# Rangitikei District Council

## Annual Report 2012-2013

**Adopted 3 October 2013**

# Contents

# Rangitikei District Council

## Section 1: Introduction

## Role of the Annual Report

This report has been prepared pursuant to sections 98 and 99, and Schedule 10 Part 3 of the Local Government Act 2002. The purposes of the Annual Report are twofold. First is to compare the actual activities and performance of Council in each year with the intended activities and intended levels of performance as set out in respect of the year in the Long Term Plan or Annual Plan. Second is to promote the Council's accountability to the community for the decisions it has made during the year.

This Annual Report is broken into four sections:

**Section 1 Introduction**

Provides an Overview of the Report.

**Section 2 Significant Activities**

Provides information on the Community Outcomes and summarises what Council has achieved in each group of activities, including performance indicators.

**Section 3 Financial Statements and Policy Reports**

Key financial statements and reports against Council policies including the Financial Strategy and the Revenue and Financing Policy in the Long Term Plan (LTP), and the Liability Management and Investment Policies.

**Section 4 Other Information**

Other information, including summary information about the Rangitikei District Council.

An Annual Report must be adopted within four months after the end of the financial year to which it relates.

**Stage 1**
LTP 2012/22
Following consultation, Council adopts the 10-year plan describing work programmes and estimated costs and sets rates for 2012/13

↓

**Stage 2**
Annual Plan 2013/14
Council reviews and updates the budgets and projects in the adopted LTP and sets rates for 2013/14

↓

**Stage 3**
Annual Report 2012/13
This document
Council reviews its performance for the first year of the LTP

↓

**Stage 4**
Annual Plan 2014/15
Council reviews and updates the budgets and projects in the adopted LTP and sets rates for 2014/15

↓

**Stage 5**
Annual Report 2013/14
Council reviews its performance for the second year of the LTP

↓

**Stage 6**
LTP 2015/25
The Council updates the 10-year plan

↓

**Stage 7**
Annual Report 2014/15
Council reviews its performance for the third year of the LTP

# Executive Summary

## The Annual Report

The Annual Report is an essential accountability document. It sets out to explain the Council's performance in 2012/2013 against the Long Term Plan 2012/22, and against the various legislative and accounting requirements under which the Council is required to operate.

This Annual Report is prepared according to Sections 98 and 99 and Part 3 of Schedule 10 of the Local Government Act 2002. The Annual Report measures the Council's performance for the period 1 July 2012 to 30 June 2013. As well as financial results, the Annual Report includes results of the performance measures set out in the Long Term Plan 2012/22.

### Financial Performance

Council had a surplus of $2.477 million in the year to June 2013, against a budgeted surplus of $0.786 million, a difference of $1.691 million. (For further information, see note 31 of the Financial Statements.)

Overall, operating expenditure was less than budget by $0.691 million and revenue exceeded budget by $1 million, which together accounted for the additional surplus.

An analysis of variances can be found throughout the commentary on groups of activities, and also in note 31 of the Financial Statements.

### Financial Position

Council had net assets of $483 million, represented largely by property, plant and equipment of $479 million.

Capital expenditure was $0.644 million below budget. This, together with the additional surplus and realisation of some investments, has meant that no further borrowing from external sources was required during the year, and a reduction in debt of $2 million was also achieved.

### Revaluation

Council undertakes to revalue its assets every three years. They were last revalued in 2011.

### Major achievements

- Completion of the District Plan review process with all appeals settled in mediation without requiring referral to the Environment Court;
- Commissioning of the new Marton water storage reservoir;
- Consent approval for the innovative Hunterville wastewater treatment plant;
- Successful resumption of direct management of the Marton Swim Centre;
- Securing external funding for community projects such as the Youth Forum and Swim 4 All.

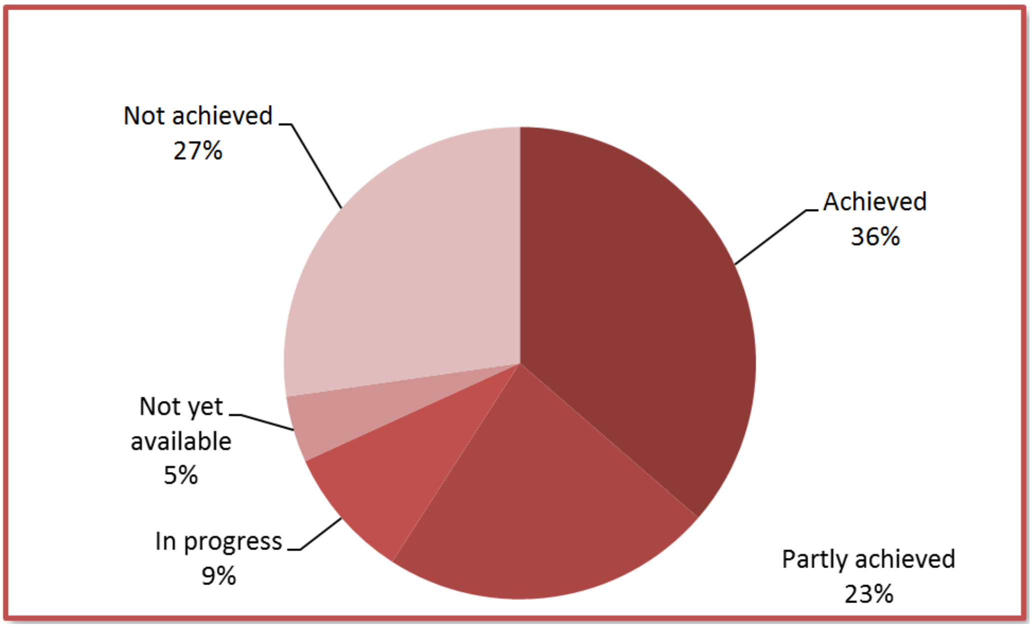
### Levels of Service

This report documents results for 21 intended levels of service across the nine 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 because qualitative as well as quantitative information is used.

The performance framework was reviewed as part of the preparation of the 2012-22 LTP and is considerably different from earlier years. One major change is the focus on the group of activities, rather than distinct activities within each group. In a number of measures there are several specific indicators specifically reported. The other major change is that the three-yearly Communitrak surveys are no longer part of the performance framework. Instead, Council has developed a database of organisations and uses this as the basis of the consultative process, focussing on key users' and stakeholders' perceptions of Council's activities, in the Leisure and Community assets and the Community Well-being groups of activities.

The following chart shows that 59% of the intended levels of service were achieved, fully or partly, with a further 9% being in progress. 27% of the intended levels of service were not achieved. One cause is the difficulties in scheduling the work in a timely way (sometimes by contractors); the other cause is a lower public satisfaction (which in itself may also be the result of insufficient communication about what Council is doing, where, and why). One variation is considered significant: not achieving compliance with resource consents for water supply, because the inadequacies had been noted in previous years. Council aims to improve on these results in the coming year.




Details for each group of activities are provided in section 2.

The mandatory measures to apply nationally for roading, water, sewerage and the treatment and disposal of sewage, and stormwater drainage are not now due to be released until late in 2013, but they will be incorporated in next year's Annual Report alongside Council's own measures.

# Audit Report

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

## Independent Auditor's Report

## To the readers of Rangitikei District Council's annual report for the year ended 30 June 2013

The Auditor-General is the auditor of Rangitikei District Council (the District Council). The Auditor-General has appointed me, John O'Connell, using the staff and resources of Audit New Zealand to audit:

- the financial statements of the District Council that comprise:
  - the statement of financial position as at 30 June 2013 on page 65;
  - the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ending 30 June 2013 on pages 63 to 64 and 66;
  - the funding impact statement of the District Council on page 62;
  - the statements about budgeted and actual capital expenditure in relation to each group of activities of the District Council on pages 27 to 60; and
  - the notes to the financial statements that include accounting policies and other explanatory information about the financial statements on pages 68 to 116;
- the non-financial performance information of the District Council and the funding impact statements in relation to each group of activities of the District Council on pages 22 to 60.

In addition, the Auditor-General has appointed me to report on whether the District Council'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 32, 37, 41, 44, 48, 52, 56 to 60;
  - Council controlled organisations on page 67;
  - reserve funds on page 101;
  - each group of activities carried out by the District Council on pages 19 to 60;
  - remuneration paid to the elected members and certain employees of the District Council on pages 107 to 108;
  - employee staffing levels and remuneration on page 107; and

  - severance payments on page 108;

- a report on the activities undertaken by the District Council to establish and maintain processes to provide opportunities for Maori to contribute to the Council's decision-making processes on page 121; and

- a statement of compliance signed by the mayor of the Council, and by the District Council's acting chief executive on page 17.

## Opinion

### Audited information

In our opinion:

- the financial statements of the District Council on pages 63 to 116:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect:
    - the District Council's financial position as at 30 June 2013; 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 62, 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 27 to 60 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 non-financial performance information of the District Council on pages 22 to 60:
  - complies with generally accepted accounting practice in New Zealand; and
  - fairly reflects the District Council's levels of service for the year ended 30 June 2013, 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 27, 31, 36, 40, 43, 47, 51, 55 and 59, 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.

## Compliance with the other requirements of schedule 10

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

Our audit was completed on 3 October 2013. 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 non-financial performance information. 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'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'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 non-financial performance information 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 non-financial performance information that:
  - comply with generally accepted accounting practice in New Zealand;
  - fairly reflect the District Council'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; 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

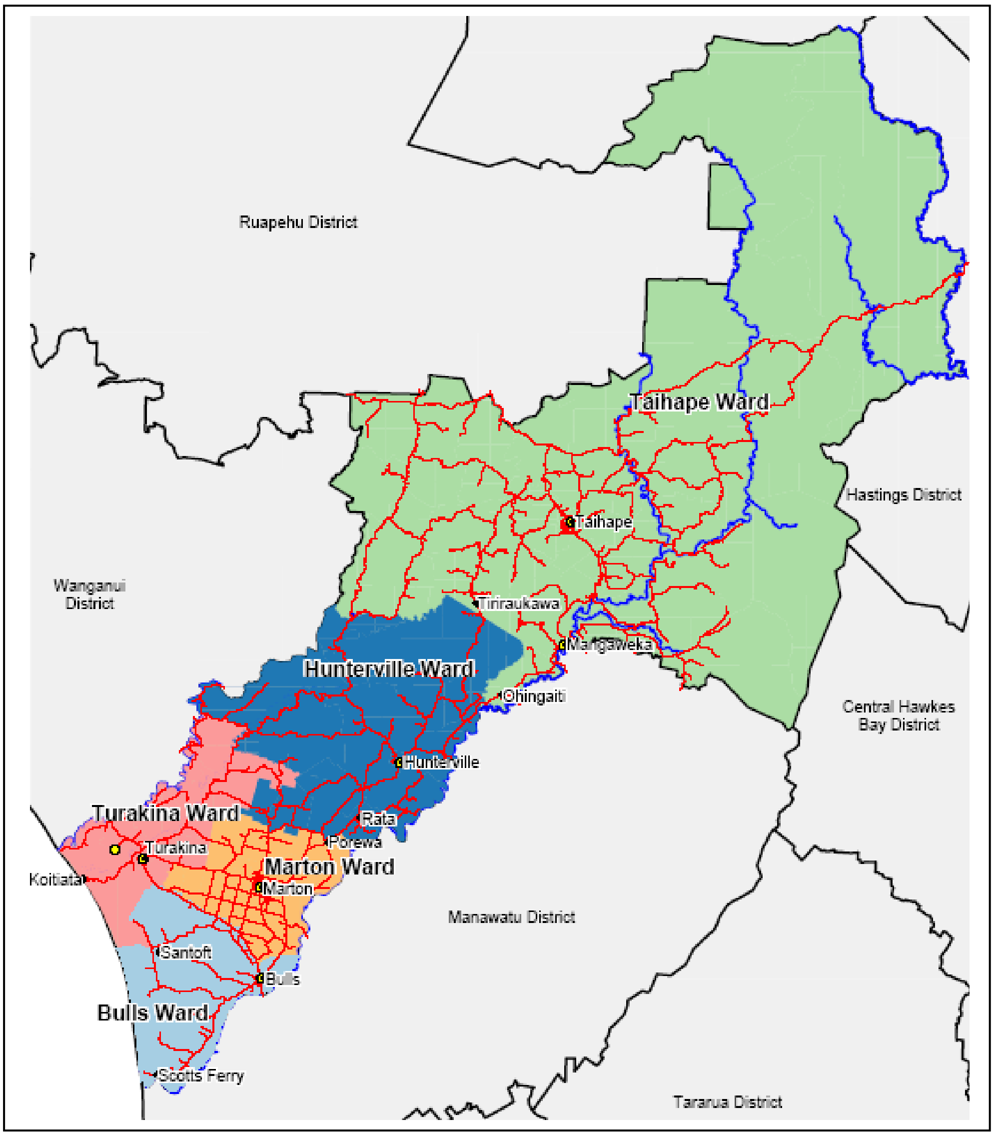
When carrying out this audit, which includes our report on the Other Requirements, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board. Other than this audit, which includes our report on the Other Requirements,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

John O'Connell
Audit New Zealand
On behalf of the Auditor-General
Palmerston North, New Zealand

# Who Are We?

## District Profile

The Rangitikei District comprises 4,500 square kilometres of mainly lush, rural land. It is a diverse district, ranging from the sand plains on the south coast – which stretch inland almost as far as Bulls – to the magnificent hill country of the upper Rangitikei. The District is characterised by its hills, which comprise 50% of the land.




The Rangitikei River is one of New Zealand's longest rivers, starting in the Kaimanawa Ranges and flowing out to the Tasman Sea.

## Demographic and Social Features

The 2006 Census was held on 7 March 2006, which showed a usually resident population of 14,712 (compared to 15,102 at the 2001 Census).[a] Although the population is declining, the rate of decline has substantially reduced from 7.7% between 1996 and 2001, to 2.6% between 2001 and 2006. This suggests that the population decline observed since 1996 is easing, and may indicate a favourable shift in population trends for the Rangitikei. However, the projected substantial fall in the people aged between 15 and 39 over the next 25 years, if it occurred, would lower the birth rate of the District.

Marton and Taihape had the least decline of the major centres (0.7% and 0.83% decline respectively), while Hunterville, Ratana, and Koitiata had the greatest decline (13%, 13.4% and 16% decline respectively).

[a] The census planned for March 2011 was cancelled, because of the February earthquake in Christchurch. It was re-scheduled and conducted on 5 March 2013. The most recent estimated sub-national population figures, as at 30 June 2012 (released 14 January 2013) calculate Rangitikei as having 14,600 people.

Consistent with a slowing decline, the number of occupied dwellings at the 2006 census has increased, up by 0.8% compared with a decline of 3.4% at the 2001 census. This trend is confirmed by increases in the net figures for residential building consents (new dwellings less demolished or removed dwellings).

## Rangitikei District Council

The Rangitikei District Council is a territorial authority governed by the Local Government Act 2002. The Council was formed in 1989 by the amalgamation of the Rangitikei County Council, Marton Borough Council and Taihape Borough Council, along with parts of the Kiwitea and Taupo County Councils.

## Rangitikei District Logo

The logo symbolises the strength of the river, a unique icon, which bisects the District. The sun's rays represent the healthy environment and the genuine natural elements of the Rangitikei culture and lifestyle.

The typography and use of colour is typical of a romanticised era in New Zealand's past and is seen in the signage and packaging from the 1920s to the 50s when the District experienced considerable growth.

# Your Elected Members

His Worship the Mayor
Chalky Leary
Hm 06 322 8561
chalkyleary@farmside.co.nz

Cr Sarah Harris – Deputy Mayor
Hm 06 322 1709
sarah_timharris@xtra.co.nz

Cr Richard Aslett
Hm 06 382 5774
mangawekagallery@xtra.co.nz

Cr Dean McManaway
Hm 06 322 8434
jilden@xtra.co.nz

Cr Michelle Fox
Hm 06 322 1962
bullsbacon@xtra.co.nz

Cr Jan Byford
Hm 06 388 0194
jlbyford@iconz.co.nz

Cr Richard Peirce
Hm 06 327 5951
councillor.richard.peirce@gmail.com

Cr Mike Jones
Hm 06 327 6166
michael.jones@xtra.co.nz

Cr Soraya Peke-Mason
Hm 06 342 6838
sorayapm@xtra.co.nz

Cr Andy Watson
Hm 06 327 7615
westoe@xtra.co.nz

Cr Ed Cherry
Hm 06 388 1002
eaaj@xtra.co.nz

Cr Lynne Sheridan
Hm 06 327 5980
lynne.s@farmside.co.nz

# Your Representatives

## Community Board Members

### Taihape

Mr Angus Gordon (Chair) ........ 06 388-1571
Ms Gail Larsen ........ 06 388 1161
Ms Michelle Fannin ........ 06 388 1129
Ms Phyllis Leigh ........ 06 388-0816
Cr Jan Byford (Deputy Chair) ........ 06 388 0194
Cr Ed Cherry ........ 06 388 1002

### Ratana

Mr Lydia Gardiner (Chair) ........ 06 342 6773
Ms Doreen Gardiner ........ 06-342 6702
Ms Puna Audrey Williams (Deputy Chair) ........ 06 342 6603
(one vacancy, unfilled)

### Te Roopu Ahi Kaa (Iwi Liaison Committee)

| | | |
|---|---|---|
| Mr Pahia Turia (Chair) | 06 344 8150 | *(Whangaehu)* |
| Ms Barbara Ball (Deputy Chair) | 06 388 1215 | *(Ngati Whitikaupeka)* |
| Ms Hari Benevides | 06 388 1908 | *(Ngati Tamakopiri)* |
| Mr Jim Cunningham | 06 322-0843 | *(Ngati Hauiti)* |
| Mr Mark Gray | 06 388 7816 | *(Ngati Rangituhia)* |
| Cr Soraya Peke-Mason | 06 342 6838 | *(Ratana Community)* |
| Mr Alexander Maremare | 06 345 4709 | *(Nga Ariki Turakina)* |
| Mr Jim Puki | 06 327 4448 | *(Kauangaroa)* |
| Mr Peter Richardson | 06 329 3742 | *(Ngati Parewahawaha)* |
| Mr Chris Shenton | 06 348 0558 | *(Ngati Kauae/Tauira)* |
| Mr Peter Steedman | 06 388 0851 | *(Ngati Hinemanu/Ngati Paki)* |
| Cr Lynne Sheridan | 06 327 5980 | *(Council representative)* |

### Community Committee Chairs

| | | |
|---|---|---|
| Mr Steve Fouhy | 06 342-6741 | *(Turakina)* |
| Mr Hew Dalrymple | 06 322-1017 | *(Bulls)* |
| Ms Michelle Bisset | 06 327-6006 | *(Marton)* |
| Mr Charlie Lewis | 06 322-8782 | *(Hunterville)* |

## Mission Statement

# "Making our District thrive"

## Council's Role

The Rangitikei District Council undertakes services for the residents and ratepayers of the Rangitikei. In everything it does, the Council has regard for the principles of equity and the principles of the Treaty of Waitangi.

The Local Government Act 2002 defines the purpose of local government is to:

> *"… enable democratic local decision-making and action by, and on behalf of communities and;*
>
> *… meet the current and future needs of communities for good quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses".*

The role of a local authority is to:

> *give effect, in relation to its district or region, to the purpose of local government and;*
>
> *perform the duties, and exercise the rights, conferred on it by or under this Act and any other enactment"*
>
> (Sections 10, 11 and 11A of the Local Government Act 2002)

In performing its role, a local authority must have particular regard to the contribution that the following core services make to its communities:

*(a) network infrastructure,*

*(b) public transport services,*

*(c) solid waste collection and disposal,*

*(d) the avoidance or mitigation of natural hazards, and*

*(e) libraries, museums, reserves, recreational facilities, and other community infrastructure.*

To give effect to this role, the Council has allocated its services between nine Groups of Activities, which describe the services (and levels of service) the Council provides:

- Community Leadership
- Roading and Footpaths
- Water Supply

- Sewerage and the Treatment and Disposal of Sewage
- Stormwater Drainage
- Community and Leisure Assets
- Rubbish and Recycling
- Environmental and Regulatory Services
- Community Well-being

All of the Council's day-to-day business and long-term planning is centred on these activities and the budget requirements to keep them operational. Often sub-activities will fall out from the main activity and complement, in one way or another, the central activity.

## Formation of Council

### Council Committees

The Council has established various Standing Committees to monitor and assist in the effective discharging of specific responsibilities. For most of the year, there were three Standing Committees:

1 Strategic Planning & Policy Committee (meets monthly, after Council)

2 Hearings Committee (meets as required)

3 Te Roopu Ahi Kaa (meets bi-monthly)

### Committees Established for Specific Tasks (see Figure 1)

1 Creative New Zealand Funding Assessment Committee

2 Sport NZ Rural Travel Funding Committee

3 Turakina Community Committee

4 Bulls Community Committee

5 Marton Community Committee

6 Hunterville Community Committee

7 Hunterville Rural Water Supply Management Sub Committee

8 Erewhon Rural Water Supply Management Sub Committee

9 Omatane Rural Water Supply Management Sub Committee

10 McIntyre Reserve Committee

11 Turakina Reserve Management Committee[b]

[b] As no nominations were received within the required time, Council decided not to form this Committee during the 2010/13 triennium.

**Council Operations**

The Council appoints a Chief Executive to be in charge of the Council operations and delegates certain powers of management to him 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.

**Division of Responsibility between the Council and Management**

A key to the efficient running of the Council is that there is a clear division between the role of the Council and that of Management. The Council of the Rangitikei District concentrates on setting policy and strategy, and then reviews progress. Management is concerned with implementing the Council policy and strategy.

The Council's Representation Review was completed in November 2012. There were no appeals or objections, so no determination from the Local Government Commission was required. There were two minor changes to the arrangement approved in 2007. The first was a slight adjustment between the boundaries of the Bulls and Marton Wards to comply with the representation formula in the Local Electoral Act 2001. The second was to provide for a Councillor to be appointed to the Ratana Community Board as a full voting member. No changes were made to the number of members elected to the Council or to the number and boundaries of the two Community Boards at Ratana and Taihape.

While many of the Council's functions have been delegated, the overall responsibility for achieving the mission statement of the Council and the purposes of local government rests with the Council. The Council maintains effective systems of internal control, which includes the policies, systems and procedures established to provide measurable assurance that specific objectives of the Council will be achieved. This structure is shown in Figure 2.

**Figure 1: The Rangitikei District Council Governance Structure**

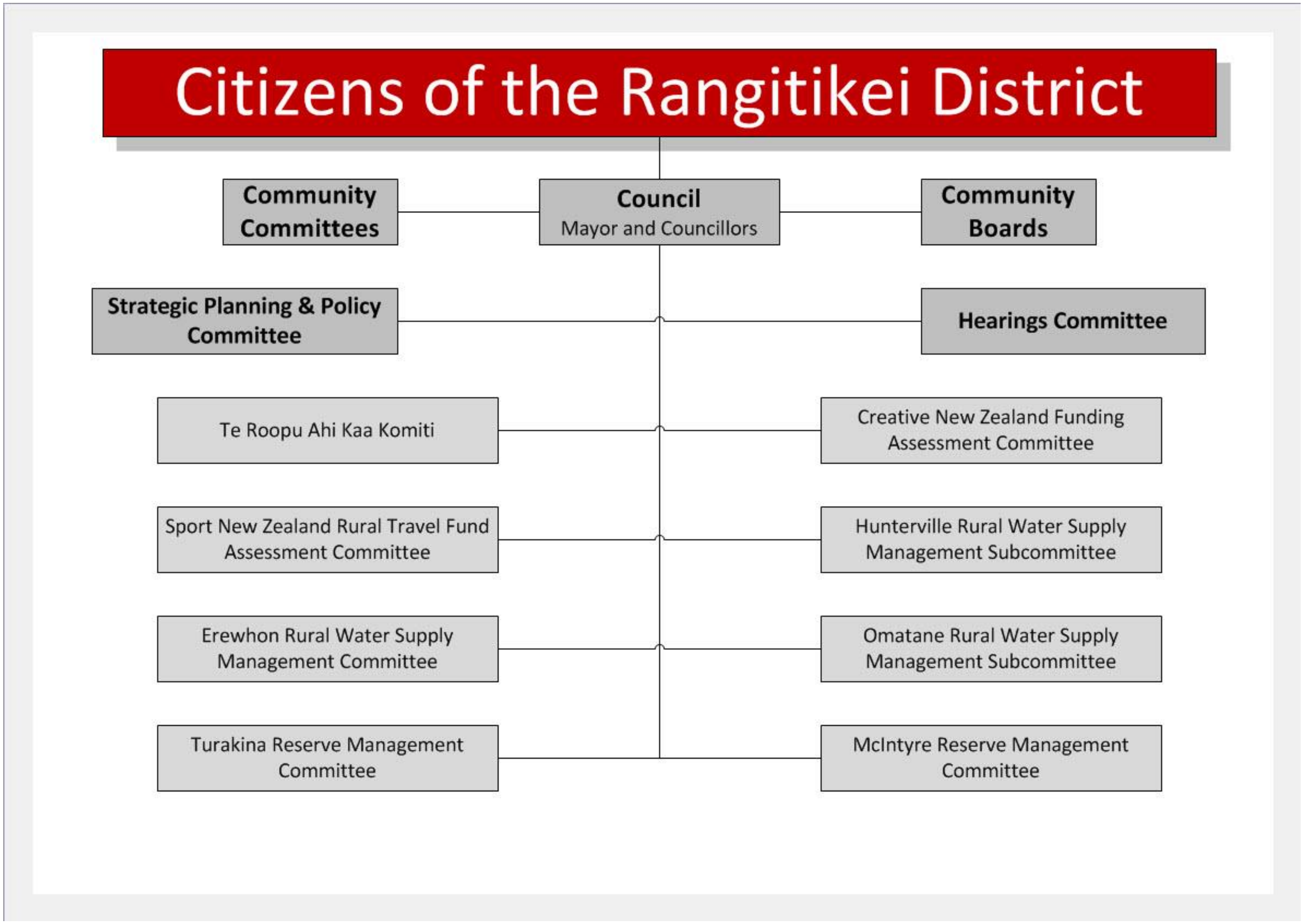
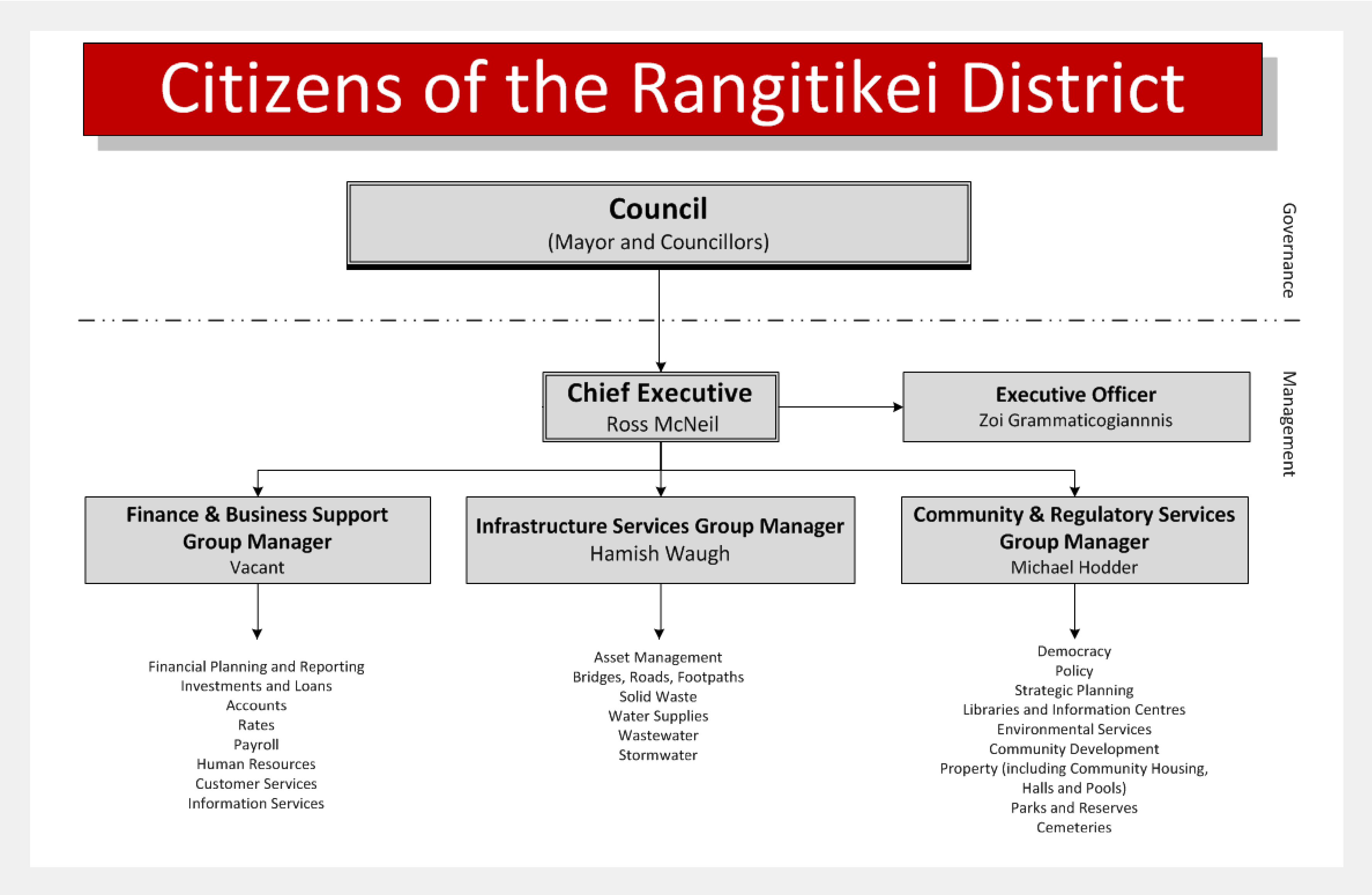


**Figure 2: The Rangitikei District Council Management Structure**



# Statement of Compliance and Responsibility

## Compliance

Council completed and adopted its 30 June 2013 Annual Report by 31 October 2013, as required by section 98(3) of the Local Government Act 2002. The Council and Management of the Rangitikei District Council confirm that all statutory requirements in relation to the Annual Report, as outlined in the Local Government Act 2002, have been complied with.

## Responsibility

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

The Council and Management of the Rangitikei 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.

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

| | |
|---|---|
| Chalky Leary<br>Mayor | Ross McNeil<br>Chief Executive |
| 3 October 2013 | 3 October 2013 |

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# Rangitikei District Council

## Section 2: Significant Activities

Including Funding Impact Statements by Significant Activity

## Council Outcomes

In the 2012/22 Long Term Plan, Council retained the six outcomes adopted in the 2009/19 LTCCP:

1 Good access to health services, whether it be the GP or the hospital

2 A safe and caring community, through effective partnership with local policing, rescue services, neighbourhood support and local initiatives

3 Lifelong educational opportunities that meet the lifelong needs of all members of the community

4 A buoyant District economy, with effective infrastructure and attractive towns that entice growth

5 A treasured natural environment, with a focus on sustainable use of our land and waterways

6 Enjoying life in the Rangitikei, with a district identity and a reputation as a viable and attractive place to live, work and play

Council has continued to develop and support meaningful partnerships with other local statutory, community and public agencies. The **Rangitikei – Path to Well-being** initiative, which was launched with a conference in Taihape in April 2010, continues to engage a range of local public, private and community agencies in a range of collaborative projects. The initiative has worked through multi-agency theme groups aligned to the six Council outcomes. Council's role includes providing administrative support for multi-agency meetings, advocacy and planning for collaborative projects and applying for external funding to pursue common goals.

Projects that have taken place or have progressed during 2012/13 as a direct result of the partnership approach include:

- Partnership processes in Marton and Taihape to investigate collaborative models for health and social welfare services delivery
- Delivery of a Youth Action Plan, including a day Leadership Forum, a skate-park/graffiti competition, an event to celebrate Matariki and a programme of youth development and youth services centring on the Youth Club in Marton
- Establishing a partnership with Te Runanga o Ngati Apa to deliver a community-wide anti-bullying programme and working alongside the schools to promote Positive Behaviour across the southern Rangitikei
- Swim-4-All: the provision of free swimming lessons for over 800 primary age children at the Council's pools
- Production of a heritage brochure promoting the District's six museums and historical societies and a co-ordinated "Open Day" to showcase the District's Museums
- Continuing to support the ICT [Information and Communication Technology] Hubs in Marton and Ratana
- Provision of a mid-week sports league for out of school activities in partnership with Sport Wanganui

Funding has been received for these initiatives from the Ministry for Social Development, the Ministry for Youth Development, The Lotteries Commission, Whanganui Community Foundation, KiwiSport, Water Safety New Zealand, Te Papa/National Services Strategic Projects, PowerCo Trust and the Mayor's Taskforce for Jobs. This funding totals over $320,000 including $6,500 from the Council's own Community Initiatives Fund.

## How Council's Groups of Activities relate to the six Council Outcomes

The table below illustrates how each of the council outcomes relates to the groups of activities.

| **Groups of activities** | **Community outcome** | | | | | |
|---|---|---|---|---|---|---|
| | **1** | **2** | **3** | **4** | **5** | **6** |
| Community leadership | ✓ | ✓ | | | | ✓ |
| Roading | | ✓ | ✓ | ✓ | | |
| Water | | | | ✓ | ✓ | |
| Sewerage and the treatment and disposal of sewage | | | | ✓ | ✓ | |
| Stormwater drainage | | ✓ | | ✓ | ✓ | |
| Community and leisure assets | | ✓ | ✓ | ✓ | ✓ | ✓ |
| Rubbish and recycling | | | | | ✓ | |
| Environmental and Regulatory | | ✓ | | ✓ | ✓ | |
| Community Well-being | | ✓ | | ✓ | | ✓ |

## Performance Reporting

In the Activities that follow, performance reporting against the **Target (or Intended Level of Service)** will be detailed as follows:

| | |
|---|---|
| **Achieved** | Required actions have been completed<br><br>*Or* where a long-term level of service is targeted, the results for the year are in keeping with the required trend to achieve the intended level of service |
| **Partly achieved** | Some outputs contributing to the intended level of service have been achieved (e.g. 3 workshops held of the 4 initially proposed)<br><br>*Or* the result for the year is at least 50% of the intended level of service |
| **Achieved/ongoing** | A particular level of service has been achieved. But it is multi-faceted and not totally time related in that there are constant actions continuously adding to it. |
| **In progress** | No actual output has been achieved but pre-requisite processes have commenced |
| **Not commenced** | No actions to achieve the stated level of service have begun |
| **Not achieved** | None of the required actions have been undertaken<br><br>*Or* the result for the year is less than half of the intended level of service<br><br>*Or* where a long-term level of service is targeted, the results for the year are contrary to the required trend to achieve the intended level of service |
| **Not yet available** | Timing of the relevant data set occurs later in the year |

*Note on margin of error in surveys*

Resident survey 2013

Sample addresses for 2000 residents were taken from the ratepayer database. 399 questionnaires were competed and returned (i.e. a 20% response rate – compared with 18% for the comparable survey conducted in 2012). The margin of error is +/-4.91% at the 95% confidence level. That is, if the observed result on the total sample of 399 respondents was 50% (the point of maximum margin of error), there is a 95% probability that the true answer falls between 45.09% and 54.91%.

Stakeholder survey

Sample email addresses for 265 stakeholders were provided by the Council. 108 stakeholders (41%) participated in the online survey (83 last year). This gives an overall margin of error of +/-9.43% at the 95% confidence level. That is, if the observed result on the total sample of 108 respondents was 50% (the point of maximum margin of error), there is a 95% probability that the true answer falls between 40.57% and 59.43%.

A similar principle applies when comparing survey results from different years

## Community Leadership

This group of activities is concerned with the governance functions of Council demonstrated through leadership and planning. A major challenge is getting the 'right' information to the community, clearly and concisely, so that people have an opportunity to understand the Council's view on the critical issues and decisions for the District.

Highlights include completion of the Representation Review (required to be undertaken every six years), development of governance policies for asset management plans and the development of policies relating to young people and positive ageing.

| Activity | Target for 2012/13 | Actual July 2012 - June 2013 |
|---|---|---|
| Completion of annual plan actions on time | 88% of Annual Plan actions substantially undertaken or completed. All groups of activities achieved at least 75% of identified actions.<br><br>*Note*: The 2009/19 LTCCP included a target of 60-75% of Annual Plan actions being completed for each group of activities. The structure of these groups of activities was changed in the 2012/22 LTP, mainly to reflect the requirements in the amended Local Government Act 2002 – clause 2(2) of Schedule 10. The 2012/22 LTP includes a list of planned actions in years 1-3. | Partly achieved: 83%<br><br>The average is brought down by non-achievement in those actions identified in the LTP (in 2012/13) for Community and Leisure Assets.<br><br>Last year, 87% of actions identified in the 2011/12 Annual Plan were substantially undertaken or completed. All groups of activities achieved at least 75% (although there were no specific actions identified for the Community Support group of activities).<br><br>Roading and footpaths: 75%<br><br>Error in recording reseal programme cycle (55km reseal per annum not 70km). Footpath programme proved more expensive than anticipated, resulting in some footpath (renewal and capital) deferred to 2013/14.<br><br>Community Leadership: 93%<br><br>Legal compliance project: 12/15 modules completed to at least the SOLGM requirements. Two Bylaw reviews not completed but in progress.<br><br>Rubbish and recycling: 100%<br><br>Environmental and regulatory: 98%<br><br>One appeal point still outstanding in reviewed District Plan: resolution likely before going to the Environment Court.[3]<br><br>Water Supply: 88%<br><br>Marton water is the key project - just about completed on time and under budget.<br><br>Sewerage and the treatment and disposal of sewage: 80% |

[3] This appeal point, relating to the boundaries for the outstanding natural landscape in the Rangitikei foredunes was settled on 19 August 2013.

| Activity | Target for 2012/13 | Actual July 2012 - June 2013 |
|---|---|---|
| | | Key issue remains the wastewater treatment system in Taihape: progress is being made.<br>Stormwater drainage: 83%<br>Water Services Bylaw completed, with the exception of drainage maps (for subsequent consultation in August).<br>Community and Leisure Assets: 36%<br>Severe disconnect between LTP actions and budget provision: no budget provision was made to complete the 2012/13 actions. In other areas, there has been good progress - particularly around the swimming pool in Marton and Centennial Park developments.<br>Community Well-being: 91%<br>Four out of six elements of the Youth Action Plan were delivered: the remaining two will take place in July/August 2013. Six collaborative projects were begun during the year: one was completed, three on track, and two slightly behind schedule. |
| Completion of capital programme | 85% of planned capital programme expended, all network utilities groups of activities to achieve at least 75% of planned capital expenditure. | Partly achieved:<br>Overall 89% of the planned capital programme has been achieved. All network utilities groups have achieved at least 75%, except for stormwater drainage.<br>Details are:<br>The budgeted renewals and capital provision for water was $3,599,000 of which $3,648,000 was spent (101%).<br>The budgeted renewals and capital provision for wastewater was $2,220,000 of which $1,833,000 was spent (83%).<br>The budgeted renewals and capital provision for stormwater was $456,000 million, of which $167,000 was spent (30%).<br>The budgeted renewals and capital provision for roading (subsidised and non-subsidised) was $6,961 million of which $6,641 million was spent (95%).<br>The budgeted renewals and capital provision for community and leisure |

| Activity | Target for 2012/13 | Actual July 2012 - June 2013 |
|---|---|---|
| | | assets was $373,000and $718,000 was spent (192%).[4]<br>The budgeted renewals and capital provision for community well-being was $7,000 of which $6,000 was spent (86%).<br>The budgeted renewals and capital provision for rubbish and recycling was $29,000 of which $10,000 was spent (34%). |

**Significant variations between the level of service achieved and the intended level of service**

There were no significant variations between intended and actual levels of service.

**Significant variation between acquisitions and replacement from the Long Term Plan**

There were no significant variations between acquisitions and replacement.

**Significant variation between forecast and actual operating surplus in the funding impact statement**

Operating costs for Council were $96,000 below budget. Of this, half was from reduced internal charges and the rest was from savings over a range of expenses including reimbursements to Elected Members.

[4] Subsequent to the adoption of the 2012/22 LTP (and the budget for 2012/13), Council made two adjustments. These were (i) increased budgetary provision of $285,000 for upgrading the Marton pool and (ii) taking over assets in exchange for a loan from the Marton Aquatic & Leisure Trust, which were $240,318 in value, plus a further $27,455 taken in exchange for repaying the Trust’s advance from Council.

## Community Leadership – Funding Impact Statement

For the year ended 30 June 2013

| | 2012 Annual plan ($000) | 2013 Long-term plan ($000) | 2013 Actual ($000) |
|---|---|---|---|
| **Sources of operating funding** | | | |
| General rates, uniform annual general charge, rates penalties | 1,604 | 1,110 | 1,066 |
| Targeted rates (other than a targeted rate for water supply) | 0 | 0 | 44 |
| Subsidies and grants for operating purposes | 0 | 0 | 0 |
| Fee, charges, and targeted rates for water supply | 0 | 0 | 1 |
| Interest and dividends from investments | 0 | 0 | 0 |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 0 | 0 | 0 |
| **Total operating funding** | **1,604** | **1,110** | **1,111** |
| **Applications of operating funding** | | | |
| Payment to staff and suppliers | 746 | 923 | 876 |
| Finance costs | 0 | 0 | 0 |
| Internal charges and overheads applied | 1,249 | 193 | 144 |
| Other operating funding applications | 0 | 0 | 0 |
| **Total applications of operating funding** | **1,995** | **1,116** | **1,020** |
| **Surplus (deficit) of operating funding** | **(391)** | **(6)** | **91** |
| **Sources of capital funding** | | | |
| Subsidies and grants for capital expenditure | 0 | 0 | 0 |
| Development and financial contributions | 0 | 0 | 0 |
| Increase (decrease) in debt | (1) | 0 | 0 |
| Gross proceeds from sale of assets | 0 | 0 | 0 |
| Lump sum contributions | 0 | 0 | 0 |
| **Total sources of capital funding** | **(1)** | **0** | **0** |
| **Application of capital funding** | | | |
| Capital expenditure | | | |
| - to meet additional demand | 0 | 0 | 0 |
| - to improve the level of service | 0 | 0 | 0 |
| - to replace existing assets | 7 | 0 | 0 |
| Increase (decrease) in reserves | (399) | (6) | 91 |
| Increase (decrease) in investments | 0 | 0 | 0 |
| **Total applications of capital funding** | **(392)** | **(6)** | **91** |
| **Surplus (deficit) of capital funding** | **391** | **6** | **(91)** |
| **Funding balance** | **0** | **0** | **0** |
| Note: Depreciation expense not included above | 53 | 2 | 4 |

## Roading and Footpaths

This group of activities covers the Council's roading network (including bridges), footpaths and street lighting. A safe and orderly transportation network throughout the District is critical for the movement of people and goods as there is very limited public transport. This is the most significant activity in terms of rates expenditure. It also receives the largest subsidy from central government – but the Financial Assistance Rate ("FAR') of 59% reduced to 58% from 2012/13. A technical audit carried out by New Zealand Transport Agency in 2012 assessed the network as generally overall in good condition.

50 km of the roading network was resurfaced. Pavement rehabilitation was done for 9 km (mostly on the Turakina Valley Road). The length of footpath capital and renewal was 638 metres, in Ratana, Bulls, Marton and Taihape.

| Activity | Target for 2012/13 | Actual July 2012-June2013 |
|---|---|---|
| Smooth travel exposure rating (i.e. NAASRA roughness counts) | 96.5% | ***Not yet available:*** This measure is not due to be provided until January 2014.<br>When last measured, in January 2011, 97% of vehicle km travelled on Council roads met the specified service level. This is an aggregated measure – 92% on Council's urban roads and 99% on Council's rural roads. |
| The number of callouts to the contractor, both within working hours and after-hours, with the response and resolution times (with the percentage resolved within a specified time). Specific note to be made of<br>(i) time to respond/ resolve callouts relating to potholes; and<br>(ii) incidents of crashes on Council's roading network and whether the road condition was a cause of each crash. | • 100% after-hours callouts responded to within 12 hours<br><br>• 100% callouts during working hours, responded to within 6 hours<br><br>• 80% of all callouts resolved (i.e. completed) within one month of the request. | ***Partly achieved:*** 61% average<br><br>27 callouts after hours were received during the past year. 78% of these were responded to within 12 hours.<br><br>199 callouts were recorded during work hours in the past year. 55% of these callouts were responded to within six hours.<br><br>226 callouts were recorded during the year. 58% were completed within one month of request. |
| **Activity** | **Target for 2012/13** | **Actual July 2012-June2013** |

| | | |
|---|---|---|
| Working hours are 8.00 am-5.00pm Monday to Friday.<br><br>Council's roading staff check most sites as they need to confirm the work is done before paying the claim. Most of the time they see the result of the callout work as they are driving the network. | • Specific reference to callouts relating to potholes<br><br>No fatal crashes attributable to the condition of the roading network | 21 requests for service were received during the year regarding potholes during the year. 52% of these callouts were completed in time.<br><br>There were no fatal accidents attributable to the condition of the roading network. |
| Adequacy of provision and maintenance of footpaths, street-lighting and local roads (annual survey)[5]. | A greater proportion (than in the benchmark[6]) of the sample believe that Council's service is getting better | ***Not achieved:*** The survey conducted in February-March 2013 showed (in aggregate) that10% (13% last year) rated the roading network better than last year, 64% (71% last year) about the same, and 17% (15% last year) thought it was worse. 9% (1% last year) of respondents didn't know. The survey sought ratings over eight statements.<br><br>Specific questions in the survey sometimes revealed levels of satisfaction which differed from the overall result. For example, a higher percentage of respondents viewed the roading network as better than last year in terms of allowing Rangitikei people to travel safely (up five percentage points to 10% in 2013). However, this was not the case for those viewing as better than last year the condition of footpaths (down fourteen percentage points to 11% in 2013), the condition of sealed roads, also down fourteen percentage points to 7% in 2013), and the maintenance of unsealed roads (down six percentage points to 6% in 2013). |

## Significant variations between the level of service achieved and the intended level of service

There were no significant variations between intended and actual levels of service.

[5] Groups which are targeted for consultation:

- Residents where programmed renewal has taken place,
- Community Boards/ Committees,
- Community group database
- Business sector database

[6] A "report card" produced in April/May 2012 established the benchmark of perceptions of adequacy of provision and maintenance of Council's footpaths, street-lighting and local roads: 13% believed it was better than last year, 71% about the same, 15% worse than last year (1% didn't know).

**Significant variation between acquisitions and replacement from the Long Term Plan**

There was no significant variation between acquisitions and replacements of capital work.

**Significant variation between forecast and actual operating surplus in the funding impact statement**

The operating surplus was higher than budget by $385,000. This was achieved by a slightly higher rates revenue ($97,000) and savings in both subsidised and non-subsidies roading ($270,000). In particular, there was less spent on planning for the replacement of Wylies Bridge (a boundary bridge with Wanganui District) because of uncertainty about the availability of NZTA subsidy and discussions about the share of the capital cost to be borne by Rangitikei District.

## Roading and Footpaths – Funding Impact Statement

For the year ended 30 June 2013

| | 2012 Annual plan ($000) | 2013 Long-term plan ($000) | 2013 Actual ($000) |
|---|---|---|---|
| **Sources of operating funding** | | | |
| General rates, uniform annual general charge, rates penalties | 390 | 0 | 0 |
| Targeted rates (other than a targeted rate for water supply) | 6,356 | 6,663 | 6,760 |
| Subsidies and grants for operating purposes | 2,748 | 2,547 | 2,541 |
| Fee, charges, and targeted rates for water supply | 1 | 4 | 25 |
| Interest and dividends from investments | 0 | 0 | 0 |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 120 | 110 | 113 |
| **Total operating funding** | **9,615** | **9,324** | **9,439** |
| **Applications of operating funding** | | | |
| Payment to staff and suppliers | 5,455 | 5,182 | 4,881 |
| Finance costs | 186 | 146 | 163 |
| Internal charges and overheads applied | 439 | 467 | 481 |
| Other operating funding applications | 0 | 0 | 0 |
| **Total applications of operating funding** | **6,080** | **5,795** | **5,525** |
| | | | |
| **Surplus (deficit) of operating funding** | **3,535** | **3,529** | **3,914** |
| **Sources of capital funding** | | | |
| Subsidies and grants for capital expenditure | 4,810 | 4,096 | 3,876 |
| Development and financial contributions | 0 | 0 | 0 |
| Increase (decrease) in debt | 82 | (48) | (150) |
| Gross proceeds from sale of assets | 0 | 0 | 0 |
| Lump sum contributions | 0 | 0 | 0 |
| **Total sources of capital funding** | **4,892** | **4,048** | **3,726** |
| **Application of capital funding** | | | |
| Capital expenditure | | | |
| - to meet additional demand | 0 | 0 | 0 |
| - to improve the level of service | 913 | 872 | 603 |
| - to replace existing assets | 7,099 | 6,091 | 6,038 |
| Increase (decrease) in reserves | 415 | 614 | 999 |
| Increase (decrease) in investments | 0 | 0 | 0 |
| **Total applications of capital funding** | **8,427** | **7,577** | **7,640** |
| | | | |
| **Surplus (deficit) of capital funding** | **(3,535)** | **(3,529)** | **(3,914)** |
| | | | |
| **Funding balance** | **0** | **0** | **0** |
| | | | |
| Note: Depreciation expense not included above | 6,752 | 6,258 | 6,401 |

The Council does not fully fund depreciation on roading. This is because a subsidy is received on Capital Renewals from New Zealand Transport Agency (NZTA) which is used to reduce the cost to Council.

## Roading and Footpaths – Capital Works

For the year ended 30 June 2013

| Category | Designated projects for 2012/13 | 2012 Annual plan ($000) | 2013 Long-term plan ($000) | 2013 Actual ($000) |
|---|---|---|---|---|
| **RENEWALS** | | | | |
| Road resealing | Total length 50 km (actual) | 1,865 | 1,958 | 1,795 |
| Road rehabilitation | Total length 8.97 km (actual) | 3,250 | 2,924 | 2,988 |
| Footpaths | Mills St, Marton; Bridge St, Bulls; Thrush & Huia Sts, Taihape | 97 | 202 | 185 |
| Drainage | Programmed maintenance | 378 | 316 | 379 |
| Traffic services | Street lights and renewals | 334 | 110 | 110 |
| General maintenance and projects | Potholes, slips etc | 1,175 | 580 | 581 |
| **Total renewals** | | **7,099** | **6,090** | **6,038** |
| | | | | |
| **CAPITAL** | | | | |
| Roading | Realignment and intersections | 831 | 591 | 525 |
| | | 22 | 0 | 0 |
| | Wylies bridge | 0 | 220 | 20 |
| Footpaths | | | | |
| | Taihauaura St, Ratana; Main St, Hunterville; Vera St, Marton; Swan St, Taihape | 60 | 60 | 58 |
| **Total capital** | | **913** | **871** | **603** |

**Borrowing**

For the year ended 30 June 2013

| | | | |
|---|---|---|---|
| Balance of borrowing at start of year | 2,768 | 2,886 | 2,955 |
| Funds borrowed during the year | 234 | 152 | 0 |
| Funds repaid during the year | 152 | 200 | 150 |
| Balance of borrowing at end of year | 2,850 | 2,838 | 2,805 |

All borrowing is managed through the Council's treasury function which borrows externally to maintain sufficient liquidity for day to day operations. Therefore, the loans to activities from the Council's treasury function, are funded by a mix of internal and external funds.

| | | | |
|---|---|---|---|
| Proportion of internal borrowing to all borrowing at 30 June | 68% | 54% | 85% |
| Portion of finance costs attributable to internal borrowing | 127 | 79 | 138 |

## Water Supply

This group of activities provides readily available drinking water via a reticulation system (pipes) to meet domestic, commercial and fire-fighting requirements in the urban communities of Taihape, Mangaweka, Hunterville, Marton, Bulls and Ratana. The Council also administers rural water schemes on behalf of subscriber/owner committees in Hunterville, Erewhon, Omatane and Putorino.

The highlight for the year was the significant upgrade to the Marton water supply, in terms of the new reservoir and the new building for the treatment plant.

| Activity | Target for 2012/13 | Actual July 2012 - June 2013 |
|---|---|---|
| Compliance with resource consents | No incidents of non-compliance with resource consents | ***Not achieved***: Council has 12 resource consents for its urban water schemes and a further four for its rural water supply schemes. During the year, Horizons undertook 8 inspections with the following results:<br>Bulls – 103868: complies.<br>Marton – 4901: complies.<br>Marton – 6853: non-compliance, because sampling results were not provided every six months as required.<br>Marton – 6929: non-compliance, because abstraction records were not provided monthly to Horizons.<br>Hunterville – 103989: complies.<br>Mangaweka – 103081: complies.<br>Taihape: 101722: significant non-compliance, because of two issues. During the 15 days when the Hautapu River flow at Alabasters dropped below 0.5690 $m^3$/sec, there were only four days when the abstraction rate fell below the prescribed maximum (2,225$m^3$ per day). An updated activity management plan to address issues identified in Condition 8 of the consent (such as leakage, prevention of illegal usage, monitoring consumption) is overdue.<br>This work is in progress. Reduction in abstraction flow is difficult to achieve without damaging the pipeline. This pipeline was installed in 1923 and was designed to operate under full flow conditions as it traverses rugged country with extreme differences in elevation. |

| **Activity** | **Target for 2012/13** | **Actual July 2012 - June 2013** |
|---|---|---|
| Compliance with resource consents – *continued* | | Erewhon – 103986 and 103987: non-compliance, because of the lack of a flowmeter with pulse output for several months and the lack of gaugings undertaken above the weir at Pukeokahu.<br><br>The flow meter has been replaced and gauging equipment positioned. Readings can be taken only when the Rangitikei River is below certain levels. These levels have not been reached yet. |
| Compliance with the New Zealand Drinking Water Standards[7] | No incidents of E-coli detection requiring information to be passed to Ministry of Health's Drinking Water Assessor | ***Not achieved***: Five incidents of E. coli transgressions were reported this period, at the Hunterville treatment plant (1 August 2012), Hunterville Township (12 October 2012), the Ratana treatment plant (1 August 2012 and 13 December 2012) and the Marton Calico Line bore (on 24 April 2013). All sites were rechecked in accordance with NZDWS procedures and returned clear results.<br><br>Investigations at Hunterville indicate the positive result in August was the result of bad sampling technique. Corrective action included review/rewrite of sampling procedures and revision by operators.<br><br>The August transgression at Ratana was the result of an operational issue as a chlorine bottle had run out. Corrective action included an elevated chlorine dose rate and reticulation flushing until a chlorine residue was obtained. A new chlorine analyser has been installed and alarm levels set on the plant's monitoring system. The cause of the October and December transgressions at Hunterville Township and Ratana is unclear, and is most probably the result of incorrect sampling procedure. This procedure has been reviewed with all sample takers.<br><br>Calico Line bore was not used as a water source between February and July 2013. Sampling was undertaken at the normal frequency during that period. Follow-up samples were clear, which indicates a sampling error. |

[7] There are three distinct measures: (a) weekly sampling and testing on a weekly basis at Environmental Laboratory Services in Gracefield, Lower Hutt of all Council's urban reticulated supplies; (b) random tests conducted by MidCentral Health, and (c) annual inspections and grading by the Drinking-water Assessor (MidCentral Health, on behalf of the Ministry of Health)

| Activity | Target for 2012/13 | Actual July 2012- June 2013 |
|---|---|---|
| Compliance with the New Zealand Drinking Water Standards – *continued* | Systems beginning to work towards operational compliance | ***Achieved***: The key document under the Health Act 1956 to demonstrate operational compliance is the Public Health Risk Management Plan.[8] The Drinking Water Assessor at Mid Central Health has approved such plans for Mangaweka and Ratana water supplies. Draft plans are being prepared for water supplies at Bulls, Marton, Hunterville and Taihape, to be submitted to the Drinking Water Assessor in November 2013. . |
| Number of unplanned water supply disruptions affecting multiple properties | No unplanned water supply disruptions affecting multiple properties | ***Not achieved***: Out of the four incidents recorded, two related to a disruption to neighbouring properties because of dealing with low pressure caused by a leaking hydrant. |
| Random flow checks at the different supplies[9] | 90% of fire hydrant installations are in compliance | ***In progress***: Achieved for all schemes except Marton. Testing was to be done when the new reservoir was fully commissioned, but has been deferred due to the dry summer conditions. |

### Significant variations between the level of service achieved and the intended level of service

Not achieving the level of service for compliance with resource consents for water supply is a significant variance. Details of this are provided above.

### Significant variation between acquisitions and replacement from the Long Term Plan

The new treatment plan for Ratana did not proceed, because of delays in securing the signed contract from the Ministry of Health. That work will be done in 2013/14.

### Significant variation between forecast and actual operating surplus in the funding impact statement

The operating surplus was higher than budget by $597,000. A shortfall in the revenue from water billed by meter of $252,000 means that savings in the order of $849,000 were achieved in expenses. These savings were mainly attained in maintenance costs for both reticulation and treatment, plus a significant reduction in chemicals and materials required for the year. Other savings of a lesser nature were achieved in electricity, professional services, and insurance costs. Some of this can be attributed to the efficiencies gained from operating all the urban supplies (except Hunterville) on a district-wide basis.

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[8] Health Act 1956, section 69Z

[9] This measure tests whether the Council is providing a reliable water pressure and flow, which complies with the NZ Fire Service Fire Fighting Water Supplies Code of Practice

## Water Supply – Funding Impact Statement

For the year ended 30 June 2013

| | 2012 Annual plan ($000) | 2013 Long-term plan ($000) | 2013 Actual ($000) |
|---|---|---|---|
| **Sources of operating funding** | | | |
| General rates, uniform annual general charge, rates penalties | 0 | 0 | 0 |
| Targeted rates (other than a targeted rate for water supply) | 1,412 | 2,918 | 2,971 |
| Subsidies and grants for operating purposes | 0 | 0 | 0 |
| Fee, charges, and targeted rates for water supply | 2,413 | 1,331 | 1,040 |
| Interest and dividends from investments | 0 | 0 | 0 |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 0 | 0 | 0 |
| **Total operating funding** | **3,825** | **4,249** | **4,011** |
| **Applications of operating funding** | | | |
| Payment to staff and suppliers | 1,976 | 2,265 | 1,523 |
| Finance costs | 418 | 371 | 320 |
| Internal charges and overheads applied | 604 | 570 | 528 |
| Other operating funding applications | 0 | 0 | 0 |
| **Total applications of operating funding** | **2,998** | **3,206** | **2,371** |
| | | | |
| **Surplus (deficit) of operating funding** | **827** | **1,043** | **1,640** |
| **Sources of capital funding** | | | |
| Subsidies and grants for capital expenditure | 0 | 200 | 0 |
| Development and financial contributions | 0 | 0 | 0 |
| Increase (decrease) in debt | 4,276 | 1,915 | 2,010 |
| Gross proceeds from sale of assets | 0 | 0 | 0 |
| Lump sum contributions | 0 | 0 | 0 |
| **Total sources of capital funding** | **4,276** | **2,115** | **2,010** |
| **Application of capital funding** | | | |
| Capital expenditure | | | |
| - to meet additional demand | 0 | 0 | 0 |
| - to improve the level of service | 4,520 | 2,152 | 2,311 |
| - to replace existing assets | 1,564 | 1,447 | 1,337 |
| Increase (decrease) in reserves | (981) | (441) | 3 |
| Increase (decrease) in investments | 0 | 0 | 0 |
| **Total applications of capital funding** | **5,103** | **3,158** | **3,651** |
| | | | |
| **Surplus (deficit) of capital funding** | **(827)** | **(1,043)** | **(1,640)** |
| | | | |
| **Funding balance** | **0** | **0** | **(0)** |
| | | | |
| Note: Depreciation expense not included above | 1,246 | 1,043 | 1,138 |

## Water Supply – Capital Works

For the year ended 30 June 2013

| Category | Designated projects for 2012/13 | 2012 Annual plan ($000) | 2013 Long-term plan ($000) | 2013 Actual ($000) |
|---|---|---|---|---|
| **RENEWALS** | | | | |
| Marton | Treatment and reticulation | 971 | 338 | 619 |
| Taihape | Treatment and reticulation | 143 | 541 | 328 |
| Bulls | Treatment and reticulation | 95 | 179 | 185 |
| Mangaweka | Treatment and reticulation | 58 | 92 | 7 |
| Hunterville urban | Treatment and reticulation | 12 | 82 | 17 |
| Ratana | Treatment and reticulation | 25 | 30 | 11 |
| Erewhon | Treatment and reticulation | 126 | 136 | 126 |
| Hunterville rural | Treatment and reticulation | 132 | 47 | 44 |
| Omatane | Treatment and reticulation | 2 | 2 | 0 |
| **Total renewals** | | **1,564** | **1,447** | **1,337** |
| **CAPITAL** | | | | |
| Marton | | | | |
| | Balance of water treatment plant, seismic flow protection, telemetry upgrade | 3,440 | 1,440 | 2,170 |
| Taihape | | | | |
| | Seismic flow protection, telemetry upgrade | 112 | 82 | 26 |
| Bulls | Seismic flow protection, telemetry upgrade, sludge disposal | 125 | 148 | 83 |
| Mangaweka | Sludge disposal, irrigation | 40 | 38 | 2 |
| Hunterville urban | Easement and site legalisation | 75 | 22 | 2 |
| Ratana | New treatment plant | 690 | 215 | 22 |
| Hunterville rural | Four VSDs for pump station | 38 | 207 | 6 |
| **Total capital** | | **4,520** | **2,152** | **2,311** |
| **Borrowing** | | | | |
| For the year ended 30 June 2013 | | | | |
| Balance of borrowing at start of year | | 5,189 | 8,175 | 5,968 |
| Funds borrowed during the year | | 4,521 | 2,151 | 2,309 |
| Funds repaid during the year | | 245 | 236 | 299 |
| Balance of borrowing at end of year | | 9,465 | 10,090 | 7,978 |

All borrowing is managed through the Council's treasury function which borrows externally to maintain sufficient liquidity for day to day operations. Therefore, the loans to activities from the Council's treasury function, are funded by a mix of internal and external funds.

| | | | |
|---|---|---|---|
| Proportion of internal borrowing to all borrowing at 30 June | 68% | 54% | 85% |
| Portion of finance costs attributable to internal borrowing | 248 | 164 | 279 |

## Sewerage and the Treatment and Disposal of Sewage

This group of activities provides for the process of taking wastewater and making it suitable for discharge again into the environment.

The major project for the year was the relocation of the Taihape pump station, together with the associated gravity and trunk mains. It will be completed during 2013/14. Planning for the upgrade of the Bulls wastewater plant has included discussions with Manawatu District about including Sanson.

The floating wetlands plant at Hunterville was granted a resource consent for 24 years.[10]

| Activity | Target for 2012/13 | Actual July 2012 – June 2013 |
|---|---|---|
| Compliance with resource consents | 100% compliance at Hunterville and Taihape WWTP<br>(Mangaweka WWTP continues 100% compliant) | ***Partly achieved***:<br>During the year Horizons undertook three inspections with the following result:<br>Marton – 7312: significant non-compliance, because of failure to meet several quality standards with consequential toxic impact on aquatic life. As the plant is due for upgrade in 2013/14, Horizons has not taken further enforcement action.<br>Marton – 7313: complies<br>Hunterville – 7079: complies.<br>No inspection of the operative (but expired) consent at Taihape was undertaken, reflecting the hearings undertaken for a new consent. However, Horizons issued an infringement notice (and fine) because of a dry weather overflow on 3 January 2013 from the wastewater pump station near Huia Street, Taihape that resulted in untreated domestic wastewater being discharged into the Hautapu River. |

[10] The consent process has been appealed.

| | | |
|---|---|---|
| Number of overflows from each network (response/resolution time) | No single network to experience more than 4 overflows during a 12 month period. Response/resolution time monitored and compared with benchmark. | ***Achieved***: Two overflow requests were received, both of which related to the Council network. The first was responded to and completed within the specified time frames.<br><br>The second request was received via the website over the weekend so was not noticed or logged until Monday morning. Although a private issue, the Utilities team unblocked the pipe. |
| Number of reported blockages in Council's reticulation system per km[11]<br><br>The total reticulation length is 109 km. | Less than 1 blockage per 13.625 km in Council's reticulated system | ***Achieved***: One blockage was reported.<br><br>It turned out to be a leaking valve. The request was responded to and resolved within the two hour time limit.[12] |

**Significant variations between the level of service achieved and the intended level of service**

There were no significant variations between intended and actual levels of service.

**Significant variation between acquisitions and replacement from the Long Term Plan**

There was a greater amount spent on replacement assets than budgeted ($165,000), representing the carry-forward from last year of funding to complete Marton's Wellington Road sewer reticulation upgrade. New capital work was underspent by $500,000 – the result of slower progress with the relocation of the Taihape pump station.

**Significant variation between forecast and actual operating surplus in the funding impact statement**

Revenue was $155,000 higher than budget, mainly through the increased leachate disposal from the Bonny Glen landfill. Savings in expenses were achieved of $600,000 – in professional services, contract costs, chemicals and materials. Some of this can be attributed to efficiencies gained from operating all the schemes on a district-wide basis.

[11] Council relies on reported faults to check whether there is a blockage in its system. Flow metres are not installed throughout the network to provide alerts on such blockages.
[12] The half-year report noted a different incident. In review, this was found to be a stormwater issue.

## Sewerage and Treatment and Disposal of Sewerage – Funding Impact Statement

For the year ended 30 June 2013

| | 2012 Annual plan ($000) | 2013 Long-term plan ($000) | 2013 Actual ($000) |
|---|---|---|---|
| **Sources of operating funding** | | | |
| General rates, uniform annual general charge, rates penalties | 0 | 0 | 0 |
| Targeted rates (other than a targeted rate for water supply) | 1,604 | 2,277 | 2,414 |
| Subsidies and grants for operating purposes | 0 | 0 | 0 |
| Fee, charges, and targeted rates for water supply | 140 | 157 | 175 |
| Interest and dividends from investments | 0 | 0 | 0 |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 0 | 0 | 0 |
| **Total operating funding** | **1,744** | **2,434** | **2,589** |
| **Applications of operating funding** | | | |
| Payment to staff and suppliers | 1,451 | 1,317 | 749 |
| Finance costs | 228 | 252 | 138 |
| Internal charges and overheads applied | 243 | 235 | 215 |
| Other operating funding applications | 0 | 0 | 0 |
| **Total applications of operating funding** | **1,922** | **1,804** | **1,102** |
| **Surplus (deficit) of operating funding** | **(178)** | **630** | **1,487** |
| **Sources of capital funding** | | | |
| Subsidies and grants for capital expenditure | 0 | 0 | 0 |
| Development and financial contributions | 0 | 0 | 0 |
| Increase (decrease) in debt | 1,010 | 1,451 | 988 |
| Gross proceeds from sale of assets | 0 | 0 | 0 |
| Lump sum contributions | 0 | 0 | 0 |
| **Total sources of capital funding** | **1,010** | **1,451** | **988** |
| **Application of capital funding** | | | |
| Capital expenditure | | | |
| - to meet additional demand | 0 | 0 | 0 |
| - to improve the level of service | 1,220 | 1,725 | 1,223 |
| - to replace existing assets | 508 | 495 | 660 |
| Increase (decrease) in reserves | (896) | (139) | 592 |
| Increase (decrease) in investments | 0 | 0 | 0 |
| **Total applications of capital funding** | **832** | **2,081** | **2,475** |
| **Surplus (deficit) of capital funding** | **178** | **(630)** | **(1,487)** |
| **Funding balance** | **0** | **0** | **(0)** |
| Note: Depreciation expense not included above | 617 | 630 | 624 |

## Sewerage and Treatment and Disposal of Sewerage – Capital Works

For the year ended 30 June 2013

| Category | Designated projects for 2012/13 | 2012 Annual plan ($000) | 2013 Long-term plan ($000) | 2013 Actual ($000) |
|---|---|---|---|---|
| **RENEWALS** | | | | |
| Marton | Treatment and reticulation | 288 | 273 | 564 |
| Taihape | Treatment and reticulation | 215 | 178 | 51 |
| Bulls | Treatment and reticulation | 0 | 6 | 13 |
| Mangaweka | Treatment and reticulation | 0 | 0 | 1 |
| Hunterville | Treatment and reticulation | 0 | 13 | 30 |
| Ratana | Treatment and reticulation | 5 | 13 | 1 |
| Koitiata | Treatment and reticulation | 0 | 12 | 0 |
| **Total renewals** | | **508** | **495** | **660** |
| | | | | |
| **CAPITAL** | | | | |
| Marton | | 75 | 0 | 51 |
| Taihape | Relocate pump station; gravity and mains | 0 | 1,725 | 1,134 |
| Bulls | | 420 | 0 | 8 |
| Koitiata | | 275 | 0 | 0 |
| Hunterville | | 0 | 0 | 30 |
| Ratana | | 450 | 0 | 0 |
| **Total capital** | | **1,220** | **1,725** | **1,223** |

**Borrowing**

For the year ended 30 June 2013

| | 2012 Annual plan ($000) | 2013 Long-term plan ($000) | 2013 Actual ($000) |
|---|---|---|---|
| Balance of borrowing at start of year | 3,175 | 4,850 | 3,790 |
| Funds borrowed during the year | 1,220 | 1,725 | 1,223 |
| Funds repaid during the year | 210 | 274 | 235 |
| Balance of borrowing at end of year | 4,185 | 6,301 | 4,778 |

All borrowing is managed through the Council's treasury function which borrows externally to maintain sufficient liquidity for day to day operations. Therefore, the loans to activities from the Council's treasury function, are funded by a mix of internal and external funds.

| | | | |
|---|---|---|---|
| Proportion of internal borrowing to all borrowing at 30 June | 68% | 54% | 85% |
| Portion of finance costs attributable to internal borrowing | 151 | 149 | 177 |

## Stormwater Drainage

This group of activities provides a collection and disposal system for surface and, in some instances, sub-surface water linking both private and public reticulation through the District's main urban centres – Taihape, Mangaweka, Hunterville, Marton, Bulls, Ratana – and, to a limited extent, at Koitiata and Turakina.

Reticulation renewals were undertaken in Marton and Taihape, but much of the planned capital work on culverts, drains and inlet protection did not proceed.

| Activity | Target for 2012/13 | Actual July 2012 - June 2013 |
|---|---|---|
| Number of habitable dwellings which remain uninhabitable for over 24 hours in a heavy rain event (1 in 20-year storm). | In each event of 1 in 20 year storm, no more than 20 dwellings affected for more than 24 hours | ***In progress***: There were no such events in the reporting period. |
| Callouts for blocked drains and faults: Specific note to be made of time to respond and resolve callouts relating to manhole covers and inlets. | 50% responded within time and 50% resolved within time<br><br>100% resolved<br><br>The targeted response times are 30 minutes for urgent callouts and 24 hours for other callouts. Targeted resolution times are 24 hours for urgent faults and 96 hours for other faults. | ***Achieved***: There were fifteen blocked drain requests. Nine of these were urgent, five of which were responded to in time.<br><br>Six non-urgent requests were received. Four of these were responded to in time. One was responded to late by four minutes and the other one was responded to late by two minutes.<br><br>Nine out of the fifteen (60%) were resolved on time. 100% were resolved. |

### Significant variations between the level of service achieved and the intended level of service

There were no significant variations between intended and actual levels of service.

### Significant variation between acquisitions and replacement from the Long Term Plan

Capital was underspent by $289,000. There was a shortage of suitably skilled staff and those available were engaged on higher priority projects in water and wastewater projects.

### Significant variation between forecast and actual operating surplus in the funding impact statement

The operating surplus was $153,000 higher than budgeted, largely caused by savings in staff costs (as noted above).

## Stormwater Drainage – Funding Impact Statement

For the year ended 30 June 2013

| | 2012 Annual plan ($000) | 2013 Long-term plan ($000) | 2013 Actual ($000) |
|---|---|---|---|
| **Sources of operating funding** | | | |
| General rates, uniform annual general charge, rates penalties | 0 | 0 | 0 |
| Targeted rates (other than a targeted rate for water supply) | 683 | 701 | 706 |
| Subsidies and grants for operating purposes | 0 | 0 | 0 |
| Fee, charges, and targeted rates for water supply | 0 | 0 | 0 |
| Interest and dividends from investments | 0 | 0 | 0 |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 0 | 0 | 0 |
| **Total operating funding** | **683** | **701** | **706** |
| **Applications of operating funding** | | | |
| Payment to staff and suppliers | 320 | 387 | 272 |
| Finance costs | 36 | 14 | (2) |
| Internal charges and overheads applied | 67 | 114 | 97 |
| Other operating funding applications | 0 | 0 | |
| **Total applications of operating funding** | **423** | **515** | **367** |
| | | | |
| **Surplus (deficit) of operating funding** | **260** | **186** | **339** |
| **Sources of capital funding** | | | |
| Subsidies and grants for capital expenditure | 0 | 0 | 0 |
| Development and financial contributions | 0 | 0 | 0 |
| Increase (decrease) in debt | 124 | 105 | (52) |
| Gross proceeds from sale of assets | 0 | 0 | 0 |
| Lump sum contributions | 0 | 0 | 0 |
| **Total sources of capital funding** | **124** | **105** | **(52)** |
| **Application of capital funding** | | | |
| Capital expenditure | | | |
| - to meet additional demand | 0 | 0 | 0 |
| - to improve the level of service | 180 | 166 | 38 |
| - to replace existing assets | 153 | 290 | 129 |
| Increase (decrease) in reserves | 51 | (165) | 120 |
| Increase (decrease) in investments | 0 | 0 | 0 |
| **Total applications of capital funding** | **384** | **291** | **287** |
| | | | |
| **Surplus (deficit) of capital funding** | **(260)** | **(186)** | **(339)** |
| | | | |
| **Funding balance** | **0** | **0** | **0** |
| | | | |
| Note: Depreciation expense not included above | 297 | 230 | 237 |

## Stormwater Drainage – Capital Works

For the year ended 30 June 2013

| Category | Designated projects for 2012/13 | 2012 Annual plan ($000) | 2013 Long-term plan ($000) | 2013 Actual ($000) |
|---|---|---|---|---|
| **RENEWALS** | | | | |
| Marton | Reticulation | 61 | 80 | 45 |
| Taihape | Reticulation | 70 | 142 | 75 |
| Rural | Reticulation | 0 | 29 | 2 |
| Bulls | Reticulation | 17 | 14 | 0 |
| Mangaweka | Reticulation | 0 | 8 | 0 |
| Hunterville | Reticulation | 5 | 11 | 5 |
| Ratana | Reticulation | 0 | 6 | 2 |
| **Total renewals** | | **153** | **290** | **129** |
| | | | | |
| **CAPITAL** | | | | |
| Marton | Culverts, drains and inlet protection | 115 | 32 | 37 |
| Taihape | Culverts, drains and inlet protection | 0 | 41 | 0 |
| Rural | Culverts, drains and inlet protection | 0 | 43 | 0 |
| Bulls | Culverts, drains and inlet protection | 14 | 9 | 0 |
| Mangaweka | Culverts, drains and inlet protection | 10 | 10 | 0 |
| Hunterville | Culverts, drains and inlet protection | 26 | 17 | 1 |
| Ratana | Culverts, drains and inlet protection | 15 | 14 | 0 |
| **Total capital** | | **180** | **166** | **38** |

| | | | |
|---|---|---|---|
| **Borrowing** | | | |
| For the year ended 30 June 2013 | | | |
| Balance of borrowing at start of year | 842 | 867 | 762 |
| Funds borrowed during the year | 179 | 166 | 0 |
| Funds repaid during the year | 55 | 61 | 52 |
| Balance of borrowing at end of year | 966 | 972 | 710 |

All borrowing is managed through the Council's treasury function which borrows externally to maintain sufficient liquidity for day to day operations. Therefore, the loans to activities from the Council's treasury function, are funded by a mix of internal and external funds.

| | | | |
|---|---|---|---|
| Proportion of internal borrowing to all borrowing at 30 June | 68% | 54% | 85% |
| Portion of finance costs attributable to internal borrowing | 40 | 27 | 36 |

## Community and Leisure Assets

This group of activities covers Council’s non-infrastructural assets – halls and community buildings, public toilets, swimming pools, parks and reserves, libraries, cemeteries and community housing. The major challenge is to manage these assets to meet the changing demands on use from residents, which include changes in the age demographic, lifestyle, ‘fashions’ in sport and outdoor recreation, patterns of indoor activities, work-life balance and the distance people are prepared to travel to access these activities.

During the year, Council resumed direct management of the Marton swimming pool. Prior to the start of the swimming season, there was significant work to upgrade the fabric of the pool and its plant. Damage to the turf on the Taihape Memorial Park was exacerbated by the prolonged summer drought and the ban on sprinklers. Expert advice has been sourced to provide for rejuvenation during spring.

Council reached agreement to have new public toilets in Bulls as part of the new supermarket development on Bridge Street. Once complete, the High Street toilets will be closed.

| Activity | Target for 2012/13 | Actual July 2011-June2012 |
|---|---|---|
| "Report card" produced during April/May 2012 of perceptions of the provision and maintenance of Council's: community and leisure assets<br>• Public libraries[13]<br>• Public swimming pools[14]<br>• Sports fields and parks[15]<br>• Public toilets[16]<br>• Community buildings[17]<br>• Community housing[18] | A greater proportion (than the benchmark) of the sample believe that Council service is getting better. | ***Partly achieved***: Overall, from the 399 responses received in the survey conducted February-March 2013, there was a slightly stronger view that community facilities had improved compared with last year (and a slightly less pronounced view that they had got worse)[19]<br>Public libraries 16% believed it was better than last year, 60% about the same, 2% worse than last year (22% didn't know).<br>Public swimming pools 25% believed it was better than last year, 30% about the same, 2% worse than last year (44% didn't know).<br>Sports fields and parks 9% believed it was better than last year, 66% about the same, 8% worse than last year (18% didn't know).<br>Public toilets 7% believed it was better than last year, 66% about the same, 10% worse than last year (16% didn't know). |

| Activity | Target for 2012/13 | Actual July 2011-June2012 |
|---|---|---|

[13] 22% believed it was better than last year, 55% about the same, 1% worse than last year (22% didn't know).
[14] 13% believed it was better than last year, 35% about the same, 5% worse than last year (47% didn't know).
[15] 10% believed it was better than last year, 67% about the same, 8% worse than last year (15% didn't know).
[16] 8% believed it was better than last year, 69% about the same, 11% worse than last year (13% didn't know).
[17] 5% believed it was better than last year, 75% about the same, 5% worse than last year (14% didn't know).
[18] 2% believed it is better than last year, 26% about the same, 3% worse than last year (70% don't know).
[19] A mean of 10.5% (compared with 10%) thought they were better; 5% (compared with 5.5%) thought they were worse.

| | | |
|---|---|---|
| | | Community buildings 5% believed it was better than last year, 73% about the same, 5% worse than last year (17% didn't know).<br><br>Community housing 1% believed it was better than last year, 33% about the same, 3% worse than last year (63% didn't know).<br><br>Within each group of facilities, there were varying responses. For example, in. public swimming pools, customer service was rated as better than last year by 21% of respondents in 2013 compared with 13% in 2012. In public libraries, more Taihape urban residents rated the overall Council provision of public libraries 'better than last year' (38%, compared with the total, 16%), while more Bulls urban residents rates public libraries 'worse than last year' overall (6% compared with the total, 2%). |

### Significant variations between the level of service achieved and the intended level of service

There were no significant variations between intended and actual levels of service.

### Significant variation between acquisitions and replacement from the Long Term Plan

Capital expenditure was $335,000 higher than budget due to Council's decision to take back the management of the Marton pool and to undertake its partial refurbishment.

### Significant variation between forecast and actual operating surplus in the funding impact statement

There was no significant variation between budget and revenue in both operating revenue and operating expenses.

## Community and Leisure Assets – Funding Impact Statement

For the year ended 30 June 2013

| | 2012 Annual Plan ($000) | 2013 Long-term plan ($000) | 2013 Actual ($000) |
|---|---|---|---|
| **Sources of operating funding** | | | |
| General rates, uniform annual general charge, rates penalties | 1,750 | 1,705 | 1,705 |
| Targeted rates (other than a targeted rate for water supply) | 660 | 687 | 687 |
| Subsidies and grants for operating purposes | 30 | 30 | 39 |
| Fee, charges, and targeted rates for water supply | 385 | 397 | 551 |
| Interest and dividends from investments | 0 | 0 | 0 |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 0 | 0 | 0 |
| **Total operating funding** | **2,825** | **2,819** | **2,982** |
| **Applications of operating funding** | | | |
| Payment to staff and suppliers | 1,697 | 2,078 | 2,453 |
| Finance costs | 32 | 22 | (0) |
| Internal charges and overheads applied | 731 | 450 | 326 |
| Other operating funding applications | 0 | 0 | 0 |
| **Total applications of operating funding** | **2,460** | **2,550** | **2,779** |
| | | | |
| **Surplus (deficit) of operating funding** | **365** | **269** | **203** |
| **Sources of capital funding** | | | |
| Subsidies and grants for capital expenditure | 0 | 0 | 0 |
| Development and financial contributions | 0 | 0 | 0 |
| Increase (decrease) in debt | 105 | 72 | 546 |
| Gross proceeds from sale of assets | 0 | 0 | 257 |
| Lump sum contributions | 0 | 0 | 0 |
| **Total sources of capital funding** | **105** | **72** | **803** |
| **Application of capital funding** | | | |
| Capital expenditure | | | |
| - to meet additional demand | 0 | 0 | 0 |
| - to improve the level of service | 154 | 33 | 277 |
| - to replace existing assets | 386 | 340 | 441 |
| Increase (decrease) in reserves | (70) | (32) | 288 |
| Increase (decrease) in investments | 0 | 0 | 0 |
| **Total applications of capital funding** | **470** | **341** | **1,006** |
| | | | |
| **Surplus (deficit) of capital funding** | **(365)** | **(269)** | **(203)** |
| | | | |
| **Funding balance** | **0** | **0** | **0** |
| | | | |
| Note: Depreciation expense not included above | 794 | 703 | 773 |

## Community and Leisure Assets – Capital Works

For the year ended 30 June 2013

| Category | Designated projects for 2012/13 | 2012 Annual plan ($000) | 2013 Long-term plan ($000) | 2013 Actual ($000) |
|---|---|---|---|---|
| **RENEWALS** | | | | |
| Swimming pools | Filtration pump and building | 105 | 173 | 339 |
| Libraries | Furniture, books and computers | 162 | 92 | 71 |
| Community housing | Flat refurbishment | 34 | 10 | 18 |
| Cemeteries | Berms and furniture | 0 | 13 | 6 |
| Parks and reserves | Landscaping and playgrounds | 35 | 26 | 4 |
| Toilets | Building refurbishment | 0 | 3 | 0 |
| Halls | Building refurbishment | 50 | 23 | 3 |
| **Total renewals** | | **386** | **340** | **441** |
| | | | | |
| **CAPITAL** | | | | |
| Swimming pools | Pool fence, doors, MALT assets | 0 | 18 | 268 |
| Libraries | | 0 | 0 | 0 |
| Community housing | | 0 | 0 | 0 |
| Cemeteries | Berms | 4 | 7 | 9 |
| Parks and reserves | | 0 | 0 | 0 |
| Toilets | Perimeter cameras | 150 | 8 | 0 |
| Halls | | 0 | 0 | 0 |
| **Total capital** | | **154** | **33** | **277** |

**Borrowing**

For the year ended 30 June 2013

| | 2012 Annual plan ($000) | 2013 Long-term plan ($000) | 2013 Actual ($000) |
|---|---|---|---|
| Balance of borrowing at start of year | 381 | 497 | 366 |
| Funds borrowed during the year | 154 | 115 | 604 |
| Funds repaid during the year | 49 | 43 | 58 |
| Balance of borrowing at end of year | 486 | 569 | 912 |

All borrowing is managed through the Council's treasury function which borrows externally to maintain sufficient liquidity for day to day operations. Therefore, the loans to activities from the Council's treasury function, are funded by a mix of internal and external funds. However, an exception has been permitted to allow community and leisure assets (swimming pools) to enter into an external loan with the Marton Aquatic Leisure Trust. Included in funds borrowed in the 2012/13 financial year is an amount of $240,318 borrowed externally from the Marton Aquatic Leisure Trust. Similarly, included in funds repaid is an amount of $16,020 repaid to the same organisation.

| | | | |
|---|---|---|---|
| Proportion of internal borrowing to all borrowing at 30 June | 68% | 54% | 64% |

| | | | |
|---|---|---|---|
| Portion of finance costs attributable to internal borrowing | 27 | 16 | 17 |

## Rubbish and Recycling

This group of activities is focussed on the appropriate disposal of refuse in the District, an activity where central government is increasingly determining national standards that Council must meet. Council does not collect – other than from public litter bins – or dispose of rubbish within the District: this is handled by independent businesses. Council owns a network of waste transfer stations, whose operation is contracted out.

The highlight for the year was the introduction of green waste facilities at the Marton Waste Transfer Station. This was sooner than projected in the LTP.

| Activity | Target for 2012/13 | Actual July 2012 - June 2013 |
|---|---|---|
| Waste to landfill (tonnage)[20] | [No more than] 5,500 tonnes to landfill | ***Achieved***: For the period 1 July 2012 to 30 June 2013, the transfer station tonnage to landfill (including Budget Waste kerbside tonnage) was 4,991.3 tonnes. Pro rata, this is a decrease on last year of 2.8%.<br><br>For the year ending 30 June 2012, transfer station tonnage to landfill (including Budget Waste kerbside tonnage) was 5,135 tonnes |
| Waste diverted from landfill (tonnage and (percentage of total waste)[21] | Percentage of waste diverted from landfill [at least] 9% | ***Achieved***: For the period 1 July 2012 to 30 June 2013 the diversion of waste was 502.21 tonnes (9.1%). Recycled items were made up of glass (55.1%), paper/card (21.2%), scrap metal (13.5%), plastics (3.0%) and green waste (7.2%). Pro rata, this is more than last year<br><br>For the year ending 30 June 2012, the diversion of waste was 430 tonnes (or 8.4%). The main item recycled was glass – 255 tonnes in 2011/12. |

### Significant variations between the level of service achieved and the intended level of service

There are no significant variations between intended and actual levels of service.

### Significant variation between acquisitions and replacement from the Annual Plan/Long Term Plan

There were no significant variations between acquisitions and replacement.

[20] Calibrated records maintained at Bonny Glen landfill.
[21] Records maintained at waste transfer stations

**Significant variation between forecast and actual operating surplus in the funding impact statement**

The operating deficit was $160,000 lower than budgeted mainly due to savings achieved in operating expenses. As noted last year, reduced tonnage of waste to landfill reduces operating costs at the waste transfer stations.

## Rubbish and Recycling – Funding Impact Statement

For the year ended 30 June 2013

| | 2012 Annual plan ($000) | 2013 Long-term plan ($000) | 2013 Actual ($000) |
|---|---|---|---|
| **Sources of operating funding** | | | |
| General rates, uniform annual general charge, rates penalties | 0 | 0 | 105 |
| Targeted rates (other than a targeted rate for water supply) | 583 | 387 | 282 |
| Subsidies and grants for operating purposes | 0 | 45 | 33 |
| Fee, charges, and targeted rates for water supply | 467 | 416 | 400 |
| Interest and dividends from investments | 0 | 0 | 0 |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 0 | 0 | 0 |
| **Total operating funding** | **1,050** | **848** | **820** |
| **Applications of operating funding** | | | |
| Payment to staff and suppliers | 997 | 1,006 | 852 |
| Finance costs | (25) | (19) | (38) |
| Internal charges and overheads applied | 94 | 104 | 89 |
| Other operating funding applications | 0 | 0 | 0 |
| **Total applications of operating funding** | **1,066** | **1,091** | **903** |
| | | | |
| **Surplus (deficit) of operating funding** | **(16)** | **(243)** | **(83)** |
| **Sources of capital funding** | | | |
| Subsidies and grants for capital expenditure | 0 | 0 | 0 |
| Development and financial contributions | 0 | 0 | 0 |
| Increase (decrease) in debt | (9) | 27 | (1) |
| Gross proceeds from sale of assets | 0 | 0 | 0 |
| Lump sum contributions | 0 | 0 | 0 |
| **Total sources of capital funding** | **(9)** | **27** | **(1)** |
| **Application of capital funding** | | | |
| Capital expenditure | | | |
| - to meet additional demand | 0 | 0 | 0 |
| - to improve the level of service | 0 | 30 | 0 |
| - to replace existing assets | 8 | 29 | 10 |
| Increase (decrease) in reserves | (33) | (275) | (94) |
| Increase (decrease) in investments | 0 | 0 | 0 |
| **Total applications of capital funding** | **(25)** | **(216)** | **(84)** |
| | | | |
| **Surplus (deficit) of capital funding** | **16** | **243** | **83** |
| | | | |
| **Funding balance** | **0** | **0** | **(0)** |
| | | | |
| Note: Depreciation expense not included above | 20 | 32 | 31 |

## Rubbish and Recycling – Capital Works

For the year ended 30 June 2013

| Category | Designated projects for 2012/13 | 2012 Annual plan ($000) | 2013 Long-term plan ($000) | 2013 Actual ($000) |
|---|---|---|---|---|
| **RENEWALS** | | | | |
| Public refuse collection | District litter bins | 8 | 4 | 10 |
| Waste transfer stations | Ground maintenance and fencing | 0 | 25 | 0 |
| **Total renewals** | | **8** | **29** | **10** |

**Borrowing**

For the year ended 30 June 2013

| | | | |
|---|---|---|---|
| Balance of borrowing at start of year | 90 | 9 | 16 |
| Funds borrowed during the year | 0 | 30 | 0 |
| Funds repaid during the year | 9 | 3 | 1 |
| Balance of borrowing at end of year | 81 | 36 | 15 |

All borrowing is managed through the Council's treasury function which borrows externally to maintain sufficient liquidity for day to day operations. Therefore, the loans to activities from the Council's treasury function, are funded by a mix of internal and external funds.

| | | | |
|---|---|---|---|
| Proportion of internal borrowing to all borrowing at 30 June | 68% | 54% | 85% |
| Portion of finance costs attributable to internal borrowing | 4 | 1 | 1 |

## Environmental and Regulatory Services

This group of activities covers the areas where Council ensures compliance with statutory requirements in the areas of planning, development and building, liquor and other licensing, animal control and environmental health.

Highlights are the completion of the review of the District Plan and confirmation that Council has been re-accredited as a building consent authority. Council is preparing for the altered arrangements for managing liquor licensing, including the establishment of a District Licensing Committee in December 2013.

| Activity | Target for 2012/13 | Actual July 2012 - June 2013 |
|---|---|---|
| Timeliness of processing the paperwork (building control, consent processes, licence applications)[22] | At least 90% of the processing of documentation for each of Council's regulatory and enforcement services is completed within the prescribed times | ***Achieved***: 46 of 49 resource consents were issued within the statutory timeframe (94%); 293 of the 303 building consents were issued within the statutory timeframe (97%). |
| Possession of relevant authorisations from central government[23] | Accreditation as a building consent authority maintained | ***Achieved***: Accreditation confirmed for two years from October 2012. Accreditation audit by IANZ is due by October 2014. Preparation for this audit is in progress, through internal audits and three-monthly review of current procedures/processes. |
| Timeliness of response to RFS for enforcement call-outs (animal control and environmental health); within prescribed response and resolution times | Improvement on benchmark of timeliness as established during 2011/12[24] | ***Not achieved***: There were 965 requests for service during the reporting period. Of these, 963 (99%) were completed and 617 (or 64%) were completed in time. While rate of completion has increased, timeliness is lower. |

### Significant variations between the level of service achieved and the intended level of service in levels of service

There are no significant variations between intended and actual levels of service.

[22] This includes any prescribed monitoring, such as of resource consents
[23] Excluding general authorisation through legislation where no further formal accreditation is specified
[24] July 2011 – March 2012:
Animal Control and environmental health
Total RFS received: 1129; completed: 1103 (97.7%); and completed in time: 778 (68.9%)

**Significant variations between the level of service achieved and the intended level of service**

There are no significant variations between intended and actual levels of service.

**Significant variation between acquisitions and replacement from the Annual Plan/Long Term Council Community Plan**

There were no significant variations between acquisitions and replacement.

**Significant variation between forecast and actual operating surplus in the funding impact statement**

While expenses were over budget by $95,000, these expenses were more than offset by a surplus of revenue of $200,000. The major variations within this group of activities were:

- the District Plan review – increased expenditure of $176,000 as a result of the hearings being conducted during the year, with the consequential fees to commissioners and consultants;
- Shared Services arrangement over animal control – increased revenue of $166,000 previously offset against expenses; and
- regulatory fees – increased revenue of $30,000.

## Environmental and Regulatory Services – Funding Impact Statement

For the year ended 30 June 2013

| | 2012 Annual plan ($000) | 2013 Long-term plan ($000) | 2013 Actual ($000) |
|---|---|---|---|
| **Sources of operating funding** | | | |
| General rates, uniform annual general charge, rates penalties | 957 | 803 | 803 |
| Targeted rates (other than a targeted rate for water supply) | 0 | 0 | 0 |
| Subsidies and grants for operating purposes | 0 | 0 | 0 |
| Fee, charges, and targeted rates for water supply | 577 | 559 | 742 |
| Interest and dividends from investments | 0 | 0 | 0 |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 0 | 0 | 17 |
| **Total operating funding** | **1,534** | **1,362** | **1,562** |
| **Applications of operating funding** | | | |
| Payment to staff and suppliers | 352 | 879 | 1,186 |
| Finance costs | 0 | 0 | 36 |
| Internal charges and overheads applied | 990 | 481 | 243 |
| Other operating funding applications | 0 | 0 | |
| **Total applications of operating funding** | **1,342** | **1,360** | **1,465** |
| | | | |
| **Surplus (deficit) of operating funding** | **192** | **2** | **97** |
| **Sources of capital funding** | | | |
| Subsidies and grants for capital expenditure | 0 | 0 | 0 |
| Development and financial contributions | 0 | 0 | 0 |
| Increase (decrease) in debt | 250 | 0 | 0 |
| Gross proceeds from sale of assets | 0 | 0 | 0 |
| Lump sum contributions | 0 | 0 | 0 |
| **Total sources of capital funding** | **250** | **0** | **0** |
| **Application of capital funding** | | | |
| Capital expenditure | | | |
| - to meet additional demand | 0 | 0 | 0 |
| - to improve the level of service | 250 | 25 | 0 |
| - to replace existing assets | 0 | 0 | 0 |
| Increase (decrease) in reserves | 192 | (23) | 97 |
| Increase (decrease) in investments | 0 | 0 | 0 |
| **Total applications of capital funding** | **442** | **2** | **97** |
| | | | |
| **Surplus (deficit) of capital funding** | **(192)** | **(2)** | **(97)** |
| | | | |
| **Funding balance** | **0** | **0** | **0** |
| | | | |
| Note: Depreciation expense not included above | 0 | 3 | 0 |

## Environmental and Regulatory Services – Capital Works

For the year ended 30 June 2013

| Category | Designated projects for 2012/13 | 2012 Annual plan ($000) | 2013 Long-term plan ($000) | 2013 Actual ($000) |
|---|---|---|---|---|
| **CAPITAL** | | | | |
| Dog control | | 250 | 0 | 0 |
| Health | Noise meter and accessories | 0 | 25 | 0 |
| **Total capital** | | **250** | **25** | **0** |

**Borrowing**

For the year ended 30 June 2013

| | | | |
|---|---|---|---|
| Balance of borrowing at start of year | 0 | 0 | 0 |
| Funds borrowed during the year | 0 | 0 | 0 |
| Funds repaid during the year | 0 | 0 | 0 |
| Balance of borrowing at end of year | 0 | 0 | 0 |

All borrowing is managed through the Council's treasury function which borrows externally to maintain sufficient liquidity for day to day operations. Therefore, the loans to activities from the Council's treasury function, are funded by a mix of internal and external funds.

| | | | |
|---|---|---|---|
| Proportion of internal borrowing to all borrowing at 30 June | 0% | 0% | 0% |
| Portion of finance costs attributable to internal borrowing | 0 | 0 | 0 |

## Community Well-being

This group of activities consists of Economic Development and District Promotion, Information Centres, Grants, Community Partnerships and Emergency Management and Rural Fire. These are activities where Council is primarily an enabler and facilitator of action rather than as a provider of services and facilities.

Highlights are:

- The closer working relationship between the Information Centres, the town coordinators and Rangitikei Tourism, highlighted by the highly successful joint promotion at the Women's Lifestyle Expo in Palmerston North during May 2013.
- The range and depth of partnership projects through the Path to Well-being Initiative which has secured in excess of $300,000 of external funding for the District (listed in the section on Community Outcomes)
- Successful delivery of the programmes of work undertaken by Bulls and District Community Trust, Project Marton, Rangitikei Tourism and Taihape Community Development Trust
- The Rural Fire Service's response to the challenge of the long, dry summer of 2012/13

| Activity | Target for 2012/13 | Actual July 2012 - June 2013 |
|---|---|---|
| Partners' view of how useful Council's initiatives and support has been (annual survey)[25] | A greater proportion (than in the benchmark[26]) of the sample believe that Council's service is getting better | ***Not achieved***: From the 108 responses to the survey conducted in February-March 2013, 30% believe it is better than last year, 42% about the same, 8% worse than last year and 21% don't know.<br><br>There were varying responses for the 26 individual partnerships included in the survey. Of those partnerships included in the 2012 survey, the usefulness of Council's support was seen as improving most in Helping Young People prepare for Employment (HYPE) (63%), Bulls and District Community Trust (50%) and Path to Wellbeing Partnership Board (47%). Those partnerships where Council's support was seen as worsening most were the Lifelong Educational Opportunities Theme Group (33%), Rangitikei Tourism (31%), and Taihape Memorial Park Users Group (25%). |

[25] Groups which are targeted for consultation:

- Participants in Path to Well-being Theme Groups
- Community group database
- Public sector agency database
- Business sector database

[26] A "report card" produced in April/May 2012 established the benchmark of perceptions of how useful Council's initiatives and support have been: 37% believed it was better than last year, 23% about the same, 8% worse than last year (32% didn't know).

### Significant variations between the level of service achieved and the intended level of service

There was no significant variation between intended and actual levels of service.

### Significant variation between acquisitions and replacement from the Long Term Plan

There was no significant variation.

### Significant variation between forecast and actual operating surplus in the funding impact statement

There was no significant variation.

## Community Well-being – Funding Impact Statement

For the year ended 30 June 2013

| | 2012 Annual plan ($000) | 2013 Long-term plan ($000) | 2013 Actual ($000) |
|---|---|---|---|
| **Sources of operating funding** | | | |
| General rates, uniform annual general charge, rates penalties | 712 | 856 | 856 |
| Targeted rates (other than a targeted rate for water supply) | 0 | 0 | 0 |
| Subsidies and grants for operating purposes | 48 | 88 | 113 |
| Fee, charges, and targeted rates for water supply | 29 | 29 | 102 |
| Interest and dividends from investments | 0 | 0 | 0 |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 0 | 0 | 0 |
| **Total operating funding** | **789** | **973** | **1,071** |
| **Applications of operating funding** | | | |
| Payment to staff and suppliers | 546 | 792 | 956 |
| Finance costs | (3) | (3) | 2 |
| Internal charges and overheads applied | 240 | 226 | 175 |
| Other operating funding applications | 0 | 0 | |
| **Total applications of operating funding** | **783** | **1,015** | **1,133** |
| | | | |
| **Surplus (deficit) of operating funding** | **6** | **(42)** | **(62)** |
| **Sources of capital funding** | | | |
| Subsidies and grants for capital expenditure | 0 | 0 | 0 |
| Development and financial contributions | 0 | 0 | 0 |
| Increase (decrease) in debt | (23) | (4) | (4) |
| Gross proceeds from sale of assets | 0 | 0 | 0 |
| Lump sum contributions | 0 | 0 | 0 |
| **Total sources of capital funding** | **(23)** | **(4)** | **(4)** |
| **Application of capital funding** | | | |
| Capital expenditure | | | |
| - to meet additional demand | 0 | 0 | 0 |
| - to improve the level of service | 0 | 0 | 0 |
| - to replace existing assets | 48 | 7 | 6 |
| Increase (decrease) in reserves | (65) | (53) | (72) |
| Increase (decrease) in investments | 0 | 0 | 0 |
| **Total applications of capital funding** | **(17)** | **(46)** | **(66)** |
| | | | |
| **Surplus (deficit) of capital funding** | **(6)** | **42** | **62** |
| | | | |
| **Funding balance** | **0** | **0** | **(0)** |
| | | | |
| Note: Depreciation expense not included above | 27 | 12 | 16 |

## Community Well-being – Capital Works

For the year ended 30 June 2013

| Category | Designated projects for 2012/13 | 2012 Annual plan ($000) | 2013 Long-term plan ($000) | 2013 Actual ($000) |
|---|---|---|---|---|
| **RENEWALS** | | | | |
| Civil defence | Equipment | 4 | 4 | 0 |
| Rural fire | Equipment | 44 | 3 | 2 |
| Information centres | Building | 0 | 0 | 4 |
| **Total renewals** | | **48** | **7** | **6** |

**Borrowing**

For the year ended 30 June 2013

| | | | |
|---|---|---|---|
| Balance of borrowing at start of year | 55 | 32 | 30 |
| Funds borrowed during the year | | 0 | 0 |
| Funds repaid during the year | 23 | 4 | 4 |
| Balance of borrowing at end of year | 32 | 28 | 26 |

All borrowing is managed through the Council's treasury function which borrows externally to maintain sufficient liquidity for day to day operations. Therefore, the loans to activities from the Council's treasury function, are funded by a mix of internal and external funds.

| | | | |
|---|---|---|---|
| Proportion of internal borrowing to all borrowing at 30 June | 68% | 54% | 85% |
| Portion of finance costs attributable to internal borrowing | 1 | 1 | 1 |

# Rangitikei District Council

## Section 3: Financial Statements and Policy Reports

## Whole of Council – Funding Impact Statement

For the year ending 30 June 2013

| | 2012 Annual plan ($000) | 2012 Annual report ($000) | 2013 Annual Plan ($000) | 2013 Actual ($000) |
|---|---|---|---|---|
| **Sources of operating funding** | | | | |
| General rates, uniform annual general charge, rates penalties | 4,731 | 2,620 | 4,319 | 4,595 |
| Targeted rates (other than a targeted rate for water supply) | 11,299 | 14,519 | 13,631 | 13,864 |
| Subsidies and grants for operating purposes | 2,826 | 6,241 | 2,711 | 2,726 |
| Fee, charges, and targeted rates for water supply | 4,746 | 2,650 | 2,894 | 3,025 |
| Interest and dividends from investments | 250 | 443 | 322 | 415 |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 120 | 140 | 110 | 131 |
| **Total operating funding** | **23,972** | **26,613** | **23,987** | **24,756** |
| **Applications of operating funding** | | | | |
| Payment to staff and suppliers | 18,985 | 20,113 | 17,798 | 15,683 |
| Finance costs | 443 | 89 | 504 | 154 |
| Other operating funding applications | 0 | 0 | 0 | 0 |
| **Total applications of operating funding** | **19,428** | **20,202** | **18,302** | **15,837** |
| **Surplus (deficit) of operating funding** | **4,544** | **6,411** | **5,685** | **8,919** |
| **Sources of capital funding** | | | | |
| Subsidies and grants for capital expenditure | 4,810 | 4,584 | 4,296 | 3,876 |
| Development and financial contributions | 0 | 0 | 0 | 0 |
| Increase (decrease) in debt | 5,815 | 1,998 | 3,947 | 3,390 |
| Gross proceeds from sale of assets | 0 | 280 | 0 | 314 |
| Lump sum contributions | 0 | 0 | 0 | 0 |
| **Total sources of capital funding** | **10,625** | **6,862** | **8,243** | **7,580** |
| **Application of capital funding** | | | | |
| Capital expenditure | | | | |
| - to meet additional demand | 0 | 0 | 0 | 0 |
| - to improve the level of service | 7,237 | 4,091 | 5,002 | 4,452 |
| - to replace existing assets | 10,048 | 8,404 | 9,234 | 8,983 |
| Increase (decrease) in reserves | (2,116) | (580) | (308) | 3,064 |
| Increase (decrease) in investments | 0 | 1,358 | 0 | 0 |
| **Total applications of capital funding** | **15,169** | **13,273** | **13,928** | **16,499** |
| **Surplus (deficit) of capital funding** | **(4,544)** | **(6,411)** | **(5,685)** | **(8,919)** |
| **Funding balance** | **0** | **0** | **0** | **0** |
| Note: Depreciation expense not included above | 8,996 | 9,084 | 9,194 | 9,602 |

## Statement of Comprehensive Income

For the year ended 30 June 2013

| | Notes | 2012 Actual ($000) | 2013 Budget ($000) | 2013 Actual ($000) |
|---|---|---|---|---|
| **Income** | | | | |
| Rates other than targeted rates for water | 3 | 16,819 | 17,670 | 17,991 |
| Targeted rates for water | | 1,205 | 1,278 | 1,028 |
| Finance income | 4 | 443 | 322 | 415 |
| Subsidies and grants | | 10,825 | 7,006 | 6,637 |
| Other revenue | 5 | 1,905 | 2,006 | 2,868 |
| Vested assets | | 40 | 0 | 160 |
| Gains | 6 | 22 | 0 | 184 |
| **Total operating revenue** | | 31,259 | 28,282 | 29,283 |
| | | | | |
| **Expenditure** | | | | |
| Depreciation and amortisation expense | 14,15 | 9,084 | 9,194 | 9,602 |
| Personnel costs | 7 | 2,570 | 2,411 | 2,621 |
| Finance costs | 4 | 89 | 504 | 154 |
| Losses | 6 | 350 | 0 | 646 |
| Other expenses | 8 | 17,543 | 15,387 | 13,782 |
| **Total operating expenditure** | | 29,636 | 27,496 | 26,806 |
| | | | | |
| **Surplus (deficit) before tax** | | 1,623 | 786 | 2,477 |
| Income tax expense | 9 | 0 | 0 | 0 |
| **Surplus (deficit) after tax** | | 1,623 | 786 | 2,477 |
| | | | | |
| **Other comprehensive income** | | | | |
| *Items that will be reclassified to surplus(deficit)* | | | | |
| Financial assets at fair value through other comprehensive income | 6 | (62) | 0 | 65 |
| **Total other comprehensive income** | | (62) | 0 | 65 |
| | | | | |
| **Total comprehensive income** | | 1,561 | 786 | 2,542 |

*The accompanying notes form part of these financial statements*

## Statement of Changes in Equity

For the year ended 30 June 2013

| | Notes | 2012 Actual ($000) | 2013 Budget ($000) | 2013 Actual ($000) |
|---|---|---|---|---|
| **Balance as at 1 July** | | 479,268 | 479,841 | 480,829 |
| | | | | 0 |
| Total comprehensive income previously reported | | 1,561 | 786 | 2,542 |
| **Balance as at 30 June** | | 480,829 | 480,627 | 483,371 |

*The accompanying notes form part of these financial statements*

## Statement of Financial Position

As at 30 June 2013

| | Notes | 2012 Actual ($000) | 2013 Budget ($000) | 2013 Actual ($000) |
|---|---|---|---|---|
| **Assets** | | | | |
| **Current Assets** | | | | |
| Cash and cash equivalents | 10 | 5,396 | 1,728 | 4,874 |
| Debtors and other receivables | 11 | 2,266 | 3,751 | 3,277 |
| Prepayments | | 27 | 20 | 21 |
| Other financial assets | 12 | 3,028 | 5 | 0 |
| Non-current assets held for sale | 13 | 501 | 0 | 0 |
| Total current assets | | 11,218 | 5,504 | 8,172 |
| **Non-current assets** | | | | |
| Plant, property and equipment | 14 | 474,939 | 484,770 | 478,663 |
| Intangible assets | 15 | 180 | 236 | 171 |
| Forestry assets | 16 | 199 | 268 | 221 |
| Other financial assets | | | | |
| Corporate bonds | 12 | 3,560 | 5,225 | 3,635 |
| Investment in CCOs and other similar entities | 12 | 38 | 38 | 29 |
| Total non-current assets | | 478,916 | 490,537 | 482,719 |
| | | | | |
| **Total assets** | | **490,134** | **496,041** | **490,891** |
| **Liabilities** | | | | |
| **Current Liabilities** | | | | |
| Creditors and other payables | 17 | 3,825 | 4,500 | 3,737 |
| Employee entitlements | 19 | 228 | 200 | 203 |
| Income in advance | | 306 | 440 | 353 |
| Borrowings | 18 | 2,000 | 1,192 | 2,516 |
| Total current liabilities | | 6,359 | 6,332 | 6,809 |
| **Non-current liabilities** | | | | |
| Employee entitlements | 19 | 7 | 10 | 9 |
| Provisions | 20 | 439 | 484 | 494 |
| Borrowings | 18 | 2,500 | 8,588 | 208 |
| Total non-current liabilities | | 2,946 | 9,082 | 711 |
| | | | | |
| **Total liabilities** | | **9,305** | **15,414** | **7,520** |
| | | | | |
| **Net Assets** | | **480,829** | **480,627** | **483,371** |
| **Equity** | | | | |
| Accumulated funds | 21 | 459,706 | 458,795 | 461,163 |
| Special and restricted reserves | 21 | 3,502 | 4,008 | 4,638 |
| Other reserves | 21 | 17,621 | 17,824 | 17,570 |
| **Total equity** | | **480,829** | **480,627** | **483,371** |

*The accompanying notes form part of these financial statements*

## Statement of Cashflows

For the year ended 30 June 2013

| | Notes | 2012 Actual ($000) | 2013 Budget ($000) | 2013 Actual ($000) |
|---|---|---|---|---|
| **Cash flows from operating activities** | | | | |
| Receipts from rates revenue | | 16,860 | 17,670 | 17,224 |
| Receipts from other revenue | | 15,530 | 10,278 | 10,018 |
| Interest received | | 358 | 322 | 455 |
| Payments to suppliers and employees | | (20,380) | (18,005) | (16,260) |
| Interest paid | | (318) | (504) | (157) |
| Goods and services tax (net) | | (123) | 0 | (83) |
| **Net cash inflows (outflows) from operating activities** | 22 | 11,927 | 9,761 | 11,197 |
| | | | | |
| **Cash flows from investing activities** | | | | |
| Receipts from sale of property, plant and equipment | | 280 | 0 | 286 |
| Receipts from sale of investments | | 1,637 | 0 | 3,000 |
| Acquisition of investments | | (3,000) | 0 | 0 |
| Purchases of property, plant and equipment | | (13,210) | (14,236) | (12,967) |
| Purchases of intangible assets | | 0 | 0 | (38) |
| **Net cash inflows (outflows) from investing activities** | | (14,293) | (14,236) | (9,719) |
| | | | | |
| **Cash flows from financing activities** | | | | |
| Proceeds from borrowings | | 4,500 | 4,835 | 0 |
| Repayment of borrowings | | 0 | (888) | (2,000) |
| **Net cash inflows (outflows) from financing activities** | | 4,500 | 3,947 | (2,000) |
| | | | | |
| Net increase (decrease) in cash, and cash equivalents | | 2,134 | (528) | (522) |
| Cash and cash equivalents at the beginning of the year | | 3,262 | 2,256 | 5,396 |
| **Cash and cash equivalents at the end of the year** | 10 | 5,396 | 1,728 | 4,874 |

*The accompanying notes form part of these Financial Statements*

## Council-Controlled Organisations (CCO)

**Ruapehu Wanganui Rangitikei Economic Development Trust (RED Trust)**

The RED Trust is a charitable trust incorporated in New Zealand. The Trust is one-third controlled by the Council and, under the Local Government Act 2002, it is treated as a CCO. However, Council has resolved that it is exempt for the purposes of section 6(4)(i) of that Act for the year ending 30 June 2013.

The primary objective of the Trust was to encourage, promote and support the establishment and growth of business investment and employment in the region, rather than making an economic return. Accordingly, the Trust has designated itself a Public Benefit Entity.

The Trust is currently in the process of being wound up.

**Wanganui-Manawatu LASS Limited**

This company was set up in 2008 by seven local councils to investigate the possibilities of economies of scale by joint procurement.

To date there has been one call on share capital and is now trading. Rangitikei District Council owns one seventh or 14% of this company and has a $1,000 share capital.

The company is treated as a CCO under the Local Government Act 2002 but the member councils have resolved that it is exempt for the purposes of section 6(4)(i) of that Act for 2012/13.

# Notes to the Financial Statements

**NOTE 1: Statement of Accounting Policies**

**Reporting Entity**

The Rangitikei District Council is a territorial authority governed by the Local Government Act 2002 and is domiciled in New Zealand.

The primary objectives of the Council are to provide goods and services to the community for social benefit rather than making a financial return. Accordingly, the Council has designated itself as a public benefit entity for the purposes of New Zealand equivalents to International Financial Reporting Standards (NZIFRS).

The financial statements of the Council are for the year ended 30 June 2013. The financial statements were authorised for issue by the Council on 3 October 2013.

**Basis of Preparation**

***Statement of compliance***

The financial statements of the Council have been prepared in accordance with the requirements of the Local Government Act 2002, which include the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

These financial statements have been prepared in accordance with NZ GAAP. They comply with NZ IFRS, and other applicable financial reporting standards, as appropriate for public benefit entities.

***Measurement base***

The financial statements have been prepared on a historical cost basis, except where modified by the revaluation of land and buildings, certain infrastructural assets, forestry assets, and certain financial instruments

***Functional and presentation currency***

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

***Changes in accounting policies***

There have been no changes in accounting policies during the financial year.

There have been no relevant revisions to accounting standards during the financial year with which the Council has had to comply.

***Standards, amendments, and interpretations issued but not yet effective and have not been early adopted***

Standards, amendments, and interpretations issued but not yet effective that have not been early adopted, and which are relevant to Rangitikei District Council, are:

NZ IFRS 9 Financial Instruments will eventually replace NZ IAS 39 Financial Instruments: Recognition and Measurement. NZ IAS 39 is being replaced through the following three main phases: Phase 1 classification and measurement, phase 2 impairment methodology, and phase 3 hedge accounting. Phase 1 on the classification and measurement of financial assets has been completed and has been published in the new financial instrument standard NZ IFRS 9. NZ IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in NZ IAS 39. The approach in NZ IFRS 9 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The financial liability requirements are the same as those of NZ IAS 39, except for when an entity elects to designate a financial liability at fair value through the surplus/deficit. The new standard is required to be adopted for the year ended 30 June 2016. However, as a new Accounting Standards Framework will apply before this date, there is no certainty when an equivalent standard to NZ IFRS 9 will be applied by public benefit entities.

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. As the PAS are still under development, the Council is unable to assess 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.

**Significant Accounting Policies**

***Revenue***

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

*Rates revenue*

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 when payable.

*Grants*

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

Other grants are recognised as income when the entitlement has been established by the grantor agency.

*Vested assets*

Where a physical asset is acquired for nil or nominal consideration, the fair value of the asset received is recognised as income. Assets vested in the Council are recognised as income when control over the asset is obtained.

*Interest and dividends*

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

Dividends are recognised when the right to receive payment has been established.

***Borrowing costs***

The Council has 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.

***Grants expenditure***

Non-discretionary grants are those grants that are awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received.

Discretionary grants are those grants where the Council has no obligation to award on receipt of the grant application and are recognised as expenditure when approved by the Council and the approval has been communicated to the applicant.

***Income tax***

Income tax expense includes current and deferred tax.

Current tax is the income tax payable on the taxable surplus for the year, plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using rates (and tax laws) that have been enacted or substantively enacted by 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 corresponding tax bases used in the computation of the 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 Council 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 or liability in a transaction that is not a business combination, and at the time of the transaction, affects neither the accounting surplus nor the 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.

***Leases***

A finance lease is a least that transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset whether or not title is eventually transferred. The Council does not currently have any finance leases.

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

***Cash and cash equivalents***

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

***Debtors and other receivables***

Short-term debtors and other receivables are recorded at their face value, less any provision for impairment.

Impairment of a receivable is established when there is objective evidence that the Council will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership or liquidation, and default in payments, are considered indicators that the debt is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectible, it is written off against the allowance account for receivables. Overdue receivables that have been renegotiated are reclassified as current (that is, not past due).

***Other financial assets***

Financial assets are initially recognised at fair value plus transaction costs, unless they are carried at fair value through surplus or deficit, in which case the transaction costs are recognised in the surplus or deficit.

Purchases and sales of financial assets are recognised on trade-date, the date on which the Council commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred, and the Council has substantially transferred the risks and rewards of ownership.

Financial assets are classified into the following categories for the purpose of measurement:

- fair value through surplus or deficit;
- loans and receivables;
- held to maturity investments; and
- fair value through other comprehensive income

*Financial assets at fair value through surplus or deficit*

Financial assets at fair value through surplus or deficit include financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term or it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of short-term profit taking.

Financial assets acquired principally for the purpose of selling in the short-term or part of a portfolio classified as held for trading are classified current assets.

After initial recognition, financial assets in this category are measured at their fair values with gains or losses on re-measurement recognised in the surplus or deficit.

*Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance date, which are included in non-current assets.

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

*Held-to-maturity investments*

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities and there is the positive intention and ability to hold to maturity. They are included in current assets, except for maturities greater than 12 months after balance date, which are included in non-current assets.

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

*Fair value through other comprehensive income*

Financial assets at fair value through other comprehensive income are those that are designated into the category at initial recognition or are not classified in any of the other categories above. They are included in non-current assets unless management intends to dispose of, or realise, the investment within 12 months of balance date. Council includes in this category:

- investments that it intends to hold long term but which may be realised before maturity; and
- shareholdings that it holds for strategic purposes

These investments are measured at their fair value, with gains and losses recognised in other comprehensive income, except for impairment losses, which are recognised in the surplus or deficit.

On derecognition, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the surplus or deficit.

***Impairment of financial assets***

Financial assets are assessed for objective evidence of impairment at each balance date. Impairment losses are recognised in the surplus or deficit.

*Loans and other receivables, and held-to-maturity investments*

Impairment is established when there is objective evidence that the Council will not be able to collect amounts due according to the original terms of the debt. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default in payments are considered indicators that the asset is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. For debtors and other receivables, the carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectable, it is written off against the allowance account. Overdue receivables that have been renegotiated are reclassified as current (that is, not past due). Impairment in term deposits, local authority stock, government bonds, and community loans, are recognised directly against the instrument's carrying amount.

*Financial assets at fair value through other comprehensive income*

For equity investments, a significant or prolonged decline in the fair value of the investment below its cost is considered objective evidence of impairment.

For debt investments, significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default in payments are considered objective indicators that the asset is impaired.

If impairment evidence exists for investments at fair value through other comprehensive income, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the surplus or deficit) recognised in other comprehensive income is reclassified from equity to the surplus or deficit.

Equity instrument impairment losses recognised in the surplus or deficit are not reversed through the surplus or deficit.

If in a subsequent period the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed in the surplus or deficit.

***Non-current assets held for sale***

Non-current assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Non-current assets 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.

***Property, plant and equipment***

Property, plant and equipment consist of:

*Operational assets* – These include land, buildings, landfill post closure, library books, plant and equipment, and motor vehicles.

*Infrastructural assets* – Infrastructural assets are the fixed utility systems owned by the Council. Each asset class includes all items that are required for the network to function. For example, sewer reticulation includes reticulation piping and sewer pumps.

*Restricted assets* - Restricted assets are parks and reserves that provide benefit to the community and cannot be disposed of because of legal or other restrictions.

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

*Revaluation*

Land and buildings (operational and restricted) and infrastructural assets (except land under roads) are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value and at least every three years. All other asset classes are carried at depreciated historical cost.

The carrying values of revalued assets are assessed annually to ensure that they do not differ materially from the asset's fair values. If there is a material difference, then the off-cycle asset classes are revalued.

Revaluations of property, plant and equipment are accounted for on a class-of-asset basis.

The net revaluation results are credited or debited to other comprehensive income and are accumulated to an asset revaluation reserve in equity for that class of asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive income but is recognised in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then recognised in other comprehensive income.

*Additions*

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

Work in progress is recognised at cost less impairment and is not depreciated.

Property, plant and equipment are initially 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 or losses on disposal are determined by comparing the disposal proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net 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 accumulated funds.

*Depreciation*

Depreciation is provided on a straight-line basis on all property, plant and equipment other than land and road formation, at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The useful lives of major classes of assets have been estimated as follows:

*Operational and restricted assets*

Buildings

Structure ........................................................................5–61 years

Roof...............................................................................5–15 years

Services....5-35 years
Internal fit out ....5-15 years
Plant ....30 years
Motor vehicles ....6 years
Office equipment....10 years
Computer hardware ....5 years
Library books ....10 years

Infrastructural assets
Roading network
Top surface (seal) ....5-32 years
Pavement sealed (base course) ....25-70 years
Pavement unsealed (base course) ....5-25 years
Formation .... Not depreciated
Culverts....50-100 years
Footpaths ....20-80 years
Drainage facilities ....80 years
Traffic facilities and miscellaneous items ....5-10 years
Street lights ....25-50 years
Bridges....50-100 years
Water
Pipes ....40-100 years
Pump stations....4-120 years
Pipe fittings....80 years
Wastewater
Pipes ....80-120 years
Manholes....100 years
Treatment plant ....10-90 years
Stormwater
Pipes ....50-100 years
Manholes, cesspits ....100 years
Waste transfer stations ....50 years

*Subsequent costs*

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant and equipment are recognised in the surplus or deficit as they are incurred

***Intangible assets***

*Software acquisition*

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

Staff training costs are recognised in the surplus or deficit when incurred.

Costs associated with maintaining computer software are recognised as an expense when incurred.

*Easements*

Easements are not considered material and any costs incurred are recognised in the surplus or deficit in the year in which they are incurred.

*Carbon credits*

Carbon credits received from the New Zealand Government are recognised as a grant. Subsequent purchases are recognised at cost on acquisition. They are not amortised, but are instead tested for impairment annually. They are derecognised when they are used to satisfy carbon emission obligations

*Amortisation*

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the surplus or deficit.

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

Computer software ........................................ 3-5 years

***Impairment of property, plant and equipment and intangible assets***

Intangible assets that have an indefinite useful life, or are not yet available for use, are not subject to amortisation, and are tested annually for impairment. Assets that have a finite useful life are reviewed for impairment at each balance date. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an assets fair value less cost to sell and value in use.

Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset is not primarily dependent on the asset's ability to generate net cash inflows and where the Council would, if deprived of the asset, replace its remaining service potential.

If events or changes in circumstances indicate the carrying value of operational buildings, plant and equipment and infrastructural assets may not be recoverable, then the carrying values are reviewed for impairment.

If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount. For re-valued assets, the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the surplus or deficit. For assets not carried at a re-valued amount, the total impairment is recognised in the surplus or deficit.

The reversal of an impairment loss on a revalued asset is credited to other comprehensive income and increases the asset revaluation reserve for that class of asset. However, to the extent that an impairment loss for that class of asset was previously recognised in the surplus or deficit, a reversal of the impairment loss is also recognised in the surplus or deficit. For assets not carried at a revalued amount, the reversal of an impairment loss is recognised in the surplus or deficit.

***Forestry assets***

Standing forestry assets are independently revalued annually at fair value less estimated costs to sell for one growth cycle. Fair value is determined based on the present value of expected net cash flows discounted at a current market determined rate. This calculation is based on existing sustainable felling plans and assessments regarding growth, timber prices, felling costs, and silviculture costs and takes into consideration environmental, operational and market restrictions.

Gains or losses arising from a change in fair value less estimated costs to sell are recognised in the surplus or deficit.

Forestry maintenance costs are recognised in the surplus or deficit when incurred.

***Creditors and other payables***

Short-term creditors and other payables are recorded at their face value.

***Borrowings***

Borrowings are initially recognised at their fair value plus transaction costs. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Council has an unconditional right to defer settlement of the liability for at least 12 months after balance date. Borrowings where the Council has an unconditional right to defer settlement of the liability for at least 12 months after balance date are classified as current liabilities if the Council expects to settle the liability within 12 months of the balance date.

***Employment entitlements***

Short-term employee entitlements

Employee benefits expected to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay. These include salary and wages, and holiday pay

No provision is made for sick leave because absences in the coming years are expected to exceed the annual entitlement of staff and calculations show any amounts involved are likely to be immaterial.

Long-term employee entitlements

Long-term employee entitlements consists of long service leave that is payable beyond 12 months and have been calculated on the likely future entitlements accruing to staff, based on the years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and current salary. As there are few staff members that are actually entitled to long service leave, the total accrual is not considered to be material and no actuarial basis has been used.

Presentation of employee entitlements

Annual leave, vested long service leave, and non-vested long service leave expected to be settled within 12 months of balance date, are classified as a current liability. All other employee entitlements are classified as a non-current liability.

**Superannuation schemes**

Obligations for contributions to KiwiSaver are accounted for as defined contribution superannuation schemes and are recognised as an expense in the surplus or deficit when incurred.

**Provisions**

A provision is recognised for future expenditure of uncertain amount and timing where there is a present obligation (either legal or constructive) as a result of a past event, it is probable that an outflow of future economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate base 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 expense and is included in the surplus or deficit.

*Landfill aftercare provision*

The Council has a legal obligation to provide on-going maintenance and monitoring service of its closed landfills.

The provision is measured based on the present value of future cash flows expected to be incurred, taking into account future events including new legal requirements and known improvements in technology. The provision includes all costs associated with landfill post closure.

The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the Council.

***Equity***

Equity is the community's interest in the Council and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components:

- accumulated funds;
- special reserve funds;
- restricted reserves;
- property revaluation reserves; and
- fair value through other comprehensive income reserve.

*Special reserve funds*

Special reserve funds are reserves created by the Council for special purposes. The Council may alter them without reference to any third party or the Courts, and transfers to and from these reserves are at the discretion of the Council.

*Restricted reserve funds*

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

*Property revaluation reserves*

These reserves relate to the revaluation of property, plant and equipment to fair value.

*Fair value through other comprehensive income reserves*

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

***Goods and services tax***

All items in the financial statement are exclusive of goods and services tax (GST) except for receivables and payables, which are stated GST inclusive. Where GST is not recoverable as an input tax credit then it is recognised as part of the related asset or expense.

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

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

***Budget figures***

The budget figures are those approved by the Council in its 2012-22 Long Term Plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the Council for these financial statements.

***Cost allocation***

The cost of each significant activity has been derived using the cost allocation system outlined below.

Direct costs are those costs directly attributable to a significant activity. Indirect costs are those costs that cannot be identified in an economically feasible manner with a specific activity.

Direct costs are charged directly to significant activities. Indirect costs are charged to significant activates using appropriate cost drivers such as actual usage based on time, staff number and floor area.

***Critical accounting estimates and assumptions***

In preparing these financial statements, estimates and assumptions have been made concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are discussed below.

*Landfill aftercare provision*

Note 20 provides information about the estimates and assumptions surrounding the landfill aftercare provision.

*Infrastructural assets*

- The actual condition of an asset may not reflect the carrying amount of the asset. This is particularly so for assets which are underground and difficult to assess the actual condition of, such as water, wastewater and stormwater assets.
- Estimates of any obsolescence or surplus capacity of an asset are based on judgements made with the best knowledge available at the time.
- Estimates of the useful remaining lives of an asset may vary with such things as soil type, rainfall, amount of traffic, natural disaster and other occurrences. The Council could be over- or under-estimating these, but assumptions are made based on the best knowledge available at the time.

**Critical judgements in applying accounting policies**

Management has exercised the following critical judgement in applying its accounting policies for the year ended 30 June 2013.

The Council owns a number of properties held to provide community housing. The receipt of market-based rental from these properties is incidental to holding them. The properties are held for service delivery objectives of the Council. The properties are therefore accounted for as property, plant and equipment.

| **Note 2: Reconciliation of funding impact statement to statement of comprehensive income** | **Actual 2012 ($000)** | **Budget 2013 ($000)** | **Actual 2013 ($000)** |
|---|---|---|---|
| **Revenue** | | | |
| Operating funding from funding impact statement | 26,613 | 23,987 | 24,756 |
| | | | |
| Operating revenue from statement of comprehensive income | 31,259 | 28,282 | 29,282 |
| Difference | 4,646 | 4,295 | 4,526 |
| Reconciling items: | | | |
| Subsidies and grants for capital expenditure | 4,584 | 4,295 | 3,876 |
| Vested assets | 40 | 0 | 160 |
| Non-cash grant | 0 | 0 | 9 |
| Gains | 22 | 0 | 184 |
| Operating revenue offset against overhead expenses | 0 | 0 | 297 |
| Total reconciling items | 4,646 | 4,295 | 4,526 |
| | | | |
| **Expenditure** | | | |
| Application of operating funding from funding impact statement | 20,202 | 18,302 | 15,837 |
| Total operating expenditure from statement of comprehensive income | 29,636 | 27,496 | 26,806 |
| Difference | 9,434 | 9,194 | 10,969 |
| Reconciling items: | | | |
| Depreciation and amortisation expense | 9,084 | 9,194 | 9,602 |
| Losses | 350 | 0 | 646 |
| Movement in provisions | 0 | 0 | 56 |
| Cost of forestry harvested | 0 | 0 | 29 |
| Rate remissions and discounts | 0 | 0 | 644 |
| Impairment of receivables | 0 | 0 | (305) |
| Operating expenditure offset by revenue from overheads | 0 | 0 | 297 |
| Total reconciling items | 9,434 | 9,194 | 10,969 |

In the 2011/12 actuals and the 2012/13 budget, the only non-cash item excluded from the funding impact statements was depreciation and amortisation. In the 2012/13 actuals, all non-cash items have been excluded from the funding impact statement.

| Note 3: Rates revenue | Actual 2012 ($000) | Actual 2013 ($000) |
|---|---|---|
| General rates | 725 | 1,503 |
| Uniform annual general charge | 1,575 | 2,624 |
| Targeted rates attributable to activities | | |
| roading | 6,744 | 6,760 |
| community services | 1,839 | 44 |
| libraries | 661 | 687 |
| solid waste disposal | 441 | 282 |
| wastewater | 1,621 | 2,414 |
| water | 2,524 | 2,971 |
| stormwater drainage | 689 | 706 |
| Total rates | 16,819 | 17,991 |

**Rates remissions**

The Council's rates remission policy allows rates to be remitted on: development; community sporting and other not-for-profit organisations; contiguous rating units owned or leased by a single ratepayer; multiple toilet pans; penalties; land affected by natural calamity; and, land protected for natural conservation purposes.

The Council considers that rates remissions granted under its rate remission policy are in the nature of expenditure and should be shown as a cost to the community. For this reason remissions have not been deducted from rates revenue but rather have been included in other expenses (note 8) and are made up as follows:

| | | |
|---|---|---|
| Community, sporting and other not-for-profit organisations | 134 | 128 |
| Multiple toilet pans | 198 | 157 |
| Penalties and other remissions | 253 | 319 |
| Total remissions | 585 | 604 |

*Non-rateable land*

Under the Local Government (Rating) Act 2002, certain properties cannot be rated for general rates. These properties include schools, places of religious worship, public gardens, and reserves. These non-rateable properties may be subject to targeted rates in respect of wastewater and water supply. Non-rateable land does not constitute a remission under the Council's rates remission policy.

| **Note 4: Finance income and finance costs** | **Actual 2012 ($000)** | **Actual 2013 ($000)** |
|---|---|---|
| **Finance income** | | |
| Interest income | | |
| bank deposits | 161 | 207 |
| related party loans | 1 | - |
| local authority and government bonds | 281 | 208 |
| Total finance income | 443 | 415 |
| **Finance costs** | | |
| Interest expense | | |
| interest on bank borrowings | 89 | 154 |
| Total finance costs | 89 | 154 |
| | | |
| Net finance costs | 354 | 261 |

| **Note 5: Other revenue** | **Actual 2012 ($000)** | **Actual 2013 ($000)** |
|---|---|---|
| Rates penalties | 320 | 468 |
| Residential rents (community housing) | 254 | 252 |
| Regulatory revenue | 470 | 632 |
| Petrol tax | 111 | 113 |
| Other | 750 | 1,403 |
| Total other revenue | 1,905 | 2,868 |

*Subsidies*

There are no unfulfilled conditions and other contingencies attached to New Zealand Transport Agency subsidies recognised in the statement of comprehensive income.

| Note 6: Gains and losses | Actual 2012 ($000) | Actual 2013 ($000) |
|---|---|---|
| **Gains** | | |
| Non-financial instruments | | |
| Property, plant and equipment gains on disposal | 22 | 132 |
| Forestry asset revaluation gain | 0 | 52 |
| Total gains | 22 | 184 |
| **Losses** | | |
| Non-financial instruments | | |
| Property, plant and equipment loss on disposal | 281 | 646 |
| Forestry asset revaluation loss | 69 | 0 |
| Total losses non-financial instruments | 350 | 646 |
| **Other gains (losses)** | | |
| Financial instruments | | |
| Fair value through other comprehensive income gain on revaluation | 0 | 75 |
| Fair value through other comprehensive income loss on revaluation | (62) | (10) |
| Total gains (losses) financial instruments | (62) | 65 |

| Note 7: Personnel costs | Actual 2012 ($000) | Actual 2013 ($000) |
|---|---|---|
| Salaries and wages | 2,484 | 2,604 |
| Defined contribution plan employer contributions (KiwiSaver) | 36 | 40 |
| Increase (Decrease) in employee entitlements | 50 | (23) |
| Total personnel costs | 2,570 | 2,621 |

| **Note 8: Other expenses** | **Actual 2012 ($000)** | **Actual 2013 ($000)** |
|---|---|---|
| Fees to auditors | | |
| financial statements | 98 | 101 |
| financial statement (prior year) | 24 | - |
| long term plan | 75 | - |
| disbursements | 16 | 3 |
| Emergency works | 3,768 | - |
| Maintenance | 4,147 | 4,182 |
| Professional services | 1,816 | 1,494 |
| Contractors | 1,881 | 2,098 |
| Grants | 506 | 281 |
| Elected members remuneration (note 26) | 300 | 300 |
| Consultants and legal fees | 337 | 557 |
| Insurance premiums | 307 | 328 |
| Operating leases | 81 | 51 |
| Impairment of receivables (note 11) | 171 | 229 |
| Other operating expenses | 3,431 | 3,554 |
| Rates remissions (note 2) | 585 | 604 |
| Total other expenses | 17,543 | 13,782 |

| **Note 9: Tax** | **Actual 2012 ($000)** | **Actual 2013 ($000)** |
|---|---|---|
| **Relationship between tax expense and accounting surplus** | | |
| Surplus (deficit) before tax | 1,623 | 2,477 |
| Tax at 28% | 454 | 712 |
| Plus (less) tax effect of: | | |
| Non-taxable income | (454) | (712) |
| Tax expense | 0 | 0 |

| Note 10: Cash and cash equivalents | Actual 2012 ($000) | Actual 2013 ($000) |
|---|---|---|
| Cash at bank and on hand | 5,396 | 4,874 |
| Term deposits with maturities less than three months | 0 | 0 |
| Total cash and cash equivalents | 5,396 | 4,874 |

The carrying value of cash at bank and short-term deposits with maturities less than three months approximates their fair value

| Note 11: Debtors and other receivables | Actual 2012 ($000) | Actual 2013 ($000) |
|---|---|---|
| Rates receivables | 1,361 | 1,481 |
| Related party receivables | 0 | 0 |
| Other receivables | 1,473 | 2,025 |
| Gross debtors and other receivables | 2,834 | 3,506 |
| Less provision for impairment | (568) | (229) |
| Total debtors and other receivables | 2,266 | 3,277 |

*Fair value*

Debtors and other receivables are non-interest bearing and receipt is normally on 30-day terms. Therefore, the carrying value of debtors and other receivables approximates their value.

*Impairment*

The Council has various powers under the Local Government (Rating) Act 2002 to recover any outstanding rates. These powers allow the Council to commence legal proceedings to recover any rates that remain unpaid four months after the due date for payment. If payment has not been made within three months of the Court's judgement, then the Council can, in most cases, apply to the Registrar of the High Court to have the judgement enforced by sale or lease of the rating unit. Accordingly, the Council only provides for impairment of rates in those circumstances where an enforced sale or lease is not possible. Ratepayers can apply for payment plan options in special circumstances. Where such repayment plans are in place, debts are discounted to their present value of future payments if the effect of discounting is material.

The ageing profile of receivables at year end is detailed below:

| | | 2013 | |
|---|---|---|---|
| | Gross ($000) | Impairment ($000) | Net ($000) |
| Not past due | 1,843 | 0 | 1,843 |
| Past due 1-60 days | 470 | (11) | 459 |
| Past due > 60 days | 1,193 | (218) | 975 |
| Total | 3,506 | (229) | 3,277 |

| | | 2012 | |
|---|---|---|---|
| | Gross ($000) | Impairment ($000) | Net ($000) |
| Not past due | 1,200 | 0 | 1,200 |
| Past due 1-60 days | 925 | 0 | 925 |
| Past due > 60 days | 709 | (568) | 141 |
| Total | 2,834 | (568) | 2,266 |

The impairment provision has been calculated based on a review of overdue receivables and an analysis of the Council's past collection history and debt write-offs.

| Debtors and other receivables (continued) | Actual 2011/12 ($000) | Actual 2012/13 ($000) |
|---|---|---|
| Movement in the provision for impairment of receivables are as follows: | | |
| At 1 July | 397 | 568 |
| Additional provisions made during the year | 171 | 0 |
| Provisions reversed during the year | 0 | (306) |
| Receivables written off during the period | 0 | (33) |
| As at 30 June | 568 | 229 |

| Note 12 :Other financial assets | Actual 2012 ($000) | Actual 2013 ($000) |
|---|---|---|
| **Current Portion** | | |
| Term deposits with maturities of 4-12 months | 3,000 | 0 |
| Corporate bonds | 0 | 0 |
| Community loans | 28 | 0 |
| Total current portion | 3,028 | 0 |
| **Non-current portion** | | |
| Corporate bonds | 3,560 | 3,635 |
| Unlisted shares in New Zealand Local Government Insurance Corporation Limited | 37 | 28 |
| Unlisted share in Manawatu Wanganui LASS Limited | 1 | 1 |
| Total non-current portion | 3,598 | 3,664 |
| | | |
| Total other financial assets | 6,626 | 3,664 |

*Fair value*

Term deposits

The carrying amount of term deposits approximates their fair value.

Corporate bonds

The fair value of corporate bonds has been determined by reference to published price quotations in an active market.

Unlisted shares

The fair value of unlisted shares in New Zealand Local Government Insurance Corporation Limited was determined by using the net asset backing of shares at 31 December 2012. The fair value of the unlisted share in Manawatu Wanganui LASS Limited was determined to be the nominal amount paid on the first call of shares ($1,000).

Manawatu Wanganui LASS Limited is a Council Controlled Organisation under the Local Government Act 2002 but the Council has resolved that it is exempt for the purposes of section 6(4)(i) of that Act.

*Impairment*

There were no impairment expenses or provisions for other financial assts. At balance date, none of these financial assets was either past due or impaired.

| Note 13: Non-current assets held for sale | Actual 2012 ($000) | Actual 2013 ($000) |
|---|---|---|
| Non-current assets held for sale are: | | |
| land at Ripaka Street, Koitiata | 1 | 0 |
| land at Kensington Road, Marton | 500 | 0 |
| Total non-current assets held for sale | 501 | 0 |

The Council has a number of other properties, most of which are of low value, that it wishes to dispose of. None of these is included as non-current assets held for sale because they are not being actively marketed and do not fall within the criteria set out in NZ IFRS 5 Non-current Assets Held for Sale.

## Note 14: Property, Plant and equipment

| 2013 | Balances at 1 July 2012 Cost/ valuation $000 | Balances at 1 July 2012 Accum depn $000 | Balances at 1 July 2012 Carrying amount $000 | Current year additions $000 | Current year disp gross $000 | Accum depn on disposals $000 | Current year transfers $000 | Accum depn on transfers $000 | Current year depn $000 | Balances at 30 June 2013 Cost/ valuation $000 | Balances at 30 June 2013 Accum depn $000 | Balances at 30 June 2013 Carrying amount $000 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Movements for each class of property, plant and equipment are as follows:** | | | | | | | | | | | | |
| **Operational assets** | | | | | | | | | | | | |
| Land | 3,324 | 0 | 3,324 | | (73) | | 501 | | | 3,752 | 0 | 3,752 |
| Buildings | 10,637 | (621) | 10,016 | 498 | (19) | 4 | 173 | (5) | (653) | 11,289 | (1,275) | 10,014 |
| Plant and vehicles | 1,775 | (950) | 825 | 518 | (180) | 123 | | | (185) | 2,113 | (1,012) | 1,101 |
| Office equipment | 638 | (544) | 94 | 36 | | | | | (15) | 674 | (559) | 115 |
| Computer hardware | 1,242 | (877) | 365 | 72 | | | | | (116) | 1,314 | (993) | 321 |
| Library books | 1,819 | (1,343) | 476 | 70 | | | | | (76) | 1,889 | (1,419) | 470 |
| Total operational assets | 19,435 | (4,335) | 15,100 | 1,194 | (272) | 127 | 674 | (5) | (1,045) | 21,031 | (5,258) | 15,773 |
| **Infrastructural assets** | | | | | | | | | | | | |
| Roading network | 352,794 | (6,295) | 346,499 | 6,641 | | | | | (6,401) | 359,435 | (12,696) | 346,739 |
| Land under roads | 42,438 | 0 | 42,438 | | | | | | | 42,438 | 0 | 42,438 |
| Water systems | 35,700 | (1,003) | 34,697 | 3,647 | (148) | 14 | | | (1,138) | 39,199 | (2,127) | 37,072 |
| Wastewater systems | 18,956 | (465) | 18,491 | 1,883 | (10) | 4 | (173) | 5 | (623) | 20,656 | (1,079) | 19,577 |
| Stormwater network | 10,203 | (229) | 9,974 | 167 | (6) | | | | (237) | 10,364 | (466) | 9,898 |
| Waste transfer stations | 956 | (16) | 940 | 9 | | | | | (19) | 965 | (35) | 930 |
| Remediation | 482 | 0 | 482 | | (482) | | | | | 0 | 0 | 0 |
| Total infrastructural assets | 461,529 | (8,008) | 453,521 | 12,347 | (646) | 18 | (173) | 5 | (8,418) | 473,057 | (16,403) | 456,654 |
| **Restricted assets** | | | | | | | | | | | | |
| Land | 4,481 | 0 | 4,481 | | (23) | | | | | 4,458 | 0 | 4,458 |
| Buildings | 1,919 | (82) | 1,837 | 24 | | | | | (83) | 1,943 | (165) | 1,778 |
| Total restricted assets | 6,400 | (82) | 6,318 | 24 | (23) | 0 | 0 | 0 | (83) | 6,401 | (165) | 6,236 |
| Total property, plant and equipment | 487,364 | (12,425) | 474,939 | 13,565 | (941) | 145 | 501 | 0 | (9,546) | 500,489 | (21,826) | 478,663 |

Work in progress at year end included in property, plant and equipment above comprises: buildings $0.00 (2012 $23,000), wastewater $968,431 (2012 $504,822), water $500,709 (2012 $116,025)

## Note 14: Property, Plant and equipment (continued)

| 2012 | Balances at 1 July 2011 | | | | | | | | | Balances at 30 June 2012 | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Cost/ valuation $000 | Accum depn $000 | Carrying amount $000 | Current year additions $000 | Current year disp gross $000 | Accum depn on disposals $000 | Current year transfers $000 | Accum depn on transfers $000 | Current year depn $000 | Cost/ valuation $000 | Accum depn $000 | Carrying amount $000 |
| **Movements for each class of property, plant and equipment are as follows:** | | | | | | | | | | | | |
| **Operational assets** | | | | | | | | | | | | |
| Land | 3,834 | 0 | 3,834 | 5 | (14) | 0 | (501) | | 0 | 3,324 | 0 | 3,324 |
| Buildings | 10,458 | 0 | 10,458 | 229 | 0 | 0 | (50) | | (621) | 10,637 | (621) | 10,016 |
| Plant and vehicles | 1,649 | (906) | 743 | 293 | (140) | 113 | (27) | | (157) | 1,775 | (950) | 825 |
| Office equipment | 615 | (530) | 85 | 23 | 0 | 0 | 0 | | (14) | 638 | (544) | 94 |
| Computer hardware | 1,036 | (791) | 245 | 206 | 0 | 0 | 0 | | (86) | 1,242 | (877) | 365 |
| Library books | 1,744 | (1,274) | 470 | 75 | 0 | 0 | 0 | | (69) | 1,819 | (1,343) | 476 |
| Total operational assets | 19,336 | (3,501) | 15,835 | 831 | (154) | 113 | (578) | | (947) | 19,435 | (4,335) | 15,100 |
| **Infrastructural assets** | | | | | | | | | | | | |
| Roading network | 345,225 | 0 | 345,225 | 7,570 | (1) | 1 | 0 | | (6,296) | 352,794 | (6,295) | 346,499 |
| Land under roads | 42,438 | 0 | 42,438 | | 0 | 0 | 0 | | 0 | 42,438 | 0 | 42,438 |
| Water systems | 32,735 | 0 | 32,735 | 3,125 | (160) | 4 | 0 | | (1,007) | 35,700 | (1,003) | 34,697 |
| Wastewater systems | 18,488 | 0 | 18,488 | 477 | (9) | 0 | 0 | | (465) | 18,956 | (465) | 18,491 |
| Stormwater network | 9,964 | 0 | 9,964 | 285 | (46) | 1 | 0 | | (230) | 10,203 | (229) | 9,974 |
| Waste transfer stations | 947 | 0 | 947 | 9 | 0 | 0 | 0 | | (16) | 956 | (16) | 940 |
| Remediation | 482 | 0 | 482 | 0 | 0 | 0 | 0 | | 0 | 482 | 0 | 482 |
| Total infrastructural assets | 450,279 | 0 | 450,279 | 11,466 | (216) | 6 | 0 | | (8,014) | 461,529 | (8,008) | 453,521 |
| **Restricted assets** | | | | | | | | | | | | |
| Land | 4,314 | 0 | 4,314 | 167 | 0 | 0 | 0 | | 0 | 4,481 | 0 | 4,481 |
| Buildings | 1,904 | 0 | 1,904 | 31 | 0 | 0 | (16) | | (82) | 1,919 | (82) | 1,837 |
| Total restricted assets | 6,218 | 0 | 6,218 | 198 | 0 | 0 | (16) | | (82) | 6,400 | (82) | 6,318 |
| | | | | | | | | | | | | |
| Total property, plant and equipment | 475,833 | (3,501) | 472,332 | 12,495 | (370) | 119 | (594) | | (9,043) | 487,364 | (12,425) | 474,939 |

Work in progress at year end included in property, plant and equipment above comprises: buildings $23,000 (2011 $23,000), wastewater $504,822 (2011 $27,880), water $116,025 (2011 $1,421,000),stormwater $0 (2011 $6,067)

## Note 14: Property, plant and equipment (continued)

*Valuation*

Land and buildings (operational, restricted and infrastructural)

The valuation of land and buildings was performed by an independent registered valuer, Kerry Stewart (FPINZ, FNZIV) of Darroch Corporate Advisory. The valuation is effective at 30 June 2011. The total fair value of land and buildings valued was $18,709,682.

Land and buildings are valued at fair value using market-based evidence where available. All major properties also underwent a review of their condition rating when taking their fair value into consideration.

Infrastructural assets

Roading network

The valuation of the roading network was performed independently by Julian Watts (BApplsSc-AgEng), Jayanthi Rangamuwa (BSc (Eng)), and Ian Marshall of GHD Consulting. The valuation was reviewed by David Jeffery (BBS, ACMA), principal infrastructure strategy consultant of GHD Consulting. The valuation is effective at 30 June 2011. The total fair value of the roading network was $387,663,404.

The roading network is valued at fair value based on the application of appropriate replacement costs and effective lives, and GHD Consulting's experience of other local authorities' transport asset components. They are within the ranges specified in the New Zealand Infrastructural Valuation and Depreciation Guidelines. Land under roads, a component of the roading network, was not revalued.

Water, wastewater and stormwater systems

The valuation of the water, wastewater and stormwater assets was performed by James Torrie (BE) of Rangitikei District Council. The valuation was reviewed by Robert van Bentum (BAgrSc, MPhil (Eng) CPEng, MIPENZ) and Brian Smith (BE) both of MWH New Zealand Limited. The valuation is effective at 30 June 2011. The total fair value of water, wastewater and stormwater was $62,126,403.

Water, wastewater and stormwater assets are valued at fair value using a brown fields approach that assumes the surface above underground components will need to be removed and then replaced. Current contract costs have been used to determine the value of materials.

| Note 15: Intangible assets | Computer software ($000) | Carbon credits ($000) | Total ($000) |
|---|---|---|---|
| **Cost** | | | |
| Balance at 1 July 2012 | 691 | 0 | 691 |
| Additions | 38 | 9 | 47 |
| Disposals | 0 | 0 | 0 |
| Balance at 30 June 2013 | 729 | 9 | 738 |
| | | | |
| Balance at 1 July 2011 | 691 | 0 | 691 |
| Additions | 0 | 0 | 0 |
| Disposals | 0 | 0 | 0 |
| Balance at 30 June 2012 | 691 | 0 | 691 |
| | | | |
| **Accumulated amortisation and impairment** | | | |
| Balance at 1 July 2012 | 511 | 0 | 511 |
| Amortisation charge | 56 | 0 | 56 |
| Disposals | 0 | 0 | 0 |
| Balance at 30 June 2013 | 567 | 0 | 567 |
| | | | |
| Balance at 1 July 2011 | 461 | 0 | 461 |
| Amortisation charge | 50 | 0 | 50 |
| Disposals | 0 | 0 | 0 |
| Balance at 30 June 2012 | 511 | 0 | 511 |
| | | | |
| **Carrying Amounts** | | | |
| Balance at 1 July 2011 | 230 | 0 | 230 |
| Balance at 30 June and 1 July 2012 | 180 | 0 | 180 |
| Balance at 30 June 2013 | 162 | 9 | 171 |

There are no restrictions over the title of intangible assts. No intangible assets are pledged as security for liabilities.

*Carbon credits*

During the year, the Council acquired carbon credits for the purpose of meeting its obligations under the Emissions Trading Scheme for carbon emissions from its forestry operations. The Council is required to forfeit carbon credits for emissions for any forests not replanted four years after deforestation.

*Impairment*

There were no impairment expenses or provisions for intangible assets. At balance date, none of these intangible assets was impaired.

| **Note 16: Forestry assets** | **Actual 2012 ($000)** | **Actual 2013 ($000)** |
|---|---|---|
| Balance at 1 July | 268 | 199 |
| Gains (losses) arising from changes in fair values | (69) | 52 |
| Decreases due to sales | 0 | (30) |
| Balance at 30 June | 199 | 221 |

The Council owns 19.1 hectares of forest in 6 stands at varying stages of maturity.

*Valuation assumptions*
Independent valuers, Allan Bell & Associates, have valued forestry assets at 30 June 2013. Information from recent and past harvesting operations has been used in the valuation including predicted yield, harvest costs, potential markets, and log prices. The following significant valuation assumptions have been adopted in determining fair value of forestry assets:

*Basis for value*- stand-based schedules using discounted future cashflows and, where applicable, compound costs.

*Discount rate* - 10% pre-tax

*Compound rate* - 3%

*Basis of log prices* - current prices from actual harvesting operations, trend prices from MAF 12 quarter log prices with adjustments for regional influences.

*Financial risk management*
The Council is exposed to financial risks arising from fluctuations in the price of timber. As a long-term forestry investor, the Council does not expect timber prices to decline significantly in the foreseeable future. Therefore, no measures have been taken to manage the risk associated with a decline in timber prices. The Council regularly reviews timber prices in considering the need for active financial risk management.

| **Note 17: Creditors and other payables** | **Actual 2012 ($000)** | **Actual 2013 ($000)** |
|---|---|---|
| Trade payables | 3,126 | 3,106 |
| Deposits | 374 | 307 |
| Accrued expenses | 325 | 324 |
| Total creditors and other payables | 3,825 | 3,737 |

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.

| Note 18: Borrowings | Actual 2012 ($000) | Actual 2013 ($000) |
|---|---|---|
| **Current portion** | | |
| Secured bank loans | 2,000 | 2,500 |
| Community loan | 0 | 16 |
| Total current portion | 2,000 | 2,516 |
| | | |
| **Non-current portion** | | |
| Secured bank loans | 2,500 | 0 |
| Community loan | 0 | 208 |
| Total non-current portion | 2,500 | 208 |
| | | |
| Total borrowings | 4,500 | 2,724 |

*Secured loans*

The Council's secured debt of $2.5m (2012 $4.5m) is at a fixed rate of interest for the term of the loan.

*Community loan*

The Council purchased property, plant and equipment from the Marton Aquatic Leisure Trust for the Marton swim centre. The purchase was financed by way of a loan from the Trust which is interest free. The Council has signed a lease agreement for 15 years with the Trust. The annual lease rental will be applied to repaying the loan so that it is extinguished at the end of lease term.

*Security*

The Council's bank loans are secured over the Council's rates.

The community loan is unsecured.

*Fair value*

The carrying amounts of borrowings approximates their fair value as discounting is not considered significant.

*Internal borrowing*

Information about internal borrowing is provided under each group of activities in the annual report. Interest charged on internal borrowing for the year was 5.5%. Internal borrowings are eliminated on consolidation of activities in the Council's financial statements.

| **Note 19: Employee entitlements** | **Actual 2012 ($000)** | **Actual 2013 ($000)** |
|---|---|---|
| **Current Portion** | | |
| Accrued pay | 47 | 41 |
| Annual leave | 169 | 150 |
| Long service leave | 12 | 12 |
| Total current portion | 228 | 203 |
| **Non-current portion** | | |
| Accrued pay | 0 | 0 |
| Annual leave | 0 | 0 |
| Long service leave | 7 | 9 |
| Total non-current portion | 7 | 9 |
| | | |
| Total employee entitlements | 235 | 212 |

*Long service leave*

Long-term employee entitlements consist of long service leave that is payable beyond 12 months and have been calculated on the likely future entitlements accruing to staff, based on the years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and current salary. As there are few staff members that are actually entitled to long service leave, the total accrual is not considered to be material and no actuarial basis has been used

*Sick leave*

No provision is made for sick leave because absences in the coming years are expected to exceed the annual entitlement of staff, and calculations show any amounts involved are likely to be immaterial.

| Note 20: Provisions | Actual 2012 ($000) | Actual 2013 ($000) |
|---|---|---|
| **Landfill aftercare** | | |
| Balance at 1 July | 505 | 438 |
| Additional provisions made | 0 | 0 |
| Amounts used | (67) | (40) |
| Unused amount reversed | 0 | (6) |
| Discount unwind | 0 | 102 |
| Balance at 30 June | 438 | 494 |

The Council has responsibility to provide ongoing maintenance and monitoring of its 17 closed landfill sites.

The management of the landfills will influence the timing of recognition of some liabilities. The cash outflows for landfill post-closure costs are expected to occur over the next 21 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 legal requirements.

A discount rate of 5.5% (2012 8%) has been used in discounting the cash outflows.

| **Note 21: Equity** | **Actual 2012 ($000)** | **Actual 2013 ($000)** |
|---|---|---|
| **Accumulated funds** | | |
| Balance at 1 July | 457,926 | 459,706 |
| Transfers from property revaluation reserves on disposal | 141 | 117 |
| Other transfers | 16 | (1,202) |
| Surplus (deficit) for year | 1,623 | 2,542 |
| Balance at 30 June | 459,706 | 461,163 |
| | | |
| **Other reserves** | | |
| **Property revaluation reserves** | | |
| Balance at 1 July | 17,557 | 17,416 |
| Transfer to accumulated funds on disposal of property | (141) | (116) |
| Balance at 30 June | 17,416 | 17,300 |
| Property revaluation reserves for each class of assets consist of: | | |
| Operational assets | | |
| land | 1,954 | 1,902 |
| buildings | 4,234 | 4,384 |
| Infrastructural assets | | |
| sewerage systems | 597 | 424 |
| water systems | 5,583 | 5,544 |
| stormwater drainage network | 2,287 | 2,285 |
| roading network | 1,138 | 1,138 |
| refuse and recycling | - | - |
| Restricted assets | | |
| land | 1,292 | 1,292 |
| buildings | 331 | 331 |
| Total | 17,416 | 17,300 |
| **Fair value through other comprehensive income reserve** | | |
| Balance at 1 July | 267 | 205 |
| Net revaluation gains (losses) | (62) | 65 |
| Balance at 30 June | 205 | 270 |
| | | |
| Total other reserves | 17,621 | 17,570 |

## Note 21: Equity (continued)

### Special and restricted reserves 2013

| Name (* denotes restricted) | Associated activity | Purpose | Balance 1 Jul 12 | Deposits | With-drawals | Balance 30 Jun 13 |
|---|---|---|---|---|---|---|
| Bulls courthouse* | Property | Maintenance of courthouse building | 17 | 11 | 0 | 28 |
| Flood damage | Roading | Road maintenace due to flooding | 119 | 881 | 0 | 1,000 |
| General purpose | Capital works | Capital works | 2,402 | 0 | 0 | 2,402 |
| Haylock park* | Parks and reserves | Additiona reserve area at park | 22 | 2 | 0 | 24 |
| Hunterville rural water | Water | Future loop line | 159 | 9 | 14 | 154 |
| Keep Taihape beautiful* | Property | Enhancement of Taihape | 22 | 0 | 1 | 21 |
| Marton land subdivision* | Parks and reserves | Improvement to reserves land | 98 | 234 | 0 | 332 |
| Marton marae* | Property | Marton marae project | 4 | 0 | 0 | 4 |
| McIntyre recreation* | Parks and reserves | Maintenance or upgrades of park | 20 | 1 | 0 | 21 |
| Putorino rural water | Water | Maintenance of scheme dam | 15 | 1 | 0 | 16 |
| Ratana sewer | Sewerage | Capital works | 19 | 1 | 0 | 20 |
| Revoked reserve land | Parks and reserves | Offset costs of other revoked land | 238 | 0 | 0 | 238 |
| Rural housing loan | Property | No longer required | 150 | 0 | 0 | 150 |
| Rural land subdivision* | Parks and reserves | Improvement to reserves land | 152 | 8 | 0 | 160 |
| Santoft domain* | Parks and reserves | Maintenance or upgrades of park | 65 | 3 | 0 | 68 |
| Total special and restricted reserves | | | 3,502 | 1,151 | 15 | 4,638 |

### Special and restricted reserves 2012

| Name (* denotes restricted) | Associated activity | Purpose | Balance 1 Jul 11 | Deposits | With-drawals | Balance 30 Jun 12 |
|---|---|---|---|---|---|---|
| Bulls courthouse* | Property | Maintenance of courthouse building | 7 | 10 | 0 | 17 |
| Flood damage | Roading | Road maintenace due to flooding | 301 | 155 | (337) | 119 |
| General purpose | Capital works | Capital works | 2,285 | 117 | 0 | 2,402 |
| Haylock library* | Libraries | Library maintenance | 2 | 0 | (2) | 0 |
| Haylock park* | Parks and reserves | Additiona reserve area at park | 21 | 1 | 0 | 22 |
| Hunterville rural water | Water | Future loop line | 152 | 7 | 0 | 159 |
| Keep Taihape beautiful* | Property | Enhancement of Taihape | 27 | 1 | (6) | 22 |
| Marton land subdivision* | Parks and reserves | Improvement to reserves land | 93 | 5 | 0 | 98 |
| Marton marae* | Property | Marton marae project | 4 | 0 | 0 | 4 |
| McIntyre recreation* | Parks and reserves | Maintenance or upgrades of park | 19 | 1 | 0 | 20 |
| Putorino rural water | Water | Maintenance of scheme dam | 14 | 1 | 0 | 15 |
| Ratana sewer | Sewerage | Capital works | 18 | 1 | 0 | 19 |
| Revoked reserve land | Parks and reserves | Offset costs of other revoked land | 227 | 11 | 0 | 238 |
| Rural housing loan | Property | No longer required | 142 | 8 | 0 | 150 |
| Rural land subdivision* | Parks and reserves | Improvement to reserves land | 144 | 8 | 0 | 152 |
| Santoft domain* | Parks and reserves | Maintenance or upgrades of park | 62 | 3 | 0 | 65 |
| Total special and restricted reserves | | | 3,518 | 329 | (345) | 3,502 |

| **Note 22: Reconciliation of net surplus (deficit) to net cash flow from operating activities** | **Actual 2012 ($000)** | **Actual 2013 ($000)** |
|---|---|---|
| **Surplus (deficit)** | **1,623** | **2,477** |
| **Add (less) non-cash items** | | |
| Depreciation and amortisation | 9,082 | 9,602 |
| Vested assets | (40) | (160) |
| Value of biological assets harvested | 0 | 29 |
| Community loan repayment exchanged for accommodation | 0 | (16) |
| Grant of carbon credits by NZ Government | 0 | (9) |
| (Gains) losses in fair value on forestry assets | 69 | (52) |
| | 9,111 | 9,394 |
| **Add (less) items classified as investing or financing activities** | | |
| (Gains) losses on disposal of property, plant and equipment | 511 | 514 |
| | 511 | 514 |
| **Add (less) movements in working capital items** | | |
| Increase (decrease) in debtors and other receivables | 1,494 | (1,013) |
| Increase (decrease) in prepayments | (19) | 6 |
| Increase (decrease) in income in advance | (4) | 47 |
| Increase (decrease) in creditors and other payables | (772) | (259) |
| Increase (decrease) in provisions | (67) | 54 |
| Increase (decrease) in employee entitlements | 50 | (23) |
| | 682 | (1,188) |
| Net cash inflow (outflow) from operating activities | 11,927 | 11,197 |

| Note 23: Capital commitments and operating leases | Actual 2012 ($000) | Actual 2013 ($000) |
|---|---|---|
| **Capital commitments** | | |
| Property, plant and equipment | 1,866 | 170 |
| Intangible assets | 0 | 0 |
| Total capital commitments | 1,866 | 170 |

**Operating leases as lessee**

The Council leases property, plant and equipment in the normal course of it business. The future aggregate minimum lease payments payable under non-cancellable operating leases are as follows:

| | | |
|---|---|---|
| Not later than one year | 73 | 84 |
| Later than one year and not later than five years | 170 | 173 |
| Later than five years | 0 | 12 |
| Total non-cancellable operating leases | 243 | 269 |

**Operating leases as lessor**

Some property, including reserves land, is leased under operating leases. The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows:

| | | |
|---|---|---|
| Not later than one year | 26 | 24 |
| Later than one year and not later than five years | 97 | 96 |
| Later than five years | 228 | 205 |
| | 351 | 325 |

No contingent rents have been recognised during the period.

| Note 24: Contingencies | Actual 2012 ($000) | Actual 2013 ($000) |
|---|---|---|
| **Contingent Liabilities** | | |
| Emissions Trading Scheme | 195 | 126 |
| Potaka stormwater | 100 | 175 |
| Building Act claims | 0 | 21 |
| Nga Tawa Road water extension | 0 | 20 |
| Local Authority Protection Programme (LAPP) Disaster Fund | 0 | 805 |
| Miscellaneous claims | 0 | 5 |
| Total contingent liabilities | 295 | 1,152 |

*Emissions Trading Scheme*

The Council may have liability under the Emissions Trading Scheme following the harvesting of forestry holdings. This will eventuate if replanting does not take place within four years (a decision made on the basis that the cost of replanting and subsequent management is greater than the purchase of carbon credits) or, if replanting occurs and the specified growth rates are not achieved within four years after replanting.

*Potaka stormwater*

The Council is in dispute with Mr Potaka regarding stormwater damage reinstatement. The matter has not been resolved to date. The amount disclosed is made up of possible physical works, legal expenses and the possibility of some compensation being payable.

*Building Act claims*

The Building Act 2004 imposes certain obligations and liabilities on local authorities relating to the issue of building consents and inspection of work done. At the date of this report, two matters under that Act indicating potential liability had been brought to the Council's attention.

*Nga Tawa Road water supply extension*

The Council has agreed to contribute up to $20,000 if a privately initiated extension to the water supply in Nga Tawa Road goes ahead. The amount is to cover the cost of increasing the pipe diameter to allow others to connect to the extension. This would be part of a ring main system which will connect to Calico Line.

*Local Authority Protection Programme (LAPP) Disaster Fund*

LAPP scheme members are subject to additional calls for contributions up to five times their annual premium for a single disaster and exposure is limited to two such calls in a year. The exposure has been actuarially assessed as a low probability of the maximum call being made in any one year and it is therefore considered that a provision for exposure need not be included in the financial statements, but rather, noted as a contingent liability.

*AGM Contracting Limited*

A dispute involving this company was disclosed in the previous year's annual report. During the year under review, this dispute was settled by arbitration. There is now no liability, real or contingent, remaining.

**Contingent Assets**

*Private facilities*

The Council has identified four facilities (for example, club rooms) on its reserves land owned by third parties that are not specified to be removed under the terms of their leases. The Council will gain control of these assets only if the various clubs vacate the facilities. Until this event occurs, the assets are not recognised as assets in the statement of financial position. As at 30 June 2013 these four facilities have an approximate value of $350,000.

| Note 25: Related party transactions | Actual 2012 ($) | Actual 2013 ($) |
|---|---|---|
| **Transactions with key management personnel** | | |
| *Key management personnel compensation* | | |
| Salaries and other short-term employee benefits | 727,484 | 628,805 |
| Post-employment benefits | 0 | 0 |
| Other long-term benefits | 0 | 0 |
| Termination benefits | 0 | 0 |
| Total key management personnel compensation | 727,484 | 628,805 |

Key management personnel include the Mayor, Councillors, Chief Executive and the other two members of the senior management team.

The Council was the settlor of the Marton Aquatic and Leisure Trust. At the commencement of the current year, the trust ceased to act for the Council in managing the Marton swimming pool and the Council resumed control of the activity. By the end of the current financial year, the Council had resolved to withdraw any participation in the trust and to relinquish any controls over it, and have the trust deed amended accordingly. At year end no related party relationship existed, but during the year transactions between the Council and the trust occurred which are disclosed below:

| | | |
|---|---|---|
| Cash grant provided by the Council to the trust | 204,208 | 0 |
| Costs paid by the Council on behalf of the trust | 12,377 | 0 |
| Audit fee for the trust | 11,420 | 0 |
| Interest paid by the trust on its loan from the Council | 1,315 | 0 |
| Loan repayments made by the trust on its loan from the Council | 3,733 | 27,455 |
| Reimbursement by the trust to the Council for cost of insurance | 7,148 | 0 |
| Sale of improvements by the trust to the Council | 0 | 267,773 |
| Loan provided by the trust for the purchase of improvements | 0 | 240,318 |
| Rent paid by the trust to the Council | 0 | 16,021 |
| Loan repayments made by the Council to the trust | 0 | 16,021 |

The Council is a one-seventh shareholder in Manawatu Wanganui LASS Limited. Transactions between the Council and the company are disclosed below:

| | | |
|---|---|---|
| Insurance levies reimbursed to the company by the Council | 70,955 | 0 |
| Regional archives project costs paid to the company by the Council | 68,664 | 84,927 |
| Other projects costs paid to the company by the Council | 7,139 | 9,380 |

| Note 25: Related party transactions (continued) | Actual 2012 ($) | Actual 2013 ($) |
|---|---|---|

During the year, the Council paid for a service contract to the Taihape Community Development Trust, of which Councillor Ed Cherry is a Friend. These services cost $144,000 (2012 $181,340) and were supplied on normal commercial terms. In addition, the Council provided the Trust with grants towards special promotions amounting to $37,728.

During the year, the Council paid for a service contract to the Ratana Communal Board of Trustees, of which Councillor Soraya Peke-Mason is a member. This service cost $63,268 (2012 $63,078) and were supplied on normal commercial terms. Councillor Peke-Mason also has interests in the Aorangi Awarua Trust. During the year the Council paid the Trust $4,940 (2012 $$7,020) for easement costs.

During the year, the Council gave grants to several entities on which Councillors served as board members or board chairs.

During the year, Councillors and senior management, as part of a normal customer relationship, were involved in minor transactions with the Council (such as the payment of rates etc).

In the 2011/12 annual report, the Council reported related party transactions with Byfords Construction Company Limited and Taihape Contracts Limited, contracting firms in which the husband of Mrs Byford, a Councillor, was a director and shareholder. Mr and Mrs Byford have now sold their shareholding in the two companies and have no further interest in their management.

| Note 26: Remuneration | Actual 2012 $ | Actual 2013 $ |
|---|---|---|
| **Chief Executive** | | |
| The various Chief Executives received the following remuneration: | | |
| | | |
| Clare Hadley: from 1 Jul 2012 to 14 Dec 2012 | | |
| Gross salary | 187,037 | 98,746 |
| Vehicle (market value plus FBT) | 13,725 | 6,862 |
| Superannuation contribution | 3,741 | 1,975 |
| Total remuneration | 204,503 | 107,583 |
| | | |
| Michael Hodder: (acting) from 15 Dec 2012 to 24 March 2013 | | |
| Gross salary | 0 | 45,769 |
| Vehicle (market value plus FBT) | 0 | 0 |
| Superannuation contribution | 0 | 0 |
| Total remuneration | 0 | 45,769 |
| | | |
| Ross McNeil: from 25 March 2013 to 30 June 2013 | | |
| Gross salary | 0 | 47,000 |
| Vehicle (market value plus FBT) | 0 | 2,207 |
| Superannuation contribution | 0 | 1,374 |
| Total remuneration | 0 | 50,581 |
| | | |
| **Other Council employees** | | |
| Number of full-time employees | 30 | 24 |
| Number of full-time equivalents of part-time employees | 10 | 13 |
| A full-time employee is determined on the basis of a 40-hour working week | | |
| | | |
| Total annual remuneration by band for employees as at 30 June | | |
| less than $60,000 per annum | 33 | 38 |
| $60,001 to $80,000 | 11 | 7 |
| $80,001 to $220,000 | 6 | 4 |
| | 50 | 49 |

| Note 26: Remuneration (continued) | Actual 2012 $ | Actual 2013 $ |
|---|---|---|
| **Elected representatives** | | |
| **Council** | | |
| *Mayor* | | |
| R C Leary | 75,500 | 75,080 |
| *Councillors* | | |
| R Aslett | 18,870 | 17,784 |
| J Byford | 20,480 | 18,955 |
| E Cherry | 20,138 | 19,794 |
| M Fox | 17,784 | 17,784 |
| S Harris | 20,879 | 20,967 |
| M Jones | 17,784 | 18,043 |
| D McManaway | 17,784 | 17,784 |
| R Peirce | 17,813 | 17,936 |
| S Peke-Mason | 17,836 | 19,547 |
| L Sheridan | 17,784 | 17,784 |
| A Watson | 17,784 | 17,784 |
| Total Council members remuneration | 280,436 | 279,242 |
| **Community Boards** | | |
| *Taihape* | | |
| M Fannin | 2,856 | 2,856 |
| A Gordon (chair) | 3,457 | 3,457 |
| G Larsen | 2,856 | 2,856 |
| P Leigh | 2,856 | 2,856 |
| *Ratana* | | |
| L. Gardiner (chair from 15 January 2013) | 0 | 1,007 |
| D Gardiner | 1,904 | 1,904 |
| G Hipango (chair resigned 23 December 2012) | 2,305 | 2,152 |
| J Pene (resigned 31 March 2013) | 1,904 | 1,465 |
| P Williams | 1,904 | 1,904 |
| Total Community Board members remuneration | 20,042 | 20,457 |
| | | |
| Total elected representatives remuneration | 300,478 | 299,699 |

## Note 27: Severance payments

For the year ended 30 June 2013, the Council made one (2012 two) severance payments to employees totalling $5,000 (2012 $8,000 and $1,500).

## Note 28: Events after balance date

Council has not become aware of any events after balance date that require disclosure.

| Note 29A: Financial instrument categories | Actual 2012 ($000) | Actual 2013 ($000) |
|---|---|---|
| **Financial instrument categories** | | |
| ***Financial assets*** | | |
| *Loans and receivables* | | |
| Cash and cash equivalents | 5,396 | 4,874 |
| Debtors and other receivables | 2,266 | 3,277 |
| Other financial assets | | |
| term deposits | 3,000 | 0 |
| community loans | 28 | 0 |
| Total loans and receivables | 10,690 | 8,151 |
| *Fair value through other comprehensive income* | | |
| Other financial assets | | |
| corporate bonds | 3,560 | 3,635 |
| unlisted shares | 38 | 29 |
| Total fair value through other comprehensive income | 3,598 | 3,664 |
| ***Financial liabilities*** | | |
| Financial liabilities at cost | | |
| creditors and other payables | 3,826 | 3,737 |
| secured loans | 4,500 | 2,500 |
| community loan | 0 | 224 |
| Total financial liabilities | 8,326 | 6,461 |

## Note 29B: Fair value hierarchy disclosures

For those instruments recognised at fair value in the statement of financial position, fair values are determined according to the following hierarchy:

* Quoted market price (level 1) - Financial instruments with quoted prices for identical instruments in active markets.

* Valuation technique using observable inputs (level 2) - Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.

* Valuation techniques with significant non-observable inputs (level 3) - Financial instruments valued using models where one or more significant inputs are not observable.

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

| | | | Valuation technique | |
|---|---|---|---|---|
| | Total ($000) | Quoted market price ($000) | Observable inputs ($000) | Significant non-observable inputs ($000) |
| **2013** | | | | |
| **Financial assets** | | | | |
| *Unlisted shares* | | | | |
| New Zealand Local Government Insurance Corporation Limited | 28 | 0 | 0 | 28 |
| Manawatu Wanganui LASS Limited | 1 | 0 | 0 | 1 |
| *Corporate bonds* | 3635 | 3635 | 0 | 0 |
| **2012** | | | | |
| **Financial assets** | | | | |
| *Unlisted shares* | | | | |
| New Zealand Local Government Insurance Corporation Limited | 37 | 0 | 0 | 37 |
| Manawatu Wanganui LASS Limited | 1 | 0 | 0 | 1 |
| *Corporate bonds* | 3560 | 3560 | 0 | 0 |

There were no transfers between the different levels of the fair value hierarchy.
The table below provides a reconciliation from the opening balance to the closing balance for level 3 fair value measurements:

| | 2012 | 2013 |
|---|---|---|
| Balance at 1 July | 38 | 38 |
| Gains (losses) recognised in the surplus or deficit | 0 | 0 |
| Gains (losses) recognised in other comprehensive income | 0 | (9) |
| Purchases | 0 | 0 |
| Balance at 30 June | 38 | 29 |

## Note 29C: Financial instrument risks

The Council has policies to manage the risks associated with financial instruments. The Council is risk averse and seeks to minimise exposure from its treasury activities. It has established 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. The Council is exposed to equity securities price risk on its investments, which are classified as financial assets held at fair value through other comprehensive income. Equity security price risk is not managed as the only share investments are unlisted shares in New Zealand Local Government Insurance Corporation Limited, and, Manawatu Wanganui LASS Limited.

*Currency risk*

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Council has no financial instruments with foreign currency components and is therefore not exposed to currency 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. Borrowings and investments issued at fixed rates of interest expose the Council to fair value interest rate risk. The Council's investment policy requires a spread of investment maturity dates to limit exposure to short-term interest rate movements. The Council currently has no fixed interest rate debt or investments.

*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 the Council to cash flow interest rate risk. The Council currently has no variable interest rate debt or investments.

### Credit risk

Credit risk is the risk that a third party will default on its obligations to the Council, causing it to incur a loss. Due to the timing of its cash inflows and outflows, surplus cash is invested into term deposits and corporate bonds, which gives rise to credit risk. The Council only invests in deposits with registered banks and in high grade corporate bonds, and limits the amount of credit exposure to any one institution. Investments are made only in banks and companies with specified credit ratings.

| Note 29C: Financial instrument risks (continued) | Actual 2012 ($000) | Actual 2013 ($000) |
|---|---|---|
| *Maximum exposure to credit risk* | | |
| The Council's maximum credit risk exposure for each class of financial instruments is as follows: | | |
| Cash at bank and term deposits | 8,396 | 4,874 |
| Debtors and other receivables | 2,266 | 3,277 |
| Community and related party loans | 28 | 0 |
| Corporate bonds | 3,560 | 3,635 |
| Total credit risk | 14,250 | 11,786 |
| *Credit quality of financial assets* | | |
| The credit quality of financial assets that are neither past due nor impaired can be assessed by references to Standard and Poor's credit ratings (if available) or to historical information about counterparty default rates. | | |
| Counterparties with credit ratings | | |
| Cash at bank and term deposits | | |
| AA- | 8,396 | 4,874 |
| Total cash at bank and term deposits | 8,396 | 4,874 |
| Corporate bonds | | |
| AA | 3,560 | 1,647 |
| A+ | 0 | 536 |
| A | | 27 |
| A- | 0 | 1,425 |
| Total corporate bonds | 3,560 | 3,635 |
| Counterparties without credit ratings | | |
| Community and related party loans | | |
| Existing counterparty with no defaults in the past | 28 | 0 |
| Total community and related party loans | 28 | 0 |

Debtors and other receivables arise mainly from the 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. The 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 the Council has powers under the Local Government (Rating) Act 2002 to recover outstanding debts from ratepayers.

**Liquidity risk**

Liquidity risk is the risk that the Council will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities, and the ability to close out market positions. The Council aims to maintain flexibility in funding by keeping committed credit lines available.

In meeting its liquidity requirements, the Council maintains a target level of investments that must mature within the next 12 months. The Council manages it borrowings in accordance with its funding and financial policies, which include a liability management policy

## Note 29C: Financial instrument risks (continued)

**Contractual maturity analysis of financial liabilities**

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

| | Carrying amount $000 | Contractual cash flows $000 | Less than 1 year $000 | 1 to 5 years $000 | More than 5 years $000 |
|---|---|---|---|---|---|
| **2013** | | | | | |
| Creditors and other payables | 3,737 | 3,737 | 3,737 | 0 | 0 |
| Secured loans | 2,500 | 2,500 | 2,500 | 0 | 0 |
| Community loan | 224 | 224 | 16 | 80 | 128 |
| Total | 6,461 | 6,461 | 6,253 | 80 | 128 |
| **2012** | | | | | |
| Creditors and other payables | 3,825 | 3,825 | 3,825 | 0 | 0 |
| Secured loans | 4,500 | 4,500 | 2,000 | 2,500 | 0 |
| Community loan | 0 | 0 | 0 | 0 | 0 |
| Total | 8,325 | 8,325 | 5,825 | 2,500 | 0 |

**Contractual maturity analysis of financial assets**

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

| | Carrying amount $000 | Contractual cash flows $000 | Less than 1 year $000 | 1 to 5 years $000 | More than 5 years $000 |
|---|---|---|---|---|---|
| **2013** | | | | | |
| Cash and cash equivalents | 4,874 | 4,874 | 4,874 | 0 | 0 |
| Debtors and other receivables | 3,277 | 3,277 | 3,277 | 0 | 0 |
| Other financial assets | | | | | |
| term deposits | 0 | 0 | 0 | 0 | 0 |
| community and related party loans | 0 | 0 | 0 | 0 | 0 |
| corporate bonds | 3,635 | 3,635 | 0 | 2,729 | 906 |
| Total | 11,786 | 11,786 | 8,151 | 2,729 | 906 |
| **2012** | | | | | |
| Cash and cash equivalents | 5,396 | 5,396 | 5,396 | 0 | 0 |
| Debtors and other receivables | 2,266 | 2,266 | 2,266 | 0 | 0 |
| Other financial assets | | | | | |
| term deposits | 3,000 | 3,000 | 3,000 | 0 | 0 |
| community and related party loans | 28 | 28 | 28 | 0 | 0 |
| corporate bonds | 3,560 | 3,560 | 0 | 3,560 | 0 |
| Total | 14,250 | 14,250 | 10,690 | 3,560 | 0 |

## Note 29C: Financial instrument risks (continued)

**Sensitivity analysis**

The tables below illustrate the potential effect on the surplus or deficit and equity (excluding accumulated funds) for reasonably possible market movements, with all other variables held constant, based on the Council's financial instrument exposures at balance date.

**Interest rate risk**

| | Note | -100bps Surplus $000 | -100bps Other Equity $000 | +100bps Surplus $000 | +100bps Other Equity $000 |
|---|---|---|---|---|---|
| **2013** | | | | | |
| *Financial Assets* | | | | | |
| Cash and cash equivalents | | (49) | 0 | 49 | 0 |
| Community loans | | 0 | 0 | 0 | 0 |
| Corporate bonds | | (10) | 0 | 0 | 10 |
| Total sensitivity to interest rate risk | | (59) | 0 | 49 | 10 |
| **2012** | | | | | |
| *Financial Assets* | | | | | |
| Cash and cash equivalents | | (54) | 0 | 54 | 0 |
| Community loans | | 0 | 0 | 0 | 0 |
| Corporate bonds | | (10) | 0 | 10 | 0 |
| Total sensitivity to interest rate risk | | (64) | 0 | 64 | 0 |

*Explanation of interest rate sensitivity risk*

The interest rate sensitivity is based on a reasonable possible movement in interest rates, with all other variables held constant, measured as a basis point (bps) movement. For example, a decrease in 100 bps is equivalent to a decrease in interest rates of 1%.

## Note 30: Capital management

The Council's capital is its equity (or ratepayers' funds), which comprise accumulated funds and reserves. Equity is represented by net assets.

The Local Government Act (2002) (the Act) requires the Council to manage its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayers' funds are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments, and general financial dealings.

The objective of managing these items is to achieve intergenerational equity, which is a principle promoted in the Act and applied by the Council. Intergenerational equity requires today's ratepayers to meet the costs of utilising the Council's assets and not expecting them to meet the full cost of long-term assets that will benefit ratepayers in future generations. Additionally, the Council has in place asset management plans for major classes of assets detailing renewal and maintenance programmes, to ensure that 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 plans (where applicable) to meet the expenditure needs identified in those plans. The Act also sets out the factors that the Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the funding and financial policies in the Council's LTP.

The Council has the following Council-created reserves:

*Special Reserves*

Special reserve funds are reserves created by the Council for special purposes. The Council may alter them without reference to any third party or the Courts, and transfers to and from these reserves are at the discretion of the Council.

*Restricted Reserves*

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

## Note 31: Explanation of major variances against budget

Explanations for major variances from the Council's budget figures in the 2012-22 Long Term Plan are as follows:

### Statement of comprehensive income

Other revenue is greater than budgeted by $862,000 due to: increased revenue from various group of activities but mainly in regulatory services and community and leisure assets $378,000; increased rates penalties $187,000; and revenue attributed to overhead units not included in the budget amount but rather offset against expenses $297,000.

Finance costs are lower than budgeted by $350,000 due to no extra borrowing being required for the year.

Other expenses are lower than budgeted by $1,605,000 due to savings achieved over most groups of activities but particularly in water $836,000 and wastewater $702,000. These savings are largely due to two factors: less requirement for ongoing maintenance and treatment than anticipated; and, savings achieved through efficiencies due to merging the activities into a district-wide activity.

As a result of the increased revenue and reduced expenditure noted above, the surplus achieved was $1,691,000 greater than the budgeted surplus of $786,000.

### Statement of financial position

Cash and investments at balance date are $3.55m less than at the same time last year. This has been channelled into financing capital projects, and, together with the cash surplus from operating, has provided sufficient funds to avoid additional borrowing. As a result, at balance date, borrowing is $7.05 million less than budget

The greatest movement within equity is in accumulated funds due to the larger than estimated net surplus.

## Statement of Resources

| | |
|---|---|
| Area | 4,538 sq. km |
| Population<br>*Census 2006* | 14,712 |
| Rateable Properties | 8,505 |
| Non-rateable Properties | 609 |
| Gross Capital Value | $3,642,861,150 |
| Net Capital Value | $3,471,696,500 |
| Gross Land Value | $2,296,645.050 |
| Net Land Value | $2,236.367,050 |
| Date of Last Revision of Values | September 2011 |
| Length of Roads | 1,237 km |
| • Sealed | 783 km |
| • Unsealed | 454 km |
| Water Supplies | |
| • Urban | 6 |
| • Rural | 4 |
| Wastewater Systems | 7 |
| Solid Waste Disposal Sites (Landfills) | 0 |
| Waste Transfer Stations | 5 |
| Amenity Buildings | |
| • Libraries | 3 |
| • Swimming Pools | 3 |
| • Halls – Urban | 7 |
| • Houses | 3 |
| • Halls – Rural | 15 |
| • Pensioner Flats | 72 |
| • Toilets and Restrooms | 9 |
| • Parks and Reserves | 10 |

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# Rangitikei District Council

## Section 4: Other Information

# Contact Details

## Council Offices


**Marton**

| | | |
|---|---|---|
| 46 High Street | Tel | 06 327 0099 |
| Private Bag 1102 | | 0800 422 522 |
| Marton 4741 | Fax | 06 327 6970 |

**Taihape Library and Service Centre**

| | | |
|---|---|---|
| 90-92 Hautapu Street | Tel | 06 388 0604 |
| Taihape 4720 | Fax | 06 388 1919 |

**Bulls Library and Service Centre**

| | | |
|---|---|---|
| 73 High Street | Tel | 06 327 0083 |
| Bulls 4818 | Fax | 06 322 0113 |

Email

info@rangitikei.govt.nz

Website

www.rangitikei.govt.nz


## Mayor and Councillors

Contact details for the Mayor and Councillors are located on page 10.

## Members of Community Boards, Te Roopu Ahi Kaa, and Community Committees

Contact details are provided on page 11.

# Development of Māori capacity to contribute to decision-making processes

**Introduction**

Clause 5 of Schedule 10 of the Local Government Act 2002 requires that the Council outline any steps it might take to foster the development of Māori capacity building to contribute to its decision-making processes.

The key provision in the Local Government Act 2002 regarding the Council's relationship with Māori is section 81, which requires all councils to fulfil three primary tasks:

a) Establish and maintain processes to provide opportunities for Māori to contribute to the decision-making processes of the local authority; and

b) Consider ways in which it may foster the development of Māori capacity to contribute to the decision-making processes of the local authority; and

c) Provide relevant documentation to Māori for the purposes of the above two paragraphs.

**The Memorandum of Understanding: Tutohinga**

The Memorandum of Understanding, initially signed in 1998, recognises the fundamental role of Iwi in the District and the essential partnership between Iwi and the Rangitikei District Council. The key mechanism for delivering on the partnership intent of the Memorandum is Te Roopu Ahi Kaa, a standing advisory committee of the Council. Tangata Whenua of the District are represented on the Komiti, as is the Ratana Community. Komiti members have been regularly briefed on progress in reviewing the District Plan and in developing the LTP, and have reviewed the policies/statements of particular relevance to Māori.

The Memorandum is subject to review at the same time as each Representation Review. So the last review was in 2006 and the next will begin in August 2012.

During the last triennium, Te Roopu Ahi Kaa reviewed its strategic plan, adopted in December 2006. This plan identifies a number of actions to achieve three goals – building stronger relationships between Council and Te Roopu Ahi Kaa, building stronger relationships between Council and Iwi, hapu, whanau and Māori communities, and building cultural awareness. Considerable time has been spent reflecting on foundations for closer engagement with the Council. Improved communication is a factor, and Elected Members have responded to the Komiti's invitation to attend their bi-monthly meetings. In addition, and immediately more significant, the Komiti recognised that several Iwi lacked the capacity to develop and drive a strategic plan. Ensuring that the Komiti retains relevance to its members is critical. In 2011, feedback from the authorities who nominated members: all were either fairly or very satisfied with opportunities to participate in Council decision-making through Te Roopu Ahi Kaa.

**Building on current strategies**

One of the early components of the Representation Review is consideration whether one or Māori wards should be established in the District. Council referred this matter to the Komiti for its consideration in August 2011. The Komiti did not make a recommendation on this proposal. Instead it resolved that the future of Te Roopu Ahi Kaa as an advisor group be considered against the value of direct relationships between Iwi and Council. Further workshop discussion has clarified that this is not an 'either-or' question but one of establishing complementary relationships, understanding both the potential advantages and disadvantages of both.

The Iwi Advisory Komiti is an opportunity for Iwi/hapu without the capacity to engage independently are supported to engage in a relationship with Council. However, the iwi Advisory Komiti does not pre-empt the opportunity for individual Iwi/hapu to have a direct relationship with Council.

During the next three years developing these complementary relationships will be a significant matter for the Council, the Komiti and particular Iwi. In addition, it is intended to continue the pilot Community Development project, currently involving the Otaihape Māori Komiti (OTMK). This project has been a 12 month programme in two parts. The first element supports three community events in Taihape (Whanau Sports Day, Waitangi Day and Matariki celebratory events). The second element provides for facilitated caucusing of Mokai Patea representatives to Te Roopu Ahi Kaa in order to provide a more focused voice at the Komiti from the northern rohe.

Finalisation of Treaty claims is a significant development in the Rangitikei. Ngati Apa's claim has been settled, and they have already expressed interest in seeking closer working relationships with Council. At present the Taihape claim is proceeding. Settlement is some time away but, when this is done, it is also likely to promote stronger working relationships with Council.

Reflecting the intention of the Memorandum of Understanding: Tutohinga, the Council and Te Roopu Ahi Kaa are committed to looking for more effective ways to ensure that Māori are well informed, have an ability to have input into processes and, when they do so, understand the reasons for the Council's response.

# Rangitikei District Council

## Section 5: Index

## Index