

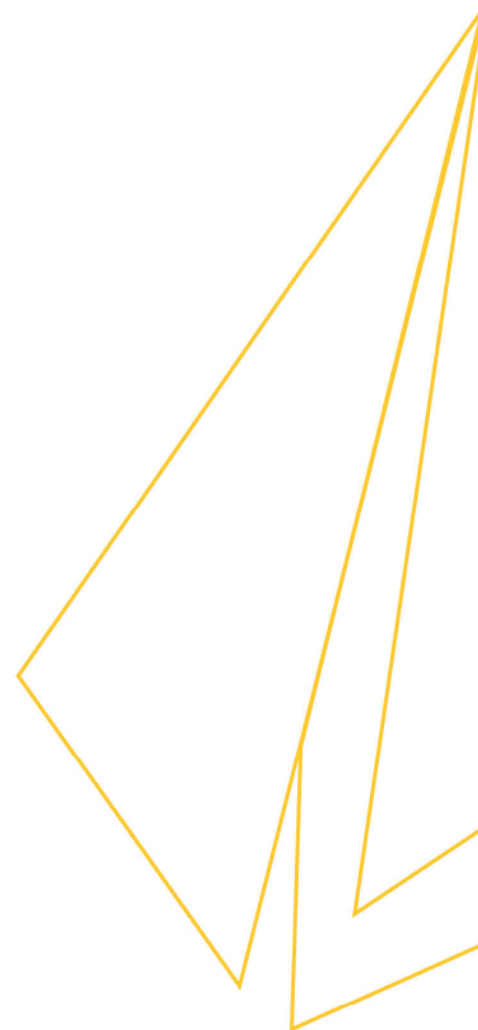


RANGITIKEI
DISTRICT COUNCIL

Rangitikei District Council

Annual Report 2017-2018

**Adopted by Council resolution
11 October 2018**



Making this place home.



July 2017 snow event

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Rangitikei River at Awastone

[Richard Aslett]



RANGITIKEI
DISTRICT COUNCIL

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.

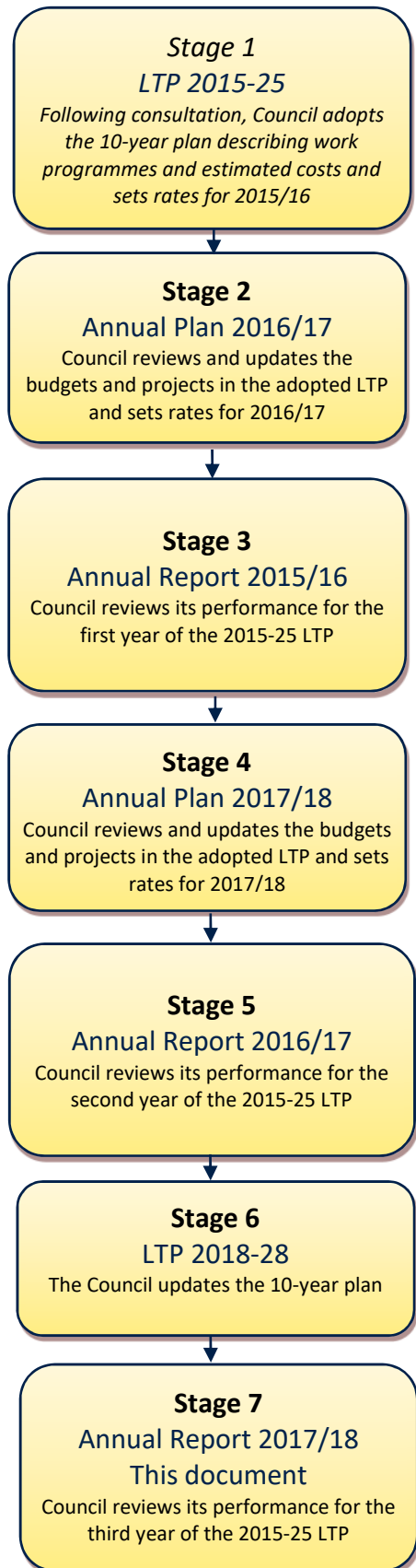
Section 3 Financial Statements and Policy Reports

Key financial statements and reports against Council policies including the Financial and Infrastructure Strategy and the Revenue and Financing Policy in the Long Term Plan (LTP), and the Liability Management and Investment Policies.

Section 4 Other Information

Other information, including summary information about the Rangitikei District Council.

An Annual Report must be adopted within four months after the end of the financial year to which it relates.



Executive Summary

The Annual Report

The Annual Report is an essential accountability document. It sets out to explain the Council's performance in year 3 of 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 2017 to 30 June 2018. 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 exceeded budget by \$904,000 while revenue was lower than budget by \$995,000, resulting in an operating surplus of \$686,000 against a budget of \$3.15 million. The variances in revenue and expenditure are mainly due to subsidy and grant revenue being lower and personnel and other expenses being higher than forecasted.

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 \$487 million.

Because of a significant underspend in capital work of \$15.7 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 2018/19 capital programme. 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

- Development and adoption of the 2018-28 Long-Term Plan, including integration of the financial and infrastructure strategy and a commitment to support the District's economic development;
- Commencement of the Representation Review;
- Improved capability in iwi relationships - creating a new role (Strategic Advisor – Mana Whenua – as well as a Maori responsiveness framework, both in conjunction with Te Roopu Ahi Kaa;
- Upgrade of Broadway, Marton – roading and three waters infrastructure;
- Installation of LED street-lights in residential areas;
- Completion of the detailed business case for a new Mangaweka Bridge (in conjunction with Manawatu District Council);
- Design and construction of new water treatment plant at Ratana;
- Seismic strengthening of water treatment facilities (Marton and Taihape);

- Investigations for an exploratory bore to provide separate drinking water supply for Hunterville;
- Development of a business case for a combined Bulls- Marton Wastewater disposal to land;
- Council's decision to take responsibility for open drains in urban areas;
- Finalisation of design for the new Bulls Community Centre, enabling tenders to be called for its construction;
- Development of a management plan for Marton B & C Dams following harvesting of the mature pines;
- Installation of a new ablution block at Mangaweka campground and toilets at Papakai Park (Taihape) and Bruce Park (Hunterville) – the latter largely Government funded initiatives;
- Completion of the upgrade to heating and filtration systems at Taihape Swim Centre;
- Continued investigation of options for improved ablution facilities on Taihape Memorial Park;
- Development and adoption of a new Waste Management and Minimisation Plan (with its proposal to introduce kerbside recycling/rubbish service);
- Council's decision (after public consultation) not to have any priority areas under the Building (Earthquake-prone Buildings) Act;
- Commencement of inspections of swimming pool fencing under the Building (Pools) Amendment Act;
- Review of the Memorandum of Understanding with key stakeholder community organisations;
- Review of provision of youth services in the District

Levels of Service

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

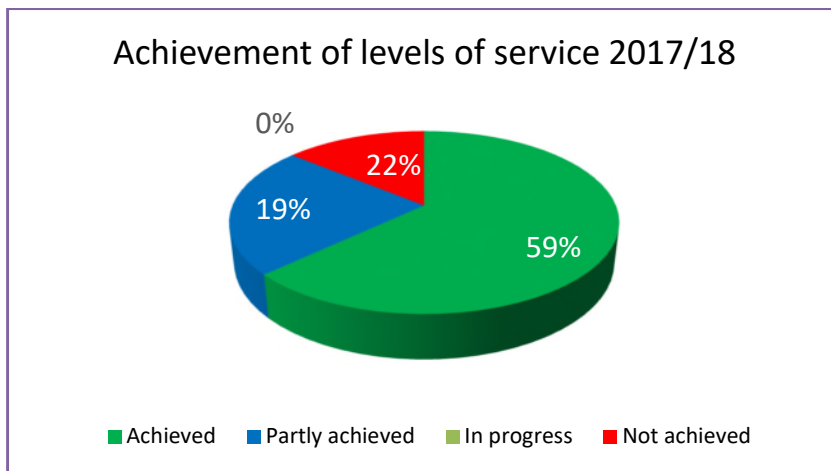
An overall assessment of the actual levels of service compared with what was intended has a less certain basis than measuring financial performance because qualitative as well as quantitative information is used. However, the annual surveys of residents and stakeholder groups are subject to a sensitivity 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.

¹ See page 26.

The following chart shows that 59% of the intended levels of service were fully achieved, 19% were partly achieved or in progress, while 22% of the intended levels of service were not achieved.² This is a lower performance compared with last year.³



Of the 15 mandatory measures where the measure is applicable⁴ and data is available, 9 were achieved, three were partly achieved and three were not achieved – this reflects an infringement notice from Horizons Regional Council for the Marton wastewater treatment plant and reduced timeliness in responding to callouts for roading and wastewater issues. However, compliance with the drinking-water standards was improved over last year.

Details for each group of activities are provided in section 2. Improvement plans were presented to the Assets/Infrastructure and Policy/Planning Committees at their August 2018 meetings; progress will be monitored and reported back in March 2019.

The survey of residents (used to measure what people think of the District’s roads and community facilities, i.e. libraries, pools, parks, community buildings and toilets, and community housing) was 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. A graph showing results for the selected service areas is provided below.

Results indicated that generally residents felt Council staff to be helpful, understanding and accessible:

- Dog registration had the highest share of “helpful” (72%).
- All service areas captured an average “understanding” score of 19%.
- Meeting with councillors had the highest share of “accessible” (43%).
- Animal control, building consents, reporting something that needs fixing and meeting with councillors all received a similar share of “hard to contact”.

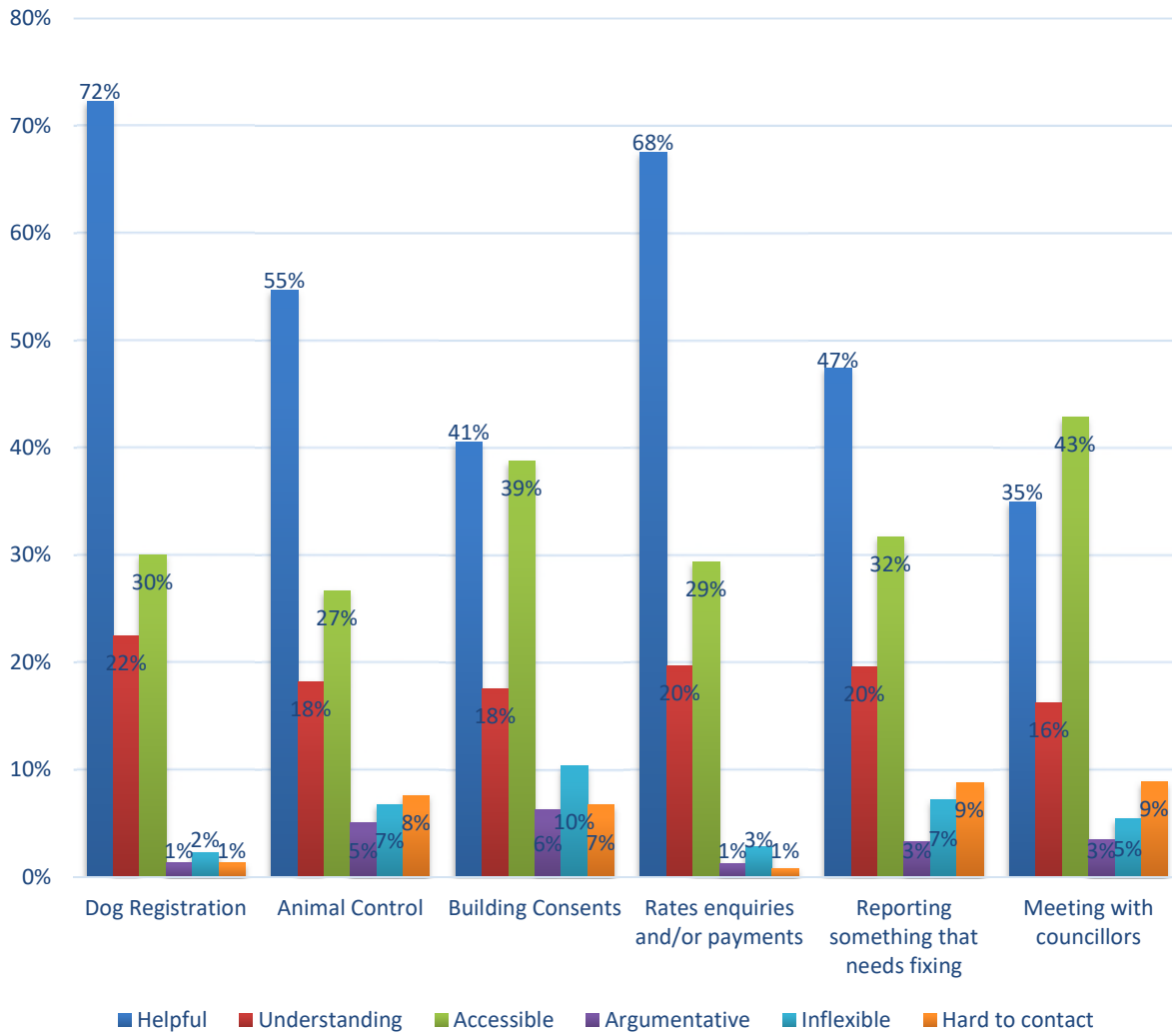
² This excludes those measures where the data was not available.

³ 63% achieved, 23% partly achieved or in progress, 14% not achieved.

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

⁵ Rates enquiries and payments, reporting something to be fixed, animal control, dog registration, building consents, and meeting with Councillors.

Customer service



Audit Report

Independent Auditor's Report

To the readers of Rangitikei District Council's annual report for the year ended 30 June 2018

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 11 October 2018. This is the date on which we give our report.

Opinion on the audited information

In our opinion:

- the financial statements on pages 89 to 144:
 - present fairly, in all material respects:
 - the District Council's financial position as at 30 June 2018;
 - 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 Reporting Standards;
- the funding impact statement on page 88, 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 performance reporting on pages 25 to 83:
 - presents fairly, in all material respects, the District Council's levels of service for each group of activities for the year ended 30 June 2018, 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 41 to 85, 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 35 to 84, 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 performance against benchmarks as required by the Local Government (Financial Reporting and Prudence) Regulations 2014 on pages 145 to 151, 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 our 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 performance reporting, 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, 11 to 20, 22 to 24, 86 to 87 and 152 to 164, 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.

In addition to our audit of the audited information and our report on the disclosure requirements, we have audited the District Council's 2018-28 long term plan. Other than this engagements, 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.

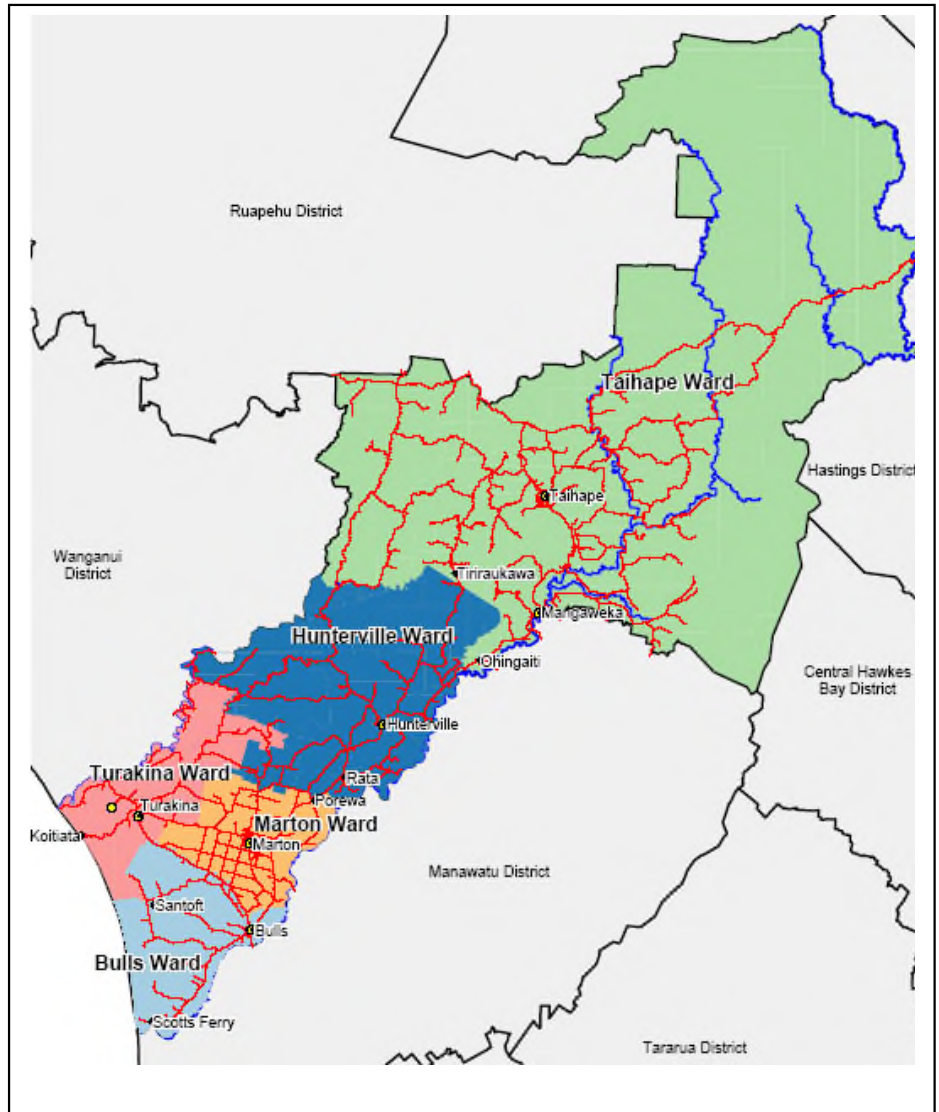
The Rangitikei River is one of New Zealand's longest rivers, starting in the Kaimanawa Ranges and flowing out to the Tasman Sea.

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 2017, is 15,000 – up 200 from June 2016. 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



A new logo was adopted during the year, making it specific to the Council and including a new byline.

Rangitikei is renowned for having the most prolific kowhai stand in New Zealand, and the logo is a stylised depiction of the kowhai flower. The symbol also carries implications of shelter, direction, quality and foundation.

The logo and its strapline is gradually being rolled out through signage on facilities, stationery and other communications. Town signage, while incorporating the logo, will incorporate imagery agreed with the respective communities.

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 Angus Gordon.....	021 111 4767	(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 Erewhon Rural Water Supply Management Sub Committee
- 9 Omatane Rural Water Supply Management Sub Committee
- 10 McIntyre Reserve Management Committee
- 11 Turakina Reserve Management 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.

12 Santoft Domain Reserve Management Committee

13 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; Council is currently doing this⁹: the outcome will affect the conduct of 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.

⁹ See page 28.

Figure 1: The Rangitikei District Council Governance Structure

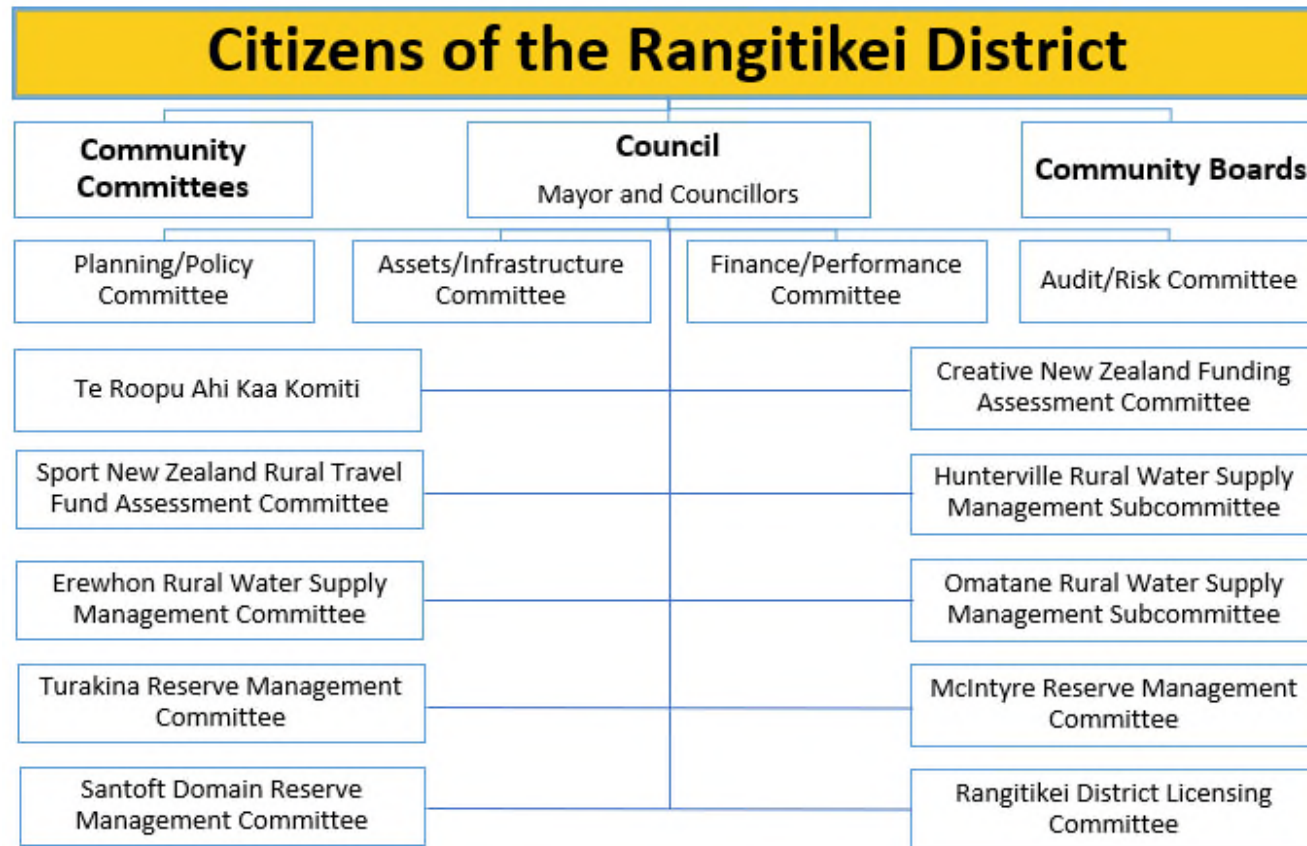
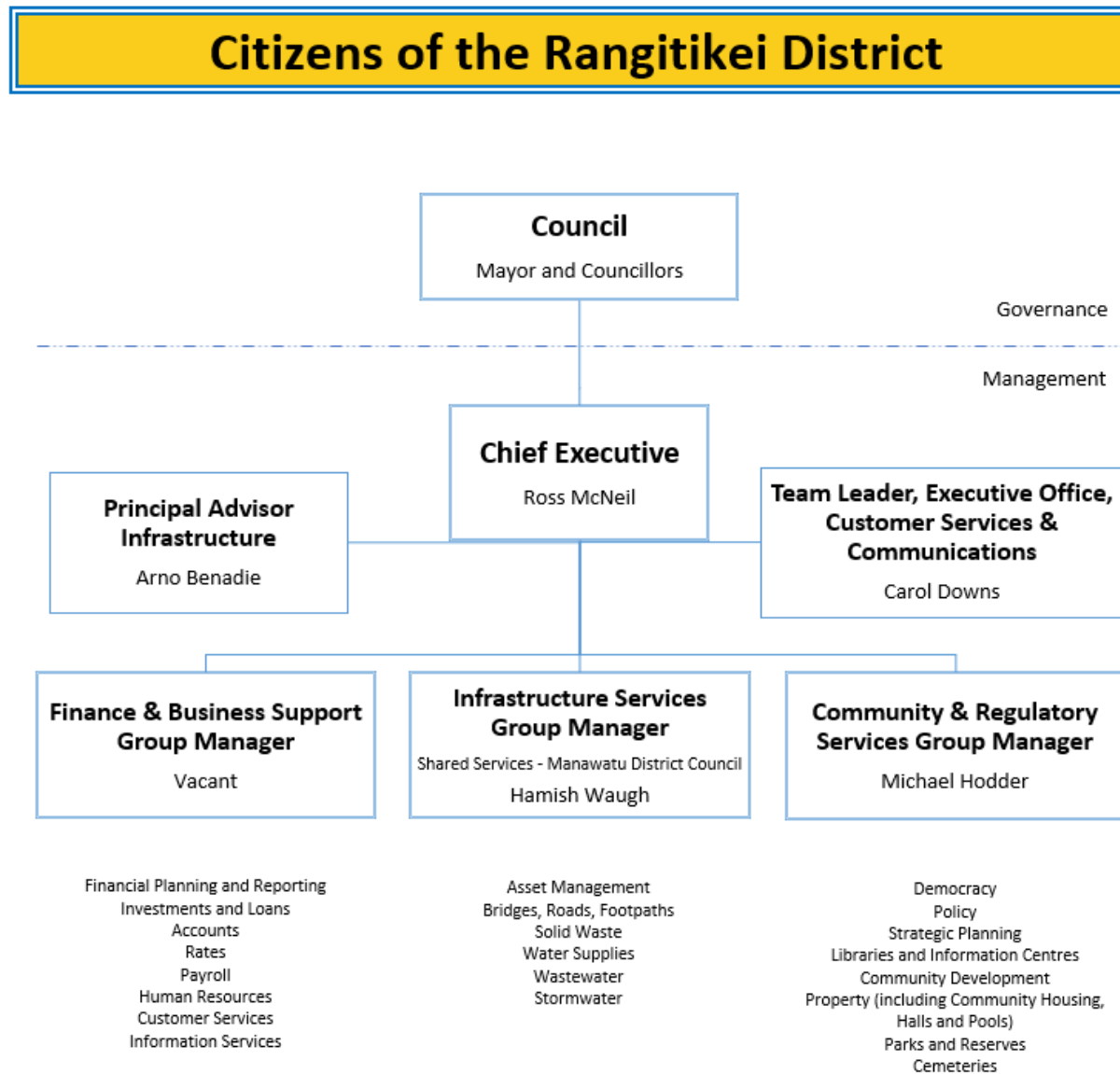


Figure 2: The Rangitikei District Council Management Structure



Statement of Compliance and Responsibility

Compliance

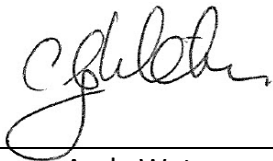
Council completed and adopted its 30 June 2018 Annual Report by 31 October 2018, as required by section 98(3) of the Local Government Act 2002. The Council and Management of the Rangitikei District Council confirm that all statutory requirements in relation to the Annual Report, as outlined in the Local 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 2018 fairly reflect the financial position and operations of the Rangitikei District Council.



Andy Watson
Mayor

11 October 2018



Ross McNeil
Chief Executive

11 October 2018



The Lobby – Youth Zone, Marton



RANGITIKEI
DISTRICT COUNCIL

Rangitikei District Council

Section 2: Significant Activities

Including Funding Impact Statements by Significant Activity

Community Outcomes

Community outcomes are the outcomes that a local authority aims to achieve in meeting the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions. As part of developing the 2018-28 Long Term Plan, Council reviewed its outcomes; they are described below.

- 1 **Infrastructural service levels** - Ensuring services meet appropriate standards and are affordable.
- 2 **Economic development** - Facilitating growth through infrastructure investment, an enabling regulatory framework and collaboration.
- 3 **Future-looking community facilities** - Ensuring community facilities are future-fit and appropriately managed.
- 4 **Earthquake-prone buildings** - Reducing the people-risk from Council-owned earthquake-prone buildings and providing a leadership/support role for other earthquake-prone buildings.
- 5 **Communication/engagement and collaboration** - Ensuring communities are well-informed and engaged in decision-making, and productive partnerships are established/maintained.
- 6 **Rates level/affordability/value** - Ensuring rate levels are prudent and value to ratepayers demonstrated.
- 7 **Environment/climate change** - Responsiveness to expectations from the community and Government for more sustainable use of resources, a reduced carbon footprint, and planning for projected impacts in weather and sea-level changes.
- 8 **Regulatory performance** – Implementing an enabling regulatory framework which is explicit on whether (and how) Council will exercise any statutory discretion available to it.
- 9 **Community resilience** - Advocating for, working in partnership and supporting groups which are concerned with the well-being of the District's communities.

The table below illustrates how each of the community outcomes relates to the groups of activities.

Group of activities	Community outcomes								
	1	2	3	4	5	6	7	8	9
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		•		•				•	
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	Required actions have been completed <i>Or</i> where a long-term level of service is targeted, the results for the year are in keeping with the required trend to achieve the intended level of service
Partly achieved	Some outputs contributing to the intended level of service have been achieved (e.g. 3 workshops held of the 4 initially proposed) <i>Or</i> the result for the year is between 60% and 75% of the intended level of service
Achieved/ongoing	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.
In progress	No actual output has been achieved but pre-requisite processes have commenced
Not commenced	No actions to achieve the stated level of service have begun
Not achieved	None of the required actions have been undertaken <i>Or</i> the result for the year is less than half of the intended level of service <i>Or</i> where a long-term level of service is targeted, the results for the year are contrary to the required trend to achieve the intended level of service
Not yet available	Timing of the relevant data set has been delayed or will occur in a subsequent year
Not applicable	The scope of the [mandatory] measure does not apply to the Council

* 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 2018****Background and objectives**

In 2012 Rangitikei District Council established a benchmark for performance monitoring in key service areas through a residents survey. This survey's aim is to capture residents' perceptions of Council services. Results from this 2018 resident survey are compared with 2017, 2016, and 2015 results, for the purposes of monitoring and tracking progress over time.

Sample

This year saw the largest sample gained, with a total of 833 responses. Drawing on last years' 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 (10100 people approximately). The letter that was sent to these addresses included a link to the survey which was hosted in SurveyMonkey.

The Council's website and Council's Facebook were also utilised in the deployment of the survey online.

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 surveymonkey was sent out to 9,989 residents and 699 responses were received. Of these, 132 residents opted to be sent out a paper copy rather than completing the survey online. For 2018, the response rate was 8%, this is up from last year's response of 6%, but down from other years' response rates including 11% (2016), 15% (2015), 20% (2013)¹⁰.

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 = 833, gives an overall MOE of 3 at the 95% confidence interval. These terms simply mean that if the survey were conducted 100 times, the data would be within +/- 3% of the reported percentage most of the time (95 times out of 100).

Stakeholders' survey 2018**Background and objectives**

In 2012, Rangitikei District Council (Council) established a benchmark performance measure for the level of service in the Community Well-being Group of Activities. The performance measure related to the usefulness of its partnership and collaborative work with stakeholder agencies. Versus Research was commissioned by Council between 2012 and 2015 to complete an annual stakeholder's survey. In 2016, 2017 and 2018 the study has been undertaken internally by Council.

This survey aimed to measure:

- Stakeholders involved with various partnerships;

¹⁰ 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.

- The perception of partnerships as being useful compared to last year and;
- The overall perception of the usefulness of Council's support for collaborative partnerships.

Method

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. The survey was developed internally by Rangitikei District Council.

Sample and response rate

This year the sample was collected by the same method as last year, though attracted slightly less respondents with a sample size of 51 (n=51), down from the 2017 sample of 70. This small sample size means the results need to be treated as indicative only; the Margin of Error has not been calculated.

Community Leadership

This activity focuses on the governance functions of Council, in particular leadership and planning. A major focus is getting the 'right' information to the community, clearly and concisely, so that people have an opportunity to understand the Council's view on the critical issues and decisions for the District.

Highlights for 2017/18:

- **Long Term Plan 2018-28** - A key focus for this year has been the development of Council's Long Term Plan 2018-28. This involved the review of a number of policies – Significance and Engagement, Statement on Maori Capacity to Contribute to Decision-Making, Revenue and Financing, Development Contributions. Council also undertook a first – combining the Financial and Infrastructure Strategy. While still somewhat segregated, the joining of the two strategies sought to better integrate Council's planning for finances and infrastructure and is a template to work from moving forward.
- **Bylaw and policy development/review** - Council has also undertaken policy/bylaw work. This includes the creation of the Traffic and Parking Bylaw to better manage traffic related issues throughout the District (including heavy vehicles on rural roads), review of the Speed Limit Bylaw to reduce the speed limit along Dixon Way, development of the Urban Tree Plan to provide an outline for how Council intends on managing trees in urban areas, consideration of the merits of a development contributions policy or using the development agreement process specified in the Local Government Act 2002, and consultation on priority areas for earthquake-prone buildings (which resulted in Council deciding not to have priority areas).
- **Representation Review** - The representation review for the 2019 elections also began. Outside the formal representation review process, Council did not make formal decisions regarding the electoral system or Maori wards, therefore, the status quo remained – first past the post electoral system and no separate Maori wards. Pre-consultation on ward structure options and community boards was undertaken.
- **Iwi relationships** - Council made progress in improving its capability for iwi relationships by creating a new role - Strategic Advisor – Mana Whenua. The purpose of this role is to act as a link between iwi/hapū and Council – improving the nature of our relationships and increasing engagement.
- **Engagement with Central Government** - Council also continued to engage in a number of legislative changes – Local Electoral Matters Bill, Litter (Increased Infringement Fee) Amendment Bill, Local Government (Community Well-being) Amendment Bill and the Privacy Bill. Council also submitted on discussion documents including – Low Emissions Economy, Proposals for Fire and Emergency New Zealand regulations – fire safety and evacuation of buildings, and offences and penalties
- **Shared Services** - Council continues to improve the shared services relationship with Manawatu District Council for infrastructure services. A more detailed agreement was developed and a Principal Advisor role was created. Animal control services also continues on a shared services basis with Manawatu.

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 2017/18	Actual July 2017 – June 2018
Completion of annual plan actions on time	<p>88% of Annual Plan actions substantially undertaken or completed. All groups of activities achieved at least 80% of identified actions.</p> <p>(Note: The 2017/18 Annual Plan set the target for all groups of activities as 77%.)</p> <p><i>In 2016/17, of 165 actions identified in the Annual Plan, 80% were either substantially or fully completed.</i></p>	<p>Partly achieved</p> <p>67% of actions substantially undertaken or completed by 30 June 2018</p> <p>Of the 187 actions identified in the Annual Plan 119 were fully complete and a further 6 were mostly complete. 25 actions had been started and 37 deferred or considered no longer necessary.</p> <p>Three groups achieved at least 77% of the actions identified in the Annual Plan</p> <p>Community leadership 82% Roding..... 75% Water..... 15% Wastewater 53% Stormwater..... 18% Community & leisure assets..... 71% Rubbish and recycling..... 100% Environment & regulatory..... 67% Community well-being 78%</p> <p>Community leadership - 82%</p> <p>Work carried forward is focused on policy development/review.</p> <p>Roding and footpaths - 75%</p> <p>There was some re-prioritisation of the roading projects to align with other projects occurring. Particularly for footpaths the focus was placed on Broadway, resulting in other footpath works being deferred. A number of second coat seals were also completed.</p> <p>Water supply - 15%</p> <p>A number of the water main renewal projects are on hold as budgets for the year had been spent.</p> <p>Seismic strengthening projects for Marton and Taihape are on hold pending further consideration of a method to enable a continuous water supply while the works occur.</p> <p>Seismic strengthening works were not required for Mangaweka Water Treatment Plant and the Bulls mushroom.</p>

Measure	Target for 2017/18	Actual July 2017 – June 2018
		<p>A number of extra reticulation renewal projects were undertaken which were not specified in the Annual Plan.</p> <p>Sewerage and the treatment and disposal of sewage - 53%</p> <p>The main projects which were not completed were the Bulls, Marton and Ratana wastewater treatment plant upgrades. Upgrades for Bulls and Marton are on hold pending investigation into a combined land based discharge. The Ratana upgrades are on hold pending resource consent for a land based discharge which is being supported by the Freshwater Improvement Fund.</p> <p>Stormwater drainage - 18%</p> <p>These projects not completed are the ‘hotspot’ projects, which have been identified, with works scheduled for 2018/19.</p> <p>Community and leisure assets - 71%</p> <p>There are a mix of projects which are yet to be completed. The most significant is the delay in the construction of the Bulls Community Centre.</p> <p>Rubbish and recycling - 100%</p> <p>Environment and Regulatory - 67%</p> <p>Some projects were not completed due to internal resourcing.</p> <p>Community well-being - 78%</p> <p>Reprioritisation of the community well-being activity occurred in this financial year, resulting in a number of projects being deferred/no longer considered necessary.</p> <p>Actions on hold</p> <p>Roading and footpaths</p> <p>Rehabilitation of Parewanui Road (to be considered as part of a wider project).</p> <p>Resurfacing of Broadway, High Street and Lower High Street, Marton (to align with the development of the Marton Civic Centre).</p> <p>Resurfacing of High Street, Bulls (not showing signs of distress).</p> <p>Resurfacing of Ruahine Road (to align with the bridge replacement).</p> <p>Water supply</p> <ul style="list-style-type: none"> Taihape Water Treatment Plant seismic strengthening and roof replacement on reservoir - on hold pending further consideration of a method to enable a continuous water supply while the works occur.

Measure	Target for 2017/18	Actual July 2017 – June 2018
		<ul style="list-style-type: none"> • Marton Water Treatment Plant seismic strengthening - on hold pending further consideration of a method to enable a continuous water supply while the works occur. • Bulls water reticulation renewals – on hold while the Bulls Water Strategy is being developed. This strategy will guide future renewals in the area. • Hunterville Rural Water Supply minor works at the intake – on hold pending the results of the test bore. <p>Sewerage and the treatment and disposal of sewage</p> <p>Dump station at Bulls Domain – further discussions to be had with Council.</p> <p>Marton Wastewater Treatment Plant renewals prior to resource consent application – on hold pending further work on the combined Marton/Bulls land-based discharge.</p> <p>Bulls Wastewater Treatment Plant upgrade in accordance with the new consent conditions – on hold pending further work on the combined Marton/Bulls land-based discharge.</p> <p>Marton Wastewater Treatment Plant upgrade in accordance with the new consent conditions – on hold pending further work on the combined Marton/Bulls land-based discharge.</p> <p>Ratana Wastewater Treatment Plant upgrade in accordance with the new consent conditions – further work being completed on a land-based discharge supported by a grant from the Freshwater Improvement Fund.</p> <p>Community and leisure services</p> <p>Investigate long-term options for the community groups using the Taihape College buildings – on hold as options will be based on the ablutions facilities at Memorial Park and the redevelopment of the Taihape Town Hall.</p> <p>Community well-being</p> <p>Youth Zone – Bulls – awaiting the construction of the Bulls Community Centre.</p> <p>Actions deferred/carried forward</p> <p>Community leadership</p> <p>Policy on Capital Projects</p> <p>Policy on Incentives for New Home Buyers</p> <p>Review Procurement Policy</p> <p>Communications Strategy</p> <p>Heritage Strategy Actions – inventory of Maori and European narratives.</p>

		<p>Roading and footpaths</p> <p>Rehabilitation - Okirae Road, Taihape-Napier Road (2).</p> <p>Resurfacing - Bruce Street, Hunterville, Ferry Road, Follett Street, Makuhou Road.</p> <p>Footpaths - Dalziel Street, (Bulls) Robin Street (Taihape), Kuku Street (Taihape), Kiwi Road (Taihape).</p> <p>Minor improvements – Turakina Valley Road 3 (Otairi, Otiwhiti), Pungatawa Road</p> <p>Seal extension – Turakina Valley Road</p> <p>Water supply</p> <p>Water main renewals – Mataroa Road, Kakako Road, Wren, Lark Street/Swan Street, Kawau Road, Milne Street (Hunterville)</p> <p>Hunterville urban water (alternative supply) – test bore and additional storage</p> <p>Stormwater drainage</p> <p>Renewal of stormwater reticulation – Milne Street, Missell Street</p> <p>Marton ‘hotspots’</p> <ul style="list-style-type: none"> • Replace one of the two Trickers Hill reservoirs and seismic strengthening work <p>Community and leisure services</p> <p>Extend roadway at Mt View cemetery, Marton</p> <p>Extension of the Ratana urupa</p> <p>Commence construction of the exterior of the Bulls Community Centre</p> <p>Proceed with the disposal of surplus sites in Bulls</p> <p>Identify and assess viable options for community (amenities/grandstand/ recreational) facilities on Taihape Memorial Park, engaging user groups in the process, so that there is a well-defined proposal.</p> <p>Public toilets for Mangaweka</p> <p>Upgrading community housing</p> <p>Environmental and regulatory services</p> <p>Undertake identification of earthquake-prone buildings as required by the Building (Earthquake-prone Buildings) Amendment Act</p> <p>Trial online lodgement of building consents</p> <p>Community well-being</p> <p>Economic Development Strategy</p> <p>Investigate and Open Water Strategy</p> <p>Actions no longer necessary</p> <p>Rangitikei Growth Strategy – Develop collaborative economic development and District promotion services across the Horizons region – this will be superseded by the Economic Development Strategy.</p>
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Measure	Target for 2017/18	Actual July 2017 – June 2018
		<p>Participation in the Whanganui/Taranaki Community Response Forum – staffing resources will no longer be invested into this partnership activity.</p> <p>Bulls mushroom seismic strengthening – seismic works not required.</p> <p>Mangaweka Water Treatment Plant seismic strengthening – seismic works not required.</p>
<p>Completion of capital programme</p>	<p>85% of planned capital programme expended; all network utilities groups of activities to achieve at least 70% of planned capital expenditure.</p> <p>(Note: The 2017/18 Annual Plan set the target for all groups of activities as 65%.)</p> <p><i>In 2016/17, 42% of the planned capital programme was expended. Roothing achieved 85%; water achieved 25%, sewerage and the treatment and disposal of sewage achieved 14%; stormwater achieved 14%; community and leisure assets achieved 13%.</i></p>	<p>Not achieved</p> <p>Total capital expenditure for the year was \$12.473 million from a total budget of \$28.220 million, i.e. 44.2%.</p> <p>None of the network utilities groups achieved 65%</p> <p>This result reflects the projects placed on hold noted above.</p> <p>Roothing and footpaths</p> <p>Total capital expenditure was \$6.524 million from a budget of \$7.287 million (i.e. 89.5%)</p> <p>Water supply</p> <p>Total capital expenditure was \$3.538 million from a budget of \$5.717 million (i.e. 61.8%)</p> <p>Sewerage and the treatment and disposal of sewage</p> <p>Total capital expenditure was \$784,000 from a budget of \$7.324 million (i.e. 10.7%).</p> <p>Stormwater drainage</p> <p>Total capital expenditure was \$316,000 from a budget of \$649,000 (i.e. 48.7%).</p> <p>Community and leisure assets</p> <p>Total capital expenditure was \$1.287 million from a budget of \$7.243 million (i.e. 17.8%)</p> <p>Rubbish and recycling</p> <p>Total capital expenditure was \$24,000 from a zero budget</p>

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

While two thirds of the actions scheduled for 2017/18 were completed, the capital expenditure programme was less than half of what was budgeted, caused by delay for some water and wastewater

projects and also the proposed Bulls community centre. This is commented on further in the relevant group statements – and recognised by Council’s decision to carry-forward \$15 million for these projects from 2016/17 into the 2018-28 Long Term 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.



Broadway works, Marton

Community Leadership – Funding Impact Statement

For the year ended 30 June 2018

	2017 Long-term plan (\$000)	2018 Long-term plan (\$000)	2018 Actual (\$000)
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	1,134	1,124	1,170
Targeted rates	61	64	61
Subsidies and grants for operating purposes	0	0	0
Fees and charges	34	0	0
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	0	0	2
Total operating funding (A)	1,229	1,188	1,232
Applications of operating funding			
Payment to staff and suppliers	1,099	1,034	1,075
Finance costs	0	0	0
Internal charges and overheads applied	186	201	157
Other operating funding applications	0	0	0
Total applications of operating funding (B)	1,285	1,235	1,232
Surplus (deficit) of operating funding (A - B)	-56	-47	0
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	-56	-47	0
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	-56	-47	0
Surplus (deficit) of capital funding (C - D)	56	47	0
Funding balance ((A - B) + (C - D))	0	0	0
Note: Depreciation expense not included above	2	2	2

Roading and Footpaths

This activity covers Council's roading network (including bridges), footpaths and street lighting. A safe roading network is important for the District for the transport of goods and people. This activity is the most significant for rates expenditure. It also receives a subsidy from central government, with a Financial Assistance Rate (FAR) of 63%.

Highlights for 2017/18:

- **Resealing** - a total of 61km of resealing was completed, with 6km of area-wide treatment occurring at – Galpins Road, Jeffersons Line, Mangitipona Road, Parewanui Road/Ferry Road, Parewanui Road, Pukepapa Road/Hendersons Line. Minor safety improvements were completed for Turakina Valley Road in conjunction with the seal extension.
- **Broadway, Marton** - the Roding activity has been involved in a joint project with the 3 waters infrastructure along Broadway Marton. Stage 1 from Follett Street to Signal Street has been completed.
- **Mangaweka Bridge** - the joint project with Manawatu District Council for the replacement of the Mangaweka Bridge has progressed. A detailed business case has been completed, and an application to NZTA for funding made. It is expected construction of the Bridge will occur in 2018/19.
- **Emergency works** - repairs to the roading network as a result of the extreme rainfall on June 2015 are still being undertaken. Key areas remediated are Turakina Valley Road and Mount Curl. An additional weather events in 2017 caused dropouts which have now been repaired. Heavy rain in April and May 2018 created damage to Pohonui Road, Swan Street and Turakina Valley Road which created costs in excess of \$1M.
- **Streetlights** - the programme for replacing all streetlights in residential areas with LED lights has now been completed. A total of 1098 lights were replaced.

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 2017/18	Actual July 2017 - June 2018
<p>*Road condition</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 May-June 2017, the result was 97%.</i></p>	<p>Achieved</p> <p>The overall result for the year is 96%. The assessment analyses urban and rural roads separately and within that separates out higher from lower use roads. The lowest rating was 72% for urban roads with a vehicle count exceeding 4,000.</p>

Measure	Target for 2017/18	Actual July 2017 - June 2018
<p>*Road maintenance</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 2016/17, 57.16 km of road resealing; this is 7.2% of the sealed network.</p>	<p>Achieved</p> <p>8.5%. 61.5 km of resealing had been done by 31 March 2018. This completed the intended programme. In addition, there were 6 km of road rehabilitation. The largest pieces of work were on Mangitipona Road and Parewanui Road.</p>
<p>The percentage if the unsealed road network which is remetalled during the year</p>	<p>At least 75% of [the unsealed] network remetalled each year – 12,000m³.</p> <p>In 2016/17, 8,832m³ was placed on the network.</p>	<p>Achieved</p> <p>95.5%. 11,462m³ of road metal were placed during the year.</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>98% of the footpath network was rated as grade 3 or better. This includes CBD and non-CBD areas. 1,276 m of the footpath network was rated grade 4 or 5 – all outside the CBD areas.</p> <p>100% of the footpaths rated as grade 5 (82 m, on Wellington Road, Marton) are included in the 2018/19 programme.</p> <p>Note</p> <p>The survey examined the full extent of the footpath network (86.25 km). In practice it is difficult to draw an exact distinction between CBD and non-CBD portions of footpath</p> <p>The contractor previously used was no longer available for this work, so the survey was undertaken by Roading staff.</p> <p>In 2016/17, 96.2% of all footpaths were rated grade 3 or higher. The entire length of footpaths was inspected. All (i.e. 100%) of the three footpaths assessed as grade 5 in 2016/17 were programmed for repair.</p>
<p>*Road safety</p> <p>The change from the previous financial year in the number of fatalities</p>	<p>No change or a reduction from the previous year.</p>	<p>Partly achieved</p> <ul style="list-style-type: none"> • There was one (up one from prior year) fatal crash in the reporting period (i.e. 1 April 2017 to 31

Measure	Target for 2017/18	Actual July 2017 - June 2018
and serious injury crashes on the local road network expressed as a number	<i>During the twelve months ending 31 March 2017, there were no fatal crashes and ten serious injury crashes.¹¹</i>	<p>March 2018), on Turakina Valley Road). Network condition and maintenance was not considered a factor.</p> <ul style="list-style-type: none"> There were seven (down three from prior year) serious injury accidents in the reporting period, the worst being at the Hautapu River Bridge on Spooners Hill Road (north of Taihape) which involved three people. <p>For the period 1 July 2017 to 30 June 2018, there was one fatal crash in the roading network and ten serious injury accidents.</p>

Level of Service

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

Measure	Target for 2017/18	Actual July 2017 – June 2018
<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 database 	<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><i>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).</i></p>	<p>Partly achieved</p> <p>In 2017/18, 16% believed it was better than last year (22% in 2016/17), 59% about the same (64% in 2016/17), 20% worse than last year (10% in 2016/17) and 4% did not know (3% last year)</p> <p>The highest satisfaction was in Koitiata/Ratana/Turakina (29%); the greatest dissatisfaction was in Taihape urban (32%) and Taihape rural (30%) Most commented on by respondents was the incidence of patching sealed roads, overhanging trees and the drawn-out work on Broadway (Marton). Fixing potholes was seen as important by 98% of respondents, followed by maintaining the condition of footpaths and providing good street lighting.</p>
<p>*Responses to service requests</p> <p>The percentage of customer service requests relating to roads and footpaths to</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. 	<p>Not achieved</p> <ul style="list-style-type: none"> There were 538 footpath and road requests during working hours of which 73% were responded to within time. (Last year it was 72%.)

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.

Measure	Target for 2017/18	Actual July 2017 – June 2018
<p>which the territorial authority responds within the time frame specified in the long term plan</p> <p><i>Note: Council measures resolution as well as initial attendance in response to such requests.</i></p>	<ul style="list-style-type: none"> 85% of all callouts resolved (i.e. completed) within one month of the request.¹² <p>Specific reference to callouts relating to potholes</p>	<ul style="list-style-type: none"> There were 84 footpath and road requests outside working hours, of which 87% were responded to within time. (last year it was 85%) <p>70% of footpath and road requests were resolved within one month. This was the same result as achieved last year.</p> <p><i>Note:</i></p> <p>These requests included 30 concerned with potholes: 55% of these were responded to in time and 63% were resolved within one month.</p> <p>One factor is this was the changeover in the management of the contract for streetlighting (from Rangitikei to Manawatū): in the early stages there was some miscommunication and misunderstanding about the reporting processes.</p>

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

There was a substantial increase in the incidents of fatal and serious injury crashes on the local roading network. These were attributable primarily to driver behaviour rather than to network condition. However, the 2018-28 Long Term Plan is increasing expenditure on safety measures, including bridge approaches. Satisfaction by residents on road maintenance was less than in 2016/17, but it is unclear how much this was influenced by the condition of SH-1, maintained by the same roading contractor.

Significant variation between acquisitions and replacement from the Long Term Plan

There was \$1.13 million more in renewals than forecast in the 2015-25 Long Term Plan. The main factors in this were: dealing with flood damage (\$363,000), other emergency renewals (\$187,000) and the accelerated LED streetlighting campaign (\$542,000) none of which were forecast in the 2015-25 Long term Plan. Otherwise, there were no significant variations in acquisitions and replacement from those forecast for 2017/18 in the 2015-25 Long Term Plan.

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 damage from other storm events during the year. This greater activity by roading contractors is reflected in the increased payment to staff and suppliers.

¹² 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.

Roading and Footpaths – Funding Impact Statement

For the year ended 30 June 2018

	2017 Long-term plan (\$000)	2018 Long-term plan (\$000)	2018 Actual (\$000)
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	0	0	0
Targeted rates	6,000	6,075	6,807
Subsidies and grants for operating purposes	3,229	3,229	5,248
Fees and charges	29	30	150
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	115	115	0
Total operating funding (A)	9,373	9,449	12,205
Applications of operating funding			
Payment to staff and suppliers	5,901	5,921	8,114
Finance costs	116	118	107
Internal charges and overheads applied	478	536	450
Other operating funding applications	0	0	0
Total applications of operating funding (B)	6,495	6,575	8,671
Surplus (deficit) of operating funding (A - B)	2,878	2,874	3,534
Sources of capital funding			
Subsidies and grants for capital expenditure	3,480	3,295	3,779
Development and financial contributions	0	0	0
Increase (decrease) in debt	-165	-165	215
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)	3,315	3,130	3,993
Application of capital funding			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	592	594	536
- to replace existing assets	5,147	4,857	5,988
Increase (decrease) in reserves	454	553	1,003
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	6,193	6,004	7,527
Surplus (deficit) of capital funding (C - D)	-2,878	-2,874	-3,534
Funding balance ((A - B) + (C - D))	0	0	0
Note: Depreciation expense not included above	6,754	6,838	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 2018

Category	Designated projects for 2017/18	2017 Long-term plan (\$000)	2018 Long-term plan (\$000)	2018 Actual (\$000)
RENEWALS				
Unsealed road metalling	Programmed renewals	460	460	406
Pavement rehabilitation	Programmed renewals	1,627	1,689	1,942
Drainage	Programmed renewals	337	352	605
Structure components	Programmed renewals	189	189	317
Traffic services	Programmed renewals	225	225	280
Sealed road surfacing	Programmed renewals	2,159	1,789	1,410
Footpaths	Programmed renewals	149	152	123
Flood Damage	Reinstatement of damage	0	0	363
LED Lighting	Programmed renewals	0	0	542
Total renewals		5,147	4,857	5,988
CAPITAL				
	(to improve the level of service)			
Roading	Minor safety projects	526	526	536
	Wylies Bridge	0	0	0
	Napier Taihape Road	0	0	0
	Ratana traffic calmers	0	0	0
Footpaths	New footpath construction	67	68	0
Total capital		593	594	536
Borrowing				
For the year ended 30 June 2018				
	Balance of borrowing at start of year	2,235	2,145	2,145
	Funds borrowed during the year	0	0	380
	Funds repaid during the year	(90)	(165)	(165)
	Balance of borrowing at end of year	2,145	1,980	2,360
	Proportion of internal borrowing to all borrowing at 30 June	11%	6%	11%
	Portion of finance costs attributable to internal borrowing	116	-	107

Water Supply

This activity ensures the District's towns of Taihape, Mangaweka, Hunterville, Marton, Bulls and Ratana have a reticulated drinking water supply. Council also administers rural water schemes on behalf of subscriber/owner committees in Hunterville, Erewhon, Omatane and Putorino.

Highlights for 2017/18:

- **Ratana Water Treatment Plant** - A key project has been the design and construction of the Ratana Water Treatment Plant. The building is constructed, with commissions works undertaken. The project is now in its last stages.
- **Marton Water Treatment Plant** - Improvements have also been made at the Marton Water Treatment Plant to improve water quality.
- **Trickers Hill Reservoir** - The development of a new reservoir at Trickers Hill, Bulls also began. This work involves the negotiation and purchase of land, the development of a new access and easements as well as installing a new power supply. Negotiations with the landowner have started.
- **Bulls Water Strategy** - The Bulls Water Strategy seeks to provide a plan for the route and size of the rising main and fire main on the State Highway between Holland Crescent and High Street. The planning phase of this project is almost complete.
- **Seismic Strengthening** - Seismic strengthening at both the Marton and Taihape Water Treatment Plants has started. In Marton the water clarifier requires strengthening and in Taihape the reservoir requires strengthening. Both projects have had design works completed.
- **Watermain renewals** - watermain renewals included the Taihape Falling Main, Takahe Street watermain in Taihape, Raumaewa Road watermain in Taihape and the rising main at Holland Crescent between Bridge Street and High Street in Bulls.
- **Hunterville Exploratory Bore** - investigations are underway for the Hunterville exploratory bore which seeks to investigate the potential use of groundwater as a drinking water supply for the Hunterville community. The tender process is currently underway.

Level of Service		
Provide a safe and compliant supply of drinking water		
Measure	Target for 2017/18	Actual July 2017 – June 2018
<p>*Safety of drinking water</p> <p>The extent to which the Council's drinking water supply complies with (a) part 4 of the drinking water standards (bacteria compliance criteria)¹³</p>	<p>No incidents of non-compliance</p> <p>There were no incidents of E.coli in 2016/17. However, none of the treatment plants was assessed as compliant. This is because the samples taken were insufficient and/or exceeded the prescribed days between samples.</p>	<p>Achieved</p> <p>No E.coli has been detected in any of the supplies. Sampling frequency has been increased from 1 July 2017 at Marton, Bulls and Taihape to meet DWSNZ criteria. It has been carried out at the required frequency. However, the snowstorm in Taihape meant a scheduled sampling did not take place.</p>

¹³ Currently measured by weekly sampling and testing through Environmental Laboratory Services in Gracefield.

Measure	Target for 2017/18	Actual July 2017 – June 2018
(b) part 5 of the drinking water standards (protozoa compliance criteria) ¹⁴	<p>No incidents of non-compliance</p> <p>In 2016/17, 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>The drinking water assessors will exercise their right to apply leniency.</p> <p>There were issues with the reporting from the filters at the Hunterville Urban Water Treatment Plant. This was found to be a computational error – i.e. the filters should only be recorded when the plant is operating. This was also the case at Mangaweka. The drinking water assessors have made it clear that if a plant is shut down they have no interest in the data logged during that time as it is irrelevant to drinking water quality.</p> <p><i>Partly achieved</i></p> <p>There is currently no ability to treat protozoa adequately at the Ratana plant. This should be rectified when secure bore status is conferred on the new Ratana bore, due to be commissioned before the end of October 2018. All other supplies have demonstrated compliance to at least 95%.</p> <p>The water abstracted at the Hunterville and Mangaweka treatment plants can periodically have extremely low turbidity levels. The drinking water standards currently require a reduction in NTU (turbidity) regardless of what the NTU is prior to filtration. When the turbidity is low, it is possible for turbidity to go up after filtration while not impacting on UV treatment and the quality of potable water. The drinking water assessors are expected to give leniency on this matter.</p>
Compliance with resource consents	<p>No incidents of non-compliance with resource consents</p> <p>In 2016/17 there was one non-compliance: backwash and aluminium sludge discharge to settling ponds exceeded consent limits at the Marton Water Treatment Plant.</p>	<p><i>Not achieved</i></p> <p>Water abstraction consents complied with at all locations (except at Ratana where the existing bore has no abstraction rate monitoring facility. New limits and river flow have been added at Mangaweka to ensure continuing compliance there.</p>

¹⁴ Measured through Water Outlook.

Measure	Target for 2017/18	Actual July 2017 – June 2018
		<p>Marton remains non-compliant for its disposal outflow. A consent renewal application was lodged on 12 August 2016 for discharge from the Marton water treatment plant. The renewal application has sought an optimisation of the activity authorised by the existing consent, rather than a change in activity, as this has been identified as being appropriate to address environmental effects. Options to treat the residuals at the treatment plant rather than in upgraded ponds at the Dam are being investigated.</p>

Level of Service		
Provide reliable and efficient urban water supplies		
Measure	Target for 2017/18	Actual July 2017 - June 2018
Number of unplanned water supply disruptions affecting multiple properties	<p>Fewer unplanned water supply disruptions affecting multiple properties than in previous year.</p> <p><i>In 2016/17, there were no unplanned water supply interruptions.</i></p>	<p>Achieved</p> <p>There were no unplanned water interruptions during the reporting period.</p>
<p>*Maintenance of the reticulation network</p> <p>The percentage of real water loss from the Council's networked reticulation system¹⁵</p>	Less than 40%.	<p>Achieved</p> <p>The guidance for this measure anticipates a sampling approach. Water Outlook enables SCADA¹⁶ information to be interrogated in-house.</p> <p>Last year's figures are included in brackets</p> <p>Bulls35.4% (4.9%) Hunterville Urban.....16.1% (32.3%) Mangaweka.....29.0% (37.0%) Marton35.0% (24.6%) Rātana33.3% (15.8%) Taihape.....38.3% (46.2%)</p> <p>All supplies were within the target of 40%.</p>

¹⁵ A description of the methodology used to calculate this must be included as part of the annual report document and is included in 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.

¹⁶ Supervisory control and data acquisition – i.e. automated remote monitoring.

Measure	Target for 2017/18	Actual July 2017 - June 2018
		<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>The blow out in Bulls in December 2017 and the tankering of water from Bulls to Marton during a period of manganese-discoloured water there (March-May 2018) will be (at least) part of the explanation for the large increase in water loss in Bulls. A more active leak monitoring programme is to be established during 2018/19.</p>
<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, <i>irrespective of whether it is used for residential, agricultural, commercial or industrial purposes.</i></p>	<p>600 litres per person per day</p> <p>In 2016/17, the average daily consumption of drinking water per day per resident was 542L.</p>	<p>Achieved</p> <p>Using the method specified by the Department of Internal Affairs, consumption across urban schemes averaged 577 litres/person/day. Note that this includes industrial and commercial use.</p> <p>Note that this includes all agricultural and commercial users connected to the Council's urban schemes. Because these such extraordinary users are metered, it is feasible to estimate the consumption of other users (i.e. domestic users). This is detailed in the table below. As all of Hunterville urban is metered (both residential and non-residential), this has been used to calculate the average</p>

Measure	Target for 2017/18	Actual July 2017 - June 2018																								
		<p>consumption, although this will be distorted by a few commercial users in the town. Higher consumption at Mangaweka is the result of an identified leakage issue which has not yet been fully resolved. Lower consumption at Rātana is a reflection of the significant use of rainwater tanks there.</p> <table border="1"> <thead> <tr> <th>Supply</th> <th>Population</th> <th>Billed Unmetered* Consumption Litres/person/per day</th> </tr> </thead> <tbody> <tr> <td>Bulls</td> <td>1,720</td> <td>114</td> </tr> <tr> <td>Huntermville Urban</td> <td>420</td> <td>389</td> </tr> <tr> <td>Mangaweka</td> <td>160</td> <td>260</td> </tr> <tr> <td>Marton</td> <td>4,860</td> <td>149</td> </tr> <tr> <td>Rātana</td> <td>340</td> <td>126</td> </tr> <tr> <td>Taihape</td> <td>1,660</td> <td>171</td> </tr> <tr> <td>All urban</td> <td>9,160</td> <td>158</td> </tr> </tbody> </table> <p>*except Huntermville</p>	Supply	Population	Billed Unmetered* Consumption Litres/person/per day	Bulls	1,720	114	Huntermville Urban	420	389	Mangaweka	160	260	Marton	4,860	149	Rātana	340	126	Taihape	1,660	171	All urban	9,160	158
Supply	Population	Billed Unmetered* Consumption Litres/person/per day																								
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Taihape	1,660	171																								
All urban	9,160	158																								

Level of Service

Be responsive to reported faults and complaints

Measure	Target for 2017/18	Actual July 2017 - June 2018
<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 <i>median times</i> 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</p>	<p>Less than previous year.</p> <p>Results for 2016/17 were:</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>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 supply is interrupted.</i></p>	<p>Partly achieved</p> <p>The median times for the reporting period are:</p> <p>(a) 7 minutes</p> <p>(b) 2 hours 2 minutes</p> <p>(c) 41 minutes</p> <p>(d) 2 hours 8 minutes</p> <p>(a) 95% urgent callouts attended to within 30 minutes</p> <p>(b) 67% of urgent callouts resolved within 24 hours</p> <p>(c) 91% of non-urgent callouts attended to within 24 hours</p> <p>(d) 95% of non-urgent callouts resolved within 96 hours.</p> <p>Although the median times are higher than those reported last year, the response and</p>

Measure	Target for 2017/18	Actual July 2017 - June 2018
<p>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>resolution times are within the specified standard.</p> <p><i>Note:</i></p> <p>Last year's results were limited to the topics covered in the customer satisfaction measure, so the non-urgent attendance and resolution median times are not strictly comparable.</p>
<p>*Customer satisfaction</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</p> <p>(b) drinking water taste</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 2016/17 total complaints were 13 per 1,000 connections.</i></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>Achieved</p> <p>37.9 per 1,000 connections</p> <p>(a) 29.7/1000</p> <p>(b) 0.94/1000</p> <p>(c) 3.28/1000</p> <p>(d) 3.98/1000</p> <p>(e) Nil¹⁷</p> <p>The complaints about drinking water clarity were all from Marton addresses.</p>

Level of Service

Maintain compliant, reliable and efficient rural water supplies

Measure	Target for 2017/18	Actual July 2017 - June 2018
Compliance with resource consents	No incidents of non-compliance with resource consents	Achieved

¹⁷ 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).

Measure	Target for 2017/18	Actual July 2017 - June 2018
	<i>In 2016/17, there were no incidents of non-compliance</i>	Operations at Erewhon, Omatane and Hunterville all complied with conditions of consent
Maintenance of the reticulation network The percentage of real water loss from the Council's networked reticulation system ¹⁸	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 Cannot be completed as there is no industry methodology to assess the rural unmetered water supply
Fault response time 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 Last year the median response (i.e. attendance) time for urgent callouts for the Hunterville scheme was 22 hours, 23 minutes. The median resolution time for Hunterville was not calculated. Specified response standard: 24 hours – 'no water' 96 hours – maintenance	Achieved (a) 22 minutes (b) 1 hour 8 minutes Information from Hunterville scheme only as this is the only scheme where servicing is directly managed by Council. There were 14 urgent requests, 100% were responded to in time, and 93% were completed in time. In addition, for non-urgent matters 39 requests for maintenance, 38 were responded to in time and 34 completed in time.

Level of Service

Ensure fire-fighting capacity in urban areas

Measure	Target for 2017/18	Actual July 2017 – June 2018
Random flow checks at the different supplies	100% of checked fire hydrant installations are in compliance	Achieved Dead-end flushing was the only hydrant tests carried out during 2017/18, with

¹⁸ A description of the methodology used to calculate this must be included as part of the annual report document.

Measure	Target for 2017/18	Actual July 2017 – June 2018
		<p>no apparent hydrant failures. Records are kept of flushing in the main towns. No issues were recorded in the request for service system during the reporting year.</p> <p>Since July 2017 there has been a stronger focus on full testing, with the objective of having all of them tested during the year. There are 751 hydrants in the District.</p>

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

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

Significant variation between acquisitions and replacement from the Long Term Plan

Stage 3 of the renewal of the 80-year old Taihape falling main was projected in the 2017/18 Annual Plan together with a number of other water main renewals in the town (and \$600,000 was carried forward from 2016/17). In Marton, the Broadway upgrade involved replacement of water main and rider main and in Mangaweka the renewal of the Raumaewa Road South water main was undertaken. The planned new intake for the Hunterville rural scheme was deferred pending the outcome of the Tutaenui pre-feasibility study.

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

There is a \$587,000 difference in Payment to staff and suppliers against that forecasted. This is due to increased expenditure for reticulation staff and contractors costs. One such area is Ratana, where time was spent in dealing with sand infiltration to the bore. Finance costs are \$487,000 less than forecasted. Deferral of capital programmes has meant no borrowing is needed, thus reducing finance costs. There is a difference in the Targeted rates to that forecast, based upon the amount charged out on a water meter usage., based upon the amount charged out on a water meter usage., based upon the amount charged out on a water meter usage., based upon the amount charged out on a water meter usage.

Water Supply – Funding Impact Statement

For the year ended 30 June 2018

	2017 Long- term plan (\$000)	2018 Long- term plan (\$000)	2018 Actual (\$000)
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	99	110	107
Targeted rates	4,606	5,115	4,811
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	0	32
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	0	0	42
Total operating funding (A)	4,705	5,224	4,991
Applications of operating funding			
Payment to staff and suppliers	1,946	2,014	2,601
Finance costs	714	1,044	557
Internal charges and overheads applied	663	716	697
Other operating funding applications	0	0	0
Total applications of operating funding (B)	3,322	3,774	3,855
Surplus (deficit) of operating funding (A - B)	1,383	1,450	1,137
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	4,584	1,893	2,410
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)	4,584	1,893	2,410
Application of capital funding			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	104	0	282
- to replace existing assets	5,983	3,483	3,256
Increase (decrease) in reserves	-120	-139	9
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	5,967	3,344	3,547
Surplus (deficit) of capital funding (C - D)	-1,383	-1,450	-1,137
Funding balance ((A - B) + (C - D))	0	0	0
Note: Depreciation expense not included above	1,390	1,457	1,385

Water Supply – Capital Works

For the year ended 30 June 2018

Category	Designated projects for 2015/16	2017 Long-term plan (\$000)	2018 Long-term plan (\$000)	2018 Actual (\$000)
RENEWALS	(to replace existing assets)			
Marton	Treatment and reticulation	1,917	12	639
Taihape	Treatment and reticulation	1,942	1,577	2,180
Bulls	Treatment and reticulation	786	538	126
Mangaweka	Treatment and reticulation	851	0	111
Huntermville urban	Treatment and reticulation	108	115	25
Ratana	Treatment and reticulation	12	0	33
Erewhon	Treatment and reticulation	125	133	60
Huntermville rural	Treatment and reticulation	237	1,101	82
Omatane	Treatment and reticulation	5	6	0
Total renewals		5,983	3,483	3,256
CAPITAL	(to improve level of service)			
Marton	Reticulation upgrade	0	0	1
	Treatment upgrade	0	0	8
Taihape	Reticulation upgrade	104	0	0
	Treatment upgrade	0	0	40
Bulls	Backflow protection	0	0	0
	Reticulation upgrade	0	0	0
Huntermville rural	Reticulation	0	0	1
Mangaweka	Backflow protection	0	0	0
	Reticulation upgrade	0	0	10
Huntermville urban	Backflow protection, pressure flow control	0	0	11
Ratana	Treatment upgrade	0	0	211
Total capital		104	0	282
Borrowing				
For the year ended 30 June 2018				
	Balance of borrowing at start of year	11,626	16,622	11,197
	Funds borrowed during the year	5,574	2,669	2,947
	Funds repaid during the year	(578)	(776)	(537)
	Balance of borrowing at end of year	16,622	18,515	13,607
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	55%	52%	63%
	Portion of finance costs attributable to internal borrowing	31	-	557

Sewerage and the Treatment and Disposal of Sewage

This activity provides a reticulated wastewater disposal service for the towns of Taihape, Mangaweka, Hunterville, Marton Bulls, Ratana and Koitiata. It includes the reticulation, treatment and disposal of wastewater.

Highlights for 2017/18:

- **Ratana Wastewater Treatment Plant** - Funding has been secured through the Freshwater Improvement Fund to enable the disposal of treated wastewater to go to land. Suitable land is being investigated.
- **Bulls and Marton Wastewater Treatment Plants** - The current consent application for the Bulls Wastewater Treatment Plant lodged with Horizons Regional Council in 2015 has been put on hold pending the outcome of a business case process for a combined wastewater discharge for Marton and Bulls.
- **Marton Wastewater Treatment Plant** – The upgrade of Marton WWTP entrance completed.
- **Marton Wastewater Treatment Plant** - Council has entered into a trade waste agreement with MidWest Disposals for acceptance of treated leachate.
- **Sewer re-lining** – Sewer relining program for 2017/2018 completed

Level of Service		
Provide a reliable reticulated disposal system that does not cause harm or create pollution within existing urban areas.		
Measure	Target for 2017/18	Actual July 2017 - June 2018
<p>*Discharge compliance</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>Not achieved</p> <p>An infringement notice was received for exceedances at Marton in ammoniacal nitrogen for the December 2017 monitoring results.</p> <p>There were none in 2016/17.</p>
<p>Routine compliance monitoring of discharge consents</p>	<p>6 out of 7 systems comply</p> <p>In 2016/17, Bulls was identified as being significantly non-compliant because of</p>	<p>Not achieved</p> <p>Only two plants (Koitiata and Ratana). Complied. Taihape, Mangaweka,</p>

Measure	Target for 2017/18	Actual July 2017 - June 2018
	the quantity being discharges to the Rangitikei River.	<p>Huntermville and Bulls complied with respect to quality but they all exceeded the daily volume limits in the consents.</p> <p>Formal assessments from Horizons on discharge quality were received in early March 2018.</p> <p><i>Taihape: Discharge quality is Comply – ‘full’ Significant non-compliance with exceeding daily volume limit</i></p> <p>The plant was non-compliant with respect to flow volume and rate during September to March 2018. A compliance pathway for this treatment plant has been agreed with Horizons Regulatory Manager.</p> <p>Details on new consent, or variation, are pending.</p> <p><i>Mangaweka – Comply – ‘full’. Non-compliant with discharge volumes due to significant storm event. Ongoing investigations of inflow and infiltration.</i></p> <p>Huntermville – Discharge quality is Comply – ‘full’ Significant non-compliance with exceeding daily volume limit</p> <p>Regular exceedances of the maximum daily discharge volume have been recorded during September-March 2018. A draft consent variation was lodged on 1 December 2016 in order that the consent will reflect the accurate maximum daily discharge volume. This application is still being processed.</p> <p><i>Marton – Discharge quality is Non comply</i></p> <p>The reason was the high algae concentration in the discharge</p> <p><i>Koitiata – Comply – ‘full’ (However flow cannot currently be assessed because of issues with the flowmeter)</i></p> <p><i>Ratana – Discharge quality is Comply but ‘at risk’ because of the high algal content in the discharge in Lake Waipu. A pump has since been installed to address this. Significant non-compliance for volume, but found compliant with further testing in June 2018. Application to replace</i></p>

Measure	Target for 2017/18	Actual July 2017 - June 2018
		resource consent has been submitted to Horizons. <i>Bulls – Discharge quality is Comply – but ‘at risk’ because of the state of the wave bands. Significant non-compliance in exceeding the daily limit.</i>
Number of overflows from each network (response/resolution time)	No single network to experience more than 3 overflows during a 12 month period. <i>Response/resolution time monitored and compared with benchmark:</i> <ul style="list-style-type: none"> 30 minutes to attend for dry weather overflows, 2 hours for wet weather overflows; 6 hours to resolve. <i>In 2016/17, there was 1 overflow in Marton, and 1 overflow in Taihape</i>	Achieved There were two dry weather sewerage overflow, reported on 3 November 2017 and 3 June 2018, both in Bulls. There were three wet weather overflows in Marton (on 2 August 2017, 26 September 2018 and 25 May 2018). All were responded to within time (having regard for the weather); three were resolved in time.
*System and adequacy The number of dry weather sewerage overflows from the Council’s sewerage system, expressed per 1000 sewerage connections to that sewerage system.	Not more than one per 1,000 connections There are 4,226 sewerage connections in the District.	Achieved 0.47/1000 There were two such overflows, both in Bulls. ‘Dry weather’ is noted at the time on the service request and is verifiable through Horizons rainfall records in various parts of the District. There were two such overflows in 2016/17.

Level of Service

Be responsive to reported faults and complaints.

Measure	Target for 2017/18	Actual July 2017 – June 2018
*Fault response time Where the Council attends to sewerage overflows resulting from a blockage or other fault in the Council’s sewerage system, the following <i>median times</i> are measured (a) attendance time: from the time that the	Improved timeliness compared with the previous year (a) 22 minutes (b) 2 hours 34 minutes The target <i>attendance</i> times are within 30 minutes for urgent callouts, within 24 hours for non-urgent callouts.	Not achieved The median times for the year are: (a) 31 minutes (b) 3 hours 2 minutes One request, at the King Street (Marton) sewer took nearly 8 days to resolve: relining in the manhole had moved; Pipetech need to undertake the necessary repairs. a) 88% of callouts were attended to within 30 minutes

Measure	Target for 2017/18	Actual July 2017 – June 2018
<p>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>The target <i>resolution</i> times are within 24 hours for urgent callouts and within 96 hours for non-urgent callouts.</p> <p>Urgent callouts are where sewage is evident</p> <p><i>Note: this mandatory measure does not distinguish between urgent and non-urgent callouts.</i></p>	<p>(b) 76% of callouts were resolved within 24 hours</p> <p>Last year's results were confined to the topics used for the customer satisfaction measure so are not strictly comparable.</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</p> <p>(b) sewerage system faults</p> <p>(c) sewerage system blockages, and</p> <p>(d) the Council's response to issues with its sewerage systems¹⁹</p> <p>expressed per 1,000 connections to the Council's sewerage system.</p> <p>There are 4,226 sewerage connections in the District</p>	<p>Total number of complaints is less than 18/1000</p> <p><i>In 2016/17 total complaints were 4.49 per 1,000 connections.</i></p>	<p>Achieved</p> <p>The request for service system does not show all complaints for any one incident, so there is potential under-reporting. With that qualification, the year-to-date results are:</p> <p>(a) 0.95/1000</p> <p>(b) 0.71/1000</p> <p>(c) 2.37/1000</p> <p>(d) not yet available</p> <p>Total of 4.03/1000</p>

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

The mandatory measure for compliance with resource consents was not achieved. In addition, there were breaches of conditions at Taihape, Mangaweka, Hunterville, Marton and Bulls. The major issue is exceeding the daily volume limit. 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. Consent variations have been lodged.

¹⁹ 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.

Significant variation between acquisitions and replacement from the Long Term Plan

Planned upgrade work in **Bulls and Marton** (accrued forward from 2015/16) was delayed because of consideration of piping Marton's wastewater to Bulls and having both towns' wastewater discharged to land. The new consent conditions have yet to be determined by Horizons, but the consent application must be lodged by 31 October 2018. This would eliminate all discharge to the Tutaenui Stream, which typically has very low flows during summer. Relining of sewer pipes was conducted in Marton, Hunterville and (particularly) **Taihape**. Relining costs significantly less than physical replacement of pipes, hence the lower expenditure than budgeted.

In **Ratana**, progress has been slower because of the need to secure land (which would mean the end of discharge into Lake Waipu). A Freshwater Fund grant has been approved to underwrite that cost.

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.



Pipetech

Sewerage and Treatment and Disposal of Sewerage – Funding Impact Statement

For the year ended 30 June 2018

	2017 Long-term plan (\$000)	2018 Long-term plan (\$000)	2018 Actual (\$000)
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	0	0	0
Targeted rates	2,401	2,613	2,350
Subsidies and grants for operating purposes	0	0	0
Fees and charges	251	259	193
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)	2,652	2,872	2,543
Applications of operating funding			
Payment to staff and suppliers	1,084	1,120	1,092
Finance costs	489	618	154
Internal charges and overheads applied	226	254	178
Other operating funding applications	0	0	0
Total applications of operating funding (B)	1,800	1,993	1,424
Surplus (deficit) of operating funding (A - B)	853	878	1,119
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	256	2,660	58
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)	256	2,660	58
Application of capital funding			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	779	1,229	184
- to replace existing assets	1,530	2,308	600
Increase (decrease) in reserves	-1,200	1	393
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	1,108	3,539	1,177
Surplus (deficit) of capital funding (C - D)	- 853	-878	-1,119
Funding balance ((A - B) + (C - D))	0	0	0
Note: Depreciation expense not included above	851	877	717

Sewerage and Treatment and Disposal of Sewerage – Capital Works

For the year ended 30 June 2018

Category	Designated projects for 2017/18	2017 Long-term plan (\$000)	2018 Long-term plan (\$000)	2018 Actual (\$000)
RENEWALS	(to replace existing assets)			
Marton	Treatment and reticulation	78	946	265
Taihape	Treatment and reticulation	493	1,076	301
Bulls	Treatment and reticulation	137	9	12
Mangaweka	Treatment and reticulation	0	0	3
Huntermville	Treatment and reticulation	284	270	9
Ratana	Treatment and reticulation	526	7	3
Koitiata	Treatment and reticulation	12	0	7
Total renewals		1,530	2,308	600
CAPITAL	(to improve level of service)			
Marton	Treatment plant upgrade	779	802	130
Taihape	Treatment plant upgrade	0	0	21
Bulls	Treatment plant upgrade	0	0	7
Huntermville	Treatment plant upgrade	0	0	2
Ratana	Treatment plant upgrade	0	0	15
Koitiata	Treatment plant upgrade	0	428	9
Total capital		779	1,230	184
Borrowing				
For the year ended 30 June 2018				
	Balance of borrowing at start of year	5,065	9,675	3,643
	Funds borrowed during the year	5,060	3,202	339
	Funds repaid during the year	(450)	(542)	(282)
	Balance of borrowing at end of year	9,675	12,335	3,700
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	24%	34%	17%
	Portion of finance costs attributable to internal borrowing	253	0	154

Stormwater Drainage

This activity provides for the disposal of storm water in Taihape, Mangaweka, Hunterville, Marton, Bulls, and Ratana.

Highlights for 2017/18:

- **Marton stormwater hotspots** – works planned to address ongoing flooding issues in the Marton township. Work has been completed at Hammond Street and Skerman Street.
- **Taihape stormwater hotspots** – works planned to address ongoing flooding issues in the Taihape township. Work has been completed for Goldfinch Street.
- **Broadway, Marton** – replacement of stormwater has been completed as part of this wider project.
- **Management of open drains in urban areas** – Council decision that it would take responsibility for open drains in urban areas.

Level of Service		
Provide a reliable collection and disposal system to each property during normal rainfall		
Measure	Target for 2017/18	Actual July 2017 - June 2018
<p>*System adequacy</p> <p>(a) The number of flooding events²⁰ 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><i>Not applicable</i></p> <p>One flooding event in August 2017.</p> <p>No reports of any flooding affecting properties.</p> <p>In 2016/17 there were no reports of any flooding that met 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.</p>
<p>*Discharge compliance</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><i>Not applicable</i></p> <p>The Council has not been required to have resource consents for any of its stormwater discharges.</p>

²⁰ The rules for the mandatory measures define a 'flooding event' as an overflow from a territorial authority's stormwater system that enters a habitable floor

Measure	Target for 2017/18	Actual July 2017 - June 2018
(c) enforcement orders, and (d) convictions received by the Council in relation to those resource consents		

Level of Service		
Be responsive to reported faults and complaints		
Measure	Target for 2016/17	Actual July 2017 - June 2018
<p>*Response time</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><i>Not applicable</i></p> <p>There was no flooding event (that met the conditions of this measure) during the year. This was the same result for last year.</p>
<p>*Customer satisfaction</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 15/1000	<p><i>Achieved</i></p> <p>1.70/1000</p> <p>There were 7 call-outs during this time period, of which 87.5% were resolved in time.</p> <p>Last year's result was 4.12/1000.</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 forecast for 2017/18 in the 2015-25 Long Term Plan.

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

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 which anticipated a change in compliance requirements with consents being required for some of the larger urban stormwater discharges. This has not yet occurred



Stormwater replacement, Broadway, Marton

Stormwater Drainage – Funding Impact Statement

For the year ended 30 June 2018

	2017 Long- term plan (\$000)	2018 Long- term plan (\$000)	2018 Actual (\$000)
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	0	0	0
Targeted rates	765	735	553
Subsidies and grants for operating purposes	0	0	0
Fees and charges	2	2	8
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	0	0	108
Total operating funding (A)	767	737	669
Applications of operating funding			
Payment to staff and suppliers	262	270	145
Finance costs	4	16	27
Internal charges and overheads applied	61	74	39
Other operating funding applications	0	0	0
Total applications of operating funding (B)	327	361	211
Surplus (deficit) of operating funding (A - B)	440	376	458
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	95
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	95
Application of capital funding			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	270	0	140
- to replace existing assets	381	163	176
Increase (decrease) in reserves	-255	169	238
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	395	332	554
Surplus (deficit) of capital funding (C - D)	- 440	-376	-458
Funding balance ((A - B) + (C - D))	0	0	0
Note: Depreciation expense not included above	289	291	293

Stormwater Drainage – Capital Works

For the year ended 30 June 2018

Category	Designated projects for 2017/18	2017 Long-term plan (\$000)	2018 Long- term plan (\$000)	2018 Actual (\$000)
RENEWALS	(to replace existing assets)			
Marton	Reticulation	358	64	156
Taihape	Reticulation	22	99	18
Rural	Reticulation	0	0	0
Bulls	Reticulation	0	0	1
Mangaweka	Reticulation	0	0	0
Huntermville	Reticulation	0	0	1
Ratana	Reticulation	0	0	0
Total renewals		381	163	176
CAPITAL	(to improve level of service)			
Marton	Culverts, drains and inlet protection	0	0	140
Taihape	Culverts, drains and inlet protection	119	0	0
Rural	Culverts, drains and inlet protection	0	0	0
Bulls	Culverts, drains and inlet protection	67	0	0
Mangaweka	Culverts, drains and inlet protection	16	0	0
Huntermville	Culverts, drains and inlet protection	67	0	0
Ratana	Culverts, drains and inlet protection	0	0	0
Total capital		270	0	140
Borrowing				
For the year ended 30 June 2018				
	Balance of borrowing at start of year	578	534	534
	Funds borrowed during the year	0	0	139
	Funds repaid during the year	(44)	(44)	(44)
	Balance of borrowing at end of year	534	490	629
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	3%	1%	3%
	Portion of finance costs attributable to internal borrowing	29	0	27

Community and Leisure Assets

This activity includes Council's community assets – halls, community buildings, public toilets, swimming pools, property, parks and reserves, libraries, cemeteries and community housing.

Highlights for 2017/18:

- **Bulls Community Centre** – detailed drawings have been completed for the Community Centre and revised costings have been completed by the quantity surveyor. Work on fundraising for the development has been ongoing. Significant projects include relocating a dwelling from Central House Movers and investigating potential opportunities to subdivide Council-owned land. External funding has been gained from the following sources; local community (\$100,000), corporate (\$20,000), Lottery Community Facilities Fund (\$500,000), JBS Dudding Trust (\$200,000), Whanganui Community Foundation (\$300,000), Four Regions Trust (\$50,000).²¹
- **Cemeteries** – restoration of the RSA headstones in the Taihape Cemetery, funded by Veterans' Affairs, was completed. The ring road at Rangitira Cemetery was also completed.
- **Cleaning of Council Properties** – Council decided to move from a contracted cleaning arrangement for Council properties, to providing this service in-house.
- **Community Housing** – Council decided to retain management of its community housing in-house and moved to increase rental prices charged to market prices (taking into account the extra accommodation supplement that the tenants would be eligible for).
- **Community-led Projects** – there have been a range of projects occurring throughout the District which have been led by the local community – Marton Skate Park; Memorial Hall Playground, Marton; community planting at Koitiata with DoC and Turakina School; community planting at Scotts Ferry with Rural Women; Taihape gardens with Keep Taihape Beautiful.
- **Dudding Lake** – fencing and planting of the effluent field at Dudding Lake has been completed. This work has ensured compliance with Council's resource consent conditions for the wastewater system at the site.
- **Hautapu River Parks** – a concept plan has been created and finalised for the future development of the site for a range of recreation purposes.
- **Mangaweka Campground Ablution Block** – a new ablution block has been placed on the Mangaweka Campground site.
- **Marton B & C Dams** – the felling of the remaining trees on the site was completed in early 2018. Following harvesting, fencing, track creation, re-planting and weed control has started. A long term management plan for the site has been developed and finalised. Significant community involvement in the re-planting has occurred.
- **Marton Heritage Precinct** – an application was made to the Lotteries Environment and Heritage Fund for a feasibility study for the Marton Heritage Precinct. This application was declined and the project is being progressed through the Provincial Growth Fund.
- **Marton Skate Park** – the design work for the skate park has been completed. The Steering Group is continuing the fundraising effort. Fundraising is nearing completion. The contractor to complete the works has been confirmed. The project is community-led, with funds for the

²¹ These grants have yet to be received: see page 69.

project held by Marton Rotary. Funds sourced to date include: Council (\$151,000), JBS Dudding Trust (\$50,000), Lotteries (\$50,000), Lion Foundation (\$25,000), Four Regions Trust (\$5,000), Marton Community Committee (\$2,000), Arthur Wheeler Leedstown Trust (\$10,000).

- **Memorial Hall Playground Redevelopment** – plans have been developed for the redevelopment of the existing playground. This project is community-led, with an incorporated society created to hold the funds for the project.
- **Painting of Community Facilities** - Memorial Hall, Marton; Jubilee Pavilion, Marton Park; Hunterville grandstand.
- **Public toilets** – toilets funded through the Mid-sized Tourism Infrastructure Fund have been installed in Papakai Park, Taihape and Bruce Park, Hunterville. A suitable location is still being investigated for toilets in Mangaweka.
- **Taihape Memorial Park** – the project to create a new amenities block at Taihape Memorial Park has been ongoing, with a number of options available for the development.
- **Taihape Swim Centre** – the upgrade of the heating and filtration system is now operational.
- **Taihape Town Centre Gardens** – the gardens in Taihape have been redeveloped with native species from the area. The project has been jointly funded with Keep Taihape Beautiful and the Taihape Community Board.
- **7 King Street, Marton** – this site was previously leased by Council and has now been purchased from Land Information New Zealand.

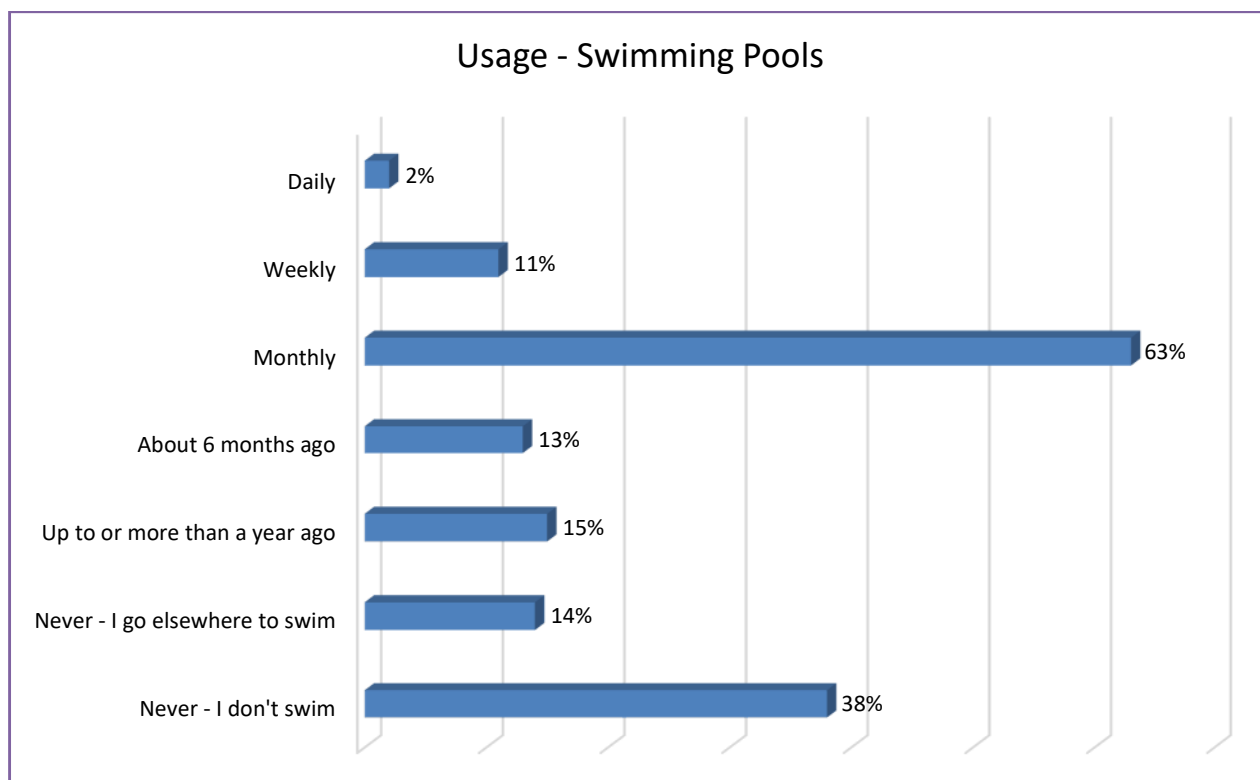
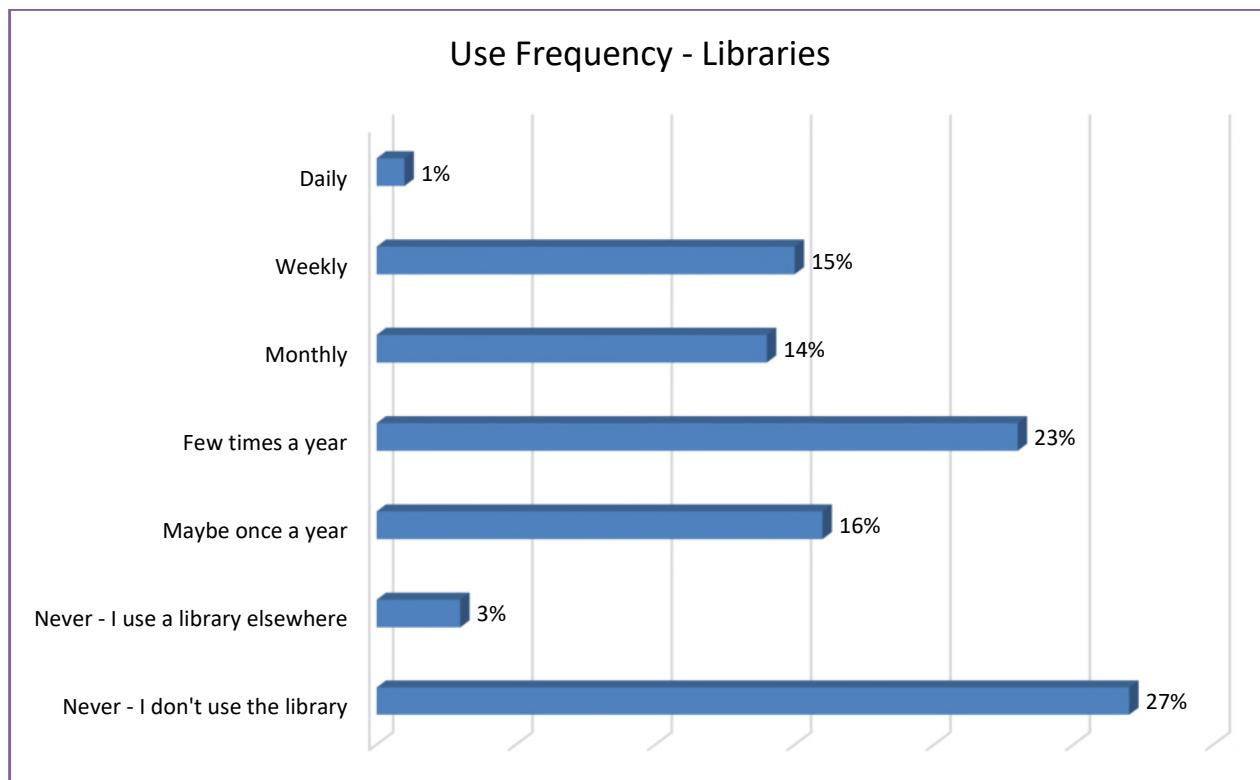
Level of Service		
Provide a “good enough” range of community and leisure assets at an appropriate proximity to centres of population		
Measure	Target for 2017/18	Actual July 2017 – June 2018
“Report card” produced during April/May each year from a postal survey of residents. ²²	<p>A greater proportion (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</p>	<p>Public libraries - Achieved</p> <p>In 2017/18, 11% believed it was better than last year (11% in 2016/17), 72% about the same (70% in 2016/17), 1% worse than last year (2% in 2016/17) and 16% did not know (14% in 2016/17)</p> <p>Swimming pools – Achieved</p> <p>In 2017/18, 17% believed it was better than last year (16% in 2016/17), 54% about the same (54% in 2016/17), 5% worse than last year (6% in 2016/17) and 24% did not know (23% in 2016/17)</p> <p>Sports fields, parks and reserves - Achieved</p> <p>In 2017/18, 18% believed it was better than last year (18% in 2016/17), 65% about the same (63% in 2016/17), 3% worse than last</p>

²² The District electoral roll was used as the basis for surveying residents for 2017/18 and 2016/17. Previously, the sample was taken from Council’s ratepayer database.

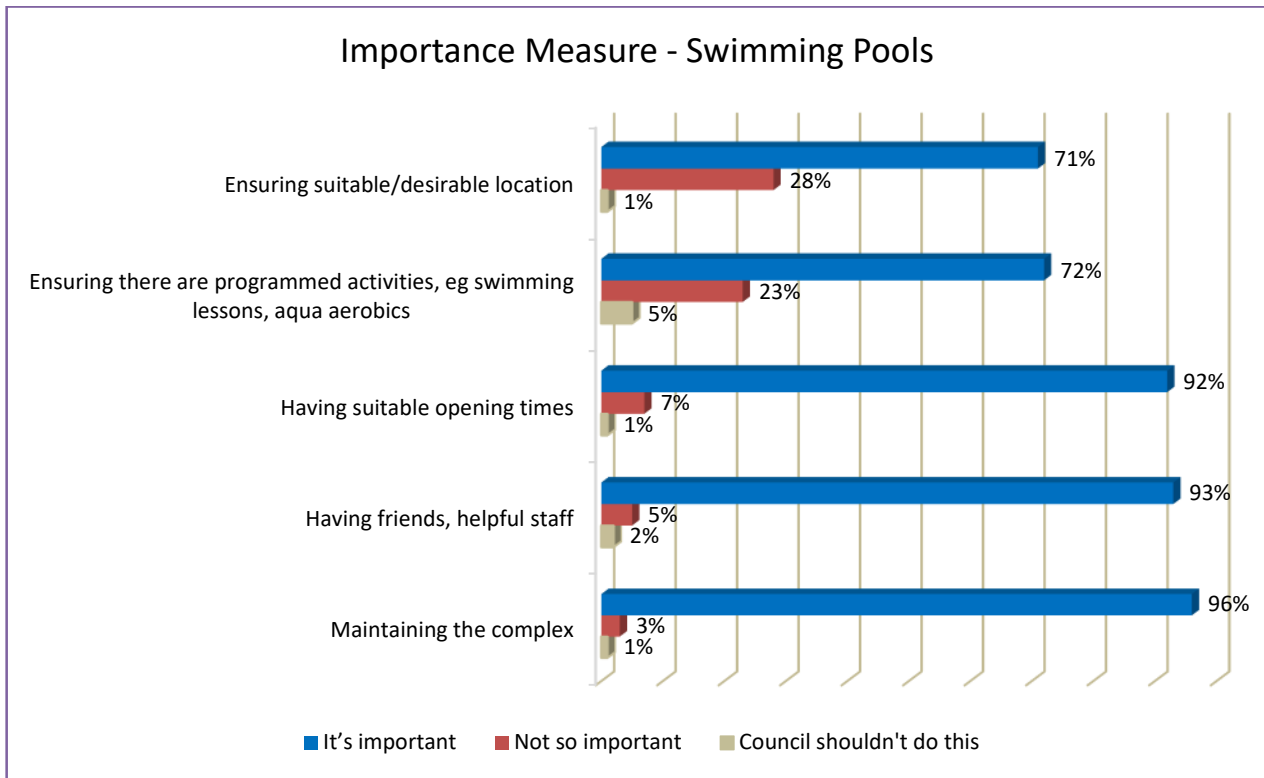
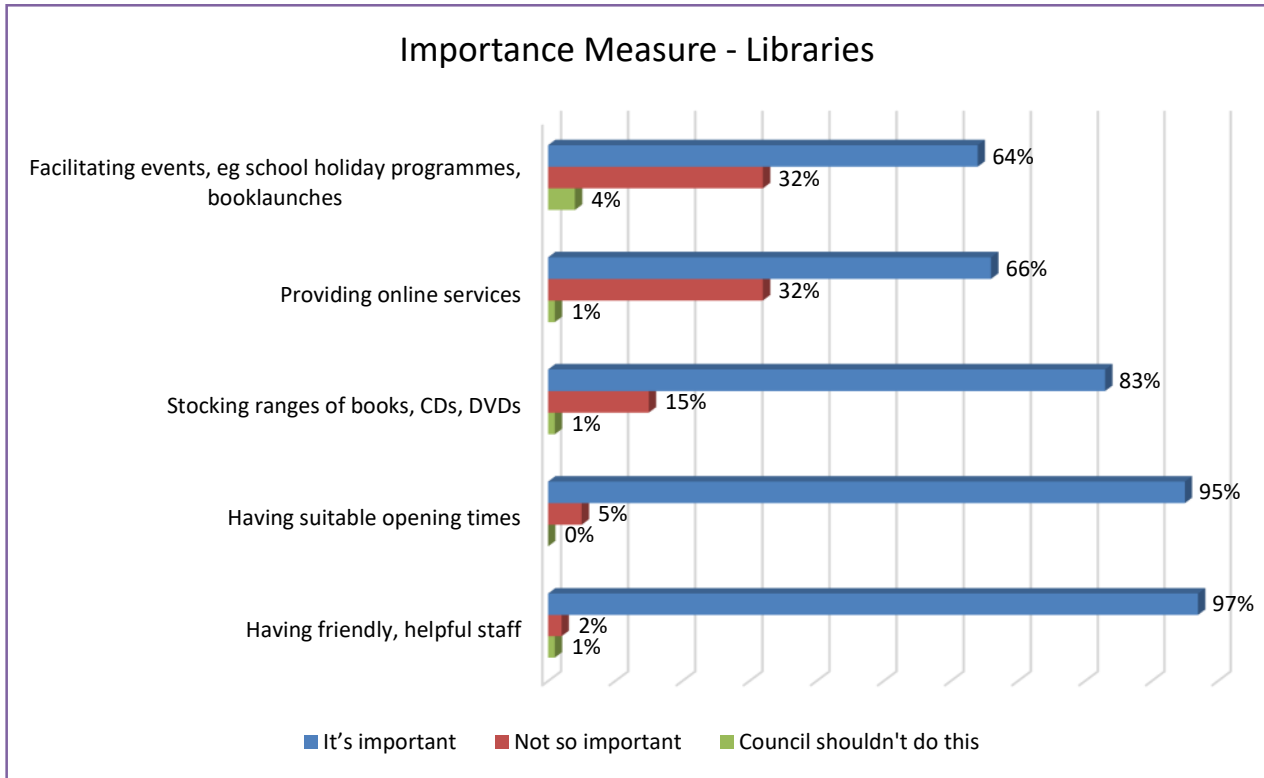
Measure	Target for 2017/18	Actual July 2017 – June 2018
	information on satisfaction with the services.	<p>year (2% in 2016/17) and 14% did not know (16% in 2016/17)</p> <p>Public toilets – Achieved</p> <p>In 2017/18, 9% believed it was better than last year (7% in 2016/17), 67% about the same (66% in 2016/17, 8% worse than last year (11% in 2016/17) and 16% did not know (17% in 2016/17)</p> <p>Community buildings – Achieved</p> <p>In 2017/18, 5% believed it was better than last year (4% in 2016/17), 78% about the same (74% in 2016/17), 4% worse than last year (6% in 2016/17) and 14% did not know (16% in 2015/16)</p>

Level of service		
Secure high use of staffed facilities		
Measure	Target for 2017/18	Actual July 2017 – June 2018
Number of users of libraries	<p>An increase in use compared with the previous year</p> <p>In 2016/17:</p> <p>Bulls: 8,901 (21 days unrecorded)</p> <p>Marton: 18,198 (8 days unrecorded)</p> <p>Taihape: 23,819 (13 days unrecorded)</p>	<p>Achieved</p> <p>Bulls: 10,376 (5 days unrecorded)</p> <p>Marton: 30,319 (5 days unrecorded)</p> <p>Taihape: 24,939 (6 days unrecorded)</p> <p>All libraries are experiencing more use than last year, particularly Marton.</p>
Number of users of pools	<p>An increase in use compared with the previous year:</p> <p>2016/17 season totals</p> <p>Marton: 28,271</p> <p>Taihape: 11,177</p>	<p>Partly achieved</p> <p>Marton: 19,563*</p> <p>Taihape: 6,746**</p> <p>*Swim for All participants were not included in the count at Marton (as was the case in 2016/17). This was a procedural mistake by the contractor. **Taihape's count was down because the major upgrade of the filtration and heating systems delayed the opening of the pool.</p>

The following charts show frequency of use of libraries and pools. As to be expected, the seasonal nature of the pools results in a lower frequency of use.



The following two graphs show the relative importance attached by survey respondents to various aspects of the service provided for libraries and pools. Friendly, helpful staff are important for both; less important are events and programmed activities.



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

The main variances in this activity are due to:

- Expenditure on landscaping and playgrounds was \$189,000 more than anticipated in the 2015-25 Long Term Plan. This is largely due to Council funding support under the Parks Upgrade Programme for improvements (identified in the 2015-25 Long Term Plan as capital of \$105,000), notably the viewing platform at Mt Stewart reserve, Taihape, extension and upgrade of the skatepark at Centennial Park, Marton, and the installation of drinking water fountains together with concept plans for Marton B & C Dams and Papakai Park (Taihape) and other improvements such as fencing at Taihape Memorial Park and Dudding Lake.
- The building of new toilets at the Mangaweka campground – a carry-forward from 2016/17
- The purchase of the land at 7 King Street, Marton – the location of the waste transfer station and an office/garage complex partly used by the Parks team. This was not anticipated in the 2015-25 Long Term Plan (but included in the 2017/18 Annual Plan)
- The 2015-25 Long Term Plan anticipated that the new Bulls Town Centre would be completed during 2016/17 which was not the case: design work continued during 2017/18 (totalling \$158,000), and a preferred tenderer identified at Council's meeting on 30 August 2018.
- The Taihape swim centre upgrade was completed during 2017/18, again later than anticipated in the 2015-25 Long Term Plan.

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

Operating funding is \$873,000 more than forecast for 2017/18 in the 2015-15 Long Term Plan.

- Fees and charges are up by \$255,000 compared with the forecast for 2017/18 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 \$523,000 compared with the forecast for 2017/18 in the 2015-25 Long Term Plan. The main factor in this is the proceeds from the second stage of forestry harvesting at Marton B & C Dams, not included in the Long Term Plan budget forecasts²³. In addition, the Tahape Community Development Trust made a \$100,000 contribution to the upgrade of the Taihape Swim Centre.
- None of the major grants for the new Bulls community centre has yet been received. That will occur during 2018/19, as construction proceeds.

²³ The cost of logs sold (\$254,000) is entered against staff and suppliers. The reduction in forestry is the reason for the reduction in investments of \$209,000.

Community and Leisure Assets – Funding Impact Statement

For the year ended 30 June 2018

	2017 Long- term plan (\$000)	2018 Long- term plan (\$000)	2018 Actual (\$000)
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	3,229	3,320	3,360
Targeted rates	0	0	0
Subsidies and grants for operating purposes	34	34	58
Fees and charges	441	453	708
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	0	0	50
Total operating funding (A)	3,704	3,807	4,176
Applications of operating funding			
Payment to staff and suppliers	2,670	2,738	2,429
Finance costs	36	74	60
Internal charges and overheads applied	364	439	932
Other operating funding applications	0	0	0
Total applications of operating funding (B)	3,070	3,251	3,421
Surplus (deficit) of operating funding (A - B)	634	557	755
Sources of capital funding			
Subsidies and grants for capital expenditure	1,501	53	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	643	-122	70
Gross proceeds from sale of assets	565	0	473
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	2,709	-70	543
Application of capital funding			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	3,092	139	158
- to replace existing assets	587	350	1,129
Increase (decrease) in reserves	-337	-1	11
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	3,342	487	1,298
Surplus (deficit) of capital funding (C - D)	-633	-557	-755
Funding balance ((A - B) + (C - D))	1	0	0
Note: Depreciation expense not included above	828	882	1,090

Community and Leisure Assets – Capital Works

For the year ended 30 June 2018

Category	Designated projects for 2017/18	2017 Long-term plan (\$000)	2018 Long-term plan (\$000)	2018 Actual (\$000)
RENEWALS	(to replace existing assets)			
Swimming pools	Building and plant	23	12	310
Libraries	Furniture, books and computers	181	132	119
Community housing	Flat refurbishment	100	100	78
Cemeteries	Paving and fences	24	24	22
Parks and reserves	Landscaping and playgrounds	75	37	226
	Bulls courthouse refurbishment	0	0	0
Toilets	Building refurbishment	0	0	90
Halls	Refurbishment	158	36	137
Real Estate	Purchase 7 King Street/Land			147
Total renewals		561	342	1,129
CAPITAL	(to improve level of service)			
Swimming pools	Capital improvements to plant	113	0	0
Libraries		0	0	0
Community housing		0	0	0
Cemeteries	Berms	16	34	0
	Land purchase Ratana	0	0	0
Parks and reserves	Mangaweka campground wastewater	0	0	0
	Parks upgrades	103	105	0
Property		0	0	0
Toilets		0	0	0
Halls	Bulls town centre	2861	0	158
Total capital		3,092	139	158
Borrowing				
For the year ended 30 June 2018				
	Balance of borrowing at start of year	1,176	2,710	1,359
	Funds borrowed during the year	1,590	0	148
	Funds repaid during the year	(56)	(106)	(78)
	Balance of borrowing at end of year	2,710	2,604	1,429
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	6%	7%	5%
	Portion of finance costs attributable to internal borrowing	58	0	60

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 2017/18:

- **Marton Waste Transfer Station** – a recycling shop has been opened on a trial basis to support increased re-use of items.
- **Waste Management Minimisation Plan** – was reviewed during the 2018-28 Long Term Plan and adopted by Council. The most significant aspect was the potential to introduce a kerbside rubbish/recycling service. The response received from the community was low, therefore, while Council retained funding in the budgets, will undertake further consultation with the community before making a final decision.
- **Enviroschools** – the District has 6 Enviroschools.
- **Waste Education NZ** – visits have occurred at four schools this year.
- **Para Kore Programme** - 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 2017/18	Actual July 2017 – June 2018
Waste to landfill (tonnage) ²⁴	4,000 tonnes to landfill <i>In 2016/17, 5,123 tonnes went to the landfill.</i>	Not achieved 4,650 tonnes went to the landfill, equating to 16% increase over the target volume. However, this is 473 tonnes (9%) less than last year. The reasons for this change are unclear, but will partly be attributable to increased recycling, an additional 305 tonnes compared with 2016/17.
Waste diverted from landfill (tonnage and (percentage of total waste) ²⁵	Percentage of waste diverted from landfill 16% <i>In 2016/17, a total of 1,070 tonnes (or 17.2%) of waste was diverted.</i>	Achieved 1,375.4 tonnes were recycled, which represents 22.8% diversion. Greenwaste 540.10..... 39.3% Glass 337.1..... 24.5% Metals..... 234.7..... 17.1% Paper 218.0..... 15.9%

²⁴ Calibrated records maintained at Bonny Glen landfill.

²⁵ Records maintained at waste transfer stations

Measure	Target for 2017/18	Actual July 2017 – June 2018
		Plastics 27.2 2.0% E-waste 8.7 0.6% Tyres..... 7.1 0.5% Oil..... 1.8 0.1% Haz waste..... 0.7 0.1% Greenwaste and scrap metal have been accepted at the three large waste transfer stations for a few years, but the quantities of both increased considerably compared with last year. Scrap metal diversion may have increased because there is no rural collection for this. There were no new Council initiatives for recycling during the year.

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. Hours at Marton and Bulls waste transfer stations were increased during daylight savings, with a consequential increase in contractor costs.

Rubbish and Recycling – Funding Impact Statement

For the year ended 30 June 2018

	2017 Long- term plan (\$000)	2018 Long- term plan (\$000)	2018 Actual (\$000)
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	90	96	90
Targeted rates	441	441	528
Subsidies and grants for operating purposes	47	47	0
Fees and charges	382	393	540
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)	960	978	1,188
Applications of operating funding			
Payment to staff and suppliers	965	951	1,035
Finance costs	-29	-30	1
Internal charges and overheads applied	55	75	107
Other operating funding applications	0	0	0
Total applications of operating funding (B)	992	996	1,143
Surplus (deficit) of operating funding (A - B)	-32	-18	46
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	6
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	6
Application of capital funding			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	0	0	7
- to replace existing assets	2	2	0
Increase (decrease) in reserves	-35	-21	46
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	-33	-19	52
Surplus (deficit) of capital funding (C - D)	32	18	-46
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 2018

Category	Designated projects for 2017/18	2017 Long-term plan (\$000)	2018 Long-term plan (\$000)	2018 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				
Waste transfer stations	Create direct access to Marton pit	0	0	7
Total capital		0	0	7
Borrowing				
For the year ended 30 June 2017				
Balance of borrowing at start of year		12	11	11
Funds borrowed during the year		0	0	7
Funds repaid during the year		(1)	(1)	(1)
Balance of borrowing at end of year		11	10	17
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		0%	0%	0%
Portion of finance costs attributable to internal borrowing		1	0	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 Employment²⁶) over common approaches in managing Building Control Authority functions.

The Council has been reaccredited as a building consent authority until February 2019.

Highlights for 2017/18:

- **Food Act 2014** – implementation of the Food Act is now largely complete. All businesses that needed to transition to a Food Control Programme or National Programme have done so. This service is provided through a shared services arrangement with Whanganui District Council.
- **Earthquake-prone buildings** – following the adoption of the Building (Earthquake-prone) Buildings Amendment Act, Council has consulted on and decided to have no priority areas.
- **Swimming pool fencing legislation** – the new Building (Pools) Amendment Act requires Council to inspect swimming pools every three years. Inspections of swimming pool fencing have begun.
- **Animal Control** – Council continued to provide animal control services for both Rangitikei and Manawatu districts under a shared services arrangement.
- **Resource Legislation Amendment Act** – this Act required a number of changes in the planning department which have been implemented. Resource consent numbers are steadily increasing.
- **Building consents** – consent numbers are steadily increasing.
- **Liquor** – one controlled purchase operation was undertaken, with three businesses failing in checking the age of the purchaser.
- **Abandoned vehicles** – this year has resulted in an increase in the number of vehicles being abandoned in the District. In the 2017/18 year there were 53 abandoned vehicles reported to Council.

Level of Service		
Provide a legally compliant service		
Measure	Target for 2017/18	Actual July 2017 – June 2018
Timeliness of processing the paperwork (building control, consent processes, licence applications) ²⁷	At least 94% of the processing of documentation for each of Council's regulatory and enforcement services is completed within the prescribed times	Achieved 100% of building consents and 96% of resource consents were processed within the prescribed times.

²⁶ This Ministry includes the former Department of Building and Housing.

²⁷ This includes any prescribed monitoring, such as of resource consents

Measure	Target for 2017/18	Actual July 2017 – June 2018
	<p><i>In 2016/17, 99% of building consents and 100% of resource consents were issued within the prescribed time</i></p> <p><i>There were 300 building consents and 38 resource consents.</i></p>	<p>There were 308 building consents and 55 resource consents processed during the year (199 and 46 respectively last year): 22 were land use consents, 28 were for subdivisions and 5 were for other activities. In 9 instances Council used its power under section 37 of the Resource Management Act to extend or waive time limits.</p> <p>In addition:</p> <ul style="list-style-type: none"> • 293 Code of Compliance Certificates were issued, all within the prescribed time (191 last year) • 13 Notices to Fix were issued (40 last year).
Possession of relevant authorisations from central government ²⁸	<p>Accreditation as a building consent authority maintained</p> <p>Functions of a registration authority and role of a recognised agency under the Food Act not subject to Ministerial Review.²⁹</p>	<p>Achieved</p> <p>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.</p> <p>Functions undertaken by Whanganui District Council on behalf of Rangitikei District Council.</p>

Level of Service

Provide regulatory compliance officers

Measure	Target for 2017/18	Actual July 2017 – June 2018
Timeliness of response to requests for service for enforcement call-outs (animal control and environmental health) within prescribed response and resolution times.	<p>Improvement in timeliness reported in 2016/17</p> <p><i>In 2016/17, 84% were responded to in time and 75% were completed in time.</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</p>	<p>Achieved</p> <p>88% of callouts responded to in time; 78% were resolved in time.</p> <p>There were 423 urgent call-outs for animal control of which 393 were responded to in time (276 and 246 respectively last year)</p> <p>There were 674 non-urgent call-outs for animal control of which 605 were responded to in time (510 and 401 respectively last year)</p> <p>There were 377 urgent call-outs for environmental health of which 276 were</p>

²⁸ Excluding general authorisation through legislation where no further formal accreditation is specified

²⁹ Food Act 2014, s. 185. This added since the measure is an annual review of relevant documents.

Measure	Target for 2017/18	Actual July 2017 – June 2018
	response is required within one hour, for food issues, it is within 24 hours.	<p>responded to in time <i>*based on noise being urgent</i> (280 and 228 respectively last year)</p> <p>There were 138 non-urgent call-outs for environmental health of which 119 were responded to in time</p> <p>Of the 803 call-outs for animal control, 616 were resolved in time</p> <p>Of the 419 call-outs for environmental health, 296 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

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

Environmental and Regulatory Services – Funding Impact Statement

For the year ended 30 June 2018

	2017 Long-term plan (\$000)	2018 Long-term plan (\$000)	2018 Actual (\$000)
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	875	823	912
Targeted rates	0	0	0
Subsidies and grants for operating purposes	0	0	11
Fees and charges	891	914	801
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	16	16	225
Total operating funding (A)	1,782	1,753	1,949
Applications of operating funding			
Payment to staff and suppliers	1,128	1,158	1,368
Finance costs	-3	-12	0
Internal charges and overheads applied	517	541	469
Other operating funding applications	0	0	0
Total applications of operating funding (B)	1,642	1,688	1,838
Surplus (deficit) of operating funding (A - B)	141	66	111
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	141	66	111
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	141	66	111
Surplus (deficit) of capital funding (C - D)	-141	-66	-111
Funding balance ((A - B) + (C - D))	0	0	0
Note: Depreciation expense not included above	0	0	0

Community Well-being

This activity includes a range of programmes which contribute to community well-being – economic development, district promotion, information centres, community partnerships, and emergency management and rural fire.

Highlights for 2017/18:

- **Swim for All** – delivery of a programme with 868 children years 1 – 8 being offered subsidised transport to the pool and free pool entry for swimming lessons. Funding for this was provided by the Council in partnership with the Wanganui Community Foundation, Sport Whanganui / Kiwi Sport and COGS.
- **Grants** – delivery of a grants programme for; Community Initiatives Fund, Events Sponsorship Scheme, Rural Travel Fund, Creative Communities.
- **Support for environment and heritage** – continued administrative support for the Rangitikei Heritage Group and the Treasured Natural Environment Group. Ongoing production of a quarterly 'Rangitikei Environment' newsletter.
- **Town Partnerships** – successful delivery of work programmes for partnerships with Bulls and District Community Trust, MOU programmes
- **Rangitikei.com** – Council has taken over the management of www.rangitikei.com
- **Economic Development** – Council committed to increasing resourcing for economic development, setting a budget of \$200,000 per year (including staff costs). Consultation was undertaken for the 2018-28 Long Term Plan to set the priorities, which were for 'district promotion' and 'growth'.
- **Placemaking** – Ongoing financial support for placemaking activities in urban areas throughout the District.
- **MoU partnering organisations** – A comprehensive review of the Memorandum of Understanding with key stakeholder organisations (and new arrangements finalised with Bulls and Districts Community Development Trust, Project Marton, Taihape Community Development Trust and Mokai Patea Services).
- **Youth** – Council has continued to provide a staff member to facilitate youth activities throughout the District. The Lobby in Marton was opened – providing an afterschool space for youth which is located in the main street. The Youth Zone in Taihape was also re-opened.
- **Emergency management** - Council was involved with managing the snow event of June 2017. As a result, the community reviewed their emergency response plan. Additionally, Council has been working with the DHB in Taihape to secure access to the Taihape hospital as a welfare/evacuation centre. Whangaehu Resilience Project being conducted in conjunction with Massey University was completed in early 2018. Four recommendations were made which Council continues to investigate where possible. A contract remains in place with Horizons Regional Council to deliver Council's emergency management function.
- **Pre-feasibility study of a rural water supply in the Tutaenui area** – This study, co-funded by the Ministry for Primary Industries Irrigation Acceleration Fund, was completed.³⁰

³⁰ This entailed engineering and economic analysis (including consideration of separating out the Hunterville Town Supply).

- **Fire and Emergency New Zealand** – the creation of Fire and Emergency NZ has removed Council’s involvement in rural fire activities.

Level of Service		
Provide opportunities to be actively involved in partnerships that provide community and ratepayer wins		
Measure	Target for 2017/18	Actual July 2017 – June 2018
<p>Partners’ view of how useful Council’s initiatives and support has been (annual survey)³¹</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>In 2016/17, from the 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.</i></p>	<p>Not achieved</p> <p>The 2018 survey found that 46% of stakeholders perceived Council’s usefulness to collaborative partnerships about the same as last year (down 7% from 2016/17). 36% of stakeholders considered Council’s usefulness was worse than last year (up 13% from 2016/17) and only 4% considered the usefulness better than last year (down 19% from 2016/17).</p> <p>However, 39% of stakeholders surveyed felt satisfied or very satisfied while 43% were neutral.</p> <p>This result reflects the gap arising from the resignation of the previous Strategy and Planning Manager and a reconsideration of how to make the partnership arrangements more useful and feasible.</p>

Level of Service		
Identify and promote opportunities for economic growth in the District		
Measure	Target for 2017/18	Actual July 2017 – June 2018
<p>The three key indicators of success in the Council’s adopted Rangitikei Growth Strategy- i.e.</p> <p>*The District’s GDP growth</p> <p>*A greater proportion of young people living in the</p>	<p>Turning the curve (in comparison with the benchmark) is evident in at least two of the key indicators</p>	<p>Partly achieved</p> <p>Comparative growth in GDP – Not achieved</p> <p>In 2017, Rangitikei’s economy grew 0.3%, New Zealand as a whole grew 2.8%. In 2016, Rangitikei’s GDP growth was 2.2%. This reflects the decline in the District’s primary industries which are the dominant part of the District’s</p>

³¹ Groups which are targeted for consultation:

- Participants in Path to Well-being Theme Groups
- Public sector agency database
- Participants in other partnership programmes that involve Council

Measure	Target for 2017/18	Actual July 2017 – June 2018
District are attending local schools *More people living in the District (than is currently projected by Statistics New Zealand) ³²		<p>economy. This volatility is common for economies driven by the primary sector. It is anticipated that growth will rebound for 2018 – the quarterly economic monitor estimates show growth is 4.1% for the June 2018 quarter.³³</p> <p>Annual GDP growth in 2016 for the Rangitikei District was 2.2% compared with a New Zealand GDP growth of 2.5%.</p> <p>School rolls: <i>Not achieved</i></p> <p>School enrolments years 9-13 are slightly down: 641 in 2017 and 653 in 2016.</p> <p>Population change: <i>Achieved</i></p> <p>The most recent resident population estimate (June 2017) is 15,000 – up 2000 from June 2016. Most of this increase was in the Marton and Bulls wards.</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; however, surveyed stakeholders considered Council's engagement had been less than last year – which was due to changes in key staff and altered prioritisation of work

Significant variation between acquisitions and replacement from the Long Term Plan

There are no significant variations between acquisitions and replacement.

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

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

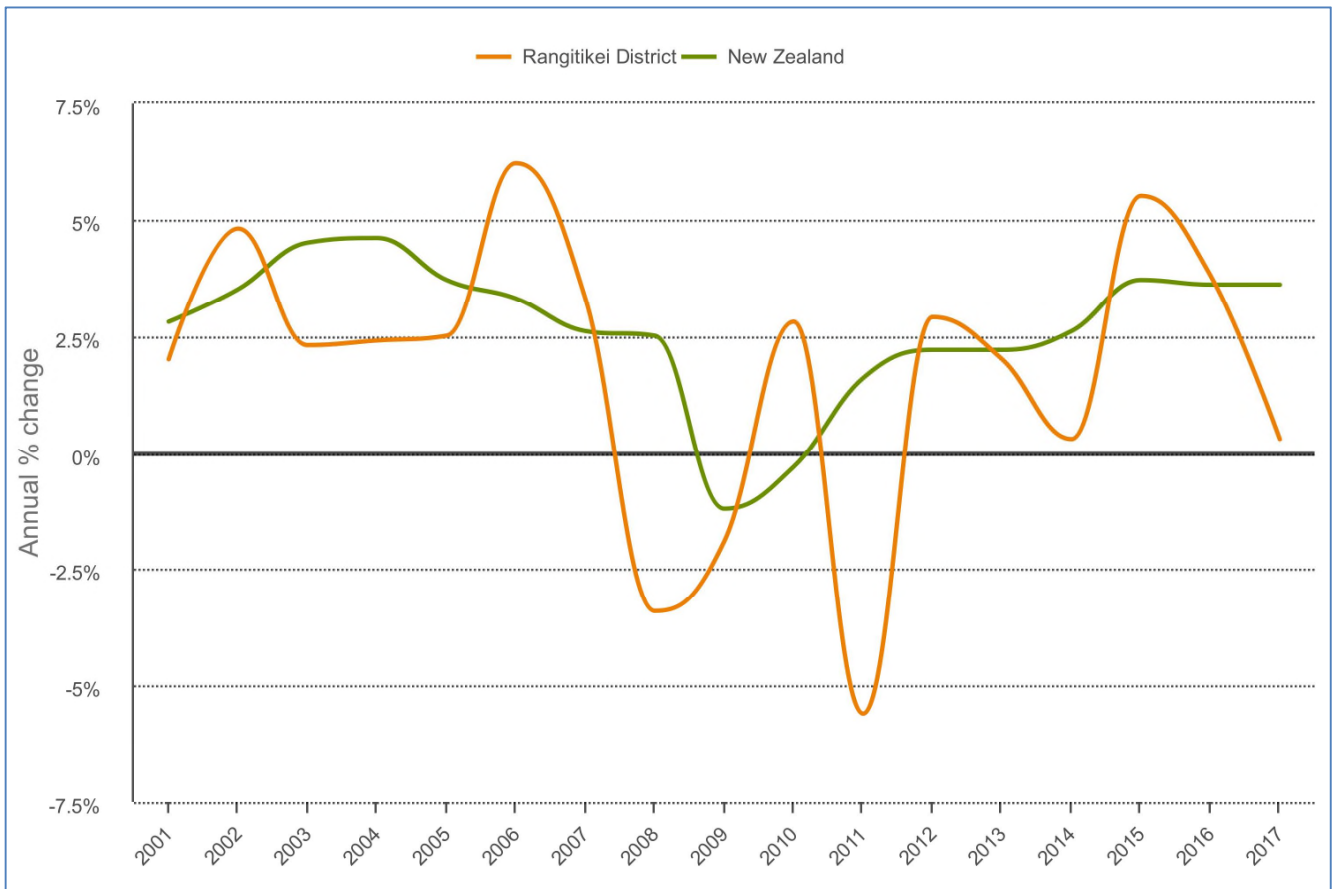
³² (a) In 2013, Rangitikei's GDP growth was -0.8% and trending downwards with an increasing divergence from the national trend.

(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.

³³ The historical trends are depicted on the following page.

GDP Growth (Rangitikei District compared with New Zealand)



Community Well-being – Funding Impact Statement

For the year ended 30 June 2018

	2017 Long- term plan (\$000)	2018 Long- term plan (\$000)	2018 Actual (\$000)
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	1,278	1,319	1,354
Targeted rates	0	0	0
Subsidies and grants for operating purposes	120	123	47
Fees and charges	55	57	12
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	0	0	10
Total operating funding (A)	1,453	1,499	1,423
Applications of operating funding			
Payment to staff and suppliers	1,211	1,238	764
Finance costs	1	1	1
Internal charges and overheads applied	208	228	417
Other operating funding applications	0	0	0
Total applications of operating funding (B)	1,420	1,467	1,181
Surplus (deficit) of operating funding (A - B)	33	32	242
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	5	5	0
Increase (decrease) in reserves	26	25	240
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	31	30	240
Surplus (deficit) of capital funding (C - D)	-33	-32	-242
Funding balance ((A - B) + (C - D))	0	0	0
Note: Depreciation expense not included above	41	0	39

Community Well-being – Capital Works

For the year ended 30 June 2018

Category	Designated projects for 2017/18	2017 Long-term plan (\$000)	2018 Long-term plan (\$000)	2018 Actual (\$000)
RENEWALS	(to replace existing assets)			
Civil defence		0	0	0
Rural fire	Radio equipment and vehicles	5	5	0
Information centres		0	0	0
Total renewals		5	5	0
Borrowing				
For the year ended 30 June 2018				
Balance of borrowing at start of year		17	0	15
Funds borrowed during the year		0	0	0
Funds repaid during the year		(2)	0	(2)
Balance of borrowing at end of year		15	0	13
All borrowing is managed through the Council's treasury function which borrows externally to maintain sufficient liquidity for day to day operations. Therefore, the loans to activities from the Council's treasury function, are funded by a mix of internal and external funds.				
Proportion of internal borrowing to all borrowing at 30 June		46%	0%	0%
Portion of finance costs attributable to internal borrowing		1	0	1



Taihape Library



RANGITIKEI
DISTRICT COUNCIL

Rangitikei District Council

Section 3: Financial Statements and Policy Reports

Whole of Council – Funding Impact Statement

For the year ended 30 June 2018

	2017 Annual plan (\$000)	2017 Annual report (\$000)	2018 Annual Plan (\$000)	2018 Actual (\$000)
Sources of operating funding				
General rates, uniform annual general charge, rates penalties	6,966	7,043	6,495	6,566
Targeted rates	13,977	14,231	14,801	15,108
Subsidies and grants for operating purposes	4,048	7,253	3,628	5,361
Fees and charges	2,136	2,295	2,093	2,465
Interest and dividends from investments	228	253	240	217
Local authorities fuel tax, fines, infringement fees, and other receipts	131	533	121	308
Total operating funding (A)	27,486	31,608	27,378	30,025
Applications of operating funding				
Payment to staff and suppliers	21,062	20,855	20,415	21,888
Finance costs	379	0	280	1
Other operating funding applications	0	0	0	0
Total applications of operating funding (B)	21,442	20,855	20,695	21,889
Surplus (deficit) of operating funding (A - B)	6,044	10,753	6,683	8,136
Sources of capital funding				
Subsidies and grants for capital expenditure	10,667	4,106	6,929	3,779
Development and financial contributions	0	0	0	0
Increase (decrease) in debt	11,352	(16)	12,218	(16)
Gross proceeds from sale of assets	565	(99)	1,065	666
Lump sum contributions	0	0	0	0
Other dedicated capital funding	0	0	0	0
Total sources of capital funding (C)	22,584	3,991	20,212	4,429
Application of capital funding				
Capital expenditure				
- to meet additional demand	0	0	0	0
- to improve the level of service	12,224	2,521	13,733	1,308
- to replace existing assets	19,978	11,080	14,861	11,437
Increase (decrease) in reserves	(3,393)	1,215	(1,698)	2,548
Increase (decrease) in investments	0	(72)	0	(2,728)
Total applications of capital funding (D)	28,629	14,744	26,896	12,565
		(10,753)		(8,136)
Surplus (deficit) of capital funding (C - D)	(6,045))	(6,684))
Funding balance ((A - B) + (C - D))	0	(0)	(1)	0
Note: Depreciation expense not included above	10,235	10,710	10,488	10,677

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 2018

	Notes	2017 Actual (\$000)	2018 Budget (\$000)	2018 Actual (\$000)
Revenue				
Rates	3	20,032	20,796	20,425
Subsidies and grants	5B	11,359	10,558	9,140
Other revenue	5A	2,825	2,628	2,993
Finance revenue	4	253	240	217
Vested and discovered assets		0	0	0
Gains	6	26	86	329
Total operating revenue		34,495	34,308	33,104
Expenditure				
Depreciation and amortisation expense	14,15	10,709	10,488	10,687
Personnel costs	7	3,468	3,411	3,857
Finance costs	4	0	280	1
Losses	6	3	0	121
Other expenses	8	16,123	16,978	17,534
Total operating expenditure		30,303	31,157	32,200
Operating surplus (deficit) before gains and losses on PPE and Investments		4,192	3,151	904
Reversal of previous losses on Roothing through operating surplus (deficit)		3,629		0
Operating surplus (deficit) before tax		7,821	3,151	904
Income tax expense	9	0	0	0
Operating surplus (deficit) after tax		7,821	3,151	904
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	5	0	(178)
<i>Items that will not be reclassified to surplus(deficit)</i>				
Gain on revaluation of property, plant and equipment	6	13,644	0	0
Total other comprehensive revenue and expense		13,649	0	(178)
Total comprehensive revenue and expense		21,470	3,151	726

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

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the year ended 30 June 2018

	Notes	2017 Actual (\$000)	2018 Budget (\$000)	2018 Actual (\$000)
Balance as at 1 July		470,765	490,108	492,235
Total comprehensive revenue and expense for the year		21,470	3,151	726
Balance as at 30 June		492,235	493,259	492,961

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 30 June 2018

	Notes	2017 Actual (\$000)	2018 Budget (\$000)	2018 Actual (\$000)
Cash flows from operating activities				
Receipts from rates revenue		20,012	20,796	20,497
Receipts from other revenue		14,113	13,162	12,280
Interest received		253	240	217
Payments to suppliers and employees		(20,846)	(20,321)	(22,134)
Interest paid		0	(280)	(1)
Goods and services tax (net)		109	0	(297)
Net cash inflows (outflows) from operating activities	22	13,641	13,597	10,562
Cash flows from investing activities				
Receipts from sale of property, plant and equipment		99	1,065	665
Receipts from sale of investments		0	0	2,540
Acquisition of investments		0	0	(2,000)
Purchases of property, plant and equipment		(13,373)	(28,593)	(12,831)
Purchases of intangible assets		0	0	0
Net cash inflows (outflows) from investing activities		(13,274)	(27,528)	(11,626)
Cash flows from financing activities				
Proceeds from borrowings		0	13,389	0
Repayment of borrowings		(16)	(1,155)	(16)
Net cash inflows (outflows) from financing activities		(16)	12,234	(16)
Net increase (decrease) in cash, and cash equivalents		352	(1,698)	(1,080)
Cash and cash equivalents at the beginning of the year		6,605	5,340	6,957
Cash and cash equivalents at the end of the year	10	6,957	3,642	5,877

The accompanying notes form part of these financial statements

Statement of Financial Position

As at June 2018

	Notes	2017 Actual (\$000)	2018 Budget (\$000)	2018 Actual (\$000)
Assets				
Current Assets				
Cash and cash equivalents	10	6,957	3,642	5,877
Debtors and Other Receivables	11	3,447	3,720	3,315
Prepayments		65	115	97
Other financial assets	12	1,540	0	2,000
Total current assets		12,009	7,477	11,288
Non-current assets				
Plant, property and equipment	14	484,698	503,906	486,618
Intangible assets	15	105	38	111
Forestry assets	16	244	304	53
Other financial assets				
Corporate bonds	12	1,006	2,553	30
Investment in CCOs and other similar entities	12	70	67	70
Total non-current assets		486,123	506,868	486,881
Total assets		498,133	514,345	498,169
Liabilities				
Current Liabilities				
Creditors and other payables	17	4,460	5,786	3,628
Employee entitlements	19	429	363	472
Income in advance		535	532	682
Borrowings	18	16	1,638	16
Total current liabilities		5,440	8,319	4,798
Non-current liabilities				
Employee entitlements	19	17	13	6
Provisions	20	297	270	276
Borrowings	18	144	12,484	128
Total non-current liabilities		458	12,767	410
Total liabilities		5,898	21,086	5,208
Net Assets		492,235	493,259	492,961
Equity				
Accumulated funds	21	442,164	442,859	443,615
Special and restricted reserves	21	4,850	4,669	4,322
Other reserves	21	45,221	45,731	45,024
Total equity		492,235	493,259	492,961

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 2019³⁴. Other member councils passed similar resolutions.

MW Regional Disaster Relief Fund Trust

After the Manawatu Wanganui Regional Disaster Relief Fund Trust was established in March 2004, each of the eight local authorities appointing trustees passed a resolution exempting the Trust for the status as a council-controlled organisation. In 2015, the administration of the Trust was transferred to Horizons Regional Council, and resolutions passed by participating councils to exempt it for the purposes of section 6(4)(i) of the Local Government Act 2002. At its meeting on 30 August 2018, Rangitikei District Council resolved that this exemption continue for a further three years, i.e. to 30 June 2021.

³⁴ 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 2018. The financial statements were authorised for issue by the Council on 11 October 2018.

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 that have been early adopted

There are currently no standards that have been issued which are not yet effective. Standards and amendments issued but not yet effective that have been early adopted and which are relevant to the Council are:

Impairment of Revalued Assets

In April 2017, the External Reporting Board issued Impairment of Revalued Assets, which now scopes in revalued property, plant, and equipment into the impairment accounting standards. Previously, only property, plant, and equipment assets measured at cost were scoped into the impairment accounting standards. The Council has early adopted this amendment in preparing its 30 June 2018 financial

statements. From the 30 June 2018 year onwards, the Council is required to assess at each reporting date whether there is any indication that an asset may be impaired. If any indication exists, the Council is required to assess the recoverable amount of that asset and recognise an impairment loss if the recoverable amount is less than the carrying amount. The Council can therefore impair a revalued asset without having to revalue the entire class of-asset to which the asset belongs.

Standards issued and not yet effective and not early adopted

Standards and amendments, issued but not yet effective that have not been early adopted, and which are relevant to the Council are: Interests in other entities. In January 2017, the External Reporting Board issued new standards for interests in other entities (PBE IPSAS 34 - 38). These new standards replace the existing standards for interests in other entities (PBE IPSAS 6 - 8). The new standards are effective for annual periods beginning on or after 1 January 2019, with early application permitted. The Council plans to apply the new standards in preparing the 30 June 2020 financial statements. The Council has not yet assessed the effects of these new standards.

Financial instruments

In January 2017, the External Reporting Board issued PBE IFRS 9 Financial Instruments. PBE IFRS 9 replaces PBE IPSAS 29 Financial Instruments: Recognition and Measurement. PBE IFRS 9 is effective for annual periods beginning on or after 1 January 2021, with early application permitted. The main changes under PBE IFRS 9 are:

- New financial asset classification requirements for determining whether an asset is measured at fair value or amortised cost.
- A new impairment model for financial assets based on expected losses, which may result in the earlier recognition of impairment losses.
- Revised hedge accounting requirements to better reflect the management of risks.

The Council plans to apply this standard in preparing its 30 June 2022 financial statements. The Council has not yet assessed the effects of the new standard.

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	50-150 years
Roof.....	40 years
Services	40-65 years
Internal fit out.....	15-40 years

Plant30 years

Motor vehicles6 years

Office equipment10 years

Computer hardware.....5 years

Library books.....10 years

Infrastructural assets

Roading network

Top surface (seal)	3-20 years
Pavement sealed (base course).....	60-67 years
Pavement unsealed (base course).....	50-60 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.....	25-70 years
Bridges	50-120 years

Water

Pipes.....	30-90 years
Pump stations.....	5-60 years
Pipe fittings.....	25-100 years

Wastewater

Pipes.....	20-100 years
Manholes	100 years
Treatment plant.....	5-100 years

Stormwater

Pipes.....	50-90 years
Manholes, cesspits	90 years

Waste transfer stations50 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. For assets not carried at a revalued 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.

For revalued assets the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the surplus or deficit. The reversal of an impairment loss on a revalued asset is credited to other comprehensive revenue and expense and increases the asset revaluation reserve for that class of asset. However, to the extent that an impairment loss for that class of asset was previously recognised in the surplus or deficit a reversal of the impairment loss is also 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 2017/18 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 condition estimated in determining 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 2018.

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.



Matua Flats, Taihape

Note 2: Reconciliation of funding impact statement to statement of comprehensive revenue and expense	Actual 2017 (\$000)	Actual 2018 (\$000)
Revenue		
Operating funding from funding impact statement	31,608	30,025
Operating revenue from statement of comprehensive revenue and expense	34,495	33,104
Difference	2,889	3,079
Reconciling items:		
Subsidies and grants for capital expenditure	4,106	3,779
Rates remissions	(771)	(774)
Internal Rates	(471)	(476)
Gains	25	329
Fair value through other comprehensive income transferred to profit and loss	0	221
Total reconciling items	2,889	3,079
Expenditure		
Application of operating funding from funding impact statement	20,845	21,888
Total operating expenditure from statement of comprehensive revenue and expense	30,289	32,200
Difference	9,446	10,312
Reconciling items:		
Depreciation and amortisation expense	10,710	10,687
Rates Remissions	-771	0
Internal Rates	-471	(476)
Losses	3	121
Movement in provisions	-25	(20)
Impairment of receivables	0	0
Operating expenditure offset by revenue from overheads	0	0
Total reconciling items	9,446	10,312

Note 3: Rates revenue	Actual 2017 (\$000)	Actual 2018 (\$000)
General rates	2,233	1,759
Uniform annual general charge	4,263	4,242
Targeted rates attributable to activities	0	0
roading	6,204	6,807
community services	60	61
libraries	0	0
solid waste disposal	487	528
wastewater	2,202	2,350
water	3,417	3,529
stormwater drainage	637	553
Targeted rates for water supply (water by volume)	1,224	1,280
Rate Penalties	547	566
Total rates	21,274	21,675
Less rates charged on Council properties	471	476
Less rates remissions	771	774
	20,032	20,425

Rates remissions

The Council's rates remission policy allows rates to be remitted on: development; community sporting and other not-for-profit organisations; contiguous rating units owned or leased by a single ratepayer; multiple toilet pans; penalties; land affected by natural calamity; and, land protected for natural conservation purposes.

Multiple toilet pans	232	240
Penalties and other remissions	539	534
Total remissions	771	774

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: Because of the difficulty in obtaining detailed analysis of remissions by category, they have been amalgamated into the two categories above. The 2016/17 rates penalties of \$547k have been reclassified from other revenue to rates revenue.

Note 4: Finance revenue and finance costs	Actual 2017 (\$000)	Actual 2018 (\$000)
Finance revenue		
Interest revenue		
bank deposits	122	186
local authority and government bonds	131	31
Total finance income	253	217
Finance costs		
Interest expense		
interest on borrowings	0	1
Total finance costs	0	1
Net finance costs	253	216

Note 5A Other revenue	Actual 2017 (\$000)	Actual 2018 (\$000)
<i>Non-exchange revenue</i>		
Residential rents (community housing)	445	503
Regulatory revenue	1,063	985
Petrol tax	125	139
Other	1,192	1,366
Total other revenue	2,825	2,993

Note 5B: Subsidies & Grants		
New Zealand Transport Agency - Operational Subsidy	6,997	5,248
New Zealand Transport Agency - Capital Subsidy	4,106	3,779
Non-government grants	0	0
Other operating grants	256	113
	11,359	9,140

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

	Actual 2017 (\$000)	Actual 2018 (\$000)
Note 6: Gains and losses		
Operating revenue and expense		
Gains		
Non-financial instruments		
Property, plant and equipment/ forestry gains on disposal	18	311
Investment Property revaluation gain	0	0
Forestry asset revaluation gain (note 16)	8	18
Total gains	26	329
Losses		
Non-financial instruments		
Property, plant and equipment loss on disposal	3	121
Property, plant and equipment loss on revaluation	0	0
Total losses non-financial instruments	3	121
Other comprehensive revenue and expense		
Other gains (losses)		
Financial instruments		
Fair value through other comprehensive revenue and expense gain on revaluation	5	20
Fair value through other comprehensive revenue and expense loss on disposal	0	(198)
Fair value through other comprehensive revenue and expense loss on revaluation	0	0
Total gains (losses) financial instruments	5	(178)
Other gains (losses)		
Non-financial instruments		
Property, plant and equipment gain on revaluation	13,644	0
Total gains on non-financial instruments	13,649	0

	Actual 2017 (\$000)	Actual 2018 (\$000)
Note 7: Personnel costs		
Salaries and wages	3,372	3,759
Defined contribution plan employer contributions (KiwiSaver)	78	83
ACC levies	18	15
Total personnel costs	3,468	3,857

Note 8: Other expenses	Actual 2017 (\$000)	Actual 2018 (\$000)
Fees to auditors financial statements	119	120
Fees to Audit New Zealand for other services- LTP Audit	0	79
Emergency works	689	336
Maintenance	4,741	6,034
Contractors & Professional Services	4,502	4,401
Grants	804	768
Insurance premiums	169	235
Operating leases	5	6
Impairment of receivables (note 11)	121	54
Other operating expenses	4,973	5,501
Total other expenses	16,123	17,534

Note 9: Tax	Actual 2017 (\$000)	Actual 2018 (\$000)
Relationship between tax expense and accounting surplus		
Surplus (deficit) before tax	7,821	904
Tax at 28%	2,190	253
Plus (less) tax effect of:		
Non-taxable revenue	(2,190)	(253)
Tax expense	0	0

Note 10: Cash and cash equivalents	Actual 2017 (\$000)	Actual 2018 (\$000)
Cash at bank and on hand	5,957	3,877
Term deposits with maturities less than three months at acquisition	1,000	2,000
Total cash and cash equivalents	6,957	5,877

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 \$850,400 (2017 \$922,597) 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 2017 (\$000)	Actual 2018 (\$000)
Non-exchange receivables		
Rates receivables	1,793	1,783
Related party receivables	0	0
Other receivables	2,037	1,962
Gross debtors and other receivables	3,830	3,745
Less provision for impairment	(416)	(443)
Total non-exchange receivables	3,414	3,302
Exchange receivables		
Other receivables	33	13
Less provision for impairment	0	0
Total exchange receivables	33	13
Total Receivables	3,447	3,315

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:

	2018		
	Gross (\$000)	Impairment (\$000)	Net (\$000)
Not past due	2,306	0	2,306
Past due 31-60 days	427	(1)	426
Past due > 60 days	1,025	(442)	583
Total	3,758	(443)	3,315
	2017		
	Gross (\$000)	Impairment (\$000)	Net (\$000)
Not past due	1,943	0	2,299
Past due 31-60 days	457	(1)	456
Past due > 60 days	1,107	(415)	692
Total	3,507	(416)	3,447

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.

Receivables (continued)	Actual 2017 (\$000)	Actual 2018 (\$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	321	416
Additional provisions made during the year		
Provision increased (reversed) during the year Per note 2 & note 8	120	54
Receivables written off during the period	(25)	(27)
As at 30 June	416	443

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



Water treatment tanks, Marton

Note 12 :Other financial assets	Actual 2017 (\$000)	Actual 2018 (\$000)
Current Portion		
Term deposits with original maturities of 4-12 months	0	2,000
Corporate bonds	1,540	0
Total current portion	1,540	2,000
Non-current portion		
Corporate bonds	1,006	30
<i>Investments in CCOs and similar entities</i>		
Unlisted shares in New Zealand Local Government Insurance Corporation Limited	54	54
Unlisted shares in Manawatu Wanganui LASS Limited	16	16
Total investments in CCOs and similar identities	70	70
Total non-current portion	1,076	100
Total other financial assets	2,616	2,100

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 2017. 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

2018	Balances at 1 July 2017			Additional assets recognised \$000	Current year additions \$000	Current year disposals \$000	Revaluation surp(def) \$000	Current year depn \$000	Balances at 30 June 2018			
	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	3,958	0	3,958	0	207	(75)	0	0	4,090	0	4,090	
Buildings	11,971	(878)	11,094	0	484	0	0	(868)	12,455	(1,745)	10,710	
Plant and vehicles	2,675	(1,641)	1,036	0	683	(556)	0	(302)	2,801	(1,578)	1,223	
Office equipment	761	(638)	123	0	6	0	0	(24)	767	(662)	105	
Computer hardware	689	(598)	91	0	48	0	0	(63)	737	(661)	76	
Library books	2,271	(1,743)	528	0	103	0	0	(85)	2,373	(1,828)	546	
Total operational assets	22,325	(5,498)	16,830	0	1,531	(631)	0	(1,342)	23,223	(6,473)	16,750	
Infrastructural assets												
Roading network	326,605	(6,687)	319,918	0	6,525	0	0	(6,729)	333,130	(13,416)	319,714	
Land under roads	42,438	0	42,438	0	0	0	0	0	42,438	0	42,438	
Water systems												
treatment plants and facilities	17,931	(430)	17,501	0	882	0	0	(436)	18,813	(866)	17,947	
other assets	36,290	(955)	35,335	0	2,656	0	0	(964)	38,945	(1,919)	37,026	
Wastewater systems												
treatment plants and facilities	9,927	(287)	9,640	0	94	0	0	(284)	10,020	(571)	9,449	
other assets	19,793	(431)	19,362	0	690	0	0	(431)	20,483	(862)	19,620	
Stormwater network	16,455	(293)	16,162	0	316	0	0	(293)	16,770	(586)	16,185	
Waste transfer stations	1,258	(97)	1,161	0	7	0	0	(27)	1,265	(124)	1,141	
Total infrastructural assets	470,697	(9,180)	461,517	0	11,170	0	0	(9,164)	481,864	(18,344)	463,520	
Restricted assets												
Land	4,712	0	4,712	0	23	0	0	0	4,735	0	4,735	
Buildings	1,808	(168)	1,640	0	133	0	0	(161)	1,958	(345)	1,613	
Total restricted assets	6,520	(168)	6,352	0	156	0	0	(161)	6,693	(345)	6,348	
Total property, plant and equipment	499,542	(14,846)	484,699	0	12,857	(631)	0	(10,667)	511,780	(25,162)	486,618	

Work in progress at year end included in property, plant and equipment above comprises: buildings \$264,126 (2017 \$132,460) wastewater Nil (2017 nil), water 1.792M (2017 nil), storm water \$252,000 (2017 nil). The additional assets recognised includes vested assets and assets transferred to council. The current year additions includes assets constructed by council.

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)	470,762	(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)

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 is not re valued. On the transition to International Financial Reporting Standards on 01/07/2006 the council elected to use the FV of land under roads as at 30/06/2005 as deemed cost.

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	2017 (\$000)	2018 (\$000)
Water supply		
treatment plant and facilities	27,051	27,748
other assets	69,616	70,940
Sewerage		
treatment plant and facilities	14,092	14,530
other assets	35,919	36,565
Stormwater drainage	26,913	27,537
Flood protection and control works	0	0
Roads and footpaths	544,473	564,498
Total estimated replacement cost	718,063	741,818

Note 15: Intangible assets	Computer software (\$000)	Carbon credits (\$000)	Total (\$000)
Cost			
Balance at 1 July 2017	785	80	865
Increase due to revaluation	0	16	16
Additions	7	0	7
Disposals	0	0	0
Balance at 30 June 2018	792	96	888
Balance at 1 July 2016	785	79	864
Increase due to revaluation	0	1	1
Additions	0	0	0
Disposals	0	0	0
Balance at 30 June 2017	785	80	865
Accumulated amortisation and impairment			
Balance at 1 July 2017	760	0	760
Amortisation charge	17	0	17
Disposals	0	0	0
Balance at 30 June 2018	777	0	777
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
Carrying Amounts			
Balance at 30 June 2017	25	80	105
Balance at 30 June 2018	15	96	111

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 2018 using the spot market price for NZUs on the open market. Following the harvesting of the mature forest at Marton B & C dams, Council has committed (by formal resolution in April 2017) to a programme of replanting, primarily natives. This has been discussed with the Ministry for Primary Industries, as the stocking and growth rates will be reviewed in four years' time.

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 2017 (\$000)	Actual 2018 (\$000)
Balance at 1 July	304	244
Gains (losses) arising from changes in fair values	7	18
Decreases due to sales	(67)	(209)
Balance at 30 June	244	53

The Council owns 9.8 hectares of forest in 3 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 2018. 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 - 9% pre-tax

Compound rate - 3%

Basis of log prices - current prices from southern North Island prices. Trend prices are from 12 quarter average rolling 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 2017 (\$000)	Actual 2018 (\$000)
<i>Payables under exchange transactions</i>		
Trade payables	3,673	3,060
Deposits	54	0
Accrued expenses	732	567
Total	4,459	3,627
<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	4,460	3,628

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 2017 (\$000)	Actual 2018 (\$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	144	128
Total non-current portion	144	128
Total borrowings	160	144

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 2017 (\$000)	Actual 2018 (\$000)
Current Portion		
Accrued pay	149	130
Annual leave	272	309
Long service leave	8	33
Superannuation	0	
Total current portion	429	472
Non-current portion		
Accrued pay	0	0
Annual leave	0	0
Long service leave	17	6
Superannuation	0	0
Total non-current portion	17	6
Total employee entitlements	446	478

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 2017 (\$000)	Actual 2018 (\$000)
Landfill aftercare		
Balance at 1 July	322	297
Additional(reduction) in provisions made	0	0
Amounts used	(25)	(13)
Unused amount reversed	(15)	(22)
Discount unwind	15	14
Balance at 30 June	297	276

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 18 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% (2017 5.5%) has been used in discounting the cash outflows.



Bulls Waste Transfer Station

Note 21: Equity	Actual 2017 (\$000)	Actual 2018 (\$000)
Accumulated funds		
Balance at 1 July	434,024	442,164
Transfers from property revaluation reserves on disposal		19
Other transfers	319	528
Surplus (deficit) for year	7,821	904
Balance at 30 June	442,164	443,615
Other reserves		
Property revaluation reserves		
Balance at 1 July	31,299	44,943
Net revaluation gains	13,644	0
Transfer to accumulated funds on disposal of property		(19)
Balance at 30 June	44,943	44,924
Property revaluation reserves for each class of assets consist of:		
Operational assets		
land	2,129	2,271
buildings	7,668	7,377
Infrastructural assets		
sewerage systems	8,088	8,088
water systems	16,661	16,665
stormwater drainage network	8,486	8,486
roading network	0	0
Restricted assets		
land	1,504	1,514
buildings	407	522
Total	44,943	44,924
Fair value through other comprehensive income reserve		
Balance at 1 July	273	278
Transfer to net surplus/deficit		(198)
Net revaluation gains (losses)	5	20
Balance at 30 June	278	100
Total other reserves	45,221	45,024

Note 21: Equity (continued)**Special and restricted reserves 2018**

Name (* denotes restricted)	Purpose	Purpose	Balance 1 Jul 17	Deposits	With- drawals	Balance 30 Jun 18
Aquatic	Capital works	Capital works	300	75	310	65
Bulls courthouse*	Maintenance of courthouse	Maintenance of courthouse building	52	15		67
Flood damage	Road maintenance due to flooding		728	250	606	372
General purpose	Capital works		2,402			2,402
Haylock park*	Additional reserve area at park	Additional reserve area at park	27	2		29
Huntermville rural water	Water	Future loop line	190	9		199
Keep Taihape beautiful*	Property	Enhancement of Taihape	20			20
Marton land subdivision*	Parks and reserves	Improvement to reserves land	407	20		427
Marton marae*	Property	Marton marae project	4			4
McIntyre recreation*	Parks and reserves	Maintenance or upgrades of park	20	2	2	20
Putorino rural water	Water	Maintenance of scheme dam	20	1		21
Ratana sewer	Sewerage	Capital works	24	1		25
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	181	10		191
Santoft domain*	Parks and reserves	Maintenance or upgrades of park	87	7	2	92
Total special and restricted reserves			4,850	392	920	4,322

Special and restricted reserves 2017

Name (* denotes restricted)	Associated activity		Balance 1 Jul 16	Deposits	With- drawals	Balance 30 Jun 17
Aquatic	Swimming pools	Capital works	225	75	0	300
Bulls courthouse*	Property	Maintenance of courthouse building	41	12	1	52
Flood damage	Roading	Road maintenance due to flooding	1,138	0	410	728
General purpose	Capital works	Capital works	2,402	0	0	2,402
Haylock park*	Parks and reserves	Additional reserve area at park	26	1	0	27
Huntermville rural water	Water	Future loop line	181	9	0	190
Keep Taihape beautiful*	Property	Enhancement of Taihape	20	0	0	20
Marton land subdivision*	Parks and reserves	Improvement to reserves land	388	19	0	407
Marton marae*	Property	Marton marae project	4	0	0	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	0	20
Ratana sewer	Sewerage	Capital works	23	1	0	24
Revoked reserve land	Parks and reserves	Offset costs of other revoked land	238	0	0	238
Rural housing loan	Property	No longer required	150	0	0	150
Rural land subdivision*	Parks and reserves	Improvement to reserves land	187	9	15	181
Santoft domain*	Parks and reserves	Maintenance or upgrades of park	83	4	0	87
Total special and restricted reserves			5,147	143	441	4,850

Note 22: Reconciliation of net surplus (deficit) to net cash flow from operating activities	Actual 2017 (\$000)	Actual 2018 (\$000)
Surplus (deficit)	7,821	904
Add (less) non-cash items		
Depreciation and amortisation	10,709	10,687
Community loan repayment exchanged for accommodation	(16)	(16)
(Gains) losses in fair value on forestry assets	60	(18)
Reversal of previous losses on roading through operating surplus (deficit)	(3629)	
Movement in employee entitlements (non current)		(11)
	7,124	10,642
Add (less) items classified as investing or financing activities		
(Gains) losses on disposal of property, plant and equipment	2	(190)
(Gains) losses on fair value financial assets	0	(218)
	2	(408)
Add (less) movements in working capital items		
(Increase) decrease in prepayments	50	(32)
(Increase) decrease in debtors and other receivables	86	132
Increase (decrease) in income in advance	65	148
Increase (decrease) in creditors and other payables	(1,552)	(846)
Increase (decrease) in provisions	(25)	(21)
Increase (decrease) in employee entitlements	70	43
	(1,306)	(576)
Net cash inflow (outflow) from operating activities	13,641	10,562

Note 23: Capital commitments and operating leases	Actual 2017 (\$000)	Actual 2018 (\$000)
Capital commitments		
Property, plant and equipment		
Not later than one year	2,749	587
Later than one year and not later than five years	2,000	0
Total capital commitments	4,749	587
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	194	99
Later than one year and not later than five years	34	73
Later than five years	0	0
Total non-cancellable operating leases	228	172
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	23	32
Later than one year and not later than five years	78	81
Later than five years	120	90
	221	203

No contingent rents have been recognised during the period.

Note 24: Contingencies	Actual 2017 (\$000)	Actual 2018 (\$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 2018 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 potential liability and claim quantum, if any.

2017 Nil

Note 25: Related party transactions	Actual 2017 (\$)	Actual 2018 (\$)
Key management personnel compensation		
<i>Councillors</i>		
Remuneration	369,865	388,462
Full-time equivalent members	15	12
<i>Senior management team, including the chief executive</i>		
Remuneration	535,137	537,710
Full-time equivalent members	3	3
Total key management personnel remuneration	905,002	926,172
Total full-time equivalent personnel	18	15

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

The Councillor remuneration includes annual salary, allowances for mileage and telephone/fax. 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	60,775	62,884
Other projects costs paid to the company by the Council	113,800	86,539

The following transactions have all been supplied on normal commercial terms.

During the year, the Council paid for a service contract to the Ratana Communal Board of Trustees, of which Councillor Soraya Peke-Mason is a member. This service cost \$72,724 (2017 \$80,280).

Councillor Peke-Mason also has interests in the Aorangi Awarua Trust. During the year the Council paid the Trust \$ 7,390 (2017 \$5,875)

During the year, the Council provided Rangitikei Tourism Incorporated with funding amounting to \$nil (2017 \$18,975). Rebecca McNeil is an employee of this organisation and received a Councillor payment for the year ending 30th June 2017.

During the year, the Council provided Project Marton with funding amounting to \$39,339 (2017 \$38,587). 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 \$1,964.72 (2017 \$4,343) 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 \$26,455.52 (2017 \$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: c) There are no related party transactions that are on terms more favourable than those that it is reasonable to expect the council to have adopted in dealing with a party at arms length

Note 26: Remuneration	Actual 2017 \$	Actual 2018 \$
Chief Executive		
Ross McNeil		
Gross salary	222,300	231,300
Vehicle (market value plus FBT)	11,289	13,394
Superannuation contribution	6,925	6,939
Total remuneration	240,514	251,633
Other Council employees		
Number of full-time employees	40	41
Number of full-time equivalents of part-time employees	15	18
A full-time employee is determined on the basis of a 40-hour working week		
Total annual remuneration by band for employees as at 30 June		
less than \$60,000 per annum	39	40
\$60,001 to \$80,000	10	10
\$80,001 to \$260,000	6	9
Total employees	55	59
Total remuneration includes the value of any non-financial benefit paid to an employee.		

Note 26: Remuneration (continued)	Actual 2017 \$	Actual 2018 \$
Elected representatives		
Council		
<i>Mayor</i>		
A Watson	92,207	100,258
<i>Councillors</i>		
C Ash	21,395	21,436
R Aslett	26,676	26,577
N Belsham	35,325	37,790
A Gordon	30,013	31,530
T Harris*	6,098	0
M Jones*	7,222	0
D McManaway	29,175	32,136
R McNeil	6,236	0
S Peke-Mason	22,235	24,464
R Rainey	24,018	25,742
L Sheridan	23,933	23,362
D Wilson	15,190	21,436
G Platt	15,174	21,755
J Dunn	14,897	21,976
Total Council members remuneration	369,865	388,462
Community Boards		
<i>Taihape</i>		
M Fannin	8,882	8,780
A Abernathy	2,965	4,190
G Larsen	4,081	4,190
P Oliver	1,115	0
Y.Sicely	4,081	4,190
<i>Ratana</i>		
B Barlein*	637	0
T Biddle*	637	0
C Mete	2,813	4,190
N Rawhiti *	637	0
C Rourangi	1,483	2,095
T Tataurangi	1,483	2,095
M Thompson	3,155	2,495
Total Community Board members remuneration	31,969	32,225
Total elected representatives remuneration	400,543	420,687

The total remuneration for each elected member is made up of annual salary, non-salary benefits and mileage. The remuneration reflects 26 pay periods. The mileage allowances for Council total \$23,060 and telephone \$8,245. The telephone allowance for the Community Boards total \$800.

*2013-16 triennium only

Note 27: Severance payments

For the year ended 30 June 2018, the Council made 2 (2017 Nil) severance payments to employees totalling \$17,550. The value of each was \$15,000 and \$2,550.

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 2017 (\$000)	Actual 2018 (\$000)
Financial instrument categories		
<i>Financial assets</i>		
<i>Loans and receivables</i>		
Cash and cash equivalents	6,957	5,877
Debtors and other receivables	3,447	3,315
Other financial assets		
term deposits	0	2,000
Total loans and receivables	10,404	11,192
<i>Fair value through other comprehensive revenue and expense</i>		
Other financial assets		
corporate bonds	2,546	30
unlisted shares	70	70
Total fair value through other comprehensive revenue and expense	2,616	100
<i>Financial liabilities</i>		
Financial liabilities at cost		
creditors and other payables	4,460	3,628
secured loans	0	0
community loan	160	144
Total financial liabilities	4,620	3,772

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:

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

2018**Financial assets***Unlisted shares*

New Zealand Local Government Insurance

Corporation Limited	54	0	0	54
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Manawatu Wanganui LASS Limited	16	0	0	16
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<i>Corporate bonds</i>	30	30	0	0
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2017**Financial assets***Unlisted shares*

New Zealand Local Government Insurance

Corporation Limited	54	0	0	54
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Manawatu Wanganui LASS Limited	16	0	0	16
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<i>Corporate bonds</i>	2546	2546	0	0
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There were no transfers between the different levels of the fair value hierarchy.

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

	2017	2018
Balance at 1 July	67	70
Gains (losses) recognised in the surplus or deficit		
Gains (losses) recognised in other comprehensive income	3	0
Purchases		
Balance at 30 June	70	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 2017 (\$000)	Actual 2018 (\$000)
---	------------------------------------	------------------------------------

Maximum exposure to credit risk

The Council's maximum credit risk exposure for each class of financial instruments is as follows:

Cash at bank and term deposits	6,957	7,877
Debtors and other receivables	3,447	3,315
Corporate bonds	2,546	30
Total credit risk	12,950	11,222

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-	6,957	7,877
Total cash at bank and term deposits	6,957	7,877

Corporate bonds

AA	1,540	0
A+	0	0
A	0	0
A-	0	0
BBB-	1,006	30
Total corporate bonds	2,546	30

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
2018					
Creditors and other payables	3,628	3,628	3,628	0	0
Secured loans	0	0	0	0	0
Community loan	144	144	16	64	64
Total	3,772	3,772	3,644	64	64

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

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
2018					
Cash and cash equivalents	5,877	5,877	5,877	0	0
Debtors and other receivables	3,315	3,315	3,315	0	0
Other financial assets					
term deposits	2,000	2,000	2,000	0	0
corporate bonds	30	30	0	30	0
Total	11,222	11,222	11,192	30	0

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

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
2018					
<i>Financial Assets</i>					
Cash and cash equivalents		(78)	0	78	0
Corporate bonds		0	0	(0)	0
Total sensitivity to interest rate risk		(78)	0	78	0
2017					
<i>Financial Assets</i>					
Cash and cash equivalents		(69)	0	69	0
Corporate bonds		(25)	0	25	0
Total sensitivity to interest rate risk		(94)	0	94	0

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 \$1.20m mainly due to subsidy / grants received being lower than forecasted, with subsidies and grants being lower by 1.42m. Halls grant revenue was lower by 1.68m as funding was not sought until the Bulls Community Centre was given approval to proceed. The Roothing subsidy increased to budget due to storm events. Finance revenue was lower by \$23k due to the maturity of interest earning bonds earning a greater rate of interest than the current term investment rates.

Expenditure (operating before revaluation losses and derecognition) are higher than forecast by \$1.25m. Personnel costs are up by \$0.44m due mainly to employing additional staff. Finance costs are 1k against a budget of \$250k due to no external loans being raised. Depreciation is higher by \$0.2m with other expenses being higher by \$765k mainly due to subsidised roading being higher at \$2.1m, 802k relates to the July 15 storm event, 661k for the July 17 storm event and non subsidised roading being lower at \$0.2m.

Expenditure (operating revaluation losses and gains) are impacted mainly due to the sale of the rural fire assets causing a loss of \$115k.

Statement of financial position

Current assets are \$3.8m higher than forecasted with cash and cash equivalents being \$2.2m higher, Debtors, Prepayments & Other financial assets are higher than forecast by \$1.57m, part of the 2m in other financial assets reflects the reinvestment from the maturity of the Manukau city bond with 1.5m received, against last year current assets are lower by \$721k.

Non-current assets are lower than forecasted by \$20.0m with Property, plant and equipment being \$17.3m less than forecasted. Corporate Bonds and other Investments are \$2.5m lower than forecast partly due to the maturity of the Rabobank bond providing proceeds of \$1m, against last year non current assets are \$758k higher.

Current liabilities are \$3.6m lower than forecast with Creditors and Other payables being \$2.1m lower, and borrowings not used at all \$1.6M lower, mainly due to the Bulls Community Centre build not yet commenced, against last year current liabilities are \$642k lower.

Non-current liabilities are \$12.3m lower than the \$12.8m forecast due to lower borrowings on capital expenditure not occurring during the year such as the Bulls Community Centre and against last year non-current liabilities are \$48k lower.

Net Assets & Equity As a result of the above net assets and equity are \$298k lower than forecast and are \$726k higher than last year.

Note 32: Rating base information	Actual 2017	Actual 2018
Number of rating units preceding year	8,637	8,633
	(\$000)	(\$000)
Total capital value of rating units preceding year	3,796,745	3,813,866
Total land value of rating units preceding year	2,394,258	2,399,050

Note: "preceding year" for 2018 is as at 30 June 2017 and "preceding year" for 2017 is as at 30 June 2016

Note 33: Insurance of assets	Actual 2017	Actual 2,018
	(\$000)	(\$000)
Total value of assets covered by insurance contracts	60,024	59,905
Maximum amount of insurance	64,900	65,500
Total value of assets covered by financial risk sharing arrangements	119,537	135,042
Maximum amount available under those arrangements (40%)	47,814	54,016
Total value of assets that are self-insured	566,610	564,498
The value of funds maintained for that purpose	728	372

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.

The Council has a balance of \$0.327m in its Flood Damage Reserve for roading. As the damage repair work for the 2015 flood is complete this balance and the annual rates contribution is a provision for future flood events and councils likely percentage contribution to these events in partnership with NZTA.

Benchmarks Disclosure Statement

For year ending 30 June 2018

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

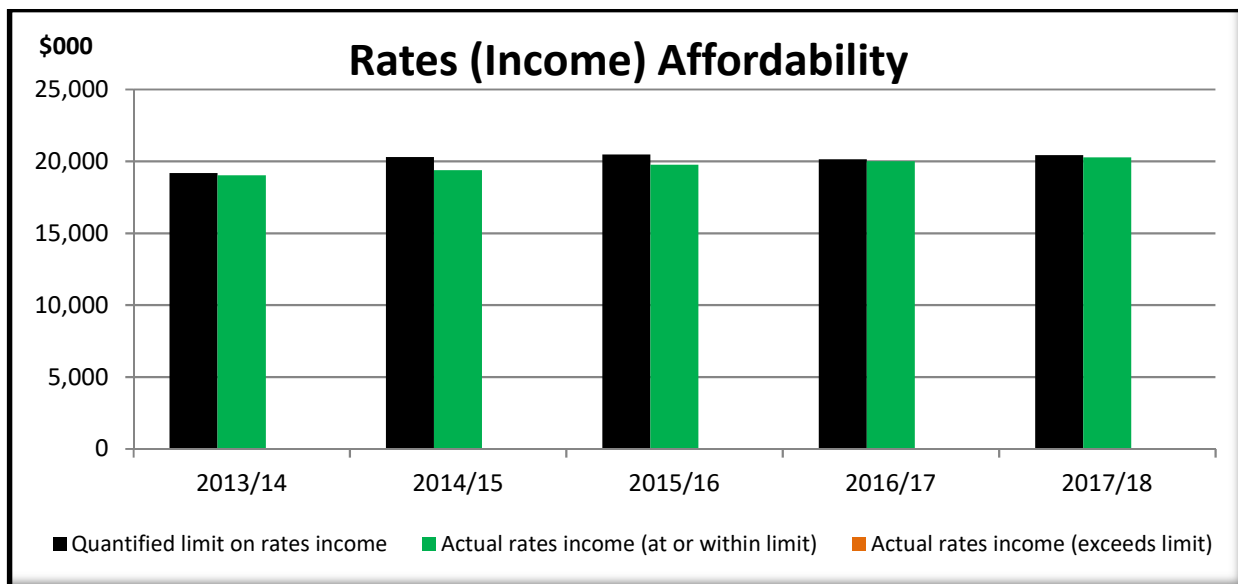
The Council meets the rates affordability benchmark if its—

- 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 2013/14, 2014/15, 2015/16 and 2016/17 years with the quantified limit on rates contained in the Council's 2015-25 long-term plan, and for the 2017/18 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).

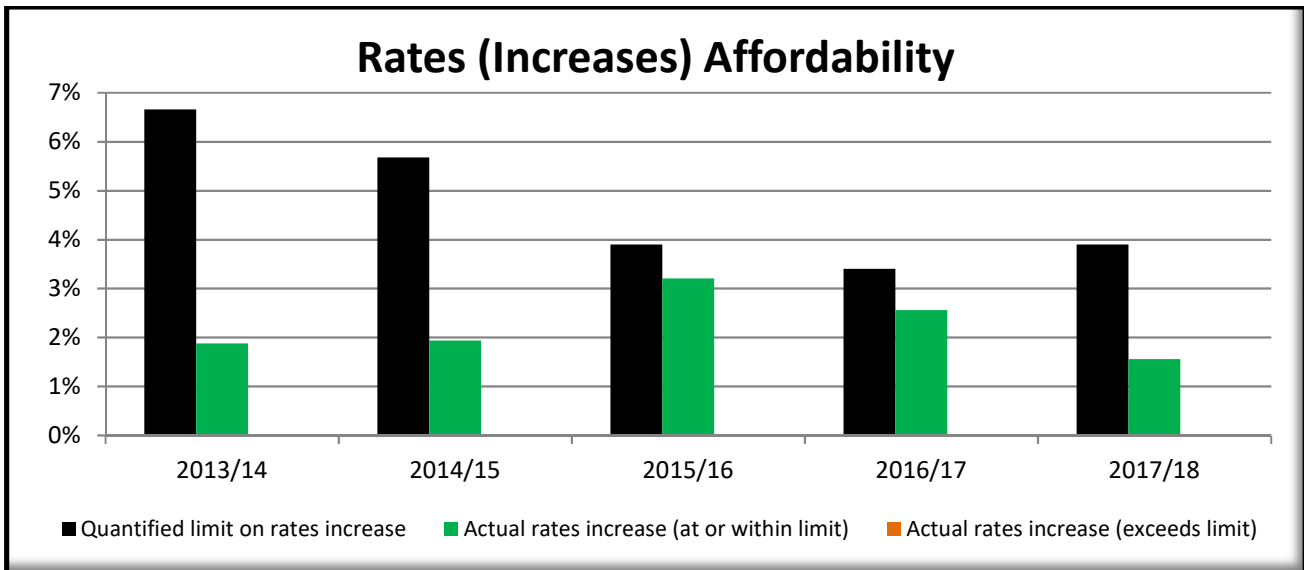


Rates (increases) affordability

The following graph compares the Council's actual rates increases for 2013/14, 2014/15, 2015/16 and 2016/17 with the quantified limit on rates increases contained in the Council's 2015-2025 long-term plan, and for 2017/18 with the limits contained in the Council's 2015-2025 long-term plan.

The quantified limits are as follows:

2013/14	6.66%
2014/15	5.68%
2015/16	4.24%
2016/17	4.45%
2017/18	4.53%



Debt affordability benchmark

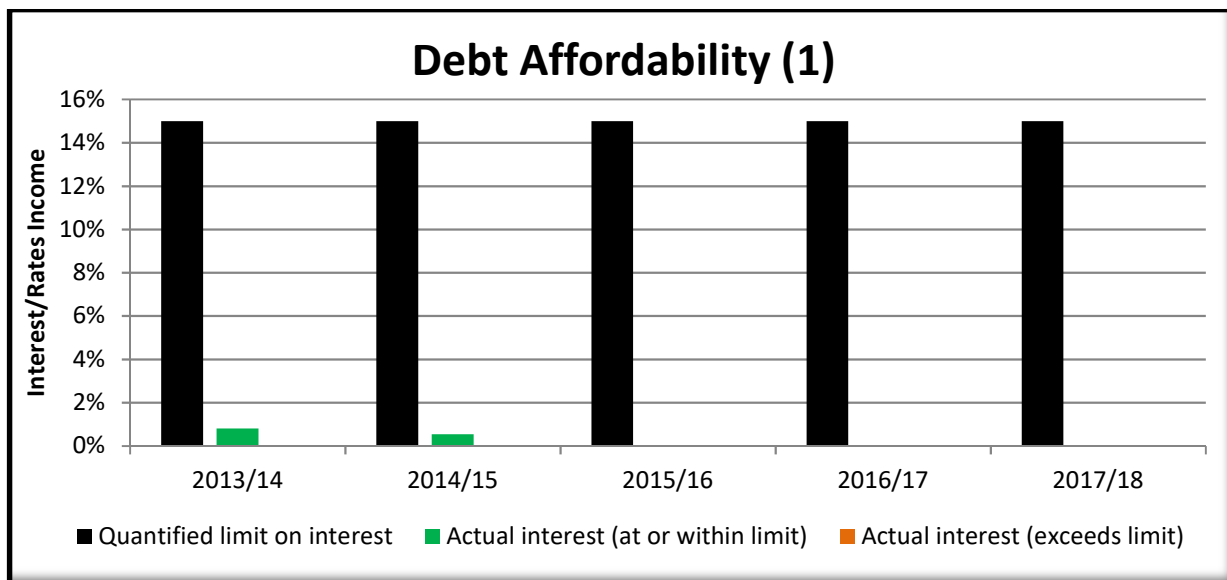
The Council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing. For 2013/14, 2014/15, 2015/16, 2016/17 and 2017/18 in the financial strategy included in the 2015-25 long-term plan contains the quantified limits on borrowing. Interest is defined in the current liability management policy slightly differently but for comparative purposes, the same definition has been used for 2017/18.

The limits are as follows:

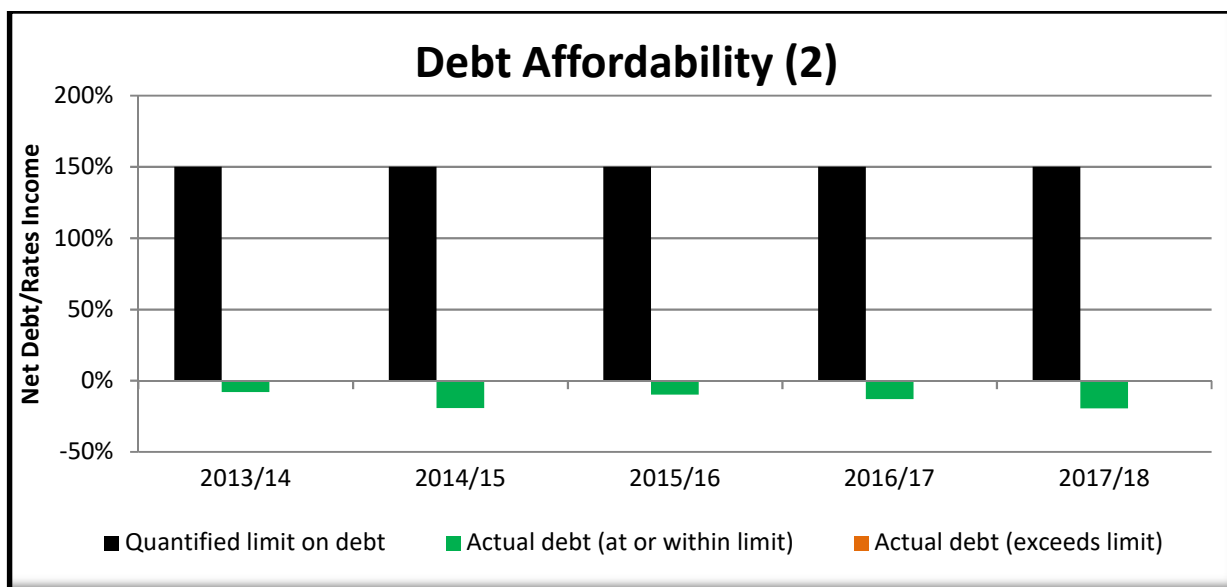
- interest expense on net external debt will not exceed 15% of total rates income; Debt Affordability (1)
- the ratio of net external debt to annual rates income will not exceed 150%; Debt Affordability (2) and,
- net external debt per capita will not exceed \$1,400 for the first year, and \$2,500 for last ensuing four years; Debt Affordability (3) – 31,074

(Note: Council’s current liability management policy defines “net 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.)

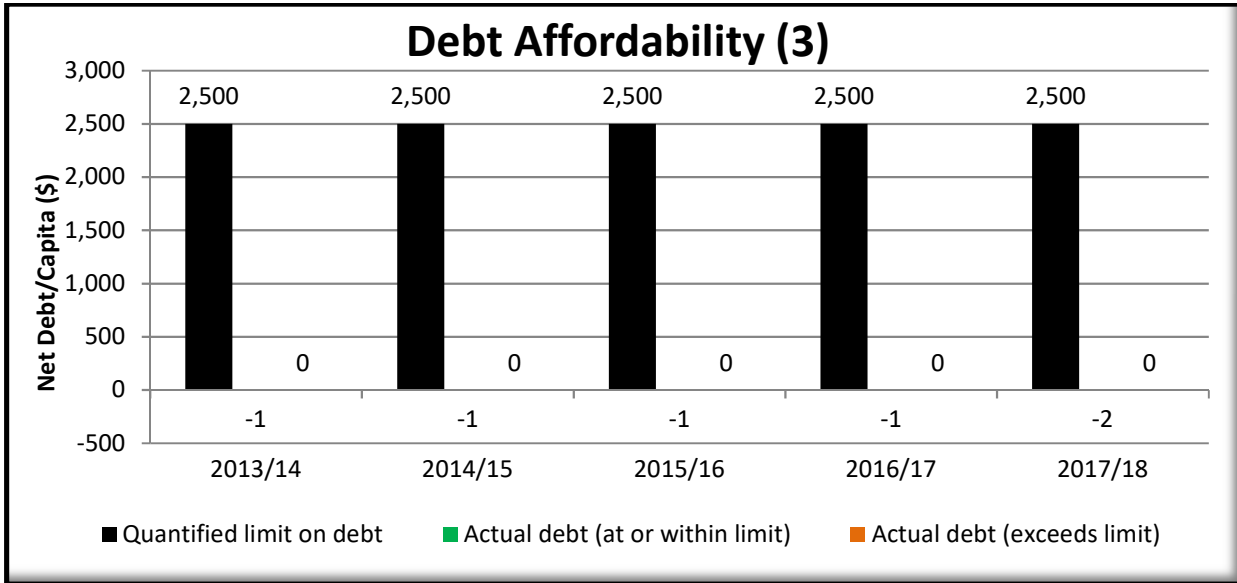
The following graph compares the Council's actual interest expense as a proportion of total rates income.



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).

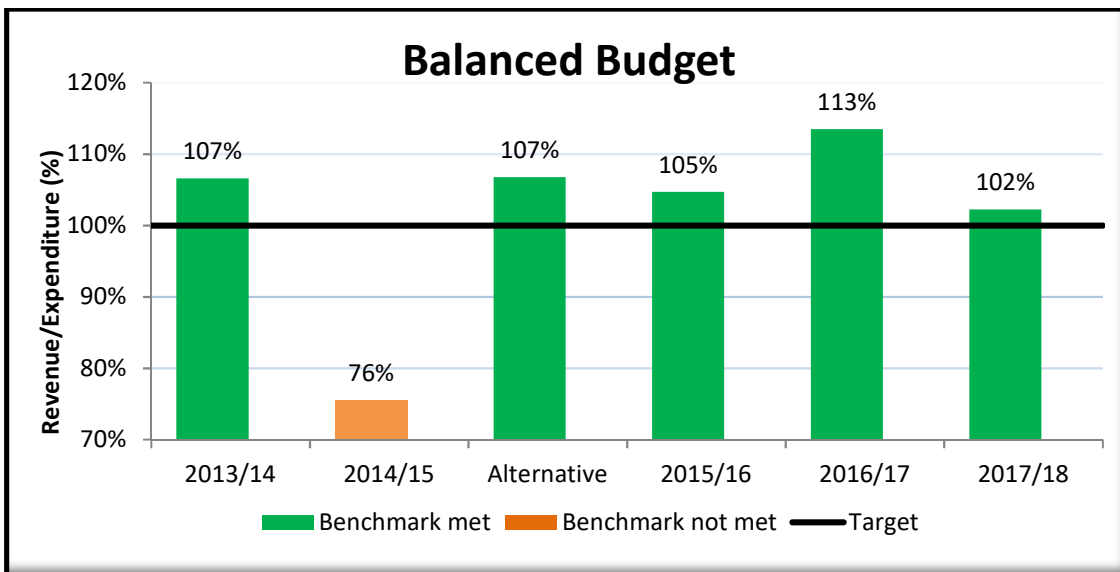


Balanced budget benchmark

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.

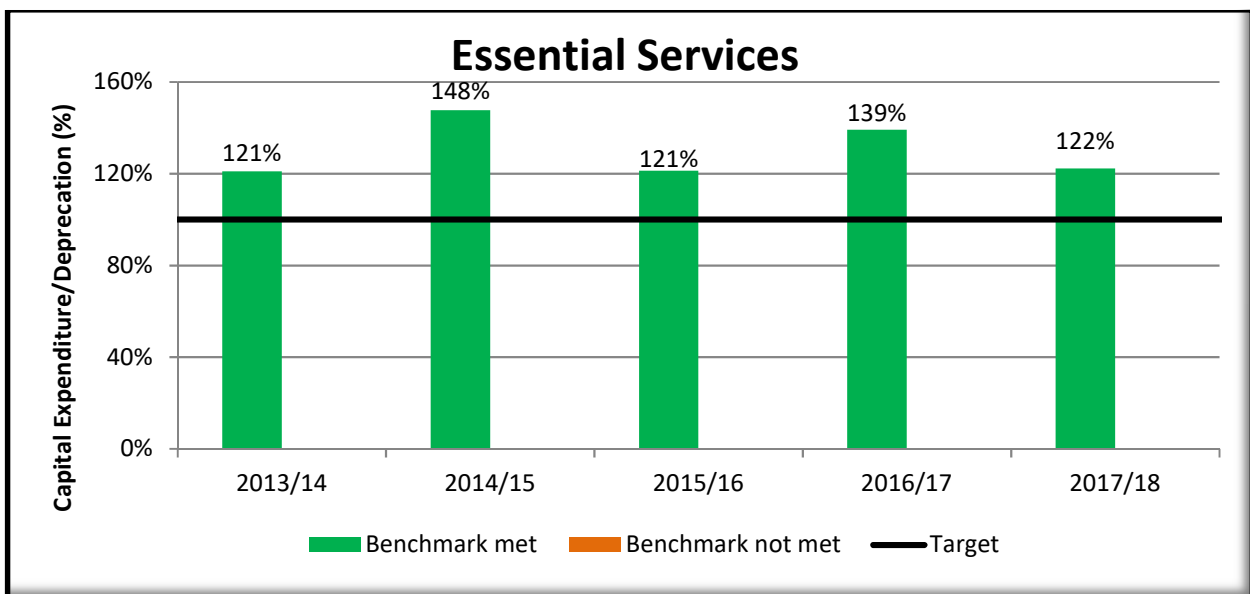
The Council derecognised roading infrastructure amounting to \$11.981m in the year ended 30 June 2015 for extensive flood damage that occurred in June 2015. The alternative bar to the graph for that year indicates the position had this write-down not taken place, and more realistically indicates that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

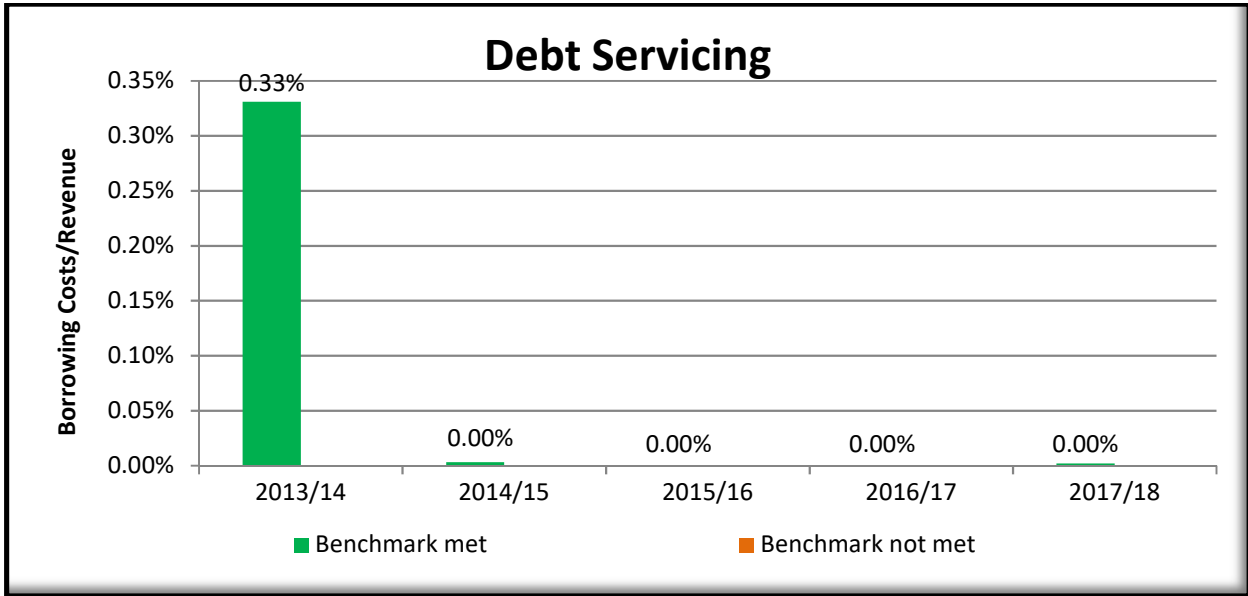
The Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services. Network services is defined in the regulations as infrastructure related to water supply, sewerage and the treatment and disposal of sewage, storm water drainage,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

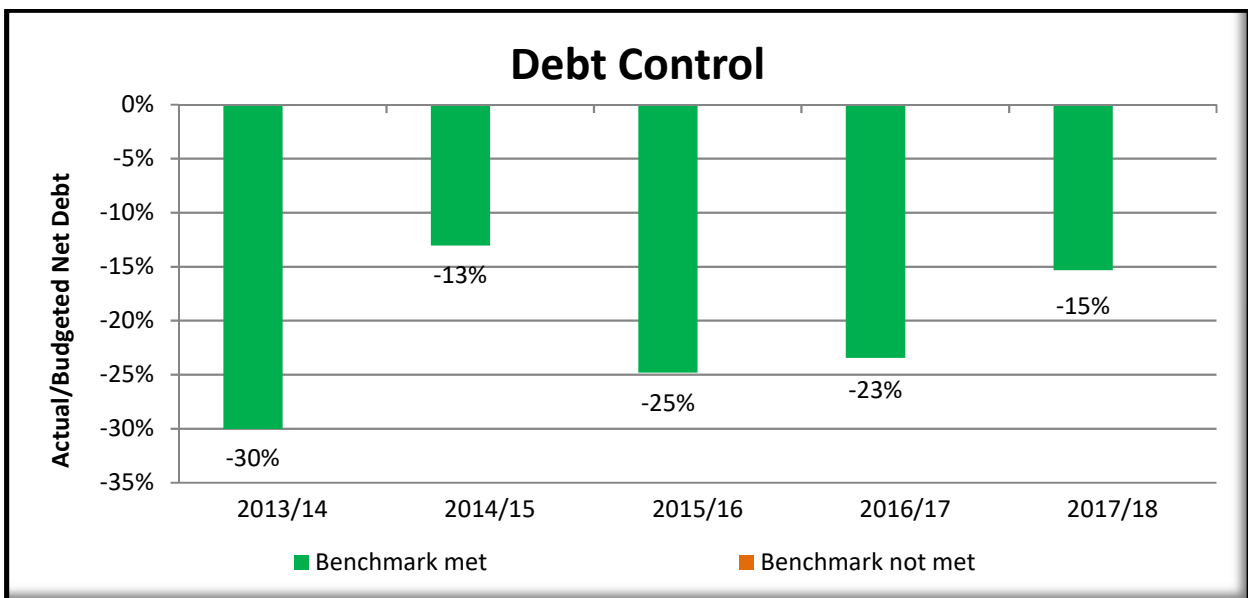


Debt control benchmark

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 receivables).

The Council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt. The regulations do not state what plans the Council should use when determining planned 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 (2017/18) has been taken from the 2015-25 long-term plan.

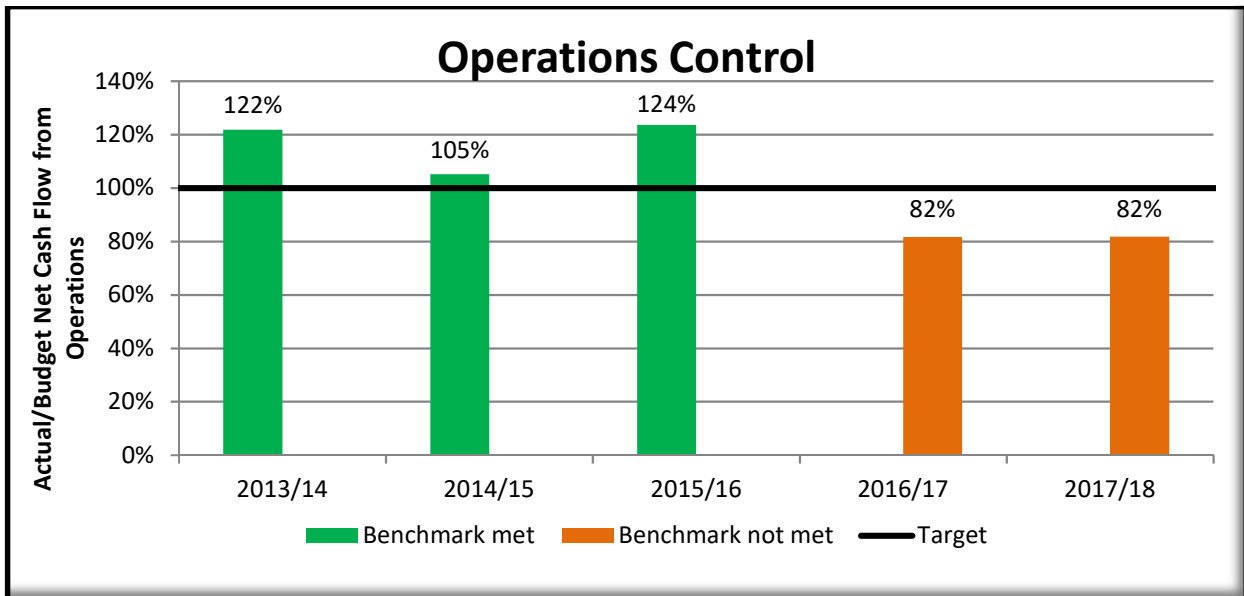
(The graph shows negative values when financial liabilities are less than financial assets, excluding trade and other receivables.)



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.





RSA planting, Marton Park



RANGITIKEI
DISTRICT COUNCIL

Rangitikei District Council

Section 4: Other Information

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Email

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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.

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	7,934 ³⁵
Non-rateable Properties	594
Gross Capital Value	\$4,481,745,100
Net Capital Value	\$4,293,152,200
Gross Land Value	\$2,855,466,550
Net Land Value	\$2,776,521,350
Date of Last Revision of Values	July 2017
Length of Roads	1,225 km
• Sealed	797 km
• Unsealed	428 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

³⁵ There were 8,043 rateable properties in the District in 2016/17, 8,042 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 creek



RANGITIKEI
DISTRICT COUNCIL

Rangitikei District Council

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