



Manawatu District Council

# Annual Report

For the period ending 30 June 2014



# TABLE OF CONTENTS

Role of the annual report	2	Roading	57
<b>SECTION ONE: INTRODUCTION</b>	<b>3</b>	Solid Waste	62
Message from the Mayor	4	Stormwater	65
Our performance – the Chief Executive’s Report	5	Wastewater	68
Our District	6	Water Supply	72
Vision and Council outcomes	7	Manawatu District Council: Overall Funding Impact Statement for year ended 30 June 2014	77
Our highlights	8	<b>SECTION THREE: FINANCIAL INFORMATION</b>	<b>79</b>
Financial overview	10	Statement of Comprehensive Income	80
Performance overview	12	Balance Sheet	81
Email Panel	13	Statement of Changes in Equity	83
Statement of Compliance and Responsibility	14	Statement of Cash Flows	84
Audit Report	15	Notes to the Financial Accounts	85
<b>SECTION TWO: GROUPS OF ACTIVITIES</b>	<b>21</b>	Report on Liability Management and Investment Policies	141
Community Facilities	24	Report on Revenue and Financing Policy	142
Cemeteries	24	Report on Council Controlled Organisations	144
Public Conveniences	25	Manawatu Community Trust: for year ending 30 June 2014	144
District Libraries	26	Annual Report benchmarks disclosure statement for year ending 30 June 2014	147
Makino Aquatic Centre	27	<b>SECTION FOUR: OTHER INFORMATION</b>	<b>153</b>
Parks and Reserves	29	Executive Team	154
Property	31	Member’s Responsibilities	156
Property (Civic and Community Buildings)	31	Standing Committee Membership at 30 June 2014 (after Local Elections)	156
District Development	34	Subcommittee Membership at 30 June 2014 (after Local Elections)	156
Community Funding and Development	34	Equal Employment Opportunities Statement	157
Economic Development	37	Summary of the 2013/14 Equal Employment Opportunities Programme	157
Emergency Management	40	Development of Maori Capacity to Contribute to Decision-Making	157
Civil Defence	40	Grants 2013/14	158
Rural Fire	42	Glossary	162
Environmental & Regulatory Management	45		
Animal Control	45		
Building Control	46		
Environmental Health	48		
District Planning	50		
Liquor Licensing	52		
Governance and Strategy	54		

## Role of the annual report

This report has been prepared under section 98 of the Local Government Act 2002 (and includes the provisions of schedule 10, part 3). It compares Council's actual performance against what was forecast for the 2012/13 financial year in the 2012-2022 Long Term Plan (LTP).

The Annual Report:

- reports against the Manawatu District Council's key activities, performance indicators and budgets outlined in the 2012-2022 LTP and the Annual Plan 2013/14 – we are reporting against what we said we would do in the 2013/14 financial year
- reports against Council policies such as the Funding Policy and Borrowing Management and Investment Policies
- outlines how Council has spent money collected from ratepayers, residents, financial institutions and government agencies

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

The report is broken into four sections:

<b>Section One:</b> Introduction	Section one provides an overview of the 2013/14 year including key highlights.
<b>Section Two:</b> Groups of Activities	Section two summarises what Council has achieved in each activity group, including performance indicators.
<b>Section Three:</b> Policy Reports	Section three provides a financial overview, including financial statements, notes to the accounts and reports against the Revenue and Financing Policy and the Liability Management and Investment Policies.
<b>Section Four:</b> Other Information	Section four provides other information, including summary information about the Manawatu District Council, elected representatives, staff and grants.

Section One

# Introduction

## Message from the Mayor

Thank you for taking time to read about your Council's activities throughout this past year.

We have faced a year of new challenges and much change. Changes around the Council table, changes in the local government environment and organisational change. Despite these changes, the Manawatu District Council has been committed to ensure progress towards a connected, vibrant and thriving community. Contrary to the decline in growth in many rural towns and districts throughout our country, we have seen encouraging economic development, steady population growth and affordable living. This puts us in a great position to attract more residents to one of the best rural lifestyles in New Zealand.

The community elected five new Councillors in the local body elections last October. While this provided some fresh perspective to Council decisions, it meant we lost the experience and wisdom of four retiring Councillors. My sincere thanks goes to former Deputy Mayor Matt Bell and Councillors John Salmon, John Baxter and Margaret Giles for their dedicated service and legacy that we continue to build on in our community.

Shortly after the new Council was sworn in, Councillors toured the district and updated themselves on our community's facilities and key projects. This was a valuable exercise, enabling us to appreciate where each project was at, the future developments and costs that lay ahead. It was also a good opportunity for us to build our team.

The statutory purpose of local government is to "meet the current and future needs of communities for good quality infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses". The past year was the first full year we operated under the new purpose statement.

I am pleased to report that we have remained within the debt and rate increase limits set by our financial strategy and met the majority of funding splits set by our revenue and financing policy. This is a reflection of our continued commitment to prudent financial management and affordability; ensuring we are living within our means.

The only certainty we have about the future is that it is uncertain. As a Council, we must be mindful that the significant problems we face cannot be solved at the same level of thinking that created them.

If we shift our paradigms, our behaviour and results change as well. We need to seize the opportunities that lie ahead that will make our district the best place to work, live and raise our children.

We will know if we have succeeded if the young people of tomorrow can say that we cared about their futures today.



Margaret Kouvelis

Manawatu District Mayor

## Our performance – the Chief Executive’s Report

Mahatma Gandhi said, “Be the change that you wish to see in the world”.

We see a world that is constantly changing, one that expects instant response and accessibility. We need to be an organisation that is relevant, able to meet changing behaviours and expectations and business-like. Our recent reorganisation has been sculptured to move Manawatu District Council into a modern, more responsive space.

It is still a work in progress but the changes include giving priority to project implementation and reacting quicker to economic development opportunities. Administration has centralised to a Business Support Hub.

Our community can expect to see improved cross-organisation connection and the introduction of new technologies and processes to lift our response and service over the next 12 months.

While the reorganisation was a priority area for most of the second half of the year, the Council still managed to lift its performance, as measured by the proportion of targets it met compared to the past few years. A couple of key developments are highlighted:



### Rubbish and recycling

The introduction of wheelie bins and bottle crates continues to be well-received with a significant increase in all volumes of kerbside recyclables. There has also been an increase in the amount of rubbish collected.

### Makino redevelopment

Approval was given for the upgrade of Makino Aquatic Centre. Following completion of final design drawings, and subject to meeting third party funding, work on the upgrade is planned to start towards the end of the 2014/15 financial year. The development secured a funding commitment on 3 June 2014 from Eastern and Central Community Trust (\$400,000) and work continues on further funding applications.

### Earthquake-prone buildings

The Government has introduced legislation into Parliament to change the system for managing earthquake-prone buildings.

The changes follow recommendations by the Canterbury Earthquakes Royal Commission and a comprehensive review (including consultation) by the Ministry of Business, Innovation and Employment (MBIE).

The new system is designed to strike a better balance between protecting people from harm in an earthquake and managing the costs of strengthening or removing earthquake-prone buildings.

Council is waiting for Central Government to provide a definitive guide before implementing its own earthquake-prone standards. In the meantime, the Feilding Civic Centre was in need of strengthening work to bring the building up to the earthquake building code requirements.

Lorraine Vincent  
Chief Executive



## Our District

The Manawatu District was established on 1 November 1989 when the five authorities of Oroua, Kiwitea, Pohangina, Manawatu and Feilding amalgamated. It stretches from the Ruahine Ranges in the north to the coast at Himatangi Beach in the south. The Rangitikei River forms a boundary on the west, and the ranges a boundary on the east. At its heart is Feilding, named New Zealand's most beautiful town 14 times. Feilding is home to iconic attractions including the saleyards, the Coach House Museum, Manfeild Park and for the past three years the best Farmer's Market in New Zealand.

Manawatu District is home to 27,456 people. The district is experiencing strong growth – the district grew by five per cent between 2006 and 2013 – adding 1,400 people to the area.

## Council profile – who are we?

### Manawatu District Mayor



Margaret Kouvelis

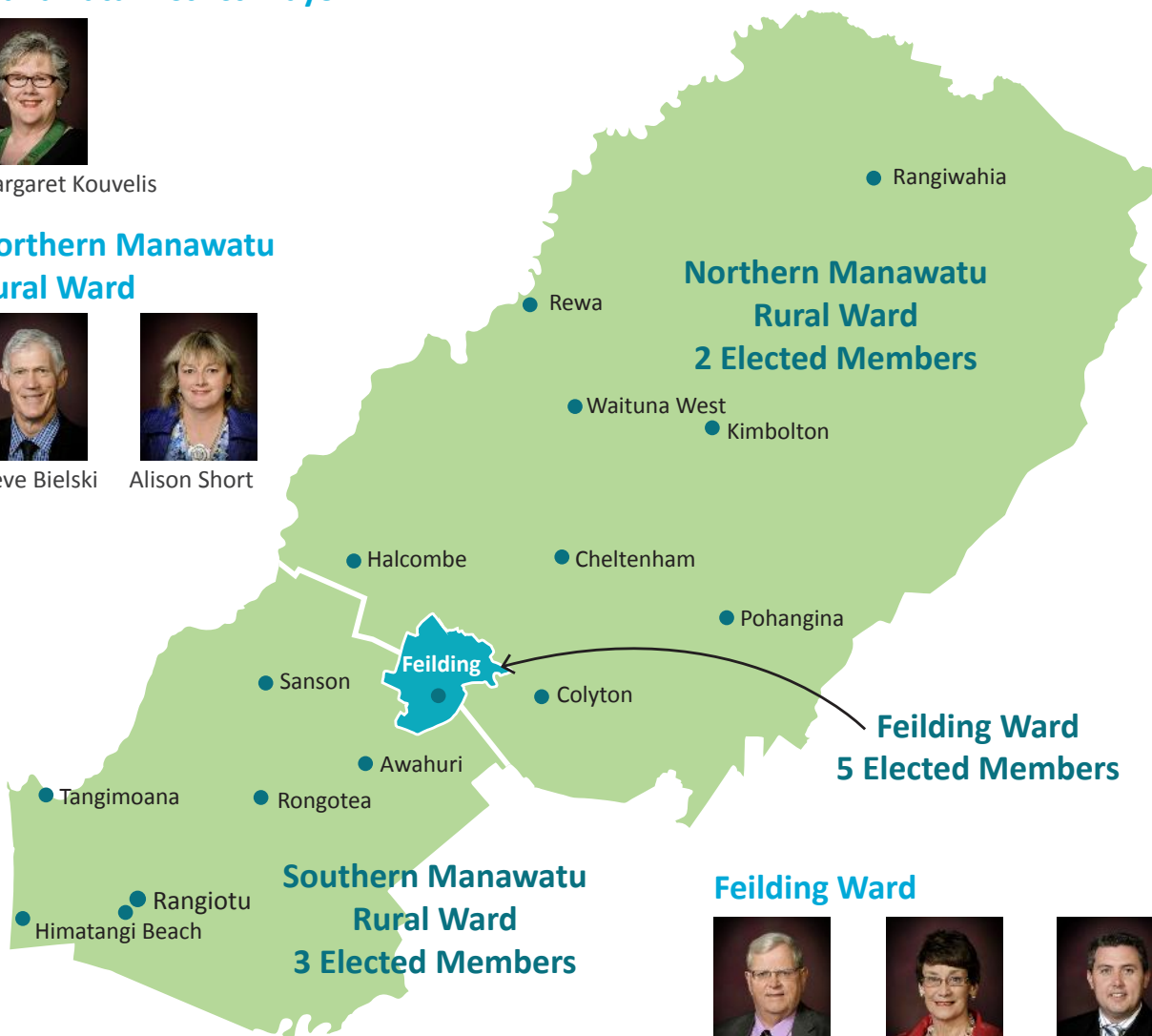
### Northern Manawatu Rural Ward



Steve Bielski



Alison Short



### Southern Manawatu Rural Ward



Jo Heslop



Howard Voss



Andrew Quarrie

### Feilding Ward



Tony Jensen  
(Deputy Mayor)



Barbara  
Cameron



Shane Casey



Wayne Ellery



Albert James



## Vision and Council outcomes

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

### Connected, vibrant and thriving Manawatu – the best rural lifestyle in New Zealand

This statement is supported by vision statements for the district's villages, rural communities and Feilding

#### RURAL VISION

The food basket of New Zealand within a sustainable rural landscape that offers outstanding recreational opportunity.

#### VILLAGES' VISION

Attractive and prosperous communities that offer lifestyle choices and business opportunities within a unique environment.

#### FEILDING VISION

A thriving community enjoying the most vibrant country town in New Zealand, servicing the regional rural sector.

## Council outcomes

The following Council outcomes underpin the Manawatu District's Vision:

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

## Our highlights

### Feilding Wastewater Treatment Plant upgrade

Council has continued to upgrade the Feilding Wastewater Treatment Plant to provide better quality treated effluent. An application is under consideration to Horizons Regional Council for a Resource Consent to allow spray irrigation of a significant proportion of the treated effluent to land. This indicates an ongoing commitment to the Manawatu River Accord by removing significant volume of treated effluent currently being discharged into the Oroua River.



### Kimbolton and Denbigh Road upgrades

Reconstruction of the full length of Denbigh Street is now complete. New services and renewal of existing services were combined with a lowered road formation to provide an urban street reflecting its function and residential location.

### Main South Road sealed

The final sealing of 8kms of Main South Road in northern Manawatu will unleash potential economic benefits for the region. Sealing this section of the road opens up the Ruahine Ranges through to Pohangina Valley for cyclists and tourists. The Council and community is working with Destination Manawatu to promote this part of our district.



### Creation of Kitchener Park Trust

Kitchener Park is a scenic reserve located on Kawakawa Road, Feilding and is well-recognised and important remnant of lowland semi-swamp podocarp forest. The park suffered considerable damage in the 2004 floods and has since been part of a restoration project.

After proposing the establishment of a trust to progress the restoration and development of the park in our Annual Plan, it was a proud moment when five trustees signed the Kitchener Park Trust Deed in July 2014.

The Trust is responsible for managing the park's day-to-day operations, which continues to be provided by Council's parks and reserves maintenance contractor, Fulton Hogan.



### Himatangi Beach Community Sewerage Scheme

The scheme is now complete, with 301 properties connected, and 200 pump station units and 17km of pipework installed. It has been 10 years since the community first asked the Council to investigate the service, with the Ministry of Health's funding approved in 2012. Construction of the scheme started in 2013 and was completed and opened in April.



## Community Planning

Kimbolton, Apiti and Pohangina Valley took part in community planning programmes this year, each making presentations to Council on their vision for the future of their villages. Last year Sanson and Halcombe were the first communities to undertake the programme. Some significant improvements have already arisen from the community plans and we look forward to seeing more come to fruition.

Halcombe's Community Plan included a plan enhancing the Halcombe Domain and the adjacent railway corridor to incorporate a walkway connecting Monteith Street to Stanway Road. The walkway reflects Halcombe as a safe, supportive and progressive community. There has been good community support during the working bees along the walkway.



## District Plan changes – Inner and Outer Business Zones and Heritage

After public consultation, District Plan changes relating to the Business Zone and historic heritage buildings in Feilding's town centre were introduced.

Two business zones – Inner and Outer are now in place. The objective of the two zones is to achieve a comprehensive and consistent planning framework for all activities in the town centre. The Inner Business Zone relates to the heart of Feilding's town centre, retaining boutique-style and character of the town centre, while allowing first floor levels to be used for dwellings. The Outer Business Zone allows for larger scale activities and provides for a specific area for large format retail activities.

The Historic Heritage Building Chapter 46 introduced protection to significant heritage places and the promotion of a greater public awareness of heritage places.



## Green Spine

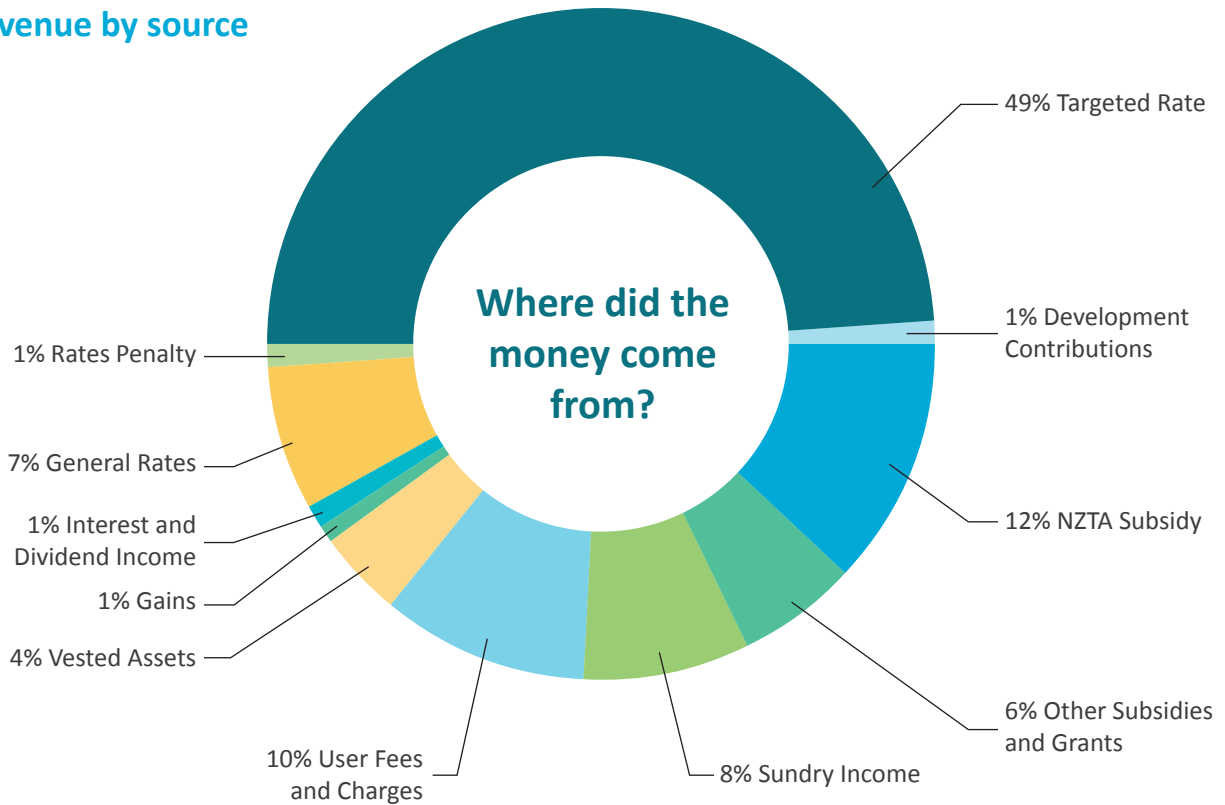
Construction of the Green Spine (the railway land beautification and walkway) started at the end of June 2014. The three-metre wide asphalt trail will connect existing walkways to create a network throughout Feilding. The trail caters for everyone including pedestrians, mobility scooter users, cyclists and families with baby buggies.

Community groups have actively supported planting programmes and there has already been a positive public response to the new trail.

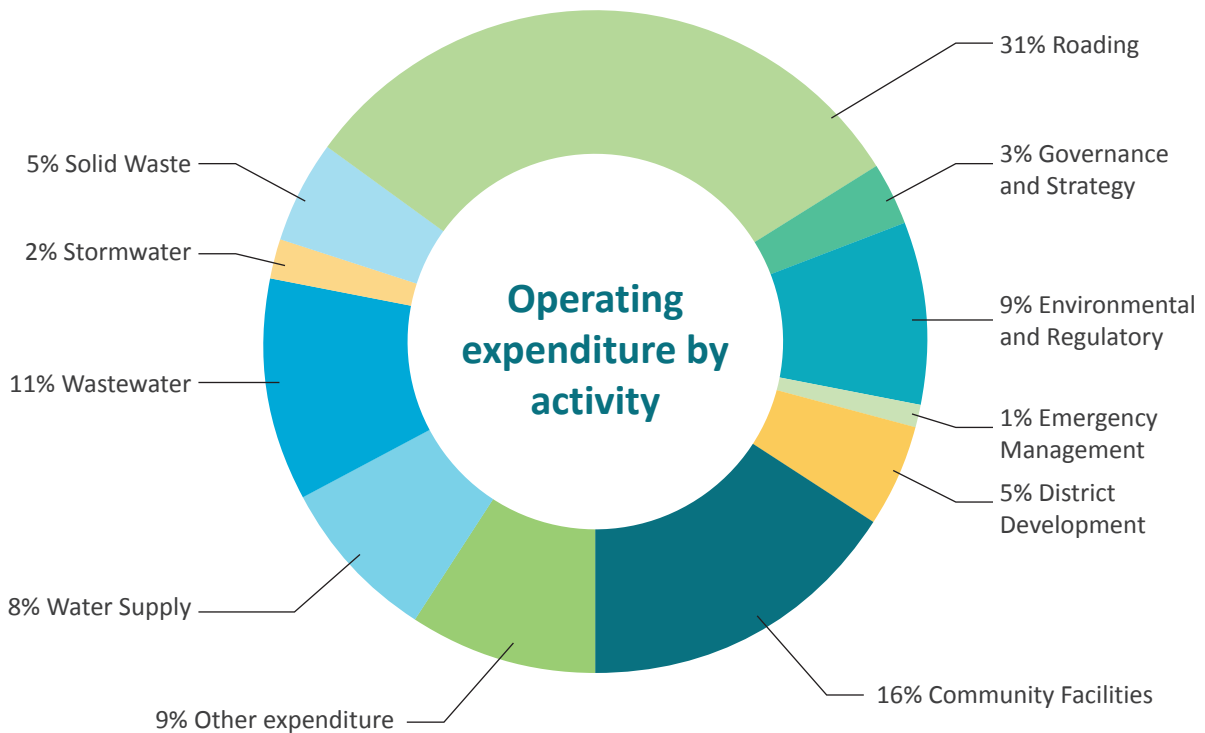


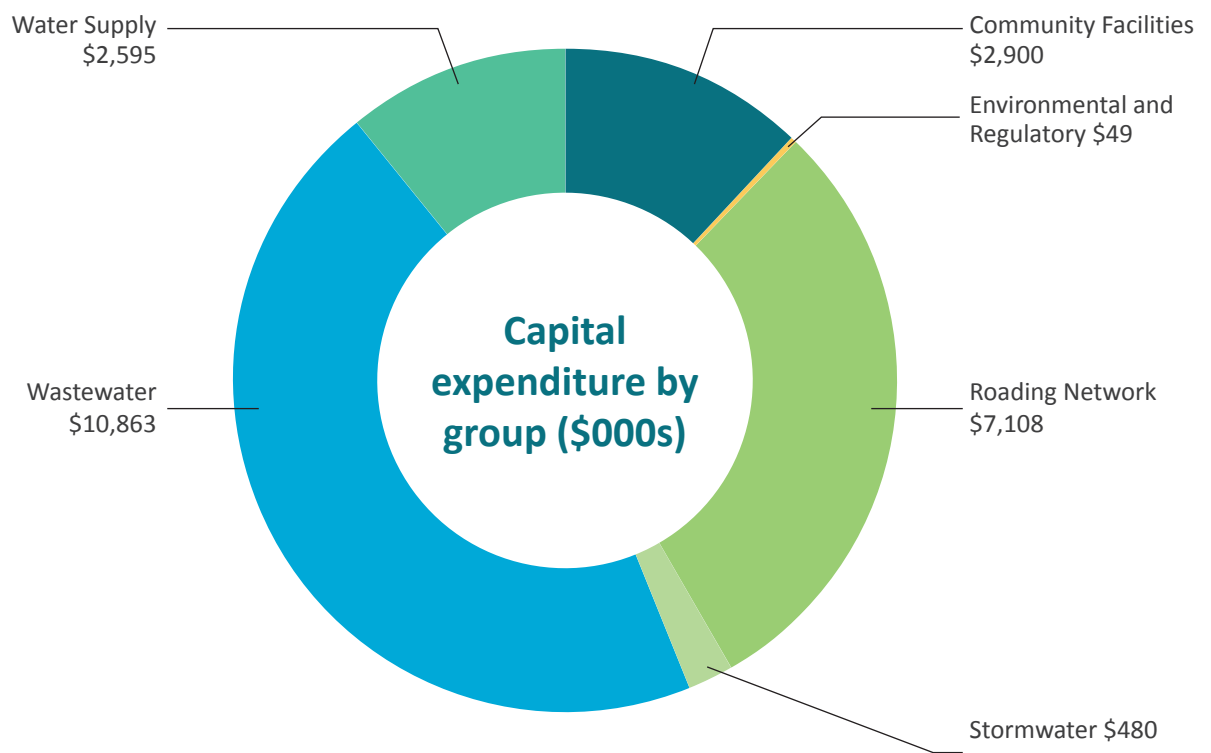
## Financial overview

### Revenue by source



### Where was the money spent?

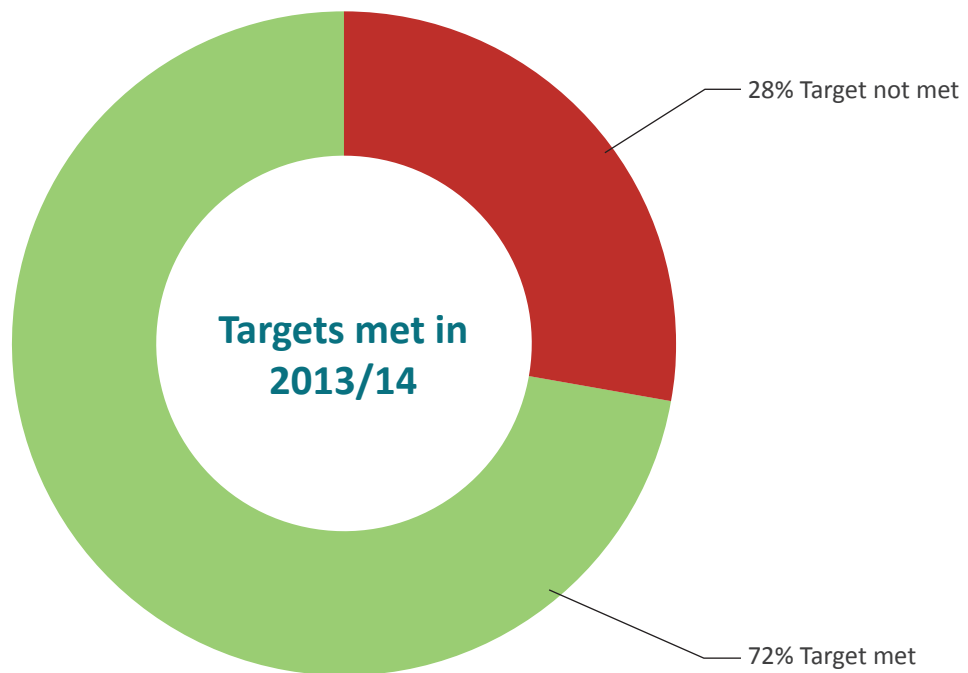




## Performance overview

Council includes Key Performance Indicators (KPIs) in its Long Term and Annual Plans to assess how well it is delivering services to the community.

For the 2013/14 year, the Council reported against 124 KPIs, which are detailed in Section Two of this report. The graph below shows the Council met the majority (72%) of its KPIs – indicated by the term ‘Target Met’. The graph also shows 28% of KPIs were not met – indicated by the term ‘Target not met’.



While the number of targets met has increased over the past few years, there is still plenty of room for improvement and the Council is working to improve the number of targets met.

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

A desired level of service for the wastewater activity is for wastewater services to be made available for urban residences (page 72). A KPI for this level of service is a target of 95% of urban residences within connection distance of a sewer lateral. There are currently 6,739 properties (94%) connected to an urban wastewater network, and not all urban areas have a reticulated wastewater network.

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

A desired level of service for the environmental and regulatory management activity is for animal control complaints to be resolved in a timely manner. One KPI for this level of service is 20% of all properties and dwellings, within a five-yearly cycle are visited to check for unregistered dogs. To achieve this target, 576 properties needed to be visited, and animal control officers visited 480. While there is plenty of room for improvement, this is a significant improvement on the previous year when no properties were visited.

You can view all KPIs in section two of this report, which includes explanations for why or why not targets were met. All KPIs are reviewed as part of the Long Term Plan process to ensure the Council is providing the level of service the community wants, and is measuring its performance in an appropriate and relevant way.

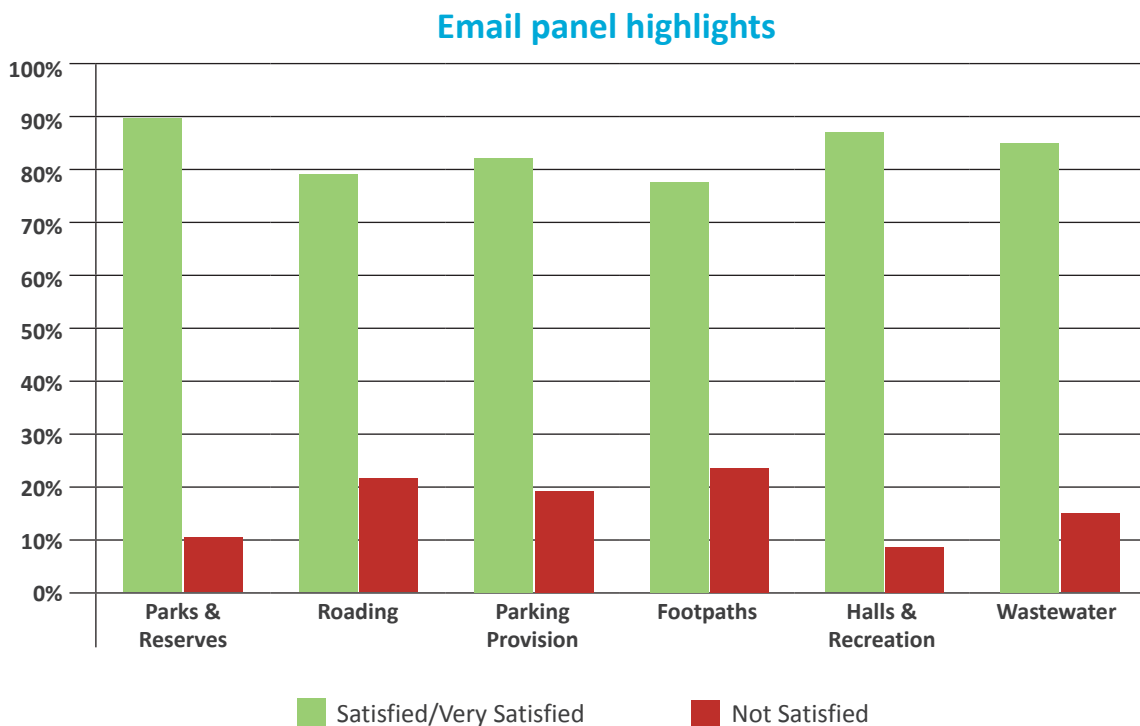
## Email Panel

Since 2012, the Council has used the Email Panel, administered by Lower Hutt-based research company Public Voice, to measure a number of KPIs.

The Email Panel is a random selection of Manawatu District residents which Public Voice recruited by phone to participate in surveys via email, and fairly represent the local demographic. There are currently about 592 panel members. In the two surveys conducted over the past year, the number of completed surveys were 180 and 159 – that is approximately a 30% response rate. The Council is concerned about the email panel's low response rate. It will review the tools it uses for community engagement and surveys as part of the Long Term Plan process. An email panel recruitment drive is planned for the 2014/15 year to increase numbers and engagement.

The two email panels surveyed satisfaction levels with eight Council services. All eight services received satisfaction levels between 75% (footpaths) and 93% (halls and recreation complexes and wastewater).

Results are shown in the graph below.



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

# Statement of Compliance and Responsibility

## Compliance

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

## Responsibility

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

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

In the opinion of the Council and management of Manawatu District Council, the annual Financial Statements for the year ended 30 June 2013 fairly reflect the financial position and operations of Manawatu District Council.



**Lorraine Vincent**

Chief Executive

Date: 16 October 2014



**Margaret Kouvelis**

Mayor

Date: 16 October 2014



## Independent Auditor's Report

### To the readers of Manawatu District Council and group's annual report for the year ended 30 June 2014

The Auditor-General is the auditor of Manawatu District Council (the District Council) and group. The Auditor-General has appointed me, Phil Kennerley, using the staff and resources of Audit New Zealand to audit:

- the financial statements of the District Council and group that comprise:
  - the balance sheet as at 30 June 2014 on pages 81 to 82;
  - the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 30 June 2014 on pages 80 and 83 to 84;
  - the overall funding impact statement of the District Council on page 77;
  - the statements about budgeted and actual capital expenditure in relation to each group of activities of the District Council on pages 24 to 75; and
  - the notes to the financial statements that include accounting policies and other explanatory information about the financial statements on pages 85 to 141;
- the statement of service provision of the District Council including the funding impact statements in relation to each group of activities of the District Council on pages 24 to 75; and
- the disclosures of the District Council that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014 on pages 147 to 151.

In addition, the Auditor-General has appointed me to report on whether the District Council and group's annual report complies with the *Other Requirements* of schedule 10 of the Local Government Act 2002, where applicable, by including:

- information about:
  - internal borrowing on pages 24 to 77;
  - council-controlled organisations on pages 144 to 146;
  - reserve funds on pages 119 to 123;
  - each group of activities carried out by the District Council on pages 24 to 75;

- o remuneration paid to the elected members and certain employees of the District Council on pages 127 to 129 ;
- o employee staffing levels and remuneration on page 129
- o severance payments on page 129 ;
- o rating base units on page 98 ; and
- o insurance of assets on page 113 .
- a report on the activities undertaken by the District Council and group to establish and maintain processes to provide opportunities for Maori to contribute to the Council's decision-making processes on page 157 ; and
- a statement of compliance signed by the mayor of the Council, and by the District Council and group's chief executive on page 14 .

## Opinion

### Audited information

In our opinion:

- the financial statements of the District Council and group on pages 80 to 141 :
  - o comply with generally accepted accounting practice in New Zealand; and
  - o fairly reflect:
    - the District Council and group's financial position as at 30 June 2014; and
    - the results of its operations and cash flows for the year ended on that date.
- the funding impact statement of the District Council on page 77 fairly reflects 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 statements about budgeted and actual capital expenditure in relation to each group of activities of the District Council on pages 24 to 75 , fairly reflects by each group of activities the capital expenditure spent as compared to the amounts budgeted and set out in the District Council's long-term plan or annual plan.
- the statement of service provision of the District Council on pages 24 to 75 :
  - o complies with generally accepted accounting practice in New Zealand; and
  - o fairly reflects the District Council's levels of service for the year ended 30 June 2014, including:
    - the levels of service as measured against the intended levels of service adopted in the long-term plan; and

- the reasons for any significant variances between the actual service and the expected service.
- the funding impact statements in relation to each group of activities of the District Council on pages 33 to 75 fairly reflect by each group of activities, 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.
- the disclosures on pages 147 to 151 represent a complete list of required disclosures and accurately reflect the information drawn from District Council's audited information.

### **Compliance with the other requirements of schedule 10**

In our opinion, which is not an audit opinion, the District Council and group's annual report complies with the *Other Requirements* of schedule 10 that are applicable to the annual report.

Our audit was completed on 16 October 2014. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Council and our responsibilities, and we explain our independence.

### **Basis of opinion**

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the information we audited is free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements and the statement of service provision. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the information we audited. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the information we audited, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the District Council and group's preparation of the information we audited that fairly reflect the matters to which they relate. We consider internal control in order to design 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.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Council;
- the adequacy of all disclosures in the information we audited;

- determining the appropriateness of the reported statement of service provision within the Council's framework for reporting performance; and
- the overall presentation of the information we audited.

We did not examine every transaction, nor do we guarantee complete accuracy of the information we audited.

When reporting on whether the annual report complies with the *Other Requirements* of schedule 10 of the Local Government Act 2002, our procedures were limited to making sure the information required by schedule 10 was included in the annual report, where relevant, and identifying material inconsistencies, if any, with the information we audited. This work was carried out in accordance with International Standard on Auditing (New Zealand) 720; *The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements*. As a result, we do not express an audit opinion on the District Council's compliance with the requirements of schedule 10.

We did not evaluate the security and controls over the electronic publication of the information we are required to audit and report on. We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate evidence to provide a basis for our opinion.

## **Responsibilities of the Council**

The Council is responsible for preparing:

- financial statements and statement of service provision that:
  - comply with generally accepted accounting practice in New Zealand;
  - fairly reflect the District Council and group's financial position, financial performance and cash flows;
  - fairly reflect its service performance, including achievements compared to forecast;
- a funding impact statement that fairly reflects 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;
- funding impact statements in relation to each group of activities that fairly reflects by each group of activities 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;
- statements about budgeted and actual capital expenditure in relation to each group of activities that fairly reflects by each group of activities the capital expenditure spent as compared to the amounts budgeted and set out in the District Council's long-term plan or annual plan;
- disclosures in accordance with the requirements of the Local Government (Financial Reporting and Prudence) Regulations 2014; and

- the other information in accordance with the requirements of schedule 10 of the Local Government Act 2002.

The Council is responsible for such internal control as it determines is necessary to ensure that the annual report is free from material misstatement, whether due to fraud or error. The Council is also responsible for the publication of the annual report, whether in printed or electronic form.

The Council's responsibilities arise under the Local Government Act 2002.

### **Responsibilities of the Auditor**

We are responsible for expressing an independent opinion on the information we are required to audit, and whether the Council has complied with the *Other Requirements* of schedule 10, and reporting that opinion to you. Our responsibility arises under section 15 of the Public Audit Act 2001 and section 99 of the Local Government Act 2002.

### **Independence**

When carrying out this audit, which includes our report on the *Other Requirements*, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board. Other than this audit, which includes our report on the *Other Requirements*, we have no relationship with or interests in the District Council or any of its subsidiaries.



Phil Kennerley  
Audit New Zealand  
On behalf of the Auditor-General  
Wellington, New Zealand



Section Two

# Groups of Activities

## Guide to Section Two: Groups of Activities

This section summarises results from the 2013/14 financial year for Council's Groups of Activities. In 2013/14, Council provided various services organised into ten Groups of Activities. These are:

- Community Facilities Page 24
- District Development Page 34
- Emergency Management Page 40
- Environmental and Regulatory Management Page 45
- Governance and Strategy Page 54
- Roading Page 57
- Solid Waste Page 62
- Stormwater Page 65
- Wastewater Page 68
- Water Supply Page 72

For each Group Activity Summary provided in Section Two of this report, you will find the following information:

### Level of Service Links to Council Outcomes

In 2011, Council developed a new set of outcomes, which show the priorities Council is working towards. We have linked the council outcomes with the levels of service within each activity. The link is in the form of a symbol. The outcomes and associated symbols are:



**Manawatu District will improve the natural environment, stewarding the district in a practice aligned to the concept of kaitiakitanga.**



**Manawatu District will attract and retain residents.**



**Manawatu District develops a broad economic base from its solid foundation in the primary sector.**



**Manawatu and its people are connected via quality infrastructure and technology.**



**Manawatu's built environment is safe, reliable and attractive.**



**Manawatu District Council is an agile and effective organisation.**



Target met



Target not met



Target not applicable 2013/14



## **What has Council achieved in 2013/14?**

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

## **Operating and capital works programme for 2013/14**

Progress reports for each activity's works programme are provided and measured against the major projects identified in the 2012-2022 LTP.

## **Funding Impact Statement**

A Funding Impact Statement for each group of activity is shown and presents the actual costs and sources of funding for the 2013/14 financial year. For comparison purposes, the first column contains actual data for 2013/14 and the last two columns contain information from the Long Term Plan for 2013/14 and 2012/13 financial years.

The Overall Funding Impact Statement on page 85 presents the actual financial results for the 2013/14 and 2012/13 financial years, compared against the annual plans (i.e. annual plan budgets) for those years.

## Community Facilities

### Cemeteries

The community has asked for:

#### A community that has access to effective services

In response to this Council aims to:

Ensure there are facilities for the burial of deceased persons in accordance with the Burial and Cremation Act 1964 by:

- meeting the social and cultural requirements for the provision of cemeteries in the community
- providing and maintaining cemeteries
- ensuring the Manawatu District cemeteries are something the community can be proud of.

### What has Council achieved in 2013/2014?



**Level of Service:** Cemeteries provide a high quality service

Key Performance Indicator and Target	Target Attained	Comments (if applicable)
80% Funeral Director satisfaction with cemeteries from quarterly meetings (85% in the Long Term Plan)		Although quarterly meetings have not been held, regular contact is maintained throughout the year. No issues have been raised indicating their dissatisfaction, which is consistent with last year. Discussions include levels of service as well as provision of additional services and interment options.
No more than 10 complaints about the standard of cemeteries per year		Six complaints were received. These related to mowing, leaky taps, tap not working, toilets and overflowing rubbish bins.  In addition, 20 other requests were made for pre-Christmas and pre-Anzac Day maintenance, which is provided for in the maintenance contract. Other requests are to top-up sunken graves. These are not treated as complaints as Council periodically top up graves as a matter of course.  (last year, 14 complaints/queries)
No more than five complaints per year about out of date cemetery records		No complaints received during the year. (last year – nil)
Adequate land available to meet 5 year projected demand at all times		All cemeteries have adequate land available to meet 5 year projected demand. Feilding Cemetery was the only cemetery nearing capacity. Council has purchased additional land expected to meet demand for approximately 100 years.
100% compliance with the Burial and Cremations Act 1964		All burials and ash interments comply with legislation and policy.  We have also been involved in the LGNZ submission to the Law Commission Review of Burial and Cremation Law.

### Capital Work Programme for 2013/2014

Project	Actual	Budget	Variance Explanation
Land purchase for Feilding Cemetery	293,000	511,000	The subdivision process is complete. New title has been issued in the name of Manawatu District Council. Fencing has been completed.
Extension ground works at Halcombe Cemetery	0	42,000	Concept plan finalised. The project has been carried forward to the 2014/15 year.

## Public Conveniences

The community has asked for:

### A community that has access to effective services

In response to this Council aims to:

Provide and maintain public conveniences to standards that enhance community well-being and maintains public health and safety by:

- providing and maintaining public conveniences to established criteria and standards
- meeting health requirements and community demand for public conveniences
- ensuring public conveniences are safe and attractive
- monitoring demand for public conveniences on tourist, bus and key arterial routes and where appropriate meet demand.

## What has Council achieved in 2013/2014?



**Level of Service:** Adequate public conveniences at an acceptable standard

Key Performance Indicator and Target	Target Attained	Comments (if applicable)
Less than 10 complaints per year about the condition or provision of toilets		47 complaints/requests for service were received. There has been a steady reduction in complaints as the standard of toilets and/or fixtures and fittings are increased. Vandalism risks are mitigated by closing some toilets at night. This measure will be reviewed during the development of the Long Term Plan 2015-25. (Last year 95 complaints or queries)
95% of maintenance and cleaning requests and customer complaints regarding high-use toilets (Sanson and Feilding CBD) are actioned within two hours		Of the 47 complaints/requests for service above, 13 related to cleaning and maintenance and 24 related to vandalism. All requests were actioned within 2 hours. (Last year 41 requests, all attended to within the timeframe)

## Capital Work Programme for 2013/2014

Project	Actual	Budget	Variance Explanation
Kowhai Park: upgrade of old toilet block	97,000	100,000	Work complete.
Victoria Park public convenience upgrade	57,000	100,000	Work commenced in June and will be completed in the 2014/15 year.

## District Libraries

The community has asked for:

### A community that has access to effective services

In response to this Council aims to:

Support independent, lifelong education and encourage participation in leisure and social activities by:

- Providing an efficient, up-to-date, accessible library service that supports the development of a knowledgeable and informed community
- Ongoing commitment to provide a safe, multi-use library facility incorporating current technology and facilities
- Providing responsive library services that cope with demand, now and in the future
- Continuing extending and improving opportunities to promote Maori language
- Providing a quality customer-friendly library service
- Encouraging community participation
- Community libraries in Himatangi Beach, Kimbolton, Pohangina, Sanson, Rongtea and Tangimoana operate as well as the main Feilding Library.

## What has Council achieved in 2013/2014?



**Level of Service:** Library service that provides residents of the district free access to information and lifelong learning opportunities

Key Performance Indicator and Target	Target Attained	Comments (if applicable)
Issues per head of population relative to six peer libraries - among top 30%		Feilding Public Library tops the league table of peer libraries at an average of 13.3 item issues per head of population for 2012/13 (2011/12 – 13 items issue). Statistics for 2013/14 will be collated later this year and will be available for next year's report.  Peer libraries: Ashburton, Masterton, Whakatane, Tararua, Waitaki, South Taranaki, South Waikato. The average figure for these libraries was 10.6. Equally importantly, the cost per item issue (total cost to ratepayers divided by the total item issues) of \$3.30 compares well with the average cost of \$5.70.  Source: 2012/13 Public Library Statistics.
Active library membership exceeds 9,000		10,346 active members at 30 June 2014. (9,977 at 30 June 2013)
96% satisfaction, as measured by Library Survey of users (95% in Long Term Plan)		Biennial Library users' survey run in October 2012. 99% satisfaction rate with staff service, all collections show high level of approval. MDC Communitrak Report shows 98% user satisfaction. 2013 'secret shopper' survey for Feilding Excellence in Business Awards gives staff 100% for service and telephone manner. Biennial user survey to be run in October 2014.



**Level of Service:** Increase literacy among the district's children

Key Performance Indicator and Target	Target Attained	Comments (if applicable)
Amount spent on children's and young person's collection exceeds 25% of annual spend		<p>23% of the total 2013/14 spend was on the children and young persons collection.</p> <p>Despite this, 40% of all new acquisitions were for the children and young person's collection.</p> <p>In general, children's books cost less on average than adult books.</p> <p>Last year, 24% of the total spend was on children's materials and 40% of total acquisitions were children's items.</p>

## Makino Aquatic Centre

The community has asked for:

### A community that has access to effective services

In response to this Council aims to:

Provide an efficient, safe and modern aquatic facility that meets the leisure needs of Manawatu district residents through:

- Activities and programmes that cater for all ages
- Ongoing commitment to review and implement an effective regional marketing strategy
- Quality, customer-friendly service
- Increased use of Makino Aquatic Centre (MAC)

## What has Council achieved in 2013/2014?



**Level of Service:** An affordable range of services and activities is available that meets community aquatic recreational needs

Key Performance Indicator and Target	Target Attained	Comments (if applicable)
90% user satisfaction with facilities provided, as measured by the Makino Aquatic Centre survey		<p>A survey was conducted over the April – May 2014 period. We received 105 responses with 96% stating they were Satisfied/Very Satisfied. (Last year 93% satisfaction)</p> <p>Over the winter months, we have received a number of complaints regarding the showers, in particular the lack of hot water. In July 2014, we moved an Infinity system closer to the women's/whanau changing rooms as a temporary fix. This changing room block will be replaced during the Makino Redevelopment 2015/16.</p>



**Level of Service:** A safe and enjoyable aquatic experience is provided

Key Performance Indicator and Target	Target Attained	Comments (if applicable)
85% user satisfaction with MAC staff, as measured by the Makino Aquatic Centre survey		A survey was conducted over the April – May 2014 period. We received 112 responses with 99% stating they were Satisfied/Very Satisfied with overall service. (Last year 96.5% satisfaction)  Demand for improved assets and aquatic space was still high reaffirming the aims of the Makino upgrade.
Meet New Zealand water quality standard NZ5826/2010 (Makino Aquatic Centre records)		100% compliance with water quality standards. All water testing has been conducted as required (every three hours during hours of operation) and continues to meet the standard NZ5826/2010. (Last year 100% compliance)
100% compliance with PoolSafe New Zealand – Best Practice Standard New Zealand		The Makino Aquatic Centre site operates with 100% compliance of the PoolSafe New Zealand best practice standard. The PoolSafe audit was conducted and has been signed off. Our PoolSafe certificate expires in April 2015.  (Last year 100% compliance)
Six internal lifeguard training sessions per year		A total of 12 training sessions were provided over this year to date. (Last year eight training sessions held)  <ul style="list-style-type: none"> <li>• Training for lifeguards included:</li> <li>• Defibrillator and spinal training</li> <li>• Scenario-based training</li> <li>• Senior lifeguards completed the written component of the Pool Lifeguard Practice Certificate qualification</li> <li>• All lifeguards completed the swim test and are undergoing a 'team swim challenge'.</li> </ul>
90% customer satisfaction with swimming lessons (as measured by the Makino Aquatic Centre survey)		A survey was conducted over April – May 2014. 113 responses were received with 93% stating they were Satisfied/Very Satisfied. (Last year 96.5% satisfaction)  Present retention numbers and waiting lists indicate our swim schools are in a strong position but we are limited by available learn to swim water space. This limitation will be addressed by the pool redevelopment.  In line with industry standard we have reduced class times by five minutes. This has also assisted in reducing our waiting lists as it has enabled us to operate another eight classes per week.

## Capital Work Programme for 2013/2014

Project	Actual	Budget	Variance Explanation
Makino Aquatic Centre Redevelopment	0	3,200,000	This project is now scheduled to commence toward the end of the 2014/15 financial year. The budget was increased from \$3.2m to \$4.5m through the 2014/15 Annual Plan process.

## Parks and Reserves

The community has asked for:

### A community that has access to effective services

In response to this Council aims to:

Provide parks, reserves and sports grounds for active and passive leisure pursuits with the aim of enhancing community wellbeing and overall pleasantness of the district by:

- Managing Parks and Reserves with future generations in view
- Managing leisure opportunities in fragile areas (eg beaches, coastlines) in ways that minimise environmental damage
- Providing and maintaining good quality parks, reserves and sports grounds for all
- Developing appropriate parks and reserves as educational facilities for residents of the Manawatu district
- Ensuring parks, reserves and sports grounds are responsive and maintained as local 'community spaces'

## What has Council achieved in 2013/2014?



**Level of Service:** An affordable range of venues and facilities that meet community needs

Key Performance Indicator and Target	Target Attained	Comments (if applicable)
100% compliance with NZ recreational standards		100% compliance was achieved. (Last year 100% compliance) Contractors inspect equipment and produce reports on compliance with standards. All issues are dealt with swiftly, as they arise, to ensure continued compliance.



**Level of Service:** A diverse range of public landscapes and natural environments are protected and preserved.

Key Performance Indicator and Target	Target Attained	Comments (if applicable)
85% community satisfaction with the range and affordability of facilities provided (Email Panel).		Email Panel results: 180 were surveyed, 15 did not use the service 25% Very Satisfied 65% Satisfied 10% Not Satisfied (Last year 89% satisfaction)
Complies with the requirements of the Reserve Act 1977		Use, protection and development of our parks and reserves align and comply with the Reserves Act 1977.
Reserve management plans are kept up to date. Next update 2013/14.		This is being undertaken in conjunction with the update and revision of the Community Facilities Asset Management Plan by September 2014. District-wide reserves and Kitchener Park Reserves Management Plans are expected to be completed by the final quarter of 2014/15.




**Level of Service:** Safe and accessible parks, reserves and sports grounds.

Key Performance Indicator and Target	Target Attained	Comments (if applicable)
100% compliance with the Building Act		All new buildings and structures are compliant.



**Level of Service:** Safe and accessible parks, reserves and sports grounds.

Key Performance Indicator and Target	Target Attained	Comments (if applicable)
Promoted to the community annual and district wide - ongoing		Events are promoted through our website and Sport Manawatu.

## Operating Work Programme for 2013/2014

Project	Actual	Budget	Variance Explanation
Annual maintenance of Kitchener Park	58,000	19,000	Additional work was funded from a \$70,500 grant from Transpower.

## Capital Work Programme for 2013/2014

Project	Actual	Budget	Variance Explanation
Signage maintenance	13,000	13,000	Signs are now in places across most of the District. Some still to be done over 2014/15 financial year.
Redevelopment of Johnston and Timona Parks	525	528,000	Reached concept design stage, however, this project has been put on hold until the leisure and recreation review is complete. The project will be added to the 2015-2025 Long Term Plan.
Railway land beautification	67,000	371,000	Physical works underway. Unspent funds have been carried forward to 2014/15
Makino Park upgrade: skate park and playground	0	102,000	The project is at concept design stage and is also part of the larger Makino Precinct Plan. More funds will be required for physical works. Third party funding options to be explored. Investigation of the preferred site will be undertaken in July/ August 2014.
Replacement of CBD park benches	21,000	21,000	Replacements/refurbishments programme completed for the year. Project will continue into 2014/15 financial year.



## Property

The community has asked for:

### A community that has access to effective services

In response to this Council aims to:

Provide indoor community venues for a range of social, cultural, recreational and educational uses by:

- Providing and maintaining indoor community venues.

## What has Council achieved in 2013/2014?



**Level of Service:** Quality local halls and recreation complexes are provided that meet community needs

Key Performance Indicator and Target	Target Attained	Comments (if applicable)
80% user satisfaction with halls and recreation complexes (Email Panel)		Email Panel results - 156 were surveyed, 29 did not use the service: 11% Very Satisfied 83% Satisfied 7% Not Satisfied (Last year 87% satisfaction from 205 responses, 49 did not use the service)
All halls meet their Warrant of Fitness requirements		All halls have a current Warrant of Fitness. Significant improvements in this area with the new Independent Qualified Person. Defects are promptly noted and addressed. Relevant documentation is received on time. Evacuation Schemes are being lodged where required.
Annual halls reports completed and liaison meetings held.		All reports have been received and reviewed. Liaison meeting not yet held. However, the policy review is underway, which will be sent out to the hall committees prior to a meeting. Meeting to be held during the 2014/15 financial year.
All low-use halls evaluated on an annual basis to assess their future viability. (Low use is defined as less than three times per year)		Low use halls were reviewed in October/November 2013. There has been no increase in hall use. Affected communities will be asked for feedback on the future on their low use halls.
Less than 10 requests for maintenance per year		Three requests received relating to an alarm, a Zip and a toilet. Most hall committees are addressing minor maintenance issues themselves and requesting support for larger projects through the Hall annual report. Our work programme and budget has been impacted by three hall projects not initially scheduled for this financial year. (Last year eight requests)

## Operating Work Programme for 2013/2014

Project	Actual	Budget	Variance Explanation
Bunnythorpe Hall	0	240,000	Bunnythorpe Community Committee to finalise site and plans for new hall before funds are released. The obligation for this grant stayed with MDC as part of the boundary agreement between MDC and PNCC.
Building Warrants of Fitness	40,000	17,000	Monthly inspections undertaken and remedial works identified. The required remedial work was not included in the budget.

## Capital Work Programme for 2013/2014

Project	Actual	Budget	Variance Explanation
Himatangi Beach Hall new kitchen	0	50,000	Waiting on Hall Committee to receive final amounts of external funding. Funds have been carried forward to 2014/15.
Strengthening of Council's earthquake prone buildings: Feilding Civic Centre; Feilding Community Centre; and Feilding Little Theatre	401,962	150,000	Feilding Civic Centre strengthening work completed to 67 per cent of the New Building Standards. Investigations carried out and drawings received for Community Centre and Little Theatre.
Feilding Little Theatre: new roof	0	20,000	On hold until earthquake strengthening completed in 2014/15.

## Property (Civic and Community Buildings)

The community has asked for:

### A community that has access to effective services

In response to this Council aims to:

Provide indoor community venues for a range of social, cultural, recreational and educational uses by:

- Providing and maintaining indoor community venues.

## What has Council achieved in 2013/2014?



**Level of Service:** Safe, reliable and accessible civic and community buildings meeting community needs

Key Performance Indicator and Target	Target Attained	Comments (if applicable)
80% user satisfaction with buildings, measured by community feedback (Email Panel)		Results received through the email panel was specifically for halls but included comments and feedback on other Council buildings. Email Panel results - 156 were surveyed, 29 did not use the service: 11% Very Satisfied 83% Satisfied 7% Not Satisfied (Last year 87% satisfaction from 205 responses, 49 did not use the service)
Less than 10 requests for maintenance per year		One complaint was received in relation to the hand-rail on the administration building. Forward work programmes in place and aligned to condition assessments. Other remedial works identified through monthly fire safety inspections. There were 23 requests received last year.
All buildings meet their Warrant of Fitness requirements		All buildings have a current Warrant of Fitness. Significant improvements in this area with the new Independent Qualified Person. Defects are promptly noted and addressed. Relevant documentation is received on time.

## Funding Impact Statement for the year ending 30 June 2014 for Community Facilities

	Actual 2014 \$000	Annual Plan 2014 \$000	LTP 2014 \$000	LTP 2013 \$000
<b>Sources of operating funding</b>				
General rates, uniform annual general charges and rates penalties	228	228	249	242
Targeted rates (other than a targeted rate for water supply)	4,848	4,777	5,037	4,658
Subsidies and grants for operating purposes	62	2	2	2
Fees, charges and targeted rates for water supply	964	1,098	1,096	1,050
Internal charges and overheads recovered	(61)	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	72	2	2	7
<b>Total operating funding</b>	<b>6,113</b>	<b>6,106</b>	<b>6,385</b>	<b>5,958</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	4,201	4,428	4,102	4,448
Finance costs	499	656	616	490
Internal charges and overheads applied	662	831	1,093	1,114
Other operating funding applications	0	0	0	0
<b>Total applications of operating funding</b>	<b>5,361</b>	<b>5,914</b>	<b>5,811</b>	<b>6,052</b>
<b>Surplus (deficit) of operating funding</b>	<b>752</b>	<b>192</b>	<b>574</b>	<b>(94)</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	53	1,000	1,000	0
Development and financial contributions	88	138	138	133
Increase (decrease) in debt	159	3,098	2,341	(31)
Gross proceeds from sale of assets	0	1,500	1,500	1,500
Lump sum contributions	0	0	0	0
<b>Total sources of capital funding</b>	<b>300</b>	<b>5,735</b>	<b>4,979</b>	<b>1,603</b>
<b>Applications of capital funding</b>				
Capital expenditure				
- to meet additional demand	56	0	0	0
- to improve the level of service	2,478	5,983	4,391	1,782
- to replace existing assets	366	476	269	422
Increase (decrease) in reserves	(1,848)	(532)	893	(696)
Increase (decrease) of investments	0	0	0	0
<b>Total application of capital funding</b>	<b>1,052</b>	<b>5,927</b>	<b>5,553</b>	<b>1,509</b>
<b>Surplus (deficit) of capital funding</b>	<b>(752)</b>	<b>(192)</b>	<b>(574)</b>	<b>94</b>
<b>Funding balance</b>	<b>0</b>	<b>(0)</b>	<b>0</b>	<b>0</b>

	Actual 2014
	\$000
<b>Community Facilities Internal Borrowings</b>	
Opening balance 1 July	5,954
Internal loans raised during the year	847
Internal loans repaid during the year	(687)
<b>Closing balance at 30 June</b>	<b>6,113</b>
<b>Community Facilities External Borrowings</b>	
Opening balance 1 July	1,873
External loans raised directly by activity during the year	0
Internal loans repaid directly by activity during the year	0
<b>Closing balance at 30 June</b>	<b>1,873</b>

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

The Finance cost above includes \$ 394,000 interest expense in relation to loans raised internally from Treasury and \$105,000 interest expense charged on external loan raised directly by Community Facilities group of activities, for the year ended 30 June 2014.

## District Development

### Community Funding and Development

The community has asked for:

**A vital community that is cohesive and is characterised by community involvement.**

This is achieved through:

- the provision of community funding, which supports local community groups, activities and events
- the provision of Economic Development, which benefits the whole community through support of urban and rural business, enhancing the economic potential of the district, promoting the district to potential investors and increasing the pride and well-being of the residents
- providing a functional and effective streetscape within the Feilding central business district that facilitates community activities whilst catering for the needs of traffic and pedestrians.

**People are able to go about their business and leisure any time of the day or evening without fear for their safety**

This is achieved through:

- Council working in partnership with other community agencies working towards a safer community, and where appropriate supporting safety initiatives
- enhancing safety and security for people going about their business and leisure by providing an open and well-lit central business district.

## What has Council achieved in 2013/2014?



**Level of Service:** Council funds and supports key community organisations in order to build district capacity.

Key Performance Indicator and Target	Target Attained	Comments (if applicable)
All organisations that receive a grant reports back to Council to a satisfactory standard every six months, identifying progress towards outcomes		<p>Manawatu District Council provides grants to several organisations.</p> <p>During the year Sport Manawatu, Feilding Promotion and Manfeild Park Trust presented their six monthly progress reports, identifying progress towards agreed outcomes.</p> <p>Vision Manawatu and Destination Manawatu report on an annual basis as part of the current relational agreement. They reported their 2012/13 result to Council in October to December 2013 and will report the 2013/14 results in the latter half of 2014</p>
Social and cultural strength of the community is evaluated on an annual basis		<p>Social networks and the level of support offered to members of a community are indicators of the social strength of a community. Manawatu Neighbourhood Support and Council's Community Development Scheme are two initiatives that contribute to the social strength of the community.</p> <p>As at June 2014 26.8% of households within Manawatu district were part of Neighbourhood Support. This is just over double the national average of 12%.</p> <p>Manawatu District Council administers a grant scheme of \$240,000, providing financial support to 12 social and community service organisations. The organisations provide services to the community on behalf of the Council.</p> <p>The degree of cultural activity is supported by Council through administering the Creative Communities Scheme. In the past this scheme has assisted a variety of arts and culture projects including quilters staging an exhibition at the 'Coach House', funding of a tutor to teach refugee/migrant women to make a quilt to tell their story; Te Punanga Whakaari Theatre Productions (to bring the production 'He Reo Aoha' to Feilding); and arts based holiday programmes for rural children including weaving, simple (Maori) wood carving, pottery, kour mosaic with paua shells, stones, sticks etc and build outside structures (tepee, hut).</p> <p>There are also a number of cultural outlets within the district's main centre, Feilding. For example, the Little Theatre, and the Feilding and Districts Art Centre.</p> <p>Culture is not simply limited to the arts. Taken together these indicators suggest that the social and cultural strength of the community is satisfactory.</p> <p>(In 2012/13 the result was also satisfactory)</p>



**Level of Service:** Council funds and supports key community organisations in order to build district capacity.

Key Performance Indicator and Target	Target Attained	Comments (if applicable)
Key partnership relationships - Destination Manawatu, Vision Manawatu, Sport Manawatu and Feilding Promotion - are identified and evaluated six-monthly for contribution to Council outcomes and collaborative endeavours		<p>Relationship agreements and/or service level agreements with all key agencies are in place. The agreements outline the expectations of services delivered and linkages to Council outcomes. All contracted agencies are making satisfactory contributions towards Council outcomes.</p> <p>Council is currently reviewing its economic development activities including services currently provided by these key agencies. The review will be completed in October 2014.</p>
Community funding policy reviewed alongside LTP in triennial cycle		<p>The review of the Community Funding Policy has been completed. A revised policy was adopted in March 2013. The next review will be completed in 2015.</p>



**Level of Service:** Lead a community planning process in partnership with communities

Key Performance Indicator and Target	Target Attained	Comments (if applicable)
Communities are actively engaged and involved in the process		Community Plans have been developed for Sanson, Halcombe, Kimbolton, Pohangina and Apiti. Projects identified in these plans are now underway - Sanson and Halcombe community plans were completed last year. Projects include a walkway linking the Sanson Hall with Sanson Domain, detailed plans developed for a walkway in Halcombe linking Monteith Street and Stanway Road.  Community Planning has begun in Rongotea.
Two community planning programmes per year		See comments in previous measure.  Arrangements for the next round of the community planning programme is underway Rongotea, Himatangi and Rangiwahia.

## Operating and Capital Work Programme for 2013/2014

Project	Actual	Budget	Variance Explanation
Community Planning: Kimbolton and Apiti/Rangiwahia	120,842	169,000	With the completion of Kimbolton, Apiti and Pohangina Community Plans the Community Planning process has now concluded for 2013/14. The total spend to deliver this process to date is \$118k leaving \$51k remaining. This remaining funding has been carried forward to the 2014/15 year and will be used for planning and implementation of Community Plan projects.
Feilding Integrated Family Health Centre	0	2,500,000	Council has agreed to provide a \$1.5 million loan (from the original commitment of up to \$2.5 million loan as provided for the 2012-22 Long Term Plan) for the Feilding Integrated Family Health Centre. Half of the \$1.5 million loan (\$750k) will be provided interest free and the remaining half (\$750K) will be charged interest at Council's market rates. Terms and conditions to be negotiated including provision of a satisfactory business case.  Council also confirmed that the balance of the original loan commitment (up to \$1 million) is available for the Feilding Integrated Family Health Centre as backstop funding. The amount of backstop funding required will be dependent on the amount of capital raised through commercial sources and provided on the same 50:50 interest conditions as the initial \$1.5 million loan.  During the Annual Plan process, Council has agreed to carry forward this funding to 2014/15. The Community Trust has now reached an agreement with MidCentral Health for the lease of the land and is confident construction will commence in 2014/15.
Manfeild Park: Community Investment	150,000	150,000	Grant paid in line with Long Term Plan commitments.  In addition, an operating grant of \$168,100 is also paid to Manfeild Park Trust.

## Economic Development

The community has asked for:

**A vital community that is cohesive and is characterised by community involvement.**

In response to this Council aims to:

Assist and encourage the sustainable economic development of Manawatu district urban and rural communities through partnerships by:

- supporting provision of services related to economic development through appropriate agencies
- encouraging the District Plan to protect land suitable for economic development
- providing support for ongoing implementation of Regional Economic Development Strategy
- supporting promotion of the district as a quality destination for tourists and visitors
- promoting Feilding and the district as a quality place to live with excellent facilities and infrastructure

## What has Council achieved in 2013/2014?



**Level of Service:** Council contracts external organisations to: Retain, attract and grow businesses and jobs

Key Performance Indicator and Target	Target Attained	Comments (if applicable)
Four sustainable business programmes per year		Sustainable business workshops have been held in April, May and July, and August. The facilitator has commented that this is perhaps the most engaged group since the programme commenced.  There are 10 businesses in the programme, two from the Manawatu District.  (Source: Vision Manawatu, Council records).
Positive employment trend year on year - from economic update reports		There are currently 10,042 full time equivalent jobs in the Manawatu District. In 2013, employment grew 0.9% which was slightly higher than the New Zealand average of 0.8%. In the past ten years employment growth in Manawatu has averaged 1.4% per annum which is positive compared to the New Zealand 10 year average of 1.3% per annum.  (Source: Infometrics).
Positive business growth trend year on year.		There are currently 3,667 business units in the Manawatu District representing 0.7% of total business units in New Zealand. Over the past year, there has been a 2.4% decrease in the number of business units in the Manawatu. Manawatu performed worse than New Zealand overall reporting a -0.1% decrease.  Although the past year did not record positive growth the longer term view over the past ten years is more positive. There has been 0.7% increase in business units in the Manawatu District compared to 1.8% growth for New Zealand overall.  (Source: Infometrics).
Positive wealth trend, year on year		The Gross Domestic Product per employed person in the Manawatu is \$71,371 per annum which is approximately \$20,000 less than the New Zealand average of \$91,373 per annum. This represents a -0.8% decrease from the previous year. Manawatu performed worse than New Zealand overall reporting a +1.7% increase over the past year.  Although the past year did not record a positive wealth trend, the longer term view over the past ten years is more positive. Manawatu reporting a positive 1.0% growth in GDP, which is better than New Zealand as a whole reporting 0.9% GDP per employed person.  (Source: Infometrics).

**Level of Service:** Council contracts external organisations to: Attract and retain residents

Key Performance Indicator and Target	Target Attained	Comments (if applicable)
Sense of Place Campaign undertaken		Over the past year, Destination Manawatu's Sense of Place Campaign activities have included: marketing and communications support for Food HQ, developing a strategy for attracting international students to the region, and the production of the promotional magazine 'The Page'.  (Source: Vision Manawatu)

**Level of Service:** Council contracts external organisations to: Attract visitors

Key Performance Indicator and Target	Target Attained	Comments (if applicable)
Number of events.		Feilding Promotion is contracted to provide management of community events. Events contributing to attracting and retaining residents included: <ul style="list-style-type: none"> <li>• Leave the City, Love the Country promotion.</li> <li>• 'Sort It' job expo in collaboration with Vision Manawatu.</li> <li>• Christmas Carnival, Rural Day and EVENTO.</li> <li>• Sales Yards Tour programme - 502 people attended this tour in 2013 an increase of 100 people on the previous year.</li> </ul> (Source: Feilding Promotion and Council records)

**Level of Service:** Council contracts organisations to promote the District and operate and information service

Key Performance Indicator and Target	Target Attained	Comments (if applicable)
Increasing number of visitors to Feilding year on year		There has been 65,602 visitors to the Feilding website in 2013/14. This figure represents a 91% increase on the previous year where there were 34,323 visits to the website – <a href="http://www.feilding.co.nz">www.feilding.co.nz</a>  (Source: Feilding Promotion).
Increasing number of visitors to the information centre		There has not been an increase in numbers of visitors to the Information Centre over the past year.  Numbers of visitors to the Feilding Information Centre continue to decline. In 2012/2013, there were 16,676 visitors to the Centre compared to 13,687 in 2013/14 (a reduction of nearly 3000 visitors).  One of the reasons for less actual visitors to the Centre is likely to be because more people are using technology to access information. The decline in actual visitor numbers is off set by increased visits via the web and social media.  (Source: Feilding Promotion website).



## Funding Impact Statement for the year ended 30 June 2014 for District Development

	Actual 2014 \$000	Annual Plan 2014 \$000	LTP 2014 \$000	LTP 2013 \$000
<b>Sources of operating funding</b>				
General rates, uniform annual general charges and rates penalties	2,030	2,030	2,013	1,875
Targeted rates (other than a targeted rate for water supply)	60	61	61	59
Subsidies and grants for operating purposes	24	32	32	31
Fees, charges and targeted rates for water supply	0	0	0	0
Internal charges and overheads recovered	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	38	43	17
<b>Total operating funding</b>	<b>2,114</b>	<b>2,161</b>	<b>2,148</b>	<b>1,983</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	1,748	1,968	1,815	1,898
Finance costs	157	219	229	185
Internal charges and overheads applied	131	204	249	254
Other operating funding applications	0	0	0	0
<b>Total applications of operating funding</b>	<b>2,036</b>	<b>2,390</b>	<b>2,292</b>	<b>2,336</b>
<b>Surplus (deficit) of operating funding</b>	<b>78</b>	<b>(229)</b>	<b>(144)</b>	<b>(353)</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	0	0	0	0
Increase (decrease) in debt	(100)	2,411	411	1,417
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
<b>Total sources of capital funding</b>	<b>(100)</b>	<b>2,411</b>	<b>411</b>	<b>1,417</b>
<b>Applications of capital funding</b>				
Capital expenditure				
- to meet additional demand	0	0	0	0
- to improve the level of service	0	0	0	500
- to replace existing assets	0	0	0	0
Increase (decrease) in reserves	(22)	(319)	(233)	(436)
Increase (decrease) of investments	0	2,500	500	1,000
<b>Total application of capital funding</b>	<b>(22)</b>	<b>2,181</b>	<b>267</b>	<b>1,064</b>
<b>Surplus (deficit) of capital funding</b>	<b>(78)</b>	<b>230</b>	<b>144</b>	<b>353</b>
<b>Funding balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>District Development Internal Borrowings</b>	<b>Actual 2014</b>
	<b>\$000</b>
Opening balance 1 July	2,284
Internal loans raised during the year	0
Internal loans repaid during the year	(100)
<b>Closing balance at 30 June</b>	<b>2,184</b>

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

The interest charged on internal borrowings for the year ended 30 June 2014 is disclosed above under Finance Costs.

## Emergency Management

### Civil Defence

The community has asked for:

#### A vital community that is cohesive and is characterised by community involvement

In response to this Council aims to:

- provide leadership during an emergency situation by promoting a resilient community capable of responding
- co-ordinate efficient and effective emergency management through partnership and community co-operation
- reduce risk and minimise the adverse effects of natural and man-made disasters on people, the environment, infrastructure and property
- ensure that there is an effective district-wide emergency management capability to respond to and recover from natural and man-made events
- promote community awareness of hazards and emergency management to create a resilient and prepared community.

### What has Council achieved in 2013/2014?



**Level of Service:** Council provides an Emergency Operating Centre and trained personnel (including Council staff and volunteers) to deal with civil defence emergencies

Key Performance Indicator and Target	Target Attained	Comments (if applicable)
Emergency Management Officers are available 24 hours a day, seven days a week		Officers available 24 hours a day seven days a week as required.
The Emergency Operating Centre (EOC) will be staffed and operative within one hour of activation		There were no Civil Defence emergencies during the year. However, while the EOC was not activated, emergency measures worked well during the 15 October 2013 weather event.



**Level of Service:** Council provides public education

<b>Key Performance Indicator and Target</b>	<b>Target Attained</b>	<b>Comments (if applicable)</b>
20 public education initiatives per year		<p>The following initiatives were undertaken for the year ending 30 June:</p> <ul style="list-style-type: none"><li>• Ideal Home Show in Palmerston North – 26/27 July (as part of the Manawatu-Wanganui CDEM Group display)</li><li>• Presentation to Manawatu Neighbourhood Support – Emergency Services evening at Manawatu DC – 7 Aug</li><li>• 2004 Floods Commemoration – Feilding Farmers Market - 14 Feb</li><li>• Central District Field Days – Manfeild Park – 13-15 March</li><li>• Get Ready at Home – Civil Defence House to House Survey – Himatangi Beach – 29 March</li></ul> <p>Emergency Management Officers also sent information to and had discussions with a large number of schools, care facilities, rest homes and other organisations over this period in relation to emergency management preparedness (17 in total).</p>

## Rural Fire

The community has asked for:

### A vital community that is cohesive and is characterised by community involvement

In response to this Council aims to:

- provide leadership during an emergency situation by promoting a resilient community capable of responding
- minimise the risk to people and property through the provision of effective emergency management before, during and after an event, consistent with the Civil Defence Emergency Management Group (CDEMG) Plan.

## What has Council achieved in 2013/2014?






**Level of Service:** Provide proactive and accurate rural fire service to the community, reducing the risks of fire incidents

Key Performance Indicator and Target	Target Attained	Comments (if applicable)
Community awareness of rural fire service increases year on year, measured bi-annually by the Email Panel.		<p>The Email Panel Survey was undertaken in 2013/14. Survey respondents were given five options to choose from, which best described their awareness:</p> <ul style="list-style-type: none"> <li>• Excellent – fully aware of what rural fire do</li> <li>• Good – have heard of rural fire and know what they do</li> <li>• Fair – have heard of them and know a little of what they do</li> <li>• Poor – have heard of them but don't know what they do</li> <li>• Non-existent – have not heard of them</li> </ul> <p>For the purpose of the survey, community respondents are considered to be aware of the rural fire service if they picked excellent, good or fair. On that basis, 72% of respondents (compared to 80% last year) were aware of the rural fire service. The following is the breakdown of the results:</p> <ul style="list-style-type: none"> <li>• Excellent: 12%</li> <li>• Good: 29%</li> <li>• Fair: 31%</li> <li>• Poor: 17%</li> <li>• Non-existent: 10%</li> </ul> <p>This is lower than last year's result of 80%, which is why the target has not been met.</p> <p>There are no obvious reasons why awareness slipped from 80% to 72%. It is not a large decline, especially given the small number of people who answered the question - 200 in 2013 and 156 in 2014.</p>
Annual audit of Rural Fire equipment and facilities against agreed check list	On track to meet target	<p>The National Rural Fire Authority has just completed an audit of Manawatu District Council's rural fire performance. While there are a few areas for improvement, generally the performance is satisfactory.</p> <p>The areas for improvement have been incorporated into a Corrective Action Plan and that plan has been approved by the National Rural Fire Authority.</p> <p>There were areas within the audit where Council scored very well. Of particular note was the standard of Council's fire plan structure and contents as well as compliance with the minimum standards for fire weather observation.</p>



**Level of Service:** Provide a co-ordinated and appropriate response and recovery to incidents

Key Performance Indicator and Target	Target Attained	Comments (if applicable)
No more than 10 complaints per year about unpermitted fires during restricted fire seasons		<p>No complaints were received directly by Council.</p> <p>The MDC Rural Fire Authority (RFA) received notification of six unpermitted fires during the restricted fire seasons. In all cases, the initial response is from the NZ Fire Brigade. The RFA is involved as required. (compared to 24 unpermitted fires last year)</p> <p>The number of fires occurring within the District and neighbouring Districts was monitored on a daily basis. The Manawatu District went into a district-wide restricted fire season (fire by permit) on 26 February 2014. On 14 April 2014, the District reverted to a restricted fire season from SH1/3 to the coast and an open season for the remainder of the District.</p>
Annual meetings with district welfare groups and community committee have taken place		<p>The following meetings have taken place:</p> <ul style="list-style-type: none"> <li>• Manawatu-Wanganui Regional Rural Fire Committee - July and September 2013.</li> <li>• Himatangi Beach Community meeting August 2013.</li> <li>• Manawatau Emergency Management Committee August 2013 and June 2014.</li> <li>• Manawatu-Wanganui Emergency Management Group Controllers and Recovery Managers forum August 2013</li> <li>• Ernslaw One – (Fire Response Protocol) September 2013.</li> <li>• Himatangi Beach Volunteer Fire Brigade - various meetings about the rural fire response.</li> </ul>
No loss of life due to rural fires		There has been no loss of life due to rural fires (nil last year)

## Funding Impact Statement for the year ended 30 June 2014 for Emergency Management

	Actual 2014 \$000	Annual Plan 2014 \$000	LTP 2014 \$000	LTP 2013 \$000
<b>Sources of operating funding</b>				
General rates, uniform annual general charges and rates penalties	195	195	135	132
Targeted rates (other than a targeted rate for water supply)	156	152	184	179
Subsidies and grants for operating purposes	0	0	0	0
Fees, charges and targeted rates for water supply	0	0	0	0
Internal charges and overheads recovered	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	38	4	4	4
<b>Total operating funding</b>	<b>389</b>	<b>350</b>	<b>323</b>	<b>314</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	285	306	306	297
Finance costs	0	0	0	0
Internal charges and overheads applied	35	41	13	15
Other operating funding applications	0	0	0	0
<b>Total applications of operating funding</b>	<b>320</b>	<b>347</b>	<b>320</b>	<b>312</b>
<b>Surplus (deficit) of operating funding</b>	<b>69</b>	<b>3</b>	<b>3</b>	<b>3</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	0	0	0	0
Increase (decrease) in debt	0	0	0	0
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
<b>Total sources of capital funding</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Applications of capital funding</b>				
Capital expenditure				
- to meet additional demand	0	0	0	0
- to improve the level of service	0	0	0	28
- to replace existing assets	0	0	0	0
Increase (decrease) in reserves	69	3	3	(25)
Increase (decrease) of investments	0	0	0	0
<b>Total application of capital funding</b>	<b>69</b>	<b>3</b>	<b>3</b>	<b>3</b>
<b>Surplus (deficit) of capital funding</b>	<b>(69)</b>	<b>(3)</b>	<b>(3)</b>	<b>(3)</b>
<b>Funding balance</b>	<b>(1)</b>	<b>(0)</b>	<b>0</b>	<b>0</b>

### Emergency Management Internal Borrowings

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

## Environmental & Regulatory Management

### Animal Control

The community has asked for:

**A community where people are able to go about their business and leisure any time of the day or evening without fear for their safety**





In response to this Council aims to:

- provide effective animal control that involves dealing with animals, especially dogs that pose a danger to people, stock, domestic animals and protected wildlife in the district by:
- enforcing the Impounding Act and existing bylaws relating to Animal Control including dogs and wandering stock
- providing specified areas for exercising dogs
- rewarding dog owners for effective control of dogs through an incentive system and review where necessary
- providing (where appropriate) or facilitating the provision of education programmes for animal owners, particularly dog owners.

### What has Council achieved in 2013/2014?



**Level of Service:** Animal Control complaints are resolved in a timely manner - response being defined as responding to the call centre and where required the complainants, and informing them of the intended action

Key Performance Indicator and Target	Target Attained	Comments (if applicable)
Animal control service is available for 24 hours a day, 7 days a week for priority one issues		An Animal Control Officer (ACO) is available 24 hours a day and 7 days a week for priority one issues.
95% of priority one callouts (dog attacks, secured dogs and wandering stock) responded to within 15 minutes. Note: priority one is defined as a dog attack on a person or livestock, secured dog or at animal control officer's discretion aggressive roaming dog, and stock on road. Priority two is everything else. (96% in LTP)		470 priority one calls were responded to. In addition 329 were not responded to – combination of priority one and priority two.  Animal Control Officers responded to 470 of these calls. Of those 306 (65%) were responded to within the target timeframe of 15 minutes.  21 transactions during this period exceed one working day for an initial response.  (Last year there was no system in place to record this measure until January 2012. For the remainder of the year, 449 recorded complaints were received, 32 of these had recorded responses. 47% of recorded responses were responded to within the required timeframe)
95% of priority two complaints are responded to within one working day		951 priority two calls were responded to. In addition 329 calls were not responded to – combination of priority one and priority two.  Animal Control officers responded to 951 of these calls. Of these 718 (75%) were responded to within the target timeframe of one working day.  143 transactions during this period exceed two working days for an initial response.  (Last year there was no system in place to record this measure until January 2012. For the remainder of the year, 829 recorded complaints were received, 24 of these had recorded responses. 83% of recorded responses were responded to within the required timeframe)
20% of all properties and dwellings, within a five-yearly cycle, are visited to check for unregistered dogs.		Animal Control Officers visited 480 properties. To achieve the target, 576 were required to be visited.  (Last year- no properties visited)



**Level of Service:** Promoting responsible dog ownership through public education

Key Performance Indicator and Target	Target Attained	Comments (if applicable)
Three education programmes provided to schools		Dog education presentations were delivered to 23 schools during the year. (Last year – nil)



**Level of Service:** Provide a quality Animal Control Service

Key Performance Indicator and Target	Target Attained	Comments (if applicable)
Comply with requirements of the Dog Control Act 1996, Impounding Act 1955 and Council bylaws		Two issues were raised during the year. A dog classification hearing determined that the classification notice did not meet statutory requirements and the notice was rescinded. One dog owner objected to their infringement notices through the District Court. Insufficient evidence was provided to continue with the prosecution. (Last year - nil)

## Building Control

The community has asked for:

**A community where people are able to go about their business and leisure any time of the day or evening without fear for their safety**

In response to this Council aims to:

Provide an important service that ensures buildings are sanitary and designed to resist fire and earthquakes and protect the community from poor building practice for future generations.

Council will meet legislative requirements and community expectations by:

- safeguarding public and environmental health and safety through effective regulatory controls, education and other methods.
- maintaining public confidence in Council's regulatory services through effective inspection services and education about regulatory functions
- processing consent applications in a timely, legislatively correct and efficient manner
- ensuring district construction meets requirements of the Building Act 2004.



## What has Council achieved in 2013/2014?



**Level of Service:** Building records and general information is available at all times

Key Performance Indicator and Target	Target Attained	Comments (if applicable)
Building records are available at all times		No incidences of records not accessible/located during project file review process or when requested by the customer.
All inspections are carried out within four working days		Average waiting timeframe for inspections during this period is 3 working days.  In many instances inspections are booked weeks in advance and therefore this measure is not appropriate.  (Last year's average time was 3.5 days)



**Level of Service:** A responsive and accurate building control service is provided

Key Performance Indicator and Target	Target Attained	Comments (if applicable)
All consents are processed within statutory timeframes		660 consents were issued, of which 97% issued within 20 day timeframe.  22 Building consents were issued outside timeframe due to staffing constraints.  (Last year 950 consents issued, 95% were within the statutory timeframe)
5% of buildings with building warrants of fitness are audited each year		49 properties audited over this period, which is 15% of all buildings.  Council records list 328 buildings with active compliance schedules.
95% of Building Service complaints are investigated and resolution attempted within 10 working days of receipt - note: some complaints take a while to resolve due to the complexity of some building projects		46 complaints received over the year and 42 resolved within 10 days - 91% compliance.  Three complaints related to customer service and the balance to alleged non-compliant building work and technical investigation. Site visits were carried out where applicable and responses/outcomes communicated to complainant/offender.  (Last year 54 complaints, 95% were resolved with 10 days)



**Level of Service:** Ensure that the built environment is safe

Key Performance Indicator and Target	Target Attained	Comments (if applicable)
All dangerous and insanitary building issues are resolved within two working days. Note: resolved meaning investigated and notice issued if required		Two dangerous and insanitary building issues were received. In both cases site visits were undertaken within one day of receipt.  (Last year two issues, both were actioned within two working days)
No commercial/public buildings in the district are known to have been assessed as earthquake prone after 10 years		No further buildings have been identified or assessed as earthquake prone. 126 buildings have been assessed by a structural engineer.  The assessments have all been within the last 10 years.  Council is waiting for the response from Central Government before proceeding with a review of the policy or the identification of more buildings requiring assessment.
All known properties with swimming pools and/or spa fencing inspected on schedule and for compliance - the current procedure is for an inspection every five years		There are 496 known pools in the district.  All pools have been inspected in accordance with the five-yearly programme. Ongoing re-inspections are continuing.  (Last year 248 pools inspected)

## Environmental Health

The community has asked for:

**A community where people are able to go about their business and leisure any time of the day or evening without fear for their safety**

In response to this Council aims to:

Meet legislative requirements and community expectations by helping to safeguard public and environmental health and safety through effective regulatory controls, education and other methods. This is achieved by:

- ensuring reasonable levels of noise through effective control of non-compliance
- promoting and educating appropriate standards for public and environmental health across the district.

### What has Council achieved in 2013/2014?





**Level of Service:** Protect public health by regulating the sale of food, funeral parlours, offensive trades, hairdressing salons and camping grounds

Key Performance Indicator and Target	Target Attained	Comments (if applicable)
All applications processed within statutory timeframes		133 applications have been received. 96 were processed and issued within 2 days - 100% compliance (20 days). 37 were received on 25 June 2014 and are awaiting a decision. The decision will be made outside the reporting date range and are therefore excluded from this reporting. (Last year 156 licences issued, 98% within the statutory timeframe)
All high risk premises inspected twice a year - defined as premises requiring temperature control for unwrapped product		There are 34 high-risk premises on Council's register. 25 inspections have been carried out. Of these premises, seven required three or more inspections. Six premises have not had a yearly inspection. (Last year 32 high-risk premises all inspected).
All low risk premises inspected annually - defined as all other licences including fruit and vegetable hairdressers, funeral parlours, camping grounds etc.		There are 95 low-risk premises on Council's register. 71 premises have had at least one inspection carried out. 24 premises have not yet had an inspection. (Last year 124 low-risk premises, 122 inspected).
All voluntary food control plans are verified to MAF requirements		23 VIP (Voluntary Implemented Programme) premises are verified to Ministry of Primary Industry requirements – 100% (Last year all VIP verified)



**Level of Service:** Environmental complaints are investigated to minimise public nuisance

<b>Key Performance Indicator and Target</b>	<b>Target Attained</b>	<b>Comments (if applicable)</b>
95% of complaints are responded to within one working day		473 complaints out of total number of 666 (71%) complaints were responded to within the time set, which is one working day.  (Last year 194 complaints, 92% responded to within one working day)
95% of noise complaints are responded to within one hour		1283 noise complaints were received.  44% of complaints were responded to within one hour during normal working hours.  97.5% of noise complaints were responded to within one hour after hours.  Some after hours complaints were within rural areas making the one hour response timeframe difficult. This has been reviewed as part of the contract review in February 2014.  The reviewed target restricts the one hour response time to urban (Feilding) recognising that it is unreasonable to provide a target one hour response after hours to rural areas.  (Last year 804 noise complaints, 99% responded to within one hour)

## District Planning

The community has asked for:

### A self-sufficient environment that preserves, values and develops our natural resources

In response to this Council aims to:

Meet legislative requirements and community expectations by:

- ensuring a healthy environment through appropriate development, sustainable use and protection of environmental resources
- helping to safeguard public and environmental health and safety through effective regulatory controls, education and other methods
- acknowledging and taking cultural issues into account

## What has Council achieved in 2013/2014?




**Level of Service:** District Planning services are provided to ensure the sustainable management of natural and physical resources by managing/controlling development

Key Performance Indicator and Target	Target Attained	Comments (if applicable)
Meeting statutory timeframes for processing resource consents (100% compliance)		185 resource consents were received. Statutory timeframes were met for processing resource consents under the Resource Management Act 1991. (Last year 161 consents issued within the statutory timeframe)
Notified and Limited Notified consents requiring a hearing - 70 working days (100% compliance)		Four notified consents were processed during the year that required a hearing. Two met the 70 working day target.  One application went over target due to the hearing being adjourned as the applicant filed an amended application at the hearing. These amendments were not accompanied by affected party approvals from those parties that had previously signed their approval. The current application was withdrawn and an amended application was filed. A section 37 waiver extending the timeframe under the Resource Management Act 1991 was required.  The second application went overtime due to discussions taking place between the applicant and submitters to prevent a hearing. No hearing was held and there was an agreement reached between the applicant and submitters. The subdivision consent was approved and a Section 37 waiver extending the timeframe under the Resource Management Act 1991 was required.  (Last year two notified consents, one was withdrawn and the other was processed within the statutory timeframe)
Non-notified resource consents - 20 working days 100% compliance		176 non-notified resource consents were processed. All non-notified resource consents were processed within 20 working days. (Last year 158 consents processed, four subdivision consents exceeded the timeframe)
Notified and Limited Notified resource consents not requiring a hearing - 50 working days 100% compliance		Two limited notified consents and three notified consents were processed that did not require a hearing. All consents were processed within 50 working days. (Last year one limited notified consent processed within timeframe)
The State of the Environment and the efficiency and effectiveness of the District Plan are monitored every five years	Target on-going	The State of the Environment report was due for completion by December 2013. This has been delayed by Central Government. The review is underway.
The District Plan complies with legislative requirements and Council outcomes		The District Plan complies with legislative requirements and Council outcomes.

Current District Plan provisions are available online 95% of the time		The current District Plan and zoning maps are available on Council's website: <a href="http://www.mdc.govt.nz">www.mdc.govt.nz</a>
90% of complaints are investigated and responded to within three months of being received		18 complaints were received. All were investigated and responded to within three months. (Last year eight complaints received) Complaints received include the following: <ul style="list-style-type: none"> <li>• Motocross bikes operating on a rural property</li> <li>• Election signs obscuring the vision for traffic</li> <li>• Overgrown trees</li> <li>• Property not being connected to Council services</li> <li>• Rooster crowing in the mornings urban area</li> <li>• Commercial business operating from a residential property.</li> <li>• Pigs being kept on a residential property</li> <li>• The height of fences in a residential area</li> <li>• Building pergola within one metre of the boundary</li> <li>• Signs erected on the berm</li> <li>• Chickens free ranging over the neighbourhood</li> <li>• Commercial use property outside of the resource consent conditions</li> <li>• Offensive odour coming from the burning of green waste adjoining residential sections.</li> <li>• Removal of some trees from a shelter belt.</li> </ul>
All consents are monitored within one month of monitoring date		Council has employed a Monitoring and Enforcement Officer who commenced work on 4 November 2013. Work is underway to develop an implementation plan to ensure this target is met.



**Level of Service:** An accessible District Planning service

Key Performance Indicator and Target	Target Attained	Comments (if applicable)
All plan changes are updated online within five working days		Five plan changes were notified. Plan changes are updated on the website within five working days. (Last year two plan changes processed, website updated on the same day)
Advice from a Planner is available during office hours, 95% of the time.	Target not measured	Duty planners are rostered on to ensure that a planner is available during working hours. However, availability is not measured.

## Operating and Capital Work Programme for 2013/2014

Project	Actual	Budget	Variance Explanation
Sectional review of the District Plan	236,760	275,000	A summary of submissions was prepared for both Plan Changes 45 and 46. Five further submissions were received for Plan Change 45 and two further submissions for Plan Change 46. District Plan Hearings for Plan Changes 45, 46 and 50 were held on 3 and 4 June 2014. Hearing Commissioner decisions made on Plan Changes 46 and 50. A decision is pending for Plan Change 45.  Progress is being made on other District Plan topics:  General provisions including noise, signs, infrastructure and temporary activities, rural, nodal areas, heritage, industrial zone and outstanding landscapes.  Plan Changes 36-42 and 44 - Miscellaneous Plan Changes will be made operative in April 2014.

Feilding Growth study - part of District Plan review above	0	23,000	This project forms part of the District Plan review.
Liquefaction project	0	53,000	Liquefaction project has been completed. Further discussions are required to implement the recommendations which will form part of the District Plan changes for Feilding growth areas Precinct 4 and 5.

## Liquor Licensing

The community has asked for:

**A community where people are able to go about their business and leisure any time of the day or evening without fear for their safety**

In response to this Council aims to:

Ensure bylaw enforcement for public safety benefits. Premises selling liquor which are fully licensed contribute to ensuring responsible drinking habits in the district.

To meet legislative requirements and community expectations by:

- helping to safeguard public and environmental health and safety through effective regulatory controls, education and other methods
- providing efficient and effective services for issuing liquor licences and inspecting premises.

## What has Council achieved in 2013/2014?



**Level of Service:** Protect public health by regulating the sale of liquor

Key Performance Indicator and Target	Target Attained	Comments (if applicable)
All liquor licence applications are processed and issued within five working days (where complete information provided)		156 alcohol licences have been processed and all were issued within five working days of the file becoming complete.  From 18 December 2014, all applications are now forwarded to the Commissioner of the District Licensing Committee for a decision. Therefore, for this target, the time-frame is taken from when the decision is received back from the Commissioner to the time the licence is issued.  (Last year 216 liquor licences processed, all within five working days of receipt of completed application)
All liquor licence outlets are inspected annually		40 out of 51 liquor licence outlets have been inspected - 78%  One of the premises has since closed and therefore no inspection was required. Of the ten not inspected, five were for club premises, four were very low risk premises and one for a tavern will be inspected at the time the inspection for the health licence is undertaken.  (Last year 40 of 51 outlets inspected - 78%)

## Funding Impact Statement for the year ended 30 June 2014 for Environmental and Regulatory Management

	Actual 2014 \$000	Annual Plan 2014 \$000	LTP 2014 \$000	LTP 2013 \$000
<b>Sources of operating funding</b>				
General rates, uniform annual general charges and rates penalties	457	457	483	454
Targeted rates (other than a targeted rate for water supply)	1,792	1,767	1,818	1,724
Subsidies and grants for operating purposes	0	0	0	0
Fees, charges and targeted rates for water supply	1,314	1,506	1,502	1,455
Internal charges and overheads recovered	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	72	7	7	7
<b>Total operating funding</b>	<b>3,634</b>	<b>3,737</b>	<b>3,810</b>	<b>3,640</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	2,761	2,903	2,502	2,598
Finance costs	0	0	0	0
Internal charges and overheads applied	969	1,070	1,407	1,408
Other operating funding applications	0	0	0	0
<b>Total applications of operating funding</b>	<b>3,730</b>	<b>3,973</b>	<b>3,909</b>	<b>4,006</b>
<b>Surplus (deficit) of operating funding</b>	<b>(96)</b>	<b>(236)</b>	<b>(99)</b>	<b>(366)</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	0	0	0	0
Increase (decrease) in debt	0	0	0	0
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
<b>Total sources of capital funding</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Applications of capital funding</b>				
Capital expenditure				
- to meet additional demand	0	0	0	0
- to improve the level of service	49	0	0	17
- to replace existing assets	0	0	0	0
Increase (decrease) in reserves	(145)	(236)	(99)	(383)
Increase (decrease) of investments	0	0	0	0
<b>Total application of capital funding</b>	<b>(96)</b>	<b>(236)</b>	<b>(99)</b>	<b>(366)</b>
<b>Surplus (deficit) of capital funding</b>	<b>96</b>	<b>236</b>	<b>99</b>	<b>366</b>
<b>Funding balance</b>	<b>(0)</b>	<b>0</b>	<b>0</b>	<b>0</b>

### Environmental & Regulatory - Internal Borrowings

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

## Governance and Strategy

The community has asked for:

### A vital community that is cohesive and is characterised by community involvement

In response to this Council aims to:

Provide for effective local democratic governance and efficiently, effectively and fairly respond to community present and future needs by:

- assisting the community in identifying the expectations and priorities for the future (community outcomes)
- ensuring Council's strategic direction aligns with community aspirations
- meeting the Council's planning and reporting responsibilities
- advocating on the district's behalf to other agencies, including central and regional government, on various issues
- increasing awareness of Council's activities and decisions which affect the community
- providing for effective, democratic local government
- seeking to increase Maori involvement in local decision-making.

## What has Council achieved in 2013/2014?



**Level of Service:** Provide opportunities for community input into decision making

Key Performance Indicator and Target	Target Attained	Comments (if applicable)
Eight Email Panel surveys per year on important Council projects/decisions		<p>For the purposes of this target, we carried out two surveys, which together measured satisfaction on eight Council services. For each activity, we asked two questions, one on how the respondent rated the service and one inviting the respondent to add their thoughts.</p> <p>The services include: Roading, Parking, Footpaths, Parks and Reserves, Halls, Wastewater, Rural Fire and Council decision-making processes. The results are disclosed in the relevant sections of this report.</p>
60% of residents feel that they understand Council's decision making process (Email Panel) (65% in the Long Term Plan)		<p>Survey respondents were given five options to choose from, which best described their understanding of Council decision-making processes:</p> <ul style="list-style-type: none"> <li>• Excellent – where the respondent fully understands the decision-making process</li> <li>• Good – where the respondent has a good understanding of the decision making process</li> <li>• Fair – where the respondent has an okay understanding of the decision-making process</li> <li>• Poor – where the respondent only has a vague understanding of the decision-making process</li> <li>• Non-existent – where the respondent has no idea about the decision making process.</li> </ul> <p>For the purposes of this target, 60% or more of the respondents would need to have chosen either excellent, good or fair. On this basis 66% (64% last year) of respondents understand Council's decision-making processes. Below is a breakdown of the results:</p> <ul style="list-style-type: none"> <li>• Excellent: 5%</li> <li>• Good: 25%</li> <li>• Fair: 36%</li> <li>• Poor: 24%</li> <li>• Non-existent: 10%</li> </ul>



## Operating Programme for 2013/2014

Project	Actual	Budget	Variance Explanation
Email Panel	7,035	20,000	Costs relate to the surveys, as outlined above. The unspent portion of this budget has carried over to 2014/15 as a part of the Annual Plan process.

## Funding Impact Statement for the year ended 30 June 2014 for Governance and Strategy

	Actual 2014 \$000	Annual Plan 2014 \$000	LTP 2014 \$000	LTP 2013 \$000
<b>Sources of operating funding</b>				
General rates, uniform annual general charges and rates penalties	0	0	0	0
Targeted rates (other than a targeted rate for water supply)	1,335	1,322	1,229	1,221
Subsidies and grants for operating purposes	0	0	0	0
Fees, charges and targeted rates for water supply	0	0	0	0
Internal charges and overheads recovered	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	64	69	69	0
<b>Total operating funding</b>	<b>1,399</b>	<b>1,390</b>	<b>1,298</b>	<b>1,221</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	627	591	587	562
Finance costs	0	0	0	0
Internal charges and overheads applied	730	799	711	710
Other operating funding applications	0	0	0	0
<b>Total applications of operating funding</b>	<b>1,358</b>	<b>1,390</b>	<b>1,298</b>	<b>1,272</b>
<b>Surplus (deficit) of operating funding</b>	<b>42</b>	<b>0</b>	<b>0</b>	<b>(51)</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	0	0	0	0
Increase (decrease) in debt	0	0	0	0
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
<b>Total sources of capital funding</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Applications of capital funding</b>				
<b>Capital expenditure</b>				
- to meet additional demand	0	0	0	0
- to improve the level of service	0	0	0	0
- to replace existing assets	0	3	3	4
Increase (decrease) in reserves	42	(3)	(3)	(55)
Increase (decrease) of investments	0	0	0	0
<b>Total application of capital funding</b>	<b>42</b>	<b>(0)</b>	<b>0</b>	<b>(51)</b>
<b>Surplus (deficit) of capital funding</b>	<b>(42)</b>	<b>0</b>	<b>0</b>	<b>51</b>
<b>Funding balance</b>	<b>(0)</b>	<b>0</b>	<b>0</b>	<b>0</b>

### Governance and Strategy - Internal Borrowings

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

## Roading

The community has asked for:

### A community that has access to effective services

In response to this Council aims to:

Develop and maintain a roading network appropriate to community usage, demand and ability to fund by:

- providing a quality, safe roading network
- providing a cost-effective roading network
- providing a roading network that is efficient and responsive to community need
- providing quality, safe bridges which provide continuous all-weather roads over rivers, streams and uneven terrain
- providing quality, safe footpaths
- providing a safe and efficient network of cycle and walkways.

The roading and footpaths network provide significant benefits to the community, including:

- connections to other transportation networks
- access and mobility for people, goods and services
- locality and property identification
- separation of pedestrians from main flow of traffic (ie footpaths).

## What has Council achieved in 2013/2014?



**Level of Service:** Quality roading network provided that meets current and future demands, i.e. residents' needs and increased demands from agriculture

Key Performance Indicator and Target	Target Attained	Comments (if applicable)
80% satisfaction with the roading network		Email Panel results - 163 responses, two did not use the service: <ul style="list-style-type: none"> <li>• 76% were satisfied</li> <li>• 7% were very satisfied</li> <li>• 17% were not satisfied.</li> </ul> (Last year 79% satisfaction)



**Level of Service:** Adequate parking provided, parking controls appropriately implemented and enforced

Key Performance Indicator and Target	Target Attained	Comments (if applicable)
95% satisfaction with the provision of parking		Email Panel results – 164 responses, three did not use the service: <ul style="list-style-type: none"> <li>• 57% were satisfied</li> <li>• 22% were very satisfied</li> <li>• 21% were not satisfied.</li> </ul> (Last year 82% satisfaction)



**Level of Service:** The services are managed at the lowest possible cost for the required level of service

Key Performance Indicator and Target	Target Attained	Comments (if applicable)
The roading network is managed within budget, to within plus or minus 5%		Budget - \$12,180,000 Actual - \$11,835,000 97% within budget  With the exception of one project, which has been carried forward, programme works completed



**Level of Service:** All-weather access is available throughout the formed road network (urban and rural)

Key Performance Indicator and Target	Target Attained	Comments (if applicable)
80% of weather events (floods and slips, or emergency incidents) responded to within 30 minutes of initial call to Council		Weather events in July and October 2013 were responded to. There were no recorded road closures apart from Ruahine Road being closed due to unstable rocks above the road. (safety concern).  Both were responded to within the required time.
There are less than 5% of properties that have experienced interruption to road access for more than 12 hours per year		The weather events detailed above did not affect property access.



**Level of Service:** There is a quick response to customer requests for service

Key Performance Indicator and Target	Target Attained	Comments (if applicable)
All customer requests for service are attended to within agreed timeframes		During the year, Council received 1,228 customer requests, 1,141 (93%) were completed.  Council's customer service system currently only measures the time from initiating a job to when that job is closed, not the time to repair/resolve the issue that is the subject of the complaint. We are working to implement systems that will measure this in the future.  (Last year 1,134 customer requests, there were no new systems to measure this)



**Level of Service:** The roads feels safe to use and are regarded as safe in comparison to other similar networks

Key Performance Indicator and Target	Target Attained	Comments (if applicable)
Less than 10% of reported injury accidents cite road design as a factor		One historical report was received relating to an incident in October 2012, claimed road fault, in particular signage. It was subsequently agreed with the complainant that road signage was in place.
All curves that are compatible, for example, within 15km/hr with the speed environment		Review of rural road curves completed. Signage is to be progressively installed where deficiencies are noted. The project is subject to funding over next couple of years to progressively upgrade traffic advisory signs.



**Level of Service:** Footpaths and cycle facilities are in good condition and are 'fit for purpose'

Key Performance Indicator and Target	Target Attained	Comments (if applicable)
98% of urban streets provided with a footpath on at least one side of the road		96% of all urban streets comply with policy. Ongoing capital programme to install footpath. (Last year 90% compliance)
75% resident satisfaction with quality and comfort of footpaths (Email Panel)		Email Panel results – 161 responses, 11 did not use the service: <ul style="list-style-type: none"> <li>• 61% were satisfied</li> <li>• 15% were very satisfied</li> <li>• 24% were not satisfied.</li> </ul> (Last year 77% satisfaction)
96% of footpaths are within acceptable defect levels, for example, cracking, breaks, high lips, trip hazards etc. (95% in the LTP)	Target ongoing	The survey was completed last year and showed 95% were within acceptable standards. Defects identified have been progressively repaired or programmed as part of renewal works. This year an increase in faults were noted due to ground shrinkage as a result of a dry summer.
All roads within the network are inspected on a monthly basis for condition defects		All roads are inspected monthly by the contractor. Areas that require remedial work are noted. 10% of the roads are inspected each month by both Council staff and the contractor.
All design standard meet current NZTA, Austroad or other adopted standards and guidelines.		All designs completed to Austroads and NZTA standards.

## Operating Programme for 2013/2014

Project	Actual	Budget	Variance Explanation
Sealed Road Maintenance	913,000	1,096,000	Preseal repairs continuing in conjunction with re-surfacing programme
Unsealed Road Maintenance	327,000	210,000	Associated maintenance repairs undertaken in conjunction with weather events of October 2013 account for overspend in this activity.
Environmental Maintenance	667,000	630,000	Vegetation control on going.
Drainage Maintenance	248,000	190,000	Cyclic maintenance is on going with roadside drainage cleaning high shoulder trimming of rural roads
Structure Maintenance	264,000	280,000	Programme completed for the year
Traffic Services	571,000	595,000	Programme completed for the year
Network and Asset Management	529,000	595,000	Programme completed for the year

<b>Capital Works</b>	<b>Actual (Year to date)</b>	<b>Budget</b>	<b>Explanation of Variance/Update</b>
Pavement Rehabilitation	2,300,000	2,686,000	With one exception, the roading programme was completed for the year. The Wilson Road rehabilitation project has been carried forward to 2014/15.
Resurfacing Sealed Roads	1,984,000	2,172,000	Programme completed for the year
Footpath Renewals	78,000	75,000	Renewals continuing following condition rating results from the 2012/13 year
New Footpaths	36,000	107,000	Sherwill Street commenced construction and Humber Street commenced May 2014. The project has been carried forward to 2014/15
Minor Improvements	458,000	521,000	Final design completed for Awahuri/Stewart intersection. Planned under construction.
CBD redevelopment: Kimbolton Road	444,000	494,000	Kimbolton stage 2 completed. Fergusson St – Stafford St – Aorangi Road stage is progressing.

## Funding Impact Statement for the year ended 30 June 2014 for Roothing Network

	Actual 2014 \$000	Annual Plan 2014 \$000	LTP 2014 \$000	LTP 2013 \$000
<b>Sources of operating funding</b>				
General rates, uniform annual general charges and rates penalties	0	0	0	0
Targeted rates (other than a targeted rate for water supply)	5,901	5,857	5,921	5,715
Subsidies and grants for operating purposes	2,607	2,045	1,688	1,639
Fees, charges and targeted rates for water supply	0	0	-	0
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	182	216	216	210
<b>Total operating funding</b>	<b>8,691</b>	<b>8,118</b>	<b>7,825</b>	<b>7,563</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	5,147	4,234	3,737	3,629
Finance costs	178	193	228	178
Internal charges and overheads applied	154	(36)	(102)	(76)
Other operating funding applications	0	0	0	0
<b>Total applications of operating funding</b>	<b>5,479</b>	<b>4,391</b>	<b>3,863</b>	<b>3,731</b>
<b>Surplus (deficit) of operating funding</b>	<b>3,211</b>	<b>3,727</b>	<b>3,962</b>	<b>3,832</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	3,067	3,472	3,985	4,031
Development and financial contributions	131	308	308	299
Increase (decrease) in debt	379	427	659	397
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
<b>Total sources of capital funding</b>	<b>3,577</b>	<b>4,208</b>	<b>4,952</b>	<b>4,727</b>
<b>Applications of capital funding</b>				
Capital expenditure				
- to meet additional demand	77	919	919	0
- to improve the level of service	842	654	1,123	1,241
- to replace existing assets	6,189	7,173	8,069	7,891
Increase (decrease) in reserves	(320)	(812)	(1,197)	(574)
Increase (decrease) of investments	0	0	0	0
<b>Total application of capital funding</b>	<b>6,788</b>	<b>7,935</b>	<b>8,914</b>	<b>8,559</b>
<b>Surplus (deficit) of capital funding</b>	<b>(3,211)</b>	<b>(3,727)</b>	<b>(3,962)</b>	<b>(3,832)</b>
<b>Funding balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

	Actual 2014
<b>Roading Network - Internal Borrowings</b>	<b>\$000</b>
Opening balance 1 July	2,381
Internal loans raised during the year	444
Internal loans repaid during the year	(65)
<b>Closing balance at 30 June</b>	<b>2,760</b>

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

The interest charged on internal borrowings for the year ended 30 June 2014 is disclosed above under Finance Costs.

## Solid Waste

The community has asked for:

**A community that has access to effective services; and**

**A self-sufficient environment that preserves values and develops our natural resources**

In response to this Council aims to provide:

**Waste Management** – to deliver efficient and cost effective solid waste services to customers while safeguarding public health, taking into account cultural issues and minimising adverse effects on the environment.

**Waste Minimisation** – to promote waste reduction towards zero waste through education, development and implementation of recycling, reuse and recovery methods.

These objectives will be met by:

- moving towards a zero waste management philosophy
- providing efficient and cost-effective solid waste management to an appropriate level
- working in co-operation with other local authorities towards development of cost-effective regional solid waste services and facilities
- providing education about waste minimisation opportunities
- advocating to Central Government for reductions in waste packaging through Local Government New Zealand

## What has Council achieved in 2013/2014?



**Level of Service:** Provision of recycling facilities and regular kerbside collection to encourage recycling and waste reduction

Key Performance Indicator and Target	Target Attained	Comments (if applicable)
5% year on year decrease in waste tonnage taken to landfill		Waste tonnage to landfill has increased by 3.4% to 3,636 tonnes. This follows a 6.7% increase last year.  This could be explained by increased economic activity; residents moving from private wheelie bin waste services to increased recycling but using Council refuse collections to take waste to landfill. The statistics seem to indicate the latter is so.  Kerbside waste collected has increased by comparable amount.
5% year on year increase in tonnage of recyclables		Total recycling has increased by 322 tonnes or 12% to 2,760 tonnes). This followed an overall 28% decrease last year.  The prior year decrease was as a result of changing contractors. The previous contracts operated a commercial materials recovery facility (MRF) able to extract wood and concrete from the waste stream.





**Level of Service:** Convenient and accessible waste management services are available to the community

Key Performance Indicator and Target	Target Attained	Comments (if applicable)
70% of residents are within 10km of a transfer station or drop-off point (80% in Long Term Plan)		84% of residents live within 10km of a transfer station or drop-off-point. (88% last year)  In order to measure this we used the usually resident population from the 2013 census which gave a base figure of 27,456. Using our GIS software, we were able to determine that 23,007 residents live within the 10km range.  (Source: Statistics NZ)



**Level of Service:** Education on best waste practices are provided to the community and businesses

Key Performance Indicator and Target	Target Attained	Comments (if applicable)
85% satisfaction with education programmes (Participant survey) (90% in Long Term Plan)		Seven schools responded to our survey and indicated 100% satisfaction with the content and delivery of the programme. Results are consistent with last year.  More schools are showing interest in the Enviroschools programme and are enrolling as "Friends of Enviroschools" This is an introductory programme.
15 education programmes provided (20 in Long Term Plan)		Sixteen schools have received the Zero Waste Education programme this financial year (18 last year). Five schools have signed up to the Enviroschools programme.



**Level of Service:** Feilding Transfer Station is accessible

Key Performance Indicator and Target	Target Attained	Comments (if applicable)
Opening hours: 8am to 4pm, Monday to Friday. 9am to 5pm weekends.		Transfer station opened as stated.

## Operating Programme for 2013/2014

Project	Actual	Budget	Variance Explanation
District-wide Waste Education Strategy	35,000	56,000	Expenditure to date includes: <ul style="list-style-type: none"> <li>Waste Education</li> <li>Horizons Enviroschool's programme</li> <li>Worm farm trial</li> <li>Paper for Trees programme</li> </ul> Less schools participated in the Zero Waste education programme than anticipated at the time of completing the budget.

## Funding Impact Statement for the year ended 30 June 2014 for Solid Waste

	Actual 2014 \$000	Annual Plan 2014 \$000	LTP 2014 \$000	LTP 2013 \$000
<b>Sources of operating funding</b>				
General rates, uniform annual general charges and rates penalties	0	0	0	0
Targeted rates (other than a targeted rate for water supply)	1,225	1,213	1,124	1,116
Subsidies and grants for operating purposes	90	95	95	92
Fees, charges and targeted rates for water supply	636	709	440	426
Internal charges and overheads recovered	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	2	0	0	0
<b>Total operating funding</b>	<b>1,952</b>	<b>2,017</b>	<b>1,659</b>	<b>1,634</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	1,882	1,737	1,470	1,444
Finance costs	72	29	3	3
Internal charges and overheads applied	139	154	129	132
Other operating funding applications	0	0	0	0
<b>Total applications of operating funding</b>	<b>2,092</b>	<b>1,919</b>	<b>1,602</b>	<b>1,579</b>
<b>Surplus (deficit) of operating funding</b>	<b>(140)</b>	<b>98</b>	<b>57</b>	<b>55</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	0	0	0	0
Increase (decrease) in debt	(47)	(42)	0	0
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
<b>Total sources of capital funding</b>	<b>(47)</b>	<b>(42)</b>	<b>0</b>	<b>0</b>
<b>Applications of capital funding</b>				
<b>Capital expenditure</b>				
- to meet additional demand	0	0	0	0
- to improve the level of service	(4)	7	0	0
- to replace existing assets	0	0	0	0
Increase (decrease) in reserves	(183)	49	57	55
Increase (decrease) of investments	0	0	0	0
<b>Total application of capital funding</b>	<b>(187)</b>	<b>57</b>	<b>57</b>	<b>55</b>
<b>Surplus (deficit) of capital funding</b>	<b>139</b>	<b>(98)</b>	<b>(57)</b>	<b>(55)</b>
<b>Funding balance</b>	<b>(0)</b>	<b>0</b>	<b>0</b>	<b>0</b>

	<b>Actual 2014</b>
<b>Solid Waste - Internal Borrowings</b>	<b>\$000</b>
Opening balance 1 July	400
Internal loans raised during the year	3
Internal loans repaid during the year	(50)
<b>Closing balance at 30 June</b>	<b>353</b>

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

The interest charged on internal borrowings for the year ended 30 June 2014 is disclosed above under Finance Costs.

## Stormwater

The community has asked for:

### A community that has access to effective services

In response to this Council aims to:

- manage stormwater so as to minimise the risk to people and property and to minimise adverse environmental effects from stormwater runoff (Stormwater)
- maximise the drainage within the land drainage scheme areas in order to maximise rural production efficiency (Land Drainage).

These objectives will be achieved by:

- achieving reasonable environmental quality standards with stormwater discharge
- providing safe and effective stormwater services for the district
- continuing the further development of urban stormwater schemes
- improving the look of open stormwater drains within urban areas
- consulting with Maori/local Iwi on matters which concern them.

## What has Council achieved in 2013/2014?



**Level of Service:** People and property are protected from the impacts of flooding

<b>Key Performance Indicator and Target</b>	<b>Target Attained</b>	<b>Comments (if applicable)</b>
No more than one injury per year is attributed to poorly designed or maintained drains or pipes		No known or reported injuries (Last year – nil)

**Level of Service:** Reliable stormwater system

Key Performance Indicator and Target	Target Attained	Comments (if applicable)
No residential dwellings are flooded in a 1 year event		The purpose of this measure is to assess how reliable Council's stormwater system is. The system should be robust enough to ensure that no dwelling is flooded in a one-year event. However, Council does not have a working definition of a one-year event. Therefore, for the purpose of this measure, any flooded dwelling will constitute a failure to meet the target.  No known or reported flooding of dwellings in a 1 year storm event (Last year – nil)
No urban roads are closed by flooding during a 1 year event		No urban roads closed due to flooding during a 1 year event (Last year – nil)

**Operating Programme for 2013/2014**

Project	Actual	Budget	Variance Explanation
Renewal of ageing assets (Feilding)	9,000	43,000	Stonebridge Heights project is underway.
Renewal of ageing assets (villages)	2,000	4,000	Minor work undertaken as required
Stormwater Calibration of Development	11,000	55,000	Improvements to stormwater network model and asset management plan to be progressively undertaken.
New Reticulation Work	373,000	687,000	Works in Kawakawa Road and Pharazyn St/Arnott St is in progress. Balance of unspent funds has been carried forward to 2014/15.
Development of Stormwater Structure Plan	0	54,000	Project carried forward to 2014/15.

## Funding Impact Statement for the year ended 30 June 2014 for Stormwater

	Actual 2014 \$000	Annual Plan 2014 \$000	LTP 2014 \$000	LTP 2013 \$000
<b>Sources of operating funding</b>				
General rates, uniform annual general charges and rates penalties	186	186	186	181
Targeted rates (other than a targeted rate for water supply)	613	616	607	589
Subsidies and grants for operating purposes	0	0	0	0
Fees, charges and targeted rates for water supply	0	0	0	0
Internal charges and overheads recovered	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0	0
<b>Total operating funding</b>	<b>799</b>	<b>801</b>	<b>793</b>	<b>769</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	169	275	281	273
Finance costs	185	189	141	55
Internal charges and overheads applied	54	63	57	58
Other operating funding applications	0	0	0	0
<b>Total applications of operating funding</b>	<b>408</b>	<b>526</b>	<b>478</b>	<b>386</b>
<b>Surplus (deficit) of operating funding</b>	<b>391</b>	<b>275</b>	<b>315</b>	<b>383</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	60	59	59	57
Increase (decrease) in debt	337	704	(246)	2,857
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
<b>Total sources of capital funding</b>	<b>397</b>	<b>763</b>	<b>(187)</b>	<b>2,914</b>
<b>Applications of capital funding</b>				
<b>Capital expenditure</b>				
- to meet additional demand	373	741	54	3,010
- to improve the level of service	96	91	91	88
- to replace existing assets	11	47	37	46
Increase (decrease) in reserves	308	159	(54)	154
Increase (decrease) of investments	0	0	0	0
<b>Total application of capital funding</b>	<b>788</b>	<b>1,038</b>	<b>129</b>	<b>3,298</b>
<b>Surplus (deficit) of capital funding</b>	<b>(391)</b>	<b>(275)</b>	<b>(315)</b>	<b>(383)</b>
<b>Funding balance</b>	<b>(0)</b>	<b>(0)</b>	<b>0</b>	<b>0</b>

	Actual 2014 \$000
<b>Storm Water - Internal Borrowings</b>	
Opening balance 1 July	2,662
Internal loans raised during the year	373
Internal loans repaid during the year	(36)
<b>Closing balance at 30 June</b>	<b>2,999</b>

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

The interest charged on internal borrowings for the year ended 30 June 2014 is disclosed above under Finance Costs.

## Wastewater

The community has asked for:

**A community that has access to effective services; and**

**A self-sufficient environment that preserves values and develops our natural resources**

In response to this Council aims to provide:

**Waste Management** – to deliver efficient and cost effective wastewater services to customers while safeguarding public health, taking into account cultural issues and minimising adverse effects on the environment by:

- collection, treatment and disposal of sewage (including trade wastes) through wastewater schemes within the district
- meeting requirements of the Resource Management Act 1991 and Regional Plans for discharge of treated effluent to waterways and land
- ensuring wastewater operations meet good practice and are effective in protecting the health and well-being of people and the environment
- consulting with Maori/local Iwi on matters which concern them
- upgrading the Feilding, and Kimbolton Wastewater Treatment Plant to meet requirements of the Manawatu Catchment Water Quality Regional Plan
- encouraging trade waste industries to have waste minimisation and management programme
- ensuring that customer service is responsive and the service remains reliable

## What has Council achieved in 2013/2014?



**Level of Service:** Wastewater services meet user needs

Key Performance Indicator and Target	Target Attained	Comments (if applicable)
96% of customers are satisfied with their wastewater services (Email Panel) (95% in Long Term Plan)		Email Panel results - 156 responses, 54 use a private system and not counted below: <ul style="list-style-type: none"> <li>• 73% were satisfied</li> <li>• 20% were very satisfied</li> <li>• 7% were not satisfied.</li> </ul> (Last year 81% satisfaction)

**Level of Service:** Wastewater services are available for urban residences

Key Performance Indicator and Target	Target Attained	Comments (if applicable)
95% of urban residences are within connection distance of a sewer lateral (GIS and Huefner Records)		There are currently 6,739 properties (94%) connected to an urban wastewater network.  Not all urban areas have a reticulated wastewater network and some recent zoning of land in Feilding was in areas with no utility services.  (Last year 69% connected or able to connect to the wastewater system)

**Level of Service:** Wastewater services are provided at the agreed level of service for the lowest possible cost

Key Performance Indicator and Target	Target Attained	Comments (if applicable)
The harmonised household charge is comparable to a peer group of similar districts: within plus or minus		A survey of four other similar TLA's who rate for wastewater on the same basis as MDC was carried out. Of those Councils, two charges were within the target range (South Taranaki and Horowhenua) with the other two being less expensive (Rangitikei and Tararua).  (Last year within 20% of average)

**Level of Service:** A reliable wastewater service is provided

Key Performance Indicator and Target	Target Attained	Comments (if applicable)
No more than one unplanned event which disrupts the availability of wastewater services (Customer Service and contractor records)		There were three events related to sewer blockages (unplanned events) that resulted in customers having disruptions to service.  (Last year – nil)

**Level of Service:** A reliable wastewater service is provided

Key Performance Indicator and Target	Target Attained	Comments (if applicable)
All affected users are given 24 hours notice of planned shut downs		Only planned work affected 10 properties in Kimbolton Road. More than 24 hours notice was given to occupants.  (Last year – nil)
90% of complaints or issues are responded to within 2 hours		The contract for the provision of this service stipulates the following, on-site response times:  P1 (urgent): within one hour P2 (moderate): within one day P3 (not urgent): within five days.  For the purposes of this measure we are measuring only P1 requests for service.  89 callouts were received and 86 were responded to within two hours (96%).  (Last year 106 requests, 21 were not responded to in the required timeframe - 89% compliance)



**Level of Service:** Wastewater systems have minimal impact on the environment

Key Performance Indicator and Target	Target Attained	Comments (if applicable)
All resource consent conditions are met		<p>There has been a number of resource consent transgression in Feilding, which were reported to Horizons, and several minor transgressions in Halcombe.</p> <p>Both Feilding and Kimbolton treatment plants are being upgraded, which will address the non-compliance issues. There was a lack of reporting of data to Horizons from the Halcombe WWTP due to problems with the SCADA system. An upgrade of the system is planned.</p> <p>(There were similar non compliance issues last year)</p>

### Operating Work Programme for 2013/2014

Project	Actual	Budget	Variance Explanation
Feilding wastewater infiltration investigation and CCTV/flow monitoring	43,000	150,000	Investigation options and methodology was discussed with contractor. Works commenced in February 2014. Balance of unspent funds has been carried forward to 2014/15.

### Capital Work Programme for 2013/2014

Project	Actual	Budget	Variance Explanation
Himatangi Beach Wastewater Scheme	3,880,000	4,070,000	Project substantially complete. All reticulation work has been completed and the treatment pond and floating wetlands have been installed. The pump stations for the houses who have committed to the scheme have been installed. The balance of unspent funds to be carried forward to future years as more property join the scheme.
Feilding Wastewater Treatment Plant Upgrade	3,038,364	4,227,000	Works steadily progressing. Both aerobic ponds rebuilt and lined with the aeration systems substantially complete. BAS curtains in aerobic ponds being assembled and will be installed early 2014/15. The remainder of this budget to be carried forward to 2014/15.
Native Plant Nursery	112,000	381,000	Initial stage of development underway. The remainder of this budget is to be carried over to 2014/15.
Rongotea Wastewater Treatment - Upgrade	84,000	200,000	Final design and costings carried out. Physical works well advanced and will be completed in 2014/15. Balance of unspent budget to be carried forward.
Kimbolton Wastewater Treatment Plant - further upgrade work	100,000	100,000	Significant portion of the materials have been purchased and waiting to be installed. Additional work being carried out, funded through a Clean Water Fund subsidy. The remainder of this budget is to be carried over to 2014/15.
Cheltenham - realignment of discharge drain	0	77,000	Discussions to be held with property owner to determine scope of work required



## Funding Impact Statement for the year ended 30 June 2014 for Wastewater

	Actual 2014 \$000	Annual Plan 2014 \$000	LTP 2014 \$000	LTP 2013 \$000
<b>Sources of operating funding</b>				
General rates, uniform annual general charges and rates penalties	0	0	0	0
Targeted rates (other than a targeted rate for water supply)	3,542	3,476	3,257	3,738
Subsidies and grants for operating purposes	0	0	0	0
Fees, charges and targeted rates for water supply	679	665	660	668
Internal charges and overheads recovered	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	6	69	0	0
<b>Total operating funding</b>	<b>4,227</b>	<b>4,209</b>	<b>3,917</b>	<b>4,406</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	2,365	2,489	2,356	2,063
Finance costs	1,211	971	778	1,088
Internal charges and overheads applied	(65)	(112)	122	250
Other operating funding applications	0	0	0	0
<b>Total applications of operating funding</b>	<b>3,511</b>	<b>3,347</b>	<b>3,255</b>	<b>3,401</b>
<b>Surplus (deficit) of operating funding</b>	<b>715</b>	<b>862</b>	<b>662</b>	<b>1,005</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	2,491	2,321	0	3,215
Development and financial contributions	180	391	385	2,687
Increase (decrease) in debt	6,515	5,517	6,406	7,240
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
<b>Total sources of capital funding</b>	<b>9,187</b>	<b>8,229</b>	<b>6,791</b>	<b>2,650</b>
<b>Applications of capital funding</b>				
<b>Capital expenditure</b>				
- to meet additional demand	95	1,542	42	66
- to improve the level of service	10,384	7,171	6,786	2,731
- to replace existing assets	388	1,270	617	662
Increase (decrease) in reserves	(964)	(892)	7	196
Increase (decrease) of investments	0	0	0	0
<b>Total application of capital funding</b>	<b>9,903</b>	<b>9,091</b>	<b>7,453</b>	<b>3,655</b>
<b>Surplus (deficit) of capital funding</b>	<b>(716)</b>	<b>(862)</b>	<b>(662)</b>	<b>(1,005)</b>
<b>Funding balance</b>	<b>(0)</b>	<b>(0)</b>	<b>0</b>	<b>0</b>

	Actual 2014
	\$000
<b>Waste Water - Internal Borrowings</b>	
Opening balance 1 July	15,067
Internal loans raised during the year	6,900
Internal loans repaid during the year	(384)
<b>Closing balance at 30 June</b>	<b>21,582</b>

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

The interest charged on internal borrowings for the year ended 30 June 2014 is disclosed above under Finance Costs.

## Water Supply

The community has asked for:

### A community that has access to effective services

In response to this Council aims to:

Provide an efficient, safe water supply that is sustainable, both in terms of delivery and cost to the community, to ensure that the present needs of the community are met without constraining future generations and that the community is encouraged to conserve water. This will be achieved by:



- Facilities which are managed in a sustainable manner with respect to future generations
- A reliable, responsive service
- Safe, pleasant tasting and looking drinking water
- Consultation with Maori/local Iwi on matters which concern them

## What has Council achieved in 2013/2014?



### Level of Service: Reliable water supply service

Key Performance Indicator and Target	Target Attained	Comments (if applicable)
There are no unexpected disruptions to service		In September, there were two unplanned water shutdowns. This affected 100 properties in Feilding and 15 in Himatangi Beach. In both events, customers were without water between one and five hours.  (Last year eight unplanned shutdowns)
Customers are no more than eight hours without water during a planned shut down		There were 24 planned shutdowns of the water system during the year. During these shut-downs, customers were without water for between one and six hours.  (Last year 16 planned shutdowns, no customer without water for more than eight hours)
Customers are provided with at least 24 hours notice prior to planned shut downs		In all cases, customers were provided with at least 24 hours notice.  (Consistent with last year)

All urgent requests for service are responded to within one day - dirty, cloudy, smelly, bad tasting water, or no water at all		<p>The contract for the provision of this service stipulates the following, on-site response times:</p> <p>P1 (urgent): within one hour</p> <p>P2 (moderate): within one day</p> <p>P3 (not urgent): within five days.</p> <p>For the purposes of this measure we are measuring only P1 requests for service.</p> <p>During the year, there were 203 P1 requests. With the exception of five callouts all were responded to within one day (97%)</p> <p>(Last year 248 requests, 95% were responded within one day)</p>
The Feilding water supply complies with New Zealand Fire Service Fire Fighting Water Supplies Code of Practice		<p>Flow testing area identified. The contractor programmed to undertake this work in June but was delayed by other commitments. The area to be flow tested will be carried out in September 2014.</p> <p>(Last year target met)</p>



**Level of Service:** Water supply extraction has minimal environmental impact

Key Performance Indicator and Target	Target Attained	Comments (if applicable)
All water extraction meets or exceeds resource consent requirements		<p>There were no issues of non-compliance with water abstraction rates exceeding resource consent conditions.</p> <p>(Last year – nil)</p>



**Level of Service:** Safe drinking water supply

Key Performance Indicator and Target	Target Attained	Comments (if applicable)
Meets Drinking Water Standards 2005		<p>There was a short period of time (approximately two weeks) there was no reported monitoring at Feilding due to a SCADA fault, which has been rectified but water still met the standards.</p> <p>Protozoa compliance was not met on the Sanson and rural water supply schemes as there are no secondary treatment barriers but all water is chlorinated. (Last year – compliance not met in all circumstances)</p>

## Capital Work Programme for 2013/2014

Project	Actual	Budget	Variance Explanation
Renewal of Ageing Assets	1,182,000	2,961,000	Kimbolton Road watermain renewal substantially complete. Beattie Street main to be renewed as an extension to this contract. Tender let for replacement main in Seddon Street, East Street, North Street and Camden Street. Manchester Street design complete and tender to be let early 20104/15. Unspent budget has been carried forward to 2014/15.
Metering and backflow protection	37,000	38,000	Backflow Testing programme developed and testing and maintenance of identified devices
Asset structure plan	60,000	53,000	Project completed.
Pressure zone investigation	125	245,000	Modelling work to be carried out to determine best options. Project delayed and budget carried forward to 2014/15
Water treatment at Almadale Water Treatment Plant	9,000	250,000	Preliminary designs for Ultra Violet layout prepared and quotations from selected suppliers. Tender to be let early 2014/15 with the budget being carried over to 2014/15.
Almadale Water Treatment Plant optimisation	37,000	51,000	Air scouring improvements investigated and waiting on report from consultants.
Almadale Water Treatment Plant filter protection	0	50,000	Improvements to filter wall coatings priced but too expensive. Alternatives being investigated with funds carried over to 2014/15.
Himatangi Beach water storage reservoir	140,000	170,000	Project completed.

## Funding Impact Statement for the year ended 30 June 2014 for Water Supply

	Actual 2014 \$000	Annual Plan 2014 \$000	LTP 2014 \$000	LTP 2013 \$000
<b>Sources of operating funding</b>				
General rates, uniform annual general charges and rates penalties	0	0	0	0
Targeted rates (other than a targeted rate for water supply)	3,049	2,955	3,173	3,046
Subsidies and grants for operating purposes	0	0	0	0
Fees, charges and targeted rates for water supply	858	424	211	205
Internal charges and overheads recovered	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0	0
<b>Total operating funding</b>	<b>3,908</b>	<b>3,379</b>	<b>3,384</b>	<b>3,251</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	1,601	1,696	1,869	1,760
Finance costs	210	300	332	294
Internal charges and overheads applied	118	160	131	141
Other operating funding applications	0	0	0	0
<b>Total applications of operating funding</b>	<b>1,930</b>	<b>2,156</b>	<b>2,332</b>	<b>2,195</b>
<b>Surplus (deficit) of operating funding</b>	<b>1,978</b>	<b>1,223</b>	<b>1,052</b>	<b>1,055</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	54	1,143	1,143	1,200
Development and financial contributions	127	129	163	379
Increase (decrease) in debt	1,097	1,023	309	673
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
<b>Total sources of capital funding</b>	<b>1,278</b>	<b>2,296</b>	<b>1,615</b>	<b>2,251</b>
<b>Applications of capital funding</b>				
<b>Capital expenditure</b>				
- to meet additional demand	69	103	53	290
- to improve the level of service	1,343	2,415	1,708	2,121
- to replace existing assets	1,183	2,961	1,758	2,016
Increase (decrease) in reserves	661	(1,961)	(852)	(1,121)
Increase (decrease) of investments	0	0	0	0
<b>Total application of capital funding</b>	<b>3,256</b>	<b>3,518</b>	<b>2,667</b>	<b>3,307</b>
<b>Surplus (deficit) of capital funding</b>	<b>(1,978)</b>	<b>(1,223)</b>	<b>(1,052)</b>	<b>(1,055)</b>
<b>Funding balance</b>	<b>(0)</b>	<b>0</b>	<b>0</b>	<b>0</b>

	<b>Actual 2014</b>
<b>Waste Water - Internal Borrowings</b>	<b>\$000</b>
Opening balance 1 July	3,052
Internal loans raised during the year	1,239
Internal loans repaid during the year	(141)
<b>Closing balance at 30 June</b>	<b>4,149</b>

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

The interest charged on internal borrowings for the year ended 30 June 2014 is disclosed above under Finance Costs.

## Manawatu District Council: Funding Impact Statement for year ended 30 June 2014 (whole of Council)

	Actual 2014 \$000	Annual Plan 2014 \$000	Actual 2013 \$000	Annual Plan 2013 \$000
<b>Sources of operating funding</b>				
General rates, uniform annual general charges and rates penalties	3,375	3,360	3,186	3,139
Targeted rates (other than a targeted rate for water supply)	22,523	22,194	21,654	21,107
Subsidies and grants for operating purposes	2,783	2,174	2,045	1,764
Fees, charges and targeted rates for water supply	4,462	4,388	4,660	3,761
Interest and dividends from investments	249	635	237	541
Local authorities fuel tax, fines, infringement fees and other receipts	3,596	3,568	3,253	3,370
<b>Total operating funding</b>	<b>36,987</b>	<b>36,319</b>	<b>35,035</b>	<b>33,681</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	27,558	27,364	25,117	25,949
Finance costs	1,552	2,190	1,176	1,737
Other operating funding applications	0	0	0	0
<b>Total applications of operating funding</b>	<b>29,110</b>	<b>29,554</b>	<b>26,293</b>	<b>27,686</b>
<b>Surplus (deficit) of operating funding</b>	<b>7,876</b>	<b>6,765</b>	<b>8,742</b>	<b>5,995</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	5,665	7,936	5,329	8,446
Development and financial contributions	587	1,025	3,218	3,555
Increase (decrease) in debt	9,041	13,278	13,727	13,011
Gross proceeds from sale of assets	1	1,500	0	1,500
Lump sum contributions	0	0	0	0
<b>Total sources of capital funding</b>	<b>15,294</b>	<b>23,739</b>	<b>22,274</b>	<b>26,512</b>
<b>Applications of capital funding</b>				
<b>Capital expenditure</b>				
- to meet additional demand	669	3,306	2,259	3,341
- to improve the level of service	15,248	16,735	14,350	16,542
- to replace existing assets	8,484	12,630	9,796	12,964
Increase (decrease) in reserves	(1,231)	(4,589)	4,611	(1,268)
Increase (decrease) of investments	0	2,422	0	927
<b>Total application of capital funding</b>	<b>23,170</b>	<b>30,504</b>	<b>31,016</b>	<b>32,507</b>
<b>Surplus (deficit) of capital funding</b>	<b>(7,876)</b>	<b>(6,765)</b>	<b>(8,742)</b>	<b>5,995</b>
<b>Funding balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

All external borrowing is managed through the Council treasury function which borrows externally to maintain sufficient liquidity for the day-to-day operations. Internal loans are raised by the activity from Treasury. The Finance costs disclosed above are in relation to external loans only, as the internal interest received by Treasury for internal loans advanced to each Group of Activities is offset against interest expenses charged on internal loans raised by each Group of Activities. For the internal interest expense charged on internal loans advanced to each Group of Activities, please refer to Funding Impact Statements for each Group of Activities.





## Section Three

# Financial Information

This section of the Annual Report contains the following information:

- Financial statements
- Notes to the financial statements
- The following policy reports:
  - o Liability Management and Investment Policies
  - o Revenue and Financing Policy
  - o Council Controlled Organisations

## Statement of Comprehensive Income

	Note	COUNCIL		GROUP		
		Actual 2014	Budget 2014	Actual 2013	Actual 2014	Actual 2013
		\$000	\$000	\$000	\$000	\$000
<b>Revenue</b>						
Rates revenue (excluding water rates)	3	25,898	25,554	24,840	25,716	24,668
Financial income	4	249	635	237	190	200
Subsidies and grants	5	8,447	10,110	7,374	8,521	7,419
Development and financial contributions		389	610	500	389	500
Other revenue	6	10,077	8,371	10,706	11,188	11,738
Other gains/(losses)	7	432	-	41	290	(286)
<b>Total revenue</b>	<b>2</b>	<b>45,493</b>	<b>45,280</b>	<b>43,698</b>	<b>46,294</b>	<b>44,239</b>
<b>Expenditure</b>						
Personnel costs	8	8,778	8,387	7,931	8,989	8,089
Depreciation and amortisation	9	11,631	12,270	11,310	12,044	11,713
Finance costs	10	1,552	2,190	1,176	1,552	1,176
Other operating expenses	11	18,644	18,978	17,078	19,306	17,221
<b>Total operating expenditure</b>	<b>2</b>	<b>40,605</b>	<b>41,824</b>	<b>37,495</b>	<b>41,891</b>	<b>38,199</b>
<b>Operating surplus/(deficit) before tax</b>		<b>4,888</b>	<b>3,456</b>	<b>6,203</b>	<b>4,403</b>	<b>6,040</b>
Income tax expense	12	-	-	-	-	-
<b>Net surplus/(deficit) after tax</b>		<b>4,888</b>	<b>3,456</b>	<b>6,203</b>	<b>4,403</b>	<b>6,040</b>
<b>Other comprehensive income</b>						
Gains/(losses) on the revaluation of property, plant and equipment	24	(9,965)	21,970	(13,747)	(9,965)	(13,747)
Impairment losses on restricted buildings through other comprehensive income	24	160		(440)	160	(440)
Gains/(Losses) on financial assets at fair value through Other Comprehensive Income		(91)	-	174	(91)	174
<b>Total other comprehensive income</b>		<b>(9,896)</b>	<b>21,970</b>	<b>(14,013)</b>	<b>(9,896)</b>	<b>(14,013)</b>
<b>Total comprehensive income for the year</b>		<b>(5,008)</b>	<b>25,426</b>	<b>(7,810)</b>	<b>(5,493)</b>	<b>(7,973)</b>

Explanations of major variances against budget are provided in Note 34

The accompanying notes form part of these financial statements

## Balance Sheet

As at 30 June 2014

	Note	COUNCIL		GROUP		
		Actual 2014	Budget 2014	Actual 2013	Actual 2014	Actual 2013
		\$000	\$000	\$000	\$000	\$000
<b>Assets</b>						
Current assets						
Cash and cash equivalents	13	8,386	1,686	5,572	9,127	6,065
Debtors and other receivables	14	4,776	4,411	8,820	4,760	8,782
Investments in Council Organisations and similar entities	15A	67	-	64	-	-
Other financial assets	15B	738	150	3	738	213
Non-current assets held for sale	16	634	1,500	1,187	634	1,187
<b>Total current assets</b>		<b>14,600</b>	<b>7,747</b>	<b>15,646</b>	<b>15,259</b>	<b>16,247</b>
<b>Non-current assets</b>						
Property, plant and equipment	17	576,334	601,908	572,623	589,182	585,900
Intangible assets	18	645	1,334	982	645	982
Forestry assets	19	142	108	196	142	196
Non-current assets held for sale	16	-	2,506	-	-	-
Investments in Council Organisations and similar entities	15A	1,946	3,172	1,790	755	515
Other financial assets	15B	2,915	2,297	2,868	2,915	2,868
<b>Total non-current assets</b>		<b>581,981</b>	<b>611,326</b>	<b>578,459</b>	<b>593,639</b>	<b>590,461</b>
<b>Total assets</b>		<b>596,581</b>	<b>619,072</b>	<b>594,105</b>	<b>608,898</b>	<b>606,708</b>
<b>Liabilities</b>						
<b>Current liabilities</b>						
Creditors and other payables	20	7,645	5,255	9,231	7,871	9,256
Provisions	21	77	61	37	77	37
Employee entitlements	22	809	737	827	826	845
Borrowings	23	7,065	7,000	6,573	7,065	6,573
<b>Total current liabilities</b>		<b>15,597</b>	<b>13,053</b>	<b>16,668</b>	<b>15,839</b>	<b>16,711</b>

## Balance Sheet

As at 30 June 2014

	Note	COUNCIL		GROUP		
		Actual 2014 \$000	Budget 2014 \$000	Actual 2013 \$000	Actual 2014 \$000	Actual 2013 \$000
<b>Non-current liabilities</b>						
Provisions	21	701	886	694	701	694
Borrowings	23	31,110	35,291	22,562	31,110	22,562
<b>Total non-current liabilities</b>		<b>31,811</b>	<b>36,177</b>	<b>23,256</b>	<b>31,811</b>	<b>23,256</b>
<b>Total liabilities</b>		<b>47,408</b>	<b>49,230</b>	<b>39,924</b>	<b>47,650</b>	<b>39,967</b>
<b>Equity</b>						
Retained earnings	24	461,399	469,832	457,045	471,398	467,529
Other reserves	24	87,774	100,010	97,136	89,850	99,212
<b>Total equity</b>		<b>549,173</b>	<b>569,842</b>	<b>554,181</b>	<b>561,248</b>	<b>566,741</b>
<b>Total Liabilities and Equity</b>		<b>596,581</b>	<b>619,072</b>	<b>594,105</b>	<b>608,898</b>	<b>606,708</b>

The accompanying notes form part of these financial statements

## Statement of Changes in Equity

For the year ended 30 June 2014

	Note	COUNCIL		GROUP		
		Actual 2014	Budget 2014	Actual 2013	Actual 2014	Actual 2013
		\$000	\$000	\$000	\$000	\$000
<b>Balance at 1 July</b>		<b>554,181</b>	<b>544,416</b>	<b>592,051</b>	<b>566,741</b>	<b>604,774</b>
Total comprehensive income/(expense) for the year ended 30 June		(5,008)	25,426	(7,810)	(5,493)	(7,973)
Net assets transferred to PNCC on boundary change	24	0	-	(30,060)	0	(30,060)
<b>Balance as at 30 June</b>	<b>24</b>	<b>549,173</b>	<b>569,842</b>	<b>554,181</b>	<b>561,248</b>	<b>566,741</b>

The accompanying notes form part of these financial statements

## Statement of Cash Flows

For the year ended 30 June 2014

	Note	COUNCIL		GROUP		
		Actual 2014	Budget 2014	Actual 2013	Actual 2014	Actual 2013
		\$000	\$000	\$000	\$000	\$000
<b>Cash flows from operating activities</b>						
Receipts from rates revenue		25,188	25,945	25,094	25,020	24,922
Interest received		178	622	244	110	204
Dividends received		19	12	21	19	21
Receipts from other revenue		21,070	19,091	14,626	22,413	15,783
Payments to suppliers and employees		(29,108)	(27,249)	(24,699)	(29,556)	(25,139)
Interest paid		(1,465)	(2,190)	(1,047)	(1,465)	(1,047)
Goods and services tax (net)		427	-	(201)	428	(202)
<b>Net cash from operating activities</b>	<b>25</b>	<b>16,309</b>	<b>16,232</b>	<b>14,038</b>	<b>16,969</b>	<b>14,542</b>
<b>Cash flows from investing activities</b>						
Proceeds from sale of property, plant and equipment		376	1,500	58	376	58
Proceeds from sale of forestry assets		206	126	112	206	112
Purchase of intangibles assets		110	(364)	(18)	110	(18)
Purchase of property, plant and equipment		(22,267)	(32,307)	(23,612)	(22,818)	(24,503)
Net acquisition of investments		(961)	(1,265)	(323)	(822)	377
<b>Net cash from investing activities</b>		<b>(22,536)</b>	<b>(32,310)</b>	<b>(23,783)</b>	<b>(22,948)</b>	<b>(23,974)</b>
<b>Cash flows from financing activities</b>						
Proceeds from borrowing		20,210	19,132	18,658	20,210	18,658
Repayment of borrowings		(11,169)	(5,854)	(4,931)	(11,169)	(4,931)
<b>Net cash from financing activities</b>		<b>9,041</b>	<b>13,278</b>	<b>13,727</b>	<b>9,041</b>	<b>13,727</b>
Net (decrease)/increase in cash, cash equivalents and bank overdrafts		2,814	(2,800)	3,982	3,062	4,295
Cash, cash equivalents and bank overdrafts at the beginning of the year		5,572	4,486	1,590	6,065	1,770
<b>Cash, cash equivalents and bank overdrafts at the end of the year</b>	<b>13</b>	<b>8,386</b>	<b>1,686</b>	<b>5,572</b>	<b>9,127</b>	<b>6,065</b>

The accompanying notes form part of these financial statements

# NOTES TO THE FINANCIAL ACCOUNTS

## 1. Statement of Accounting Policies

### Reporting Entity

Manawatu District Council (the Council) is a territorial local authority governed by the Local Government Act 2002.

The group consists of Manawatu District Council and three controlled organisations, The Feilding Civic Centre Trust, the Manawatu Community Trust and Heartland Contractors Ltd (100% owned). All controlled organisations are incorporated and domiciled in New Zealand.

The primary objective of the Council is to provide goods or services for the community and social benefits, rather than making a financial return. Accordingly, the Council has designated itself and the group as Public Benefit Entity (PBEs) for the purposes of New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

The financial statements of the Council and Group are for the year ended 30 June 2014. The financial statements were authorised for issue by Council on 16 October 2014.

### Statement of Compliance and Basis of Preparation

These financial statements have been prepared in accordance with the requirements of the Local Government Act 2002, the Financial Reporting Act and in accordance with generally accepted accounting practice in New Zealand. They comply with NZ IFRS, and other applicable Financial Reporting Standards, as appropriate for public benefit entities. All available reporting exemptions allowed under the framework for PBEs have been adopted.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements. These financial statements have also been prepared on the basis of the assumptions stated.

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

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

### Subsidiaries

A subsidiary is an entity where the Council has the power to control its financing and operating policies, so as to obtain benefits from the activities of that entity. This power exists where the Council 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 impact materially on the level of potential ownership benefits that arise from the activities of the subsidiary.

The Council's investment in its subsidiaries are carried at cost in the Council's own "parent entity" financial statements.

### Basis of Consolidation

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

### Joint Ventures

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

## Budget Figures

The budget figures are those approved by the Council in its 2012-22 Long Term Plan. The budget figures were prepared using accounting policies consistent with those used for the preparation of the financial statements.

## Revenue

Revenue is measured at the fair value of consideration received or receivable.

- Rates are set annually by a resolution from Council and relate to a financial year. All ratepayers are invoiced within the financial year to which the rates have been set. Rates revenue is recognised at the time the rates are invoiced.
- Water billing revenue is recognised on an accrual basis. Unbilled usage, as a result of unread meters at year-end, is accrued on an average usage basis.
- Government grants and subsidies are recognised upon entitlement, which is when the conditions pertaining to eligible expenditure have been fulfilled. The most significant government grant is from Land Transport New Zealand, which subsidises part of the costs in maintaining the local roading infrastructure network.
- Revenue from other services is recognised when the service has been rendered to a third party.
- Sales of goods are recognised when the goods are delivered.
- Interest income is accrued on a time basis, by reference to the investment principle and the effective interest applicable.
- Dividends (net of imputation credits) are recognised when the right to receive payment has been established.
- Where a physical asset is acquired for nil or nominal consideration, the fair value of the asset received is recognised as revenue. Assets vested in the Council are recognised as revenue when control over the asset is obtained.
- Revenue derived through acting as an agent for another party is recognised as a commission or fee on the transaction.
- Development contributions are recognised as revenue when Council provides, or is able to provide, the services that gave rise to the charging of the contribution.

## Borrowing Costs

The Council and group have elected to defer the adoption of NZ IAS 23 Borrowing Costs (Revised 2007) in accordance with its transitional provisions that are applicable to public benefit entities. Consequently, all 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 a specified criteria. Expenditure is recognised when an application that meets the specified criteria for the grant has been received.

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

## Cost Allocation

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

## Foreign Currency

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



## Income Tax

Income tax expense includes current tax and deferred tax

Current tax is the amount of income tax payable based on the taxable surplus for the current year, plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable surplus.

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 group 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 surplus nor taxable surplus.

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 income or directly in equity.

## Goods and Service Tax (GST)

All items in the financial statements are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax, then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the balance sheet.

Commitments and contingencies are disclosed exclusive of GST.

## Financial Instruments

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

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

## Cash and Cash Equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. All these deposits are reflected at their fair value.

## Trade and Other Receivables

Trade and other receivables are initially recognised at fair value, and then subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

A provision for impairment is established when there is objective evidence, that the Council will not be able to collect all amounts due, according to the original terms of the agreements. The amount of the provision is the difference between the assets' carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectible, it is written off against the allowance account for receivables.

## Financial Assets

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

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

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

- **Financial Assets at Fair Value through Surplus or Deficit**

This category has two sub-categories: financial assets held for trading, and those designated at fair value through surplus or deficit at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held for trading. After initial recognition they are measured at their fair values. Gains or losses due to change in fair value are recognised in the surplus or deficit.

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

- **Loans and Receivables**

These are initially recorded at fair value and are subsequently recognised at amortised cost using the effective interest method. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

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

Receivables are classified as "Accounts Receivables" in the balance sheet. Advances and loans are classified as "Other Financial Assets" in the balance sheet.

- **Held to Maturity Investments**

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

After initial recognition they are measured at amortised cost using the effective interest method. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

- **Financial Assets at Fair Value through Other Comprehensive Income**

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

This category encompasses:

Investments that the Council intends to hold long-term, but may be realised before maturity; and

Shareholdings held for strategic purposes (other than Council's investments in its subsidiary).

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

## Non-Current Assets Held for Sale

Non-current assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction, not through continuing use. Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment losses for write-downs of non-current assets held for sale are recognised in the surplus or deficit. Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

## Property, Plant and Equipment

Property, plant and equipment consists of:

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

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

## Additions

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

In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

## Disposals

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

## Work in Progress

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

## Depreciation

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

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

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

## Revaluation

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

- **Operational and Restricted - Land and Buildings**

These assets are revalued to fair value as determined from market-based evidence by an independent valuer. The most recent valuation was performed by Quotable Value NZ as at 30 June 2014. Council's policy is to revalue land and buildings every three years.

- **Infrastructural Asset Classes: Water Reticulation, Sewerage Reticulation and Stormwater Systems**

These assets are revalued annually to fair value on a depreciated replacement cost basis as determined by an independent valuer. The valuation was performed internally by engineering staff and certified by C H Jenkins of SPM Consultants Ltd as at 1 July 2013.

All infrastructural asset classes carried at valuation were valued. Council's policy is to revalue these assets annually.

- **Infrastructural Asset Classes: Roads**

These assets are revalued annually to fair value on a depreciated replacement cost basis as determined by an independent valuer. The valuation was performed internally by engineering staff and certified by C H Jenkins of SPM Consultants Ltd as at 1 July 2013.

- **Land Under Roads**

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

- **Library Collections**

The library collections were initially valued at depreciated replacement cost in accordance with the guidelines released by the New Zealand Library Association and the National Library of NZ. This is considered deemed cost. All additions and disposals since that valuation are accounted for at cost.

## Accounting for Revaluations

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

The results of revaluing are credited or debited to other comprehensive income and are accumulated in an asset revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation reserve, this balance is recognised in the surplus or deficit. Any subsequent increase on revaluation that off-sets a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then credited to other comprehensive income.

## Intangible Assets

### Software Acquisition and Development

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

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

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

## Easements

Easements are not valued.

## Forestry Assets

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

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

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

## Impairment of Assets

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

## Financial Liabilities

Financial liabilities (trade payables, income in advance, loans/borrowings, bonds and deposits) are initially recognised at their fair value. These are subsequently recorded at amortised cost.

## Employee Entitlements

### Short-Term Entitlements

Provision is made for employee entitlements accumulating as a result of services rendered. These include salaries and wages accrued up to balance date and annual leave earned to, but not yet taken at balance date. Annual leave has been calculated on an actual entitlement basis at current rates of pay. Sick leave has not been included, as the amount of accumulated sick leave that is anticipated to be taken in future periods is not considered to be material.

### Long-Term Entitlements - Superannuation Schemes:

- Defined Contribution Schemes

Obligations for contributions to Defined Contribution Superannuation Schemes are recognised as an expense in the surplus or deficit as incurred.

- Defined Benefit Schemes

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

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

## Provisions – Landfill Closure and Aftercare Costs

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

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

## Financial Guarantee Contracts

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

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

## Leases

### Finance Leases

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

At the commencement of the lease term, the Council recognises the leased asset and corresponding liability in the balance sheet at the lower of the fair value of the leased item or the present value of the minimum lease payments.

The asset is depreciated over the period the Council is expected to gain benefit from the use of the asset.

### Operating Leases

An operating lease is a lease where the lessor effectively retains all the risks and benefits of ownership of an asset. Lease payments under an operating lease are charged as an expense in the period in which they are incurred.

### Equity

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

The components of equity are:

- Retained Earnings
- Restricted and Council Created Reserves
- Asset Revaluation Reserves and
- Fair value through other comprehensive income reserve;

## Restricted and Council Created Reserves

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

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

Also included in restricted reserves are reserves restricted by Council decision. 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.

## Asset Revaluation Reserves

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

Fair Value through Other Comprehensive Income Reserve

This reserve comprises the cumulative net change in the fair value of fair value through other comprehensive income assets.

## Related Parties

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

## Rounding

The financial reporting model used calculates to the dollar, but the Annual Report is rounded to the nearest thousand. Consequently, there will be rounding discrepancies in the financial statements.

## Critical Accounting Estimates, Assumptions and Estimates

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

### Properties that Receive Rent

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

### Landfill Aftercare Provision

Note 21 presents and analysis of the exposure of Manawatu District Council in relation to the estimates and uncertainties surrounding the landfill aftercare provision.

## Infrastructural Assets

There are a number of assumptions and estimates used when performing Depreciated Replacement Cost (DRC) valuations over infrastructural assets. These include:

- The physical determination and condition of an asset, for example, the Council could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets that are not visible, for example, storm water, wastewater and water supply pipes that are underground.

This risk is minimised by Council performing a combination of physical inspections and condition modelling assessment of underground assets;

- Estimating any obsolescence or surplus capacity of an asset; and
- Estimates are made when determining the remaining useful lives over which the asset will be depreciated. These estimates can be impacted by the local conditions, for example, weather patterns and traffic growth.

If useful lives do not reflect the actual consumption of the benefits of the asset, then Manawatu District Council could be over or under estimating the annual depreciation charge recognised as an expense in the surplus or deficit.

To minimise this risk, Manawatu District Council's infrastructural asset useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on experience.

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

Experienced independent valuers and a certifier perform Councils infrastructural asset revaluations.



## **Standards, Amendments and Interpretation issued but not yet effective and have not been early adopted**

The Minister of Commerce has approved a new Accounting Standards Framework (incorporating a Tier Strategy) developed by the External Reporting Board (XRB). Under this Accounting Standards Framework, the Council is classified as a Tier 1 reporting entity and it will be required to apply full Public Benefit Entity Accounting Standards (PAS). These standards are being developed by the XRB based on current International Public Sector Accounting Standards. The effective date for the new standards for public sector entities is expected to be for reporting periods beginning on or after 1 July 2014. This means the Council expects to transition to the new standards in preparing its 30 June 2015 financial statements. The Council has not assessed the implications of the new Accounting Standards Framework at this time.

Due to the change in the Accounting Standards Framework for public benefit entities, it is expected that all new NZ IFRS and amendments to existing NZ IFRS will not be applicable to public benefit entities. Therefore, the XRB has effectively frozen the financial reporting requirements for public benefit entities up until the new Accounting Standard Framework is effective. Accordingly, no disclosure has been made about new or amended NZ IFRS that exclude public benefit entities from their scope.

## 2. Summary Cost of Services

	Actual 2014 \$000	Budget 2014 \$000	Actual 2013 \$000
<b>Revenue*</b>			
Community Facilities	8,334	7,244	6,116
District Development	2,114	2,161	1,958
Emergency Management	389	350	320
Environmental and Regulatory	3,634	3,737	3,761
Governance and Strategy	1,399	1,390	1,250
Roading	11,888	11,899	11,537
Solid Waste	1,952	2,017	1,745
Stormwater	859	860	857
Wastewater	6,930	6,921	8,625
Water Supply	4,210	4,651	4,025
<b>Total activity revenue</b>	<b>41,710</b>	<b>41,231</b>	<b>40,193</b>
Other income	3,783	4,049	3,505
<b>Total operating revenue</b>	<b>45,493</b>	<b>45,280</b>	<b>43,698</b>
<b>Expenditure*</b>			
Community Facilities	6,676	7,213	7,352
District Development	2,036	2,390	2,092
Emergency Management	331	350	263
Environmental and Regulatory	3,738	3,983	3,321
Governance and Strategy	1,358	1,390	1,036
Roading	12,391	11,462	10,969
Solid Waste	2,151	1,978	2,006
Stormwater	808	974	799
Wastewater	4,628	4,647	2,779
Water Supply	3,057	3,500	3,434
<b>Total activity expenditure</b>	<b>37,174</b>	<b>37,889</b>	<b>34,050</b>
Other expenditure/ (overheads allocated)	3,431	3,935	3,444
<b>Total operating expenditure</b>	<b>40,605</b>	<b>41,824</b>	<b>37,496</b>

\* Note: The above Summary Cost of Services includes non-cash items such as vested assets revenue, depreciation and amortisation expense which are not required to be included in the Funding Impact Statements.

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

### 3. Rates Revenue

	Council & Group	
	Actual 2014 \$000	Actual 2013 \$000
<b>General Rates attributable to Activities:</b>		
Community Facilities	199	263
District Development	2,031	1,875
Emergency Management	195	132
Environmental and Regulatory	457	454
Stormwater	186	181
<b>Total General Rates</b>	<b>3,068</b>	<b>2,905</b>
<b>Uniform Targeted Rates (UTR) and Targeted Rates attributable to Activities:</b>		
Community Facilities	4,909	4,750
Governance and Strategy	1,335	1,248
District Development	60	59
Emergency Management	156	188
Environmental and Regulatory	1,792	1,768
Roading	5,901	5,767
Solid Waste	1,225	1,148
Stormwater	613	603
Wastewater	3,483	3,110
Water	3,049	3,012
<b>Total Uniform Targeted Rates and Targeted Rates</b>	<b>22,523</b>	<b>21,653</b>
plus Rates Penalties	307	282
<b>Total Revenue from Rates</b>	<b>25,898</b>	<b>24,840</b>

#### Rates remissions

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

	Actual 2014 \$000	Actual 2013 \$000
<b>Rates and penalties levied</b>	<b>26,032</b>	<b>24,975</b>
less Rates Remissions	(135)	(135)
<b>Rates Revenue Net of Remissions</b>	<b>25,897</b>	<b>24,840</b>

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

## Rating base information:

	The number of rating units within the district	The total capital value of rating units within the district	The total land value of rating units within the district
<b>At the end of the preceding financial year (i.e. 30 June 2013)</b>	<b>14,418 units</b>	<b>\$7,128,665,025</b>	<b>\$4,263,102,675</b>

## 4. Financial Income

	Council		Group	
	Actual 2014 \$000	Actual 2013 \$000	Actual 2014 \$000	Actual 2013 \$000
Interest income for financial assets not at fair value through surplus or deficit	230	216	171	179
Dividend income	19	21	19	21
<b>Total Financial Income</b>	<b>249</b>	<b>237</b>	<b>190</b>	<b>200</b>

## 5. Subsidies and Grants

	Council		Group	
	Actual 2014 \$000	Actual 2013 \$000	Actual 2014 \$000	Actual 2013 \$000
New Zealand Transport Agency subsidies	5,674	5,292	5,674	5,292
Grants received	420	897	494	942
Other subsidies	2,354	1,185	2,354	1,185
<b>Total Subsidies and Grants</b>	<b>8,447</b>	<b>7,374</b>	<b>8,521</b>	<b>7,419</b>

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

## 6. Other Revenue

	Council		Group	
	Actual 2014 \$000	Actual 2013 \$000	Actual 2014 \$000	Actual 2013 \$000
User fees and charges (other than water meter charges)	3,833	6,633	3,833	6,633
Water meter charges	858	798	858	798
Petrol tax	182	183	182	183
Vested assets	1,822	75	1,822	75
Other income	3,382	3,017	4,493	4,049
<b>Total Other Revenue</b>	<b>10,077</b>	<b>10,706</b>	<b>11,188</b>	<b>11,738</b>

## 7. Other Gains/Losses

	Council		Group	
	Actual 2014 \$000	Actual 2013 \$000	Actual 2014 \$000	Actual 2013 \$000
Gain/(loss) on changes in fair value of forestry assets (note 19)	15	25	15	25
Gain/(loss) on disposal of property, plant and equipment	417	16	276	(311)
<b>Total operating gain/(losses)</b>	<b>432</b>	<b>41</b>	<b>291</b>	<b>(286)</b>

## 8. Personnel Costs

	Council		Group	
	Actual 2014 \$000	Actual 2013 \$000	Actual 2014 \$000	Actual 2013 \$000
Salaries and wages	8,514	7,567	8,725	7,721
Employer contributions to defined contribution plans	282	248	282	248
Increase/(decrease) in employee entitlement liabilities	(18)	116	-18	120
<b>Total Personnel Costs</b>	<b>8,778</b>	<b>7,931</b>	<b>8,989</b>	<b>8,089</b>

## 9. Depreciation and Amortisation

	Actual 2014 \$000	Actual 2013 \$000
<b>Depreciation and Amortisation Expense per Group of Activities</b>		
<b>Community Facilities</b>	<b>1,314</b>	<b>1,219</b>
District Development	0	0
Emergency Management	9	2
Environmental and Regulatory	8	6
Governance and Strategy	0	0
Roading Network	6,912	6,791
Solid Waste	59	34
Stormwater and Drainage	400	382
Wastewater	1,117	961
Water Supply	1,128	1,249
Support Services	685	666
	<b>11,631</b>	<b>11,310</b>

	Council		Group	
	Actual 2014 \$000	Actual 2013 \$000	Actual 2014 \$000	Actual 2013 \$000
Depreciation (note 17)	11,405	10,974	11,818	11,377
Amortisation (note 18)	227	336	227	336
<b>Total Depreciation &amp; Amortisation</b>	<b>11,631</b>	<b>11,310</b>	<b>12,044</b>	<b>11,713</b>

## 10. Finance Costs

	Council		Group	
	Actual 2014 \$000	Actual 2013 \$000	Actual 2014 \$000	Actual 2013 \$000
<b>Interest Expense</b>				
Interest on bank borrowings	1,507	1,118	1,507	1,118
Provisions: discount unwinding (note 21)	45	58	45	58
<b>Total Finance Costs</b>	<b>1,552</b>	<b>1,176</b>	<b>1,552</b>	<b>1,176</b>

## 11. Other Operating Expenses

	Council		Group	
	Actual 2014 \$000	Actual 2013 \$000	Actual 2014 \$000	Actual 2013 \$000
Fees to principal auditor				
Audit fees for financial statement audit MDC	103	106	103	106
Audit fees for AP/ LTP and amendments	7	-	7	-
Audit fees for Manawatu Community Trust	-	-	10	18
Fees to other auditors				
Audit fees for Feilding Civic Centre Trust	-	-	2	2
Internal audit fees	0	5	0	5
Impairment of Investment	(139)	(107)	(139)	(107)
Impairment of Accounts Receivable	44	177	44	177
Minimum lease payments under operating leases	29	47	29	47
Legal fees	142	141	142	141
Other operating expenses:				
Chemicals	666	577	666	577
Consultants and Consultant Costs	942	1,031	942	1,031
Contract Payments	3,718	3,945	3,718	3,945
Energy - Electricity and Gas	774	746	783	756
Grants made to other Organisations	1,694	1,770	1,606	1,598
Insurance	351	451	363	453
Maintenance and Materials	1,370	1,747	1,529	1,848
Operational Projects	5,879	4,204	5,879	4,204
Rates Paid	216	199	233	208
Refuse Disposal Costs	284	33	293	42
Other expenses	2,565	1,953	2,955	2,172
<b>Total Other Expenses (note 1)</b>	<b>18,644</b>	<b>17,023</b>	<b>19,164</b>	<b>17,221</b>

note 1 Rates remitted are deducted from rates revenue rather than treated as an operating expense ( as disclosed in note 3).

## 12. Income tax

### Relationship between Tax Expense and Accounting Surplus/(Deficit)

	Council		Group	
	Actual 2014 \$000	Actual 2013 \$000	Actual 2014 \$000	Actual 2013 \$000
Surplus/(deficit) before tax	4,888	6,203	4,759	6,040
Tax at 28%	1,369	1,737	1,333	1,691
Plus/(less) tax effect of:				
Non-deductible expenditure	-	-	-	-
Non-taxable income	(1,376)	(1,739)	(1,340)	(1,693)
Taxation loss not recognised	7	2	7	2
Prior year adjustment	-	-	-	-
Tax losses utilised	-	-	-	-
<b>Tax Expense</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### Income tax recognised directly in equity

The amount of current and deferred tax charged or credited to equity during the period was \$nil (2013: \$nil).

### Components of Tax Expense

	Council		Group	
	Actual 2014 \$000	Actual 2013 \$000	Actual 2014 \$000	Actual 2013 \$000
Current tax expense	-	-	-	-
Adjustments to current tax in prior years	-	-	-	-
Deferred tax asset arisen from previously unrecognised tax loss	7	2	7	2
Deferred tax expense	(7)	(2)	(7)	(2)
<b>Income Tax Expense</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

	Property Plant and Equipment	Unused tax losses	Total
<b>Deferred tax assets/(liabilities)</b>			
<b>Council</b>			
Balance at 1 July 2012	-	-	-
Charged to surplus or deficit	(2)	2	-
Charged to other comprehensive income	-	-	-
Balance at 30 June 2013	(2)	2	-
Charged to surplus or deficit	(7)	7	-
Charged to other comprehensive income	-	-	-
<b>Balance at 30 June 2014</b>	<b>(9)</b>	<b>9</b>	<b>-</b>
<b>Group</b>			
Balance at 1 July 2012	-	-	-
Charged to surplus or deficit	(2)	2	-
Charged to other comprehensive income	-	-	-
Balance at 30 June 2013	(2)	2	-
Charged to surplus or deficit	(7)	7	-
Charged to other comprehensive income	-	-	-
<b>Balance at 30 June 2014</b>	<b>(9)</b>	<b>9</b>	<b>-</b>

#### Additional disclosure

Council has unrecognised tax losses of \$522,050 (2013: \$495,689) with a tax effect of \$146,174 (2013: \$138,793), which are available for carry forward in offsetting assessable income in future income years. A deferred tax asset has not been recognised in relation to the unused tax losses of \$522,050 as it is unlikely that the Council will generate sufficient taxable profit in the foreseeable future against which the unused tax losses can be utilised.

Heartland Contractors Limited has unrecognised tax losses of \$501,041 (2013: 501,041), which are available to carry forward in offsetting assessable income in future income years. A deferred tax asset has not been recognised in relation to the unused tax losses of \$501,041, as it is unlikely the Company will generate sufficient taxable profit in the foreseeable future against which the unused tax losses can be utilised.

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

## 13. Cash and Cash Equivalents

	Council		Group	
	Actual 2014 \$000	Actual 2013 \$000	Actual 2014 \$000	Actual 2013 \$000
Cash at bank and in hand	3,086	570	803	863
Short term deposits with a term of three months or less	5,300	5,002	8,323	5,202
<b>Total Cash and Cash Equivalents</b>	<b>8,386</b>	<b>5,572</b>	<b>9,126</b>	<b>6,065</b>

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

The total value of cash and cash equivalents that can only be used for a specified purpose as outlined in the relevant trust funds is \$182,000 (2013: \$179,000). Refer to note 24 for detail of trust funds.



## 14. Debtors and other receivables

	Council		Group	
	Actual 2014 \$000	Actual 2013 \$000	Actual 2014 \$000	Actual 2013 \$000
Rates receivables	1,556	1,544	1,556	1,544
New Zealand Transport Agency Subsidy	755	1,138	755	1,138
Other receivables	1,586	2,917	1,614	2,924
Related party receivables	51	49	7	-
Accrued revenue	488	2,326	488	2,330
GST receivable	430	860	430	857
Prepayments	203	372	203	375
Less provision for impairment of receivables	(292)	(386)	(292)	(386)
<b>Total</b>	<b>4,776</b>	<b>8,820</b>	<b>4,760</b>	<b>8,782</b>

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

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

MDC does not provide for any impairment on rates receivable (except for rate penalties and uncollectable Maori land), as it has various powers under the Local Government (Rating) Act 2002 to recover any outstanding debts. Ratepayers can apply for payment plan options in special circumstances. Where such payment plans are in place, debts are discounted to the present value of future payments.

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

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

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

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

	Council		Group	
	Actual 2014 \$000	Actual 2013 \$000	Actual 2014 \$000	Actual 2013 \$000
As at 1 July	386	208	386	208
Additional provisions made during the year	40	178	40	178
Receivables written off during period	(134)	-	(134)	-
<b>As at 30 June</b>	<b>292</b>	<b>386</b>	<b>292</b>	<b>386</b>

As at 30 June 2014, all overdue debtors and other receivables have been assessed for impairment and appropriate provisions applied, as detailed below:

**Council - Rates receivables**

<b>2014</b>	<b>Gross</b>	<b>Impairment</b>	<b>Net</b>	<b>Net</b>
			<b>2014</b>	<b>2013</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Not past due - current year - 2014	982	(1)	981	1,067
Past due by 1 year - 2013	266	(1)	265	248
Past due by 2 years - prior to 2012	308	(76)	232	164
<b>Total</b>	<b>1,556</b>	<b>(78)</b>	<b>1,478</b>	<b>1,479</b>

Council provides for impairment of rates penalties and uncollectable Maori land only.

**Council - Other receivables and Related party receivables**

<b>2014</b>	<b>Gross</b>	<b>Impairment</b>	<b>Net</b>	<b>Net</b>
			<b>2014</b>	<b>2013</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Not past due	1,002	-	1,002	2,166
Past due 1-30 days	95		95	207
Past due 31-61 days	28	-	28	32
Past due > 61 days	512	(214)	298	240
<b>Total</b>	<b>1,637</b>	<b>(214)</b>	<b>1,423</b>	<b>2,645</b>

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

## 15A. Investments in Council Controlled Organisations and similar entities

	Council		Group	
	Actual 2014 \$000	Actual 2013 \$000	Actual 2014 \$000	Actual 2013 \$000
<b>Investments in Council Controlled Organisations and similar entities classified as current</b>				
Loans and receivables				
Community loans - Manawatu Community Trust	67	64	-	-
<b>Total Current Portion</b>	<b>67</b>	<b>64</b>	<b>-</b>	<b>-</b>
<b>Investments in Council Organisation and similar entities classified as non-current</b>				
Loans and receivables				
Community loans - Manawatu Community Trust	1,191	1,275	-	-
NZ Local Government Funding Agency borrower's notes	464	224	464	224
Available for sale				
Unlisted shares in Manawatu - Wanganui LASS Limited	1	1	1	1
Unlisted shares in NZ Local Government Insurance Corp Ltd	190	190	190	190
Unlisted shares in NZ Local Government Funding Agency	100	100	100	100
Investments in subsidiary (at cost)				
Heartland Contractors Ltd - shares	-	-	-	-
<b>Total Non-Current Portion</b>	<b>1,946</b>	<b>1,789</b>	<b>755</b>	<b>515</b>
<b>Total Investments in Council Organisation and similar entities</b>	<b>2,013</b>	<b>1,853</b>	<b>755</b>	<b>515</b>

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

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

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

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

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

Council acquired 100,000 \$1.00 shares in NZ Local Government Funding Agency (NZLGFA) in December 2012 and is one of 30 local authority shareholders. Refer to Note 28 for more information. NZLGFA is exempt from being a Council Controlled Organisation as per section 6(4) of the Local Government Act 2002.

During the period, Council received NZLGFA borrower's notes with a face value of \$240,000 (2013: \$112,000) at fixed interest rates ranging from 3.59% to 4.46% per annum (2013: 3.59% to 4.46%) and NZLGFA borrower's notes of a face value of \$240,000 (2013: \$112,000) at floating rates ranging from 3.14% to 3.30% as at 30 June 2014 (30 June 2013: 3.14% to 3.30%). The NZLGFA borrower's notes are recognised at amortised cost. The face value of NZLGFA borrower's notes as at 30 June 2014 approximates their fair value.

#### Unlisted shares

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

## 15B. Other financial assets

	Council		Group	
	Actual 2014 \$000	Actual 2013 \$000	Actual 2014 \$000	Actual 2013 \$000
<b>Current Portion</b>				
Loans and Receivables				
Community loans - other	3	3	3	3
Community loan - Manfeild Park Trust	-	-	-	-
Himatangi Beach Sewerage Scheme contributions	134	-	134	-
Term deposits with maturity less than one year	600	-	600	210
<b>Total Current Portion</b>	<b>738</b>	<b>3</b>	<b>738</b>	<b>213</b>
<b>Non-Current Portion</b>				
Loans and Receivables				
Community loans - other	92	95	92	95
Community loan - Manfeild Park Trust	1,870	1,732	1,870	1,732
Himatangi Beach Sewerage Scheme contributions	603	0	603	3
Term deposits with maturity of over one year	-	600	-	600
Available for Sale				
Listed shares in Fonterra	350	441	350	441
<b>Total Non-Current Portion</b>	<b>2,915</b>	<b>2,868</b>	<b>2,915</b>	<b>2,871</b>
<b>Total Other Financial Assets</b>	<b>3,653</b>	<b>2,871</b>	<b>3,653</b>	<b>3,084</b>

## Fair values

#### Term deposits

The carrying amount of term deposits approximates their fair value.

#### Community Loans

The above community loans have been advanced at interest rates ranging from 5.40% to 5.96% (2013: from 5.71% to 5.96%).

The fair value of community loans is \$3,223,678 (2013: \$3,170,135). The face value of community loans is \$5,977,031 (2013: \$6,362,032). Some of these community loans are only repayable, should the entity concerned cease to operate for the purpose that the loan was given for. Detail of these loans is provided below.

The Council has a \$2,500,000 community loan to the Manfeild Park Trust. In 2010 Council suspended interest and principal repayments for a five year period. The fair value of this loan has been amended to reflect this and is recorded at \$1,870,350 (2013: \$1,731,806).

### Community Loans at nil fair value

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

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

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

Council has a \$71,000 as at 30 June 2014 (\$71,000 as at 30 June 2013) community loan with the Feilding & District Steam Rail Society Inc, which is secured over buildings, but only repayable if the society ceases to operate a facility for presentation and storage of steam engines in Feilding.

### Himatangi Beach Sewerage Scheme Contributions

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

### Listed shares

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

## Impairment

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

For more information on financial assets refer to Note 32 Financial Instruments.

## 16. Non-Current Assets Held for Sale

	Council		Group	
	Actual 2014 \$000	Actual 2013 \$000	Actual 2014 \$000	Actual 2013 \$000
<b>Non-Current Assets held for sale are:</b>				
Land held for sale	250	791	250	791
Buildings and improvements held for sale	384	396	384	396
	<b>634</b>	<b>1,187</b>	<b>634</b>	<b>1,187</b>
Opening balance assets for sale	1,187	31,145	1,187	31,145
Assets classified as held for sale during the period	0	530	-	530
Assets revalued during the year	(23)	0	(23)	
Less assets transferred or sold during the year	(530)	(30,488)	(530)	(30,488)
<b>Closing balance assets held for sale</b>	<b>634</b>	<b>1,187</b>	<b>634</b>	<b>1,187</b>

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

Last year's comparative also included land situated in South Street, Feilding. This property was sold in July 2013.

The accumulated property revaluation reserve recognised in equity for the current assets held for sale is \$28,900 (2013: \$28,900).

## 17. Property, Plant and Equipment

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

<b>2014</b>	<b>Cost/ Revaluation \$000</b>	<b>Accumulated Depreciation and Impairment Charges \$000</b>	<b>Carrying Amount \$000</b>
<b>Council</b>			
<b>Operational assets</b>			
Land	14,342	-	14,342
Buildings & Improvements	6,708	-	6,708
Library Books	2,754	(2,052)	702
Plant, Equipment and Furniture	2,453	(1,667)	786
Motor Vehicles	1,071	(411)	660
Work in Progress	11	-	11
<b>Total operational assets</b>	<b>27,339</b>	<b>(4,130)</b>	<b>23,209</b>
<b>Infrastructural assets</b>			
Land	2,844	-	2,844
Solid Waste	413	(93.00)	320
Wastewater	50,399	(1,098)	49,301
Stormwater and Drainage	18,426	(400)	18,026
Water Supply	37,704	(1,264)	36,440
Roads and Footpaths	348,553	(6,912)	341,641
Land under Roads	65,077	-	65,077
Work in Progress	9,376	-	9,376
<b>Total infrastructural assets</b>	<b>532,792</b>	<b>(9,767)</b>	<b>523,025</b>
<b>Restricted assets</b>			
Land	14,508	-	14,508
Buildings & Improvements	14,582	(280)	14,302
Plant and Equipment	1,496	(930)	566
Work in Progress	723	-	723
<b>Total restricted assets</b>	<b>31,309</b>	<b>(1,210)</b>	<b>30,099</b>
<b>Total Council</b>	<b>591,440</b>	<b>(15,108)</b>	<b>576,333</b>
<b>Other Group Assets</b>			
Manawatu Community Trust - Land	3,122	-	3,122
Manawatu Community Trust - Buildings & Improvements	9,743	-	9,743
Manawatu Community Trust - Equipment	21	(4)	17
Feilding Civic Centre Trust - Furniture, Equipment and Leasehold Improvements	909	(514)	395
<b>Total</b>	<b>13,795</b>	<b>(518)</b>	<b>13,277</b>
<b>Group Assets</b>	<b>605,235</b>	<b>(15,626)</b>	<b>589,610</b>

## 2013

	Cost/ Revaluation \$000	Accumulated Depreciation and Impairment Charges \$000	Carrying Amount \$000
<b>Council</b>			
<b>Operational assets</b>			
Land	9,691	-	9,691
Buildings & Improvements	7,340	(388)	6,952
Library Books	2,592	(1,792)	800
Plant , Equipment and Furniture	2,185	(1,417)	768
Motor Vehicles	982	(423)	559
Work in Progress	39	-	39
<b>Total operational assets</b>	<b>22,828</b>	<b>(4,020)</b>	<b>18,809</b>
<b>Infrastructural assets</b>			
Land	4,949	-	4,949
Solid Waste	410	(34)	376
Wastewater	36,437	(947)	35,490
Stormwater and Drainage	17,795	(382)	17,413
Water Supply	42,607	(1,239)	41,368
Roads and Footpaths	352,832	(6,791)	346,041
Land Under Roads	65,071	-	65,071
Work in Progress	14,362	-	14,362
<b>Total infrastructural assets</b>	<b>534,463</b>	<b>(9,393)</b>	<b>525,070</b>
<b>Restricted assets</b>			
Land	13,662	-	13,662
Buildings & Improvements	16,668	(2,105)	14,563
Plant and Equipment	1,290	(826)	464
Work in Progress	55	-	55
<b>Total restricted assets</b>	<b>31,675</b>	<b>(2,931)</b>	<b>28,744</b>
<b>Total Council</b>	<b>588,967</b>	<b>(16,344)</b>	<b>572,623</b>
<b>Other Group Assets</b>			
Manawatu Community Trust - Land	3,122	-	3,122
Manawatu Community Trust - Buildings & Improvements	10,400	(657)	9,743
Manawatu Community Trust - Equipment	21	(4)	17
Feilding Civic Centre Trust - Furniture, Equipment and Leasehold Improvements	909	(514)	395
<b>Total</b>	<b>14,452</b>	<b>(1,175)</b>	<b>13,277</b>
<b>Group Assets</b>	<b>603,419</b>	<b>(17,519)</b>	<b>585,900</b>

## 2014

	Carrying Amount 1 July 2013	Revaluation Movement	Additions	Reclassification	Disposals	Impairment of Assets	Current Year Depreciation	Carrying Amount 30 June 2014
	\$000	\$000	\$000	\$000	\$000		\$000	\$000
<b>Council</b>								
<b>Operational assets</b>								
Land	9,691	(372)	2,462	2,623	(62)	-	-	14,342
Buildings & Improvements	6,952	(278)	342	(97)	(7)	-	(204)	6,708
Library Books	800	-	163	-	-	-	(261)	702
Plant , Equipment and Furniture	768	-	143	97	-	-	(222)	786
Motor Vehicles	559	-	301	-	(79)	-	(121)	660
Work in Progress	39	-	(28)	-	-	-	-	11
<b>Total operational assets</b>	<b>18,809</b>	<b>(650)</b>	<b>3,383</b>	<b>2,623</b>	<b>(148)</b>	<b>-</b>	<b>(808)</b>	<b>23,209</b>
<b>Infrastructural assets</b>								
Land	4,949	(54)	572	(2,623)	-	-	-	2,844
Solid Waste	376	-	3	-	-	-	(59)	320
Wastewater	35,490	1,475	13,434	-	-	-	(1,098)	49,301
Stormwater and Drainage	17,413	(351)	1,364	-	-	-	(400)	18,026
Water Supply	41,368	(4,434)	627	-	-	-	(1,121)	36,440
Roads and Footpaths	346,041	(4,820)	7,332	-	-	-	(6,912)	341,641
Land Under Roads	65,071	-	6	-	-	-	-	65,077
Work in Progress	14,362	-	(4,986)	-	-	-	-	9,376
<b>Total infrastructural assets</b>	<b>525,070</b>	<b>(8,184)</b>	<b>18,352</b>	<b>(2,623)</b>	<b>-</b>	<b>-</b>	<b>(9,590)</b>	<b>523,025</b>
<b>Restricted assets</b>								
Land	13,662	291	588	-	(33)	-	-	14,508
Buildings & Improvements	14,563	(201)	1,258	(78)	(602)	160	(798)	14,302
Plant and Equipment	464	-	91	78	-	-	(67)	566
Work in Progress	55	-	668	-	-	-	-	723
<b>Total restricted assets</b>	<b>28,744</b>	<b>90</b>	<b>2,605</b>	<b>-</b>	<b>(635)</b>	<b>160</b>	<b>(865)</b>	<b>30,099</b>
<b>Total Council</b>	<b>572,623</b>	<b>(8,744)</b>	<b>24,340</b>	<b>-</b>	<b>(783)</b>	<b>160</b>	<b>(11,263)</b>	<b>576,333</b>
<b>Other Group Assets</b>								
Manawatu Community Trust - Land	3,122	-	-	-	-	-	-	3,122
Manawatu Community Trust - Buildings & Improvements	9,743	-	-	-	-	-	-	9,743
Manawatu Community Trust - Equipment	17	-	-	-	-	-	-	17
Feilding Civic Centre Trust - Furniture, Equipment and Leasehold Improvements	395	-	-	-	-	-	-	395
<b>Total</b>	<b>13,277</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,277</b>
<b>Group Assets</b>	<b>585,900</b>	<b>(8,744)</b>	<b>24,340</b>	<b>-</b>	<b>(783)</b>	<b>160</b>	<b>(11,263)</b>	<b>589,610</b>



2013

	Carrying Amount 1 July 2012	Revaluation Movement	Additions	Reclassification	Disposals	Impairment of Assets	Current Year Depreciation	Carrying Amount 30 June 2013
	\$000	\$000	\$000	\$000	\$000		\$000	\$000
<b>Council</b>								
<b>Operational assets</b>								
Land	10,782	-	16	(577)	(530)	-	-	9,691
Buildings & Improvements	6,188	-	963	-	-	-	(199)	6,952
Library Books	856	-	185	-	-	-	(241)	800
Plant, Equipment and Furniture	431	-	545	-	-	-	(208)	768
Motor Vehicles	565	-	153	-	(37)	-	(123)	559
Work in Progress	676	-	(637)	-	-	-	-	39
<b>Total operational assets</b>	<b>19,498</b>	<b>-</b>	<b>1,226</b>	<b>(577)</b>	<b>(567)</b>	<b>-</b>	<b>(771)</b>	<b>18,809</b>
<b>Infrastructural assets</b>								
Land	4,949	-	-	-	-	-	-	4,949
Solid Waste	-	-	410	-	-	-	(34)	376
Wastewater	34,331	(2,083)	4,201	-	(17)	-	(947)	35,490
Stormwater and Drainage	17,409	(564)	950	-	-	-	(382)	17,413
Water Supply	40,476	1,734	397	-	-	-	(1,239)	41,368
Roads and Footpaths	356,449	(12,834)	9,217	-	-	-	(6,791)	346,041
Land Under Roads	65,103	-	-	-	(32)	-	-	65,071
Work in Progress	4,544	-	9,818	-	-	-	-	14,362
<b>Total infrastructural assets</b>	<b>523,261</b>	<b>(13,747)</b>	<b>24,998</b>	<b>-</b>	<b>(49)</b>	<b>-</b>	<b>(9,393)</b>	<b>525,070</b>
<b>Restricted assets</b>								
<b>Land</b>	<b>13,430</b>	<b>-</b>	<b>-</b>	<b>232</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,662</b>
Buildings & Improvements	15,148	-	263	345	(1)	(440)	(752)	14,563
Plant and Equipment	526	-	-	-	(4)	-	(58)	464
Work in Progress	11	-	44	-	-	-	-	55
<b>Total restricted assets</b>	<b>29,115</b>	<b>-</b>	<b>308</b>	<b>577</b>	<b>(5)</b>	<b>(440)</b>	<b>(810)</b>	<b>28,744</b>
<b>Total Council</b>	<b>571,874</b>	<b>(13,747)</b>	<b>26,531</b>	<b>-</b>	<b>(621)</b>	<b>(440)</b>	<b>(10,974)</b>	<b>572,623</b>
<b>Other Group Assets</b>								
Manawatu Community Trust - Land	3,122	-	-	-	-	-	-	3,122
Manawatu Community Trust - Buildings & Improvements	9,495	-	908	-	(328)	-	(332)	9,743
Manawatu Community Trust - Equipment	17	-	4	-	-	-	(4)	17
Feilding Civic Centre Trust - Furniture, Equipment and Leasehold Improvements	462	-	-	-	-	-	(67)	395
<b>Total</b>	<b>13,096</b>	<b>-</b>	<b>912</b>	<b>-</b>	<b>(328)</b>	<b>-</b>	<b>(403)</b>	<b>13,277</b>
<b>Group Assets</b>	<b>584,970</b>	<b>(13,747)</b>	<b>27,443</b>	<b>-</b>	<b>(949)</b>	<b>(440)</b>	<b>(11,377)</b>	<b>585,900</b>

## Core Infrastructural Assets

These include roads, water supplies, sewerage treatment infrastructure, stormwater drainage and flood protection works.

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

### 16. Non-Current Assets Held for Sale

<b>2014</b>	<b>Assets Constructed by the Council \$000</b>	<b>Assets Transferred to Council \$000</b>	<b>Carrying Amount 30 June 2014 \$000</b>	<b>Replacement Cost 30 June 2014 \$000</b>
Wastewater of which:				
Treatment Plant and Facilities	11,639	-	24,428	33,552
Other Assets (Reticulation Systems)	7116	32	30,225	48,645
	18755	32	54,653	82,197
Flood protection and control works	-	-	-	-
Stormwater drainage	2,098	-	18,760	37,309
Water Supply of which:				
Treatment Plant and Facilities	646	-	10,900	18,820
Other Assets (Reticulation Systems)	3,038	121	28,718	53,999
	3,684	121	39,618	72,279
Roads and Footpaths	7,547	0	341,855	569,867
<b>2013</b>	<b>Assets Constructed by the Council \$000</b>	<b>Assets Transferred to Council \$000</b>	<b>Carrying Amount 30 June 2013 \$000</b>	<b>Replacement Cost 30 June 2013 \$000</b>
Infrastructural assets				
Wastewater of which:				
Treatment Plant and Facilities	10,968		20,058	29,128
Other Assets (Reticulation Systems)	4,726	5	26,925	46,069
	15,694	5	46,983	75,197
Flood protection and control works	-	-	-	-
Stormwater drainage	2,557	11	19,031	38,676
Water Supply of which:				
Treatment Plant and Facilities	218		10,487	16,978
Other Assets (Reticulation Systems)	1,301	21	32,025	61,230
	1,519	21	42,512	78,208
Roads and Footpaths	9,311	-	346,136	551,145

<b>Insurance Cover</b>	<b>Insurance Deductible*</b>	<b>Replacement Cover Council</b>	<b>Replacement Cover Group</b>
	<b>\$</b>	<b>\$000</b>	<b>\$000</b>
<b>Insurance Arrangements</b>			
At 30 June 2014 Council had the following insurance cover in place for the following assets:			
Material damage cover - buildings (operational and restricted)	\$100,000	43,997	60,802
Material damage cover - plant and equipment	\$100,000	8,372	9,519
Motor vehicle cover	1% sum insured	796	812
Material damage cover - water and wastewater - treatment and supply	\$100,000	44,965	44,965

## Assets not covered by insurance

Council does not insure its roading assets. In the event of a disaster is expected the repair and/or replacement of our roading assets will attract close to a 100% subsidy from the New Zealand Transport Agency.

Council self-insures the unsubsidised portion of roading.

Council does not insure land.

Council has no insurance in relation to intangible assets and financial assets.

## Risk Sharing Arrangement

Council has entered into mutual arrangement with LAPP (Local Authority Protection Programme) for disaster cover for water, stormwater and wastewater assets. The cover related to 40% of the replacement value of the assets (\$165m) and a deductible of \$543,000 applies.

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

\* Loss or damage below the insurance deductible is covered by Council (either as an operating cost or by the Insurance Reserve - see note 24)

## 18. Intangible Assets

	Council & Group	
	Actual 2014 \$000	Actual 2013 \$000
<b>Balance at 1 July</b>		
Cost	2,406	2,558
Accumulated amortisation and impairment	(1,424)	(1,258)
Opening carrying amount	982	1,300
Additions	30	18
<b>Less disposals at cost</b>	<b>0</b>	<b>(170)</b>
Accumulated amortisation on disposals	0	170
Less amortisation charge	(367)	(336)
<b>Closing carrying amount</b>	<b>645</b>	<b>982</b>
<b>Balance at 30 June</b>		
Cost	2,436	2,406
Accumulated amortisation and impairment	(1,791)	(1,424)
<b>Closing carrying amount</b>	<b>645</b>	<b>982</b>

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

All intangible assets are software.

## 19. Forestry Assets

	Council & Group	
	Actual 2014 \$000	Actual 2013 \$000
<b>Balance at 1 July</b>	196	284
Increases due to purchases	-	-
Gains/(losses) arising from changes in fair value less estimated point of sale costs attributable to price changes	15	25
Decreases due to harvest	(69)	(113)
<b>Balance at 30 June</b>	<b>142</b>	<b>196</b>

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

## Future Commitments

In accordance with the Afforestation Agreement entered into in 1976, MDC has an obligation to meet 23.3% of all future costs associated with the first harvest of the forest and will receive 23.3% of all income.

## Joint Assets

The Gordon Kear Forest crop is valued at \$0.6m at 30 June 2014 (2013: \$0.8m). MDC's portion is detailed above. At 30 June 2014, the remaining 82 hectares of pinus radiata forest were in varying stages of maturity ranging from 20 to 36 years. Harvesting commenced during the 2006/07 financial year and is expected to continue over the next two years. During the 2014 year 35.6 hectares were harvested. PNCC owns 100% of the Gordon Kear forest land and site improvements.

Independent registered valuer, Alan Bell of Alan Bell & Associates, has valued forestry assets as at 30 June 2014. A pre-tax discount rate of 10% (2013: 10%) has been used in discounting the present value of expected cash flows. Valuation is based on a going concern basis and only includes the value of the current crop.

## Joint venture commitments and contingencies

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

MDC's share of operations during the year	Actual 2014 \$000	Actual 2013 \$000
Income from harvesting	205	241
Expenses paid	(32)	(30)
Interest capitalised to loan	-	-
Cost of bush harvested	(69)	(112)
Increase/(decrease) in asset value	15	24
	<b>119</b>	<b>123</b>

## Financial risk management strategies

The joint venture is exposed to financial risks arising from changes in timber prices. The joint venture 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. The joint venture reviews its outlook for timber prices regularly in considering the need for active financial risk management.

## 20. Creditors & Other Payables

	Council		Group	
	Actual 2014 \$000	Actual 2013 \$000	Actual 2014 \$000	Actual 2013 \$000
Trade payables	4,574	6,104	4,798	6,056
Deposits and bonds	1,836	1,984	1,836	1,986
Accrued expenses	532	470	532	490
Amounts due to related parties (note 29)	1	8	1	8
Revenue in advance	702	665	702	716
<b>Total creditors &amp; other payables</b>	<b>7,645</b>	<b>9,231</b>	<b>7,869</b>	<b>9,256</b>

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

## 21. Provisions

	Council & Group	
	Actual 2014 \$000	Actual 2013 \$000
<b>Current Provisions are represented by:</b>		
Landfill aftercare provision	77	37
<b>Total Current Provisions</b>	<b>77</b>	<b>37</b>
<b>Non-Current Provisions are represented by:</b>		
Financial guarantees	-	-
Landfill aftercare provision	701	694
<b>Total Non-Current provisions</b>	<b>701</b>	<b>694</b>
<b>Opening balance</b>	<b>731</b>	<b>886</b>
Additional provisions made during the year	37	-
Amounts used during the year	(35)	(89)
Unused amounts reversed during the year	0	(124)
Discount unwinding (note 10)	45	58
<b>Closing Balance</b>	<b>778</b>	<b>731</b>

### Provision for landfill aftercare costs

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

#### Feilding Landfill

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

Closure responsibilities include providing for:

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

Post closure costs include providing for:

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

The cash outflows for landfill post-closure are expected to occur from 2006 to 2036 (30 years). The long-term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred. The provision has been estimated taking into account existing technology and using a discount rate of 6.5%. Each year part of the discounted amount will be unwound and recognised as an interest expense in the operating costs while at the same time adding this to the provision.

The following major assumptions have been made in the calculation of the provision:

- \* The annual price index used is the Local Government Cost Index as detailed in the 2012-2022 Long Term Plan
- \* An annual discount rate of 6.5%
- \* Aftercare period of 30 years after closure

## Other Landfills

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

## 22. Employee Entitlement Liabilities

	Council		Group	
	Actual 2014 \$000	Actual 2013 \$000	Actual 2014 \$000	Actual 2013 \$000
Accrued pay	202	154	213	160
Annual leave	607	673	613	685
<b>Total Employee Entitlement Liabilities</b>	<b>809</b>	<b>827</b>	<b>826</b>	<b>845</b>
<b>Comprising:</b>				
Current	809	827	826	845
Non-current	-	-	-	-
<b>Total Employee Entitlement Liabilities</b>	<b>809</b>	<b>827</b>	<b>826</b>	<b>845</b>

## 23. Borrowings

	Council		Group	
	Actual 2014 \$000	Actual 2013 \$000	Actual 2014 \$000	Actual 2013 \$000
Opening Balance of Term Borrowings	29,135	15,408	29,135	15,408
Loans raised during the year	20,210	18,658	20,210	18,658
Loans repaid during the year	(11,169)	(4,931)	(11,169)	(4,931)
<b>Closing Balance of Term Borrowings</b>	<b>38,175</b>	<b>29,135</b>	<b>38,175</b>	<b>29,135</b>
<b>Current</b>				
Secured loans	7,065	6,573	7,065	6,573
<b>Total current borrowings</b>	<b>7,065</b>	<b>6,573</b>	<b>7,065</b>	<b>6,573</b>
<b>Non-current</b>				
Secured loans	31,110	22,562	31,110	22,562
<b>Total non-current borrowings</b>	<b>31,110</b>	<b>22,562</b>	<b>31,110</b>	<b>22,562</b>

As at 30 June 2014 there is a credit card facility in place with BNZ for a limit of \$30k (30 June 2013: \$30k). There is a "Multi-option" facility - Treasury solution of \$10 million of which \$5.9m (30 June 2013: \$7.9 million) used as of balance date.

## **Fixed-rate debt**

\$20 million of debt has been issued at floating interest rate and the remainder is at fixed rates of interest.

The borrowing rates range from 4.09% to 7.19% (2013: 3.52% to 7.15%).

## **Security**

MDC does not have any overdraft facilities associated with its bank accounts.

MDC's loans are secured over the rating revenue of the district.

## **Management**

MDC 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 MDC's Long Term Plan.

## **Internal borrowings**

Information about internal borrowings are provided for each Group of activities, as part of the Funding Impact Statements for Group of Activities.



## 24. Equity

	Council		Group	
	Actual 2014 \$000	Actual 2013 \$000	Actual 2014 \$000	Actual 2013 \$000
<b>Retained Earnings</b>				
<b>As at 1 July</b>	457,045	481,979	467,529	492,544
Transfers to:				
From Restricted reserves	270	657	270	657
Transfers from:				
To Restricted reserves	(173)	(69)	(173)	(69)
Property revaluation reserves on disposal	(631)	-	(631)	82
Revaluation reserve on assets transferred to other vesting agencies		(1,665)	0	(1,665)
Net assets transferred to PNCC on boundary change	-	(30,060)	0	(30,060)
Surplus/(deficit) for the year	4,888	6,203	4,403	6,040
<b>As at 30 June</b>	<b>461,398</b>	<b>457,045</b>	<b>471,398</b>	<b>467,529</b>
<b>Restricted Reserves</b>				
<b>As at 1 July</b>	1,982	2,570	1,982	2,570
Transfers to:				
From Retained earnings	173	69	173	69
Transfers from:				
To Retained earnings	(270)	(657)	(270)	(657)
<b>As at 30 June</b>	<b>1,885</b>	<b>1,982</b>	<b>1,885</b>	<b>1,982</b>
<b>Asset Revaluation Reserves</b>				
<b>As at 1 July</b>	94,980	107,502	97,056	109,660
Revaluation gains/(losses)	(9,965)	(13,747)	(9,965)	(13,747)
Revaluation portion on disposed assets	631		631	(82)
Impairment loss on restricted buildings through other comprehensive income	160	(440)	160	(440)
Revaluation reserve on assets transferred to other vesting agencies		1,666	0	1,665
<b>As at 30 June</b>	<b>85,806</b>	<b>94,980</b>	<b>87,882</b>	<b>97,056</b>
<b>Fair value through other comprehensive income</b>				
<b>As at 1 July</b>	174	0	174	0
Net revaluation gain/(losses)	(91)	174	(91)	174
<b>As at 30 June</b>	<b>83</b>	<b>174</b>	<b>83</b>	<b>174</b>
<b>Total Other Reserves</b>	<b>87,774</b>	<b>97,136</b>	<b>89,850</b>	<b>99,212</b>
<b>Total Equity</b>	<b>549,172</b>	<b>554,181</b>	<b>561,248</b>	<b>566,741</b>

### Retained Earnings

Included in Retained Earnings are the General funds, Accumulated funds and Depreciation Reserve.

## General Funds

	Council		Group	
	Actual 2014 \$000	Actual 2013 \$000	Actual 2014 \$000	Actual 2013 \$000
<b>Opening balances</b>	<b>445,977</b>	<b>470,348</b>	<b>456,461</b>	<b>480,913</b>
Transfer from restricted reserves	270	657	270	657
Transfer to restricted reserves	(173)	(69)	(173)	(69)
Property revaluation reserve on disposal	(631)	0	(631)	82
Revaluation reserve on assets transferred to other vesting agencies	0	(1,665)	0	(1,665)
Net assets transferred to PNCC on boundary change		(30,060)		(30,060)
Transfers to General funds	6,049	6,766	5,565	6,603
<b>Closing Balance</b>	<b>451,491</b>	<b>445,977</b>	<b>461,493</b>	<b>456,461</b>

## Accumulated Funds

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

## Separate Funds

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

	Council		Group	
	Actual 2014 \$000	Actual 2013 \$000	Actual 2014 \$000	Actual 2013 \$000
<b>Opening balances</b>	<b>1,858</b>	<b>3,921</b>	<b>1,858</b>	<b>3,921</b>
Transfers to Separate Funds	143	33,105	143	33,105
Transfers from Separate Funds	(1,261)	(35,168)	(1,261)	(35,168)
<b>Closing Balance</b>	<b>740</b>	<b>1,858</b>	<b>740</b>	<b>1,858</b>

## Growth Funds

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

	Council		Group	
	Actual 2014 \$000	Actual 2013 \$000	Actual 2014 \$000	Actual 2013 \$000
<b>Opening balances</b>	<b>856</b>	<b>581</b>	<b>856</b>	<b>581</b>
Transfers to Growth Funds	389	500	389	500
Transfers from Growth Funds	(471)	(225)	(471)	(225)
<b>Closing Balance</b>	<b>774</b>	<b>856</b>	<b>774</b>	<b>856</b>

## Depreciation Fund

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

	Council		Group	
	Actual 2014 \$000	Actual 2013 \$000	Actual 2014 \$000	Actual 2013 \$000
<b>Opening balances</b>	8,354	7,129	8,354	7,129
Transfers to Depreciation Fund	7,882	7,666	7,882	7,666
Transfers from Depreciation Fund	(7,844)	(6,441)	(7,844)	(6,441)
<b>Closing Balance</b>	<b>8,392</b>	<b>8,354</b>	<b>8,392</b>	<b>8,354</b>
<b>Total Retained Earnings</b>	<b>461,398</b>	<b>457,045</b>	<b>471,399</b>	<b>467,529</b>

## Trust funds

	Council and Group			
	Balance - 1 July \$000	Transfers into fund \$000	Transfers out of fund \$000	Balance - 30 June \$000
<b>2014</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Hook Bequest	11	-	-	11
Trewin Bequest	1	-	-	1
Wackrill Trust	1	-	-	1
Robert Dickson Library Trust	3	1	-	4
P.A. Broad Memorial Trust	6	-	-	6
Historical Trust	3	-	-	3
Childrens' Welfare Trust	-	-	-	-
Robert Dickson Educational Trust	21	1	(4)	18
Museum Trust	2	-	-	2
Feilding and District Relief Trust	131	5	-	136
	<b>179</b>	<b>7</b>	<b>(4)</b>	<b>182</b>
<b>2013</b>				
Hook Bequest	10	1	-	11
Trewin Bequest	1	-	-	1
Wackrill Trust	1	-	-	1
Robert Dickson Library Trust	3	-	-	3
P.A. Broad Memorial Trust	6	-	-	6
Historical Trust	3	-	-	3
Childrens' Welfare Trust	-	-	-	-
Robert Dickson Educational Trust	2	1	(5)	21
Museum Trust	2	-	-	2
Feilding and District Relief Trust	126	5	-	131
	<b>177</b>	<b>7</b>	<b>(5)</b>	<b>179</b>

## Purpose of each Trust Fund is detailed below:

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

## Special Funds

	Council and Group			
	Balance - 1 July	Transfers into fund	Transfers out of fund	Balance - 30 June
<b>2014</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
General Purpose Special Fund	247	109	(261)	95
Land Subdivision Reserve Special Fund	619	23	- 5	637
Insurance Fund	937	35		972
	<b>1,803</b>	<b>167</b>	<b>(266)</b>	<b>1,704</b>
<b>2013</b>				
General Purpose Special Fund	877	21	(651)	247
Land Subdivision Reserve Special Fund	596	23	-	619
Emergency Fund	920	-	(920)	-
Insurance Fund	-	18	919	937
	<b>2,393</b>	<b>62</b>	<b>(652)</b>	<b>1,803</b>

## Purpose of each Special Fund is detailed below:

- General Purpose Special Fund - general expenditure
- Land Subdivision Reserve Special Fund - reserves contributions in accordance with the Local Government Act
- Emergency Fund - emergency expenditure, closed and transferred to the Insurance Fund.
- Insurance Fund - for small claims not covered by external insurance policy
- Special funds are restricted by Council resolution and may only be applied to the purpose that established the fund.

	Council		Group	
	Actual 2014 \$000	Actual 2013 \$000	Actual 2014 \$000	Actual 2013 \$000
Trust Funds	182	179	182	179
Special Funds	1,704	1,803	1,704	1,803
<b>Total Trust and Special Funds</b>	<b>1,886</b>	<b>1,982</b>	<b>1,886</b>	<b>1,982</b>
<b>Asset Revaluation Reserves consist of:</b>				
Operational assets				
Land	2,116	2,937	2,116	2,937
Buildings & Improvements	680	996	680	996
Infrastructural assets				
Land	540	594	540	594
Utilities (Water, Stormwater, Wastewater and Solid Waste)	16,662	19,680	16,662	19,680
Roading network	58,382	63,203	58,382	63,203
Restricted assets				
Land	4,442	3,666	6,225	5,450
Buildings & Improvements	2,983	3,904	3,276	4,196
<b>Total</b>	<b>85,805</b>	<b>94,980</b>	<b>87,881</b>	<b>97,056</b>

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

	Council		Group	
	Actual 2014 \$000	Actual 2013 \$000	Actual 2014 \$000	Actual 2013 \$000
<b>Surplus/(deficit) after Tax</b>	<b>4,888</b>	<b>6,202</b>	<b>4,403</b>	<b>6,040</b>
Add/(less) Non-Cash items:				
Depreciation and amortisation	11,631	11,310	12,044	11,713
Interest capitalised to loan	-	-	0	(6)
Vested assets	(1,822)	(75)	(1,822)	(75)
Impairment of investment	(139)	(107)	(139)	(107)
(Gains)/losses in fair value of forestry assets	(151)	(24)	(151)	(24)
(Gains)/losses on disposal of property, plant and equipment	(417)	(16)	81	312
Add/(less) items classified as Investing or Financing Activities:				
Increase/(decrease) in capital expenditure accruals	168	2,827	100	2,848
Investment revenue direct to investment			(11)	
Add/(less) movements in Working Capital items:				
(Increase)/Decrease in Accounts Receivable	3,392	(3,667)	3,506	(3,785)
Increase (Decrease) in Accounts Payable	(1,697)	(2,173)	(1,508)	(2,143)
Increase (Decrease) in Provisions	47	(155)	46	(155)
Increase (Decrease) in Employee Benefits	(17)	116	(17)	122
Net GST	426	(201)	437	(198)
<b>Net cash from Operating Activities</b>	<b>16,309</b>	<b>14,037</b>	<b>16,969</b>	<b>14,542</b>

## 26. Capital Commitments and Operating Leases

	Council		Group	
	Actual 2014 \$000	Actual 2013 \$000	Actual 2014 \$000	Actual 2013 \$000
<b>Capital Commitments</b>				
Capital expenditure contracted for at balance date but not yet incurred for property, plant and equipment	13,590	14,688	13,590	14,714

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

In respect to capital commitment for roading maintenance and upgrade, included in the above current commitment figure, \$4.3m (2013: \$3.8m) will be financed by way of subsidy from the New Zealand Transport Authority.

In respect to capital commitment for Rongotea Water Supply Scheme included in the above current commitment figure, \$0.5m will be financed by way of subsidy from the Ministry of Health.

## Operating leases as lessee

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

	Council		Group	
	Actual 2014 \$000	Actual 2013 \$000	Actual 2014 \$000	Actual 2013 \$000
<b>Property and Equipment</b>				
<b>Non-Cancellable Operating leases as lessee</b>				
Not later than one year	87	93	87	93
Later than one year and not later than two years	62	93	62	93
Later than two years and not later than five years	41	44	41	44
Later than five years	-	-	0	-
<b>Total non-cancellable operating leases</b>	<b>190</b>	<b>230</b>	<b>190</b>	<b>230</b>

## Operating leases as lessor

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

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

	Council		Group	
	Actual 2014 \$000	Actual 2013 \$000	Actual 2014 \$000	Actual 2013 \$000
<b>Property and Equipment</b>				
<b>Non-Cancellable Operating Leases as lessor</b>				
Not later than one year	150	155	150	155
Later than one year and not later than two years	146	150	146	150
Later than two years and not later than five years	400	413	400	413
Later than five years	1,099	1,233	1,099	1,233
<b>Total non-cancellable operating leases</b>	<b>1,795</b>	<b>1,951</b>	<b>1,795</b>	<b>1,951</b>

## 27. Contingencies

### Contingent Liabilities

#### Risk Pool Insurance

In prior years Manawatu District Council obtained public liability and professional indemnity insurance cover from New Zealand Mutual Liability RiskPool. This operates as a mutual fund where each member makes an annual contribution to obtain cover. However, should claims exceed contributions then calls can be made on the members of that fund year for the shortfall amount. RiskPool have advised that calls may be required for past pool periods. As the amount and timing is uncertain no provision has been made for any future calls.

#### Building Act Claims

The Building Act 2004 imposes certain obligations and liabilities on local authorities in respect to the issue of building consents and building inspections work done. At the date of this report there was one matter under this Act that has been brought to MDC's attention, but this matter has not progressed sufficiently to be recognised as contingent liabilities or quantified.

## Uncalled capital – NZLGFA

The Council is a shareholder of the NZLGFA. The NZLGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand and it has a current credit rating from Standard and Poor's of AA+. The Council is one of 30 shareholders of the NZLGFA. In that regard, it has uncalled capital of \$1 million. When aggregated with the uncalled capital of other shareholders, \$20 million is available in the event of an imminent default. Together with the other shareholders, the Council is a guarantor to all of NZLGFA's borrowings. At 30 June 2014, the NZLGFA had borrowings totalling \$3.7 billion (2013: \$2.3 billion). The Council has been unable to determine a sufficiently reliable fair value for the guarantee, and therefore has not recognised a liability. The Council considers the risk of the NZLGFA defaulting on repayment of interest or capital to be very low on the basis that:

- it is not aware of any local authority debt default events in New Zealand
- local government legislation would enable local authorities to levy a rate to recover sufficient funds to meet any debt obligations if further funds were required.

## Defined Benefit Scheme

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

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

## Guarantees

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

## Other legal proceedings - unquantified claims

MDC signed a relationship agreement with the Department of Building and Housing on 21 November 2011. This agreement is to cooperate with the government to deliver the financial assistance package established by Central Government to assist homeowners in completing repairs. The timeframe for lodging claims under the Weathertight Homes Resolution Services Act 2006 states that the building to which the claim relates "was built (or alterations giving rise to the claim were made to it) before 1 January 2012 and within the period of 10 years immediately before the day on which the claim is brought". As at balance date, there is one claim lodged with the Council in January 2007, whereby the claimant had expressed an interest in accessing the financial assistance package, under the Weathertight Homes Resolution Services Act 2006. Council have no further notification that the claimant wants to proceed to date. No estimated costs could be quantified by the Council as costs will be provided via the financial assistance package by way of expert's report.

There are no unquantified claims to be recognised at balance date (2013: \$nil).

## Contingent Assets

### Buildings on Reserve Land

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

### Community Loans

A number of loans have been given to community organisations. These loans become repayable only if the organisation ceases to provide a service within the district. At this stage, MDC is not aware of any circumstance in which the loan becomes repayable. These loans are recorded at fair value (\$nil) in the balance sheet. These loans total \$1.97m (2013: \$1.97m).



## 28. Related Party Transactions

MDC is the ultimate parent of the group and controls three entities, being Heartland Contractors Ltd, the Feilding Civic Centre Trust, and the Manawatu Community Trust.

The following transactions were carried out with related parties:

	Actual 2014 \$000	Actual 2013 \$000
<b>Heartland Contractors Limited (Non Trading)</b>	Nil	Nil
The Mayor, Deputy Mayor and Chief Executive are directors of this company.		
<b>Feilding Civic Centre Trust</b>		
Grant provided by MDC	76	172
Services provided by MDC	67	14
Amounts payable to MDC at year end	0	7
Amounts receivable by MDC at year end	67	-
<b>Manawatu Community Trust</b>		
Grant provided by MDC	5	-
Services provided by MDC	97	84
Services provided by MDC (rates)	168	166
Services provided by MDC (volumetric water charges)	38	55
Interest paid to MDC	78	54
Amounts payable to MDC at year end	44	42
Loans repaid to the MDC	82	50
Loans drawn down from MDC during the year	-	750
Loan owing to MDC (as at balance date)	1,258	1,340
<b>Manawatu-Wanganui LASS Limited</b>		
The Chief Executive is a director of this company.		
Services provided by MDC	168	101
Services provided by MDC (rates)	-	-
Services provided to MDC	96	64
Amounts payable by MDC at year end	0	4

MDC is also a related party in a joint venture forestry asset with Palmerston North City Council. Related party transactions within the joint venture asset have been disclosed in Note 19 - Forestry Assets.

No provision has been required, nor any expense recognised for impairment of receivables for any loans or other receivables to related parties (2013: \$nil).

### Elected members and key management personnel

Elected members and key management personnel, as part of a normal customer relationship, were involved in minor transactions with MDC (such as payment of rates and purchase of rubbish bags etc).

During the year, Council had transactions with Focal Point Limited, a company in which Councillor Matthew Bell is a shareholder and director. The value of purchases totalled \$5,115 (2013: \$3,020). There was \$nil (2013: \$346) outstanding at balance date. Revenue received from the company during the year totalled \$648 (2013: \$291), of which nil receivable at balance date (2013: \$nil). These transactions occurred on normal commercial terms.

Councillor Tony Jensen is an executive member of the Johnston Park Bowls Club. During the year Council received \$278 in revenue (2013: \$297) of which \$278 is outstanding at balance date (2013: \$243). The value of purchases by MDC was \$87 (2013:nil).

Mayor Margaret Kouvelis is a trustee of Te Manawa Services Charitable Trust. During the year Council gave grants to Te Manawa Services Charitable Trust amounting to \$30,000 (2013: \$8,696) of which \$nil (2013: \$nil) was owing at balance date. These transactions occurred on normal commercial terms. Mayor Kouvelis is also a Director of Poppies Books, Feilding. The value of purchases by MDC was \$903 (2013:nil). At balance date \$291 was owing by MDC (2013:nil)

Chief Executive Lorraine Vincent and General Manager Business Shayne Harris are trustees of Sport Manawatu. During the year Council gave grants to Sport Manawatu amounting to \$86,592 (2013: \$82,403), of which \$nil (2013: \$nil) was owing at balance date. Revenue received from Sport Manawatu during the year totalled \$1,560 (2013: \$nil) of which \$nil (2013: \$nil) was owing at balance date.

There is no provision recognised for the impairment of any loans or other receivable to related parties (2013: \$nil).

## Key Management Personnel Compensations

(includes senior management, the Mayor and Councillors)

	Actual 2014 \$000	Actual 2013 \$000
Salaries and other short term employee benefits	1,225	995
Past-employment benefits	-	-
Other long term benefits	36	27
Termination benefits	-	-
	<b>1,261</b>	<b>1,022</b>

## 29. Remuneration

### Elected Members

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

	Actual 2014 \$000	Actual 2013 \$000
<b>Current Elected members</b>		
Mayor Margaret Kouvelis	92,452	86,400
Councillor Matthew Bell (Deputy Mayor to October 2013)	10,714	34,408
<b>Councillor John Baxter (to October 2013)</b>	<b>8,223</b>	<b>26,995</b>
Councillor Steve Bielski (from October 2013)	17,892	-
Councillor Barbara Cameron	29,855	24,541
Councillor Shane Casey (from October 2013)	17,892	
Councillor Wayne Ellery	25,240	24,541
Councillor Steve Gibson (to December 2012)		7,218
Councillor Margaret Giles (to October 2013)	7,476	24,541
Councillor Jocelyn Heslop (from October 2013)	17,892	-
Councillor Albert James (from October 2013)	17,892	-
Councillor Tony Jensen (Deputy Mayor from October 2013)	36,724	24,541
Councillor Andrew Quarrie (from October 2013)	17,864	-
Councillor John Salmon (to October 2013)	7,476	24,541
Councillor Alison Short	26,115	26,995
Councillor Howard Voss	28,982	24,541
	<b>362,716</b>	<b>329,262</b>

This includes back-pay of \$5,464 relating to prior years

## Chief Executive

For the year ended 30 June 2014, the remuneration paid to the Chief Executive was \$242,282 (2013: \$220,270). In addition, the value of the motor vehicle benefits received was \$10,000 (2013: \$10,000).

Employee staffing levels and remuneration as at:	Council	
	30 June 2014 \$000	30 June 2013 \$000
<b>Staffing level</b>		
The number of employees employed by the Council:	126	135
The number of full-time employees:	97	99
The full-time equivalent number of all other employees:	13.3	16.9
<b>Total annual remuneration paid to employees:</b>		
Number of employees receiving total annual remuneration of		
- less than \$60,000	66	80
- between 60,001 and \$80,000	38	32
- between \$80,001 and \$100,000	10	14
- between \$100,001 and \$120,000	7	4
- between 120,001 and \$260,000	5	5

A full-time employee is determined on the basis of a 40-hour working week.

## 30. Severance Payments

For the year ended 30 June 2014, there were no severance payments. (2013: two payment of \$1,200 and \$10,106).

## 31. Events after the Balance Sheet Date

MDC is not aware of any other events subsequent to balance date that would materially affect the amounts included in these financial statements or disclosures made.

## 32. Financial Instruments

### Financial instrument categories

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

	Council		Group	
	Actual 2014 \$000	Actual 2013 \$000	Actual 2014 \$000	Actual 2013 \$000
<b>FINANCIAL ASSETS</b>				
<b>Loans and receivables</b>				
Cash and cash equivalents	8,386	5,572	9,126	6,065
Debtors & other receivables	4,776	8,820	4,760	8,782
Other financial assets:				
Term deposits - Other	600	600	600	810
Term deposits: NZ Local Government Funding Agency notes	464	224	224	224
Community loans	2,702	1,830	2,703	1,830
Community loans - related party	1,258	1,340	1,258	-
<b>Total loans and receivables</b>	<b>18,186</b>	<b>18,386</b>	<b>18,671</b>	<b>17,711</b>
<b>Total held to maturity</b>				
Other financial assets:				
Local authority stock	-	0	-	0
<b>Total held to maturity</b>	<b>-</b>	<b>0</b>	<b>-</b>	<b>0</b>
<b>Available for sale</b>				
Other financial assets:				
Unlisted shares in NZ Local Government Funding Agency (NZLGFA)	100	100	100	100
Unlisted shares in NZ Local Government Insurance Corp Ltd (NZIG)	190	190	190	190
Unlisted shares in Manawatu-Wanganui LASS Limited (LASS)	1	1	1	1
Listed shares in Fonterra (FCG)	350	441	350	441
<b>Total available for sale</b>	<b>641</b>	<b>732</b>	<b>641</b>	<b>732</b>
<b>Total financial assets</b>	<b>18,828</b>	<b>19,118</b>	<b>19,312</b>	<b>18,443</b>
<b>FINANCIAL LIABILITIES</b>				
<b>Financial liabilities at amortised cost</b>				
Creditors & other payables	7,645	9,213	7,869	9,256
Borrowings:				
Bank overdraft	-	-	-	-
Secured loans	38,175	29,135	38,175	29,135
<b>Total financial liabilities at amortised cost</b>	<b>45,821</b>	<b>38,348</b>	<b>46,045</b>	<b>38,390</b>

## Fair Value Hierarchy Disclosures

The following table analyses the basis of the valuation of classes of financial instruments measured at fair value in the statement of financial position.

	Total	Valuation technique		
		Quoted market price (Level 1)	Observable inputs (Level 2)	Significant non-observable inputs (Level 3)
	\$000	\$000	\$000	\$000
<b>30 June 2014 - Council</b>				
<b>Financial assets</b>				
Community Loan	1,870		1,870	
Listed shares - Fonterra Group	350	350		
<b>30 June 2014 -Group</b>				
<b>Financial assets</b>				
Community Loan	1,870		1,870	
Listed shares - Fonterra Group	350	350		
<b>30 June 2013 - Council</b>				
<b>Financial assets</b>				
Community Loan	1,732		1,732	
Listed shares - Fonterra Group	441	441		
<b>30 June 2013 -Group</b>				
<b>Financial assets</b>				
Community Loan	1,732		1,732	
Listed shares - Fonterra Group	441	441		

The fair value of Fonterra Co-operative Group Ltd as at 30 June 2014 has been determined with reference to the NZX share price on 30 June 2014. The changes in fair value of shares has been recognised in Other comprehensive income.

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

## Financial instrument risks

MDC has a series of policies to manage the risks associated with financial instruments. MDC is risk averse and seeks to minimise exposure from its treasury activities. MDC has established Council approved Liability Management and Investment policies. These policies do not allow any transactions that are speculative in nature to be entered into.

## Market risk

### Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices. Council is exposed to equity securities price risk on its investments, which are classified as financial assets available for sale. This price risk arises due to market movements in listed securities. This price risk is managed by diversification of Council's investment portfolio in accordance with the limits set out in Council's Investment policy.

## Currency risk

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

## Interest rate risk

### Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Borrowing issued at fixed rates exposes the MDC to fair value interest rate risk. MDC's Liability Management policy outlines the type of borrowing allowed.

### Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Borrowings and investments issued at variable interest rates expose MDC to cash flow interest rate risk.

## Credit risk

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

MDC invests funds only in deposits with registered banks and local authority stock and its Investment policy limits the amount of credit exposure to any one institution or organisation.

Investments in other Local Authorities are secured by charges over rates. Other than other local authorities, the group only invests funds with those entities, which have a Standard and Poor's credit rating of at least A -. Accordingly, the group does not require any collateral or security to support these financial instruments.

## Maximum exposure to credit risk

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

	Balance as at 30 June			
	Council		Group	
	Actual 2014 \$000	Actual 2013 \$000	Actual 2014 \$000	Actual 2013 \$000
Cash at bank and term deposits	9,450	6,396	9,950	7,099
Debtors & other receivables	4,776	8,820	4,760	8,782
Community loans	3,960	3,170	2,703	1,830
Local authority stock and other investments	641	732	641	732
Financial guarantees	-	-	-	-
<b>Total credit risk</b>	<b>18,827</b>	<b>19,118</b>	<b>18,053</b>	<b>18,443</b>

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

Council is exposed to a credit risk as a guarantor of all of the LGFA's borrowings. Information about this exposure is explained in Note 27.

## 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:

	Rating	Balance as at 30 June			
		Council		Group	
		Actual 2014 \$000	Actual 2013 \$000	Actual 2014 \$000	Actual 2013 \$000
<b>COUNTERPARTIES WITH CREDIT RATINGS</b>					
Cash and term deposits					
Cash at bank and bank term deposits	AA-	8,986	6,172	9,726	6,875
NZLGFA borrower's notes	AA	464	224	464	224
<b>Total cash at bank and term deposits</b>		<b>9,450</b>	<b>6,396</b>	<b>10,290</b>	<b>7,099</b>
Other investments					
Unlisted shares in NZ Local Government Funding Agency (NZLGFA)	AA	100	100	100	100
Total other investments		100	100	100	100
<b>COUNTERPARTIES WITHOUT CREDIT RATINGS</b>					
Local authority stock, community loans and unlisted shares					
Existing counterparty with no defaults in the past		4,502	3,802	4,502	2,462
Existing counterparty with defaults in the past		-	-	-	-
<b>Total local authority stock, community and rural housing loans</b>		<b>4,502</b>	<b>3,802</b>	<b>4,502</b>	<b>2,462</b>

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

## Liquidity risk

### Management of liquidity risk

Liquidity risk is the risk that MDC 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. MDC aims to maintain flexibility in funding by maintaining sufficient short-term investments.

In meeting its liquidity requirements, MDC maintains a target level of investments that must mature within the next 12 months.

MDC manages its borrowings in accordance with its funding and financial policies, which include a Liability Management Policy. These policies have been adopted as part of the MDC's Long Term Council Community Plan.

### Contractual maturity analysis of financial liabilities

The table below analyses Council's financial liabilities into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date. Future interest payments on floating rate debt are based on the floating rate on the instrument at the balance date. The amounts disclosed are the contractual undiscounted cash flows.

Financial Liabilities	Carrying Amount \$000	Contractual Cash Flows \$000	Less than 1 year \$000	1-5 years \$000	More than 5 years \$000
<b>Council 2014</b>					
Creditors & other payables	7,645	7,645	7,645	-	-
Secured loans	38,175	46,145	8,546	17,116	20,483
Financial guarantees	-	-	-	-	-
<b>Total</b>	<b>45,821</b>	<b>53,790</b>	<b>16,191</b>	<b>17,116</b>	<b>20,483</b>
<b>Group 2014</b>					
Creditors & other payables	7,869	7,869	7,869	-	-
Secured loans	38,175	46,145	8,546	17,116	20,483
Financial guarantees	-	-	-	-	-
<b>Total</b>	<b>46,045</b>	<b>54,014</b>	<b>16,415</b>	<b>17,116</b>	<b>20,483</b>
<b>Council 2013</b>					
Creditors & other payables	9,231	9,231	9,231	-	-
Secured loans	29,135	33,658	7,896	16,030	9,732
Financial guarantees	-	-	-	-	-
<b>Total</b>	<b>38,366</b>	<b>42,889</b>	<b>17,127</b>	<b>16,030</b>	<b>9,732</b>
<b>Group 2013</b>					
Creditors & other payables	9,256	9,256	9,256	-	-
Secured loans	29,135	33,658	7,896	16,030	9,732
Financial guarantees	-	-	-	-	-
<b>Total</b>	<b>38,390</b>	<b>42,914</b>	<b>17,152</b>	<b>16,030</b>	<b>9,732</b>

### Contractual maturity analysis of financial assets

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



Financial Assets	Carrying Amount \$000	Contractual Cash Flows \$000	Less than 1 year \$000	1-5 years \$000	More than 5 years \$000
<b>Council 2014</b>	8,386	8,386	8,386	-	-
Cash and cash equivalents	4,776	4,776	4,776	-	-
Debtors & other receivables					
Other financial assets:	1,064	1,292	699	299	294
Term deposits/borrower's notes	2,703	6,076	82	1,219	4,775
Community loans					
Community loans - related party	1,258	1,803	141	562	1,100
<b>Total</b>	<b>18,187</b>	<b>22,332</b>	<b>14,083</b>	<b>2,080</b>	<b>6,169</b>
<b>Group 2014</b>					
Cash and cash equivalents	9,126	9,126	9,126	-	-
Debtors & other receivables	4,760	4,760	4,760	-	-
Other financial assets:					
- Term deposits/borrower's notes	824	1,292	699	299	294
- Community loans	2,703	6,385	82	1,219	5,084
<b>Total</b>	<b>17,412</b>	<b>21,562</b>	<b>14,666</b>	<b>1,518</b>	<b>5,378</b>
<b>Council 2013</b>					
Cash and cash equivalents	5,572	5,572	5,572	-	-
Debtors & other receivables	8,820	8,820	8,820	-	-
Other financial assets:					
- Term deposits/borrower's notes	824	967	-	788	179
- Community loans	1,830	6,091	9	998	5,084
- Community loans - related party	1,340	1,970	142	570	1,258
<b>Total</b>	<b>18,386</b>	<b>23,420</b>	<b>14,543</b>	<b>2,356</b>	<b>6,521</b>
<b>Group 2013</b>					
Cash and cash equivalents	6,065	6,065	6,065	-	-
Debtors & other receivables	8,782	8,782	8,782	-	-
Other financial assets:					
- Term deposits/borrower's notes	1,034	1,177	210	788	179
- Community loans	1,830	6,091	9	998	5,084
<b>Total</b>	<b>17,711</b>	<b>22,115</b>	<b>15,066</b>	<b>1,786</b>	<b>5,263</b>

Council is exposed to liquidity risk as a guarantor of all of the LGFA's borrowings. This guarantee becomes callable in the event of the LGFA failing to pay its borrowings when they fall due. Information about this exposure is explained in Note 27.

## Sensitivity analysis

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

<b>COUNCIL</b>		<b>2014</b>				<b>2013</b>			
		<b>-100bps</b>	<b>Other Equity</b>	<b>+100bps</b>	<b>Other Equity</b>	<b>-100bps</b>	<b>Other Equity</b>	<b>100bps</b>	<b>Other Equity</b>
	<b>Foot note</b>	<b>Profit</b>	<b>Profit</b>	<b>Profit</b>	<b>Profit</b>	<b>Profit</b>	<b>Profit</b>	<b>Profit</b>	<b>Profit</b>
		<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>INTEREST RATE RISK</b>									
<b>Financial assets</b>									
Cash and cash equivalents	1	(31)	-	31	-	(26)	-	26	-
Other financial assets:									
Term deposits	3	-	-	-	-	(1)	-	1	-
Community and related party loans	2	(59)	-	59	-	(31)	-	31	-
Other investments	3	(2)	-	2	-	-	-	-	-
<b>Financial liabilities</b>									
Secured loans	4	175	-	(175)	-	110	-	(110)	-
<b>Total sensitivity to interest rate risk</b>		<b>83</b>	<b>-</b>	<b>(83)</b>	<b>-</b>	<b>52</b>	<b>-</b>	<b>(52)</b>	<b>-</b>
<b>EQUITY PRICE RISK</b>									
<b>Financial assets</b>									
Other financial assets:									
NZ Local Government Insurance Corp Ltd	5	-	-	-	-	-	-	-	-
Shares in Manawatu-Wanganui LASS Limited	5	-	-	-	-	-	-	-	-
Shares in NZ Local Government Funding Agency	5	-	-	-	-	-	-	-	-
- Shares in Fonterra	6	-	(3)	-	3	-	(4)	-	4
<b>Total sensitivity to equity price risk</b>		<b>0</b>	<b>(3)</b>	<b>0</b>	<b>3</b>	<b>0</b>	<b>(4)</b>	<b>0</b>	<b>4</b>

## Explanation of sensitivity analysis - Council

### Financial Assets

#### 1 Cash and cash equivalents

Cash and cash equivalents include deposits on-call totalling \$3,114,716 (2013: \$2,570,556) which are at floating rates. A movement in interest rates of plus or minus 1.0% has an effect on interest income of \$31,147 (2013: \$25,706).

#### 2 Community loans

Council has floating rate community advances with a principal amount totalling \$5,977,031 (2013: \$3,170,135). A movement in interest rates of plus or minus 1.0% has an effect on interest income of \$59,770 (2013: \$31,701).

### 3 Local authority stock and other investments

Council has floating rate term bonds and deposits totalling \$208,000 (2013: \$112,000) that are held to maturity. A movement in interest rates of plus or minus 1.0% has an effect on interest income of \$2,080 (2013: \$1,120).

## Financial Liabilities

### 4 Secured loans

Council has a floating rate debt with a principal amount totalling \$17,500,000 (2013: \$11,000,000). A movement in interest rates of plus or minus 1.0% has an effect on interest income of \$175,000 (2013: \$110,000).

## Equity

### 5 Unlisted shares

Council holds unlisted equity instruments in NZ Local Government Insurance Corp Ltd, which are not traded and will continue to be held by Council. The market value of these shares is difficult to determine, but the net asset backing of this shareholding was \$228,440 at 31 December 2013. Council accounts for these shares at cost.

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

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

### 6 Listed shares

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

## GROUP

	Foot note	2014				2013				
		-100bps	+100bps		-100bps	100bps		Other Equity		
		Profit	Other Equity	Profit	Other Equity	Profit	Other Equity	Profit	Other Equity	
		\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	
<b>INTEREST RATE RISK</b>										
<b>Financial assets</b>										
Cash and cash equivalents	1	(33)	-	33	-	(26)	-	26	-	
Other financial assets:										
Term deposits	3	-	-	-	-	(1)	-	1	-	
Community and related party loans	2	(47)	-	47	-	(18)	-	18	-	
Other investments	3	(2)	-	2	-	-	-	-	-	
<b>Financial liabilities</b>										
Secured loans	4	175	-	(175)	-					
<b>Total sensitivity to interest rate risk</b>		<b>93</b>	<b>-</b>	<b>93</b>	<b>-</b>	<b>(65)</b>	<b>-</b>	<b>65</b>	<b>-</b>	
<b>EQUITY PRICE RISK</b>										
<b>Financial assets</b>										
Other financial assets:										
NZ Local Government Insurance Corp Ltd	5	-	-	-	-	-	-	-	-	
Shares in Manawatu-Wanganui LASS Limited	5	-	-	-	-	-	-	-	-	
Shares in NZ Local Government Funding Agency	5	-	-	-	-	-	-	-	-	
- Shares in Fonterra	6	-	(3)	-	3	-	(4)	-	4	
<b>Total sensitivity to equity price risk</b>		<b>-</b>	<b>(3)</b>	<b>-</b>	<b>3</b>	<b>-</b>	<b>(4)</b>	<b>-</b>	<b>4</b>	

## Explanation of sensitivity analysis - Group

### Financial Assets

#### 1 Cash and cash equivalents

Cash and cash equivalents include deposits on-call totalling \$3,396,717 (2013: \$2,629,463) which are at floating rates. A movement in interest rates of plus or minus 1.0% has an effect on interest income of \$33,967 (2013: \$26,295).

#### 2 Community loans

The Group has floating rate community advances with a principal amount totalling \$4,718,937 (2013: \$1,830,135). A movement in interest rates of plus or minus 1.0% has an effect on interest income of \$47,189 (2013: \$18,301).

#### 3 Local authority stock and other investments

The Group has floating rate term bonds and deposits totalling \$208,000 (2013: \$112,000) that are held to maturity. A movement in interest rates of plus or minus 1.0% has an effect on interest income of \$2,080 (2012: \$1,120).

## Financial Liabilities

### 4 Secured loans

The Group has a floating rate debt with a principal amount totalling \$17,500,000 (2013: \$11,000,000). A movement in interest rates of plus or minus 1.0% has an effect on interest income of \$175,000 (2013: \$110,000).

## Equity

### 5 Unlisted shares

The Group holds unlisted equity instruments in NZ Local Government Insurance Corp Ltd, which are not traded and will continue to be held by the Group. The market value of these shares is difficult to determine, but the net asset backing of this shareholding was \$228,440 at 31 December 2013. The Group accounts for these shares at cost.

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

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

### 6 Listed shares

Group holds listed shares in Fonterra Group, which are not traded and will continue to be held by the Group. The sensitivity for listed shares has been calculated based on a -10%/+10% movement in the quoted bid share price at year-end for the listed shares.

## 33. 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. Ratepayer's funds are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments, and general financial dealings.

The objective of managing these items is to achieve intergenerational equity, which is a principle promoted in the Act and applied by the Council. Intergenerational equity requires today's ratepayers to meet the costs of utilising the Council's assets and not expecting them to meet the full cost of long-term assets that will benefit ratepayers in future generations. Additionally, the Council has in place asset management plans for major classes of assets detailing renewal and maintenance programmes, to ensure ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

The Act requires the Council to make adequate and effective provision in its Long Term Plan (LTP) and in its Annual Plan (where applicable) to meet the expenditure needs identified in those plans. The Act sets out the factors that the Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the Revenue and Financing Policy in the Council's LTP.

MDC has the following Council created reserves:

- \* Trust and Bequest Funds
- \* Special Funds

Trust and bequest reserves are set up where Council has been donated funds that are restricted for particular purposes. Interest is added to the trust and bequest reserves where applicable and deductions are made where funds have been used for the purpose they were donated (see note 24).

Special Funds have been set aside by Council for specific purposes (see note 24).

## 34. Explanation of Major Variances against Budget

Explanations for major variations between the actual results and the estimated figures in the 2013/14 Annual Plan, which is the second year of the Long Term Plan 2012-2022, are detailed below.

### Income Statement

The operating surplus before losses and tax for the year is \$4.9m, against a budgeted surplus of \$3.4m. The following are the most significant variances:

- Revenue from Development Contributions is \$221k below budget. This is a result of fewer subdivision applications being received or approved subdivision consents that have not yet been actioned.
- Finance costs are \$0.6m lower than budgeted. Council has elected to fund a portion of its capital work through internal borrowing instead of fully funding through external sources. The external loans raised this period were at a lower interest rate than budgeted. In addition, the loans raised were lower than budgeted by \$4.2m (see comments below).
- Existing funds were used to fund capital expenditure therefore; investment balances during the year were lower than budgeted. As a result, interest received is \$0.4m lower than budgeted for.
- The loan to the Manawatu Community Trust for the Feilding Integrated Family Health Centre has not been uplifted. This has impacted on Council's interest income and interest expense this year. The project is now scheduled to commence in December 2015.
- Roading operational expenditure is \$0.8m greater than planned. This is as a result of storm events in July and October 2013. This was funded by increased subsidies from the New Zealand Transport Agency.
- The budget included \$1.1m subsidy from the Ministry of Health for the Rongotea Water Supply project. The project has commenced and carried forward to the 2014/15 financial year. Only \$54,000 has been received in the 2013/14 financial year.
- Due to a decrease in the valuation of infrastructural assets (1 July 2013), the depreciation expenditure is \$0.6m lower than budgeted.

### Balance Sheet

The most significant movements are:

- Only 73% of the planned capital work was completed during the year (including intangibles assets), resulting in property, plant and equipment and the associated borrowing being lower than budgeted. Individual variations are documented within the individual activity reports.
- Council revalued its infrastructural assets on 1 July 2013 and land and buildings on 30 June 2014. This resulted in a decrease in the asset valuation and corresponding revaluation reserve of \$10m. The budget provided for a revaluation increase of \$22m. When budgeting for revaluation, Council used the planned inflation rate. Infrastructural assets are revalued annually and the land and buildings are revalued every three years. The revaluation is based on actual contract rates, technology changes and changes in the property market.
- Investments in Council Organisations is below budget as the Manawatu Community Trust has not uplifted the agreed loan of \$2.5m for the Feilding Integrated Family Health Centre. This is offset by borrower notes from the Local Government Funding Agency. Council is required to invest in borrow notes when it raises debt from the Agency.
- Creditors are lower than the previous year but higher than budget. Creditors are affected by the the timing of large capital projects. At 30 June 2013 there were significant capital projects in progress.

- The Annual Plan included \$4m of assets “held for sale” (\$1.5m current and \$2.5m non-current). This related to the land associated with the Manfeild Park Development. At balance date, the subdivision of this land had not been finalised and consequently the land is included as operational land as part of property, plant and equipment. The assets included as “held for sale” relate to the Sanson Hotel site and adjacent land.

## Statement of Cash Flows

The variances in the Statement of Cash Flow are a direct result of the items mentioned above.

## Report on Liability Management and Investment Policies

### Liability Management Policy

#### Commentary

During the course of the financial year, Council repaid \$11.1 million of debt, raised \$20.2 million of debt, resulting in an increase of debt from \$29.1 million at the start of the financial year to \$38.2 million as at 30th June 2014.

### Key Statistics

Actual 2013		Actual 2014	Budget 2014
2.6%	Gross Interest Expense compared to Operating Revenue not to exceed 10%	3.3%	4.8%
4.5%	Gross Interest Expense compared to Rates Revenue not to exceed 20%	5.8%	8.6%
12.6	Net Cash flows from operating activities to exceed Gross Interest Expense by 1.5 times	10.7	7.4
1.43	Net Working Capital Ratio is greater than 1 (Current assets compared to current liabilities excluding current portion of debt and Properties for Sale)	1.64	1.03
4.9%	Total Debt compared to Total Assets	6.4%	6.8%

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

Result: Loans are due for repayment between July 2014 and April 2023. No more than 18% of the current term loans (\$38m) are due in any one year. Therefore, the measure is complied with.

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

## Investment Policy

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

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

### Interest Received

Interest received on investments at \$249,000 was up on last year's \$237,000 due to a change in market interest rates and the amounts invested.

### Other Equity Investments

Council has maintained its joint forestry with Palmerston North City Council along with its historical investment in Local Government Cost Index.

Council has become a shareholder of the New Zealand Local Government Funding Agency Limited (NZLGFA) in December 2012.

Council complied with its Investment Management Policy during the year.

## Report on Revenue and Financing Policy

### Introduction

Council's current Revenue and Financing Policy was adopted as part of the 2012-2022 Long Term Plan (LTP). The Funding Policy sets out who will pay and how for Council's functions.

Part 6 s 103 (3) of the Local Government Act 2002 specifies that every local authority must provide in its annual report sufficient information about the Revenue and Financing Policy to enable an informed assessment of the extent to which the objectives and provisions of the policy have been met during the year.

This report summarises progress against the policy for the year ended 30 June 2014 and includes:

- Overall performance
- Summary table, including notes on key variations

### Overall Performance

Overall, the funding mix proposed by the Funding Policy was achieved.

The most significant variation was in Solid Waste Disposal due to a new contract in place resulting in an amendment of the Revenue and Funding Policy. Please refer to Solid Waste activity for more details.



## Summary Table

Significant	ACTUAL		Function	FUNDING POLICY	
	Public	Private		Public	Private
<b>Activity</b>					
<b>Community Facilities</b>	76%	24%	Cemeteries	60%	40%
	95%	5%	District Libraries	95%	5%
	68%	32%	Makino Aquatic Centre	65%	35%
	89%	11%	Parks and Reserves	95%	5%
	80%	20%	Property	100%	0%
	100%		Local Halls and Complexes	100%	0%
	100%		Public Conveniences	100%	0%
	100%		Public Conveniences in Parks and Reserves	90%	10%
<b>District Development</b>	100%		Community Development	100%	0%
	100%		Economic Development	100%	0%
	20%	80%	Feilding CBD Security	20%	80%
<b>Emergency Management</b>	100%	0%	Civil Defence	100%	0%
	84%	16%	Rural Fire	100%	0%
<b>Environmental &amp; Regulatory Management</b>	42%	58%	Animal Control	45%	55%
	44%	56%	Building Control	40%	60%
	80%	20%	District Planning	79%	21%
	92%	8%	Environmental Health	94%	6%
	44%	56%	Liquor Licensing	48%	52%
<b>Governance and Strategy</b>	100%		Governance and Strategy	100%	0%
<b>Roading Network</b>	48%	52%	Roading	55%	45%
	0%	100%	Feilding CBD Redevelopment	0%	100%
<b>Solid Waste</b>	35%	65%	Solid Waste Collection	35%	65%
	49%	51%	Solid Waste Disposal	45%	55%
	100%		Recycling System and Centre	100%	0%
	100%		Feilding Kerbside Collection	0%	100%
<b>Stormwater</b>	20%	80%	Urban Stormwater	20%	80%
	0%	100%	Rural Land Drainage	0%	100%
<b>Wastewater</b>	0%	100%	Wastewater	0%	100%
<b>Water Supply</b>	0%	100%	Water Supply	0%	100%

## Report on Council Controlled Organisations

### The Manawatu Community Trust

The Manawatu Community Trust was formed on 23 June 2008. The purpose of the Trust is the provision of housing for the elderly and disabled of the Manawatu district, the promotion of health and wellbeing services for the residents of the Manawatu district, as well as promotion of any purposes within the Manawatu district for the relief of poverty and for the benefit of residents of the Manawatu district. Following is the income statement for the year ended 2014.

<b>Manawatu Community Trust</b>	2014	2013
<b>Income Statement for the Year ended 30 June 2014</b>	\$ 000	\$ 000
<b>INCOME</b>		
Rents Received	1,187	1,117
Interest	10	9
Grants and Donations	79	45
Other income	4	23
<b>Total Income</b>	<b>1,280</b>	<b>1,194</b>
<b>EXPENDITURE</b>		
Employee benefit expenses	176	122
Depreciation	354	337
Other expenses	627	569
Finance costs	78	54
Loss on assets disposal	142	328
Property Plant and Equipment impairment loss	355	-
<b>Total Operating Expenditure</b>	<b>1,732</b>	<b>1,410</b>
<b>Operating Surplus/(Deficit)</b>	<b>(452)</b>	<b>(216)</b>
Other comprehensive income	-	-
<b>Net Surplus/(Deficit)</b>	<b>(452)</b>	<b>(216)</b>

### Heartland Contractors Limited

Council has exempted this from being a CCO.

### Feilding Civic Centre

Council has exempted this from being a CCO.

### Wanganui-Manawatu Lass Limited

This company was set up in 2008 by seven local councils to investigate the possibilities of economies of scales by joint procurement. Council has exempted this from being a CCO.

**Statement of Intent Reporting:**

## Manawatu Community Trust: for year ending 30 June 2014

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

The Trust will meet the following outcomes:

### Housing Provision

Provide affordable and sustainable housing to residents who meet the eligibility criteria set.

#### Management comment:

A full rent review was completed on 8 April 2014. The CPI to year end 31 December 2013 was 1.6%.

- It was agreed that rents for MCT flats be increased by \$2 effective at 1 July 2014. This increase reflected the increase in CPI to 31 December 2013 and an improved service delivered by Manawatu Community Trust.
- All newly upgraded flats rental to be considered at the time of the upgrade.

### Housing Maintenance

Apply the criteria used to assess units to a standard appropriate for housing elderly and disabled.

Continue to identify and prioritise the need for refurbishments and upgrades of the housing stock.

Be responsive to urgent maintenance requirements or resident's health and safety needs.

#### Management comment:

Upgraded and refurbished MCT flats have been reassessed against the Manawatu Community Trust standards for housing for the elderly and disabled and included in the overall rating that provides the Trust with a warrant of fitness on each flat.

21.4% – 44 (2013: 18% & 37) flats have an A rating overall (highest level)

15.6% - 32 (2013: 14.6% & 30) flats have a B rating overall

62.9% - 129 (2013: 66.8% & 137) flats have a C rating overall

0% - 0 (2013: 0% & 0) flats have a D rating overall

In the last year, 5 flats have been upgraded and 2 flats have been refurbished.

Identified housing stock that requires a major upgrade include:

Elizabeth Flats 1 – 7

Rawhiti Flats 1 – 6

Argyle Flats 6 - 9

Rangimarie Flats 1 – 12, 14, 15.

Requests for maintenance are received, and responded to daily. This year the monthly average of maintenance requests was 22.4. Last year the monthly requests averaged 26

### Housing Occupancy

Maintain a high occupancy level.

Keep a waiting list when housing is fully tenanted.

#### Management comment:

For the year ended, the average occupancy level over the year was 93%. This was 1% higher than the previous year, but below the targeted level of 95%. Alexandra complex had an average occupancy level of 92.7%, being the result of the completion of the upgrade programme. With the flat environment reflecting a modern layout, warmer and improved privacy for the tenant, these flats have become sought after. We had 5 flats in Cargill Ave upgraded during the first five months of the year in addition two flats were refurbished. We currently have two other flats empty awaiting

refurbishment in the next financial year. We also experienced an increase of flat movement of 29% on the previous year. These two factors contributed to a lower than expected occupancy. Both Sanson and Rongotea flats experienced similar occupancy levels to the previous year of around 80%.

## Health

Lead and facilitate the development and establishment of an Integrated Family Health Centre in Feilding.

Carry out the construction and ownership of the facility.

### Management comment:

At year's end, the Trust had reached agreement with MCDHB on a sale/lease agreement for the buildings and land. This agreement had also been approved by the Minister of Health. This agreement will become a legal document binding on both parties once a possession and settlement date becomes available. It is expected that this will occur in September 2014. The Trust was also in negotiations with the Feilding doctor's group on a head lease agreement. These negotiations were continuing as at the 30 June 2014.

## Community Wellbeing

The Trust will collaborate with and/or support community groups that enhance the wellbeing of Manawatu District residents.

Manage the Manawatu Community, Development and Research Project funded by Internal Affairs

### Management comment:

The first year of this research project was completed and a proposal for the second year of the project submitted to Department Internal Affairs. A number of rural communities were surveyed as were social service agencies within Feilding. A report and interim findings for the period 1 September 2013 – 28 Feb 2014 was presented to the Trust on 18 March 2014.

## Finance

The Trust will comply with current accounting policies.

### Management comment:

The Trust has complied with current finance and investment policies and achieved its planned performance indicators.

Ensure that a positive financial return on investment in line with the nature and condition of the housing portfolio is achieved for re-investment in housing and repayment of Capital Loan. The net result for the year shows a net deficit due to:

- \$141,978 one-off loss on disposal of assets replaced in a number of flats which undertook major refurbishment upgrade projects during the year ended 30 June 2014.
- \$(355,548) net loss on revaluation of land and buildings, following revaluation carried out as at 30 June 2014 by the Quotable Value Limited. This is the result of \$(618,548) decrease in market value of buildings, slightly offset by an increase in value of land by \$263,000.
- 46.46% of rental income for the year ending 30 June 2014 was spent on capital improvements and major maintenance

Provide Financial Reporting to the Manawatu District Council as required.

### Management comment:

The Trust presented the 12 monthly report as at 30 June 2013 to Manawatu District Council on 19 December 2013. MDC decided due to the delay caused by council elections that the six monthly report as at 31 December 2013 would not be required as the Trust took the opportunity to brief the council on current matters in the report presented on 19 December 2013.

Maintain the ratio of consolidated trusts funds to total assets to be no less than 60:40. At 30 June 2014, this ratio was 89:11

# Annual Report benchmarks disclosure statement for year ending 30 June 2014

## 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 million dollar.

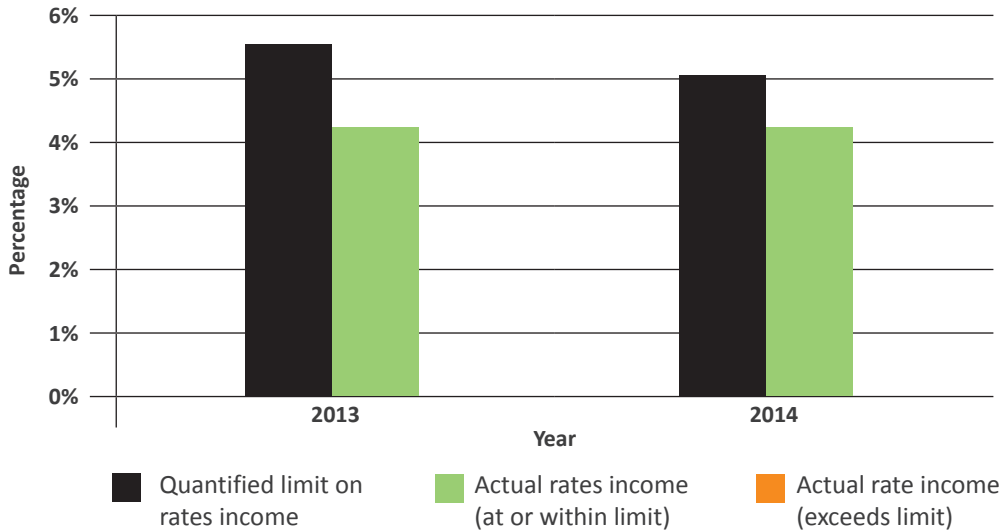


There are no quantified limits on rates income for financial years prior to the 2013 financial year.

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

## 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%.



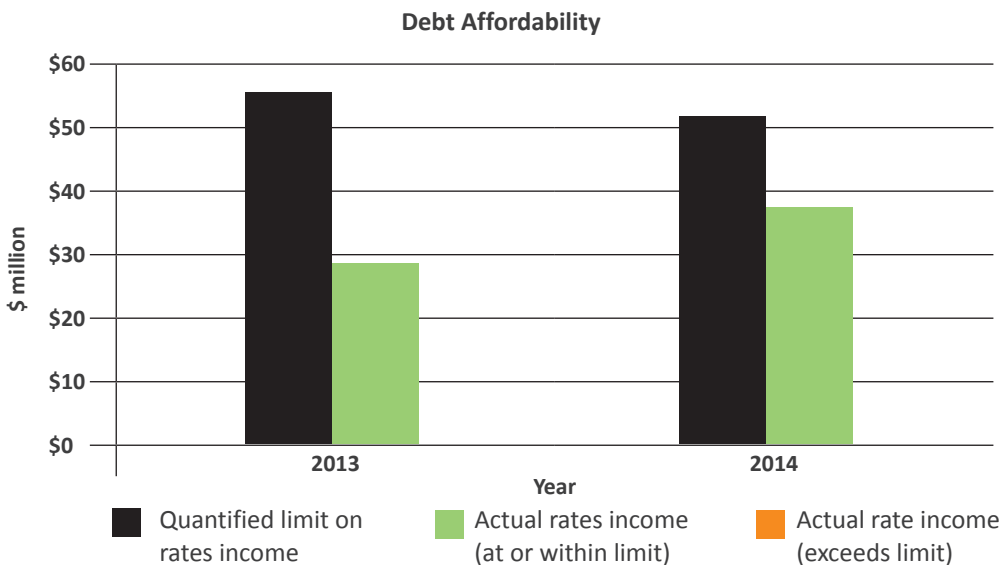
There are no quantified limits on rates increase for financial years prior to 2013 financial year.

## Debt affordability benchmark

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

The following graph compares the council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the council's long-term plan. The quantified limit is the maximum planned debt allowed measured in millions of dollars and it is based on the borrowing limits established in the Council's Liability Management policy (refer below) which yields the lowest debt. In this case, it is the interest being less than 10% of operating revenue less \$8 million emergency buffer.

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



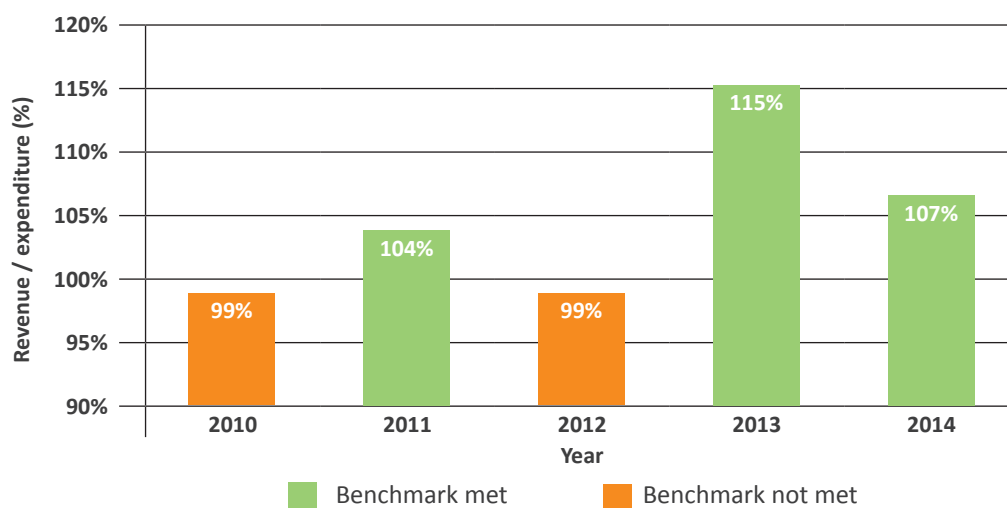
Note: There is no maximum planned debt stipulated for financial years prior to 2012/13 in the council's Long-Term Plan.

## 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.



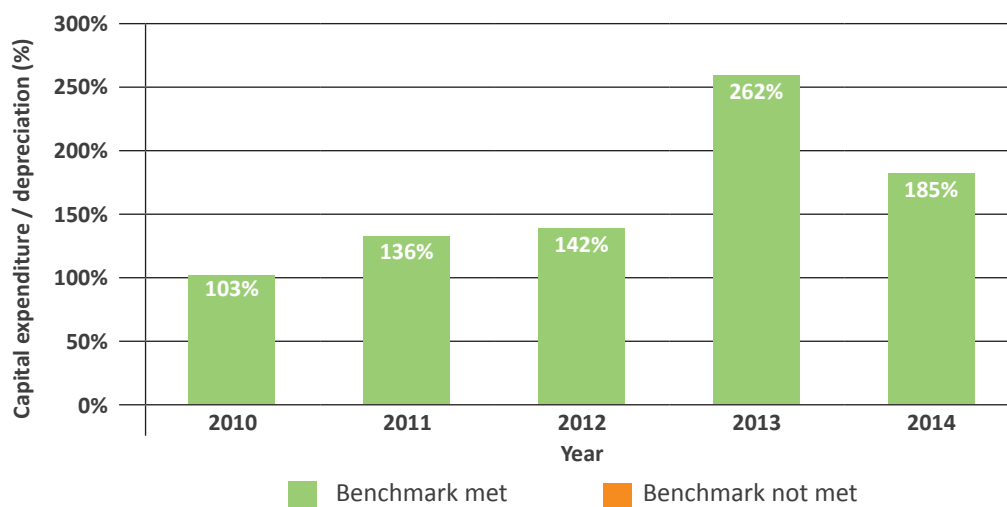
The benchmark was not met for the year 2010, as there has been a one-off significant impairment of loan advanced of \$1.5m to Manfeild Park Trust.

The benchmark was not met for the year 2012, as there was a \$1m expense as a result of the transfer of Totara Reserve to Horizons Regional Council.

### Essential services benchmark

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

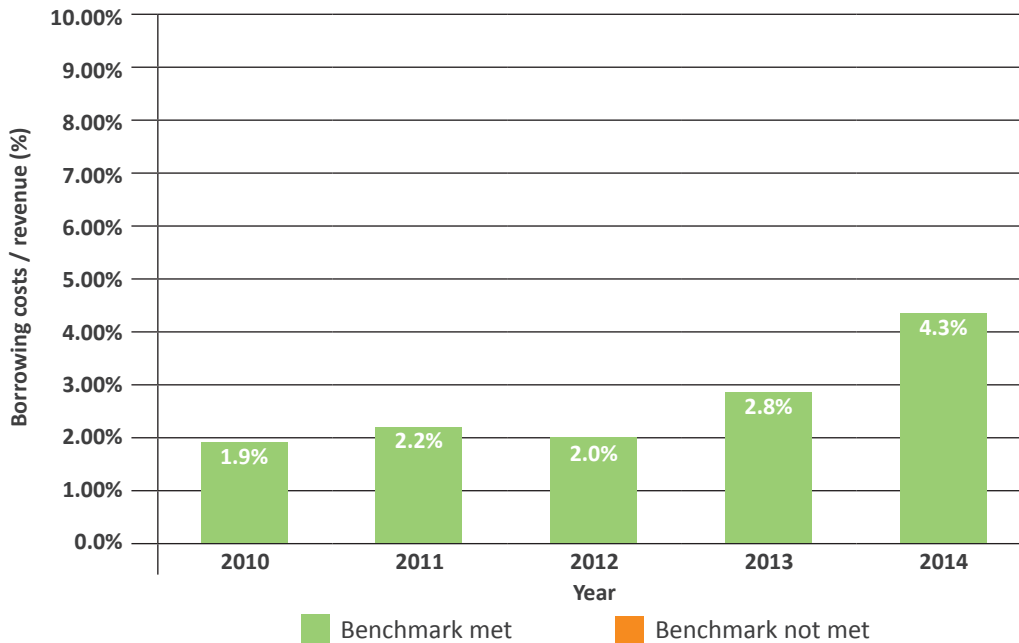
The council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



## Debt servicing benchmark

The following graph displays the council's borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment).

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

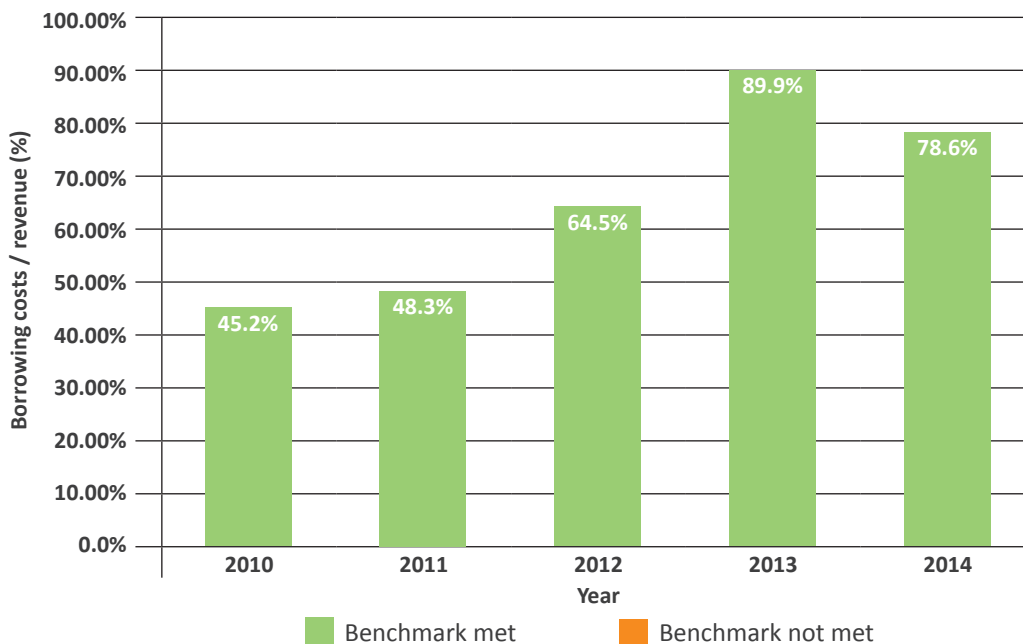


## PREDICTABILITY BENCHMARKS

### 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.

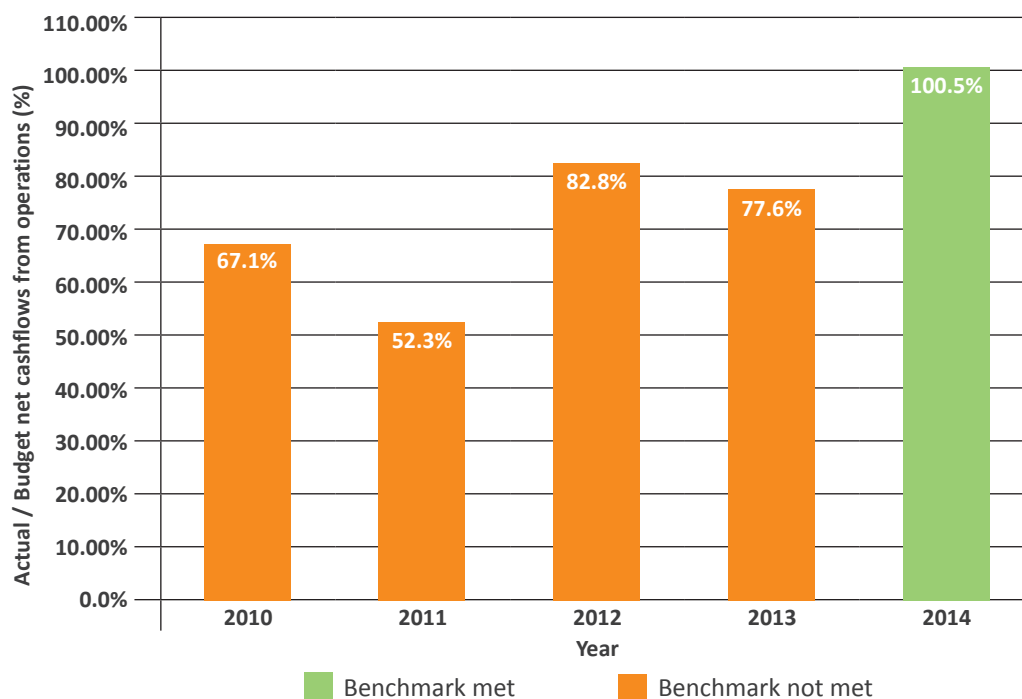




## Operations control benchmark

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.



### Notes:

for year 2010: Budgeted operational revenue includes roading subsidies (\$5.0m) for capital work surrounding the strategic roading network. This work was deferred to 2010/2011 year and consequently the subsidy was not received. Actual revenue from Development Contributions is below the budgeted amount by \$0.6m due to fewer subdivision applications received.

for year 2011: Capital subsidies for the Himatangi Community Sewerage Scheme (\$2.9m) and Rongotea Water Scheme (\$2.3m) were included in the budgeted operational revenue for the 2011 year, however, projects were delayed. Budgeted operational revenue also includes roading subsidies of \$8.4m for capital expenditure, which includes \$2.9m for the work surrounding the strategic roading network. This work was not carried out due to significant flooding event in September 2010 and consequently the subsidy was not received

for year 2012: Subsidies for the Himatangi Community Sewerage Scheme (\$2.0m) and the Rongotea Water Supply Scheme (\$2.3m) were included in the budgeted operational revenue. Work on these schemes was delayed and consequently the subsidy was not received during the year. Development contributions are included in the budgeted operational revenue, however, there were fewer applications for the subdivisions received than budgeted for.

for year 2013: Capital subsidies for the Himatangi Community Sewerage Scheme (\$3.2m) and Rongotea Water Supply Scheme (\$1.2m) were included in the budgeted operational revenue for the 2013 year. Work for Himatangi Community Sewerage Scheme has been delayed and only \$1.1m was actual received. Work on Rongotea Water Supply Scheme was postponed and consequently the subsidy was not received.

for year:2014: The Annual Plan included a capital subsidy for the Rongotea Water Supply Scheme of \$1.1m. Due to the delay in the commencement of this project, the actual subsidy received was only \$54,000. The project has now commenced and the unspent capital expenditure and associated subsidy has been carried forward to the 2014/15 financial year.



## Section Four

# Other Information

This section of the Annual Report contains the following information:

- **Manawatu District Council : Organisation Structure**
- **Manawatu District Council: Activities and Functions**
- **Member's Responsibilities**
- **Equal Employment Opportunities Statement**
- **Maori Capacity to Contribute to Decision-Making**
- **Grants 2013/2014**
- **Glossary**

## Executive Team



**Chief Executive**  
Lorraine Vincent



**General Manager  
Community and Strategy**  
Brent Limmer



**General Manager  
Infrastructure**  
Hamish Waugh



**General Manager  
Business**  
Shayne Harris



**General Manager  
People and Culture**  
Linda Gordon

# Manawatu District Council: Activities and Functions



## Key

### Activity Group

- » Function

## Member's Responsibilities

### Standing Committee Membership at 30 June 2014 (after Local Elections)

Elected Members	Strategic Planning and Policy	Workshop Meeting Committee	Hearings Committee	Marae Consultative Standing Committee	MDC/PNCC Joint Strategic Planning Committee
Mayor	✓	✓ (C)		✓ (C)	✓
Cr Bielski	✓	✓			
Cr Cameron	✓	✓	✓ (DC)	✓	✓
Cr Casey	✓	✓	✓ **		✓
Cr Ellery	✓	✓	✓ *		
Cr Heslop	✓	✓			
Cr James	✓	✓			
Cr Jensen	✓ (C)	✓	✓		✓
Cr Quarrie	✓	✓			
Cr Short	✓	✓ (DC)		✓	✓
Cr Voss	✓ (DC)	✓	✓ (C)		✓

\* Cr Ellery was a member of the Hearings Committee up until March 2014.

\*\*Cr Casey is a member of the Hearings Committee from April 2014.

### Subcommittee Membership at 30 June 2014 (after Local Elections)

Elected Members	Community Funding	Chief Executive's Employment
Mayor	✓	✓ (C)
Cr Bielski		✓
Cr Cameron	✓ (C)	✓
Cr Casey		✓
Cr Ellery	✓	✓
Cr Heslop	✓	✓
Cr James	✓	✓
Cr Jensen		✓ (DC)
Cr Quarrie		✓
Cr Short	✓ (DC)	✓
Cr Voss		✓

#### Key

✓ = Member of Committee

(C) = Chairperson

(DC) = Deputy Chairperson

## Equal Employment Opportunities Statement

The Local Government Act 2002 requires the Council to publish its plans for ensuring equal employment opportunity, and to report on its performance. The Manawatu District Council is committed to developing equal opportunities for current and future employees. The Council believes fair and equitable employment practices are essential for an efficient and effective workforce to be maintained. Staff will be recruited, appointed, trained, remunerated and promoted on the basis of their paid and unpaid work experience, ability, skills and future potential.

An ongoing programme of action is put in place that aims to prevent discrimination because of:

- Gender
- Disability
- Marital status
- Religious, cultural or political belief
- Family responsibilities
- Sexual preference
- Race
- Age
- Employment Status

The programme is ongoing and is incorporated into our policies and practices. All appropriate Manawatu District Council employment policies reflect our ongoing commitment to EEO with regular reviews and staff education to promote an organisation that values diversity and prevents discrimination. In particular, the following policies reflect EEO principles:

- Recruitment policy and procedures
- Remuneration strategy
- Harassment policy

Staff at all levels are expected to foster and contribute to the implementation and ongoing review of the EEO programme and principles.

## Summary of the 2013/14 Equal Employment Opportunities Programme

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

## Development of Maori Capacity to Contribute to Decision-Making

The Manawatu district is home to a number of Marae. In recognition of the important role they play within the community and as a result of a request from Tangata Whenua representatives, a Marae Consultative Committee was established in 1992. Its principal purpose is to liaise between Council and local Tangata Whenua.

Membership of the Committee comprises one member from each Marae: Aorangi, Kauwhata, Kotuku, Parewahawaha, Poupatate, Te Rangimarie, Taumata O Te Ra, Te Hiiri, Te Iwa and Te Tikanga, along with two elected members appointed by Council. The meetings are chaired by the Mayor.

Meetings are held on a bi-monthly basis, with items of business reflecting the Council's current activities and issues identified by committee members. The committee meetings provide a forum for regular communication and an effective avenue for Tangata Whenua to have input into the council's decision-making processes.

In 2011, members of the Marae Consultative Committee were given the opportunity to opt for a Maori ward. It was decided that such a ward was not necessary. However, the Committee did take the opportunity to review its terms of reference and re-confirmed them without change.

The Marae Consultative Committee continues to represent the interests of Tangata Whenua – the people of the land. Tangata Whenua are those Maori who belong to the Iwi and Hapu of the Manawatu District. However, they do not represent all Maori, i.e. those who come from elsewhere or simply are unable to trace their whakapapa.

A continuing focus for the Marae Committee will be to ensure that all Maori of the district are represented, and are able to have a say in Council decision-making.

## Grants 2013/14

During 2013/2014, Council approved a number of grants from its Community Development Fund, General Grant Fund and Event Fund. Council also administered a number of applications to the Robert Dickson Education Trust.

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

## Community Rates Support

The following organisations were assessed and approved by Council's Community Funding Subcommittee to receive multi-year community rates support in the form of a Rates Remission as per the Community Rates Support Policy. The following organisations received support in the first year 2013/2014.

Organisation	Amount of Remission \$
Anglican Parish of Oroua	312
Church at Feilding	486
Eden Kindergarten Trust Board	824
Feilding Brass Incorporated	798
Feilding & Districts Art Society (FADAS)	4,567
Feilding Baptist Church	542
Feilding Bible Chapel	2,022
Feilding Congregation of Jehovahs Witness	542
Feilding Golf Club (Inc)	2,748
Feilding Gospel Trust	3,482
Feilding Gospel Trust	433
Feilding Gospel Trust	44
Feilding Guides & Scout Association	2,714
Feilding Lawn Tennis Club	2,644
Feilding Life Point Church	1,510
Feilding New Life Centre Charitable Tst	798
Feilding Oroua Presbyterian Parish	486
Feilding Playcentre	1,054
Feilding Rugby Executive	1,731
Feilding Rugby Football Club Inc	1,731
Foxton Shannon Co-Operating Parish	486
Halcombe Playcentre	469
Hapaitia Kohanga Reo	1,080
Local Spiritual Assembly of the Baha'is of Manawatu District	542
Manawatu Naturist Club	349
Manchester House Social Services Society Inc	2,786
Manchester House Social Services Society Inc	1,412
Manchester House Social Services Society Inc	4,660
Manfeild Park Trust	4,338
Riding for the Disabled Assn Manawatu Group Inc	734
Rongotea Bible Chapel	256
Rongotea Returned Servicemens Association (Inc)	726
Rongotea Uniting Parish	256
SPCA - Feilding	1,552
SPCA - Feilding	1,508



St Brigids Church	1,592
St Marks Methodist Church	2,052
St Pauls Presbyterian Church	230
St Simon and St Jude Faith Community Church	256
St Thomas Anglican Church - Sanson	256
Taumata O Te Ra Marae	3,754
Te Kawau Playcentre	256
The Manawatu Historic Vehicle Collection Trust	6,431
The Order of St John	4,821
The Salvation Army Feildiing	2,790
The Steam Traction Society Inc	354
Trinity Lutheran Parish	486
Vision Church Feilding	3,237
	<b>77,131</b>

## Urupa/Private Cemetery Fund

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

<b>Organisation</b>	<b>Amount of Remission \$</b>
St Michaels and All Angels	500
Hikatoto Urupa	800
Te Hiri Marae Urupa	1,200
	<b>2,500</b>

## Partnership Fund

The following organisations were assessed and approved by Council's Community Funding Subcommittee to receive multi-year financial support as per the Community Development Fund policy. The following is a breakdown of the amount of financial support these organisations received in the first year 2013/2014 of their service agreements.

## Multi-year Agreement: Organisation

Organisation	Amount of Remission \$
Feilding and District Art Society Inc.	4,000
Feilding and Districts Youth Board Inc.	10,000
Feilding Brass Inc.	6,000
Manawatu Community Trust	5,000
Manawatu Historic Vehicle Collection	45,000
Manawatu Neighbourhood Support Inc.	20,000
Manawatu Rural Support Service Inc.	12,000
Manchester House Social Services	50,000
Palmerston North Surf Lifeguard Service	17,000
Plunket	3,000
Social Issues Network Council of Social Services Manawatu Inc.	1,000
Te Manawa Services	30,000
Whanau Ataahua Beautiful Families	15,000
	218,000
<b>One-Off for 2013/2014</b>	
Feilding Steam Rail Society	6,750
	<b>224,750</b>

## Representative Fund

The following is a breakdown of Manawatu District Residents who received financial assistance from Council to attend a national or international event during 2013/2014 as a representative of the district or New Zealand.

Organisation	Amount of Remission \$
Amiee Perrett	500
Ariana Blackwood	500
Brooke Fitch	500
Damien Wilson	345
Danielle Zentveld	300
Feilding High School Girls 7's Rugby Team	4,000
Feilding High School Robotics Team	2,000
Freya Watson	500
Grace Smith	200
Haize Walker	500
Jack Henry	500
Jed Southcombe	500
Jordan Twigge	500
Kelly Carter	500
Matthew Waghorn	500
Natasha Cowx	300
Niamh Alice Conlon	500
North Street School	500
Sean Freeman	500
Shaun Heap	500

Shayden Cowx	300
Shaz Dagg	500
Vanessa Story	500
	<b>15,445</b>

## Community Development Fund

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

Organisation	Amount \$	Activity/Programme
Feilding Civic Centre Trust	1,000	Towards costs of setting up a 'Glee' club.
Kimbolton District & Schools Jubilee	2,500	Towards costs of hiring a marquee for the 125th Jubilee Celebrations held in March 2014.
Online for Nine (OL49)	500	Towards Y8 rural transitional programme.
Sanson Community Advancement Trust	544.76	Towards costs relating to Celebrate Sanson Day February 2014.
Step 'n' Thyme Senior Leisure Marching	200	Towards costs of annual display day held at the Feilding Civic Centre Nov 16 2013.
	<b>4,744.76</b>	

### Trust Funds

Council administers trust funds that have been vested to Council, available for specific purposes. Total grants allocated from these funds during the 2013/2014 financial year were;

	Amount \$
Robert Dickson Trust Fund	3,930
Hook Bequest Trust	0
	<b>3,930</b>

## Creative NZ: Creative Communities Scheme

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

Organisation	Amount \$	Activity/Programme
Feilding Kowhai Patchwork Quilters Club Inc	1,000.00	To stage Quilting Exhibition at the Coach House, Feilding
Sabbath Rest Advent Church	2,001.00	To provide Hands-On Holiday Programmes - Little Ark , Kimbolton
Artistic Solutions Trust	8,272.30	To provide Creative Pathways drop in Art Course - Feilding Art Centre
Feilding Bible Chapel	750.00	To provide craft Programme for Year 5 & 6 Manchester and Lytton St School students.
Feilding Brass Inc.	475.00	To stage Feilding's 21st Festival of Bands.
Catherine McCall	1,345.00	For craft sessions bringing children in the northern rural area together to develop friendships and craft skills.
Feilding Civic Centre	1,500.00	Manawatu Star Search (Talent Quest).
Feilding and District Art Society	3,000.00	For advertising the annual Manawatu Art Expo.
Feilding and District Art Society	1,000.00	For annual Arts Awards for local artists.
Sheridan Hickey	550.00	For costs of celebrating Shakespeare's 450th birthday at the Feilding Farmers' Market April 2014.
Te Puanga Whakaari Theatre Productions	1,880.00	For costs to produce, write and direct a children's theatre piece during the July school holidays.
	<b>21,773.30</b>	

## Glossary

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

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

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

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

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

**Baby Boomer** – a term used to describe a person born during the demographic Post-World War II baby boom.

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

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

**Communitrak Survey** – survey which measures satisfaction with Council services, and asks questions on Council policy and direction, rates issues, contact with Council, information and representation. The survey also compares Council performance against a peer group of councils and national survey of 1,006 interviews conducted in January 2007.

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

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

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

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

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

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

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

**Group of Activities** – two or more related activities.

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

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

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

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

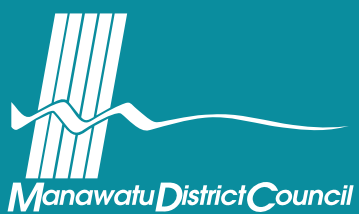
**Pavement** – in the context of roads, pavement refers to the sealed part of the road that vehicles driven on. This is not to be confused with footpaths, which some people refer to as pavements.

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

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







**Manawatu District Council**  
135 Manchester Street  
Private Bag 10001  
Feilding 4743

**P** 06 323 0000  
**F** 06 323 0822  
**E** [public@mdc.govt.nz](mailto:public@mdc.govt.nz)  
**www.mdc.govt.nz**