



“Making Our District Thrive”

# Rangitikei District Council

## Annual Report 2009/10 Summary

### Annual Report

The Annual Report explains the Council’s performance in 2009/10 against the Long Term Council Community Plan for 2009/19 and against the various legislative and accounting requirements under which the Council is required to operate. For those interested in the full Annual Report you can pick up a copy from:

- The Council Offices, 46 High Street, Marton;
- The District Libraries; or
- Our website [www.rangitikei.govt.nz](http://www.rangitikei.govt.nz).

The Rangitikei District Council authorised this Annual Report Summary on 28 October 2010.

Chalky Leary  
Mayor

Clare Hadley  
Chief Executive

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### Council’s Role

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

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

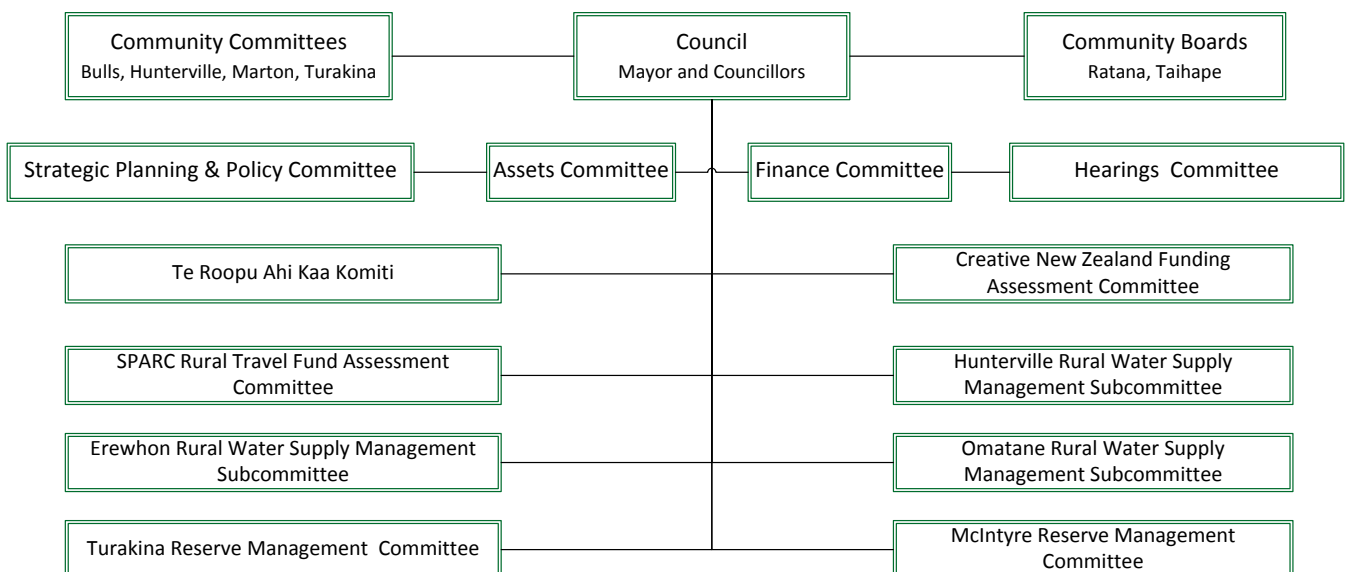
*“... enable democratic local decision-making and action by, and on behalf of communities, and*

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

### Council Operations

The Council appoints a Chief Executive to be in charge of the Council operations and delegates certain powers of Management to her as required under Section 42 of the Local Government Act 2002. The Chief Executive appoints staff to carry out all of the Council’s significant activities.

## Citizens of the Rangitikei District



## Highlights for 2009/10

### Achievements

#### Community Leadership

Continuation of the shared services with Manawatu District Council and Horizons Regional Council in the delivery of asset management, emergency management, and animal control functions. Council is collaborating with other councils in the region over a range of projects varying from aerial mapping to managing and providing access to archives.

Arranging a well-attended, one-day community conference. This has led to eight partnership projects addressing particular issues which are critical for the district's well-being.



#### Roading

Substantial progress with the seal extension project on the Taihape-Napier Road. As at 30 June 2010, 18 km of the 21.06 kilometres of road had been completed.



Significant progress with the design for the Taihape Main Street Upgrade. Tenders will be called in September 2010 for work to be undertaken in February-March 2011.

Negotiation of a new district-wide roading contract.

Bringing the road contract management function back in-house.

#### Water

Completion of a comprehensive study of options to provide a long-term solution for Marton's urban water supply. This included consultation with an external group of experts and major users.

Test bores at Ratana to upgrade the settlement's water supply, sufficient to service the envisaged new subdivision there.

Installation of an innovative floating wetlands treatment plant at Crofton (Marton).



Negotiation with Malteurop to secure the best long-term arrangement for their high wastewater disposal requirements.

Successful collaboration with Horizons over resource consents for wastewater discharges and in the exchange of water allocation data.

Completion of several stormwater upgrades/renewals to mitigate localised flooding issues.

#### Leisure and Community Assets

Negotiation of a new parks and towns maintenance contract.

Negotiation of a service contract for the management of Dudding Lake.

Agreement with Dudding Trust on the final phase of extra maintenance of rural halls.

Preparation of an online cemetery database, through research into historical cemetery records, mapping of cemetery plots, and taking photos of all headstones.

Popularity of the computers installed at each of the libraries under the Aotearoa People's Network scheme.

#### Rubbish and recycling

Introduction of glass recycling at the waste transfer stations.

Conducting surveys at the waste transfer stations on the characteristics of waste being disposed of by individuals.

### Environmental and Regulatory

Accreditation as a Building Consent Authority retained.

Substantial progress on reviewing the District Plan, with drafts being reviewed with targeted stakeholders prior to formal notification.

Implementation of Go-Get for building inspectors, enabling access to relevant records (and updating them) while out doing inspections.

Provision of animal control services to Manawatu District Council through a shared services agreement.

### Community Support

Refurbishment of the Emergency Operations Centre (EOC) in conjunction with the development of the ICT Hub at the back of the Marton Library.

Review of key roles in the EOC in preparation for participation in the national Exercise Tangaroa in October 2010.

### Community Economic Development

Strengthening relationships with Rangitikei Tourism, Taihape Community Development Trust, Project Marton and Bulls Community Development Trust. This is done through three-year grants in the 2009/19 LTCCP and implementation of a formal Memorandum of Understanding with joint meetings and annual reporting to Council.

Successful first year of implementation of the Marton Community Development Project, with a full-time facilitator (based at Council) funded by the Department of Internal Affairs

Successful first year for the ICT Hub project (sites at the Manuao at Ratana and at the back of the Marton Public Library).





## Finance

### Financial Information

#### Explanation of major variances against budget

Detailed below are explanations for major variations from the estimated figures in the 2009/10 Annual Plan.

#### Statement of Comprehensive Income

Council's net operating surplus for the year was \$5.955 million. This operating surplus assisted in the funding of capital expenditure and transfers to investments to cover future years' expenditure. The budgeted operating surplus for the year was \$5.576 million. The most significant variations are:

- New Zealand Transport Agency income was higher by \$1.695 million mainly due to flood damage refund;
- Capital Contributions and Vested Assets totalled \$793,000;
- Council costs lower by \$229,000;
- Roading costs higher by \$3 million – due mainly to flood damage not budgeted for;
- Write off of Utilities assets \$161,000;
- Community Economic Development Grants received \$198,000.

#### Statement of Cash Flows

Net cash at the end of the year of \$5.251 million is \$1.751 million higher than the forecast of \$3.5 million. The most significant variations are:

- Increased opening balance of cash, due to lower spending on capital in 2008/09, of \$2.784 million;
- Spending on capital lower by \$7.509 million;
- Income higher by \$1.695 million due to New Zealand Transport Agency refund for flood damage;
- Proceeds from investments (\$6.826 million) below budget as sales not necessary;
- Payments to suppliers higher by \$2.857 million, due mainly to flood damage.

#### Statement of Financial Position

RDC has net assets of \$477.473 million as opposed to budgeted LTCCP forecast of \$476.956 million. The most significant variations are:

- Cash and cash equivalents higher by \$1.751 million as explained above;
- Term Liabilities \$1.051 million lower because loans were not needed;
- Financial Assets and Investments higher by \$4.693 million because of delays in capital spending;
- Fixed Assets lower by \$9.382 million because of less capital additions.

The following table shows Comprehensive Income and Changes in Equity for Council and Group\* for year ended 30 June 2010

#### Summary Statement of Comprehensive Income and Changes in Equity

	Council			Group	
	Actual 2010 \$000	Projected LTCCP 2010 \$000	Actual 2009 \$000	Actual 2010 \$000	Actual 2009 \$000
Operating Revenue	33,664	30,706	31,435	33,799	31,576
Less: Operating Expenditure	27,709	25,130	27,584	27,829	27,701
<b>Operating surplus/(deficit) before tax</b>	<b>5,955</b>	<b>5,576</b>	<b>3,851</b>	<b>5,970</b>	<b>3,875</b>
Share of Associate surplus (deficit)	-	-	-	7	(11)
<b>Net surplus/(deficit) before Tax</b>	<b>5,955</b>	<b>5,576</b>	<b>3,851</b>	<b>5,977</b>	<b>3,864</b>
Income Tax Expense	-	-	-	-	-
<b>Net surplus/(deficit) after Tax</b>	<b>5,955</b>	<b>5,576</b>	<b>3,851</b>	<b>5,977</b>	<b>3,864</b>
Other Comprehensive Income – Financial Assets at Fair Value	146	-	-	146	-
<b>Total Comprehensive Income</b>	<b>6,101</b>	<b>5,576</b>	<b>3,851</b>	<b>6,123</b>	<b>3,864</b>
Equity at beginning of year	471,336	471,378	467,485	471,798	467,934
<b>Equity at end of year</b>	<b>477,437</b>	<b>476,954</b>	<b>471,336</b>	<b>477,910</b>	<b>471,798</b>



Equity is made up of the following:

	Council			Group	
	Actual 2010 \$000	Projected LTCCP 2010 \$000	Actual 2009 \$000	Actual 2010 \$000	Actual 2009 \$000
Accumulated Funds	455,260	454,862	449,398	455,733	449,860
Total Reserves	22,177	22,094	21,938	22,177	21,938
<b>Total Equity</b>	<b>477,437</b>	<b>476,956</b>	<b>471,336</b>	<b>477,910</b>	<b>471,798</b>

The following Cash Flow Table shows how Council and Group\* generated and used cash for year ended 30 June 2010

#### Summary Statement of Cashflows

	Council			Group	
	Actual 2010 \$000	Projected LTCCP 2010 \$000	Actual 2009 \$000	Actual 2010 \$000	Actual 2009 \$000
Net Cash Flow from Operating Activities	14,219	14,948	13,132	14,243	13,187
Net Cash Flow from Investing Activities	(15,066)	(15,839)	(12,721)	(15,072)	(12,873)
Net Cash Flow from Financing Activities	-	1,078	-	-	-
<b>Net Increase (Decrease) in Cash held</b>	<b>(847)</b>	<b>186</b>	<b>411</b>	<b>(829)</b>	<b>314</b>
Opening Cash Balance	6,098	3,314	5,687	6,399	6,007
<b>Closing Cash Balance</b>	<b>5,251</b>	<b>3,500</b>	<b>6,098</b>	<b>5,570</b>	<b>6,321</b>

The following table shows the financial position of the Council and Group\* as at 30 June 2010

#### Summary Statement of Financial Position

	Council			Group	
	Actual 2010 \$000	Projected LTCCP 2010 \$000	Actual 2009 \$000	Actual 2010 \$000	Actual 2009 \$000
<b>Total Equity</b>	<b>477,437</b>	<b>476,956</b>	<b>471,336</b>	<b>477,910</b>	<b>471,798</b>
Current Assets	9,528	6,220	10,614	9,843	10,923
Less: Current Liabilities	4,173	4,277	4,814	4,191	4,841
<b>Net Working Capital</b>	<b>5,355</b>	<b>1,943</b>	<b>5,800</b>	<b>5,652</b>	<b>6,082</b>
<b>Non Current Assets</b>					
Operational & Restricted Assets	20,923	22,228	21,323	21,128	21,545
Infrastructural Assets	446,378	454,453	439,703	446,378	439,703
Intangible Assets – Computer Software	43	43	57	43	57
Biological Assets - Forestry	573	-	451	573	451
Investment in Associate	-	-	-	2	(5)
Other Financial Assets	4,693	-	4,553	4,662	4,516
<b>Total Non Current Assets</b>	<b>472,610</b>	<b>476,725</b>	<b>466,087</b>	<b>472,786</b>	<b>466,267</b>
Non Current Liabilities	528	1,712	551	528	551
<b>Net Assets</b>	<b>477,437</b>	<b>476,956</b>	<b>471,336</b>	<b>477,910</b>	<b>471,798</b>



The following table summarises the Capital Expenditure for the year ended 30 June 2010

**Summary Capital Expenditure**

<b>Capital Expenditure</b>	<b>Actual 2009/10 \$000</b>	<b>Annual Plan 2009/10 \$000</b>
Roading	11,034	13,016
Water	2,345	3,218
Wastewater	856	4,209
Stormwater	265	1,269
Rubbish and Recycling	20	186
Leisure and Community Assets	325	1,174
Community Safety	-	4
Community Leadership and Miscellaneous	324	228
<b>Total</b>	<b>15,168</b>	<b>23,304</b>

Capital Expenditure for the year ended 30 June 2010 was \$15.168 million (2009 - \$13,495 million)

Work on the Taihape Napier Road proceeded throughout the year, and 18 kilometres was sealed as at 30 June 2010. The remaining 3.06 kilometres was programmed for completion in early 2010/2011.

In addition projects in Water, Wastewater, Stormwater, Community and Leisure Assets were not carried out during the year, because of delays in resource consents and the time taken to evaluate and plan the work. Most have been carried forward to be completed in 2010/2011.

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

The full Capital Works expenditure details can be found on Pages 112-115 of the full Annual Report.

\* Notes

- 1 The Group consists of Council and its subsidiaries - Marton Aquatic and Leisure Trust, and its associate Ruapehu Wanganui Rangitikei Economic Development Trust (RED Trust).
- 2 The specific disclosures in the summary financial report have been extracted from the full financial report which was adopted and authorised for issue by Council on 30 September 2010.
- 3 The Financial Statements are for the year ended 30 June 2010 and all figures are in New Zealand dollars and rounded to the nearest thousand dollars.
- 4 The summary financial report cannot be expected to provide as complete an understanding as the full financial report. The full financial report, which received an unqualified Audit Opinion on 30 September 2010, is available from the District Council Office, Libraries and Information Centres, and on our website [www.rangitikei.govt.nz](http://www.rangitikei.govt.nz).
- 5 The summary financial report has been examined by the Auditor for consistency with the full financial report. An unqualified audit report is included with this summary.
- 6 Rangitikei District Council (RDC) has applied Financial Reporting Standard 43 (FRS 43) and this summary is in compliance with this Standard.
- 7 RDC has designated itself a Public Benefit entity (PBE) for financial reporting purposes.
- 8 The full financial statements were prepared in accordance with New Zealand Generally Accepted Accounting Principles (NZ GAAP), and comply with New Zealand equivalents to International Financial Reporting Standards (NZIFRS) and other applicable financial reporting standards, as appropriate for public benefit entities. The full financial statements include a statement of compliance to this effect.



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## Commitments

Commitments for non-cancellable contracts within the next 5 years total \$44.136 million. These are principally for contracts for road maintenance and supply of professional services. Full details can be found on page 62 of the Annual Report.

## Contingencies

### Ownership of Turakina Beach Road

RDC has made an application to the Maori Land Court concerning the ownership of Turakina Beach Road. Discussion with the Tini Waitara Marae led to the Council's agreement on monetary compensation of \$80,700 and waiver of consent fees for construction of an abluion

block at that Marae. (2009: Ownership of Turakina Beach Road)

### Mayoral Flood Relief Fund

The Rangitikei Mayoral Flood Relief Fund was created to assist those in the Rangitikei who had suffered as a result of the flood and Civil Defence Emergency in February 2004. The Trust was wound up during the 2009-10 year and the balance of funds has been paid to the Manawatu Wanganui Regional Disaster Fund Trust (ring-fenced for the Rangitikei District Council).

### Post Balance Date Events

RDC has no post balance date events.



## Levels of Service

The full report documents results for 53 intended levels of service across the eight activity groups.

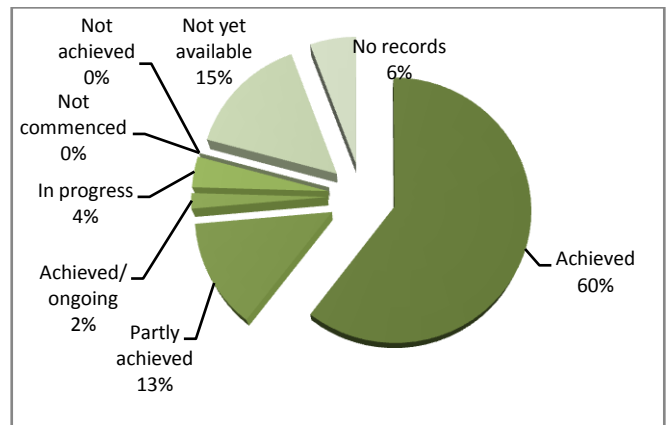
An overall assessment of the actual levels of service compared with what was intended has a less certain basis than measuring financial performance. This is because qualitative as well as quantitative information is used. The performance framework was reviewed as part of the preparation of the 2009-19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

There has been a greater focus on measures of customer service. However, this has the disadvantage of not being available on an annual basis where the National Research Bureau's Communitrak survey is used. Council does not intend to engage the National Research Bureau more than once every three years (because of the cost) but is already supplementing this with surveys on particular activities. Interim results from the August 2010 Communitrak survey have been included in the Annual Report. In addition, where it is feasible, comment has been added to give a sense on how such levels of service are tracking.

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

Three of the intended levels of service have been unable to be reported because of lack of data – particularly in regard to timeliness of responses. This reflects the limitations of the present record-keeping systems and processes but work is being done to rectify this for next year's report.

The following chart shows that 62% of the intended levels of service were achieved, and another 17% were partly achieved or in progress. This result is skewed because (as noted above) of the number of measures (15%) depending on full information from the three-yearly Communitrak survey.



### Commentary on each group of activities

Activity	What we did	Elaboration
Community Leadership	<p>Maintained the community's satisfaction levels with Council's strategic planning and advocacy work, the community's contact with Council and the sufficiency of information provided.</p> <p>Assisted the Community Boards to engage with external parties through receiving delegations, hui, etc) during the year.</p> <p>Worked with Te Roopu Ahi Kaa on its strategic plan and to arrange hui at local marae.</p>	<p>There were no significant variations from the intended levels of service.</p> <p>Expenditure was less than forecast because a major element of the budgeted cost for the first year of the regional archives project was a contribution to the shared leased facility, which was delayed.</p>
Roading	<p>Increased the community's satisfaction with Council's roads and street lighting.</p> <p>Completed 224 metres of new footpaths.</p> <p>Resurfaced 68.42 km of sealed road and rehabilitated 8.58 km of road.</p> <p>Reconstruction and sealing of a further 11 km of Rangitikei's portion of the Taihape-Napier Road. (The remaining 3 km will be completed during 2010/11.)</p>	<p>There were no significant variations from the intended levels of service.</p> <p>Actual expenditure and revenue both exceeded forecasts because of emergency work caused by flooding during the year and the resultant additional subsidy from New Zealand Transport Agency. The need to use contractors on emergency road repair work means the extent of pavement rehabilitation work was about 78% of the projected length.</p>



Activity	What we did	Elaboration
Water	<p>Progress is being made with the audits of the processes, operations and maintenance manuals for each water treatment plant.</p> <p>Safe drinking water has been delivered to all properties to urban reticulated supplies (i.e. Ratana, Bulls, Marton, Hunterville, Mangaweka and Taihape.<sup>1</sup></p> <p>A floating wetland was installed on the anaerobic pond at the Marton Wastewater Treatment Plant (with a financial contribution from Malteurop).</p> <p>An installation of a microfiltration plant at the Taihape Wastewater Treatment Plant is in progress.</p> <p>Two open drains on Calico Line and Tutaenui Road (Marton) were piped for safety reasons.</p>	<p>There were no significant variations from the intended levels of service. However, Horizons has expressed concern about the non-compliance with the wastewater resource consent for Ratana. Research is being done to identify a solution which deals with the nutrient factor (the primary reason for the non-compliance), addresses the additional load from the intended expansion of the community, is acceptable to Horizons, and is affordable for the community.</p> <p>Less progress was achieved with the planned capital and renewal projects in 2009/10 because of delays with resource consents and the time it took to evaluate and plan the work in the proposed budget.</p>
Leisure and Community Assets	<p>Maintained community satisfaction levels with the maintenance of park facilities, public halls, cemeteries, libraries and swimming pools.</p> <p>Repairs and exterior painting on the Taihape Town Hall were largely finished.</p> <p>Major roof repairs were carried out at the Marton Library along with an overhaul of the heating systems and the installation of security cameras. This latter project was done in association with the ICT hub developed in the refurbished area (which also serves as the Emergency Operations Centre).</p> <p>Heat pumps were installed in the Bulls Town Hall.</p>	<p>There were no significant variations from the intended levels of service.</p> <p>The new toilets in Bulls planned for 2009/10 were not built, primarily because the price estimates exceeded the budgetary provision. As part of the deliberations on the 2010/11 Annual Plan, Council decided to contribute \$150,000 towards building new toilets in Bulls.</p> <p>Maintenance work on the grandstand in Taihape Memorial Park was deferred because of the discussions in the local community that the site might be required for the proposed leisure hub.</p>
Rubbish and recycling	<p>Introduced glass recycling at all waste transfer stations (except Mangaweka) in May 2010.</p> <p>As an input into the Waste Minimisation Plan, a survey of characteristics of waste being brought to the waste transfer stations was carried out in February 2010. Glass recycling was by far the preferred option by respondents.</p> <p>Just over 1% of waste received at the waste transfer stations was recycled during 2009/10.</p>	<p>There were no significant variations from the intended levels of service.</p> <p>The budgeted capital expenditure was underspent by \$70,000 as a result of not proceeding to install a weighbridge at Taihape. \$80,000 was carried forward to 2010/11.</p>
Environmental and Regulatory	<p>85% of building consents were issued within the 20-day statutory period.</p> <p>88% of land use consents, 93% of subdivision consents, and 100% of other consents were issued within the prescribed timelines.</p> <p>Maintained the community's level of satisfaction with the control of dogs.</p> <p>In the monitoring of current consents, all but two were found to comply with their conditions.</p>	<p>There were no significant variations from the intended levels of service.</p> <p>Operating costs were higher than budgeted for building control because of the use of external contractors to allow staff to devote time to satisfy the requirements for Council's reaccreditation as a Building Consent Authority. Higher costs for resource consents are caused by Meridian's Wind farm appeal.</p>

<sup>1</sup> Through the weekly testing of supplies, at Environmental Laboratory Services in Gracefield (Lower Hutt), three detections of an E-coli indicator occurred during the year, but the subsequent three consecutive days of testing showed no further trace of this.



Activity	What we did	Elaboration
Community Support	<p>77% of residents responding to the Community survey felt that their households were prepared for a Civil Defence emergency (i.e. they currently had sufficient water, food and fuel to last at least three days).</p> <p>A rural fire officer was on call and provided a response within fifteen minutes on a 24/7 basis.</p>	<p>There were no significant variations from the intended levels of service.</p> <p>Not holding a scenario exercise at the Council's Marton Emergency Operations Centre reduced costs.</p>
Community Economic Development	<p>Maintained community satisfaction with Council's tourism promotion services and awareness of the visitor information services. However, satisfaction with Council's business promotion services fell from 48% in 2007 to 44% in 2010.</p> <p>Supported (through grants made by the Community Initiatives Fund) 14 events to promote economic development.</p>	<p>There were no significant variations from the intended levels of service.</p> <p>The operating costs and income for Community Economic Development were both greater than forecast because of the Marton Community Development Project and the ICT hub project. Both are funded by central government grants.</p>



AUDIT NEW ZEALAND

Mana Arotake Aotearoa

## Audit Report

### To the readers of Rangitikei District Council and group's summary annual financial statements, service provision information and other requirements for the year ended 30 June 2010

We have audited the summary financial statements, service provision information and the other requirements of Schedule 10 of the Local Government Act 2002 as set out in pages 1 to 10.

#### Unqualified opinion

In our opinion:

- the summary financial statements, service provision information and the other requirements represent, fairly and consistently, the information regarding the major matters dealt with in the annual report; and
- the information reported in the summary financial statements, service provision information and the other requirements complies with FRS-43: Summary Financial Statements and is consistent with the full financial statements, service provision information and the other requirements from which they are derived.

We expressed an unqualified audit opinion, in our report dated 30 September 2010, on:

- the full financial statements;
- the service provision information; and
- the Council and group's compliance with the other requirements of Schedule 10 of the Local Government Act 2002 that are applicable to the annual report.

#### Basis of opinion

Our audit was conducted in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards. Other than in our capacity as auditor, we have no relationship with or interests in Rangitikei District Council or any of its subsidiaries.



## **Responsibilities of the Council and the Auditor**

The Council is responsible for preparing the summary financial statements, service provision information and the other requirements of Schedule 10 of the Local Government Act 2002 and we are responsible for expressing an opinion on those summary financial statements, service provision information and the other requirements of Schedule 10 of the Local Government Act 2002. These responsibilities arise from the Local Government Act 2002.

Phil Kennerley  
Audit New Zealand  
On behalf of the Auditor-General  
Wellington, New Zealand  
28 October 2010