



“Making Our District Thrive”

Rangitikei District Council

Annual Report 2011/12 Summary

Annual Report

The Annual Report explains the Council’s performance in 2011/12 against the Long Term Council Community Plan for 2009/19, the Annual Plan 2011/12 and against the various legislative and accounting requirements under which the Council is required to operate. For those interested in the full Annual Report, copies are available at:

- the Council Offices, 46 High Street, Marton;
- the District Libraries; or
- our website www.rangitikei.govt.nz.

On 11 October 2012 when adopting the full Annual Report, the Council authorised the Mayor and Deputy Mayor to approve this Summary once the Council’s auditor had provided his report on it.

Chalky Leary
Mayor

Clare Hadley
Chief Executive

Contents

Annual Report	1
Council’s Role	1
Highlights	2
Finance	4
Levels of Service	8
Auditor’s Report	11

Council’s Role

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

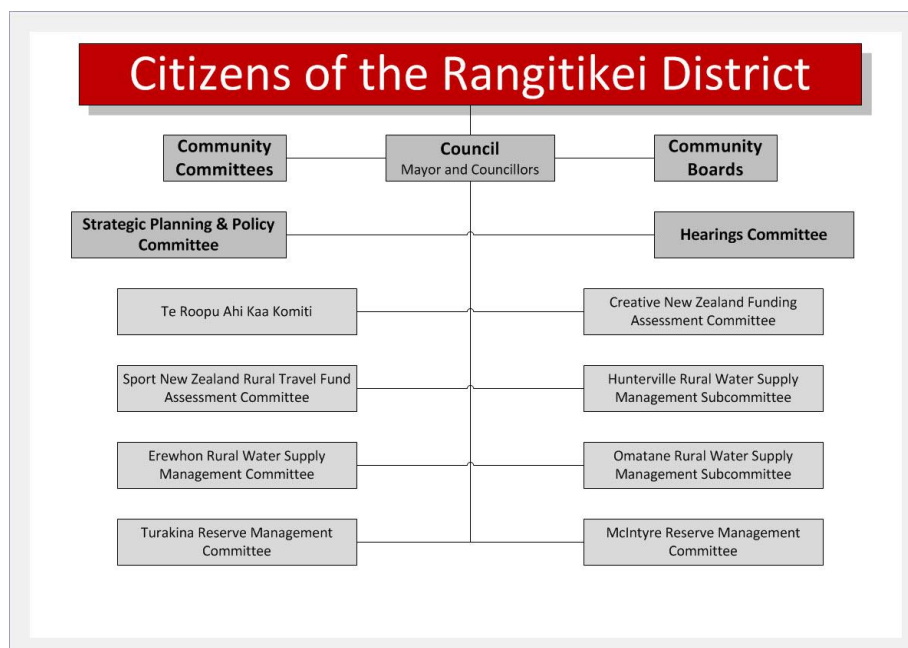
The Local Government Act 2002 defines the purpose of Local Government as to:

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

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

Council Operations

The Council appoints a Chief Executive to be in charge of the Council operations and delegates certain powers of Management to her 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.





Highlights for 2011/12

Achievements

Community Leadership

The major task in this activity has been the development of the 2012/22 Long Term Plan ('LTP'). While building on the impetus of the 2009/19 Long Term Council Community Plan, it was essential to take into account a different economic climate, the increasing sensitivity to environmental impacts, the opportunities to gain greater leverage from community groups, and changes prescribed in amendments to the Local Government Act. It also provided an opportunity to engage more meaningfully with young people to gauge their aspirations and preferences on what their District might become.

Roading

Highlights include a joint bridge inspection contract (with Manawatu District) with two rounds of inspection completed; completion of all but one of the repairs required to address damage from the storms in September 2010 and July 2011; and 9 km of pavement rehabilitation on Mangahoe Road, Tiriraukawa Road and Union Line.

The Taihape Main Street footpath upgrade was completed in November 2011. However, the non-slip sealant on the concrete proved unsatisfactory. Urgent remedial work was required because of the danger to pedestrians. Timing was critical because the sealant could not be applied in cold conditions. The work was completed in May 2012.

Water

There have been some major milestones in the upgrade of Marton's water supply – the issue of resource consent for the Tutaenui bore (up to 3,500m³ for the next 15 years), finalisation of the reservoir design. A section of the upgrade of the sewer line through Marton has been completed. A new microfiltration unit has been installed at Taihape.

Other highlights include the installation of flow meters to properties connected to the Taihape and Marton raw water supply mains and the installation of the pipe bridge on the Tutaenui stream (for the Bulls water supply).

The proposed upgrade for the Bulls wastewater plant was deferred to allow negotiation with prospective partners – Riverlands, the Ohakea Base and Manawatu District Council.

Resource consent hearings have yet to be concluded over Taihape and Hunterville wastewater upgrades.

Community and Leisure Assets

Highlights include the implementation of e-books in the libraries, the extension of the area designated for returned services personnel at the Mount View cemetery largely funded by Veterans Affairs, the opening up of the Taihape Memorial Park through the removal of a corrugated iron fence and its replacement with chain mesh, the use of the Shelton Pavilion (Centennial Park, Marton) as a focus for local youth, and the sale of the former Marton campground.

Rubbish and recycling

The highlight for this activity has been the development and adoption of a Waste Management and Minimisation Plan, concurrently with the Long Term Plan. Recycling at the waste transfer stations is increasing, but the real change will come with the introduction of green waste facilities.

Environmental and Regulatory

Highlights are the review of the District Plan, for which most hearings had been completed by 30 June 2012, and the reaccreditation process for Council as a building consent authority – with only a few corrective actions to be addressed before reaccreditation is confirmed. The Council's electronic building consent system continues to attract interest from other councils.

Community Support

Highlights are the continuing local networks and volunteers, and the familiarisation workshops run in the Council's Emergency Operations Centre focussing on competence with the new national Emergency Management Information System.

Community Economic Development

Highlights include the progress made by the six theme groups in the Path to Well-being initiative, (particularly in developing a results-based framework), Council staff's involvement in the government's Community Response Model Forum, the Community Development Programme in Marton (funded through the Department of Internal Affairs), the placement of young people in training and employment (through a programme funded by the Ministry of Social Development) and the stronger linkage between Council's objectives and the work undertaken by Rangitikei Tourism, Bulls and District Community Development Trust, Project Marton, Taihape Development Community Trust and Otaihape Māori Komiti.





Finance

Financial Information

Explanation of major variations against budget

Detailed below are explanations for major variations from the estimated figures in the 2011/12 Annual Plan.

Statement of Comprehensive Income

Council's net operating surplus for the year was \$1.623 million (budgeted \$0.573 million). This operating surplus assisted in the funding of capital expenditure and transfers to investments to cover future years' expenditure. The most significant variations are:

- Roading revenue was \$3.036 million above budget due to flood damage (and increased subsidy from the New Zealand Transport Agency); roading expenses were also higher than budgeted by \$2.526 million;
- Extra subsidies were received from War Veterans (\$93,000) and for Community economic development (\$159,000);
- \$1.03 million less expenditure than budgeted for Water Management;
- Additional activities undertaken in District Promotion: \$263,000;
- Lower than budgeted costs for maintenance on Leisure and community assets: \$130,000; and
- Less interest received from investments: \$58,000.

Statement of Cash Flows

Net cash at the end of the year of \$5.396 million is \$1.896 million higher than the budget of \$3.50 million. The most significant variations are:

- Spending on plant, property and equipment lower by \$4.219 million;
- Income higher by \$4.625 million primarily due to New Zealand Transport Agency refund for flood damage;
- Net investments \$1.363 million more than budget;
- Payments to suppliers higher by \$2.856 million due mainly to flood damage;
- Net loan drawdowns \$1.333 million lower than budget.

Statement of Financial Position

The Council has net assets of \$480.8 million as opposed to budgeted forecast of \$533.3 million in the 2011/12 Annual Plan.

The most significant variations are:

- Opening revaluation of infrastructure assets of \$53.5 million less than budget;
- Capital expenditure not effected amounted to \$5.097 million;
- Term liabilities \$1.333 million lower because loans were not needed.

The following table shows Comprehensive Income and Changes in Equity for Council and Group for year ended 30 June 2012

Summary Statement of Comprehensive Income and Changes in Equity

	Council			Group
	Actual 2012 \$000	Annual Plan 2012 \$000	Actual 2011 \$000	Actual 2011 \$000
Operating Revenue	31,259	28,123	33,777	33,954
Less: Finance costs	89	443	16	16
Less: other Operating Expenditure	29,547	27,107	30,830	30,982
Operating surplus/(deficit) before tax	1,623	573	2,931	2,956
Share of Associate surplus (deficit)	-	-	-	4
Net surplus/(deficit) before Tax	1,623	573	2,931	2,960
Income Tax Expense				
Net surplus/(deficit) after Tax	1,623	573	2,931	2,960
Other Comprehensive Income – revaluation of assets	(62)	-	(1,099)	(1,099)
Total Comprehensive Income	1,561	573	1,832	1,861
Equity at beginning of year	479,268	532,810	477,437	477,909
Equity at end of year	480,829	533,382	479,268	479,770



Equity is made up of the following:

	Council			Group
	Actual 2012 \$000	Annual Plan 2012 \$000	Actual 2011 \$000	Actual 2011 \$000
Accumulated Funds	459,706	457,658	457,926	458,429
Total Reserves	21,123	75,724	21,341	21,341
Total Equity	480,829	533,382	479,268	479,770

The following Cash Flow Table shows how Council and Group generated and used cash for year ended 30 June 2012

Summary Statement of Cashflows

	Council			Group
	Actual 2012 \$000	Annual Plan 2012 \$000	Actual 2011 \$000	Actual 2011 \$000
Net Cash Flow from Operating Activities	11,927	10,599	13,127	13,175
Net Cash Flow from Investing Activities	(14,293)	(17,438)	(15,116)	(15,253)
Net Cash Flow from Financing Activities	4,500	5,833	-	-
Net Increase (Decrease) in Cash held	2,134	(1,006)	(1,989)	(2,078)
Opening Cash Balance	3,262	4,506	5,251	5,570
Closing Cash Balance	5,396	3,500	3,262	3,492

The following table shows the financial position of the Council and Group as at 30 June 2012

Summary Statement of Financial Position

	Council			Group
	Actual 2012 \$000	Annual Plan 2012 \$000	Actual 2011 \$000	Actual 2011 \$000
Total Equity	480,829	533,382	479,268	479,770
Current Assets	11,219	6,220	7,025	7,279
Less: Current Liabilities	6,379	4,250	5,351	5,374
Net Working Capital	4,840	1,970	1,674	1,906
Non Current Assets				
Operational & Restricted Assets	21,417	22,996	22,051	22,344
Infrastructural Assets	453,522	514,761	450,272	450,272
Intangible Assets – Computer Software	180	45	231	231
Biological Assets - Forestry	199	-	268	268
Investment in Associate	-	-	-	6
Other Financial Assets	3,598	-	5,263	5,236
Total Non Current Assets	478,915	537,802	478,085	478,357
Non Current Liabilities	2,924	6,390	492	492
Net Assets	480,829	533,382	479,268	479,770

The following table summarises the Capital Expenditure for the year ended 30 June 2012

Summary Capital Expenditure

Capital Expenditure	Actual 2011/12 \$000	Annual Plan 2011/12 \$000
Community Leadership	10	7
Roads and Transportation	7,570	8,011
Stormwater	286	333
Wastewater	476	1,727
Water	3,126	6,086
Community and Leisure Assets	526	670
Rubbish and Recycling	9	8
Community Support	44	48
Community Economic Development	-	-
Miscellaneous	448	702
Total	12,495	17,592

Capital Expenditure for the year ended 30 June 2012 was \$12.495 million (\$16.080 million in 2011).

Projects in Water, Wastewater, Stormwater, and Community and Leisure Assets were not completed during the year, because of delays in resource consents and the time taken to evaluate and plan the work. Most have been carried forward to be completed in 2012/13.

Full details can be found in the relevant Cost of Service Statements in the full Annual Report.

The full Capital Works expenditure details can be found on Pages 124-127 of the full Annual Report.



Additional information

- 1 The Group consists of Council and its subsidiaries - Marton Aquatic and Leisure Trust, and its associate Ruapehu Wanganui Rangitikei Economic Development Trust (RED Trust). Accounts were consolidated in 2011 but not 2012 because of lack of materiality.
- 2 The specific disclosures in the summary financial report have been extracted from the full financial report which was adopted and authorised for issue by Council on 11 October 2012.
- 3 The Financial Statements are for the year ended 30 June 2012 and all figures are in New Zealand dollars and rounded to the nearest thousand dollars.
- 4 The summary financial report cannot be expected to provide as complete an understanding as the full financial report. The full financial report, which received an unqualified Audit Opinion on 11 October 2012, is available from the District Council Office, Libraries and Information Centres, and on our website www.rangitikei.govt.nz.
- 5 The summary financial report has been examined by the Auditor for consistency with the full financial report. An unqualified audit report is included with this summary.
- 6 The Council has applied Financial Reporting Standard 43 (FRS 43) and this summary is in compliance with this Standard.
- 7 The Council has designated itself a Public Benefit entity (PBE) for financial reporting purposes.
- 8 The full financial statements were prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP), and comply with New Zealand equivalents to International Financial Reporting Standards (NZIFRS) and other applicable financial reporting standards, as appropriate for public benefit entities. The full financial statements include a statement of compliance to this effect.

Commitments

Commitments for non-cancellable contracts within the next 5 years total \$13.772 million. These are principally for contracts for road maintenance and supply of professional services. Details can be found on page 75 of the Annual Report.

Contingencies

Ownership of Turakina Beach Road

All procedural requirements were met for the Maori Land Court over transfer of this land and settlement has been made.

Emissions Trading Scheme (ETS)

Council may have a liability to the ETS and NZ Units that will be required to offset emissions following the harvest of forestry holdings. This is contingent on our being able to get an exemption from the scheme. Application for

exemption is in progress. The estimated liability is \$195,000.

AGM Contracting

Council is currently in dispute with this company relating to extra work carried out to remediate work on a project. Council admits to no liability in this matter but judicial redress is being sought by the plaintiffs.

Stormwater dispute

Council has agreed to undertake a catchment investigation and works with a possible cost of up to \$100,000 for a landowner. Work cannot proceed until conditions have been fulfilled by that landowner.

Post Balance Date Events

The Council has no post balance date events.



Levels of Service

The full report documents results for 56 intended levels of service across the eight activity groups.

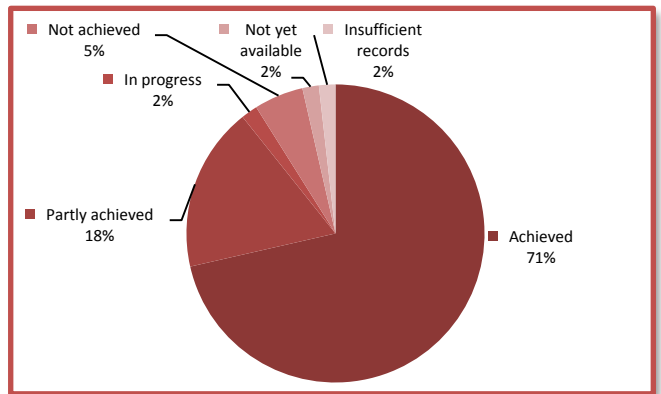
An overall assessment of the actual levels of service compared with what was intended has a less certain basis than measuring financial performance. This is because qualitative as well as quantitative information is used. The performance framework was reviewed as part of the preparation of the 2009/19 LTCCP and is considerably different from earlier years.

There has been a greater focus on measures of customer service. However, this has the disadvantage of not being available on an annual basis where the National Research Bureau’s Communitrak survey is used. Council does not intend to engage the National Research Bureau more than once every three years (because of the cost) but is already supplementing this with surveys on particular activities. In addition, where it is feasible, comment has been added to give a sense of how such levels of service are tracking.

The Communitrak survey has a statistical margin of error, from 4.9% to 2.9% which decreases as the reported percentage result widens. A similar principle applies when comparing results from surveys from different years.

The following chart shows that 71% of the intended levels of service were achieved, and another 20% were partly achieved or in progress. This is an improved performance from that reported last year (66% achieved and 16% partly achieved or in progress).

The major reason has been improved record-keeping: this year there is only one instance of insufficient records and that is outside the Council’s control. The one measure not yet available relates to satisfaction with the opportunity to engage in the development of a revised District Plan. A survey about this is being conducted during October 2012.



Commentary on each group of activities

Activity	What we did	Elaboration
Community Leadership	<p>Developed the 2012/22 Long Term Plan ('LTP').</p> <p>Other matters subject to the public submission process were the Waste Management and Minimisation Plan, the Rates Remission Policy, the Significance Policy and the Schedule of Fees and Charges 2012/13.</p> <p>All groups of activities achieved at least 75% of actions identified in the 2011/12 Annual Plan.</p>	<p>There were no significant variations from the intended levels of service.</p> <p>The LTP provided an opportunity to engage more meaningfully with young people to gauge their aspirations and preferences on what their District might become.</p>
Roading	<p>Completed the Taihape Main Street footpath upgrade and 211 metres of new footpaths elsewhere in the District.</p> <p>Resurfaced slightly less than 60 km of sealed road and rehabilitated 9 km of road (i.e. carriageway reconstruction).</p> <p>Of the 67 after-hours callouts to the roading contractor, 51 were resolved within 12 hours (and of the 163 callouts during working hours, 86 were attended to within 6 hours).</p>	<p>There were no significant variations from the intended levels of service.</p> <p>The travel exposure rating for the District’s roads was not reassessed during the year</p> <p>Operational costs (by \$2.7 million) and subsidies (by \$3.0 million) were both higher than projected in the Annual Plan – primarily because of the extensive emergency works over 120 sites. The difference between increased costs and subsidies is attributable to the drop in depreciation, the result of revaluation and the changed rate for footpaths.</p>



Activity	What we did	Elaboration
Water	<p>Progress is being made with the processes, operations and maintenance manuals for each water treatment plant, except Ratana.</p> <p>Safe drinking water has been delivered to all properties connected to urban reticulated supplies (i.e. Ratana, Bulls, Marton, Hunterville, Mangaweka and Taihape).¹</p> <p>Council partly achieved full compliance with resource consents regarding water takes.</p> <p>Council partly achieved the intended level of service that all discharged effluent meets standards of the resource consent and the Resource Management Act 1991.</p> <p>Council did not achieve the intended response times to service requests concerning stormwater maintenance, blocked drains, repairs and surface flooding.</p>	<p>With one exception, the non-compliance over water takes was the result of records being insufficient. The one exception was exceeding permitted levels of extraction at the Calico Line bore.</p> <p>There were no significant non-compliances found during the inspections by Horizons of wastewater discharges. All the most recent inspections found compliance. These variable results indicate the seasonal nature of both treatment processes and the receiving waters.</p> <p>Although significant acquisitions have been made for water treatment plants in Marton, Bulls, Mangaweka and Taihape, and for wastewater treatment plants at Hunterville and Taihape, there was considerable under-expenditure during the year in the capital programme. The major reasons for this were delays in gaining supply from overseas of components for the Marton water supply upgrade, the delay in being advised of the decision on Council's application for Ministry of Health subsidy for the Ratana water supply upgrade, and the negotiations with New Zealand Defence Force and Riverlands about a combined wastewater treatment plant at Bulls.</p>
Community and Leisure Assets	<p>Taihape's Memorial Park was opened up through removing the corrugated iron fence on the Kokako Road boundary and replacing it with chain mesh using the existing posts and rails.</p> <p>Council's playgrounds continued to be inspected weekly (to ensure safety) and there were no reports of accidents.</p> <p>All maintenance requests from tenants in Council's community housing were attended to within a week (most within a day).</p> <p>The libraries acquired 70% of all titles on three 'best reading' lists published in New Zealand during the year.</p> <p>The Community Boards and Community Committees provided feedback twice during the year on their assessment of the public toilets in their respective areas. Toilets in Hunterville, Mangaweka and the two information centres (Bulls and Taihape) consistently rated 8 out of 10 or better.</p> <p>Online cemetery search continued to be popular and attract favourable comment.</p>	<p>There were no significant variations from the intended levels of service.</p> <p>The new toilets in Bulls planned since 2009/10 were not built. At present there are negotiations on placing new toilets on the site of the planned New World supermarket in Bulls.</p> <p>Mt View cemetery (just north of Marton) was extended to provide for additional graves for those who served in the Armed Forces. Veteran Affairs subsidised this work.</p>
Rubbish and recycling	<p>Refuse tonnage to the Bonny Glen landfill was 5,135 tonnes compared with 5,915 tonnes last year. 430 tonnes (of which 255 tonnes were glass) were</p>	<p>There were no significant variations from the intended levels of service.</p>

¹ Through the weekly testing of supplies, at Environmental Laboratory Services in Gracefield (Lower Hutt), two detections of an E-coli indicator occurred during the year, but the subsequent three consecutive days of testing showed no further trace of this. In addition to these regular tests, MidCentral Health conducts random tests. During the year, three were conducted – at Hunterville, Mangaweka and Marton. No transgressions were detected.



Activity	What we did	Elaboration
	diverted from being disposed in landfill.	
Environmental and Regulatory	<p>95% of building consents were issued within the 20-day statutory period.</p> <p>100% of land use consents and 100% of other resource consents applications were processed within the prescribed timeframes. Monitoring of subdivision and land use consents (77 in total) uncovered six cases of non-compliance. In addition, there were two consents which have conditions attached to them requiring monitoring which were not monitored during the year.</p> <p>The number of dog callouts increased this year to 900 (807 last year). Of these 331 (186 last year) concerned a dog attack, threatening dogs or stock on the road: 59% were responded to within 30 minutes of the call. .</p> <p>All but one of the District's 116 registered food-handling premises were inspected during the year: they were all were found compliant.</p>	<p>Staff ill-health (and resulting absence) caused a slight drop in performance for building consents compared with last year.</p> <p>Not achieving the level of service for animal control is a significant variance. Compared with last year, the number of recorded priority one calls has almost doubled. In part this reflects greater accuracy in recording instances but – because of the size of the district – it can be impossible to reach the location within 30 minutes, especially after hours. However, some of this variance will be attributable to the inability to enter data for after-hours in actual live time.</p>
Community Support	<p>Council continued to provide Civil Defence and Rural Fire response capability through a contract with Horizons Regional Council.</p> <p>A rural fire officer was on call and provided a response within fifteen minutes on a 24/7 basis.</p>	<p>There were no significant variations from the intended levels of service.</p>
Community Economic Development	<p>The Path to Well-being initiative continued, with progress being made by its six theme groups.</p> <p>Stronger linkage was developed between Council's objectives and the work undertaken by Rangitikei Tourism, Bulls and District Community Development Trust, Project Marton, Taihape Community Development Trust and Otaihape Maori Komiti.</p> <p>Council continued to provide visitor information centres to provide easy access to information about attractions and events in the district. This complements the annual grant to Rangitikei Tourism.</p> <p>11 events to promote economic development were supported through grants made by Council's Community Initiatives Fund.</p>	<p>There were no significant variations from the intended levels of service.</p> <p>The operating costs and income for Community Economic Development were both greater than forecast because of the Marton Community Development Project, the Youth to Business Programme, and engagement of youth during the Long Term Plan. These three projects are funded by central government grants.</p> <p>During the year \$73,449 (the unexpended balance of grant from the Department of Internal Affairs for the ICT Hub) was paid to the charitable trust set up to run the hubs in Marton and Ratana.</p>



Independent Auditor's Report

To the readers of Rangitikei District Council and group's summary of the annual report for the year ended 30 June 2012

We have audited the summary of the annual report (the summary) as set out on pages 1 to 10, which was derived from the audited statements in the annual report of the Rangitikei District Council (the District Council) and group for the year ended 30 June 2012 on which we expressed an unmodified audit opinion in our report dated 11 October 2012.

The summary comprises:

- the balance sheet as at 30 June 2012, and summaries of the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and the notes to the summary financial statements that include other explanatory information; and
- the summary of the Rangitikei District Council and group's non-financial performance information and summaries of other information contained in its annual report.

Opinion

In our opinion, the information reported in the summary complies with FRS-43: Summary Financial Statements and represents, fairly and consistently, the information regarding the major matters dealt with in the annual report.

Basis of opinion

The audit was conducted in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand).

The summary and the audited statements from which they were derived, do not reflect the effects of events that occurred subsequent to our report dated 11 October 2012 on the audited statements.

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

Responsibilities of the Council and the Auditor

The Council is responsible for preparing the summary in accordance with FRS-43: Summary Financial Statements. We are responsible for expressing an opinion on the summary, based on the procedures required by the Auditor-General's auditing standards and the International Standard on Auditing (New Zealand) 810: Engagements to Report on Summary Financial Statements.

Other than in our capacity as auditor, which includes obligations to carry out the audit of the annual report and the audit of the long-term plan, we have no relationship with, or interests in, the Rangitikei District Council or any of its subsidiaries.



Phil Kennerley
Audit New Zealand
On behalf of the Auditor-General
Palmerston North New Zealand
2 November 2012