



“Making Our District Thrive”

Rangitikei District Council

Annual Report 2012/13 Summary

Annual Report

The Annual Report explains the Council’s performance in 2012/13 against the first year of the Long Term Plan for 2012/22, 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.

The Council’s auditor has provided his report on this Summary Annual Report, which Council adopted at its meeting on 3 October 2013.

Chalky Leary
Mayor

Ross McNeil
Chief Executive

3 October 2013

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

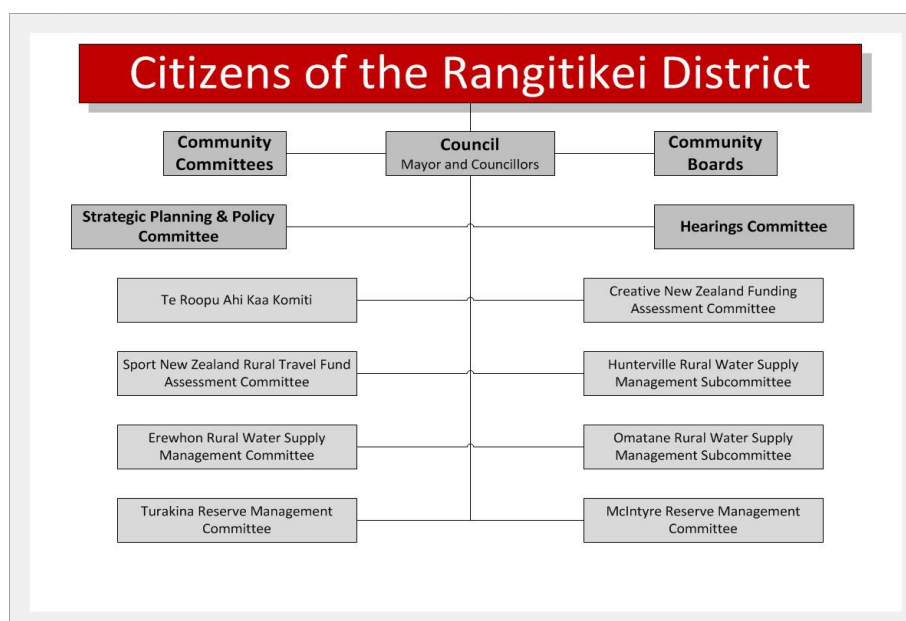
...meet the current and future needs of communities for good quality infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses.”

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. The chart below shows the Council’s governance structure.

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Highlights for 2012/13

Achievements and issues

Community Leadership

Council completed the prescribed review of representation arrangements for the 2013 elections.

Governance policies were developed for asset management plans.

Policies were developed relating to young people and positive ageing.

Roading and Footpaths

Council completed 50 km roading reseal, 9 km of pavement rehabilitation and 638 metres of new or upgraded footpath.

New Zealand Transport Agency's technical audit assessed the network overall as generally in good condition.

Water Supply

Significant upgrade to the Marton water supply, in terms of the new reservoir and the new building for the treatment plant.

The upgrade to Ratana's water supply did not proceed because of delays in securing the signed contract from the Ministry of Health.

Sewerage and the Treatment and Disposal of Sewage

The Hunterville wastewater plant was granted resource consent for 24 years. The consent process has been appealed.

There was substantial progress with the relocation of the Taihape wastewater pump station.

Discussions took place with Manawatu District about extending the Bulls wastewater plant to include Sanson.

Stormwater Drainage

Reticulation renewals were undertaken in Marton and Taihape, but much of the planned capital work on culverts, drains and inlet protection did not proceed because of shortage of suitably qualified staff.

Community and Leisure Assets

Council resumed direct management of the Marton swimming pool. Prior to the start of the swimming season, there was significant work to upgrade the fabric of the pool and its plant.

Damage to the turf on the Taihape Memorial Park was exacerbated by the prolonged summer drought and the ban on sprinklers. Expert advice has been sourced to provide for rejuvenation during spring.

Council reached agreement to have new public toilets in Bulls as part of the new supermarket development on Bridge Street. Once complete, the High Street toilets will be closed.

Rubbish and Recycling

Green waste facilities were introduced at the Marton Waste Transfer Station, one year earlier than projected.

Environmental and Regulatory

Council completed the review of the District Plan. At the date of preparing this Summary Annual Report, it had been confirmed that there would be no appeals to the Environment Court.

Council was re-accredited as a building consent authority until October 2014.

Council began preparing for the altered arrangements for managing liquor licensing, including the establishment of a District Licensing Committee in December 2013.

Community Well-being

The closer working relationship between the Information Centres, the town coordinators and Rangitikei Tourism, was highlighted by the highly successful joint promotion at the Women's Lifestyle Expo in Palmerston North during May 2013.

More than \$300,000 of external funding was secured for the District through the Path to Well-being Initiative.

Successful delivery of the programmes of work undertaken by Bulls and District Community Trust, Project Marton, Rangitikei Tourism and Taihape Community Development Trust

The Rural Volunteer Fire Fighters responded well to the challenge of the long, dry summer of 2012/13.



Finance

Financial Information

Explanation of major variations against budget

Explanations for major variances from the Council's budget figures in the 2012-22 Long Term Plan are as follows:

Statement of comprehensive income

Other revenue is greater than budgeted by \$862,000 due to: increased revenue from various groups of activities but mainly in regulatory services and community and leisure assets (\$378,000); increased rates penalties (\$187,000); and revenue attributed to overhead units not included in the budget amount but rather offset against expenses (\$297,000).

Other expenses are lower than budgeted by \$1,605,000 due to savings achieved over most groups of activities but particularly in water (\$836,000) and wastewater (\$702,000). These savings are largely due to two factors: less requirement for ongoing maintenance and treatment than anticipated; and, savings achieved through efficiencies due to merging the activities into a district-wide activity.

As a result of the increased revenue and reduced expenditure noted above, the surplus achieved was \$1,691,000 greater than the budgeted surplus of \$786,000.

Statement of financial position

Cash and investments at balance date are \$3.55 million less than at the same time last year. This has been channelled into financing capital projects, and, together with the cash surplus from operating, has provided sufficient funds to avoid additional borrowing. As a result, at balance date, borrowing is \$7.05 million less than budget.

The greatest movement within equity is in accumulated funds due to the larger than estimated net surplus.

Summary Financial Results

| | 2012 | 2013 | 2013 |
|---|--------------|------------|--------------|
| | Actual | Budget | Actual |
| | (\$000) | (\$000) | (\$000) |
| Summary Statement of Comprehensive Income for year ending 30 June 2013 | | | |
| Total operating revenue | 31,259 | 28,282 | 29,283 |
| Less finance costs | 89 | 504 | 154 |
| Less other operating expenditure | 29,547 | 26,992 | 26,650 |
| Net surplus (deficit) before tax | 1,623 | 786 | 2,477 |
| Income tax expense | 0 | 0 | 0 |
| Net surplus (deficit) after tax | 1,623 | 786 | 2,477 |
| Financial assets at fair value through other comprehensive income | (62) | 0 | 65 |
| Comprehensive income for the year | 1,561 | 786 | 2,542 |

Summary Statement of Changes in Equity for year ending 30 June 2013

| | | | |
|------------------------------|----------------|----------------|----------------|
| Balance as at 1 July | 479,268 | 479,841 | 480,829 |
| Comprehensive income | 1,561 | 786 | 2,542 |
| Balance as at 30 June | 480,829 | 480,627 | 483,371 |

Summary Statement of Financial Position as at 30 June 2013

| | | | |
|--------------------------|----------------|----------------|----------------|
| Current assets | 11,218 | 5,504 | 8,172 |
| Non-current assets | 478,916 | 490,537 | 482,719 |
| Total assets | 490,134 | 496,041 | 490,891 |
| Current liabilities | 6,359 | 6,332 | 6,809 |
| Non-current liabilities | 2,946 | 9,082 | 711 |
| Total liabilities | 9,305 | 15,414 | 7,520 |
| Net assets | 480,829 | 480,627 | 483,371 |
| Represented by equity: | | | |
| Accumulated funds | 459,706 | 458,795 | 461,163 |
| Special reserves | 3,502 | 4,008 | 4,638 |
| Other reserves | 17,621 | 17,824 | 17,570 |
| Total equity | 480,829 | 480,627 | 483,371 |



| | 2012 | 2013 | 2013 |
|---|--------------|--------------|--------------|
| | Actual | Budget | Actual |
| | (\$000) | (\$000) | (\$000) |
| Summary Statement of Cash Flows for year ending 30 June 2013 | | | |
| Net cash inflows(outflows) from operating activities | 11,927 | 9,761 | 11,197 |
| Net cash inflows(outflows) from investing activities | (14,293) | (14,236) | (9,719) |
| Net cash inflows(outflows) from financing activities | 4,500 | 3,947 | (2,000) |
| Net cash inflows(outflows) for the year | 2,134 | (528) | (522) |
| Cash and cash equivalents at the beginning of the year | 3,262 | 2,256 | 5,396 |
| Cash and cash equivalents at the end of the year | 5,396 | 1,728 | 4,874 |

| | Actual | Actual |
|---|------------|--------------|
| | 2012 | 2013 |
| | (\$000) | (\$000) |
| Contingent Liabilities | | |
| Emissions Trading Scheme | 195 | 126 |
| Potaka stormwater | 100 | 175 |
| Building Act claims | 0 | 21 |
| Nga Tawa Road water extension | 0 | 20 |
| Local Authority Protection Programme (LAPP) Disaster Fund | 0 | 805 |
| Miscellaneous claims | 0 | 5 |
| Total contingent liabilities | 295 | 1,152 |

Emissions Trading Scheme

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

Potaka stormwater

The Council is in dispute with Mr Potaka regarding stormwater damage reinstatement. The matter has not been resolved to date. The amount disclosed is made up of possible physical works, legal expenses and the possibility of some compensation being payable.

Building Act claims

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

Nga Tawa Road water supply extension

The Council has agreed to contribute up to \$20,000 if a privately initiated extension to the water supply in Nga Tawa Road goes ahead. The amount is to cover the cost of increasing the pipe diameter to allow others to connect to the extension. This would be part of a ring main system which will connect to Calico Line.

Local Authority Protection Programme (LAPP) Disaster Fund

LAPP Scheme members are subject to additional calls for contributions up to five times their annual premium for a single disaster and exposure is limited to two such calls in a year. The exposure has been actuarially assessed as a low probability of the maximum call being made in any one year and it is therefore considered that a provision for exposure need not be included in the financial statements, but rather noted as a contingency item.

AGM Contracting Limited

A dispute involving this company was disclosed in the previous year's annual report. During the year under review, this dispute was settled by arbitration. There is now no liability, real or contingent, remaining.

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 2013 these four facilities have an approximate value of \$350,000.

Post balance date events

The council has no post balance date events.



Additional information

- 1 The reporting entity is the Rangitikei District Council which is a territorial local authority governed by the Local Government Act 2002 and is domiciled in New Zealand.
- 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 3 October 2013.
- 3 The Financial Statements are for the year ended 30 June 2013 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 3 October 2013, is available from the District Council Office, Libraries and Information Centres, and on our website www.rangitikei.govt.nz.
- 5 The Summary Annual Report has been examined by the Auditor for consistency with the full Annual 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.

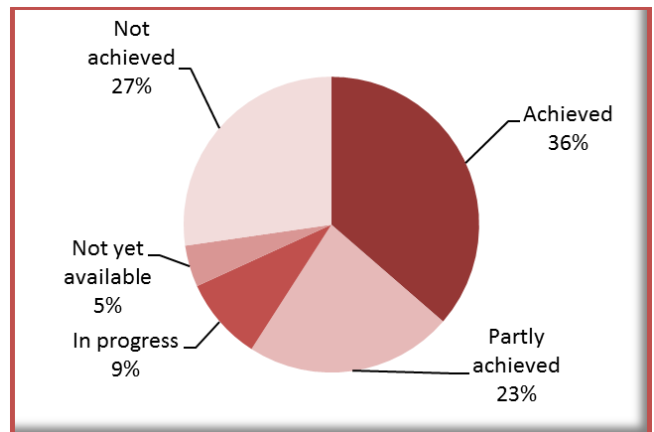
Levels of Service

The full report documents results for 22 intended levels of service across the 9 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 2012/22 Long Term Plan and is considerably different from earlier years.

The following chart shows that 59% of the intended levels of service were achieved, fully or partly, with a further 9% in progress. 27% of the intended levels of service were not achieved. One cause is the difficulties in scheduling work in a timely way (sometimes by contractors); the other cause is a lower public satisfaction (which in itself may also be the result of insufficient communication about what Council is doing, where, and why). One variation from

intended levels of service is considered significant: not achieving compliance with resource consents for water supply because the inadequacies had been noted in previous years. Council aims to improve on these results in the coming year.



Commentary on each group of activities

| Activity | What we did | Elaboration |
|----------------------|---|--|
| Community Leadership | <p>83% of actions planned for 2012/13 were substantially undertaken or completed. All but one of the groups of activities achieved at least 75% of identified actions.</p> <p>89% of the planned capital expenditure was expended</p> | <p>The year’s target was 88%, with all groups of activities to achieve at least 75% of their planned actions. The exception was in the Community & Leisure Assets group of activities, which had insufficient budget provision.</p> <p>The year’s target for capital expenditure was 85%, with all network utilities achieving at least 75%. The exception was stormwater, which achieved only 30%, a reflection of resources being allocated to other priorities.</p> |



| Activity | What we did | Elaboration |
|---|--|--|
| Roading | <p>There were 27 after-hours callouts, and 78% were investigated within 12 hours. Of the 199 callouts during work hours, 55% were investigated within six hours. 58% of all callouts were resolved within a month of receipt.</p> <p>Of the 21 requests for service regarding potholes, 52% were resolved within one month of receipt. Those potholes identified as not urgent were programmed to be resolved at a later date.</p> <p>A community survey was conducted with residents where programmed renewal had been done, as well as with members of the relevant Community Boards/Committees and Council's community and business sector databases.</p> | <p>The travel exposure rating for the District's roads was not reassessed during the year.</p> <p>More people than last year thought the roading network better in terms of safe travel, but worse in terms of the condition of footpaths, condition of sealed roads, and maintenance of unsealed roads.</p> |
| Water supply | <p>In the inspections undertaken by Horizons Regional Council over water takes, non-compliance with the resource consents was reported in four instances.</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 did not achieve its target of no unplanned water supply disruptions to water supply affecting multiple properties. This was the result of addressing low pressure to two neighbouring properties caused by a leaking hydrant.</p> | <p>The non-compliance over water takes was because of records being insufficient (Marton), delayed replacement of a flow meter (Erewhon) and excessive takes during periods of low flow (Taihape).</p> <p>There were five incidents of E-coli transgressions during the weekly sampling and testing. However, clear results were returned when rechecking was done in accordance with New Zealand Drinking Water Standards procedures. Sampling technique has been reviewed. Progress has been made in developing (and getting approval for) the Public Health Risk Management Plans for each water supply. These plans are required by the Health Act 1956.</p> |
| Sewerage and the Treatment and Disposal of Sewage | <p>In the inspections undertaken by Horizons Regional Council over wastewater discharges, the Hunterville plant was found compliant. However, the Marton plant was considered to be having a toxic impact on aquatic life.</p> <p>Council received only two requests to address overflows, one of which turned out to be a private matter</p> <p>Only one blockage was reported, which turned out to be a leaking valve.</p> | <p>Horizons did not take enforcement action over the Marton plant as it is scheduled for upgrade. In addition to the inspections, Horizons issued an infringement notice (and fine) because of a dry weather overflow on 3 January 2013 into the Hautapu River from the wastewater plant near Huia Street, Taihape.</p> <p>Council's target is that no single network experiences more than four overflows during a twelve month period.</p> <p>Council aims at less than one blockage per 13.625 km (in its total reticulation of 109 km).</p> |
| Stormwater Drainage | <p>Council achieved its target response and resolution times for callouts for blocked drains and faults.</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 |
|------------------------------|---|--|
| Community and Leisure Assets | Overall, from the 399 responses received in the survey conducted February-March 2013, there was a slightly stronger view that community facilities had improved compared with last year (and a slightly less pronounced view that they had got worse). | <p>There were different views about the different facilities:</p> <p>Public libraries: 16% believed it was better than last year, 60% about the same, 2% worse than last year (22% didn't know).</p> <p>Public swimming pools: 25% believed it was better than last year, 30% about the same, 2% worse than last year (44% didn't know).</p> <p>Sports fields and parks: 9% believed it was better than last year, 66% about the same, 8% worse than last year (18% didn't know).</p> <p>Public toilets: 7% believed it was better than last year, 66% about the same, 10% worse than last year (16% didn't know).</p> <p>Community buildings: 5% believed it was better than last year, 73% about the same, 5% worse than last year (17% didn't know).</p> <p>Community housing: 1% believed it was better than last year, 33% about the same, 3% worse than last year (63% didn't know).</p> |
| Rubbish and recycling | <p>Refuse tonnage to the Bonny Glen landfill was 4,991 tonnes compared with 5,135 tonnes last year.</p> <p>502 tonnes (or 9.1%) were diverted from being disposed in landfill. 55% of this was glass.</p> | Council's targets were that no more than 5,500 tonnes would go to landfill and that at least 9% of waste would be diverted from being disposed of there. |
| Environmental and Regulatory | <p>97% of building consents were issued within the 20-day statutory period.</p> <p>94% of resource consents applications were processed within the prescribed timeframes.</p> <p>Council received 965 requests for service during the reporting period – mostly for animal control. Of these, 963 (99%) were completed and 617 (or 64%) were completed in time. While rate of completion has increased from last year, timeliness is lower.</p> | There were no significant variations from the intended levels of service. |
| Community Well-being | Council undertook a survey of 26 stakeholder groups to find out how useful they thought Council's support and initiatives had been. | Of those partnerships included in the 2012 survey, the usefulness of Council's support was seen as improving most in Helping Young People prepare for Employment (HYPE) (63%), Bulls and District Community Trust (50%) and Path to Wellbeing Partnership Board (47%). Those partnerships where Council's support was seen as worsening most were the Lifelong Educational Opportunities Theme Group (33%), Rangitikei Tourism (31%), and Taihape Memorial Park Users Group (25%). |



Auditor's Report

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Independent Auditor's Report

To the readers of Rangitikei District Council's summary of the annual report for the year ended 30 June 2013

We have audited the summary of the annual report (the summary) as set out on pages 1 to 7, which was derived from the audited statements in the annual report of the Rangitikei District Council (the District Council) for the year ended 30 June 2013 on which we expressed an unmodified audit opinion in our report dated 3 October 2013.

The summary comprises:

- the summary statement of financial position as at 30 June 2013, 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 accounting policies and other explanatory information; and
- the summary of the District Council'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 3 October 2013 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 District Council.

Responsibilities of the Council and the Auditor

The Council is responsible for preparing the summary in accordance with FRS-43: Summary Financial Statements. The Council is also responsible for the publication of the summary, whether in printed or electronic form. 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 we have no relationship with, or interest in, the District Council.

John O'Connell,
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand
3 October 2013