



“Making Our District Thrive”

# Rangitikei District Council

## Summary Annual Report 2013/14

### Introduction

The Annual Report explains the Council’s performance in 2013/14 against the second year of the Long Term Plan for 2012-22, and against the various legislative and accounting requirements under which the Council is required to operate. For those interested in the full Annual Report, copies are available at:

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

The Council’s auditor has provided his report on this Summary Annual Report, which Council adopted at its meeting on 2 October 2014.

Andy Watson  
Mayor

Ross McNeil  
Chief Executive

2 October 2014

### Council’s Role

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

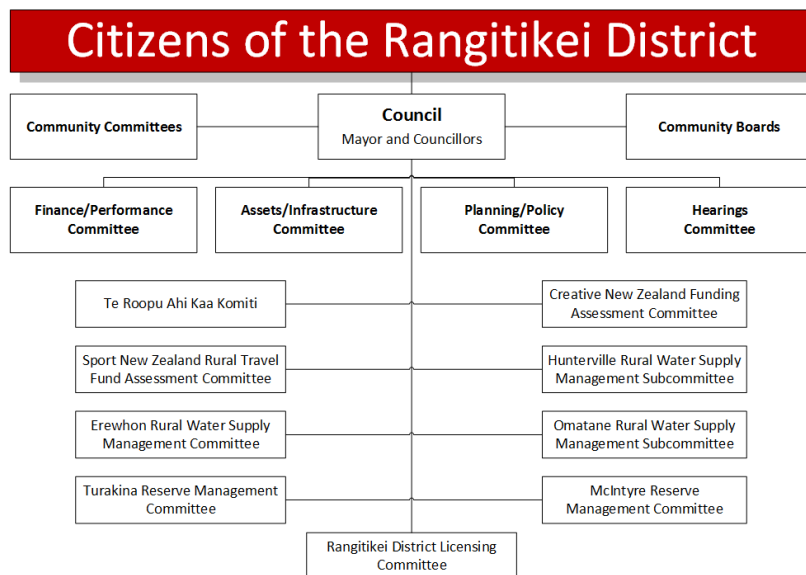
The Local Government Act 2002 defines the purpose of Local Government as to:

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

*...meet the current and future needs of communities for good quality infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses.”*

### 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. The chart below shows the Council’s governance structure.



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# Highlights for 2013/14

## Achievements and issues

### Community Leadership

- Development of strategic intents for the new triennium (to inform the preparation of the 2015-25 Long Term Plan);
- Implementation of a new standing committee structure;
- Completion of a review of the policy manual;
- Introduction of a regular online newsletter;
- Submissions to the Government on legislative proposals with potentially significant impact on the Council's delivery of services and thus Rangitikei's communities

### Roading and Footpaths

- 55 km of roading network resurfaced;
- 8 km pavement rehabilitation;
- 716 metres of footpath capital and renewal;
- Major reconstruction of the Calico Line/Tutaenui Road/Bond Street intersection;
- \$2.2 million damage to the roading network from October 2013 storms; New Zealand Transport Agency provided emergency works funding of \$1.7 million.

### Water Supply

- Completion of Marton Water Treatment Plant upgrade;
- Significant water main renewals, e.g. at Gretna Corner and Eagle Street/Ruru Road in Taihape;
- Reinstatement following a major switchboard fire at the Bulls Water Treatment Plant.
- Intake weir upgrade for the Erewhon Rural Water Supply Scheme

### Sewerage and the Treatment and Disposal of Sewage

- Relocation of the Taihape pump station, together with associated gravity and trunk mains;
- Withdrawal of appeals against the Hunterville Wastewater Treatment Plant (floating wetlands);
- Continued planning for the upgrade of the Bulls wastewater plant, including discussions with Manawatu District about including Sanson.

### Stormwater Drainage

- Survey of urban properties mapped in Council's records as having drains passing through, resulting in commitment for a comprehensive review during 2014/15;
- Construction of redesigned stormwater reticulation at Main and Potaka Streets, Marton

### Community and Leisure Assets

- The contract with Nicholls Swim Academy to manage the Marton Swim Centre showed positive results in Council's annual survey of residents;
- Development of management plans for the Bulls Domain and Marton's Centennial Park;
- Analysis of the best future arrangements for the district libraries, rural halls and community housing;
- The grant (\$33,500) made by the J B S Dudding Trust to the District's libraries;
- New public toilets in Bulls (part of the supermarket development on Bridge Street) opened in July 2014.

### Rubbish and Recycling

- Site upgrade at the Bulls waste transfer station providing a safer and larger recycling drop-off area;
- Introduction of user-pays e-Waste collections at the waste transfer stations in Taihape, Marton and Bulls.

### Environmental and Regulatory

- Increasing collaboration with neighbouring councils over a common approach to managing building consents and grading of food businesses;
- Continuation of the shared service for animal control with Manawatu District Council;
- Implementation of a collaborative approach with Wanganui District Council for planning services relating to the Resource Management Act;
- Transition to the liquor licensing regime under the Sale and Supply of Alcohol Act 2012.

### Community Well-being

- The progress made in the Strategic Water Assessment Project (co-funded by the Ministry for Primary Industries) in researching the potential for (and barriers to) more effective use of the District's water resources to improve agricultural productivity;
- The development of a town centre plan for Bulls following an intensive engagement process with that town's community – accepted as a blueprint for similar work in Taihape, Hunterville and Marton during 2014/15;
- The range and depth of partnership projects through the Path to Well-being Initiative which has secured in excess of \$89,000 of external funding for the District (listed in the section on Community Outcomes); and
- Successful delivery of the programmes of work undertaken by Bulls and District Community Trust, Project Marton, Rangitikei Tourism and Taihape Community Development Trust.



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## Finance

### Financial Information

#### Explanation of major variations 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

The statement of comprehensive income is somewhat distorted this year because of large movements in the revaluation of the Council's infrastructure. A major loss was recorded as a result of the change in underlying information regarding the depth of one class of formation of roads in the central region. It is further confused by the requirement of the appropriate accounting standard to write off revaluation losses before calculating the surplus or deficit before tax, while gains on revaluation are added after.

If losses of \$21.124 million on revaluation and gains on revaluations of \$14.58 million are ignored, the Council has made an operating surplus of \$2.406 million compared to a budgeted surplus of \$0.893 million.

Overall, operating expenditure was over budget by \$0.118 million while revenue was higher than budget by \$1.631 million.

More detailed analysis of variances may be found in note 31 of the financial statements and in the commentary on the various groups of activities in the full Annual Report.

#### Statement of financial position

Council had net assets of \$479 million, largely represented by property, plant and equipment of \$473 million.

The utilisation of some cash reserves has enabled the repayment of all bank borrowing and because of a significant underspend in capital work of \$7.4 million, there has been no need to borrow further during the year. This puts the Council in a sound financial position to move into the new financial year and undertake the 2014/15 annual plan budget for capital work amounting to \$19.6 million.

#### Revaluation

Council has in the past undertaken the revaluation of its major property, plant and equipment every three years at 30 June. In the 2014 year, this revaluation was carried out at 1 July 2013 to facilitate the adoption of the annual report well before the statutory deadline of 31 October. It is intended that this timing will continue in future revaluations.



## Summary Financial Results

	2013 Actual (\$'000)	2014 Budget (\$'000)	2014 Actual (\$'000)
<b>Summary Statement of Comprehensive Income for year ending 30 June 2014</b>			
Total operating revenue	28,909	29,615	31,246
Less finance costs	154	659	103
Less other operating expenditure	26,278	28,063	28,736
<b>Net surplus (deficit) before tax</b>	<b>2,477</b>	<b>893</b>	<b>2,406</b>
Income tax expense	0	0	0
<b>Net surplus (deficit) before revaluation losses</b>	<b>2,477</b>	<b>893</b>	<b>2,406</b>
Loss on revaluation of property, plant and equipment	0	0	21,124
	2,477	893	(18,718)
<b>Financial assets at fair value through other comprehensive income</b>			
Gain on revaluation of property, plant and equipment	65	15,730	(11)
	0	0	14,580
<b>Comprehensive income for the year</b>	<b>2,542</b>	<b>16,623</b>	<b>(4,148)</b>
<b>Summary Statement of Changes in Equity for year ending 30 June 2014</b>			
Balance as at 1 July	480,829	481,055	483,371
Comprehensive income	2,542	16,623	(4,148)
<b>Balance as at 30 June</b>	<b>483,371</b>	<b>497,678</b>	<b>479,223</b>
<b>Summary Statement of Financial Position as at 30 June 2014</b>			
Current assets	8,172	7,215	8,039
Non-current assets	482,719	510,502	476,040
<b>Total assets</b>	<b>490,891</b>	<b>517,717</b>	<b>484,079</b>
Current liabilities	6,809	5,877	4,180
Non-current liabilities	711	14,162	676
<b>Total liabilities</b>	<b>7,520</b>	<b>20,039</b>	<b>4,856</b>
<b>Net assets</b>	<b>483,371</b>	<b>497,678</b>	<b>479,223</b>
<b>Represented by equity:</b>			
Accumulated funds	461,163	459,496	442,611
Special reserves	4,638	4,628	4,868
Other reserves	17,570	33,554	31,744
<b>Total equity</b>	<b>483,371</b>	<b>497,678</b>	<b>479,223</b>
<b>Summary Statement of Cash Flows for year ending 30 June 2014</b>			
Net cash inflows(outflows) from operating activities	11,197	10,612	12,922
Net cash inflows(outflows) from investing activities	(9,719)	(17,901)	(13,830)
Net cash inflows(outflows) from financing activities	(2,000)	7,338	(2,500)
<b>Net cash inflows(outflows) for the year</b>	<b>(522)</b>	<b>49</b>	<b>(3,408)</b>
Cash and cash equivalents at the beginning of the year	5,396	4,456	4,874
<b>Cash and cash equivalents at the end of the year</b>	<b>4,874</b>	<b>4,505</b>	<b>1,466</b>
	2013 Actual (\$'000)	2014 Budget (\$'000)	2014 Actual (\$'000)
<b>Summary Capital Expenditure</b>			
Community Leadership	0	0	0
Roading and Footpaths	6,641	6,968	6,841
Stormwater Drainage	168	527	134
Sewerage and Treatment and Disposal of Sewage	1,883	4,519	682
Water	3,648	4,868	2,292
Community and Leisure Assets	718	534	241
Rubbish and Recycling	10	6	61
Environmental and Regulatory	0	0	0
Community Well-being	6	68	0
Support Services	362	410	231
<b>Total Capital Expenditure</b>	<b>13,436</b>	<b>17,900</b>	<b>10,481</b>

Note: The column '2014 budget' refers to the budget contained in the 2013/14 Annual Plan. In the full Annual Report, budgets for the funding impact statements for each significant activity are those projected for 2013/14 in the 2012/22 Long Term Plan.

	2013	2014
Capital commitments	\$170,000	\$672,000
Operating leases as lessee	\$269,000	\$446,000
Operating leases as lessor	\$325,000	\$309,000
Contingent liabilities	\$1,152,000	\$275,000

### Post balance date events

The Council has no post balance date events.

### Additional information

- The reporting entity is the Rangitikei District Council which is a territorial local authority governed by the Local Government Act 2002 and is domiciled in New Zealand.
- The specific disclosures in the summary financial report have been extracted from the full financial report which was adopted and authorised for issue by Council on 2 October 2014.
- The Financial Statements are for the year ended 30 June 2014 and all figures are in New Zealand dollars and rounded to the nearest thousand dollars.
- The Local Government (Financial Reporting and Prudence) Regulations 2014 specifies a benchmark disclosure statement in the Council's annual report covering the current year and the four preceding years. These cover rates affordability, debt affordability, balanced budget, essential services, debt servicing, debt control and operations control. Council met all the benchmarks in 2013/14.
- The summary financial report cannot be expected to provide as complete an understanding as the full financial report. The full financial report, which received an unqualified Audit Opinion on 2 October 2014, is available from the Council Office, Libraries and Information Centres, and on our website [www.rangitikei.govt.nz](http://www.rangitikei.govt.nz).
- This Summary Annual Report has been examined by the Auditor for consistency with the full Annual Report. An unqualified audit report is included with this Summary.
- The Council has applied Financial Reporting Standard 43 (FRS 43) and this summary is in compliance with this Standard.
- The Council has designated itself a Public Benefit Entity (PBE) for financial reporting purposes.
- The full financial statements were prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP), and comply with New Zealand equivalents to International Financial Reporting Standards (NZIFRS) and other applicable financial reporting standards, as appropriate for public benefit entities. The full financial statements include a statement of compliance to this effect.

## Levels of Service

The full report documents results for 22 intended levels of service across the 9 activity groups.

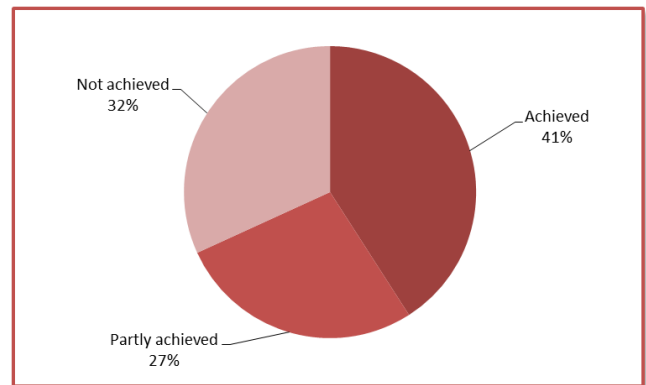
An overall assessment of the actual levels of service compared with what was intended has a less certain basis than measuring financial performance. This is because qualitative as well as quantitative information is used.

The following chart shows that 68% of the intended levels of service were achieved, fully or partly, while 32% were not achieved. The main factors contributing to achievement were customer responsiveness and operational effectiveness. In addition, some external factors influenced the results, notably the less severe rainfall during the year (less impact on stormwater) and the direct use of the Bonny Glen landfill by the District's major refuse collector (lower tonnage from the Council's waste transfer stations to the landfill).

Non-achievement was the result of non-compliance with resource consents (in particular, the inadequate provision of regular records to Horizons Regional Council), some unpredicted infrastructure failure, some redefinition of

projects (affecting their scope and timing) and some process errors in handling consents.

This year's results in the 'better than last year' residents' survey – reported as 'not achieved' – has shown a defect in the assessment methodology: a significant lift in improvement in one year needs to be exceeded in each following year to be reckoned as 'achieved'. This skewing will be reviewed in developing the performance framework for the 2015/25 Long Term Plan.



### Commentary on each group of activities

Activity	What we did	Elaboration
Community Leadership	<p>81% of actions planned for 2013/14 were substantially undertaken or completed. (Last year's result was 83%.) Four groups of activities achieved more than 85% of identified actions.</p> <p>58% of the planned capital expenditure was expended. (Last year's result was 89%.)</p>	<p>The year's target for completing actions was 90%, with all groups of activities to achieve at least 77% of their planned actions. Substantial delay with several major projects lowered the results for water and wastewater.</p> <p>The year's target for capital expenditure was 88%, with all network utilities achieving at least 77%. Roading achieved 98%, but Utilities (i.e. water supply, wastewater and stormwater) only 31%, reflecting slower progress than planned, delays in negotiation and contractual negotiation.</p>
Roading	<p>The travel exposure rating for the District's roads was assessed during the year at 98%.</p> <p>There were 43 after-hours callouts, and 91% were investigated within 12 hours. Of the 140 callouts during work hours, 71% were investigated within six hours. 96% of all callouts were resolved within a month of receipt. This is more timely than last year.</p> <p>Of the 28 requests for service regarding potholes, 61% were responded to in the specified time. Last year's figure was 52%.</p> <p>There were four fatal crashes on local roads but none was attributable to the condition of the roading network.</p>	<p>When last measured, in January 2011, the mean travel exposure rating was 97%.</p> <p>The objective is for all after-hours callouts to be responded to within 12 hours, for all callouts during working hours to be responded to within six hours, and for 80% of all callouts to be resolved (i.e. completed) within one month of the request.</p>



Activity	What we did	Elaboration
	<p>A community survey was conducted with residents where programmed renewal had been done, as well as with members of the relevant Community Boards/Committees and Council's community and business sector databases.</p>	<p>Overall, Council's provision and maintenance of roading networks, footpaths and street-lighting was rated similar to the last two years. More people than last year thought the roading network better in terms of safe travel, but worse in terms of the condition of footpaths and maintenance of roads.</p>
Water supply	<p>In the inspections undertaken by Horizons Regional Council over water takes, non-compliance with the resource consents was reported in five instances.</p> <p>Safe drinking water has been delivered to all properties connected to urban reticulated supplies (i.e. Ratana, Bulls, Marton, Hunterville, Mangaweka and Taihape).<sup>1</sup></p> <p>There were nine unplanned water interruptions affecting 108 properties. There were two such interruptions last year. Council aims to have none.</p> <p>Based on maintenance history, 98% of hydrants are in compliance with the new Zealand Fire Service Fire Fighting Water Supplies Code of Practice.</p>	<p>The non-compliance over water takes was because of records being insufficient (Bulls and Marton,) and excessive takes during periods of low flow (Mangaweka and Taihape). There were excessive takes at Taihape last year.</p> <p>There were no incidents of E-coli transgressions during the weekly sampling and testing. Last year there were five apparent transgressions, all cleared after re-testing; sampling procedures were improved as a result.</p> <p>The Drinking Water Assessor is satisfied with progress being made in developing (and getting approval for) the Public Health Risk Management Plans for each water supply. These plans are required by the Health Act 1956.</p>
Sewerage and the Treatment and Disposal of Sewage	<p>In the inspections undertaken by Horizons Regional Council over wastewater discharges, the plants at Ratana, Bulls, Hunterville, Mangaweka and Taihape were found compliant. However, during one inspection, the Marton plant was considered to be having a toxic impact on aquatic life. That had been noted in last year's inspection.</p> <p>Council received six reports of overflows in Taihape during September-December 2013. There were two overflow reports last year.</p> <p>17 blockages were reported, but one was a stormwater overflow and six were private issues. This equates to approximately one blockage per 10.9 km of the Council's reticulated systems. Only one blockage was reported last year.</p>	<p>A new consent for the Taihape plant was approved on 12 May 2014.</p> <p>Horizons expressed concern about the overflowing oxidation pond at Koitiata. This plant is scheduled for upgrade in 2016/17.</p> <p>Council's target is that no single network experiences more than three overflows during a twelve month period.</p> <p>Council aims at less than one blockage per 13.625 km (in its total reticulation of 109 km).</p>
Stormwater Drainage	<p>Council achieved its target response and resolution times for callouts for blocked drains and faults.</p>	<p>There were 30 such requests during the year, double the number received last year.</p>

<sup>1</sup> 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	What we did	Elaboration
Community and Leisure Assets	<p>Overall, from the 408 responses received in the survey conducted February-March 2014, there was a slightly less pronounced view that community facilities had improved compared with last year (and a slightly stronger view that they had got worse). Most respondents thought the facilities were about the same as last year.</p>	<p>There were different views about the different facilities:</p> <p>Public libraries: 15% believed it was better than last year, 63% about the same, 1% worse than last year (21% didn't know).</p> <p>Public swimming pools: 22% believed it was better than last year, 29% about the same, 2% worse than last year (47% didn't know).</p> <p>Sports fields and parks: 5% believed it was better than last year, 69% about the same, 9% worse than last year (16% didn't know).</p> <p>Public toilets: 5% believed it was better than last year, 66% about the same, 10% worse than last year (18% didn't know).</p> <p>Community buildings: 5% believed it was better than last year, 72% about the same, 5% worse than last year (18% didn't know).</p> <p>Community housing: 3% believed it was better than last year, 29% about the same, 5% worse than last year (63% didn't know).</p>
Rubbish and recycling	<p>Refuse tonnage to the Bonny Glen landfill was 4,693 tonnes compared with 4,991 tonnes last year.</p> <p>555 tonnes (or 10.6%) were diverted from being disposed in landfill. 43% of this was glass and 21% was green waste. Last year 502 tonnes (9.1%) were diverted.</p>	<p>Council's targets were that no more than 5,200 tonnes would go to landfill and that at least 11% of waste would be diverted from being disposed of there.</p>
Environmental and Regulatory	<p>91% of building consents were issued within the 20-day statutory period. Last year's figure was 97%.</p> <p>83% of resource consents applications were processed within the prescribed timeframes. Last year's figure was 94%.</p> <p>Council received 1,275 requests for service during the reporting period – mostly for animal control. Of these, 1,065 (84%) were responded to in time and 61% were completed in time. The comparable figures for last year were 99% and 64%.</p> <p>Council maintained its accreditation as a building consent authority.</p>	<p>There were no significant variations from the intended levels of service.</p> <p>A routine reassessment was conducted by International Accreditation new Zealand (IANZ) during 16-18 June 2014, and 19 Corrective Action Requests (CARs) were issued with an agreed clearance date of 1 September 2014. IANZ has confirmed that reaccreditation is being recommended.</p>
Community Well-being	<p>During March 2014, Council undertook a survey of 21 stakeholder groups to find out how useful they thought Council's support and initiatives had been.</p>	<p>Of the 86 responses to the survey, 16% (30% last year) thought Council's support services was getting better, 37% (42% last year) thought it was about the same and 8% (8% last year) thought it was worse, while (43%) did not know (21% last year). The higher satisfaction was from new or active partnerships. Improved communication and working in the field of economic development and with business communities were suggested as areas of improvement.</p>



# Auditor's Report

AUDIT NEW ZEALAND  
Mana Arotake Aotearoa

## Independent Auditor's Report

### To the readers of Rangitikei District Council's summary annual report for the year ended 30 June 2014

The summary annual report was derived from the annual report of the Rangitikei District Council (the District Council) for the year ended 30 June 2014. We have considered whether the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report.

The annual report included full audited statements, and the summary annual report includes summary statements. We have audited the following summary statements reported in the summary annual report on pages 4 to 7:

- the summary statement of financial position as at 30 June 2014;
- the summaries of the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 30 June 2014;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary statement of service provision of the District Council.

We expressed an unmodified audit opinion on the District Council's full audited statements in our report dated 2 October 2014.

### Opinion

In our opinion:

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

### Basis of opinion

Our audit was carried out in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand), and in particular with the International Standard on Auditing (New Zealand) 810: *Engagements to Report on Summary Financial Statements*. These standards require us to carry out procedures to confirm whether the summary annual report contains the information necessary, and at an appropriate level of aggregation, so as not to be misleading.





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

### **Responsibilities of the Council and the Auditor**

The Council is responsible for preparing the summary annual report so that it represents, fairly and consistently, the information regarding the major matters dealt with in the annual report. This includes preparing summary statements, in accordance with FRS-43 (PBE): *Summary Financial Statements*. The Council is also responsible for the publication of the summary annual report, whether in printed or electronic form.

We are responsible for expressing an opinion on whether the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report and whether the summary statements comply with FRS 43 (PBE): *Summary Financial Statements*.

Other than in our capacity as auditor we have no relationship with, or interest in, the District Council.

John O'Connell,  
Audit New Zealand  
On behalf of the Auditor-General  
Palmerston North, New Zealand  
2 October 2014