



# **Rangitikei District Council**

## **Annual Report 2013-2014**

**Adopted by Council 2 October 2014**

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**Rangitikei**  
UNSPOILT...

# Rangitikei District Council

## Section 1: Introduction

## Role of the Annual Report

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

This Annual Report is broken into four sections:

### Section 1 Introduction

Provides an Overview of the Report.

### Section 2 Significant Activities

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

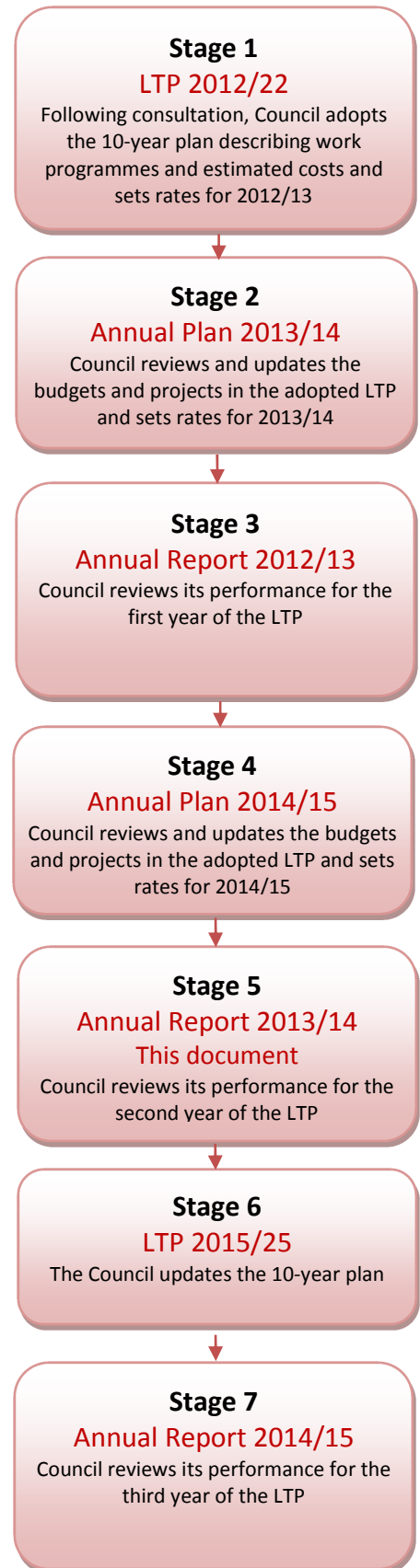
### Section 3 Financial Statements and Policy Reports

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

### Section 4 Other Information

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

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



## Executive Summary

### The Annual Report

The Annual Report is an essential accountability document. It sets out to explain the Council's performance in 2013/2014 against the Long Term Plan 2012/22, and against the various legislative and accounting requirements under which the Council is required to operate.

This Annual Report is prepared according to Sections 98 and 99 and Part 3 of Schedule 10 of the Local Government Act 2002. The Annual Report measures the Council's performance for the period 1 July 2013 to 30 June 2014. As well as financial results, the Annual Report includes results of the performance measures set out in the Long Term Plan 2012/22.

### Financial Performance

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

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

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

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

### Financial Position

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

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

### Revaluation

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

### Major achievements

- Completion of a draft town centre plan for Bulls, following an externally facilitated community engagement process;

- Inclusion of the Path to Well-being Initiative among the finalists in the Local Government New Zealand Excellence Awards;
- Completion of the new Marton water treatment plant;
- Securing consensus on requirements for an upgraded waste-water treatment plant at Bulls;
- Finalising the agreement with the Ministry of Health over a drinking water assistance subsidy for the upgrade of water supply at Ratana; and
- Submissions to the Government on its proposed changes to the roading Financial Assistance Rate, the proposed Building (Earthquake-prone Buildings) Amendment Bill, and the proposed amendments to the Local Government Act 2002.

## Levels of Service

This report documents results for 22 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. However, the annual surveys of residents and stakeholder groups are subject to a sensitivity analysis<sup>1</sup>.

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

The following chart shows that 68% of the intended levels of service were achieved, fully or partly, while 32% of the intended levels of service were not achieved.

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<sup>1</sup> See page 21.





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

The main factors contributing to achievement were customer responsiveness and operational effectiveness. In addition, some external factors influenced the results, notably the less severe rainfall during the year (less impact on stormwater) and the direct use of the Bonny Glen landfill by the District's major refuse collector (lower tonnage from the Council's waste transfer stations to the landfill).

Non-achievement was the result of non-compliance with resource consents (in particular, the inadequate provision of regular records to Horizons Regional Council), some unpredicted infrastructure failure, some redefinition of projects (affecting their scope and timing) and some process errors in handling consents.

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

That framework will include the 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).

## Audit Report



### Independent Auditor's Report

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

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

- the financial statements of the District Council that comprise:
  - the statement of financial position as at 30 June 2014 on page 71;
  - the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 30 June 2014 on pages 69, 70 and 72;
  - the funding impact statement of the District Council on page 68;
  - the statements about budgeted and actual capital expenditure in relation to each group of activities of the District Council on pages 34 to 66; and
  - the notes to the financial statements that include accounting policies and other explanatory information about the financial statements on pages 74 to 120;
- the statement of service provision of the District Council on pages 24 to 64 and the funding impact statements in relation to each group of activities of the District Council on pages 29 to 65; and
- the disclosures of the District Council that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014 on pages 121 to 127.

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

- information about:
  - internal borrowing on pages 34 to 66;
  - reserve funds on page 105;
  - each group of activities carried out by the District Council on pages 26 to 66;
  - remuneration paid to the elected members and certain employees of the District Council on pages 110 to 111;

- employee staffing levels and remuneration on page 110;
- severance payments on page 112;
- rating base units on page 120; and
- insurance of assets on page 120.
- a report on the activities undertaken by the District Council to establish and maintain processes to provide opportunities for Maori to contribute to the Council's decision-making processes on page 131 and 132; and
- a statement of compliance signed by the mayor of the Council, and by the District Council's chief executive on page 20.

## Opinion

### Audited information

In our opinion:

- the financial statements of the District Council on pages 69 to 72 and pages 74 to 120:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect:
    - the District Council's financial position as at 30 June 2014; and
    - the results of its operations and cash flows for the year ended on that date.
- the funding impact statement of the District Council on page 68, fairly reflects the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's annual plan.
- the statements about budgeted and actual capital expenditure in relation to each group of activities of the District Council on pages 34 to 66, fairly reflects by each group of activities the capital expenditure spent as compared to the amounts budgeted and set out in the District Council's long-term plan or annual plan.
- the statement of service provision of the District Council on pages 24 to 64:
  - complies with generally accepted accounting practice in New Zealand; and
  - fairly reflects the District Council's levels of service for the year ended 30 June 2014, including:
    - the levels of service as measured against the intended levels of service adopted in the long-term plan; and
    - the reasons for any significant variances between the actual service and the expected service.

- the funding impact statements in relation to each group of activities of the District Council on pages 29 to 65, fairly reflects by each group of activities, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's long-term plan.
- the disclosures on pages 121 to 127 represent a complete list of required disclosures and accurately reflects the information drawn from District Council's audited information.

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

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

Our audit was completed on 2 October 2014. This is the date at which our opinion is expressed.

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

### **Basis of opinion**

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

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

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the information we audited. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the information we audited, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the District Council's preparation of the information we audited that fairly reflect the matters to which they relate. We consider internal control in order to design procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the District Council's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Council;
- the adequacy of all disclosures in the information we audited;
- determining the appropriateness of the reported the statement of service provision within the Council's framework for reporting performance; and

- the overall presentation of the information we audited.

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

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

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

### **Responsibilities of the Council**

The Council is responsible for preparing:

- financial statements and the statement of service provision that:
  - comply with generally accepted accounting practice in New Zealand;
  - fairly reflect the District Council's financial position, financial performance and cash flows;
  - fairly reflect its service performance, including achievements compared to forecast;
- a funding impact statement that fairly reflects the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's annual plan;
- funding impact statements in relation to each group of activities that fairly reflects by each group of activities the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's long-term plan;
- statements about budgeted and actual capital expenditure in relation to each group of activities that fairly reflects by each group of activities the capital expenditure spent as compared to the amounts budgeted and set out in the District Council's long-term plan or annual plan; and
- disclosures in accordance with the requirements of the Local Government (Financial Reporting and Prudence) Regulations 2014; and
- the other information in accordance with the requirements of schedule 10 of the Local Government Act 2002.



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

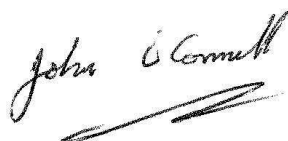
The Council's responsibilities arise under the Local Government Act 2002.

### **Responsibilities of the Auditor**

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

### **Independence**

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



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

## Who Are We?

### District Profile

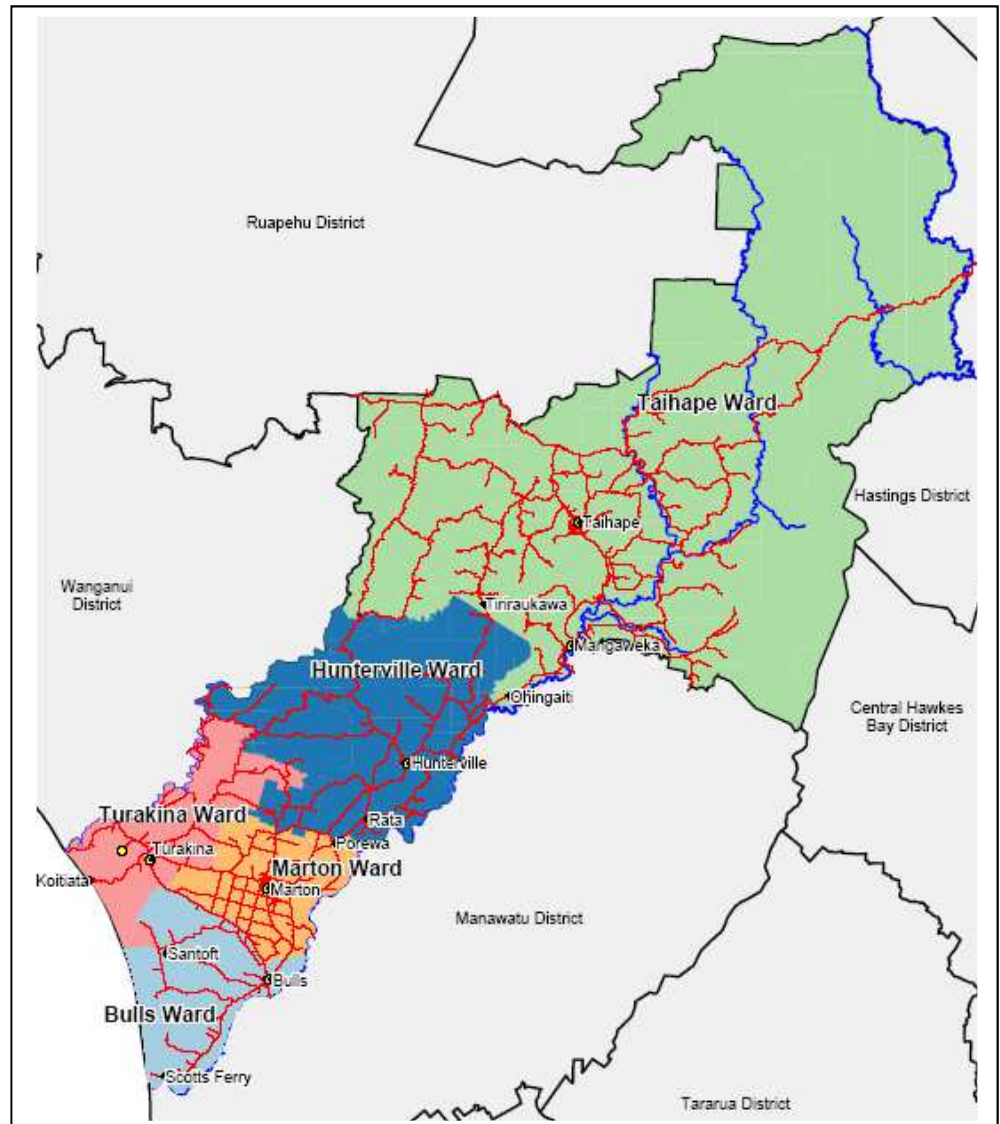
The Rangitikei District comprises 4,500 square kilometres of mainly lush, rural land. It is a diverse district, ranging from the sand plains on the south coast – which stretch inland almost as far as Bulls – to the magnificent hill country of the upper Rangitikei. The District is characterised by its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

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

### Demographic and Social Features

The 2013 Census was held on 5 March 2013, which showed a usually resident population of 14,019 (compared to 14,712 at the 2006 Census).<sup>2</sup> There were 3,453 Maori recorded in 2006, and 3,270 in 2013. Although the population is declining, the rate of decline has substantially reduced from 7.7% between 1996 and 2001, to 2.6% between 2001 and 2006 and about 0.8% between 2006 and 2014. This suggests that the population decline observed since 1996 is easing; however, the long-term population projection for the District is a further decline, most likely to be between 7,190 and 10,450 by 2046.

Consistent with a slowing decline, the number of occupied dwellings at the 2006 census (5,739) increased, up by 0.8% compared with a decline of 3.4% at the 2001 census, and up again slightly in the 2013 Census (5,773). However, the number of unoccupied dwellings has increased more rapidly – 768 in 2006 to 912 in 2013.



<sup>2</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.

## Rangitikei District Council

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

## Rangitikei District Logo



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

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



## Your Elected Members



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



Cr Dean McManaway  
Deputy Mayor  
jilden@xtra.co.nz  
027 429 1292



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



Cr Rebecca McNeil  
becmcneil@live.com  
021 0226 0313



Cr Nigel Belsham  
nigel.leighann@xtra.co.nz  
027 419 1024



Cr Cath Ash  
catash@xtra.co.nz  
021 524 585



Cr Soraya Peke-Mason  
sorayapm@xtra.co.nz  
027 270 7763



Cr Richard Aslett  
mangawekagallery@xtra.co.nz  
027 526 6612



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



Cr Mike Jones  
michael.jones@xtra.co.nz  
021 626 616



Cr Ruth Rainey  
raineys@xtra.co.nz  
021 100 8627



Cr Tim Harris  
sarah\_timharris@xtra.co.nz  
027 535 5086

## Your Representatives

### Taihape Community Board

Ms Michelle Fannin (Chair) .....	06 388 1129
Mr Andrew Green .....	027 335 1870
Ms Gail Larsen (Deputy Chair) .....	06 388 1161
Mr Peter Oliver .....	06 388 1822
Cr Angus Gordon .....	021 111 4767
Cr Ruth Rainey .....	021 100 8627

### Ratana Community Board

Ms Maata Kare Thompson (Chair) .....	06 342 6819
Mr Bjorn Barlien .....	06-342 6817
Mr Tama (Ringa) Biddle .....	021 0220 4951
Ms Nadine Rawhiti (Deputy Chair) .....	06 342 6823
Cr Soraya Peke-Mason .....	027 270 7763

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

Mr Pahia Turia (Chair).....	06 344 8150 or 027 223 9393 .....	(Whangaehu) -
Ms Barbara Ball (Deputy Chair) .....	06 388 1215 or 027 458 1397 .....	(Ngati Whitikaupeka) -
Ms Hari Benevides .....	06 388 1908 or 021 710 693 .....	(Ngati Tamakopiri) -
Vacant .....	.....	(Ngati Hauiti) -
Mr Mark Gray.....	06 388 7816 .....	(Ngati Rangituhia) -
Mr Pai Maraku .....	06 342 6838 .....	(Ratana Community) -
Mr Hone Albert.....	06 345 4709 .....	(Nga Ariki Turakina) -
Ms Katarina Hina.....	06 342 5906 or 029 389 0610 .....	(Nga Wairiki Ki Uta) -
Mr Peter Richardson.....	06 329 3742 .....	(Ngati Parewahawaha) -
Mr Chris Shenton .....	06 348 0558 .....	(Ngati Kauae/Tauira) -
Mr Peter Steedman .....	06 388 0851 .....	(Ngati Hinemanu/Ngati Paki) -
Mr Richard Steedman .....	06 388 1223 or 027 491 2565 .....	(Ngai te Ohuake) -
Cr Cath Ash.....	06 327 5237 or 021 524 585 .....	(Council representative) -
Mayor Andy Watson .....	06 327 0099 or 027 617 7668 .....	(Ex Officio) -

### Community Committee Chairs

Mr Steve Fouhy.....	06 342 6741 .....	(Turakina) -
Mr Hew Dalrymple.....	06 322 1017 or 027 450 9462 .....	(Bulls) -
Ms Anne George .....	06 327 7877 .....	(Marton) -
Mr Charlie Lewis .....	06 322 8782 .....	(Hunterville) -

## Mission Statement

# “Making our District thrive”

## Council’s Role

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

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

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

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

The role of a local authority is to:

*give effect, in relation to its district or region, to the purpose of local government - and; -*

*perform the duties, and exercise the rights, conferred on it by or under this Act - and any other enactment” -*

(Sections 10, 11 and 11A of the Local Government Act 2002)

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

- (a) network infrastructure,*
- (b) public transport services,*
- (c) solid waste collection and disposal,*
- (d) the avoidance or mitigation of natural hazards, and*
- (e) libraries, museums, and other recreational facilities and community amenities.*

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
- Roding and Footpaths
- Water Supply
- Sewerage and the Treatment and Disposal of Sewage
- Stormwater Drainage
- Community and Leisure Assets

- Rubbish and Recycling
- Environmental and Regulatory Services
- Community Well-being

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

## Formation of Council

### Council Committees

The Council has established various Standing Committees to monitor and assist in the effective discharging of specific responsibilities. For most of the year, there were three Standing Committees<sup>3</sup>:

- 1 Finance/Performance Committee (meets monthly)
- 2 Assets/Infrastructure Committee (meets monthly)
- 3 Planning/Policy Committee (meets monthly)
- 4 Hearings Committee (meets as required)
- 5 Te Roopu Ahi Kaa (meets bi-monthly)

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

- 1 Creative New Zealand Funding Assessment Committee
- 2 Sport NZ Rural Travel Funding Committee
- 3 Turakina Community Committee
- 4 Bulls Community Committee
- 5 Marton Community Committee
- 6 Hunterville Community Committee
- 7 Hunterville Rural Water Supply Management Sub Committee
- 8 Erewhon Rural Water Supply Management Sub Committee
- 9 Omatane Rural Water Supply Management Sub Committee
- 10 McIntyre Reserve Committee
- 11 Turakina Reserve Management Committee<sup>4</sup>

<sup>3</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.

<sup>4</sup> As no nominations were received within the required time, Council decided not to form this Committee during the 2010/13 triennium.

## 12 Rangitikei District Licensing Committee

### **Council Operations**

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

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

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

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

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

Figure 1: The Rangitikei District Council Governance Structure

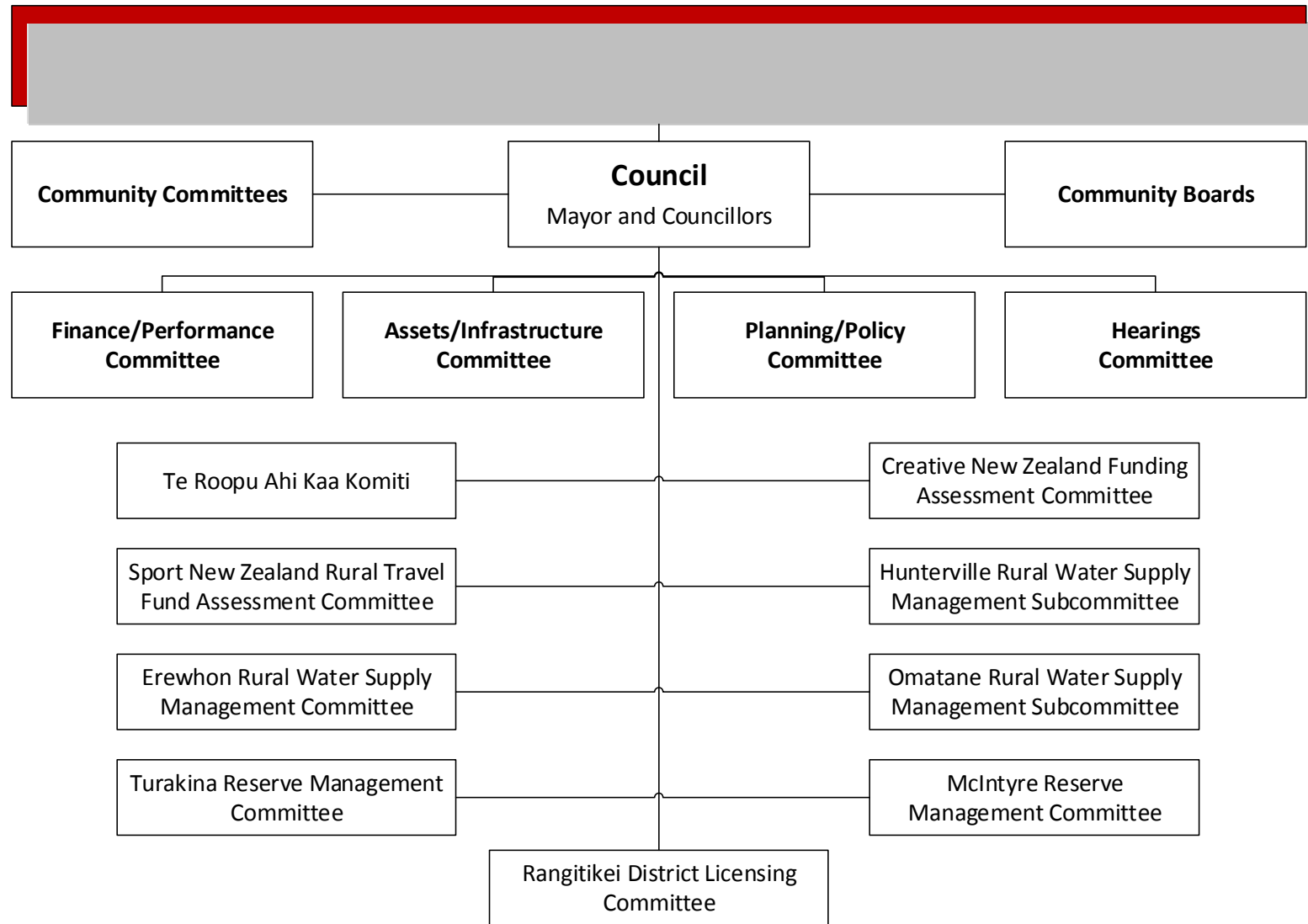
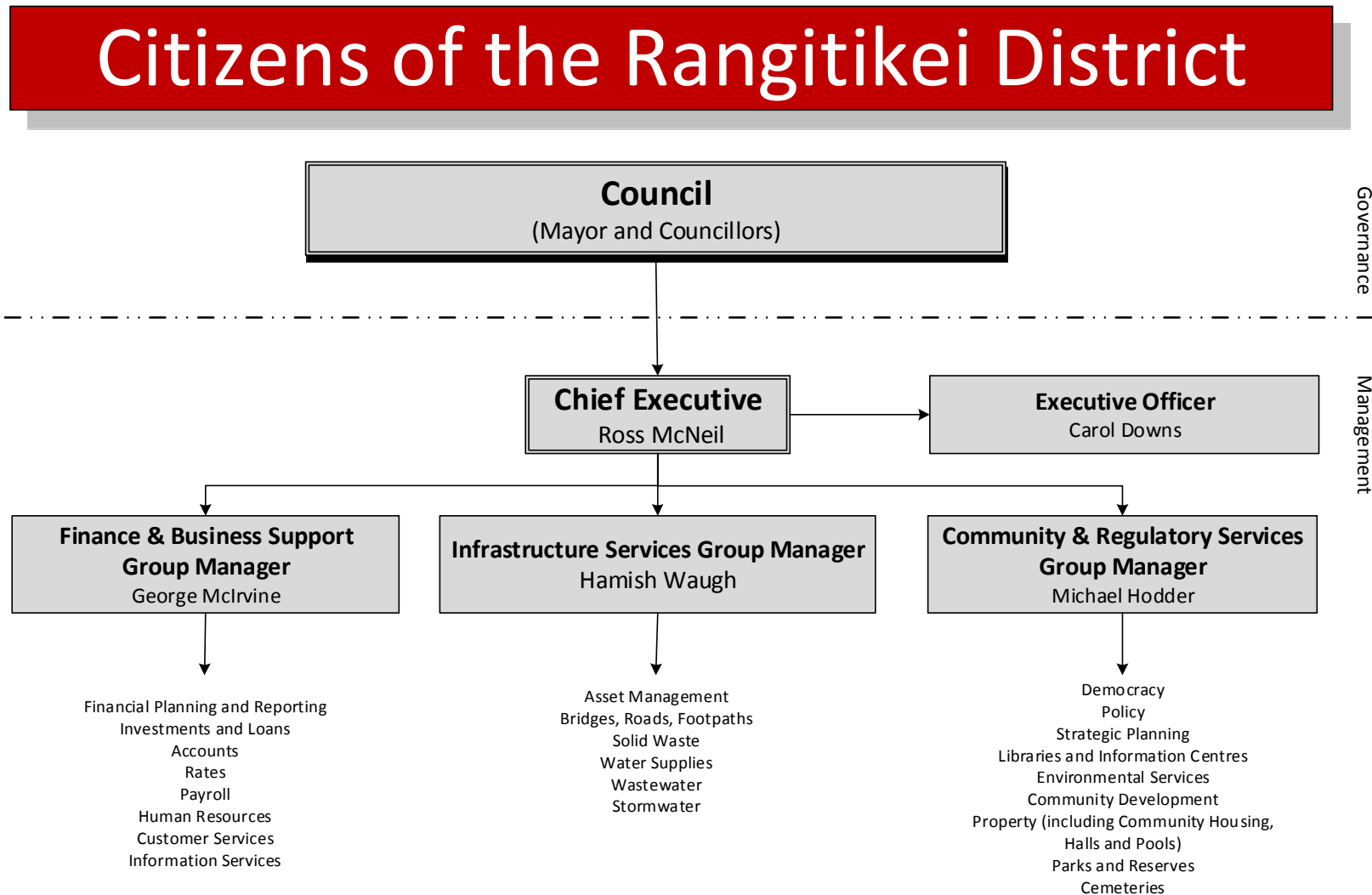


Figure 2: The Rangitikei District Council Management Structure



## Statement of Compliance and Responsibility

### Compliance

Council completed and adopted its 30 June 2014 Annual Report by 31 October 2014, as required by section 98(3) of the Local Government Act 2002. The Council and Management of the Rangitikei District Council confirm that all statutory requirements in relation to the Annual Report, as outlined in the Local Government Act 2002, have been complied with.

### Responsibility

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

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

In the opinion of the Council and Management of the Rangitikei District Council, the annual Financial Statements for the year ended 30 June 2014 fairly reflect the financial position and operations of the Rangitikei District Council.




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Andy Watson  
Mayor

2 October 2014




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Ross McNeil  
Chief Executive

2 October 2014





# Rangitikei District Council

## Section 2: Significant Activities

Including Funding Impact Statements by Significant Activity

## Council Outcomes

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

- 1 Good access to health services, whether it be the GP or the hospital
- 2 A safe and caring community, through effective partnership with local policing, rescue services, neighbourhood support and local initiatives
- 3 Lifelong educational opportunities that meet the lifelong needs of all members of the community
- 4 A buoyant District economy, with effective infrastructure and attractive towns that entice growth
- 5 A treasured natural environment, with a focus on sustainable use of our land and waterways
- 6 Enjoying life in the Rangitikei, with a district identity and a reputation as a viable and attractive place to live, work and play

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

During 2013/14, a key initiative was to work closely with Whanganui District Health Board, through a seconded staff member, to develop a multi-agency Positive Ageing Strategy. This was launched at a conference in Taihape in November 2013 and several projects arising from the strategy have been implemented. Of particular note is a series of Falls Prevention Programmes running in Marton and Taihape and to be extended to Bulls during 2014/15.

Other projects that have taken place or have progressed during 2013/14 as a direct result of the partnership approach include:

- Developed a Community Charter for Young People in Marton and engaged with service providers to investigate the model for service provision to meet the Charter aims
- Delivery of a Youth Action Plan, including a day Leadership Forum, a skate-park/graffiti competition, a District-wide series of "Talent Shows", a holiday programme for disadvantaged youth and re-establishing a youth club presence in Taihape
- In partnership with Te Runanga o Ngati Apa, delivered a community-wide anti-bullying programme and working alongside the schools to promote Positive Behaviour across the southern Rangitikei
- Swim-4-All: the provision of free swimming lessons for over 400 primary age children at the Council's pools

- As part of the international remembrance of the centenary of World War One, the District's museums and heritage societies have produced a DVD telling the stories of local people and their unsung, everyday heroism in serving their country during the Great War
- Also, as above, a partnership with the District RSAs has successfully secured some funding to contribute to the renewal of the war memorials across the District (the work will be undertaken during 2014/15)
- Continuing to support the ICT (Information and Communication Technology) Hubs in Marton and Ratana

Successful funding applications have been made this year for these initiatives from the Ministry for Youth Development, Whanganui Community Foundation, KiwiSport, Water Safety New Zealand, Dudding Trust, Te Papa Helping Hands Grant and the Environment, Heritage and WWI Commemorative Projects Lottery Fund. This new funding totals over \$89,000. In addition, Council provided \$5,200 from its own Community Initiatives Fund.

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

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

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

## Performance Reporting

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

<b>Achieved</b>	<p>Required actions have been completed</p> <p><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</p>
<b>Partly achieved</b>	<p>Some outputs contributing to the intended level of service have been achieved (e.g. 3 workshops held of the 4 initially proposed)</p> <p><i>Or</i> the result for the year is between 50% and 75% of the intended level of service</p>
<b>Achieved/ongoing</b>	<p>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.</p>
<b>In progress</b>	<p>No actual output has been achieved but pre-requisite processes have commenced</p>
<b>Not commenced</b>	<p>No actions to achieve the stated level of service have begun</p>
<b>Not achieved</b>	<p>None of the required actions have been undertaken</p> <p><i>Or</i> the result for the year is less than half of the intended level of service</p> <p><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</p>
<b>Not yet available</b>	<p>Timing of the relevant data set occurs later in the year</p>

*Note on margin of error in surveys*

## Resident survey 2014

Sample addresses for 2000 residents were taken from the ratepayer database. 408 questionnaires were completed and returned (i.e. a 20% response rate – on a par with the surveys conducted in 2013 and 2012). The margin of error is +/-4.9% at the 95% confidence level. That is, if the observed result on the total sample of 408 respondents was 50% (the point of maximum margin of error), there is a 95% probability that the true answer falls between 45.1% and 54.9%.

## Stakeholder survey 2014

Sample email addresses for 275 stakeholders were provided by the Council. 86 stakeholders (31%) participated in the online survey (108 last year). This gives an overall margin of error of +/-10.57% at the 95% confidence level. That is, if the observed result on the total sample of 86 respondents was 50% (the point of maximum margin of error), there is a 95% probability that the true answer falls between 39.43% and 60.57%.

A similar principle applies when comparing survey results from different years

## Community Leadership

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

Highlights include development of strategic intents for the new triennium (to inform the preparation of the 2015/25 Long Term Plan), implementation of a new standing committee structure, implementation of a monthly reporting template for all Council activities, completion of a review of the policy manual, the introduction of a regular online newsletter and submissions to the Government on legislative proposals with potentially significant impact on the Council's delivery of services and thus Rangitikei's communities.

### 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 2013/14	Actual July 2013 June 2014
Completion of annual plan actions on time	<p>90% of Annual Plan actions substantially undertaken or completed. All groups of activities achieved at least 77% of identified actions.</p> <p><i>This is an increased target from 2012/13 – 88% and 75% respectively.</i></p>	<p><b>Partly achieved:</b> 81% of Annual Plan actions have been completed. Last year this figure was 83%</p> <p>Community leadership – 83% Some scheduled policy reviews were not completed this year, mainly due to an increase in other areas of work (Speed Limit Bylaw review and new policies developed for landlocked land, disposal of surplus assets and local approved products policy)</p> <p>Roading and footpaths – 70% Mainly achieved except the completion of capital programme in the footpaths area.</p> <p>Water supply – 50% 2/3 projects have been severely delayed: backflow protection at the Bulls plant have been affected by a fire at the plant and VSD pumps for the Hunterville rural water scheme are awaiting confirmation from the Committee. The substantial project of a new treatment plant at Ratana is on track (100%).</p>

		<p>Sewerage and the treatment of sewage – 71% The substantive projects to relocate the Taihape pump station, to upgrade the UV treatment at Ratana and upgrade the plant in Bulls are progressing well. One project, to complete the infiltration inflow study has been held back by combining it with studies for Bulls and Taihape to gain greater economies of scale.</p> <p>Stormwater drainage – 69% Projects are substantially on track with the exception of inspections of intake structures in Taihape and Marton.</p> <p>Community and leisure assets – 88% Most improved (up to 88% this year from 36% last year), reflecting a review of the budgets and work programmes and better alignment of these.</p> <p>Rubbish and recycling –100% The green waste scheme has begun operation and the Zero Waste programme has been delivered in five schools as scheduled.</p> <p>Environmental and regulatory services – 100% Consenting and planning activity has been in line with all targets.</p> <p>Community well-being – 94% Some projects anticipated through the Path to Well-being initiative were slow to start and one project was abandoned. Overall, 5/10 projects are complete and 4 are progressing.</p> <p><i>Overall</i>, five of the nine groups of activities reached or passed the 77% minimum threshold.</p>
Completion of capital programme	88% of planned capital programme expended; all	<b>Not achieved:</b> Overall, 58% of the planned capital

	<p>network utilities groups of activities to achieve at least 77% of planned capital expenditure.</p> <p><i>This is an increased target from 2012/13 – 85% and 75% respectively.</i></p>	<p>programme has been achieved. Last year the figure was 89%.</p> <p><i>Roading</i> Total capital expenditure for the year was \$6,840,950 from a budget of \$6,968,157 (i.e. 98%)</p> <p><i>Utilities (water, wastewater and stormwater)</i> Total capital expenditure for the year was \$3,106,000 from a budget of \$9,914,000 (31%) This under-expenditure is attributable to slower progress than planned in a number of projects and no substantive work in upgrades to the Bulls wastewater plant and Ratana water supply because of delays from consultation (for Bulls) and contractual negotiation (for Ratana).</p> <p><i>Community and Leisure Assets</i> (cemeteries, halls, housing, libraries, parks and reserves, public toilets and swimming pools) Total capital expenditure was \$240,538 from a budget of \$534,000 (45%). This under-expenditure is largely the result of projects at the swimming pools deferred until 2014/15 and reviewing the priorities for such expenditure in halls.</p>
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### **Significant variations between the level of service achieved and the intended level of service**

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

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

There were no significant variations between acquisitions and replacement.

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

The operating surplus of \$183,000 is \$207,000 above forecast. This has occurred mainly in the Council activity where overheads have been \$93,000 less than budgeted and, likewise, other direct costs have been \$40,000 less than budget. The balance of the increased surplus is a result of expenditure under budget in committees and community boards.



**Community Leadership – Funding Impact Statement**

For the year ended 30 June 2014

	2013 Long-term plan (\$000)	2014 Long-term plan (\$000)	2014 Actual (\$000)
<b>Sources of operating funding</b>			
General rates, uniform annual general charge, rates penalties	1,110	1,158	1,116
Targeted rates (other than targeted rates for water supply)	0	0	52
Subsidies and grants for operating purposes	0	0	0
Fees, charges and targeted rates for water supply	0	31	48
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</b>	<b>1,110</b>	<b>1,189</b>	<b>1,216</b>
<b>Applications of operating funding</b>			
Payment to staff and suppliers	923	1,012	904
Finance costs	0	0	0
Internal charges and overheads applied	193	201	130
Other operating funding applications	0	0	
<b>Total applications of operating funding</b>	<b>1,116</b>	<b>1,213</b>	<b>1,033</b>
<b>Surplus (deficit) of operating funding</b>	<b>(6)</b>	<b>(24)</b>	<b>183</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	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
<b>Total sources of capital funding</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	(6)	(24)	183
Increase (decrease) in investments	0	0	0
<b>Total applications of capital funding</b>	<b>(6)</b>	<b>(24)</b>	<b>183</b>
<b>Surplus (deficit) of capital funding</b>	<b>6</b>	<b>24</b>	<b>(183)</b>
<b>Funding balance</b>	<b>0</b>	<b>0</b>	<b>0</b>
Note: Depreciation expense not included above	2	2	2

## Roading and Footpaths

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

55 kilometres of the roading network was resurfaced. Pavement rehabilitation was done for 8 km (mostly on the Mangahoe, Makahou, Kauangaroa and Turakina Valley Roads). The length of footpath capital and renewal was 716 metres, mostly in Marton and Taihape.

Major reconstruction work was done on the Calico Line/Tutaenui Road/Bond Street intersection. This included replacing the kerbs in Broadway giving more room for truck and trailer units to turn.

The storms in October 2013 did \$2.2 million damage to the Council's roading network. Emergency works funding of \$1.7 million was provided by the New Zealand Transport Agency.

### Level of Service

Provide a safe roading network which allows people to travel from A to B free of loose gravel or potholes and maintaining the level of sealed roads currently available

Measure	Target for 2013/14	Actual July 2013 June 2014
Smooth travel exposure rating (i.e. NAASRA roughness counts)	96.5% <i>This target is unchanged from 2012/13.</i>	<b>Achieved:</b> The mean rating for the sampled District's roads is 98%. This is the percentage of the road distance travelled in the sample which met the specified service level. Primary collector roads such as Wanganui Road have a roughness level of 150 NASAARA counts whereas for road with a daily count of less than 50 per day a NASSARA count between 200 and 250 would be acceptable. The results of the sampling are used to review renewal priorities.  When last measured, in January 2011, the mean rating was 97%.

<p>The number of callouts to the contractor, both within working hours and after-hours, with the response and resolution times (with the percentage resolved within a specified time). Specific note to be made of</p> <p>(i) time to respond/ resolve callouts relating to potholes; and</p> <p>(ii) incidents of crashes on Council's roading network and whether the road condition was a cause of each crash.</p>	<ul style="list-style-type: none"> <li>• 100% after-hours callouts responded to within 12 hours</li> <li>• 100% callouts during working hours, responded to within 6 hours</li> <li>• 80% of all callouts resolved (i.e. completed) within one month of the request.</li> <li>• Specific reference to callouts relating to potholes</li> <li>• No fatal crashes attributable to the condition of the roading network</li> </ul> <p><i>This target is unchanged from 2012/13.</i></p>	<p><b>Partly achieved:</b></p> <ul style="list-style-type: none"> <li>• 91% after-hours callouts responded to within 12 hours. (43 requests). Last year this figure was 78%.</li> <li>• 71% callouts during working hours responded to within 6 hours (140 requests). Last year this figure was 55%.</li> <li>• 96% of all callouts resolved (i.e. completed) within one month of the request. Last year this figure was 58%.</li> <li>• During the reporting period 28 pothole requests were lodged – two afterhours (responded to in time), 26 during working hours (15 responded to within time; 11 were responded to late). 96% of validated pothole requests were completed in time (i.e. within one month).<sup>5</sup> Last year the figure was 52%.</li> <li>• There were four fatal crashes but none of these was attributable to the condition of the roading network. Last year there were also no fatal crashes attributable to the condition of the network.</li> </ul>
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## Level of Service

### Increase asset length and footpath renewal programme

<p>Adequacy of provision and maintenance of footpaths, street-lighting and local roads (annual survey)<sup>6</sup>.</p>	<p>A greater proportion (than in the previous year) of the sample believe that Council's service is getting better</p>	<p><b>Not achieved:</b> 8% believe the service is better than last year (cf. 10% in 2013 and 13% in 2012). 70% thought the service was about the same (cf. 64% in 2013 and 71% in 2012). 20% thought it worse than last year (cf.</p>
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<sup>5</sup> One pothole request was reassigned to parks and reserves, to be dealt with by that contractor rather than the roading contractor.

<sup>6</sup> Groups which are targeted for consultation:

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

	<p><i>This sets an increased target from 2012/13.</i></p>	<p>17% in 2013 and 15% in 2012).</p> <p>Overall, Council's provision and maintenance of roading networks, footpaths and street-lighting was rated similar to the last two years. Poor road maintenance (31%) and poor footpath maintenance (21%) continue to dominate the negative reasons for residents' overall road ratings. Positive impressions of good lighting and well maintained footpaths fell during the year.</p> <p>Council is seen to have done better than previous years on road safety (5% in 2012, 10% in 2013 and 9% in 2014). 15% believe the service is better than last year (cf. 22% in 2012 and 16% in 2013).</p>
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### **Significant variations between the level of service achieved and the intended level of service**

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

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

The significant variation in capital expenditure is due to the deferral of \$1,080,000 of expenditure on the major refurbishment of the Wylie's bridge. This is also the reason for the reduced level of subsidies for capital expenditure. This project is to be funded by loan and thus the movement in loans is reduced for the same reason.

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

The reduction in projected operating surplus in this activity of \$921,000 is due to two main factors. The Council was able to reduce the level of rates required indicated in the Long Term Plan because of more rigorous budgeting of expenditure together with surpluses created in previous years. This amounted to \$734,000. The balance of the reduced surplus is caused by unbudgeted flood damage work which accounts for the increase in both expenditure and subsidies. (Emergency flood damage repairs attracted a subsidy of 74% of expenditure )

**Roading and Footpaths – Funding Impact Statement**

For the year ended 30 June 2014

	2013 Long- term plan (\$000)	2014 Long- term plan (\$000)	2014 Actual (\$000)
<b>Sources of operating funding</b>			
General rates, uniform annual general charge, rates penalties	0	0	0
Targeted rates (other than targeted rates for water supply)	6,663	6,905	6,171
Subsidies and grants for operating purposes	2,547	2,547	3,836
Fees, charges and targeted rates for water supply	4	4	0
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	110	115	112
<b>Total operating funding</b>	<b>9,324</b>	<b>9,571</b>	<b>10,120</b>
<b>Applications of operating funding</b>			
Payment to staff and suppliers	5,182	5,206	6,699
Finance costs	146	207	154
Internal charges and overheads applied	467	493	523
Other operating funding applications	0	0	0
<b>Total applications of operating funding</b>	<b>5,795</b>	<b>5,906</b>	<b>7,376</b>
<b>Surplus (deficit) of operating funding</b>	<b>3,529</b>	<b>3,665</b>	<b>2,744</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	4,096	4,736	4,045
Development and financial contributions	0	0	0
Increase (decrease) in debt	(48)	396	(165)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
<b>Total sources of capital funding</b>	<b>4,048</b>	<b>5,132</b>	<b>3,880</b>
<b>Application of capital funding</b>			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	872	1,953	568
- to replace existing assets	6,091	6,093	6,273
Increase (decrease) in reserves	614	751	(217)
Increase (decrease) in investments	0		0
<b>Total applications of capital funding</b>	<b>7,577</b>	<b>8,797</b>	<b>6,624</b>
<b>Surplus (deficit) of capital funding</b>	<b>(3,529)</b>	<b>(3,665)</b>	<b>(2,744)</b>
<b>Funding balance</b>	<b>0</b>	<b>0</b>	<b>(0)</b>
Note: Depreciation expense not included above	6,258	6,446	6,209

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

### Roading and Footpaths – Capital Works

For the year ended 30 June 2014

Category	Designated projects for 2013/14	2013 Long-term plan (\$000)	2014 Long-term plan (\$000)	2014 Actual (\$000)
<b>RENEWALS</b>				
Road resealing	Total length 55 km (actual)	1,958	1,958	2,113
Road rehabilitation	Total length 6.89 km (actual)	2,924	2,924	2,890
Footpaths	Russell and Toia Streets, Marton; Pukeko Street, Taihape	202	205	157
Drainage	Programmed maintenance	316	316	427
Traffic services	Street lights and renewals	110	110	130
General maintenance and projects	Potholes, slips etc	580	580	556
<b>Total renewals</b>		<b>6,090</b>	<b>6,093</b>	<b>6,273</b>
<b>CAPITAL</b>				
Roading	Realignmanets and intersections	592	592	524
	Wylies Bridge	220	1,300	0
Footpaths	Princess and Toia Streets, Marton	60	61	44
<b>Total capital</b>		<b>872</b>	<b>1,953</b>	<b>568</b>

### Borrowing

For the year ended 30 June 2014

Balance of borrowing at start of year	2,886	2,838	2,805
Funds borrowed during the year	152	608	0
Funds repaid during the year	200	212	165
<b>Balance of borrowing at end of year</b>	<b>2,838</b>	<b>3,234</b>	<b>2,640</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	54%	45%	100%
Portion of finance costs attributable to internal borrowing	79	95	154

## Water Supply

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

Highlights include:

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

Level of Service		
Provide a reliable, accessible and safe water supply to properties on the urban reticulation systems		
Measure	Target for 2013/14	Actual July 2013 June 2014
Compliance with resource consents <sup>7</sup>	<p>No incidents of non-compliance with resource consents</p> <p><i>This target is unchanged from 2012/13.</i></p>	<p><b>Not achieved:</b></p> <p>Horizons undertook eight inspections during the year.</p> <p>Ratana – 6350: complies (but abstraction records are not required, so effectively not assessed)</p> <p>Bulls -103868: non-complying, largely due to no abstraction data being available 9 March to 19 May 2014 (date of inspection). There were exceedances of groundwater abstraction during February 2014, because of the fire at the Water Treatment Plant and other Bulls bores being out of service, but Horizons accepted this was a circumstance outside the control of the District Council.</p> <p>Bulls – 6903: complies/not assessed (this is for the bores; some abstraction data had not been provided).</p> <p>Marton – 4901: complies (this is for the bores at Calico Line and Totara</p>

<sup>7</sup> Council has previously regarded this compliance as a measure of delivering a sustainable water supply

		<p>Street – the latter is no longer used).</p> <p>Marton – 6853: non-complying (this is the alum sludge and filter backwash discharged from the water treatment plant, and the required sampling records had not been provided since July 2013).</p> <p>Marton – 6929: non-complying, because the monthly abstraction records were not provided.</p> <p>Hunterville – 103989: complies (although verification of the accuracy of the flow-meter is required by the end of 2014).</p> <p>Mangaweka – 103081: significant non-complying because there were ten instances when the reported daily abstraction rate was over 187m<sup>3</sup> per day (excluding the day after the plant had been shut down on 23 January 2014, with an excessive take the following day to recharge reservoir levels).</p> <p>Taihape – 101722: significant non-complying because of the failure to reduce abstraction when the flow of the Hautapu is low, and the lack of a plan to address this. When the river flow at Alabasters drops below 0.5690m<sup>3</sup>/sec, the prescribed maximum take is 2,225m<sup>3</sup> per day. A challenge in meeting this requirement is that the raw water supply main (installed in 1923) was designed as a constant flow main. Minimising flow during dry conditions will lead to hydraulic damage in high pressure sections if fully enforced. In addition, there were 121 days when the total volume of water abstracted were not reported through the telemetry installed by Horizons at the site.</p> <p>Erewhon – 103986 and 103987: complies – needs attention to get the required number of gaugings in place.</p> <p>Omatane – 103988: complies</p>
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<p>Compliance with the New Zealand Drinking Water Standards<sup>8</sup></p>	<p>No incidents of E-coli detection requiring information to be passed to Ministry of Health's Drinking Water Assessor</p> <p><i>This target is unchanged from 2012/13.</i></p> <p>Operational compliance with legislation confirmed by Drinking-water Assessor grading in Marton, Taihape and Bulls water schemes</p> <p><i>In 2012/13, this target was to move towards operational compliance.</i></p>	<p><b>Achieved</b></p> <p>No <i>E-coli</i> detected during the reporting period.</p> <p>Last year there were five incidents of E-coli transgressions: all sites were rechecked in accordance with NZDWS procedures and returned clear results. Sampling procedures were considered to be the primary cause for these transgressions. Corrective action was taken to review these.</p> <p>While there has been no grading of schemes in Marton, Taihape or Bulls, the Drinking Water Assessor has confirmed operational compliance with legislation. Water Safety Plans have been drafted for Taihape, Hunterville, Marton and Bulls and implemented at Mangaweka and Ratana.</p>
<p>Number of unplanned water supply disruptions affecting multiple properties</p>	<p>No unplanned water supply disruptions affecting multiple properties</p> <p><i>This target is unchanged from 2012/13.</i></p>	<p><b>Not achieved</b> There were nine unplanned water interruptions, affecting 108 properties.</p> <p>There were two problems in Bulls – one was a case of low drinking-water pressure and the other was a leak in the water main. The other seven problems were in Taihape, requiring valves to be turned off.</p> <p>Last year there were two unplanned water disruptions affecting neighbouring properties.</p>

<sup>8</sup> There are three distinct measures: (a) weekly sampling and testing on a weekly basis at Environmental Laboratory Services in Gracefield, Lower Hutt of all Council's urban reticulated supplies; (b) random tests conducted by MidCentral Health, and (c) annual inspections and grading by the Drinking-water Assessor (MidCentral Health, on behalf of the Ministry of Health)

## Level of Service

Provide a reliable water pressure and flow, which complies with the NZ Fire Service Fire Fighting Water Supplies Code of Practice

Random flow checks at the different supplies<sup>9</sup>

95% of fire hydrant installations are in compliance

*This is an increased target from 2012/13 – 90%.*

**Achieved:** 98% of hydrants compliant, based on maintenance history.

There were 11 maintenance callouts relating to hydrants during the year. Last year, compliance testing was deferred in Marton until the new reservoir had been fully commissioned.

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

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

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

The shortfall in expenditure in replacements amounting to \$1,130,000 has all been approved by the Council to be carried forward to the 2014/15 year. These projects include the Taihape Falling Main and the Tutaenui Road (Marton) water main renewal.

All the capital expenditure for acquisitions (\$2,093,647) has been approved to carry forward to the 2014/15 year by the Council. The largest item is for the Ratana water treatment plant which is the result of a slow start to the project due to delays in finalising the funding contract with the Ministry of Health.

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

The increase in operating surplus is \$589,000. Of this, \$460,000 is attributable to reduced finance costs because major capital work has not progressed thereby reducing the reliance on borrowings. The balance is made up of savings in overheads and other expenses partly offset by a reduction in rates as well as fees and charges.

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

**Water Supply – Funding Impact Statement**

For the year ended 30 June 2014

	2013 Long-term plan (\$000)	2014 Long-term plan (\$000)	2014 Actual (\$000)
<b>Sources of operating funding</b>			
General rates, uniform annual general charge, rates penalties	0	0	413
Targeted rates (other than targeted rates for water supply)	2,918	3,446	2,829
Subsidies and grants for operating purposes	0	0	0
Fees, charges and targeted rates for water supply	1,331	1,444	1,164
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	0	0	156
<b>Total operating funding</b>	<b>4,249</b>	<b>4,890</b>	<b>4,562</b>
<b>Applications of operating funding</b>			
Payment to staff and suppliers	2,265	2,290	1,903
Finance costs	371	890	430
Internal charges and overheads applied	570	601	531
Other operating funding applications	0	0	0
<b>Total applications of operating funding</b>	<b>3,206</b>	<b>3,781</b>	<b>2,864</b>
<b>Surplus (deficit) of operating funding</b>	<b>1,043</b>	<b>1,109</b>	<b>1,698</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	200	700	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	1,915	1,683	327
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
<b>Total sources of capital funding</b>	<b>2,115</b>	<b>2,383</b>	<b>327</b>
<b>Application of capital funding</b>			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	2,152	1,285	702
- to replace existing assets	1,447	2,719	1,589
Increase (decrease) in reserves	(441)	(512)	(267)
Increase (decrease) in investments	0	0	0
<b>Total applications of capital funding</b>	<b>3,158</b>	<b>3,492</b>	<b>2,025</b>
<b>Surplus (deficit) of capital funding</b>	<b>(1,043)</b>	<b>(1,109)</b>	<b>(1,698)</b>
<b>Funding balance</b>	<b>0</b>	<b>0</b>	<b>(0)</b>
Note: Depreciation expense not included above	1,043	1,109	1,136

## Water Supply – Capital Works

For the year ended 30 June 2014

Category	Designated projects for 2013/14	2013 Long-term plan (\$000)	2014 Long-term plan (\$000)	2014 Actual (\$000)
<b>RENEWALS</b>				
Marton	Treatment and reticulation	338	1,059	304
Taihape	Treatment and reticulation	541	988	673
Bulls	Treatment and reticulation	179	319	269
Mangaweka	Treatment and reticulation	92	28	114
Huntermville urban	Treatment and reticulation	82	29	40
Ratana	Treatment and reticulation	30	48	38
Erewhon	Treatment and reticulation	136	141	108
Huntermville rural	Treatment and reticulation	47	105	42
Omatane	Treatment and reticulation	2	2	0
<b>Total renewals</b>		<b>1,447</b>	<b>2,719</b>	<b>1,589</b>
<b>CAPITAL</b>				
Marton	Pressure flow control, backflow protection	1,440	50	502
Taihape	Pressure flow control, backflow protection	82	144	37
Bulls	Backflow protection	148	65	73
Mangaweka		38	49	4
Huntermville urban	Seismic flow protection, telemetry upgrade, backflow protection	22	63	47
Ratana	New treatment plant	215	807	35
Huntermville rural		207	107	3
<b>Total capital</b>		<b>2,152</b>	<b>1,285</b>	<b>702</b>

### Borrowing

For the year ended 30 June 2014

Balance of borrowing at start of year	8,175	10,090	7,978
Funds borrowed during the year	2,151	1,983	701
Funds repaid during the year	236	300	374
<b>Balance of borrowing at end of year</b>	<b>10,090</b>	<b>11,773</b>	<b>8,305</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	54%	45%	100%
Portion of finance costs attributable to internal borrowing	164	347	439

## Sewerage and the Treatment and Disposal of Sewage

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

Highlights include:

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

Level of Service		
Provide a reliable reticulated disposal system that does not cause harm or create pollution within the existing urban areas.		
Measure	Target for 2013/14	Actual July 2013 June 2014
Compliance with resource consents	<p>100% compliance at Bulls WWTP (Mangaweka, Hunterville and Taihape WWTP continue 100% compliant)</p> <p><i>This is an increased target from 2012/13 – Hunterville and Taihape added that year.</i></p>	<p><b>Achieved:</b></p> <p>During the year Horizons undertook four inspections with the following results:</p> <p>Bulls – 6406: complies</p> <p>Hunterville – 7079: complies (awaiting final report from Horizons)</p> <p>Mangaweka - 101726: complies</p> <p>Taihape – 101724: complies (awaiting final report from Horizons)</p> <p><i>A new consent (105518) for the Taihape wastewater plant was approved on 12 May 2014.</i></p> <p>Other inspections during the year:</p> <p>Marton – 7312: complies - however, one inspection showed significant non-compliance because of the high concentrations of ammoniacal nitrogen which on one of the sampled occasions exceeded the limit by five times. A macro-invertebrate survey was due during 2013/14.</p> <p>Marton – 7313: complies (this consent concerns odour from the plant).</p> <p>Ratana – 7400: complies</p> <p>Koitiata – 105079 and 106028: significant non-compliance. Of particular concern was the wastewater</p>

		<p>overflowing from the oxidation pond and soaking into the ground nearby. The 2012/22 Long Term Plan scheduled upgrade work on this plant in 2016/17.</p> <p>Last year Bulls, Taihape and Koitiata were not inspected. Hunterville was considered compliant, but significant non-compliance was found at Marton.</p>
<p>Number of overflows from each network (response/resolution time)</p>	<p>No single network to experience more than 3 overflows during a 12 month period. Response/ resolution time monitored and compared with benchmark].</p> <p><i>This is an increased target from 2012/13 – no more than 4 overflows.</i></p>	<p><b>Not achieved:</b></p> <p>6 overflows were reported for Taihape between September and December 2013.</p> <p>Last year two overflow requests were received.</p>
<p>Number of reported blockages in Council's reticulation system per km<sup>10</sup></p> <p>The total reticulation length is 109 km.</p>	<p>Less than 1 blockage per 13.625Km in Council's reticulated system</p> <p><i>This target is unchanged from 2012/13.</i></p>	<p><b>Partly achieved:</b></p> <p>17 requests were received for wastewater blockages. One turned out to be a stormwater overflow and six were private issues.</p> <p><i>Ten blockages equates to approximately one blockage per 10.9 km of the Council's reticulated systems.</i></p> <p>Last year one blockage was reported.</p>

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

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

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

Replacement expenditure was significantly underspend by \$980,000 of which the Council has approved \$486,000 to be carried forward to the 2014/15 year. This reflects the reprioritisation resulting from the updating of the asset management plan. In particular, the projected renewals for the Bulls treatment plant were postponed given the envisaged capital upgrade and consent renewal process.

All the unspent expenditure for the Bulls treatment plant (\$3,003,404) has been approved by the Council for carry forward to the 2013/14 year. This reflects the much slower pace in gaining agreement on the extent of the upgrade than was anticipated.

<sup>10</sup> Council relies on reported faults to check whether there is a blockage in its system. Flow metres are not installed throughout the network to provide alerts on such blockages.

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

The operating surplus is \$1,005,000 higher than forecast. Of this \$383,000 can be attributed to reduced finance costs because of capital works not being completed and carried forward. Savings in operating costs amount to \$584,000 which is similar to the savings achieved in the previous financial year, attributable largely to efficiencies gained from operating all the schemes on a district-wide basis. The 2014/15 annual plan reflects these savings and a reduced level of rates requirement.

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

For the year ended 30 June 2014

	2013 Long- term plan (\$000)	2014 Long- term plan (\$000)	2014 Actual (\$000)
<b>Sources of operating funding</b>			
General rates, uniform annual general charge, rates penalties	0	0	200
Targeted rates (other than targeted rates for water supply)	2,277	2,667	2,422
Subsidies and grants for operating purposes	0	0	0
Fees, charges and targeted rates for water supply	157	163	233
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</b>	<b>2,434</b>	<b>2,830</b>	<b>2,854</b>
<b>Applications of operating funding</b>			
Payment to staff and suppliers	1,317	1,370	786
Finance costs	252	552	169
Internal charges and overheads applied	235	248	234
Other operating funding applications	0	0	
<b>Total applications of operating funding</b>	<b>1,804</b>	<b>2,170</b>	<b>1,189</b>
<b>Surplus (deficit) of operating funding</b>	<b>630</b>	<b>660</b>	<b>1,665</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	0	0	11
Development and financial contributions	0	0	0
Increase (decrease) in debt	1,451	1,889	(285)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
<b>Total sources of capital funding</b>	<b>1,451</b>	<b>1,889</b>	<b>(274)</b>
<b>Application of capital funding</b>			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	1,725	2,193	602
- to replace existing assets	495	1,060	79
Increase (decrease) in reserves	(139)	(704)	709
Increase (decrease) in investments	0	0	0
<b>Total applications of capital funding</b>	<b>2,081</b>	<b>2,549</b>	<b>1,391</b>
<b>Surplus (deficit) of capital funding</b>	<b>(630)</b>	<b>(660)</b>	<b>(1,665)</b>
<b>Funding balance</b>	<b>0</b>	<b>0</b>	<b>0</b>
Note: Depreciation expense not included above	630	676	625



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

For the year ended 30 June 2014

Category	Designated projects for 2013/14	2013 Long-term plan (\$000)	2014 Long-term plan (\$000)	2014 Actual (\$000)
<b>RENEWALS</b>				
Marton	Treatment and reticulation	273	206	15
Taihape	Treatment and reticulation	178	79	31
Bulls	Treatment and reticulation	6	633	9
Mangaweka	Treatment and reticulation	0	94	0
Huntermville	Treatment and reticulation	13	24	17
Ratana	Treatment and reticulation	13	24	6
Koitiata	Treatment and reticulation	12	0	1
<b>Total renewals</b>		<b>495</b>	<b>1,060</b>	<b>79</b>
<b>CAPITAL</b>				
Marton		0	0	49
Taihape	Pump station, gravity and mains	1,725	0	277
Bulls	Resource consent	0	2,020	268
Koitiata		0	0	2
Huntermville		0	0	0
Ratana		0	173	5
<b>Total capital</b>		<b>1,725</b>	<b>2,193</b>	<b>602</b>

**Borrowing**

For the year ended 30 June 2014

Balance of borrowing at start of year	4,850	6,301	4,779
Funds borrowed during the year	1,725	2,238	0
Funds repaid during the year	274	349	285
<b>Balance of borrowing at end of year</b>	<b>6,301</b>	<b>8,190</b>	<b>4,493</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	54%	45%	100%
Portion of finance costs attributable to internal borrowing	149	241	263

## Stormwater Drainage

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

Highlights include:

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

Level of Service		
Provide a reliable collection and disposal system to each property during normal rainfall		
Measure	Target for 2013/14	Actual July 2013 March 2014
Number of habitable dwellings which remain uninhabitable for over 24 hours in a heavy rain event (1 in 20-year storm).	In each event of 1 in 20 year storm, no more than 20 dwellings affected for more than 24 hours.  <i>This target is unchanged from 2012/13.</i>	<b>Achieved:</b> Seven dwellings became uninhabitable following the mid-October storms, but only two for longer than 24 hours.
Callouts for blocked drains and faults: Specific note to be made of time to respond and resolve callouts relating to manhole covers and inlets.	55% responded within time and 55% resolved within time 100% resolved  <small>The targeted <i>response</i> times are 30 minutes for urgent callouts and 24 hours for other callouts. Targeted <i>resolution</i> times are 24 hours for urgent faults and 96 hours for other faults.</small>  <i>This is an increased target from 2012/13 – 50%, 50% and 100% respectively.</i>	<b>Achieved:</b> 60% responded within time 63% resolved in time 100% resolved  <small>There were 30 requests, during the reporting period. 15 urgent and 15 non-urgent. Of the urgent, 7 were responded to in time and 8 were responded to late. Of the non-urgent, 11 were responded to in time and 4 were late. When responded to, three requests were reassigned (to roading). Of the 27 requests to be actioned, 7 of the 14 urgent requests were completed in time and 10 of the 13 non-urgent ones were completed in time..</small>  <small>Last year there were 15 such requests (9 urgent), of which 67% were responded to in time and 60% were completed in time.</small>

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

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

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

The capital budget in total was significantly underspent by \$411,000. Of this \$127,000 has been approved by the Council to carry forward to the 2014/15 year. This reflects the reprioritisation resulting from the updating of the asset management plan.

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

The increase in projected operating surplus of \$350,000 is due to significant less being spent on maintenance than budgeted. This enabled the small amount of new capital work to be funded from revenue rather than by loan with the rest of the surplus being carried forward for use in future years.

## Stormwater Drainage – Funding Impact Statement

For the year ended 30 June 2014

	2013 Long- term plan (\$000)	2014 Long- term plan (\$000)	2014 Actual (\$000)
<b>Sources of operating funding</b>			
General rates, uniform annual general charge, rates penalties	0	0	65
Targeted rates (other than targeted rates for water supply)	701	778	710
Subsidies and grants for operating purposes	0	0	0
Fees, charges and targeted rates for water supply	0	0	3
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</b>	<b>701</b>	<b>778</b>	<b>778</b>
<b>Applications of operating funding</b>			
Payment to staff and suppliers	387	405	114
Finance costs	14	39	(11)
Internal charges and overheads applied	114	120	111
Other operating funding applications	0	0	0
<b>Total applications of operating funding</b>	<b>515</b>	<b>564</b>	<b>214</b>
<b>Surplus (deficit) of operating funding</b>	<b>186</b>	<b>214</b>	<b>564</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	105	137	(44)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
<b>Total sources of capital funding</b>	<b>105</b>	<b>137</b>	<b>(44)</b>
<b>Application of capital funding</b>			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	166	173	36
- to replace existing assets	290	372	98
Increase (decrease) in reserves	(165)	(194)	386
Increase (decrease) in investments	0	0	0
<b>Total applications of capital funding</b>	<b>291</b>	<b>351</b>	<b>520</b>
<b>Surplus (deficit) of capital funding</b>	<b>(186)</b>	<b>(214)</b>	<b>(564)</b>
<b>Funding balance</b>	<b>0</b>	<b>0</b>	<b>0</b>
Note: Depreciation expense not included above	230	239	251

## Stormwater Drainage – Capital Works

For the year ended 30 June 2014

Category	Designated projects for 2013/14	2013 Long-term plan (\$000)	2014 Long-term plan (\$000)	2014 Actual (\$000)
<b>RENEWALS</b>				
Marton	Reticulation	80	268	89
Taihape	Reticulation	142	31	8
Rural	Reticulation	29	33	0
Bulls	Reticulation	14	15	0
Mangaweka	Reticulation	8	8	0
Huntermville	Reticulation	11	11	0
Ratana	Reticulation	6	6	0
<b>Total renewals</b>		<b>290</b>	<b>372</b>	<b>98</b>

<b>CAPITAL</b>				
Marton	Culverts, drains and inlet protection	32	31	36
Taihape	Culverts, drains and inlet protection	41	40	0
Rural	Culverts, drains and inlet protection	43	49	0
Bulls	Culverts, drains and inlet protection	9	9	0
Mangaweka	Culverts, drains and inlet protection	10	10	0
Huntermville	Culverts, drains and inlet protection	17	17	0
Ratana	Culverts, drains and inlet protection	14	17	0
<b>Total capital</b>		<b>166</b>	<b>173</b>	<b>36</b>

### Borrowing

For the year ended 30 June 2014

Balance of borrowing at start of year	867	972	710
Funds borrowed during the year	166	204	0
Funds repaid during the year	61	67	44
<b>Balance of borrowing at end of year</b>	<b>972</b>	<b>1,109</b>	<b>666</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	54%	45%	100%
Portion of finance costs attributable to internal borrowing	27	33	39

## Community and Leisure Assets

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

Highlights include

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

### Level of Service

Provide a "good enough" range of community and leisure assets at an appropriate proximity to centres of population

Measure	Target for 2013/14	Actual July 2013 June 2014
"Report card" produced during April/May 2012 of perceptions of the provision and maintenance of Council's: community and leisure assets	<p>A greater proportion (than in the previous year) of the sample believes that Council's service is getting better.</p> <p><i>This sets an increased target from 2012/13.</i></p> <p>Public libraries<sup>11</sup></p>	<p><b>Partly achieved:</b> This target can be difficult to achieve if the benchmark followed a year where a great improvement was seen which was reflected in a high "better than last year" score. This is markedly the case for public swimming pools. It is probably unrealistic to expect services to continue to achieve these high rankings each year.</p> <p>15% believed the service is better than last year, 63% about the same, 1% worse (and 21% didn't know). There was a higher level of satisfaction with customer service, but a higher number of respondents stated they did not use the libraries much and there was a drop in satisfaction with new books.</p>

<sup>11</sup> In 2012/13, 16% believed it was better than the previous year, 60% about the same, 2% worse (and 22% didn't know)

	Swimming pools <sup>12</sup>	22% believed the service is better than last year, 29% about the same, 2% worse (and 47% didn't know). This is a significant given the improvement reported last year. 28% of Marton residents thought the service was better than last year. Residents over 55 years were more likely to state they didn't know whether there had been a change one way or the other.
	Sports fields and parks <sup>13</sup>	5% believe the service is better than last year, 69% about the same, 9% worse (and 16% didn't know). Reduced satisfaction with maintenance seems to be the major factor in a less positive view of these facilities.
	Public toilets <sup>14</sup>	5% believed the service is better than last year, 66% about the same, 10% worse (and 18% didn't know). This result is similar to last year's: Bulls residents expressed the greatest dissatisfaction with their town's toilets.
	Community buildings <sup>15</sup>	5% believed the service was better than last year, 72% about the same, 5% worse (and 18% didn't know). This is a similar rating to last year.
	Community housing <sup>16</sup>	3% believe the service is better than last year, 29% about the same, 5% worse (and 63% didn't know). The low use (and profile) of Council's community housing has resulted in a large proportion of don't know answers. Urban residents in Marton expressed the greatest dissatisfaction with the housing in that town.

<sup>12</sup> In 2012/13, 25% believed the service was better than the previous year, 30% about the same, 2% worse (and 44% didn't know).

<sup>13</sup> In 2012/13, 9% believed the service was better than the previous year, 66% about the same, 8% worse (and 18% didn't know).

<sup>14</sup> In 2012/13, 7% believed the service was better than the previous year, 66% about the same, 10% worse (and 16% didn't know).

<sup>15</sup> In 2012/13, 5% believed the service was better than the previous year, 73% about the same, 5% worse (and 17% didn't know).

<sup>16</sup> In 2012/13, 1% believed the service was better than the previous year, 33% about the same, 3% worse (and 63% didn't know).

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

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

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

The variation in this activity in capital expenditure is due to budgeted work in swimming pools and halls not being undertaken during the year. Council has approved much of this to carry forward to the new financial year.

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

The increase in the operating surplus over budget of \$327,000 is due to a higher level of rates being sought than was indicated in the Long Term Plan. This was in part to meet projected increased expenditure and to assist in clearing past deficits from prior years.



**Community and Leisure Assets – Funding Impact Statement**

For the year ended 30 June 2014

	2013 Long-term plan (\$000)	2014 Long-term plan (\$000)	2014 Actual (\$000)
<b>Sources of operating funding</b>			
General rates, uniform annual general charge, rates penalties	1,705	1,787	2,153
Targeted rates (other than targeted rates for water supply)	687	789	765
Subsidies and grants for operating purposes	30	30	35
Fees, charges and targeted rates for water supply	397	408	409
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</b>	<b>2,819</b>	<b>3,014</b>	<b>3,362</b>
<b>Applications of operating funding</b>			
Payment to staff and suppliers	2,078	2,115	2,268
Finance costs	22	29	3
Internal charges and overheads applied	450	470	364
Other operating funding applications	0	0	0
<b>Total applications of operating funding</b>	<b>2,550</b>	<b>2,614</b>	<b>2,635</b>
<b>Surplus (deficit) of operating funding</b>	<b>269</b>	<b>400</b>	<b>727</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	72	22	591
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
<b>Total sources of capital funding</b>	<b>72</b>	<b>22</b>	<b>591</b>
<b>Application of capital funding</b>			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	33	0	63
- to replace existing assets	340	386	177
Increase (decrease) in reserves	(32)	36	1,078
Increase (decrease) in investments	0	0	0
<b>Total applications of capital funding</b>	<b>341</b>	<b>422</b>	<b>1,318</b>
<b>Surplus (deficit) of capital funding</b>	<b>(269)</b>	<b>(400)</b>	<b>(727)</b>
<b>Funding balance</b>	<b>0</b>	<b>0</b>	<b>0</b>
Note: Depreciation expense not included above	703	722	788

## Community and Leisure Assets – Capital Works

For the year ended 30 June 2014

Category	Designated projects for 2013/14	2013 Long-term plan (\$000)	2014 Long-term plan (\$000)	2014 Actual (\$000)
<b>RENEWALS</b>				
Swimming pools	Filtration pump and building	173	137	8
Libraries	Furniture, books and computers	92	132	122
Community housing	Flat refurbishment	10	25	40
Cemeteries	Berms and furniture	13	5	0
Parks and reserves	Landscaping and playgrounds	26	15	2
Property	Water heater	0	0	4
Toilets		3	0	0
Halls	Painting and refurbishment	23	72	1
<b>Total renewals</b>		<b>340</b>	<b>386</b>	<b>177</b>
<b>CAPITAL</b>				
Swimming pools	Marton pool improvements	18	0	63
Libraries		0	0	0
Community housing		0	0	0
Cemeteries		7	0	0
Parks and reserves		0	0	0
Toilets		8	0	0
Halls		0	0	0
<b>Total capital</b>		<b>33</b>	<b>0</b>	<b>63</b>
<b>Borrowing</b>				
For the year ended 30 June 2014				
	Balance of borrowing at start of year	497	569	912
	Funds borrowed during the year	115	75	649
	Funds repaid during the year	43	53	58
	<b>Balance of borrowing at end of year</b>	<b>569</b>	<b>591</b>	<b>1,503</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. 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.				
Proportion of internal borrowing to all borrowing at 30 June				
		54%	45%	84%
Portion of finance costs attributable to internal borrowing				
		16	17	38

## 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 the year were the site upgrade at the Bulls waste transfer station allowing a safer and larger recycling drop-off area and the introduction of user-pays e-Waste collections at the waste transfer stations in Taihape, Marton and Bulls.

Level of Service		
Make recycling facilities available at waste transfer stations for glass, paper, metal, plastics and textiles. Special occasions for electronics (e-waste). Extend recycling to include green/biodegradable waste facility at Taihape, Bulls and Marton waste transfer stations.		
Measure	Target for 2013/14	Actual July 2013 June 2014
Waste to landfill (tonnage) <sup>17</sup>	[No more than] 5,200 tonnes to landfill  <i>This is an increased target from 2012/13 – 5,500 tonnes.</i>	<b>Achieved:</b> For the period 1 July 2013 to 30 June 2014, the transfer station tonnage to landfill (including Budget Waste kerbside tonnage) was 4,693 tonnes to landfill during the reporting period. This is 9% less than the target  For the year ending 30 June 2013, transfer station tonnage to landfill (including Budget Waste kerbside tonnage) was 4,991 tonnes.  Part of the reason for the fall in tonnage through the transfer stations is that Budget Waste is transporting more rubbish direct to the landfill – more economic since they own the landfill.
Waste diverted from landfill (tonnage and (percentage of total waste) <sup>18</sup>	Percentage of waste diverted from landfill 11%  <i>This is an increased target from 2012/13 – 9% diversion.</i>	<b>Partly achieved:</b> 10.6% of waste (555 tonnes) was diverted from landfill during the reporting period. The composition is: glass bottles – 43.3%; paper and card – 16.1%, scrap metal – 14.1%; plastics – 3.8%; green waste – 21.3%; e-waste – 1.4%.  Last year 9.1% of waste (502.21 tonnes) was diverted.

<sup>17</sup> Calibrated records maintained at Bonny Glen landfill.

<sup>18</sup> Records maintained at waste transfer stations

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

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

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

There are no significant variations between acquisitions and replacement the forecast and actual operating surplus.

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

There were no significant variations between. the forecast and actual operating surplus.

**Rubbish and Recycling – Funding Impact Statement**

For the year ended 30 June 2014

	2013 Long-term plan (\$000)	2014 Long-term plan (\$000)	2014 Actual (\$000)
<b>Sources of operating funding</b>			
General rates, uniform annual general charge, rates penalties	0	0	116
Targeted rates (other than targeted rates for water supply)	387	453	339
Subsidies and grants for operating purposes	45	46	47
Fees, charges and targeted rates for water supply	416	429	361
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</b>	<b>848</b>	<b>928</b>	<b>862</b>
<b>Applications of operating funding</b>			
Payment to staff and suppliers	1,006	1,031	905
Finance costs	(19)	(10)	(59)
Internal charges and overheads applied	104	109	85
Other operating funding applications	0	0	0
<b>Total applications of operating funding</b>	<b>1,091</b>	<b>1,130</b>	<b>931</b>
<b>Surplus (deficit) of operating funding</b>	<b>(243)</b>	<b>(202)</b>	<b>(69)</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	27	(3)	(1)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
<b>Total sources of capital funding</b>	<b>27</b>	<b>(3)</b>	<b>(1)</b>
<b>Application of capital funding</b>			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	30	0	0
- to replace existing assets	29	6	61
Increase (decrease) in reserves	(275)	(211)	(131)
Increase (decrease) in investments	0	0	0
<b>Total applications of capital funding</b>	<b>(216)</b>	<b>(205)</b>	<b>(70)</b>
<b>Surplus (deficit) of capital funding</b>	<b>243</b>	<b>202</b>	<b>69</b>
<b>Funding balance</b>	<b>0</b>	<b>0</b>	<b>(0)</b>
Note: Depreciation expense not included above	32	33	32

## Rubbish and Recycling – Capital Works

For the year ended 30 June 2014

Category	Designated projects for 2013/14	2013	2014	2014
		Long-term plan (\$000)	Long-term plan (\$000)	Actual (\$000)
<b>RENEWALS</b>				
Public refuse collection	District litter bins	4	6	0
Waste transfer stations	Waste transfer stations Marton green waste pad and oil shed. Bulls recycling upgrade.	25	0	61
<b>Total renewals</b>		<b>29</b>	<b>6</b>	<b>61</b>

## Borrowing

For the year ended 30 June 2014

Balance of borrowing at start of year	9	36	15
Funds borrowed during the year	30	0	0
Funds repaid during the year	3	3	1
<b>Balance of borrowing at end of year</b>	<b>36</b>	<b>33</b>	<b>14</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	54%	45%	100%
Portion of finance costs attributable to internal borrowing	1	1	1

## Environmental and Regulatory Services

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

Highlights are the increasing collaboration with neighbouring councils over a common approach to managing building consents and grading of food businesses, the continuation of the shared service for animal control with Manawatu District Council, the implementation of a collaborative approach with Wanganui District Council for planning services relating to the Resource Management Act, and the transition to the liquor licensing regime under the Sale and Supply of Alcohol Act 2012.

Level of Service		
Provide a legally compliant service		
Measure	Target for 2013/14	Actual July 2013 June 2014
Timeliness of processing the paperwork (building control, consent processes, licence applications) <sup>19</sup>	At least 91% of the processing of documentation for each of Council's regulatory and enforcement services is completed within the prescribed times  <i>This is an increased target from 2012/13 – 90%.</i>	<b>Partly achieved:</b> 251 building consents issued, 23 out of time (i.e. 90.8% within the prescribed time). 40 resource consents issued, 33 within the prescribed time (i.e. 82.5%).  In four instances of resource consents, 'out of time' was caused by a failure to restart the clock on receipt of additional information received in response to the Council's request for this.  Last year 97% of building consents were issued within the prescribed timeframe and 94% of resource consents were issued within the prescribed timeframe.
Possession of relevant authorisations from central government <sup>20</sup>	Accreditation as a building consent authority maintained  <i>This target is unchanged from 2012/13.</i>	<b>Achieved:</b> Accreditation confirmed for two years from October 2012.  A routine reassessment was conducted by IANZ during 16-18 June 2014, and 19 Corrective Action Requests (CARs) were issued with an agreed clearance date of 1 September 2014. IANZ subsequently confirmed that all CARs had been cleared and that a recommendation for continued accreditation would be made to the Ministry of Business, Innovation and Employment.

<sup>19</sup> This includes any prescribed monitoring, such as of resource consents

<sup>20</sup> Excluding general authorisation through legislation where no further formal accreditation is specified

## Level of Service

Provide regulatory compliance officers

<p>Timeliness of response to RFS for enforcement call-outs (animal control and environmental health); within prescribed response and resolution times</p>	<p>Improvement on benchmark of timeliness as established during 2012/13<sup>21</sup></p> <p><i>This sets an increased target from 2012/13.</i></p>	<p><b>Not achieved:</b> For Animal Control and Environmental Health there were 1,275 requests, of which 1,065 were responded to in time (i.e. 84%). For resolution of these requests, 61% were completed in time.</p> <p>Last year there were 965 such requests. Of these 99% were responded to in time and 64% were completed in time.</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 Annual Plan/Long Term Council Community Plan

There are no significant variations between acquisitions and replacement.

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

The operating surplus of \$382,000 is \$380,000 above forecast. This is due to additional activity in building consents and dog control.

In building consents, a delay in the implementation of some of the anticipated changes to the Building Act meant that the Council retained its consenting work and the expected reduction in consent fees did not occur. This also meant that the existing staffing levels were maintained. The net result of this is an increase in the net surplus of \$130,000. In dog control, revenue was received from the Manawatu District Council for shared services in this activity. This was budgeted in the long term plan to be offset against Environmental and Regulatory Services overheads but should more correctly have been allocated to the dog control activity. Similarly, the associated expense was transferred to dog control itself. This net result of this is an increase in the net surplus of \$212,000.

The balance of the increase in net surplus amounting to \$38,000 is largely due to expenditure being under budget in the district plan activity because of the settlement of objections to the District Plan through mediation without any resort to court appearances.

<sup>21</sup> July 2011 – March 2012:

Animal Control and environmental health

Total RFS received: 1129; completed: 1103 (97.7%); and completed in time: 778 (68.9%)



**Environmental and Regulatory Services – Funding Impact Statement**

For the year ended 30 June 2014

	2013 Long- term plan (\$000)	2014 Long- term plan (\$000)	2014 Actual (\$000)
<b>Sources of operating funding</b>			
General rates, uniform annual general charge, rates penalties	803	939	916
Targeted rates (other than targeted rates for water supply)	0	0	0
Subsidies and grants for operating purposes	0	0	0
Fees, charges and targeted rates for water supply	559	399	921
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	0	0	13
<b>Total operating funding</b>	<b>1,362</b>	<b>1,338</b>	<b>1,850</b>
<b>Applications of operating funding</b>			
Payment to staff and suppliers	879	837	1,038
Finance costs	0	0	31
Internal charges and overheads applied	481	499	399
Other operating funding applications	0	0	0
<b>Total applications of operating funding</b>	<b>1,360</b>	<b>1,336</b>	<b>1,468</b>
<b>Surplus (deficit) of operating funding</b>	<b>2</b>	<b>2</b>	<b>382</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	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
<b>Total sources of capital funding</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	25	0	0
- to replace existing assets	0	0	0
Increase (decrease) in reserves	(23)	2	382
Increase (decrease) in investments	0	0	0
<b>Total applications of capital funding</b>	<b>2</b>	<b>2</b>	<b>382</b>
<b>Surplus (deficit) of capital funding</b>	<b>(2)</b>	<b>(2)</b>	<b>(382)</b>
<b>Funding balance</b>	<b>0</b>	<b>0</b>	<b>0</b>
Note: Depreciation expense not included above	3	3	0

**Environmental and Regulatory Services – Capital Works**

For the year ended 30 June 2014

Category	Designated projects for 2013/14	2013 Long-term plan (\$000)	2014 Long-term plan (\$000)	2014 Actual (\$000)
<b>CAPITAL</b>				
Dog control		0	0	0
Health		25	0	0
<b>Total capital</b>		<b>25</b>	<b>0</b>	<b>0</b>

**Borrowing**

For the year ended 30 June 2014

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

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

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

## Community Well-being

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

Highlights are:

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

Level of Service		
Provide opportunities to be actively involved in partnerships that provide community and ratepayer wins		
Measure	Target for 2013/14	Actual July 2013 March 2014
<p>Partners' view of how useful Council's initiatives and support has been (annual survey)<sup>22</sup></p> <p>During the year, Council has worked formally with 21 distinct community groups within the District, and these were the focus for the survey. So, this excludes shared services or other contractual arrangements with other</p>	<p>A greater proportion (than in the previous year) of the sample believes that Council's service is getting better.</p> <p><i>This sets an increased target from 2012/13.</i></p>	<p><b>Not achieved:</b> From the 86 responses to the survey conducted in March 2014, 16% (30% last year) thought Council's service was getting better, 37% (42% last year) thought it about the same, 8% (8% last year) thought it worse, and 43% (21% last year) did not know.</p> <p>Council started from a very low base of partnership working in 2011 and the first survey, which set the benchmark, also set the bar very high. Analysis of individual partnerships indicates that new partnerships continue to deliver</p>

<sup>22</sup> Groups which are targeted for consultation:

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

<p>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>satisfaction levels at the benchmark level (or above) as do partnerships which have been active during the past 12 months. 88% of respondents saw themselves as involved in one or more partnerships. The majority (61%) are involved in two or more partnerships. This is similar to last year which is an increase in collaboration from the benchmark year of the survey. The survey looks for view on how Council can improve. The highest response category this year was 'don't know/unsure', reflecting the high percentage of respondents who could/did not form a view on the delivery of Council's service to support collaborative partnerships. Improved communication was seen by 17% of respondents as being the one thing that Council could improve upon. Working in the field of economic development and with the business communities, were highlighted as areas where Council could become more active within existing partnerships. However, no clear view emerged about areas or issues where new collaboration to make a difference could be initiated.</p>
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### **Significant variations between the level of service achieved and the intended level of service**

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

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

The Long Term Plan budgeted for fire engine replacements in the rural fire activity for the year under review. However, the receipt of fire engines from the national body at little cost the previous year resulted in this expenditure being unnecessary.

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

There are no significant variations between the forecast and actual operating surplus

**Community Well-being – Funding Impact Statement**

For the year ended 30 June 2014

	2013 Long-term plan (\$000)	2014 Long-term plan (\$000)	2014 Actual (\$000)
<b>Sources of operating funding</b>			
General rates, uniform annual general charge, rates penalties	856	884	838
Targeted rates (other than targeted rates for water supply)	0	0	0
Subsidies and grants for operating purposes	88	90	106
Fees, charges and targeted rates for water supply	29	30	70
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</b>	<b>973</b>	<b>1,004</b>	<b>1,013</b>
<b>Applications of operating funding</b>			
Payment to staff and suppliers	792	787	914
Finance costs	(3)	3	1
Internal charges and overheads applied	226	235	164
Other operating funding applications	0	0	0
<b>Total applications of operating funding</b>	<b>1,015</b>	<b>1,025</b>	<b>1,079</b>
<b>Surplus (deficit) of operating funding</b>	<b>(42)</b>	<b>(21)</b>	<b>(66)</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	(4)	100	(4)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
<b>Total sources of capital funding</b>	<b>(4)</b>	<b>100</b>	<b>(4)</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	7	126	0
Increase (decrease) in reserves	(53)	(47)	(70)
Increase (decrease) in investments	0	0	0
<b>Total applications of capital funding</b>	<b>(46)</b>	<b>79</b>	<b>(70)</b>
<b>Surplus (deficit) of capital funding</b>	<b>42</b>	<b>21</b>	<b>66</b>
<b>Funding balance</b>	<b>0</b>	<b>0</b>	<b>0</b>
Note: Depreciation expense not included above	12	33	41

## Community Well-being – Capital Works

For the year ended 30 June 2014

Category	Designated projects for 2013/14	2013 Long-term plan (\$000)	2014 Long-term plan (\$000)	2014 Actual (\$000)
<b>RENEWALS</b>				
Civil defence		4	0	0
Rural fire		3	126	0
Information centres		0	0	0
<b>Total renewals</b>		<b>7</b>	<b>126</b>	<b>0</b>

## Borrowing

For the year ended 30 June 2014

Balance of borrowing at start of year	32	28	26
Funds borrowed during the year	0	124	0
Funds repaid during the year	4	24	4
<b>Balance of borrowing at end of year</b>	<b>28</b>	<b>128</b>	<b>22</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	54%	45%	100%
Portion of finance costs attributable to internal borrowing	1	4	1



# Rangitikei District Council

## Section 3: Financial Statements and Policy Reports

## Whole of Council – Funding Impact Statement

For the year ending 30 June 2014

	2013 Annual plan (\$000)	2013 Annual report (\$000)	2014 Annual Plan (\$000)	2014 Actual (\$000)
<b>Sources of operating funding</b>				
General rates, uniform annual general charge, rates penalties	4,319	4,595	5,590	5,811
Targeted rates (other than targeted rates for water supply)	13,631	13,864	12,967	13,288
Subsidies and grants for operating purposes	2,711	2,726	2,835	4,024
Fees, charges and targeted rates for water supply	2,894	3,025	2,815	3,200
Interest and dividends from investments	322	415	274	416
Local authorities fuel tax, fines, infringement fees, and other receipts	110	131	126	281
<b>Total operating funding</b>	<b>23,987</b>	<b>24,756</b>	<b>24,607</b>	<b>27,020</b>
<b>Applications of operating funding</b>				
Payment to staff and suppliers	17,798	15,683	18,344	17,716
Finance costs	504	154	659	100
Other operating funding applications	0	0	0	0
<b>Total applications of operating funding</b>	<b>18,302</b>	<b>15,837</b>	<b>19,003</b>	<b>17,816</b>
<b>Surplus (deficit) of operating funding</b>	<b>5,685</b>	<b>8,919</b>	<b>5,604</b>	<b>9,204</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	4,296	3,876	5,008	4,056
Development and financial contributions	0	0	0	0
Increase (decrease) in debt	3,947	3,390	7,338	(2,500)
Gross proceeds from sale of assets	0	314	0	18
Lump sum contributions	0	0	0	0
<b>Total sources of capital funding</b>	<b>8,243</b>	<b>7,580</b>	<b>12,346</b>	<b>1,574</b>
<b>Application of capital funding</b>				
Capital expenditure				
- to meet additional demand	0	0	0	0
- to improve the level of service	5,002	4,452	6,846	1,972
- to replace existing assets	9,234	8,983	11,055	8,509
Increase (decrease) in reserves	(308)	3,064	49	705
Increase (decrease) in investments	0	0	0	(408)
<b>Total applications of capital funding</b>	<b>13,928</b>	<b>16,499</b>	<b>17,950</b>	<b>10,778</b>
<b>Surplus (deficit) of capital funding</b>	<b>(5,685)</b>	<b>(8,919)</b>	<b>(5,604)</b>	<b>(9,204)</b>
<b>Funding balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Note: Depreciation expense not included above	9,194	9,602	9,718	9,465



## Statement of Comprehensive Income

For the year ended 30 June 2014

	Notes	2013 Actual (\$000)	2014 Budget (\$000)	2014 Actual (\$000)
<b>Income</b>				
Rates other than targeted rates for water	3	17,618	18,238	18,243
Targeted rates for water		1,028	993	1,133
Finance income	4	415	274	416
Subsidies and grants		6,636	7,843	8,044
Other revenue	5	2,868	2,267	2,921
Vested and discovered assets		160	0	480
Gains	6	184	0	9
<b>Total operating revenue</b>		<b>28,909</b>	<b>29,615</b>	<b>31,246</b>
<b>Expenditure</b>				
Depreciation and amortisation expense	14,15	9,602	9,718	9,465
Personnel costs	7	2,621	2,578	2,401
Finance costs	4	154	659	103
Losses	6	646	0	1,100
Other expenses	8	13,409	15,767	15,770
<b>Total operating expenditure</b>		<b>26,432</b>	<b>28,722</b>	<b>28,840</b>
<b>Surplus (deficit) before revaluation losses</b>		<b>2,477</b>	<b>893</b>	<b>2,406</b>
Loss on revaluation of property, plant and equipment		0	0	21,124
<b>Surplus (deficit) before tax</b>		<b>2,477</b>	<b>893</b>	<b>(18,718)</b>
Income tax expense	9	0	0	0
<b>Surplus (deficit) after tax</b>		<b>2,477</b>	<b>893</b>	<b>(18,718)</b>
<i>The accompanying notes form part of these financial statements</i>				
<b>Other comprehensive income</b>				
<i>Items that will be reclassified to surplus(deficit)</i>				
Financial assets at fair value through other comprehensive income	6	65	0	(11)
<i>Items that will not be reclassified to surplus(deficit)</i>				
Gain on revaluation of property, plant and equipment	6	0	15,730	14,580
<b>Total other comprehensive income</b>		<b>65</b>	<b>15,730</b>	<b>14,570</b>
<b>Total comprehensive income</b>		<b>2,542</b>	<b>16,623</b>	<b>(4,148)</b>

*The accompanying notes form part of these financial statements*

## Statement of Changes in Equity

For the year ended 30 June 2014

	Notes	2013 Actual (\$000)	2014 Budget (\$000)	2014 Actual (\$000)
<b>Balance as at 1 July</b>		480,829	481,055	483,371
Total comprehensive income previously reported		2,542	16,623	(4,148)
<b>Balance as at 30 June</b>		483,371	497,678	479,223

*The accompanying notes form part of these financial statements*

## Statement of Financial Position

As at 30 June 2014

	Notes	2013 Actual (\$000)	2014 Budget (\$000)	2014 Actual (\$000)
<b>Assets</b>				
<b>Current Assets</b>				
Cash and cash equivalents	10	4,874	4,505	1,466
Debtors and other receivables	11	3,277	2,265	2,944
Prepayments		21	27	114
Other financial assets	12	0	418	3,515
Non-current assets held for sale	13	0	0	0
<b>Total current assets</b>		<b>8,172</b>	<b>7,215</b>	<b>8,039</b>
<b>Non-current assets</b>				
Plant, property and equipment	14	478,663	506,560	472,567
Intangible assets	15	171	145	160
Forestry assets	16	221	199	186
Other financial assets				
Corporate bonds	12	3,635	3,598	3,101
Investment in CCOs and other similar entities	12	29		27
<b>Total non-current assets</b>		<b>482,719</b>	<b>510,502</b>	<b>476,040</b>
<b>Total assets</b>		<b>490,891</b>	<b>517,717</b>	<b>484,079</b>
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Creditors and other payables	17	3,737	3,847	3,578
Employee entitlements	19	203	228	240
Income in advance		353	303	347
Borrowings	18	2,516	1,499	16
<b>Total current liabilities</b>		<b>6,809</b>	<b>5,877</b>	<b>4,180</b>
<b>Non-current liabilities</b>				
Employee entitlements	19	9	7	13
Provisions	20	494	417	470
Borrowings	18	208	13,738	192
<b>Total non-current liabilities</b>		<b>711</b>	<b>14,162</b>	<b>676</b>
<b>Total liabilities</b>		<b>7,520</b>	<b>20,039</b>	<b>4,856</b>
<b>Net Assets</b>		<b>483,371</b>	<b>497,678</b>	<b>479,223</b>
<b>Equity</b>				
Accumulated funds	21	461,163	459,496	442,611
Special and restricted reserves	21	4,638	4,628	4,868
Other reserves	21	17,570	33,554	31,744
<b>Total equity</b>		<b>483,371</b>	<b>497,678</b>	<b>479,223</b>

The accompanying notes form part of these financial statements

## Statement of Cashflows

For the year ended 30 June 2014

	Notes	2013 Actual (\$000)	2014 Budget (\$000)	2014 Actual (\$000)
<b>Cash flows from operating activities</b>				
Receipts from rates revenue		16,850	18,238	18,801
Receipts from other revenue		10,018	11,101	11,202
Interest received		455	274	393
Dividends received		0	3	0
Payments to suppliers and employees		(15,886)	(18,344)	(17,338)
Interest paid		(157)	(660)	(108)
Goods and services tax (net)		(83)		(28)
<b>Net cash inflows (outflows) from operating activities</b>	22	11,197	10,612	12,922
<b>Cash flows from investing activities</b>				
Receipts from sale of property, plant and equipment		286	0	18
Receipts from sale of investments		3,000	0	0
Acquisition of investments		0	0	(3,000)
Purchases of property, plant and equipment		(12,967)	(17,901)	(10,818)
Purchases of intangible assets		(38)	0	(31)
<b>Net cash inflows (outflows) from investing activities</b>		(9,719)	(17,901)	(13,830)
<b>Cash flows from financing activities</b>				
Proceeds from borrowings		0	8,724	0
Repayment of borrowings		(2,000)	(1,386)	(2,500)
<b>Net cash inflows (outflows) from financing activities</b>		(2,000)	7,338	(2,500)
Net increase (decrease) in cash, and cash equivalents		(522)	49	(3,408)
Cash and cash equivalents at the beginning of the year		5,396	4,456	4,874
<b>Cash and cash equivalents at the end of the year</b>	10	4,874	4,505	1,466

*The accompanying notes form part of these Financial Statements*

## **Council-Controlled Organisations (CCO)**

### **Wanganui-Manawatu LASS Limited**

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

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

The company is treated as a CCO under the Local Government Act 2002 but in March 2013 Rangitikei District Council resolved that it is exempt for the purposes of section 6(4)(i) of that Act until 30 June 2016. Other member councils passed similar resolutions.

## Notes to the Financial Statements

### NOTE 1: Statement of Accounting Policies

#### Reporting Entity

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

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

The financial statements of the Council are for the year ended 30 June 2014. The financial statements were authorised for issue by the Council on 2 October 2014.

#### Basis of Preparation

##### *Statement of compliance*

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

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

##### *Measurement base*

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

##### *Functional and presentation currency*

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

##### *Changes in accounting policies*

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

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

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

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

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

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

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

### **Significant Accounting Policies**

#### ***Revenue***

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

#### ***Rates revenue***

Rates are set annually by a resolution from Council and relate to a financial year. All ratepayers are invoiced within the financial year to which the rates have been set. Rates revenue is recognised when payable.

### *Grants*

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

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

### *Vested assets*

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

### *Interest and dividends*

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

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

### ***Borrowing costs***

The Council has elected to defer the adoption of NZ IAS 23 *Borrowing Costs (Revised 2007)* in accordance with its transitional provisions that are applicable to public benefit entities. Consequently, all borrowing costs are recognised as an expense in the period in which they are incurred.

### ***Grants expenditure***

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

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

### ***Income tax***

Income tax expense includes current and deferred tax.

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

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



Deferred tax is measured at the tax rates that are expected to apply when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at balance date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Council expects to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable surpluses will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset or liability in a transaction that is not a business combination, and at the time of the transaction, affects neither the accounting surplus nor the taxable surplus.

Current and deferred tax is recognised against the surplus or deficit for the period, except to the extent that it relates to a business combination, or to transactions recognised in other comprehensive income or directly in equity.

### ***Leases***

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

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

### ***Cash and cash equivalents***

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

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

### ***Debtors and other receivables***

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

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

## ***Other financial assets***

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

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

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

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

### *Financial assets at fair value through surplus or deficit*

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

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

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

### *Loans and receivables*

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

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

### *Held-to-maturity investments*

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

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

#### *Fair value through other comprehensive income*

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

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

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

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

#### ***Impairment of financial assets***

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

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

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

#### *Financial assets at fair value through other comprehensive income*

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

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

If impairment evidence exists for investments at fair value through other comprehensive income, the cumulative loss (measured as the difference between the acquisition cost and the current fair value,

less any impairment loss on that financial asset previously recognised in the surplus or deficit) recognised in other comprehensive income is reclassified from equity to the surplus or deficit.

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

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

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

Non-current assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Non-current assets for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment losses for write-downs of non-current assets held for sale are recognised in the surplus or deficit.

Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale.

### ***Property, plant and equipment***

Property, plant and equipment consist of:

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

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

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

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

### ***Revaluation***

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

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

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

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

#### *Additions*

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

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

Property, plant and equipment are initially recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition

#### *Disposals*

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

#### *Depreciation*

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

#### *Operational and restricted assets*

##### Buildings

Structure .....	50-170 years
Roof.....	40 years
Services .....	40-65 years
Internal fit out.....	15-40 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) .....	3-16 years
Pavement sealed (base course) .....	67 years
Pavement unsealed (base course) .....	60 years
Formation .....	Not depreciated
Culverts.....	10-100 years
Footpaths .....	25-75 years
Drainage facilities .....	80-100 years
Traffic facilities and miscellaneous items .....	15-80 years
Street lights .....	50-70 years
Bridges.....	75-120 years

**Water**

Pipes .....	30-90 years
Pump stations.....	5-100 years
Pipe fittings.....	25-50 years

**Wastewater**

Pipes .....	50-100 years
Manholes.....	100 years
Treatment plant .....	5-100 years

**Stormwater**

Pipes .....	50-90 years
Manholes, cesspits .....	100 years

Waste transfer stations ..... 50 years

***Subsequent costs***

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

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

***Intangible assets******Software acquisition***

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

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

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

***Easements***

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

***Carbon credits***

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

#### *Amortisation*

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

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

Computer software..... 3-5 years

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

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

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

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

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

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

#### ***Forestry assets***

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

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

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

### ***Creditors and other payables***

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

### ***Borrowings***

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

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

### ***Employment entitlements***

Short-term employee entitlements

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

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

Long-term employee entitlements

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

Presentation of employee entitlements

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

### ***Superannuation schemes***

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



## Provisions

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

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

### *Landfill aftercare provision*

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

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

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

## Equity

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

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

### *Special reserve funds*

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

### *Restricted reserve funds*

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

### *Property revaluation reserves*

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

### *Fair value through other comprehensive income reserves*

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

### ***Goods and services tax***

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

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

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

Commitments and contingencies are disclosed exclusive of GST.

### ***Budget figures***

The budget figures are those approved by the Council in its 2013-14 Annual Plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the Council for these financial statements.

### ***Cost allocation***

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

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

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

### ***Property, plant and equipment revaluation***

Note 14 provides information about the estimates and assumptions applied in determining the fair value of groups of property, plant and equipment.

***Landfill aftercare provision***

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

***Infrastructural assets***

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

**Critical judgements in applying accounting policies**

Management has exercised the following critical judgement in applying its accounting policies for the year ended 30 June 2014.

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.

<b>Note 2: Reconciliation of funding impact statement to statement of comprehensive income</b>	<b>Actual 2013 (\$000)</b>	<b>Budget 2014 (\$000)</b>	<b>Actual 2014 (\$000)</b>
<b>Revenue</b>			
Operating funding from funding impact statement	24,756	24,607	27,020
Operating revenue from statement of comprehensive income	28,909	29,615	31,246
<b>Difference</b>	<b>4,153</b>	<b>5,008</b>	<b>4,226</b>
Reconciling items:			
Subsidies and grants for capital expenditure	3,876	5,008	4,056
Vested and discovered assets	160	0	480
Non-cash grant	9	0	0
Gains	184	0	9
Operating revenue offset against overhead expenses	297	0	40
Rates revenue from Council-owned properties	(373)	0	(359)
<b>Total reconciling items</b>	<b>4,153</b>	<b>5,008</b>	<b>4,226</b>
<b>Expenditure</b>			
Application of operating funding from funding impact statement	15,837	19,004	17,816
Total operating expenditure from statement of comprehensive income	26,432	28,722	28,840
<b>Difference</b>	<b>10,595</b>	<b>9,718</b>	<b>11,024</b>
Reconciling items:			
Depreciation and amortisation expense	9,602	9,718	9,465
Losses	646	0	1,100
Movement in provisions	56	0	(24)
Cost of forestry harvested	29	0	0
Rate remissions and discounts	643	0	739
Impairment of receivables	(305)	0	63
Operating expenditure offset by revenue from overheads	297	0	40
Rates expense on Council-owned properties	(373)	0	(359)
<b>Total reconciling items</b>	<b>10,595</b>	<b>9,718</b>	<b>11,024</b>

In the 2013/14 budget, the only non-cash item excluded from the funding impact statements was depreciation and amortisation. In the 2013/14 actuals, all non-cash items have been excluded from the funding impact statement.

<b>Note 3: Rates revenue</b>	<b>Actual 2013 (\$000)</b>	<b>Actual 2014 (\$000)</b>
General rates	1,503	2,307
Uniform annual general charge	2,624	3,007
Targeted rates attributable to activities		
roading	6,760	6,171
community services	44	52
libraries	687	765
solid waste disposal	282	339
wastewater	2,414	2,422
water	2,971	2,829
stormwater drainage	706	710
<b>Total rates</b>	<b>17,991</b>	<b>18,602</b>
Less rates charged on Council properties	373	359
	<b>17,618</b>	<b>18,243</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.

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

Community, sporting and other not-for-profit organisations	128	110
Multiple toilet pans	157	266
Penalties and other remissions	319	321
<b>Total remissions</b>	<b>604</b>	<b>697</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 income and finance costs</b>	<b>Actual 2013 (\$000)</b>	<b>Actual 2014 (\$000)</b>
<b>Finance income</b>		
Interest income		
bank deposits	207	207
local authority and government bonds	208	209
<b>Total finance income</b>	<b>415</b>	<b>416</b>
<b>Finance costs</b>		
Interest expense		
interest on borrowings	154	103
<b>Total finance costs</b>	<b>154</b>	<b>103</b>
<b>Net finance costs</b>	<b>261</b>	<b>313</b>

<b>Note 5: Other revenue</b>	<b>Actual 2013 (\$000)</b>	<b>Actual 2014 (\$000)</b>
Rates penalties	468	497
Residential rents (community housing)	252	253
Regulatory revenue	632	666
Petrol tax	113	112
Other	1,403	1,393
<b>Total other revenue</b>	<b>2,868</b>	<b>2,921</b>

*Subsidies*

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

<b>Note 6: Gains and losses</b>	<b>Actual 2013 (\$000)</b>	<b>Actual 2014 (\$000)</b>
<b>Gains</b>		
Non-financial instruments		
Property, plant and equipment gains on disposal	132	9
Forestry asset revaluation gain (note 16)	52	0
<b>Total gains</b>	<b>184</b>	<b>9</b>
<b>Losses</b>		
Non-financial instruments		
Property, plant and equipment loss on disposal	646	1,065
Forestry asset revaluation loss (note 16)	0	35
<b>Total losses non-financial instruments</b>	<b>646</b>	<b>1,100</b>
<b>Other gains (losses)</b>		
Financial instruments		
Fair value through other comprehensive income gain on revaluation	75	10
Fair value through other comprehensive income loss on revaluation	(10)	(21)
<b>Total gains (losses) financial instruments</b>	<b>65</b>	<b>(11)</b>
<b>Other gains (losses)</b>		
Non-financial instruments		
Property, plant and equipment gain on revaluation	0	14,580
<b>Total gains on non-financial instruments</b>	<b>0</b>	<b>14,580</b>

<b>Note 7: Personnel costs</b>	<b>Actual 2013 (\$000)</b>	<b>Actual 2014 (\$000)</b>
Salaries and wages	2,604	2,343
Defined contribution plan employer contributions (KiwiSaver)	40	45
Increase (Decrease) in employee entitlements	(23)	13
<b>Total personnel costs</b>	<b>2,621</b>	<b>2,401</b>

<b>Note 8: Other expenses</b>	<b>Actual 2013 (\$000)</b>	<b>Actual 2014 (\$000)</b>
Fees to auditors		
financial statements	101	104
disbursements	3	5
Emergency works	0	1,906
Maintenance	4,182	3,976
Professional services	1,494	1,749
Contractors	2,098	2,435
Grants	281	484
Elected members remuneration (note 26)	300	324
Consultants and legal fees	557	196
Insurance premiums	328	259
Operating leases	51	94
Impairment of receivables (note 2)	(305)	63
Other operating expenses	3,715	3,478
Rates remissions (note 3)	604	697
<b>Total other expenses</b>	<b>13,409</b>	<b>15,770</b>

<b>Note 9: Tax</b>	<b>Actual 2013 (\$000)</b>	<b>Actual 2014 (\$000)</b>
<b>Relationship between tax expense and accounting surplus</b>		
Surplus (deficit) before tax	2,477	(18,718)
Tax at 28%	712	0
Plus (less) tax effect of:		
Non-taxable income	(712)	0
<b>Tax expense</b>	<b>0</b>	<b>0</b>

<b>Note 10: Cash and cash equivalents</b>	<b>Actual 2013 (\$000)</b>	<b>Actual 2014 (\$000)</b>
Cash at bank and on hand	4,874	1,466
Term deposits with maturities less than three months	0	0
<b>Total cash and cash equivalents</b>	<b>4,874</b>	<b>1,466</b>

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



<b>Note 11: Debtors and other receivables</b>	<b>Actual 2013 (\$000)</b>	<b>Actual 2014 (\$000)</b>
Rates receivables	1,481	1,574
Related party receivables	0	0
Other receivables	2,025	1,625
<b>Gross debtors and other receivables</b>	<b>3,506</b>	<b>3,199</b>
Less provision for impairment	(229)	(255)
<b>Total debtors and other receivables</b>	<b>3,277</b>	<b>2,944</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.

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

	<b>2014</b>		
	<b>Gross (\$000)</b>	<b>Impairment (\$000)</b>	<b>Net (\$000)</b>
Not past due	1,465	(3)	1,462
Past due 1-60 days	479	(13)	466
Past due > 60 days	1,255	(239)	1,016
<b>Total</b>	<b>3,199</b>	<b>(255)</b>	<b>2,944</b>

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

<b>Debtors and other receivables (continued)</b>	<b>Actual 2013 (\$000)</b>	<b>Actual 2014 (\$000)</b>
Movement in the provision for impairment of receivables are as follows:		
At 1 July	568	229
Additional provisions made during the year	0	
Provision increased (reversed) during the year	(306)	63
Receivables written off during the period	(33)	(37)
<b>As at 30 June</b>	<b>229</b>	<b>255</b>

<b>Note 12 :Other financial assets</b>	<b>Actual 2013 (\$000)</b>	<b>Actual 2014 (\$000)</b>
<b>Current Portion</b>		
Term deposits with original maturities of 4-12 months	0	3,000
Corporate bonds	0	515
<b>Total current portion</b>	<b>0</b>	<b>3,515</b>
<b>Non-current portion</b>		
Corporate bonds	3,635	3,101
Investments in CCOs and similar entities		
Unlisted shares in New Zealand Local Government Insurance Corporation Limited	28	26
Unlisted share in Manawatu Wanganui LASS Limited	1	1
<b>Total investments in CCOs and similar identities</b>	<b>29</b>	<b>27</b>
<b>Total non-current portion</b>	<b>3,664</b>	<b>3,128</b>
<b>Total other financial assets</b>	<b>3,664</b>	<b>6,643</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 2013. The fair value of the unlisted share in Manawatu Wanganui LASS Limited was determined to be the nominal amount paid on the first call of shares (\$1,000).

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

#### *Impairment*

There were no impairment expenses or provisions for other financial 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 NZ IFRS 5 Non-current Assets Held for Sale.

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

2014	Balances at 1 July 2013			Additional assets recognised \$000	Current year additions \$000	Current year disposals \$000	Reversed depn on disposals \$000	Re-valuation surp(def) \$000	Current year depn \$000	Balances at 30 June 2014		
	Cost/valuation \$000	Accum depn \$000	Carrying amount \$000							Cost/valuation \$000	Accum depn \$000	Carrying amount \$000
<b>Movements for each class of property, plant and equipment are as follows:</b>												
<b>Operational assets</b>												
Land	3,752	0	3,752	0	0	(81)	0	(282)	0	3,387	0	3,387
Buildings	11,289	(1,275)	10,014	0	92	(82)	9	710	(670)	10,760	(685)	10,075
Plant and vehicles	2,113	(1,012)	1,101	0	213	(101)	91	0	(230)	2,224	(1,149)	1,074
Office equipment	674	(559)	115	0	8	0	0	0	(17)	683	(577)	106
Computer hardware	1,314	(993)	321	0	29	(792)	791	0	(99)	551	(300)	251
Library books	1,889	(1,419)	470	0	102	0	0	0	(68)	1,990	(1,487)	503
<b>Total operational assets</b>	<b>21,031</b>	<b>(5,258)</b>	<b>15,773</b>	<b>0</b>	<b>444</b>	<b>(1,056)</b>	<b>891</b>	<b>428</b>	<b>(1,084)</b>	<b>19,595</b>	<b>(4,198)</b>	<b>15,396</b>
<b>Infrastructural assets</b>												
Roading network	359,435	(12,696)	346,739	0	6,841	(360)	53	(21,883)	(6,209)	331,391	(6,209)	325,182
Land under roads	42,438	0	42,438	0	0	0		0	0	42,438	0	42,438
<b>Water systems</b>												
treatment plants and facilities	16,417	(883)	15,534	0	985	(11)	1	2,071	(256)	18,580	(256)	18,324
other assets	22,782	(1,244)	21,538	158	1,306	(402)	13	1,849	(880)	24,450	(869)	23,581
<b>Wastewater systems</b>												
treatment plants and facilities	7,911	(440)	7,471	0	371	0	0	2,341	(283)	10,183	(282)	9,901
other assets	12,745	(639)	12,106	0	310	(1)	1	3,909	(342)	16,324	(342)	15,982
Stormwater network	10,364	(466)	9,898	322	134	(9)	0	4,753	(251)	15,098	(251)	14,847
Waste transfer stations	965	(35)	930	0	61		0	17	(21)	1,008	(21)	987
<b>Total infrastructural assets</b>	<b>473,057</b>	<b>(16,403)</b>	<b>456,654</b>	<b>480</b>	<b>10,008</b>	<b>(783)</b>	<b>68</b>	<b>(6,943)</b>	<b>(8,242)</b>	<b>459,472</b>	<b>(8,230)</b>	<b>451,242</b>
<b>Restricted assets</b>												
Land	4,458	0	4,458	0	0	(165)	0	(109)	0	4,183	0	4,183
Buildings	1,943	(165)	1,778	0	2	(34)	5	81	(87)	1,833	(87)	1,746
<b>Total restricted assets</b>	<b>6,401</b>	<b>(165)</b>	<b>6,236</b>	<b>0</b>	<b>2</b>	<b>(199)</b>	<b>5</b>	<b>(28)</b>	<b>(87)</b>	<b>6,016</b>	<b>(87)</b>	<b>5,929</b>
<b>Total property, plant and equipment</b>	<b>500,489</b>	<b>(21,826)</b>	<b>478,663</b>	<b>480</b>	<b>10,454</b>	<b>(2,038)</b>	<b>964</b>	<b>(6,543)</b>	<b>(9,413)</b>	<b>485,083</b>	<b>(12,515)</b>	<b>472,567</b>

Work in progress at year end included in property, plant and equipment above comprises: wastewater \$1,499,733 (2013 \$968,431), water \$228,663 (2013 \$500,709), storm water \$339,926 (2013 \$0).

Additional assets recognised were discovered during the revaluation process. (Prior year \$160,000 were assets vested in, or transferred to, the Council.)

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

2013	Balances at 1 July 2012			Current year additions \$000	Current year disp gross \$000	Reversed depn on disposals \$000	Current year transfers \$000	Accum depn on transfers \$000	Current year depn \$000	Balances at 30 June 2013		
	Cost/ valuation \$000	Accum depn \$000	Carrying amount \$000							Cost/ valuation \$000	Accum depn \$000	Carrying amount \$000
<b>Movements for each class of property, plant and equipment are as follows:</b>												
<b>Operational assets</b>												
Land	3,324	0	3,324	0	(73)	0	501	0	0	3,752	0	3,752
Buildings	10,637	(621)	10,016	498	(19)	4	173	(5)	(653)	11,289	(1,275)	10,014
Plant and vehicles	1,775	(950)	825	518	(180)	123	0	0	(185)	2,113	(1,012)	1,101
Office equipment	638	(544)	94	36	0	0	0	0	(15)	674	(559)	115
Computer hardware	1,242	(877)	365	72	0	0	0	0	(116)	1,314	(993)	321
Library books	1,819	(1,343)	476	70	0	0	0	0	(76)	1,889	(1,419)	470
<b>Total operational assets</b>	<b>19,435</b>	<b>(4,335)</b>	<b>15,100</b>	<b>1,194</b>	<b>(272)</b>	<b>127</b>	<b>674</b>	<b>(5)</b>	<b>(1,045)</b>	<b>21,031</b>	<b>(5,258)</b>	<b>15,773</b>
<b>Infrastructural assets</b>												
Roading network	352,794	(6,295)	346,499	6,641	0	0	0	0	(6,401)	359,435	(12,696)	346,739
Land under roads	42,438	0	42,438		0	0	0	0	0	42,438	0	42,438
<b>Water systems</b>												
treatment plants and facilities	13,950	(410)	12,733	2,521	(51)	4	0	0	(481)	16,417	(883)	15,534
other assets	21,750	(593)	21,964	1,126	(97)	10	0	0	(657)	22,782	(1,244)	21,538
<b>Wastewater systems</b>												
treatment plants and facilities	7,955	(195)	7,760	129	(10)	4	(173)	5	(251)	7,911	(440)	7,471
other assets	11,001	(270)	10,731	1,754	0	0	0	0	(372)	12,745	(639)	12,106
Stormwater network	10,203	(229)	9,974	167	(6)	0	0	0	(237)	10,364	(466)	9,898
Waste transfer stations	956	(16)	940	9	0	0	0	0	(19)	965	(35)	930
Remediation	482	0	482	0	(482)	0	0	0	0	0	0	0
<b>Total infrastructural assets</b>	<b>461,529</b>	<b>(8,008)</b>	<b>453,521</b>	<b>12,347</b>	<b>(646)</b>	<b>18</b>	<b>(173)</b>	<b>5</b>	<b>(8,418)</b>	<b>473,057</b>	<b>(16,403)</b>	<b>456,654</b>
<b>Restricted assets</b>												
Land	4,481	0	4,481	0	(23)	0	0	0	0	4,458	0	4,458
Buildings	1,919	(82)	1,837	24	0	0	0	0	(83)	1,943	(165)	1,778
<b>Total restricted assets</b>	<b>6,400</b>	<b>(82)</b>	<b>6,318</b>	<b>24</b>	<b>(23)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(83)</b>	<b>6,401</b>	<b>(165)</b>	<b>6,236</b>
<b>Total property, plant and equipment</b>	<b>487,364</b>	<b>(12,425)</b>	<b>474,939</b>	<b>13,565</b>	<b>(941)</b>	<b>145</b>	<b>501</b>	<b>0</b>	<b>(9,546)</b>	<b>500,489</b>	<b>(21,826)</b>	<b>478,663</b>

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

**Note 14: Property, plant and equipment (continued)***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) and Ashton Gibbard (BBS (VPM)), of Quotable Value Asset and Advisory. The valuation is effective at 1 July 2013. The total fair value of land and buildings valued was \$20,439,750 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 Will Skeggs (LLB, BCom), David Jeffrey (BBS, ACMA) of GHD Pty Ltd. The valuation is effective at 1 July 2013. The total fair value of the roading network was \$364,526,823 at that date.

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

Water, wastewater and stormwater systems

The valuation of the water, wastewater and stormwater assets was performed by James Torrie (BE) of Rangitikei District Council. The valuation was reviewed by Robert van Bentum (BAgrSc, MPhil (Eng) CPEng, MIPENZ) and Wayne Hodson (BE/BEng, CPEng, MIPENZ) both of MWH New Zealand Limited. The valuation is effective at 1 July 2013. The total fair value of water, wastewater and stormwater was \$81,946,688 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>2013</b>	<b>2014</b>
	<b>(\$000)</b>	<b>(\$000)</b>
Water supply		
treatment plant and facilities	28,737	30,182
other assets	49,365	51,461
Sewerage		
treatment plant and facilities	14,644	15,249
other assets	32,387	33,215
Stormwater drainage	23,540	24,051
Flood protection and control works	0	0
Roads and footpaths	538,979	525,301
<b>Total estimated replacement cost</b>	<b>687,652</b>	<b>679,458</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 2013	729	9	738
Increase due to revaluation	0	10	10
Additions	32	0	32
Disposals	0	0	0
<b>Balance at 30 June 2014</b>	<b>761</b>	<b>19</b>	<b>780</b>
Balance at 1 July 2012	691	0	691
Increase due to revaluation	0	0	0
Additions	38	9	47
Disposals	0	0	0
<b>Balance at 30 June 2013</b>	<b>729</b>	<b>9</b>	<b>738</b>
<b>Accumulated amortisation and impairment</b>			
Balance at 1 July 2013	567	0	567
Amortisation charge	53	0	53
Disposals	0	0	0
<b>Balance at 30 June 2014</b>	<b>620</b>	<b>0</b>	<b>620</b>
Balance at 1 July 2012	511	0	511
Amortisation charge	56	0	56
Disposals	0	0	0
<b>Balance at 30 June 2013</b>	<b>567</b>	<b>0</b>	<b>567</b>
<b>Carrying Amounts</b>			
Balance at 1 July 2012	180	0	180
Balance at 30 June and 1 July 2013	162	9	171
<b>Balance at 30 June 2014</b>	<b>141</b>	<b>19</b>	<b>160</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 2014 using the spot market price for NZUs on the open market.

#### *Impairment*

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

<b>Note 16: Forestry assets</b>	<b>Actual 2013 (\$000)</b>	<b>Actual 2014 (\$000)</b>
Balance at 1 July	199	221
Gains (losses) arising from changes in fair values	52	(35)
Decreases due to sales	(30)	0
<b>Balance at 30 June</b>	<b>221</b>	<b>186</b>

The Council owns 21.3 hectares of forest in 7 stands at varying stages of maturity.

#### *Valuation assumptions*

Independent valuers, Allan Bell & Associates, have valued forestry assets at 30 June 2014. Information from recent and past harvesting operations has been used in the valuation including predicted yield, harvest costs, potential markets, and log prices. The following significant valuation assumptions have been adopted in determining fair value of forestry assets:

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

*Discount rate* - 10% pre-tax

*Compound rate* - 3%

*Basis of log prices* - current prices from actual harvesting operations for May and June 2014 as well as trend prices which are based on an MPI 12-quarter rolling averages at March 2014. Prices are assumed to return to trend over the next 5 years.

#### *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 2013 (\$000)</b>	<b>Actual 2014 (\$000)</b>
Trade payables	3,106	3,020
Deposits	307	400
Accrued expenses	324	158
<b>Total creditors and other payables</b>	<b>3,737</b>	<b>3,578</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 2013 (\$000)</b>	<b>Actual 2014 (\$000)</b>
<b>Current portion</b>		
Secured bank loans	2,500	0
Community loan	16	16
<b>Total current portion</b>	<b>2,516</b>	<b>16</b>
<b>Non-current portion</b>		
Secured bank loans	0	0
Community loan	208	192
<b>Total non-current portion</b>	<b>208</b>	<b>192</b>
<b>Total borrowings</b>	<b>2,724</b>	<b>208</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.

*Fair value*

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

*Internal borrowing*

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

<b>Note 19: Employee entitlements</b>	<b>Actual 2013 (\$000)</b>	<b>Actual 2014 (\$000)</b>
<b>Current Portion</b>		
Accrued pay	41	57
Annual leave	150	171
Long service leave	12	12
<b>Total current portion</b>	<b>203</b>	<b>240</b>
<b>Non-current portion</b>		
Accrued pay	0	0
Annual leave	0	0
Long service leave	9	13
<b>Total non-current portion</b>	<b>9</b>	<b>13</b>
<b>Total employee entitlements</b>	<b>212</b>	<b>253</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 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 2013 (\$000)</b>	<b>Actual 2014 (\$000)</b>
<b>Landfill aftercare</b>		
Balance at 1 July	438	494
Additional provisions made	0	0
Amounts used	(40)	(32)
Unused amount reversed	(6)	(16)
Discount unwind	102	24
<b>Balance at 30 June</b>	<b>494</b>	<b>470</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 20 years. The long-term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred. The provision has been estimated taking into account existing technology and legal requirements.

A discount rate of 5.5% (2013 5.5%) has been used in discounting the cash outflows.

<b>Note 21: Equity</b>	<b>Actual 2013 (\$000)</b>	<b>Actual 2014 (\$000)</b>
<b>Accumulated funds</b>		
Balance at 1 July	459,706	461,163
Transfers from property revaluation reserves on disposal	117	395
Other transfers	(1,137)	(230)
Surplus (deficit) for year	2,477	(18,718)
<b>Balance at 30 June</b>	<b>461,163</b>	<b>442,611</b>
<b>Other reserves</b>		
<b>Property revaluation reserves</b>		
Balance at 1 July	17,416	17,299
Net revaluation gains	0	14,580
Transfer to accumulated funds on disposal of property	(117)	(395)
<b>Balance at 30 June</b>	<b>17,299</b>	<b>31,484</b>
Property revaluation reserves for each class of assets consist of:		
Operational assets		
land	1,902	1,576
buildings	4,383	5,063
Infrastructural assets		
sewerage systems	424	6,674
water systems	5,544	9,636
stormwater drainage network	2,285	7,034
roading network	1,138	0
Restricted assets		
land	1,292	1,096
buildings	331	405
<b>Total</b>	<b>17,299</b>	<b>31,484</b>
<b>Fair value through other comprehensive income reserve</b>		
Balance at 1 July	206	271
Net revaluation gains (losses)	65	(11)
<b>Balance at 30 June</b>	<b>271</b>	<b>260</b>
<b>Total other reserves</b>	<b>17,570</b>	<b>31,744</b>

**Note 21: Equity (continued)****Special and restricted reserves 2014**

Name (* denotes restricted)	Associated activity	Purpose	Balance 1 Jul 13	Deposits	With- drawals	Balance 30 Jun 14
Aquatic	Swimming pools	Capital works	0	75	0	75
Bulls courthouse*	Property	Maintenance of courthouse building	28	11	0	39
Flood damage	Roading	Road maintenance due to flooding	1,000	100	0	1,100
General purpose	Capital works	Capital works	2,402	0	0	2,402
Haylock park*	Parks and reserves	Additional reserve area at park	24	1	0	25
Huntermville rural water	Water	Future loop line	154	9	0	163
Keep Taihape beautiful*	Property	Enhancement of Taihape	21	0	0	21
Marton land subdivision*	Parks and reserves	Improvement to reserves land	332	18	0	350
Marton marae*	Property	Marton marae project	4	0	0	4
McIntyre recreation*	Parks and reserves	Maintenance or upgrades of park	21	1	0	22
Putorino rural water	Water	Maintenance of scheme dam	16	1	0	17
Ratana sewer	Sewerage	Capital works	20	1	0	21
Revoked reserve land	Parks and reserves	Offset costs of other revoked land	238	0	0	238
Rural housing loan	Property	No longer required	150	0	0	150
Rural land subdivision*	Parks and reserves	Improvement to reserves land	160	9	0	169
Santoft domain*	Parks and reserves	Maintenance or upgrades of park	68	4	0	72
<b>Total special and restricted reserves</b>			<b>4,638</b>	<b>230</b>	<b>0</b>	<b>4,868</b>

**Special and restricted reserves 2013**

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

<b>Note 22: Reconciliation of net surplus (deficit) to net cash flow from operating activities</b>	<b>Actual 2013 (\$000)</b>	<b>Actual 2014 (\$000)</b>
<b>Surplus (deficit)</b>	2,477	(18,718)
<b>Add (less) non-cash items</b>		
Depreciation and amortisation	9,602	9,465
Vested and discovered assets	(160)	(480)
Value of biological assets harvested	29	0
Community loan repayment exchanged for accommodation	(16)	(16)
Grant of carbon credits by NZ Government	(9)	0
(Gains) losses in fair value on forestry assets	(52)	36
	<b>9,394</b>	<b>9,005</b>
<b>Add (less) items classified as investing or financing activities</b>		
(Gains) losses on disposal of property, plant and equipment	514	1,055
(Gains) losses on revaluation of property, plant and equipment	0	21,124
	<b>514</b>	<b>22,179</b>
<b>Add (less) movements in working capital items</b>		
Increase (decrease) in debtors and other receivables	(1,013)	159
Increase (decrease) in prepayments	6	10
Increase (decrease) in income in advance	47	(7)
Increase (decrease) in creditors and other payables	(259)	276
Increase (decrease) in provisions	54	(23)
Increase (decrease) in employee entitlements	(23)	41
	<b>(1,188)</b>	<b>456</b>
<b>Net cash inflow (outflow) from operating activities</b>	<b>11,197</b>	<b>12,922</b>

<b>Note 23: Capital commitments and operating leases</b>	<b>Actual 2013 (\$000)</b>	<b>Actual 2014 (\$000)</b>
<b>Capital commitments</b>		
Property, plant and equipment	170	672
Intangible assets	0	0
<b>Total capital commitments</b>	<b>170</b>	<b>672</b>

**Operating leases as lessee**

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	84	167
Later than one year and not later than five years	173	275
Later than five years	12	4
<b>Total non-cancellable operating leases</b>	<b>269</b>	<b>446</b>

**Operating leases as lessor**

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

Not later than one year	24	26
Later than one year and not later than five years	96	98
Later than five years	205	185
	<b>325</b>	<b>309</b>

No contingent rents have been recognised during the period.

<b>Note 24: Contingencies</b>	<b>Actual 2013 (\$000)</b>	<b>Actual 2014 (\$000)</b>
<b>Contingent Liabilities</b>		
Emissions Trading Scheme	126	235
Potaka stormwater	175	30
Building Act claims	21	10
Nga Tawa Road water extension	20	0
Local Authority Protection Programme (LAPP) Disaster Fund	805	0
Miscellaneous claims	5	0
<b>Total contingent liabilities</b>	<b>1,152</b>	<b>275</b>

#### *Emissions Trading Scheme*

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

#### *Potaka stormwater*

The Council has been in dispute with Mr Potaka regarding stormwater damage reinstatement. The matter has not been completely resolved to date but Mr Potaka has withdrawn his legal action and is negotiating with the Council. As a result, the likely liability has been greatly reduced from previous years.

#### *Building Act claims*

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

#### *Nga Tawa Road water supply extension*

The Council agreed to contribute up to \$20,000 if a privately initiated extension to the water supply in Nga Tawa Road went ahead. The amount was to cover the cost of increasing the pipe diameter to allow others to connect to the extension. This extension has now been completed and the Council has made its contribution amounting to \$18,281. It is therefore no longer a contingent liability.

#### *Local Authority Protection Programme (LAPP) Disaster Fund*

In the 2013/14 year, LAPP scheme members were subject to additional calls for contributions up to five times their annual premium for a single disaster with exposure limited to two such calls in a year. This situation no longer exists as the LAPP scheme has withdrawn this requirement from members.

### **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 2014 these four facilities have an approximate value of \$350,000.



<b>Note 25: Related party transactions</b>	<b>Actual 2013 (\$)</b>	<b>Actual 2014 (\$)</b>
<b>Transactions with key management personnel</b>		
<i>Key management personnel compensation</i>		
Salaries and other short-term employee benefits	628,805	715,805
Post-employment benefits	0	0
Other long-term benefits	0	0
Termination benefits	0	0
<b>Total key management personnel compensation</b>	<b>628,805</b>	<b>715,805</b>

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

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

Regional archives project costs paid to the company by the Council	84,927	68,056
Other projects costs paid to the company by the Council	9,380	17,620

During the year, the Council paid for a service contract to the Ratana Communal Board of Trustees, of which Councillor Soraya Peke-Mason is a member. This service cost \$63,711 (2013 \$63,268) and was supplied on normal commercial terms. Councillor Peke-Mason also has interests in the Aorangi Awarua Trust. During the year the Council paid the Trust \$4,303 (2013 \$4,940) for easement costs.

During the year, the Council provided Rangitikei Tourism Incorporated with funding amounting to \$20,700. Councillor Rebecca McNeil is an employee of this organisation.

During the year, the Council provided Project Marton with funding amounting to \$34,442.50. 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 \$3,580 to BJW Motors Ltd for the servicing of motor vehicles.

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

<b>Note 26: Remuneration</b>	<b>Actual 2013</b>	<b>Actual 2014</b>
	<b>\$</b>	<b>\$</b>

**Chief Executive**

The various Chief Executives received the following remuneration:

Clare Hadley		
Gross salary	98,746	0
Vehicle (market value plus FBT)	6,862	0
Superannuation contribution	1,975	0
<b>Total remuneration</b>	<b>107,583</b>	<b>0</b>

Michael Hodder		
Gross salary	45,769	0
Vehicle (market value plus FBT)	0	0
Superannuation contribution	0	0
<b>Total remuneration</b>	<b>45,769</b>	<b>0</b>

Ross McNeil		
Gross salary	47,000	188,000
Vehicle (market value plus FBT)	2,207	11,186
Superannuation contribution	1,374	5,640
<b>Total remuneration</b>	<b>50,581</b>	<b>204,826</b>

**Other Council employees**

Number of full-time employees	24	29
Number of full-time equivalents of part-time employees	13	12

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	38	39
\$60,001 to \$80,000	7	5
\$80,001 to \$220,000	4	6
	<b>49</b>	<b>50</b>

Total remuneration includes the value of any non-financial benefit paid to an employee.

<b>Note 26: Remuneration (continued)</b>	<b>Actual 2013 \$</b>	<b>Actual 2014 \$</b>
<b>Elected representatives</b>		
<b>Council</b>		
<i>Mayor</i>		
R C Leary (to October 2013)	75,080	24,431
A Watson (from October 2013)	17,784	55,485
<i>Councillors</i>		
C Ash (from October 2013)	0	12,930
R Aslett	17,784	19,584
N Belsham (from October 2013)	0	13,757
J Byford (to October 2013)	18,955	6,883
E Cherry (to October 2013)	19,794	6,491
M Fox (to October 2013)	17,784	5,800
A Gordon (from October 2013)	0	13,447
S Harris (to October 2013)	20,967	6,782
T Harris (from October 2013)	0	12,855
M Jones	18,043	19,774
D McManaway	17,784	23,525
R McNeil (from October 2013)	0	13,025
R Peirce (to October 2013)	17,936	5,800
S Peke-Mason	19,547	18,753
R Rainey (from October 2013)	0	13,534
L Sheridan	17,784	22,690
A Watson (to October 2013)		5,472
<b>Total Council members remuneration</b>	<b>279,242</b>	<b>301,018</b>
<b>Community Boards</b>		
<i>Taihape</i>		
M Fannin (chair from November 2013)	2,856	6,123
A Gordon (chair to November 2013)	3,457	1,064
A Green (from March 2014)	0	1,260
G Larsen	2,856	3,302
P Leigh (to October 2014)	2,856	879
P Oliver (from March 2014)	0	1,593
<i>Ratana</i>		
B Barlein (from October 2013)	0	1,077
T Biddle (from October 2013)	0	1,385
L Gardiner (chair until November 2013)	1,007	709
D Gardiner (to October 2013)	1,904	586
G Hipango	2,152	0
J Pene	1,465	0
N Rawhiti (from October 2013)	0	1,385
M Thompson (chair from November 2013)	0	2,892
P Williams (to October 2013)	1,904	586
<b>Total Community Board members remuneration</b>	<b>20,457</b>	<b>22,841</b>
<b>Total elected representatives remuneration</b>	<b>299,699</b>	<b>323,859</b>

The total remuneration for each elected member is made up of annual salary, non-salary benefits and mileage.

**Note 27: Severance payments**

For the year ended 30 June 2014, the Council made no severance payments to employees (2013 one for \$5,000).

**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 2013 (\$000)</b>	<b>Actual 2014 (\$000)</b>
<b>Financial instrument categories</b>		
<b><i>Financial assets</i></b>		
<i>Loans and receivables</i>		
Cash and cash equivalents	4,874	1,466
Debtors and other receivables	3,277	2,944
Other financial assets		
term deposits	0	3,000
corporate bonds	0	515
<b>Total loans and receivables</b>	<b>8,151</b>	<b>7,925</b>
<b><i>Fair value through other comprehensive income</i></b>		
Other financial assets		
corporate bonds	3,635	3,101
unlisted shares	29	27
<b>Total fair value through other comprehensive income</b>	<b>3,664</b>	<b>3,128</b>
<b><i>Financial liabilities</i></b>		
Financial liabilities at cost		
creditors and other payables	3,737	3,578
secured loans	2,500	0
community loan	224	208
<b>Total financial liabilities</b>	<b>6,461</b>	<b>3,786</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)

**2014****Financial assets***Unlisted shares*

New Zealand Local Government Insurance Corporation Limited

26      0      0      26

Manawatu Wanganui LASS Limited

1      0      0      1

*Corporate bonds*

3616    3616      0      0

**2013****Financial assets***Unlisted shares*

New Zealand Local Government Insurance Corporation Limited

28      0      0      28

Manawatu Wanganui LASS Limited

1      0      0      1

*Corporate bonds*

3635    3635      0      0

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:

	2013	2014
Balance at 1 July	38	29
Gains (losses) recognised in the surplus or deficit	0	
Gains (losses) recognised in other comprehensive income	(9)	(2)
Purchases	0	
Balance at 30 June	29	27

**Note 29C: Financial instrument risks**

The Council has policies to manage the risks associated with financial instruments. The Council is risk averse and seeks to minimise exposure from its treasury activities. It has established liability management and investment policies. These policies do not allow any transactions that are speculative in nature to be entered into.

**Market risk***Price risk*

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices. The Council is exposed to equity securities price risk on its investments, which are classified as financial assets held at fair value through other comprehensive income. Equity security price risk is not managed as the only share investments are unlisted shares in New Zealand Local Government Insurance Corporation Limited, and, Manawatu Wanganui LASS Limited.

*Currency risk*

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Council has no financial instruments with foreign currency components and is therefore not exposed to currency risk.

*Fair value interest rate risk*

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Borrowings and investments issued at fixed rates of interest expose the Council to fair value interest rate risk. The Council's investment policy requires a spread of investment maturity dates to limit exposure to short-term interest rate movements. The Council currently has no fixed interest rate debt or investments.

*Cash flow interest rate risk*

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Borrowings and investments issued at variable interest rates expose the Council to cash flow interest rate risk. The Council currently has no variable interest rate debt or investments.

**Credit risk**

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

<b>Note 29C: Financial instrument risks (continued)</b>	<b>Actual 2013 (\$000)</b>	<b>Actual 2014 (\$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	4,874	4,466
Debtors and other receivables	3,277	2,944
Corporate bonds	3,635	3,616
<b>Total credit risk</b>	<b>11,786</b>	<b>11,026</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-	4,874	4,466
<b>Total cash at bank and term deposits</b>	<b>4,874</b>	<b>4,466</b>
Corporate bonds		
AA	1,647	1,609
A+	536	515
A	27	28
A-	1,425	1,464
<b>Total corporate bonds</b>	<b>3,635</b>	<b>3,616</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>2014</b>					
Creditors and other payables	3,578	3,578	3,578	0	0
Secured loans	0	0	0	0	0
Community loan	208	208	16	80	112
<b>Total</b>	<b>3,786</b>	<b>3,786</b>	<b>3,594</b>	<b>80</b>	<b>112</b>
<b>2013</b>					
Creditors and other payables	3,737	3,737	3,737	0	0
Secured loans	2,500	2,500	2,500	0	0
Community loan	224	224	16	80	128
<b>Total</b>	<b>6,461</b>	<b>6,461</b>	<b>6,253</b>	<b>80</b>	<b>128</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>2014</b>					
Cash and cash equivalents	1,466	1,466	1,466	0	0
Debtors and other receivables	2,944	2,944	2,944	0	0
Other financial assets					
term deposits	3,000	3,000	3,000	0	0
corporate bonds	3,616	3,616	515	2,138	963
<b>Total</b>	<b>11,026</b>	<b>11,026</b>	<b>7,925</b>	<b>2,138</b>	<b>963</b>
<b>2013</b>					
<b>Cash</b> and cash equivalents	4,874	4,874	4,874	0	0
Debtors and other receivables	3,277	3,277	3,277	0	0
Other financial assets					
term deposits	0	0	0	0	0
corporate bonds	3,635	3,635	0	2,729	906
<b>Total</b>	<b>11,786</b>	<b>11,786</b>	<b>8,151</b>	<b>2,729</b>	<b>906</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>2014</b>					
<i>Financial Assets</i>					
Cash and cash equivalents		(25)	0	25	0
Corporate bonds		(10)	0	0	10
<b>Total sensitivity to interest rate risk</b>		<b>(35)</b>	<b>0</b>	<b>25</b>	<b>10</b>
<b>2013</b>					
<i>Financial Assets</i>					
Cash and cash equivalents		(49)	0	49	0
Corporate bonds		(10)	0	0	10
<b>Total sensitivity to interest rate risk</b>		<b>(59)</b>	<b>0</b>	<b>49</b>	<b>10</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**

Explanations for major variances from the Council's budget figures in the 2013-14 Annual Plan are as follows:

**Statement of comprehensive income**

Total income is \$1.63m higher than budget. This is made up of additional targeted rates for water \$140,000, finance income \$142,000, other revenue \$654,000, newly disclosed assets \$480,000, and subsidies of \$201,000.

Additional demand for water-by-meter accounts for the extra revenue from targeted rates for water.

Finance income was higher from bank short term deposits because some capital projects were completed later than expected. Subsidies were higher because of extensive flood damage work undertaken for roading but partially offset by the deferring of the Wylie's bridge project.

Other revenue consisted mainly of extra income in Environmental and Regulatory Services of \$522,000 which in turn came from: the building control activity due to the delay in implementation of parts of the Building Act thus maintaining fee income, plus revenue received from the shared services for dog control.

In expenditure, a variance of \$556,000 in finance costs is due to none of the external loans being raised that were budgeted for. The other major item, losses, totalling \$21.124m was mainly as a result of the change in underlying information regarding the depth of one class of formation in roads in the central region. Losses in valuation which exceed existing revaluation reserves are required to be expensed in the statement of comprehensive income. This figure does distort the year end results. If this is excluded from expenditure, the surplus for the year is \$2.406m compared with a budget of \$0.893m

**Statement of financial position**

Cash is below expected levels due to investing \$3m in term deposits (included in other financial assets) for terms longer than three months. Property, plant and equipment is well down on expectations due to the large write down in the value of roads together with capital works programme budgeted not being expended in full.

Because of deferred capital work over the past two financial years, no external borrowing has taken place, and almost all external debt existing at June 2013 has been repaid.

<b>Note 32: Rating base information</b>	<b>Actual 2013</b>	<b>Actual 2014</b>
Number of rating units at commencement of year	9,126	9,114
	<b>(\$000)</b>	<b>(\$000)</b>
Total capital value of rating units at commencement of year	3,621,101	3,642,861
Total land value of rating units at commencement of year	2,295,636	2,296,645

<b>Note 33: Insurance of assets</b>	<b>Actual 2013</b>	<b>Actual 2014</b>
	<b>(\$000)</b>	<b>(\$000)</b>
Total value of assets covered by insurance contracts	59,222	61,242
Maximum amount of insurance	53,547	57,221
Total value of assets covered by financial risk sharing arrangements	105,292	108,727
Maximum amount available under those arrangements (40%)	42,117	43,491
Total value of assets that are self-insured	324,883	338,800
The value of funds maintained for that purpose	1,000	1,100

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.

## Benchmarks Disclosure Statement

For the year ending 30 June 2014

### What is the purpose of this statement?

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

The Council is required to include this statement in its annual report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations).

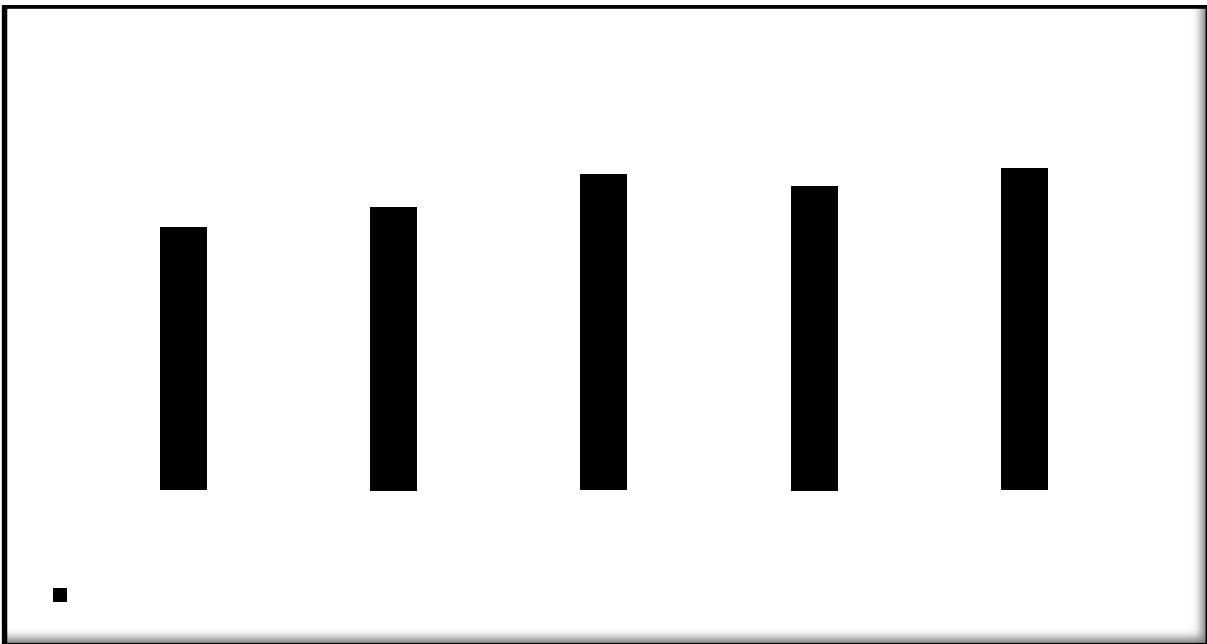
### Rates affordability benchmarks

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 the 2012/13 and 2013/14 years with a quantified limit on rates contained in the financial strategy included in the council's 2012/22 long-term plan. For the years 2009/10, 2010/11, and 2011/12, the quantified limit is based on the projections forecast in the Message from the Mayor in the 2009/19 long-term council community 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 the 2012/13 and 2013/14 years with a quantified limit on rates increases contained in the financial strategy included in the council's

2012/22 long-term plan. For the years 2009/10, 2010/11, and 2011/12, the quantified limit is based on the projections forecast in the Message from the Mayor in the 2009/19 long-term council community plan

The quantified limits are as follows:

- 2009/10 7.4%
- 2010/11 8.8%
- 2011/12 15%
- 2012/13 6.34%
- 2013/14 6.66%



### Debt affordability benchmark

The Council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing.

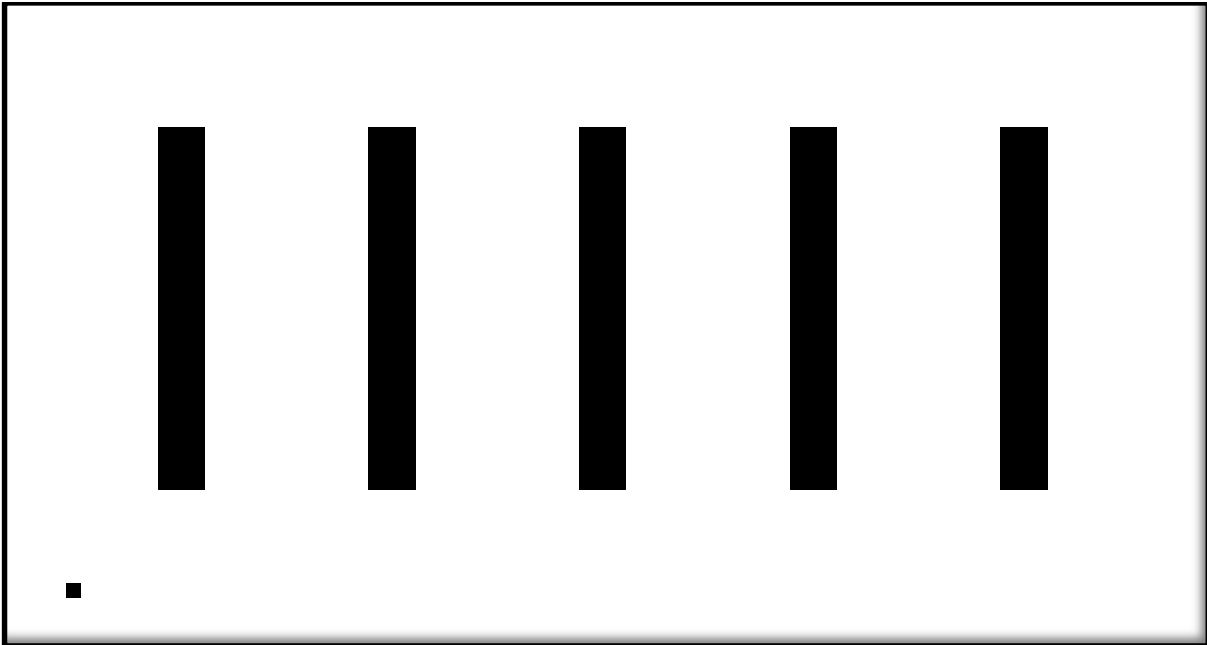
The Council has three quantified limits on borrowing. For the first three years the limits are found in the liability management policy in the 2009/19 long-term council community plan, and the last two years in the financial strategy included in the 2012/22 long-term plan.

The limits are as follows:

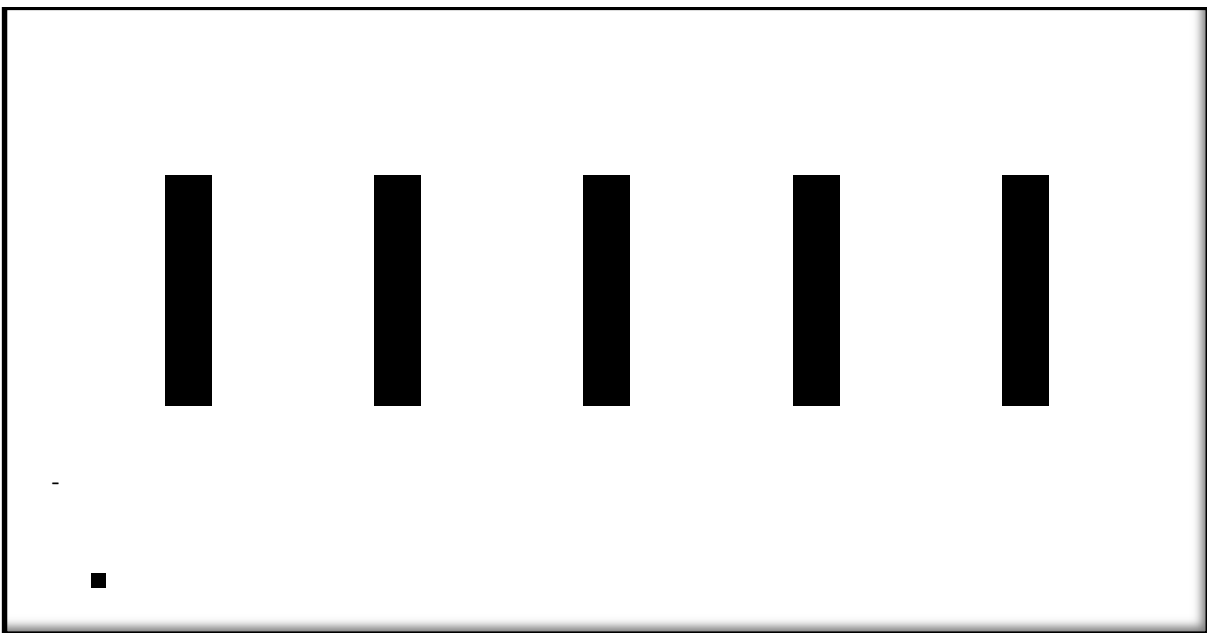
- total interest expense on net external debt will not exceed 15% of total rates income;
- the ratio of net external debt to annual rates income will not exceed 150%; and,
- net external debt per capita will not exceed \$1,400 for the first three years, and \$2,500 for last two years.

(Note: neither the liability management policy, nor the financial strategy defines “net external debt”. For the purposes of this benchmarking exercise, the same definition included in the regulations for “net debt” has been used.)

The following graph compares the Council's actual interest expense as a proportion of total rates income. (Note: there was no actual interest expense in 2009/10.)



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.

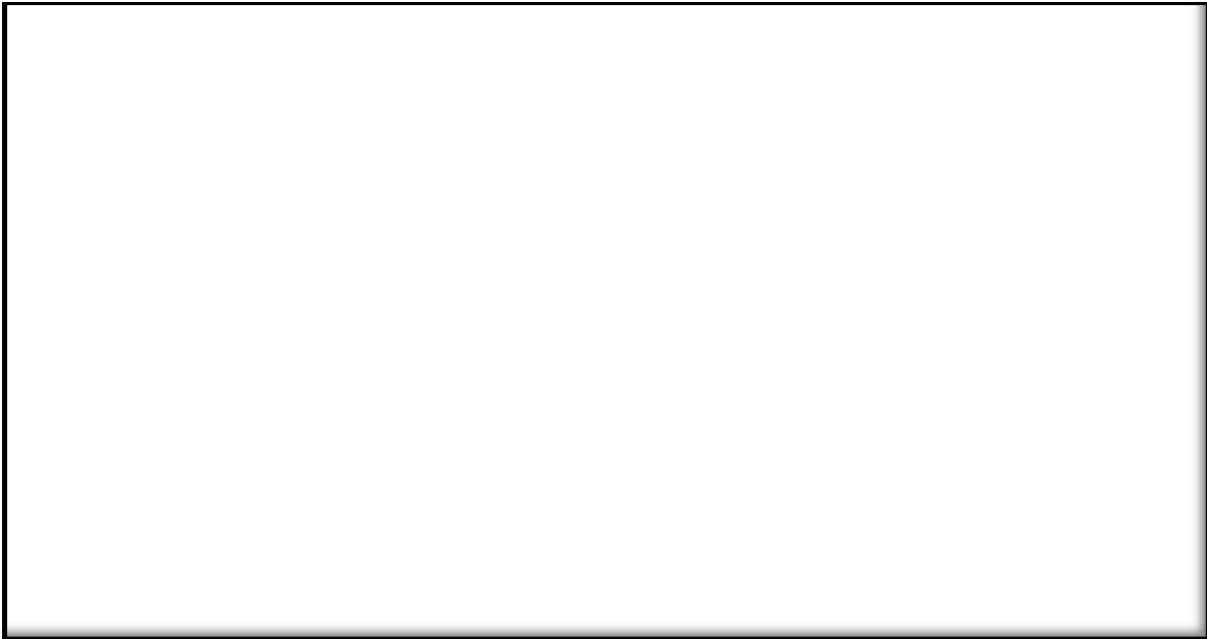
Network services is defined in the regulations as infrastructure related to water supply, sewerage and the treatment and disposal of sewage, storm water drainage, flood protection and control works, and the provision of roads and footpaths. The Council owns no infrastructure related to flood protection 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.



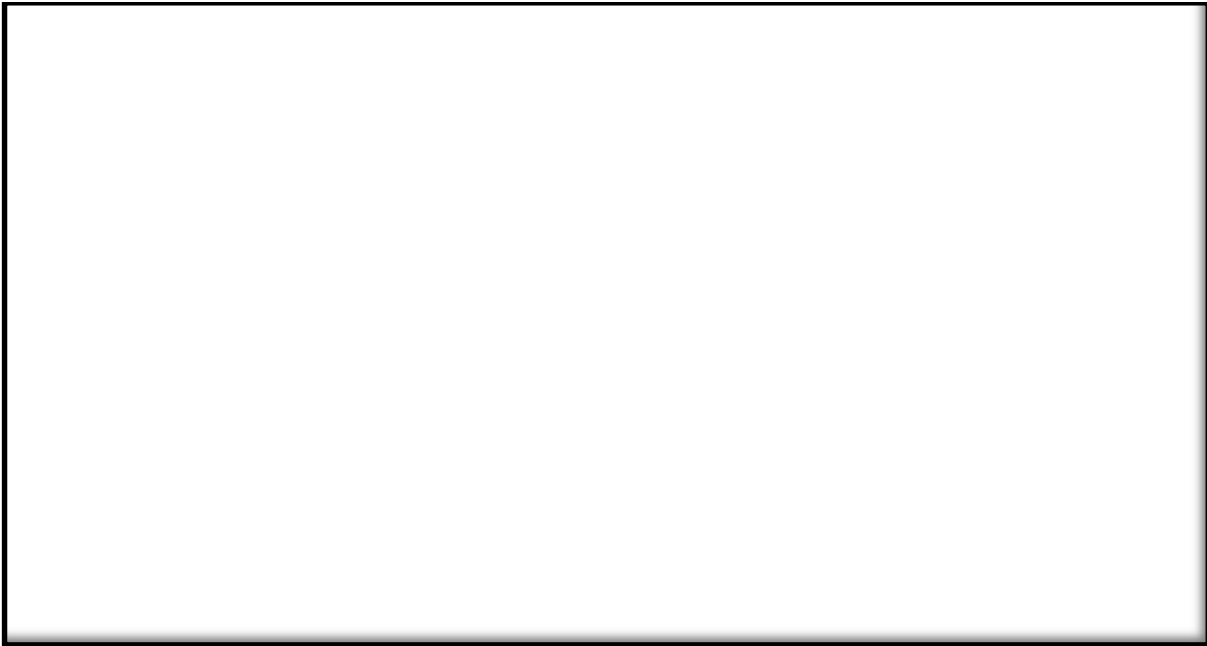
### Debt control benchmark

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 debt. This benchmark has used the projected debt levels in 2009/19 long-term council community plan for the first three years, and the 2012/22 long-term plan for the last two years.

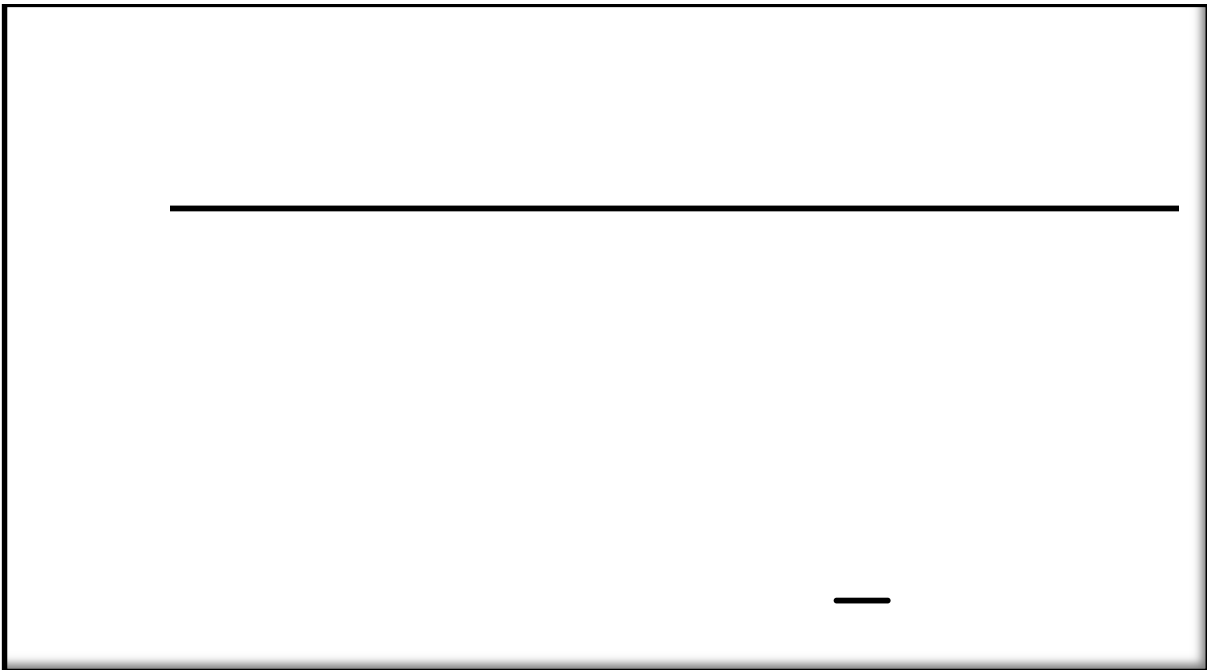
(The graph shows negative values when financial liabilities are less than financial assets, excluding trade and other receivables.)



**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.



## Statement of Resources

Area .....	4,538 sq km
Population .....	14,019
<i>Census 2013</i>	
Rateable Properties .....	8,478
Non-rateable Properties .....	595
Gross Capital Value .....	\$3,659,547,700
Net Capital Value .....	\$3,488,847,050
Gross Land Value .....	\$2,294,907,200
Net Land Value .....	\$2,234,834,200
Date of Last Revision of Values .....	September 2011
Length of Roads .....	1,225 km
• Sealed .....	796 km
• Unsealed .....	429 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
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# Rangitikei District Council

## Section 4: Other Information

## Contact Details

### Council Offices

#### Marion

46 High Street  
Private Bag 1102  
Marion 4741

Tel 06 327 0099  
0800 422 522  
Fax 06 327 6970

#### Taihape Library and Service Centre

90-92 Hautapu Street  
Taihape 4720

Tel 06 388 0604  
Fax 06 388 1919

#### Bulls Library and Service Centre

73 High Street  
Bulls 4818

Tel 06 327 0083  
Fax 06 322 0113

#### Email

[info@rangitikei.govt.nz](mailto:info@rangitikei.govt.nz)

#### Website

[www.rangitikei.govt.nz](http://www.rangitikei.govt.nz)

### Mayor and Councillors

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

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

Contact details are provided on page 11.

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

### Introduction

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

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

- a) Establish and maintain processes to provide opportunities for Māori to contribute to the decision-making processes of the local authority; and
- b) Consider ways in which it may foster the development of Māori capacity to contribute to the decision-making processes of the local authority; and
- c) Provide relevant documentation to Māori for the purposes of the above two paragraphs.

### The Memorandum of Understanding: Tutohinga

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

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

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

### Building on current strategies

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

not an 'either-or' question but one of establishing complementary relationships, understanding both the potential advantages and disadvantages of both.

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

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

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

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





# Rangitikei District Council

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