



“Making Our District Thrive”

Rangitikei District Council

Summary Annual Report 2014/15

Introduction

The Annual Report explains the Council’s performance in 2014/15 against the third 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. The year’s major achievements are:

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

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 her report on this Summary Annual Report, which Council adopted at its meeting on 1 October 2015.

Andy Watson
Mayor

Ross McNeil
Chief Executive

1 October 2015

Contents

Introduction	1
Council’s Role	1
Highlights for 2014/15 ..	2
Finance	3
Levels of Service	5
Auditor’s Report	9

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.





Highlights for 2014/15

Achievements and issues

Community Leadership

- Development of “What’s the Plan Rangitikei...?” (consultation document for the 2015/25 Long Term Plan) and the public meetings held in various parts of the District to discuss this
- Establishment of an Audit/Risk Committee (chaired by an independent person)
- Commencement of service delivery reviews (under section 17A of the Local Government Act 2002)
- Implementation of a new Council website (integrating the previous separate website for the libraries)
- Submissions to the Government on legislative and policy proposals with potentially significant impact on the Council’s delivery of services and thus Rangitikei’s communities.

Roading and Footpaths

- 62 km of roading network resurfaced
- 5 km pavement rehabilitation
- 574 metres of footpath capital and renewal
- Replacement Wylie’s Bridge (boundary bridge with Wanganui District Council)
- New roading contract awarded in conjunction with Manawatu and Horowhenua District Councils allowing some joint management and cost savings
- Substantial damage to roading network caused by extreme rainfall event 20-21 June 2015: estimated \$12 million to repair.

Water Supply

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

Sewerage and the Treatment and Disposal of Sewage

- Completion of the relocated Taihape pump station, together with the associated gravity and trunk mains
- Comprehensive review of performance of the Marton wastewater treatment plant (particularly the impact of leachate from the Bonny Glen landfill)

- Consent application lodged with Horizons for the upgrade of the Bulls wastewater plant following engineering assessment and community consultation
- Identification (in the Long Term Plan) of the need to investigate options to provide wastewater services for shrinking communities.

Stormwater Drainage

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

Community and Leisure Assets

- Arrangements to bring the delivery of parks maintenance services within direct Council management from 1 August 2015¹
- Relocation of the Hunterville Public Library from the Town Hall to the Hunterville School (as providing a more accessible arrangement for the community)
- Investigation of how Council’s current provision of community housing could be placed on a more sustainable basis
- Refurbishment of the Shelton Pavilion in Centennial Park, Marton
- The grant (\$30,500) made by the J B S Dudding Trust to the District’s libraries
- Consultation with rural hall committees on their preference for future ownership/management of these halls.

Rubbish and Recycling

- Implementation of green waste facilities at waste transfer stations in Bulls and Taihape
- The take-up of the EnviroSchools programme by five schools in the Rangitikei.

Environmental and Regulatory

- Increasing collaboration with neighbouring councils over a common approach to managing building consents and implementation of the new Food Act
- Continuation of the shared service for animal control with Manawatu District Council
- Implementation of the Council’s Food Business Grading Bylaw
- Successful reaccreditation as a Building Consent Authority.

¹ This was the outcome of Council’s service delivery review prior to the expiry of the contract with Fulton Hogan.



Community Well-being

- Completion of the Strategic Water Assessment Project (co-funded by the Ministry for Primary Industries) in researching the potential for (and barriers to) more effective use of the District's water resources to improve agricultural productivity
- The development of town centre plans for Taihape, Hunterville and Marton during 2014/15 and implementation of place-making initiatives in these towns and in Bulls (in line with the Bulls Town Centre Plan developed in 2013/14)
- The range and depth of partnership projects through the Path to Well-being Initiative which has secured in excess of \$150,000 of external funding for the District (listed in the section on Community Outcomes)
- Successful delivery of the programmes of work undertaken by Bulls and District Community Trust, Project Marton, Rangitikei Tourism and Taihape Community Development Trust

Finance

Financial Statements

Explanation of major variations against budget

Explanations for major variances from the Council's budget figures in the 2014/15 Annual Plan are as follows:

Statement of comprehensive revenue and expense

The statement of comprehensive revenue and expense is again distorted this year because of derecognising a part of the roading infrastructure due to extensive flood damage in June 2015.

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

Overall, operating expenditure was under budget by \$0.238 million while revenue was higher than budget by \$0.425 million.

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

Statement of financial position

Council had net assets of \$469 million, largely represented by property, plant and equipment of \$463 million.

Because of a significant underspend in capital work of \$6.0 million, there has been no need to borrow further during the year. This puts the Council in a sound financial position to move into the new financial year and undertake the 2015/16 annual plan budget for capital work amounting to \$19.0 million.

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



Summary Financial Results

	2014 Actual (\$000)	2015 Budget (\$000)	2015 Actual (\$000)
Summary Statement of Comprehensive Revenue and Expense for year ended 30 June 2015			
Total operating revenue	31,246	30,559	30,984
Less finance costs	103	615	1
Less other operating expenditure	28,736	28,650	29,026
Net surplus (deficit) before tax	2,407	1,294	1,957
Income tax expense	0	0	0
Net surplus (deficit) before revaluation losses	2,407	1,294	1,957
Loss on revaluation of property, plant and equipment	21,124	0	0
Derecognition of roading infrastructure	0	0	11,981
Operating surplus (deficit) after tax	(18,717)	1,294	(10,024)
Financial assets at fair value through other comprehensive revenue and expense/(loss)	(11)	0	(70)
Gain on revaluation of property, plant and equipment	14,580	0	0
Comprehensive revenue and expense for the year	(4,148)	1,294	(10,094)
Summary Statement of Changes in Net Assets/Equity for year ended 30 June 2015			
Balance as at 1 July	483,371	499,559	479,223
Total comprehensive revenue and expense for the year	(4,148)	1,294	(10,094)
Balance as at 30 June	479,223	500,853	469,129
Summary Statement of Financial Position as at 30 June 2015			
Current assets	8,039	7,305	8,149
Non-current assets	476,040	511,756	466,405
Total assets	484,079	519,061	474,554
Current liabilities	4,181	5,669	4,890
Non-current liabilities	675	12,539	535
Total liabilities	4,856	18,208	5,425
Net assets	479,223	500,853	469,129
Represented by equity:			
Accumulated funds	442,611	462,592	432,501
Special reserves	4,868	4,962	5,099
Other reserves	31,744	33,299	31,529
Total equity	479,223	500,853	469,129
Summary Statement of Cash Flows for year ended 30 June 2015			
Net cash inflows(outflows) from operating activities	12,922	11,423	12,003
Net cash inflows(outflows) from investing activities	(13,830)	(19,601)	(9,500)
Net cash inflows(outflows) from financing activities	(2,500)	7,333	0
Net cash inflows(outflows) for the year	(3,408)	(845)	2,503
Cash and cash equivalents at the beginning of the year	4,874	4,852	1,466
Cash and cash equivalents at the end of the year	1,466	4,007	3,968

	2014 Actual (\$000)	2015 Budget (\$000)	2015 Actual (\$000)
Summary Capital Expenditure			
Community Leadership	0	0	0
Roading and Footpaths	6,841	7,609	7,224
Stormwater Drainage	134	560	205
Sewerage and Treatment and Disposal of Sewage	682	5,287	1,104
Water	2,292	4,780	4,081
Community and Leisure Assets	241	753	384
Rubbish and Recycling	61	223	244
Environmental and Regulatory	0	0	0
Community Well-being	0	0	9
Support Services	230	389	358
Total Capital Expenditure	10,481	19,601	13,610

Note: The column '2015 budget' refers to the budget contained in the 2014/15 Annual Plan. In the full Annual Report, budgets for the funding impact statements for each significant activity are those projected for 2014/15 in the 2012/22 Long Term Plan.

	2014 (\$000)	2015 (\$000)
Capital commitments	672	275
Operating leases as lessee	446	279
Operating leases as lessor	309	272
Contingent liabilities	275	0

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

Post balance date events

The Council has no post balance date events.

Additional information

- 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.
- 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 1 October 2015.
- The Financial Statements are for the year ended 30 June 2015 and all figures are in New Zealand dollars and rounded to the nearest thousand dollars.
- The Local Government (Financial Reporting and Prudence) Regulations 2014 specifies a benchmark disclosure statement in the Council's annual report covering the current year and the four preceding years. These cover rates affordability, debt affordability, balanced budget, essential services, debt servicing, debt control and operations control. Council met all but one of the benchmarks in 2014/15. The exception is for a balanced budget as the derecognition expense for roading must be shown here, even though it is not actual expenditure. Without including this derecognition expense, the benchmark would be met.
- 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 unmodified Audit Opinion on 1 October 2015, is available from the Council Office, Libraries and Information Centres, and on our website www.rangitikei.govt.nz.
- This Summary Annual Report has been examined by the Auditor for consistency with the full Annual Report. An unmodified audit report is included with this Summary.
- The Council has designated itself a Public Benefit Entity (PBE) for financial reporting purposes.
- The full financial statements were prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP), and with Tier 1 Public Benefit Entity (PBE) accounting standards. They are the first Council financial statements presented in accordance with the new PBE accounting standards. The full financial statements include a statement of compliance to this effect.
- These Summary Financial Results are in compliance with the PBE FRS 43 *Summary Financial Statements*.



Levels of Service

The full report documents results for 22 intended levels of service across the 9 activity groups.

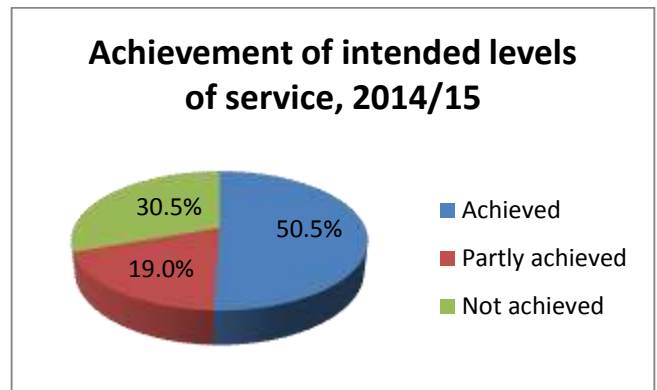
An overall assessment of the actual levels of service compared with what was intended has a less certain basis than measuring financial performance. This is because qualitative as well as quantitative information is used.

The following chart shows that 70% of the intended levels of service were achieved, fully or partly, while 30% were not achieved. The main factors contributing to achievement were customer responsiveness and operational effectiveness. Some external factors influenced the results, notably the direct use of the Bonny Glen landfill by the District's major refuse collector (lower tonnage from the Council's waste transfer stations to the landfill).

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

This year's results in the 'better than last year' residents' survey – reported as 'partly achieved' – points up the defect noted last year in the assessment methodology: a significant lift in improvement in one year needs to be exceeded in each following year to be reckoned as 'achieved'. This skewing has been addressed in developing the performance framework for the 2015/25 Long Term Plan.

Council also undertook measurement against the new mandatory measures include in the 2015/16 Long term Plan. The results of this are included in the full Report.



Commentary on each group of activities

Activity	What we did	Elaboration
Community Leadership	<p>88% of actions planned for 2014/15 were substantially undertaken or completed. (Last year's result was 81%.) Eight groups of activities achieved more than 85% of identified actions.</p> <p>51% of the planned capital expenditure was expended. (Last year's result was 58%.)</p>	<p>The year's target for completing actions was 92%, with all groups of activities to achieve at least 80% of their planned actions. The low achievement in stormwater was due to not resolving uncertainty over responsibility for Council's stormwater drainage network in urban areas (and thus not undertaking the consequential projects</p> <p>The year's target for capital expenditure was 88%, with all network utilities achieving at least 77%. Roading achieved 94%, but Water achieved only 54%, stormwater 26% and sewerage and the treatment and disposal of sewage 13%, reflecting slower progress than planned, delays in negotiation and contractual negotiation.</p>
Roading	<p>The travel exposure rating for the District's roads was last assessed in June 2014 at 98%.</p> <p>There were 48 after-hours callouts, and 96% were investigated within 12 hours. Of the 208 callouts during work hours, 90% were investigated within six hours. 90% of all callouts were resolved within a month of receipt. This is more timely than last year.</p> <p>Of the 33 requests for service regarding potholes, 79%</p>	<p>The objective is for all after-hours callouts to be responded to within 12 hours, for all callouts during working hours to be responded to within six hours, and for 80% of all callouts to be resolved (i.e. completed) within one month of the request.</p>



Activity	What we did	Elaboration
	<p>were responded to in the specified time Last year's figure was 61%</p> <p>There were two fatal crashes on local roads but neither was attributable to the condition of the roading network.</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>Overall, Council's provision and maintenance of roading networks, footpaths and street-lighting was rated more highly than last year (13% thought it better compared with 8% last year). There was a range of views about the state of maintenance of roads and footpaths; there was a clearer (and more positive) view on the standard of street lighting and signage.</p>
Water supply	<p>In the inspections undertaken by Horizons Regional Council over water takes, non-compliance with the resource consents was reported in three 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).</p> <p>The revised Hunterville Water Safety Plan (WSP) has been approved. Bulls WSP was to be updated to reflect treatment plant process changes. This WSP (and those for Marton and Taihape) needed to be signed off by Drinking Water Assessor by 30 June 2015 but the revision by the consultants was not complete by then.</p> <p>There were two unplanned water interruptions affecting 11 properties in Taihape. There were nine such interruptions last year. Council aims to have none.</p> <p>There were two maintenance issues relating to fire hydrants during the year. .</p>	<p>The non-compliance over water takes was because of excessive takes during periods of low flow (Mangaweka and Taihape) and a lack of abstraction data for Marton's water permit. Last year Horizons found non-compliance at Ratana, Bulls, Marton, Mangaweka and Taihape either because of lack of abstraction data or excessive takes.</p> <p>There was one incident in March 2015, at Hunterville, of E-coli transgression during the weekly sampling and testing. This was cleared after re-testing with three consecutive daily samples and of the chlorine residual. There were also three incidents of E-coli detected at Mangaweka in June 2015, which were notified to the Drinking-Water Assessor. These were regarded as sampling errors because of the amount of chlorine residual recorded, and the subsequent three consecutive daily samples were clear.</p> <p>There were no interruptions to supply in Mangaweka, Hunterville, Marton, Bulls or Ratana.</p> <p>The intention is to conduct a rolling programme of inspections so that each hydrant is tested every five years.</p>
Sewerage and the Treatment and Disposal of Sewage	<p>In the inspections undertaken by Horizons Regional Council over wastewater discharges, the plants at Hunterville, Marton and Taihape were found non-compliant. Inspection reports have not yet been received for Mangaweka, Bulls or Ratana.</p> <p>In June 2014 Horizons highlighted non-compliance at Koitiata primarily because the required waste disposal field had not been constructed (resulting in overflow from the oxidation pond soaking into the neighbouring ground). Upgrade work is estimated at \$250,000. A Koitiata Reference Group has been formed to consider what would be a sustainable wastewater solution for the whole community.</p> <p>Council received seven reports of overflows during the year, only one of which (in Taihape) was in dry weather</p> <p>14 blockages were reported, which equates to approximately one blockage per 7.79 km of the Council's reticulated systems. Ten blockages were reported last year.</p>	<p>Horizons has expressed concern about the environmental effects from using the emergency bypasses at the Hunterville and Taihape wastewater treatment plants. Priority is being given to checking the extent of infiltration from stormwater in both systems.</p> <p>In Marton ammoniacal nitrogen limits have been exceeded with consequent impact on aquatic life the Tutaenui Stream. Horizons also expressed concern of insufficient monitoring of the particular impacts from accepting leachate from the Bonny Glen landfill.</p> <p>A new consent has been applied for Bulls.</p> <p>Council's target is that no single network experiences more than two overflows during a twelve month period. Council aims at less than one blockage per 13.625 km (in its total reticulation of 109 km).</p>



Activity	What we did	Elaboration
Stormwater Drainage	Council achieved its target response and resolution times for callouts for blocked drains and faults.	<p>There were 62 such requests during the year, double the number received last year.</p> <p>Council has a target that in a one-in-20 year storm, no more than 20 dwellings are affected for more than 24 hours. No such event occurred in the reporting period. The extreme rainfall during 20-21 June 2015 was deemed a 1 in 120 year event.</p>
Community and Leisure Assets	<p>Overall, from the 308 responses received in the survey conducted March 2015, that most of Council's community facilities are perceived as performing on a par with last year. The positive exceptions to this are sports fields and parks and public toilets. The only Council facility that appears to have decreasing perceptions of improvements is the swimming pools. However, this is largely a by-product of significant increases last year.</p> <p>Versus Research carried out this annual survey on behalf of Council.</p>	<p>There were different views about the different facilities</p> <p>Public libraries: 15% believed it was better than last year, 62% about the same, 2% worse than last year (22% didn't know how to rate this).</p> <p>Public swimming pools: 17% believed it was better than last year, 35% about the same, 5% worse than last year (44% didn't know how to rate this).</p> <p>Sports fields and parks: 5% believed it was better than last year, 69% about the same, 13% worse than last year (16% didn't know how to rate this).</p> <p>Public toilets: 19% believed it was better than last year, 51% about the same, 18% worse than last year (11% didn't know how to rate this).</p> <p>Community buildings: 4% believed it was better than last year, 67% about the same, 10% worse than last year (18% didn't know how to rate this).</p> <p>Community housing: no resident surveyed believed it was better than last year, 33% about the same, 5% worse than last year (62% didn't know how to rate this).</p>
Rubbish and recycling	<p>Refuse tonnage to the Bonny Glen landfill was 4,688 tonnes compared with 4,693 tonnes last year.</p> <p>710.7 tonnes (or 13.3%) were diverted from being disposed in landfill. 39% of this was glass and 33% was green waste. Last year 555 tonnes (10.6%) were diverted.</p>	Council's targets were that no more than 4,900 tonnes would go to landfill and that at least 13% of waste would be diverted from being disposed of there.
Environmental and Regulatory	<p>100% of building consents were issued within the 20-day statutory period.</p> <p>95% of resource consents applications were processed within the prescribed timeframes.</p> <p>Council received 1,457 requests for service for animal control and environmental services during the reporting period. Of these, 1,267 (87%) were responded to in time and 81% were completed in time. The comparable figures for last year were 84% and 61%.</p> <p>Council maintained its accreditation as a building consent authority.</p>	<p>The number of consents issued this year was similar to last year: 256 building consents (251 last year); 38 resource consents (40 last year).</p> <p>Following a routine assessment in February 2015, Council's accreditation was confirmed for a further two years. The next assessment is provisionally scheduled for April 2017.</p>



Activity	What we did	Elaboration
Community Well-being	During March 2015, Versus Research (on behalf of Council) undertook a survey of stakeholder groups to find out how useful they thought Council's support and initiatives had been.	<p>Of the 96 responses to the survey, 17% (16% last year) thought Council's support services was getting better, 45% (37% last year) thought it was about the same and 3% (8% last year) thought it was worse, while 35% (43% last year) did not know how to rate this.</p> <p>The area of greatest improvement is in more, better, open and regular communication (18% this year, 17% last year). There was a decrease in those considering there was a lack of cohesion (4% this year, 12% last year).</p>



Independent Auditor's Report

To the readers of Rangitikei District Council's summary annual report for the year ended 30 June 2015

The summary annual report was derived from the annual report of the Rangitikei District Council (the District Council) for the year ended 30 June 2015. We have considered whether the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report.

The annual report included full audited statements, and the summary annual report includes summary statements. We have audited the following summary statements reported in the summary annual report on pages 4 to 8:

- the summary statement of financial position as at 30 June 2015;
- the summaries of the statement of comprehensive revenue and expense, statement of changes in net assets/equity and statement of cash flows for the year ended 30 June 2015;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary statement of service provision of the District Council.

We expressed an unmodified audit opinion on the District Council's full audited statements in our report dated 1 October 2015.

Opinion

In our opinion:

- the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report; and
- the summary statements comply with PBE FRS-43: *Summary Financial Statements*.

Basis of opinion

Our audit was carried out in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand), and in particular with the International Standard on Auditing (New Zealand) 810: *Engagements to Report on Summary Financial Statements*. These standards require us to carry out procedures to confirm whether the summary annual report contains the information necessary, and at an appropriate level of aggregation, so as not to be misleading.

The summary statements do not contain all the disclosures required for full audited statements under generally accepted accounting practice in New Zealand. Reading the summary statements, therefore, is not a substitute for reading the full 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 annual report so that it represents, fairly and consistently, the information regarding the major matters dealt with in the annual report. This includes preparing summary statements, in accordance with PBE FRS-43: *Summary Financial Statements*. The Council is also responsible for the publication of the summary annual report, whether in printed or electronic form.



We are responsible for expressing an opinion on whether the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report and whether the summary statements comply with PBE FRS 43: *Summary Financial Statements*.

Other than in our capacity as auditor we have no relationship with, or interest in, the District Council.

Debbie Perera,
Audit New Zealand
On behalf of the Auditor-General
Palmerston North, New Zealand
1 October 2015