



“Making Our District Thrive”

# Rangitikei District Council

## Annual Report 2010/11 Summary

### Annual Report

The Annual Report explains the Council’s performance in 2010/11 against the Long Term Council Community Plan for 2009/19, the Annual Plan 2010/11 and against the various legislative and accounting requirements under which the Council is required to operate. For those interested in the full Annual Report, copies are available at:

- The Council Offices, 46 High Street, Marton;
- The District Libraries; or
- Our website [www.rangitikei.govt.nz](http://www.rangitikei.govt.nz).

The Rangitikei District Council authorised this Annual Report Summary on 27 October 2011.

Chalky Leary  
Mayor

Clare Hadley  
Chief Executive

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### Council’s Role

The Rangitikei District Council undertakes services for the residents and ratepayers of the Rangitikei.

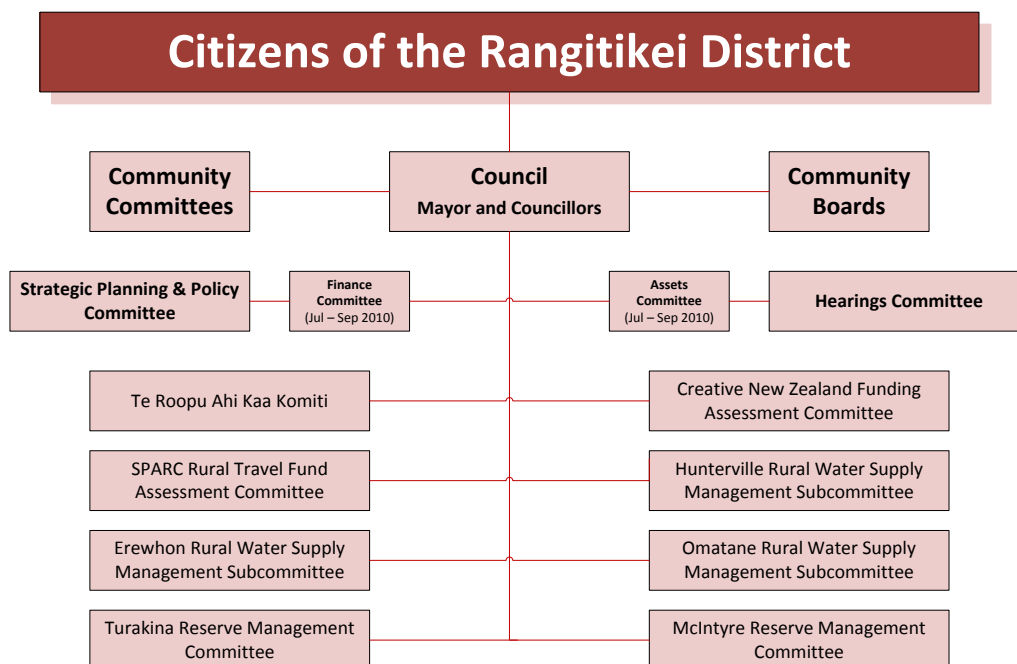
The Local Government Act 2002 defines the purpose of Local Government as to:

*“... enable democratic local decision-making and action by, and on behalf of communities, and*

*... promote the social, economic, environmental, and cultural well-being of communities, in the present and in the future.”*

### Council Operations

The Council appoints a Chief Executive to be in charge of the Council operations and delegates certain powers of Management to her as required under Section 42 of the Local Government Act 2002. The Chief Executive appoints staff to carry out all of the Council’s significant activities.



## Highlights for 2010/11

### Achievements

#### Roading

Completion of sealing of the Taihape-Napier Road (21.06 kilometres);

Resurfacing of 58.50 km of sealed road and rehabilitation of 7.57 kilometres of road;

#### Water

Installation of a micro-filtration unit at the Taihape Wastewater Plant;

Installation of floating wetlands at the Hunterville Wastewater Plant, associated with a chemical dosing system, chemical storage tanks, ultra-violet light disinfection, pipelines and power;

Replacement of 1.8 km of sewer line in Marton which significantly increases capacity (and reduces the likelihood of an overflow during heavy rain);

Completion of investigation of options for Marton's water supply following the drilling of test bores;

#### Community and Leisure Assets

Completion of exterior painting of the Taihape Town Hall and upgrade of rear (upstairs) fire egress to improve safety;

Installation of safety glass at Marton Pool and upgrades to pool filtration, provision of emergency lighting and painting at the Taihape Pool;

Continuation of the Council libraries' annual writing competition (funded by the John Beresford Swan Dudding Trust);

#### Rubbish and recycling

Effective glass recycling at Taihape, Hunterville, Marton and Bulls Waste Transfer Stations;

#### Environmental and Regulatory

The review of the District Plan progressed sufficiently for it to be notified on 28 October 2010, with further submissions closing on 16 May 2011;

#### Community Support

Purchase of a generator (30 kVA) sufficient to power the Emergency Operations Centre (back of the Marton Library);

#### Community Economic Development

Success in securing central government funding for a range of community development projects in the District;

Purchase of bare land at Kensington Road (Marton Junction) because of its potential to attract economic activity to the District.





## Finance

### Financial Information

#### Explanation of major variations against budget

Detailed below are explanations for major variations from the estimated figures in the 2010/11 Annual Plan.

#### Statement of Comprehensive Income

Council's net operating surplus for the year was \$2.931 million. This operating surplus assisted in the funding of capital expenditure and transfers to investments to cover future years' expenditure. The budgeted operating surplus for the year was \$2,399 million. The most significant variations are:

- Roading revenue was \$4.544 million above budget due to flood damage (and increased subsidy from the New Zealand Transport Agency); roading expenses were also higher than budgeted by \$4.860 million;
- Water Activity revenue was \$362,000 greater than budgeted;
- \$186,000 less expenditure than budgeted for Water Management;
- Additional maintenance costs of \$213,000 for Community and Leisure Assets;
- Lower than budgeted costs for recycling (\$167,000);
- Increased central government subsidies of \$226,000 for Community Economic Development;
- Lower finance costs as expected borrowings did not eventuate (\$435,000);

- Rates collected were \$160,000 more than budgeted.

#### Statement of Cash Flows

Net cash at the end of the year of \$3.262 million is \$238,000 lower than the forecast of \$3.5 million. The most significant variations are:

- Spending on plant, property and equipment lower by \$5.245 million;
- Income higher by \$4.785 million primarily due to New Zealand Transport Agency refund for flood damage;
- Proceeds from investments (\$3.457 million) below budget;
- Payments to suppliers higher by \$3.186 million, due mainly to flood damage.

#### Statement of Financial Position

RDC has net assets of \$479.2 million as opposed to budgeted forecast of \$532.6 million in the 2010/11 Annual Plan. The most significant variations are:

- Reduction from revaluation of all assets of \$53.9 million;
- Capital expenditure not effected amounted to \$7.101 million;
- Term liabilities \$2.212 million lower because loans were not needed;

The following table shows Comprehensive Income and Changes in Equity for Council and Group\* for year ended 30 June 2011

#### Summary Statement of Comprehensive Income and Changes in Equity

	Council			Group	
	Actual 2011 \$000	Annual Plan 2011 \$000	Actual 2010 \$000	Actual 2011 \$000	Actual 2010 \$000
Operating Revenue	33,777	28,219	33,664	33,954	33,799
Less :Finance costs	16	451	264	16	1
Less: other Operating Expenditure	30,830	25,369	27,445	30,982	27,828
<b>Operating surplus/(deficit) before tax</b>	<b>2,931</b>	<b>2,399</b>	<b>5,955</b>	<b>2,956</b>	<b>5,970</b>
Share of Associate surplus (deficit)	-	-	-	4	7
<b>Net surplus/(deficit) before Tax</b>	<b>2,931</b>	<b>2,399</b>	<b>5,955</b>	<b>2,960</b>	<b>5,977</b>
Income Tax Expense					
<b>Net surplus/(deficit) after Tax</b>	<b>2,931</b>	<b>2,399</b>	<b>5,955</b>	<b>2,960</b>	<b>5,977</b>
Other Comprehensive Income – revaluation of assets	(1,099)	52,974	146	(1,099)	146
Total Comprehensive Income	1,832	55,373	6,101	1,861	6,123
Equity at beginning of year	<b>477,437</b>	<b>477,184</b>	<b>471,336</b>	<b>477,909</b>	<b>471,798</b>



Equity at end of year	479,268	532,557	477,437	479,770	477,910
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Equity is made up of the following:

	Council			Group	
	Actual 2011 \$000	Annual Plan 2011 \$000	Actual 2010 \$000	Actual 2011 \$000	Actual 2010 \$000
Accumulated Funds	457,926	457,296	455,260	458,429	455,733
Total Reserves	21,341	75,260	22,177	21,341	22,177
<b>Total Equity</b>	<b>479,268</b>	<b>532,556</b>	<b>477,437</b>	<b>479,770</b>	<b>477,910</b>

The following Cash Flow Table shows how Council and Group generated and used cash for year ended 30 June 2011

#### Summary Statement of Cashflows

	Council			Group	
	Actual 2011 \$000	Annual Plan 2011 \$000	Actual 2010 \$000	Actual 2011 \$000	Actual 2010 \$000
Net Cash Flow from Operating Activities	13,127	11,595	14,219	13,175	14,243
Net Cash Flow from Investing Activities	(15,116)	(15,646)	(15,066)	(15,253)	(15,072)
Net Cash Flow from Financing Activities	-	2,212	-	-	-
<b>Net Increase (Decrease) in Cash held</b>	<b>(1,989)</b>	<b>(1,839)</b>	<b>(847)</b>	<b>(2,078)</b>	<b>(829)</b>
Opening Cash Balance	5,251	5,339	6,098	5,570	6,399
<b>Closing Cash Balance</b>	<b>3,262</b>	<b>3,500</b>	<b>5,251</b>	<b>3,492</b>	<b>5,570</b>

The following table shows the financial position of the Council and Group as at 30 June 2011

#### Summary Statement of Financial Position

	Council			Group	
	Actual 2011 \$000	Annual Plan 2011 \$000	Actual 2010 \$000	Actual 2011 \$000	Actual 2010 \$000
<b>Total Equity</b>	<b>479,268</b>	<b>532,556</b>	<b>477,437</b>	<b>479,770</b>	<b>477,910</b>
Current Assets	7,025	6,220	9,528	7,279	9,843
Less: Current Liabilities	5,351	4,250	4,173	5,374	4,191
<b>Net Working Capital</b>	<b>1,674</b>	<b>1,970</b>	<b>5,355</b>	<b>1,906</b>	<b>5,652</b>
<b>Non Current Assets</b>					
Operational & Restricted Assets	22,051	22,884	20,923	22,344	21,128
Infrastructural Assets	450,272	510,431	446,378	450,272	446,378
Intangible Assets – Computer Software	231	40	43	231	43
Biological Assets - Forestry	268	-	573	268	573
Investment in Associate	-	-	-	6	2
Other Financial Assets	5,263	-	4,693	5,236	4,662
<b>Total Non Current Assets</b>	<b>478,085</b>	<b>533,355</b>	<b>472,610</b>	<b>478,357</b>	<b>472,786</b>
Non Current Liabilities	492	2,769	528	492	528
<b>Net Assets</b>	<b>479,268</b>	<b>532,556</b>	<b>477,437</b>	<b>479,770</b>	<b>477,910</b>



The following table summarises the Capital Expenditure for the year ended 30 June 2011

**Summary Capital Expenditure**

<b>Capital Expenditure</b>	<b>Actual 2010/11 \$000</b>	<b>Annual Plan 2010/11 \$000</b>
Community Leadership	45	17
Roads and Transportation	8,871	9,016
Stormwater	453	691
Wastewater	3,311	5,019
Water	2,045	5,296
Community and Leisure Assets	342	631
Rubbish and Recycling	58	96
Community Support	44	4
Community Economic Development	506	
Miscellaneous	405	553
<b>Total</b>	<b>16,080</b>	<b>21,321</b>

Capital Expenditure for the year ended 30 June 2011 was \$16.080 million (\$15.168 million in 2010).

Projects in Water, Wastewater, Stormwater, Community and Leisure Assets were not completed during the year, because of delays in resource consents and the time taken to evaluate and plan the work. Most have been carried forward to be completed in 2011/12, but in Community and Leisure Assets some provision was reduced.

Full details can be found in the relevant Cost of Service Statements in the full Annual Report.

The full Capital Works expenditure details can be found on Pages 125-129 of the full Annual Report.

Additional information

- 1 The Group consists of Council and its subsidiaries - Marton Aquatic and Leisure Trust, and its associate Ruapehu Wanganui Rangitikei Economic Development Trust (RED Trust).
- 2 The specific disclosures in the summary financial report have been extracted from the full financial report which was adopted and authorised for issue by Council on 13 October 2011.
- 3 The Financial Statements are for the year ended 30 June 2011 and all figures are in New Zealand dollars and rounded to the nearest thousand dollars.
- 4 The summary financial report cannot be expected to provide as complete an understanding as the full financial report. The full financial report, which received an unqualified Audit Opinion on 13 October 2011, is available from the District Council Office, Libraries and Information Centres, and on our website [www.rangitikei.govt.nz](http://www.rangitikei.govt.nz).
- 5 The summary financial report has been examined by the Auditor for consistency with the full financial report. An unqualified audit report is included with this summary.
- 6 The Council has applied Financial Reporting Standard 43 (FRS 43) and this summary is in compliance with this Standard.
- 7 The Council has designated itself a Public Benefit entity (PBE) for financial reporting purposes.
- 8 The full financial statements were prepared in accordance with New Zealand Generally Accepted Accounting Principles (NZ GAAP), and comply with New Zealand equivalents to International Financial Reporting Standards (NZIFRS) and other applicable financial reporting standards, as appropriate for public benefit entities. The full financial statements include a statement of compliance to this effect.

### **Commitments**

Commitments for non-cancellable contracts within the next 5 years total \$20.794 million. These are principally for contracts for road maintenance and supply of professional services. Full details can be found on page 78 of the Annual Report.

### **Contingencies**

#### **Ownership of Turakina Beach Road**

As noted in last year's Annual Report, the Council has made an application to the Maori Land Court concerning the ownership of Turakina Beach Road. Discussion with

the Tini Waitara Marae led to the Council's agreement on monetary compensation of \$80,700 and waiver of consent fees for construction of an ablution block at that Marae. Payment will not be made until the Court is satisfied that all procedural requirements have been met.

### **Post Balance Date Events**

The Council has no post balance date events.



## Levels of Service

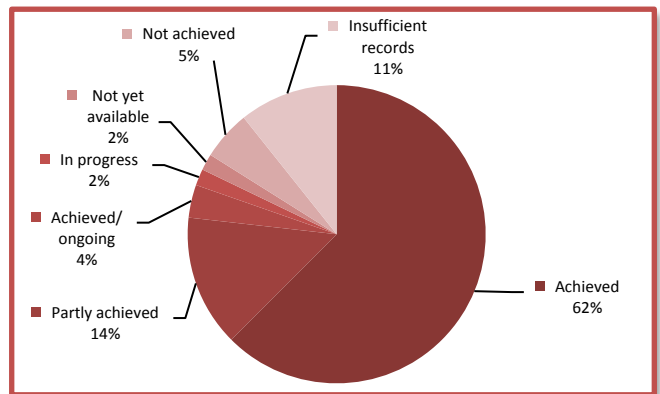
The full report documents results for 56 intended levels of service across the 8 activity groups.

An overall assessment of the actual levels of service compared with what was intended has a less certain basis than measuring financial performance. This is because qualitative as well as quantitative information is used. The performance framework was reviewed as part of the preparation of the 2009/19 LTCCP and is considerably different from earlier years.

There has been a greater focus on measures of customer service. However, this has the disadvantage of not being available on an annual basis where the National Research Bureau's Communitrak survey is used. Council does not intend to engage the National Research Bureau more than once every three years (because of the cost) but is already supplementing this with surveys on particular activities. Interim results from the August 2010 Communitrak survey were included in the 2009/10 Annual Report; full results are provided in the 2010/11 Annual Report (and included in this Summary).

The Communitrak survey has a statistical margin of error, from 4.9% to 2.9% which decreases as the reported percentage result widens. A similar principle applies when comparing results from surveys from different years.

The following chart shows that 66% of the intended levels of service were achieved, and another 16% were partly achieved or in progress. This is an improved performance from that reported last year (62% achieved and 17% partly achieved or in progress). Reporting against 11% of the intended levels of service was limited by lack of sufficient records, a matter which is being reviewed in the development of a revised performance management framework for the 2012/22 Long Term Plan.



### Commentary on each group of activities

Activity	What we did	Elaboration
Community Leadership	<p>Maintained the community's satisfaction levels with Council's strategic planning and advocacy work, the community's contact with Council and the sufficiency of information provided.</p> <p>Surveyed qualified electors to gauge views on the conduct of the local government elections in October 2010;</p> <p>Surveyed hapu or iwi authorities nominating members of Te Roopu Ahi Kaa to determine their satisfaction with opportunities to participate in Council decision-making through that Komiti.</p>	<p>There were no significant variations from the intended levels of service.</p> <p>The arrangements established in previous years for assets and infrastructure services, animal control and emergency management have continued</p> <p>In keeping with the commitment in the 2009/19 LTCCP, agreement was reached with the Otaihape Māori Komiti to engage in a pilot Maori Community Development Project.</p>
Roading	<p>Achieved a smooth travel exposure rating of 96.4% for Council's sealed roads</p> <p>Completed 273 metres of new footpaths.</p> <p>Resurfaced 58.50 km of sealed road and rehabilitated 7.58 km of road.</p> <p>Reconstruction and sealing of the final 3km of</p>	<p>There were no significant variations from the intended levels of service.</p> <p>Actual expenditure and revenue both exceeded forecasts because of emergency work caused by flooding during the year and the resultant additional subsidy from New Zealand Transport Agency. The need to use contractors on</p>



Activity	What we did	Elaboration
	<p>Rangitikei's portion of the Taihape-Napier Road.</p> <p>Of the 149 after-hours callouts to the roading contractor, 57 were resolved within 6 hours, a further 89 within 12 hours. (The three which took longer than 12 hours were minor slips not affecting the road carriageway.)</p>	<p>emergency road repair work means the extent of pavement rehabilitation work was about 84% of the projected length.</p>
Water	<p>Progress is being made with the audits of the processes, operations and maintenance manuals for each water treatment plant.</p> <p>Safe drinking water has been delivered to all properties connected to urban reticulated supplies (i.e. Ratana, Bulls, Marton, Hunterville, Mangaweka and Taihape).<sup>1</sup></p> <p>Council did not achieve full compliance with resource consents regarding water takes.</p> <p>Council did not achieve the intended level of service that all discharged effluent meets standards of the resource consent and the Resource Management Act 1991.</p> <p>The number of unplanned disruptions to the water supply affecting multiple properties was higher than the intended level of service.</p>	<p>The non-compliance over water takes was confined to Marton's Calico Line bores, whose use exceeded the consent for an alternative supply. This issue will be resolved when the agreed upgrades are implemented.</p> <p>Inspections by Horizons Regional Council during May 2011 found significant non-compliance on resource consents for effluent discharge at Taihape, Marton, Bulls and Ratana. Upgrades are being implemented in Taihape and Marton; in Bulls, negotiations are proceeding with Riverlands with a further consent process to follow; in Ratana investigations continue on an appropriate and affordable solution to the wastewater discharge into the Waipu Stream.</p> <p>Unplanned disruptions reflect the ageing infrastructure, especially the high proportion of asbestos cement pipe which has a tendency to crack.</p>
Community and Leisure Assets	<p>Council's sportfields in Taihape, Marton and Bulls have been verti-drained to help increase drainage.</p> <p>Exterior cladding repairs have been undertaken at the Bulls Old Courthouse and the building exterior repainted.</p> <p>The very overgrown hedge on the northern boundary of the Taihape cemetery has been completely removed;</p> <p>Online access through the Council's website has been provided to the cemetery databases;</p> <p>The Community Boards and Community Committees provided feedback twice during the year on their assessment of the public toilets in their respective areas.</p> <p>69% of all titles on three 'best reading' lists published in New Zealand were held by the District libraries.</p> <p>Charges at Council's pools are on a par with comparable facilities</p>	<p>There were no significant variations from the intended levels of service.</p> <p>The new toilets in Bulls planned for 2009/10 were not built, primarily because the price estimates exceeded the budgetary provision. As part of the deliberations on the 2010/11 Annual Plan, Council decided to contribute \$150,000 towards building new toilets in Bulls. However the project did not proceed and that provision has been continued in the 2011/12 Annual Plan.</p>
Rubbish and recycling	<p>Refuse tonnage to the Bonny Glen landfill was 5,279 tonnes compared with 6,401 tonnes last year. 345 tonnes (of which 163 tonnes were glass) were diverted from being disposed in landfill.</p>	<p>There were no significant variations from the intended levels of service.</p>

<sup>1</sup> Through the weekly testing of supplies, at Environmental Laboratory Services in Gracefield (Lower Hutt), two detections of an E-coli indicator occurred during the year, but the subsequent three consecutive days of testing showed no further trace of this.



Activity	What we did	Elaboration
Environmental and Regulatory	<p>99.3% of building consents were issued within the 20-day statutory period.</p> <p>100% of land use consents and 100% of other resource consents applications were processed within the prescribed timeframes. No systematic monitoring of resource consents has taken place.</p> <p>The number of dog callouts increased this year to 807 (701 last year). Of the 186 concerned with a dog attack, threatening dogs or stock on the road, 99% were responded to within 30 minutes of the call. .</p> <p>All registered food-handling premises were inspected during the year and all were found compliant.</p>	<p>There were no significant variations from the intended levels of service.</p> <p>Operating costs were lower than budgeted because of the decision not to replace a building officer position when a staff member resigned.</p> <p>Animal Control across Rangitikei and Manawatu Districts has continued as a shared service arrangement administered from Rangitikei.</p>
Community Support	<p>Council continued to provide Civil Defence and Rural Fire response capability through a contract with Horizons Regional Council.</p> <p>A rural fire officer was on call and provided a response within fifteen minutes on a 24/7 basis.</p>	<p>There were no significant variations from the intended levels of service.</p>
Community Economic Development	<p>Council continued to provide visitor information centres to provide easy access to information about attractions and events in the district. This complements the annual grant to Rangitikei Tourism.</p> <p>In May 2011, Council commissioned a study of the economic development policy/approach to inform the 2012/22 Long Term Plan.</p> <p>Supported (through grants made by the Community Initiatives Fund) 10 events to promote economic development.</p>	<p>There were no significant variations from the intended levels of service.</p> <p>The operating costs and income for Community Economic Development were both greater than forecast because of the Marton Community Development Project and the ICT Hub project. Both are funded by central government grants. In January 2011, an agreement was signed with the Ministry of Social Development to fund a position dedicated to promoting opportunities for young people to find long-term employment in Marton. This includes assisting businesses to plan for (and secure) a growth path.</p>



AUDIT NEW ZEALAND  
Mana Arotake Aotearoa

## Independent Auditor's Report

### To the readers of Rangitikei District Council and group's summary of the annual report for the year ended 30 June 2011

We have audited the summary of the annual report (the summary) as set out on pages 1 to 9, which was derived from the audited statements in the annual report of the Rangitikei District Council (the District Council) and group for the year ended 30 June 2011 on which we expressed an unmodified audit opinion in our report dated 13 October 2011.

The summary comprises:

- the summary statement of financial position as at 30 June 2011, and summaries of the statement of comprehensive income and changes in equity and statement of cash flows for the year then ended and the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary of the District Council and group's statement of levels of service and summaries of other information contained in its annual report.

### Opinion

In our opinion, the information reported in the summary complies with FRS-43: Summary Financial Statements and represents, fairly and consistently, the information regarding the major matters dealt with in the annual report.

### Basis of opinion

The audit was conducted in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand).

The summary and the audited statements from which they were derived do not reflect the effects of events that occurred subsequent to our report dated 13 October 2011 on the audited statements.

The summary does not contain all the disclosures required for audited statements under generally accepted accounting practice in New Zealand. Reading the summary, therefore, is not a substitute for reading the audited statements in the annual report of the District Council and group.

### Responsibilities of the Council and the Auditor

The Council is responsible for preparing the summary in accordance with FRS-43: Summary Financial Statements. We are responsible for expressing an opinion on the summary, based on the procedures required by the Auditor-General's auditing standards and the International Standard on Auditing (New Zealand) 810: Engagements to Report on Summary Financial Statements.



Other than in our capacity as auditor we have no relationship with, or interests in, the District Council or any of its subsidiaries.

A handwritten signature in black ink, which appears to read 'Phil Kennerley'. The signature is fluid and cursive, with a long, sweeping tail on the final letter.

Phil Kennerley,  
Audit New Zealand  
On behalf of the Auditor-General  
Wellington, New Zealand  
27 October 2011