



Rangitikei District Council

Annual Report 2016-2017

Adopted by resolution, 5 October 2017



Samoa Independence Day, 2017

Marton Memorial Hall

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Open Day at the Marton B & C Dams



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.

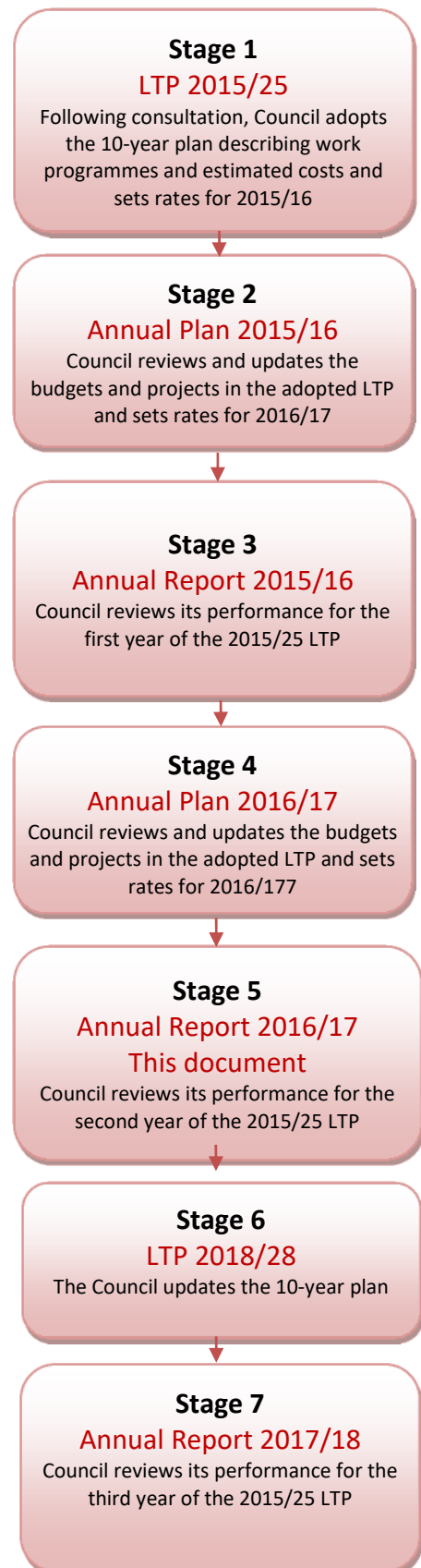
Section 3 Financial Statements and Policy Reports

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 1 against the 2015-25 Long Term Plan, and against the various legislative and accounting requirements under which the Council is required to operate.

This Annual Report is prepared according to Sections 98 and 99 and Part 3 of Schedule 10 of the Local Government Act 2002. The Annual Report measures the Council's performance for the period 1 July 2016 to 30 June 2017. As well as financial results, the Annual Report includes results of the performance measures set out in the 2015-25 Long Term Plan.

Financial Performance

The statement of comprehensive revenue and expense shows operating expenditure was under budget by \$1.3 million while revenue was lower than budget by \$3.6 million, resulting in an operating surplus of \$4.1 million against a budget of \$6.5 million. The variances in revenue and expenditure are mainly due to subsidy and grant revenue being lower than forecasted and less expenditure on subsidised roading than anticipated.

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

Financial Position

Council had net assets of \$492 million, largely represented by property, plant and equipment of \$485 million.

Because of a significant underspend in capital work of \$18.4 million there has been no need to borrow further during the year. This puts the Council in a sound financial position to move into the new financial year and undertake the 2017/18 annual plan budget for capital work amounting to \$32 million. The main causes of the underspend are delays in resource consenting for wastewater upgrades and the longer than projected time needed to complete design of the proposed new Bulls Community Centre and to secure sufficient external funding for this project.

Major achievements

- Reaccreditation as a building consent authority
- Progress with proposed new Bulls community centre – completion of concept design and successful application for lotteries grant of \$500,000.
- Substantial progress with Ratana water supply upgrade.
- Development of a heritage concept plan for Broadway, Marton and purchase of three historic buildings there for Council's Marton's Administration Centre and public library
- Acceptance (by the New Zealand Transport Agency) of an indicative business case for a new bridge near to the century old Mangaweka Bridge (and which would replace it for road traffic purposes)
- Progress with the pre-feasibility study for a Tutaenui rural water supply (co-funded by the Ministry for Primary Industries)

- Successful bid for funding from the Mid-sized Tourism infrastructure fund for new public toilets in Mangaweka, Papakai Park (Taihape) and Bruce Park (Huntermville)
- Council has no long term debt on its balance sheet

Levels of Service

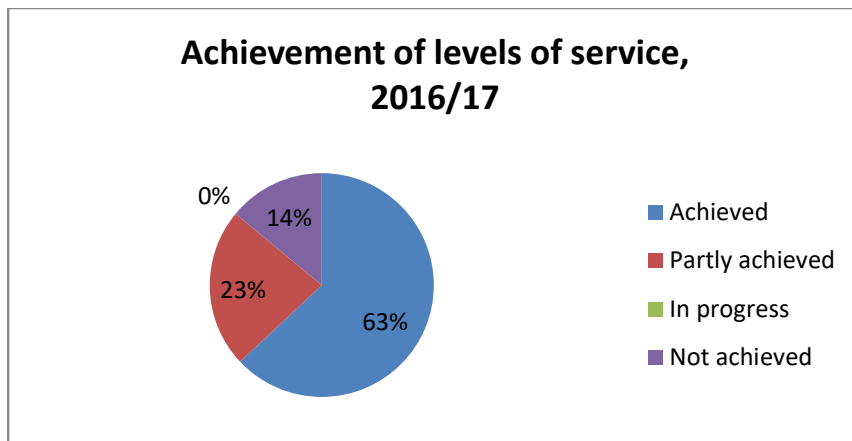
This report documents results for 40 intended levels of service across the nine activity groups.

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 analysis¹.

The performance framework was reviewed as part of the preparation of the 2015-25 Long Term Plan and is considerably different from earlier years. This is because it includes the 16 mandatory performance measures for roading, water supply, wastewater and stormwater specified for all local authorities by the Department of Internal Affairs (in keeping with a requirement in the Local Government Act 2002, which took effect from 31 July 2014). Some of these measures required modification to existing systems (for customer satisfaction reporting); others required new systems (for reporting consumption of water and loss from reticulation). The mandatory measures were chosen to cover aspects of infrastructure services which every local authority delivers; there are other aspects which are not common to all authorities, such as unsealed roads or rural (non-potable) water schemes. New measures were introduced into Council's performance framework to cover such services.

Other measures were retained to provide comparability with earlier years.

The following chart shows that 63% of the intended levels of service were fully achieved, 23% were partly achieved or in progress, while 14% of the intended levels of service were not achieved.² This is a similar result compared with last year.³



¹ See page 26.

² This excludes those measures where the data was not available.

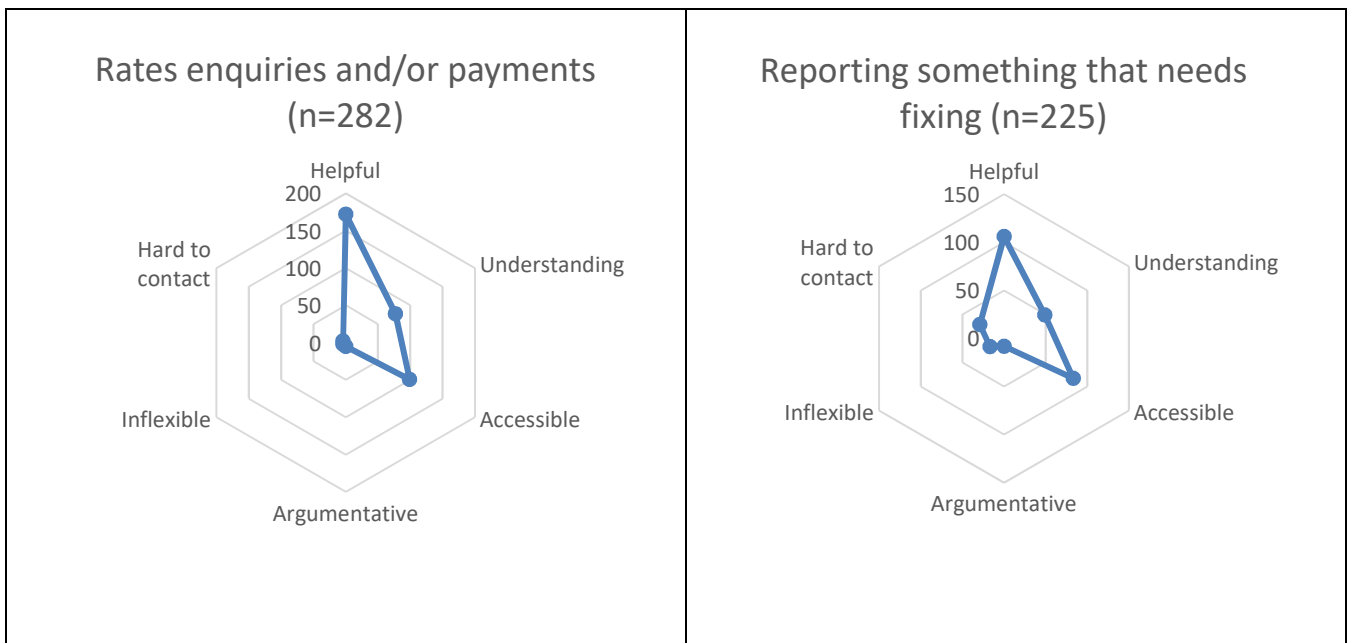
³ 60% achieved, 27% partly achieved or in progress, 13% not achieved.

Of the 11 mandatory measurea where the measure is applicable⁴ and data is available, 9 were achieved, one partly achieved and one not achieved – this was non-compliance with drinking water standards because the required number of samples was insufficient and/or exceeded the prescribed days between samples. No E.coli was present in the sampling results. In addition, the monitoring information was insufficient to demonstrate protozoa compliance.

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

The survey of residents (used to measure what people think of the District’s roads and community facilities (i.e. libraries, pools, parks, halls, toilets, and community housing) were also used this year to gauge views about how people felt about how Council related to them in providing different services. To do this, survey respondents were presented with selected services areas⁵ and ten customer values; they were asked to select up to three service areas and three customer values per service area. Generally, most people felt that they had met with a positive reception from their interaction with Council staff/Elected Members.

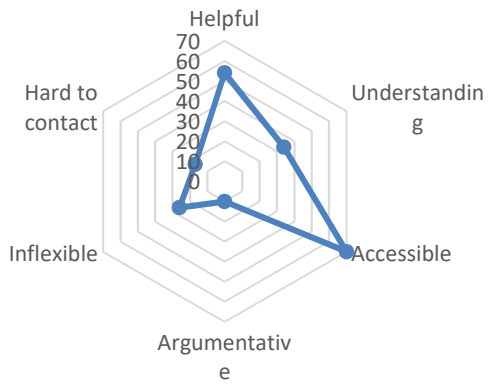
Radar graphs showing the results for four service areas are given below.



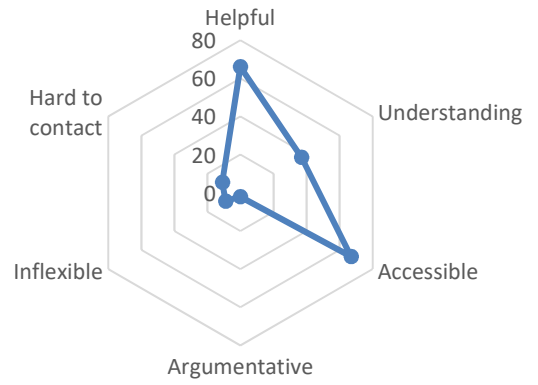
⁴ There are two components of the drinking-water measure.

⁵ Rates enquiries and payments, reporting something to be fixed, booking a Council facility, animal control, dog registration, liquor licensing, food premises registration, resource consents, building consents, information centres, meeting with Councillors.

Building Consents (n=157)



Meeting with councillors (n=154)



Audit report

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Independent Auditor's Report

To the readers of Rangitikei District Council's annual report for the year ended 30 June 2017

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 report on the information in the District Council's annual report that we are required to audit under the Local Government Act 2002 (the Act). We refer to this information as "the audited information" in our report.

We are also required to report on:

- whether the District Council has complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- the completeness and accuracy of the District Council's disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014.

We refer to this information as "the disclosure requirements" in our report.

We completed our work on 5 October 2017. This is the date on which we give our report.

Opinion on the audited information

In our opinion:

- the financial statements on pages 83 to 138:
 - present fairly, in all material respects:
 - the District Council's financial position as at 30 June 2017;
 - 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 in accordance with Public Benefit Entity Accounting Standards;
- the funding impact statement on page 82, presents 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 levels of service statements on pages 25 to 76:
 - presents fairly, in all material respects, the District Council's levels of service for each group of activities for the year ended 30 June 2017, including:

- the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
 - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
- complies with generally accepted accounting practice in New Zealand; and
- the statement about capital expenditure for each group of activities on pages 30 to 80, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the District Council's Long-term plan; and
- the funding impact statement for each group of activities on pages 31 to 79, presents 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 Long-term plan.

Report on the disclosure requirements

We report that the District Council has:

- complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- made the disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence Regulations 2014) on pages 139 to 145, which represent a complete list of required disclosures and accurately reflects the information drawn from the District Council's audited information and, where applicable, the District Council's long-term plan and annual plans.

Basis for opinion on the audited information

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. We describe our responsibilities under those standards further in the "Responsibilities of the auditor for the audited information" section of this report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the audited information.

Responsibilities of the Council for the audited information

The Council is responsible for meeting all legal requirements that apply to its annual report.

The Council's responsibilities arise under the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014.

The Council is responsible for such internal control as it determines is necessary to enable it to prepare the information we audit that is free from material misstatement, whether due to fraud or error.

In preparing the information we audit the Council is responsible for assessing its ability to continue as a going concern. The Council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to amalgamate or cease all of the functions of the District Council or there is no realistic alternative but to do so.

Responsibilities of the auditor for the audited information

Our objectives are to obtain reasonable assurance about whether the audited information, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of this audited information.

For the budget information reported in the audited information, our procedures were limited to checking that the budget information agreed to the District Council's annual plan.

We did not evaluate the security and controls over the electronic publication of the audited information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit 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.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We determine the appropriateness of the reported intended levels of service in the levels of service statements, as a reasonable basis for assessing the levels of service achieved and reported by the District Council.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant

doubt on the District Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the audited information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the District Council to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Information

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 1 to 6 and 11 to 24 and 146 to 160, but does not include the audited information and the disclosure requirements.

Our opinion on the audited information and our report on the disclosure requirements do not cover the other information.

Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the audited information and the disclosure requirements, or our knowledge obtained during our work, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the District Council in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit and our report on the disclosure requirements, 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.

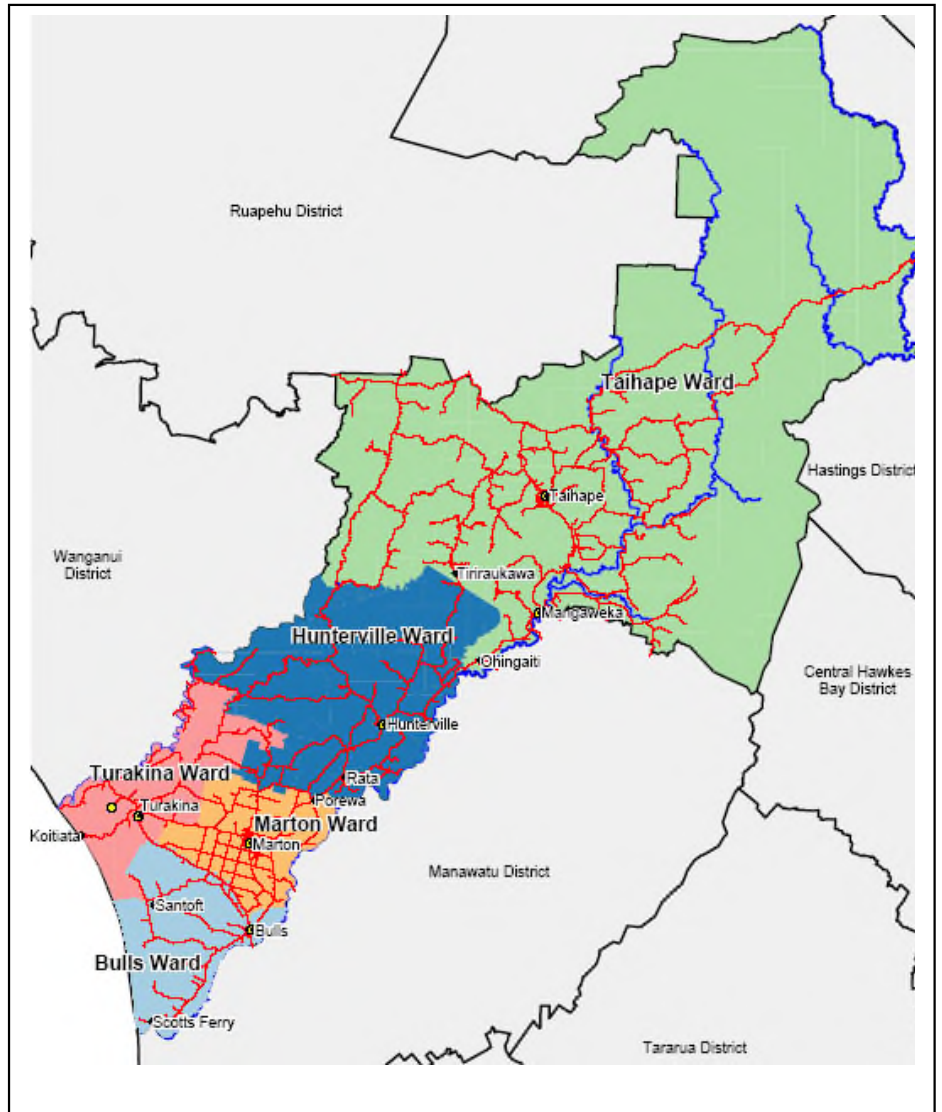
The Rangitikei River is one of New Zealand's longest rivers, starting in the Kaimanawa Ranges and flowing out to the Tasman Sea.

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).⁶ There were 3,453 Maori recorded in 2006, and 3,270 in 2013. This showed a declining population, but at a slower rate since 1996. The long-term projections had been for a continuing decline to around 12,300 by 2043.

However, the most recent estimated population for the District, as at June 2016, is 14,800 – up 100 from June 2015. This change will be primarily the effect of the recent growth in the Samoan community in Marton.

The number of occupied dwellings at the 2006 census (5,739) increased and was 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.



⁶ 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 Nigel Belsham
Deputy Mayor
nigel.belsham@rangitikei.govt.nz
027 419 1024



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



Cr Graham Platt
graeme.p@xtra.co.nz
021 405 098



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



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



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



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



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



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



Cr Dave Wilson
davewilsonrdc@gmail.co.nz
027 223 4279



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

Your Representatives

Community Board Members

Taihape⁷

| | |
|---------------------------------|-------------|
| Ms Michelle Fannin (Chair)..... | 06 388-1129 |
| Ms Ann Abernethy..... | 06 388-9220 |
| Ms Gail Larsen..... | 06 388-1161 |
| Ms Yvonne Sicely | 06 388 1070 |
| Cr Angus Gordon | 06 388 1571 |
| Cr Ruth Rainey | 06 382 5507 |

Ratana

| | |
|-------------------------------|--------------|
| Mr Charlie Mete (Chair) | 027 418 9108 |
| Mr Charlie Rourangi..... | 021-827 705 |
| Mr Thomas Tataurangi | 022 301 5108 |
| Ms Maata Kare Thompson | 06 342 6819 |
| Cr Soraya Peke-Mason | 06 342-6838 |

Te Roopu Ahi Kaa (Iwi Liaison Committee)*

| | | |
|------------------------------|--------------------|-----------------------------|
| Mr Pahia Turia (Chair)..... | 06 344 8150 | (Whangaehu) |
| Mr Carol Raukawa-Manuel..... | 06 327 6087 | (Nga Ariki Turakina) |
| Ms Tracey Hiroa..... | 06 388 1156 | (Ngati Whitikaupeka) |
| Ms Hari Benevides | 06 388 1908 | (Ngati Tamakopiri) |
| Mr Thomas Curtis | 021 307 610 | (Ngati Hauiti) |
| Mr Robert Gray..... | 06 388 7816..... | (Ngati Rangituhia) |
| Ms Katarina Hina..... | 027 403 0609..... | Nga Wairiki Ki Uta) |
| Ms Gaylene Nepia..... | 027 555 4991..... | (Ratana Community) |
| Ms Kim Savage..... | 06 323 1164 | (Ngati Parewahawaha) |
| Mr Chris Shenton..... | 06 348 0558 | (Ngati Kauae/Tauira) |
| Mr Terry Steedman..... | 021 161 2350 | (Ngati Hinemanu/Ngati Paki) |
| Ms Naumai Wipaki..... | 06 388 1335 | (Ngai te Ohuake) |
| Cr Cath Ash..... | 06 327 5237 | (Council representative) |

Community Committee Chairs*

| | | |
|------------------------------------|-------------------|----------------|
| Ms Laurel Mauchline Campbell | 06 327 8729 | (Turakina) |
| Mr Tyrone Barker..... | 06 322-1206 | (Bulls) |
| Ms Carolyn Bates | 06 327-8088..... | (Marton) |
| Ms Karen Kennedy..... | 06 327 8472 | (Huntermville) |

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

⁷ The three Taihape Ward Councillors share the two positions on the Taihape Community Board on an annual rotating basis. Crs Gordon and Rainey are members from November 2016 to October 2017; Crs Aslett and Gordon from November 2017 to October 2018; Crs Aslett and Rainey from November 2018 to October 2019. The third Ward Councillor not appointed in any one year has full speaking (but not voting) rights: Council, 3 November 2017: 17/RDC/305.

District Licensing Committee*

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

Audit/Risk Committee*

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

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

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

Mission Statement

“Making our District thrive”

Council’s Role

The 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 responsibilities⁸:

- 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 Erehon Rural Water Supply Management Sub Committee
- 9 Omatane Rural Water Supply Management Sub Committee

⁸ 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.

- 10 McIntyre Reserve Management Committee
- 11 Turakina Reserve Management Committee
- 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. (Previously a Councillor had been appointed in a liaison role to this Board.) 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.

Section 19H(2) of the Local Electoral Act requires a representation review to be conducted at least every six years, so Council will be doing this prior to the 2019 local government elections.

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

Figure 1: The Rangitikei District Council Governance Structure

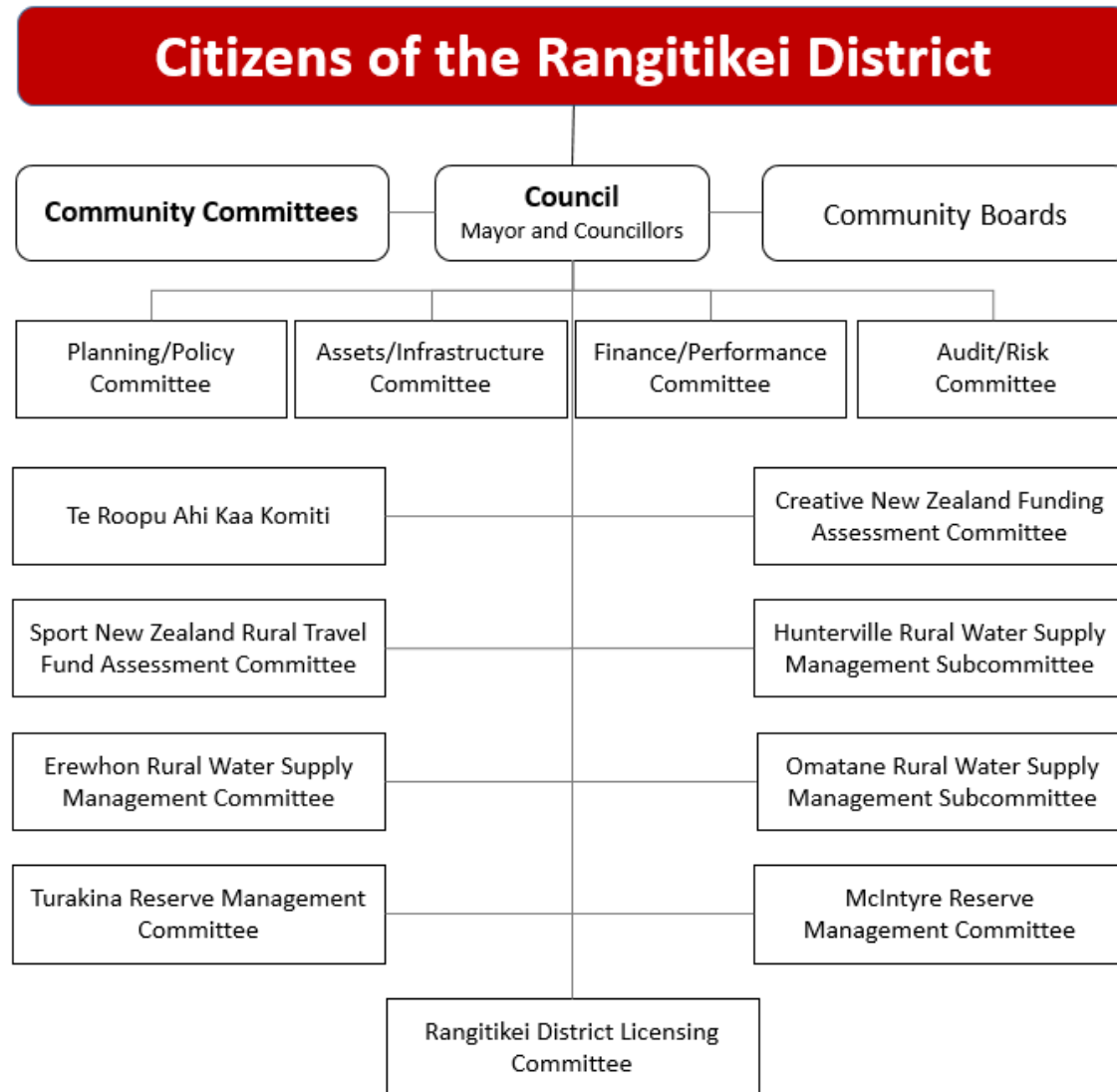
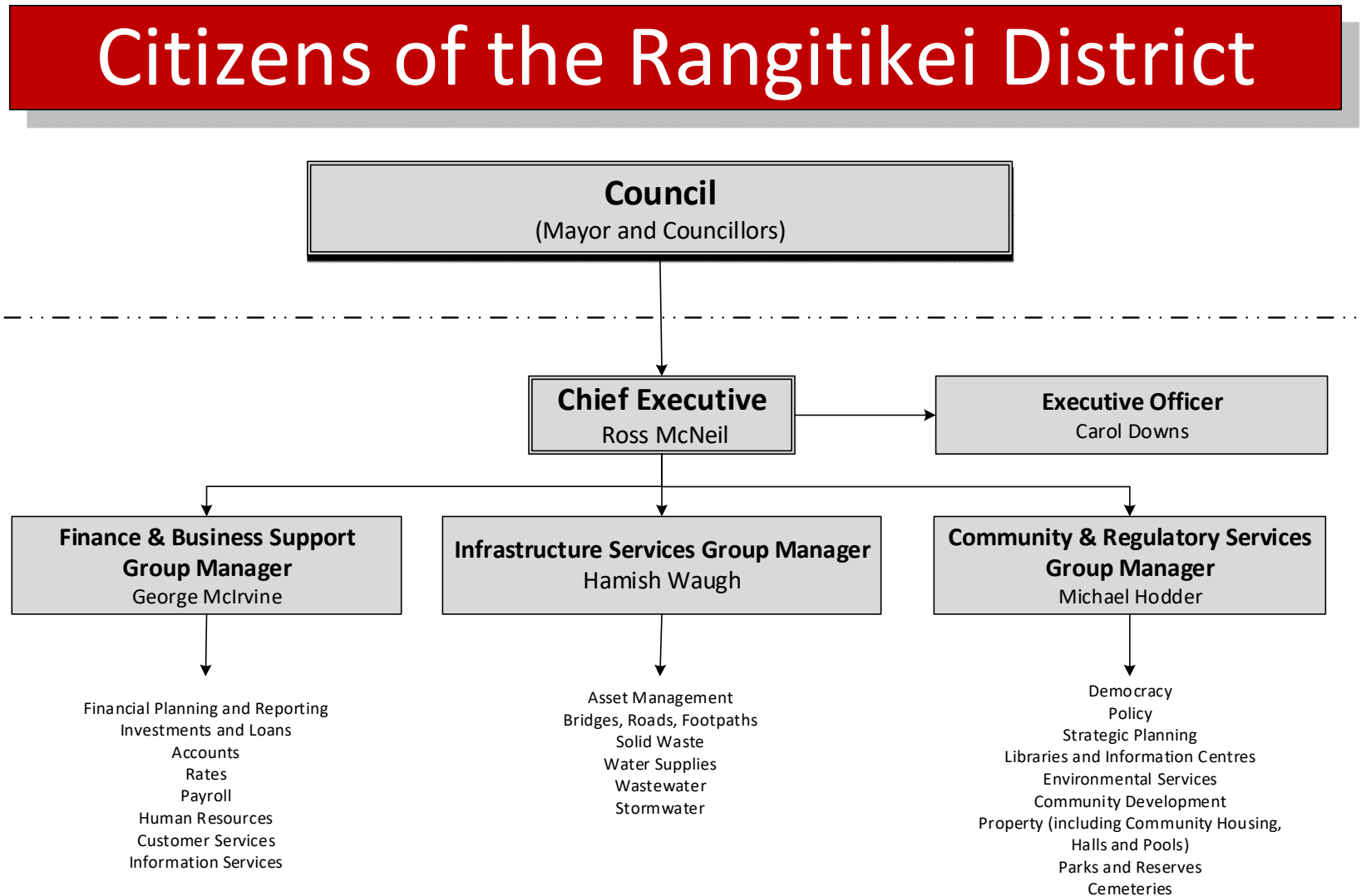


Figure 2: The Rangitikei District Council Management Structure



Statement of Compliance and Responsibility

Compliance

Council completed and adopted its 30 June 2017 Annual Report by 31 October 2017, 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 2017 fairly reflect the financial position and operations of the Rangitikei District Council.

Andy Watson
Mayor

5 October 2017

Ross McNeil
Chief Executive

5 October 2017



Northern Rangitikei



Rangitikei District Council

Section 2: Significant Activities

Including Funding Impact Statements by Significant Activity

Council Outcomes

In the 2015-25 Long Term Plan, Council retained the six outcomes adopted in the 2009-19 Long Term Council Community Plan and continued through the 2012-22 Long Tem Plan:

- 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 (with outcomes 1 and 2 combining because of the overlap of interested agencies). 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. The highlights of this partnership working are detailed in the Community Well-being Group of Activities on page 74.

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, Lotteries Community Fund and the Three Regions Trust (formerly Powerco Whanganui Trust).

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)** is detailed as follows:

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

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

*Note on methodology, response rate and margin of error in surveys***Residents' Survey 2017***Methodology*

This year saw the largest sample gained, with a total of 699 responses. Drawing on last year's methodology, addresses were taken from the Rangitikei District Electoral Roll, however instead of randomly selecting addresses, this year, the letter was sent out to the roll in its entirety. This letter included a link to the survey which was hosted on the SurveyMonkey website.

The Council's website and Council's Facebook were also utilised in the deployment of the survey online, with each communication avenue containing a different link for identification purposes to an online version of the resident survey in SurveyMonkey.

Response rate

The response rate is calculated based on the amount of letters sent out and how many were returned. The letter which included the link to the survey monkey was sent out to 9,989 residents and 699 responses were received. Of these, 75 residents opted to be sent out a paper copy rather than completing the survey online. For 2017, the response rate was 6%, this is down from last year's response of 11% and from other years' response rates including 15% (2015), 20% (2014), and 20% (2013)⁹.

Margin of Error

Margin of Error (MOE) is a statistic used to express the amount of random sampling error there is in a survey's results. The MOE is particularly relevant when analysing a subset of the data as smaller samples sizes incur a greater MOE. The final sample size, n = 699, gives an overall MOE of 4 at the 95% confidence interval. These terms simply mean that if the survey were conducted 100 times, the data would be within +/- 4% of the reported percentage most of the time (95 times out of 100).

Stakeholders' survey*Methodology*

This study consisted of a mixture of quantitative and qualitative questions in an online survey. The survey was developed in SurveyMonkey and administered via email to stakeholders. An initial email was sent to stakeholders containing a link to the survey on 15 May 2017, giving stakeholders until 29 May 2017 to complete the survey. The survey was constructed internally by Rangitikei District Council.

Sample

The population size for this study comprised 266 stakeholder email addresses provided by the Council. With 70 completed surveys equating to the sample size of n=70, this equates to a response rate of 26 per cent.

Margin of Error

The Margin of Error (MoE) is +/-10 per cent at a 95 per cent confidence level. This means that, if the observed result on the total sample of 70 respondents was 50 per cent (point of maximum MoE), then there is a 95 per cent probability that the true answer falls between 40 per cent and 60 per cent.

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

⁹ The sample of addresses used in 2013, 2014 and 2015 was the rates database. This is biased towards older residents and European ethnicity. This group may be more likely to complete a survey about Council services.

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.

This year saw a change in Council's membership as a result of the October elections. Council engages electionz.com to provide the administrative services for the elections, assisted by a staff member designated Deputy Electoral Officer. An induction programme was provided, to complement the sessions offered by Local Government New Zealand, and included tours to Council facilities and a hui with Te Roopu Ahi Kaa at the Whangaehu marae. Elections were also called for membership of the Council's four community committees and the two reserve management committees.

The Annual Plan developed for 2017/18 used the altered statutory requirements for consultation – i.e. the publication of a Consultation Document – as (like 2016/17) there were several significant proposals for the community to consider. Again, this was associated with a programme of public meetings in various parts of the District, led by the Mayor, similar to the programme undertaken for consultation on the 2015/25 Long Term Plan.

Council has also input into a number of important proposed legislative changes including the Fire and Emergency New Zealand Bill and the Health (Fluoridation of Drinking Water) Amendment Bill. Council has also submitted on discussion documents including proposed regulations under the Fire and Emergency New Zealand Bill, the National Environmental Standard on soil contamination, the Productivity Commission's paper on better urban planning, the Wellington Conservation Management Strategy, urban development authorities (Ministry of Business, Innovation and Employment), and new setting of speed limit rules (New Zealand Transport Agency) It is important for Rangitikei District viewpoints to be fed into Government on those legislative and policy proposals which have potentially significant impact on the Council's delivery of services and thus Rangitikei's communities.

Last year's report noted the work undertaken to investigate a possible Council Controlled Organisation (CCO) owned jointly with Manawatu District Council to manage infrastructure services across both council areas (and to replace the current shared service arrangement). While the investigation did not lead to a formal proposal to establish a CCO, work continued in 2016/17 to find an approach to assure the benefits from this type of collaboration. This included developing a new, more detailed agreement between the councils' two chief executives and establishing a new role of strategic assets advisor.

| 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 2016/17 | Actual for 2016/17 |
| Completion of annual plan actions on time | 85% of Annual Plan actions substantially undertaken or completed. All groups of | <i>Partly achieved</i> Of 165 actions identified in the Annual Plan, 120 are fully complete, 13 are mostly complete and a |

| | | |
|--|---|--|
| | <p>activities achieved at least 77% of identified actions.</p> <p><i>In 2015/16, of 81 actions identified in the Annual Plan, 70% were either substantially or fully completed.</i></p> | <p>further 10 have been started. 22 actions will not be achieved. Overall this is 80% of actions achieved.</p> <p>Groups of activities achieved the following completion rates:</p> <p>Community Leadership 77% Roading 95% Water Supply 45% Wastewater 38% Stormwater 61% Community and Leisure Assets 61% Rubbish and Recycling 94% Environmental and Regulatory 100% Community Well-Being 91%</p> <p>Some actions are on hold until further information is available:</p> <ul style="list-style-type: none"> a) Wastewater treatment plant upgrades at Bulls, Ratana and Marton (where consents are required before work is commenced) b) Demolish Conference Hall in Taihape c) Re-Roof Marton Plunket Rooms d) Marton: WTP Upgrades or changes to treatment system to improve effluent quality, solids removal etc. pending removal of landfill leachate from the waste stream <p>Some actions have been deferred/ carried forward to next year:</p> <ul style="list-style-type: none"> a) Construct new Amenity Block on Taihape Memorial Park b) Re-paint Jubilee Pavilion at Marton Park c) Re-paint Marton Memorial Hall d) Rates Policy e) Delivering the Māori Community Development Programme f) Footpath Renewals Taihape: Robin Street g) Marton: Complete replacement of line from Calico Line bore and commence design for replacement of Tutaenui Road falling main from Jeffersons Line to Town h) Bulls: Renewals to reservoirs and lift pumps. Improved treatment storage, filtration, backwash and river pump station i) Marton: Broadway water supply duplication j) Taihape: Water Treatment Plant structural renewals and various reticulation renewals including design and preparation work for renewals of 1.2km of trunk main <p>Some actions were not achieved because they are no longer considered necessary and/or</p> |
|--|---|--|

| | | |
|---------------------------------|--|---|
| | | <p>beneficial:</p> <ul style="list-style-type: none"> a) Fitting solar heating in the swimming pools in Marton b) Install space heating at Taihape Pool c) Appointment of Directors Policy d) Contaminated land review (overtaken by the District Plan) <p>Noxious weeds(overtaken by Horizons' programmes)</p> |
| Completion of capital programme | <p>80% of planned capital programme expended; all network utilities groups of activities to achieve at least 65% of planned capital expenditure.</p> <p>Note:</p> <p>This table <u>excludes</u> expenditure on the emergency repairs to the roading network following the June 2015 rainfall event.</p> <p><i>In 2015/16, 59% of the planned capital programme was expended. Roothing achieved 78%; water achieved 52%, sewerage and the treatment and disposal of sewage achieved 27% and stormwater achieved 44%; community and leisure assets achieved 31%.</i></p> | <p>Not achieved:</p> <p>Total capital expenditure for the year was \$13.381 million from a total budget of \$31,749 million , i.e. 42%¹⁰</p> <p><i>Roothing</i></p> <p>Total capital expenditure was \$9.945 million from a budget of \$11.628 million (i.e. 85%).</p> <p>This includes emergency road work funding and expenditure for the June 2015 storm event.</p> <p>Council agreed to carry-forward \$922,000 into 2017/18.</p> <p><i>Water supply</i></p> <p>Total capital expenditure was \$1.628 million from a budget of \$6.601 million (i.e. 25%).</p> <p>Council agreed to carry-forward \$3.580 million into 2017/18.</p> <p><i>Sewerage and the treatment and disposal of sewage</i></p> <p>Total capital expenditure was \$898,000 from a budget of \$6.057 million (i.e. 14%)</p> <p>Council agreed to carry-forward \$5.268 million into 2017/18.</p> <p><i>Stormwater drainage</i></p> <p>Total capital expenditure was \$160,000 from a budget of \$1.151 million (i.e. 14%)</p> <p>Council agreed to carry-forward \$470,000 to 2017/18.</p> <p><i>Community and leisure assets</i></p> <p>Total capital expenditure was \$750,000 from a budget of \$5.701 million (i.e. 13%)</p> <p>Council agreed to carry forward \$4.577 million to 2017/18.</p> <p>The major reasons for lower than budgeted</p> |

¹⁰ Financial information for this measure is taken from the prospective capital works statement in this report and the 2016/17 Annual Plan.

| | | |
|--|--|--|
| | | <p>capital expenditure were delays in consenting and other external factors, such as ensuring adequate community engagement Other contributing factors were reprioritisation, internal capacity or delays, contractor availability and reduced costs or alternative funding.</p> <p>Specific reasons for variances in capital expenditure from budget are commented on in the relevant group activity statement.</p> |
|--|--|--|

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

While 80% of the actions scheduled for 2016/17 were completed, the capital expenditure programme was less than half of what was budgeted, meaning delay for some water and wastewater projects and also the proposed Bulls community centre. This is commented on further in the relevant group statements. In December 2016, Council reviewed the capital expenditure achieved and decided to carry-forward \$12.2 million in preparing the draft 2017/18 Annual Plan.

Significant variation between acquisitions and replacement from the Long Term Plan

There were no significant variations between acquisitions and replacement.

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

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

Community Leadership – Funding Impact Statement

For the year ended 30 June 2017

| | 2016 Long-term plan (\$000) | 2017 Long-term plan (\$000) | 2017 Actual (\$000) |
|--|-----------------------------------|-----------------------------------|---------------------------|
| Sources of operating funding | | | |
| General rates, uniform annual general charge, rates penalties | 1,069 | 1,134 | 1,170 |
| Targeted rates | 59 | 61 | 60 |
| Subsidies and grants for operating purposes | 0 | 0 | 0 |
| Fees and charges | 0 | 34 | 37 |
| Internal charges and overheads recovered | 0 | 0 | 0 |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 0 | 0 | 1 |
| Total operating funding (A) | 1,128 | 1,229 | 1,268 |
| Applications of operating funding | | | |
| Payment to staff and suppliers | 997 | 1,099 | 1062 |
| Finance costs | 0 | 0 | 0 |
| Internal charges and overheads applied | 178 | 186 | 165 |
| Other operating funding applications | 0 | 0 | |
| Total applications of operating funding (B) | 1,175 | 1,285 | 1,226 |
| Surplus (deficit) of operating funding (A - B) | (47) | (56) | 42 |
| Sources of capital funding | | | |
| 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 |
| Total sources of capital funding (C) | 0 | 0 | 0 |
| Application of capital funding | | | |
| Capital expenditure | | | |
| - to meet additional demand | 0 | 0 | 0 |
| - to improve the level of service | 0 | 0 | 0 |
| - to replace existing assets | 0 | 0 | 0 |
| Increase (decrease) in reserves | (47) | (56) | 42 |
| Increase (decrease) in investments | 0 | 0 | 0 |
| Total applications of capital funding (D) | (47) | (56) | 42 |
| Surplus (deficit) of capital funding (C - D) | 47 | 56 | (42) |
| Funding balance ((A - B) + (C - D)) | 0 | 0 | (0) |
| 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 roading network throughout the District is critical for the movement of people and goods as there is very limited public transport and availability of rail. This is the most significant activity in terms of rates expenditure. It also receives the largest subsidy from central government – the Financial Assistance Rate ('FAR') of 62% which increased to 63% in 2016/17.

57 kilometres of the roading network were resealed. The major pavement rehabilitation work was on Griffins Road, Parewanui Road and a section of the Taihape-Napier Road.

The extreme rainfall on 20-21 June 2015 caused substantial damage to Council's roading network. The total cost of restoring the network was estimated at \$12.7 million. As noted in last year's annual report, about half of this work (and associated funding) was carried forward into 2016/17. It is now virtually complete. There was about \$0.5 million damage from Cyclone Debbie in April 2017.

The substantial realignment at Majuba Bluff (Turakina Valley Road) has been completed.

Last year's report noted that, during a routine inspection, the century-old Mangaweka Bridge (a boundary bridge with Manawatu District) was found in need of urgent strengthening. The temporary weight restriction of 6 tonnes is now permanent – more deterioration was discovered. As a result, an indicative business case was prepared (in conjunction with the Manawatu District Council) to build a new bridge near to the existing structure. Approval has now been given to prepare a detailed business case.

267 LED lights were purchased and installed in an area in Marton to alleviate circuit over loading issues. This is stage 1. The New Zealand Transport Agency has approved a financial assistance rate of 85% for accelerated rollout, which Council has agreed to. Target completion date is June 2018.

Level of Service

Provide a sustainable network which is maintained in accordance with each road's significance for local communications and the local economy, taking into account the One Roding Network Classification and funding subsidies.

| Measure | Target for 2016/17 | Actual for 2016/17 |
|---|--|---|
| <p><i>*Road condition</i></p> <p>The average quality of ride on a sealed local road network, measured by smooth travel exposure</p> | <p>96.5%</p> <p><i>When the measurement was last undertaken, in June 2014, the result was 98%.</i></p> | <p>Achieved</p> <p>97%. The assessment was undertaken during May-June 2017.</p> |
| <p><i>*Road maintenance</i></p> <p>The percentage of the sealed road network that is resurfaced</p> | <p>8% (i.e. 55km of resealing and 8.8 km of road rehabilitation). The network has 796 km of sealed road.</p> <p>In 2015/16, 56.275 km of road resealing; this is 7% of the</p> | <p>Achieved</p> <p>The resealing programme is complete - a total of 57.16 km (of which 25.8 km were done in March). 56.275 km of resealing was done last year.</p> <p>Rehabilitation is complete on Wanganui Road (from Pukepapa Road to 80km/h sign),</p> |

| | sealed network | Wanganui Road/Skerman Street, Bond Street/Skerman Street (Marton), Franklin Road, Okirae Road, Te Moehau Road, Griffins Road, Parewanui Road and the Taihape-Napier Road, a total of 3.376 km.. | | | | | | | | | | | | | | | | | | | | | | |
|--|---|--|-------|-------|--------|-------|-------------|------|---------|-------|-----------------|-------|-------|------------|---|-------|---|-------|---|-------|---|------|---|------|
| The percentage of the unsealed road network which is resealed during the year | At least 75% of [the unsealed] network resealed each year – 12,000m ³ . | <p>Partly achieved</p> <p>8,832 m³ was placed on the network during the reporting period or 73.7% of target.</p> <p>This excludes metal placed as part of the emergency works programme.</p> | | | | | | | | | | | | | | | | | | | | | | |
| <p>*Footpaths</p> <p>The percentage of footpaths within the District that fall within the level of service or service standard for the condition of footpaths that is set out in the Council’s relevant document (such as its annual plan, activity management plan, asset management plan, annual works programme or long term plan)</p> | <p>At least 80% of footpath lengths in CBD areas in Bulls, Marton, Hunterville and Taihape are at grade 3 or higher</p> <p>At least 70% of sampled footpaths lengths outside CBD areas are at grade 3 or higher</p> <p>At least 90% of sampled footpaths assessed at grade 5 are included in upgrade programme during the following two years.</p> <p>Note:</p> <p>A five-point grading system to rate footpath condition based on visual inspections</p> <ol style="list-style-type: none"> 1 Excellent 2 Good 3 Fair 4 Poor 5 Very Poor <p>Footpaths will be assessed in approximately 100-metre lengths. The sample of non-CBD footpaths will include ten lengths in each of Bulls, Marton and Taihape, and four lengths in Mangaweka, Hunterville and Ratana.</p> <p>The assessments will normally be conducted in November and May.</p> | <p>Achieved</p> <p>96.2% of all footpaths are grade 3 or higher. The entire length of footpaths was inspected.</p> <p>However, while this result exceeds the required performance for both CBD and non CBD areas, it is not feasible to provide specific results for each area. This is because (i) some footpaths extend out of the CBD area and (ii) the assessment of a footpath is not necessarily the same in each area.</p> <p>Last year’s results were:</p> <table border="0"> <tr> <td>Bulls</td> <td>94.5%</td> </tr> <tr> <td>Marton</td> <td>94.8%</td> </tr> <tr> <td>Hunterville</td> <td>100%</td> </tr> <tr> <td>Taihape</td> <td>87.1%</td> </tr> <tr> <td>All other areas</td> <td>91.3%</td> </tr> </table> <p>These results were considered unduly favourable so the methodology was reviewed in time for this year’s inspection.</p> <p>All (i.e.100%) of the three footpaths assessed as grade 5 (0.4% of the surveyed footpath length) have been programmed for repair.</p> <div data-bbox="970 1563 1481 1899"> <p>RDC Footpath Network Condition Grade 1 - 5</p> <table border="1"> <thead> <tr> <th>Grade</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>45.1%</td> </tr> <tr> <td>2</td> <td>26.4%</td> </tr> <tr> <td>3</td> <td>24.7%</td> </tr> <tr> <td>4</td> <td>3.4%</td> </tr> <tr> <td>5</td> <td>0.4%</td> </tr> </tbody> </table> </div> | Bulls | 94.5% | Marton | 94.8% | Hunterville | 100% | Taihape | 87.1% | All other areas | 91.3% | Grade | Percentage | 1 | 45.1% | 2 | 26.4% | 3 | 24.7% | 4 | 3.4% | 5 | 0.4% |
| Bulls | 94.5% | | | | | | | | | | | | | | | | | | | | | | | |
| Marton | 94.8% | | | | | | | | | | | | | | | | | | | | | | | |
| Hunterville | 100% | | | | | | | | | | | | | | | | | | | | | | | |
| Taihape | 87.1% | | | | | | | | | | | | | | | | | | | | | | | |
| All other areas | 91.3% | | | | | | | | | | | | | | | | | | | | | | | |
| Grade | Percentage | | | | | | | | | | | | | | | | | | | | | | | |
| 1 | 45.1% | | | | | | | | | | | | | | | | | | | | | | | |
| 2 | 26.4% | | | | | | | | | | | | | | | | | | | | | | | |
| 3 | 24.7% | | | | | | | | | | | | | | | | | | | | | | | |
| 4 | 3.4% | | | | | | | | | | | | | | | | | | | | | | | |
| 5 | 0.4% | | | | | | | | | | | | | | | | | | | | | | | |

| | | |
|---|---|--|
| <p>*Road safety</p> <p>The change from the previous financial year in the number of fatalities and serious injury¹¹ crashes on the local road network expressed as a number</p> | <p>No change or a reduction from the previous year.</p> <p><i>For the year ending 30 June 2016, there was no fatal crash on the Council's roads and 6 serious injury accidents.</i></p> | <p>Partly achieved</p> <p>During the twelve months ending 31 March 2017, there were no fatal crashes and ten serious injury crashes. Three involved motorcycles. At the time of preparing this report data is not available for a July-June report.</p> <p>For the same twelve-month period last year (i.e. 1 April 2015 to 31 March 2016) there was one fatal crash and eight serious injury crashes.¹² Four involved motorcycles.</p> <p>The roading activity management plan for the 2018-28 Long Term Plan notes that Rangitikei has a comparatively high risk within its peer group. This has been included in the investment logic statement for the New Zealand Transport Agency, for an enhanced work programme which reduces the risk and consequences of crashes (e.g. signage, edge-markings, barriers, vegetation management).</p> |
|---|---|--|

Level of Service

Be responsive to community expectations over the roading network and requests for service

| Measure | Target for 2016/17 | Actual for 2016/17 |
|--|--|--|
| <p>Adequacy of provision and maintenance of footpaths, street-lighting and local roads (annual survey).</p> <p>“Report card” qualitative statements.</p> <p>Groups targeted for consultation:</p> <ul style="list-style-type: none"> • Residents where programmed renewal has taken place, • Community Boards/ Committees, • Community group database, • Business sector | <p>A greater proportion (than in the benchmark) or more than 10% of the sample believe that Council's service is getting better</p> <p>In 2014/15 (the benchmark), 13% believed it was better than last year, 65% about the same, 21% worse than last year (2% didn't know).</p> | <p>Achieved</p> <p>In 2016/17, 22% believed it was better than last year (13% in 2015/16), 65% about the same (68% in 2015/16), 10% worse than last year (13.5% in 2015/16) and 3% did not know (6% in 2015/16)</p> |

¹¹ '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.

¹² This is different from the provisional result reported last year – one fatal crash and 12 serious injury accidents.

| | | |
|--|--|--|
| database. | | |
| <p><i>*Responses to service requests</i></p> <p>The percentage of customer service requests relating to roads and footpaths to which the territorial authority responds within the time frame specified in the long term plan</p> <p>Note: Council measures resolution as well as initial attendance in response to such requests.</p> | <ul style="list-style-type: none"> • 95% callouts during working hours responded to within 6 hours and 95% callouts during after-hours within 12 hours. • 85% of all callouts resolved (i.e. completed) within one month of the request.¹³ <p>Specific reference to callouts relating to potholes</p> | <p>Partly achieved</p> <ul style="list-style-type: none"> • There were 407 footpath and road requests during working hours of which 72% were responded to within time • There were 59 footpath and road requests outside working hours, of which 85% were responded to in time. <p>The reported low responsiveness during working hours is largely due to slow reporting by the contractor of the actions taken. Council's roading team will be monitoring this more closely during 2017/18.</p> <p>A comparison with last year's callout response time is not feasible as it was not possible for that report to verify the information in the Council's service request system with the roading contractor's documentation. The number of requests received this year (466) was less than last year (504).</p> <p>70% of footpath and road requests were resolved within one month. Last year 77% of these types of requests were resolved within time.</p> <p>Note: These requests included 38 concerned with potholes: 82% of these were responded to in time and 84% were resolved within one month.</p> |

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

There were no significant variations between the level of service achieved and the intended level of service. However, the responsiveness by the roading contractor to service requests received during working hours is considerably under the target.

Significant variation between acquisitions and replacement from the Long Term Plan

The reinstatement of road damage from the June 2015 floods has increased renewals by \$3.282 million.

¹³ There is a wide range of requests meaning resolution times will range from hours to several weeks or months, depending on urgency and work programming.

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

There was a higher level of financial assistance from the New Zealand Transport Agency (to complete repairs to the damaged network from the June 2015 storm events and to address the impact of Cyclone Debbie. This greater activity by roading contractors is reflected in the increased payment to staff and suppliers.



Mangaweka Bridge

Roading and Footpaths – Funding Impact Statement

For the year ended 30 June 2017

| | 2016 Long-term plan (\$000) | 2017 Long-term plan (\$000) | 2017 Actual (\$000) |
|--|-----------------------------------|-----------------------------------|---------------------------|
| Sources of operating funding | | | |
| General rates, uniform annual general charge, rates penalties | 0 | 0 | 0 |
| Targeted rates | 6,087 | 6,000 | 6,204 |
| Subsidies and grants for operating purposes | 3,263 | 3,229 | 7,084 |
| Fees and charges | 28 | 29 | 7 |
| Internal charges and overheads recovered | 0 | 0 | 0 |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 115 | 115 | 125 |
| Total operating funding (A) | 9,493 | 9,373 | 13,420 |
| Applications of operating funding | | | |
| Payment to staff and suppliers | 6,104 | 5,901 | 7,078 |
| Finance costs | 124 | 116 | 116 |
| Internal charges and overheads applied | 461 | 478 | 466 |
| Other operating funding applications | 0 | 0 | 0 |
| Total applications of operating funding (B) | 6,689 | 6,495 | 7,660 |
| Surplus (deficit) of operating funding (A - B) | 2,804 | 2,878 | 5,760 |
| Sources of capital funding | | | |
| Subsidies and grants for capital expenditure | 2,766 | 3,480 | 4,106 |
| Development and financial contributions | 0 | 0 | 0 |
| Increase (decrease) in debt | (165) | (165) | (165) |
| Gross proceeds from sale of assets | 0 | 0 | 0 |
| Lump sum contributions | 0 | 0 | 0 |
| Other dedicated capital funding | 0 | 0 | 0 |
| Total sources of capital funding (C) | 2,601 | 3,315 | 3,941 |
| Application of capital funding | | | |
| Capital expenditure | | | |
| - to meet additional demand | 0 | 0 | 0 |
| - to improve the level of service | 591 | 592 | 1,694 |
| - to replace existing assets | 4,080 | 5,147 | 8,251 |
| Increase (decrease) in reserves | 734 | 454 | (244) |
| Increase (decrease) in investments | 0 | 0 | |
| Total applications of capital funding (D) | 5,405 | 6,193 | 9,701 |
| Surplus (deficit) of capital funding (C - D) | (2,804) | (2,878) | (5,760) |
| Funding balance ((A - B) + (C - D)) | 0 | 0 | (0) |
| Note: Depreciation expense not included above | 6,422 | 6,422 | 6,689 |

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

Roading and Footpaths – Capital Works

For the year ended 30 June 2017

| Category | Designated projects for 2016/17 | 2016 Long-term plan (\$000) | 2017 Long-term plan (\$000) | 2017 Actual (\$000) |
|--|---------------------------------|-----------------------------------|-----------------------------------|---------------------------|
| RENEWALS (to replace existing assets) | | | | |
| Unsealed road metalling | Programmed renewals | 460 | 460 | 476 |
| Pavement rehabilitation | Programmed renewals | 684 | 1,627 | 1,976 |
| Drainage Structure components | Programmed renewals | 337 | 337 | 611 |
| Traffic services | Programmed renewals | 189 | 189 | 338 |
| Sealed road surfacing | Programmed renewals | 225 | 225 | 169 |
| Footpaths | Programmed renewals | 2,040 | 2,159 | 2,530 |
| LED Lighting | Programmed renewals | 145 | 149 | 234 |
| Flood Damage | Reinstatement of damage | 0 | 0 | 151 |
| | | 0 | 0 | 1,763 |
| Total renewals | | 4,080 | 5,147 | 8,251 |
| CAPITAL (to improve the level of service) | | | | |
| Roading | Minor safety projects | 526 | 526 | 1,694 |
| | Wylies Bridge | 0 | 0 | 0 |
| | Napier Taihape Road | 0 | 0 | 0 |
| | Ratana traffic calmers | 0 | 0 | 0 |
| Footpaths | New footpath construction | 65 | 65 | 0 |
| Total capital | | 591 | 592 | 1,694 |

Borrowing

For the year ended 30 June 2016

| | | | |
|--|--------------|--------------|--------------|
| Balance of borrowing at start of year | 2,475 | 2,475 | 2,310 |
| Funds borrowed during the year | 0 | 0 | 0 |
| Funds repaid during the year | 165 | 165 | 165 |
| Balance of borrowing at end of year | 2,310 | 2,145 | 2,145 |

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 | 41% | 11% | 100% |
| Portion of finance costs attributable to internal borrowing | 31 | 116 | 115 |

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 Rātana. The Council also administers rural water schemes on behalf of subscriber/owner committees in Hunterville, Erewhon, Omatane and Putorino.

Highlights:

The renewal of the water-main for trickle feed to Dixon Way, Otaihape Valley Road and Mangaone Valley Road (Taihape) was completed

The Rātana water supply upgrade was completed. However, commissioning has been delayed because of sand infiltration in the bores caused by the Kaikoura earthquake.

Progress was made with the installation of the lamella plant at Taihape – about 50% complete by the end of June 2017.

Analysis of options for a replacement reservoir in Bulls.

| Level of Service | | |
|--|--|---|
| Provide a safe and compliant supply of drinking water | | |
| Measure | Target for 2016/17 | Actual for 2016/17 |
| <p><i>*Safety of drinking water</i></p> <p>The extent to which the Council's drinking water supply complies with</p> <p>(a) part 4 of the drinking water standards (bacteria compliance criteria)¹⁴</p> | <p>No incidents of non-compliance</p> <p><i>There were no incidents in 2015/16</i></p> | <p>Not achieved</p> <p>All distribution zones in the District have been assessed as bacterially compliant (i.e. no E. coli was present in the sampling results) and the required number of samples required has been taken. However, none of the treatment plants has been assessed as compliant. This is because the samples taken were insufficient and/or exceeded the prescribed days between samples. In addition, an apparent transgression was recorded at Calico Line bore, Marton on 19 May 2017 (three follow-up samples all clear, and bore not in use). This is a secure bore, restricted by its resource consent for back-up use only and the</p> |

¹⁴ Currently measured by weekly sampling and testing through Environmental Laboratory Services in Gracefield.

| | | |
|---|--|---|
| <p>(b) part 5 of the drinking water standards (protozoa compliance criteria)¹⁵</p> | <p>No incidents of non-compliance</p> <p><i>In 2015/16 UV treatment was been installed at Bulls, Marton, Hunterville, Mangaweka and Hunterville, but has not been fully operational. The Drinking Water Assessor will be providing details and a plan to get all plants compliant as soon as possible in 2016/17 is being developed.</i></p> | <p>water is chlorinated.</p> <p>Non-compliance assessments by the Drinking-Water Assessor may be appealed to the Ministry of Health within two months of receipt of the Drinking Water Assessor's report.¹⁶</p> <p>Not achieved</p> <p>The required catchment risk assessments have been made for the sources supplying all treatment plants (except Rātana¹⁷) and the treatment processes implemented at all treatment plants are in line with the Drinking Water Standards. However, the monitoring information through Water Outlook was insufficient to demonstrate protozoa compliance at any of the treatment plants. This was due purely to issues establishing the correct UV treatment monitoring regime. This regime was reviewed to ensure ongoing monitoring during 2017/18.</p> |
| <p>Compliance with resource consents</p> | <p>No more than one incident of non-compliance with resource consents</p> <p><i>In 2015/16, non-compliance was reported at Hunterville (excessive abstraction)</i></p> | <p>Achieved</p> <p>Backwash and aluminium sludge discharge to settling ponds exceeded consent limits at the Marton Water Treatment Plant. A new consent application was filed in August 2016 and will in part address the aluminium sludge discharge issue.</p> <p>All other supplies were assessed as compliant.</p> |

Level of Service

Provide reliable and efficient urban water supplies

| Measure | Target for 2016/17 | Actual July 2016-June 2017 |
|---|---|---|
| <p>Number of unplanned water supply disruptions affecting multiple properties</p> | <p>Fewer unplanned water supply disruptions affecting multiple properties than in the previous year</p> | <p>Achieved</p> <p>There were no unplanned water interruptions during the reporting period. This was the same result as last year.</p> |

¹⁵ Measured through Water Outlook.

¹⁶ The report was released to the Council on 14 August 2017.

¹⁷ The process to determine bore water security has not been completed for Ratana – nor for the Marton Calico Line bore (so it is also non-compliant for protozoa).

| | | |
|---|----------------------|--|
| <p><i>*Maintenance of the reticulation network</i></p> <p>The percentage of real water loss from the Council's networked reticulation system¹⁸</p> | <p>Less than 40%</p> | <p>Achieved</p> <p>The guidance for this measure anticipates a sampling approach. Water Outlook enables SCADA¹⁹ information to be interrogated in-house.</p> <p>Last year's figures are included in brackets</p> <p>Bulls.....4.9% (8.5%) Huntermville Urban.....32.3% (12.4%) Mangaweka.....37.0% (14.3%) Marton.....24.6% (21.4%) Rātana.....15.8% (15.3%) Taihape.....46.2% (37.9%)</p> <p>All supplies except Taihape were within the target of 40%.</p> <p>Variances between schemes could be expected because each scheme is different. The reticulation within each town is of varying ages, and of varying pipe materials. Most of these towns were managed by separate local authorities in the past, and so there are legacy issues around such things as installation methods and materials.</p> <p>In addition to this, ground conditions can vary. In the case of asbestos cement pipes in particular, soil pH is a strong determinant of expected useful life. Varying water quality can also be an issue, as aggressive water can cause certain pipe materials to fail sooner. Land form is also an issue, most prominently in Taihape, where slips can generate partial failures which contribute to leakage.</p> <p>In Taihape, the renewal programme approved for 2017/18 should have demonstrable effect in reducing leakage.</p> <p>In Huntermville, there is a project on Milne Street which should help reduce the town's leakage.</p> <p>In Mangaweka, the existing meters were used to detect unusually high consumption which is often a pointer to leaks. There are planned renewals in 2017/18 and 2018/19 to help resolve this.</p> |
|---|----------------------|--|

¹⁸ A description of the methodology used to calculate this must be included as part of the report and is part of Section 4 – Other information. Council has used method option 1 (Water Losses Benchloss Marking Software) for this report. Method option 2 (Minimum night flow analysis) is used for monthly reporting during the year.

¹⁹ Supervisory control and data acquisition – i.e. automated remote monitoring.

| <p>*Demand management</p> <p>The average consumption of drinking water per day per resident within the District</p> <p>Note: This includes all water released from the urban treatment plants, <u>irrespective of whether it is used for residential, agricultural, commercial or industrial purposes.</u></p> | <p>600 litres per person per day</p> <p><i>In 2015/16, the average daily consumption of drinking water per day per resident was 542L.</i></p> | <p>Achieved</p> <p>Using the method specified by the Department of Internal Affairs, consumption across urban schemes averaged 542 litres/person/day. Coincidentally, this is the same as reported last year.</p> <p>Note that this includes all agricultural and commercial users connected to the Council's urban schemes. Because these users are metered, it is feasible to estimate the consumption of other users (i.e. domestic users). However, as all of Hunterville urban is metered (both residential and non-residential), this has been used to calculate the average consumption, although this will be slightly distorted by a few commercial users in the town. Lower consumption at Rātana is a reflection of the significant use of rainwater tanks there.</p> <table border="1" data-bbox="906 904 1422 1326"> <thead> <tr> <th>Supply</th> <th>Population</th> <th>Billed Unmetered* Consumption Litres per person per day</th> </tr> </thead> <tbody> <tr> <td>Bulls</td> <td>1,419</td> <td>309.8</td> </tr> <tr> <td>Hunterville Urban</td> <td>480</td> <td>213.7</td> </tr> <tr> <td>Mangaweka</td> <td>150</td> <td>600.6</td> </tr> <tr> <td>Marton</td> <td>4,764</td> <td>373.9</td> </tr> <tr> <td>Rātana</td> <td>337</td> <td>257.5</td> </tr> <tr> <td>Taihape</td> <td>1,584</td> <td>609.6</td> </tr> <tr> <td>ALL URBAN</td> <td>8,380</td> <td>396.8</td> </tr> </tbody> </table> <p>*except Hunterville</p> | Supply | Population | Billed Unmetered* Consumption Litres per person per day | Bulls | 1,419 | 309.8 | Hunterville Urban | 480 | 213.7 | Mangaweka | 150 | 600.6 | Marton | 4,764 | 373.9 | Rātana | 337 | 257.5 | Taihape | 1,584 | 609.6 | ALL URBAN | 8,380 | 396.8 |
|---|---|---|--------|------------|---|-------|-------|-------|-------------------|-----|-------|-----------|-----|-------|--------|-------|-------|--------|-----|-------|---------|-------|-------|------------------|--------------|--------------|
| Supply | Population | Billed Unmetered* Consumption Litres per person per day | | | | | | | | | | | | | | | | | | | | | | | | |
| Bulls | 1,419 | 309.8 | | | | | | | | | | | | | | | | | | | | | | | | |
| Hunterville Urban | 480 | 213.7 | | | | | | | | | | | | | | | | | | | | | | | | |
| Mangaweka | 150 | 600.6 | | | | | | | | | | | | | | | | | | | | | | | | |
| Marton | 4,764 | 373.9 | | | | | | | | | | | | | | | | | | | | | | | | |
| Rātana | 337 | 257.5 | | | | | | | | | | | | | | | | | | | | | | | | |
| Taihape | 1,584 | 609.6 | | | | | | | | | | | | | | | | | | | | | | | | |
| ALL URBAN | 8,380 | 396.8 | | | | | | | | | | | | | | | | | | | | | | | | |

Level of Service

Be responsive to reported faults and complaints

| Measure | Target for 2016/17 | Actual for 2016/17 |
|--|---|---|
| <p>*Fault response time</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> <p>(a) attendance time for urgent callouts: from the</p> | <p>Less than previous year</p> <p>The 2016 results were:</p> <p>(a) 21 minutes</p> <p>(b) 1 hour 5 minutes</p> <p>(c) 2 hours 11 minutes</p> <p>(d) 16 hours 28 minutes</p> | <p>Achieved</p> <p>The median times for the reporting period are:</p> <p>(a) 10 minutes</p> <p>(b) 1 hour 17 minutes</p> <p>(c) 19 minutes</p> <p>(d) 1 hour 7 minutes</p> |

| | | |
|---|---|---|
| <p>time that the Council receives notification to the time that service personnel reach the site, and</p> <p>(b) resolution time for urgent callouts: from the time that the Council receives notification to the time that service personnel confirm resolution of the fault of interruption</p> <p>(c) attendance for non-urgent call-outs: from the time that the Council receives notification to the time that service personnel reach the site, and</p> <p>(d) resolution of non-urgent call-outs from the time that the Council receives notification to the time that service personnel confirm resolution of the fault of interruption</p> | <p>(when recalculated as median times)</p> <p>The target attendance times are within 30 minutes for urgent callouts, within 24 hours for non-urgent callouts.</p> <p>The target resolution times are within 24 hours for urgent callouts and within 96 hours for non-urgent callouts.</p> <p>Urgent callouts are where supply is interrupted.</p> | <p>(a) 75% urgent callouts attended to within 30 minutes</p> <p>(b) 50% of urgent callouts resolved within 24 hours</p> <p>(c) 80% of non-urgent callouts attended to within 24 hours</p> <p>(d) 86% of non-urgent callouts resolved within 96 hours.</p> |
| <p><i>*Customer satisfaction</i></p> <p>The total number of complaints (expressed per 1000 connections to the reticulated networks) received by the Council about</p> <p>(a) drinking water clarity and taste</p> <p>(b) drinking water odour</p> <p>(c) drinking water pressure or flow</p> <p>(d) continuity of supply, and</p> <p>(e) the Council's response to any of these issues</p> <p>There are 4,268 connections</p> | <p>Total number of complaints is less than 45/1000</p> <p><i>In 2015/16 total complaints were 17 per 1,000 connections.</i></p> | <p>Achieved</p> <p>13 per 1,000 connections</p> <p><i>In addition, there were 102 complaints about water leaks throughout the network, 48 about water leaks at the meter or toby, 85 requests to replace a toby or meter, and 17 requests to locate a meter, toby or other utility.</i></p> <p>(a) 6.79/1000</p> <p>(b) 3.5/1000</p> <p>(c) 1.66/1000</p> <p>(d) 0.94/1000</p> <p>(e) nil²⁰</p> |

²⁰ This is intended to refer to complaints about Council's response or resolution of any of the four issues specified. They are not distinguishable within the Council's request for service system but are included in (a) to (d).

Level of Service

Maintain compliant, reliable and efficient rural water supplies (non-potable)

| Measure | Target for 2016/17 | Actual for 2016/17 |
|--|--|--|
| Compliance with resource consents | No incidents of non-compliance with resource consents <i>In 2015/16, there were no incidents of non-compliance.</i> | Achieved Operations at Erewhon, Omatane and Hunterville all complied with conditions of consent |
| <i>Maintenance of the reticulation network</i> The percentage of real water loss from the Council's networked reticulation system | Less than 40% No formal assessment has yet been undertaken of water loss in the rural (non-potable) schemes: the benchmark adopted is that used for urban (potable) water supplies. | Not commenced This has proved impracticable to determine because of the use of unmetered flow restrictors and the fact that these are trickle-feed supplies which feed tanks. There is no industry methodology to assess such supplies. |
| <i>Fault response time</i> Where the Council attends a call-out in response to a fault or unplanned interruption to its networked reticulation system, the following median times are measured (a) attendance for urgent call-outs: from the time that the Council receives notification to the time that service personnel reach the site, and (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. | Less than previous year (when recalculated as median times) The median times for Hunterville in 2016 were: (a).....32 minutes (b).....2 hours 49 minutes Specified standard: (a) 24 hours ('no water') (b) 96 hours ('maintenance') | Partly achieved (a).....22 hours, 23 minutes (b).....4 hours, 8 minutes Although the median times are higher than those reported last year, the response times were within the specified standard. Results are available from Hunterville scheme only as this is the only scheme where servicing is directly managed by Council. Two of the three callouts occurred during a weekend. (a) 3 call-outs for no water were responded to and resolved in time (b) 16 requests for maintenance of which all were responded to in time; 15 were resolved in time. Last year, 46 of 48 callouts were attended to within 24 hours and 46 of 48 callouts were resolved within 96 hours. The lower number of callouts this year compared with last is largely due to greater automation which enables problems to be identified earlier and, potentially, resolved ahead of a service request. |

| Level of Service | | |
|--|---|---|
| Ensure fire-fighting capacity in urban areas | | |
| Measure | Target for 2016/17 | Actual for 2016/17 |
| Random flow checks at the different supplies | <p>99% of checked fire hydrant installations are in compliance</p> <p>Section G4 of SNZ PAS 4509:2008 New Zealand Fire Service – FireFighting Water Supplies Code of Practice requires an inspection every five years. It does not specify a flow or pressure.</p> <p>There are 751 hydrants in the District.</p> | <p>Partly achieved</p> <p>96.6%</p> <p>During the year, five hydrants were found to require maintenance. Two of these were in the year's sample; three were service requests from the public for other hydrants which were not in the sample.</p> <p>The Fire Service has typically done its own testing, independently from Council, and advised any maintenance issues. However, they did not do such testing during the year.</p> |

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

There has been no confirmed E.coli in any of the Council's potable schemes (and no requirement to issue a 'boil water' notice). However, the schemes are technically non-compliant because of deficiencies in the sampling and monitoring. Non-compliance with the protozoa criteria in the drinking-water measure is the result of the systems not being fully operational.

Significant variation between acquisitions and replacement from the Long Term Plan

Planned renewals to treatment and reticulation at Bulls, Marton and Mangaweka were deferred and carried forward to 2017/18, likewise the planned capital upgrade for treatment in Taihape. The decision to make these postponements was on the basis that there was minimal risk of service interruption and would reduce interest charges in 2017/18.

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

Deferred capital work has meant a reduced need for borrowing and thus lower finance costs than projected.

Water Supply – Funding Impact Statement

For the year ended 30 June 2017

| | 2016 Long-term plan (\$000) | 2017 Long-term plan (\$000) | 2017 Actual (\$000) |
|--|-----------------------------------|-----------------------------------|---------------------------|
| Sources of operating funding | | | |
| General rates, uniform annual general charge, rates penalties | 96 | 99 | 103 |
| Targeted rates | 4,197 | 4,606 | 4,641 |
| Subsidies and grants for operating purposes | 0 | 0 | 0 |
| Fees and charges | 0 | 0 | 24 |
| Internal charges and overheads recovered | 0 | 0 | 0 |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 0 | 0 | 31 |
| Total operating funding (A) | 4,293 | 4,705 | 4,799 |
| Applications of operating funding | | | |
| Payment to staff and suppliers | 1,953 | 1,946 | 2,069 |
| Finance costs | 583 | 714 | 595 |
| Internal charges and overheads applied | 639 | 663 | 645 |
| Other operating funding applications | 0 | 0 | |
| Total applications of operating funding (B) | 3,175 | 3,323 | 3,309 |
| Surplus (deficit) of operating funding (A - B) | 1,118 | 1,382 | 1,490 |
| Sources of capital funding | | | |
| Subsidies and grants for capital expenditure | 975 | 0 | 0 |
| Development and financial contributions | 0 | 0 | 0 |
| Increase (decrease) in debt | 2,623 | 4,584 | 62 |
| Gross proceeds from sale of assets | 0 | 0 | 0 |
| Lump sum contributions | 0 | 0 | 0 |
| Other dedicated capital funding | 0 | 0 | 0 |
| Total sources of capital funding (C) | 3,598 | 4,584 | 62 |
| Application of capital funding | | | |
| Capital expenditure | | | |
| - to meet additional demand | 0 | 0 | 0 |
| - to improve the level of service | 1,998 | 104 | 586 |
| - to replace existing assets | 2,710 | 5,983 | 1,042 |
| Increase (decrease) in reserves | 8 | (120) | (76) |
| Increase (decrease) in investments | 0 | 0 | 0 |
| Total applications of capital funding (D) | 4,716 | 5,967 | 1,553 |
| Surplus (deficit) of capital funding (C - D) | (1,118) | (1,382) | (1,490) |
| Funding balance ((A - B) + (C - D)) | 0 | 0 | 0 |
| Note: Depreciation expense not included above | 1,201 | 1,390 | 1,385 |

Water Supply – Capital Works

For the year ended 30 June 2017

| Category | Designated projects for 2016/17 | 2016 Long- term plan (\$000) | 2017 Long- term plan (\$000) | 2017 Actual (\$000) |
|--|---------------------------------|--|--|---------------------------|
| RENEWALS (to replace existing assets) | | | | |
| Marton | Treatment and reticulation | 964 | 1,917 | 410 |
| Taihape | Treatment and reticulation | 436 | 1,942 | 188 |
| Bulls | Treatment and reticulation | 986 | 786 | 156 |
| Mangaweka | Treatment and reticulation | 140 | 851 | 59 |
| Huntermville urban | Treatment and reticulation | 7 | 108 | 67 |
| Rātana | Treatment and reticulation | 0 | 12 | 33 |
| Erewhon | Treatment and reticulation | 116 | 125 | 95 |
| Huntermville rural | Treatment and reticulation | 56 | 237 | 34 |
| Omatane | Treatment and reticulation | 5 | 5 | 0 |
| Total renewals | | 2,710 | 5,983 | 1,042 |

CAPITAL (to improve level of service)

| | | | | |
|----------------------|---|--------------|------------|------------|
| Marton | Reticulation upgrade | 225 | 0 | 0 |
| | Treatment upgrade | 238 | 0 | 3 |
| Taihape | Reticulation upgrade | 100 | 104 | 282 |
| | Treatment upgrade | 475 | 0 | 7 |
| Bulls | Backflow protection | 128 | 0 | 0 |
| | Reticulation upgrade | 37 | 0 | 4 |
| Huntermville rural | Reticulation | 0 | 0 | 2 |
| Mangaweka | Backflow protection | 10 | 0 | 0 |
| | Reticulation upgrade | 20 | 0 | 4 |
| Huntermville urban | Backflow protection, pressure flow control | 0 | 0 | 0 |
| Ratana | Treatment upgrade | 765 | 0 | 284 |
| Total capital | | 1,998 | 104 | 586 |

Borrowing

For the year ended 30 June 2017

| | | | |
|--|---------------|---------------|---------------|
| Balance of borrowing at start of year | 11,063 | 11,626 | 11,134 |
| Funds borrowed during the year | 3,121 | 5,574 | 580 |
| Funds repaid during the year | 497 | 578 | 518 |
| Balance of borrowing at end of year | 13,687 | 16,622 | 11,196 |

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 | 46% | 55% | 100% |
| Portion of finance costs attributable to internal borrowing | 256 | 581 | 556 |

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:

Following extensive discussion and consultation, a new consent application for the Bulls wastewater plant was filed with Horizons in April 2015. The situation as reported last year has not changed – i.e. it is not yet known when a decision will be made on this. Currently all the discharge is to the Rangitikei River; under the new consent it is likely that there will be a requirement for discharge to land when conditions for that are suitable.

The Heads of Agreement entered into last year with Midwest Disposals over acceptance of leachate from the Bonny Glen landfill into the Marton wastewater treatment plant has proved effective. However, it seems unlikely that Midwest will have an on-site treatment facility by the time the Agreement expires, on 31 December 2017.

Improvements at the Taihape wastewater plant include the installation of a lamella clarifier.

During the year, Council has worked with Horizons on a compliance pathway for the Hunterville and Taihape wastewater plants.

Following the successful trial along Goldings Line, Marton, slip-lining technology is being used where feasible for reticulation renewals, at considerable cost savings.

Level of Service

Provide a reliable reticulated disposal system that does not cause harm or create pollution within existing urban areas.

| Measure | Target for 2016/17 | Actual for 2016/17 |
|--|---|--|
| <p><i>*Discharge compliance</i></p> <p>Compliance with the Council's resource consents for discharge from its sewerage system measured by the number of</p> <p>(a) abatement notices</p> <p>(b) infringement notices</p> <p>(c) enforcement orders, and</p> <p>(d) convictions</p> <p>received by the Council in relation to those resource consents</p> | <p>No abatement or infringement notices, no enforcement orders and no convictions</p> | <p>Achieved</p> <p>No abatement or infringement notices, no enforcement orders and no convictions received during the reporting period.</p> |

| | | |
|---|--|---|
| <p>Routine compliance monitoring of discharge consents</p> | <p>6 out of 7 systems comply</p> <p><i>In 2015/16, Bulls was identified as being significantly non-compliant because of the quantity being discharges to the Rangitikei River.</i></p> <p><i>At the time of preparing last year's Annual Report, the full suite of compliance reports from Horizons had yet to be provided. However, there had been excessive discharges from both Taihape and Hunterville and excessive ammonia nitrogen discharged from the Marton Wastewater treatment plant in June 2016 into the Tutaenui Stream.</i></p> | <p>Not achieved</p> <p><i>Significant non-compliance</i> was found by Horizons at four wastewater treatment plants:</p> <p>Taihape: Daily volume limit exceeded. However, there have been discussions with Horizons about a varying or having a new consent to change this volume.</p> <p>Hunterville: Daily volume limit exceeded. Discussions are proceeding with Horizons as over Taihape. However, there was a summer spike in ammoniacal nitrogen and also elevated E.coli concentrations between January and May 2017 to be explained and addressed.</p> <p>Bulls: Daily limit exceeded. Different readings from the new discharge flow meter yet to be explained.</p> <p>Note:</p> <p>Exceeding daily limits is typically the result of stormwater infiltration; this is the focus of discussion with Horizons for Taihape and Hunterville.</p> <p>A new consent application is required for Rātana before 31 January 2018 and for Marton before 1 October 2018. There are currently discussions with Horizons about treating Marton wastewater at Bulls associated with a discharge to land there.</p> <p>Rātana: Daily limit exceeded. Monthly updates on Water Outlook are required.</p> <p><i>Non-compliance</i> was found at Council's other three wastewater plants:</p> <p>Marton: Excessive carbonaceous BOD5. Flow meter issues need to be addressed.</p> <p>Mangaweka: Annual report not provided.</p> <p>Koitiata: Vegetation survey report not provided.</p> |
| <p>Number of overflows from each network (response/resolution time)</p> | <p>No single network to experience more than 3 overflows during a 12 month period.</p> <p>Response/resolution time monitored and compared with benchmark]</p> <p><i>In 2015/16, there were 4 overflows in Marton, 3 overflows in Taihape and one in Turakina. 6 were responded to in time and 6 were</i></p> | <p>Not achieved</p> <p>There were two recorded dry-weather overflows from the network in Taihape and Marton. Both were responded to in time. One was resolved in time.</p> <p>There were six wet weather overflows, all in Marton. Five were responded to and</p> |

| | | |
|---|---|---|
| | <i>resolved in time.</i> | resolved in time. |
| <p>*System and adequacy</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>Achieved</p> <p>There were 2 reported dry weather overflow (i.e. 0.4/1000)</p> <p>In 2016, there were 5 reported dry weather overflows (i.e. 1.2/1000).</p> |

Level of Service

Be responsive to reported faults and complaints.

| Measure | Target for 2016/17 | Actual for 2016/17 |
|--|--|---|
| <p>*Fault response time</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> <p>(a) attendance time: from the time that the Council receives notification to the time that service personnel reach the site, and</p> <p>(b) resolution time: from the time that the Council receives notification to the time that service personnel confirm resolution of the fault of interruption</p> | <p>Improved timeliness compared with the previous year.</p> <p>The 2016 results were:</p> <p>a) 18 minutes b) 2 hours 44 minutes</p> <p>The target attendance times are within 30 minutes for urgent callouts, within 24 hours for non-urgent callouts.</p> <p>The target resolution times are within 24 hours for urgent callouts and within 96 hours for non-urgent callouts.</p> <p><i>Urgent callouts are where sewage is evident</i></p> <p>Note: this mandatory measure does not distinguish between urgent and non-urgent callouts.</p> | <p>Partly achieved</p> <p>The median times for the reporting period are:</p> <p>a) 22 minutes b) 2 hours 34 minutes</p> <p>Note that, unlike water, this measure does not distinguish between urgent and non-urgent matters.</p> |
| <p>*Customer satisfaction</p> <p>The total number of complaints received by the Council about any of the following:</p> <p>(a) sewage odour (b) sewerage system faults (c) sewerage system blockages, and</p> | <p>Total number of complaints is less than 18/1000</p> <p><i>In 2015/16 total complaints were 6.6 per 1,000 connections.</i></p> | <p>Achieved</p> <p>4.49 per 1000</p> <p>(a) 0.47/1000 (b) 1.89/1000 (c) 2.13/1000 (d) nil</p> |

| | | |
|---|--|---|
| <p>(d) the Council's response to issues with its sewerage systems²¹</p> <p>expressed per 1,000 connections to the Council's sewerage system.</p> | | <p>The request for service system does not show all complaints for any one incident, so there is potential under-reporting of the total number of complaints. For example, if there were five complaints about a blocked sewer, it would show in the report from the system as one complaint.</p> |
|---|--|---|

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

The mandatory measure for compliance with resource consents has been achieved. However, there were breaches of conditions at all plants during the year. In the case of Taihape and Hunterville, an improvement pathway was agreed with Horizons Regional Council to address the excessive discharge volume, the result of stormwater infiltration. That agreement includes provision of monthly reports to Horizons, which has been done.

Significant variation between acquisitions and replacement from the Long Term Plan

Planned upgrade work in **Bulls** (accrued forward from 2015/16) was delayed because the new consent conditions have yet to be determined by Horizons. This funding was carried forward to 2017/18. Similarly, in **Marton**, planned upgrade work ahead of the new consent has been deferred until there is certainty over the nature of any leachate from the Bonny Glen landfill to be treated (to be determined by December 2017) – and the funds carried forward to 2017/18.

The possibility of piping Marton's wastewater to Bulls for treatment is under consideration. It would eliminate all discharge to the Tutaenui Stream, which typically has very low flows during summer.

In **Ratana**, a carry-over of \$1,419,000 from 2015/16 to complete this work has been carried forward to 2017/18, which is reflected in the lower capital expenditure (improving the level of service and replacing existing assets) than had been projected for the year by the 29015-25 Long Term Plan. This was due to the need to wait for a land application consent to be approved, which could not be achieved before 30 June 2017.

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

Deferral of major capital programmes has meant no borrowing was needed, thus reducing finance costs.

²¹ These are matters relating to the Council's wastewater systems recorded in the request for service system *other than* in (a), (b) or (c) such as complaints about wastewater overflows.

Sewerage and Treatment and Disposal of Sewerage – Funding Impact Statement

For the year ended 30 June 2017

| | 2016 Long- term plan (\$000) | 2017 Long- term plan (\$000) | 2017 Actual (\$000) |
|--|---------------------------------------|---------------------------------------|---------------------------|
| Sources of operating funding | | | |
| General rates, uniform annual general charge, rates penalties | 0 | 0 | 0 |
| Targeted rates | 2,306 | 2,401 | 2,202 |
| Subsidies and grants for operating purposes | 0 | 0 | 0 |
| Fees and charges | 242 | 251 | 249 |
| Internal charges and overheads recovered | 0 | 0 | 0 |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 0 | 0 | 0 |
| Total operating funding (A) | 2,548 | 2,652 | 2,451 |
| Applications of operating funding | | | |
| Payment to staff and suppliers | 1,056 | 1,084 | 1,230 |
| Finance costs | 201 | 489 | 152 |
| Internal charges and overheads applied | 218 | 226 | 221 |
| Other operating funding applications | 0 | 0 | |
| Total applications of operating funding (B) | 1,475 | 1,799 | 1,603 |
| Surplus (deficit) of operating funding (A - B) | 1,073 | 853 | 848 |
| Sources of capital funding | | | |
| Subsidies and grants for capital expenditure | 0 | 0 | 0 |
| Development and financial contributions | 0 | 0 | 0 |
| Increase (decrease) in debt | 4,816 | 256 | (282) |
| Gross proceeds from sale of assets | 0 | 0 | 0 |
| Lump sum contributions | 0 | 0 | 0 |
| Other dedicated capital funding | 0 | 0 | 0 |
| Total sources of capital funding (C) | 4,816 | 256 | (282) |
| Application of capital funding | | | |
| Capital expenditure | | | |
| - to meet additional demand | 0 | 0 | 0 |
| - to improve the level of service | 5,167 | 779 | 240 |
| - to replace existing assets | 1,667 | 1,530 | 659 |
| Increase (decrease) in reserves | (945) | (1,200) | (332) |
| Increase (decrease) in investments | 0 | 0 | 0 |
| Total applications of capital funding (D) | 5,889 | 1,109 | 566 |
| Surplus (deficit) of capital funding (C - D) | (1,073) | (853) | (848) |
| Funding balance ((A - B) + (C - D)) | 0 | 0 | 0 |
| Note: Depreciation expense not included above | 672 | 672 | 717 |

Sewerage and Treatment and Disposal of Sewerage – Capital Works

For the year ended 30 June 2017

| Category | Designated projects for 2016/17 | 2016 Long-term plan (\$000) | 2017 Long-term plan (\$000) | 2017 Actual (\$000) | |
|--|--|-----------------------------------|-----------------------------------|---------------------------|--------------|
| RENEWALS (to replace existing assets) | | | | | |
| Marton | Treatment and reticulation | | 941 | 78 | 256 |
| Taihape | Treatment and reticulation | | 205 | 493 | 177 |
| Bulls | Treatment and reticulation | | 268 | 137 | 82 |
| Mangaweka | Treatment and reticulation | | 25 | 0 | 2 |
| Huntermville | Treatment and reticulation | | 220 | 284 | 119 |
| Ratana | Treatment and reticulation | | 5 | 526 | 17 |
| Koitiata | Treatment and reticulation | | 3 | 12 | 5 |
| Total renewals | | | 1,667 | 1,530 | 658 |
| CAPITAL (to improve the level of service) | | | | | |
| Marton | Treatment plant upgrade | | 1,387 | 779 | 10 |
| Taihape | Treatment plant upgrade | | 450 | 0 | 191 |
| Bulls | Treatment plant upgrade | | 1,500 | 0 | 1 |
| Huntermville | Treatment plant upgrade | | 200 | 0 | 25 |
| Ratana | Treatment plant upgrade | | 1,500 | 0 | 1 |
| Koitiata | Treatment plant upgrade | | 130 | 0 | 12 |
| Total capital | | | 5,167 | 779 | 240 |
| Borrowing | | | | | |
| For the year ended 30 June 2017 | | | | | |
| | Balance of borrowing at start of year | | 6,277 | 5,065 | 3,924 |
| | Funds borrowed during the year | | 5,167 | 5,060 | 0 |
| | Funds repaid during the year | | 351 | 450 | 282 |
| | Balance of borrowing at end of year | | 11093 | 9,675 | 3,643 |
| 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 | | 41% | 24% | 100% |
| | Portion of finance costs attributable to internal borrowing | | 31 | 253 | 196 |

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, Rātana – and, to a limited extent, at Koitiata²².

Highlights

Completion of stormwater renewal on Hammond Street/Hair Street (Marton).

Review of the submissions made regarding the ownership and responsibility for open drains in urban areas, particularly Marton.

Design in progress for stormwater renewal in Paradise Terrace, Taihape.

| Level of Service | | |
|--|---|--|
| Provide a reliable collection and disposal system to each property during normal rainfall | | |
| Measure | Target for 2016/17 | Actual for 2016/17 |
| <p><i>* System adequacy</i></p> <p>(a) The number of flooding events²³ that occurred in the District</p> <p>(b) For each flooding event, the number of habitable floors affected (expressed per 1,000 properties connected to the Council's stormwater system)</p> | <p>Less than 1/1000</p> <p>There are 4,122 properties in the District that pay the stormwater rate.</p> | <p>Not applicable</p> <p>There were no reports of any flooding affecting properties that meet the mandatory measure, although a number of properties were affected and sandbags were widely distributed in Marton when the Tutaenui Stream overflowed in May 2017. See note 15 below.</p> <p>There was no such event in 2016.</p> |
| <p><i>*Discharge compliance</i></p> <p>Compliance with the Council's resource consents for discharge from its stormwater system measured by the number of</p> <p>(a) abatement notices</p> <p>(b) infringement notices</p> <p>(c) enforcement orders, and</p> <p>(d) convictions</p> <p>received by the Council in relation to those resource consents</p> | | <p>Not applicable</p> <p>The Council has not been required to have resource consents for any of its stormwater discharges.</p> |

²² The limited stormwater collection at Turakina is a roading function.

²³ 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

| Level of Service | | |
|--|--------------------|--|
| Be responsive to reported faults and complaints | | |
| Measure | Target for 2016/17 | Actual for 2016/17 |
| <p><i>*Response time</i></p> <p>The median response time to attend a flooding event, measured from the time that the Council receives notification to the time that service personnel reach the site.</p> | 1 hour | <p>Not applicable</p> <p>There were no flooding events during the year within the scope of the measure.</p> <p>This was also the case in 2016.</p> |
| <p><i>*Customer satisfaction</i></p> <p>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.</p> <p>4,122 connections</p> | Less than 15/1,000 | <p>Achieved</p> <p>4.12/1000</p> <p>There were 17 call-outs during this time period, of which 14 were resolved in time.</p> <p>In 2016 there were 33 callouts, i.e. 8.0/1000.</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

In **Marion**, the planned work was delayed to allow modelling by Horizons to be completed. Other capital projects were not started. This was primarily because of lack of internal capacity.

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

Deferral of most capital projects has meant no borrowing was needed, thus reducing finance costs. It is also reflected in a reduction in staff time intended for these projects. There was a reduction in the targeted rates for this activity during the year from the amount projected in the 2015-25 Long Term Plan: that anticipated a change in compliance requirements with consents being required for some of the larger urban stormwater discharges. This has not yet occurred.

Stormwater Drainage – Funding Impact Statement

For the year ended 30 June 2017

| | 2016 Long- term plan (\$000) | 2017 Long- term plan (\$000) | 2017 Actual (\$000) |
|--|---------------------------------------|---------------------------------------|---------------------------|
| Sources of operating funding | | | |
| General rates, uniform annual general charge, rates penalties | 0 | 0 | 0 |
| Targeted rates | 729 | 765 | 637 |
| Subsidies and grants for operating purposes | 0 | 0 | 0 |
| Fees and charges | 2 | 2 | 3 |
| Internal charges and overheads recovered | 0 | 0 | 0 |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 0 | 0 | 1 |
| Total operating funding (A) | 731 | 767 | 641 |
| Applications of operating funding | | | |
| Payment to staff and suppliers | 350 | 262 | 104 |
| Finance costs | (17) | 4 | (62) |
| Internal charges and overheads applied | 59 | 61 | 60 |
| Other operating funding applications | 0 | 0 | 0 |
| Total applications of operating funding (B) | 392 | 328 | 103 |
| Surplus (deficit) of operating funding (A - B) | 339 | 440 | 538 |
| Sources of capital funding | | | |
| Subsidies and grants for capital expenditure | 0 | 0 | 0 |
| Development and financial contributions | 0 | 0 | 0 |
| Increase (decrease) in debt | (44) | (44) | (44) |
| Gross proceeds from sale of assets | 0 | 0 | 0 |
| Lump sum contributions | 0 | 0 | 0 |
| Other dedicated capital funding | 0 | 0 | 0 |
| Total sources of capital funding (C) | (44) | (44) | (44) |
| Application of capital funding | | | |
| Capital expenditure | | | |
| - to meet additional demand | 0 | 0 | 0 |
| - to improve the level of service | 430 | 270 | 1 |
| - to replace existing assets | 329 | 381 | 159 |
| Increase (decrease) in reserves | (464) | (255) | 334 |
| Increase (decrease) in investments | 0 | 0 | 0 |
| Total applications of capital funding (D) | 295 | 395 | 494 |
| Surplus (deficit) of capital funding (C - D) | (339) | (440) | (538) |
| Funding balance ((A - B) + (C - D)) | 0 | 0 | 0 |
| Note: Depreciation expense not included above | 259 | 289 | 293 |

Stormwater Drainage – Capital Works

For the year ended 30 June 2017

| Category | Designated projects for 2016/17 | 2016 Long-term plan (\$000) | 2017 Long- term plan (\$000) | 2017 Actual (\$000) |
|--|---------------------------------------|--------------------------------------|--|---------------------------|
| RENEWALS (to replace existing assets) | | | | |
| Marton | Reticulation | 309 | 358 | 148 |
| Taihape | Reticulation | 20 | 22 | 1 |
| Rural | Reticulation | 0 | 0 | 0 |
| Bulls | Reticulation | 0 | 0 | 7 |
| Mangaweka | Reticulation | 0 | 0 | 0 |
| Huntermville | Reticulation | 0 | 0 | 1 |
| Ratana | Reticulation | 0 | 0 | 0 |
| Total renewals | | 329 | 380 | 157 |
| CAPITAL (to improve the level of service) | | | | |
| Marton | Culverts, drains and inlet protection | 230 | 0 | 2 |
| Taihape | Culverts, drains and inlet protection | 100 | 119 | 0 |
| Rural | Culverts, drains and inlet protection | 0 | 0 | 0 |
| Bulls | Culverts, drains and inlet protection | 50 | 67 | 0 |
| Mangaweka | Culverts, drains and inlet protection | 0 | 16 | 0 |
| Huntermville | Culverts, drains and inlet protection | 50 | 67 | 1 |
| Ratana | Culverts, drains and inlet protection | 0 | 0 | 0 |
| Total capital | | 430 | 269 | 3 |
| Borrowing | | | | |
| For the year ended 30 June 2016 | | | | |
| Balance of borrowing at start of year | | 622 | 578 | 578 |
| Funds borrowed during the year | | 0 | 0 | 0 |
| Funds repaid during the year | | 44 | 44 | 44 |
| Balance of borrowing at end of year | | 578 | 534 | 534 |
| 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 | | 41% | 3% | 100% |
| Portion of finance costs attributable to internal borrowing | | 31 | 29 | 29 |

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

Completion of concept design and successful application to the Lotteries Community Facilities Fund for the new Bulls Community Centre, with \$750,000 being granted subject to certain conditions being met by November 2017²⁴;

Development of a heritage precinct plan for the CBD area of Marton alongside a high-level consideration of options for the Council-owned buildings (Cobbler/Davenport/Abraham & Williams) on Broadway and High Street;

Adoption of a project brief and timeline to guide the identification and assessment of viable options for amenities/grandstand/recreational facilities on Taihape Memorial Park, with engagement of user groups and the wider community;

Adoption of an urban tree plan following consultation with community committees and community boards;

Successful application to the Mid-sized Tourism Infrastructure Fund for new public toilets in Mangaweka Village, Papakai Park (Taihape) and Bruce Park (near Hunterville – a Department of Conservation reserve);

Implementation of a permanent in-ground irrigation system for Taihape Memorial Park (in collaboration with users of the park);

Development of a management plan for Marton B & C Dams, including replanting with native species once logging is complete, improving controls over contributory streams and examining the feasibility of public access;

Community engagement on a management plan for Marton Park;

Development of scenarios for the future management of Council's community housing;

Successful wasp eradication programme in Taihape;

Implementation of controls to limit sand dune movement into Koitiata;

Renovation of rural halls – Whangaehu, Koitiata, Tutaenui, Mangaweka, Ohutu, Mataroa – funded by J B S Dudding Trust; and

²⁴ This grant has yet to be paid so does not appear in the financial statements for 2016/17.

Upgrade to filtration and heating plant at Taihape Pool (to be completed before 2017/18 swimming season starts).

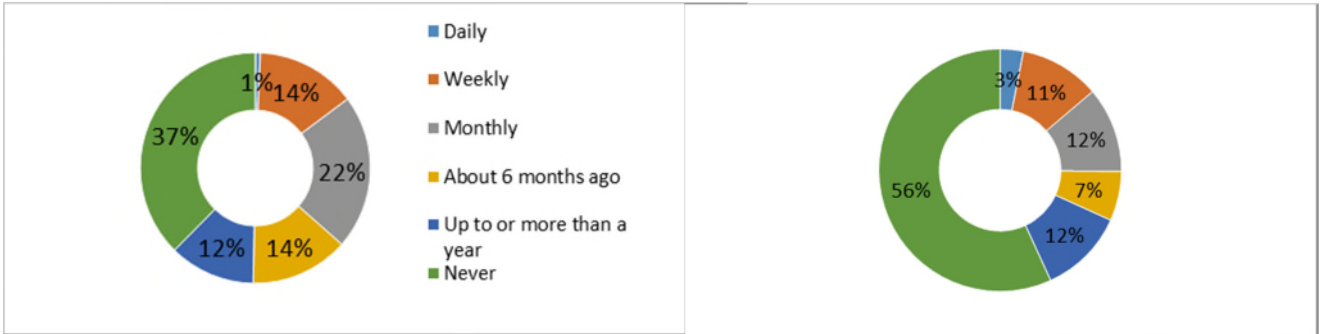
| Level of Service | | |
|--|---|--|
| Provide a “good enough” range of community and leisure assets at an appropriate proximity to centres of population | | |
| Measure | Target for 2016/17 | Actual for 2016/17 |
| <p>“Report card” produced during April/May each year from a postal survey of residents.²⁵</p> | <p>A greater proportion (than in the previous year) or more than 10% of the sample believes that Council’s service is getting better.</p> <p>NOTE 1: Changes in the methodology of sampling has increased the total response rate and provided a more representative sample of residents. This may affect the comparability of results.</p> <p>NOTE 2: The question relating to Community Housing was dropped from the survey in 2017. This is because the number of residents with any knowledge or opinion about community housing meant that the sample size was too small to be meaningful. More feedback has been sought from tenants themselves to provide information on satisfaction with the services. All tenants have been visited in the past year, and tenants asked for feedback. Age Concern and Older & Bolder have also provided feedback.</p> | <p>Public libraries - Achieved</p> <p>In 2016/17, 11% believed it was better than last year (10% in 2015/16), 70% about the same (78% in 2015/16), 2% worse than last year (3% in 2015/16) and 14% did not know (9% in 2015/16)</p> <p>Swimming pools – Achieved</p> <p>In 2016/17, 16% believed it was better than last year (23% in 2015/16), 54% about the same (59% in 2015/16), 6% worse than last year (5% in 2015/16) and 23% did not know (13% in 2015/16)</p> <p>Sports fields, parks and reserves - Achieved</p> <p>In 2016/17, 18% believed it was better than last year (12% in 2015/16), 63% about the same (66% in 2015/16), 2% worse than last year (6% in 2015/16) and 16% did not know (16% in 2015/16)</p> <p>Public toilets – Partly achieved</p> <p>In 2016/17, 7% believed it was better than last year (10% in 2015/16), 66% about the same (51% in 2015/16), 11% worse than last year (10% in 2015/16) and 17% did not know (30% in 2015/16)</p> <p>Community buildings – Achieved</p> <p>In 2016/17, 4% believed it was better than last year (3% in 2015/16), 74% about the same (65% in 2015/16), 6% worse than last year (6% in 2015/16) and 16% did not know (26% in 2015/16)</p> |

²⁵ The sample was taken from the electoral roll for residents. During the previous three years, the sample was taken from Council’s ratepayer database.

37% of respondents used the libraries once a month (the same proportion who did not use the libraries at all). 15% of respondents used the libraries at least once a week. 26% of respondents used the pools at least once a month (in season) and 14% at least once a week. Over a half of respondents did not use the pools at all.

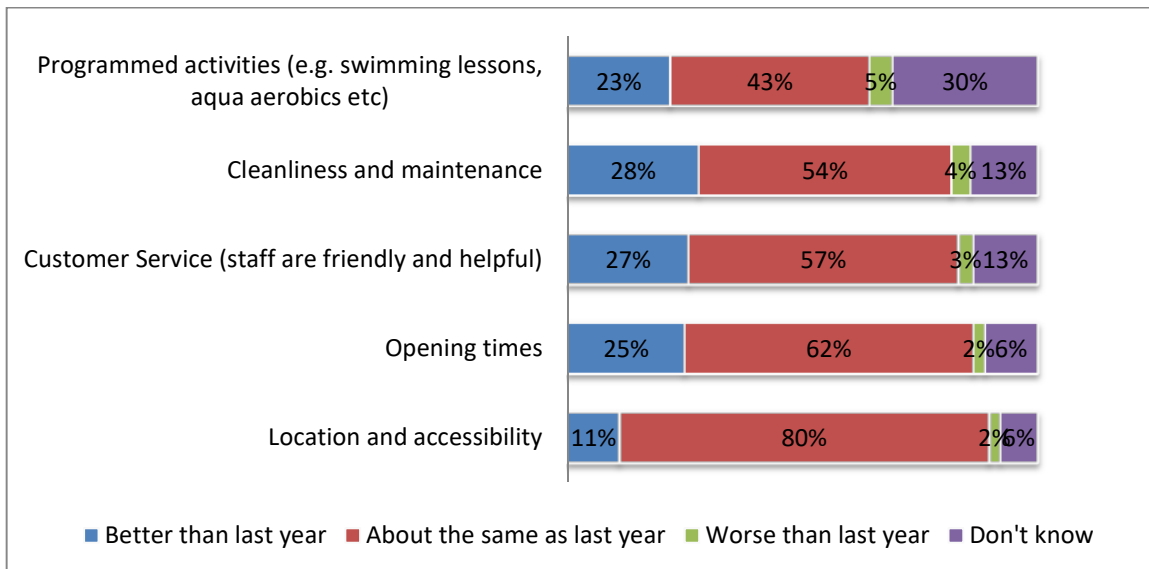
Use of libraries

Use of swimming pools

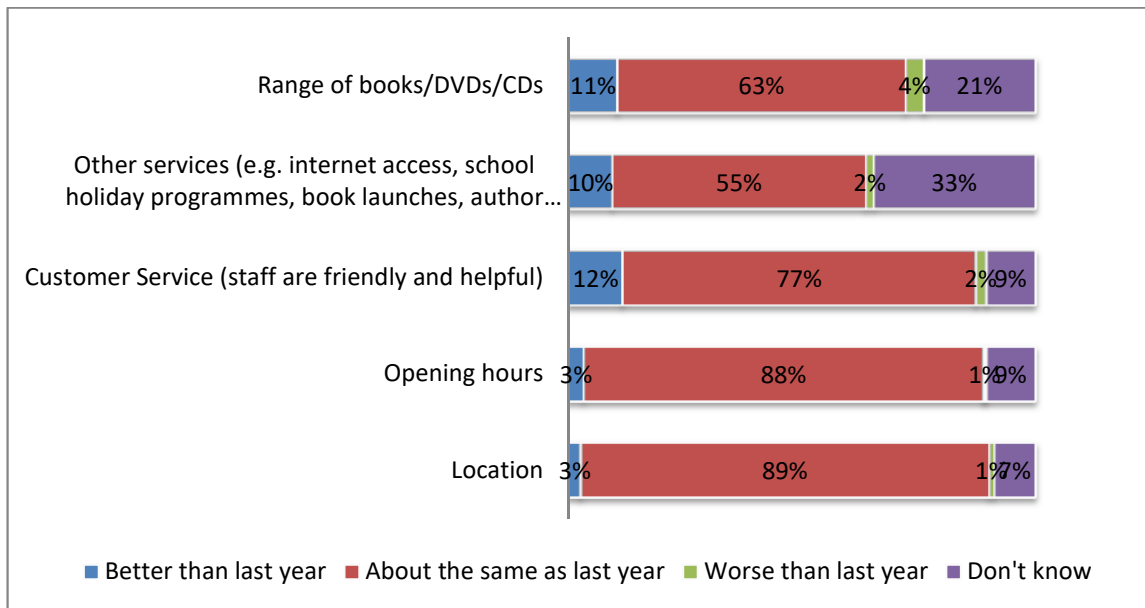


The chart below summarises results from specific questions posed on pools. Although not open all year round, 25% of respondents considered the opening times better than last year – Marton, in particular, was open for a longer season. Nearly one third of respondents were not aware of the programmed activities in the pools. This characteristic is evident in responses to other services provided by the libraries and additional facilities at Council’s parks.

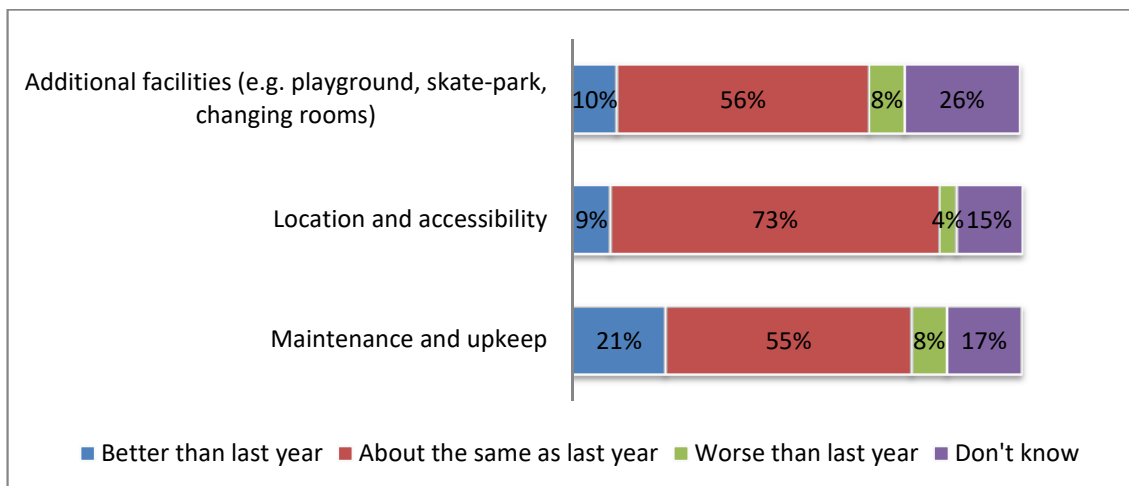
Pools



Libraries



Parks



Level of Service

Secure high use of staffed resources

| Measure | Target for 2016/17 | Actual for 2016/17 |
|------------------------------|---|---|
| Number of users of libraries | An increase in use compared with the previous year <i>In 2015/16 to software providing this information was not functioning properly for most of the reporting period.</i> | Not available <i>(no comparable data for last year)</i> Bulls – 8,901 (21 days unrecorded) Marton – 18,198 (8 days unrecorded) Taihape – 23,819 (13 days unrecorded) |

| | | |
|--------------------------|---|--|
| Number of users of pools | <p>An increase in use compared with the previous year</p> <p><i>2015/16 season totals</i></p> <p><i>Marton.....20,123</i></p> <p><i>Taihape.....11,323</i></p> <p>The pools are managed by different contractors and have different opening times and length of season.</p> | <p>Achieved</p> <p>Marton – 28,271²⁶</p> <p>Taihape – 11,177</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

The main variances in this activity are due to:

- In community housing, the budget for refurbishment was under spent by \$75,000 and a carry-over for this amount has been approved. Occupancy of community housing has increased, meaning increased rent.
- The Mangaweka campground toilet budget of \$95,000 has not been spent due to delays in final design and a carry-over for this amount has been approved.
- The Bulls Town Centre was underspent by \$3.075 million and a carry-over of \$3.303 million has been approved. The 2015-25 Long Term Plan budget for 2016/17 assumed completion of the new facility by 30 June 2017, but this has proved overly optimistic.
 - The development of a final design for the Centre took longer than anticipated, partly because the community/staff reference group raised a number of issues which it was important for the architects to address.
 - The timetable for the Lotteries Community Facilities Fund was also a factor because Council has defined thresholds for external funding before committing to purchase of the site and letting a contract for the new building.²⁷ This delay is the reason for the marked difference between the projected subsidies and grants for this activity (\$1.5 million – of which the Lottery application was to be a part) and the actual result for the year (nil).
- The Taihape swim centre budget of \$150,000 was not spent due to delays in peer reviewing the consultant's report. A carry-over of \$150,000 has been approved for this project.

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

Operating funding is \$415,000 more than forecast for 2017 in the 2015-15 Long Term Plan.

²⁶ Includes schools, swim school and lane hire.

²⁷ The grant of \$500,000 approved by the Lotteries Community Facilities Fund has not yet been received, as some conditions needed to be complied with before payment would be made.

- Fees and charges are up by \$89,000 compared with the forecast for the year in the 2015-25 Long Term Plan. The main factor in this is the increased rent received for Council's community housing, the result of generally full occupation.
- Local Authorities, fuel tax, fines, infringement fees and other receipts are up by \$158,000 compared with the forecast for 2017 in the 2015-25 Long Term Plan. The main factors in this are (i) the proceeds from the first stage of forestry harvesting at Marton B & C Dams, (ii) the youth services programme which was approved through the 2016/17 Annual Plan process and (iii) additional projects funded for the Parks & Reserves team (e.g. wasp eradication in Taihape, sand dune management at Koitiata and managing the notable elms at Marton School) – none of these was included in the Long Term Plan budget forecasts.



Taihape Swim Centre

Community and Leisure Assets – Funding Impact Statement

For the year ended 30 June 2017

| | 2016 Long-term plan (\$000) | 2017 Long-term plan (\$000) | 2017 Actual (\$000) |
|--|--------------------------------------|--------------------------------------|---------------------------|
| Sources of operating funding | | | |
| General rates, uniform annual general charge, rates penalties | 3,391 | 3,229 | 3,360 |
| Targeted rates | 0 | 0 | (0) |
| Subsidies and grants for operating purposes | 108 | 34 | 72 |
| Fees and charges | 588 | 441 | 530 |
| Internal charges and overheads recovered | 0 | 0 | 0 |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 0 | 0 | 158 |
| Total operating funding (A) | 4,087 | 3,704 | 4,119 |
| Applications of operating funding | | | |
| Payment to staff and suppliers | 2,773 | 2,670 | 2,714 |
| Finance costs | 31 | 36 | 54 |
| Internal charges and overheads applied | 349 | 364 | 507 |
| Other operating funding applications | 0 | 0 | 0 |
| Total applications of operating funding (B) | 3,153 | 3,070 | 3,276 |
| Surplus (deficit) of operating funding (A - B) | 934 | 634 | 844 |
| Sources of capital funding | | | |
| Subsidies and grants for capital expenditure | 106 | 1,501 | 0 |
| Development and financial contributions | 0 | 0 | 0 |
| Increase (decrease) in debt | (8) | 643 | 98 |
| Gross proceeds from sale of assets | 0 | 565 | 0 |
| Lump sum contributions | 0 | 0 | 0 |
| Other dedicated capital funding | 0 | 0 | 0 |
| Total sources of capital funding (C) | 98 | 2,709 | 98 |
| Application of capital funding | | | |
| Capital expenditure | | | |
| - to meet additional demand | 0 | 0 | 0 |
| - to improve the level of service | 1,123 | 3,092 | 94 |
| - to replace existing assets | 549 | 587 | 655 |
| Increase (decrease) in reserves | (640) | (337) | 259 |
| Increase (decrease) in investments | 0 | 0 | (67) |
| Total applications of capital funding (D) | 1,032 | 3,342 | 941 |
| Surplus (deficit) of capital funding (C - D) | (934) | (634) | (844) |
| Funding balance ((A - B) + (C - D)) | 0 | 0 | 0 |
| Note: Depreciation expense not included above | 811 | 828 | 1090 |

Community and Leisure Assets – Capital Works

For the year ended 30 June 2017

| Category | Designated projects for 2016/17 | 2016 Long- term plan (\$000) | 2017 Long- term plan (\$000) | 2017 Actual (\$000) |
|---|--|--|--|---------------------------|
| RENEWALS (to replace existing assets) | | | | |
| Swimming pools | Building and plant | 115 | 23 | 10 |
| Libraries | Furniture, books and computers | 108 | 181 | 263 |
| Community housing | Flat refurbishment | 100 | 100 | 112 |
| Cemeteries | Paving and fences | 23 | 24 | 56 |
| Parks and reserves | Landscaping and playgrounds | 681 | 75 | 53 |
| | Bulls courthouse refurbishment | 30 | 0 | 1 |
| Toilets | Building refurbishment | 7 | 0 | 0 |
| Halls | Refurbishment | 98 | 185 | 160 |
| Total renewals | | 549 | 587 | 655 |
| CAPITAL (to improve the level of service) | | | | |
| Swimming pools | Capital improvements to plant | 150 | 113 | 4 |
| Libraries | | 0 | 0 | 20 |
| Community housing | | 0 | 0 | 0 |
| Cemeteries | Berms | 8 | 16 | 13 |
| | Land purchase Ratana | 20 | 0 | 0 |
| | Mangaweka campground | | | |
| Parks and reserves | wastewater | 95 | 0 | 15 |
| | Parks upgrades | 100 | 103 | 22 |
| Property | | 0 | 0 | 2 |
| Toilets | | 0 | 0 | 0 |
| Halls | Bulls town centre | 750 | 2,861 | 0 |
| Total capital | | 1,123 | 3,093 | 94 |
| Borrowing | | | | |
| For the year ended 30 June 2016 | | | | |
| | Balance of borrowing at start of year | 1,528 | 1,176 | 1,085 |
| | Funds borrowed during the year | 75 | 1590 | 0 |
| | Funds repaid during the year | 83 | 56 | 56 |
| | Balance of borrowing at end of year | 1,520 | 2,710 | 1,029 |
| 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 | 41% | 6% | 87% |
| | Portion of finance costs attributable to internal borrowing | 31 | 58 | 54 |

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 increase in waste diversion, particularly through greenwaste – despite an increase in the overall tonnage going to landfill. The Enviroschools programme has continued at five schools in the Rangitikei and there were nine requests for information on zero waste education. Council provides funding support for a waste minimisation programme to local marae (primarily funded by the Ministry for the Environment).

Level of Service

Make recycling facilities available at waste transfer stations for glass, paper, metal, plastics, textiles and greenwaste. Special occasions for electronics (e-waste).

| Measure | Target for 2016/17 | Actual for 2016/17 | | | | | | | | |
|---|--|---|--|--------|-------|--------|----------|-------|-------|--------|
| Waste to landfill (tonnage) ²⁸ | 4,250 tonnes to landfill <i>In 2015/16, 4,242 tonnes went to the landfill.</i> | Not achieved 5,123 tonnes went to the landfill, equating to 21% increase of the target volume. The precise cause for this increase has yet to be determined (and at which waste transfer stations), but the contributory factors will be (i) the increase in population in the southern part of the District, (ii) the increased turnover of residential properties (and consequent tidying up and disposal of waste prior to and after sales), and (iii) the altered share of bin disposal work between contractors, meaning more of this waste is coming to the waste transfer stations rather than to the landfill. | | | | | | | | |
| Waste diverted from landfill (tonnage and (percentage of total waste) ²⁹ | Percentage of waste diverted from landfill 14% <i>In 2015/16, a total of 598 tonnes (or 14.3%) of waste was diverted.</i> | Achieved 17.2% (1,070 tonnes) of waste was diverted during the year. <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th>Tonnes</th> </tr> </thead> <tbody> <tr> <td>Paper</td> <td>194.86</td> </tr> <tr> <td>Plastics</td> <td>30.87</td> </tr> <tr> <td>Glass</td> <td>312.00</td> </tr> </tbody> </table> | | Tonnes | Paper | 194.86 | Plastics | 30.87 | Glass | 312.00 |
| | Tonnes | | | | | | | | | |
| Paper | 194.86 | | | | | | | | | |
| Plastics | 30.87 | | | | | | | | | |
| Glass | 312.00 | | | | | | | | | |

²⁸ Calibrated records maintained at Bonny Glen landfill.

²⁹ Records maintained at waste transfer stations

| | | | |
|--|--|------------|--------|
| | | e-Waste | 3.74 |
| | | Haz waste | 2.67 |
| | | Greenwaste | 402.80 |
| | | Scrapmetal | 116.00 |
| | | Tyres | 7.53 |

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 is no significant variation between acquisitions and replacement from the long-term plan

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

The increased income from fees and charges reflects the increase in waste (both for disposal to landfill and for recycling) being received at the waste transfer stations.



Trial 'smart' bin, Queen's Park, Hunterville

Rubbish and Recycling – Funding Impact Statement

For the year ended 30 June 2017

| | 2016 Long- term plan (\$000) | 2017 Long- term plan (\$000) | 2017 Actual (\$000) |
|--|---|---|------------------------------------|
| Sources of operating funding | | | |
| General rates, uniform annual general charge, rates penalties | 86 | 90 | 90 |
| Targeted rates | 443 | 441 | 487 |
| Subsidies and grants for operating purposes | 47 | 47 | 0 |
| Fees and charges | 370 | 382 | 496 |
| Internal charges and overheads recovered | 0 | 0 | 0 |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 0 | 0 | 0 |
| Total operating funding (A) | 947 | 960 | 1,074 |
| Applications of operating funding | | | |
| Payment to staff and suppliers | 954 | 965 | 1,049 |
| Finance costs | (30) | (29) | (32) |
| Internal charges and overheads applied | 54 | 55 | 55 |
| Other operating funding applications | 0 | 0 | 0 |
| Total applications of operating funding (B) | 978 | 992 | 1073 |
| Surplus (deficit) of operating funding (A - B) | (32) | (32) | 1 |
| Sources of capital funding | | | |
| Subsidies and grants for capital expenditure | 0 | 0 | 0 |
| Development and financial contributions | 0 | 0 | 0 |
| Increase (decrease) in debt | (1) | (1) | (1) |
| Gross proceeds from sale of assets | 0 | 0 | 0 |
| Lump sum contributions | 0 | 0 | 0 |
| Other dedicated capital funding | 0 | 0 | 0 |
| Total sources of capital funding (C) | (1) | (1) | (1) |
| Application of capital funding | | | |
| Capital expenditure | | | |
| - to meet additional demand | 0 | 0 | 0 |
| - to improve the level of service | 0 | 0 | 0 |
| - to replace existing assets | 2 | 2 | 0 |
| Increase (decrease) in reserves | (35) | (35) | 0 |
| Increase (decrease) in investments | 0 | 0 | 0 |
| Total applications of capital funding (D) | (33) | (33) | 0 |
| Surplus (deficit) of capital funding (C - D) | 32 | 32 | (1) |
| Funding balance ((A - B) + (C - D)) | 0 | 0 | 0 |
| Note: Depreciation expense not included above | 33 | 33 | 38 |

Rubbish and Recycling – Capital Works

For the year ended 30 June 2017

| Category | Designated projects for 2016/17 | 2016 Long- term plan (\$000) | 2017 Long- term plan (\$000) | 2017 Actual (\$000) |
|--|------------------------------------|--|--|---------------------------|
| RENEWALS (to replace existing assets) | | | | |
| Public refuse collection | District litter bins | 2 | 2 | 0 |
| Waste transfer stations | Plant renewals | 0 | 0 | 0 |
| Total renewals | | 2 | 2 | 0 |
| CAPITAL (to improve level of service) | | | | |
| Waste transfer stations | Create direct access to Marton pit | 0 | 0 | 0 |
| Total capital | | 0 | 0 | 0 |
| Borrowing | | | | |
| For the year ended 30 June 2017 | | | | |
| Balance of borrowing at start of year | | 13 | 13 | 12 |
| Funds borrowed during the year | | 0 | 0 | 0 |
| Funds repaid during the year | | 1 | 1 | 1 |
| Balance of borrowing at end of year | | 12 | 12 | 11 |
| 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 | | 46% | 0% | 100% |
| Portion of finance costs attributable to internal borrowing | | 1 | 1 | 1 |

Environmental and Regulatory Services

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

During the year, there has been continued collaboration with neighbouring councils (both at a regional level and within a central New Zealand cluster associated with the Ministry of Business, Innovation and Employment³⁰) over common approaches in managing Building Control Authority functions.

The Council has been reaccredited as a building consent authority until February 2019. This followed a visit by the IANZ team in February 2017 and completion of the required corrective actions, which were procedural and process matters

During the year, there has been continued collaboration with neighbouring councils (both at a regional level and within a central New Zealand cluster associated with the Ministry of Business, Innovation and Employment) over common approaches in managing Building Control Authority functions. Online processing of building consents is scheduled to be introduced during 2017/18.

The new legislated swimming pool regime came into effect from 1 January 2017, and a strategy has been implemented to inspect every known pool at least once every three years; this year the focus has been on education and information to pool owners and 2017/18 will kick off the start of the inspection cycle.

The requirements of the Building (Earthquake-prone Buildings) Amendment Act came into effect on 1 July 2017.³¹ The delay in issuing guidance under these new provisions has had a consequential delay in Council's provision of information to building owners.

Implementation of the new Food Act and grading of food handling premises under the Food Premises Bylaw has continued to be a major focus. All premises in the District that had to transition to Food Control Programmes have done so and major progress has already been made with the next group that has to transition to either Food Control Programmes or National programmes during 2017/18. The Ministry for Primary Industries requires monthly reporting on enforcement activity. This function is delivered through a shared service with Whanganui District Council.

The shared service agreement for animal control with Manawatu District Council has been renewed for a further year. A successful funding application to Department of Internal Affairs saw the animal control team undertaking two very successful de-sexing programmes in both Districts for menacing breed of dogs and the Department has approved the further use of unspent funding for the 2017/18 year to continue both programmes.

Last year's annual report noted that in December 2015, Council agreed to undertake a targeted review of the District Plan, with hearings conducted by an independent Commissioner. The changes subsequently considered included:

- removing the liquefaction, ground shaking, active fault and landslide hazard overlays;

³⁰ This Ministry includes the former Department of Building and Housing.

³¹ These provisions have been inserted into the Building Act 2004.

- amending the flooding permitted activity standards to increase consistency with the One Plan;
- amending heritage provisions, including the addition of a schedule of values for Marton, a heritage precinct for heritage buildings in Marton and introducing the concept of offsetting;
- amending Taihape West Slip Zone provisions to increase clarity; and
- amending signage provisions and building setback rules.

The process is now complete with notification of the Commissioner's decision following its adoption by Council on 25 August 2016.

| Level of Service | | |
|--|---|---|
| Provide a legally compliant service | | |
| Measure | Target for 2016/17 | Actual for 2016/17 |
| Timeliness of processing the paperwork (building control, consent processes, licence applications) ³² | At least 93% of the processing of documentation for each of Council's regulatory and enforcement services is completed within the prescribed times <i>There were 324 building consents and 43 resource consents.</i> | Achieved 98.8% (100% last year) of building consents and 100% (100% last year) of resource consents were issued within the prescribed times. There were 300 building consents (324 last year) and 38 resource consents. (43 last year). 284 Code of Compliance Certificates were issued and 28 Notices to Fix. The comparable figures for last year were 287 and 13. There were 136 applications for licences under the Sale and Supply of Alcohol Act 2012. There are no statutory timeframes for Council to comply with. There were 173 last year. |
| Possession of relevant authorisations from central government ³³ | Accreditation as a building consent authority maintained. Functions of a registration authority and role of a recognised agency under the Food Act not subject to Ministerial Review. ³⁴ | Achieved: Council's accreditation was confirmed for two years from February 2017. This follows an assessment visit by IANZ, 8-10 February 2017 and completion of the required corrective actions. Functions undertaken by Whanganui District Council on behalf of Rangitikei District Council. |

Level of Service

³² This includes any prescribed monitoring, such as of resource consents.

³³ Excluding general authorisation through legislation where no further formal accreditation is specified.

³⁴ Food Act 2014, s. 185. This added since the measure is an annual review of relevant documents.

| Provide regulatory compliance officers | | |
|--|---|---|
| <p>Timeliness of response to requests for service for enforcement call-outs (animal control and environmental health) within prescribed response and resolution times.</p> | <p>Improvement in timeliness reported in 2013/14 (the benchmark for this measure)</p> <p><i>In 2013/14, 84% were responded to in time and 61% were completed in time.</i></p> <p><i>The relevant figures for 2014/15 were 87% and 81%.</i></p> <p><i>The relevant figures for 2015/16 were 86% and 81%.</i></p> <p>For animal control, priority 1 (urgent) callouts (dog attack, threatening dog or stock on road) require response within 30 minutes and resolution within 24 hours; priority 2 (i.e. non-urgent) callouts require response within 24 hours and resolution within 96 hours.</p> <p>For environmental health, there are varying times – for noise complaints, a response is required within one hour, for food issues, it is within 24 hours.</p> | <p>Partly achieved</p> <p>84% of callouts responded to in time; 75% were resolved in time.</p> <p>There were 193 urgent call-outs for animal control of which 138 were responded to in time.</p> <p>There were 1,079 non-urgent call-outs for animal control of which 863 were responded to in time</p> <p>There were 384 urgent call-outs for environmental health of which 346 were responded to in time.</p> <p>There were 187 non-urgent call-outs for environmental health of which 142 were responded to in time.</p> <p>Of the 1,272 call-outs for animal control, 934 were resolved in time</p> <p>Of the 571 call-outs for environmental health, 445 were resolved in time.</p> |

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

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

Significant variation between acquisitions and replacement from the Long Term Plan

There are no significant variations between acquisitions and replacement.

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

The additional operating surplus of \$65,000 is due to additional fees particularly from building consents and dog control but also from liquor licensing and food premises registration. However, there have been additional costs from the software used in the building consent processes, contractors for environmental health and the IANZ assessment for reaccreditation as a building consent authority.

Environmental and Regulatory Services – Funding Impact Statement

For the year ended 30 June 2017

| | 2016 Long- term plan (\$000) | 2017 Long- term plan (\$000) | 2017 Actual (\$000) |
|--|---------------------------------------|---------------------------------------|---------------------------|
| Sources of operating funding | | | |
| General rates, uniform annual general charge, rates penalties | 851 | 875 | 912 |
| Targeted rates | 0 | 0 | 0 |
| Subsidies and grants for operating purposes | 0 | 0 | 6 |
| Fees and charges | 870 | 891 | 758 |
| Internal charges and overheads recovered | 0 | 0 | 0 |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 15 | 16 | 305 |
| Total operating funding (A) | 1,736 | 1,782 | 1,981 |
| Applications of operating funding | | | |
| Payment to staff and suppliers | 1,101 | 1,128 | 1,333 |
| Finance costs | 4 | (3) | (24) |
| Internal charges and overheads applied | 491 | 517 | 467 |
| Other operating funding applications | 0 | 0 | 0 |
| Total applications of operating funding (B) | 1,596 | 1,642 | 1,775 |
| Surplus (deficit) of operating funding (A - B) | 140 | 141 | 206 |
| Sources of capital funding | | | |
| 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 |
| Total sources of capital funding (C) | 0 | 0 | 0 |
| Application of capital funding | | | |
| Capital expenditure | | | |
| - to meet additional demand | 0 | 0 | 0 |
| - to improve the level of service | 0 | 0 | 0 |
| - to replace existing assets | 0 | 0 | 0 |
| Increase (decrease) in reserves | 140 | 141 | 206 |
| Increase (decrease) in investments | 0 | 0 | 0 |
| Total applications of capital funding (D) | 140 | 141 | 206 |
| Surplus (deficit) of capital funding (C - D) | (140) | (141) | (206) |
| Funding balance ((A - B) + (C - D)) | 0 | 0 | 0 |
| Note: Depreciation expense not included above | 0 | 0 | 0 |

- The production of a quarterly 'Rangitikei Environment' Newsletter through the Treasured Natural Environment Theme Group. The newsletter is specific to the Rangitikei and provides environmental 'think pieces', updates on community and agency environmental activities and other useful environmental information.
- Continued administrative support for Rangitikei Heritage.
- Successful delivery of the programmes of work undertaken by Bulls and District Community Trust, Project Marton, and Taihape Community Development Trust.
- Collaboration with Rangitikei Tourism as it wound up, to ensure a smooth transition for continuing the Rangitikei.com website.
- Confirming arrangements for transfer of rural fire assets to Fire and Emergency New Zealand and negotiating a new contract with Horizons (with Manawatu and Horowhenua) for delivery of civil defence services – on a full-time equivalent basis from 1 July 2017.
- Progress with the Community Resilience Fund project developing a multi-agency collaborative approach for residents in the flood-prone Whangaehu Valley (with applicability to other flood-prone communities elsewhere in New Zealand).

| Level of Service | | |
|--|--|---|
| Provide opportunities to be actively involved in partnerships that provide community and ratepayer wins | | |
| Measure | Target for 2016/17 | Actual for 2016/17 |
| <p>Partners' view of how useful Council's initiatives and support has been (annual survey)³⁶</p> <p>The focus for the survey is those community groups within the District with whom the Council has worked. So, this excludes shared services or other contractual arrangements with other councils. It also excludes direct collaboration with central government agencies although, where these are also involved with community organisations and groups within the Rangitikei, they are invited to participate in the annual survey.</p> | <p>A greater proportion (than in the benchmark) or more than 10% of the sample believes that Council's service is getting better.</p> <p><i>The benchmark in the 2015-25 Long Term Plan (relating to the survey taken 2013/14) is:</i></p> <p><i>16% thought Council was getting better, 37% thought it about the same, 8% thought it worse,; and 43% didn't know.</i></p> | <p>Achieved</p> <p>Of 70 responses to the survey, 23% thought Council's service is getting better, 53% thought it about the same, 2% thought it worse and 23% did not know how to rate this.</p> <p>In 2015/16, from the 88 responses to the survey, 19% thought Council's service is getting better, 57% thought it about the same, 1.5% thought it worse and 22% did not know how to rate this..</p> |

³⁶ Groups which are targeted for consultation:

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

Level of Service

Identify and promote opportunities for economic growth in the District

| Measure | Target for 2016/17 | Actual for 2016/17 |
|--|--|--|
| <p>The three key indicators of success in the Council's adopted Rangitikei Growth Strategy- i.e.</p> <ul style="list-style-type: none"> • The District's GDP growth • A greater proportion of young people living in the District are attending local schools • More people living in the District (than is currently projected by Statistics New Zealand)³⁷ | <p>Turning the curve (in comparison with the benchmark) is evident in at least two of the key indicators</p> <p><i>The benchmark in the 2015-25 Long Term Plan is as follows:</i></p> <p><i>In 2013, Rangitikei's GDP growth was -0.8% and trending downwards with an increasing divergence from the national trend.</i></p> <p><i>Based on latest available Statistics New Zealand population estimates (June 2013) and school enrolments for 2014 (TKI), 56% of residents of high school age were enrolled in local schools and trending upwards.</i></p> <p><i>Based on population projections from Statistics New Zealand (medium projection based on 2013 Census), the resident population is projected to decline from 14,450 in June 2013 to 13,900 in June 2028.</i></p> | <p>Achieved</p> <p>GDP growth: Achieved</p> <p>Annual GDP growth in 2016 for Rangitikei District was 2.2% compared to a New Zealand GDP growth rate of 2.5%.</p> <p>School rolls: Not achieved</p> <p>School enrolments years 9-13 are slightly down (716 in 2015 and 653 in 2016). However, the closure of Turakina Maori Girls College has impacted on this figure (loss of 63 students). Rangitikei College's roll has risen from 263 in 2015 to 306 in 2016 whereas Nga Tawa's roll has dropped from 232 to 211. Provisional population figures indicate that the total number of high school age children in the District has dropped slightly (from 1068 to 1054).</p> <p>The indicator of resident children being schooled locally is 46% and has risen consistently since 2012.</p> <p>Population change: Achieved</p> <p>Population estimates released at a territorial authority level in December 2016 indicate a slight increase in the population compared to the Census 2013 and an increase in the projections that have been released in recent times.</p> |

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.

³⁷ (a) In 2013, Rangitikei's GDP growth was -0.8% and trending downwards with an increasing divergence from the national trend.

(b) Based on latest available Statistics New Zealand population estimates (June 2013) and school enrolments for 2014 (TKI), 56% of residents of high school age were enrolled in local schools and trending upwards.

(c) Based on population projections from Statistics New Zealand (medium projection based on 2013 Census), the resident population is projected to decline from 14,450 in June 2013 to 13,900 in June 2028.

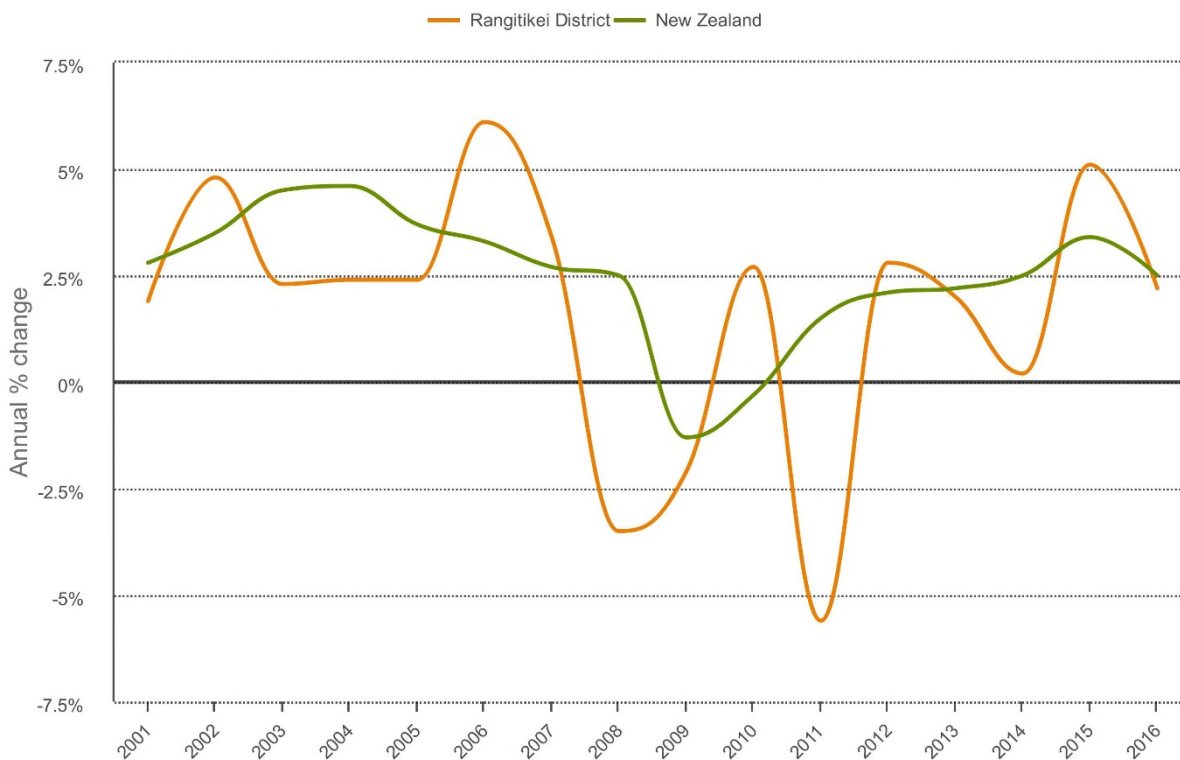
Significant variation between forecast and actual operating surplus in the funding impact statement

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

| Population change (estimated at 30 June 2016) cf. Census 2013 | |
|--|-----|
| Rangitikei district | 250 |
| Mangaweka | 0 |
| Huntermville | -20 |
| Rātana Community | 0 |
| Bulls | 80 |
| Ngamatea | 0 |
| Moawhango | -10 |
| Pohonui-Porewa | 0 |
| Lake Alice | -20 |
| Koitiata | 0 |
| Taihape | 90 |
| Marton | 120 |

Source: Statistics New Zealand Subnational population estimates

GDP Growth (Rangitikei District cf. New Zealand)



Population projections (Statistics New Zealand December 2016)

Population projections released by Statistics New Zealand in December 2016 were released with a comparison of the projections released in February 2015. The latest projections show the impact of stronger gains from migration in the region but assume that migration in the region will revert quite quickly back to historic levels. There have been progressive increases in the projected population for the region with upwards revisions to the projections since 2005. The table below shows previous projections for 2026 and more recently for 2028 (the two year delay in the Census to 2013 resulted in a movement in the projection dates).

| | Actual or Estimated Population | | | | | Population Projections for 2026 | | | | Projected 2028 population | |
|---|--------------------------------|-----------|-----------|-----------|-----------|---------------------------------|------------------|-------------------------------|--|---------------------------|-----------------|
| | 1996 | 2001 | 2006 | 2011 | 2016 | 2005 projections | 2010 projections | 2012 projections ¹ | Change between 2005 and 2012 projections | 2015 projection | 2016 projection |
| Ruapehu District | 17,300 | 15,000 | 14,050 | 12,950 | 12,500 | 11,100 | 11,800 | 11,150 | 50 | 10,750 | 11,500 |
| Whanganui District | 46,000 | 44,400 | 43,800 | 43,800 | 43,800 | 40,900 | 41,500 | 42,700 | 1,800 | 42,900 | 44,400 |
| Rangitikei District | 16,750 | 15,500 | 15,150 | 14,700 | 14,800 | 12,300 | 13,500 | 13,450 | 1,150 | 13,900 | 14,750 |
| Manawatū District | 26,700 | 26,300 | 26,800 | 28,000 | 29,800 | 29,300 | 32,200 | 29,600 | 300 | 30,800 | 32,900 |
| Palmerston North City | 77,100 | 77,100 | 80,800 | 82,800 | 86,300 | 87,700 | 91,500 | 94,900 | 7,200 | 92,300 | 94,200 |
| Manawatu District plus Palmerston North | 103,800 | 103,400 | 107,600 | 110,800 | 116,100 | 117,000 | 123,700 | 124,500 | 7,500 | 123,100 | 127,100 |
| Taranua District | 19,500 | 18,350 | 18,050 | 17,750 | 17,600 | 15,600 | 16,900 | 17,300 | 1,700 | 16,700 | 17,000 |
| Horowhenua District | 30,800 | 30,600 | 30,600 | 31,000 | 31,900 | 28,600 | 30,200 | 30,000 | 1,400 | 30,900 | 32,600 |
| Manawatū-Whanganui Region | 234,150 | 227,250 | 229,400 | 231,300 | 236,900 | 225,800 | 237,800 | 239,200 | 13,400 | 238,500 | 247,350 |
| New Zealand | 3,732,000 | 3,880,500 | 4,184,600 | 4,384,000 | 4,693,000 | 4,251,000 | 4,728,200 | 4,870,100 | 619,100 | 5,152,900 | 5,390,000 |

¹ The boundary was changed between Manawatū District and Palmerston North on 1 July 2012, moving around 2,400 people into Palmerston North. The data for the actual and estimated population has been adjusted for the boundary change but the projections in 2005 and 2010 are based on the old boundary.

Community Well-being – Funding Impact Statement

For the year ended 30 June 2017

| | 2016 Long-term plan (\$000) | 2017 Long-term plan (\$000) | 2017 Actual (\$000) |
|--|-----------------------------------|-----------------------------------|---------------------------|
| Sources of operating funding | | | |
| General rates, uniform annual general charge, rates penalties | 1,255 | 1,278 | 1,354 |
| Targeted rates | 0 | 0 | 0 |
| Subsidies and grants for operating purposes | 142 | 120 | 87 |
| Fees and charges | 54 | 55 | 37 |
| Internal charges and overheads recovered | 0 | 0 | 0 |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 0 | 0 | 15 |
| Total operating funding (A) | 1,451 | 1,453 | 1,493 |
| Applications of operating funding | | | |
| Payment to staff and suppliers | 1,211 | 1,211 | 1,123 |
| Finance costs | 1 | 1 | 1 |
| Internal charges and overheads applied | 200 | 208 | 193 |
| Other operating funding applications | | | |
| Total applications of operating funding (B) | 1,412 | 1,420 | 1,316 |
| Surplus (deficit) of operating funding (A - B) | 39 | 33 | 177 |
| Sources of capital funding | | | |
| Subsidies and grants for capital expenditure | 0 | 0 | 0 |
| Development and financial contributions | 0 | 0 | 0 |
| Increase (decrease) in debt | (2) | (2) | (2) |
| Gross proceeds from sale of assets | 0 | 0 | 0 |
| Lump sum contributions | 0 | 0 | 0 |
| Other dedicated capital funding | 0 | 0 | 0 |
| Total sources of capital funding (C) | (2) | (2) | (2) |
| Application of capital funding | | | |
| Capital expenditure | | | |
| - to meet additional demand | 0 | 0 | 0 |
| - to improve the level of service | 0 | 0 | 0 |
| - to replace existing assets | 69 | 5 | |
| Increase (decrease) in reserves | (32) | 26 | 175 |
| Increase (decrease) in investments | 0 | 0 | 0 |
| Total applications of capital funding (D) | 37 | 31 | 175 |
| Surplus (deficit) of capital funding (C - D) | (39) | (33) | (177) |
| Funding balance ((A - B) + (C - D)) | 0 | 0 | 0 |
| Note: Depreciation expense not included above | 40 | 41 | 39 |

Community Well-being – Capital Works

For the year ended 30 June 2017

| Category | Designated projects for 2016/17 | 2016 Long- term plan (\$000) | 2017 Long- term plan (\$000) | 2017 Actual (\$000) |
|--|---------------------------------|--|--|---------------------------|
| RENEWALS (to replace existing assets) | | | | |
| Civil defence | | 0 | 0 | 0 |
| Rural fire | Radio equipment and vehicles | 70 | 5 | 0 |
| Information centres | | 0 | 0 | 0 |
| Total renewals | | 70 | 5 | 0 |

Borrowing

For the year ended 30 June 2017

| | | | |
|--|-----------|-----------|-----------|
| Balance of borrowing at start of year | 18 | 17 | 16 |
| Funds borrowed during the year | 0 | 0 | 0 |
| Funds repaid during the year | 2 | 2 | 2 |
| Balance of borrowing at end of year | 16 | 15 | 14 |

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 | 46% | 0% | 100% |
| Portion of finance costs attributable to internal borrowing | 1 | 1 | 1 |



Rangitikei
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Rangitikei District Council

Section 3: Financial Statements and Policy Reports

Whole of Council – Funding Impact Statement

For the year ended 30 June 2017

| | 2016 Annual plan (\$000) | 2016 Annual report (\$000) | 2017 Annual Plan (\$000) | 2017 Actual (\$000) |
|--|-----------------------------------|-------------------------------------|-----------------------------------|---------------------------|
| Sources of operating funding | | | | |
| General rates, uniform annual general charge, rates penalties | 6,682 | 6,639 | 6966 | 7,043 |
| Targeted rates | 13,820 | 13,879 | 13,977 | 14,231 |
| Subsidies and grants for operating purposes | 3,560 | 6,728 | 4,048 | 7,253 |
| Fees and charges | 2,154 | 2,426 | 2,136 | 2,295 |
| Interest and dividends from investments | 224 | 331 | 228 | 253 |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 130 | 135 | 131 | 533 |
| Total operating funding (A) | 26,570 | 30,138 | 27,486 | 31,608 |
| Applications of operating funding | | | | |
| Payment to staff and suppliers | 19,372 | 21,790 | 21,062 | 20,855 |
| Finance costs | 402 | 0 | 379 | 0 |
| Other operating funding applications | 0 | 0 | 0 | 0 |
| Total applications of operating funding (B) | 19,774 | 21,790 | 21,441 | 20,855 |
| Surplus (deficit) of operating funding (A - B) | 6,796 | 8,348 | 6,045 | 10,753 |
| Sources of capital funding | | | | |
| Subsidies and grants for capital expenditure | 3,847 | 4,465 | 10,667 | 4,106 |
| Development and financial contributions | 0 | 0 | 0 | 0 |
| Increase (decrease) in debt | 9,696 | (16) | 11,352 | (16) |
| Gross proceeds from sale of assets | 0 | 111 | 565 | (99) |
| Lump sum contributions | 0 | 0 | 0 | 0 |
| Other dedicated capital funding | 0 | 0 | 0 | 0 |
| Total sources of capital funding (C) | 13,543 | 4,560 | 22,584 | 3,991 |
| Application of capital funding | | | | |
| Capital expenditure | | | | |
| - to meet additional demand | 0 | 0 | 0 | 0 |
| - to improve the level of service | 9,308 | 2,415 | 12,224 | 2,521 |
| - to replace existing assets | 9,684 | 9,102 | 19,978 | 11,080 |
| Increase (decrease) in reserves | 347 | 1,832 | (3,393) | 1,215 |
| Increase (decrease) in investments | 1,000 | (441) | 0 | (72) |
| Total applications of capital funding (D) | 20,339 | 12,908 | 28,629 | 14,744 |
| Surplus (deficit) of capital funding (C - D) | (6,796) | (8,348) | (6,045) | (10,753) |
| Funding balance ((A - B) + (C - D)) | 0 | 0 | 0 | (0) |
| Note: Depreciation expense not included above | 9,798 | 10,151 | 10,235 | 10,710 |

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

Statement of Comprehensive Revenue and Expense

For the year ended 30 June 2017

| | Notes | 2016 Actual (\$000) | 2017 Budget (\$000) | 2017 Actual (\$000) |
|---|-------|---------------------------|---------------------------|---------------------------|
| Revenue | | | | |
| Rates | 3 | 19,248 | 20,461 | 19,485 |
| Subsidies and grants | 5B | 11,193 | 14,715 | 11,359 |
| Other revenue | 5A | 3,150 | 2,750 | 3,372 |
| Finance revenue | 4 | 331 | 228 | 253 |
| Vested and discovered assets | | 0 | 0 | 0 |
| Gains | 6 | 89 | 0 | 26 |
| Total operating revenue | | 34,011 | 38,154 | 34,495 |
| Expenditure | | | | |
| Depreciation and amortisation expense | 14,15 | 10,151 | 10,235 | 10,709 |
| Personnel costs | 7 | 2,999 | 3,138 | 3,468 |
| Finance costs | 4 | 0 | 379 | 0 |
| Losses | 6 | 387 | 0 | 3 |
| Other expenses | 8 | 18,921 | 17,898 | 16,123 |
| Total operating expenditure | | 32,458 | 31,650 | 30,303 |
| Operating surplus (deficit) before gains and losses on PPE and Investments | | 1,553 | 6,504 | 4,192 |
| Reversal of previous losses on roading through operating surplus (deficit) | 0 | 0 | 0 | 3,629 |
| Operating surplus (deficit) before tax | | 1,553 | 6,504 | 7,821 |
| Income tax expense | 9 | 0 | 0 | 0 |
| Operating surplus (deficit) after tax | | 1,553 | 6,504 | 7,821 |
| Other comprehensive revenue and expense | | | | |
| <i>Items that could be reclassified to surplus(deficit)</i> | | | | |
| Financial assets at fair value through other comprehensive revenue and expense | 6 | 83 | 0 | 5 |
| <i>Items that will not be reclassified to surplus(deficit)</i> | | | | |
| Gain on revaluation of property, plant and equipment | 6 | 0 | 14,679 | 13,644 |
| Total other comprehensive revenue and expense | | 83 | 14,679 | 13,649 |
| Total comprehensive revenue and expense | | 1,636 | 21,183 | 21,470 |

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

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

Statement of Changes in Equity

For the year ended 30 June 2017

| | Notes | 2016 Actual (\$000) | 2017 Budget (\$000) | 2,017 Actual (\$000) |
|--|-------|---------------------------|---------------------------|----------------------------|
| Balance as at 1 July | | 469,129 | 475,206 | 470,765 |
| Total comprehensive revenue and expense for the year | | 1,636 | 21,182 | 21,470 |
| Balance as at 30 June | | 470,765 | 496,388 | 492,235 |

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

The accompanying notes form part of these financial statements

Statement of Cash Flows

For the year ended June 2017

| | Notes | 2016 Actual (\$000) | 2017 Budget (\$000) | 2,017 Actual (\$000) |
|--|-------|---------------------------|---------------------------|----------------------------|
| Cash flows from operating activities | | | | |
| Receipts from rates revenue | | 19,331 | 20,461 | 19,465 |
| Receipts from other revenue | | 14,430 | 17,349 | 14,660 |
| Interest received | | 364 | 228 | 253 |
| Payments to suppliers and employees | | (21,033) | (20,963) | (20,846) |
| Interest paid | | 0 | (379) | 0 |
| Goods and services tax (net) | | 45 | 0 | 109 |
| Net cash inflows (outflows) from operating activities | 22 | 13,137 | 16,696 | 13,641 |
| Cash flows from investing activities | | | | |
| Receipts from sale of property, plant and equipment | | 111 | 565 | 99 |
| Receipts from sale of investments | | 500 | 0 | 0 |
| Acquisition of investments | | (26) | 0 | 0 |
| Purchases of property, plant and equipment | | (11,087) | (32,022) | (13,373) |
| Purchases of intangible assets | | 0 | 0 | 0 |
| Net cash inflows (outflows) from investing activities | | (10,502) | (31,457) | (13,274) |
| Cash flows from financing activities | | | | |
| Proceeds from borrowings | | 0 | 12,724 | 0 |
| Repayment of borrowings | | 0 | (1,356) | (16) |
| Net cash inflows (outflows) from financing activities | | 0 | 11,368 | (16) |
| Net increase (decrease) in cash, and cash equivalents | | 2,636 | (3,393) | 352 |
| Cash and cash equivalents at the beginning of the year | | 3,969 | 5,705 | 6,605 |
| Cash and cash equivalents at the end of the year | 10 | 6,605 | 2,312 | 6,957 |

The accompanying notes form part of these financial statements

Statement of Financial Position

As at June 2017

| | Notes | 2016 Actual (\$000) | 2017 Budget (\$000) | 2017 Actual (\$000) |
|---|-------|---------------------------|---------------------------|---------------------------|
| Assets | | | | |
| Current Assets | | | | |
| Cash and cash equivalents | 10 | 6,605 | 2,312 | 6,957 |
| Debtors and Other Receivables | 11 | 3,533 | 3,845 | 3,447 |
| Prepayments | | 115 | 11 | 65 |
| Other financial assets | 12 | 0 | 522 | 1,540 |
| Non-current assets held for sale | 13 | 0 | 0 | 0 |
| Total current assets | | 10,253 | 6,690 | 12,009 |
| Non-current assets | | | | |
| Plant, property and equipment | 14 | 464,482 | 507,605 | 484,699 |
| Intangible assets | 15 | 129 | 0 | 105 |
| Forestry assets | 16 | 304 | 64 | 244 |
| Other financial assets | | 0 | | |
| Corporate bonds | 12 | 2,553 | 3,510 | 1,006 |
| Investment in CCOs and other similar entities | 12 | 67 | 29 | 70 |
| Total non-current assets | | 467,535 | 511,208 | 486,124 |
| Total assets | | 477,789 | 517,898 | 498,133 |
| Liabilities | | | | |
| Current Liabilities | | | | |
| Creditors and other payables | 17 | 5,618 | 4,274 | 4,460 |
| Employee entitlements | 19 | 363 | 259 | 429 |
| Income in advance | | 532 | 538 | 535 |
| Borrowings | 18 | 16 | 1,532 | 16 |
| Total current liabilities | | 6,529 | 6,603 | 5,440 |
| Non-current liabilities | | | | |
| Employee entitlements | 19 | 13 | 14 | 17 |
| Provisions | 20 | 322 | 292 | 297 |
| Borrowings | 18 | 160 | 14,601 | 144 |
| Total non-current liabilities | | 495 | 14,907 | 458 |
| Total liabilities | | 7,024 | 21,510 | 5,898 |
| Net Assets | | 470,765 | 496,388 | 492,235 |
| Equity | | | | |
| Accumulated funds | 21 | 434,024 | 444,961 | 442,164 |
| Special and restricted reserves | 21 | 5,147 | 5,219 | 4,850 |
| Other reserves | 21 | 31,594 | 46,208 | 45,221 |
| Total equity | | 470,765 | 496,388 | 492,235 |

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

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.

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

The company is treated as a CCO under the Local Government Act 2002 but in March 2013 Rangitikei District Council resolved that it is exempt for the purposes of section 6(4)(i) of that Act until 30 June 2019³⁸. Other member councils passed similar resolutions.



Map of Mangaweka

held in Archives Central (an MW LASS initiative)

³⁸ Council, 29 September 2016: 16/RDC/230.

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 2017. The financial statements were authorised for issue by the Council on 5 October 2017.

Basis of Preparation

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

Statement of compliance

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

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

These financial statements comply with PBE standards

Presentation currency and rounding

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

Standards issued and not yet effective and not early adopted

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

Summary of Significant Accounting Policies

Revenue

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

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

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

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

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

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

New Zealand Transport Agency roading subsidies

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

Other grants received

Other grants are recognised as revenue when they become receivable unless there is an obligation in 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, library books, plant and equipment, motor vehicles, office equipment and computer hardware.

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

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

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

Revaluation

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

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

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

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

Additions

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

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

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

Disposals

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

Subsequent costs

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

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

Depreciation

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

Operational and restricted assets

Buildings

| | |
|-------------------------|--------------|
| Structure..... | 50-170 years |
| Roof | 40 years |
| Services..... | 40-65 years |
| Internal fit out | 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 under "finance costs".

Landfill aftercare

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

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

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

Equity

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

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

Special reserve funds

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

Restricted reserve funds

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

Property revaluation reserves

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

Fair value through other comprehensive revenue and expense reserves

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

Goods and services tax (GST)

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

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

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

Commitments and contingencies are disclosed exclusive of GST.

Budget figures

The budget figures are those approved by the Council in its 2016/17 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 stormwater assets.
- Estimates of any obsolescence or surplus capacity of an asset are based on judgements made with the best knowledge available at the time.
- Estimates of the useful remaining lives of an asset may vary with such things as soil type, rainfall, amount of traffic, natural disaster and other occurrences. The Council could be over- or under-estimating these, but assumptions are made based on the best knowledge available at the time.

Critical judgements in applying accounting policies

Management has exercised the following critical judgement in applying its accounting policies for the year ended 30 June 2017.

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.



Marton Park

| Note 2: Reconciliation of funding impact statement to statement of comprehensive revenue and expense | Actual 2016 (\$000) | Actual 2017 (\$000) |
|---|------------------------------------|------------------------------------|
| Revenue | | |
| Operating funding from funding impact statement | 30,138 | 31,608 |
| Operating revenue from statement of comprehensive revenue and expense | 34,011 | 34,495 |
| Difference | 3,873 | 2,889 |
| Reconciling items: | | |
| Subsidies and grants for capital expenditure | 4,465 | 4,106 |
| Rates remissions | (749) | (771) |
| Internal Rates | 0 | (471) |
| Gains | 89 | 25 |
| Operating revenue offset against overhead expenses | 69 | 0 |
| Total reconciling items | 3,874 | 2,889 |
| Expenditure | | |
| Application of operating funding from funding impact statement | 21,790 | 20,845 |
| Total operating expenditure from statement of comprehensive revenue and expense | 32,458 | 30,303 |
| Difference | 10,668 | 9,446 |
| Reconciling items: | | |
| Depreciation and amortisation expense | 10,149 | 10,710 |
| Rates Remissions | | -771 |
| Internal Rates | | -471 |
| Losses | 387 | 3 |
| Movement in provisions | (22) | -25 |
| Impairment of receivables | 84 | 0 |
| Operating expenditure offset by revenue from overheads | 69 | 0 |
| Total reconciling items | 10,668 | 9,446 |

| Note 3: Rates revenue | Actual 2016 (\$000) | Actual 2017 (\$000) |
|---|------------------------------------|------------------------------------|
| General rates | 2,182 | 2,233 |
| Uniform annual general charge | 4,069 | 4,263 |
| Targeted rates attributable to activities | | 0 |
| roading | 6,148 | 6,204 |
| community services | 48 | 60 |
| libraries | 0 | 0 |
| solid waste disposal | 446 | 487 |
| wastewater | 2,537 | 2,202 |
| water | 3,121 | 3,417 |
| stormwater drainage | 731 | 637 |
| Targeted rates for water supply (water by volume) | 1,112 | 1,224 |
| Total rates | 20,394 | 20,727 |
| Less rates charged on Council properties | 397 | 471 |
| Less rates remissions | 749 | 771 |
| | 19,248 | 19,485 |

Rates remissions

The Council's rates remission policy allows rates to be remitted on: development; business expansion; earthquake-prone buildings; 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; land protected for natural conservation purposes; and financial hardship, disproportionate rates compared

| | | |
|--------------------------------|------------|------------|
| Multiple toilet pans | 271 | 232 |
| Penalties and other remissions | 478 | 539 |
| Total remissions | 749 | 771 |

Non-rateable land

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

| Note 4: Finance revenue and finance costs | Actual 2016 (\$000) | Actual 2,017 (\$000) |
|--|------------------------------------|-------------------------------------|
| Finance revenue | | |
| Interest revenue | | |
| bank deposits | 168 | 122 |
| local authority and government bonds | 163 | 131 |
| Total finance income | 331 | 253 |
| Finance costs | | |
| Interest expense | | |
| interest on borrowings | 0 | 0 |
| Total finance costs | 0 | 0 |
| Net finance costs | 331 | 253 |

| Note 5: Other non-exchange revenue and subsidies | Actual 2016 (\$000) | Actual 2017 (\$000) |
|---|------------------------------------|------------------------------------|
| <i>Non-exchange revenue</i> | | |
| Rates penalties | 522 | 547 |
| Residential rents (community housing) | 295 | 445 |
| Regulatory revenue | 803 | 1,063 |
| Petrol tax | 114 | 125 |
| Other | 1,178 | 1,192 |
| Total other revenue | 2,912 | 3,372 |
| <i>Subsidies</i> | | |
| New Zealand Transport Agency - Operational Subsidy | 6,490 | 6,997 |
| New Zealand Transport Agency - Capital Subsidy | 3,875 | 4,106 |
| Non-government grants | 0 | 0 |
| Other operating expenses | 828 | 256 |
| | 11,193 | 11,359 |

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

| Note 6: Gains and losses | Actual 2016 (\$000) | Actual 2017 (\$000) |
|--|------------------------------------|------------------------------------|
| Operating revenue and expense | | |
| Gains | | |
| Non-financial instruments | | |
| Property, plant and equipment gains on disposal | 7 | 18 |
| Investment Property revaluation gain | 0 | |
| Forestry asset revaluation gain (note 16) | 82 | 8 |
| Total gains | 89 | 26 |
| Losses | | |
| Non-financial instruments | | |
| Property, plant and equipment loss on disposal | 387 | 3 |
| Property, plant and equipment loss on revaluation | 0 | 0 |
| Total losses non-financial instruments | 387 | 3 |
| Other comprehensive revenue and expense | | |
| Other gains (losses) | | |
| Financial instruments | | |
| Fair value through other comprehensive revenue and expense gain on revaluation | 105 | 5 |
| Fair value through other comprehensive revenue and expense loss on disposal | (22) | 0 |
| Fair value through other comprehensive revenue and expense loss on revaluation | 0 | 0 |
| Total gains (losses) financial instruments | 83 | 5 |
| Other gains (losses) | | |
| Non-financial instruments | | |
| Property, plant and equipment gain on revaluation | 0 | 13,644 |
| Total gains on non-financial instruments | 0 | 13,649 |

| Note 7: Personnel costs | Actual 2016 (\$000) | Actual 2017 (\$000) |
|--|------------------------------------|------------------------------------|
| Salaries and wages | 2,927 | 3,372 |
| Defined contribution plan employer contributions (KiwiSaver) | 63 | 78 |
| ACC levies | 9 | 18 |
| Total personnel costs | 2,999 | 3,468 |

| Note 8: Other expenses | Actual 2016 (\$000) | Actual 2017 (\$000) |
|--|------------------------------------|------------------------------------|
| Fees to auditors | | |
| financial statements | 108 | 119 |
| disbursements | 7 | 0 |
| fees to Audit New Zealand for other services | 0 | 0 |
| Emergency works | 4,349 | 689 |
| Maintenance | 4,467 | 4,741 |
| Contractors & Professional Services | 4,886 | 4,502 |
| Grants | 553 | 804 |
| Elected members remuneration (note 26) | 368 | 0 |
| Insurance premiums | 244 | 169 |
| Operating leases | 3 | 5 |
| Impairment of receivables (note 11) | 84 | 121 |
| Other operating expenses | 4,046 | 4,973 |
| Total other expenses | 19,115 | 16,123 |

| Note 9: Tax | Actual 2016 (\$000) | Actual 2017 (\$000) |
|--|------------------------------------|------------------------------------|
| Relationship between tax expense and accounting surplus | | |
| Surplus (deficit) before tax | 1,553 | 7,821 |
| Tax at 28% | 435 | 2,190 |
| Plus (less) tax effect of: | | |
| Non-taxable revenue | (435) | (2,190) |
| Tax expense | 0 | 0 |

| Note 10: Cash and cash equivalents | Actual 2016 (\$000) | Actual 2017 (\$000) |
|---|------------------------------------|------------------------------------|
| Cash at bank and on hand | 3,105 | 5,957 |
| Term deposits with maturities less than three months at acquisition | 3,500 | 1,000 |
| Total cash and cash equivalents | 6,605 | 6,957 |

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 \$922,597 (2016 \$783,445) 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.

| Note 11: Receivables | Actual 2016 (\$000) | Actual 2017 (\$000) |
|--|------------------------------------|------------------------------------|
| Non-exchange receivables | | |
| Rates receivables | 1,713 | 1,793 |
| Related party receivables | 0 | 0 |
| Other receivables | 1,874 | 2,037 |
| Gross debtors and other receivables | 3,587 | 3,830 |
| Less provision for impairment | (321) | (416) |
| Total non-exchange receivables | 3,266 | 3,414 |
| Exchange receivables | | |
| Other receivables | 268 | 33 |
| Less provision for impairment | 0 | 0 |
| Total exchange receivables | 268 | 33 |
| Total Receivables | 3,534 | 3,447 |

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:

| | 2017 | | |
|--------------------|--------------------------|-------------------------------|------------------------|
| | Gross (\$000) | Impairment (\$000) | Net (\$000) |
| Not past due | 1,943 | 0 | 2,299 |
| Past due 1-60 days | 457 | (1) | 456 |
| Past due > 60 days | 1,107 | (415) | 692 |
| Total | 3,507 | (416) | 3,447 |
| | 2016 | | |
| | Gross (\$000) | Impairment (\$000) | Net (\$000) |
| Not past due | 1,940 | 0 | 1,940 |
| Past due 1-60 days | 487 | (1) | 486 |
| Past due > 60 days | 1,428 | (320) | 1,108 |
| Total | 3,855 | (321) | 3,534 |

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. Those greater than 30 days in age are considered past due.

| Receivables (continued) | Actual 2016 (\$000) | Actual 2017 (\$000) |
|--------------------------------|------------------------------------|------------------------------------|
|--------------------------------|------------------------------------|------------------------------------|

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 | 275 | 321 |
| Additional provisions made during the year | | |
| Provision increased (reversed) during the year per note 2 & note 8 | 83 | 120 |
| Receivables written off during the period | (37) | (25) |
| As at 30 June | 321 | 416 |

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

| Note 12 :Other financial assets | Actual 2016 (\$000) | Actual 2017 (\$000) |
|---|------------------------------------|------------------------------------|
| Current Portion | | |
| Term deposits with original maturities of 4-12 months | 0 | 0 |
| Corporate bonds | 0 | 1,540 |
| Total current portion | 0 | 1,540 |
| Non-current portion | | |
| Corporate bonds | 2,553 | 1,006 |
| <i>Investments in CCOs and similar entities</i> | | |
| Unlisted shares in New Zealand Local Government Insurance Corporation Limited | 51 | 54 |
| Unlisted shares in Manawatu Wanganui LASS Limited | 16 | 16 |
| Total investments in CCOs and similar identities | 67 | 70 |
| Total non-current portion | 2,620 | 1,076 |
| Total other financial assets | 2,620 | 2,616 |

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 2016. The fair value of the unlisted share in Manawatu Wanganui LASS Limited was determined to be the nominal amount paid for the shares (\$16,000).

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

| 2017 | Balances at 1 July 2016 | | | Additional assets re-cognised \$000 | Current year additions \$000 | Current year disposals \$000 | Revaluation surp(def) \$000 | Current year depn \$000 | Balances at 30 June 2017 | | |
|--|-------------------------|---------------------|--------------------------|--|---------------------------------|---------------------------------|--------------------------------|----------------------------|--------------------------|---------------------|--------------------------|
| | Cost/valuation \$000 | Accum depn \$000 | Carrying amount \$000 | | | | | | Cost/valuation \$000 | Accum depn \$000 | Carrying amount \$000 |
| | | | | | | | | | | | |
| Movements for each class of property, plant and equipment are as follows: | | | | | | | | | | | |
| Operational assets | | | | | | | | | | | |
| Land | 3,339 | 0 | 3,339 | 0 | 105 | 0 | 514 | 0 | 3,958 | 0 | 3,958 |
| Buildings | 11,009 | (2,064) | 8,944 | 0 | 422 | 0 | 2,605 | (878) | 11,971 | (878) | 11,094 |
| Plant and vehicles | 2,610 | (1,435) | 1,175 | 0 | 269 | (202) | 0 | (324) | 2,675 | (1,641) | 1,036 |
| Office equipment | 737 | (615) | 123 | 0 | 24 | 0 | 0 | (24) | 761 | (638) | 123 |
| Computer hardware | 651 | (500) | 151 | 0 | 37 | 0 | 0 | (97) | 689 | (598) | 91 |
| Library books | 2,177 | (1,658) | 519 | 0 | 93 | 0 | 0 | (85) | 2,271 | (1,743) | 528 |
| Total operational assets | 20,523 | (6,272) | 14,251 | 0 | 950 | (202) | 3,119 | (1,408) | 22,325 | (5,498) | 16,830 |
| Infrastructural assets | | | | | | | | | | | |
| Roading network | 332,357 | (19,322) | 313,035 | 0 | 9,942 | 0 | 3,629 | (6,688) | 326,605 | (6,687) | 319,918 |
| Land under roads | 42,438 | 0 | 42,438 | 0 | 0 | 0 | 0 | 0 | 42,438 | 0 | 42,438 |
| Water systems | | | | | | | | | | | |
| treatment plants and facilities | 21,796 | (1,211) | 20,585 | 0 | 931 | 0 | (3,585) | (430) | 17,931 | (430) | 17,501 |
| other assets | 27,071 | (2,253) | 24,818 | 0 | 699 | 0 | 10,770 | (955) | 36,290 | (955) | 35,335 |
| Wastewater systems | | | | | | | | | | | |
| treatment plants and facilities | 11,327 | (835) | 10,492 | 0 | 328 | 0 | (883) | (287) | 9,927 | (287) | 9,640 |
| other assets | 17,912 | (1,031) | 16,881 | 0 | 570 | 0 | 2,331 | (430) | 19,793 | (431) | 19,362 |
| Stormwater network | 15,572 | (760) | 14,812 | 0 | 160 | 0 | 1,482 | (293) | 16,455 | (293) | 16,162 |
| Waste transfer stations | 1,258 | (70) | 1,189 | 0 | 0 | 0 | 0 | (27) | 1,258 | (97) | 1,161 |
| Total infrastructural assets | 469,731 | (25,482) | 444,249 | 0 | 12,630 | 0 | 13,744 | (9,110) | 470,697 | (9,180) | 461,517 |
| Restricted assets | | | | | | | | | | | |
| Land | 4,215 | 0 | 4,215 | 0 | 89 | 0 | 408 | 0 | 4,712 | 0 | 4,712 |
| Buildings | 2,073 | (306) | 1,767 | 0 | 39 | 0 | 2 | (168) | 1,808 | (168) | 1,640 |
| Total restricted assets | 6,288 | (306) | 5,982 | 0 | 128 | 0 | 410 | (168) | 6,520 | (168) | 6,352 |
| Total property, plant and equipment | 496,542 | (32,060) | 464,482 | 0 | 13,708 | (202) | 17,273 | (10,686) | 499,545 | (14,846) | 484,699 |

Work in progress at year end included in property, plant and equipment above comprises: buildings \$132,460 (2016 \$52,821) wastewater Nil (2016 \$2,981,962), water Nil (2016 \$1,326,130), storm water Nil (2016 \$383,667), roading Nil (2016 \$180,521)

The award of the contract had to be on the basis of the quoted prices.

Note 14: Property, Plant and equipment

| 2016 | Balances at 1 July 2015 | | | Additional assets recognised \$000 | Current year additions \$000 | Current year disposals \$000 | Reversed depn on disposals \$000 | Current year depn \$000 | Balances at 30 June 2016 | | | |
|--|-------------------------|---------------------|--------------------------|---------------------------------------|---------------------------------|---------------------------------|-------------------------------------|----------------------------|--------------------------|---------------------|--------------------------|--|
| | Cost/valuation \$000 | Accum depn \$000 | Carrying amount \$000 | | | | | | Cost/valuation \$000 | Accum depn \$000 | Carrying amount \$000 | |
| | | | | | | | | | | | | |
| Movements for each class of property, plant and equipment are as follows: | | | | | | | | | | | | |
| Operational assets | | | | | | | | | | | | |
| Land | 3,407 | 0 | 3,407 | 0 | 0 | (68) | 0 | 0 | 3,339 | 0 | 3,339 | |
| Buildings | 10,855 | (1,370) | 9,485 | 0 | 154 | 0 | 0 | (694) | 11,009 | (2,064) | 8,945 | |
| Plant and vehicles | 2,225 | (1,165) | 1,060 | 0 | 455 | (70) | 41 | (311) | 2,610 | (1,435) | 1,175 | |
| Office equipment | 699 | (594) | 105 | 0 | 39 | (1) | 0 | (21) | 737 | (615) | 122 | |
| Computer hardware | 602 | (399) | 203 | 0 | 49 | 0 | 0 | (101) | 651 | (500) | 151 | |
| Library books | 2,082 | (1,572) | 510 | 0 | 95 | 0 | 0 | (86) | 2,177 | (1,658) | 519 | |
| Total operational assets | 19,870 | (5,100) | 14,770 | 0 | 792 | (139) | 41 | (1,213) | 22,325 | (6,272) | 14,251 | |
| Infrastructural assets | | | | | | | | | | | | |
| Roading network | 326,634 | (12,651) | 313,983 | 0 | 5,723 | 0 | 0 | (6,671) | 332,357 | (19,322) | 313,035 | |
| Land under roads | 42,438 | 0 | 42,438 | 0 | 0 | 0 | 0 | 0 | 42,438 | 0 | 42,438 | |
| Water systems | 0 | | | | | | | | 0 | | | |
| treatment plants and facilities | 20,285 | (775) | 19,510 | 0 | 1,616 | (105) | 9 | (445) | 21,796 | (1,211) | 20,585 | |
| other assets | 26,167 | (1,549) | 24,618 | 0 | 1,058 | (154) | 24 | (728) | 27,071 | (2,253) | 24,818 | |
| Wastewater systems | 0 | | | | | | | | 0 | | | |
| treatment plants and facilities | 10,486 | (552) | 9,934 | 0 | 841 | 0 | 0 | (283) | 11,327 | (835) | 10,492 | |
| other assets | 16,999 | (678) | 16,321 | 0 | 1,026 | (113) | 0 | (353) | 17,912 | (1,031) | 16,881 | |
| Stormwater network | 15,288 | (505) | 14,783 | 0 | 330 | (46) | 0 | (255) | 15,572 | (760) | 14,812 | |
| Waste transfer stations | 1,252 | (43) | 1,209 | 0 | 6 | 0 | 0 | (27) | 1,258 | (70) | 1,188 | |
| Total infrastructural assets | 459,549 | (16,753) | 442,796 | 0 | 10,600 | (418) | 33 | (8,762) | 469,731 | (25,482) | 444,249 | |
| Restricted assets | | | | | | | | | | | | |
| Land | 4,210 | 0 | 4,210 | 0 | 5 | 0 | 0 | 0 | 4,215 | 0 | 4,215 | |
| Buildings | 1,932 | (193) | 1,739 | 0 | 141 | 0 | 0 | (113) | 2,073 | (306) | 1,767 | |
| Total restricted assets | 6,142 | (193) | 5,949 | 0 | 146 | 0 | 0 | (113) | 6,288 | (306) | 5,982 | |
| Total property, plant and equipment | 485,561 | (22,046) | 463,515 | 0 | 11,538 | (557) | 74 | (10,088) | 496,542 | (32,060) | 464,482 | |

Work in progress at year end included in property, plant and equipment above comprises: buildings \$52,821 (2015 nil) wastewater \$2,981,962 (2015 \$1,928,328), water \$1,326,130 (2015 \$1,793,870), storm water \$383,667 (2015 \$263,864), roading \$180,521 (2015 Nil)

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 Chelsea Mudge (BCom (VPM)MPINZ), of Quotable Value Asset and Advisory. The valuation is effective at 1 July 2016. The total fair value of land and buildings valued was \$21,676,550 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 Pauline True (BB Marketing and Economics), Kerryn Whitehead (Dip Eng Tech Highways) of MWH Stantec. The valuation is effective at 1 July 2016. The total fair value of the roading network was \$316,666,344 at that date.

The roading network is valued at fair value based on the application of appropriate replacement costs and effective lives, and MWH Stantec 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 Elias Gandashanga (BS/BSc (Civil)) of MWH Stantec. The valuation is effective at 1 July 2016. The total fair value of water, wastewater and stormwater was \$97,703,667 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.

| Estimated replacement cost of major infrastructure | 2,016 | 2017 |
|---|----------------|----------------|
| | (\$000) | (\$000) |
| Water supply | | |
| treatment plant and facilities | 33,927 | 27,051 |
| other assets | 54,105 | 69,616 |
| Sewerage | | |
| treatment plant and facilities | 16,825 | 14,092 |
| other assets | 36,554 | 35,919 |
| Stormwater drainage | 25,479 | 26,913 |
| Flood protection and control works | 0 | 0 |
| Roads and footpaths | 548,726 | 322,791 |
| Total estimated replacement cost | 715,616 | 496,381 |

| Note 15: Intangible assets | Computer software (\$'000) | Carbon credits (\$'000) | Total (\$'000) |
|--|-----------------------------------|--------------------------------|-----------------------|
| Cost | | | |
| Balance at 1 July 2016 | 785 | 81 | 866 |
| Increase due to revaluation | 0 | (1) | (1) |
| Additions | 0 | 0 | 0 |
| Disposals | 0 | 0 | 0 |
| Balance at 30 June 2017 | 785 | 80 | 865 |
| Balance at 1 July 2015 | 775 | 30 | 805 |
| Increase due to revaluation | 0 | 51 | 51 |
| Additions | 18 | 0 | 18 |
| Disposals | (8) | 0 | (8) |
| Balance at 30 June 2016 | 785 | 81 | 866 |
| Accumulated amortisation and impairment | | | |
| Balance at 1 July 2016 | 737 | 0 | 737 |
| Amortisation charge | 23 | 0 | 23 |
| Disposals | 0 | 0 | 0 |
| Balance at 30 June 2017 | 760 | 0 | 760 |
| Balance at 1 July 2015 | 677 | 0 | 677 |
| Amortisation charge | 60 | 0 | 60 |
| Disposals | 0 | 0 | 0 |
| Balance at 30 June 2016 | 737 | 0 | 737 |
| Carrying Amounts | | | |
| Balance at 30 June 2016 | 48 | 81 | 129 |
| Balance at 30 June 2017 | 25 | 80 | 105 |

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 2017 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. Carbon credits are not impaired but recorded at current market value because the Council still has forests to be harvested in which case the credits may well be used to satisfy non-replanting requirements.

| Note 16: Forestry assets | Actual 2016 (\$000) | Actual 2017 (\$000) |
|--|------------------------------------|------------------------------------|
| Balance at 1 July | 222 | 304 |
| Gains (losses) arising from changes in fair values | 82 | 7 |
| Decreases due to sales | 0 | (67) |
| Balance at 30 June | 304 | 244 |

The Council owns 18.5 hectares of forest in 7 stands at varying stages of maturity.

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

Valuation assumptions

Independent valuers, Allan Bell & Associates, have valued forestry assets at 30 June 2017.

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. 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.

| Note 17: Creditors and other payables | Actual 2016 (\$000) | Actual 2017 (\$000) |
|---|------------------------------------|------------------------------------|
| <i>Payables under exchange transactions</i> | | |
| Trade payables | 4,884 | 3,673 |
| Deposits | 480 | 54 |
| Accrued expenses | 253 | 732 |
| Total | 5,617 | 4,459 |
| <i>Payables under non-exchange transactions</i> | | |
| Income tax payable | 0 | 0 |
| Other taxes (e.g. GST and FBT) | 1 | 1 |
| Total | 1 | 1 |
| Total creditors and other payables | 5,618 | 4,460 |

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

| Note 18: Borrowings | Actual 2016 (\$000) | Actual 2017 (\$000) |
|----------------------------------|------------------------------------|------------------------------------|
| Current portion | | |
| Secured bank loans | 0 | 0 |
| Community loan | 16 | 16 |
| Total current portion | 16 | 16 |
| Non-current portion | | |
| Secured bank loans | 0 | 0 |
| Community loan | 160 | 144 |
| Total non-current portion | 160 | 144 |
| Total borrowings | 176 | 160 |

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

| Note 19: Employee entitlements | Actual 2016 (\$000) | Actual 2017 (\$000) |
|---------------------------------------|------------------------------------|------------------------------------|
| Current Portion | | |
| Accrued pay | 88 | 149 |
| Annual leave | 250 | 272 |
| Long service leave | 25 | 8 |
| Superannuation | 0 | 0 |
| Total current portion | 363 | 429 |
| Non-current portion | | |
| Accrued pay | 0 | 0 |
| Annual leave | 0 | 0 |
| Long service leave | 13 | 17 |
| Superannuation | 0 | 0 |
| Total non-current portion | 13 | 17 |
| Total employee entitlements | 376 | 446 |

Long service leave

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

Sick leave

No provision is made for sick leave because absences in the coming years are not expected to exceed the annual entitlement of staff, and calculations show any amounts involved are likely to be immaterial.

| Note 20: Provisions | Actual 2016 (\$000) | Actual 2017 (\$000) |
|--|------------------------------------|------------------------------------|
| Landfill aftercare | | |
| Balance at 1 July | 345 | 322 |
| Additional(reduction) in provisions made | 0 | 0 |
| Amounts used | (26) | (25) |
| Unused amount reversed | (14) | (15) |
| Discount unwind | 17 | 15 |
| Balance at 30 June | 322 | 297 |

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% (2016 5.5%) has been used in discounting the cash outflows.

| Note 21: Equity | Actual 2016 (\$000) | Actual 2017 (\$000) |
|--|------------------------------------|------------------------------------|
| Accumulated funds | | |
| Balance at 1 July | 432,500 | 434,024 |
| Transfers from property revaluation reserves on disposal | 40 | |
| Other transfers | (69) | 319 |
| Surplus (deficit) for year | 1,553 | 7,821 |
| Balance at 30 June | 434,024 | 442,164 |
| Other reserves | | |
| Property revaluation reserves | | |
| Balance at 1 July | 31,339 | 31,299 |
| Net revaluation gains | 0 | 13,644 |
| Transfer to accumulated funds on disposal of property | (40) | |
| Balance at 30 June | 31,299 | 44,943 |
| Property revaluation reserves for each class of assets consist of: | | |
| Operational assets | | |
| land | 1,615 | 2,129 |
| buildings | 5,063 | 7,668 |
| Infrastructural assets | | |
| sewerage systems | 6,640 | 8,088 |
| water systems | 9,476 | 16,661 |
| stormwater drainage network | 7,004 | 8,486 |
| roading network | 0 | 0 |
| Restricted assets | | |
| land | 1,096 | 1,504 |
| buildings | 405 | 407 |
| Total | 31,299 | 44,943 |
| Fair value through other comprehensive income reserve | | |
| Balance at 1 July | 190 | 273 |
| Net revaluation gains (losses) | 83 | 5 |
| Balance at 30 June | 273 | 278 |
| Total other reserves | 31,572 | 45,221 |

Note 21: Equity (continued)
Special and restricted reserves 2017

| Name (* denotes restricted) | Associated activity | Purpose | Balance 1 Jul 16 | Deposits | With- drawals | Balance 30 Jun 17 |
|---------------------------------------|---------------------|------------------------------------|---------------------|----------|------------------|----------------------|
| Aquatic | Swimming pools | Capital works | 225 | 75 | | 300 |
| Bulls courthouse* | Property | Maintenance of courthouse building | 41 | 12 | 1 | 52 |
| Flood damage | Roading | Road maintenance due to flooding | 1,138 | | 410 | 728 |
| General purpose | Capital works | Capital works | 2,402 | | | 2,402 |
| Haylock park* | Parks and reserves | Additional reserve area at park | 26 | 1 | | 27 |
| Huntermville rural water | Water | Future loop line | 181 | 9 | | 190 |
| Keep Taihape beautiful* | Property | Enhancement of Taihape | 20 | | | 20 |
| Marton land subdivision* | Parks and reserves | Improvement to reserves land | 388 | 19 | | 407 |
| Marton marae* | Property | Marton marae project | 4 | | | 4 |
| McIntyre recreation* | Parks and reserves | Maintenance or upgrades of park | 22 | 12 | 14 | 20 |
| Putorino rural water | Water | Maintenance of scheme dam | 19 | 1 | | 20 |
| Ratana sewer | Sewerage | Capital works | 23 | 1 | | 24 |
| Revoked reserve land | Parks and reserves | Offset costs of other revoked land | 238 | | | 238 |
| Rural housing loan | Property | No longer required | 150 | | | 150 |
| Rural land subdivision* | Parks and reserves | Improvement to reserves land | 187 | 9 | 15 | 181 |
| Santoft domain* | Parks and reserves | Maintenance or upgrades of park | 83 | 4 | | 87 |
| Total special and restricted reserves | | | 5,147 | 143 | 441 | 4,850 |

Special and restricted reserves 2016

| Name (* denotes restricted) | Associated activity | Purpose | Balance 1 Jul 15 | Deposits | With- drawals | Balance 30 Jun 16 |
|-----------------------------|---------------------|------------------------------------|---------------------|----------|------------------|----------------------|
| Aquatic | Swimming pools | Capital works | 150 | 75 | | 225 |
| Bulls courthouse* | Property | Maintenance of courthouse building | 51 | 13 | 23 | 41 |
| Flood damage | Roading | Road maintenance due to flooding | 1,200 | 0 | 62 | 1,138 |
| General purpose | Capital works | Capital works | 2,402 | 0 | | 2,402 |
| Haylock park* | Parks and reserves | Additional reserve area at park | 25 | 1 | | 26 |
| Huntermville rural water | Water | Future loop line | 172 | 9 | | 181 |
| Keep Taihape beautiful* | Property | Enhancement of Taihape | 20 | 0 | | 20 |
| Marton land subdivision* | Parks and reserves | Improvement to reserves land | 369 | 19 | | 388 |
| Marton marae* | Property | Marton marae project | 4 | 0 | | 4 |
| McIntyre recreation* | Parks and reserves | Maintenance or upgrades of park | 21 | 1 | | 22 |
| Putorino rural water | Water | Maintenance of scheme dam | 18 | 1 | | 19 |
| Ratana sewer | Sewerage | Capital works | 22 | 1 | | 23 |

Special and restricted reserves 2016

| Name (* denotes restricted) | Associated activity | Purpose | Balance 1 Jul 15 | Deposits | With- drawals | Balance 30 Jun 16 |
|--|----------------------------|------------------------------------|-----------------------------|-----------------|--------------------------|------------------------------|
| 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 | 178 | 9 | | 187 |
| Santoft domain* | Parks and reserves | Maintenance or upgrades of park | 79 | 4 | | 83 |
| Total special and restricted reserves | | | 5,099 | 133 | 85 | 5,147 |

| Note 22: Reconciliation of net surplus (deficit) to net cash flow from operating activities | Actual 2016 (\$000) | Actual 2017 (\$000) |
|--|------------------------------------|------------------------------------|
| Surplus (deficit) | 1,553 | 7,821 |
| Add (less) non-cash items | | |
| Depreciation and amortisation | 10,151 | 10,709 |
| Community loan repayment exchanged for accommodation | (16) | (16) |
| (Gains) losses in fair value on forestry assets | (82) | 60 |
| Reversal of previous losses on roading through operating surplus (deficit) | 0 | (3,629) |
| | 10,053 | 7,124 |
| Add (less) items classified as investing or financing activities | | |
| (Gains) losses on disposal of property, plant and equipment | 381 | 2 |
| (Gains) losses on derecognition of property, plant and equipment | 0 | 0 |
| | 381 | 2 |
| Add (less) movements in working capital items | | |
| (Increase) decrease in prepayments | (104) | 50 |
| (Increase) decrease in debtors and other receivables | 119 | 86 |
| Increase (decrease) in income in advance | (6) | 65 |
| Increase (decrease) in creditors and other payables | 1,061 | (1,552) |
| Increase (decrease) in provisions | (23) | (25) |
| Increase (decrease) in employee entitlements | 103 | 70 |
| | 1,150 | (1,306) |
| Net cash inflow (outflow) from operating activities | 13,137 | 13,641 |

| Note 23: Capital commitments and operating leases | Actual 2016 (\$000) | Actual 2017 (\$000) |
|--|------------------------------------|------------------------------------|
| Capital commitments | | |
| Property, plant and equipment | | |
| Not later than one year | 2,800 | 2,749 |
| Later than one year and not later than five years | 2,000 | 2,000 |
| Total capital commitments | 4,800 | 4,749 |

These commitments may include some items that may turn out to be of an operational nature, rather than capital.

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 | 235 | 194 |
| Later than one year and not later than five years | 235 | 34 |
| Later than five years | 0 | 0 |
| Total non-cancellable operating leases | 470 | 228 |

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 | 23 |
| Later than one year and not later than five years | 80 | 78 |
| Later than five years | 139 | 120 |
| | 245 | 221 |

No contingent rents have been recognised during the period.

| Note 24: Contingencies | Actual 2,016 (\$000) | Actual 2017 (\$000) |
|-------------------------------------|-------------------------------------|------------------------------------|
| Contingent Liabilities | | |
| Emissions Trading Scheme | 0 | 0 |
| Building Act claims | 0 | 0 |
| Miscellaneous claims | 0 | 0 |
| Total contingent liabilities | 0 | 0 |

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 2017 these four facilities have an approximate value of \$350,000.

Contingent Liabilities

In April 2013, The Ministry of Education (MOE) initiated High Court proceedings against Carter Holt Harvey (CHH) and others alleging inherent defects in the cladding sheets and cladding systems manufactured and prepared by CHH. Subsequently in December 2016, CHH commenced third party proceedings against 48 Councils, including Auckland Council alleging a breach of duty in the processing of building consents, undertaking building inspections and issuing Code Compliance certificates. The councils have applied for orders setting aside and striking out CHH's claims against them. The MOE's claim against CHH is for 833 school buildings 2 of which are located within Rangitikei District. At present there is insufficient information to conclude on potential liability and claim quantum, if any.

2016 Nil

| Note 25: Related party transactions | Actual 2016 (\$) | Actual 2017 (\$) |
|--|---------------------------------|---------------------------------|
| Key management personnel compensation | | |
| <i>Councillors</i> | | |
| Remuneration | 343,367 | 369,865 |
| Full-time equivalent members | 12 | 15 |
| <i>Senior management team, including the chief executive</i> | | |
| Remuneration | 517,421 | 535,137 |
| Full-time equivalent members | 3 | 3 |
| Total key management personnel remuneration | 860,788 | 905,002 |
| Total full-time equivalent personnel | 15 | 18 |

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 | 56,559 | 60,775 |
| Other projects costs paid to the company by the Council | 59,016 | 113,800 |
| Purchase of additional shares in the company | 15,000 | 0 |

The following transactions have all been supplied on normal commercial terms

During the year, the Council paid for a service contract to the Rātana Communal Board of Trustees, of which Councillor Soraya Peke-Mason is a member. This service cost \$80,280 (2016 \$87,748).

Councillor Peke-Mason also has interests in the Aorangi Awarua Trust. During the year the Council paid the Trust \$ 5,875 (2016 \$2,922)

During the year, the Council provided Rangitikei Tourism Incorporated with funding amounting to \$18,975 (2016 \$19,714). Councillor Rebecca McNeil is an employee of this organisation.

During the year, the Council provided Project Marton with funding amounting to \$38,587(2016 \$38,660). 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 \$4,343 (2016 \$3,958) to BJW Motors Ltd for the servicing of motor vehicles.

Councillor David Wilson is a director of McVerry Crawford Motors, Marton. During the year the Council made payments of \$18,283 to McVerry Crawford Motors Ltd for the servicing of motor vehicles and associated utility parts.

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

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

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

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

| Note 26: Remuneration | Actual 2016 \$ | Actual 2017 \$ |
|---------------------------------|-------------------------------|-------------------------------|
| Chief Executive | | |
| Ross McNeil | | |
| Gross salary | 219,232 | 222,300 |
| Vehicle (market value plus FBT) | 10,588 | 11,289 |
| Superannuation contribution | 6,577 | 6,925 |
| Total remuneration | 236,397 | 240,514 |

Other Council employees

| | | |
|--|----|----|
| Number of full-time employees | 35 | 40 |
| Number of full-time equivalents of part-time employees | 11 | 15 |

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 | 42 | 39 |
| \$60,001 to \$80,000 | 7 | 10 |
| \$80,001 to \$220,000 | 7 | 6 |
| Total employees | 56 | 55 |

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

| Note 26: Remuneration (continued) | Actual 2016 \$ | Actual 2017 \$ |
|---|-------------------------------|-------------------------------|
| Elected representatives | | |
| Council | | |
| <i>Mayor</i> | | |
| A Watson | 92,659 | 92,207 |
| <i>Councillors</i> | | |
| C Ash | 19,500 | 21,122 |
| R Aslett | 27,610 | 26,676 |
| N Belsham | 24,803 | 35,325 |
| A Gordon | 26,706 | 30,013 |
| T Harris* | 19,121 | 6,098 |
| M Jones* | 22,592 | 7,222 |
| D McManaway | 26,980 | 29,175 |
| R McNeil* | 19,500 | 6,236 |
| S Peke-Mason | 19,793 | 22,235 |
| R Rainey | 20,478 | 24,018 |
| L Sheridan | 23,625 | 22,986 |
| D Wilson | 0 | 15,190 |
| G Platt | 0 | 15,174 |
| J Dunn | 0 | 14,897 |
| Total Council members remuneration | 343,367 | 368,574 |
| Community Boards | | |
| <i>Taihape</i> | | |
| M Fannin | 7,873 | 8,882 |
| A Abernathy | 0 | 2,965 |
| G Larsen | 3,500 | 4,081 |
| P Oliver* | 3,500 | 1,115 |
| Y.Sicily | 3,500 | 4,081 |
| <i>Ratana</i> | | |
| B Barlein* | 2,000 | 637 |
| T Biddle* | 2,000 | 637 |
| C Mete | 0 | 2,813 |
| N Rawhiti* | 2,000 | 637 |
| C Rourangi | 0 | 1,483 |
| T Tataurangi | 0 | 1,483 |
| M Thompson | 4,400 | 3,155 |
| Total Community Board members remuneration | 28,773 | 31,969 |
| Total elected representatives remuneration | 372,140 | 400,543 |

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

*2013-16 triennium only

Note 28: Events after balance date

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

| Note 29A: Financial instrument categories | Actual 2016 (\$000) | Actual 2,017 (\$000) |
|--|------------------------------------|-------------------------------------|
| Financial instrument categories | | |
| <i>Financial assets</i> | | |
| <i>Loans and receivables</i> | | |
| Cash and cash equivalents | 6,605 | 6,957 |
| Debtors and other receivables | 3,534 | 3,447 |
| Other financial assets | | |
| term deposits | 0 | 0 |
| Total loans and receivables | 10,139 | 10,404 |
| <i>Fair value through other comprehensive revenue and expense</i> | | |
| Other financial assets | | |
| corporate bonds | 2,553 | 2,546 |
| unlisted shares | 67 | 70 |
| Total fair value through other comprehensive revenue and expense | 2,620 | 2,616 |
| <i>Financial liabilities</i> | | |
| Financial liabilities at cost | | |
| creditors and other payables | 5,617 | 4,460 |
| secured loans | 0 | 0 |
| community loan | 176 | 160 |
| Total financial liabilities | 5,793 | 4,620 |

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) |
| 2017 | | | | |
| Financial assets | | | | |
| <i>Unlisted shares</i> | | | | |
| New Zealand Local Government Insurance Corporation Limited | 54 | 0 | 0 | 54 |
| Manawatu Wanganui LASS Limited | 16 | 0 | 0 | 16 |
| <i>Corporate bonds</i> | 2546 | 2546 | 0 | 0 |
| 2016 | | | | |
| Financial assets | | | | |
| <i>Unlisted shares</i> | | | | |
| New Zealand Local Government Insurance Corporation Limited | 51 | 0 | 0 | 51 |
| Manawatu Wanganui LASS Limited | 16 | 0 | 0 | 16 |
| <i>Corporate bonds</i> | 2553 | 2553 | 0 | 0 |

There were no transfers between the different levels of the fair value hierarchy.

The table below provides a reconciliation from the opening balance to the closing balance for level 3 fair value measurements:

| | 2,016 | 2,017 |
|---|-------|-------|
| Balance at 1 July | 29 | 67 |
| Gains (losses) recognised in the surplus or deficit | | |
| Gains (losses) recognised in other comprehensive income | 11 | 3 |
| Purchases | 27 | |
| Balance at 30 June | 67 | 70 |

Note 29C: Financial instrument risks

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

Market risk*Price risk*

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

Currency risk

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

Fair value interest rate risk

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

Cash flow interest rate risk

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

Credit risk

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

| Note 29C: Financial instrument risks (continued) | Actual 2016 (\$000) | Actual 2,017 (\$000) |
|---|------------------------------------|-------------------------------------|
| <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 | 6,605 | 6,957 |
| Debtors and other receivables | 3,534 | 3,447 |
| Corporate bonds | 2,553 | 2,546 |
| Total credit risk | 12,692 | 12,950 |

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- | 6,605 | 6,957 |
| Total cash at bank and term deposits | 6,605 | 6,957 |

Corporate bonds

| | | |
|------------------------------|--------------|--------------|
| AA | 1,597 | 1,540 |
| A+ | 0 | 0 |
| A | 0 | 0 |
| A- | 0 | 0 |
| BBB- | 956 | 1,006 |
| Total corporate bonds | 2,553 | 2,546 |

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 |
|------------------------------|--------------------------|---------------------------------|---------------------------|-----------------------|----------------------------|
| 2017 | | | | | |
| Creditors and other payables | 4,460 | 4,460 | 4,460 | 0 | 0 |
| Secured loans | 0 | 0 | 0 | 0 | 0 |
| Community loan | 160 | 160 | 16 | 72 | 72 |
| Total | 4,620 | 4,620 | 4,476 | 72 | 72 |
| 2016 | | | | | |
| Creditors and other payables | 5,617 | 5,617 | 5,617 | 0 | 0 |
| Secured loans | 0 | 0 | 0 | 0 | 0 |
| Community loan | 176 | 176 | 16 | 80 | 80 |
| Total | 5,793 | 5,793 | 5,633 | 80 | 80 |

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 |
|-------------------------------|--------------------------|---------------------------------|---------------------------|-----------------------|----------------------------|
| 2017 | | | | | |
| Cash and cash equivalents | 6,957 | 6,957 | 6,957 | 0 | 0 |
| Debtors and other receivables | 3,447 | 3,447 | 3,447 | 0 | 0 |
| Other financial assets | | | | | |
| term deposits | 0 | 0 | 0 | 0 | 0 |
| corporate bonds | 2,546 | 2,546 | 1,540 | 1,006 | 0 |
| Total | 12,950 | 12,950 | 11,944 | 1,006 | 0 |
| 2016 | | | | | |
| Cash and cash equivalents | 6,605 | 6,605 | 6,605 | 0 | 0 |
| Debtors and other receivables | 3,534 | 3,534 | 3,534 | 0 | 0 |
| Other financial assets | | | | | |
| term deposits | 0 | 0 | 0 | 0 | 0 |
| corporate bonds | 2,553 | 2,553 | 0 | 1,597 | 956 |
| Total | 12,692 | 12,692 | 10,139 | 1,597 | 956 |

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 |
| 2017 | | | | | |
| <i>Financial Assets</i> | | | | | |
| Cash and cash equivalents | | (69) | 0 | 69 | 0 |
| Corporate bonds | | (25) | 0 | 0 | 25 |
| Total sensitivity to interest rate risk | | (94) | 0 | 66 | 25 |
| 2016 | | | | | |
| <i>Financial Assets</i> | | | | | |
| Cash and cash equivalents | | (66) | 0 | 66 | 0 |
| Corporate bonds | | (25) | 0 | 0 | 25 |
| Total sensitivity to interest rate risk | | (91) | 0 | 40 | 30 |

Explanation of interest rate sensitivity risk

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

Note 30: Capital management

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

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

The objective of managing these items is to achieve intergenerational equity, which is a principle promoted in the Act and applied by the Council. Intergenerational equity requires today's ratepayers to meet the costs of utilising the Council's assets and not expecting them to meet the full cost of long-term assets that will benefit ratepayers in future generations. Additionally, the Council has in place asset management plans for major classes of assets detailing renewal and maintenance programmes, to ensure that ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

The Act requires the Council to make adequate and effective provision in its long-term plan (LTP) and in its annual plans (where applicable) to meet the expenditure needs identified in those plans. The Act also sets out the factors that the Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the funding and financial policies in the Council's LTP.

The Council has the following Council-created reserves:

Special Reserves

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

Restricted Reserves

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

Note 31: Explanation of major variances against budget

Revenue is lower than forecast by \$3.6m mainly due to subsidy / grants received being lower than forecasted, roading was lower by \$1.4m and halls by \$1.4m. Other receipts are 0.4m higher than forecast. This is partly due to Forestry sales and Insurance proceeds.

Expenditure (operating before revaluation losses and derecognition) is lower than forecast by \$1.3m. Personnel costs are up by \$0.3m due mainly to employing additional staff. Finance costs are nil against a budget of \$0.4m due to no external loans being raised. Depreciation is higher by \$0.5m. Other operating expenditure is lower due to deferral of capital expenditure, thus reducing the projected interest costs and the staffing costs associated with those [projects].

Statement of financial position

Current assets are \$5.3m higher than forecasted with cash and cash equivalents being \$4.6m higher, Debtors, Prepayments & Other financial assets are lower than forecast by \$0.7m, against last year current assets are higher by \$1.4m than last year.

Non-current assets are lower than forecasted by \$25.1m with Property, plant and equipment being \$22.9m less than forecast. Non-current assets are \$18.6 m higher against last year mainly due to a \$20.2m increase in property, plant and equipment as a result of the \$17.2m total revaluation increase and net effect of additions, depreciation and disposal movements. Other financial assets are lower due to \$1.5m becoming a current financial asset.

Current liabilities are \$1.1m lower than forecasted being borrowings not used and against last year \$1.0m lower being from a reduction in creditors and payables.

Non-current liabilities are \$14.4m lower than the \$14.9m forecasted due to lower borrowings on capital expenditure not occurring during the year and against last year's. Non-current liabilities are \$37k lower compared to the previous period.

Net Assets are \$4.1m lower than forecast and are \$21.4m higher than last year mainly due to the effect of the plant and property revaluations. .

Equity is \$4.1m lower than forecast and is \$21.4m higher than last year.

| Note 32: Rating base information | Actual 2016 | Actual 2,017 |
|--|------------------------|-------------------------|
| Number of rating units preceding year | 9,203 | 9,268 |
| | (\$000) | (\$000) |
| Total capital value of rating units preceding year | 4,052,643 | 4,275,762 |
| Total land value of rating units preceding year | 2,581,542 | 2,837,065 |

Note: "preceding year" for 2017 is as at 30 June 2016 and "preceding year" for 2016 is as at 30 June 2015

| Note 33: Insurance of assets | Actual 2016 (\$000) | Actual 2,017 (\$000) |
|--|------------------------------------|-------------------------------------|
| Total value of assets covered by insurance contracts | 67,059 | 71,959 |
| Maximum amount of insurance | 64,889 | 64,900 |
| Total value of assets covered by financial risk sharing arrangements | 116,138 | 119,537 |
| Maximum amount available under those arrangements (40%) | 46,455 | 47,814 |
| Total value of assets that are self-insured | 548,986 | 566,610 |
| The value of funds maintained for that purpose | 1,138 | 728 |

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 \$.728m at balance date, much of this will be expended in repairing the roading network as a result of the June 2015 flood.

Benchmarks Disclosure Statement

For year ending 30 June 2017

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

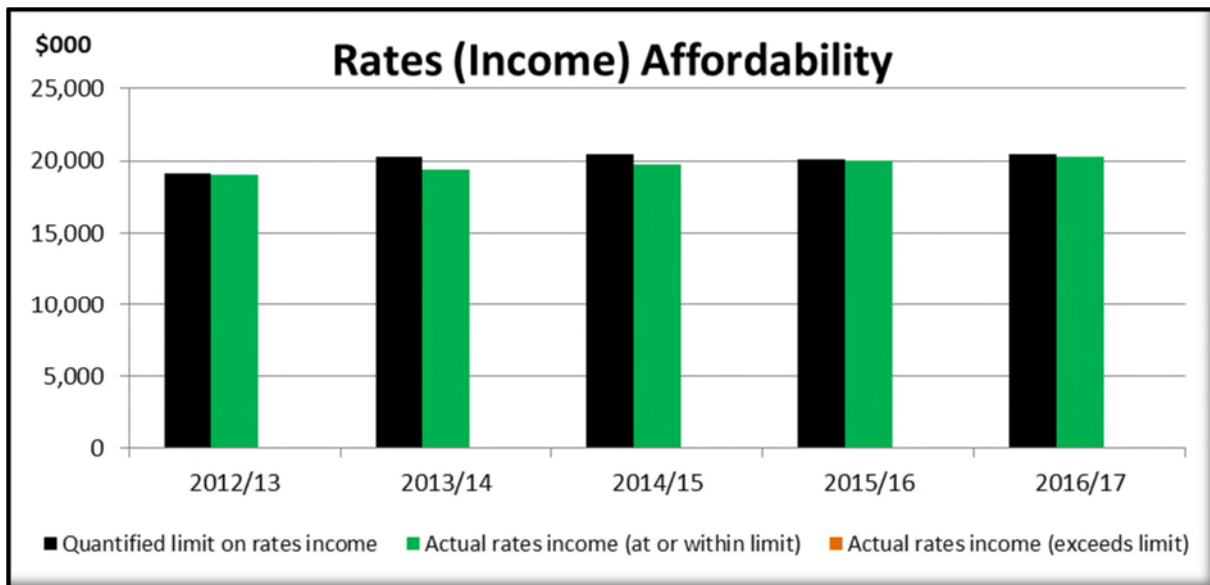
The Council meets the rates affordability benchmark if its—

- 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, 2014/15 and 2015/16 years with the quantified limit on rates contained in the Council's 2015-25 long-term plan, and for the 2016/17 year, with the limits on rates.

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).

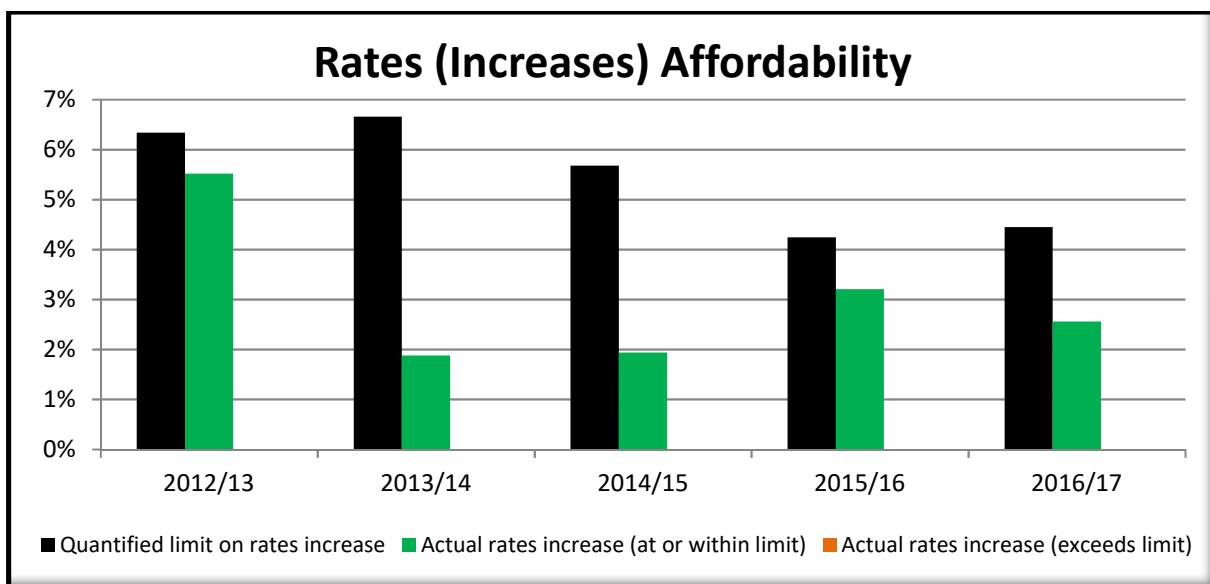


Rates (increases) affordability

The following graph compares the Council's actual rates increases for the 2012/13, 2013/14, 2014/15 and 2015/16 years with the quantified limit on rates increases contained in the Council's 2015/25 long-term plan, and for 2016/17 with the limits contained in the Council's 2015-25 long-term plan.

The quantified limits are as follows:

| | |
|---------|-------|
| 2012/13 | 6.34% |
| 2013/14 | 6.66% |
| 2014/15 | 5.68% |
| 2015/16 | 4.24% |
| 2016/17 | 4.45% |



Debt affordability benchmark

The Council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing. For 2012/13, 2013/14, 2014/15, 2015/16 and 2016/17 the financial strategy included in the 2015-25 long-term plan contains the quantified limits on borrowing. Interest is defined in the current liability management policy slightly differently but for comparative purposes, the same definition has been used for 2016/17.

The limits are as follows:

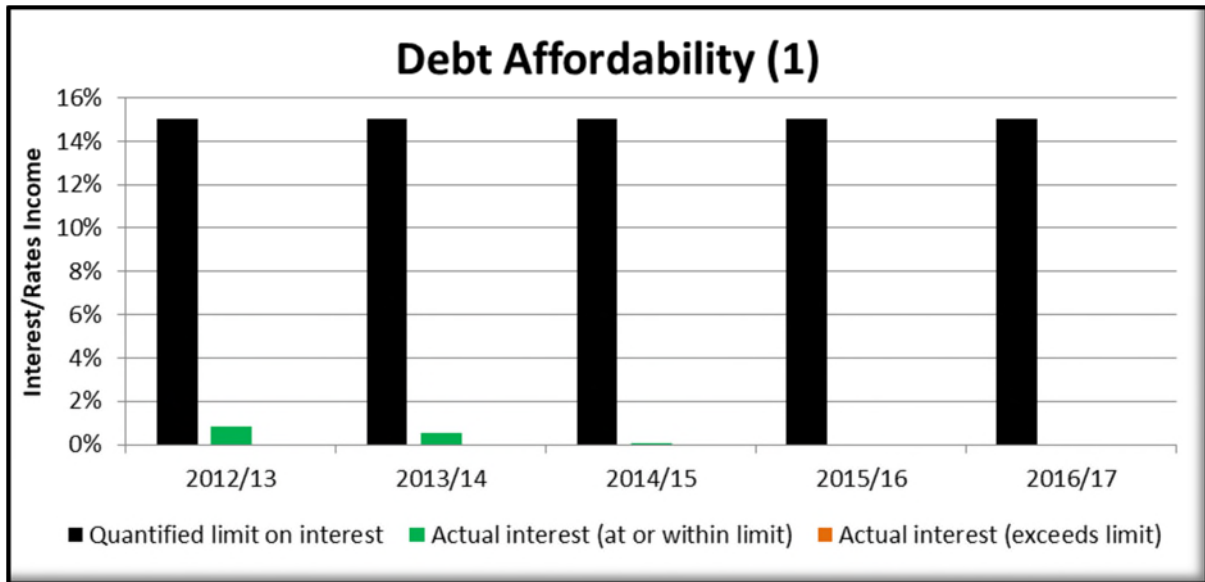
- interest expense on net external debt will not exceed 15% of total rates income; Debt Affordability (1)
- the ratio of net external debt to annual rates income will not exceed 150%; Debt Affordability (2) and,

net external debt per capita will not exceed \$1,400 for the first year, and \$2,500 for last ensuing four years. Debt Affordability (3) -31,074

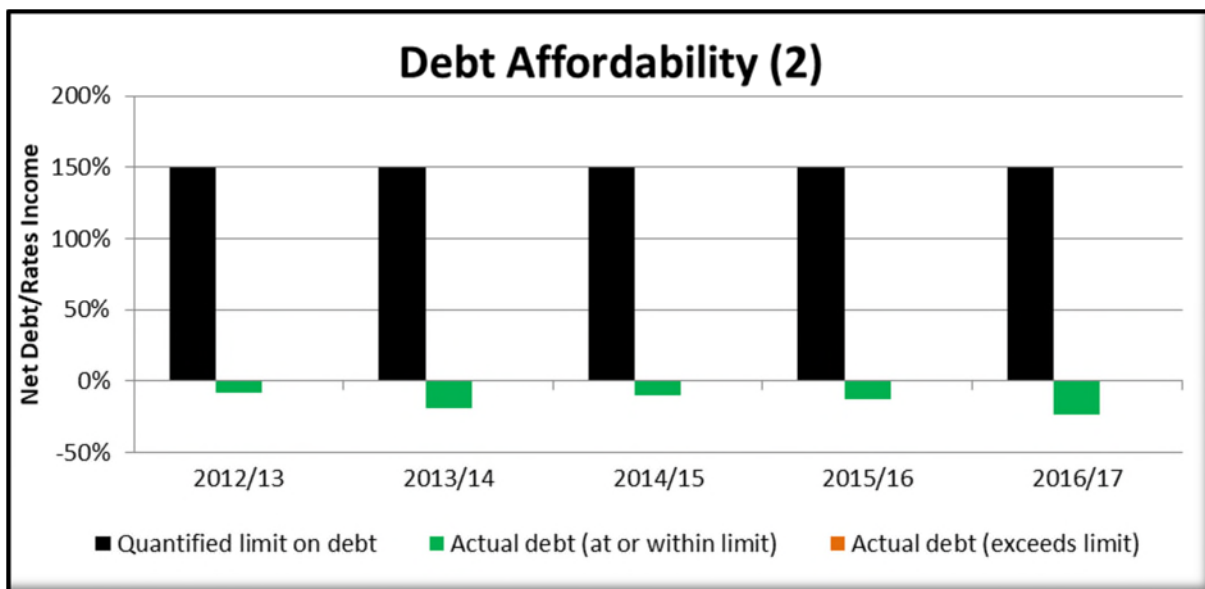
•

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

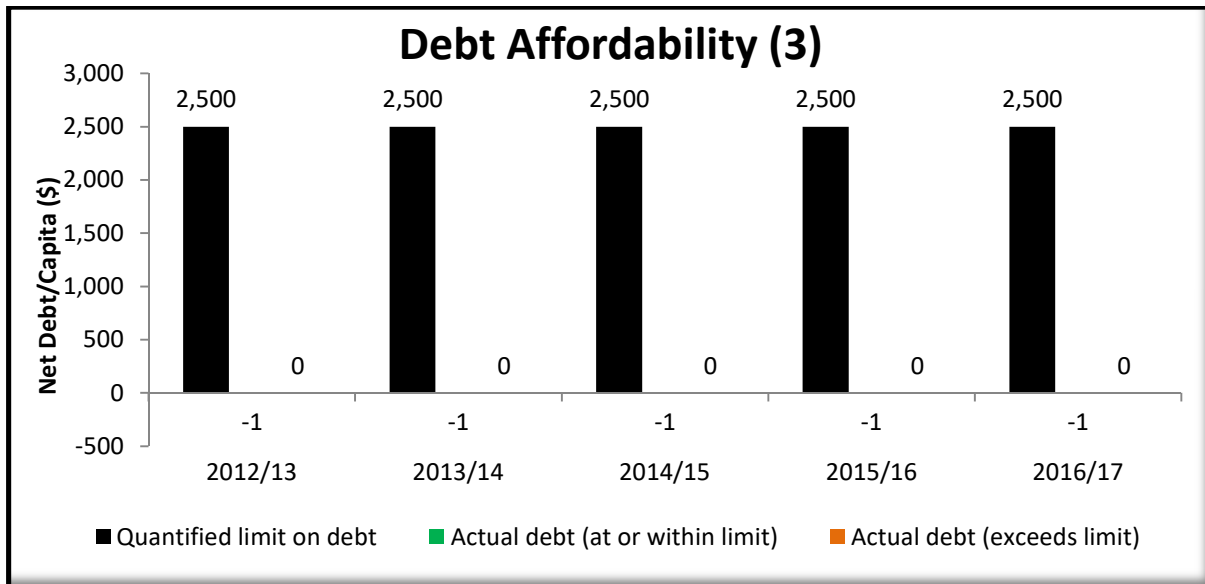
The following graph compares the Council's actual interest expense as a proportion of total rates income.



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



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

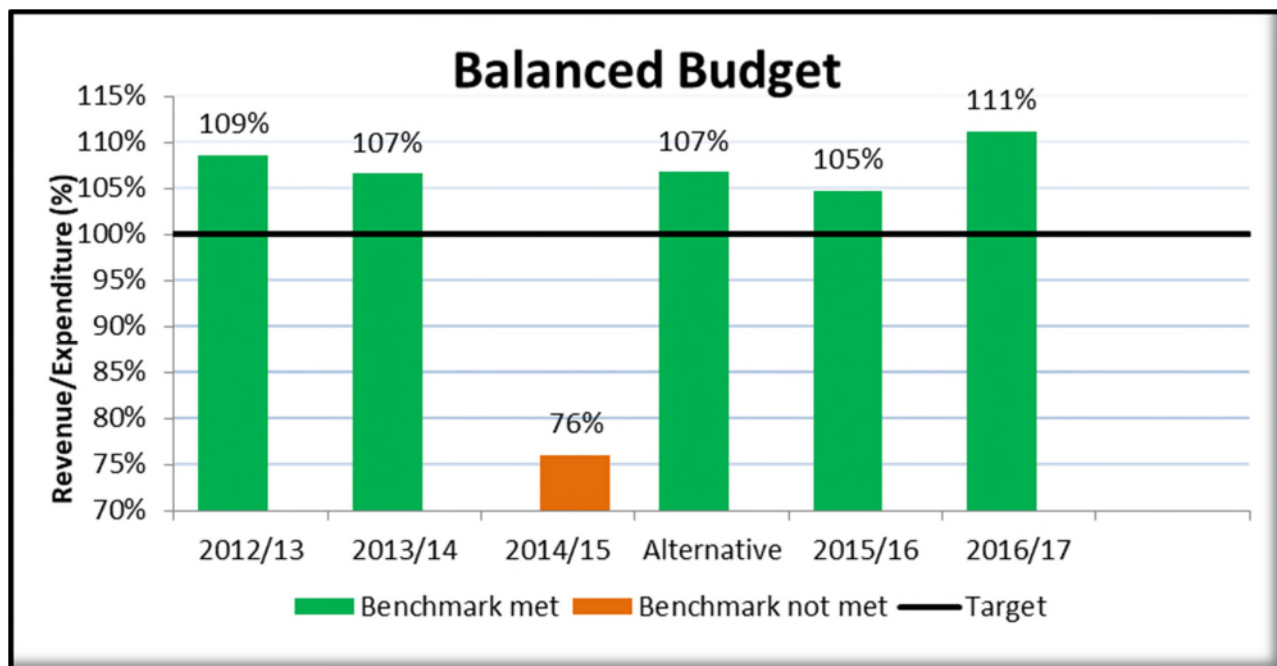


Balanced budget benchmark

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

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

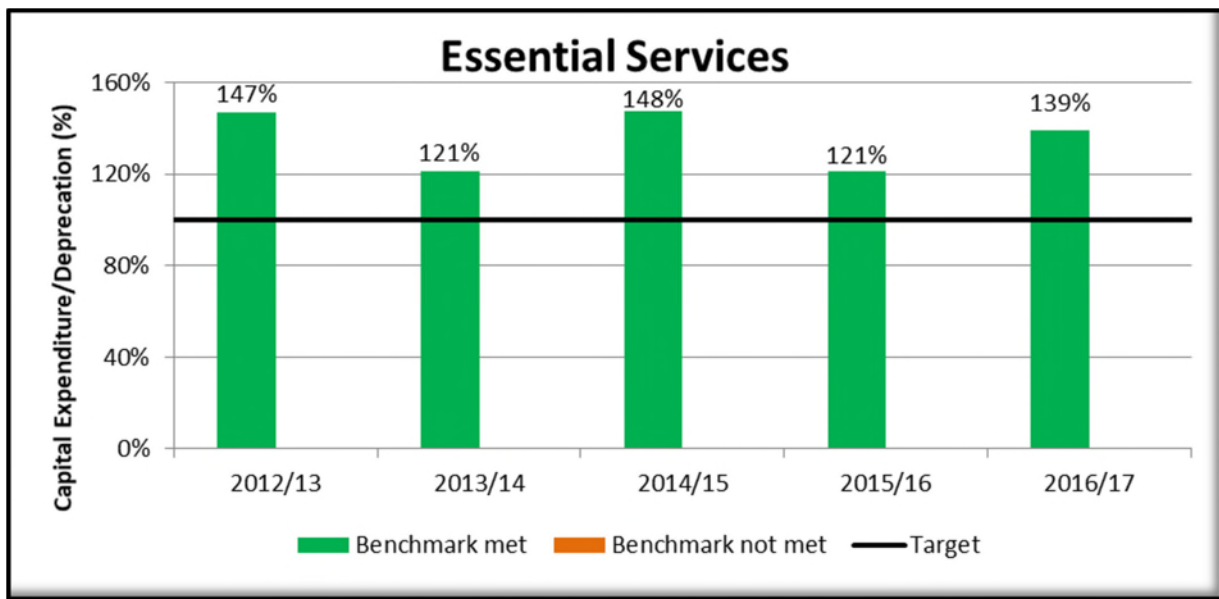
The Council derecognised roading infrastructure amounting to \$11.981m in the year ended 30 June 2015 for extensive flood damage that occurred in June 2015. The alternative bar to the graph for that year indicates the position had this write-down not taken place, and more realistically indicates that 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)

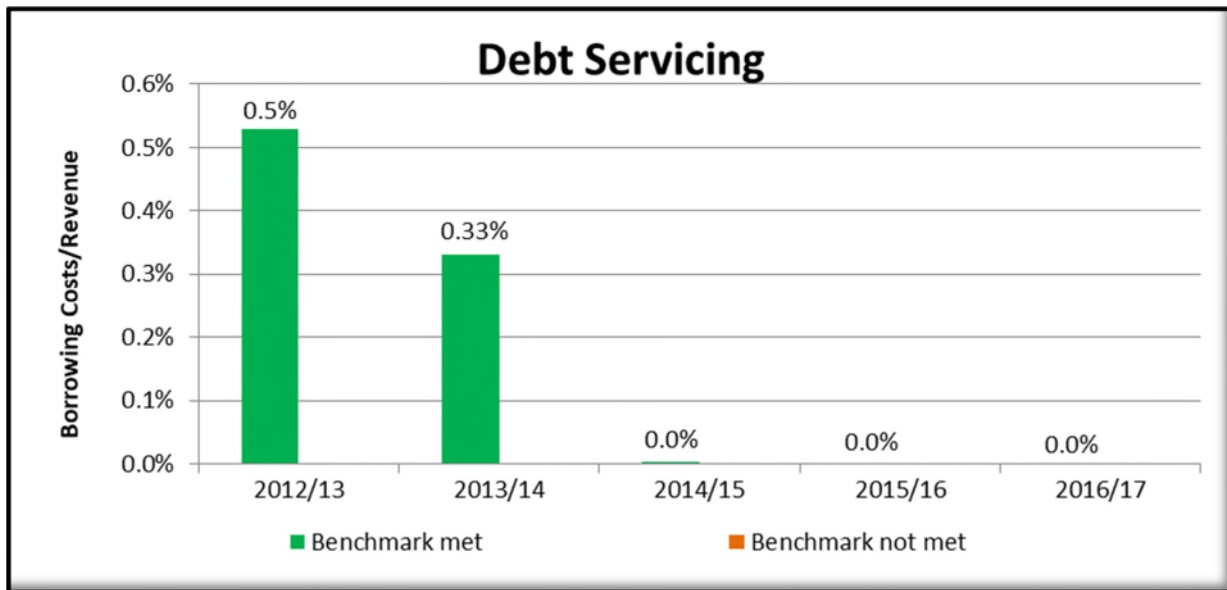
The Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services. Network services is defined in the regulations as infrastructure related to water supply, sewerage and the treatment and disposal of sewage, storm water drainage, 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.

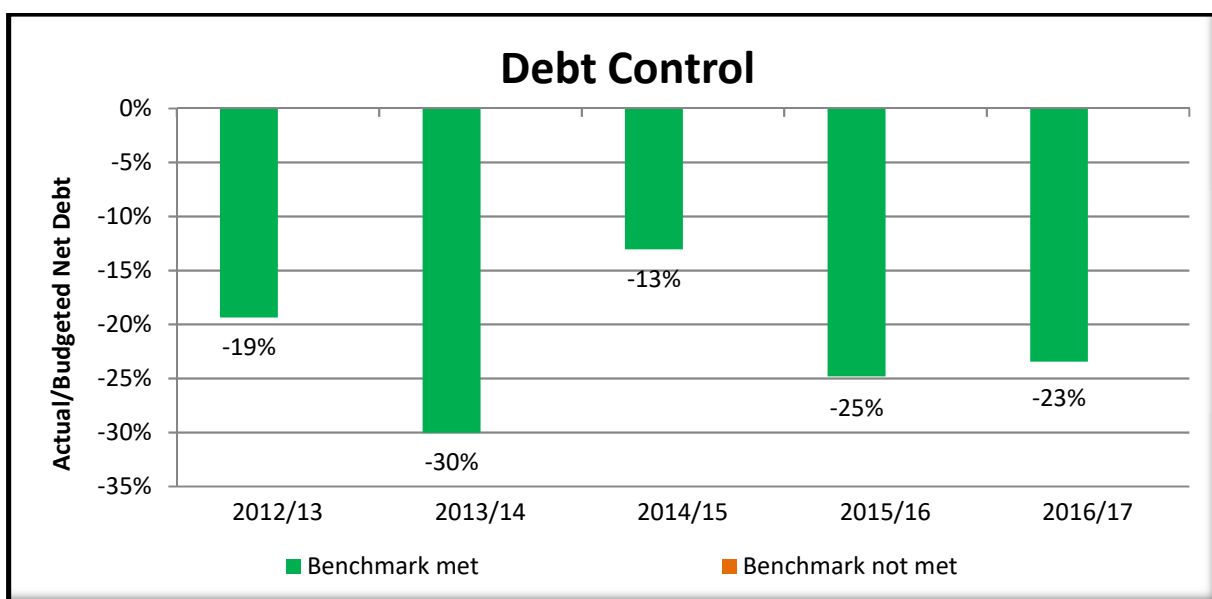


Debt control benchmark

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 receivable).

The Council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt. The regulations do not state what plans the Council should use when determining planned net debt. This benchmark has used the projected debt levels in 2009/19 long-term council community plan for the first year, and the 2012-22 long-term plan for the next three years. The final year (2016/17) has been taken from the 2015-25 long-term plan.

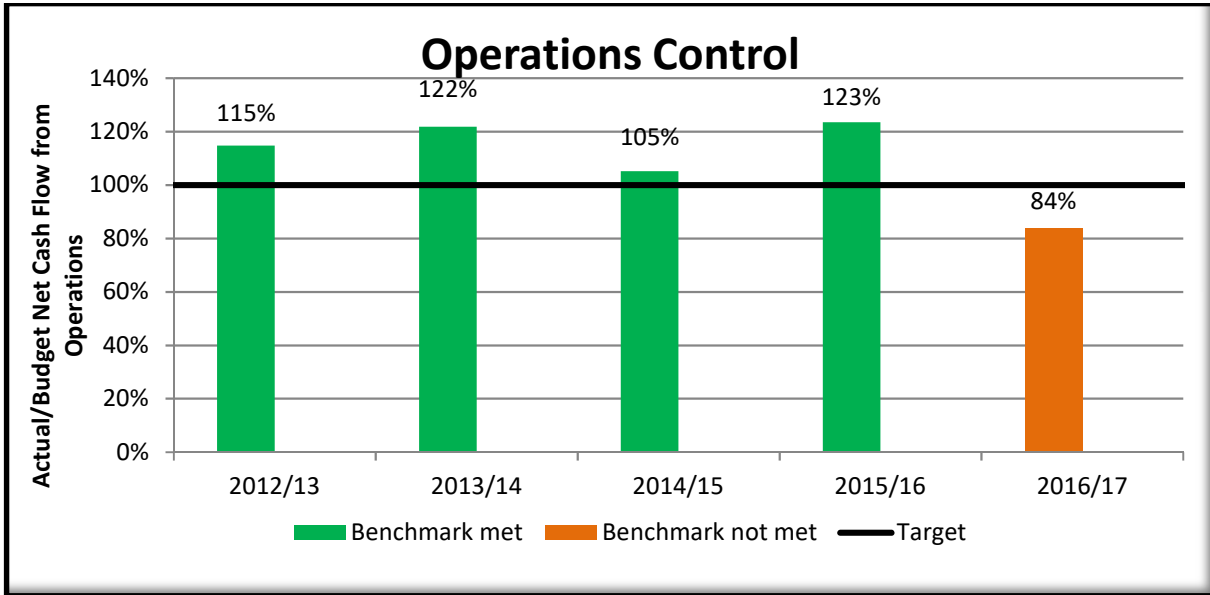
(The graph shows negative values when financial liabilities are less than financial assets, excluding trade and other receivables)



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.





Queen's Park, Hunterville



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

Website

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. The last review was in 2012 and the next will begin in August 2018³⁹.

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.

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.

³⁹ 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.

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 has 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.

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

This is an extract from guidelines issued by the Department of Internal Affairs in July 2014/ It relates to the performance measure on page 44.

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

https://12240-console.memberconnex.com/Folder?Action=View%20File&Folder_id=101&File=100503_waterloss_guidelines.pdf

What Is Water Loss

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

Figure 1: Annual Water Balance used in BenchlossNZ and CheckCalcsNZ

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

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

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

Methods to Measure Water Loss

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

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

Measuring leakage should be approached in the follow way:

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

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

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

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

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

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

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

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

- Residential Population – Total population supplied from the system.

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

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

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

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

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

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

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

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

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

- Unbilled Consumption
- Apparent Losses
- Real Losses – **This value is to be reported as one of the Non-Financial Performance Measures for Water Supply**

b. Method option 2: Minimum Night Flow Analysis – refer WLG Sections 3.3, 4.4 and Appendix A

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

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

Statement of Resources

| | |
|--|---------------------|
| Area | 4,538 sq km |
| Population | 14,019 |
| <i>Census 2013</i> | |
| Rateable Properties | 8,043 ⁴⁰ |
| Non-rateable Properties | 590 |
| Gross Capital Value | \$3,813,866,750 |
| Net Capital Value | \$3,643,485,400 |
| Gross Land Value | \$2,399,050,000 |
| Net Land Value | \$2,336,318,500 |
| 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 |
| • Pensioner Flats | 72 |
| • Toilets and Restrooms | 9 |
| • Parks and Reserves | 10 |

⁴⁰ There were 8,042 rateable properties in the District in 2015/16, and 8,474 in 2014/15. The reduction is the result of the requirement from the Valuer-General for contiguous rural properties in the same ownership to be considered as a single property for rating purposes.



Rangitikei County Council offices, Marton (1948)

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