

# Annual Report Pūrongo ā-Tau 2019/20

DRAFT  
16 DECEMBER



**RANGITIKEI**  
DISTRICT COUNCIL

*making this place home*



Opening of Marton Skatepark – February 2019  
**Cover:** Marton Harvest Festival performers.

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*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.

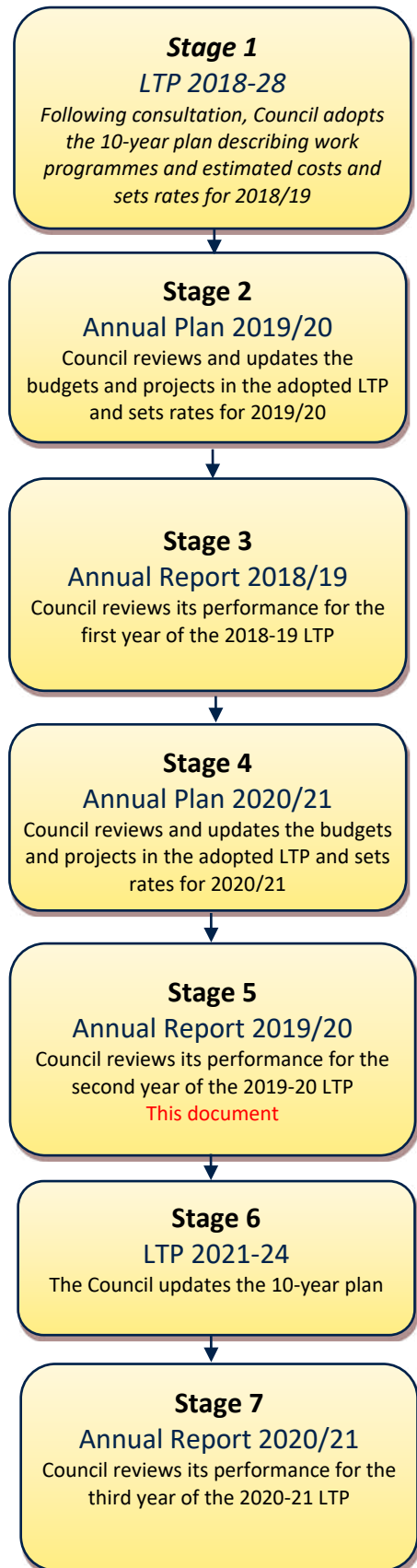
### Section 3 Financial Statements and Policy Reports

Key financial statements and reports against Council policies including the Financial and Infrastructure 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. However, in recognition of the disruptions from COVID-19, section 98A of the Local Government Act 2002 extended this date: the Council must complete and adopt its 2019/20 annual report before the close of 31 December 2020.



## Executive Summary

### The Annual Report

The Annual Report is an essential accountability document. It sets out to explain the Council's performance in year 2 of the 2018-28 Long Term Plan 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 2019 to 30 June 2020. As well as financial results, the Annual Report includes results of the performance measures set out in the 2018-28 Long Term Plan.

### Financial Performance

The statement of comprehensive revenue and expense shows operating expenditure was \$2,684,000 more than budget while operating revenue was below budget by \$3,609,000, resulting in an operating loss before gains and losses on PPE and investments of \$898,000, against a budget of \$5,395,000. The deficit after tax was \$898,000.

More detailed analysis of variances is presented in note 31 of the financial statements and in the commentary on the various groups of activities.

### Financial Position

Council had net assets of \$607 million, largely represented by property, plant and equipment. This is an increase on last year's figure of \$600 million, a consequence of revaluation of the Land and Buildings.

Because of a significant underspend in capital work of \$15.56 million there has been much less need to borrow externally during the year. The main causes of the underspend are delays in finding suitable land for wastewater disposal from Ratana, Marton and Bulls.

### Opportunities for Māori to contribute to Council decision-making

One of Council's standing committees is Te Rōpu Ahi Kā. This comprises representatives nominated by the District's iwi. Meetings are typically held every two months and its recommendations are considered at the next available Council meeting. The committee's role and responsibilities are set out in Council's delegations register.

Te Rōpu Ahi Kā has been considering a Māori responsiveness framework, and receiving reports from Council's Strategic Advisor – Mana Whenua on progress with the identified targets.

There is a separate community board for Ratana, elected in October 2019. The board meets every two months. The board's role and responsibilities are set out in Council's delegations register.

The Council elected in October 2019 includes two Māori.

### Major achievements

- Responding to community needs, complying with Government directions and providing essential services during the COVID-19 lockdown period

- Completion of construction of Te Matapihi (the new Community Centre on Criterion Street, Bulls)
- Completion of procurement process for construction of the new Mangaweka bridge
- Successful repairs to Marton B dam face, Tutaenui Reservoir
- Provision of new toilets at Centennial Park and Follett Street, Marton
- District Plan Change to rezone 40 ha of rural land adjacent to the Main Trunk Rail to industrial.

Further detail on achievements is provided in Section 2.

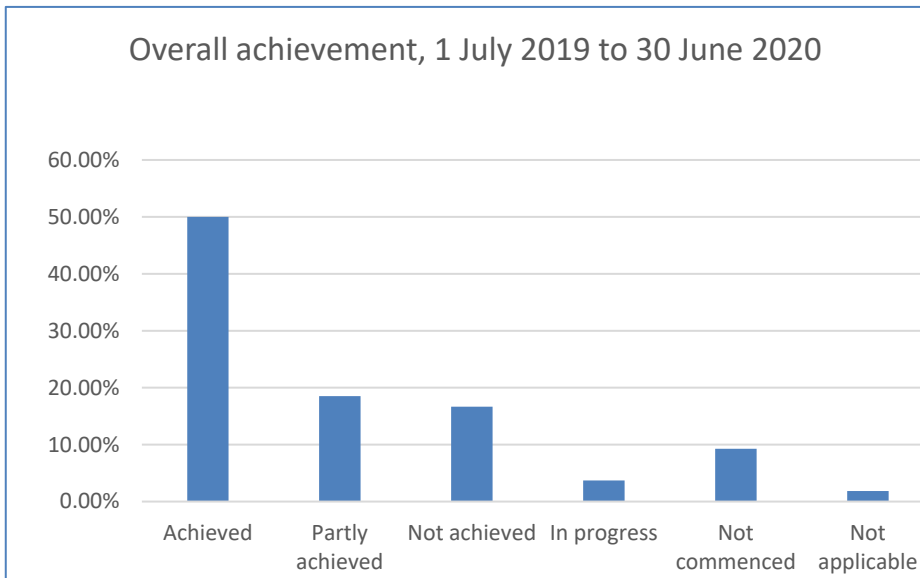


## Levels of Service

This report documents results for 53 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.<sup>1</sup> The detailed analysis is provided under each group of activities.

The following chart shows the overall achievement for the year. 69% of the measures were either partly or fully achieved (64% last year). A further 4% were in progress (8% last year).



Of the 18 mandatory measures where the measure is applicable<sup>2</sup> and data is available, 12 were achieved, two were partly achieved and four were not achieved. This is an improvement from last year (eight, four and six respectively).

The four 'not achieved' measures are for protozoa compliance at water treatment plants

(because of excessive turbidity) and for not meeting chemical compliance requirements at the Mangaweka plant (but no e-coli was detected and no boil notices were required); for longer response times for faults in the reticulated urban water supplies; and for the Taihape wastewater discharge into the Hautapu River which caused a prosecution by Horizons Regional Council and a fine imposed by the District Court.

Apart from the mandatory measures just noted, areas considered 'not achieved' compared with the target were:

- completion of annual plan actions and actual capital expenditure being less than projected),
- value for money perception in the annual residents' survey, and
- Increase in the number of enrolments in local schools compared with last year.

<sup>11</sup> The performance framework was reviewed as part of the preparation of the 2018-28 Long Term Plan and is similar to earlier years. This is because it includes the 16 mandatory performance measures for roading, water supply, wastewater and stormwater specified for all local authorities by the Department of Internal Affairs (in keeping with a requirement in the Local Government Act 2002, which took effect from 31 July 2014). Some of these measures required modification to existing systems (for customer satisfaction reporting); others required new systems (for reporting consumption of water and loss from reticulation). The mandatory measures were chosen to cover aspects of infrastructure services which every local authority delivers; there are other aspects which are not common to all authorities, such as unsealed roads or rural (non-potable) water schemes.

Other measures introduced into Council's performance framework for the 2015-25 Long Term Plan to cover such services have generally continued. However. There was an expansion of measures for Community Leadership, Community and Leisure Assets and amendments to Community Well-being

<sup>2</sup> There are two components of the drinking-water measure.

## Audit Report

## Audit Report

## Audit Report



## Audit Report



## Audit Report



## Who Are We?

### District Profile

The Rangitīkei 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 Rangitīkei. The District is characterised by its hills, which comprise 50% of the land.

The Rangitīkei 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

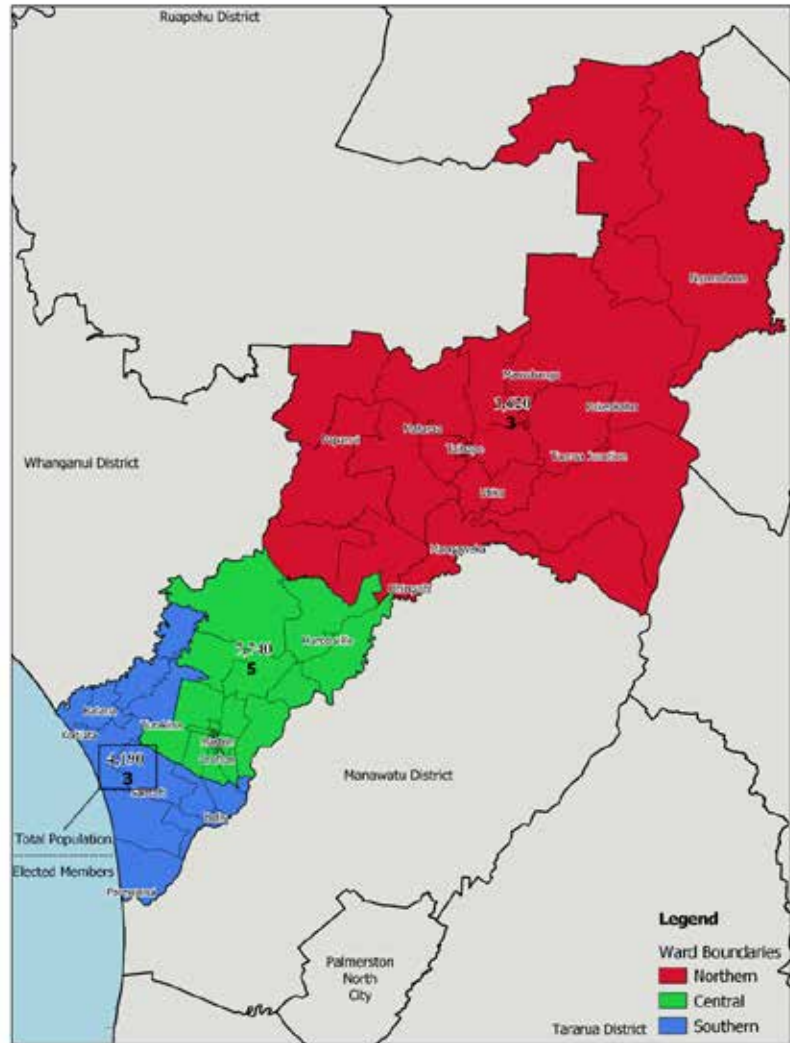
The 2018 Census showed a usually resident population of 15,027 (compared to 14,019 at the 2013 Census).<sup>3</sup> This showed an increasing population reversing the trend for a declining population since 1996. There were 3,936 Māori recorded in the 2018 Census (compared with 3,270 in 2013).

However, the most recent estimated population for the District, as at June 2019<sup>4</sup>, is 15,750 up 250 from the estimated population as at June 2018.

The number of occupied private dwellings at the 2018 Census was 5778 compared with 5773 in the 2013 Census. The number of unoccupied private dwellings was 933 compared with 912 in 2013. The 2018 Census recorded 12 dwellings under construction.

### Rangitīkei District Council

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



<sup>3</sup> 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.

<sup>4</sup> While national estimated population is available for June 2020, at the time of compiling this report these estimates were not available at the subnational level.



## Rangitikei District Logo



A new logo was adopted during 2017, making it specific to the Council and including a new byline.

Rangitikei is renowned for having the most prolific kowhai stand in New Zealand, and the logo is a stylised depiction of the kowhai flower. The symbol also carries implications of shelter, direction, quality and foundation.

The logo and its strapline is gradually being rolled out through signage on facilities, stationery and other communications. Town signage, while incorporating the logo, will incorporate imagery agreed with the respective communities.

## Your Elected Members



**His Worship the Mayor**  
Andy Watson  
andy.watson@rangitikei.govt.nz  
027 617 7668



**Deputy Mayor**  
Cr Nigel Belsham  
nigel.belsham@rangitikei.govt.nz  
027 419 1024



Cr Dave Wilson  
davewilsonrdc@gmail.com  
027 223 4279



Cr Angus Gordon  
angusg@xtra.co.nz  
021 111 4767



Cr Fiona (Fi) Dalgety  
fidalgety@xtra.co.nz  
021 222 8460



Cr Jane Dunn  
jane.dunn@outlook.co.nz  
027 746 0791



Cr Richard Lambert  
rjlambert@inspire.net.nz  
027 879 2221



Cr Cath Ash  
cr.cath.ash@gmail.com  
021 524 585



Cr Gill Duncan  
Gduncans50@gmail.com  
027 255 1409



Cr Brian Carter  
brianandevlyncarter@gmail.com  
027 247 1812



Cr Waru Panapa  
warupanapa@gmail.com  
027 343 0405



Cr Tracey Hiroa  
tracey.hiroa@mokaipateaservices.org.nz  
021 0275 9983

 Northern Ward Representative

 Central Ward Representative

 Southern Ward Representative

## Your Representatives

### Community Board Members

#### Taihape<sup>5</sup>

Ms Ann Abernethy (Chair) .....	06 388 9220
Ms Emma Abernethy .....	06 388 0777
Ms Michelle Fannin .....	06 388 1129
Ms Gail Larsen .....	06 388 1161
Cr Gill Duncan .....	06 388 1409
Cr Angus Gordon (non-voting) .....	06 388 1571
Cr Tracey Hiroa .....	021 275 9983

#### Rātana<sup>6</sup>

Mr Charlie Mete (Chair) .....	027 418 9108
Mr Lequan Meihana .....	027 209 1175
Mr Jamie Nepia .....	020 4109 6229
Mr Charlie Rourangi .....	021 827 705
Cr Brian Carter .....	06 322 1770
Cr Jane Dunn (non-voting) .....	06 322 1582

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

Mr Pahia Turia (Chair) .....	06 344 8150	(Whangaehu)
Mr James Allen .....	021 261 1862	(Ngā Wairiki ki Uta)
Ms Hari Benevides .....	06 388 1908	(Ngāti Tamakōpiri)
Mr Thomas Curtis .....	021 307 610	(Ngāti Hauti)
Mr Robert Gray .....	06 388 7816	(Ngāti Rangituhia)
Ms Marj Heeney .....	021 065 2484	(Ngāi Te Ohuake)
Mr Coral Raukawa-Manuel .....	06 327 6087	(Ngā Ariki)
Ms Soraya Peke-Mason .....	027 270 7763	(Rātana Community)
Ms Kim Savage .....	06 323 1164	(Ngāti Parewahawaha)
Mr Chris Shenton .....	06 348 0558	(Ngāti Kauae/Ngāti Tauira)
Mr Terry Steedman .....	021 161 2350	(Ngāti Hinemanu/Ngāti Paki)
Cr Tracey Hiroa .....	02102759983	(Ngāti Whitikaupeka)
Cr Waru Panapa .....	027 343 0405	(Council representative)

#### Community Committee Chairs\*

Ms Laurel Mauchline Campbell .....	06 327 8729	(Turakina)
Mr Tyrone Barker .....	06 322 1206	(Bulls)
Mr Blair Jamieson .....	021 908 476	(Marton)
Ms Karen Kennedy .....	06 327 8472	(Huntermville)

\*His Worship the Mayor is a member, ex officio, of all Council committees.

<sup>5</sup> The three Northern Ward Councillors share the two positions on the Taihape Community Board on an annual rotating basis. Crs Duncan and Hiroa are members from November 2019 to October 2020; Crs Gordon and Duncan from November 2020 to October 2021; Crs Gordon and Hiroa from November 2021 to October 2022. The third Northern Ward Councillor not appointed in any one year has full speaking (but not voting) rights: Council, 31 October 2019: 19/RDC/374.

<sup>6</sup> Two Southern Ward Councillors share the one position on the Rātana Community Board. Cr Carter is appointed for the first 18 months of the 2019-22 triennium, rotating to Cr Dunn for the second 18 months.

**District Licensing Committee\***

Mr Stuart Hylton (Commissioner) .....	027 446 5352
Mr Andy Watson (Deputy Chair) .....	027 617 7668
Mr Chalky Leary .....	06 322 8561
Ms Judy Klue .....	06 322 8475
Mr Colin Mower.....	021 130 3586
Mr Graeme Platt .....	06 322 1658

**Audit/Risk Committee\***

Mr Craig O’Connell (Independent Chair) .....	027 446 5352
His Worship the Mayor	
The Chairs of Assets/Infrastructure, Finance/Performance and Policy/Planning Committees	

The Council’s Audit Director (from Audit New Zealand) and the Internal Auditor (engaged by MW LASS) are invited to all meetings.

\*His Worship the Mayor is a member, ex officio, of all Council committees.

## Mission Statement

# “Making our District thrive”

### Council’s Role

The Rangitīkei District Council undertakes services for the residents and ratepayers of the Rangitīkei . 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<sup>7</sup> defines the purpose of local government is to:

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

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

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 and 11 of the Local Government Act 2002)

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.

The newly elected Council has reflected the renewed focus of the Act on community well-being in the development of its strategic vision to 2050. This has a detailed focus on each of the four well-beings.

<sup>7</sup> As amended by the Local Government (Community Well-being) Amendment Act 2019 (2019 No 17).

## Formation of Council

### Council Committees

The Council has established various Standing Committees to monitor and assist in the effective discharging of specific responsibilities<sup>8</sup>:

- 1 Finance/Performance Committee (meets monthly)
- 2 Assets/Infrastructure Committee (meets monthly)
- 3 Planning/Policy Committee (meets monthly)
- 4 Audit/Risk Committee (meets at least quarterly)
- 5 Te Rōpu Ahi Kā (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 Management Committee
- 11 Turakina Reserve Management Committee
- 12 Santoft Domain Reserve Management Committee
- 13 Rangitīkei District Licensing Committee

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<sup>8</sup> At its meeting on 31 July 2014, Council agreed to establish an Audit/Risk Committee, adopting a terms of reference, with a projected meeting frequency of four per year. Its first meeting was on 1 September 2015.

## **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 most recent Representation Review was completed in April 2019, following hearing of appeals and objections by the Local Government Commission. This has changed the number of wards from five to three, essentially merging the Turakina and Bulls Wards as the Southern Ward (3 Councillors), Hunterville and Marton to be the Central Ward (5 Councillors), and a slightly enlarged Taihape Ward to be the Northern Ward (3 Councillors). The number of Councillors and the two Community Boards (Rātana and Taihape) were unchanged, except that the boundary of the Taihape Ward was adjusted to coincide with the boundary of the new Northern Ward. These changes are included in the 2019 local government elections.

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 for the 2019-22 triennium

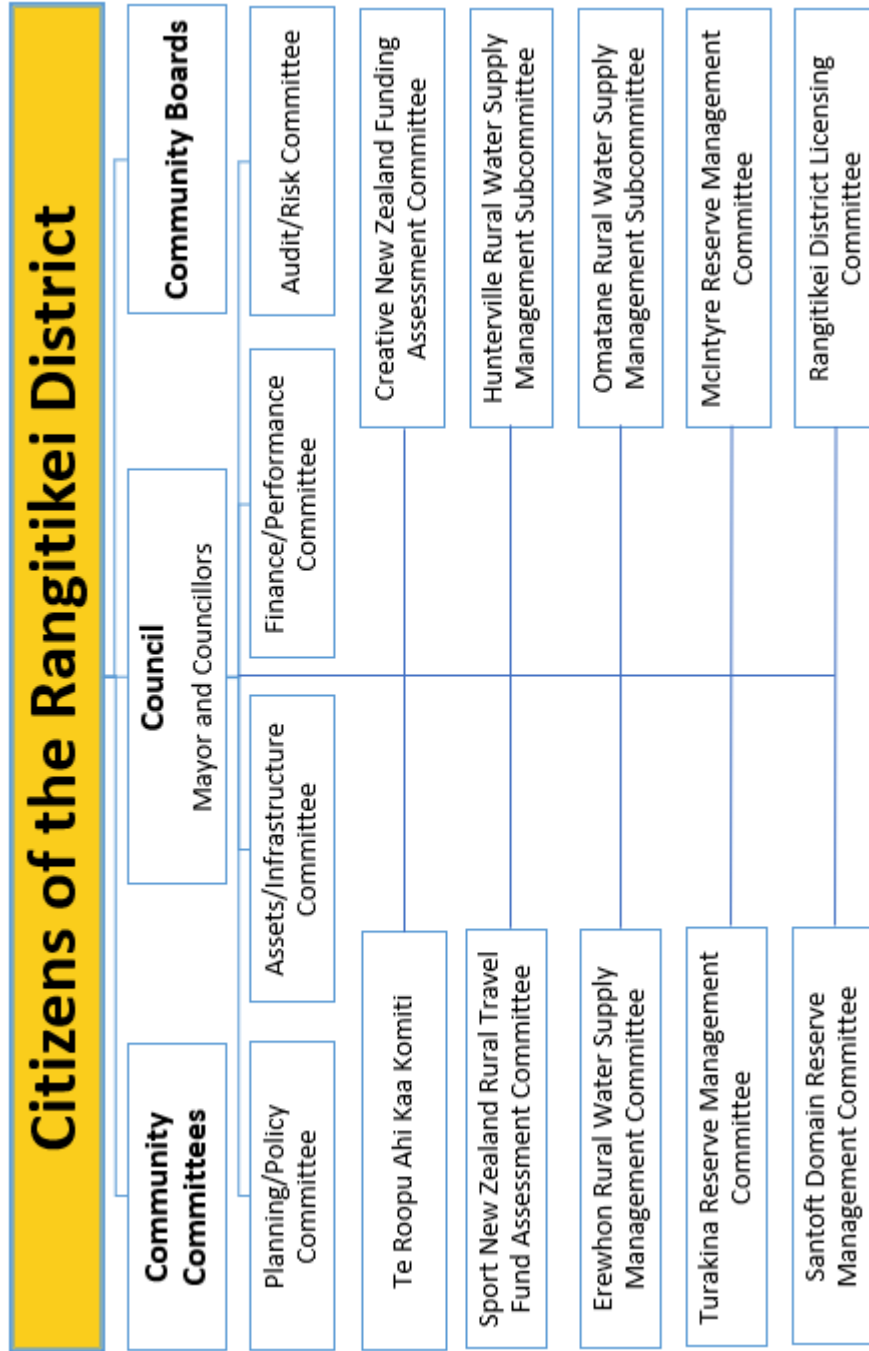
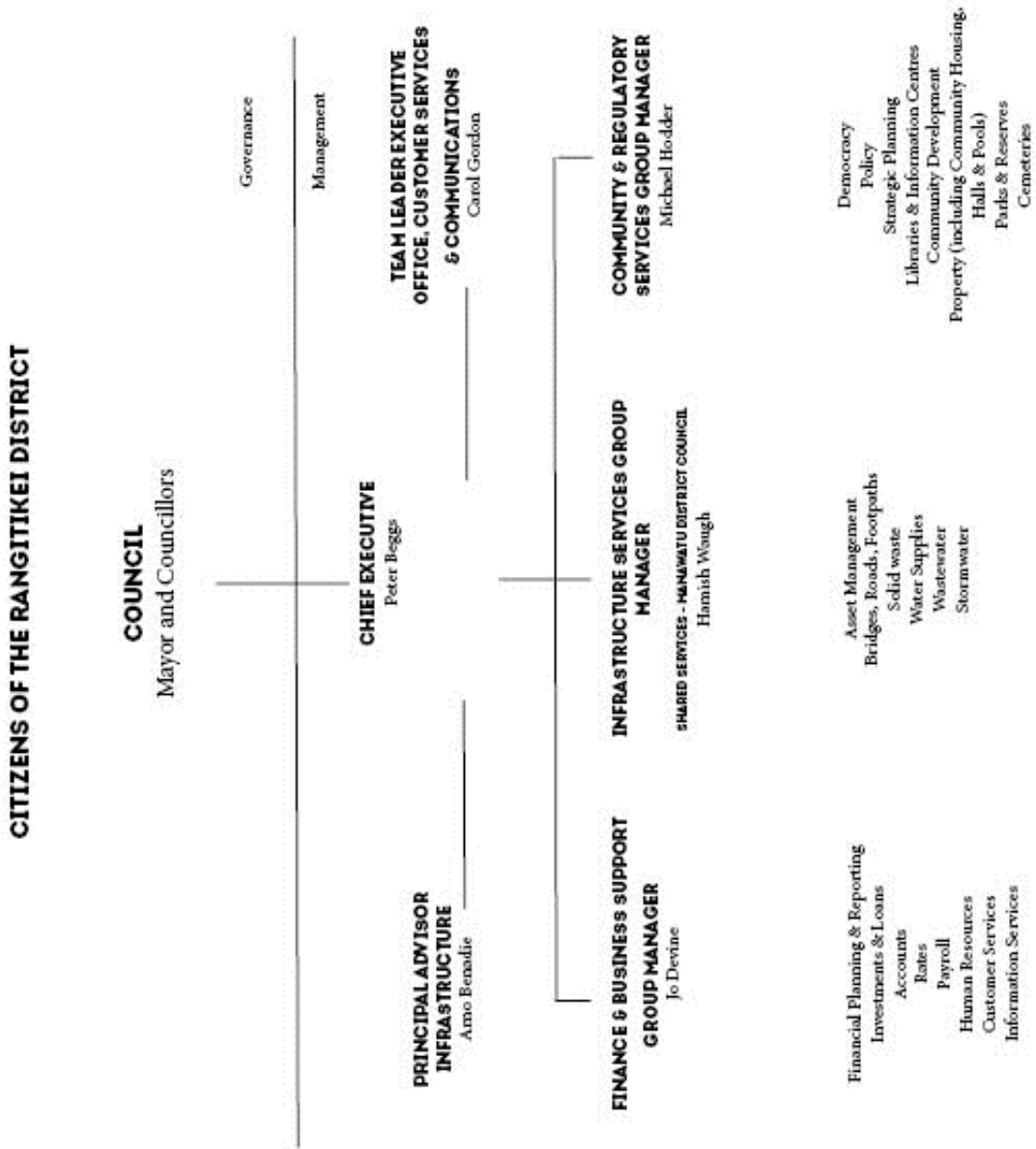




Figure 2: The Rangitikei District Council Management Structure



## Statement of Compliance and Responsibility

### Compliance

The Council and Management of the Rangitīkei 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 Rangitīkei 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 Rangitīkei 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 Rangitīkei District Council, the annual Financial Statements for the year ended 30 June 2020 fairly reflect the financial position and operations of the Rangitīkei District Council.

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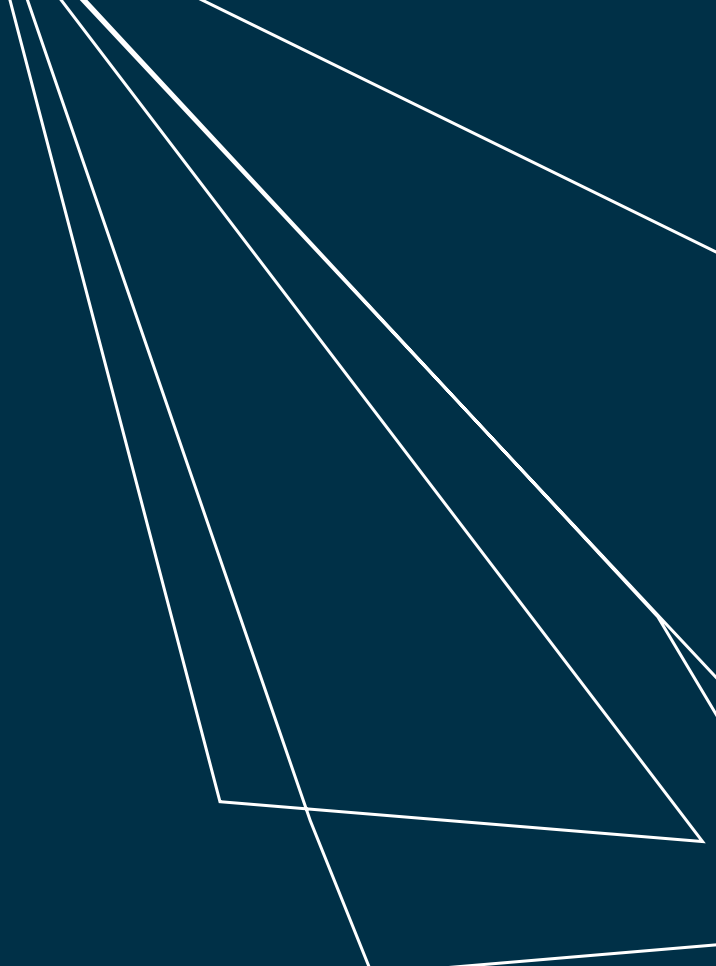
Andy Watson  
Mayor

17 December 2020

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Peter Beggs  
Chief Executive

17 December 2020



*Section 2:*  
**Significant  
Activities**

Including Funding Impact Statements by Significant Activity

## Community Outcomes

Community outcomes are the outcomes that a local authority aims to achieve in meeting the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions. As part of developing the 2018-28 Long Term Plan, Council reviewed its outcomes; they are described below.

- 1 **Infrastructural service levels** - Ensuring services meet appropriate standards and are affordable.
- 2 **Economic development** - Facilitating growth through infrastructure investment, an enabling regulatory framework and collaboration.
- 3 **Future-looking community facilities** - Ensuring community facilities are future-fit and appropriately managed.
- 4 **Earthquake-prone buildings** - Reducing the people-risk from Council-owned earthquake-prone buildings and providing a leadership/support role for other earthquake-prone buildings.
- 5 **Communication/engagement and collaboration** - Ensuring communities are well-informed and engaged in decision-making, and productive partnerships are established/maintained.
- 6 **Rates level/affordability/value** - Ensuring rate levels are prudent and value to ratepayers demonstrated.
- 7 **Environment/climate change** - Responsiveness to expectations from the community and Government for more sustainable use of resources, a reduced carbon footprint, and planning for projected impacts in weather and sea-level changes.
- 8 **Regulatory performance** – Implementing an enabling regulatory framework which is explicit on whether (and how) Council will exercise any statutory discretion available to it.
- 9 **Community resilience** - Advocating for, working in partnership and supporting groups which are concerned with the well-being of the District’s communities.

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

Group of activities	Community outcomes								
	1	2	3	4	5	6	7	8	9
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		•		•				•	
Community well-being		•			•		•		•

Council has not undertaken any specific measurement during the year of progress towards the achievement of those outcomes.

## **Identified effects of activities on the social, economic, environmental or cultural well-being of the community**

The provision of a safe, convenient and well-maintained network of roads and footpaths contributes to (particularly) economic well-being by facilitating access by those conducting business within the District; it also contributes to social well-being by allowing people to connect easily with one another. However, road deaths, noise, vibrations and emissions to air from road traffic are negative impacts on social and environmental well-being.

The provision of a reliable, safe water supply contributes particularly to social well-being; the ability to provide commercial quantities of water and stock water contribute to the community's economic well-being. Malfunctioning plants impact negatively on these well-beings.

Treatment and disposal of wastewater contributes to environmental well-being by minimising impacts on aquatic life and social well-being by ensuring disposal does not impact on residents' health. Malfunctioning treatment plants and broken or blocked reticulation impact negatively on social and environmental well-being,

Parks and reserves, libraries, and swimming pools contribute to the community's social well-being by providing recreational and educational opportunities.

Well-managed and accessible waste transfer stations reduce the likelihood of fly-tipping and this contributes to environmental well-being.

Animal control, building control and planning control contribute to personal and public health and safety, i.e. social well-being.

The youth development activity contributes to social well-being by providing opportunities for youth to collaborate with others and engage in meaningful dialogue with the Council.

The hui in Te Rōpū Ahi Kā and representation from that Komiti on Council's standing committees contribute to the community's cultural well-being by promoting dialogue and understanding.

## Performance Reporting

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

<b>Achieved</b>	Required actions have been completed <i>Or</i> 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
<b>Partly achieved</b>	Some outputs contributing to the intended level of service have been achieved (e.g. 3 workshops held of the 4 initially proposed) <i>Or</i> the result for the year is between 60% and 75% of the intended level of service
<b>Achieved/ongoing</b>	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.
<b>In progress</b>	No actual output has been achieved but pre-requisite processes have commenced
<b>Not commenced</b>	No actions to achieve the stated level of service have begun
<b>Not achieved</b>	None of the required actions have been undertaken <i>Or</i> the result for the year is less than half of the intended level of service <i>Or</i> 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
<b>Not yet available</b>	Timing of the relevant data set has been delayed or will occur in a subsequent year
<b>Not applicable</b>	The scope of the [mandatory] measure does not apply to the Council

\* In the levels of service statements which follow, denotes a mandatory measure prescribed by the Secretary of Internal Affairs under section 261B of the Local Government Act 2002.

*Note on methodology, response rate and margin of error in surveys*

## **Residents' Survey 2020**

### **Background and objectives**

The annual residents' survey aims to capture residents' perceptions of Council facilities and services. Results are compared with previous years. They are also used to develop improvement plans.

### **Sample**

The survey was conducted online using SurveyMonkey with hard copies also made available to the public as an alternative. This year there was 371 responses, an increase on the 281 responses received last year

The survey ran from late May through to early July.

The Council's website and Council's Facebook were also utilised in the deployment of the survey online.

### **Response rate**

As this year's survey was conducted mainly online, it is not feasible to calculate the response rate.

### **Margin of Error**

Margin of Error (MOE) is a statistic used to express the amount of random sampling error there is in a survey's results. The MOE is particularly relevant when analysing a subset of the data as smaller samples sizes incur a greater MOE. The final sample size,  $n = 371$ , gives an overall MOE of 5 at the 95% confidence interval. These terms simply mean that if the survey were conducted 100 times, the data would be within +/- 5% of the reported percentage most of the time (95 times out of 100).

## **Stakeholders' survey 2020**

### **Background and objectives**

This survey aims to measure the usefulness of Council's partnership and collaborative work with stakeholder surveys. In 2019, it targeted a much smaller group of organisations – those which Council had regular interaction. This survey was not done in 2020.

## Community Leadership

This activity focuses on the governance functions of Council, in particular leadership and planning and is concerned with local democratic decision-making. A major focus 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 for 2019/20:

- **Elections** – The October 2019 elections, conducted on the basis of three wards (Northern, Central and Southern), resulted in six first-time Councillors.
- **Inaugural meeting of Council** – This meeting, held in Marton’s Centennial Park Pavilion was a bicultural celebration, which included the band from Ratana Pa. For the first time, elected members could chose to read their declarations in Māori or English.
- **Strategic Vision to 2050** – The newly elected Council had a strategic planning day on 20 November 2020. The outcome from this is a statement on Council’s strategic vision to 2020. The Executive Leadership team has subsequently developed further detail based on the four wellbeings in the Local Government Act – social, economic, environmental and cultural.
- **Annual Plan 2020/21** – Council adopted the final Annual Plan 2020/21 on 24 June 2020. The 2018-28 Long Term Plan projected a rate increase of 6.27%. Having regard for the financial impact from COVID-19 on some ratepayers, this increase was reduced to 3.63%. Prior to the COVID lockdown being announced Council had decided not to consult on the 2020/21 Annual Plan as there were no new major decisions within it.
- **Regional collaboration** – Council has been a member of the working group in developing a regional approach to the management of three waters. Council has also been a participant in regional discussions on how to approach the challenge of climate change and in developing a high-level regional spatial plan.
- **Preparation of Order Papers** – Order Papers for Council, Committees, Boards, Community Committees and other meetings have continued to be delivered to ensure that decision-making was compliant and useful.

Level of Service		
Make decisions that are robust, fair, timely, legally compliant and address critical issues, and that are communicated to the community and followed through		
Measure	Target for 2019/20	Actual July 2019 – June 2020
On-time completion of, or substantially undertaken annual plan actions	92% of Annual Plan actions substantially undertaken or completed. All groups of activities to achieve at least 85% of identified actions.  <i>In 2018/19, 47% of actions identified in the Annual Plan were either substantially or fully completed.</i>	<b>Not achieved</b>  47% of Annual Plan actions were substantially undertaken or completed by 30 June 2020. This includes progress made with projects spanning more than one year, such as the water strategies for Marton and Bulls and the new Bulls Community Centre



		<p>A number of projects (especially in the 3 waters and Community and leisure assets) were delayed by the four-week alert level 4 lockdown. In addition, the subsequent alert level 3 also had an impact on work-sites because of the social distancing requirements.</p> <p>Overall, the extent of disruption to projects could be around 10-15%.</p> <p>The results for each group of activity are:</p> <table data-bbox="938 651 1455 1084"> <tr> <td>Community Leadership</td> <td>74%</td> </tr> <tr> <td>Roading and Footpaths</td> <td>83%</td> </tr> <tr> <td>Water Supply</td> <td>33%</td> </tr> <tr> <td>Sewerage and Treatment and Disposal of Sewerage</td> <td>33%</td> </tr> <tr> <td>Stormwater</td> <td>0%</td> </tr> <tr> <td>Community and Leisure Assets</td> <td>25%</td> </tr> <tr> <td>Rubbish and Recycling</td> <td>0%</td> </tr> <tr> <td>Environmental and Regulatory Services</td> <td>67%</td> </tr> <tr> <td>Community Well-being</td> <td>38%</td> </tr> </table>	Community Leadership	74%	Roading and Footpaths	83%	Water Supply	33%	Sewerage and Treatment and Disposal of Sewerage	33%	Stormwater	0%	Community and Leisure Assets	25%	Rubbish and Recycling	0%	Environmental and Regulatory Services	67%	Community Well-being	38%
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<p>Completion of capital programme</p>	<p>85% of planned capital programme expended; all network utilities groups of activities to achieve at least 70% of planned capital expenditure.</p> <p>Note: This analysis <u>excludes</u> approved expenditure on emergency repairs to the roading network.</p> <p><i>In 2018/19, 42% of the planned capital programme was expended. Roding achieved 85%; water achieved 25%, sewerage and the treatment and disposal of sewage achieved 14% and stormwater achieved 14%; community and leisure assets achieved 13%.</i></p>	<p><b>Not achieved</b></p> <p>For the twelve months ending 30 June 2020, \$14.849 million was spent on the capital programme from a full-year budget of \$30.409 million.</p> <p>However, as noted in reviewing progress with annual plan actions, a number of projects span more than one year. For example:</p> <ul data-bbox="925 1480 1455 2042" style="list-style-type: none"> <li>• \$4.85 million was provided in 2019/20 for the construction of the Mangaweka Bridge but the necessary investigation has delayed this until 2020/21. \$4.6 million has been carried forward to 2020/21 for this.</li> <li>• \$2.76 million was provided for purchase of land for wastewater treatment from Bulls and Marton. \$2.7 million has been carried forward for that.</li> <li>• \$1.6 million was budgeted for the Bulls Reservoir and Scotts Ferry stormwater works. Both projects were suspended subject to potential COVID-19 “shovel ready” stimulus funding from central government. This funding did not</li> </ul>																		

		<p>materialise and so contracts have now commenced.</p> <p>Total capital expenditure, plus those items carried forward that would have been expected to have been spent had it not been for the circumstances outlined above, equates to \$18,687,000, or 84% of budget.</p> <p>This result is also affected by the disruption from the Covid-19 alert levels 3 and 4.</p> <p>The results for each group of activity are:</p> <table> <tr> <td>Community Leadership</td> <td>n.a.</td> </tr> <tr> <td>Roading and Footpaths</td> <td>64%</td> </tr> <tr> <td>Water Supply</td> <td>32%</td> </tr> <tr> <td>Sewerage and Treatment and Disposal of Sewerage</td> <td>10%</td> </tr> <tr> <td>Stormwater</td> <td>29%</td> </tr> <tr> <td>Community and Lesiure Assets</td> <td>63%</td> </tr> <tr> <td>Rubbish and Recycling</td> <td>0%</td> </tr> <tr> <td>Environmental and Regulatory Services</td> <td>n.a.</td> </tr> <tr> <td>Community Well-being</td> <td>n.a.</td> </tr> </table>	Community Leadership	n.a.	Roading and Footpaths	64%	Water Supply	32%	Sewerage and Treatment and Disposal of Sewerage	10%	Stormwater	29%	Community and Lesiure Assets	63%	Rubbish and Recycling	0%	Environmental and Regulatory Services	n.a.	Community Well-being	n.a.																																										
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Value for money – residents' perceptions in annual survey (new)	<p>Higher rating than previous year.</p> <p>2018/19 results:</p>	<p><b>Not achieved</b></p> <p>4% of respondents considered that Council 'definitely does deliver value for money',</p>																																																												

	<p>7.4% of respondents considered that Council 'definitely does deliver value for money', 42.4% considered it was 'at a satisfactory level', 27.2% were unsure or neutral 18.7% considered 'not really' and 4.3% stated 'definitely not'</p>	<p>18% considered it was 'at a satisfactory level', 33% were unsure or neutral 34% considered 'not really' and 12% stated 'definitely not'.</p> <p>369 people responded to this question. This result is a contrast to the satisfaction noted above. While the survey did not provide an opportunity for comment on this question, general comment shows a concern about rates increases – during the period the survey was open (21 May to 13 July), there was considerable media discussion about having zero rates increases in 2020/21 as a response to the COVID-19 disruptions to livelihoods. Council considered that option but settled on 3.63% (instead of the 6.27% increase projected in the 2018-28 Long Term Plan).</p>																								
<p><i>Effectiveness of communication</i></p>	<p>Increase in percentage of 'very satisfied' and decrease in percentage of 'neutral' compared with previous year.</p> <p>2018/19 results:</p> <table border="1"> <thead> <tr> <th></th> <th>Very satisfied</th> <th>Neutral</th> </tr> </thead> <tbody> <tr> <td>Phone</td> <td>20%</td> <td>34%</td> </tr> <tr> <td>Council website</td> <td>15%</td> <td>33%</td> </tr> <tr> <td>Social media</td> <td>13%</td> <td>45%</td> </tr> <tr> <td>Library/ info centre</td> <td>23%</td> <td>36%</td> </tr> <tr> <td>Rangitikei Line</td> <td>12%</td> <td>49%</td> </tr> <tr> <td>Local newspapers</td> <td>17%</td> <td>22%</td> </tr> <tr> <td>In person</td> <td>22%</td> <td>30%</td> </tr> </tbody> </table>		Very satisfied	Neutral	Phone	20%	34%	Council website	15%	33%	Social media	13%	45%	Library/ info centre	23%	36%	Rangitikei Line	12%	49%	Local newspapers	17%	22%	In person	22%	30%	<p><b>Not commenced</b></p> <p>Not asked in the 2020 residents' survey as likely to be highly influenced by Council's communications about COVID-19 and support services being made available.</p>
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<p>Māori responsiveness framework</p>	<p>Improved satisfaction from the previous year.</p> <p>2019/20 was to be the first year of measuring satisfaction.</p>	<p><b>Not commenced</b></p> <p>While the responsiveness framework has been developed (and discussed with both Te Rōpu Ahi Kā and the Council) a survey was not undertaken during the year.</p>																								
<p>Engagement with sector excellence programmes (new)</p>	<p>Improved survey ratings.</p> <p>Percentage of suggested improvements completed under action.</p> <p>2019/20 will be the first year of measuring satisfaction.</p>	<p><b>Not commenced</b></p> <p>Council has asked to defer participation in the independent assessment CouncilMARK process until 2021, and this has been agreed to. It is not participating in the <i>Australasian Local Government Performance Excellence Programme</i>.</p>																								

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

Slower progress with the major capital projects (particularly the Bulls Community Centre and Marton-Bulls wastewater disposal) reduced the amount of capital expenditure for the year. The COVID-19 alert levels 3 and 4 disrupted capital works.

In the 2020/21 Annual Plan Council approved a total of \$17.559 million in carry-overs from 2019/ 20 to 2020/21 and subsequent years to reflect this slower progress in 2019/20.

**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**

There is no significant variation between forecast and actual operating surplus from the long-term plan.

## Funding Impact Statement For the Year Ended 30 June 2020

### Community Leadership

	2019 Long- term plan (\$000)	2020 Long- term plan (\$000)	2020 Actual (\$000)
<b>Sources of operating funding</b>			
General rates, uniform annual general charge, rates penalties	1,290	1,397	1,438
Targeted rates	70	72	74
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	0	53
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	0	0	2
<b>Total operating funding ( A )</b>	<b>1,360</b>	<b>1,469</b>	<b>1,567</b>
<b>Applications of operating funding</b>			
Payment to staff and suppliers	781	881	797
Finance costs	0	1	0
Internal charges and overheads applied	578	587	697
Other operating funding applications	0	0	0
<b>Total applications of operating funding ( B )</b>	<b>1,359</b>	<b>1,468</b>	<b>1,494</b>
<b>Surplus (deficit) of operating funding ( A - B )</b>	<b>1</b>	<b>1</b>	<b>73</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	-2	-2	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
<b>Other dedicated capital funding</b>	<b>-2</b>	<b>-2</b>	<b>0</b>
<b>Total sources of capital funding ( C )</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Application of capital funding</b>			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	0	0	0
- to replace existing assets	0	0	0
Increase (decrease) in reserves	0	0	0
Increase (decrease) in investments	0	0	0
<b>Total applications of capital funding ( D )</b>	<b>0</b>	<b>0</b>	<b>73</b>
<b>Surplus (deficit) of capital funding ( C - D )</b>	<b>-2</b>	<b>-2</b>	<b>-73</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-1</b>	<b>-1</b>	<b>0</b>
Note: Depreciation expense not included above	2	2	2

## Roading and Footpaths

This activity covers Council's roading network (including bridges), footpaths and street lighting. A safe roading network for users (including cyclists, pedestrians and mobility scooter users) traveling throughout the District is important for the transport of goods and people. This activity is the most significant for rates expenditure. It also receives a subsidy from central government, with a Financial Assistance Rate (FAR) of 63%.

### Highlights for 2019/20:

- **COVID-19** – The alert level responses required closure of sites, thus delaying the scheduled work programme. However, the planned rehabilitation works on Pukepapa Road and Skerman Street (Marton) were completed.
- **Mangaweka Bridge** – Tenders were invited on 4 May 2020 and considered by Council at its meeting on 27 August 2020.

The New Zealand Transport Agency has provided guidance on how to prepare a memorandum of understanding between Manawātū District Council and Rangitīkei District Council on the ongoing maintenance of the historic bridge. Legal advice is being sought.

- **Emergency works** 2019/20 saw delays to some work on Turakina Valley Road from land entry negotiations and resource consent requirements. Funding was carried forward to 2020/21.
- **Taihape-Napier Road** – There has been discussion with Hastings District Council and the New Zealand Transport Agency about reviewing the case for the Taihape-Napier Road to be declared a state highway or a special purpose road. If successful, maintenance of the road would no longer be a cost to ratepayers.

Level of Service		
Provide a sustainable network which is maintained in accordance with each road's significance for local communications and the local economy, taking into account the One Roding Network Classification and funding subsidies.		
Measure	Target for 2019/20	Actual July 2019 – June 2020
<p><i>*Road condition</i></p> <p>The average quality of ride on a sealed local road network, measured by smooth travel exposure</p>	<p>97%</p> <p>96% achieved last year</p>	<p><b>Achieved</b></p> <p>94%</p> <p>This result is an aggregation of distances travelled on urban and rural roads. In 2019/20, the results for all urban roads was 82% and for all rural roads 98%. Urban roads typically score a lower smooth travel exposure because of service covers, utilities trenches, patching, and higher quantity of seal joints at intersections. Because of this difference, the overall result is sensitive to the proportion of vehicle kilometres recorded on each type of road</p>

<p><i>*Road maintenance</i></p> <p>The percentage of the sealed road network that is resurfaced</p>	<p>8% (i.e. 55km of resealing and 8.8 km of road rehabilitation). The network was assessed in the Long Term Plan as being 796 km of sealed road.</p> <p><i>In 2018/19, 52.6 km of road resealing completed; this is 6.6% of the sealed network.</i></p> <p><b>Note:</b> a review of the RAMM database during 2018/19 has shown that the total extent of the local road network is 1,243.0 km, of which 809.7 km is sealed and 433.3 km is unsealed.</p>	<p><b>Partly achieved</b></p> <p>6.2%. 46.85 km sealed, in addition, 2.86 km of pavement rehabilitation was completed, including sections of Broadway and Wellington Road in Marton.</p> <p>The reduction reflects budgetary constraints.</p>
<p>The percentage if the unsealed road network which is remetalled during the year</p>	<p>At least 75% of [the unsealed] network remetalled each year – 12,000m<sup>3</sup>.</p> <p><i>In 2018/19, 6.783m<sup>3</sup> was placed on the network.</i></p> <p><i>Note: The percentage figure is incorrect. It should have been stated as between 25% and 30%. In addition, a review of the results has shown that the figure reported previously overstated the amount of metal placed on unsealed roads.</i></p>	<p><b>Achieved</b></p> <p>66% - 10,557m<sup>3</sup> metal placed on the network</p> <p>This increase reflects the dry summer: road metal dries out easily and tends to be lost to the side so more metal is needed.</p>
<p><i>*Footpaths</i></p> <p>The percentage of footpaths within the District that fall within the level of service or service standard for the condition of footpaths that is set out in the Council's relevant document (such as its annual plan, activity management plan, asset management plan, annual works programme or long term plan)</p>	<p>At least 80% of footpath lengths in CBD areas in Bulls, Marton, Hunterville and Taihape are at grade 3 or higher (i.e. grade 2 or grade 1)</p> <p>At least 75% of sampled footpaths lengths outside CBD areas are at grade 3 or higher</p> <p>At least 90% of sampled footpaths assessed at grade 5 are included in upgrade programme during the following two years.</p> <p>Note:</p> <p>A five point grading system to rate footpath condition based on visual inspections</p> <ol style="list-style-type: none"> <li>1 Excellent</li> <li>2 Good</li> <li>3 Fair</li> <li>4 Poor</li> <li>5 Very Poor</li> </ol> <p>Footpaths will be assessed in approximately 100-metre lengths. The sample of non-CBD footpaths will include ten lengths in each of Bulls, Marton and Taihape, and four lengths in Mangaweka, Hunterville and Rātana.</p> <p>The assessments will normally be conducted in November and May.</p> <p><i>In 2018/19 –</i></p> <p><i>93% of the sampled footpaths were grade 3 or better</i></p>	<p><b>Achieved</b></p> <p>99% of the areas within the CBD have achieved the required standard which means grade 3 or higher.</p> <p>95% of the areas outside of the CBD are grade 3 or higher. See above re the grading.</p> <p>The sections identified as a grade 5 are programmed to be addressed in 2020/21.</p>

	92% of the footpath length assessed as grade 5 are included in the upgrade programme over the next two years	
<p><b>*Road safety</b></p> <p>The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network expressed as a number</p>	<p>No change or a reduction from the previous year.</p> <p>In 2018/19 there were –</p> <ul style="list-style-type: none"> <li>3 fatal crashes</li> <li>10 serious injury accidents: in one instance only was the road a contributing factor (because of loose material on the road)</li> </ul> <p>This measure is concerned with the local road network only, i.e. excludes crashes on state highways passing through the District.</p>	<p><b>Achieved</b></p> <p>There were 21 serious accidents in the Rangitikei District during the 2019/2020 year – 17 on the State Highway and 4 on the Council’s network which were serious. There were no fatal crashes on the Council’s network. For the purposes of this measure State highways are excluded as they are not the responsibility of the Council.</p>
<b>Level of Service</b>		
Be responsive to community expectations over the roading network and requests for service		
<b>Measure</b>	<b>Target for 2019/20</b>	<b>Actual July 2019 – June 2020</b>
<p>Adequacy of provision and maintenance of footpaths, street-lighting and local roads (annual survey).</p> <p>Report card” qualitative statements.</p> <p>Groups targeted for consultation:</p> <ul style="list-style-type: none"> <li>Residents where programmed renewal has taken place,</li> <li>Community Boards/ Committees,</li> <li>Community group database,</li> <li>Business sector database.</li> </ul>	<p>A greater proportion (than in the benchmark) or more than 10% of the sample believe that Council’s service is getting better</p> <p>In 2014/15 (the benchmark), 13% believed it was better than last year, 65% about the same, 21% worse than last year (2% didn’t know).</p> <p>2018/19 results: 5.7% believed Council’s service was better than last year, 61.3% about the same, 28.3% worse than last year (4,7% didn’t know</p>	<p><b>Partly achieved</b></p> <p>9% believed Council’s service was better than last year, 59% about the same, 22% worse than last year (5% didn’t know, 6% other)</p>
<p><b>*Responses to service requests</b></p> <p>The percentage of customer service requests relating to roads and footpaths to which the territorial authority responds within the time frame specified in the long term plan</p> <p>Note: Council measures resolution as well as initial attendance in response to such requests.</p>	<p>(a) 95% callouts during working hours responded to within 6 hours and</p> <p>(b) 95% callouts during after-hours responded to within 12 hours.</p> <p>(c) 85% of all callouts resolved (i.e. completed) within one month of the request.<sup>9</sup></p> <p>(d) Specific reference to callouts relating to potholes</p> <p>In 2018/19 –</p> <p>(a) There were 410 footpath and road requests during working hours of</p>	<p><b>Partly achieved</b></p> <p>(a) There were 352 footpath and road requests during working hours of which 214 (or 61%) were responded to within time</p> <p>(b) There were 102 footpath and road requests outside working hours, of which 86 (or 84%) were responded to within time.</p> <p>(c) Of the total 454 footpath and road requests, 300 were completed on time (66%)</p> <p>(d) 26 requests concerned potholes 22 responded to in time (or 85%).</p>

<sup>9</sup> There is a wide range of requests meaning resolution times will range from hours to several weeks or months, depending on urgency and work programming.



	<p>which 340 (or 83%) were responded to within time</p> <p>(b) There were 91 footpath and road requests outside working hours, of which 75 (or 82%) were responded to within time.</p> <p>(c) Of the total 501 footpath and road requests, 373 (or 74%) were resolved within one month.</p> <p>(d) 35 requests concerned potholes: 100% of these were responded to in time and 95% were resolved within one month</p>	<p><i>The slower than projected responsiveness (and resolution) is attributable to two factors:</i></p> <p>(i) <i>COVID-19 alert level 4 caused some delay in both responding to requests and resolving (completing) them, not only during the actual lockdown period but after that ended because of catching up with the backlog of requests.</i></p> <p>(ii) <i>There has also been a focus on addressing overdue requests from the previous year, which is invisible in this year's statistics.</i></p>
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### **Significant variations between the level of service achieved and the intended level of service**

There was no significant variation between the level of service achieved and the intended level of service.

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

There was less road resealing and rehabilitation than forecast because of reduced funding from the New Zealand Transport Agency.

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

The co-investment from the New Zealand Transport Agency in 2019/20 for operating funding was \$1.858 million more than projected in the Long Term Plan (but \$3.359 million less for capital funding). This reprioritisation (for road safety improvements) contributes to the surplus of operating funding and the deficit of capital expenditure both being greater than forecast.

## Funding Impact Statement For the Year Ended 30 June 2020

### Roading and Footpaths

	2019 Long- term plan (\$000)	2020 Long- term plan (\$000)	2020 Actual (\$000)
<b>Sources of operating funding</b>			
General rates, uniform annual general charge, rates penalties	145	152	0
Targeted rates	6,508	6,574	6,636
Subsidies and grants for operating purposes	3,337	3,410	5,268
Fees and charges	30	31	143
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	115	118	0
<b>Total operating funding ( A )</b>	<b>10,135</b>	<b>10,265</b>	<b>12,047</b>
<b>Applications of operating funding</b>			
Payment to staff and suppliers	5,938	6,070	6,544
Finance costs	101	99	113
Internal charges and overheads applied	770	784	808
Other operating funding applications	0	0	0
<b>Total applications of operating funding ( B )</b>	<b>6,809</b>	<b>6,953</b>	<b>7,465</b>
<b>Surplus (deficit) of operating funding ( A - B )</b>	<b>3,326</b>	<b>3,332</b>	<b>4,582</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	4,465	6,322	2,963
Development and financial contributions	0	0	0
Increase (decrease) in debt	-55	-31	1,035
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
<b>Total sources of capital funding ( C )</b>	<b>4,410</b>	<b>6,291</b>	<b>3,998</b>
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	7,222	10,137	6,768
Increase (decrease) in reserves	514	-514	1,812
Increase (decrease) in investments	0	0	0
<b>Total applications of capital funding ( D )</b>	<b>7,736</b>	<b>9,623</b>	<b>8,580</b>
<b>Surplus (deficit) of capital funding ( C - D )</b>	<b>-3,326</b>	<b>-3,332</b>	<b>-4,582</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>0</b>	<b>0</b>	<b>0</b>
Note: Depreciation expense not included above	6,689	6,689	7,850

The Council does not fully fund depreciation on roading. This is because a subsidy is received on capital renewals from New Zealand Transport Agency which is used to reduce the cost to the Council.

## Funding Impact Statement for the Year Ended 30 June 2020

### Roading and Footpaths – Capital Works

Category	Designated projects for 2019/20	2019 Long- term plan (\$000)	2020 Annual Plan (\$000)	2020 Actual (\$000)
<b>RENEWALS</b>				
Unsealed road metalling	Programmed renewals	410	445	377
Pavement rehabilitation	Programmed renewals	2,131	2,397	1,379
Drainage	Programmed renewals	600	614	736
Structure components	Programmed renewals	1,647	4,851	347
Traffic services	Programmed renewals	190	154	274
Sealed road surfacing	Programmed renewals	1,631	1,480	1,426
Footpaths	Programmed renewals	238	245	160
Flood Damage	Reinstatement of damage	0	0	189
LED Lighting	Programmed renewals	0	0	42
Minor Improvements		0	350	1,838
<b>Total renewals</b>		<b>6,848</b>	<b>10,536</b>	<b>6,768</b>
<b>CAPITAL (to improve the level of service)</b>				
Roading	Minor safety projects	374	0	0
	Wylies Bridge	0	0	0
	Napier Taihape Road	0	0	0
	Ratana traffic calmers	0	0	0
Footpaths	New footpath construction	0	0	0
<b>Total capital</b>		<b>374</b>	<b>0</b>	<b>0</b>
<b>Borrowing</b>				
Roading and Footpaths- Capital Works				
	Balance of borrowing at start of year	0	0	3,042
	Funds borrowed during the year	0	0	1,035
	Funds repaid during the year	0	0	0
	Balance of borrowing at end of year	-	-	4,077
	Proportion of internal borrowing to all borrowing at 30 June	0%	0%	0%
	Portion of finance costs attributable to internal borrowing	-	-	-

## Water Supply

This activity ensures the District's towns of Taihape, Mangaweka, Hunterville, Marton, Bulls and Ratana have a reticulated drinking water supply. Council also administers rural water schemes on behalf of subscriber/owner committees in Hunterville, Erewhon, Omatane and Putorino.

### Highlights for 2019/20:

- **Marton Dam repairs** – Repairs to the spillways of both dams have proved successful although the levels have to be kept lower than has previously been the case. This meant restrictions were put in place during summer on hosing to ensure adequate reserves
- **Marton Water Strategy** - Council has approved further work being done on exploring alternative sources for Marton's water supply. Suitable treatment options are available for the bore water quality, and it was agreed that a more detailed business case will be prepared to supply Council with more accurate information to consider making a change in raw water source from the Marton impoundment dams to groundwater.
- **Improved water supply resilience in Bulls**- The completed Bulls Water Strategy provides a plan for the route and size of the rising main and fire main on the State Highway between Holland Crescent and High Street. The best site for a reservoir is adjoining the water tower. Discussions will be had with the community about the future of that tower, which will require seismic strengthening if it remains.
- **Compliance improvement plan** - New equipment has been purchased and Council is in the process of installing it. A range of software changes has also been made to allow the operation of the plants to adapt to the new equipment and improve the compliance performance.
- **Watermain renewals** - watermain renewals included the Taihape falling main, Paradise Terrace (Taihape) and the Tutaenui (Marton) Trunk main.
- **Hunterville Exploratory Bore** –Drilling of the Hunterville exploratory bore found water which would require substantial treatment to be satisfactory. Council is looking at options.

Level of Service		
Provide a safe and compliant supply of drinking water		
Measure	Target for 2019/20	Actual July 2019 – June 2020
<p><i>*Safety of drinking water</i> The extent to which the Council's drinking water supply complies with</p> <p>(a) part 4 of the drinking water standards (bacteria compliance criteria)<sup>10</sup></p>	<p>No incidents of non-compliance</p> <p><i>2018/19 results: There were no incidents of E.coli</i></p>	<p><b>Not achieved</b></p> <p>No E.coli has been detected in any of the supplies. However, chemical compliance</p>

<sup>10</sup> Currently measured by weekly sampling and testing through Environmental Laboratory Services in Gracefield.

<p>(b) part 5 of the drinking water standards (protozoa compliance criteria)<sup>11</sup></p>	<p><i>2018/19 results. Not achieved. Compliance ranged from 93% to 99%. (Ratana was not assessed)</i></p>	<p>requirements were not met at Mangaweka – there were too many transgressions of the maximum acceptable value of the 25 elements specified in the Drinking water standard for the sum ratio of trihalomethanes – and there was insufficient monitoring at this plant of these values.</p> <p><b>Not achieved</b></p> <p>Protozoa compliance was achieved at Mangaweka, and Ratana. In the other plants (i.e. Taihape, Hunterville Urban, Marton and Bulls) were considered to have excessive turbidity, although these were very short in duration.</p> <p>For example, there were spikes in turbidity totalling seven minutes at the Taihape water treatment plant Council’s request for log credits was refused. The Bulls water treatment plant did not achieve protozoa compliance in October 2019 due to a three-minute spike in UV transmittance.</p>
<p>Compliance with resource consents</p>	<p>No incidents of non-compliance with resource consents</p> <p><i>In 2018/19, this was not achieved. Water abstraction consents were applied with at all locations (except Mangaweka and Ratana).</i></p>	<p><b>Partly achieved</b></p> <p>All plants were compliant except Ratana was non-compliant on two occasions.</p>

Level of Service		
Provide reliable and efficient urban water supplies		
Measure	Target for 2019/20	Actual July 2019 – June 2020
<p>Number of unplanned water supply disruptions affecting multiple properties</p>	<p>Fewer unplanned water supply disruptions affecting multiple properties than the previous year.</p> <p><i>In 2018/19, there were no unplanned water supply interruptions.</i></p>	<p><b>Achieved</b></p> <p>There were no unplanned water interruptions during the reporting period.</p>
<p><i>*Maintenance of the reticulation network</i></p> <p>The percentage of real water loss from the</p>	<p>Less than 40%.</p>	<p><b>Achieved</b></p> <p>Average is 32.2%</p> <p>The guidance for this measure anticipates a sampling approach. Water Outlook enables</p>

<sup>11</sup> Measured through Water Outlook.

<p>Council's networked reticulation system<sup>12</sup></p>		<p>SCADA<sup>[2]</sup> information to be interrogated in-house.</p> <p>Last year's figures are included in brackets</p> <p>Bulls ..... 21.5%( 35.4%)</p> <p>Huntermville Urban ..... 54.7%( 16.1%)</p> <p>Mangaweka ..... 36.3%(29.0%)</p> <p>Marton..... 26.8%(35.0%)</p> <p>Rātana..... 10.1%(33.3%)</p> <p>Taihape ..... 43.7%(38.3%)</p> <p>Two supplies exceeded the target of 40%.</p> <p>Variances between schemes could be expected because each scheme is different. The reticulation within each town is of varying ages, and of varying pipe materials. Most of these towns were managed by separate local authorities in the past, and so there are legacy issues around such things as installation methods and materials.</p> <p>In addition to this, ground conditions can vary. In the case of asbestos cement pipes in particular, soil pH is a strong determinant of expected useful life. Varying water quality can also be an issue, as aggressive water can cause certain pipe materials to fail sooner. Land form is also an issue, most prominently in Taihape, where slips can generate partial failures which contribute to leakage.</p> <p>Taihape has had a large leak located and repaired during the trunk main upgrade.</p> <p>Leakage was also identified in Mangaweka during the financial year.</p> <p>The high value for Huntermville is caused by the ground water well driller using unmetered town water supply.</p>
<p><i>*Demand management</i></p> <p>The average consumption of drinking water per day per resident within the District</p> <p>Note: This includes all water released from the urban treatment plants, <u>irrespective of whether it is used for residential, agricultural, commercial or industrial purposes.</u></p>	<p>600 litres (or 0.6m<sup>3</sup>) per person per day (i.e. 219m<sup>3</sup> per year)</p> <p><i>In 2018/19, the average daily consumption of drinking water per day per resident was 357L.</i></p>	<p><b>Achieved</b></p> <p>Using the method specified by the Department of Internal Affairs, consumption across urban schemes averaged 539 litres (0.539m<sup>3</sup>) per person per day (or 196.7m<sup>3</sup> for the year). This is higher than last year but lower than 2017/18.</p> <p>The guidance for this measure anticipates a sampling approach. Water Outlook enables SCADA information to be interrogated in-house.</p>

<sup>12</sup> A description of the methodology used to calculate this must be included as part of the annual report document: see page 151.

<sup>[2]</sup> Supervisory control and data acquisition – i.e. automated remote monitoring.

		<p>Note that this includes all agricultural and commercial users connected to the Council's urban schemes. Because these such extraordinary users are metered, it is feasible to estimate the consumption of other users (i.e. domestic users). This is detailed in the table below. As all of Hunterville urban is metered (both residential and non-residential), this has been used to calculate the average consumption, although this will be distorted by a few commercial users in the town. Higher consumption at Taihape is the result of an identified leakage issue and high commercial use.</p> <table border="1"> <thead> <tr> <th>Supply</th> <th>Population</th> <th>Consumption Litres/person/day</th> </tr> </thead> <tbody> <tr> <td>Bulls</td> <td>1,935</td> <td>548</td> </tr> <tr> <td>Hunterville Urban</td> <td>420</td> <td>593</td> </tr> <tr> <td>Mangaweka</td> <td>180</td> <td>489</td> </tr> <tr> <td>Marton</td> <td>5,270</td> <td>462</td> </tr> <tr> <td>Rātana</td> <td>345</td> <td>512</td> </tr> <tr> <td>Taihape</td> <td>1,720</td> <td>628</td> </tr> <tr> <td><b>All urban</b></td> <td><b>9,870</b></td> <td><b>539</b></td> </tr> </tbody> </table> <p>*except Hunterville</p>	Supply	Population	Consumption Litres/person/day	Bulls	1,935	548	Hunterville Urban	420	593	Mangaweka	180	489	Marton	5,270	462	Rātana	345	512	Taihape	1,720	628	<b>All urban</b>	<b>9,870</b>	<b>539</b>
Supply	Population	Consumption Litres/person/day																								
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### Level of Service

Be responsive to reported faults and complaints

Measure	Target for 2019/20	Actual July 2019 – June 2020
<p><i>*Fault response time</i> Where the Council attends a call-out in response to a fault or unplanned interruption to its networked reticulation system, the following <i>median times</i> are measured</p> <p>(a) attendance time: from the time that the Council receives notification to the time that service personnel reach the site, and</p> <p>(b) resolution time: from the time that the Council receives notification to the time that service personnel confirm resolution of the fault of interruption</p>	<p>Improved timeliness compared with the previous year.</p> <p>2018/19: (a) 15 minutes (b) 48 minutes (c) 10 minutes (d) 10 minutes (when recalculated as median times)</p> <p>Request for service system specified standard: (a) 0.5 hour (attendance – urgent) (b) 24 hours (resolution – urgent) (c) 24 hours (attendance –non-urgent) (d) 96 hours (resolution – non-urgent)</p>	<p><b>Not achieved</b></p> <p>The median times for the reporting period are: (a) 26 minutes (b) 1 hour 25 minutes (c) 50 minutes (d) 1 hour 52 minutes</p> <p>The comparison with last year is distorted by the large number of callout requests in Marton for dirty water – these were assigned an arbitrary 10 minutes for attendance and resolution (non-urgent).</p> <p>A comparison with 2017/18 would have shown a result of 'partly achieved' two results in 2019/20 being better and two worse than in 2017/18.</p>

<p>(c) attendance for non-urgent call-outs: from the time that the Council receives notification to the time that service personnel reach the site, and</p> <p>(d) resolution of non-urgent call-outs from the time that the Council receives notification to the time that service personnel confirm resolution of the fault of interruption</p>		
<p><i>*Customer satisfaction</i> The total number of complaints (expressed per 1000 connections to the reticulated networks) received by the Council about:<sup>13</sup></p> <p>(a) drinking water clarity (a) drinking water taste (b) drinking water odour (c) drinking water pressure or flow (d) continuity of supply, and (e) The Council's response to any of these issues</p> <p>There were 4,535 connections as at 30 June 2020.</p>	<p>Total number of complaints is less than the previous year or no more than 13 complaints per 1,000 connections</p> <p><i>In 2018/19 total complaints were 58.21 per 1,000 connections.</i></p> <p><i>These results do not include phone calls about planned outages. Such calls are treated as requests for information and are not recorded within the Council's service request system (as no action is needed).</i></p> <p><i>In addition, there were 63 complaints about water leaks throughout the network, 55 about water leaks at the meter or toby, 47 requests to replace a toby or meter, and 16 requests to locate a meter, toby or other utility.</i></p>	<p><b>Achieved</b></p> <p>10.4 complaints per 1000 connections There were 47 complaints</p> <p>(a) 5 (a) 16 (b) 0<sup>14</sup> (c) 10 (d) 16 (e) nil<sup>15</sup></p> <p>This improved result reflects the lack of complaints about dirty water in Marton which was a major cause of complaints in 2018/19.</p> <p>There were 8 planned outages during the year. Phone calls about these are treated as requests for information and not recorded within the Council's service request system.</p>

<sup>13</sup> The double numbering of (a) is as specified in the Rules for the mandatory reporting standards.

<sup>14</sup> This is included in 'clarity' or 'taste' in the Council's service request system.

<sup>15</sup> This is intended to refer to complaints about Council's response or resolution of any of the four issues specified. They are not distinguishable within the Council's request for service system but are included in (a) to (d).



Level of Service		
Maintain compliant, reliable and efficient rural water supplies		
Measure	Target for 2019/20	Actual July 2019 – June 2020
Compliance with resource consents	<p>No incidents of non-compliance with resource consents.</p> <p><i>In 2018/19, there were no incidents of non-compliance. Omatane, typically under consented volume was over the limit on 3 July 2018 due to a break in the water main.</i></p>	<p><b>Achieved</b></p> <p>Operations at Erewhon, Omatane and Hunterville all complied with conditions of consent</p>
<p><b>Fault response time</b> Where the Council attends a call-out in response to a fault or unplanned interruption to its networked reticulation system, the following median times are measured</p> <p>(a) attendance for urgent call-outs: from the time that the Council receives notification to the time that service personnel reach the site, and</p> <p>(b) resolution of urgent call-outs from the time that the Council receives notification to the time that service personnel confirm resolution of the fault of interruption</p>	<p><b>Fewer requests (per 1000 connections) than previous year</b></p> <p>(when recalculated as median times)</p> <p>2018/19 results:</p> <p>(a) 1 hour 1 minute</p> <p>(b) 4 hours 45 minutes</p> <p>Specified standard:</p> <p>(a) 24 hours</p> <p>(b) 96 hours</p>	<p><b>Partly achieved</b></p> <p>Information from Hunterville scheme only as this is the only scheme where servicing is directly managed by Council.</p> <p>(a) 1 hour 24 minutes</p> <p>(b) 4 hours 10 minutes</p>

Level of Service		
Ensure fire-fighting capacity in urban areas		
Measure	Target for 2019/20	Actual July 2019 – June 2020
Random flow checks at the different supplies	99% of checked fire hydrant installations are in compliance	<p><b>Achieved</b></p> <p>No issues recorded in the request for service system.</p>

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

There are no significant variations.

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

Some of the planned upgrades did not proceed or have been delayed (in part by the impact of COVID-19 alerts), so actual capital expenditure was less than forecast and has been carried forward (shown in brackets): the Bulls reservoir replacement (\$1.299 million), repairs to the Marton Water treatment plant and dams (\$0.97 million), Erewhon reticulation (\$240,000), UV units (\$256,750) and completion of the new bore for Hunterville town (\$250,000).

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

Operating funding was greater than forecast because of increased costs from contractors and staff under the Shared Services arrangement.

## Funding Impact Statement For the Year Ended 30 June 2020

### Water Supply

	2019 Long-term plan (\$000)	2020 Long-term plan (\$000)	2020 Actual (\$000)
<b>Sources of operating funding</b>			
General rates, uniform annual general charge, rates penalties	0	0	3
Targeted rates	4,583	4,920	5,189
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	0	62
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	0	0	0
<b>Total operating funding ( A )</b>	<b>4,583</b>	<b>4,920</b>	<b>5,254</b>
<b>Applications of operating funding</b>			
Payment to staff and suppliers	2,034	2,086	2,503
Finance costs	528	794	563
Internal charges and overheads applied	963	982	1,002
Other operating funding applications	0	0	0
<b>Total applications of operating funding ( B )</b>	<b>3,525</b>	<b>3,862</b>	<b>4,068</b>
<b>Surplus (deficit) of operating funding ( A - B )</b>	<b>1,058</b>	<b>1,058</b>	<b>1,186</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	5,622	2,241	1,089
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
<b>Total sources of capital funding ©</b>	<b>5,622</b>	<b>2,241</b>	<b>1,089</b>
<b>Application of capital funding</b>			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	1,041	570	505
- to replace existing assets	5,638	2,729	1,535
Increase (decrease) in reserves	0	0	56
Increase (decrease) in investments	0	0	0
<b>Total applications of capital funding ( D )</b>	<b>6,679</b>	<b>3,299</b>	<b>2,275</b>
<b>Surplus (deficit) of capital funding ( C - D )</b>	<b>-1,057</b>	<b>-1,058</b>	<b>-1,186</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>1</b>	<b>0</b>	<b>0</b>
Note: Depreciation expense not included above	1,385	1,398	1,647

## Funding Impact Statement For the Year Ended 30 June 2020

### Water Supply – Capital Works

Category	Designated projects for 2019/20	2019 Long- term plan (\$000)	2020 Annual Plan (\$000)	2020 Actual (\$000)
<b>RENEWALS</b>	<b>(to replace existing assets)</b>			
Marton	Treatment and reticulation	0	0	370
Taihape	Treatment and reticulation	0	0	920
Bulls	Treatment and reticulation	0	0	60
Mangaweka	Treatment and reticulation	0	0	19
Water District	Treatment and reticulation	5,442	4,463	110
Huntermville urban	Treatment and reticulation	50	26	10
Ratana	Treatment and reticulation	0	0	4
Erewhon	Treatment and reticulation	120	246	16
Huntermville rural	Treatment and reticulation	20	46	26
Omatane	Treatment and reticulation	6	6	0
<b>Total renewals</b>		<b>5,638</b>	<b>4,787</b>	<b>1,535</b>
<b>CAPITAL</b>	<b>(to improve level of service)</b>			
Marton	Reticulation upgrade	0	0	76
	Treatment upgrade	0	0	9
Taihape	Reticulation upgrade	0	0	2
	Treatment upgrade	0	0	0
Bulls	Backflow protection	0	0	0
	Reticulation upgrade	0	0	1
Huntermville rural	Reticulation	0	0	17
Mangaweka	Backflow protection	0	0	
	Reticulation upgrade	0	0	0
Water District	Treatment upgrade	132	1,278	160
Huntermville urban	Backflow protection, pressure flow control	908	411	154
Ratana	Treatment upgrade	0	0	26
Ratana	Reticulation upgrade	0	0	60
<b>Total capital</b>		<b>1,040</b>	<b>1,689</b>	<b>505</b>
<b>Borrowing</b>				
For the year ended 30 June 2020				
	Balance of borrowing at start of year	18,515	0	15,128
	Funds borrowed during the year	0	0	1,089
	Funds repaid during the year	0	0	0
	Balance of borrowing at end of year	18,515	0	16,217
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	-	-	-

## Sewerage and the Treatment and Disposal of Sewage

This activity provides a reticulated wastewater disposal service for the towns of Taihape, Mangaweka, Hunterville, Marton Bulls, Ratana and Koitiata. It includes the reticulation, treatment and disposal of wastewater.

### Highlights for 2019/20:

- **Ratana Wastewater Treatment Plant** - Funding has been secured through the Freshwater Improvement Fund to enable the disposal of treated wastewater to go to land. However, this is dependent on suitable land being identified. Negotiations for this continue.
- **Bulls and Marton Wastewater Treatment Plants** - The current consent application for the Bulls Wastewater Treatment Plant lodged with Horizons Regional Council in 2015 was put on hold pending the outcome of a business case process for a combined wastewater discharge for Marton and Bulls. Council agreed to this recommendation in August 2018. Work is proceeding on the pipeline (initially from Marton to Bulls); discussions to secure the necessary land for effluent disposal have progressed – a Heads of Agreement has been signed with Ngā Wairiki Ngāti Apa regarding access to suitable land south of Bulls for the disposal of wastewater, although a specific site has yet to be identified.

New Zealand Defence Force has decided that Ohakea's wastewater will not be included in the Bulls-Martons scheme.

Level of Service		
Provide a reliable reticulated disposal system that does not cause harm or create pollution within existing urban areas.		
Measure	Target for 2019/20	Actual July 2019 – June 2020
<p><i>*Discharge compliance</i></p> <p>Compliance with the Council's resource consents for discharge from its sewerage system measured by the number of</p> <p>(a) abatement notices</p> <p>(b) infringement notices</p> <p>(c) enforcement orders, and</p> <p>(d) convictions</p> <p>received by the Council in relation to those resource consents</p>	<p>No abatement or infringement notices, no enforcement orders and no convictions.</p> <p><i>In 2018/19, no infringement or abatement notices were received. No enforcement orders and no convictions were received.</i></p>	<p><b>Not achieved</b></p> <p>Horizons Regional Council made a successful prosecution for wastewater discharge into the Hautapu River, Taihape. A fine of \$60,000 was imposed.</p> <p>Council has programmed the upgrade of the Taihape Pump Station infrastructure in the 2020/21 financial year, which will provide a higher level of service and significantly reduce any environmental risk. The work will be done in conjunction with an upgrade of the Wastewater Treatment Plant for Taihape.</p> <p>No other abatement or infringement notices, no enforcement orders and no convictions were received during the year.</p>

<p>Routine compliance monitoring of discharge consents</p>	<p>6 out of 7 systems comply</p> <p><i>In 2018/19 only 2/7 plants complied.</i></p>	<p><b>Not achieved</b></p> <p>3 plants complied – Marton, Ratana and Koitiata.</p> <p>The excessive volume of the discharge, from the Taihape and Hunterville plants is typically caused by stormwater infiltration during heavy rainfall which reduces its environmental impact. Ongoing consultation with Horizons continues to occur.</p> <p>Bulls was non-compliant with the discharge limit on 26 days. Mangaweka was slightly over the discharge limit on four days.</p> <p>Horizons has yet to undertake and report its annual assessments.</p>
<p><i>*System and adequacy</i> The number of dry weather sewerage overflows from the Council's sewerage system, expressed per 1000 sewerage connections to that sewerage system.</p> <p>There were 4,408 sewerage connections as at 30 June 2020.</p>	<p>Not more than one per 1,000 connections.</p> <p>Fewer overflows than 0.4/100</p> <p><i>2018/19 results: 1.49/1000</i></p>	<p><b>Achieved</b></p> <p>There was one dry weather overflows in the twelve months ending 30 June 2020.</p> <p>0.21/1000</p>

Level of Service		
Be responsive to reported faults and complaints.		
Measure	Target for 2019/20	Actual July 2019 – June 2020
<p><i>*Fault response time</i> Where the Council attends to sewerage overflows resulting from a blockage or other fault in the Council's sewerage system, the following <i>median times</i> are measured</p> <p>(a) attendance time: from the time that the Council receives notification to the</p>	<p>Improved timeliness compared with the previous year.</p> <p><i>2018/19 results</i> (a) 37 minutes (b) 6 hours 54 minutes</p> <p>Specified standard: Attendance: (a) 0.5 hour urgent (b) 24 hours non-urgent Resolution: (a) 24 hours urgent</p>	<p><b>Achieved</b></p> <p>(a) 23 minutes (b) 3 hours 30 minutes</p>

<p>time that service personnel reach the site, and</p> <p>(b) resolution time: from the time that the Council receives notification to the time that service personnel confirm resolution of the fault of interruption</p>	<p>(b) 96 hours non-urgent</p> <p><i>Urgent callouts are where sewage is evident</i> Note: this mandatory measure does not distinguish between urgent and non-urgent callouts.</p>	
<p><i>*Customer satisfaction</i></p> <p>The total number of complaints received by the Council about any of the following:</p> <p>(a) sewage odour (b) sewerage system faults (c) sewerage system blockages, and (d) the Council's response to issues with its sewerage systems<sup>16</sup></p> <p>Expressed per 1,000 connections to the Council's sewerage system.</p> <p>There are 4,408 sewerage connections as at 30 June 2020</p>	<p>Fewer requests (per 1000 connections) than previous year or no more than 5 requests per 1000 connections.</p> <p><i>2018/19 results: 5.73/1000</i></p>	<p><b>Achieved</b></p> <p>3.36/1000</p> <p>There were 16 complaints</p> <p>The details are:</p> <p>(a) 0.21/1000 (b) 0.21/1000 (c) 2.52/1000 (d) 0.42/1000</p>

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

The successful prosecution by Horizons Regional Council for wastewater discharge into the Hautapu River, Taihape has meant that an upgrade of the Taihape Pump Station infrastructure has been programmed for 2020/21.

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

Progress with the major wastewater upgrades for Ratana, Bulls and Marton has been delayed, primarily because of the longer than anticipated negotiations to secure suitable areas for disposal to land. \$3.2 million has been carried forward into 2020/21: this includes Hautapu wastewater renewal.

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

There is no significant variation.

<sup>16</sup> These are matters relating to the Council's wastewater systems recorded in the request for service system *other than* in (a), (b) or (c) such as complaints about wastewater overflows.





## Funding Impact Statement For the Year Ended 30 June 2020

### Sewerage and Treatment and Disposal of Sewerage

	2019 Long- term plan (\$000)	2019 Long- term plan (\$000)	2020 Actual (\$000)
<b>Sources of operating funding</b>			
General rates, uniform annual general charge, rates penalties	0	0	0
Targeted rates	2,240	2,589	2,672
Subsidies and grants for operating purposes	0	0	0
Fees and charges	200	205	104
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	0	0	0
<b>Total operating funding ( A )</b>	<b>2,440</b>	<b>2,798</b>	<b>2,776</b>
<b>Applications of operating funding</b>			
Payment to staff and suppliers	1,121	1,150	863
Finance costs	237	555	138
Internal charges and overheads applied	365	372	390
Other operating funding applications	0	0	0
<b>Total applications of operating funding ( B )</b>	<b>1,723</b>	<b>2,077</b>	<b>1,391</b>
<b>Surplus (deficit) of operating funding ( A - B )</b>	<b>717</b>	<b>717</b>	<b>1,385</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	6,733	2,287	247
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
<b>Total sources of capital funding ( C )</b>	<b>6,733</b>	<b>2,287</b>	<b>247</b>
<b>Application of capital funding</b>			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	50	0	549
- to replace existing assets	7,400	3,005	244
Increase (decrease) in reserves	0	0	839
Increase (decrease) in investments	0	0	0
<b>Total applications of capital funding ( D )</b>	<b>7,450</b>	<b>3,005</b>	<b>1,632</b>
<b>Surplus (deficit) of capital funding ( C - D )</b>	<b>- 717</b>	<b>-718</b>	<b>-1,385</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>0</b>	<b>-1</b>	<b>0</b>
Note: Depreciation expense not included above	717	718	1,029

### Funding Impact Statement For the Year Ended 30 June 2020

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

Category	Designated projects for 2019/20	2019 Long- term plan (\$000)	2020 Annual Plan (\$000)	2020 Actual (\$000)
<b>RENEWALS</b>	<b>(to replace existing assets)</b>			
Marton	Treatment and reticulation	0	0	77
Taihape	Treatment and reticulation	0	0	29
Bulls	Treatment and reticulation	0	0	27
Mangaweka	Treatment and reticulation	0	0	0
Huntermville	Treatment and reticulation	0	0	9
Ratana	Treatment and reticulation	0	0	0
Koitiata	Treatment and reticulation	0	0	0
Sewerage District	Treatment and reticulation	7,400	3,396	102
<b>Total renewals</b>		<b>7,400</b>	<b>7,450</b>	<b>244</b>
<b>CAPITAL</b>	<b>(to improve level of service)</b>			
Marton	Treatment plant upgrade	0	0	63
Taihape	Treatment plant upgrade	0	0	12
Bulls	Treatment plant upgrade	0	0	0
Huntermville	Treatment plant upgrade	0	0	0
Ratana	Treatment plant upgrade	50	0	0
Koitiata	Treatment plant upgrade	0	0	0
Sewerage District	Treatment plant upgrade	0	513	474
<b>Total capital</b>		<b>50</b>	<b>513</b>	<b>549</b>
<b>Borrowing</b>				
For the year ended 30 June 2020				
	Balance of borrowing at start of year	0	0	3,696
	Funds borrowed during the year	0	0	247
	Funds repaid during the year	0	0	0
	<b>Balance of borrowing at end of year</b>	<b>0</b>	<b>0</b>	<b>3,943</b>
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

## Stormwater Drainage

This activity provides for the disposal of storm water in Taihape, Mangaweka, Hunterville, Marton, Bulls, and Ratana.

### Highlights for 2019/20:

- **Stormwater reticulation renewals and improvements** – scheduled works.
- **Scotts Ferry** – clarification of work needed to address an ongoing issue. Included in 2020/21 budget.
- **Wellington Road, Marton** – works delayed by COVID-19, included in 2020/21 budget.

Level of Service		
Provide a reliable collection and disposal system to each property during normal rainfall		
Measure	Target for 2019/20	Actual July 2019 – June 2020
<p><i>*System adequacy</i></p> <p>(a) The number of flooding events<sup>17</sup> that occurred in the District</p> <p>(b) For each flooding event, the number of habitable floors affected (expressed per 1,000 properties connected to the Council's stormwater system)</p> <p>There are 4,220 properties in the District that pay the stormwater rate.</p>	<p>Fewer requests (per 1000 properties) than previous year.</p> <p><i>2018/19 results: No flooding events</i></p>	<p><b>Achieved</b></p> <p>No reports of any flooding affecting properties.</p>
<p><i>*Discharge compliance</i></p> <p>Compliance with the Council's resource consents for discharge from its stormwater system measured by the number of</p> <p>(a) abatement notices</p> <p>(b) infringement notices</p> <p>(c) enforcement orders, and</p> <p>(d) convictions</p>	<p>Not yet applicable.</p> <p><i>Council currently has no resource consents for stormwater.</i></p>	<p><b>Not applicable</b></p> <p>The Council has not been required to have resource consents for any of its stormwater discharges.</p>

<sup>17</sup> The rules for the mandatory measures define a 'flooding event' as an overflow from a territorial authority's stormwater system that enters a habitable floor

received by the Council in relation to those resource consents		
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Level of Service		
Be responsive to reported faults and complaints		
Measure	Target for 2019/20	Actual July 2019 – June 2020
<p><i>*Response time</i> The median response time to attend a flooding event, measured from the time that the Council receives notification to the time that service personnel reach the site.</p>	<p>Timeliness noting the severity of the incident(s)</p> <p><i>2018/19 results: there were no flooding events that met the conditions of this measure</i></p>	<p><b>Achieved</b></p> <p>There were no flooding events for the 12 month period.</p>
<p><i>*Customer satisfaction</i> The number of complaints received by the Council about the performance of its stormwater system, expressed per 1,000 properties connected to the Council's stormwater system. <b>4,122 connections</b></p>	<p>Fewer requests (per 1000 connections) than previous year or no more than in 2016/17. The 2016/17 results were 4.12/1000.</p> <p><i>2018/19 results: 3.6/1000</i></p>	<p><b>Achieved</b></p> <p>There was one call-out during this period, which was resolved in time. 0.24/1000</p>

### 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 Long Term Plan

Most projects were delayed (because contractors were not available and the disruptions from COVID-19 alert responses) and \$550,000 has been carried forward to 2020/21: this includes Wellington Road (Marton) and Scotts Ferry.

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

The slower pace with projects reduced operating costs and increased the operating surplus.

## Funding Impact Statement For the Year Ended 30 June 2020

### Stormwater Drainage

	2019 Long- term plan (\$000)	2020 Long- term plan (\$000)	2020 Actual (\$000)
<b>Sources of operating funding</b>			
General rates, uniform annual general charge, rates penalties	0	0	0
Targeted rates	634	694	672
Subsidies and grants for operating purposes	0	0	0
Fees and charges	2	2	20
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	0	6	35
<b>Total operating funding ( A )</b>	<b>636</b>	<b>696</b>	<b>727</b>
<b>Applications of operating funding</b>			
Payment to staff and suppliers	205	211	122
Finance costs	25	71	23
Internal charges and overheads applied	113	135	122
Other operating funding applications	0	0	0
<b>Total applications of operating funding ( B )</b>	<b>343</b>	<b>397</b>	<b>267</b>
<b>Surplus (deficit) of operating funding ( A - B )</b>	<b>293</b>	<b>299</b>	<b>460</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	965	928	100
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
<b>Total sources of capital funding ( C )</b>	<b>965</b>	<b>928</b>	<b>100</b>
<b>Application of capital funding</b>			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	750	769	150
- to replace existing assets	508	460	166
Increase (decrease) in reserves	0	0	243
Increase (decrease) in investments	0	0	0
<b>Total applications of capital funding ( D )</b>	<b>1,258</b>	<b>1,229</b>	<b>559</b>
<b>Surplus (deficit) of capital funding ( C - D )</b>	<b>-293</b>	<b>-301</b>	<b>-459</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>0</b>	<b>-2</b>	<b>0</b>
Note: Depreciation expense not included above	293	300	332

## Funding Impact Statement For the Year Ended 30 June 2020

### Stormwater Drainage – Capital Works

Category	Designated projects for 2019/20	2019 Long-term plan (\$000)	2020 Annual Plan (\$000)	2020 Actual (\$000)
<b>RENEWALS</b>	<b>(to replace existing assets)</b>			
Marton	Reticulation	0	0	46
Taihape	Reticulation	0	0	1
Rural	Reticulation	0	0	
Bulls	Reticulation	0	0	1
Mangaweka	Reticulation	0	0	0
Huntermville	Reticulation	0	0	1
Ratana	Reticulation	0	0	0
District	Reticulation	508	668	117
<b>Total renewals</b>		<b>508</b>	<b>668</b>	<b>166</b>
<b>CAPITAL</b>	<b>(to improve level of service)</b>			
Marton	Culverts, drains and inlet protection	0	0	2
Taihape	Culverts, drains and inlet protection	0	0	0
Rural	Culverts, drains and inlet protection	0	0	0
Bulls	Culverts, drains and inlet protection	0	0	0
Mangaweka	Culverts, drains and inlet protection	0	0	0
Huntermville	Culverts, drains and inlet protection	0	0	0
Ratana	Culverts, drains and inlet protection	0	0	0
District	Culverts, drains and inlet protection	750	410	148
<b>Total capital</b>		<b>750</b>	<b>410</b>	<b>150</b>
<b>Borrowing</b>				
For the year ended 30 June 2020				
	Balance of borrowing at start of year	0	0	610
	Funds borrowed during the year	0	0	100
	Funds repaid during the year	0	0	0
	<b>Balance of borrowing at end of year</b>	<b>0</b>	<b>0</b>	<b>710</b>
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 and Leisure Assets

This activity includes Council's community assets – halls, community buildings, public toilets, swimming pools, property, parks and reserves, libraries, cemeteries and community housing. This group of activities provides opportunities for recreational, leisure and cultural pursuits and for social participation and interaction within the Rangitikei District.

### Highlights for 2019/20:

- **Te Matapihi: Bulls Community Centre** – Construction commenced in January 2019 but completion was delayed, primarily due to the COVID-19 alert responses at levels 4 and 3 which prevented site works. A cultural design for the interior and exterior of the building was produced by artist Len Hetet, in partnership with Iwi. The building had its formal opening on 25 September (at which the Minister of Local Government attended and spoke) and provided library and visitor information services from 28 September. Tenders for the town square and extended carpark (to allow for buses) have yet to be approved.
- **Community-led Projects** – There have been a range of on-going projects occurring throughout the District which have been led by the local community including, planting, playgrounds, halls and other initiatives.
- **Taihape Memorial Park Facilities**– A site for the new facility building has been finalised and plans prepared for a single-storey facility, following engagement with Park users and a decision not to proceed in a joint arrangement with Clubs Taihape. Council is currently considering the feasibility of upgrading the ground floor of the historic Grandstand as well its strengthening.
- **Tutaenui Reservoir: Marton B and C Dams** – Work is ongoing at the Dams with the management plan being implemented, weed control being undertaken across the site and number of planting has been completed. The formal opening to the public occurred on 10 October 2020.
- **Libraries** - During COVID-19 Level 3, a stock take and weeding of material was undertaken at all three libraries, with the older stock being sold and the rest rotated
- **Public toilets** – New toilets have been installed at Centennial Park, Marton, and (on a 24/7 basis) at Follett Street, Marton.
- **Marton Memorial Hall upgrade** – Council's application to the Provincial Growth Fund was successful. On 9 October 2020, the Minister of Regional Development announced 97 grants to town halls and war memorials halls, including \$500,000 for renovation works at the Marton Memorial Hall including the removal of asbestos, creating an additional emergency exit, electrical and heating works, installing a fire alarm, painting and enabling the ablution blocks to be wheel chair accessible.

Level of Service		
Provide a fit for purpose range of community and leisure assets		
Measure	Target for 2019/20	Actual July 2019 – June 2020
Progressive improvement based on the Annual Resident Survey. <sup>18</sup>	<ul style="list-style-type: none"> <li>(a) Libraries - more than 10% of the sample believes that Council's service is 'better than last year'.</li> <li>(b) Public swimming pools – a greater proportion (than the benchmark) or more than 10% of the sample believe that Council's service is getting better.</li> <li>(c) Sports fields and parks - a greater proportion (than the benchmark) or more than 10% of the sample believe that Council's service is getting better.</li> <li>(d) Public toilets - a greater proportion (than the benchmark) or more than 10% of the sample believe that Council's service is getting better.</li> <li>(e) Community buildings - a greater proportion (than the benchmark) or more than 10% of the sample believe that Council's service is getting better.</li> <li>(f) Camping grounds - a greater proportion (than the benchmark) or more than 10% of the sample believe that Council's service is getting better.</li> </ul>	<p><b>Partly achieved</b></p> <ul style="list-style-type: none"> <li>(a) Libraries 15% better than last year (35.68% in 2018/19)</li> <li>(b) Pools 17% Pools better than last year (31% in 2018/19)</li> <li>(c) Sports fields and parks 5% better than last year (19.05% in 2018/19)</li> <li>(d) Public toilets 19% better than last year (9.4% in 2018/19)</li> <li>(e) Community buildings 4% better than last year (18.87% in 2018/19)</li> <li>(f) Campgrounds 2% better than last year (7.3% in 2018/19)</li> </ul> <p>All activities within this group show improvement compared with last year. Noteworthy is the continuing high performance of libraries and pools and also the assessment of public toilets, which will be attributable to a higher standard of work encouraged by the team supervisor.</p>

Level of Service		
Compliance with relevant standards		
Measure	Target for 2019/20	Actual July 2019 – June 2020
Swim Centres All swimming pools have PoolSafe accreditation	Benchmark maintained. <i>All swim centres to have Poolsafe accreditation.</i>	<b>Achieved</b> Formal notification of PoolSafe Accreditation was received on 6 March 2020.

<sup>18</sup> It is intended to take the sample from the electoral roll for residents. During the previous three years the sample was taken from Council's ratepayer database.



Community housing Council records compliance with the 29 criteria in the rental warrant of fitness programme	Maintaining or improving compliance. <i>Compliance – 95%</i>	<b>Partly achieved</b> 62 of the 72 units achieved 95% or more compliance. A further eight units achieved 94% (not achieving 95% due to low scoring in the 'General' condition. These flats were all at Cuba Street, Marton). The remaining two units scored 81% and 89% primarily due to tenants not using ventilation, causing surface mould.
Occupancy of community housing	95%-100% occupant of whom 70% are superannuitants. <i>30 June 2019, occupancy was 97% (two units being refurbished) of whom 74% were superannuitants</i>	<b>Achieved</b> 97.2% occupancy of which 75% were superannuitants
Toilet buildings are well designed, safe and visible – Compliance with SNZ4241:1999 and CPTED <sup>19</sup> (safer design guidelines) for new or refurbished toilets	Meeting the benchmark. <i>Compliance is 95% or greater</i>	<b>In progress</b> Code Compliance Certificates achieved for all new toilet buildings (accessible standards). All locations comply with the CPTED focus areas – physical security, surveillance, movement control, management and maintenance, and defensible space Provision for accessible car parking in Mangaweka is still being addressed by roading team.
Levels of service for parks throughout the District consistent with the New Zealand Recreation Association Parks Categories and Levels of Service guideline	Increased % compliance with Levels of Service Guideline for all parks with previous year.	<b>In progress</b> Checklists and inspection sheets developed and in use.

Level of service		
Secure high use of staffed facilities		
Measure	Target for 2019/20	Actual July 2019 – June 2020
Number of users of libraries and nature of use	An increase in use compared with the benchmark  <i>In 2018/19: Bulls: 13,406 (1 day unrecorded) Marton: 45,665 (17 days unrecorded) Taihape: 35,622 (61 days unrecorded)</i>	<b>Achieved</b>  Bulls: 12,458 (84 days unrecorded) Marton: 35,398 (36 days unrecorded) Taihape: 35,680 (54 days unrecorded)  Note: The libraries were closed for six weeks due to COVID-19 but use outside that period increased.

<sup>19</sup> Crime prevention through environmental design

Number of users of pools	<p>An increase in use compared with the previous year:</p> <p><i>2018/19 season totals</i></p> <p><i>    Marton       21,749</i></p> <p><i>    Taihape      10,403</i></p>	<p><b><i>Achieved (pro rata)</i></b></p> <p>Marton:   19,997 (pro rata 21,856)</p> <p>Taihape:   9,649 (pro rata 10,656)</p> <p>Note: Swim Centres closed 33 days early due to COVID-19: this is the reason for the reduced attendance.</p>
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### **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 Long Term Plan**

The delay in letting the contract for the new Bulls Community Centre, and interruptions to site works from the COVID-19 response alerts, meant its completion did not occur until September 2020. This facility represents an increased level of service. The major anticipated project to replace assets was the replacement of the roof of the Taihape Pool, postponed as not being necessary at this time.

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

Operating revenue is greater than forecast because of an increase in Rental Revenue from Investment Property, due to full tenancy over the course of the year.

## Funding Impact Statement For the Year Ended 30 June 2020

### Community and Leisure Assets

	2019 Long- term plan (\$000)	2020 Long- term plan (\$000)	2020 Actual (\$000)
<b>Sources of operating funding</b>			
General rates, uniform annual general charge, rates penalties	3,933	4,151	4,176
Targeted rates	0	0	0
Subsidies and grants for operating purposes	191	195	913
Fees and charges	489	498	764
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	0	0	148
<b>Total operating funding ( A )</b>	<b>4,613</b>	<b>4,844</b>	<b>6,001</b>
<b>Applications of operating funding</b>			
Payment to staff and suppliers	2,186	2,232	2,107
Finance costs	59	153	101
Internal charges and overheads applied	1,620	1,648	1,915
Other operating funding applications	0	0	0
<b>Total applications of operating funding ( B )</b>	<b>3,865</b>	<b>4,033</b>	<b>4,123</b>
<b>Surplus (deficit) of operating funding ( A - B )</b>	<b>748</b>	<b>811</b>	<b>1,878</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	1,298	1,323	35
Development and financial contributions	0	0	0
Increase (decrease) in debt	1,947	995	4,094
Gross proceeds from sale of assets	532	532	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
<b>Total sources of capital funding ( C )</b>	<b>3,777</b>	<b>2,850</b>	<b>4,129</b>
<b>Application of capital funding</b>			
Capital expenditure			
- to meet additional demand	3,184	2,948	0
- to improve the level of service	240	102	4,343
- to replace existing assets	1,102	439	233
Increase (decrease) in reserves	48	286	1,431
Increase (decrease) in investments	-50	-102	0
<b>Total applications of capital funding ( D )</b>	<b>4,524</b>	<b>3,663</b>	<b>6,007</b>
<b>Surplus (deficit) of capital funding ( C - D )</b>	<b>-747</b>	<b>-813</b>	<b>-1,878</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>1</b>	<b>-2</b>	<b>0</b>
Note: Depreciation expense not included above	1,090	1,149	1,653

## Funding Impact Statement For the Year Ended 30 June 2020

### Community and Leisure Assets – Capital Works

Category	Designated projects for 2019/20	2019 Long- term plan (\$000)	2020 Annual Plan (\$000)	2020 Actual (\$000)
<b>RENEWALS</b>	<b>(to replace existing assets)</b>			
Swimming pools	Building and plant	100	634	35
Libraries	Furniture, books and computers	115	117	69
Community housing	Flat refurbishment	140	102	28
Cemeteries	Paving and fences	0	0	8
Parks and reserves	Landscaping and playgrounds	805	141	76
	Bulls courthouse refurbishment	0	0	0
Toilets	Building refurbishment	12	28	329
Halls	Refurbishment	30	168	50
Real Estate	Land Purchases/Sales			-362
<b>Total renewals</b>		<b>1,202</b>	<b>1,190</b>	<b>233</b>
<b>CAPITAL</b>	<b>(to improve level of service)</b>			
Swimming pools	Capital improvements to plant	0	0	0
Libraries		100	255	0
Community housing		10	0	0
Cemeteries	Berms	77	187	0
	Land purchase Ratana	0	36	0
Parks and reserves	Mangaweka campground wastewater	204	122	0
	Parks upgrades	88	1337	0
Property		0	0	0
Toilets		150	463	0
Halls	Taihape Town Hall	100	102	6
Halls	Bulls Community Centre	2595	3,629	4,107
Halls	Bulls Community House	0	0	0
Halls	Marton Heritage Precinct	0	0	230
<b>Total capital</b>		<b>3,324</b>	<b>6,131</b>	<b>4,343</b>
<b>Borrowing</b>				
For the year ended 30 June 2020				
	Balance of borrowing at start of year	0	0	1,285
	Funds borrowed during the year	0	0	1,422
	Funds repaid during the year	0	0	0
	Balance of borrowing at end of year	0	0	2,707
	Proportion of internal borrowing to all borrowing at 30 June	0%	0%	0%
	Portion of finance costs attributable to internal borrowing	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. 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 repaid is an amount of \$16,020 repaid to that organisation.

## 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.

### Highlights for 2019/20:

- **Waste Transfer Stations** - Council continued to operate its waste transfer stations in Ratana, Bulls, Marton, Hunterville, Mangaweka, and Taihape.
- **Historic landfills** – Council has continued to explore (in conjunction with Horizons Regional Council and relevant Iwi) options to address the closed landfill exposed in August 2018 by a substantial change of course by the Rangitikei River. There has been a review of Council files (including those in Archives Central) to identify other site which were operated by Council (or its predecessors).

Level of Service		
Make recycling facilities available at waste transfer stations for glass, paper, metal, plastics, textiles and greenwaste. Special occasions for electronics (e-waste). Council intends to continue the operation (under contract) of existing urban waste transfer stations – Ratana, Bulls, Marton, Hunterville, Mangaweka and Taihape.		
Measure	Target for 2019/20	Actual July 2019 – June 2020
Waste to landfill (tonnage) <sup>20</sup>	Less tonnage to landfill than previous year  <i>In 2018/19, 4,720 tonnes went to the landfill.</i>	<b>Partly achieved</b>  4,878 tonnes went to the landfill  Waste collection contractors were able to access the waste transfer stations during the Covid-19 lockdown period, but public access was not permitted (other than bag drop outside) including access to the recycling area. This meant some recycling ended up going to landfill.
Waste diverted from landfill (tonnage and (percentage of total waste) <sup>21</sup>	Percentage of waste diverted from landfill 22%.  <i>In 2018/19, a total of 1,419.5 tonnes (or 23.1%) of waste was diverted.</i>	<b>Achieved (pro rata)</b>  1,289.8 tonnes of waste diverted i.e. 20.8% diversion  Greenwaste..... 530.9 tonnes Glass..... 361.8 tonnes Metals ..... 201.6 tonnes Paper ..... 138.0 tonnes Plastics ..... 49.0 tonnes Tyres..... 0 tonnes

<sup>20</sup> Calibrated records maintained at Bonny Glen landfill.

<sup>21</sup> Records maintained at waste transfer stations

		<p>e-waste .....3.8 tonnes                      Haz waste .....4.7 tonnes</p> <p>As noted in the commentary on landfill tonnage, waste transfer stations did not accept recycling during the COVID-19 lockdown period. While messaging from the Government urged stockpiling recycling until the lockdown ended, this was not feasible for many residents.</p>
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**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 Long Term Plan**

The Long Term Plan forecast that a Council-managed kerbside recycling service would begin during 2019/20 and thus made a provision for the purchase of bins in 2019/20. However, this purchase did not take place. Council made a decision to postpone implantation of such a service because of the uncertainty around the market for recycled products. This will be further considered in the 2021-31 Long Term Plan.

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

There is no significant variation between forecast and actual operating surplus. The Long Term Plan showed an increased in forecast rates to \$1.538 million and payment to staff and suppliers of \$1.909 million to reflect the anticipated provision by Council of kerbside rubbish and recycling services, which has yet to occur.



New Bulls Community Centre - Te Matapihi

## Funding Impact Statement For the Year Ended 30 June 2020

### Rubbish and Recycling

	2019 Long- term plan (\$000)	2020 Long- term plan (\$000)	2020 Actual (\$000)
<b>Sources of operating funding</b>			
General rates, uniform annual general charge, rates penalties	131	133	137
Targeted rates	617	1,538	591
Subsidies and grants for operating purposes	0	0	0
Fees and charges	504	514	630
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	0	0	0
<b>Total operating funding ( A )</b>	<b>1,252</b>	<b>2,185</b>	<b>1,358</b>
<b>Applications of operating funding</b>			
Payment to staff and suppliers	1,093	1909	1,212
Finance costs	1	32	2
Internal charges and overheads applied	120	123	126
Other operating funding applications	0	0	0
<b>Total applications of operating funding ( B )</b>	<b>1,214</b>	<b>2,064</b>	<b>1,340</b>
<b>Surplus (deficit) of operating funding ( A - B )</b>	<b>38</b>	<b>121</b>	<b>18</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	654	-36	-3
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
<b>Total sources of capital funding ( C )</b>	<b>654</b>	<b>-36</b>	<b>-3</b>
<b>Application of capital funding</b>			
Capital expenditure			
- to meet additional demand	658	0	0
- to improve the level of service	0	0	0
- to replace existing assets	0	0	0
Increase (decrease) in reserves	35	87	15
Increase (decrease) in investments	0	0	0
<b>Total applications of capital funding ( D )</b>	<b>693</b>	<b>87</b>	<b>15</b>
<b>Surplus (deficit) of capital funding ( C - D )</b>	<b>-39</b>	<b>-123</b>	<b>-18</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-1</b>	<b>-2</b>	<b>0</b>
Note: Depreciation expense not included above	38	124	64

## Funding Impact Statement For the Year Ended 30 June 2020

### Rubbish and Recycling – Capital Works

Category	Designated projects for 2018/19	2019 Long- term plan (\$000)	2020 Annual Plan (\$000)	2020 Actual (\$000)
<b>RENEWALS</b>	<b>(to replace existing assets)</b>			
Public refuse collection	District litter bins	0	0	0
Waste transfer stations	Plant renewals	0	0	0
<b>Total renewals</b>		<b>0</b>	<b>0</b>	<b>0</b>
<b>CAPITAL</b>				
Waste transfer stations	Plant Upgrades	90	0	0
Refuse Collections	Kerbside Rubbish & recycling	568	0	
Landfill			500	
<b>Total capital</b>		<b>658</b>	<b>500</b>	<b>0</b>
<b>Borrowing</b>				
For the year ended 30 June 2020				
	Balance of borrowing at start of year	0	0	64
	Funds borrowed during the year	0	0	0
	Funds repaid during the year	0	0	-3
	<b>Balance of borrowing at end of year</b>	<b>0</b>	<b>0</b>	<b>61</b>
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



## 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.

During the year, there has been continued collaboration with neighbouring councils (both at a regional level and within a central New Zealand cluster associated with the Ministry of Business, Innovation and Employment<sup>22</sup>) over common approaches in managing Building Control Authority functions.

### Highlights for 2019/20:

- **Planning for electronic consenting** – A budget allocation for this has been made in 2020/21, as part of the implementation of the Information Services Strategic Plan.
- **District Plan Change** – The process for a Council initiated District Plan Change to rezone rural land south of Marton to industrial was interrupted in March by the COVID-19 response alerts. The hearing was conducted by an independent commissioner who issued his report in August 2020, approving the rezoning of 40 ha. One appeal has been made to the Environment Court, which has outlined the approach it will take.
- **Implementation of the Building (earthquake-prone buildings) Amendment Act**– Officers have continued issuing notices for potentially earthquake-prone buildings. So far 171 inspections have been carried out. (60 were assessed during 2019/20.) There are 36 to be done.
- **Animal Control** – Council continued to provide animal control services for both Rangitikei and Manawatū districts under a shared services arrangement.
- **Food Act** – Council has continued to use Whanganui District Council to provide the inspections and verifications required under this legislation.

Level of Service		
Provide a legally compliant service		
Measure	Target for 2019/20	Actual July 2019 – June 2020
Timeliness of processing building consents and resource consents	<p>At least 94% of the processing of documentation for each of Council's regulatory and enforcement services is completed within the prescribed times</p> <p>Building consents – 98%</p> <p>Recourse consents – 98%</p> <p><i>In 2018/19, 79% of building consents and 75% of resource consents were issued within the prescribed time</i></p> <p><i>There were 378 building consents and 63 resource consents.</i></p>	<p><b>Partly achieved</b></p> <p>85% of building consents and 71% of resource consents were issued within the prescribed times. Last year's results (respectively) were 79% and 75%.</p> <p>COVID-19 was a disrupter. No building consents were processed during the alert level 4 period, resulting in 43 consents waiting to be processed when the building team came back into the office at level 3. For resource consents, processing continued so long as all agency reports and information had been supplied and</p>

<sup>22</sup> This Ministry includes the former Department of Building and Housing.

		<p>received. Where this was not the case, the consent went on 'hold' for the reports to be provided: the working days continued to be counted.</p> <p>There have been 301 building consents and 89 resource consents (28 land use, 12 permitted boundary and 45 subdivisions). Last year there were 373 building consents and 63 resource consents.</p> <p>4 Certificate of Compliance processed 282 Code Compliance Certificates were issued, 96% on time.</p> <p>No abatement or infringement was issued, but there were 8 Notices to Fix.</p> <p>100 inspections of potentially earthquake-prone buildings were done.</p>
Possession of relevant authorisations from central government <sup>23</sup>	<p>Accreditation as a building consent authority maintained</p> <p>Functions of a registration authority and role of a recognised agency under the Food Act not subject to Ministerial Review.<sup>24</sup></p>	<p><b>Achieved</b></p> <p>Council's accreditation was confirmed for two years from February 2019.</p> <p>Functions undertaken by Whanganui District Council on behalf of Rangitikei District Council.</p>

### Level of Service

#### Provide regulatory compliance officers

Timeliness of response to requests for service for enforcement call-outs - animal control and environmental health	<p>Percentage timeliness of response – this will be the benchmark for subsequent years.</p> <p>Responded in time: 92%</p> <p>Completed in time: 83%</p> <p><i>In 2018/19, 89% were responded to in time and 80% were completed in time.</i></p> <p>For animal control, priority 1 (urgent) callouts (dog attack, threatening dog or stock on road) require response within 30 minutes and resolution within 24 hours. Priority 2 (i.e. non-urgent) callouts require response within 24 hours and resolution within 96 hours.</p> <p>For environmental health, there are varying times – for noise complaints, a response is required within one hour, for food issues, it is within 24 hours.</p>	<p><b>Achieved</b></p> <p>83.8% of callouts responded to in time; 74.4% were resolved in time.</p> <p>There are two activities which contribute to this measure. Animal control (which has exceeded both targets) is managed directly by Council; environmental health (primarily noise control) is contracted out. There is a lag in reporting times for the latter for weekend work, which is the major explanation for the different results.</p> <p>There were 357 urgent call-outs for animal control of which 344 were responded to in time (96.4%)</p> <p>There were 581 non-urgent call-outs for animal control of which 542 were responded to in time (93.2%)</p>
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<sup>23</sup> Excluding general authorisation through legislation where no further formal accreditation is specified

<sup>24</sup> Food Act 2014, s. 185. This added since the measure is an annual review of relevant documents.

		<p>There were 286 urgent call-outs for environmental health of which 140 were responded to in time (49.0%)</p> <p>There were 3 non-urgent call-outs for environmental health of which 3 were responded to in time (100%)</p> <p>Of the 938 callouts for animal control, 770 were resolved in time (82.0%)</p> <p>Of the 249 callouts for environmental health, 143 were resolved in time (49.5%)</p>
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### **Significant variations between the level of service achieved and the intended level of service**

The reduction in timeliness in processing building and resource consents is a reflection of the disruption caused by the COVID-19 alert responses.

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

There are no significant variations between acquisitions and replacement.

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

There is no significant variation between forecast and actual operating surplus.

## Funding Impact Statement For the Year Ended 30 June 2020

### Environmental and Regulatory Services

	2019 Long- term plan (\$000)	2020 Long- term plan (\$000)	2020 Actual (\$000)
<b>Sources of operating funding</b>			
General rates, uniform annual general charge, rates penalties	1,185	1,204	1,110
Targeted rates	0	0	0
Subsidies and grants for operating purposes	0	0	-3
Fees and charges	671	686	750
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	305	312	621
<b>Total operating funding ( A )</b>	<b>2,161</b>	<b>2,202</b>	<b>2,478</b>
<b>Applications of operating funding</b>			
Payment to staff and suppliers	405	416	456
Finance costs	0	0	0
Internal charges and overheads applied	1,755	1,786	1,969
Other operating funding applications	0	0	0
<b>Total applications of operating funding ( B )</b>	<b>2,161</b>	<b>2,202</b>	<b>2,425</b>
Surplus (deficit) of operating funding (A - B)	0	0	53
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
<b>Total sources of capital funding ( C )</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Application of capital funding</b>			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	0	0	0
- to replace existing assets	0	0	0
Increase (decrease) in reserves	0	0	53
Increase (decrease) in investments	0	0	0
<b>Total applications of capital funding ( D )</b>	<b>0</b>	<b>0</b>	<b>53</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>0</b>	<b>0</b>	<b>-53</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>0</b>	<b>0</b>	<b>0</b>
Note: Depreciation expense not included above	0	0	0

## Community Well-being

This activity includes a range of programmes which contribute to community well-being – economic development, district promotion, information centres, community partnerships, and emergency management.

### Highlights for 2019/20:

- **Pandemic response** – Council developed a pandemic response plan and established an Internal Pandemic Management Group which functioned as an Emergency Operations Centre during the level 4 and 3 alert phases. There was a debrief once the country moved to level 1.
- **Marton Rail Hub** – Council’s application to the Provincial Growth Fund has been successful: in August, the Minister of Infrastructure announced that the facility, to be built at the key freight hub of Marton, will receive \$9.1 million from the \$3 billion set aside in the Government’s COVID-19 Response and Recovery Fund. Council estimates that this build, which will include a debarker facility, will create up to 83 jobs. When up and running it will enable more efficient log transportation in the lower North Island, as well as creating 22 fulltime jobs.
- **Community Organisations** - Council has continued to work with the four local organisations with whom it has established Memorandum of Understanding which sets out the partnering arrangements.
- **Youth Development** – The Youth Council has continued to function, although proceedings were interrupted by the COVID-19 alert responses. Youth Awards were successfully conducted, with generous sponsorship from local businesses. Officers have continued with the ongoing facilitation of the youth zones in Taihape and Marton.
- **Mahi Tahi** – In May 2020 Rangitikei District Council was successful in securing funding for the Mayor’s Task Force for Jobs (MTJF) Community Recovery Pilot supported by the Ministry of Social Development (MSD). Funding of \$100,000 was given to assist with the employment of 30 people into Small and Medium Enterprises (SME’s) either casual, part-time or full-time by 30 June 2020. The target group for this programme are New Zealanders displaced from their employment due to COVID-19, with a focus on youth not in education, employment, or training (NEETS). This pilot was successful and further funding was approved for 2020/21.
- **Town Signage** – Further work has been undertaken to finalise new signage with icons to reflect towns’ identity throughout the District.
- **www.rangitikei.com** – Council has continued to manage www.rangitikei.com; it now has a closer alignment in design with the Council site.
- **Economic development** – As part of adding detail to the Council’s strategic vision an outline economic development strategy was developed and there has been discussion with regional partners on the approach to be taken to assist with post-COVID recovery.
- **Emergency management** - A contract remains in place with Horizons Regional Council to deliver Council’s emergency management function.

#### Level of Service

Provide opportunities to be actively involved in partnerships that provide community and ratepayer wins

Measure	Target for 2019/20	Actual July 2019 – June 2020
<p>Partners' view of how useful Council's initiatives and support has been (annual survey)<sup>25</sup></p> <p>The focus for the survey is those community groups within the District with whom the Council has worked. So, this excludes shared services or other contractual arrangements with other councils. It also excludes direct collaboration with central government agencies although, where these are also involved with community organisations and groups within the Rangitikei, they are invited to participate in the annual survey.</p>	<p>A greater proportion (than in the benchmark) or more than 10% of the sample believes that Council's service is getting better.</p> <p>Increased % satisfaction compared with previous year.</p> <p><i>In 2018/19, 40% thought Council's service is getting better, 60% thought it about the same, no one thought it was worse or did not know how to rate this.</i></p>	<p><b>Not commenced</b></p> <p>A survey was not undertaken this year because it would have been influenced by the COVID-19 alert settings and Council's provision of information and liaison about that. Last year's survey targeted only those organisations with which Council had regular interaction.</p>

Level of Service		
Identify and promote opportunities for economic growth in the District		
Measure	Target for 2019/20	Actual July 2019 – June 2020
Rangitikei Districts GDP growth compared to the average of similar district economies. (Ruapehu, Tararua, Manawatū and Otorohanga)	<p>Greater than 1% against last financial year compared to the mean of similar district economies.</p> <p><i>2018/19 results: 1.145% growth for similar districts vs 1.6% in Rangitikei</i></p> <p><i>2019/2020 Results: 2.55% growth for similar districts vs 3.3% in Rangitikei</i></p>	<p><b>Achieved</b></p> <p>The 'similar district' mean growth was 2.55%, GDP growth in Rangitikei was 3.3%</p> <p>Nationally, there was 1.7% growth in GDP</p>
Rangitikei District's earnings data growth compared to the average of similar districts (Ruapehu, Tararua, Manawatū and Otorohanga)	<p>Greater than or equal to 1% range from the last financial year compared to the mean of similar district economies.</p> <p><i>2016/17 results: Rangitikei - 3.38% vs mean of 4.02% for similar districts</i></p> <p><i>2018/2019 results Rangitikei - 4.7% vs mean of 3.75% for similar districts</i></p>	<p><b>Achieved</b></p> <p>Rangitikei's earnings data growth was 4.7% compared with the 3.75% mean for similar districts.</p>
The number of visits and unique visits to rangitikei.com	<p>An increase in the number of visits and unique visits to rangitikei.com compared to the benchmark.</p> <p><i>Benchmark 2016/17 results:</i></p> <ul style="list-style-type: none"> <li>• Visits to Rangitikei.com - 83,831</li> <li>• Unique visits to Rangitikei.com - 25,401</li> </ul> <p><i>2018/19 results: visits – 104,666; unique visits – 68,033</i></p>	<p><b>Achieved</b></p> <p>The benchmark is inflated because of work undertaken by Council staff when assuming management of the site:</p> <p>For the period of this report Visits .....82,631</p>

<sup>25</sup> Groups which are targeted for consultation:

- Participants in Path to Well-being Theme Groups
- Public sector agency database
- Participants in other partnership programmes that involve Council

		Unique visits ..... 46,873
A greater proportion of young people living in the district are attending local schools.	<p>An increase in the number of enrolments compared with the benchmark.</p> <p><i>Benchmark 2016/17 results:</i></p> <ul style="list-style-type: none"> <li>• School Enrolments – Years 9 – 13 = 653</li> <li>• Total number of High School Youth = 1054</li> </ul> <p>2018/19 results: year 9-13 = 606 2019/2020 results: year 9-13 – 581</p> <p>Information obtained from <a href="http://www.educationcounts.govt.nz">www.educationcounts.govt.nz</a></p>	<p><b>Not achieved</b></p> <p>2019/20 result for year 9-13 is 581 students, i.e. 96% of the numbers last year.</p> <p>This is taken from the Ministry of Education’s enrolment data for 1 July 2019.</p> <p>While a measure of considerable importance to Council (because local schools are a strong local community focus), Council’s ability to influence where local students are enrolled is limited to its general promotion of the District and the facilities (including quality schools) it offers. There is no specific measure of the impact on this on decisions taken by caregivers for schooling.</p>

Level of Service		
Provide a safe and relevant community space, acting as a gateway for skills and social development, improving educational, training or employment access, and improving access for youth related social services		
Measure	Target for 2019/20	Actual July 2019 – June 2020
Partners view of how useful Councils activity in youth space facilitation and advocacy has been	Very satisfied – 70%	<p><b>Not commenced</b></p> <p>Youth spaces have been developed in both Marton and Taihape, and use monitored. However, a survey of partners’ view on the youth spaces was not undertaken this year.</p> <p>Rangitikei Youth Council (a Committee of Council), meets monthly during the school year but partners’ views on its advocacy role (or that undertaken by Council on youth matters) has not been undertaken.</p>

Level of Service		
Ensure competency in discharging Civil Defence responsibilities		
Measure	Target for 2019/20	Actual July 2019 – June 2020
Timing of self-assessment when the emergency Operations Centre is activated and of continued civil defence training exercises.	<p>Self-assessment undertaken and responded to within four months of Emergency Operations Centre Activation.</p> <p>At least one exercise undertaken each year involving at least half of Council staff.</p>	<p><b>Achieved</b></p> <p>Introductory sessions held for all staff, with request to undertake online assessment.</p> <p>Some staff were able to use these skills during the welfare response to COVID-19.</p>

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

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

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

There are no significant variations between acquisitions and replacement.

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

There is no significant variation between forecast and actual operating surplus.





## Funding Impact Statement For the Year Ended 30 June 2020

### Community Well-being

	2019	2020	2020
	Long-term	Long-term	Actual
	plan	term	
	(\$000)	plan	(\$000)
		(\$000)	
<b>Sources of operating funding</b>			
General rates, uniform annual general charge, rates penalties	1,502	1,532	1,384
Targeted rates	0	0	0
Subsidies and grants for operating purposes	51	53	142
Fees and charges	13	13	8
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	32	32	30
<b>Total operating funding ( A )</b>	<b>1,598</b>	<b>1,629</b>	<b>1,564</b>
<b>Applications of operating funding</b>			
Payment to staff and suppliers	947	968	1,163
Finance costs	1	1	0
Internal charges and overheads applied	648	659	676
Other operating funding applications	0	0	0
<b>Total applications of operating funding ( B )</b>	<b>1,596</b>	<b>1,628</b>	<b>1,839</b>
<b>Surplus (deficit) of operating funding ( A - B )</b>	<b>2</b>	<b>1</b>	<b>-275</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	-1	-1	-2
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
<b>Total sources of capital funding ( C )</b>	<b>-1</b>	<b>-1</b>	<b>-2</b>
<b>Application of capital funding</b>			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	0	0	0
- to replace existing assets	0	0	0
Increase (decrease) in reserves	3	3	277
Increase (decrease) in investments	0	0	0
<b>Total applications of capital funding ( D )</b>	<b>3</b>	<b>3</b>	<b>277</b>
<b>Surplus (deficit) of capital funding ( C - D )</b>	<b>-4</b>	<b>-4</b>	<b>275</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-2</b>	<b>-3</b>	<b>0</b>
Note: Depreciation expense not included above	6	6	11

## Funding Impact Statement For the Year Ended 30 June 2020

### Community Well-being – Capital Works

Category	Designated projects for 2019/20	2019 Long-term plan (\$000)	2020 Annual Plan (\$000)	2019 Actual (\$000)
<b>RENEWALS</b>	<b>(to replace existing assets)</b>			
Civil defence		0	0	0
Rural fire	Radio equipment and vehicles	0	0	0
Information centres		0	0	0
<b>Total renewals</b>		<b>0</b>	<b>0</b>	<b>0</b>
<b>Borrowing</b>				
For the year ended 30 June 2020				
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
<b>Balance of borrowing at end of year</b>		<b>0</b>	<b>0</b>	<b>0</b>
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.				
<b>Proportion of internal borrowing to all borrowing at 30 June</b>		<b>0%</b>	<b>0%</b>	<b>0%</b>



*Section 3:*

# **Financial Statements and Policy Reports**

## Funding Impact Statement For the Year Ended 30 June 2020

### Whole of Council

	2019 Long-term plan (\$000)	2019 Actual (\$000)	2020 Annual Plan (\$000)	2020 Actual (\$000)
<b>Sources of operating funding</b>				
General rates, uniform annual general charge, rates penalties	7,006	6,715	7,345	6,767
Targeted rates	14,670	14,672	15,186	15,048
Subsidies and grants for operating purposes	3,579	6,007	3,486	5,552
Fees and charges	1,922	3,142	2,339	2,556
Interest and dividends from investments	220	164	225	106
Local authorities fuel tax, fines, infringement fees, and other receipts	467	492	466	892
<b>Total operating funding ( A )</b>	<b>27,864</b>	<b>31,091</b>	<b>29,047</b>	<b>30,921</b>
<b>Applications of operating funding</b>				
Payment to staff and suppliers	21,352	21,091	22,181	22,504
Finance costs	8	49	117	96
Other operating funding applications	0	0	0	0
<b>Total applications of operating funding ( B )</b>	<b>21,360</b>	<b>21,140</b>	<b>22,298</b>	<b>22,600</b>
<b>Surplus (deficit) of operating funding ( A - B )</b>	<b>6,504</b>	<b>10,051</b>	<b>6,749</b>	<b>8,321</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	5,762	3,223	9,428	3,798
Development and financial contributions	0	0	0	0
Increase (decrease) in debt	10,215	2,984	13,011	(16)
Gross proceeds from sale of assets	714	(378)	1,221	(440)
Lump sum contributions	0	0	0	0
Other dedicated capital funding	0	0	0	0
<b>Total sources of capital funding ( C )</b>	<b>16,691</b>	<b>5,828</b>	<b>23,660</b>	<b>3,342</b>
<b>Application of capital funding</b>				
Capital expenditure				
- to meet additional demand	3,842	0	4,714	0
- to improve the level of service	2,081	2,823	4,631	5,558
- to replace existing assets	22,322	11,119	21,064	9,291
Increase (decrease) in reserves	0	1,885	0	(3,164)
Increase (decrease) in investments	(5,050)	51	0	(22)
<b>Total applications of capital funding ( D )</b>	<b>23,195</b>	<b>15,878</b>	<b>30,409</b>	<b>11,663</b>
<b>Surplus (deficit) of capital funding ( C - D )</b>	<b>(6,504)</b>	<b>(10,051)</b>	<b>(6,749)</b>	<b>(8,321)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Note: Depreciation expense not included above	0	10,646	0	13,141

*This statement complies with the Local Government (Financial Reporting and Prudence) Regulations 2014*

## Statement of Comprehensive Revenue and Expense

For the year ended 30 June 2020

	Notes	2019 Actual (\$000)	2020 Budget (\$000)	2020 Actual (\$000)
<b>Revenue</b>				
Rates	3	21,387	22,531	21,815
Subsidies and grants	5B	9,230	12,914	9,351
Other revenue	5A	3,633	2,805	3,449
Finance revenue	4	164	225	104
Vested and discovered assets		0	0	0
Gains	6	306	0	147
<b>Total operating revenue</b>		<b>34,720</b>	<b>38,475</b>	<b>34,866</b>
<b>Expenditure</b>				
Depreciation and amortisation expense	14,15	10,646	10,783	13,141
Personnel costs	7	4,306	4,417	4,895
Finance costs	4	49	117	96
Losses	6	10	0	12
Other expenses	8	16,800	17,763	17,620
<b>Total operating expenditure</b>		<b>31,811</b>	<b>33,080</b>	<b>35,764</b>
<b>Operating surplus (deficit) before gains and losses on PPE and Investments</b>		<b>2,909</b>	<b>5,395</b>	<b>(898)</b>
Reversal of previous losses on Roothing through operating surplus (deficit)		17,495	0	0
<b>Operating surplus (deficit) before tax</b>		<b>20,404</b>	<b>5,395</b>	<b>(898)</b>
Income tax expense	9	0	0	0
<b>Operating surplus (deficit) after tax</b>		<b>20,404</b>	<b>5,395</b>	<b>(898)</b>
<b>Other comprehensive revenue and expense</b>				
<i>Items that could be reclassified to surplus(deficit)</i>				
Financial assets at fair value through other comprehensive revenue and expense	6	12	0	18
<i>Items that will not be reclassified to surplus(deficit)</i>				
Gain on revaluation of property, plant and equipment	6	86,193	26,271	7,994
<b>Total other comprehensive revenue and expense</b>		<b>86,205</b>	<b>26,271</b>	<b>8,012</b>
<b>Total comprehensive revenue and expense</b>		<b>106,609</b>	<b>31,666</b>	<b>7,114</b>

Explanations of major variances against budget are provided in Note 31.

The accompanying notes form part of these financial statements.

## Statement of Changes in Net Assets/Equity

For the year ended 30 June 2020

	Notes	2019 Actual (\$000)	2020 Budget (\$000)	2020 Actual (\$000)
<b>Balance as at 1 July</b>		492,961	494,376	599,570
Total comprehensive revenue and expense for the year		106,609	31,666	7,114
<b>Balance as at 30 June</b>		599,570	526,042	606,684

Explanations of major variances against budget are provided in Note 31.

*The accompanying notes form part of these financial statements*

## Statement of Cash Flows

For the year ended 30 June 2020

	Notes	2019 Actual (\$000)	2020 Budget (\$000)	2020 Actual (\$000)
<b>Cash flows from operating activities</b>				
Receipts from rates revenue		21,400	22,463	21,965
Receipts from other revenue		12,663	15,719	11,889
Interest received		164	225	104
Payments to suppliers and employees		(22,636)	(22,113)	(20,162)
Interest paid		(49)	(117)	(96)
Goods and services tax (net)		(78)	0	(328)
<b>Net cash inflows (outflows) from operating activities</b>	22	11,464	16,177	13,372
<b>Cash flows from investing activities</b>				
Receipts from sale of property, plant and equipment		378	0	440
Receipts from sale of investments		2,000	1,221	0
Acquisition of investments		0	0	40
Purchases of property, plant and equipment		(13,110)	(30,410)	(14,984)
Purchases of intangible assets		(23)	0	0
Purchase of Biological Assets		(82)	0	0
<b>Net cash inflows (outflows) from investing activities</b>		(10,837)	(29,189)	(14,504)
<b>Cash flows from financing activities</b>				
Proceeds from borrowings		3,000	13,011	0
Repayment of borrowings		0	0	(16)
<b>Net cash inflows (outflows) from financing activities</b>		3,000	13,011	-16
Net increase (decrease) in cash, and cash equivalents		3,627	(1)	(1,097)
Cash and cash equivalents at the beginning of the year		5,877	6,781	9,504
<b>Cash and cash equivalents at the end of the year</b>	10	9,504	6,780	8,407

*The accompanying notes form part of these financial statements*



## Statement of Financial Position

As at 30 June 2020

	Notes	2019 Actual (\$000)	2020 Budget (\$000)	2020 Actual (\$000)
<b>Assets</b>				
<b>Current Assets</b>				
Cash and cash equivalents	10	9,504	6,781	8,407
Debtors and Other Receivables	11	3,414	3,382	4,272
Prepayments		133	97	217
Other financial assets	12	0	0	0
<b>Total current assets</b>		<b>13,051</b>	<b>10,260</b>	<b>12,896</b>
<b>Non-current assets</b>				
Plant, property and equipment	14	593,730	536,461	603,662
Intangible assets	15	109	111	145
Forestry assets	16	63	53	67
Other financial assets				
Corporate bonds	12	79	30	79
Investment in CCOs and other similar entities	12	71	70	49
<b>Total non-current assets</b>		<b>594,052</b>	<b>536,725</b>	<b>604,002</b>
<b>Total assets</b>		<b>607,103</b>	<b>546,985</b>	<b>616,898</b>
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Creditors and other payables	17	2,849	4,397	5,009
Employee entitlements	19	544	342	645
Income in advance		715	112	666
Borrowings	18	16	16	16
Other Financial Liabilities		0	0	0
<b>Total current liabilities</b>		<b>4,124</b>	<b>4,867</b>	<b>6,336</b>
<b>Non-current liabilities</b>				
Employee entitlements	19	7	6	5
Provisions	20	290	276	777
Borrowings	18	3,112	16,140	3,096
<b>Total non-current liabilities</b>		<b>3,409</b>	<b>16,422</b>	<b>3,878</b>
<b>Total liabilities</b>		<b>7,533</b>	<b>21,289</b>	<b>10,214</b>
<b>Net Assets</b>		<b>599,570</b>	<b>525,696</b>	<b>606,684</b>
<b>Equity</b>				
Accumulated funds	21	463,839	450,145	462,942
Special and restricted reserves	21	4,293	4,257	4,292
Other reserves	21	131,438	71,294	139,450
<b>Total equity</b>		<b>599,570</b>	<b>525,696</b>	<b>606,684</b>

Explanations of major variances against budget are provided in Note 31.

*The accompanying notes form part of these financial statements*

## Council-Controlled Organisations (CCO)

### Manawatū -Wanganui LASS Limited

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

Rangitīkei District Council owns one seventh or 14% of this company and has a \$16,000 share capital.

The company is treated as a CCO under the Local Government Act 2002 but in March 2013 Rangitīkei District Council resolved that it is exempt for the purposes of section 6(4)(i) of that Act until 30 June 2019<sup>26</sup>. Other member councils passed similar resolutions. That has been extended a further three years, until 30 June 2022<sup>27</sup>.

### MW Regional Disaster Relief Fund Trust

After the Manawatū Wanganui Regional Disaster Relief Fund Trust was established in March 2004, each of the eight local authorities appointing trustees passed a resolution exempting the Trust for the status as a council-controlled organisation. In 2015, the administration of the Trust was transferred to Horizons Regional Council, and resolutions passed by participating councils to exempt it for the purposes of section 6(4)(i) of the Local Government Act 2002. At its meeting on 30 August 2018, Rangitīkei District Council resolved that this exemption continue for a further three years, i.e. to 30 June 2021.

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<sup>26</sup> Council, 29 September 2016: 16/RDC/230.

<sup>27</sup> Council, 26 September 2019: 19/RDC/270.

## Notes to the Financial Statements

### Note 1: Summary of Significant Accounting Policies

#### Reporting Entity

The Rangitikei District Council (the Council) is a territorial authority established under the Local Government Act 2002 (LGA) and is domiciled and operates in New Zealand. The relevant legislation governing the Council's operations includes the LGA and the Local Government (Rating) Act 2002.

The Council provides local infrastructure, local public services, and performs regulatory functions to the community. The Council does not operate to make a financial return.

The Council has designated itself as a public benefit entity for financial reporting purposes.

The financial statements of the Council are for the year ended 30 June 2020. The financial statements were authorised for issue by the Council on (TBC)

#### Basis of Preparation

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

#### Statement of compliance

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

The financial statements have been prepared in accordance with Tier 1 Public Benefit Entity (PBE) accounting standards.

These financial statements comply with PBE standards.

#### Presentation currency and rounding

The financial report is presented in New Zealand dollars, and all values are rounded to the nearest thousand dollars (\$000) unless otherwise stated.

#### Standards issued and not yet effective that have been early adopted

There are currently no standards that have been issued which are not yet effective.

#### Standards issued and not yet effective and not early adopted

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

*PBE IPSAS 41 Financial instruments*

*PBE IPSAS 41 Financial instruments* replaces *PBE IPSAS29 Financial Instruments: Recognition and Measurement* and *PBE IFRS 9 Financial Instruments* and is effective for Financial Periods beginning on or after 1 January 2022, with earlier adoption permitted.

The main changes compared to PBE IPAS 29 that are relevant to the Council are:

- New financial asset classification requirements for determining whether an asset is measured at fair value or amortised cost.
- A new impairment model for financial assets based on expected losses, which may result in the earlier recognition of impairment losses.

The Council intends to adopt PBE IPAS 41 for the 30<sup>th</sup> of June 2022 financial year. The Council has not yet assessed in detail the impact of the new standard.

*Amendment to PBE IPSAS 2 Statement of Cash Flows*

An amendment to *PBE IPSAS 2 Statement of Cash Flows* requires entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. This amendment is effective for annual periods beginning on or after 1 January 2021, with early application permitted. The Council does not intend to early adopt the amendment.

*PBE FRS 48 Service Performance Reporting*

PBE FRS 48 replaces the service performance reporting requirements of PBE IPSAS 1 and is effective for reporting periods beginning on or after 1 January 2021. The Council has not yet determined how application of PBE FRS 48 will affect its statement of service performance.

**Summary of Significant Accounting Policies****Revenue**

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

The specific accounting policies for significant revenue items are explained below:

***Revenue from non-exchange transactions****General and targeted rates*

General and targeted rates are set annually and invoiced within the year. The Council recognises revenue from rates when the Council has set the rates and provided the rates assessment. The Council considers the payment of rates by instalments is not sufficient to require discounting of rates receivables and subsequent recognition of interest revenue.

Rates arising from late payment penalties are recognised as revenue when rates become overdue.

Rates remissions are recognised as a reduction in rates revenue when the Council has received an application that satisfies its rates remission policy.

#### *New Zealand Transport Agency roading subsidies*

The Council receives funding assistance from the New Zealand Transport Agency, which subsidises part of the costs of maintenance and capital expenditure on the local roading infrastructure. The subsidies are recognised as revenue upon entitlement, as conditions pertaining to eligible expenditure have been fulfilled.

#### *Other grants received*

Other grants are recognised as revenue when they become receivable unless there is an obligation in substance to return the funds if conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as grants received in advance and recognised as revenue when conditions of the grant are satisfied.

#### *Vested assets*

Where a physical asset is acquired for nil or nominal consideration, the fair value of the asset received is recognised as income unless there is a use or return condition attached to the asset.

#### *Direct charges – subsidised*

#### *Rendering of services – subsidised*

Rendering of services at a price that is not approximately equal to the value of the service provided by the Council is considered a non-exchange transaction. This includes rendering of services where the price does not allow the Council to fully recover the cost of providing the service (such as building consents, dog licensing etc.), and where the shortfall is subsidised by income from other activities, such as rates. Generally there are no conditions attached to such revenue.

Revenue from such subsidised services is recognised when the Council issues the invoice or bill for the service. Revenue is recognised as the amount of the invoice or bill, which is the fair value of the cash received or receivable for the service. Revenue is recognised by reference to the stage of completion of the service to the extent that the Council has an obligation to refund the cash received from the service (or to the extent that the customer has the right to withhold payment from the Council) if the service is not completed.

#### *Sale of goods – subsidised*

A sale of goods at a price that is not approximately equal to the value of the goods provided by the Council is considered a non-exchange transaction. This includes sales of goods where the price does not allow the Council to fully recover the cost of producing the goods (such as the supply of bulk water), and where the shortfall is subsidised by income from other activities such as rates.

Revenue from the sale of such subsidised goods is recognised when the Council issues the invoice or bill for the goods. Revenue is recognised at the amount of the invoice or bill, which is the fair value of the cash received or receivable for the goods.

### ***Revenue from exchange transactions***

*Direct charges – full cost recovery*

*Sale of goods – full cost recovery*

Revenue from the sale of goods (such as recyclable materials) is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods, and when the amount of revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to the Council.

*Interest and dividends*

Interest revenue is recognised using the effective interest method. Interest revenue 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. When dividends are declared from pre-acquisition surpluses, the dividend is deducted from the costs of the investment.

### **Expenses**

Expenses are measured at the fair value of the consideration paid or payable, taking into account contractually defined terms of payment and excluding taxes or duty.

The specific accounting policies for significant expense items are explained below.

### ***Borrowing costs***

All borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that the Council incurs in connection with the borrowing of funds. The Council has chosen not to capitalise borrowing costs directly attributable to the acquisition, construction, or production of assets.

### ***Grants***

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. The Council's grants awarded have no substantive conditions attached.

### ***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 revenue and expense or directly in equity.

### ***Operating leases***

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of the asset.

Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

Lease incentives received are recognised in the surplus or deficit as a reduction of rental expense 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.

### ***Receivables***

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

### ***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 revenue and expense.

The classification of a financial asset depends on the purpose for which the instrument was acquired.

#### *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 revenue and expense*

Financial assets at fair value through other comprehensive revenue and expense are those that are designated into the category at initial recognition or are not 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:

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

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

On de-recognition, the cumulative gain or loss previously recognised in other comprehensive revenue and expense 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 revenue and expense*

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

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 revenue and expense, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the surplus or deficit) recognised in other comprehensive revenue and expense is reclassified from equity to the surplus or deficit.

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.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset is available for immediate distribution in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the sale will be withdrawn. The Council must be committed to the distribution expected within one year from the date of classification.

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, library books, plant and equipment, motor vehicles, office equipment and computer hardware.

*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, wastewater and other assets 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.

Land (operational and restricted) is measured at fair value, and buildings (operational and restricted), and infrastructural assets (except land under roads) are measured at fair value less accumulated depreciation. All other asset classes are measured at cost 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 revenue 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 revenue and expense 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 revenue and expense.

### *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.

In most instances, an item of property, plant and equipment is initially recognised at its cost. Where an asset is acquired through a non-exchange transaction, it is recognised at its 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.

#### *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.

#### *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.....	50-170 years
Roof .....	40 years
Services.....	40-65 years
Internal fit out .....	25-35 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) .....	3-20 years
Pavement sealed (base course) .....	60-67 years
Pavement unsealed (base course) .....	50-60 years
Formation .....	Not depreciated
Culverts.....	8-100 years
Footpaths .....	25-75 years
Drainage facilities .....	80-100 years
Traffic facilities and miscellaneous items .....	10-80 years
Street lights .....	25-70 years
Bridges.....	50-120 years

##### Water

Pipes .....	30-90 years
Pump stations.....	5-60 years
Pipe fittings.....	25-100 years

Wastewater	
Pipes .....	20-100 years
Manholes .....	100 years
Treatment plant.....	5-100 years
Stormwater	
Pipes .....	50-90 years
Manholes, cesspits .....	90 years
Waste transfer stations .....	50 years

### ***Service concession arrangements***

The Council may acquire infrastructural assets by entering into a service concession arrangement (SCA) with a private operator to build, finance, and operate an asset over a specified period.

Assets acquired through a SCA are initially recognised at their fair value, with a corresponding liability. The asset is subsequently measured following the accounting policies above for property, plant, and equipment.

The Council currently has not entered into any such SCA where a private operator has built and financed an asset.

The Council has only entered into SCAs where the Council itself owns the asset and any charges for services provided by the operator are recognised as an expense in the year to which it relates.

### ***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 credit 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.

Free carbon credits received from the Crown are recognised at fair value on receipt. 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***

Property, plant and equipment and intangible assets subsequently measured at cost that have a finite useful life, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use.

If an asset's carrying amount exceeds its recoverable service amount, the asset is regarded as impaired and the carrying amount is written down to the recoverable amount. For assets not carried at a revalued amount, the total impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss is recognised in the surplus or deficit.

For revalued 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. The reversal of an impairment loss on a revalued asset is credited to other comprehensive revenue and expense 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.

*Value in use for non-cash-generating assets*

Non-cash-generating assets are those assets that are not held with the primary objective of generating a commercial return.

For non-cash-generating assets, value in use is determined by using the approach based on either a depreciated replacement cost approach, restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

*Value in use for cash-generating assets*

Cash-generating assets are those assets that are held with the primary objective of generating a commercial return.

The value for cash-generating assets and cash-generating units is the present value of expected future cash flows.

**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.

**Payables**

Short-term 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.

**Employee benefits****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.

These include salaries and wages accrued up to balance date, annual leave earned to but not yet taken at balance date.

**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 interest expense and is included under “finance costs”.

### ***Landfill aftercare***

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 surplus/(deficit);
- special and restricted reserve funds;
- property revaluation reserves; and
- fair value through other comprehensive revenue and expense 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 revenue and expense reserves*

This reserve comprises the cumulative net change of financial assets classified as fair value through other comprehensive revenue and expense.

### **Goods and services tax (GST)**

All items in the financial statement are exclusive of goods and services tax (GST) except for receivables and payables, which are presented on a GST-inclusive basis. 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 which reflect the 2019/20 Annual Plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted in preparing these financial statements.

### **Cost allocation**

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

*Infrastructural assets*

- The actual condition of an asset may not reflect the condition estimated in determining 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 2020.

*Classification of property*

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 rather than as investment property.

**Impact of Covid-19**

The Council's major revenue source is rates. After the initial lock down ended the final instalment of rates was owing, due 20 May 2020. The final collection take of rates was consistent with then prior year.

The 2018-28 Long Term Plan had originally projected an average rates increase of 6.27%. The Council was faced with a choice between reducing the the proposed rates increase whilst at the same time continuing to develop work programmes so people could retain employment. The rates increase for 2020/21 was reduced to 3.63%. This was partly achieved through having no market movements of salaries as at 1 July 2020.

During the lock-down period operating expenditure was significantly reduced. The Welfare Team assisted with food parcels and purchased groceries on behalf of some elderly residents. As there was a delay to capital works undertaken during Level 3 and 4 it has had an impact on the capital works expenditure. The other major works where there was a legislative requirement to perform were continued to be delivered. The Council's commercial tenants were granted 3 months' rent relief which caused a reduction in revenues of \$6.73K.

With regard to the council performance, the response time for a request for service, building consents and other general services were impacted. These services were deemed to be non-essential as part of the Council's Pandemic Plan. From a customer service perspective there was an inability to deliver public facing services during Levels 2 to 4.

Quotable Value is assigned to revalue the Council's land and buildings as part of the tri-annual revaluation. The lock down caused a delay in the production of this report and inspections on a

selection of Council buildings were undertaken in July 2020. The revaluation was done as at 01 July 2019.

<b>Note 2: Reconciliation of funding impact statement to statement of comprehensive revenue and expense</b>	<b>Actual 2019 (\$000)</b>	<b>Actual 2020 (\$000)</b>
<b>Revenue</b>		
Operating funding from funding impact statement	31,191	30,921
Operating revenue from statement of comprehensive revenue and expense	34,720	34,866
<b>Difference</b>	<b>3,529</b>	<b>3,945</b>
Reconciling items:		
Subsidies and grants for capital expenditure	3,223	3,798
Gains	306	147
<b>Total reconciling items</b>	<b>3,529</b>	<b>3,945</b>
<b>Expenditure</b>		
Application of operating funding from funding impact statement	21,140	22,600
Total operating expenditure from statement of comprehensive revenue and expense	31,811	35,764
<b>Difference</b>	<b>10,671</b>	<b>13,164</b>
Reconciling items:		
Depreciation and amortisation expense	10,646	13,141
Losses	11	12
Movement in provisions	14	11
<b>Total reconciling items</b>	<b>10,671</b>	<b>13,164</b>

<b>Note 3: Rates revenue</b>	<b>Actual 2019 (\$000)</b>	<b>Actual 2020 (\$000)</b>
General rates	3,088	3,056
Uniform annual general charge	3,839	4,146
Targeted rates attributable to activities	0	0
roading	6,578	6,488
community services	70	74
libraries	0	0
solid waste disposal	623	591
wastewater	2,561	2,672
water	3,353	3,797
stormwater drainage	637	672
Targeted rates for water supply (water by volume)	1,440	1,392
Rate Penalties	593	560
<b>Total rates</b>	<b>22,782</b>	<b>23,448</b>
Less rates charged on Council properties	484	504
Less rates remissions	911	1,129
	<b>21,387</b>	<b>21,815</b>

#### **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.

Multiple toilet pans	273	283
Penalties and other remissions	638	846
<b>Total remissions</b>	<b>911</b>	<b>1,129</b>

#### *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.

<b>Note 4: Finance revenue and finance costs</b>	<b>Actual 2019 (\$000)</b>	<b>Actual 2020 (\$000)</b>
<b>Finance revenue</b>		
Interest revenue		
bank deposits	163	103
local authority and government bonds	1	1
<b>Total finance income</b>	<b>164</b>	<b>104</b>
<b>Finance costs</b>		
Interest expense		
interest on borrowings	49	96
<b>Total finance costs</b>	<b>49</b>	<b>96</b>
<b>Net finance costs</b>	<b>115</b>	<b>8</b>

<b>Note 5A Other revenue</b>	<b>Actual 2019 (\$000)</b>	<b>Actual 2020 (\$000)</b>
<i>Non-exchange revenue</i>		
Residential rents (community housing)	608	653
Regulatory revenue	1,443	1,371
Petrol tax	120	136
Other	1,462	1,289
<b>Total other revenue</b>	<b>3,633</b>	<b>3,449</b>
<b>Note 5B: Subsidies and Grants</b>		
New Zealand Transport Agency - Operational Subsidy	5,328	5,268
New Zealand Transport Agency - Capital Subsidy	2,999	2,963
Non-government grants	0	0
Other operating grants	903	1,120
	<b>9,230</b>	<b>9,351</b>

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

<b>Note 6: Gains and losses</b>	<b>Actual 2019 (\$000)</b>	<b>Actual 2020 (\$000)</b>
<b>Operating revenue and expense</b>		
<b>Gains</b>		
Non-financial instruments		
Property, plant and equipment/ forestry gains on disposal	296	143
Gain on revaluation	0	0
Forestry asset revaluation gain (note 16)	10	4
<b>Total gains</b>	<b>306</b>	<b>147</b>
<b>Losses</b>		
Non-financial instruments		
Property, plant and equipment loss on disposal	10	12
Property, plant and equipment loss on revaluation	0	0
<b>Total losses non-financial instruments</b>	<b>10</b>	<b>12</b>
<b>Other comprehensive revenue and expense</b>		
<b>Other gains (losses)</b>		
Financial instruments		
Fair value through other comprehensive revenue and expense gain on revaluation	12	18
Fair value through other comprehensive revenue and expense loss on disposal	0	0
Fair value through other comprehensive revenue and expense loss on revaluation	0	0
<b>Total gains (losses) financial instruments</b>	<b>12</b>	<b>18</b>
<b>Other gains (losses)</b>		
Non-financial instruments		
Property, plant and equipment gain on revaluation	86,193	7,994
<b>Total gains on non-financial instruments</b>	<b>86,205</b>	<b>8,012</b>

<b>Note 7: Personnel costs</b>	<b>Actual 2019 (\$000)</b>	<b>Actual 2020 (\$000)</b>
Salaries and wages	4,191	4,757
Defined contribution plan employer contributions (KiwiSaver)	100	119
ACC levies	15	19
<b>Total personnel costs</b>	<b>4,306</b>	<b>4,895</b>

<b>Note 8: Other expenses</b>	<b>Actual 2019 (\$000)</b>	<b>Actual 2020 (\$000)</b>
Fees to auditors		
financial statements	121	124
fees to Audit New Zealand for other services	4	0
Emergency works	949	775
Maintenance	4,873	4,656
Contractors and Professional Services	5,184	4,820
Grants	647	749
Insurance premiums	450	522
Operating leases	4	9
Impairment of receivables (note 11)	11	(2)
Other operating expenses	4,557	5,967
<b>Total other expenses</b>	<b>16,800</b>	<b>17,620</b>

<b>Note 9: Tax</b>	<b>Actual 2019 (\$000)</b>	<b>Actual 2020 (\$000)</b>
<b>Relationship between tax expense and accounting surplus</b>		
Surplus (deficit) before tax	20,404	(898)
Tax at 28%	5,713	(251)
Plus (less) tax effect of:		
Non-taxable revenue	(5,713)	(251)
<b>Tax expense</b>	<b>0</b>	<b>0</b>

<b>Note 10: Cash and cash equivalents</b>	<b>Actual 2019 (\$000)</b>	<b>Actual 2020 (\$000)</b>
Cash at bank and on hand	4,504	4,407
Term deposits with maturities less than three months at acquisition	5,000	4,000
<b>Total cash and cash equivalents</b>	<b>9,504</b>	<b>8,407</b>

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

The Council holds unspent funds, included in cash at bank and investments, of \$964,000 (2019 \$925,400) that are subject to restrictions. These unspent funds relate to funds received from various sources but to be used for specific purposes. They include the Council's restricted reserves, and grants from agencies that have been unspent at balance date.



<b>Note 11: Receivables</b>	<b>Actual 2019 (\$000)</b>	<b>Actual 2020 (\$000)</b>
<b>Non-exchange receivables</b>		
Rates receivables	1,660	1,495
Related party receivables	0	0
Other receivables	2,172	3,190
<b>Gross debtors and other receivables</b>	<b>3,832</b>	<b>4,685</b>
Less provision for impairment	(430)	(415)
<b>Total non-exchange receivables</b>	<b>3,402</b>	<b>4,270</b>
<b>Exchange receivables</b>		
Other receivables	11	2
Less provision for impairment	0	0
<b>Total exchange receivables</b>	<b>11</b>	<b>2</b>
<b>Total Receivables</b>	<b>3,413</b>	<b>4,272</b>

*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. Repayment plans do not alter the ageing profile of the debt in the Council's records.

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

	<b>2020</b>		
	<b>Gross (\$000)</b>	<b>Impairment (\$000)</b>	<b>Net (\$000)</b>
Not past due	3,678	0	3,678
Past due 31-60 days	517	0	517
Past due > 60 days	492	(415)	77
<b>Total</b>	<b>4,688</b>	<b>(415)</b>	<b>4,272</b>
	<b>2019</b>		
	<b>Gross (\$000)</b>	<b>Impairment (\$000)</b>	<b>Net (\$000)</b>
Not past due	2,042	0	2,042
Past due 31-60 days	1,038	(1)	1,037
Past due > 60 days	763	(429)	334
<b>Total</b>	<b>3,843</b>	<b>(430)</b>	<b>3,413</b>

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

<b>Receivables (continued)</b>	<b>Actual 2019 (\$000)</b>	<b>Actual 2020 (\$000)</b>
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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. All receivables greater than 30 days in age are considered past due.

Movements in the provision for impairment of receivables are as follows:

At 1 July	443	430
Additional provisions made during the year		
Provision increased (reversed) during the year Per note 2 and note 8	11	(2)
Receivables written off during the period	(24)	(11)
<b>As at 30 June</b>	<b>430</b>	<b>415</b>

The Council holds no collateral as security or other credit enhancements over receivables that are either past due or impaired.

<b>Note 12 :Other financial assets</b>	<b>Actual 2019 (\$000)</b>	<b>Actual 2020 (\$000)</b>
<b>Current Portion</b>		
Term deposits with original maturities of 4-12 months	0	0
Corporate bonds	0	0
<b>Total current portion</b>	<b>0</b>	<b>0</b>
<b>Non-current portion</b>		
Corporate bonds	79	79
<i>Investments in CCOs and similar entities</i>		
Unlisted shares in New Zealand Local Government Insurance Corporation Limited	55	33
Unlisted shares in Manawatū Wanganui LASS Limited	16	16
<b>Total investments in CCOs and similar identities</b>	<b>71</b>	<b>49</b>
<b>Total non-current portion</b>	<b>150</b>	<b>128</b>
<b>Total other financial assets</b>	<b>150</b>	<b>128</b>

*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 2018. The fair value of the unlisted share in Manawatū Wanganui LASS Limited was determined to be the nominal amount paid for the shares (\$16,000).

Manawatū 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 assets. At balance date, none of these financial assets was either past due or impaired.

**Note 13: Non-current assets held for sale**

The Council has a number of 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 PBE IFRS 5 Non-current Assets Held for Sale.

**Note 14: Property, Plant and equipment****2020**

	Balances at 1 July 2019		Additional assets recognised	Current year additions	Current year disposals	Revaluation surp(def)	Current year depn	Balances at 30 June 2020	
	Cost/valuation \$000	Accum depn amount \$000						Cost/valuation \$000	Accum depn amount \$000
<b>Operational assets</b>									
Land	4,398	(3)	0	59	(145)	1,556	(9)	5,862	(6)
Buildings	14,700	(2,393)	0	4,673	(82)	4,155	(1,465)	20,385	(797)
Plant and vehicles	3,049	(1,901)	0	150	(107)	0	(348)	3,092	(2,162)
Office equipment	886	(692)	0	34	0	0	(34)	920	(727)
Computer hardware	757	(714)	0	18	0	0	(37)	775	(751)
Library books	2,460	(1,916)	0	58	0	0	(89)	2,517	(2,006)
<b>Total operational assets</b>	<b>25,883</b>	<b>(7,618)</b>	<b>0</b>	<b>4,992</b>	<b>(334)</b>	<b>5,711</b>	<b>(1,982)</b>	<b>33,551</b>	<b>(6,448)</b>
<b>Infrastructural assets</b>									
Roading network	417,028	0	0	6,768	0	0	(7,850)	423,796	(7,850)
Land under roads	42,438	0	0	0	0	0	0	42,438	0
Water systems									
treatment plants and facilities	21,662	0	0	906	0	0	(580)	22,567	(580)
other assets	35,472	0	0	1,724	0	0	(1,067)	37,197	(1,067)
Wastewater systems									
treatment plants and facilities	13,209	0	0	151	0	0	(439)	13,360	(439)
other assets	19,842	0	0	249	0	0	(590)	20,091	(590)
Stormwater network	16,569	0	0	299	0	0	(332)	16,868	(332)
Waste transfer stations	1,968	(9)	0	0	0	(864)	(62)	1,066	(24)
<b>Total infrastructural assets</b>	<b>568,188</b>	<b>(9)</b>	<b>0</b>	<b>10,097</b>	<b>0</b>	<b>(864)</b>	<b>(10,920)</b>	<b>577,383</b>	<b>(10,882)</b>
<b>Restricted assets</b>									
Land	4,726	0	0	32	0	2,198	(1)	3,262	(1)
Buildings	2,621	(437)	0	202	0	952	(236)	6,956	(159)
Total restricted assets	7,347	(437)	0	234	0	3,150	(237)	10,218	(160)
<b>Total property, plant and equipment</b>	<b>601,795</b>	<b>(8,064)</b>	<b>0</b>	<b>15,323</b>	<b>(334)</b>	<b>7,997</b>	<b>(13,139)</b>	<b>621,152</b>	<b>(17,490)</b>

Work in progress at year end included in property, plant and equipment above comprises: buildings \$6,664,501 (2019 \$2,452,523), wastewater \$362,000 (2019 \$433,000), water \$1,328,000 (2019 \$915,000), storm water \$125,000 (2019 \$178,000). The additional assets recognised includes vested assets and assets transferred to council. The current year additions includes the assets constructed by council.

**Note 14: Property, plant and equipment (continued)***Valuation*

Land and buildings (operational, restricted and infrastructural)

The valuation of land and buildings was performed by independent registered valuers, Andrew Parkyn (BCom (VPM), PG Dip Com, SPINZ, ANZIV), Maria McHugh (BCom (VPM)MPINZ) and Ashley Pont (BLPM (APINZ)), of Quotable Value Asset and Advisory. The valuation is effective at 1 July 2019. The total fair value of land and buildings valued was \$29,141,066 at that date.

Land and buildings are valued at fair value using market-based evidence where available. Where not available, depreciated replacement value has been used. All major buildings were also inspected and 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 Scott McIntyre (BBIM, CTech) of The Datastack. This was peer reviewed by Brian Smith (BCom CA) of Brian Smith Advisory. The valuation is effective at 30th June 2019. The total fair value of the roading network was \$456,828,797. at that date.

The roading network is valued at fair value based on the application of appropriate replacement costs and effective lives, and The Datastack 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 is not re valued. On the transition to International Financial Reporting Standards on 01/07/2006 the council elected to use the FV of land under roads as at 30/06/2005 as deemed cost.

Water, wastewater and stormwater systems

The valuation of the water, wastewater and stormwater assets was performed by Lucy Riddle (BCom), John Vessey (BE Civil, BA Econs, CP Eng), Jamie Cable (BapplEcon Dip Eng Civil) of wsp Opus.. The valuation was peer reviewed by Brian Smith (BCom CA) of Brian Smith Advisory. The valuation is effective at 30th June 2019. The total fair value of water, wastewater and stormwater was \$108,798,000 at that date.

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.

<b>Estimated replacement cost of major infrastructure</b>	<b>2019 (\$000)</b>	<b>2020 (\$000)</b>
Water supply		
treatment plant and facilities	30,722	32,365
other assets	75,768	79,309
Sewerage		
treatment plant and facilities	19,040	19,648
other assets	47,755	49,152
Stormwater drainage	29,642	30,652
Flood protection and control works	0	0
Roads and footpaths	622,649	699,021
<b>Total estimated replacement cost</b>	<b>825,576</b>	<b>910,147</b>

**Note 14: Property, Plant and equipment****2019**

	Balances at 1 July 2018		Balances at 30 June 2019	
	Cost/ valuation \$000	Accum deprn amount \$000	Cost/ valuation \$000	Accum deprn amount \$000
<b>Operational assets</b>				
Land	4,090	0	4,398	(3)
Buildings	12,455	(1,745)	14,700	(2,393)
Plant and vehicles	2,801	(1,578)	886	(1,015)
Office equipment	767	(662)	3,049	(692)
Computer hardware	737	(661)	757	(714)
Library books	2,373	(1,828)	2,460	(1,916)
<b>Total operational assets</b>	<b>23,223</b>	<b>(6,473)</b>	<b>26,250</b>	<b>(7,618)</b>
<b>Infrastructural assets</b>				
Roading network	333,130	(13,416)	417,028	0
Land under roads	42,438	0	42,438	0
Water systems				
treatment plants and facilities	18,813	(866)	21,662	0
other assets	38,945	(1,919)	35,472	0
Wastewater systems				
treatment plants and facilities	10,020	(571)	13,209	0
other assets	20,483	(862)	19,842	0
Stormwater network	16,770	(586)	16,569	0
Waste transfer stations	1,265	(124)	1,978	(9)
<b>Total infrastructural assets</b>	<b>481,864</b>	<b>(18,344)</b>	<b>568,198</b>	<b>(9)</b>
<b>Restricted assets</b>				
Land	4,735	0	4,726	0
Buildings	1,958	(345)	2,621	(437)
Total restricted assets	6,693	(345)	7,347	(437)
<b>Total property, plant and equipment</b>	<b>511,780</b>	<b>(25,162)</b>	<b>601,795</b>	<b>(8,064)</b>

Work in progress at year end included in property, plant and equipment above comprises: buildings \$2,452,523 (2018 \$264,126) wastewater \$433,000 (2018 nil), water \$915,000 (2018 1.792M), storm water \$178,000 (2018 252,000) The additional assets recognised includes vested assets and assets transferred to council. The current year additions includes the assets constructed by council.

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

	Additional assets re-cognised \$000	Current year additions \$000	Current year disposals \$000	Revaluation surp(def) \$000	Current year deprn \$000	Cost/valuation \$000	Accum deprn \$000	Carrying amount \$000
Land	0	308	0	0	(3)	4,398	(3)	4,395
Buildings	0	2,354	0	0	(758)	14,700	(2,393)	12,307
Plant and vehicles	0	320	(75)	0	(363)	886	(1,901)	(1,015)
Office equipment	0	119	0	0	(30)	3,049	(692)	2,357
Computer hardware	0	20	0	0	(53)	757	(714)	43
Library books	0	87	0	0	(88)	2,460	(1,916)	544
<b>Total operational assets</b>	<b>0</b>	<b>3,208</b>	<b>(75)</b>	<b>0</b>	<b>(1,295)</b>	<b>26,250</b>	<b>(7,618)</b>	<b>18,632</b>
<b>Infrastructural assets</b>								
Roading network	0	6,712	0	97,394	(6,790)	417,028	0	417,028
Land under roads	0	0	0	0	0	42,438	0	42,438
Water systems								
treatment plants and facilities	0	471	0	3,686	(443)	21,662	0	21,662
other assets	0	2,152	0	(2,726)	(980)	35,472	0	35,472
Wastewater systems								
treatment plants and facilities	0	135	0	3,910	(285)	13,209	0	13,209
other assets	0	389	0	261	(430)	19,842	0	19,842
Stormwater network	0	264	0	415	(294)	16,569	0	16,569
Waste transfer stations	0	48	0	807	(27)	1,978	(9)	1,968
<b>Total infrastructural assets</b>	<b>0</b>	<b>10,171</b>	<b>0</b>	<b>103,747</b>	<b>(9,249)</b>	<b>568,198</b>	<b>(9)</b>	<b>568,188</b>
<b>Restricted assets</b>								
Land	0	50	(59)	0	0	4,726	0	4,726
Buildings	0	663	0	0	(92)	2,621	(437)	2,184
Total restricted assets	0	713	(59)	0	(92)	7,347	(437)	6,910
<b>Total property, plant and equipment</b>	<b>0</b>	<b>14,092</b>	<b>(134)</b>	<b>103,747</b>	<b>(10,636)</b>	<b>601,795</b>	<b>(8,064)</b>	<b>593,730</b>

<b>Note 15: Intangible assets</b>	<b>Computer software (\$000)</b>	<b>Carbon credits (\$000)</b>	<b>Total (\$000)</b>
<b>Cost</b>			
Balance at 1 July 2019	792	105	897
Increase due to revaluation	0	40	40
Additions	0	0	0
Disposals	0	0	0
<b>Balance at 30 June 2020</b>	<b>792</b>	<b>145</b>	<b>937</b>
Balance at 1 July 2018	792	96	888
Increase due to revaluation	0	9	9
Additions	0	0	0
Disposals	0	0	0
<b>Balance at 30 June 2019</b>	<b>792</b>	<b>105</b>	<b>897</b>
<b>Accumulated amortisation and impairment</b>			
Balance at 1 July 2019	788	0	788
Amortisation charge	4	0	4
Disposals	0	0	0
<b>Balance at 30 June 2020</b>	<b>792</b>	<b>0</b>	<b>792</b>
Balance at 1 July 2018	777	0	777
Amortisation charge	11	0	11
Disposals	0	0	0
<b>Balance at 30 June 2019</b>	<b>788</b>	<b>0</b>	<b>788</b>
<b>Carrying Amounts</b>			
Balance at 30 June 2019	4	105	109
<b>Balance at 30 June 2020</b>	<b>0</b>	<b>145</b>	<b>145</b>

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

#### *Carbon credits*

The Council holds 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. The carbon credits were revalued at 30 June 2020 using the spot market price for NZUs on the open market. Following the harvesting of the mature forest at Marton B and C Dams, Council has committed (by formal resolution in April 2017) to a programme of replanting, primarily natives. This has been discussed with the Ministry for Primary Industries, as the stocking and growth rates will be reviewed in four years time.

#### *Impairment*

There were no impairment expenses or provisions for intangible assets. At balance date, none of these intangible assets was impaired. Carbon credits are not impaired but recorded at current market value because the Council still has forests to be harvested in which case the credits may well be used to satisfy non-replanting requirements.



<b>Note 16: Forestry assets</b>	<b>Actual 2019 (\$000)</b>	<b>Actual 2020 (\$000)</b>
Balance at 1 July	53	63
Gains (losses) arising from changes in fair values	10	4
Decreases due to sales	0	0
<b>Balance at 30 June</b>	<b>63</b>	<b>67</b>

The Council owns 9.8 hectares of forest in 3 stands at varying stages of maturity.

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

*Valuation assumptions*

Independent valuers, Allan Bell & Associates, have valued forestry assets at 30 June 2020.

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* - 8.5% pre-tax

*Compound rate* - 3%

*Basis of log prices* - current prices from southern North Island prices. Trend prices are from 12 quarter average rolling log prices in the southern North Island.

*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.

<b>Note 17: Creditors and other payables</b>	<b>Actual 2019 (\$000)</b>	<b>Actual 2020 (\$000)</b>
<i>Payables under exchange transactions</i>		
Trade payables	1,430	3,188
Deposits	0	0
Accrued expenses	1,418	1,820
<b>Total</b>	<b>2,848</b>	<b>5,008</b>
<i>Payables under non-exchange transactions</i>		
Income tax payable	0	0
Other taxes (e.g. GST and FBT)	1	1
<b>Total</b>	<b>1</b>	<b>1</b>
<b>Total creditors and other payables</b>	<b>2,849</b>	<b>5,009</b>

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

<b>Note 18: Borrowings</b>	<b>Actual 2019 (\$000)</b>	<b>Actual 2020 (\$000)</b>
<b>Current portion</b>		
Secured bank loans	0	0
Community loan	16	16
<b>Total current portion</b>	<b>16</b>	<b>16</b>
<b>Non-current portion</b>		
Secured bank loans	0	0
Community loan	112	96
Loan- New Zealand Local Government Funding Agency	3,000	3,000
<b>Total non-current portion</b>	<b>3,112</b>	<b>3,096</b>
<b>Total borrowings</b>	<b>3,128</b>	<b>3,112</b>

#### *Secured loans*

The Council had no secured debt at balance date.

#### *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 the lease term.

#### *Security*

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

The community loan is unsecured.

The Council borrowed \$3,000,000 from the New Zealand Local Government Funding Agency. The terms are at a fixed interest rate of 3.12% with a maturity date of 15 April 2029.

#### *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 3.72%. Internal borrowings are eliminated on consolidation of activities in the Council's financial statements.

<b>Note 19: Employee entitlements</b>	<b>Actual 2019 (\$000)</b>	<b>Actual 2020 (\$000)</b>
<b>Current Portion</b>		
Accrued pay	205	217
Annual leave	300	387
Long service leave	39	41
Superannuation	0	0
<b>Total current portion</b>	<b>544</b>	<b>645</b>
<b>Non-current portion</b>		
Accrued pay	0	0
Annual leave	0	0
Long service leave	7	5
Superannuation	0	0
<b>Total non-current portion</b>	<b>7</b>	<b>5</b>
<b>Total employee entitlements</b>	<b>551</b>	<b>650</b>

*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 not expected to exceed the annual entitlement of staff, and calculations show any amounts involved are likely to be immaterial.

<b>Note 20: Provisions</b>	<b>Actual 2019 (\$000)</b>	<b>Actual 2020 (\$000)</b>
<b>Landfill aftercare</b>		
Balance at 1 July	276	290
Additional(reduction) in provisions made	0	475
Amounts used	(14)	(18)
Unused amount reversed	(22)	(18)
Discount unwind	50	48
<b>Balance at 30 June</b>	<b>290</b>	<b>777</b>

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 14 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 2% (2019 2.14%) has been used in discounting the cash outflows.

<b>Note 21: Equity</b>	<b>Actual 2019 (\$000)</b>	<b>Actual 2020 (\$000)</b>
<b>Accumulated funds</b>		
Balance at 1 July	443,615	463,839
Transfers from property revaluation reserves on disposal	0	0
Other transfers	(180)	1
Surplus (deficit) for year	20,404	(898)
<b>Balance at 30 June</b>	<b>463,839</b>	<b>462,942</b>
<b>Other reserves</b>		
<b>Property revaluation reserves</b>		
Balance at 1 July	44,924	131,325
Net revaluation gains	86,401	7,994
Transfer to accumulated funds on disposal of property	0	0
<b>Balance at 30 June</b>	<b>131,325</b>	<b>139,319</b>
Property revaluation reserves for each class of assets consist of:		
Operational assets		
Land	2,271	4,813
Buildings	7,377	11,552
Infrastructural assets		
sewerage systems	12,260	12,260
water systems	17,627	17,627
stormwater drainage network	8,900	8,900
roading network	79,899	79,899
Restricted assets		
Land	1,514	3,208
Buildings	1,477	1,060
<b>Total</b>	<b>131,325</b>	<b>139,319</b>
<b>Fair value through other comprehensive income reserve</b>		
Balance at 1 July	100	113
Net revaluation gains (losses)	13	18
Transfer to net surplus/deficit	0	0
<b>Balance at 30 June</b>	<b>113</b>	<b>131</b>
<b>Total other reserves</b>	<b>131,438</b>	<b>139,450</b>

<b>Note 21: Equity (continued)</b>						
<b>Special and restricted reserves 2020</b>						
<b>Name (* denotes restricted)</b>	<b>Associated Activity</b>	<b>Purpose</b>	<b>Balance 1 Jul 19</b>	<b>Deposits</b>	<b>With-drawals</b>	<b>Balance 30 Jun 20</b>
Aquatic	Swimming pools	Capital works	86	75		161
Bulls courthouse*	Property	Maintenance of courthouse building	84	17	5	96
Flood damage	Roading	Road maintenance due to flooding	238	250	179	309
General purpose	Capital works	Capital works	2,402			2,402
Haylock park*	Parks and reserves	Additional reserve area at park	30	1		31
Hunterville rural water	Water	Future loop line	206	8		214
Keep Taihape beautiful*	Property	Enhancement of Taihape	20			20
Marton land subdivision*	Parks and reserves	Improvement to reserves land	444	16		460
Marton marae*	Property	Marton marae project	4			4
McIntyre recreation*	Parks and reserves	Maintenance or upgrades of park	21	1		22
Putorino rural water	Water	Maintenance of scheme dam	22	1		23
Ratana sewer	Sewerage	Capital works	26	1		27
Revoked reserve land	Parks and reserves	Offset costs of other revoked land	238			238
Rural housing loan	Property	No longer required	150			150
Rural land subdivision*	Parks and reserves	Improvement to reserves land	198	7		205
Santoft domain*	Parks and reserves	Maintenance or upgrades of park	124	7	1	130
<b>Total special and restricted reserves</b>			<b>4,293</b>	<b>384</b>	<b>185</b>	<b>4,492</b>
<b>Special and restricted reserves 2019</b>						
<b>Name (* denotes restricted)</b>	<b>Associated activity</b>	<b>Purpose</b>	<b>Balance 1 Jul 18</b>	<b>Deposits</b>	<b>With-drawals</b>	<b>Balance 30 Jun 19</b>
Aquatic	Swimming pools	Capital works	65	75	54	86
Bulls courthouse*	Property	Maintenance of courthouse building	67	17		84
Flood damage	Roading	Road maintenance due to flooding	372	250	384	238
General purpose	Capital works	Capital works	2,402			2,402
Haylock park*	Parks and reserves	Additional reserve area at park	29	1		30
Hunterville rural water	Water	Future loop line	199	7		206
Keep Taihape beautiful*	Property	Enhancement of Taihape	20			20
Marton land subdivision*	Parks and reserves	Improvement to reserves land	427	17		444
Marton marae*	Property	Marton marae project	4			4
McIntyre recreation*	Parks and reserves	Maintenance or upgrades of park	20	2	1	21
Putorino rural water	Water	Maintenance of scheme dam	21	1		22
Ratana sewer	Sewerage	Capital works	25	1		26
Revoked reserve land	Parks and reserves	Offset costs of other revoked land	238			238
Rural housing loan	Property	No longer required	150			150
Rural land subdivision*	Parks and reserves	Improvement to reserves land	191	7		198
Santoft domain*	Parks and reserves	Maintenance or upgrades of park	92	41	9	124
<b>Total special and restricted reserves</b>			<b>4,322</b>	<b>419</b>	<b>448</b>	<b>4,293</b>

<b>Note 22: Reconciliation of net surplus (deficit) to net cash flow from operating activities</b>	<b>Actual 2019 (\$000)</b>	<b>Actual 2020 (\$000)</b>
<b>Surplus (deficit)</b>	20,404	(898)
<b>Add (less) non-cash items</b>		
Depreciation and amortisation	10,646	13,141
Community loan repayment exchanged for accommodation	(16)	0
(Gains) losses in fair value on forestry assets	(10)	(4)
Reversal of previous losses on roading through operating surplus(deficit)	(17,495)	0
Movement in employee entitlements (non current)	1	2
	<b>(6,876)</b>	<b>13,139</b>
<b>Add (less) items classified as investing or financing activities</b>		
(Gains) losses on disposal of property, plant and equipment	(286)	(131)
(Gains) losses on fair value financial assets	12	(18)
(Gains) losses revaluation land and buildings financial assets	0	0
(Gains) losses biological Assets	0	0
	<b>(274)</b>	<b>(149)</b>
<b>Add (less) movements in working capital items</b>		
(Increase) decrease in prepayments	(36)	(84)
(Increase) decrease in debtors and other receivables	(99)	(959)
Increase (decrease) in income in advance	33	49
Increase (decrease) in creditors and other payables	(1,774)	2,161
Increase (decrease) in provisions	14	12
Increase (decrease) in employee entitlements	72	101
	<b>(1,790)</b>	<b>1,280</b>
<b>Net cash inflow (outflow) from operating activities</b>	<b>11,464</b>	<b>13,372</b>



<b>Note 23: Capital commitments and operating leases</b>	<b>Actual 2019 (\$000)</b>	<b>Actual 2020 (\$000)</b>
<b>Capital commitments</b>		
Property, plant and equipment		
Not later than one year	3,690	836
Later than one year and not later than five years	0	0
<b>Total capital commitments</b>	<b>3,690</b>	<b>836</b>
These commitments may include some items that may turn out to be of an operational nature, rather than capital.		
<b>Operating leases as lessee</b>		
The Council leases property, plant and equipment in the normal course of its business. The future aggregate minimum lease payments payable under non-cancellable operating leases are as follows:		
Not later than one year	62	59
Later than one year and not later than five years	122	73
Later than five years	0	0
<b>Total non-cancellable operating leases</b>	<b>184</b>	<b>132</b>
<b>Operating leases as lessor</b>		
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	32	22
Later than one year and not later than five years	72	72
Later than five years	78	59
	<b>182</b>	<b>153</b>

No contingent rents have been recognised during the period.

<b>Note 24: Contingencies</b>	<b>Actual 2019 (\$000)</b>	<b>Actual 2020 (\$000)</b>
<b>Contingent Liabilities</b>		
Emissions Trading Scheme	0	0
Building Act claims	0	0
Miscellaneous claims	0	0
<b>Total contingent liabilities</b>	<b>0</b>	<b>0</b>

**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 2020 these four facilities have an approximate value of \$350,000.

**Contingent Liabilities**

When a ratepayer purchased their land in Poplar Grove Bulls in the 1980s they were advised that the road boundary was on the line of their fence. This was later found to be incorrect. A council resolution on 30 July 2020 directed the Chief Executive to remedy the boundary encroachment. This requires the stopping of a rural road which requires the consent of the Minister of Land Information (granted by LINZ under delegated authority). This matter has been referred to Linz for its preliminary view. The estimated costs for the survey, legal and LINZ inputs are \$10,000.

Spooners Hill Road was originally part of the Turangi to Bulls State Highway. In the early 1950s the Public Works Department (PWD) widened and re aligned portions of the Road near the junction with Paengaroa Road. A small portion of the land was taken from the front of the Marae land by proclamation, endorsed by the Māori Land Court. The Court subsequently approved the PWD calculations of compensation payable to the Marae land owners. The Marae Trustees (landowners) can not progress their building programme for the Marae until the road boundary is formalised. This has prompted the trustees to seek compensation from the council for the land involved, and in recognition of the illegality of the original proclamation on the basis that the land was inalienable, being Māori Reserve Land. If the council is obligated to pay some form of "re compensation" the contingency has been estimated at \$15,000 being \$12,500 for "compensation" and \$2,500 for associated costs of road legalisation action.

<b>Note 25: Related party transactions</b>	<b>Actual 2019 (\$)</b>	<b>Actual 2020 (\$)</b>
<b>Key management personnel compensation</b>		
<i>Councillors</i>		
Remuneration	394,412	416,817
Full-time equivalent members	12	12
<i>Senior management team, including the chief executive</i>		
Remuneration	612,121	837,466
Full-time equivalent members	4	4
<b>Total key management personnel remuneration</b>	<b>1,006,533</b>	<b>1,254,283</b>
<b>Total full-time equivalent personnel</b>	<b>16</b>	<b>16</b>

Due to the difficulty in determining the full-time equivalent for Councillors, the full-time equivalent is taken as the number of Councillors.

The Councillor remuneration includes annual salary, allowances for mileage and telephone/fax. The Council is a one-seventh shareholder in Manawatū Wanganui LASS Limited. Transactions between the Council and the company are disclosed below:

Regional archives project costs paid to the company by the Council	0	0
Other projects costs paid to the company by the Council	41,292	27,469

*The following transactions have all been supplied on normal commercial terms.*

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 \$71,906 (2019 \$53,629).

Councillor Peke-Mason also has interests in the Aorangi Awarua Trust. During the year the Council paid the Trust \$ 10,749 (2019 \$4,515)

During the year, the Council provided Project Marton with funding amounting to \$39,920 (2019 \$42,377). Councillor Cathryn Ash is an employee of Project Marton.

Councillor Nigel Belsham is a director of BJW Motors Ltd, Marton. During the year the Council made payments of \$2,666.75 (2019 \$6,891) to BJW Motors Ltd for the servicing of motor vehicles.

Councillor David Wilson was previously a director of McVerry Crawford Motors, Marton until May 2019. As a result disclosure is not required to June 2020 (2019 \$30,121)

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).

Note: a) All amounts quoted in this disclosure are GST inclusive (where applicable).

Note: b) All transactions have been conducted at arms length

Note: c) There are no related party transactions that are on terms more favourable than those that it is reasonable to expect the council to have adopted in dealing with a party at arms length

<b>Note 26: Remuneration</b>	<b>Actual 2019 \$</b>	<b>Actual 2020 \$</b>
<b>Chief Executive</b>		
Ross McNeil		
Gross salary	231,680	168,995
Vehicle (market value plus FBT)	13,394	3,091
Superannuation contribution	7,218	5,070
Peter Beggs		
Gross salary	0	173,077
Vehicle (market value plus FBT)	0	17,500
Superannuation contribution	0	5,192
<b>Total remuneration</b>	<b>252,292</b>	<b>372,925</b>
<b>Other Council employees</b>		
Number of full-time employees	50	48
Number of full-time equivalents of part-time employees	18	21
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	58	51
\$60,001 to \$79,999	8	17
\$80,000 to \$99,999	8	6
\$100,000 to 159,999	4	6
\$160,000 to 279,999	1	1
<b>Total employees</b>	<b>79</b>	<b>81</b>
Total remuneration includes the value of any non-financial benefit paid to an employee.		

<b>Note 26: Remuneration (continued)</b>	<b>Actual 2019 \$</b>	<b>Actual 2020 \$</b>
<b>Elected representatives</b>		
<b>Council</b>		
<i>Mayor</i>		
A Watson	105,174	117,068
<i>Councillors</i>		
C Ash	21,785	23,129
R Aslett	27,647	7,946
N Belsham	39,413	40,081
A Gordon	30,179	31,427
D McManaway	31,908	6,720
S Peke-Mason	22,133	6,524
R Rainey	26,197	8,344
L Sheridan	23,753	7,115
D Wilson	21,785	29,632
G Platt	23,052	6,826
J Dunn	21,385	23,704
G Duncan	0	18,761
F Dalgety	0	17,212
W Panapa	0	17,914
B Carter	0	17,231
R Lambert	0	17,698
T Hiroa	0	19,486
<b>Total Council members remuneration</b>	<b>394,411</b>	<b>416,818</b>
<b>Community Boards</b>		
<i>Taihape</i>		
M Fannin	9,835	6,050
A Abernathy	4,253	7,101
G Larsen	4,433	4,312
Y.Sicily	4,253	1,274
E Abernathy	0	3,037
<i>Ratana</i>		
C Mete	4,253	4,297
C Rourangi	2,126	2,126
T Tataurangi	2,126	637
M Thompson	2,526	760
L Meihana	0	1,489
J Nepia	0	1,489
<b>Total Community Board members remuneration</b>	<b>33,805</b>	<b>32,572</b>
<b>Total elected representatives remuneration</b>	<b>428,216</b>	<b>449,390</b>

The total remuneration for each elected member is made up of annual salary, non-salary benefits and mileage. The remuneration reflects 26 pay periods. The mileage allowances for Council total \$25,946 and Telephone \$8,434. The Telephone allowance for the Community Boards total \$464.

**Note 27: Severance payments**

For the year ended 30 June 2020, the Council made no (2019 Nil) severance payments to employees.

**Note 28: Events after balance date**

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

<b>Note 29A: Financial instrument categories</b>	<b>Actual 2019 (\$000)</b>	<b>Actual 2020 (\$000)</b>
<b>Financial instrument categories</b>		
<b><i>Financial assets</i></b>		
<b><i>Loans and receivables</i></b>		
Cash and cash equivalents	9,504	8,407
Debtors and other receivables	3,414	4,272
Other financial assets		
term deposits	0	0
<b>Total loans and receivables</b>	<b>12,918</b>	<b>12,679</b>
<b><i>Fair value through other comprehensive revenue and expense</i></b>		
Other financial assets		
corporate bonds	79	79
unlisted shares	71	49
<b>Total fair value through other comprehensive revenue and expense</b>	<b>150</b>	<b>128</b>
<b><i>Financial liabilities</i></b>		
Financial liabilities at cost		
creditors and other payables	3,010	5,009
Loans	3,000	3,000
community loan	128	112
<b>Total financial liabilities</b>	<b>6,138</b>	<b>8,121</b>

**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	Quoted market price	Observable inputs	Significant non-observable inputs
	(\$000)	(\$000)	(\$000)	(\$000)

**2020****Financial assets***Unlisted shares*

New Zealand Local Government Insurance

Corporation Limited

33

0

0

33

Manawatū Wanganui LASS Limited

16

0

0

16

*Corporate bonds*

79

79

0

0

**2019****Financial assets***Unlisted shares*

New Zealand Local Government Insurance

Corporation Limited

55

0

0

55

Manawatū Wanganui LASS Limited

16

0

0

16

*Corporate bonds*

79

79

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:

	2019	2020
Balance at 1 July	70	71
Gains (losses) recognised in the surplus or deficit	1	
Gains (losses) recognised in other comprehensive income	0	(22)
Purchases		
Balance at 30 June	71	49

**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, Manawatū 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.



<b>Note 29C: Financial instrument risks (continued)</b>	<b>Actual 2019 (\$000)</b>	<b>Actual 2020 (\$000)</b>
<i>Maximum exposure to credit risk</i>		
The Council's maximum credit risk exposure for each class of financial instruments is as follows:		
Cash at bank and term deposits	9,504	8,407
Debtors and other receivables	3,414	4,272
Corporate bonds	79	79
<b>Total credit risk</b>	<b>12,997</b>	<b>12,758</b>

*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-	9,504	8,407
<b>Total cash at bank and term deposits</b>	<b>9,504</b>	<b>8,407</b>

Corporate bonds

AA	48	48
A+	0	0
A	0	0
A-	0	0
BBB-	31	31
<b>Total corporate bonds</b>	<b>79</b>	<b>79</b>

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 its 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
<b>2020</b>					
Creditors and other payables	5,009	5,009	5,009	0	0
Loans	3,000	3,000	0	0	3,000
Community loan	112	112	16	64	32
<b>Total</b>	<b>8,121</b>	<b>8,121</b>	<b>5,025</b>	<b>64</b>	<b>3,032</b>
<b>2019</b>					
Creditors and other payables	2,849	2,849	2,849	0	0
Secured loans	3,000	3,960	96	384	3,480
Community loan	128	128	16	64	48
<b>Total</b>	<b>5,977</b>	<b>6,937</b>	<b>2,961</b>	<b>448</b>	<b>3,528</b>

**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
<b>2020</b>					
Cash and cash equivalents	8,407	8,407	8,407	0	0
Debtors and other receivables	4,370	4,370	4,370	0	0
Other financial assets					
term deposits	0	0	0	0	0
corporate bonds	79	79	0	79	0
<b>Total</b>	<b>12,856</b>	<b>12,856</b>	<b>12,777</b>	<b>79</b>	<b>0</b>
<b>2019</b>					
Cash and cash equivalents	9,504	9,504	9,504	0	0
Debtors and other receivables	3,414	3,414	3,414	0	0
Other financial assets					
term deposits	0	0	0	0	0
corporate bonds	79	79	0	79	0
<b>Total</b>	<b>12,997</b>	<b>12,997</b>	<b>12,918</b>	<b>79</b>	<b>0</b>

**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		+100bps	
		Surplus \$000	Other Equity \$000	Surplus \$000	Other Equity \$000
<b>2020</b>					
<i>Financial Assets</i>					
Cash and cash equivalents		(84)	0	(84)	0
Corporate bonds		0	0	0	0
<b>Total sensitivity to interest rate risk</b>		<b>(84)</b>	<b>0</b>	<b>(84)</b>	<b>0</b>
<b>2019</b>					
<i>Financial Assets</i>					
Cash and cash equivalents		(95)	0	(95)	0
Corporate bonds		0	0	0	0
<b>Total sensitivity to interest rate risk</b>		<b>(95)</b>	<b>0</b>	<b>(95)</b>	<b>0</b>

*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

**Revenue** is lower than forecast by \$3.609 million mainly due to subsidies and grants being less than forecasted. This partly reflects a \$1.032 million variance due to funding to assist with the Bulls Community Centre. The full year budget provided for revenue from the sale of land and property in Bulls. This is now forecasted to occur in the next financial period. Finance revenue was lower by \$0.121 million due to the decrease in interest rates for the Term Investments than that anticipated. Other Revenue was above budget by \$0.644 million, predominantly from: Rental Revenue from Investment Properties; Petrol Tax revenue; User Fees and Charges through an increase in resource consents and use of waste transfer stations.

**Expenditure** is above forecast by \$2.211 million. Personnel costs are up by \$0.478 million due to the timing of the transition to a new Chief Executive; increase in regulatory resources due to the increase in demand for consents; and as part of the annual remuneration process, salaries were reviewed to ensure they were consistent with market for a rural regional local authority. Depreciation costs are above forecast by \$2.358 million mainly due to the first full year of depreciation on the roading and three waters revaluation. Other Expenses are below budget by \$0.616 million due to some expenditure consolidation.

**Other Comprehensive revenue and expense (Gain on revaluation of property plant and equipment)** are impacted by the Land and Buildings having a triannual revaluation as at 1st July 2019.

#### Statement of financial position

**Current assets** are \$2.734 million higher than forecasted with cash and cash equivalents being \$1.626 million higher; Debtors, Prepayments and Other financial assets above forecast by \$1.108 million.

**Non-current assets** are higher than forecasted by \$67 million predominantly due to the revaluation of land and buildings as at 1st July 2019 and then previous period infrastructure revaluation.

**Current liabilities** are \$1.569 million above forecast with Creditors and Other payables being \$0.614 million higher. Against last year Current Liabilities are higher by \$2.312 million.

**Non-current liabilities** are \$13.019 million lower than the forecast due to lower than expected borrowings on capital expenditure, but it does contain the \$3.0m loan for the Bulls Community Centre. Some projects having an impact are the construction of the Mangaweka bridge \$4.629 million, Pipeline Marton to Bulls \$2.700 million Turakina Valley Road slip \$1.068 million where the projects will commence in the 2020/21 period. Against last year Non-current liabilities are \$0.006 million lower.

**Net Assets and Equity** as a result of the above these are \$81.461 million higher than forecast and are \$7.587 million higher than last year.

Note 32: Rating base information	Actual 2019	Actual 2020
Number of rating units preceeding year	8,528	8,556
	(\$000)	(\$000)
Total capital value of rating units preceeding year	4,481,745	4,490,565
Total land value of rating units preceeding year	2,855,466	2,852,716
Note: "preceeding year" for 2020 is as at 30 June 2019 and "preceeding year" for 2019 is as at 30 June 2018		

<b>Note 33: Insurance of assets</b>	<b>Actual 2019 (\$000)</b>	<b>Actual 2020 (\$000)</b>
Total value of assets covered by insurance contracts	65,059	63,993
Maximum amount of insurance	65,529	82,409
Total value of assets covered by financial risk sharing arrangements	140,134	72,167
Maximum amount available under those arrangements (40%)	56,054	71,171
Total value of assets that are self-insured	338,020	423,796
The value of funds maintained for that purpose	238	308

It is anticipated (but cannot be guaranteed) that under the terms contained in the Guide to the Civil Defence Emergency Plan, central government may fund 60% of the qualifying cost of reinstating essential infrastructure assets in the event of a major disaster.

The Council has a balance of \$0.308M in its Flood Damage Reserve for roading. As the damage repair work for the 2015 flood is complete this balance and the annual rates contribution is a provision for future flood events and councils likely percentage contribution to these events in partnership with NZTA.

## Benchmarks Disclosure Statement

For year ending 30 June 2020

### What is the purpose of this statement?

The purpose of this statement is to disclose the Council's financial performance in relation to various benchmarks to enable the assessment of whether the Council is prudently managing its revenues, expenses, assets, liabilities and general financial dealings.

The Council is required to include this statement in its annual report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

### Rates affordability benchmarks

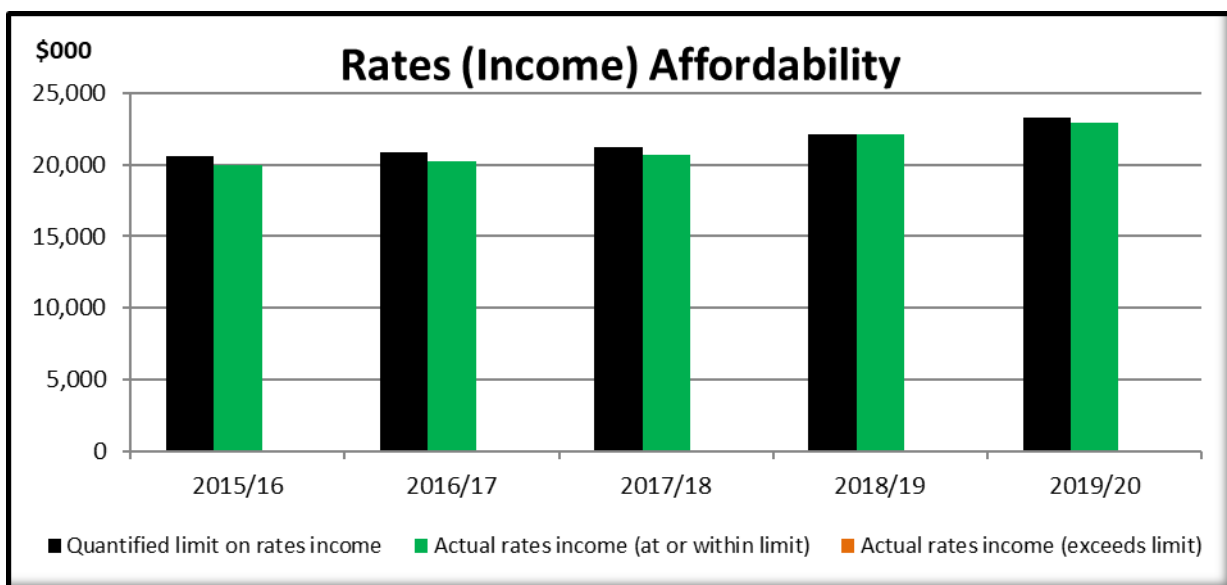
The Council meets the rates affordability benchmark if its—

- actual rates income equals or is less than each quantified limit on rates; and
- actual rates increases equal or are less than each quantified limit on rates increases.

### Rates (income) affordability

The following graph compares the Council's actual rates income for 2015/16, 2016/17, and 2017/18 years with the quantified limit on rates contained in the Council's 2015-2025 long-term plan, and for 2018/19 and 2019/20 years, with the quantified limit on rates contained in the Council's 2018-2028 long-term plan.

All limits are based on the previous year's actual rates income adjusted for the projected maximum rates increases noted in the next benchmark (rates increases affordability).

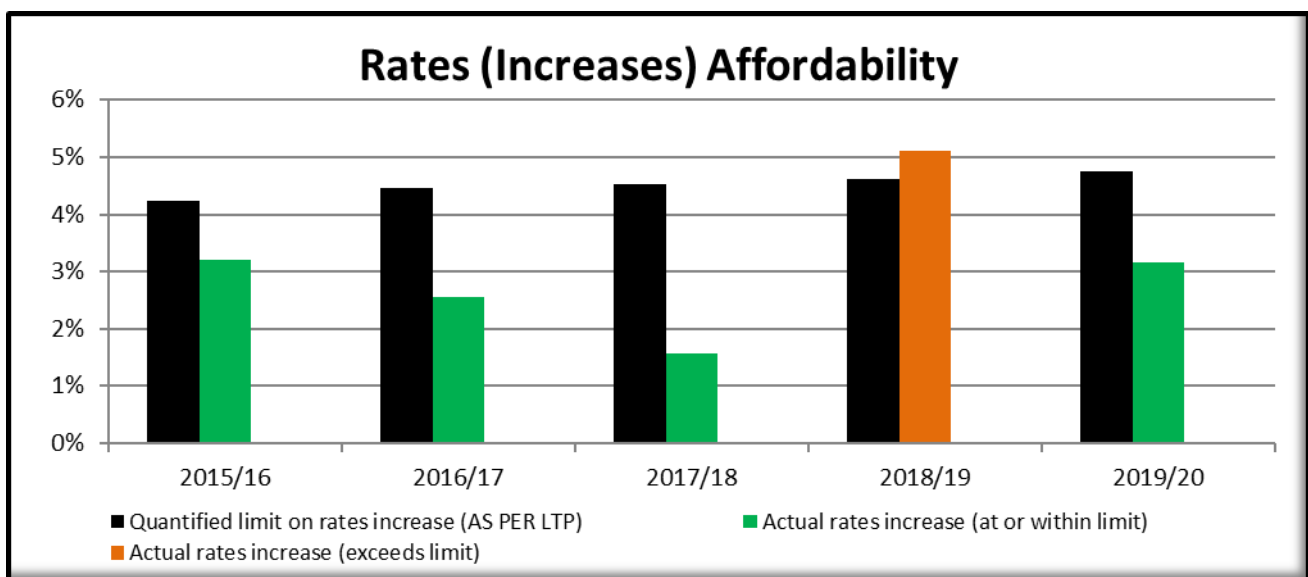


### Rates (increases) affordability

The following graph compares the Council's actual rates increases for 2015/16, 2016/17, and 2017/18 with the quantified limit on rates increase contained in the Council's 2015-2025 long-term plan, and for 2018/19 and 2019/20 years with the limits contained in the Council's 2018-2028 long-term plan.

The quantified limits are as follows:

2015/16.....	4.24%
2016/17.....	4.45%
2017/18.....	4.53%
2018/19.....	4.61%
2019/20.....	4.75%



### Debt affordability benchmark

The Council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing. For 2015/16, 2016/17 and 2017/18 years, the financial strategy included in the 2015-2025 long-term plan contains the quantified limits on borrowing. For 2018/19 and 2019/20 years it is the financial strategy included in the 2018-2028 long-term plan. Interest is defined in the current liability management policy slightly differently but for comparative purposes, the same definition has been used for 2019/20.

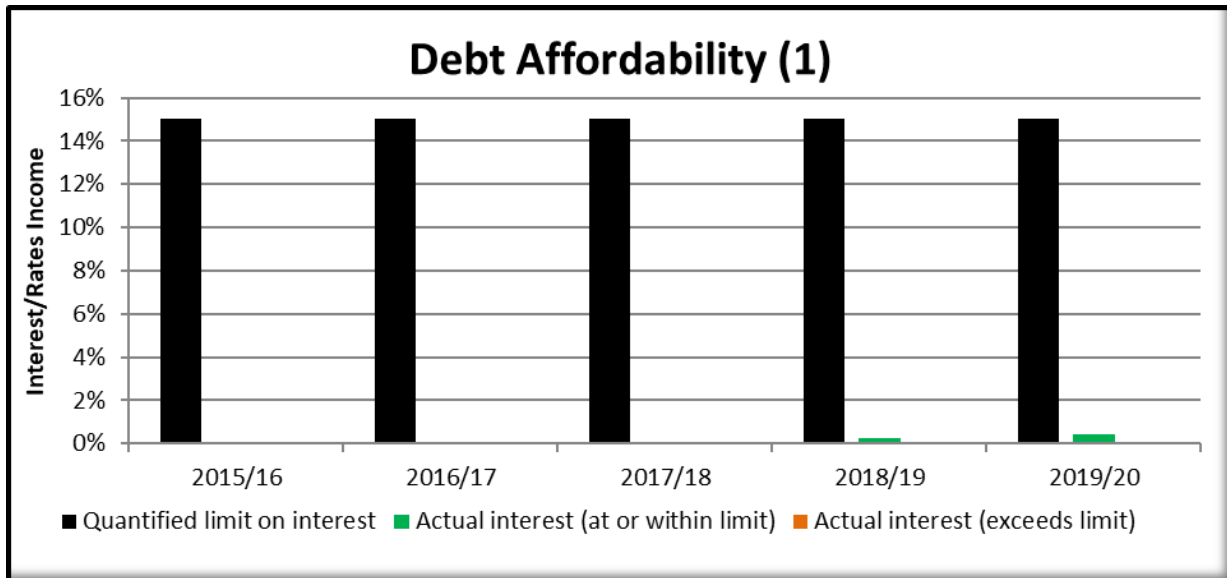
The limits are as follows:

- interest expense on net external debt will not exceed 15% of total rates income; Debt Affordability (1)
- the ratio of net external debt to annual rates income will not exceed 150%; Debt Affordability (2) and,
- net external debt per capita will not exceed \$2,500 for the last ensuing five years. Debt Affordability (3) -31,074

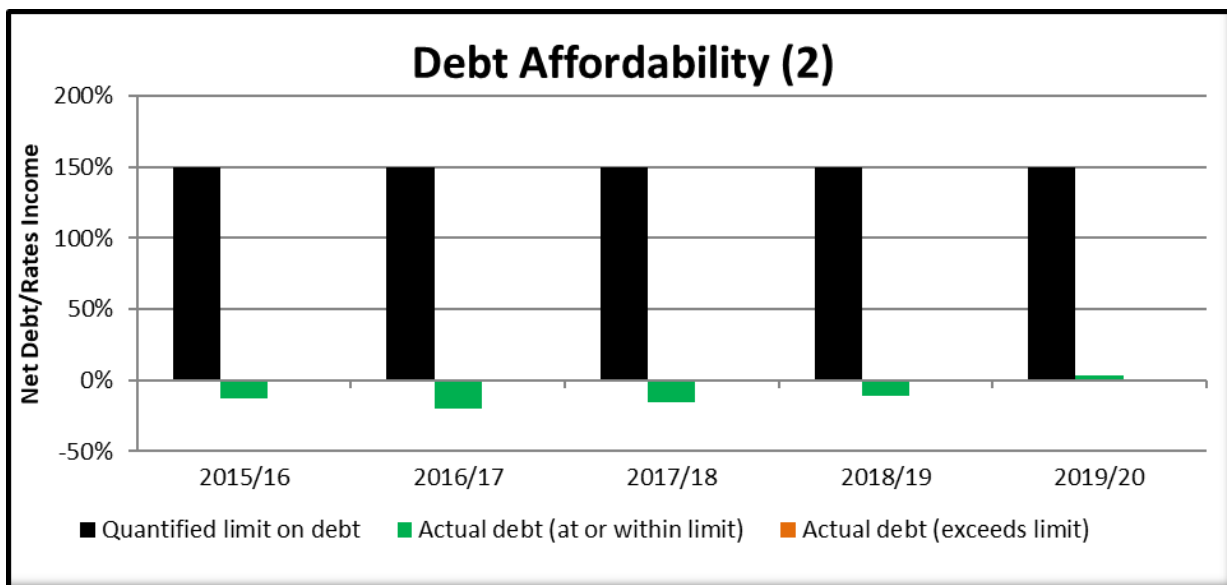


(Note: Council's current liability management policy defines "net debt", but the definition is slightly different to the definition laid down in the regulations. For the purposes of this benchmarking exercise, the same definition stated in the regulations has been used.)

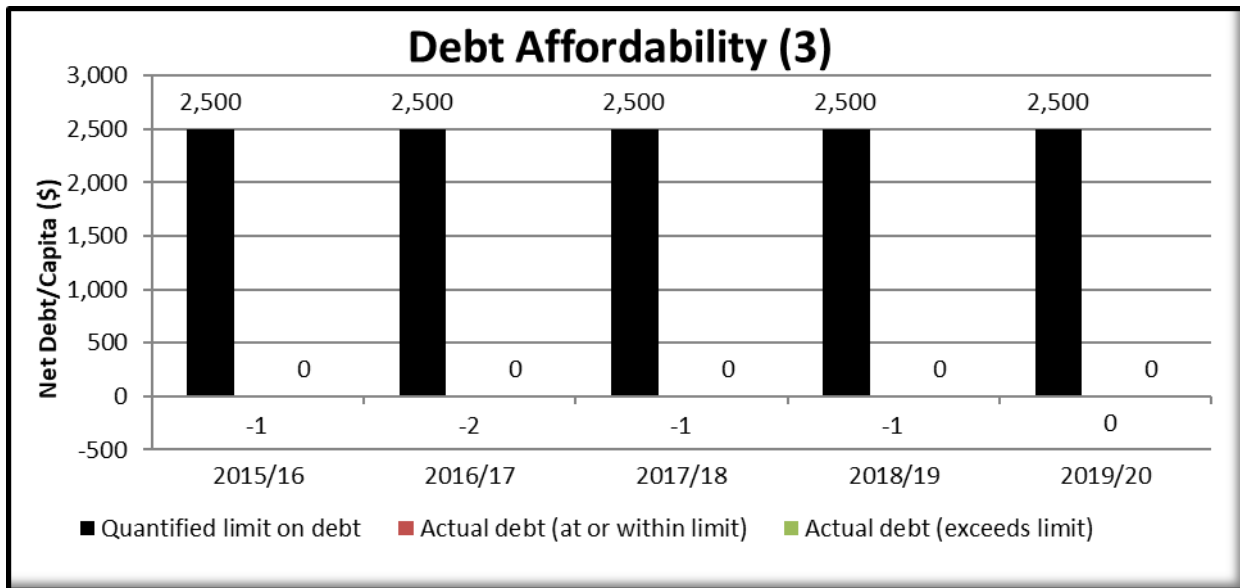
The following graph compares the Council's actual interest expense as a proportion of total rates income.



The following graph compares the Council's actual net debt as a proportion of annual rates income. (The graph shows negative values when financial liabilities are less than financial assets, excluding trade and other receivables.)



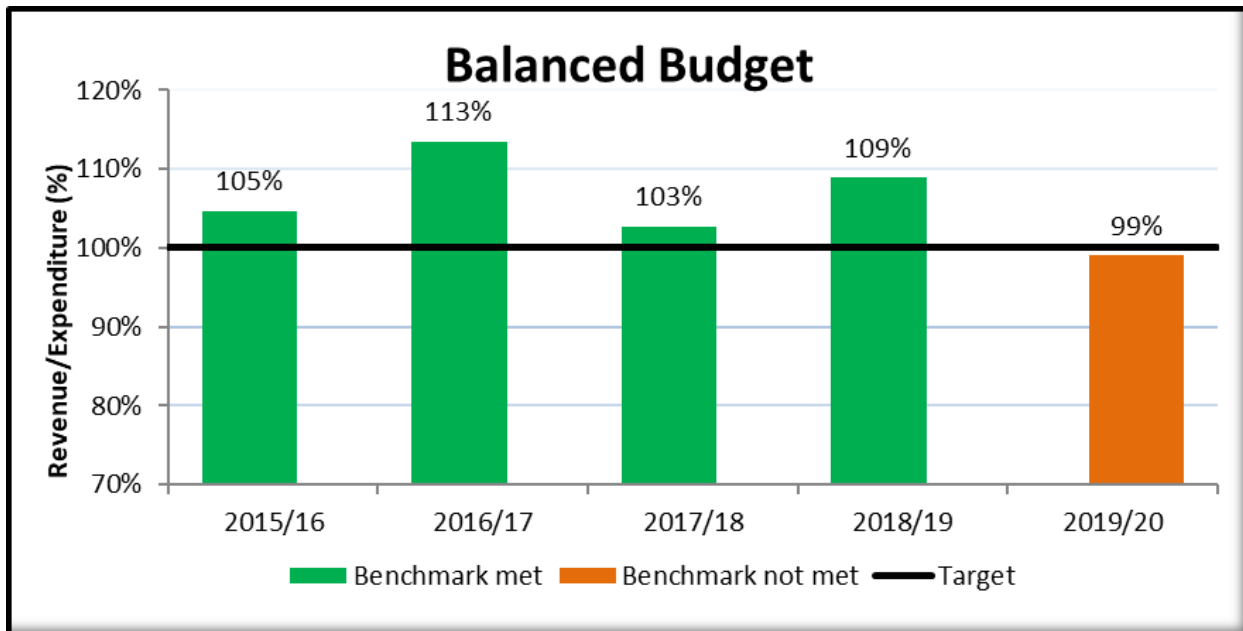
The following graph compares the Council's actual net debt divided by the total population of the district to provide a per capita outcome. (The graph shows negative values when financial liabilities are less than financial assets, excluding trade and other receivables.)



### Balanced budget benchmark

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

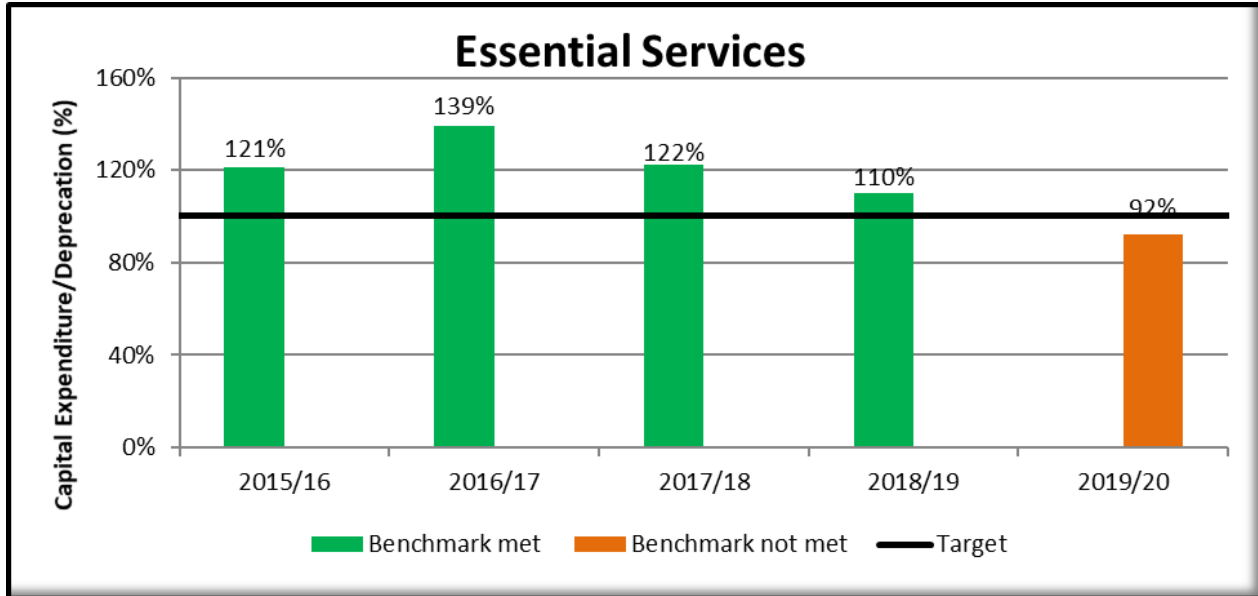
The Council meets this benchmark if its revenue equals or is greater than its operating expenses.



### Essential services benchmark

The following graph displays the Council's capital expenditure on network services as a proportion of depreciation on network services. (Capital work includes both renewals of existing infrastructure as well as new capital work undertaken.)

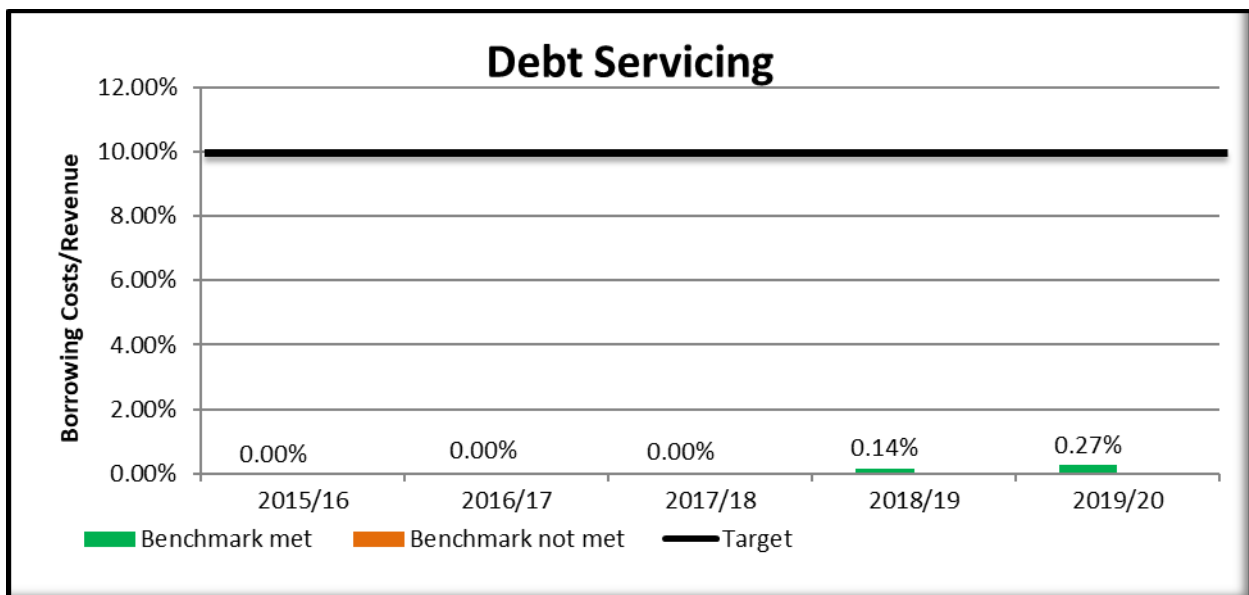
The Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services. Network services is defined in the regulations as infrastructure related to water supply, sewerage and the treatment and disposal of sewage, storm water drainage, flood protection and control works, and the provision of roads and footpaths. The Council owns no infrastructure related to flood protection and control work.



#### Debt servicing benchmark

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

Because Statistics New Zealand projects the Council's population will decline over the next 15 years, the Council meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue.

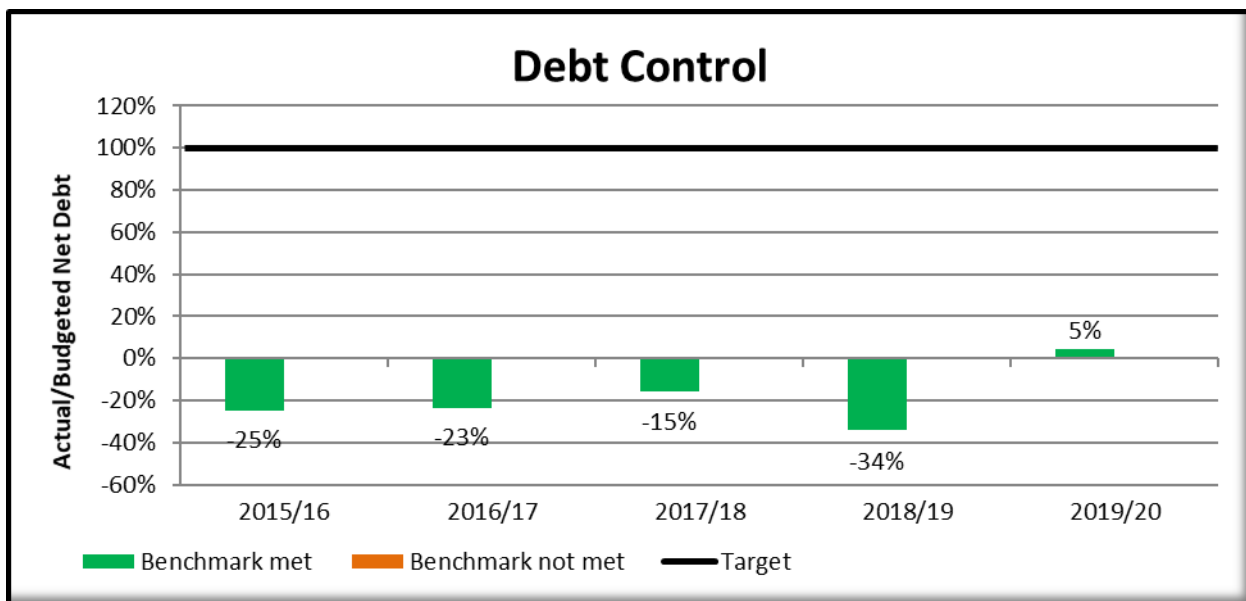


### Debt control benchmark

The following graph displays the Council's actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables). (The graph shows negative values when financial liabilities are less than financial assets, excluding rate and other receivables.)

The Council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt. The regulations do not state what plans the Council should use when determining planned net debt. This benchmark has used the 2015-2025 long-term plan for the first three years, and the 2018-2028 long-term plan for the final two years.

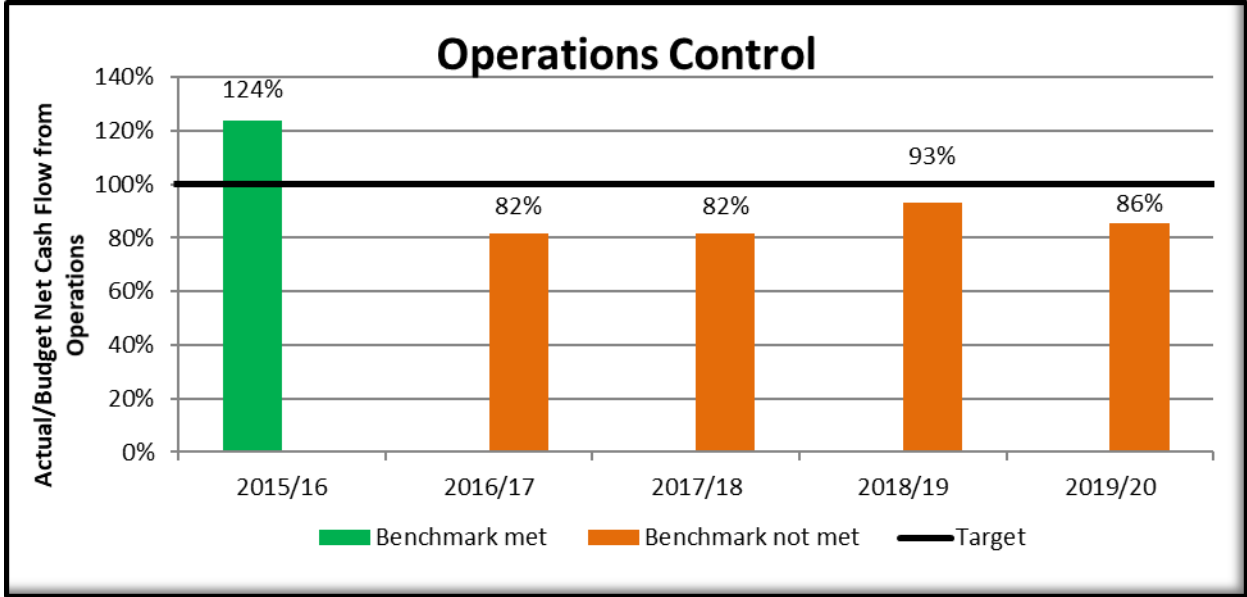
(The graph shows negative values when financial liabilities are less than financial assets, excluding trade and other receivables.)



### Operations control benchmark

This graph displays the Council's actual net cash flow from operations as a proportion of its planned net cash flow from operations.

The Council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations.





*Section 4:*  
**Other  
Information**

## Contact Details

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#### Website

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### Mayor and Councillors

Contact details for the Mayor and Councillors are located on page 14.

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

Contact details are provided on page 15.

Methodology used in determining water loss from the Council’s networked reticulation system

This is an extract from guidelines issued by the Department of Internal Affairs in July 2014. It relates to the performance measure on page 4.

In 2010 Water New Zealand assembled the water loss guidelines (WLG) for water loss management based on International Water Association (IWA) methodology:

[https://12240-console.memberconnex.com/Folder?Action=View%20File&Folder\\_id=101&File=100503\\_waterloss\\_guidelines.pdf](https://12240-console.memberconnex.com/Folder?Action=View%20File&Folder_id=101&File=100503_waterloss_guidelines.pdf)

**What Is Water Loss**

In any water supply system the infrastructure will deteriorate with age whatever its nature. Water losses will increase over time if nothing is done, due to increased leakage from pipes, meter under-registration or failure, and data handling errors (customer and network systems). Network efficiency is a combination of the natural deterioration of the infrastructure and monitoring equipment and the processes that have been put into place by the water suppliers to mitigate against this. This is illustrated in the ‘standard’ annual water balance shown in Figure 1 below.

Figure 1: Annual Water Balance used in BenchlossNZ and CheckCalcsNZ

Own Sources	System Input	Water Exported			Billed Water Exported to other Systems	Revenue Water
		Water Supplied	Authorised Consumption	Billed Authorised Consumption	Billed Metered Consumption by Registered Customers	
	Billed Unmetered Consumption by Registered Customers					
Water Losses	Unbilled Authorised Consumption		Metered			
	Apparent Losses		Unmetered			
Real Losses		Unauthorised Consumption				
		Customer Metering Under-registration				
		Leakage on Mains				
		Leakage and Overflows at Service Reservoirs				
		Leakage on Service Connections up to the street/property boundary				
Water Imported	(allow for bulk meter errors)					Non-Revenue Water

The standard IWA terminology for assessing water losses can be abbreviated as follows:

- **System Input Value** is the annual volume input to the water supply/system;
- **Authorised Consumption** is the annual volume of metered and/or non-metered water taken by registered customers, the water supplier and others that are implicitly or explicitly authorised to do so;
- **Non-Revenue Water (NRW)** is the difference between System Input Volume and Billed Authorised Consumption;
- **Water Losses** is the difference between System Input Volume and Authorised Consumption and consists of Apparent Losses and Real Losses;
- **Apparent Losses** consist of Unauthorised Consumption and all types of meter inaccuracies;
- **Real Losses** are the annual volumes lost through all types of leaks, bursts and overflows on mains, service reservoirs and service connections, up to the point of the customer meter.



## Methods to Measure Water Loss

To measure the water being lost in a distribution system the first approach is to conduct a water balance or night flow measurement. This enables the water supplier to determine the water supplied, consumed and lost in the distribution system.

It is recommended that users refer to the WLG and, in particular, Section 7 as it details the requirements at both basic and advanced levels.

Measuring leakage should be approached in the follow way:

- 1 Categorise the size of water supply system as large, medium or small as outlined in the table below:

**Table 1: Approaches for Assessing Real Losses Based on Size of System**

System	Number of Service Connections	Residential Customers Metered i.e. Universal metering	Recommended Method for Assessing Real Losses
Large	> 10,000	Yes	Annual water balance with confidence limits – BenchlossNZ or CheckCalcsNZ software
		No	Annual water balance with confidence limits / Minimum night flow (MNF) Analysis – BenchlossNZ or CheckCalcsNZ software
Medium	2,500 to 10,000	Yes	Annual water balance with confidence limits – BenchlossNZ or CheckCalcsNZ software
		No	Minimum night flow (MNF) Analysis – verify against water balance
Small	< 2,500	Yes	Annual water balance with confidence limits – BenchlossNZ or CheckCalcsNZ software
		No	Minimum night flow (MNF) Analysis

- 2 Estimating the level of losses in the network should use one of the recommended methods from Table 1:

- a. Method option 1: Water Balance – refer WLG Section 2.3

The Water Losses Benchloss Marking Software (Benchloss NZ and CheckCalcs NZ) was developed for Water NZ, (NZ Water and Wastes Association) refer to WLG Section 2.2 and is available free from Water NZ direct.

The first step in using the water balance components of the software is to determine the Unavoidable Annual Real Losses (UARL) using the following for each system:

- Length of mains = Total length of transmission and distribution mains;
- Number of service connections = Total number of metered accounts minus the total number of sub-meters plus the estimate number of unmetered service connections;
- Average Operating Pressure = System operating pressure i.e. estimate from weighted average ground levels and average pressure at zone inlets (reservoir, WTP);
- Number of Properties – Broken into residential/non-residential, metered and unmetered;
- Residential Population – Total population supplied from the system.

The next stage is to enter the detailed consumption data for authorised consumption as follows, which feeds directly into the 'WaterBal' Worksheet:

- Start and finish dates = Period for which the water balance and consumption data is calculated over, typically annually;
- Billed Water Exported = Volume of water extracted to a different system, if any;
- Billed Metered = number of residential and non-residential properties and billed volume;
- Billed Unmetered Consumption = number of residential / non-residential properties and estimated average usage (Litres/connection/day);
- Unbilled Metered Consumption = specify customer and recorded volume i.e. Council depot.
- Unbilled Unmetered Consumption = for example, hydrant flushing: an estimate is given and confidence limits used accordingly.

For the systems with 'unmetered residential properties', the largest single component of error is likely to be assumed consumption 'per property per day', and most effort should be spent on assessing that component rather than the minor components.

System data previously input is brought forward into the 'WaterBal' sheet. The next set of data required is the system inputs (own sources and water imported), as follows:

- System input = Source input + water imported. This is the total annual volume (or period) of water input to a system from the water supplier's treatment works and/or, where no treatment is provided, the volume of water input from other water suppliers.

The water losses volume is then calculated by subtracting the volume of authorised consumption from the system input volume. The apparent losses are then presented and then deducted from the water losses to determine the annual volume of real losses.

The next step is to assess the apparent losses consisting of unauthorised consumption and customer metering under-registration. Unauthorised consumption such as illegal connections or meter by-pass is then specified for each system. For customer meters under-registration a percentage is specified for the number of meters that are estimated to be under-registration for residential, non-residential and other meters. The estimated 95% confidence limits should be entered accordingly.

The Current Annual Real Losses (CARL) is calculated based on the difference between water losses and apparent losses, with the calculated 95% confidence limits shown in the lower and upper bands.

The 'PICalcs' sheet is used to calculate basic and detailed system operational performance indicators for real losses. The calculation provides a breakdown of the components of Non-Revenue Water expressed as a percentage of volume of system input. The components are:

- Unbilled Consumption
  - Apparent Losses
  - Real Losses – **This value is to be reported as one of the Non-Financial Performance Measures for Water Supply**
- b. Method option 2: Minimum Night Flow Analysis – refer WLG Sections 3.3, 4.4 and Appendix A

To use the minimum night flow (MNF) analysis method the following steps should be adopted:

- Arrange to measure night flow into the system or zone i.e. permanent/temporary meter, reservoir drop test;
- Record or estimate the average zonal night pressure (AZNP);
- Identify the time of year and days of the weeks when night consumption is likely to be at a minimum, typically during winter when there is less likely to be outside water use e.g. irrigation;
- Identify any 24-hour consumers and measure through data logging or meter reading during the night flow analysis time period;
- Measure the MNF over 1-hour between the hours of 01:00 to 03:00, together with the AZNP, preferably over a week period;
- The legitimate customer night consumption allowance is to be estimated and deducted from the MNF. For unmetered residential customers a value between 2.0 and 2.5 Litres/conn/hr is recommended. However, it is also recommended that further analysis is carried out to improve confidence;
- The real losses can be calculated from the MNF minus the customer night consumption allowances and any measured night consumption; and
- **The real losses, expressed as a percentage of total annual system input, is to be reported as one of the Non-Financial Performance Measures for Water Supply.**

## Statement of Resources

Area .....	4,538 sq km
Population .....	15,027
<i>Census 2018</i>	
Rateable Properties .....	7,966 <sup>28</sup>
Non-rateable Properties .....	580
Gross Capital Value .....	\$4,511,671,600
Net Capital Value .....	\$4,318,776,600
Gross Land Value .....	\$2,854,322,550
Net Land Value .....	\$2,780,792,350
Date of Last Revision of Values .....	July 2017
Length of Roads .....	1,229 km
• Sealed .....	802 km
• Unsealed .....	427 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
• Public Toilets and Restrooms .....	11 <sup>29</sup>
• Parks and Reserves .....	10

<sup>28</sup> There were 7,971 rateable properties in the District in 2018/19, 7,934 in 2017/18, 8,043 in 2016/17, 8,042 in 2015/16, and 8,474 in 2014/15. The reduction in 2015/16 was the result of the requirement from the Valuer-General for contiguous rural properties in the same ownership to be considered as a single property for rating purposes.

<sup>29</sup> Excludes public toilets within a Council facility for other purposes (e.g. Taihape Town Hall).





*Section 5:*  
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**RANGITĪKEI**  
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*Making this place home.*