions over the title of forestry assets. No forestry assets have been pledged as security for liabilities.

Valuation assumptions

Independent registered valuers Alan Bell and Associates have valued forestry assets as at 30 June 2018. The following valuation assumptions have been adopted in determining the fair value of forestry assets:

- a discount rate of 6.5% (2017 5.8%) has been used in discounting the present value of expected after tax cash flows;
- land is excluded from the tree crop value by applying an annual "land cost" of \$90 per ha per annum (2017 \$75);
- the forest has been valued on a going concern basis and only includes the value of the existing crops on a single rotation basis;
- no allowance for inflation has been provided on the basis that costs and prices rise equally in line;
- costs are current average costs. No allowance has been made for cost improvements in future operations; and
- log prices are based on a 3 year historical rolling average.

Financial risk management strategies

WDC is exposed to financial risks arising from changes in timber prices. WDC is a long-term forestry investor and does not expect timber prices to decline significantly in the foreseeable future, therefore, has not taken any measures to manage the risks of a decline in timber prices. WDC reviews its outlook for timber prices regularly in considering the need for active financial risk management.

Fire - All forest estate is insured for loss from fire based on the latest valuation from Alan Bell, Registered Forest Consultant. On site mitigation includes updating the Rural Fire Authority and neighbours on access and risk issues, contacts and procedures. It also includes maintaining maps of water supplies and access to such. During the Fire Season (1 October to 30 April) the Fire Weather Index is monitored and on site operations curtailed or cancelled depending on extent of risk. All contractors must have operative fire plans and be fully covered for insurance.

Tree Health - Regular surveillance with a defined procedure to have samples analysed at ENSIS (Forest Research) for any suspicious fungal or insect damage.

Pestilence - Control of animal and plant pests is ongoing. Uncontrolled, they can cause damage or mortality to the crop. Animal control is focused on goats and hares at establishment and possums in mid rotation. Plant pests are focused on new "invaders" with liaison and reporting to the Regional Council's Plant Pest division.

Security - All properties have secured access available only to registered key holders. Contractors and other forest users are given full briefings for health and safety reasons and to avoid any third party claims.

Harvesting - Local, national and international prices, transport costs and supply and demand are monitored to be aware of impending sudden decreases or potential increases in prices. If the latter occurs, production levels may be increased. All contracts have a 3 month exit clause or sooner by agreement. Access roads are established at least 6 months in advance of harvesting to allow them to stabilise in order to prevent collapse during operations. If this happens, timber may be isolated and lose quality. A \$50,000 bond was held with BNZ for the current harvesting agent, John Turkington Limited, to cover one month's harvesting if payment is in default. This was fully refunded during the 2017 year.

Notes to the financial statements

For the year ended 30 June 2018

19. Investment property

	Council		Group	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Balance at 1 July	23,737	23,535	22,912	22,710
Additions from acquisitions	335	17	335	17
Disposals/Transfers	(54)	(59)	(151)	(59)
Fair value gains/(losses) on valuation	(637)	244	(637)	244
Balance at 30 June	23,381	23,737	22,459	22,912
Less Impairment of earthquake prone buildings	-	-	-	-
Balance at 30 June	23,381	23,737	22,459	22,912

WDC's investment properties are valued annually at fair value effective 30 June 2018. All investment properties were valued independently based on open market evidence. The valuation was performed by KD Pawson (ANZIV, SPINZ, Bcom (VPN)) of Morgans Property Advisors (Morgans). Morgans is an experienced valuer with extensive market knowledge in the types of investment properties owned by WDC.

The fair value of the investment property has been determined using the capitalisation of actual/potential net revenues and direct comparison methods. The methods are also based on assumptions of 'highest and best use' and have regard for current lease arrangements. Where long term ground leases are in place only the lessors' (councils) interest in the land has been assessed.

Net revenue from properties within the harbour endowment must be applied to the maintenance and development of the Port. Net revenue from the City Endowment properties is used to aid the people of Whanganui. For both endowments Crown approval is required for any change to the make up or purpose of the endowment. Also all capital or divestment proceeds must remain within those Endowments.

	Council		Group	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
<u>Revenue and expenses in relation to investment properties:</u>				
Rental revenue	1,510	1,767	1,510	1,767
Expenses from investment property generating revenue	(976)	(705)	(938)	(663)
Expenses from investment property not generating revenue	(38)	(41)	(38)	(41)
Contractual obligations for capital expenditure	-	-	-	-
Contractual obligations for operating expenditure	-	-	-	-

20. Joint ventures

WDC has a 50/50 joint venture with the Crown to operate the Whanganui Airport. WDC's interest in the jointly controlled operation is as follows:

	Council and Group	
	2018 \$000	2017 \$000
Current assets	96	60
Non-current assets	4,519	4,242
Current liabilities	220	345
Non-current liabilities	31	81
Revenue	254	226
Expenses	464	478

Notes to the financial statements

For the year ended 30 June 2018

WDC has an interest in the Whanganui District Councils' Forestry Joint Committee. WDC's share is 95.09%. WDC's interest in the jointly controlled operation is as follows:

	Council and Group	
	2018	2017
	\$000	\$000
Current assets	515	70
Non-current assets	4,417	12,539
Current liabilities	388	365
Non-current liabilities	-	-
Revenue	2,748	1,391
Expenses	149	356

Joint venture commitments and contingencies

Details of any commitments and contingencies arising from the group's involvement in the joint ventures are disclosed separately in notes 27 and 28.

21. Payables and deferred revenue

	Council		Group	
	2018	2017	2018	2017
	\$000	\$000	\$000	\$000
Current portion				
<i>Payables under exchange transactions</i>				
Trade payables	5,980	10,633	6,433	11,771
Deposits and bonds	2,276	2,185	2,276	2,185
Accrued expenses	493	314	493	328
Amounts due to related parties	14	-	-	-
Accrued interest payable	659	657	819	815
Revenue in advance	372	377	1,395	964
<i>Payables under non exchange transactions</i>				
Income tax payable	-	-	760	-
Other taxes payable	162	183	280	751
Rates in advance	594	515	594	515
Grants and funding with conditions	-	-	-	-
	10,550	14,864	13,050	17,329
Non-current portion				
<i>Payables under non exchange transactions</i>				
Grants and funding with conditions	-	-	642	145
	-	-	642	145
Total payables and deferred revenue	10,550	14,864	13,692	17,473

Payables are non-interest bearing and are normally settled on 30-day terms, therefore the carrying value of payables approximates their fair value.

22. Borrowings & other financial liabilities

	Council		Group	
	2018	2017	2018	2017
	\$000	\$000	\$000	\$000
Current portion				
Secured loans	30,000	22,300	32,350	22,300
Finance leases	-	-	-	-
<i>Total current portion</i>	30,000	22,300	32,350	22,300
Non-current portion				
Secured loans	74,750	71,750	84,800	83,350
Finance leases	-	-	-	-
<i>Total non-current borrowings</i>	74,750	71,750	84,800	83,350
Total borrowings	104,750	94,050	117,150	105,650

Notes to the financial statements

For the year ended 30 June 2018

Secured loans

WDC's secured debt of \$104,750,000 (2017 \$94,050,000) is mostly issued at floating rates of interest. For floating rate debt, the interest rate is reset quarterly based on the 90-day bill rate plus a margin of 0.07-1.4% for credit risk.

There is a multi option credit facility of \$15,000,000 (2017 \$15,000,000) available with Westpac. At year end there had been drawdowns of \$750,000 (2017 \$2,050,000) on this facility. In addition WDC has a loan facility of \$15,000,000 available with ANZ. At year end there was no drawdown (2017 \$NIL). It also has a \$75,000 credit card facility with ANZ Bank. At 30 June 2018 \$11,162.55 was owing on this facility (2017 \$4,652.82).

WDC has debt raised with the New Zealand Local Government Funding Agency. At 30 June 2018, \$78,000,000 is outstanding (2017 \$66,000,000) with maturities from 2018 to 2027.

Security

Council loans are secured over rates revenue or property. WDC adopted a new Liability Management Policy during the 2017/18 year.

Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

Fair values

Due to interest rates on debt resetting to the market rate every three months, the carrying amounts of secured loans approximates their fair value.

Notes to the financial statements

For the year ended 30 June 2018

23. Employee entitlements

	Council		Group	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Current portion				
Accrued pay	374	292	422	341
Annual leave	1,078	1,093	1,175	1,171
Retirement and long service leave	116	116	116	116
Sick leave	13	18	13	21
<i>Total current portion</i>	1,581	1,519	1,726	1,650
Non-current portion				
Retirement and long service leave	126	125	126	125
<i>Total non-current portion</i>	126	125	126	125
Total employee entitlements	1,707	1,644	1,852	1,775

The present value of long service leave obligations depend on a number of factors that are determined on an actuarial basis. Two key assumptions used in calculating this liability include the discount rate and the salary inflation factor. Any changes in these assumptions will affect the carrying amount of the liability.

Expected future payments are discounted using forward discount rates derived from the yield curve of New Zealand government bonds. The discount rates used are from 2 year, 5 year and 10 year bond yields. The salary inflation factor has been determined after considering historical salary inflation patterns. An average discount rate of 2.28% (2017 2.57%) and an inflation factor of 2.3% (2017 3.2%) were used.

24. Provisions

Council has not made any provisions during the 2017/18 and 2016/17 periods.

Notes to the financial statements

For the year ended 30 June 2018

25. Equity

	Council		Group	
	2018	2017	2018	2017
	\$000	\$000	\$000	\$000
Retained earnings				
Balance at 1 July	547,363	535,980	562,632	549,126
Asset adjustment to equity 1 July	-	-	-	-
Transfers (to)/from restricted reserves	(4,306)	(2,405)	(4,306)	(2,405)
Adjustment to equity from CCO's	-	-	-	(23)
Transfers from property revaluation reserves on disposal	-	44	-	44
Transfers from other revaluation reserves on disposal	491	-	491	-
Surplus/(deficit) for the year	17,217	13,744	20,632	15,889
Balance at 30 June	560,765	547,363	579,449	562,632
Restricted reserves				
Balance at 1 July	59,762	57,357	59,762	57,357
Transfers (to)/from retained earnings	4,306	2,405	4,306	2,405
Balance at 30 June	64,068	59,762	64,068	59,762
Asset revaluation reserves				
Balance at 1 July	216,463	210,227	221,984	215,747
Revaluation gains/(losses)	10,307	6,280	14,226	6,281
Impairment of roading assets	-	-	-	-
Transfer to accumulated funds on disposal of property	-	(44)	-	(44)
Tax on property revaluations	(28)	-	(1,126)	-
Balance at 30 June	226,742	216,463	235,084	221,984
Asset revaluation reserves consist of:				
Operational assets:				
- land	39,540	35,347	39,540	35,347
- buildings	4,823	-	4,823	-
- Artworks	3,630	3,630	3,630	3,630
Infrastructural assets:				
- wastewater system (including stormwater)	117,172	117,172	117,172	117,172
- water system	15,464	15,464	15,464	15,464
- roading network	25,109	25,109	25,109	25,109
- Airport runway	-	-	-	-
- gas network infrastructure	-	-	8,342	5,521
Restricted assets:				
- land	19,615	18,797	19,615	18,797
- buildings	1,389	945	1,389	945
Balance at 30 June	226,742	216,463	235,084	221,984
Other reserves				
Balance at 1 July	1,209	1,168	1,209	1,144
Valuation gains/(losses) taken to equity	43	62	43	86
Transfer to accumulated funds on disposal of carbon credits	(491)	-	(491)	-
Gain/(loss) on carbon credits revaluation	136	(21)	136	(21)
Balance at 30 June	897	1,209	897	1,209
Other reserves consist of:				
- Fair value through equity	161	119	161	119
- Carbon credit reserve	736	1,090	736	1,090
Balance at 30 June	897	1,209	897	1,209
Total Equity	852,472	824,797	879,498	845,587

Notes to the financial statements

For the year ended 30 June 2018

Restricted Reserves consists of:

Reserve	Activities to which the reserve relates	Purpose of the reserve	Balance at 1 July 2017 \$000	Transfers into fund \$000	Transfers out of fund \$000	Balance at 30 June 2018 \$000
Self funding insurance	All activities	To set aside funds to cover insurance excesses	2,409	331	(55)	2,685
City Endowment	Investments	To provide alternative income for funding of Council activities	21,914	1,717	(44)	23,587
Harbour Endowment	Investments	To provide funds for operation and maintenance of the Port	26,697	5	(730)	25,972
Henry Sarjeant Bequest	Community & cultural	To fund the purchase of artworks	395	292	(6)	681
Hutton Estate	Community & cultural	To fund Sarjeant Gallery expenditure	3	1	-	4
Robertson Art Prize Fund	Community & cultural	To fund art competitions and grants	12	-	-	12
Gallery Redevelopment project	Community & cultural	Lotteries Board funds to go towards Gallery project	-	2,028	(60)	1,968
Grave maintenance bequests	Community facilities and services	Maintenance of specific grave sites	20	-	-	20
Waste minimisation levy	Community facilities and services	To fund waste minimisations services	299	178	(128)	349
CBD parking fund	Community facilities and services	To fund CBD parking infrastructure	338	159	-	497
Heritage Building Preservation fund	Community facilities and services	To fund future IEP grants	150	3	-	153
De-sexing program	Community facilities and services	To fund future dog de-sexing program	15	-	(12)	3
MA Larsen Bequest	Parks and recreation	To finance improvements at the Bason Reserve	577	10	-	587
T Waight Park fund	Parks and recreation	For improvements at Thomas Waight Park	29	-	-	29
Fairbridge Bequest	Parks and recreation	For upgrading work at the Winter Gardens	10	-	-	10
Dovey Gazebo fund	Parks and recreation	For Bason Reserve maintenance	8	-	-	8
Birch Reserve Fund	Parks and recreation	To provide funds for maintenance of parks and reserves	104	1	-	105
Kai Iwi Trust	Parks and recreation	Council is trustee for Maori land at Kai Iwi	19	6	-	25
J McLean Bequest	Parks and recreation	Reserve created on historic bequest	11	1	-	12
Handley Park fund	Parks and recreation	To fund improvements at Handley Park	6	-	-	6
Nagaizumi Donation	Parks and recreation	For qualifying expenditure	9	1	-	10
Nicholson bequest	Parks and recreation	For qualifying expenditure	40	1	-	41
Tree Planting contribution	Parks and recreation	For qualifying expenditure	-	3	-	3
Crown and other trusts' properties	Parks and recreation	Properties administered on behalf of third parties	6,254	549	-	6,803
Rural road special rate - Whangaehu No 1	Roads, footpaths and pathways	Rural rates specifically collected for future works	33	9	-	42
Rural road special rate - Whangaehu No 2	Roads, footpaths and pathways	Rural rates specifically collected for future works	68	11	-	79
CUVL renewals fund	Economic development	To fund renewals of community under-veranda lighting	182	3	-	185
International Education	Economic development	To fund education initiatives	12	-	-	12
The Waitotara Centennial Fund	Corporate	To fund Outward Bound trips for approved people	38	1	-	39
Aged Citizens Benefit Trust	Corporate	To benefit aged citizens	5	-	-	5
Tram Fund	Community & cultural	To fund the Tram project	10	1	-	11
Welcoming Communities grant	Community & cultural	To administer the Welcoming Communities scheme	-	29	-	29
Community Development grants	Community & cultural	To fund Youth Committee projects	17	-	(1)	16
LI Smith Bequest	Community & cultural	To fund an arts award	81	2	-	83
			59,762	5,342	(1,037)	64,068

Notes to the financial statements

For the year ended 30 June 2018

Reserve	Activities to which the reserve relates	Purpose of the reserve	Balance at 1 July 2016 \$000	Transfers into fund \$000	Transfers out of fund \$000	Balance at 30 June 2017 \$000
Self funding insurance	All activities	To set aside funds to cover insurance excesses	2,072	344	(7)	2,409
City Endowment	Investments	To provide alternative income for funding of Council activities	21,886	95	(67)	21,914
Harbour Endowment	Investments	To provide funds for operation and maintenance of the Port	24,849	2,382	(535)	26,697
Henry Sarjeant Bequest	Community & cultural	To fund the purchase of artworks	381	26	(12)	395
Hutton Estate	Community & cultural	To fund Sarjeant Gallery expenditure	3	-	-	3
Robertson Art Prize Fund	Community & cultural	To fund art competitions and grants	12	-	-	12
Grave maintenance bequests	Community facilities and services	Maintenance of specific grave sites	20	-	-	20
Waste minimisation levy	Community facilities and services	To fund waste minimisations services	191	173	(65)	299
CBD parking fund	Community facilities and services	To fund CBD parking infrastructure	348	7	(17)	338
Heritage Building Preservation fund	Community facilities and services	To fund future IEP grants	120	30	-	150
De-sexing program	Community facilities and services	To fund future dog de-sexing program	-	15	-	15
MA Larsen Bequest	Parks and recreation	To finance improvements at the Bason Reserve	566	11	-	577
Kowhai Park Improvements fund	Parks and recreation	To fund improvements to Kowhai Park	18	-	(18)	-
T Waight Park fund	Parks and recreation	For improvements at Thomas Waight Park	29	-	-	29
Fairbridge Bequest	Parks and recreation	For upgrading work at the Winter Gardens	10	-	-	10
Vera Thrush Donation	Parks and recreation	To improve Virginia Lake access	21	-	(21)	-
Dovey Gazebo fund	Parks and recreation	For Bason Reserve maintenance	8	-	-	8
Birch Reserve Fund	Parks and recreation	To provide funds for maintenance of parks and reserves	101	3	-	104
Kai Iwi Trust	Parks and recreation	Council is trustee for Maori land at Kai Iwi	26	-	(7)	19
J McLean Bequest	Parks and recreation	Reserve created on historic bequest	11	-	-	11
Handley Park fund	Parks and recreation	To fund improvements at Handley Park	6	-	-	6
Nagaizumi Donation	Parks and recreation	For qualifying expenditure	9	-	-	9
Nicholson bequest	Parks and recreation	For qualifying expenditure	-	40	-	40
Crown and other trusts' properties	Parks and recreation	Properties administered on behalf of third parties	6,263	-	(9)	6,254
Rural road special rate - Whangaehu No 1	Roads, footpaths and pathways	Rural rates specifically collected for future works	22	11	-	33
Rural road special rate - Whangaehu No 2	Roads, footpaths and pathways	Rural rates specifically collected for future works	59	9	-	68
CUVL renewals fund	Economic development	To fund renewals of community under-veranda lighting	179	3	-	182
International Education	Economic development	To fund education initiatives	-	12	-	12
The Waitotara Centennial Fund	Corporate	To fund Outward Bound trips for approved people	37	1	-	38
Aged Citizens Benefit Trust	Corporate	To benefit aged citizens	5	-	-	5
Tram Fund	Community & cultural	To fund the Tram project	10	-	-	10
Community Development grants	Community & cultural	To fund the For Our Kids Program	16	4	(3)	17
LI Smith Bequest	Community & cultural	To fund an arts award	80	1	-	81
			57,357	3,168	(762)	59,762

Notes to the financial statements

For the year ended 30 June 2018

26. Reconciliation of net surplus/(deficit) after tax to net cash flow from operating activities

	Council		Group	
	2018	2017	2018	2017
	\$000	\$000	\$000	\$000
Surplus/(deficit) after tax	17,217	13,744	20,633	15,889
Add/(less) non-cash items				
Share of associate surplus/(deficit)	(26)	(18)	(26)	(18)
Interest credited directly to investments	(128)	-	(128)	-
Depreciation and amortisation expense	20,393	20,526	21,751	21,833
Vested assets	(318)	(182)	(318)	(182)
(Gains)/losses in fair value of biological assets	(2,506)	(1,386)	(2,505)	(1,386)
Movement in fair value of investment property	637	(244)	637	(244)
(Gains)/losses on derivative financial instruments	(124)	(3,449)	(222)	(3,752)
(Gains)/losses on shares held in WDC Holdings Ltd	-	-	-	-
(Gains)/losses in fair value of plant, property and equipment	(5,035)	(332)	(5,035)	(332)
Increase/(decrease) in deferred tax	(50)	58	686	642
(Gains)/losses on other investments	-	-	1,413	(762)
	12,843	14,974	16,253	15,800
Add/(less) items classified as investing or financing activities				
(Gains)/losses on disposal of property, plant and equipment	(28)	86	(28)	86
	(28)	86	(28)	86
Add/(less) movements in working capital items				
Accounts receivable	2,472	991	2,158	58
Inventories	-	125	(11)	106
Accounts payable	(586)	1,445	(2,127)	2,472
Employee benefits	1	(19)	15	2
	1,886	2,542	35	2,639
Net cash inflow/(outflow) from operating activities	31,919	31,346	36,893	34,414

27. Capital commitments and operating leases

	Council		Group	
	2018	2017	2018	2017
	\$000	\$000	\$000	\$000
Capital commitments				
Plant & Equipment	165	-	165	-
Parks	2,099	-	2,099	-
Building & Improvements	3,360	599	3,360	599
Water System	7	7	7	7
Storm Water & Drainage System	2,475	4,201	2,475	4,201
Waste Water System	73	1,122	73	1,122
Roading Network	952	943	952	943
Wastewater Treatment Plant (see note 22)	4,361	19,653	4,361	19,653
Investment property	-	-	-	-
Total capital commitments	13,492	26,524	13,492	26,524

There are no capital commitments in relation to the WDC's interest in the Forestry joint venture or Airport joint venture.

Notes to the financial statements

For the year ended 30 June 2018

Operating leases as lessee

WDC leases property, plant and equipment in the normal course of its business. The majority of these leases have a non-cancellable term of 60 months. The future aggregate minimum lease payments payable under non-cancellable operating leases are as follows:

	Council		Group	
	2018	2017	2018	2017
	\$000	\$000	\$000	\$000
Not later than one year	161	161	348	161
Later than one year and not later than five years	172	343	408	343
Later than five years	-	-	14	-
Total non-cancellable operating leases	333	504	769	504

The total minimum future sublease payments expected to be received under non-cancellable subleases at balance date is \$nil (2017 \$nil).

Lease can be renewed at WDC's option, with rents set by reference to current market rates for items of equivalent age and condition. WDC does not have the option to purchase the asset at the end of the lease term.

There are no restrictions placed on WDC by any of the leasing arrangements.

WDC's financial statements include lease expenditure of \$201,711 (2017 \$205,440). The lease expenditure is for photocopiers, water coolers, and Eftpos terminals.

Operating leases as lessor

WDC leases its investment property under operating leases. These leases have a varying non-cancellable terms.

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

	Council		Group	
	2018	2017	2018	2017
	\$000	\$000	\$000	\$000
Not later than one year	1,249	1,363	1,249	1,363
Later than one year and not later than five years	2,843	3,482	2,843	3,482
Later than five years	5,075	5,766	5,075	5,766
Total non-cancellable operating leases	9,167	10,610	9,167	10,610

No contingent rents have been recognised in the statement of financial performance during the period.

Notes to the financial statements

For the year ended 30 June 2018

28. Contingencies

	Council		Group	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Litigation	200	200	200	200
Building Act claims	100	100	100	100
Total contingent liabilities	300	300	300	300

Building act claims

The Building Act (2004) imposes certain obligations and liabilities on local authorities relating to the issue of building consents and inspection of work done. At the date of this report, 1 matter under that act indicating potential liability had been brought to the Councils attention.

In April 2013, the Ministry of Education (MOE) initiated High Court proceedings against Carter Holt Harvey (CHH) and others alleging inherent defects in the cladding sheets and cladding systems manufactured and prepared by CHH. Subsequently, in December 2016, CHH commenced third party proceedings against 48 Councils, including Whanganui District Council alleging a breach of duty in the processing of building consents, undertaking building inspections and issuing Code Compliance Certificates. The Council have applied for orders setting aside and striking out CHH's claims against them. The MOE's claim against CHH is for 833 school buildings, 5 of which are located within the Whanganui District. At present there is insufficient information to conclude on potential liability and claim quantum, if any.

Defined Benefit Plan Contributors Scheme

Whanganui District Council is a participating employer in the Defined Benefit Plan Contributors Scheme (the scheme), which is a multi-employer defined benefit scheme. If the other participating employers cease to participate in the scheme, Whanganui District Council could be responsible for any deficit of the scheme. Similarly, if a number of employers cease to participate in the scheme, the Whanganui District Council could be responsible for an increased share of any deficit.

Financial Assistance Package

Whanganui District Council will be a participating territorial authority to the Financial Assistance Package (FAP) scheme passed into legislation by the Weathertight Homes Resolutions Services (Financial Assistance Package) Amendment Act 2011. The scheme is optional to the homeowner. In signing up to the scheme, WDC is committing to funding 25 per cent of eligible claims. It is a five-year commitment. There is currently one property which Whanganui District Council has agreed meets the requirements of the FAP.

New Zealand Local Government Funding Agency

WDC is a guarantor of the New Zealand Local Government Funding Agency Limited (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+.

WDC is one of 30 local authority shareholders and 8 local authority guarantors of the NZLGFA. In that regard it has uncalled capital of \$100,000. When aggregated with the uncalled capital of other shareholders, \$20m is available in the event that an imminent default is identified. Also, together with the other shareholders and guarantors, WDC is a guarantor of all of NZLGFA's borrowings. At 30 June 2018, NZLGFA had borrowings totalling \$8,272m (2017: \$7,945m).

Financial reporting standards require WDC to recognise the guarantee liability at fair value. However, the Council has been unable to determine a sufficiently reliable fair value for the guarantee, and therefore has not recognised a liability. The WDC considers the risk of NZLGFA defaulting on repayment of interest or capital to be very low on the basis that:

- we are not aware of any local authority debt default events in New Zealand; and
- 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.

Unquantified Liabilities

There are a small number of claims Council are contesting. These have not been quantified due to the nature of the issues and uncertainty over the outcome of Council's liability.

Contingent Asset

The Council suffered damage to its main sewer pipe to its Beach Road pump station. Council has reached agreement with the other parties for full and final settlement.

Notes to the financial statements

For the year ended 30 June 2018

29. Related party transactions

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those it is reasonable to expect the Council and group would have adopted in dealing with the party at arm's length in the same circumstances.

Related party disclosures have also not been made for transactions with entities within the Council group (such as funding and financing flows), where transactions are consistent with the normal operating relationships between the entities and are on normal terms and conditions for such group transactions.

Related party transactions required to be disclosed

The Council received from Gasnet Limited a subvention payment of \$600,000 (2017 \$600,000).

The Council believe the following to be arms length transactions, but are disclosing them for transparency and include transactions with entities that Councillors and Management have an interest in:

During the year, tax losses in Council were transferred to GasNet by subvention of \$600,000 and loss offset of \$1,594,000.

The Council paid the Drawing Room \$1,183 for the provision of Architectual services (2017: \$32,947).

The Council paid Pacific Helmets Nil for the supply of Rural Fire equipment (2017: \$2,913).

The Council paid Pac Fire Nil for the supply of Rural Fire equipment (2017: \$614).

The Council paid Downer NZ \$37.9M for the supply of various contract works (2016: \$27M)

The Council paid MWLASS for shared services \$128,691 (2017: \$997,502).

The Council paid Whanganui District Council Holdings Ltd (WDCHL) by way of Port grants \$467,120 (2017 \$685,381).

The Council made equity contributions to Whanganui Joint Venture Aiport totalling \$339,028 (2017 \$Nil).

The Council received from NZ Masters Games Ltd for administrative services \$36,812 (2017: \$1,310).

The Council received from the Sarjeant Gallery Trust grants totalling \$172.50 (2017 \$61,592). An amount of \$Nil was outstanding at 30 June 2018 (2017 \$61,592).

Key management personnel compensation

	2018	2017
	\$000	\$000
<i>Councillors</i>		
Remuneration	551	526
Full-time equivalent members	13	13
<i>Senior Management Team, including the Chief Executive</i>		
Remuneration	1,240	1,287
Full-time equivalent members	6	7
	1,791	1,813
Total full-time equivalent personnel	19	20

Key management personnel include the Mayor, Councillors, Chief Executive and other senior management personnel.

Notes to the financial statements

For the year ended 30 June 2018

30. Remuneration

Chief Executive

The total remuneration (including any non-financial benefits) paid or payable for the year to the Chief Executive was \$338,008 (2017 \$287,927).

Elected representatives

Elected representatives received the following remuneration:

Whanganui District Council

Mayor Hamish McDouall (includes car)*	117	82	-	-
Councillor Charlie Anderson	34	33	-	-
Councillor Philippa Baker-Hogan	33	34	-	-
Councillor David Bennett*	33	23	-	-
Councillor Josh Chandulal-Mackay*	34	23	-	-
Councillor Murray Cleveland*	35	23	-	-
Councillor Helen Craig	39	35	-	-
Councillor Jenny Duncan	42	39	-	-
Councillor Kate Joblin*	39	24	-	-
Councillor Hadleigh Reid*	34	23	-	-
Councillor Alan Taylor*	40	24	-	-
Councillor Rob Vinsen	38	35	-	18
Councillor Graeme Young*	32	23	-	-

* These were newly elected members at the October 2016 elections, therefore did not receive a full years remuneration in for the 2016/2017 financial year.

Not re-elected on 8 October 2016

Mayor Annette Main (includes car)	-	33	-	18
Councillor Jack Bullock	-	9	-	-
Councillor Jason Granville	-	9	-	-
Councillor Hamish McDouall	-	12	-	-
Councillor Ray Stevens	-	11	-	-
Councillor Martin Visser	-	11	-	-
Councillor Sue Westwood	-	11	-	-
Councillor Rangī Wills	-	11	-	-
	551	526	-	36

Whanganui Rural Community Board

Chairperson David Matthews	11	11	-	-
Bill Ashworth	6	6	-	-
Michael Dick	5	4	-	-
Alistair Duff	5	2	-	-
Sandra Falkner	5	4	-	-
Grant Skilton	5	4	-	-
David Wells	6	4	-	-

Not re-elected on 8 October 2016

Andrew Collins	-	2	-	-
Matthew Collins	-	2	-	-
Darrell Monk	-	2	-	-
Erin Reeve	-	2	-	-
Alan Taylor	-	2	-	-
	45	43	-	-

Total

	596	569	-	36
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Notes to the financial statements

For the year ended 30 June 2018

Employee staffing levels and remuneration

As at 30 June, the number of employees receiving total annual remuneration and other benefits within specified bands were as follows:

	2018
	Number of employees
\$0 - \$59,999	157
\$60,000 - \$79,999	76
\$80,000 - \$99,999	31
\$100,000 - \$119,999	14
\$120,000 - \$139,999	7
\$140,000 - \$339,999	7
Total number of employees as at 30 June 2018	292
	2017
	Number of employees
\$0 - \$59,999	173
\$60,000 - \$79,999	69
\$80,000 - \$99,999	27
\$100,000 - \$119,999	14
\$120,000 - \$179,999	8
\$180,000 - \$299,999	3
Total number of employees as at 30 June 2017	294

At 30 June, WDC employed 196 (2017 183) full time employees, with the balance of staff representing 47 (2017 46) full-time equivalent employees. A full-time equivalent employee is determined on the basis of a 40 hour working week.

31. Severance payments

Severance payments were made to two employees during the year. The payments amount totalled \$53,600 (2017 five payments totalling \$66,175).

The value of each of the severance payments were \$40,000 and \$13,600 (2017 \$12,599, \$7,500, \$5,000, \$2,000 and \$25,076).

32. Events after the balance date

The WDCJFC received OIO 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).

Notes to the financial statements

For the year ended 30 June 2018

33. Financial instruments

Financial instrument categories

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

	Council		Group	
	2018	2017	2018	2017
	\$000	\$000	\$000	\$000
Financial assets				
Loans and receivables				
Cash and cash equivalents	8,788	10,887	13,685	16,743
Receivables	5,365	7,838	7,456	8,638
Loans to related parties	2,562	3,063	(188)	313
Community loans	-	5	-	5
Long term receivables	-	-	-	-
Fair value through other comprehensive revenue and expense				
Other financial assets:				
- unlisted shares	725	681	725	681
LGFA borrower notes	1,263	1,135	1,263	1,135
Government Indexed Bonds	-	-	-	-
Financial liabilities				
Fair value through surplus or deficit - Held for trading				
Derivative financial instrument liabilities	8,979	9,026	9,488	9,634
Financial liabilities at amortised cost				
Payables	10,550	14,864	13,050	17,329
Borrowings:				
- secured loans	104,750	94,050	117,150	105,650

34. Fair value hierarchy disclosures

For those instruments recognised at fair value in the statement of financial position, fair values are determined according to the following hierarchy:

- Quoted market price (level 1) - Financial instruments with quoted prices for identical instruments in active markets
- Valuation technique using observable inputs (level 2) - Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable
- Valuation techniques with significant non-observable inputs (level 3) - Financial instruments valued using models where one or more significant inputs are not observable

Notes to the financial statements

For the year ended 30 June 2018

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			non- \$000
	Total \$000	market price \$000	inputs \$000	
30 June 2018 - Council				
Financial assets				
Unlisted shares	725		725	
LGFA borrower notes	1,263		1,263	
Government indexed bonds	-	-		
Financial liabilities				
Derivatives	8,979		8,979	
30 June 2018 - Group				
Financial assets				
Shares unlisted	725		725	
LGFA borrower notes	1,263		1,263	
Government indexed bonds	-	-		
NJ Young bequest with Craigs Investment Partners / Term Deposits	-		559	
Financial liabilities				
Derivatives	9,488		9,488	
30 June 2017 - Council				
Financial assets				
Shares unlisted	681		681	
LGFA borrower notes	1,135		1,135	
Government indexed bonds	-	-		
Financial liabilities				
Derivatives	9,026		9,026	
30 June 2017 - Group				
Financial assets				
Shares unlisted	681		681	
LGFA borrower notes	1,135		1,135	
Government indexed bonds	-	-		
NJ Young bequest with Craigs Investment Partners / Term Deposits	-		1,374	
Financial liabilities				
Derivatives	9,634		9,634	

There were no transfers between the different levels of the fair value hierarchy

Notes to the financial statements

For the year ended 30 June 2018

35. Financial instrument risks

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

Currency risk

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

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 floating rates exposes WDC to fair value interest rate risk. WDC's Liability Management Policy outlines the level of borrowing that is to be secured using fixed rate instruments. Floating to fixed interest rate swaps are entered into to hedge the fair value interest rate risk arising where WDC has borrowed at floating rates. In addition, investments at fixed interest rates expose the WDC to fair value interest rate risk. If interest rates on investments at 30 June 2018 had fluctuated by plus or minus 0.5%, the effect would have been to decrease/increase the surplus by \$Nil (2017 Nil). If interest rates on borrowings at 30 June 2018 had fluctuated by plus or minus 0.5%, the effect would have been to decrease/increase the surplus after tax by \$463,750 (2017 \$32,750) as a result of higher/lower interest expense on floating-rate borrowings.

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 WDC to cash flow interest rate risk. WDC manages its cash flow interest rate risk on borrowings by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings at floating rates and swaps them into fixed rates that are generally lower than those available if WDC borrowed at fixed rates directly. Under the interest rate swaps, WDC agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional principal amounts.

Credit risk

Credit risk is the risk that a third party will default on its obligation to WDC, causing WDC to incur a loss. WDC has no significant concentrations of credit risk, as it has a large number of credit customers, mainly ratepayers, and WDC has powers under the Local Government (Rating) Act 2002 to recover outstanding debts from ratepayers. WDC 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 A2 for short term and A- for long term investments. Accordingly, the group does not require any collateral or security to support these financial instruments.

The Council and group holds no other collateral or credit enhancements for financial instruments that give rise to credit risk.

Notes to the financial statements

For the year ended 30 June 2018

Maximum exposure to credit risk

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

	Council		Group	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Cash at bank and term deposits	8,788	10,887	13,685	16,743
Receivables	5,365	7,838	7,456	8,638
LGFA borrower notes	1,263	1,135	1,263	1,135
Related party and community loans	2,562	3,068	4,890	318
Total credit risk	17,978	22,928	27,294	26,834

WDC is exposed to 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	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Counterparties with credit ratings				
Cash at bank, term deposits and sinking funds:				
AA	-	-	-	-
AA-	8,788	10,887	13,685	16,743
<i>Total cash at bank, term deposits and sinking fund</i>	8,788	10,887	13,685	16,743
LGFA borrower notes:				
AA+	1,263	1,135	1,263	1,135
AA-	-	-	-	-
<i>Total LGFA borrower notes:</i>	1,263	1,135	1,263	1,135
Counterparties without credit ratings				
Community and related party loans:				
Existing counterparty with no defaults in the past	2,562	3,068	4,890	318
Existing counterparty with defaults in the past	-	-	-	-
<i>Total long term receivables and related party loans</i>	2,562	3,068	4,890	318

Receivables mainly arise from WDC's statutory functions, therefore there are no procedures in place to monitor or report the credit quality of receivables with reference to internal or external credit ratings. WDC has no significant concentrations of credit risk in relation to Receivables, as it has a large number of credit customers

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 keeping committed credit lines available. 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 includes a liability Management Policy. These policies have been adopted as part of the Council's 10-Year Plan. The maturity profiles of the Council's interest bearing investments and borrowings are disclosed in notes 11 and 22 respectively.

Contractual maturity analysis of financial liabilities

The table below analyses WDC'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 is based on the floating rate on the instrument at the balance date. The amounts disclosed are the contractual undiscounted cash flows and include interest payments.

Notes to the financial statements

For the year ended 30 June 2018

	Carrying amount cash flows	contractual cash flows \$000	Less than 1 year \$000	1-2 years \$000	2-5 years \$000	More than 5 years \$000
Council 2018						
Payables	10,550	10,550	10,550	-	-	-
Secured loans	104,750	120,311	2,896	2,896	53,152	61,367
Total	115,300	130,861	13,445	2,896	53,152	61,367
Group 2018						
Payables	13,050	13,050	13,050	-	-	-
Secured loans	117,150	138,814	15,296	2,896	59,254	61,367
Total	130,200	151,864	28,348	2,896	59,254	61,367
Council 2017						
Payables	14,864	14,864	14,864	-	-	-
Secured loans	94,050	107,803	2,650	23,275	31,805	50,074
Total	108,914	122,667	17,513	23,275	31,805	50,074
Group 2017						
Payables	17,329	17,329	17,329	-	-	-
Secured loans	105,650	120,312	9,056	23,275	37,907	50,074
Total	122,979	137,640	26,386	23,275	37,907	50,074

The table below analyses WDC's derivative financial instruments that will be settled on a gross basis into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

	Liability carrying amount \$000	Contractual cash flows \$000	Less than 6 months \$000	6 months to 2 years \$000	More than 2 years \$000
Council and group 2018					
Contracts:					
Council	8,949	8,949	90	122	8,737
Group	9,488	9,488	90	211	9,187
Council and group 2017					
Contracts:					
Council	8,936	8,936	90	122	8,725
Group	9,634	9,634	90	211	9,332

WDC 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 28.

Notes to the financial statements

For the year ended 30 June 2018

Contractual maturity analysis of financial assets

The table below analyses WDC's financial assets into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date.

	Carrying amount and contractual cash flows \$000	Less than 1 year \$000	1-2 years \$000	More than 2 years \$000
Council 2018				
Cash and cash equivalents	8,788	8,788		
Receivables	5,365	5,365		
Other financial assets:				
- term deposits	-	-		
- related party loans	2,562	2,562		-
- community loans	-	-		
Total	16,714	16,714	-	-
Group 2018				
Cash and cash equivalents	13,685	13,685		
Receivables	7,456	7,456		
Other financial assets:				
- term deposits	-	-		
- related party loans	212	212		
- community loans	-	-		
Total	21,351	21,351	-	-
Council 2017				
Cash and cash equivalents	10,887	10,887		
Receivables	7,838	7,838		
Other financial assets:				
- term deposits	-	-		
- related party loans	3,063	313		2,750
- community loans	5	5		
Total	21,792	19,042	-	2,750
Group 2017				
Cash and cash equivalents	16,743	16,743		
Receivables	8,638	8,638		
Other financial assets:				
- term deposits	-	-		
- related party loans	313	313		
- community loans	5	5		
Total	25,698	25,698	-	-

Notes to the financial statements

For the year ended 30 June 2018

Sensitivity analysis

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

Council

2018 \$'000

Interest rate risk

Financial assets

Cash and cash equivalents

Other financial assets:

Financial liabilities

Borrowings:

- bank overdraft

- term loans

- Derivatives

Total sensitivity to interest rate risk

	Surplus	- 50bps Other Equity	Surplus	+ 100bps Other Equity
Cash and cash equivalents	(44)		88	
Other financial assets:	(13)		26	
<i>Financial liabilities</i>				
Borrowings:				
- bank overdraft	-		-	
- term loans	464		(928)	
- Derivatives	(398)		795	
Total sensitivity to interest rate risk	9	-	(20)	-

Council

2017 \$'000

Interest rate risk

Financial assets

Cash and cash equivalents

Other financial assets:

Financial liabilities

Borrowings:

- bank overdraft

- term loans

- derivatives

Total sensitivity to interest rate risk

	Surplus	- 50bps Other Equity	Surplus	+ 100bps Other Equity
Cash and cash equivalents	(54)		109	
Other financial assets:	(2)		3	
<i>Financial liabilities</i>				
Borrowings:				
- bank overdraft	-		-	
- term loans	405		(811)	
- derivatives	(438)		875	
Total sensitivity to interest rate risk	(88)	-	176	-

Notes to the financial statements

For the year ended 30 June 2018

Group

2018 \$'000

Interest rate risk

Financial assets

Cash and cash equivalents
Other financial assets:

Financial liabilities

Borrowings:

- bank overdraft
- term loans
- derivatives

Total sensitivity to interest rate risk

	Surplus	- 50bps Other Equity	Surplus	+ 100bps Other Equity
Cash and cash equivalents	(68)		137	
Other financial assets:	(1)		2	
- bank overdraft	-		-	
- term loans	526		(1,052)	
- derivatives	(425)		850	
Total sensitivity to interest rate risk	31	-	(63)	-

Group

2017 \$'000

Interest rate risk

Financial assets

Cash and cash equivalents
Other financial assets:

Financial liabilities

Borrowings:

- bank overdraft
- term loans
- derivatives

Total sensitivity to interest rate risk

	Surplus	- 50bps Other Equity	Surplus	+ 100bps Other Equity
Cash and cash equivalents	(84)		167	
- bank overdraft	-		-	
- term loans	463		(927)	
- derivatives	(465)		930	
Total sensitivity to interest rate risk	(85)	-	171	-

Explanation of interest rate sensitivity

The interest rate sensitivity is based on a reasonable possible movement in interest rates, with all other variables held constant, measured as a basis points (bps) movement. For example, a decrease in 50 bps is equivalent to a decrease in interest rates of 0.5%.

The sensitivity for derivatives (interest rate swaps) has been calculated using a derivative valuation model based on a parallel shift in interest rates of -50bps/+100bps (2017 -50bps/+100bps).

Notes to the financial statements

For the year ended 30 June 2018

36. Insurance Contracts

Whanganui District Council (WDC) is part of a regional collective of local authorities (Manawatu Local Authority Shared Services - MWLASS) for insurance purposes. Through this collective economies of scale WDC has access to the best process and cover.

As at the end of the financial year, WDC had the following insurance cover in place.

Material Damage - full replacement value \$288,166,625

Council's Material Damage cover is based on a Maximum Probable Loss model (MPL) which means that its assets are insured for the value of the largest probable loss that could result from a disaster in Whanganui. The collective has insured up to \$150m combined limit for Material Damage/Business Interruption any one loss or series of losses .

Fine Arts - full replacement value \$31,552,128

This cover is for the total replacement value of art, artifacts owned or on loan to WDC, as follows;
\$28,219,378 for all WDC owned art.
\$1,000,000 for Whanganui Visitor Information Centre.
\$1,000,000 for art on temporary loan to WDC.
\$1,332,750 for the Edith Collier collection, which is on long term custodial care with WDC.

Commercial Motor Vehicles - full replacement value \$2,040,893

Motor insurance up to the market value of each individual vehicle.

Infrastructure (3 Waters) -full replacement value \$794,264,864

Based on risk engineering and loss modelling for the Manawatu/Whanganui hazardscape a \$125m shared loss limit is in place with the MWLASS collective. Insurance is 40% in anticipation of a 60% contribution from central government in a disaster. WDC has a MPL of \$100M

Infrastructure (Roading) -full replacement value \$610,550,000

WDC currently receives a minimum subsidy of 62% from the NZTA for any roading works with this % increasing in the event of a disaster. In the event of a disaster the shortfall between repair costs and subsidy received is loan funded.

The Council carries a self insurance fund, currently valued at \$2,073,000. This fund covers excesses for the Material Damage and Commercial Motor Vehicle policies.

Notes to the financial statements

For the year ended 30 June 2018

37. Investments in CCOs and similar entities

Section 5(3) of the Local Government (Financial Reporting and Prudence) Regulations 2014 requires the Council to present a single Council Controlled Organisation (CCO) investment figure in the Statement of Financial Position. As Council is also required to comply with IAS 1, Presentation of Financial Statements, Council has decided to disclose the total CCO investment amount as a footnote to the Statement of Financial Position

	Council	
	2018	2017
	\$000	\$000
Shares in subsidiary (at cost - WDCHL)	7,846	7,846
Unlisted shares in NZ Local Government Funding Agency Limited	286	239
Unlisted shares in NZ Local Government Insurance Corporation Limited	439	442
Manawatu Wanganui Local Advisory Shared Services (MW LASS)	24	19
	8,594	8,546

38. 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 also 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:

- reserves for different areas of benefit;
- self-insurance reserves; and
- trust and bequest reserves.

Reserves for different areas of benefit are used where there is a discrete set of rate or levy payers as distinct from the general rate. Any surplus or deficit relating to these separate areas of benefit is applied to the specific reserves. Self-insurance reserves are built up annually from general rates and are made available for specific unforeseen events. The release of these funds generally can only be approved by Council. Trust and bequest reserves are set up where Council has been donated funds that are restricted for particular purposes. Interest is added to trust and bequest reserves where applicable and deductions are made where funds have been used for the purpose they were donated.

Notes to the financial statements

For the year ended 30 June 2018

39. Explanation of major variances to budget

Statement of comprehensive revenue and expense

Revenue

Rates revenue of \$57.909M, and Finance revenue of \$891k are close to budget with small variances of \$60k for rates (0.1%), and \$7k for finance revenue (0.7%).

Subsidies and grants of \$19.146M are ahead of budget by \$8.719M (84%). This variance is mainly as a result of June 2015 flood damage roading projects, which were budgeted to be completed in previous years, being completed in the 2018 financial year. In addition to these flood damage projects, Council also received unbudgeted grants from the Lotteries Board for the Sarjeant Gallery redevelopment and earthquake strengthening for the War Memorial Centre. There was also a grant received from MBIE for the Port Revitalisation project.

User fees and other revenue are slightly behind budget by \$118k (1.1%).

Gains of \$7.0M are ahead of the budgeted \$616k. This is 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. There were other small unbudgeted gains on revaluation of swaps and change in fair value of property, plant and equipment.

Expenditure

Personnel costs are over budget by \$990k (6%). There were a number of reasons for this variance, including:

- corresponding external funding not showing in the personnel cost line e.g. Welcoming Communities grant, GasNet payroll contract, NZ Masters Games,
- work originally budgeted within Consultancy being done in-house to build capacity within staff e.g. Long term plan, human resources,
- costs being budgeted within other expense categories, such as labour contractors e.g. WWTP staff, youth committee coordinator,
- additional staff required to complete essential work e.g. scanning of building packs,
- restructuring costs.

Depreciation and amortisation expense is \$11k (0.6%) lower than the budget.

Finance costs were \$901k (14.7%) lower than budget due to capital expenditure being behind budget resulting in a corresponding reduction in loans required to fund overall capital expenditure.

Other expenses of \$35.58M were over budget by \$2.76M (8.4% variance). This variance is partly explained by 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. In addition, Council incurred additional costs for its insurance premiums and rates it pays on buildings it owns.

Statement of financial position

Assets

Cash and cash equivalents of \$8.79M are \$5.0M higher than budget. This variance is mainly due to Council taking advantage of favourable interest rates to pre-fund upcoming capital expenditure.

Receivables fluctuate regularly due to the timing of invoicing and workloads.

Total non-current assets were \$61M (6.0%) lower than budget. This variance is the result of a number of factors. Firstly, a number of budgeted capital projects were deferred or delayed, such as the Urban cycleway project, roading projects, stormwater projects (mainly Mill Road), water supply projects (mainly Westmere Reservoir No 1) and wastewater projects (includes overall waste water treatment plant project savings). Significant capital projects are detailed in pages 19-128 in the Groups of Activities Section. Secondly, the June 2017 infrastructure assets revaluation was lower than that forecast in the 2015 - 2025 Long-term Plan (which was the basis of the 2018 Annual Plan budget).

Liabilities

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

Total borrowings are \$21.8M lower than budget due mainly to the capital underspend discussed above.

The variance in derivative financial instruments is due to changing market conditions affecting the revaluation of these financial instruments.

Notes to the financial statements

For the year ended 30 June 2018

Statement of cash flows

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 \$31.9M cash surplus from operating activities. This is a positive variance to budget of \$7.2M (29%), due mainly to variances discussed above, especially within subsidies and grants category.

Investing activities

Cash flows from investing activities show asset purchases to be \$44.7M, which is \$10M (18%) less than budget. The main reason for this relates to the capital deferrals discussed above. Variances to budget are disclosed on pages 19-128 of the annual report in the Group of Activities section.

Financing activities

Cash flows from financing activities shows net borrowings of \$10.7M, which is \$19.8M 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.

Mayor's Relief Fund

	Actual	
	2018	2017
	\$000	\$000
Balance at 1 July	9	13
Money Received	-	1
Interest received+H705		
Payments made	-	5
Balance at 30 June	9	9

WDC administers the Mayor's Relief Fund which is held in a separate bank account from the Council's normal banking facilities. Transactions and balances are not recognised in the Group financial statements.

Additional information

For the year ended 30 June 2018

Reconciliation of Prospective statement of comprehensive revenue and expense to the Funding impact statement (FIS)

The Funding impact statements are prepared in accordance to with the Local Government (Financial Reporting and Prudence) Regulations 2014. They do not comply with Generally accepted accounting practices (GAAP). However, the Statement of comprehensive revenue and expense is prepared in compliance with GAAP. The following is a reconciliation between the and expense shown on the statement of comprehensive revenue and expense and the funding impact statement for the whole of Council

	Annual Plan 2018 \$000	Annual Report 2018 \$000	Annual Plan 2017 \$000	Annual Report 2017 \$000
Operating funding in the FIS	71,649	74,012	74,701	70,987
Subsidies and grants for capital expenditure	5,812	14,291	12,587	13,361
Development and financial contributions	-	-	-	-
Forestry revenue	-	5	-	5
Forestry interest income	-	3	-	-
Other dedicated capital funding	2,584	388	1,034	34
Net gains not included in the FIS	616	7,001	578	5,387
Total Revenue in the Statement of Comprehensive revenue and expense	80,661	95,700	88,899	89,773
Application of operating funding in the FIS	55,318	58,048	54,695	55,019
Depreciation not included in the FIS	20,404	20,393	18,658	20,526
Losses from derivative financial instruments	-	-	-	-
Forestry expenses	-	149	-	356
Property, plant and equipment losses on disposal	-	(28)	-	86
Total expenditure in the statement of revenue and expense	75,722	78,563	73,353	75,988

Equal employment opportunities (EEO) report

Over the past year the attainment of EEO goals has been sought through:

- Making EEO information more readily available on the intranet, policies and through discussions of matters that impacted on our EEO policy and goals at senior management meetings, staff committee meetings and the union/employer working party meetings.
- EEO principals are adhered to and part of the Council Recruitment and Selection policy
- Giving staff the opportunity to express their views through the annual staff survey and addressing issues that arose.
- Giving staff the opportunity to feed issues to senior management through operational leaders meetings and staff team meetings.
- The recent appointment of the Strategic Lead Culture and Community ensures further education for all staff in relation to the Treaty of Waitangi alongside developing Council's Maori Language Strategy, Cultural Toolkit and Te Reo courses supporting professional development for all staff.
- Having in place an Employees Assistance Programme which includes:
 - Staff support procedures which were adopted to assist employees to resolve concerns and difficulties before they became costly in terms of personal distress or work efficiency.
 - Access to an independent counselling service.
- Adopting health and safety initiatives and supporting wellness programmes through:
 - Appointing the Risk Manager and soon to be appointed Risk & Assurance Advisor to support the Risk Manager's initiatives and recommendations.
 - Reviewing, rewriting, endorsing and implementing the current health and safety policy and procedure manual.
 - The establishment of an independent staff health and safety committee.
 - The continuance of the influenza inoculation programme which was extended to provide alternative anti-flu medications.
 - The subsidisation of fees programme for medical health and eye checks.
 - Introduction of post incident staff debriefing process and guidelines

Independent Auditor's Report

To the readers of Whanganui District Council's annual report for the year ended 30 June 2018

The Auditor-General is the auditor of Whanganui District Council (the District Council) and its subsidiaries and controlled entities (the Group). The Auditor-General has appointed me, Debbie Perera, 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 30 October 2018. This is the date on which we give our report.

Opinion on the audited information

In our opinion:

- the financial statements on pages 163 to 166 and 168 to 228:
 - present fairly, in all material respects:
 - the District Council and Group's financial position as at 30 June 2018;
 - 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 167, 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 groups of activities on pages 20 to 130:

- presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2018, 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; and
- the statement about capital expenditure for each group of activities on pages 20 to 130, 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 20 to 130, 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.

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 performance against benchmarks as required by the Local Government (Financial Reporting and Prudence) Regulations 2014 on pages 154 to 162, 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 opinion on the audited information

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 groups of activities, 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 3 to 230, 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 of the audited information and our report on the disclosure requirements, we have audited the District Council's 2018-28 long term plan, and performed a limited assurance engagement related to the District Council's debenture trust deed.

We have also carried out the following engagements for a subsidiary which are compatible with those independence requirements:

- an assurance engagement involving issuing of certificates pursuant to the Gas Distribution Information Disclosure Determination 2012 for the regulatory period ended 30 June 2017;
- an assurance engagement on the default price-quality path Compliance Statement prepared under the Gas Distribution Services Default Price-Quality Path Determination 2013 NZCC 4 for the period ended 30 September 2017.

Other than 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