



**Rangitikei**  
UNSPOILT...

# Rangitikei District Council

## Annual Report 2014-2015

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# 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.

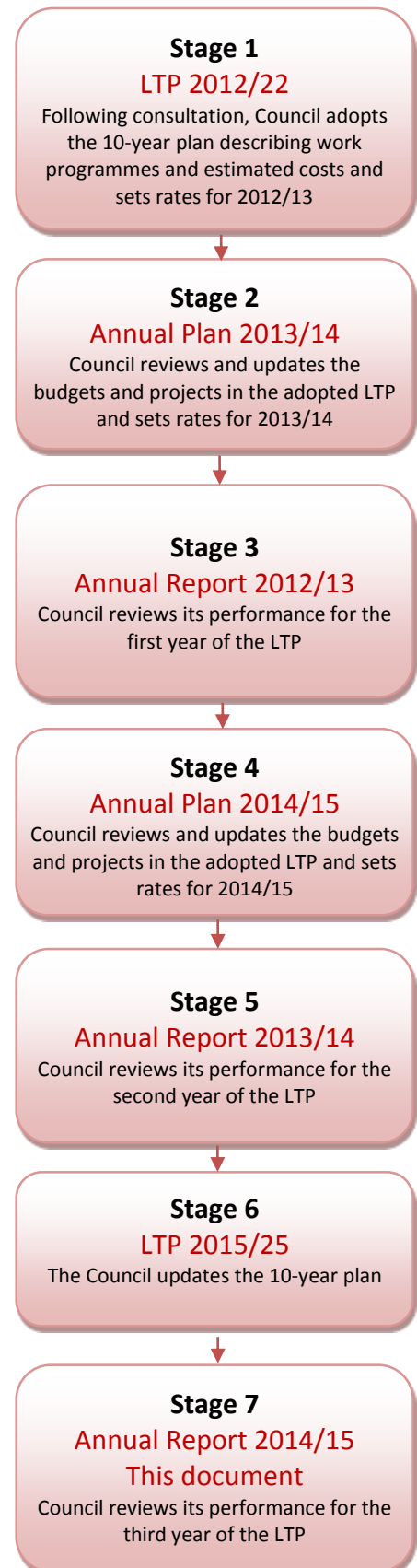
### Section 3 Financial Statements and Policy Reports

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 year 3 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 2014 to 30 June 2015. 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 again somewhat distorted this year because of derecognising a part of the roading infrastructure due to extensive flood damage in June 2015.

If this derecognition expense of \$11.98 million is ignored, the Council has made an operating surplus of \$1.957 million compared to a budgeted surplus of \$1.294 million.

Overall, operating expenditure was under budget by \$0.238 million while revenue was higher than budget by \$0.425 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 \$469 million, largely represented by property, plant and equipment of \$463 million.

Because of a significant underspend in capital work of \$6.0 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 2015/16 annual plan budget for capital work amounting to \$19.0 million.

### Major achievements

- Adoption of town centre plans for Taihape, Hunterville, Marton and Bulls – with (for Bulls) a concept design and joint-venture partnership in a site for a new multi-purpose community centre;
- Completion of the strategic water assessment and negotiations with the Ministry for Primary Industries for a further project to develop the water resources in the Hunterville-Marton area;
- Adoption of a funded economic development strategy within the context of regional collaboration for growth;
- Comprehensive review of the performance of the Marton Wastewater Treatment Plant (with particular regard for the impact of leachate from the Bonny Glen landfill);
- Securing an increased base roading Funding Assistance Rate (from 58% to 62% in 2015/16 to 63% thereafter);
- Effective response and recovery processes for the extreme rainfall event on 20-21 June 2015.

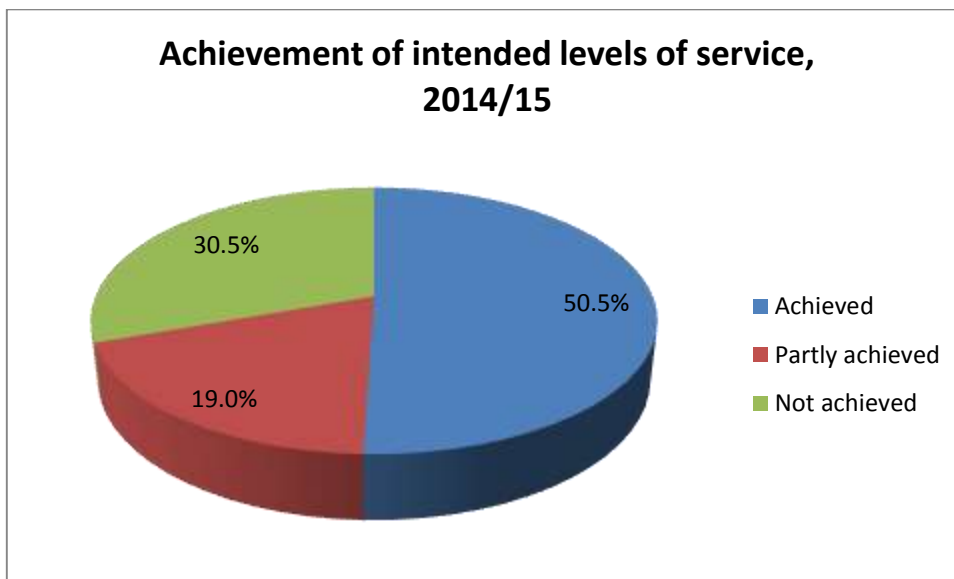
## Levels of Service

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.<sup>2</sup> 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 50.5% of the intended levels of service were fully achieved, 19% were partly achieved, while 30.5% of the intended levels of service were not achieved<sup>3</sup>. This is an improved result compared with last year.<sup>4</sup>



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

<sup>1</sup> See page 25.

<sup>2</sup> Clause 4(b), Schedule 10, Local Government Act 2002, changed resulting from clause 48 of the Local Government Act 2002 Amendment Act 2010.

<sup>3</sup> This year's minimum threshold for 'partly achieved' is 60%. In previous years, it was 50%.

<sup>4</sup> 41% achieved, 27% partly achieved, 32% not achieved.



The main factors contributing to achievement were customer responsiveness and operational effectiveness. In addition, some external factors influenced the results, notably 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, some unpredicted infrastructure failure, and some redefinition of projects (affecting their scope and timing). In addition, E-coli readings at Hunterville and Mangaweka, although not confirmed in the subsequent mandatory tests, were deemed a non-compliance with the drinking-water standards. The extreme rainfall event of 20-21 June 2015 affected the performance of wastewater treatment plants as well as causing substantial damage to the local roading network.

This year's results in the 'better than last year' residents' survey – reported as 'partly achieved' – points up the defect noted last year 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 has been addressed in developing the performance framework for the 2015/25 Long Term Plan.

That new framework includes the mandatory performance measures for roading, water supply, wastewater and stormwater specified for all local authorities by the Department of Internal Affairs (in keeping with a requirement in the Local Government Act 2002, which took effect from 31 July 2014). As preparation for this, progress with these measures was also reported on during the year and the results of this are included in Section 4: Other information (pages 140-147). They have not been audited. Some of these measures required modification to existing systems (for customer satisfaction reporting); others required new systems (for reporting consumption of water and loss from reticulation).

## Audit report



### Independent Auditor's Report

#### To the readers of Rangitikei District Council annual report for the year ended 30 June 2015

The Auditor-General is the auditor of Rangitikei District Council (the District Council). The Auditor-General has appointed me, Debbie Perera, 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 2015 on page 73;
  - the statement of comprehensive revenue and expense, statement of changes in net assets/equity and statement of cash flows for the year ending 30 June 2015 on pages 71, 72 and 74;
  - the funding impact statement of the District Council on page 70;
  - the statements about budgeted and actual capital expenditure in relation to each group of activities of the District Council on pages 31 to 67; and
  - the notes to the financial statements that include accounting policies and other explanatory information about the financial statements on pages 76 to 127;
- the statement of service provision of the District Council on pages 24 to 65 and the funding impact statements in relation to each group of activities of the District Council on pages 28 to 66; and
- the disclosures of the District Council that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014 on pages 128 to 134.

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 page 33 to 67;
  - reserve funds on page 111;
  - each group of activities carried out by the District Council on pages 26 to 67;
  - remuneration paid to the elected members and certain employees of the District Council on page 116 to 117;

- employee staffing levels and remuneration on page 116; and
- severance payments on page 118;
- rating base units on page 126; and
- insurance of assets on page 126;
- 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 137 to 139; 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 71 to 74 and pages 76 to 127:
  - present fairly, in all material respects:
    - the District Council's financial position as at 30 June 2015;
    - the results of its operations and cash flows for the year ended on that date; and
  - comply with generally accepted accounting practice in New Zealand.
- the funding impact statement of the District Council on page 70, present fairly, in all material respects, 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 31 to 67, present fairly, in all material respects, 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 65:
  - presents fairly, in all material respects, the District Council's levels of service for the year ended 30 June 2015, including:
    - the levels of service as measured against the intended levels of service adopted in the long-term plan;
    - the reasons for any significant variances between the actual service and the expected service; and
  - complies with generally accepted accounting practice in New Zealand.

- the funding impact statements in relation to each group of activities of the District Council on pages 28 to 66, present fairly, in all material respects, 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 128 to 134 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**

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 1 October 2015. 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 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 the 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 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;
  - present fairly the District Council's financial position, financial performance and cash flows;
  - present fairly its service performance, including achievements compared to forecast;
- a funding impact statement that presents fairly 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 presents fairly 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 presents fairly 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's responsibilities arise under 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.

### **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.

### **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 and the audit of the District Council's 2015-25 Long Term Plan we have no relationship with, or interests, in the District Council.



Debbie Perera  
Audit New Zealand  
On behalf of the Auditor-General  
Palmerston North, New Zealand

## Who Are We?

### District Profile

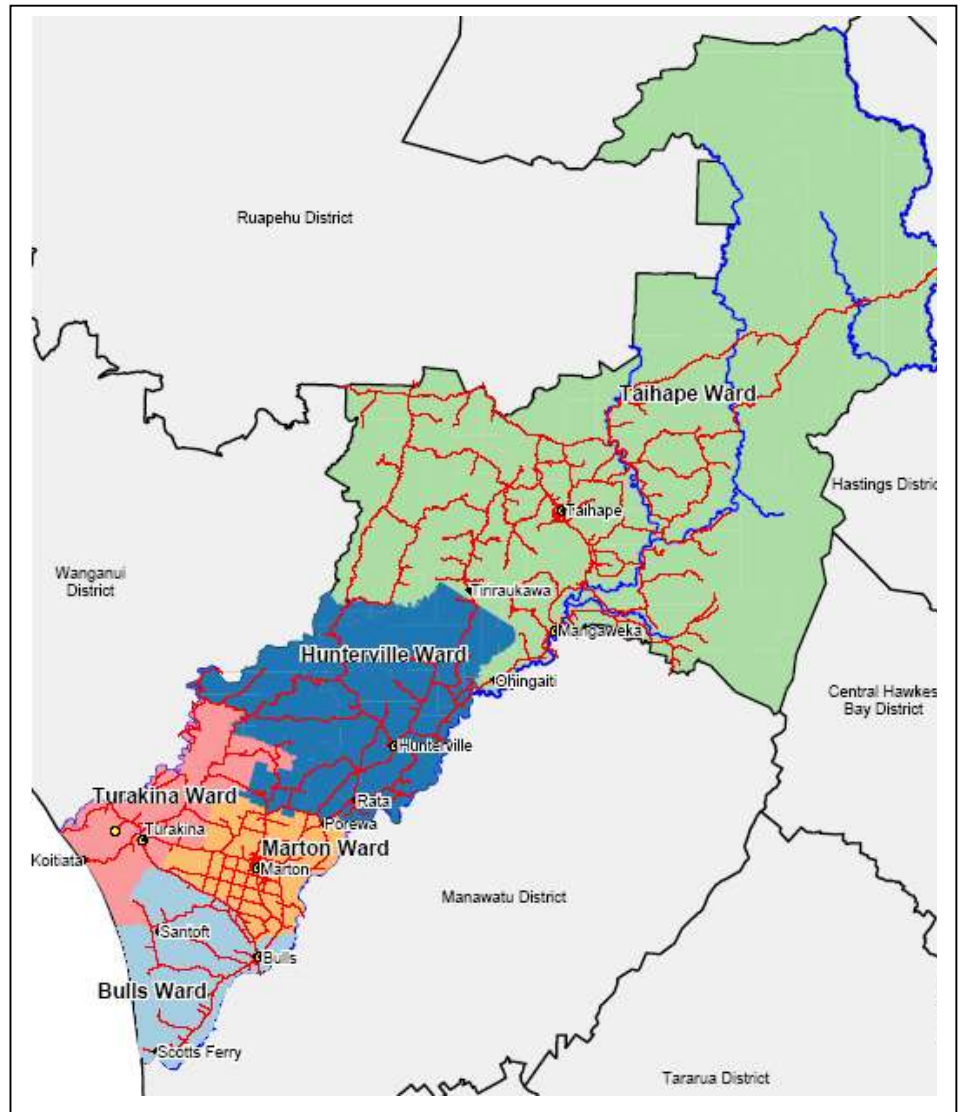
The Rangitikei District comprises 4,500 square kilometres of mainly lush, rural land. It is a diverse district, ranging from the sand plains on the south coast – which stretch inland almost as far as Bulls – to the magnificent hill country of the upper Rangitikei. The District is characterised by its 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>5</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 around 12,300 by 2043.

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>5</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 TAUPŌ 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 Mike Jones  
michael.jones@xtra.co.nz  
021 626 616



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



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



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

## Your Representatives

### Taihape Community Board

Ms Michelle Fannin (Chair) .....	06 388 1129
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
Ms Yvonne Sicely .....	06 388 1070

### 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)
Mr Thomas Curtis .....	.....	(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 Terry Steedman.....	021 161 2350 .....	(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)
Ms Jane Watson.....	06 322 8558 .....	(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
- Roading and Footpaths
- Water Supply
- Sewerage and the Treatment and Disposal of Sewage
- Stormwater Drainage

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

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

## Formation of Council

### Council Committees

The Council has established various Standing Committees to monitor and assist in the effective discharging of specific responsibilities<sup>6</sup>:

- 1 Finance/Performance Committee (meets monthly)
- 2 Assets/Infrastructure Committee (meets monthly)
- 3 Planning/Policy Committee (meets monthly)
- 4 Audit/Risk Committee (meets quarterly)
- 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>6</sup> At its meeting on 31 July 2014, Council agreed to establish an Audit/Risk Committee, adopting a terms of reference, with a projected meeting frequency of four per year. Its first meeting was on 1 September 2015.

## 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 most recent 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, except that the status of the Councillor appointed to the Ratana Community Board changed from being a liaison role to a full membership.

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

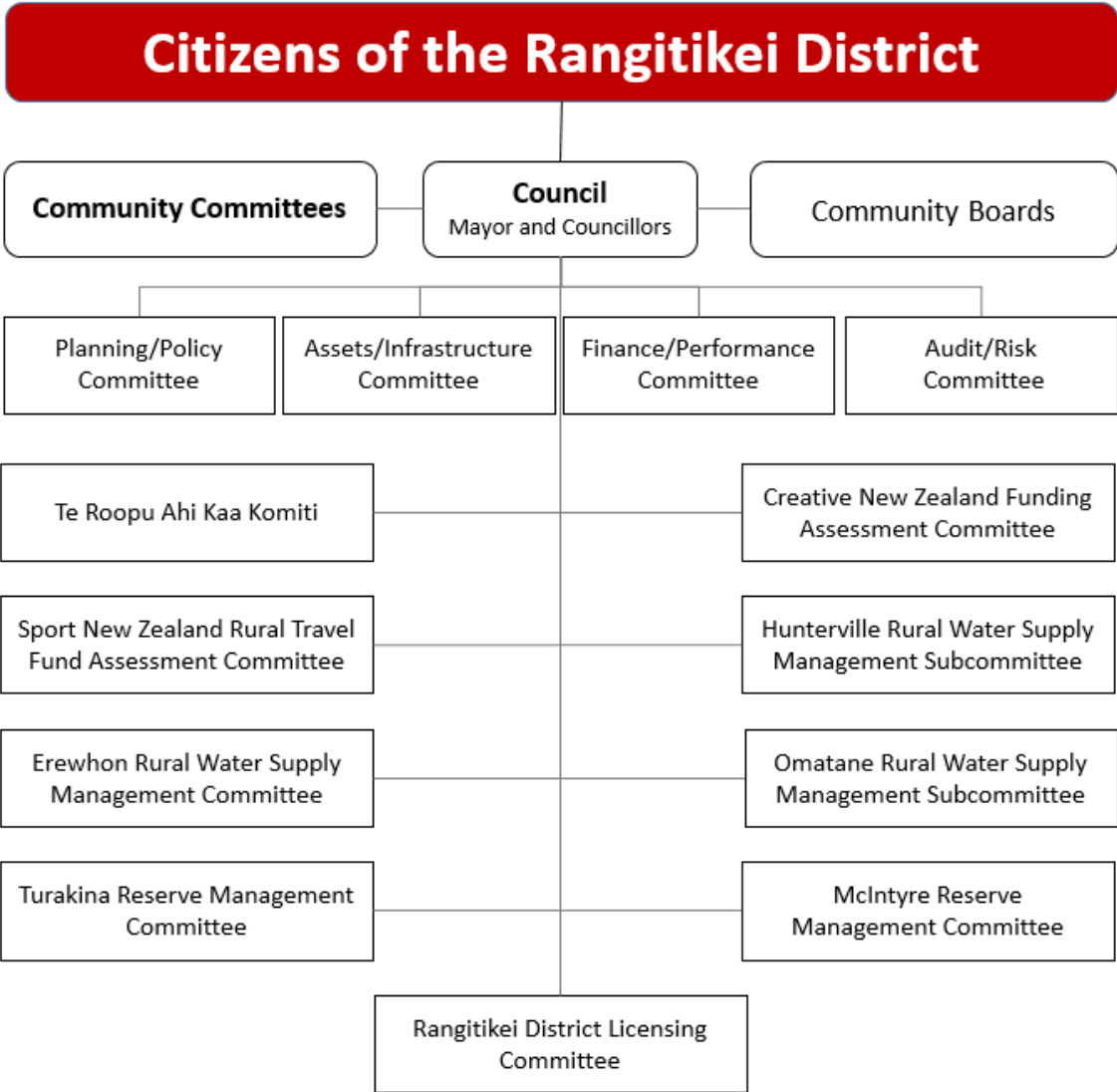
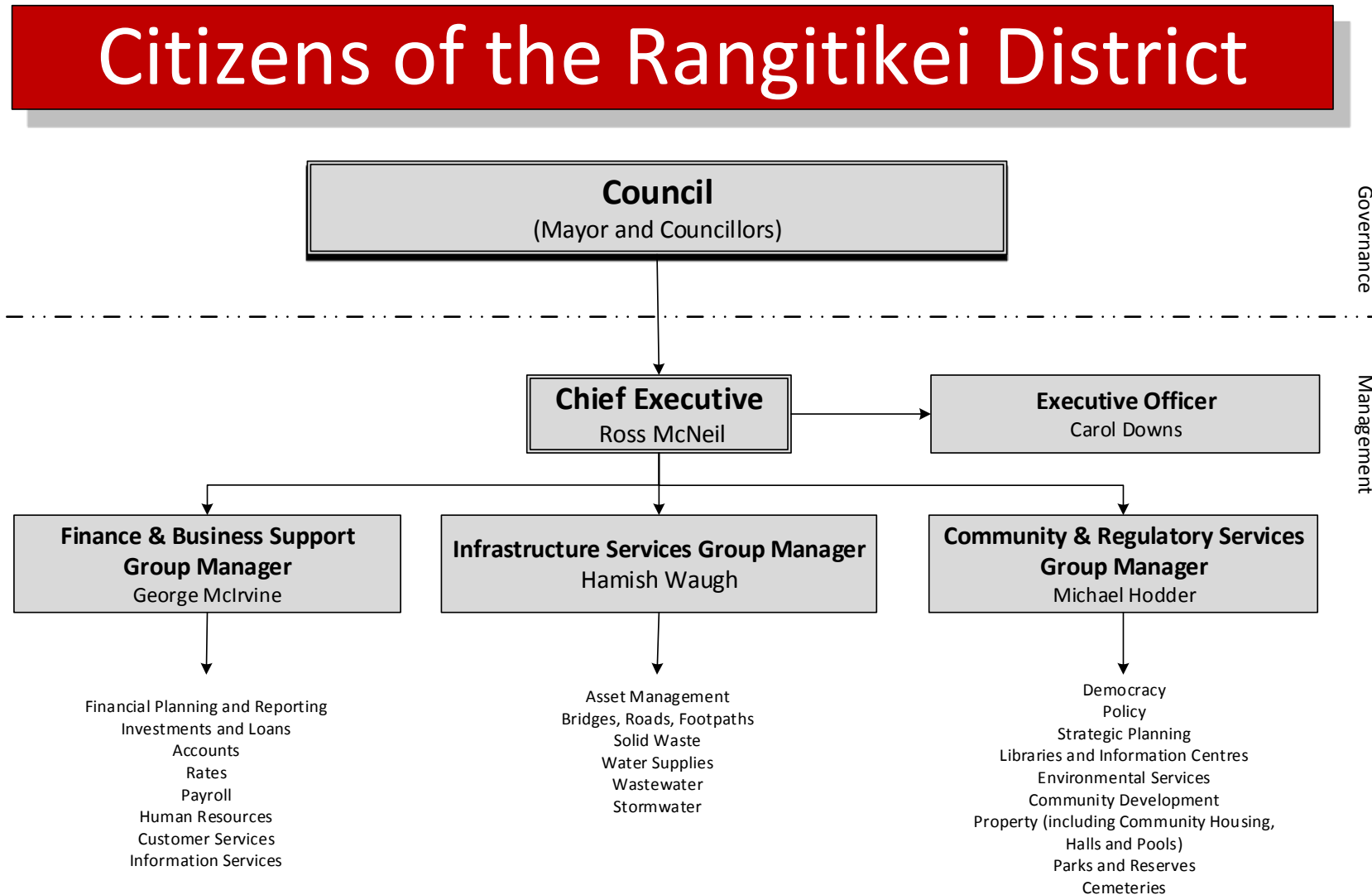


Figure 2: The Rangitikei District Council Management Structure



## Statement of Compliance and Responsibility

### Compliance

Council completed and adopted its 30 June 2015 Annual Report by 31 October 2015, 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 2015 fairly reflect the financial position and operations of the Rangitikei District Council.

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Andy Watson  
Mayor

1 October 2015

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Ross McNeil  
Chief Executive

1 October 2015





# 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 2014/15, a key initiative was to work closely with Whanganui District Health Board, through a seconded staff member, to implement a multi-agency Positive Ageing Strategy. The Strategy highlighted two areas of concern: the first was falls prevention and the second was the availability and suitability of housing for older people, particularly in Taihape.

A Falls Prevention Programme initiated during 2013/14 in Marton and Taihape, was extended to Bulls during the year. It has been picked up and funded by ACC and is now contracted to Age Concern to deliver across the DHB area. This is an exceptional outcome for our District and the partnership work that led to it.

Taihape Community Development Trust has been facilitating a multi-agency Rangitikei Housing Advisory Group which has focussed on a survey of older people in Taihape looking at their housing needs during retirement and the push/pull factors which affect their decision to stay or go. Suitable housing is one of these issues but the availability of health and welfare services was also identified as an issue. Focus groups established that there was a perception of a lack of services which belied the reality and so the Housing Advisory Group developed a brochure detailing the services available for older people in Taihape. The group has also worked closely with Council over its review of community housing and has held a number of information sessions about alternatives for retirement living.

A second key initiative was to revive the Buoyant Economy Theme group, particularly relevant to Council's renewed focus on economic development and the Manawatu/Whanganui Growth Study being conducted through the Ministry for Business, Innovation and Employment, the Ministry for Primary Industry and the Ministry for Māori Affairs. The annual Path to Well-being conference, held

in December 2014 focussed on identifying key issues for a Rangitikei Growth Strategy and subsequent meetings of the Theme Group developed the Strategy. This informed, and was informed by, Council's economic development activity plan, which in turn formed a key choice in the Consultation Document for the 2015/25 LTP.

Other projects that have taken place or have progressed during 2014/15 as a direct result of the partnership approach include:

- The Community Charter for Young People in Marton to implement the Ministry for Social Development's Community Investment model of service provision
- Delivery of a Youth Action Plan of a number of place-making projects in Marton, Bulls and Taihape led by young people from across the District and maintaining youth-only spaces in Marton and Taihape
- Scoping a number of projects to facilitate access to the Rangitikei River through the Treasured Natural Environment Theme Group
- Developing a community-led model for refurbishing and subsequently managing the Shelton Pavilion in Centennial Park, Marton.

Successful funding applications have been made this year for these initiatives from the Ministry for Youth Development, Whanganui Community Foundation, Ministry of Social Development, Community Facilities Lottery Fund and Powerco Whanganui. This new funding totals over \$150,000.

### 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>	Required actions have been completed  <i>Or</i> where a long-term level of service is targeted, the results for the year are in keeping with the required trend to achieve the intended level of service
<b>Partly achieved</b>	Some outputs contributing to the intended level of service have been achieved (e.g. 3 workshops held of the 4 initially proposed)  <i>Or</i> the result for the year is between 60% and 75% of the intended level of service
<b>Achieved/ongoing</b>	A particular level of service has been achieved. But it is multi-faceted and not totally time related in that there are constant actions continuously adding to it.
<b>In progress</b>	No actual output has been achieved but pre-requisite processes have commenced
<b>Not commenced</b>	No actions to achieve the stated level of service have begun
<b>Not achieved</b>	None of the required actions have been undertaken  <i>Or</i> the result for the year is less than 60% of the intended level of service  <i>Or</i> where a long-term level of service is targeted, the results for the year are contrary to the required trend to achieve the intended level of service
<b>Not yet available</b>	Timing of the relevant data set occurs later in the year
<b>Not applicable</b>	No level of service was required or possible within the scope of the measure

*Note on margin of error in surveys*

## Resident survey 2015

Sample addresses for 2,000 residents were taken from the ratepayer database. 308 questionnaires were completed and returned (i.e. a 15% response rate – fewer than the surveys conducted in 2014, 2013 and 2012)<sup>7</sup>. The margin of error is +/-5.54% at the 95% confidence level. That is, if the observed result on the total sample of 313 respondents was 50% (the point of maximum margin of error), there is a 95% probability that the true answer falls between 44.46% and 55.54%.

## Stakeholder survey 2015

Sample email addresses for 253 stakeholders were provided by the Council. 96 stakeholders (38%) participated in the online survey (86 last year). This gives an overall margin of error of +/-10% at the 95% confidence level. That is, if the observed result on the total sample of 96 respondents was 50% (the point of maximum margin of error), there is a 95% probability that the true answer falls between 40% and 60%.

A similar principle applies when comparing survey results from different years.

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<sup>7</sup> An online version of the survey was hosted on the Council's website to acquire responses from Rangitikei residents from non-targeted areas. Five responses were received from this online method.

## 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 "What's the Plan Rangitikei...?" (consultation document for the 2015/25 Long Term Plan) and the public meetings held in various parts of the District to discuss this, establishment of an Audit/Risk Committee (chaired by an independent person), commencement of service delivery reviews (under section 17A of the Local Government Act 2002), implementation of a new Council website (integrating the previous separate website for the libraries), and submissions to the Government on legislative and policy 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 2014/15	Actual July 2014-June 2015																		
Completion of annual plan actions on time	<p>92% of Annual Plan actions substantially undertaken or completed. All groups of activities achieved at least 80% of identified actions.</p> <p><i>This is an increased target from 2013/14 – 90% and 77% respectively.</i></p>	<p><b>Partly achieved</b></p> <p>Overall 88% of Annual Plan actions were completed. All groups of activities achieved the target of at least 80% except stormwater drainage:</p> <table border="1"> <tbody> <tr> <td>Community Leadership</td> <td>100%</td> </tr> <tr> <td>Roading and footpaths</td> <td>86%</td> </tr> <tr> <td>Water</td> <td>92%</td> </tr> <tr> <td>Sewerage and the treatment and disposal of sewage</td> <td>86%</td> </tr> <tr> <td>Stormwater</td> <td>46%</td> </tr> <tr> <td>Community &amp; leisure assets</td> <td>92%</td> </tr> <tr> <td>Rubbish and recycling</td> <td>100%</td> </tr> <tr> <td>Environmental and regulatory</td> <td>95%</td> </tr> <tr> <td>Community well-being</td> <td>99%</td> </tr> </tbody> </table> <p>The low achievement in stormwater was due to not resolving uncertainty over responsibility for Council's stormwater drainage network in urban areas (and thus not undertaking the consequential project of an education campaign and the related project of reviewing system design parameters).</p> <p>Last year 81% of Annual Plan objectives were achieved, meaning the target was also partly achieved.</p>	Community Leadership	100%	Roading and footpaths	86%	Water	92%	Sewerage and the treatment and disposal of sewage	86%	Stormwater	46%	Community & leisure assets	92%	Rubbish and recycling	100%	Environmental and regulatory	95%	Community well-being	99%
Community Leadership	100%																			
Roading and footpaths	86%																			
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Stormwater	46%																			
Community & leisure assets	92%																			
Rubbish and recycling	100%																			
Environmental and regulatory	95%																			
Community well-being	99%																			

Measure	Target for 2014/15	Actual July 2014-June 2015
Completion of capital programme	<p>88% of planned capital programme expended; all network utilities groups of activities to achieve at least 77% of planned capital expenditure (i.e. that showing in the 2014/15 Annual Plan together with (i) approved carry-forwards from 2013/14 and (ii) approved budget changes during the year).</p> <p><i>This is an increased target from 2013/14 – 85% and 75% respectively.</i></p>	<p><b>Not achieved</b></p> <p>Overall 51% of planned capital programme was expended.</p> <p>The network group of utilities did not achieve the target of at least 77%.</p> <p><i>Roading</i></p> <p>94% capital expenditure achieved</p> <p><i>Utilities</i></p> <p><b>Water</b> 54% capital expenditure achieved</p> <p><b>Sewerage and the treatment and disposal of sewage</b> 13% capital expenditure achieved – there were unexpected delays in finalising the requirements for the upgrades of the Bulls and Marton wastewater plants, which are now projected to be done in 2015/16 (Bulls) and during 2015/16-2017/18 (Marton).</p> <p><b>Stormwater</b> 26% of capital expenditure achieved – primarily due to the lack of progress with resolving uncertainty over responsibility for Council’s stormwater drainage network in urban areas (as noted above) and the slower than anticipated resolution for Russell Street, Marton.</p> <p><i>Community and Leisure Assets</i></p> <p>44% of capital expenditure achieved.</p> <p>Last year 58% of the planned capital programme was expended, meaning the target was not achieved.</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

There were no significant variations between acquisitions and replacement.

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

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

## Community Leadership – Funding Impact Statement

For the year ended 30 June 2015

	2014 Long-term plan (\$000)	2015 Long-term plan (\$000)	2015 Actual (\$000)
<b>Sources of operating funding</b>			
General rates, uniform annual general charge, rates penalties	1,158	1,156	1,072
Targeted rates	0	0	54
Subsidies and grants for operating purposes	0	0	0
Fees and charges	31	0	2
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	0	0	0
<b>Total operating funding ( A )</b>	<b>1,189</b>	<b>1,156</b>	<b>1,128</b>
<b>Applications of operating funding</b>			
Payment to staff and suppliers	1,012	960	995
Finance costs	0	0	0
Internal charges and overheads applied	201	220	148
Other operating funding applications	0	0	0
<b>Total applications of operating funding ( B )</b>	<b>1,213</b>	<b>1,180</b>	<b>1,143</b>
<b>Surplus (deficit) of operating funding ( A - B )</b>	<b>(24)</b>	<b>(24)</b>	<b>(15)</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
Other dedicated capital funding	0	0	0
<b>Total sources of capital funding ( C )</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Application of capital funding</b>			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	0	0	0
- to replace existing assets	0	0	0
Increase (decrease) in reserves	(24)	(24)	(15)
Increase (decrease) in investments	0	0	0
<b>Total applications of capital funding ( D )</b>	<b>(24)</b>	<b>(24)</b>	<b>(15)</b>
<b>Surplus (deficit) of capital funding ( C - D )</b>	<b>24</b>	<b>24</b>	<b>15</b>
<b>Funding balance ((A - B) + (C - D))</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.

62 kilometres of the roading network was resurfaced. Pavement rehabilitation was done for 5 km (mostly on Bryces Line, Union Line, Mangahoe Road, Kauangaroa Road, Makirikiri Road and Wellington Road). The length of footpath capital and renewal was 574 metres, mostly in Bulls, Hunterville and Taihape. A replacement Wylie's Bridge (a boundary bridge with Wanganui District Council) was substantially complete by 30 June 2015.

The extreme rainfall on 20-21 June 2015 did substantial damage to Council's roading network. The total cost of repairing has yet to be finalised with the New Zealand Transport Agency but is likely to be within the range of \$11 to \$15 million. A bailey bridge has been erected on Te Hou Hou Road.

A new roading contract was tendered simultaneously with Manawatu and Horowhenua District Councils. As a result, Higgins was awarded contracts in all three councils allowing some joint management. There are cost savings to Rangitikei from this arrangement, which came into effect from 1 July 2015.

### 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 2014/15	Actual July 2014–June 2015
Smooth travel exposure rating (i.e. NAASRA roughness counts)	96.5% <i>This target is unchanged from 2013/14.</i>	<b>Achieved</b> The most recent measurement was in June 2014 (and noted in last year's report). The mean rating for the sampled District's roads was 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 NAASRA counts whereas for road with a daily count of less than 50 per day a NAASRA count between 200 and 250 would be acceptable. The results of the sampling are used to review renewal priorities.  The next measurement is expected in 2016.

<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).</p> <p>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 2013/14.</i></p>	<p><b>Partly achieved</b></p> <ul style="list-style-type: none"> <li>• 96% (91% last year) after-hours callouts responded to within 12 hours (48 requests).</li> <li>• 90% (71% last year) callouts during working hours responded to within 6 hours (208 requests).</li> <li>• 90% (96% last year) of all callouts resolved (i.e. completed) within one month of the request.</li> <li>• During the year 33 (28 last year) pothole requests were lodged – 32 during working hours and one after hours. 26 were responded to in time, i.e. 79% (61% last year).</li> <li>• There were two (four last year) fatal crashes on the Council's roads during the reporting period: one was caused by excessive speed, the other by one driver cutting the corner, so neither fatality is attributable to the condition of the network.</li> </ul> <p>Overall, last year's results meant the target was also partly achieved.</p>
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## Level of Service

### Increase asset length and footpath renewal programme

Measure	Target for 2014/15	Actual July 2014–June 2015
<p>Adequacy of provision and maintenance of footpaths street-lighting and local roads (annual survey)<sup>8</sup>.</p>	<p>A greater proportion (than in the previous year) of the sample believe that Council's service is getting better</p> <p><i>This sets an increased target from 2013/14.</i></p>	<p><b>Achieved</b></p> <p>The survey conducted in March 2015 showed (in aggregate) that 13% (8% last year) rated the roading network better than last year, 65% (70% last year) rated it about the same and 21% (20% last year) thought it worse.</p> <p>The target was not achieved last year because 8% had rated the roading network better in 2013/14 compared with 10% in 2012/13.</p> <p>Specific questions in the survey</p>

<sup>8</sup> Groups which are targeted for consultation:

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

		<p>sometimes revealed levels of satisfaction which differed from the overall result. For example, 16% thought there were fewer potholes and loose gravel on sealed roads (11% last year).</p> <p>Comments showed a range of views about the state of maintenance of roads and footpaths; there was a clearer (and more positive) view on the standard of street lighting and signage.</p>
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*For further information on Council's performance, see Section 4: Other information - Mandatory performance measures for the 2015/25 Long Term Plan.*

### **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 to acquisitions is mainly due to the construction of Wylie's bridge being brought forward from the previous year. The amount of this expenditure was \$808,000. The reduction in replacement of existing assets of \$271,000 is due to more expenditure being made on maintenance (see below).

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

The reduced surplus of \$782,000 is made up of some significant variations in both revenue and expenditure. Following on from last year's trend, the Council was able to keep rates at a much lower level than indicated in the long-term plan (\$694,000) while operating subsidies increased by \$683,000 because of emergency flood damage work undertaken and increased maintenance. Additional expenditure of \$808,000 is made up of emergency repairs following the June 2015 flood event (\$532,000) and additional expenditure on maintenance and operations (\$276,000).

The increased level of subsidy for capital expenditure was due to the deferral of Wylie's Bridge from the previous year.

## Roading and Footpaths – Funding Impact Statement

For the year ended 30 June 2015

	2014 Long- term plan (\$000)	2015 Long- term plan (\$000)	2015 Actual (\$000)
<b>Sources of operating funding</b>			
General rates, uniform annual general charge, rates penalties	0	0	0
Targeted rates	6,905	7,033	6,339
Subsidies and grants for operating purposes	2,547	2,547	3,230
Fees and charges	4	4	17
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	115	121	118
<b>Total operating funding ( A )</b>	<b>9,571</b>	<b>9,705</b>	<b>9,704</b>
<b>Applications of operating funding</b>			
Payment to staff and suppliers	5,206	5,231	6,039
Finance costs	207	216	145
Internal charges and overheads applied	493	526	571
Other operating funding applications	0	0	0
<b>Total applications of operating funding ( B )</b>	<b>5,906</b>	<b>5,973</b>	<b>6,755</b>
<b>Surplus (deficit) of operating funding ( A - B )</b>	<b>3,665</b>	<b>3,732</b>	<b>2,950</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	4,736	3,965	4,312
Development and financial contributions	0	0	0
Increase (decrease) in debt	396	(141)	(165)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
<b>Total sources of capital funding ( C )</b>	<b>5,132</b>	<b>3,824</b>	<b>4,147</b>
<b>Application of capital funding</b>			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	1,953	662	1,399
- to replace existing assets	6,093	6,096	5,825
Increase (decrease) in reserves	751	798	(127)
Increase (decrease) in investments	0		0
<b>Total applications of capital funding ( D )</b>	<b>8,797</b>	<b>7,556</b>	<b>7,097</b>
<b>Surplus (deficit) of capital funding ( C - D )</b>	<b>(3,665)</b>	<b>(3,732)</b>	<b>(2,950)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>0</b>	<b>0</b>	<b>0</b>
Note: Depreciation expense not included above	6,446	6,561	6,443

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 2015

Category	Designated projects for 2014/15	2014 Long-term plan (\$000)	2015 Long-term plan (\$000)	2015 Actual (\$000)
<b>RENEWALS</b>				
Road resealing	Total length 61.75 km (actual)	1,958	1,958	2,563
Road rehabilitation	Total length 6.15 km (actual)	2,924	2,924	1,881
Footpaths	Kiwi Street, Taihape; Bridge Street, Bulls	205	208	216
Drainage	Programmed maintenance	316	316	496
Traffic services	Street lights and renewals	110	110	109
General maintenance and projects	Potholes, slips etc.	580	580	560
<b>Total renewals</b>		<b>6,093</b>	<b>6,096</b>	<b>5,825</b>
<b>CAPITAL</b>				
Roading	Realignments and intersections	592	591	504
	Wylies Bridge	1,300	0	808
	Napier Taihape Road	0	0	11
	Ratana traffic calmers	0	7	0
Footpaths	Bridge Street, Bulls; Paraekaretu Street, Hunterville	61	64	75
<b>Total capital</b>		<b>1,953</b>	<b>662</b>	<b>1,399</b>

**Borrowing**

For the year ended 30 June 2015

Balance of borrowing at start of year	2,838	3,234	2,640
Funds borrowed during the year	608	71	0
Funds repaid during the year	212	212	165
<b>Balance of borrowing at end of year</b>	<b>3,234</b>	<b>3,093</b>	<b>2,475</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	45%	40%	100%
Portion of finance costs attributable to internal borrowing	95	89	145

## 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 renewal of Marton water reticulation from Jeffersons Line to the new treatment plan;
- Progress with Ratana water supply upgrade;
- Progress with Taihape falling main stage 2;
- Significant water main renewals, for example in Taihape at the Gretna Corner and Eagle Street/Ruru Road in Taihape;
- Implementation of Water Outlook, to improve operational reporting.

### Level of Service

Provide a reliable, accessible and safe water supply to properties on the urban reticulation systems

Measure	Target for 2014/15	Actual July 2014–June 2015
Compliance with resource consents <sup>9</sup>	<p>No incidents of non-compliance with resource consents</p> <p><i>This target is unchanged from 2013/14. However, the introduction of the Water Outlook software tool means that there is online, continuous monitoring which is shared with Horizons Regional Council. Previously compliance/non-compliance was measured solely by the findings in the typically annual inspections conducted by Horizons staff.</i></p>	<p><b>Not achieved</b></p> <p>At Mangaweka the amount abstracted exceeded the consent limits (170m<sup>3</sup> per day) on 36 days. On investigation these were caused by the local stock transport firm hosing out trucks. They have introduced water conservation measures and the water take has not been exceeded for several months. This and the rectifying measures were discussed with Horizons. There was also non-compliance for excessive abstraction at Omatane during 3-11 December 2014 due to a leak (now repaired).</p> <p>Horizons regards Taihape as non-compliant, because of the inability to lower abstraction rates during February when the Hautapu has been at low levels. At Taihape the pipeline hydraulics are such that more water must be taken from the river than is allowed in the consent, otherwise air will be introduced into the line and it could fail as well as cause major operational difficulties. Horizons has accepted the proposed</p>

<sup>9</sup> Council has previously regarded this compliance as a measure of delivering a sustainable water supply

		<p>remedy, which is to discharge excess water back into the river downstream. Construction is planned before summer 2015/16.</p> <p>Horizons found non-compliance for Marton’s water permit 6929 because of the lack of abstraction records since March 2014.</p> <p>Ratana, Bulls, Marton (consents 4901 and 6853), Hunterville, and Erewhon were compliant.</p> <p>Last year the target was not achieved. Horizons found non-compliance at Ratana, Bulls, Marton, Mangaweka and Taihape either because of lack of abstraction data or excessive takes. Hunterville, Erewhon and Omatane were found to be compliant.</p>
<p>Compliance with the New Zealand Drinking Water Standards<sup>10</sup></p>	<p>No incidents of E-coli detection requiring information to be passed to Ministry of Health’s Drinking Water Assessor</p>	<p><b>Not achieved</b></p> <p>There was one incident of E-coli detected at Hunterville in March 2015. This required notification and three consecutive daily samples to be taken and the chlorine residual tested. However, all samples were clear and the chlorine tests were passed.</p> <p>There were also three incidents of E-coli detected at Mangaweka in June 2015, which were notified to the Drinking-Water Assessor. These were regarded as sampling errors because of the amount of chlorine residual recorded, and the subsequent three consecutive daily samples were clear.</p> <p>In both instances there was no risk to public health and no notice to residents to boil water.</p> <p>All E-coli detections are regarded as a transgression of, but not necessarily non-compliance with, the drinking-water standards. However, for both incidents, the Council was unable to provide sufficient supporting information to avoid a non-compliance rating.</p> <p>Last year the target was achieved – there were no E-coli detections.</p>

<sup>10</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)

	<p>Operational compliance with legislation confirmed by Drinking-water Assessor grading in Ratana, Hunterville and Mangaweka water schemes (Marton, Taihape and Bulls continue to be assessed as compliant)</p> <p><i>The second of these targets in higher than in 2013/14.</i></p>	<p><b>Not achieved</b></p> <p>Compliance with legislation is measured by status of Water Safety Plans (WSPs). The revised Hunterville WSP has been approved. Bulls WSP was to be updated to reflect treatment plant process changes. This WSP (and those for Marton and Taihape) needed to be signed off by Drinking Water Assessor by 30 June 2015 but the revision by the consultants was not complete by then.</p> <p>Last year the target was achieved: although there had been no grading of schemes in Marton, Taihape or Bulls, the Drinking Water Assessor confirmed operational compliance with legislation.</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 2013/14.</i></p>	<p><b>Not achieved</b></p> <table border="1" data-bbox="946 913 1442 1144"> <tr> <td>Taihape</td> <td><i>Not achieved</i></td> </tr> <tr> <td>Mangaweka</td> <td><i>Achieved</i></td> </tr> <tr> <td>Hunterville</td> <td><i>Achieved</i></td> </tr> <tr> <td>Marton</td> <td><i>Achieved</i></td> </tr> <tr> <td>Bulls</td> <td><i>Achieved</i></td> </tr> <tr> <td>Ratana</td> <td><i>Achieved</i></td> </tr> </table> <p>In Taihape there were two unplanned water interruptions during the year, one for 3 hours, and the other for 3¾ hours in duration. In November 2014, a burst water main in Kawau Road required the water to be turned off for that street to make the necessary repairs. In June 2015, a suspected leak at a toby near Mangaone Valley Road proved to be a crack in the tee from the trickle feed water main to the lateral, so the main had to be turned off to enable the fittings to be replaced. 11 properties in all were affected.</p> <p>Last year there were nine unplanned water interruptions, affecting 108 properties, so the target was not achieved.</p>	Taihape	<i>Not achieved</i>	Mangaweka	<i>Achieved</i>	Hunterville	<i>Achieved</i>	Marton	<i>Achieved</i>	Bulls	<i>Achieved</i>	Ratana	<i>Achieved</i>
Taihape	<i>Not achieved</i>													
Mangaweka	<i>Achieved</i>													
Hunterville	<i>Achieved</i>													
Marton	<i>Achieved</i>													
Bulls	<i>Achieved</i>													
Ratana	<i>Achieved</i>													



## Level of Service

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

<p>Random flow checks at the different supplies<sup>11</sup></p>	<p>100% of fire hydrant installations are in compliance</p> <p><i>This is an increased target from 2013/14– 95%.</i></p>	<p><b>Not achieved</b></p> <p>Two maintenance issues relating to fire hydrants became evident during the year. One was in Taihape, where the steel main nearby had a hole. The other was at Ratana, which staff noted was leaking. The last full test of hydrants was in 2012.</p> <p>Last year's lower target was achieved because 98% of the hydrants were considered compliant, based on maintenance history.</p> <p>Council's reticulation team is developing a programme to re-test hydrants according to New Zealand Fire Service Fire Fighting Water Supplies Code of Practice. The intention is to conduct a rolling programme of inspections so that each hydrant is tested every five years.</p> <p>Design work has been completed for hydrants in Rangatahi Street, Ratana – these will be installed as part of the overall Ratana water supply upgrade project.</p>
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*For further information on Council's performance, see Section 4: Other information - Mandatory performance measures for the 2015/25 Long Term Plan.*

### 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 variation. Details of this are provided above.

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

The variation to replacement assets of \$565,000 is due to carry forward budgets from the previous year for Jefferson's Line and Tutaenui Road. Likewise, the variation in capital expenditure to improve the level of surface was due to the Ratana supply which was also carried forward from the previous year.

<sup>11</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

The reduction in capital subsidies is due to the Ratana water supply upgrade being deferred. The increase in debt is due to the increased level of expenditure on capital works.

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

The increase in the operating surplus is \$589,000. Included in this is a reduction in finance costs of \$615,000 due to capital work being carried forward from 2014 to 2015 thereby reducing indebtedness. There were also some savings in operational costs offset by a reduced level of rates required to be set.

**Water Supply – Funding Impact Statement**

For the year ended 30 June 2015

	2014 Long-term plan (\$000)	2015 Long-term plan (\$000)	2015 Actual (\$000)
<b>Sources of operating funding</b>			
General rates, uniform annual general charge, rates penalties	0	0	441
Targeted rates	4,832	5,185	4,197
Subsidies and grants for operating purposes	0	0	0
Fees and charges	58	61	11
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	0	0	0
<b>Total operating funding ( A )</b>	<b>4,890</b>	<b>5,246</b>	<b>4,650</b>
<b>Applications of operating funding</b>			
Payment to staff and suppliers	2,290	2,376	1,901
Finance costs	890	1,078	463
Internal charges and overheads applied	601	652	558
Other operating funding applications	0	0	0
<b>Total applications of operating funding ( B )</b>	<b>3,781</b>	<b>4,106</b>	<b>2,921</b>
<b>Surplus (deficit) of operating funding ( A - B )</b>	<b>1,109</b>	<b>1,140</b>	<b>1,729</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	700	300	26
Development and financial contributions	0	0	0
Increase (decrease) in debt	1,683	1,528	2,007
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
<b>Total sources of capital funding ( C )</b>	<b>2,383</b>	<b>1,828</b>	<b>2,033</b>
<b>Application of capital funding</b>			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	1,285	810	1,392
- to replace existing assets	2,719	2,124	2,689
Increase (decrease) in reserves	(512)	34	(319)
Increase (decrease) in investments	0	0	0
<b>Total applications of capital funding ( D )</b>	<b>3,492</b>	<b>2,968</b>	<b>3,762</b>
<b>Surplus (deficit) of capital funding ( C - D )</b>	<b>(1,109)</b>	<b>(1,140)</b>	<b>(1,729)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>0</b>	<b>0</b>	<b>(0)</b>
Note: Depreciation expense not included above	1,109	1,141	1,232

## Water Supply – Capital Works

For the year ended 30 June 2015

Category	Designated projects for 2014/15	2014 Long-term plan (\$000)	2015 Long-term plan (\$000)	2015 Actual (\$000)
<b>RENEWALS</b>				
Marton	Treatment and reticulation	1,059	536	1,119
Taihape	Treatment and reticulation	988	1,002	1,126
Bulls	Treatment and reticulation	319	104	191
Mangaweka	Treatment and reticulation	28	68	34
Huntermville urban	Treatment and reticulation	29	43	17
Ratana	Treatment and reticulation	48	105	23
Erewhon	Treatment and reticulation	141	145	78
Huntermville rural	Treatment and reticulation	105	121	101
Omatane	Treatment and reticulation	2	0	0
<b>Total renewals</b>		<b>2,719</b>	<b>2,124</b>	<b>2,689</b>
<b>CAPITAL</b>				
Marton	Backflow protection	50	46	463
Taihape	Pressure flow control, backflow protection, boost pump station	144	402	101
Bulls	Backflow protection	65	77	66
Mangaweka	Backflow protection	49	19	25
Huntermville urban	Backflow protection, pressure flow control	63	37	2
Ratana	New treatment plant, backflow protection	807	229	735
Huntermville rural		107	0	0
<b>Total capital</b>		<b>1,285</b>	<b>810</b>	<b>1,392</b>
<b>Borrowing</b>				
For the year ended 30 June 2015				
Balance of borrowing at start of year		10,090	11,773	8,305
Funds borrowed during the year		1,983	1,891	2,400
Funds repaid during the year		300	363	393
<b>Balance of borrowing at end of year</b>		<b>11,773</b>	<b>13,301</b>	<b>10,313</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		45%	40%	100%
Portion of finance costs attributable to internal borrowing		347	381	457

## 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:

- Completion of the relocated Taihape pump station, together with the associated gravity and trunk mains;
- Comprehensive review of performance of the Marton wastewater treatment plant (particularly the impact of leachate from the Bonny Glen landfill);
- Consent application lodged with Horizons for the upgrade of the Bulls wastewater plant following engineering assessment and community consultation;
- Identification (in the Long Term Plan) of the need to investigate options to provide wastewater services for shrinking communities

### 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 2014/15	Actual July 2014–June 2015
Compliance with resource consents	<p>100% compliance at Marton Wastewater Treatment Plant (WWTP)</p> <p>(Bulls Mangaweka, Hunterville and Taihape WWTP continue 100% compliant)</p> <p><i>This is an increased target from 2013/14 – Bulls added that year.</i></p>	<p><b>Not achieved</b></p> <p>Significant non-compliance found during the Inspection of the Marton WWTP in February 2015. Ammoniacal nitrogen limits have been exceeded with consequent impact on aquatic life the Tutaenui Stream. Horizons also expressed concern of insufficient monitoring of the particular impacts from accepting leachate from the Bonny Glen landfill. The high flows through the plant due to the extreme rainfall event 20-21 June 2015 affected the plant's performance.</p> <p>Horizons has also expressed concern about the environmental effects from using the emergency bypasses at the Hunterville and Taihape WWTPs. In both cases the plants have been assessed as not complying with the relevant consents<sup>12</sup>. Priority is being given to checking the extent of infiltration from stormwater in both systems. The extreme rainfall during 20-21 June affected both plant performance.</p> <p>There were emergency discharge overflows at</p>

<sup>12</sup> In Hunterville, this is consent 108533 – effluent discharge to the Porewa Stream. In Taihape, this is consent 105518, rated as a significant non-compliance.

		<p>Taihape, Hunterville and Marton WWTPs during the extreme rainfall event during 20-21 June 2015 but there was no overtopping of ponds or structural damage.</p> <p>In June 2014 the Koitiata WWTP was assessed as presenting significant non-compliance primarily because the required waste disposal field had not been constructed (resulting in overflow from the oxidation pond soaking into the neighbouring ground). Upgrade work is estimated at \$250,000. A Koitiata Reference Group has been formed to consider what would be a sustainable wastewater solution for the whole community.</p> <p>The consent at Bulls has expired and, following negotiations and consideration of options, a new consent has been applied for.</p> <p>A compliance report on Mangaweka was given an extended deadline of 31 August 2015 but has yet to be received. No compliance report has been done for Ratana during the year because of the planned upgrade.</p> <p>Last year's inspections by Horizons found all plants compliant, so the performance target was achieved. However, one inspection showed significant non-compliance at the Marton WWTP 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>Number of overflows from each network (response/resolution time)</p>	<p>No single network to experience more than 2 overflows during a 12-month period. Response/resolution time monitored and compared with benchmark. The target response time is within 2 hours. with resolution within 6 hours.</p> <p><i>This is an increased target from 2012/14 – no more than 3 overflows.</i></p>	<p><b>Achieved</b></p> <p>There were 7 overflows during the year, one (in Taihape) during dry weather, two in Marton and one in Bulls (during wet weather). During the extreme rainfall on 20 June 2015, there were two overflows reported in Marton and one in Mangaweka.<sup>13</sup> All were responded to within the prescribed time. One was resolved late.</p> <p>Last year there were six overflows reported in Taihape so the performance target was not achieved.</p>
<p>Number of reported blockages in Council's</p>	<p>Less than one blockage per 13.625 km in Council's</p>	<p><b>Not achieved</b></p> <p>There were 14 requests to deal with</p>

<sup>13</sup> These are not taken into account in assessing overall achievement.

<p>reticulation system per km<sup>14</sup></p> <p>The total reticulation length is 109 km.</p>	<p>reticulated system</p> <p><i>This target is unchanged from 2013/14.</i></p>	<p>wastewater blockages during the year.</p> <p><i>This is one blockage per 7.79 km of the Council's reticulated systems.</i></p> <p>Last year there were 10 such requests (i.e. one blockage per 10.9 km), so the target was partly achieved.</p>
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*For further information on Council's performance, see Section 4: Other information - Mandatory performance measures for the 2015/25 Long Term Plan.*

### **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 sewerage and the treatment and disposal of sewage is a significant variation. Details are provided above.

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

The variation in replacement asset expenditure is due to carry over into 2016 of \$320,000 in various projects approved by the Council. The variation in improvements to levels of service is because of the carry over to 2016 of the Bulls treatment plant \$1,400,000 offset by additional expenditure in 2015 on projects carried forward from 2014.

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

The operating surplus is higher than budget by \$695,000. The reasons are the same as the increased surplus in 2014 which includes savings of \$578,000 in finance costs because of the lower level of capital expenditure resulting in no borrowing, plus savings in operating costs of \$686,000. These two were partly offset by a reduced level of rates being set as indicated in the 2014/15 annual plan.

<sup>14</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.

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

For the year ended 30 June 2015

	2014 Long- term plan (\$000)	2015 Long- term plan (\$000)	2015 Actual (\$000)
<b>Sources of operating funding</b>			
General rates, uniform annual general charge, rates penalties	0	0	174
Targeted rates	2,667	2,922	2,102
Subsidies and grants for operating purposes	0	0	0
Fees and charges	163	169	228
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	0	0	0
<b>Total operating funding ( A )</b>	<b>2,830</b>	<b>3,091</b>	<b>2,504</b>
<b>Applications of operating funding</b>			
Payment to staff and suppliers	1,370	1,423	737
Finance costs	552	707	129
Internal charges and overheads applied	248	274	256
Other operating funding applications	0	0	0
<b>Total applications of operating funding ( B )</b>	<b>2,170</b>	<b>2,404</b>	<b>1,122</b>
<b>Surplus (deficit) of operating funding ( A - B )</b>	<b>660</b>	<b>687</b>	<b>1,382</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	0	0	4
Development and financial contributions	0	0	0
Increase (decrease) in debt	1,889	1,344	(287)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
<b>Total sources of capital funding ( C )</b>	<b>1,889</b>	<b>1,344</b>	<b>(283)</b>
<b>Application of capital funding</b>			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	2,193	1,437	739
- to replace existing assets	1,060	696	365
Increase (decrease) in reserves	(704)	(102)	(5)
Increase (decrease) in investments	0	0	0
<b>Total applications of capital funding ( D )</b>	<b>2,549</b>	<b>2,031</b>	<b>1,099</b>
<b>Surplus (deficit) of capital funding ( C - D )</b>	<b>(660)</b>	<b>(687)</b>	<b>(1,382)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>0</b>	<b>0</b>	<b>0</b>
Note: Depreciation expense not included above	676	703	612



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

For the year ended 30 June 2015

Category	Designated projects for 2014/15	2014 Long-term plan (\$000)	2015 Long-term plan (\$000)	2015 Actual (\$000)
<b>RENEWALS</b>				
Marton	Treatment and reticulation	206	394	223
Taihape	Treatment and reticulation	79	90	104
Bulls	Treatment and reticulation	633	130	14
Mangaweka	Treatment and reticulation	94	40	10
Huntermville	Treatment and reticulation	24	21	13
Ratana	Treatment and reticulation	24	21	0
Koitiata	Treatment and reticulation	0	0	1
<b>Total renewals</b>		<b>1,060</b>	<b>696</b>	<b>365</b>

**CAPITAL**

Marton	Treatment plant to meet nitrogen standard	0	1,437	52
Taihape	Pump station	0	0	517
Bulls	Inlet valve and consent	2,020	0	165
Koitiata		0	0	6
Huntermville		0	0	0
Ratana		173	0	0
<b>Total capital</b>		<b>2,193</b>	<b>1,437</b>	<b>739</b>

**Borrowing**

For the year ended 30 June 2015

Balance of borrowing at start of year	6,301	8,190	4,493
Funds borrowed during the year	2,238	1,752	0
Funds repaid during the year	349	408	287
<b>Balance of borrowing at end of year</b>	<b>8,190</b>	<b>9,534</b>	<b>4,206</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	45%	40%	100%
Portion of finance costs attributable to internal borrowing	241	273	247

## 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:

- Investigation of options to address perennial flooding of properties from Russell Street, Marton
- Construction of new weir in Huia Street, Taihape.

### Level of Service

Provide a reliable collection and disposal system to each property during normal rainfall

Measure	Target for 2014/15	Actual July 2014-June 2015
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 one in 20 year storm, no more than 20 dwellings affected for more than 24 hours.  <i>This target is unchanged from 2013/14.</i>	<b>Not applicable</b>  No such event occurred in the reporting period. The extreme rainfall during 20-21 June 2015 was deemed a 1 in 120 year event. <sup>15</sup>  Last year seven dwellings became uninhabitable following the mid-October storms, but only two for longer than 24 hours. So the performance target was achieved.
Callouts for blocked drains and faults: Specific note to be made of time to respond and resolve callouts relating to manhole covers and inlets.	60% responded within time and 60% resolved within time  100% resolved  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.  <i>This is an increased target from 2013/14 – 55%, 55% and 100% respectively.</i>	<b>Achieved</b>  There were 62 callout requests during the year. Of these, 45 callouts were urgent and 17 were non urgent.  One urgent callout was re-categorized as non-urgent.  Of the remaining 44 urgent callouts, all were responded to within 30 minutes. All were resolved in time.  Of the 18 non-urgent callouts, all were responded to within 24 hours and 17 were resolved in time.  Last year the performance target was achieved too: 60% callout requests were responded within time, 63% resolved in time and 100% resolved.

<sup>15</sup> The impact is within the scope of the new mandatory measures – see 'System adequacy' on page 146.

*For further information on Council's performance, see Section 4: Other information - Mandatory performance measures for the 2015/25 Long Term Plan.*

### **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 underspent by \$355,000. Of this, \$84,000 has been approved to carry over to the 2016 year but all other minor projects were completed.

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

The reduction in rates revenue was due to a reduced level of expenses and was signalled in the 2014/15 Annual Plan. The increase in operating surplus of \$323,000 is due to significantly less being spent on maintenance than budgeted due to favourable weather conditions. Also, there was no progress with documenting the network of public/private drains in the urban areas. These 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 to use in future years.

## Stormwater Drainage – Funding Impact Statement

For the year ended 30 June 2015

	2014 Long- term plan (\$000)	2015 Long- term plan (\$000)	2015 Actual (\$000)
<b>Sources of operating funding</b>			
General rates, uniform annual general charge, rates penalties	0	0	61
Targeted rates	778	839	674
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	0	13
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	0	0	0
<b>Total operating funding ( A )</b>	<b>778</b>	<b>839</b>	<b>747</b>
<b>Applications of operating funding</b>			
Payment to staff and suppliers	405	420	120
Finance costs	39	66	(35)
Internal charges and overheads applied	120	133	120
Other operating funding applications	0	0	0
<b>Total applications of operating funding ( B )</b>	<b>564</b>	<b>619</b>	<b>205</b>
<b>Surplus (deficit) of operating funding ( A - B )</b>	<b>214</b>	<b>220</b>	<b>543</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	137	163	(44)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
<b>Total sources of capital funding ( C )</b>	<b>137</b>	<b>163</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	173	173	34
- to replace existing assets	372	387	171
Increase (decrease) in reserves	(194)	(177)	293
Increase (decrease) in investments	0	0	0
<b>Total applications of capital funding ( D )</b>	<b>351</b>	<b>383</b>	<b>499</b>
<b>Surplus (deficit) of capital funding ( C - D )</b>	<b>(214)</b>	<b>(220)</b>	<b>(543)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>0</b>	<b>0</b>	<b>0</b>
Note: Depreciation expense not included above	239	245	254

**Stormwater Drainage – Capital Works**

For the year ended 30 June 2015

Category	Designated projects for 2014/15	2014 Long-term plan (\$000)	2015 Long-term plan (\$000)	2015 Actual (\$000)
<b>RENEWALS</b>				
Marton	Reticulation	268	259	139
Taihape	Reticulation	31	42	19
Rural	Reticulation	33	38	0
Bulls	Reticulation	15	23	0
Mangaweka	Reticulation	8	8	2
Huntermville	Reticulation	11	11	10
Ratana	Reticulation	6	6	0
<b>Total renewals</b>		<b>372</b>	<b>387</b>	<b>171</b>

<b>CAPITAL</b>				
Marton	Culverts, drains and inlet protection	31	30	26
Taihape	Culverts, drains and inlet protection	40	39	0
Rural	Culverts, drains and inlet protection	49	56	0
Bulls	Culverts, drains and inlet protection	9	9	1
Mangaweka	Culverts, drains and inlet protection	10	10	0
Huntermville	Culverts, drains and inlet protection	17	20	3
Ratana	Culverts, drains and inlet protection	17	9	4
<b>Total capital</b>		<b>173</b>	<b>173</b>	<b>34</b>

**Borrowing**

For the year ended 30 June 2015

Balance of borrowing at start of year	972	1,109	666
Funds borrowed during the year	204	235	0
Funds repaid during the year	67	72	44
<b>Balance of borrowing at end of year</b>	<b>1,109</b>	<b>1,272</b>	<b>622</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	45%	40%	100%
Portion of finance costs attributable to internal borrowing	33	36	37

## 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

- Arrangements to bring the delivery of parks maintenance services within direct Council management from 1 August 2015<sup>16</sup>;
- Relocation of the Hunterville Public Library from the Town Hall to the Hunterville School (as providing a more accessible arrangement for the community);
- Investigation of how Council's current provision of community housing could be placed on a more sustainable basis;
- Refurbishment of the Shelton Pavilion in Centennial Park, Marton.
- The grant (\$30,500) made by the J B S Dudding Trust to the District's libraries
- Consultation with rural hall committees on their preference for future ownership/management of these halls.

### Level of Service

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

Measure	Target for 2014/15	Actual July 2014–June 2015
"Report card" produced during April/May 2012 of perceptions of the provision and maintenance of Council's community and leisure assets	A greater proportion (than in the previous year) of the sample believes that Council's service is getting better.  <i>This sets an increased target from 2013/14.</i>	<b>Partly achieved</b>  Versus Research carried out this annual survey on behalf of Council during March 2015. <sup>17</sup>  The headline results indicate that most of Council's community facilities are perceived as performing on a par with last year. The positive exceptions to this are sports fields and parks and public toilets. The only Council facility that appears to have decreasing perceptions of improvements is the swimming pools. However, this is largely a by-product of significant increases last year.  Overall, last year's results were also rated as having partly achieved the target.

<sup>16</sup> This was the outcome of Council's service delivery review prior to the expiry of the contract with Fulton Hogan.

<sup>17</sup> See page 25 for a note on the margin of error for this survey.

	Public libraries	<p><i>Partly achieved</i></p> <p>15% of residents surveyed thought public libraries are better than a year ago. 15% of residents surveyed last year also had that view.</p> <p>62% (63% last year) of respondents thought libraries are about the same as a year ago. 2% (1% last year) thought that libraries have got worse.</p> <p>Customer service (17%, 19% last year) and other services such as the Internet and school holiday programmes (16%, 18% last year) continue to be the most highly rated aspects of the libraries which residents thought are better than a year ago.</p> <p>22% (21% last year) of residents surveyed did not know how to rate these facilities.</p>
	Swimming pools	<p><i>Not achieved (because of high ratings last year)</i></p> <p>17% of residents surveyed thought swimming pools are better than a year ago. Last year 22% of residents surveyed had that view.</p> <p>35% (29% last year) thought the pools are about the same as a year ago. 5% (2% last year) of respondents thought pools have got worse.</p> <p>23% of respondents from the Marton urban area have a positive view of improvement. This is higher than anywhere else in the District.</p> <p>The most highly rated aspect of the pools is customer service: 19% thought it better than a year ago. This was also true last year when 20% thought it better than the year before. However, only 10% of residents surveyed thought programme activities are better than a year ago, down from 19% who thought this last year.</p> <p>31% of respondents indicated they don't use the pools, down from 41% a year ago.</p> <p>44% (47% last year) of residents surveyed did not know how to rate these facilities.</p>
	Sports fields and parks	<p><i>Achieved</i></p> <p>5% of residents surveyed thought sportsfields and parks are better than a year ago. Last year 5% of residents surveyed also had that view. The additional facilities are considered better than a year ago by 9% of residents, up from 5% last year.</p> <p>69% of respondents this year and last year</p>

		<p>thought the facilities about the same as a year ago. 13% of respondents thought that Council's future provision for these facilities is worse than a year ago. Last year 8% had that view.</p> <p>While the percentage of respondents who thought maintenance and upkeep is better than a year ago is unchanged from last year (8%), 9% (15% last year) thought it has got worse. 28% of Taihape respondents thought maintenance and upkeep is worse than last year.</p> <p>16% (same as last year) of residents surveyed did not know how to rate these facilities.</p>
	Public toilets	<p><i>Achieved</i></p> <p>19% of residents surveyed thought public toilets are better than a year ago. Last year 5% of residents surveyed had that view.</p> <p>However, 51% (66% last year) thought toilets are about the same as a year ago; 18% (10% last year) thought they have got worse.</p> <p>Ratings from Bulls respondents were more favourable than from other parts of the District for maintenance and upkeep (51% compared with 22% overall) and location and accessibility (51% compared with 16% overall). This probably reflects the new toilets opened in the Wallace Development site.</p> <p>11% (18% last year) of residents surveyed did not know how to rate these facilities, suggesting a higher profile for them.</p>
	Community buildings	<p><i>Not achieved</i></p> <p>4% of residents surveyed thought community buildings are better than a year ago. Last year 5% of residents surveyed had that view.</p> <p>67% (72% last year) thought community buildings are about the same as a year ago; 10% (5% last year) thought they are worse.</p> <p>10% (5%) of respondents thought the facilities served the community well. By contrast, 12% (6% last year) of respondents rated the future provision of such facilities as worse than last year. This reflects tension within the community between upgrading/replacing and keeping the existing facilities.</p> <p>18% (same as last year) of residents surveyed did not know how to rate these facilities.</p>
	Community housing	<p><i>Partly achieved</i></p> <p>No resident surveyed thought community housing is better than a year ago. Last year 3% of residents surveyed</p>



		<p>had that view.</p> <p>33% (29% last year) thought community housing is about the same as year ago; 5% thought it worse – the same proportion as a year ago.</p> <p>62% (63% last year) of residents surveyed did not know how to rate these facilities, reflecting their very low profile.</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 under expenditure in capital of \$69,000 is due to the carry-over of the Mangaweka campground wastewater project of \$96,000 offset partly by unbudgeted expenditure on the Kensington Road subdivision of \$43,000. The expenditure on replacement assets is close to budget.

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

There is a variation in operating surplus of \$412,000. This is due to an increase in rates of \$481,000 collected to cover an expected increase in operating costs which did not occur to the level anticipated. The 2014/15 Annual Plan anticipated increased insurance costs and contractor day works (for parks and reserves and community housing) not provided for in the Long Term Plan, but these did not eventuate. In addition, additional costs were projected at the Marton Pool but the contract there yielded savings in electricity and consumables.

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

For the year ended 30 June 2015

	<b>2014 Long-term plan (\$000)</b>	<b>2015 Long-term plan (\$000)</b>	<b>2015 Actual (\$000)</b>
<b>Sources of operating funding</b>			
General rates, uniform annual general charge, rates penalties	1,787	1,882	2,470
Targeted rates	789	821	714
Subsidies and grants for operating purposes	30	30	49
Fees and charges	408	421	418
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	0	0	0
<b>Total operating funding ( A )</b>	<b>3,014</b>	<b>3,154</b>	<b>3,651</b>
<b>Applications of operating funding</b>			
Payment to staff and suppliers	2,115	2,163	2,397
Finance costs	29	28	34
Internal charges and overheads applied	470	522	367
Other operating funding applications	0	0	0
<b>Total applications of operating funding ( B )</b>	<b>2,614</b>	<b>2,713</b>	<b>2,798</b>
<b>Surplus (deficit) of operating funding ( A - B )</b>	<b>400</b>	<b>441</b>	<b>853</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	22	(41)	(77)
Gross proceeds from sale of assets	0	0	24
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
<b>Total sources of capital funding ( C )</b>	<b>22</b>	<b>(41)</b>	<b>(53)</b>
<b>Application of capital funding</b>			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	0	136	97
- to replace existing assets	386	317	287
Increase (decrease) in reserves	36	(53)	415
Increase (decrease) in investments	0	0	0
<b>Total applications of capital funding ( D )</b>	<b>422</b>	<b>400</b>	<b>799</b>
<b>Surplus (deficit) of capital funding ( C - D )</b>	<b>(400)</b>	<b>(441)</b>	<b>(853)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>0</b>	<b>0</b>	<b>(0)</b>
Note: Depreciation expense not included above	722	735	845

**Community and Leisure Assets – Capital Works**

For the year ended 30 June 2015

Category	Designated projects for 2014/15	2014 Long-term plan (\$000)	2015 Long-term plan (\$000)	2015 Actual (\$000)
<b>RENEWALS</b>				
Swimming pools	Building, filter and pumps	137	56	13
Libraries	Furniture, books and computers	132	132	98
Community housing	Flat refurbishment	25	25	22
Cemeteries	Berms and furniture	5	9	16
Parks and reserves	Landscaping and playgrounds	15	14	103
Property		0	0	0
Toilets		0	0	0
Halls	Painting and refurbishment	72	81	34
<b>Total renewals</b>		<b>386</b>	<b>317</b>	<b>287</b>
<b>CAPITAL</b>				
Swimming pools	Improvements Marton pool	0	32	39
Libraries		0	0	0
Community housing		0	0	0
Cemeteries	Berms	0	4	12
Parks and reserves	Mangaweka campground wastewater	0	100	4
Property	Subdivision Kensington Road	0	0	43
Toilets		0	0	0
Halls		0	0	0
<b>Total capital</b>		<b>0</b>	<b>136</b>	<b>97</b>

**Borrowing**

For the year ended 30 June 2015

Balance of borrowing at start of year	569	591	1,503
Funds borrowed during the year	75	4	0
Funds repaid during the year	53	45	77
<b>Balance of borrowing at end of year</b>	<b>591</b>	<b>550</b>	<b>1,426</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	45%	40%	84%
Portion of finance costs attributable to internal borrowing	17	16	71

## 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 implementation of green waste facilities at waste transfer stations in Bulls and Taihape and the take-up of the Enviroschools programme by five schools in the Rangitikei.

### 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 2014/15	Actual July 2014–June 2015
Waste to landfill (tonnage) <sup>18</sup>	[No more than] 4,900 tonnes to landfill <i>This is an increased target from 2013/14 – 5,200 tonnes.</i>	<b>Achieved</b> For the reporting period, 4,688 tonnes went to the landfill. Compared to projected annual total; 96% of projected total has been sent to landfill.  While Budget Waste transports its kerbside collections from Marton and Bulls direct to the landfill – more economic since they own the landfill – it is still included in the total to landfill.  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. So the target was achieved last year too.
Waste diverted from landfill (tonnage and (percentage of total waste) <sup>19</sup>	Percentage of waste diverted from landfill 13% <i>This is an increased target from 2013/14 – 11% diversion.</i>	<b>Achieved</b> A total of 710.7 tonnes (13.3%) of waste was diverted during the reporting period. The specific recycling was: Glass ..... 277.7 tonnes ..... 39.1% Greenwaste ..... 232.0 tonnes ..... 32.7% Paper ..... 112.4 tonnes ..... 15.8% Metals ..... 53.7 tonnes ..... 7.6% E-waste ..... 13.4 tonnes ..... 1.9%

<sup>18</sup> Calibrated records maintained at Bonny Glen landfill.

<sup>19</sup> Records maintained at waste transfer stations

		Plastics ..... 20.0 tonnes..... 2.8% Commingle ..... 1.5 tonnes..... 0.2% In 2013/14, a total of 555 tonnes (10.6%) was diverted from landfill. So the performance target was partly achieved.
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### **Significant variations between the level of service achieved and the intended level of service**

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

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

There are no significant variations between acquisitions and replacement the forecast and actual operating surplus. The 2012/22 Long Term Plan indicated borrowing of \$220,000 to fund capital works but there were sufficient funds in reserves to cover the work. This was signalled in the 2014/15 Annual Plan.

### **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 although both the reduction in operating expenses and corresponding reduction in fees and charges and rates were signalled in the 2014/15 Annual Plan.

## Rubbish and Recycling – Funding Impact Statement

For the year ended 30 June 2015

	2014 Long- term plan (\$000)	2015 Long- term plan (\$000)	2015 Actual (\$000)
<b>Sources of operating funding</b>			
General rates, uniform annual general charge, rates penalties	0	0	108
Targeted rates	453	672	435
Subsidies and grants for operating purposes	46	48	49
Fees and charges	429	442	324
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	0	0	0
<b>Total operating funding ( A )</b>	<b>928</b>	<b>1,162</b>	<b>917</b>
<b>Applications of operating funding</b>			
Payment to staff and suppliers	1,031	1,059	937
Finance costs	(10)	7	(52)
Internal charges and overheads applied	109	126	94
Other operating funding applications	0	0	0
<b>Total applications of operating funding ( B )</b>	<b>1,130</b>	<b>1,192</b>	<b>979</b>
<b>Surplus (deficit) of operating funding ( A - B )</b>	<b>(202)</b>	<b>(30)</b>	<b>(62)</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	(3)	210	(1)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
<b>Total sources of capital funding ( C )</b>	<b>(3)</b>	<b>210</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	0	220	238
- to replace existing assets	6	3	6
Increase (decrease) in reserves	(211)	(43)	(308)
Increase (decrease) in investments	0	0	0
<b>Total applications of capital funding ( D )</b>	<b>(205)</b>	<b>180</b>	<b>(63)</b>
<b>Surplus (deficit) of capital funding ( C - D )</b>	<b>202</b>	<b>30</b>	<b>62</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>0</b>	<b>0</b>	<b>(0)</b>
Note: Depreciation expense not included above	33	33	34

**Rubbish and Recycling – Capital Works**

For the year ended 30 June 2015

Category	Designated projects for 2014/15	2014 Long-term plan (\$000)	2015 Long-term plan (\$000)	2015 Actual (\$000)
<b>RENEWALS</b>				
Public refuse collection	District litter bins	6	3	0
Waste transfer stations	Plant renewals	0	0	6
<b>Total renewals</b>		<b>6</b>	<b>3</b>	<b>6</b>
<b>CAPITAL</b>				
Waste transfer stations	Create direct access to Marton pit	0	220	238
<b>Total capital</b>		<b>0</b>	<b>220</b>	<b>238</b>

**Borrowing**

For the year ended 30 June 2015

Balance of borrowing at start of year	36	33	14
Funds borrowed during the year	0	220	0
Funds repaid during the year	3	10	1
Balance of borrowing at end of year	33	243	13

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	45%	40%	100%
Portion of finance costs attributable to internal borrowing	1	7	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 successful reaccreditation as a Building Consent Authority, continued collaboration with neighbouring councils over a common approach to managing building consents and implementation of the new Food Act, the continuation of the shared service for animal control with Manawatu District Council, and the implementation of the Council's Food Business Grading Bylaw.

### Level of Service

Provide a legally compliant service

Measure	Target for 2014/15	Actual July 2014–June 2015
Timeliness of processing the paperwork (building control, consent processes, licence applications) <sup>20</sup>	<p>At least 92% of the processing of documentation for each of Council's regulatory and enforcement services is completed within the prescribed times.</p> <p><i>This is an increased target from 2013/14 – 91%.</i></p> <p>Section 48(1A) of the Building Act 2004 specifies the time limit for processing applications for a building consent as within ten working days if the application includes plans and specifications in relation to which a national multiple-use approval has been issued, and within 20 working days in all other cases.</p> <p>Section 88 of the Resource Management Act 1991 requires the Council to determine within 10 working days whether the application is incomplete. If deemed complete, section 115 requires the Council to make its decision within 20 working days.</p>	<p><b>Achieved</b></p> <p>256 building consents were issued during the reporting period, all within the prescribed time.</p> <p>227 consents were for minor works (e.g. accessible showers, solid fuel heating appliances) ancillary buildings and single-or two-storey detached houses – or alterations to these.</p> <p>29 consents were for light industrial, small commercial or public assembly buildings up to two storeys with fewer than 100 people (e.g. workshops, warehouses, factory retail shops, offices) – or alterations to these.</p> <p><b>38 resource consents were issued, 95% within the prescribed time</b></p> <p>22 land-use consents 16 subdivisions 3 outline plans Plus: 14 Section 223 Certificates 14 Section 224 Certificates 1 Section 221 Certificate</p> <p>Last year the target was partly achieved as Council issued 251 building consents (23 of which were out of time) and 40 resource consents (7 of which</p>

<sup>20</sup> This includes any prescribed monitoring, such as of resource consents



		were out of time).
Possession of relevant authorisations from central government <sup>21</sup>	Accreditation as a building consent authority maintained  <i>This target is unchanged from 2013/14.</i>	<b>Achieved</b>  Following a routine assessment in February 2015, Council's accreditation was confirmed for a further two years. The next assessment is provisionally scheduled for April 2017.

## Level of Service

Provide regulatory compliance officers

<p>Timeliness of response to RFS for enforcement callouts (animal control and environmental health); within prescribed response and resolution times</p> <p>For animal control, priority 1 (urgent) callouts (dog attack, threatening dog or stock on road) require response within 30 minutes and resolution within 24 hours; priority 2 (i.e. non-urgent) callouts require response within 24 hours and resolution within 96 hours.</p> <p>For environmental health, there are varying times – for noise complaints, a response is required within one hour, for food issues, it is within 24 hours.</p>	<p>Improvement in timeliness reported in 2013/14.</p> <p><i>This sets an increased target from 2013/14.</i></p>	<p><b>Achieved</b></p> <p>For Animal Control and Environmental Health there were 1,457 requests, of which 1,267 were responded to in time (i.e. 87%) and 1,172 were resolved in time (i.e.81%). The lowest timeliness was for wandering stock, caused by travelling distances.</p> <p>The full-year result for last year's responding to requests in time was 84% and 61% requests were completed in time. As this was less than the previous year (99% responded to in time and 64% completed in time) the overall rating was not achieved.</p>
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### Significant variations between the level of service achieved and the intended level of service

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

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

There are no significant variations between acquisitions and replacement.

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

The variation between operating funding from fees and charges and payment to staff and suppliers is the result of the shared service arrangement with Manawatu District Council (by which Rangitikei District Council employs the staff and Manawatu District Council pays a monthly fee). While this

<sup>21</sup> Excluding general authorisation through legislation where no further formal accreditation is specified

arrangement dates from 2010, revenue and costs were initially managed within the business unit rather than the activity. This also accounts for the reduction in overhead charges. Also, additional resource consent fees were received (approximately \$120,000) for the Bonny Glen landfill extension consent; this is offset by additional expenses for the use of consultants and other costs relating to this particular consent.

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

For the year ended 30 June 2015

	2014 Long-term plan (\$000)	2015 Long-term plan (\$000)	2015 Actual (\$000)
<b>Sources of operating funding</b>			
General rates, uniform annual general charge, rates penalties	939	979	916
Targeted rates	0	0	0
Subsidies and grants for operating purposes	0	0	0
Fees and charges	399	411	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 ( A )</b>	<b>1,338</b>	<b>1,390</b>	<b>1,850</b>
<b>Applications of operating funding</b>			
Payment to staff and suppliers	837	857	1,038
Finance costs	0	0	31
Internal charges and overheads applied	499	530	399
Other operating funding applications	0	0	0
<b>Total applications of operating funding ( B )</b>	<b>1,336</b>	<b>1,387</b>	<b>1,468</b>
<b>Surplus (deficit) of operating funding ( A - B )</b>	<b>2</b>	<b>3</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
Other dedicated capital funding	0	0	0
<b>Total sources of capital funding ( C )</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Application of capital funding</b>			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	0	0	0
- to replace existing assets	0	0	0
Increase (decrease) in reserves	2	3	382
Increase (decrease) in investments	0	0	0
<b>Total applications of capital funding ( D )</b>	<b>2</b>	<b>3</b>	<b>382</b>
<b>Surplus (deficit) of capital funding ( C - D )</b>	<b>(2)</b>	<b>(3)</b>	<b>(382)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>0</b>	<b>0</b>	<b>0</b>
Note: Depreciation expense not included above	3	3	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 completion of 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;
- Participation in the Manawatu/Whanganui Growth Study and development in parallel of the Rangitikei Growth Strategy;
- The development of town centre plans for Taihape, Hunterville and Marton during 2014/15 and implementation of place-making initiatives in these towns and in Bulls (in line with the Bulls Town Centre Plan developed in 2013/14);
- The range and depth of partnership projects through the Path to Well-being Initiative which has secured in excess of \$150,000 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 2014/15	Actual July 2014–June 2015
Partners' view of how useful Council's initiatives and support has been (annual survey) <sup>22</sup>  The focus for the survey is those community groups within the District with whom the Council has worked. So, this excludes shared services or other contractual arrangements with other councils. It also excludes direct collaboration with central government agencies	A greater proportion (than in the previous year) of the sample believes that Council's service is getting better.  <i>This sets an increased target from 2013/14.</i>	<b>Achieved</b>  This annual survey was carried out on behalf of Council by Versus Research during March 2015. <sup>23</sup>  From the 96 (86 last year) responses to the survey, 17% (16% last year) thought Council's service is getting better, 45% (37% last year) thought it about the same, 3% (8% last year) thought it worse and 35% (43% last year) did not know how to rate this.  Last year the target was not achieved as 16% in 2013/14 thought that Council's service was getting better compared with 30% in 2012/13.. So, while an improvement on 2013/14, the

<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

<sup>23</sup> See page 25 for a note on the margin of error for this survey.

<p>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>performance uplift is not at the level noted for 2012/13.</p> <p>The area of greatest improvement is in more, better, open and regular communication (18% this year, 17% last year). There was a decrease in those considering there was a lack of cohesion (4% this year, 12% last year).</p> <p>The results of the survey show Involvement by stakeholders in collaborative partnerships decreased this year. More stakeholders are involved with no partnerships or only one partnership, while fewer stakeholders are involved with more than two, and significantly fewer stakeholders are involved with more than one. This implies stakeholders prefer to concentrate their engagement.</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**

There are no significant variations between acquisitions and replacement.

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

There is no significant variation between the forecast and actual operating surplus although both revenue and expenses are above budget but largely offset each other. The additional rates were set to cover expected increases in expenses, and similarly, additional grants were received over budget which were then expended thus increasing expenses further.

## Community Well-being – Funding Impact Statement

For the year ended 30 June 2015

	2014 Long- term plan (\$000)	2015 Long- term plan (\$000)	2015 Actual (\$000)
<b>Sources of operating funding</b>			
General rates, uniform annual general charge, rates penalties	884	919	1,048
Targeted rates	0	0	0
Subsidies and grants for operating purposes	90	91	230
Fees and charges	30	31	136
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	0	0	0
<b>Total operating funding ( A )</b>	<b>1,004</b>	<b>1,041</b>	<b>1,414</b>
<b>Applications of operating funding</b>			
Payment to staff and suppliers	787	808	1,342
Finance costs	3	2	1
Internal charges and overheads applied	235	252	148
Other operating funding applications	0	0	0
<b>Total applications of operating funding ( B )</b>	<b>1,025</b>	<b>1,062</b>	<b>1,491</b>
<b>Surplus (deficit) of operating funding ( A - B )</b>	<b>(21)</b>	<b>(21)</b>	<b>(77)</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	100	(24)	(4)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
<b>Total sources of capital funding ( C )</b>	<b>100</b>	<b>(24)</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	126	0	9
Increase (decrease) in reserves	(47)	(45)	(90)
Increase (decrease) in investments	0	0	0
<b>Total applications of capital funding ( D )</b>	<b>79</b>	<b>(45)</b>	<b>(81)</b>
<b>Surplus (deficit) of capital funding ( C - D )</b>	<b>21</b>	<b>21</b>	<b>77</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>0</b>	<b>0</b>	<b>(0)</b>
Note: Depreciation expense not included above	33	33	29

**Community Well-being – Capital Works**

For the year ended 30 June 2015

Category	Designated projects for 2014/15	2014 Long-term plan (\$000)	2015 Long-term plan (\$000)	2015 Actual (\$000)
<b>RENEWALS</b>				
Civil defence		0	0	0
Rural fire	Radio equipment	126	0	9
Information centres		0	0	0
<b>Total renewals</b>		<b>126</b>	<b>0</b>	<b>9</b>

**Borrowing**

For the year ended 30 June 2015

Balance of borrowing at start of year	28	128	22
Funds borrowed during the year	124	0	0
Funds repaid during the year	24	24	4
Balance of borrowing at end of year	128	104	18

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	45%	40%	100%
Portion of finance costs attributable to internal borrowing	4	3	1

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## Rangitikei District Council

### Section 3: Financial Statements and Policy Reports

## Whole of Council – Funding Impact Statement

For the year ending 30 June 2015

	2014 Annual plan (\$000)	2014 Annual report (\$000)	2015 Annual Plan (\$000)	2015 Actual (\$000)
<b>Sources of operating funding</b>				
General rates, uniform annual general charge, rates penalties	5,590	5,811	6,065	6,015
Targeted rates	13,960	14,421	14,098	14,250
Subsidies and grants for operating purposes	2,835	4,024	2,835	3,451
Fees and charges	1,822	2,067	1,872	2,248
Interest and dividends from investments	274	416	194	373
Local authorities fuel tax, fines, infringement fees, and other receipts	126	281	132	128
<b>Total operating funding ( A )</b>	<b>24,607</b>	<b>27,020</b>	<b>25,196</b>	<b>26,465</b>
<b>Applications of operating funding</b>				
Payment to staff and suppliers	18,344	17,716	18,505	17,564
Finance costs	659	100	615	(1)
Other operating funding applications	0	0	0	0
<b>Total applications of operating funding ( B )</b>	<b>19,003</b>	<b>17,816</b>	<b>19,120</b>	<b>17,563</b>
<b>Surplus (deficit) of operating funding ( A - B )</b>	<b>5,604</b>	<b>9,204</b>	<b>6,076</b>	<b>8,902</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	5,008	4,056	5,363	4,341
Development and financial contributions	0	0	0	0
Increase (decrease) in debt	7,338	(2,500)	7,317	(16)
Gross proceeds from sale of assets	0	18	0	118
Lump sum contributions	0	0	0	0
Other dedicated capital funding	0	0	0	0
<b>Total sources of capital funding ( C )</b>	<b>12,346</b>	<b>1,574</b>	<b>12,680</b>	<b>4,443</b>
<b>Application of capital funding</b>				
Capital expenditure				
- to meet additional demand	0	0	0	0
- to improve the level of service	6,846	1,972	8,763	3,901
- to replace existing assets	11,055	8,509	10,838	9,710
Increase (decrease) in reserves	49	705	(845)	3,318
Increase (decrease) in investments	0	(408)	0	(3,583)
<b>Total applications of capital funding ( D )</b>	<b>17,950</b>	<b>10,778</b>	<b>18,756</b>	<b>13,345</b>
<b>Surplus (deficit) of capital funding ( C - D )</b>	<b>(5,604)</b>	<b>(9,204)</b>	<b>(6,076)</b>	<b>(8,902)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(0)</b>
Note: Depreciation expense not included above	9,718	9,465	10,145	9,834

*This statement complies with the Local Government (Financial Reporting and Prudence) Regulations 2014 as disclosed in the Annual Plan 2014/15.*

## Statement of Comprehensive Revenue and Expense

For the year ended 30 June 2015

	Notes	2014 Actual (\$000)	2015 Budget (\$000)	2015 Actual (\$000)
<b>Revenue from non-exchange transactions</b>				
Rates other than targeted rates for water	3	18,243	18,665	18,574
Targeted rates for water		1,133	1,038	1,177
Subsidies and grants		8,044	8,198	7,793
Other revenue	5	2,634	2,396	2,908
Vested and discovered assets		480	0	0
Gains	6	9	0	82
<b>Revenue from exchange transactions</b>				
Finance revenue	4	416	194	373
Other revenue		287	68	77
<b>Total operating revenue</b>		<b>31,246</b>	<b>30,559</b>	<b>30,984</b>
<b>Expenditure</b>				
Depreciation and amortisation expense	14,15	9,465	10,145	9,834
Personnel costs	7	2,401	2,481	2,650
Finance costs	4	103	615	1
Losses	6	1,100	0	818
Other expenses	8	15,770	16,024	15,724
<b>Total operating expenditure</b>		<b>28,839</b>	<b>29,265</b>	<b>29,027</b>
<b>Operating surplus (deficit) before revaluation losses and derecognition</b>				
		<b>2,407</b>	<b>1,294</b>	<b>1,957</b>
Loss on revaluation of property, plant and equipment		21,124	0	0
Derecognition of roading infrastrucutre	14	0	0	11,981
<b>Operating surplus (deficit) before tax</b>		<b>(18,717)</b>	<b>1,294</b>	<b>(10,024)</b>
Income tax expense	9	0	0	0
<b>Operating surplus (deficit) after tax</b>		<b>(18,717)</b>	<b>1,294</b>	<b>(10,024)</b>
<b>Other comprehensive revenue and expense</b>				
<i>Items that will be reclassified to surplus(deficit)</i>				
Financial assets at fair value through other comprehensive revenue and expense	6	(11)	0	(70)
<i>Items that will not be reclassified to surplus(deficit)</i>				
Gain on revaluation of property, plant and equipment	6	14,580	0	0
<b>Total other comprehensive revenue and expense</b>		<b>14,569</b>	<b>0</b>	<b>(70)</b>
<b>Total comprehensive revenue and expense</b>		<b>(4,148)</b>	<b>1,294</b>	<b>(10,094)</b>

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

*This statement complies with the Local Government (Financial Reporting and Prudence) Regulations 2011 as disclosed in the Annual Plan 2014/15.*

*The accompanying notes form part of these financial statements*

## Statement of Changes in Net Assets/Equity

For the year ended 30 June 2015

	Notes	2014 Actual (\$000)	2015 Budget (\$000)	2015 Actual (\$000)
<b>Balance as at 1 July</b>		483,371	499,559	479,223
Total comprehensive revenue and expense for the year		(4,148)	1,294	(10,094)
<b>Balance as at 30 June</b>		479,223	500,853	469,129

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

*The accompanying notes form part of these financial statements*

## Statement of Financial Position

As at 30 June 2015

	Notes	2014 Actual (\$000)	2015 Budget (\$000)	2015 Actual (\$000)
<b>Assets</b>				
<b>Current Assets</b>				
Cash and cash equivalents	10	1,466	4,007	3,967
Receivables from non-exchange transactions	11	2,699	3,188	3,530
Receivables from exchange transactions	11	245	90	119
Prepayments		114	20	11
Other financial assets	12	3,515	0	522
Non-current assets held for sale	13	0	0	0
<b>Total current assets</b>		<b>8,039</b>	<b>7,305</b>	<b>8,149</b>
<b>Non-current assets</b>				
Plant, property and equipment	14	472,567	507,460	463,515
Intangible assets	15	160	411	128
Forestry assets	16	186	221	222
Other financial assets				
Corporate bonds	12	3,101	3,635	2,510
Investment in CCOs and other similar entities	12	27	29	29
<b>Total non-current assets</b>		<b>476,040</b>	<b>511,756</b>	<b>466,405</b>
<b>Total assets</b>		<b>484,079</b>	<b>519,061</b>	<b>474,554</b>
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Creditors and other payables	17	3,578	3,736	4,077
Employee entitlements	19	240	203	259
Income in advance		347	353	538
Borrowings	18	16	1,377	16
<b>Total current liabilities</b>		<b>4,181</b>	<b>5,669</b>	<b>4,890</b>
<b>Non-current liabilities</b>				
Employee entitlements	19	13	9	14
Provisions	20	470	494	345
Borrowings	18	192	12,036	176
<b>Total non-current liabilities</b>		<b>675</b>	<b>12,539</b>	<b>535</b>
<b>Total liabilities</b>		<b>4,856</b>	<b>18,208</b>	<b>5,425</b>
<b>Net Assets</b>		<b>479,223</b>	<b>500,853</b>	<b>469,129</b>
<b>Equity</b>				
Accumulated funds	21	442,611	462,592	432,501
Special and restricted reserves	21	4,868	4,962	5,099
Other reserves	21	31,744	33,299	31,529
<b>Total equity</b>		<b>479,223</b>	<b>500,853</b>	<b>469,129</b>

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

*The accompanying notes form part of these financial statements*

## Statement of Cashflows

For the year ended 30 June 2015

	Notes	2014 Actual (\$000)	2015 Budget (\$000)	2015 Actual (\$000)
<b>Cash flows from operating activities</b>				
Receipts from rates revenue		18,801	18,665	18,963
Receipts from grants and subsidies		7,857	8,198	7,679
Receipts from other revenue		3,345	3,486	2,717
Interest received		393	194	370
Dividends received		0	0	0
Payments to suppliers and employees		(17,338)	(18,505)	(17,687)
Interest paid		(108)	(615)	0
Goods and services tax (net)		(28)	0	(38)
<b>Net cash inflows (outflows) from operating activities</b>	22	12,922	11,423	12,003
<b>Cash flows from investing activities</b>				
Receipts from sale of property, plant and equipment		18	0	118
Receipts from sale of investments		0	0	3,500
Acquisition of investments		(3,000)	0	0
Purchases of property, plant and equipment		(10,817)	(19,601)	(13,104)
Purchases of intangible assets		(31)	0	(14)
<b>Net cash inflows (outflows) from investing activities</b>		(13,830)	(19,601)	(9,500)
<b>Cash flows from financing activities</b>				
Proceeds from borrowings		0	8,415	0
Repayment of borrowings		(2,500)	(1,082)	0
<b>Net cash inflows (outflows) from financing activities</b>		(2,500)	7,333	0
Net increase (decrease) in cash, and cash equivalents		(3,408)	(845)	2,503
Cash and cash equivalents at the beginning of the year		4,874	4,852	1,466
<b>Cash and cash equivalents at the end of the year</b>	10	1,466	4,007	3,968

*The accompanying notes form part of these Financial Statements*

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

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

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

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: Summary of Significant Accounting Policies

#### Reporting Entity

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

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

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

The financial statements of the Council are for the year ended 30 June 2015. The financial statements were authorised for issue by the Council on 1 October 2015.

#### Basis of Preparation

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

#### Statement of compliance

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

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

These financial statements comply with PBE standards

These financial statements are the first financial statements presented in accordance with the new PBE accounting standards. Adjustments arising on transition to the new PBE standards are explained in note 34.

#### Presentation currency and rounding

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

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

In May 2013, the External Reporting Board issued a new suite of PBE accounting standards for application by public sector entities for reporting periods beginning on or after 1 July 2014. The Council has applied these standards in preparing the 30 June 2015 financial statements.

In October 2014, the PBE suite of accounting standards was updated to incorporate requirements and guidance for the not-for-profit sector. These updated standards apply to PBEs with reporting periods beginning on or after 1 July 2015. The Council will apply these updated standards in



preparing its 30 June 2016 financial statements. The Council expects there will be minimal or no change in applying these updated accounting standards.

## **Summary of Significant Accounting Policies**

### **Revenue**

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

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

#### ***Revenue from non-exchange transactions***

##### *General and targeted rates*

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

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

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

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

##### *Other grants received*

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

##### *Vested assets*

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

##### *Direct charges – subsidised*

##### *Rendering of services – subsidised*

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

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

#### Sale of goods – subsidised

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

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

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

#### *Direct charges – full cost recovery*

#### Sale of goods – full cost recovery

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

#### *Interest and dividends*

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

Dividends are recognised when the right to receive payment has been established. When dividends are declared from pre-acquisition surpluses, the dividend is deducted from the costs of the investment.

### **Expenses**

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

The specific accounting policies for significant expense items are explained below

#### ***Borrowing costs***

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

**Grants**

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

Discretionary grants are those grants where the Council has no obligation to award on receipt of the grant application and are recognised as expenditure when approved by the Council and the approval has been communicated to the applicant. The Council's grants awarded have no substantive conditions attached.

**Income tax**

Income tax expense includes current and deferred tax.

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

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

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

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

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

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

**Operating leases**

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

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

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

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

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

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

### ***Receivables***

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

### ***Other financial assets***

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

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

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

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

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

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

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

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

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

#### ***Loans and receivables***

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

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

#### *Held-to-maturity investments*

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

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

#### *Fair value through other comprehensive revenue and expense*

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

- 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 revenue and expense, except for impairment losses, which are recognised in the surplus or deficit.

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

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

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

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

Impairment is established when there is objective evidence that the Council will not be able to collect amounts due according to the original terms of the debt. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default in payments are considered indicators that the asset is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. For debtors and other receivables, the carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectable, it is written off against

the allowance account. Overdue receivables that have been renegotiated are reclassified as current (that is, not past due). Impairment in term deposits, local authority stock, government bonds, and community loans, are recognised directly against the instrument's carrying amount.

*Financial assets at fair value through other comprehensive revenue and expense*

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

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

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

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

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

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

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

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

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

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

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

***Property, plant and equipment***

Property, plant and equipment consist of:

*Operational assets* – These include land, buildings, 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.

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

### *Revaluation*

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

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

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

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

### *Additions*

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

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

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

*Disposals*

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

*Subsequent costs*

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

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

*Depreciation*

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

*Operational and restricted assets**Buildings*

Structure.....	50-170 years
Roof .....	40 years
Services.....	40-65 years
Internal fit out .....	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

***Service concession arrangements***

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

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

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

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

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

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

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

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

***Easements***

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

***Carbon credits***

Carbon credit purchases are recognised at cost on acquisition. They are not amortised, but are instead tested for impairment annually. They are derecognised when they are used to satisfy carbon emission obligations.

Free carbon credits received from the Crown are recognised at fair value on receipt. They are not amortised, but are instead tested for impairment annually. They are derecognised when they are used to satisfy carbon emission obligations.

#### *Amortisation*

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

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

Computer software..... 3-5 years

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

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

If an asset's carrying amount exceeds its recoverable service amount, the asset is regarded as impaired and the carrying amount is written down to the recoverable amount. The total impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss is recognised in the surplus or deficit.

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

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

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

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

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

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

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

Standing forestry assets are independently revalued annually at fair value less estimated costs to sell for one growth cycle. Fair value is determined based on the present value of expected net cash flows discounted at a current market determined rate. This calculation is based on existing sustainable

felling plans and assessments regarding growth, timber prices, felling costs, and silviculture costs and takes into consideration environmental, operational and market restrictions.

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

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

### ***Payables***

Short-term payables are recorded at their face value.

### ***Borrowings***

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

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

### ***Employee benefits***

Short-term employee entitlements

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

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

Long-term employee entitlements

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

Presentation of employee entitlements

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

### ***Superannuation schemes***

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

## Provisions

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

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

### *Landfill aftercare*

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

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

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

## Equity

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

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

### *Special reserve funds*

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

### *Restricted reserve funds*

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

### *Property revaluation reserves*

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

*Fair value through other comprehensive revenue and expense reserves*

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

**Goods and services tax (GST)**

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

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

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

Commitments and contingencies are disclosed exclusive of GST.

**Budget figures**

The budget figures are those approved by the Council in its 2014/15 annual plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted in preparing these financial statements.

**Cost allocation**

The Council has determined the cost of significant activities using the cost allocation system outlined below.

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

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

**Critical accounting estimates and assumptions**

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

*Infrastructural assets*

- The actual condition of an asset may not reflect the 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 storm water 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 2015.

#### *Classification of property*

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

<b>Note 2: Reconciliation of funding impact statement to statement of comprehensive revenue and expense</b>	<b>Actual 2014 (\$000)</b>	<b>Actual 2015 (\$000)</b>
<b>Revenue</b>		
Operating funding from funding impact statement	27,020	26,465
Operating revenue from statement of comprehensive revenue and expense	31,246	30,984
<b>Difference</b>	<b>4,226</b>	<b>4,519</b>
Reconciling items:		
Subsidies and grants for capital expenditure	4,056	4,341
Vested and discovered assets	480	0
Gains	9	82
Rates revenue from Council-owned properties	(359)	0
Operating revenue offset against overhead expenses	40	95
<b>Total reconciling items</b>	<b>4,226</b>	<b>4,519</b>
<b>Expenditure</b>		
Application of operating funding from funding impact statement	17,816	17,563
Total operating expenditure from statement of comprehensive revenue and expense	28,839	29,027
<b>Difference</b>	<b>11,023</b>	<b>11,464</b>
Reconciling items:		
Depreciation and amortisation expense	9,465	9,834
Losses	1,100	818
Movement in provisions	(24)	(125)
Rate remissions and discounts	738	784
Impairment of receivables	63	58
Rates expense on Council-owned properties	(359)	0
Operating expenditure offset by revenue from overheads	40	95
<b>Total reconciling items</b>	<b>11,023</b>	<b>11,464</b>

<b>Note 3: Rates revenue</b>	<b>Actual 2014 (\$000)</b>	<b>Actual 2015 (\$000)</b>
General rates	2,307	2,428
Uniform annual general charge	3,007	3,205
Targeted rates attributable to activities		
roading	6,171	6,339
community services	52	52
libraries	765	715
solid waste disposal	339	435
wastewater	2,422	2,102
water	2,829	3,019
stormwater drainage	710	674
<b>Total rates</b>	<b>18,602</b>	<b>18,969</b>
Less rates charged on Council properties	359	395
	<b>18,243</b>	<b>18,574</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	110	107
Multiple toilet pans	266	230
Penalties and other remissions	321	406
<b>Total remissions</b>	<b>697</b>	<b>743</b>

### *Non-rateable land*

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



<b>Note 4: Finance revenue and finance costs</b>	<b>Actual 2014 (\$000)</b>	<b>Actual 2015 (\$000)</b>
<b>Finance revenue</b>		
Interest revenue		
bank deposits	207	168
local authority and government bonds	209	205
<b>Total finance income</b>	<b>416</b>	<b>373</b>
<b>Finance costs</b>		
Interest expense		
interest on borrowings	103	1
<b>Total finance costs</b>	<b>103</b>	<b>1</b>
<b>Net finance costs</b>	<b>313</b>	<b>372</b>

<b>Note 5: Other non-exchange revenue</b>	<b>Actual 2014 (\$000)</b>	<b>Actual 2015 (\$000)</b>
Rates penalties	497	514
Residential rents (community housing)	253	247
Regulatory revenue	666	765
Petrol tax	112	118
Other	1,106	1,264
<b>Total other revenue</b>	<b>2,634</b>	<b>2,908</b>

*Subsidies*

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

<b>Note 6: Gains and losses</b>	<b>Actual 2014 (\$000)</b>	<b>Actual 2015 (\$000)</b>
<b>Operating revenue and expense</b>		
<b>Gains</b>		
Non-financial instruments		
Property, plant and equipment gains on disposal	9	46
Forestry asset revaluation gain (note 16)	0	36
<b>Total gains</b>	<b>9</b>	<b>82</b>
<b>Losses</b>		
Non-financial instruments		
Property, plant and equipment loss on disposal	1,065	818
Forestry asset revaluation loss (note 16)	35	0
<b>Total losses non-financial instruments</b>	<b>1,100</b>	<b>818</b>
<b>Other comprehensive revenue and expense</b>		
<b>Other gains (losses)</b>		
Financial instruments		
Fair value through other comprehensive revenue and expense gain on revaluation	10	13
Fair value through other comprehensive revenue and expense loss on revaluation	(21)	(83)
<b>Total gains (losses) financial instruments</b>	<b>(11)</b>	<b>(70)</b>
<b>Other gains (losses)</b>		
Non-financial instruments		
Property, plant and equipment gain on revaluation	14,580	0
<b>Total gains on non-financial instruments</b>	<b>14,580</b>	<b>0</b>

<b>Note 7: Personnel costs</b>	<b>Actual 2014 (\$000)</b>	<b>Actual 2015 (\$000)</b>
Salaries and wages	2,343	2,584
Defined contribution plan employer contributions (KiwiSaver)	45	52
Increase (Decrease) in employee entitlements	13	14
<b>Total personnel costs</b>	<b>2,401</b>	<b>2,650</b>

<b>Note 8: Other expenses</b>	<b>Actual 2014 (\$000)</b>	<b>Actual 2015 (\$000)</b>
Fees to auditors		
financial statements	104	106
disbursements	5	7
fees to Audit New Zealand for other services	0	75
Emergency works	1,906	547
Maintenance	3,976	4,415
Professional services	1,749	1,918
Contractors	2,435	2,323
Grants	484	478
Elected members remuneration (note 26)	324	397
Consultants and legal fees	196	274
Insurance premiums	259	268
Operating leases	94	86
Impairment of receivables (note 2)	63	57
Other operating expenses	3,478	3,989
Rates remissions (note 3)	697	784
<b>Total other expenses</b>	<b>15,770</b>	<b>15,724</b>

The fees to Audit New Zealand for other services in the year ending 30 June 2015, were for the audit of the Council's 2015-25 consultation document and long-term plan.

<b>Note 9: Tax</b>	<b>Actual 2014 (\$000)</b>	<b>Actual 2015 (\$000)</b>
<b>Relationship between tax expense and accounting surplus</b>		
Surplus (deficit) before tax	(18,718)	(10,024)
Tax at 28%	0	0
Plus (less) tax effect of:		
Non-taxable income	0	0
<b>Tax expense</b>	<b>0</b>	<b>0</b>

<b>Note 10: Cash and cash equivalents</b>	<b>Actual 2014 (\$000)</b>	<b>Actual 2015 (\$000)</b>
Cash at bank and on hand	1,466	967
Term deposits with maturities less than three months at acquisition	0	3,000
<b>Total cash and cash equivalents</b>	<b>1,466</b>	<b>3,967</b>

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

The Council holds unspent funds, included in cash at bank and investments, of \$855,836 (2014 \$724,547) that are subject to restrictions. These unspent funds relate to funds received from various sources but to be used for specific purposes. They include the Council's restricted reserves, and grants from agencies that have been unspent at balance date.

<b>Note 11: Receivables</b>	<b>Actual 2014 (\$000)</b>	<b>Actual 2015 (\$000)</b>
<b>Non-exchange receivables</b>		
Rates receivables	1,574	1,628
Related party receivables	0	0
Other receivables	1,380	2,176
<b>Gross debtors and other receivables</b>	<b>2,954</b>	<b>3,804</b>
Less provision for impairment	(255)	(274)
<b>Total non-exchange receivables</b>	<b>2,699</b>	<b>3,530</b>
<b>Exchange receivables</b>		
Other receivables	245	119
Less provision for impairment	0	0
<b>Total exchange receivables</b>	<b>245</b>	<b>119</b>

*Fair value*

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

*Impairment*

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

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

	<b>2015</b>		
	<b>Gross (\$000)</b>	<b>Impairment (\$000)</b>	<b>Net (\$000)</b>
Not past due	2,142	0	2,142
Past due 1-60 days	429	(13)	416
Past due > 60 days	1,352	(261)	1,091
<b>Total</b>	<b>3,923</b>	<b>(274)</b>	<b>3,649</b>
	<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>

The impairment provision has been calculated based on a review of overdue receivables and an analysis of the Council's past collection history and debt write-offs. All receivables greater than 30 days in age are considered past due.

	<b>Actual</b>	<b>Actual</b>
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<b>Receivables (continued)</b>	<b>2014</b>	<b>2015</b>
	<b>(\$000)</b>	<b>(\$000)</b>

The impairment provision has been calculated based on a review of overdue receivables and an analysis of the Council's past collection history and debt write-offs. All receivables greater than 30 days in age are considered past due.

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

At 1 July	229	255
Additional provisions made during the year		
Provision increased (reversed) during the year	63	58
Receivables written off during the period	(37)	(38)
<b>As at 30 June</b>	<b>255</b>	<b>275</b>

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

<b>Note 12 :Other financial assets</b>	<b>Actual 2014 (\$000)</b>	<b>Actual 2015 (\$000)</b>
<b>Current Portion</b>		
Term deposits with original maturities of 4-12 months	3,000	0
Corporate bonds	515	522
<b>Total current portion</b>	<b>3,515</b>	<b>522</b>
<b>Non-current portion</b>		
Corporate bonds	3,101	2,510
<i>Investments in CCOs and similar entities</i>		
Unlisted shares in New Zealand Local Government Insurance Corporation Limited	26	28
Unlisted share in Manawatu Wanganui LASS Limited	1	1
<b>Total investments in CCOs and similar identities</b>	<b>27</b>	<b>29</b>
<b>Total non-current portion</b>	<b>3,128</b>	<b>2,539</b>
<b>Total other financial assets</b>	<b>6,643</b>	<b>3,061</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 2014. 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 PBE IFRS 5 Non-current Assets Held for Sale.



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

2015	Balances at 1 July 2014			Additional assets re-recognised	Current year additions	Current year disposals	Reversed depn on disposals	Current year de-recognition	Current year depn	Balances at 30 June 2015		
	Cost/valuation	Accum depn	Carrying amount							Cost/valuation	Accum depn	Carrying amount
	\$000	\$000	\$000							\$000	\$000	\$000
<b>Movements for each class of property, plant and equipment are as follows:</b>												
<b>Operational assets</b>												
Land	3,387	0	3,387	0	43	(23)	0	0	0	3,407	0	3,407
Buildings	10,760	(685)	10,075	0	95	0	0	0	(685)	10,855	(1,370)	9,485
Plant and vehicles	2,224	(1,149)	1,074	0	330	(329)	206	0	(222)	2,225	(1,165)	1,060
Office equipment	683	(577)	106	0	16	0	0	0	(17)	699	(594)	105
Computer hardware	551	(300)	251	0	51	0	0	0	(99)	602	(399)	203
Library books	1,990	(1,487)	503	0	92	0	0	0	(85)	2,082	(1,572)	510
<b>Total operational assets</b>	<b>19,595</b>	<b>(4,198)</b>	<b>15,396</b>	<b>0</b>	<b>627</b>	<b>(352)</b>	<b>206</b>	<b>0</b>	<b>(1,108)</b>	<b>19,870</b>	<b>(5,100)</b>	<b>14,770</b>
<b>Infrastructural assets</b>												
Roading network	331,391	(6,209)	325,182	0	7,224	0	0	(11,981)	(6,442)	326,634	(12,651)	313,983
Land under roads	42,438	0	42,438	0	0	0	0	0	0	42,438	0	42,438
Water systems										0		
treatment plants and facilities	18,580	(256)	18,324	0	1,705	0	0	0	(519)	20,285	(775)	19,510
other assets	24,450	(869)	23,581	0	2,376	(659)	32	0	(712)	26,167	(1,549)	24,618
Wastewater systems										0		
treatment plants and facilities	10,183	(282)	9,901	0	303	0	0	0	(270)	10,486	(552)	9,934
other assets	16,324	(342)	15,982	0	800	(125)	5	0	(341)	16,999	(678)	16,321
Stormwater network	15,098	(251)	14,847	0	205	(15)	0	0	(254)	15,288	(505)	14,783
Waste transfer stations	1,008	(21)	987	0	244	0	0	0	(22)	1,252	(43)	1,209
<b>Total infrastructural assets</b>	<b>459,472</b>	<b>(8,230)</b>	<b>451,242</b>	<b>0</b>	<b>12,857</b>	<b>(799)</b>	<b>37</b>	<b>(11,981)</b>	<b>(8,560)</b>	<b>459,549</b>	<b>(16,753)</b>	<b>442,796</b>
<b>Restricted assets</b>												
Land	4,183	0	4,183	0	27	0	0	0	0	4,210	0	4,210
Buildings	1,833	(87)	1,746	0	99	0	0	0	(106)	1,932	(193)	1,739
<b>Total restricted assets</b>	<b>6,016</b>	<b>(87)</b>	<b>5,929</b>	<b>0</b>	<b>126</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(106)</b>	<b>6,142</b>	<b>(193)</b>	<b>5,949</b>
<b>Total property, plant and equipment</b>	<b>485,083</b>	<b>(12,515)</b>	<b>472,567</b>	<b>0</b>	<b>13,610</b>	<b>(1,151)</b>	<b>243</b>	<b>(11,981)</b>	<b>(9,774)</b>	<b>485,561</b>	<b>(22,046)</b>	<b>463,515</b>

Work in progress at year end included in property, plant and equipment above comprises: wastewater \$1,928,328 (2014 \$1,499,733), water \$1,793,870 (2014 \$228,663), storm water \$263,864 (2014 \$339,926).

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

2014	Balances at 1 July 2013			Additional assets recognised	Current year additions	Current year disposals	Reversed depn on disposals	Re-valuation surp(def)	Current year depn	Balances at 30 June 2014		
	Cost/valuation	Accum depn	Carrying amount							Cost/valuation	Accum depn	Carrying amount
	\$000	\$000	\$000							\$000	\$000	\$000
Movements for each class of property, plant and equipment are as follows:												
<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	0	42,438	0	42,438
Water systems												
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
Wastewater systems												
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	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)***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>2014 (\$000)</b>	<b>2015 (\$000)</b>
Water supply		
treatment plant and facilities	29,232	31,341
other assets	50,822	53,867
Sewerage		
treatment plant and facilities	15,212	15,959
other assets	33,215	35,463
Stormwater drainage	23,953	25,112
Flood protection and control works	0	0
Roads and footpaths	519,028	522,503
<b>Total estimated replacement cost</b>	<b>671,462</b>	<b>684,245</b>

**Note 14: Property, plant and equipment (continued)***Roading network derecognition*

On 20 June 2015, an extreme rainfall event occurred in the district. This event caused significant damage to the roading network and its service potential. In line with Public Benefit Entity Accounting Standard 17 Property, plant and equipment (PBE IPSAS 17 and other related standards 21 and 26), Council has chosen to derecognise its roading assets for the loss of service potential incurred as a result of this event. By using the best information available at the time of preparing this annual report, the derecognition amounts to \$11.981 m. This amount appears as a charge in the statement of comprehensive revenue and expense and results in an operating deficit for the year under review. However, this derecognition will be reversed in subsequent years as the roading network is restored to its full service potential thereby restoring the Council's full equity.

*Revaluation and derecognition*

While in the normal course of events, the Council would revalue its roading assets and this would incorporate any impairment loss, this has not been possible at year end with the degree of materiality, accuracy and certainty required. In addition, the low levels of increases in the BERL indices indicate that any revaluation adjustment upwards is likely to be immaterial so the Council has chosen to take the derecognition approach as being the only practical solution to reflect the severity of the damage to its network.

*Basis of derecognition and uncertainty of estimates*

The basis for the derecognition loss included in these accounts is on the initial and subsequent assessments by the Council's roading engineers of the cost to return the asset to its previous level of service. These assessments, by their nature, are the best estimates at balance date of the costs involved and include significant estimates on the physical works and materials required. These estimates are based on the best information available and fairly reflect the loss of service potential to the roading network. However, the uncertainty of these estimates means that the actual costs will not be known until all the work is completed.

*Financial assistance rate (government subsidy)*

Under the former NZTA funding model, these types of events would have been funded by up to 95% of the cost of the reinstatement work. Under the new funding model effective from 1 July 2015 the rates for 2016 and 2017, and beyond, are 82% and 83% respectively. The Council is in negotiation with NZTA as to the level of support payable but, depending on the year the work is able to be carried out, the Council could face an additional cost to ratepayers of a current estimate of \$1.4 m. The long-term plan for the period 2015 to 2016 indicates that the Council's flood damage reserve for roading will reach \$1.75 m by the end of June 2016. This amount is available to fund the shortfall between the costs of reinstatement and subsidy. If the amount required exceeds this, the Council will consider options to fund the balance in a manner which will be equitable to all ratepayers but, inevitably, there will be an impact on rates.

<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 2014	761	19	780
Increase due to revaluation	0	11	11
Additions	14	0	14
Disposals			0
<b>Balance at 30 June 2015</b>	<b>775</b>	<b>30</b>	<b>805</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>
<b>Accumulated amortisation and impairment</b>			
Balance at 1 July 2014	620	0	620
Amortisation charge	57	0	57
Disposals	0	0	0
<b>Balance at 30 June 2015</b>	<b>677</b>	<b>0</b>	<b>677</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>
<b>Carrying Amounts</b>			
Balance at 1 July 2013	162	9	171
Balance at 30 June and 1 July 2014	141	19	160
<b>Balance at 30 June 2015</b>	<b>98</b>	<b>30</b>	<b>128</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 2015 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 2014 (\$000)</b>	<b>Actual 2015 (\$000)</b>
Balance at 1 July	221	186
Gains (losses) arising from changes in fair values	(35)	36
Decreases due to sales	0	0
<b>Balance at 30 June</b>	<b>186</b>	<b>222</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 2015. 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 southern North Island prices during March, April and May 2015. Trend prices are from 12 quarter average log prices in the southern North Island.

#### *Financial risk management*

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

<b>Note 17: Creditors and other payables</b>	<b>Actual 2014 (\$000)</b>	<b>Actual 2015 (\$000)</b>
<i>Payables under exchange transactions</i>		
Trade payables	3,019	3,158
Deposits	400	461
Accrued expenses	158	457
<b>Total</b>	<b>3,577</b>	<b>4,076</b>
<i>Payables under non-exchange transactions</i>		
Income tax payable	0	0
Other taxes (e.g. GST and FBT)	1	1
<b>Total</b>	<b>1</b>	<b>1</b>

<b>Total creditors and other payables</b>	<b>3,578</b>	<b>4,077</b>
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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 2014 (\$000)</b>	<b>Actual 2015 (\$000)</b>
<b>Current portion</b>		
Secured bank loans	0	0
Community loan	16	16
<b>Total current portion</b>	<b>16</b>	<b>16</b>
<b>Non-current portion</b>		
Secured bank loans	0	0
Community loan	192	176
<b>Total non-current portion</b>	<b>192</b>	<b>176</b>
<b>Total borrowings</b>	<b>208</b>	<b>192</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 2014 (\$000)</b>	<b>Actual 2015 (\$000)</b>
<b>Current Portion</b>		
Accrued pay	57	69
Annual leave	171	180
Long service leave	12	9
Superannuation	0	1
<b>Total current portion</b>	<b>240</b>	<b>259</b>
<b>Non-current portion</b>		
Accrued pay	0	0
Annual leave	0	0
Long service leave	13	14
Superannuation	0	0
<b>Total non-current portion</b>	<b>13</b>	<b>14</b>
<b>Total employee entitlements</b>	<b>253</b>	<b>273</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 2014 (\$000)</b>	<b>Actual 2015 (\$000)</b>
<b>Landfill aftercare</b>		
Balance at 1 July	494	470
Additional(reduction) in provisions made	0	(98)
Amounts used	(32)	(27)
Unused amount reversed	(16)	(23)
Discount unwind	24	23
<b>Balance at 30 June</b>	<b>470</b>	<b>345</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 19 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% (2014 5.5%) has been used in discounting the cash outflows.

<b>Note 21: Equity</b>	<b>Actual 2014 (\$000)</b>	<b>Actual 2015 (\$000)</b>
<b>Accumulated funds</b>		
Balance at 1 July	461,163	442,610
Transfers from property revaluation reserves on disposal	395	145
Other transfers	(230)	(231)
Surplus (deficit) for year	(18,718)	(10,024)
<b>Balance at 30 June</b>	<b>442,610</b>	<b>432,500</b>
<b>Other reserves</b>		
<b>Property revaluation reserves</b>		
Balance at 1 July	17,299	31,484
Net revaluation gains	14,580	0
Transfer to accumulated funds on disposal of property	(395)	(145)
<b>Balance at 30 June</b>	<b>31,484</b>	<b>31,339</b>
Property revaluation reserves for each class of assets consist of:		
Operational assets		
land	1,576	1,587
buildings	5,063	5,063
Infrastructural assets		
sewerage systems	6,674	6,667
water systems	9,636	9,493
stormwater drainage network	7,034	7,028
roading network	0	
Restricted assets		
land	1,096	1,096
buildings	405	405
<b>Total</b>	<b>31,484</b>	<b>31,339</b>
<b>Fair value through other comprehensive income reserve</b>		
Balance at 1 July	271	260
Net revaluation gains (losses)	(11)	(70)
<b>Balance at 30 June</b>	<b>260</b>	<b>190</b>
<b>Total other reserves</b>	<b>31,744</b>	<b>31,529</b>

**Note 21: Equity (continued)****Special and restricted reserves 2015**

Name (* denotes restricted)	Associated activity	Purpose	Balance 1 Jul 14	Deposits	With- drawals	Balance 30 Jun 15
Aquatic	Swimming pools	Capital works	75	75		150
Bulls courthouse*	Property	Maintenance of courthouse building	39	12		51
Flood damage	Roading	Road maintenance due to flooding	1,100	100		1,200
General purpose	Capital works	Capital works	2,402	0		2,402
Haylock park*	Parks and reserves	Additional reserve area at park	25	1	1	25
Hunterville rural water	Water	Future loop line	163	9		172
Keep Taihape beautiful*	Property	Enhancement of Taihape	21	0	1	20
Marton land subdivision*	Parks and reserves	Improvement to reserves land	350	19		369
Marton marae*	Property	Marton marae project	4	0		4
McIntyre recreation*	Parks and reserves	Maintenance or upgrades of park	22	1	2	21
Putorino rural water	Water	Maintenance of scheme dam	17	1		18
Ratana sewer	Sewerage	Capital works	21	1		22
Revoked reserve land	Parks and reserves	Offset costs of other revoked land	238	0		238
Rural housing loan	Property	No longer required	150	0		150
Rural land subdivision*	Parks and reserves	Improvement to reserves land	169	9		178
Santoft domain*	Parks and reserves	Maintenance or upgrades of park	72	7		79
<b>Total special and restricted reserves</b>			<b>4,868</b>	<b>235</b>	<b>4</b>	<b>5,099</b>

**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
Hunterville 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>

<b>Note 22: Reconciliation of net surplus (deficit) to net cash flow from operating activities</b>	<b>Actual 2014 (\$000)</b>	<b>Actual 2015 (\$000)</b>
<b>Surplus (deficit)</b>	(18,718)	(10,024)
<b>Add (less) non-cash items</b>		
Depreciation and amortisation	9,465	9,834
Vested and discovered assets	(480)	0
Value of biological assets harvested	0	0
Community loan repayment exchanged for accommodation	(16)	(16)
Grant of carbon credits by NZ Government	0	0
(Gains) losses in fair value on forestry assets	36	(36)
	<b>9,005</b>	<b>9,782</b>
<b>Add (less) items classified as investing or financing activities</b>		
(Gains) losses on disposal of property, plant and equipment	1,055	772
(Gains) losses on revaluation of property, plant and equipment	21,124	0
(Gains) losses on derecognition of property, plant and equipment	0	11,981
	<b>22,179</b>	<b>12,753</b>
<b>Add (less) movements in working capital items</b>		
Increase (decrease) in debtors and other receivables	159	(583)
Increase (decrease) in prepayments	10	0
Increase (decrease) in income in advance	(7)	191
Increase (decrease) in creditors and other payables	276	(12)
Increase (decrease) in provisions	(23)	(125)
Increase (decrease) in employee entitlements	41	20
	<b>456</b>	<b>(509)</b>
<b>Net cash inflow (outflow) from operating activities</b>	<b>12,922</b>	<b>12,002</b>

<b>Note 23: Capital commitments and operating leases</b>	<b>Actual 2014 (\$000)</b>	<b>Actual 2015 (\$000)</b>
<b>Capital commitments</b>		
Property, plant and equipment	672	275
Intangible assets	0	0
<b>Total capital commitments</b>	<b>672</b>	<b>275</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	167	97
Later than one year and not later than five years	275	182
Later than five years	4	0
<b>Total non-cancellable operating leases</b>	<b>446</b>	<b>279</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	26	28
Later than one year and not later than five years	98	93
Later than five years	185	151
	<b>309</b>	<b>272</b>

No contingent rents have been recognised during the period.

On 14 May 2015, the Council entered into a roading contract for three years worth \$25,727,782. This roading contract, effective from 1 July 2015, covers both maintenance and capital work like reseals.

<b>Note 24: Contingencies</b>	<b>Actual 2014 (\$000)</b>	<b>Actual 2015 (\$000)</b>
<b>Contingent Liabilities</b>		
Emissions Trading Scheme	235	0
Potaka stormwater	30	0
Building Act claims	10	0
Miscellaneous claims	0	0
<b>Total contingent liabilities</b>	<b>275</b>	<b>0</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. During the year under review, the Council has met all its obligations for carbon credits and there will be no further contingent liability occurring until further forest has been felled.

#### *Potaka stormwater*

The Council has been in dispute with Mr Potaka regarding stormwater damage reinstatement. The matter has now been settled and no further liability remains.

#### *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, the outstanding claim from the previous year has been settled in full and there are no known claims outstanding lodged under the Building Act 2004.

### **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 2015 these four facilities have an approximate value of \$350,000.

<b>Note 25: Related party transactions</b>	<b>Actual 2014 (\$)</b>	<b>Actual 2015 (\$)</b>
<b>Key management personnel compensation</b>		
<i>Councillors</i>		
Remuneration	301,018	339,201
Full-time equivalent members	12	12
<i>Senior management team, including the chief executive</i>		
Remuneration	414,787	503,239
Full-time equivalent members	3	3
<b>Total key management personnel remuneration</b>	<b>715,805</b>	<b>842,440</b>
<b>Total full-time equivalent personnel</b>	<b>15</b>	<b>15</b>

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

The 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	68,056	62,113
Other projects costs paid to the company by the Council	17,620	90,390

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 \$64,729 (2014 \$63,711) 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 \$5,775 (2014 \$4,303) for easement costs. During the year, the Council provided Rangitikei Tourism Incorporated with funding amounting to \$21,667 (2014 \$20,700). Councillor Rebecca McNeil is an employee of this organisation.

During the year, the Council provided Project Marton with funding amounting to \$38,697 (2014 \$34,442). 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 \$825 (2014 \$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: a) All amounts quoted in this disclosure are GST inclusive (where applicable).

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

<b>Note 26: Remuneration</b>	<b>Actual 2014 \$</b>	<b>Actual 2015 \$</b>
<b>Chief Executive</b>		
Ross McNeil		
Gross salary	188,000	203,184
Vehicle (market value plus FBT)	11,186	10,294
Superannuation contribution	5,640	6,096
<b>Total remuneration</b>	<b>204,826</b>	<b>219,574</b>

**Other Council employees**

Number of full-time employees	29	28
Number of full-time equivalents of part-time employees	12	13

A full-time employee is determined on the basis of a 40-hour working week

Total annual remuneration by band for employees as at 30 June

less than \$60,000 per annum	39	37
\$60,001 to \$80,000	5	6
\$80,001 to \$220,000	6	7
<b>Total employees</b>	<b>50</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 2014 \$</b>	<b>Actual 2015 \$</b>
<b>Elected representatives</b>		
<b>Council</b>		
<i>Mayor</i>		
R C Leary	24,431	0
A Watson	55,485	87,240
<i>Councillors</i>		
C Ash	12,930	19,491
R Aslett	19,584	30,495
N Belsham	13,757	24,794
J Byford	6,883	0
E Cherry	6,491	0
M Fox	5,800	0
A Gordon	13,447	24,923
S Harris	6,782	0
T Harris	12,855	19,091
M Jones	19,774	22,556
D McManaway	23,525	26,957
R McNeil	13,025	19,491
R Peirce	5,800	0
S Peke-Mason	18,753	19,874
R Rainey	13,534	20,623
L Sheridan	22,690	23,666
A Watson	5,472	0
<b>Total Council members remuneration</b>	<b>301,018</b>	<b>339,201</b>
<b>Community Boards</b>		
<i>Taihape</i>		
M Fannin	6,123	8,024
A Gordon	1,064	0
A Green	1,260	808
G Larsen	3,302	3,500
P Leigh	879	0
P Oliver	1,593	3,655
Y.Sicely	0	1,938
<i>Ratana</i>		
B Barlien	1,077	2,000
T Biddle	1,385	2,000
L. Gardiner	709	0
D Gardiner	586	0
N Rawhiti	1,385	2,000
M Thompson	2,892	4,400
P Williams	586	0
<b>Total Community Board members remuneration</b>	<b>22,841</b>	<b>28,325</b>
<b>Total elected representatives remuneration</b>	<b>323,859</b>	<b>367,526</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 2015, the Council made no severance payments to employees (2014 none).

**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 2014 (\$000)</b>	<b>Actual 2015 (\$000)</b>
<b>Financial instrument categories</b>		
<b><i>Financial assets</i></b>		
<i>Loans and receivables</i>		
Cash and cash equivalents	1,466	3,967
Debtors and other receivables	2,944	3,649
Other financial assets		
term deposits	3,000	0
<b>Total loans and receivables</b>	<b>7,410</b>	<b>7,616</b>
<b><i>Fair value through other comprehensive revenue and expense</i></b>		
Other financial assets		
corporate bonds	3,616	3,032
unlisted shares	27	29
<b>Total fair value through other comprehensive revenue and expense</b>	<b>3,643</b>	<b>3,061</b>
<b><i>Financial liabilities</i></b>		
Financial liabilities at cost		
creditors and other payables	3,578	4,077
secured loans	0	0
community loan	208	192
<b>Total financial liabilities</b>	<b>3,786</b>	<b>4,269</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:

	Total (\$000)	Valuation technique		
		Quoted market price (\$000)	Observable inputs (\$000)	Significant non- observable inputs (\$000)

**2015****Financial assets***Unlisted shares*

New Zealand Local Government Insurance

Corporation Limited	28	0	0	28
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Manawatu Wanganui LASS Limited	1	0	0	1
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<i>Corporate bonds</i>	3032	3032	0	0
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**2014****Financial assets***Unlisted shares*

New Zealand Local Government Insurance

Corporation Limited	26	0	0	26
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Manawatu Wanganui LASS Limited	1	0	0	1
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<i>Corporate bonds</i>	3616	3616	0	0
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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:

	2014	2015
Balance at 1 July	29	27
Gains (losses) recognised in the surplus or deficit	0	2
Gains (losses) recognised in other comprehensive income	(2)	0
Purchases	0	0
Balance at 30 June	27	29

**Note 29C: Financial instrument risks**

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

**Market risk***Price risk*

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

*Currency risk*

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

*Fair value interest rate risk*

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

*Cash flow interest rate risk*

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

**Credit risk**

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

<b>Note 29C: Financial instrument risks (continued)</b>	<b>Actual 2014 (\$000)</b>	<b>Actual 2015 (\$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	4,466	3,967
Debtors and other receivables	2,944	3,649
Corporate bonds	3,616	3,032
<b>Total credit risk</b>	<b>11,026</b>	<b>10,648</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-	4,466	3,967
<b>Total cash at bank and term deposits</b>	<b>4,466</b>	<b>3,967</b>

## Corporate bonds

AA	1,609	1,541
A+	515	0
A	28	0
A-	1,464	551
BBB-	0	940
<b>Total corporate bonds</b>	<b>3,616</b>	<b>3,032</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>2015</b>					
Creditors and other payables	4,077	4,077	4,077	0	0
Secured loans	0	0	0	0	0
Community loan	192	192	16	80	96
<b>Total</b>	<b>4,269</b>	<b>4,269</b>	<b>4,093</b>	<b>80</b>	<b>96</b>
<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>

**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>2015</b>					
Cash and cash equivalents	3,967	3,967	3,967	0	0
Debtors and other receivables	3,649	3,649	3,649	0	0
Other financial assets					
term deposits	0	0	0	0	0
corporate bonds	3,032	3,032	522	1,541	969
<b>Total</b>	<b>10,648</b>	<b>10,648</b>	<b>8,138</b>	<b>1,541</b>	<b>969</b>
<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>

**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>2015</b>					
<i>Financial Assets</i>					
Cash and cash equivalents		(20)	0	20	0
Corporate bonds		(10)	0	0	10
<b>Total sensitivity to interest rate risk</b>		<b>(30)</b>	<b>0</b>	<b>20</b>	<b>10</b>
<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>

*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 2014-15 Annual Plan are as follows:

**Statement of comprehensive revenue and expense**

The surplus before allowing for derecognition of the roading network is \$1.957m compared to a budget of \$1.294m, a difference of \$663,000.

This is made up of a number of small variances in revenue that amount to \$425,000 in total, while overall expenditure is down by \$238,000.

The variances in revenue are due to subsidies being less than budget due to the deferral of the Ratana water supply project while finance revenue is up due to better than anticipated cash flow. The other main increase is in other revenue and relates to increased revenue in the Environmental and Regulatory activity (see further explanation of this variance on page 61).

Within expenditure, finance costs are down \$614,000 due to no external loans being raised while losses of \$818,000 are for losses on disposal of infrastructure which has been replaced before its previously estimated useful life had ended.

The write off for derecognition of the roading network is explained in note 14.

**Statement of financial position**

Overall, current assets are higher than budget due to a reduced level of renewals expenditure and an increased level of debtors at balance date. The increase in debtors is mainly caused by the final NZTA roading subsidy claim being higher than usual due to flood damage and the completion of Wylie's Bridge.

Total non-current assets are well below budget which is mainly caused by the large write-down in value of the roading network that occurred in the 2014 year, subsequent to the budgets for 2015 being set. In addition, capital budgets were underspent by just over \$6m. The situation is further exacerbated by the derecognition charge of \$11.981m.

Non-current liabilities is well below budget as no external loans were raised during the year. This is because of deferred capital works together with the use of some reserves for internal borrowing.

**Statement of Cash Flows**

Cash flows from operating activities shows an increase of \$580,000 over budget. This is made up of a reduction in revenue of \$814,000 offset by a reduction in expenses of \$1,395,000. The reduction in revenue is due to a lower level of subsidy (see above) and an increased level of receivables at balance date. The reduction in expenses is due to no interest paid on external loans together with an overall reduction in operating costs.

Cash flows from financing activities is below budget due to deferred capital works and realisation of some investments to increase cash liquidity.

Cash flows from financing activities is zero as there were no loans raised during the year and no debt to repay.

<b>Note 32: Rating base information</b>	<b>Actual 2014</b>	<b>Actual 2015</b>
Number of rating units preceding year	9,114	9,073
	<b>(\$000)</b>	<b>(\$000)</b>
Total capital value of rating units preceding year	3,642,861	3,656,994
Total land value of rating units preceding year	2,296,645	2,295,022

Note: "preceding year" for 2015 is as at 30 June 2014 and "preceding year" for 2014 is as at 30 June 2013

<b>Note 33: Insurance of assets</b>	<b>Actual 2014</b>	<b>Actual 2015</b>
	<b>(\$000)</b>	<b>(\$000)</b>
Total value of assets covered by insurance contracts	61,242	65,491
Maximum amount of insurance	57,221	57,221
Total value of assets covered by financial risk sharing arrangements	108,727	117,218
Maximum amount available under those arrangements (40%)	43,491	46,887
Total value of assets that are self-insured	338,800	534,896
The value of funds maintained for that purpose	1,100	1,200

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.

Although the funds maintained for self-insurance are \$1.2 m at balance date, these will be fully expended in repairing the roading network as a result of the June 2015 flood. They will, therefore, not be available for any future event.

**Note 34: Adjustments to comparative year and annual plan financial statements**

The Council has adjusted its comparative year, and published annual plan, financial statements for the year ended 30 June 2014 and 2015 respectively. This is due to transition to the new PBE accounting standards.

	<b>Annual Report</b>	<b>Adjustments</b>	<b>After</b>	<b>Annual</b>	<b>Adjustments</b>	<b>After</b>
	<b>2014</b>		<b>adjustments</b>	<b>Plan 2015</b>		<b>adjustments</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>Revenue</b>						
Other revenue (non-exchange)	2,921	(287)	<b>2,634</b>	2,464	(68)	<b>2,396</b>
Other revenue (exchange)	0	287	<b>287</b>	0	68	<b>68</b>
<b>(Reclassification of revenue)</b>						
<b>Current assets</b>						
Debtors (non-exchange)	2,944	(245)	<b>2,699</b>	3,278	(90)	<b>3,188</b>
Debtors (exchange)	0	245	<b>245</b>	0	90	<b>90</b>
(Reclassification of debtors)						

The adjustments to the funding impact statement noted below are due to the Local Government (Financial Reporting and Prudence) Regulations 2014

**Funding impact statement**

Targeted rates	13,288	1,133	<b>14,421</b>	14,098	0	<b>14,098</b>
Fees and charges	3,200	(1,133)	<b>2,067</b>	1,872	0	<b>1,872</b>
(Inclusion of targeted rates for water in targeted rates rather than fees and charges)						

*Note: Corresponding changes have been made to the notes affected by the above reclassifications.*

## Benchmarks Disclosure Statement

For year ending 30 June 2015

### 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).

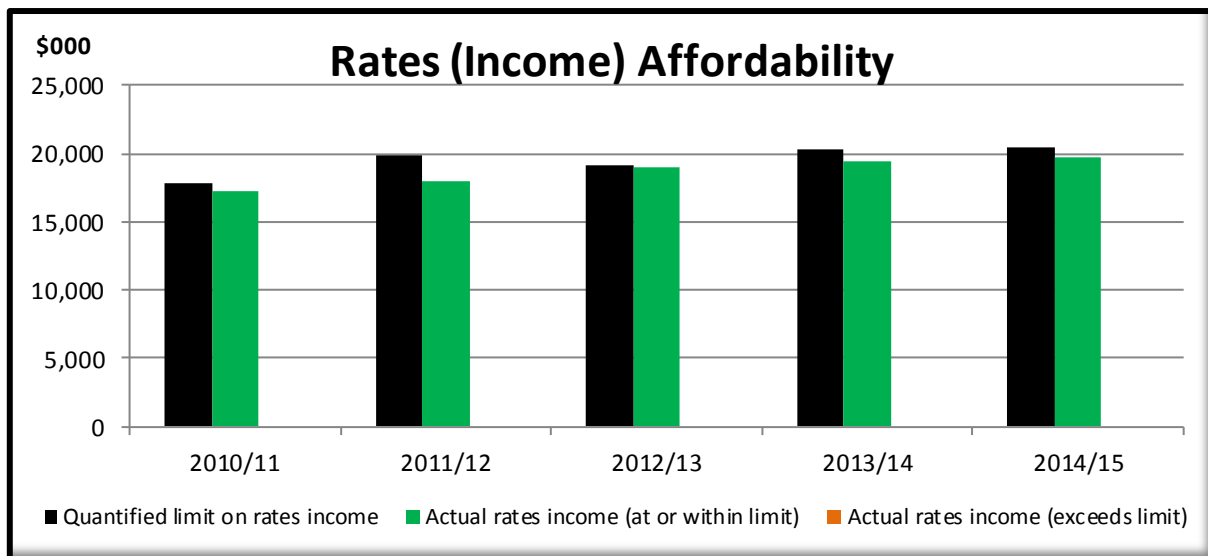
### Rates affordability benchmarks

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, 2013/14 and 2014/15 years with the quantified limit on rates contained in the financial strategy included in the Council's 2012/22 long-term plan. For the years 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).

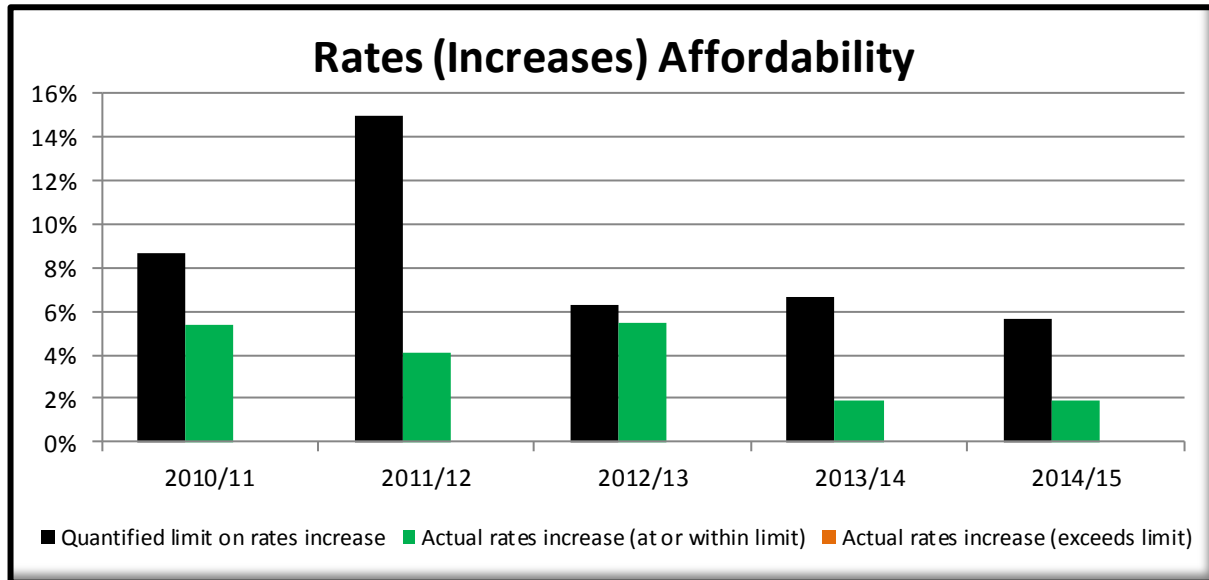


### Rates (increases) affordability

The following graph compares the Council's actual rates increases for the 2012/13, 2013/14, and 2014/15 years with the quantified limit on rates increases contained in the financial strategy included in the council's 2012/22 long-term plan. For the years 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:

- 2010/11 8.8%
- 2011/12 15%
- 2012/13 6.34%
- 2013/14 6.66%
- 2014/15 5.68%



### Debt affordability benchmark

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

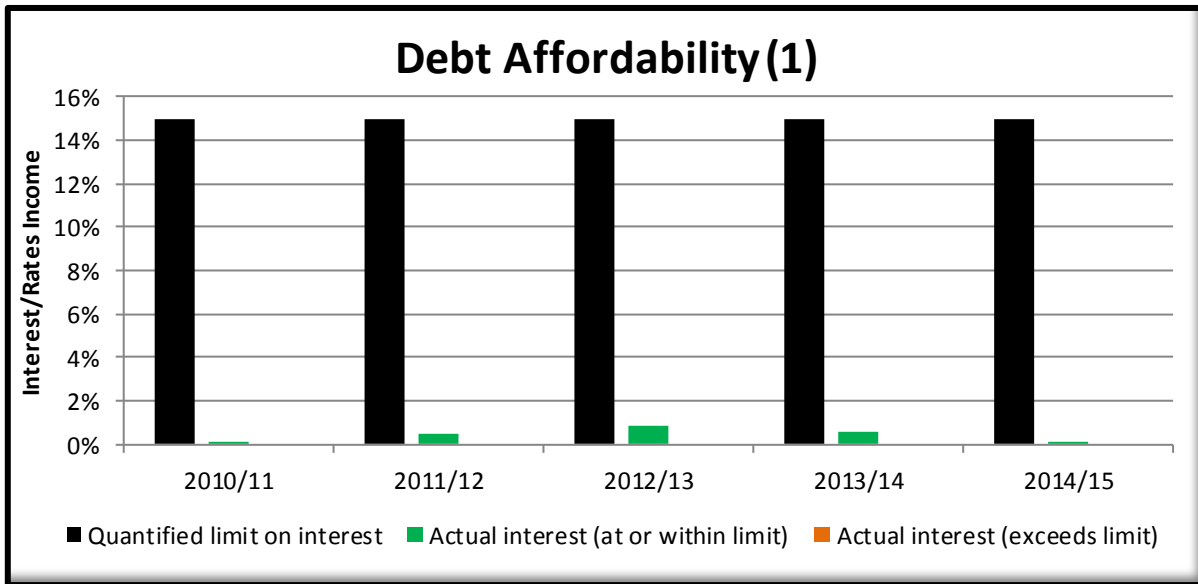
The Council has three quantified limits on borrowing. For the first two years the limits are found in the liability management policy in the 2009/19 long-term council community plan, and the last three years in the financial strategy included in the 2012/22 long-term plan.

The limits are as follows:

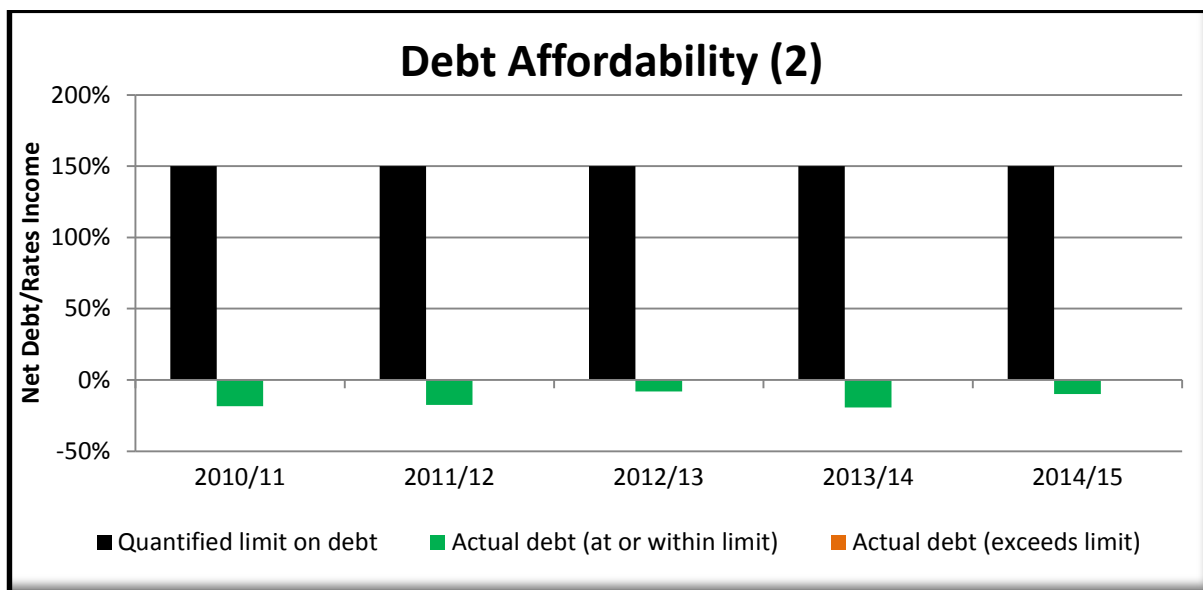
- total interest expense on net external debt will not exceed 15% of total rates income;
- the ratio of net external debt to annual rates income will not exceed 150%; and,
- net external debt per capita will not exceed \$1,400 for the first two years, and \$2,500 for last three years.

(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.)

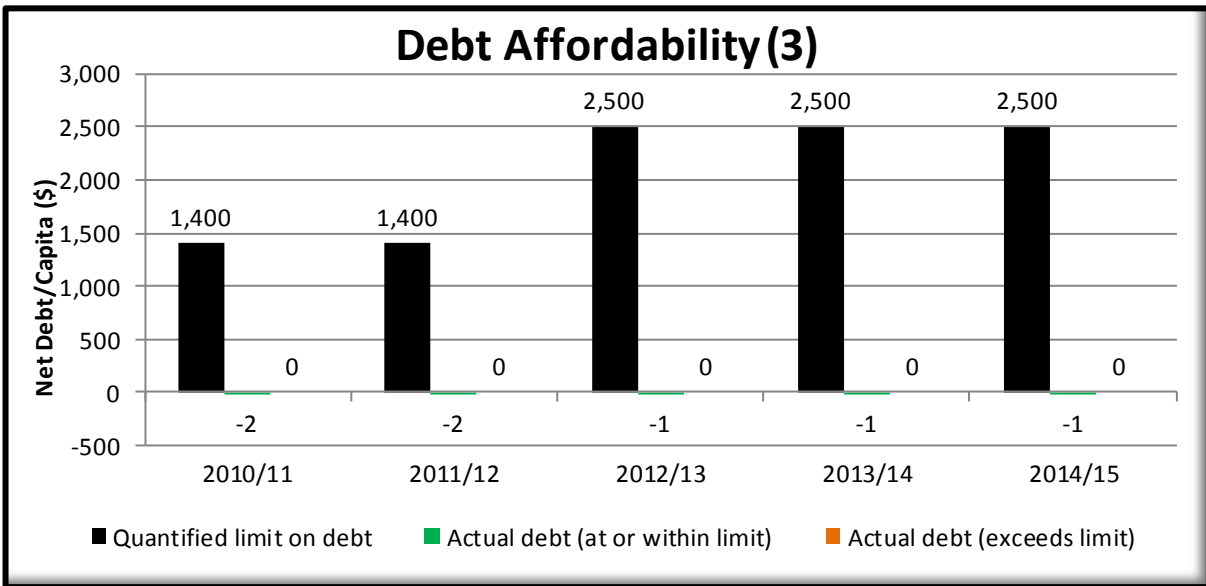
The following graph compares the Council's actual interest expense as a proportion of total rates income.



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.)

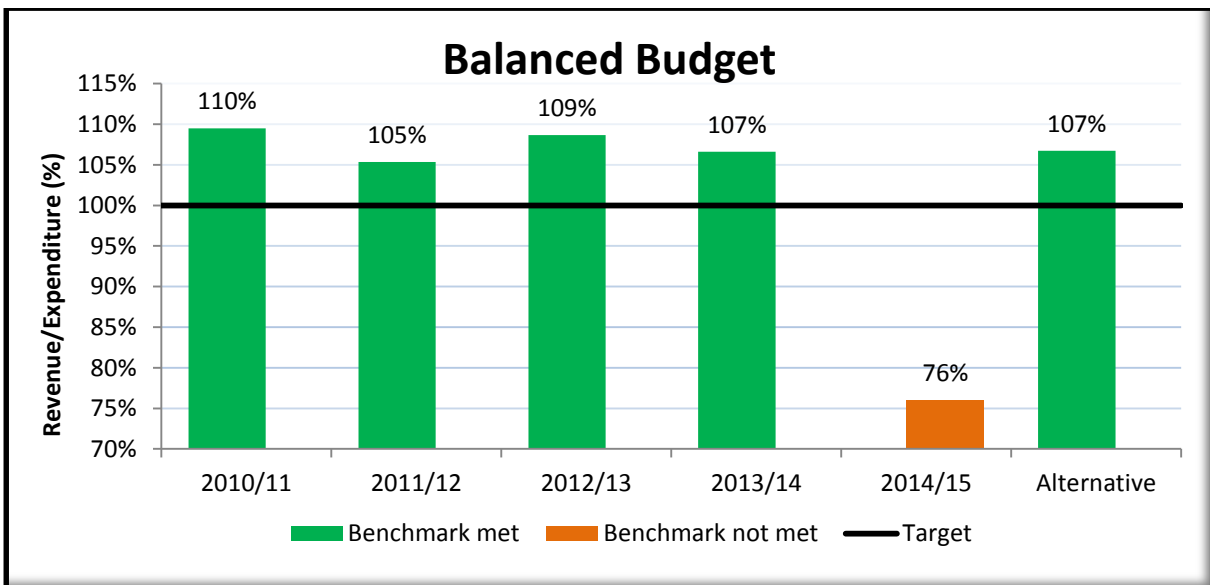


### Balanced budget benchmark

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.

**NOTE:** The Council derecognised roading infrastructure amounting to \$11.981m in the year ended 30 June 2015 for extensive flood damage that occurred in June 2015. The alternative bar to the graph indicates the position had this write-down not taken place, and more realistically indicates that the Council has met its operational budget, as the derecognition is a non-cash item and does not directly affect the Council's operating surplus.

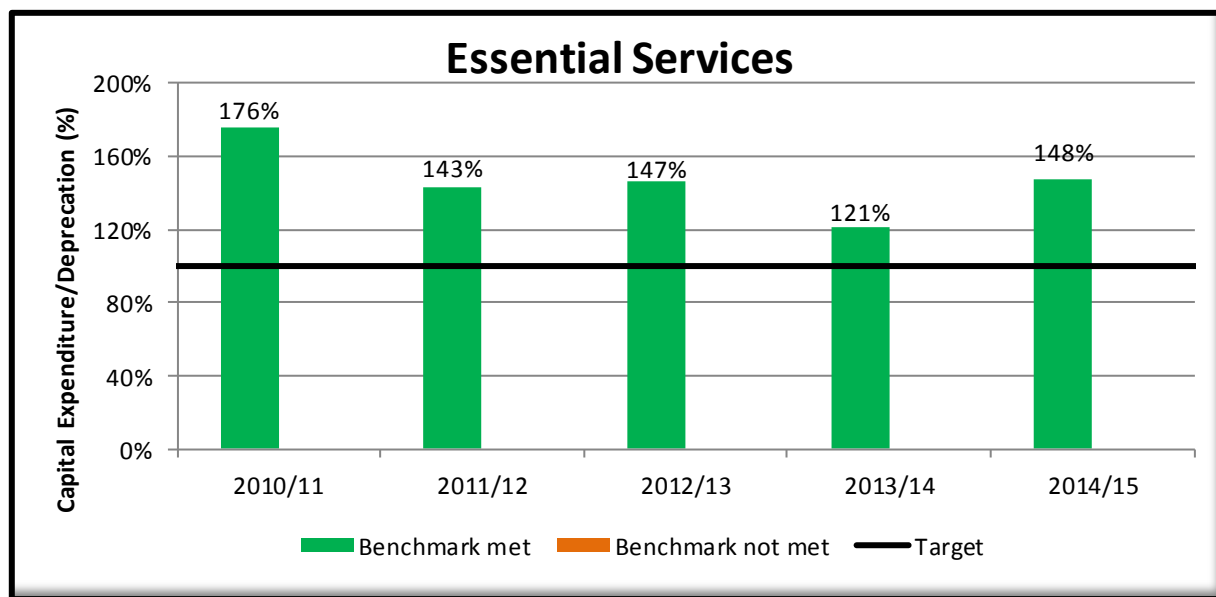


## Essential services benchmark

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.

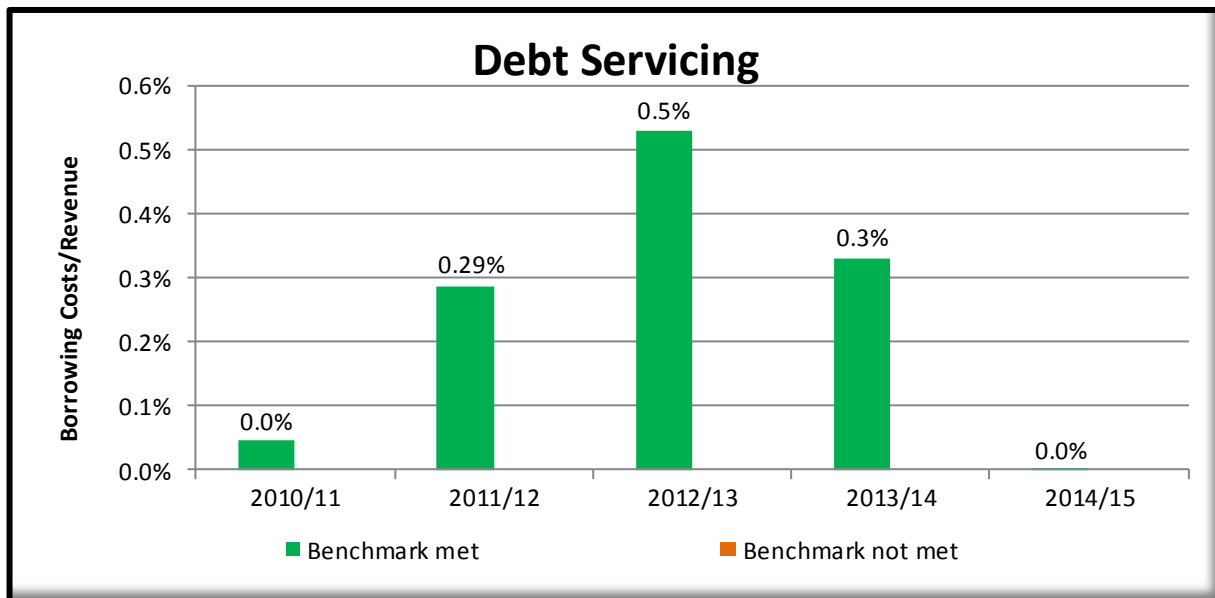


## Debt servicing benchmark

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.





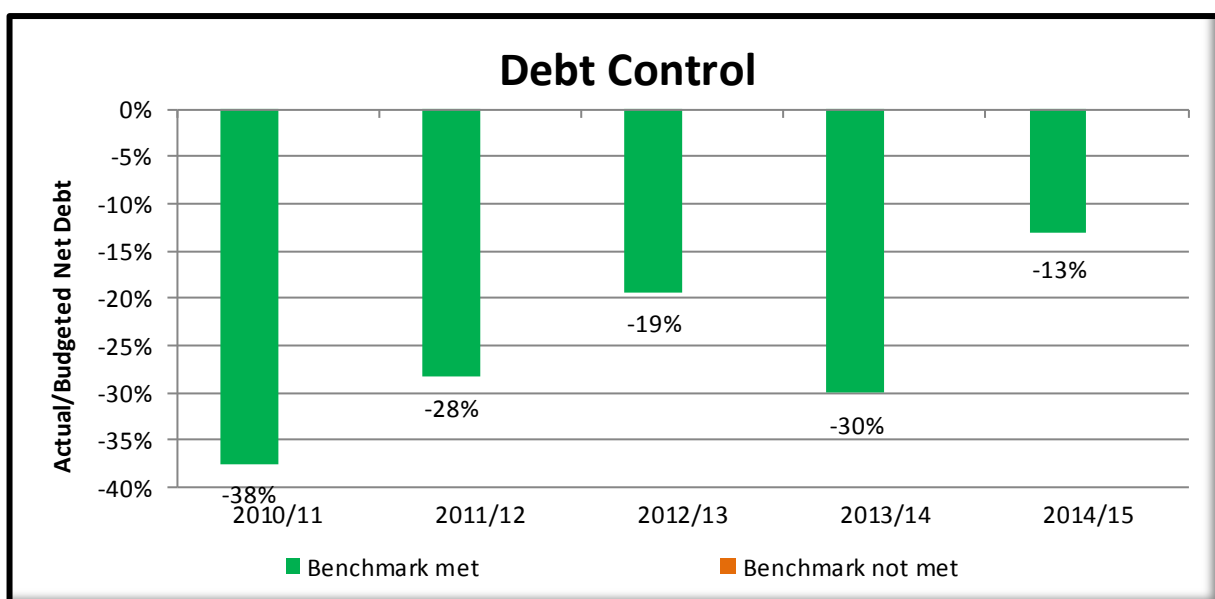
**Debt control benchmark**

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 two years, and the 2012/22 long-term plan for the last three years.

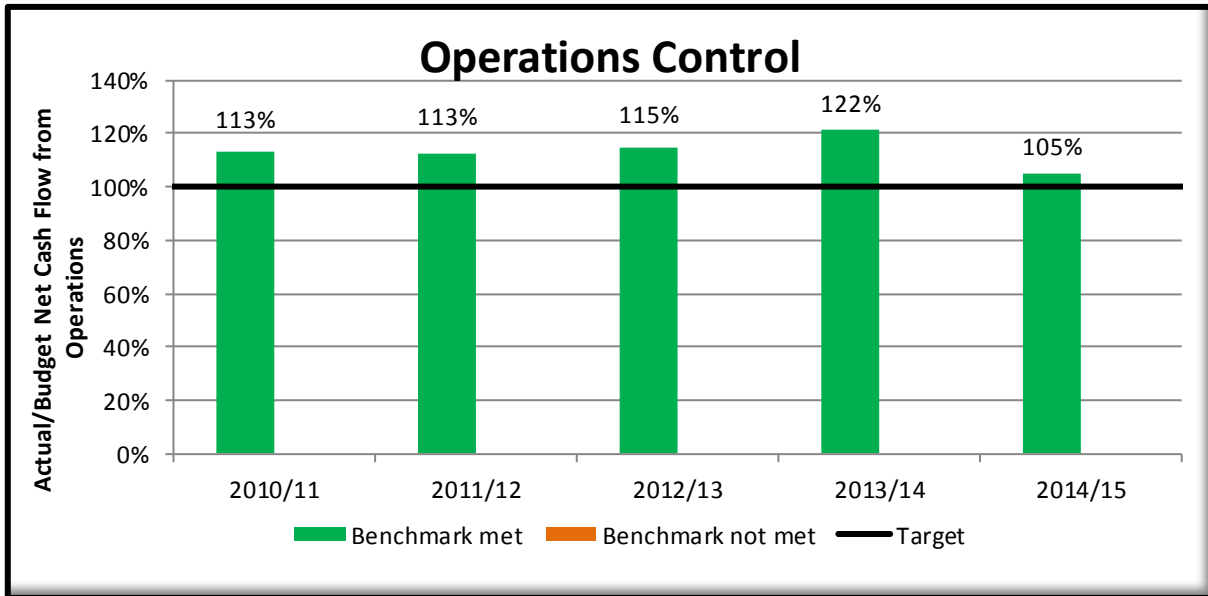
(The graph shows negative values when financial liabilities are less than financial assets, excluding trade and other receivables.)



### 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.





## 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 13.

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

Contact details are provided on page 14.

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

### Introduction

Clause 8 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, over the period covered by this plan.

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 Whēnua of the District are represented on the Komiti, as is the Ratana Community. Komiti members are regularly briefed on Council matters and specifically offered a lead role in reviews of policies/statements of particular relevance to Māori.

To give effect to the intent 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. A pilot Māori community development programme, undertaken during 2011-2014, provided for facilitated Hui of Iwi/Hapu from the northern rohe to pre-caucus before Komiti meetings. As a result, Council has developed a policy and strategy for unlocking Māori landlocked land and is in the process of developing a policy to recognise Iwi/Hapu interests in Council-owned land that is declared surplus.

The Memorandum of Understanding: Tutohinga is subject to review at the same time as each Representation Review. So the last review was in 2012 and the next will begin in August 2018<sup>24</sup>.

### Strategic Planning

Te Roopu Ahi Kaa has adopted a strategic plan which is subject to regular review. 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.

<sup>24</sup> In between these times of comprehensive review, the Komiti may recommend changes to its membership to reflect the needs and views of Iwi/hapu of the District.

Every three years, Council adopts the Long Term Plan, supplemented annually with an Annual Plan. Council will ensure that there is an annual opportunity for iwi to engage with Council's strategic planning process, including the schedule of capital and renewal works, major programmes, policy review development etc.

Council will also ensure that other tributary strategies – for example, arts, heritage, and economic development – receive particular input from iwi/hapu and from Te Roopu Ahi Kaa

Council will welcome the opportunity to receive the strategic and other management plans from iwi/Hapu in order to ensure alignment of its own strategies and plans where possible and appropriate, and with particular reference to the requirements of the Resource Management Act 1991.

### **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 will continue to refer this matter to the Komiti for its consideration at each Representation Review. At the most recent review, 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. Council expects this discussion to be ongoing and to develop as the relationship between Council and iwi organisations in the district matures.

### **The Post Treaty Settlement Environment**

Finalisation of Treaty claims is a significant development in the Rangitikei. The Council is aware that in a post-settlement phase, iwi with Mana Whēnua have obligations to all people in the rohe.

Ngati Apa's claim is the first claim to be settled in the District and so is of particular significance to the District. It has resulted in addressing a number of longstanding grievances that some Iwi and Hapu in our District have had with the Crown. The settlement will also result in commercial and cultural redress that is likely to change the business, and cultural landscape within the region. Council will seek to establish a Memorandum of Understanding with Ngati Apa which supports the realisation of these benefits and Ngati Apa have also 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.

The impacts of the Settlements/Acts on Council's business, resourcing levels and processes are not fully known at this stage. Council will need to review its position on fostering Māori participation in decision-making in the near future.

The Iwi Advisory Komiti is an opportunity for Iwi/hapu without the capacity to engage independently 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.

**Steps Council is taking to foster the development of Māori capacity to contribute to decision-making processes**

Council is committed to working with Māori and Tangata Whēnua and to build internal capacity and capability, not least to support the requirements given effect to by the Treaty Settlements. In addition to commitments contained elsewhere in this statement, Council will:

- Continue to allocate a budget for a Māori Community Development Programme to be distributed by the Komiti in accordance with its own processes. This programme is designed to increase the capacity of Māori to contribute to local decision-making, and strengthen relationships between iwi organisations/marae and Council (including through the development of individual MOU).
- Continue to provide a training budget for Te Roopu Ahi Kaa and encourage and support this to be used strategically to build capacity and capability – perhaps to bring keynote speakers to the District and/or to provide training for Komiti members in local government processes.

## Mandatory performance measures for the 2015/25 Long Term Plan

### Introduction

Section 261B of the Local Government Act 2002 requires the Secretary for Internal Affairs to make rules specifying performance measures in relation to the following groups of activities:<sup>25</sup>

- (a) water supply,
- (b) sewerage and the treatment and disposal of sewage,
- (c) stormwater drainage,
- (d) flood protection and control works, and
- (e) the provision of roads and footpaths.

The purpose of these rules is to provide standard performance measures that are applicable to local authorities so that the public may compare the level of service provided in relation to a group of activities by different local authorities.<sup>26</sup>

The development of the rules was done by working parties of officials from local and central government. Following public consultation, the rules were finalised and came into force on 30 July 2014. All local authorities were required to incorporate the performance measures in the development of their new 2015/25 long-term plans. The performance measures will therefore be reported against (and audited) for the first time in Council's 2015/16 Annual Reports.

In preparing the 2015/25 Long Term Plan, Council wanted to ensure that systems were in place to provide the required reporting against these mandatory measures for 2015/16.<sup>27</sup> This means there has been reporting of some of these measures during the year, and the end-of-year results are presented below. Unlike the reporting in the Statement of Service Performance, these results lie outside the scope of the formal audit of this 2014/15 Annual Report as they were not part of the 2014/15 Annual Plan.

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<sup>25</sup> This requirement was inserted by section 42 of the Local Government Act 2002 Amendment Act 2010 (2010 No 124).

<sup>26</sup> Section 261A Local Government Act 2002.

<sup>27</sup> Horizons Regional Council undertakes flood protection and control works in the Rangitikei District – no separate reporting is required from the District Council.



## Roading and footpaths

Measure	Target for 2014/15	Actual July 2014-June 2015
<p><b>Road safety</b></p> <p>The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network, expressed as a number</p>	<p>Fewer fatal and serious injury crashes on the network than in 2013/14</p>	<p><b>Partly achieved</b></p> <p>There were two fatal crashes (so two fewer than in 2013/14). There were nine serious injury crashes during the reporting period<sup>28</sup> and there were six such accidents in 2013/14.</p>
<p><b>Road condition</b></p> <p>The average quality of ride on a sealed local road network, measured by smooth travel exposure</p>	<p>96.5%</p> <p>This is the same target as in the Statement of Service Performance, page 29.</p>	<p><b>Achieved</b></p> <p>98%: The most recent measurement was in June 2014.</p> <p>(For details, see page 29)</p>
<p><b>Road maintenance</b></p> <p>The percentage of the sealed road network that is resurfaced</p>	<p>8% (i.e. 55km of resealing and 8.8 km of road rehabilitation). The network has 796 km of sealed road.</p> <p>This target (at least the length of resealing and pavement rehabilitation) was that set in the 2012/22 Long Term Plan.</p>	<p><b>Achieved</b></p> <p>61.75 km of road resealing and 6.15 km of road rehabilitation has been completed during the reporting period. This is 8.5% of the sealed network.</p> <p>The greater extent of resealing and lesser extent of rehabilitation was the result of altered priorities during the year: a number of sites were identified that had not had a second coat seal on for many years, had far exceeded their design lives and were showing chip loss.</p>
<p><b>Footpaths</b></p> <p>The percentage of footpaths within the District that fall within the level of service or service standard for the condition of footpaths that is set out in the Council's relevant document (such as its annual plan, activity management plan, asset management plan, annual works programme or long term plan)</p>	<p>No target set</p>	<p><b>Not yet available</b></p> <p>A five point grading system to rate footpath condition based on visual inspections</p> <ol style="list-style-type: none"> <li>1 Excellent</li> <li>2 Good</li> <li>3 Fair</li> <li>4 Poor</li> <li>5 Very Poor</li> </ol> <p>Footpaths will be assessed in approximately 100-metre lengths.</p> <p>The sample of non-CBD footpaths will include ten lengths in each of Bulls, Marton and Taihape, and four lengths in Mangaweka, Hunterville and Ratana.</p>

<sup>28</sup> 'Serious injury' is not defined in the Rules or associated guidance from the Department of Internal Affairs. At a minimum it is likely to cover all injuries requiring admission to hospital for treatment.

Measure	Target for 2014/15	Actual July 2014-June 2015
		The assessments will normally be conducted in November and May.
<p><b>Responses to service requests</b></p> <p>The percentage of customer service requests relating to roads and footpaths to which the territorial authority responds within the time frame specified in the long term plan</p>	<ul style="list-style-type: none"> <li>100% callouts during working hours, responded to within 6 hours and 100% callouts during after-hours within 12 hours.</li> <li>80% of all callouts resolved (i.e. completed) within one month of the request</li> </ul> <p>These are the same targets as in the Statement of Service Performance, page 30.</p>	<p><b>Partly achieved</b></p> <ul style="list-style-type: none"> <li>91% of footpath and road requests were responded to within time (256 requests).</li> <li>90% of footpath and road requests were resolved in time.</li> </ul>

### Water supply

Measure	Target for 2014/15	Actual July 2014-June 2015
<p><b>Safety of drinking water</b></p> <p>The extent to which the Council's drinking water supply complies with</p> <p>1 Part 4 of the drinking water standards (bacteria compliance criteria)</p> <p>2 Part 5 of the drinking water standards (protozoa compliance criteria)</p>	<p>No incidents of non-compliance</p> <p>Establish monitoring programme so reports are available from January 2015.</p>	<p><b>Not achieved</b></p> <p>E-coli was detected at Hunterville and Mangaweka in routine sampling; while further tests failed to confirm this result, there was insufficient information to enable these transgressions not to be regarded as not complying with the standards</p> <p><b>Not yet available</b></p> <p>Protozoal compliance cannot currently be demonstrated for any supplies. This is dependent on UV being installed at all plants – this is now the case at Bulls, Marton, Mangaweka and Taihape – but not yet at Hunterville. When implemented, Water Outlook will assist with compliance monitoring.</p>

Measure	Target for 2014/15	Actual July 2014-June 2015
<p><b>Maintenance of the reticulation network</b></p> <p>The percentage of real water loss from the Council's networked reticulation system<sup>29</sup></p>	<p>Establish monitoring programme so that reports are available from January 2015 for each of Council's network systems.</p>	<p><b><i>In progress</i></b></p> <p>The guidance for this measure anticipates a sampling approach. When implemented, Water Outlook will enable SCADA<sup>30</sup> information to be interrogated in-house. An average of 40% was included in the Long Term Plan. As this calculation is a very detailed analysis, it is not intended to calculate water losses for each supply until the end of the financial year.</p>
<p><b>Fault response time</b></p> <p>Where the Council attends a call-out in response to a fault or unplanned interruption to its networked reticulation system, the following median times are measured:</p> <ul style="list-style-type: none"> <li>a Attendance for urgent call-outs: from the time that the Council receives notification to the time that service personnel reach the site, and</li> <li>b Resolution of urgent call-outs from the time that the Council receives notification to the time that service personnel confirm resolution of the fault of interruption</li> <li>c Attendance for non-urgent call-outs: from the time that the Council receives notification to the time that service personnel reach the site, and</li> <li>d Resolution of non-urgent call-outs from the time that the Council receives notification to the time</li> </ul>	<p>Establish monitoring programme so reports are available from January 2015.</p>	<p><b><i>In progress</i></b></p> <p><i>The request for service system records time of notification, attendance/response and resolution/completion for each notification, and whether the times are within the prescribed service standard but does not calculate the actual times taken. In addition, the times are recorded only as figures. Ways of getting this calculation are being investigated.</i></p> <p>There were 27 notifications of urgent callouts. Of these, 24 were responded to in time and 21 were resolved in time.</p> <p>There were 382 notifications for non-urgent callouts. Of these, 346 were responded to and 342 were resolved in time.</p>

<sup>29</sup> A description of the methodology used to calculate this must be included as part of the report.

<sup>30</sup> Supervisory control and data acquisition – i.e. automated remote monitoring.

Measure	Target for 2014/15	Actual July 2014-June 2015
that service personnel confirm resolution of the fault of interruption		
<p><b>Customer satisfaction</b></p> <p>The total number of complaints (expressed per 1000 connections to the reticulated networks) received by the Council about:</p> <ul style="list-style-type: none"> <li>a Drinking water clarity</li> <li>b Drinking water taste</li> <li>c Drinking water pressure or flow</li> <li>d Continuity of supply, and</li> <li>e The Council's response to any of these issues</li> </ul>	No target set	<p><b><i>In progress</i></b></p> <p><i>The request for service system does not show all complaints for any one incident, so there is potential under-reporting.</i></p> <p>With that qualification, the year-to-date results are:</p> <ul style="list-style-type: none"> <li>a 31/1000</li> <li>b 3/1000</li> <li>c 12/1000</li> <li>d 23/1000</li> <li>e 0/1000*</li> </ul> <p>Total is 69/1000</p> <p>*This refers to complaints about Council's response or resolution of any the four issues specified. They are not distinguishable within the request for service system.</p> <p><i>Note:</i> In addition, there were 157 callouts for water leaks throughout the network, 49 callouts for water leaks at the meter or toby, 45 requests to replace a toby or meter and 20 requests to locate a meter, toby or other utility.</p>
<p><b>Demand management</b></p> <p>The average consumption of drinking water per day per resident within the District</p>	Establish monitoring programme so reports are available from January 2015.	<p><b><i>In progress</i></b></p> <p>Implementation of Water Outlook has enabled this information to be collected automatically. However, Marton is not yet included.</p> <p>The average daily consumption of drinking water per day per resident in Ratana, Bulls, Hunterville (town), Mangaweka and Taihape was 600 litres.</p>

## Sewerage and the treatment and disposal of sewage

Measure	Target for 2014/15	Actual July 2014-June 2015
<p><b>System and adequacy</b></p> <p>The number of dry weather sewerage overflows from the Council's sewerage system, expressed per 1000 sewerage connections to that sewerage system.</p>	<p>Not more than one per 1,000 connections</p> <p>There are 4,226 sewerage connections in the District.</p>	<p><b>Achieved</b></p> <p>3/1000 overflows reported. However, 2 requests relate to the same issue. The other request relates to a blocked toilet. This results in there only being one overflow issue.</p>
<p><b>Discharge compliance</b></p> <p>Compliance with the Council's resource consents for discharge from its sewerage system measured by the number of:</p> <ul style="list-style-type: none"> <li>a Abatement notices</li> <li>b Infringement notices</li> <li>c Enforcement orders and</li> <li>d Convictions</li> </ul> <p>received by the Council in relation to those resource consents</p>	<p>No abatement or infringement notices, no enforcement orders and no convictions</p>	<p><b>Achieved</b></p> <p>No abatement or infringement notices, no enforcement orders and no convictions received during the reporting period.</p>
<p><b>Fault response time</b></p> <p>Where the Council attends to sewerage overflows resulting from a blockage or other fault in the Council's sewerage system, the following median times are measured</p> <ul style="list-style-type: none"> <li>a Attendance time: from the time that the Council receives notification to the time that service personnel reach the site, and</li> <li>b Resolution time: from the time that the Council receives notification to the time that service personnel confirm resolution of the fault or interruption</li> </ul>	<p>Establish monitoring programme so reports are available from January 2015.</p>	<p><b>Not yet available</b></p> <p>The request for service system records time of notification, attendance/response and resolution/completion for each notification, and whether the times are within the prescribed service standard but does not calculate the actual times taken. In addition, the times are recorded only as figures. Ways of getting this calculation are being investigated.</p> <p>There were 35 faults reported during the year. Of these, 34 were responded to in time and 32 were resolved in time.</p>

Measure	Target for 2014/15	Actual July 2014-June 2015
<p><b>Customer satisfaction</b></p> <p>The total number of complaints received by the Council about any of the following:</p> <ul style="list-style-type: none"> <li>a Sewage odour</li> <li>b Sewerage system faults</li> <li>c Sewerage system blockages, and</li> <li>d The Council's response to issues with its sewerage systems</li> </ul> <p>expressed per 1,000 connections to the Council's sewerage system.</p>		<p><b><i>In progress</i></b></p> <p><i>The request for service system does not show all complaints for any one incident, so there is potential under-reporting. With that qualification, the year-to-date results are:</i></p> <ul style="list-style-type: none"> <li>a 4/1000</li> <li>b 7/1000</li> <li>c 14/1000</li> <li>d 10/1000*</li> </ul> <p>The total is 35/1000</p> <p>*These are complaints about wastewater overflows.</p>

### Stormwater drainage

Measure	Target for 2014/15	Actual July 2014-June 2015
<p><b>System adequacy</b></p> <ul style="list-style-type: none"> <li>a The number of flooding events<sup>31</sup> that occurred in the District</li> <li>b For each flooding event, the number of habitable floors affected (expressed per 1,000 properties connected to the Council's stormwater system)</li> </ul>	No target set	<p><b><i>In progress</i></b></p> <ul style="list-style-type: none"> <li>a During 20-21 June 2015, as a result of extreme rainfall, there was a flooding event that affected properties in Hunterville, Marton, Whangaehu and Koitiata. However, Whangaehu and Koitiata are not connected to the Council's stormwater system.</li> <li>b 4/1000. There were 16 habitable floors affected (includes two blocks at Marton School, Adobe Motel and four Council community housing units). There are 4,122 properties in the District that pay the stormwater rate.</li> </ul>
<p><b>Discharge compliance</b></p> <p>Compliance with the Council's resource consents for discharge from its stormwater system measured by the number of:</p> <ul style="list-style-type: none"> <li>a abatement notices</li> </ul>		<p><b><i>Not applicable</i></b></p> <p>The Council has not yet been required to have resource consents for any of its stormwater discharges.</p>

<sup>31</sup> The rules for the mandatory measures define a 'flooding event' as an overflow from a territorial authority's stormwater system that enters a habitable floor.

Measure	Target for 2014/15	Actual July 2014-June 2015
b infringement notices c enforcement orders, and d convictions  received by the Council in relation to those resource consents		
<b>Response time</b>  The median response time to attend a flooding event, measured from the time that the Council receives notification to the time that service personnel reach the site.	Establish monitoring programme so reports are available from January 2015.	<b>Not yet available/Not applicable</b>  <i>The request for service system records time of notification, attendance/response and resolution/completion for each notification, and whether the times are within the prescribed service standard but does not calculate the actual times taken. In addition, the times are recorded only as <u>figures</u>. Ways of getting this calculation are being investigated.</i>  Requests for assistance during the 20-21 extreme rainfall event were not initially processed through the request for service system, but were brought into (and dealt with by) the Emergency Operations Centre.
<b>Customer satisfaction</b>  The number of complaints received by the Council about the performance of its stormwater system, expressed per 1,000 properties connected to the Council's stormwater system.		<b>In progress</b>  <i>The request for service system does not show all complaints for any one incident, so there is potential under-reporting.</i>  62/1000

## Statement of Resources

Area .....	4,538 sq km
Population .....	14,019
<i>Census 2013</i>	
Rateable Properties .....	8,474
Non-rateable Properties .....	595
Gross Capital Value .....	\$3,790,697,600
Net Capital Value .....	\$3,620,497,750
Gross Land Value .....	\$2,398,378,250
Net Land Value .....	\$2,335,442,250
Date of Last Revision of Values .....	July 2014
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
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# Rangitikei District Council

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