

The Ruapehu District ...



Summary Annual Report 2007/08



The full Annual Report 2007/08 is available on Council's website www.ruapehudc.govt.nz and for viewing at Council Offices and Libraries at Taumarunui, Ohakune and Raetihi

Mayor's Message

I am pleased to present the 2007/08 Annual Report on behalf of the Ruapehu District Council, which reviews performance and progress against Council's Annual and Long Term Plans.

This last year has been one of many challenges. While enjoying the continuation of an increased development boom, Council has been committed to the huge task of completing the building accreditation requirement by the Building Act 2004 and, on 17 June 2008, received its Building Consent Authority from the Department of Building and Housing. This achievement was a magnificent accomplishment by the staff.

Council continues to provide high quality services at a time when economic pressures cause costs and revenues to rise. However, this Council has been successful in striking the right balance between maintaining our assets and addressing Community Outcomes, as identified by the public through community consultation and resident satisfaction surveys throughout the year.

The Rates Penalty Amnesty was launched this year to assist ratepayers burdened with unpaid rates. Promotion of the rates rebate scheme was also

undertaken to encourage ratepayers to take advantage of the Government Rates Rebate Scheme which has continued into the next year. Council has determined that the recovery of rate debt is now a priority and will continue to work with ratepayers who are struggling to meet their payments.

Partnering with community groups and Government Agencies has meant that Council can be proud of improved benefits to many residents who qualified for the Warm Homes Project which saw 15 houses retrofitted with new, approved, low emission heating systems, and 210 houses retrofitted with insulation, resulting in a healthier community and a reduction in air pollution. Strong signals have been given to Council to become more involved with the youth of our District to ensure that they are included in meaningful decision making of their future. "Working for Ruapehu", a Mayor's Taskforce for Jobs initiative, is part of an economic development vision for Ruapehu, aimed at providing our young people the opportunity to be engaged in training or preparation for "work ready" skills to enable youth to build a life for themselves in the District.

Our Chief Executive, David Hammond, has now completed his first year with Council and has made strong and firm decisions regarding our organisational structure and, as a result, Council has a much more focused team who are providing the levels of service and achievement of projects that our ratepayers and residents should receive.



A special thanks to David and his team, for completing a year successfully where there has been much change under extreme economic pressures, who have worked together to produce an excellent result for the Ruapehu District.

Council remains very positive for its future and looks forward to the 2008/09 year.

Sue Morris JP
MAYOR



Horopito, near Ohakune

Interview with the Chief Executive

What have stood out as highlights for the year?

There were many - Achievement of Building Services Accreditation and improvement of Resource Consent processing timeframes, fixing of footpaths and underground piping in many communities, recycling volumes outstripping rubbish landfilled for the third year running, and the next stage of the Pipiriki-Wanganui sealed road. The construction of the Taumarunui Administration Centre on time and budget was a major accomplishment in an era when so many building projects nationally overrun their budgets. Council made strides forward in its first year of a customer service improvement programme, which is continuing in 2008/09.

How has the volatile economy impacted on the Council?

The 2007/08 year was an odd year and difficult to predict and budget for. Budgets were set when the District was still in a period of growth in subdivisions and buildings and the economy stable. As the year progressed, there was drought, economic downturn globally including a slowing in the housing market, and large increases in fuel, and other costs to Council. Our accounts reflect this with a 14.6% increase over expenditure budgets (7% in 2006/07), and 8.0% over revenue budgets (12.1% in 2006/07).

Total liabilities have risen by some \$5 million to \$33 million. Are we in trouble?

Council remains in a strong financial position, able to cover net debt by its operating revenue. The projected loan level in the Long Term Plan for the 2007/08 year was to be \$27.1 million,

amended down to \$24 million projected in the Exceptions Annual Plan. The actual loan position is \$24.7 million in 2007/08, with the largest impact being the new Taumarunui Administration Centre. Looking back, the trend since 2003/04 was for less loan actually raised than budgeted. The reason is that major projects had been budgeted years before being actually constructed. There were delays to contend with. In the 2007/08 year, the gap between budgeted and actual loan closed as these works were constructed and paid for. Instead of the ideal staged raising of debt over time, debt has peaked at the one time and contributed to a result showing actual loan above budgeted loan for this year. But the work is completed.

How concerned are you that the budget surplus has gone down from some \$3.3 million last year to \$2.178 million this year?

In 2006/07, \$2 million was the budgeted surplus and, in 2007/08, \$2.178 million was achieved. It needs to be noted that Councils aims for a balanced budget, not a large surplus. The \$3.3 million actual surplus in 2006/07 was undesirable in my view. In the last Annual Report, I signalled that I thought a problem with the high budget surplus rested in non-achievement of the capital works programme. Addressing a backlog of uncapitalised work, along with a revaluation of assets, drove depreciation up over \$1 million and reduced the budget surplus. The operations of Council actually led to a small surplus. The unfavourable result was mainly depreciation-related.

Based on these results, what is the outlook for 2008/09?

A positive organisation, looking forward to the challenges the year will bring and

in a strong financial position. It seems that the current economic climate may significantly challenge Council's 2008/09 revenue and expenditure assumptions. This being the case, staff have already signalled a year of tight budgeting, reduction of debt and the need to take a hard look at alternative options around contract and service delivery, to ensure we are doing our best efforts for ratepayers and residents.



Acknowledgements

Council delivers a huge work programme to anchor and support our communities from water supplies, roads, playgrounds and libraries, to advocating when we believe outside influences such as the Horizons One Plan proposal would be adverse to the long term sustainability of our communities. Much of this work is, naturally, unseen by people; much of it is underground and not visible and, as residents, we can take it for granted when we turn on a tap that water will flow and when we flush, it will go. I want to acknowledge the tremendous efforts of both staff and elected members in delivery of such a large range of essential services to our communities and householders, to high standard, and for the same price that some major utilities deliver just one service. In conclusion, I also want to acknowledge the efforts of my staff in the preparation of this 2007/08 Annual Report.



David Hammond
CHIEF EXECUTIVE

The Year at a Glance

Reporting on Council's progress over a 12 month timeframe presents both a challenge and an opportunity, in that Council activities move at a momentum that is often influenced by changes in economic, political, cultural, social and environmental developments. Furthermore, this snapshot aims to capture a comprehensive overview of Council's overall highlights and performance across a spectrum of 11 categories of Council activities in accordance with the LTP 2006-16 and the Exception Annual Plan 2007/08 (EAP), all of which are monitored and measured against a range of community wellbeing outcomes.

Set amidst a backdrop of growing global economic uncertainty and volatility; drought; significant market impacts of rising oil prices; a tightening labour market and a housing market that is now in retreat, Council has made reasonable progress in meeting planned levels of service and targeted Community Outcomes. It is important to note that the EAP budgets were constructed at a time of subdivisional growth for the District, leading to increase in both expenditure and revenue budgets. What a difference 12 months makes. Meeting the budget in this climate is challenging.

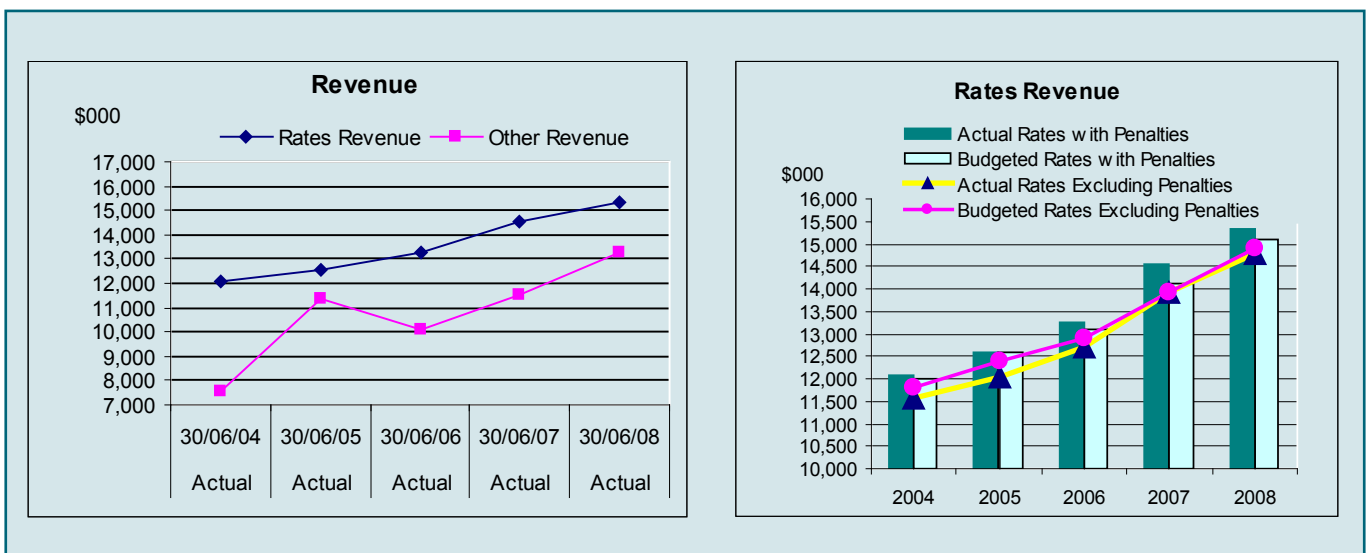
Council continues to play an active role in the "shared services" collaboration of local authorities in the Manawatu-Wanganui region, affording it the opportunity to leverage shared expertise and resources, contributing to future reductions in costs of services and strengthening organisational efficiencies. It also retains focuses on



seeking operational savings, defining its core business, and improving its ease of customer and consenting services to residents and businesses.

Highlights of the year included:

- » Completion of the new administration block at Huia Street in December 2007. The new Council Chamber is also available for community meetings.
- » Implementation of rate penalties amnesty programme in January 2008 to 31 March 2008 as the first step towards the recovery of overdue rate debtors.
- » Council is at the forefront of accomplishment in the area of waste minimisation and resource recovery using a multi-faceted strategy based on education in schools and the community; recycling, and user pays. By October 2007, Council has recycled over half the waste that arrived at the Transfer Stations between 2004/05 and 2005/06.
- » Completion of capital works programme including carry-forward works from previous years.



The Year at a Glance

Key Financial Indicators	2007/08 Budget \$000	2007/08 Actual \$000	2006/07 Actual \$000	2005/06 Actual \$000	2004/05 Actual \$000	2003/04 Actual \$000
Total Expenditure	23,269	26,461	22,785	21,322	21,528	19,161
Total Revenue	(26,527)	(28,639)	(26,098)	(23,212)	(25,014)	(19,479)
Net (Surplus)	(3,258)	(2,178)	(3,313)	(1,890)	(3,486)	(318)
Total Assets	299,135	335,506	327,410	266,889	265,820	232,432
Total Liabilities	(27,604)	(32,481)	(26,480)	(22,931)	(23,873)	(22,602)
Net Assets	271,531	303,025	300,930	243,958	241,947	209,830

	2003/04	2004/05	2005/06	2006/07	2007/08
Actual Working Capital Ratio	1.00:1.23	1.00:1.28	1.00:1.20	1.00:1.04	1.00:1.16
Budgeted Working Capital Ratio	1.00:1.15	1.00:1.07	1.00:1.08	1.00:1.08	1.00:1.06

How We Performed

International Financial Reporting Standards (IFRS)

Council first adopted IFRS in the financial report for the year ended 30 June 2007. The only significant impact in the financial statements this year was the subsequent increase in depreciation, due to revaluation of infrastructural assets as at 30 June 2007.

Total Revenue

Total revenue for the year has increased by 8.0% against the forecast revenue with revenue exceeding expenditure by \$2.178 million.

The graph on page 3 shows the trend in rates and other revenue per annum over a five year period. The actual rate revenue matched the budgeted revenue from 2004 to 2006. The actual rates revenue for 2007 and 2008 was slightly higher than their respective budgets, due to increases in penalty. The gap between rates revenue and other revenue from 2004 to 2008 are converging, with the exception in 2005, where an additional \$2.7 million was received for roading and emergency works from Land Transport NZ. In addition, in the same year, unbudgeted \$330,000 from user fees and charges was received.

The actual surplus in 2007/08 is mainly attributed to increases in other revenue such as User Charges and a Land

Transport NZ government grant. The actual rates, before remissions have increased by 5.6% from last year. There has been upward movement in rates revenue over the last five years.

Total rates remissions have increased by 12.6% to \$689,000 from last year. The types and respective amounts of rates remissions approved for the financial year are included in the Note 6 of the Financial Statements.

The objectives of the rates remissions are:

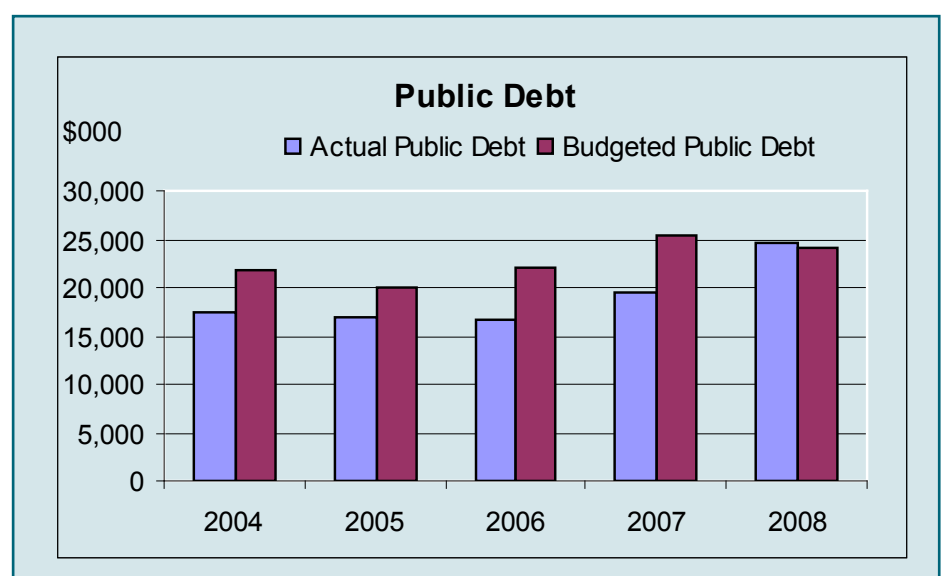
- » To assist rural economic development by removing unnecessary barriers to farm development.
- » To assist in good land management and improvement to visual amenities in urban areas by enabling non-contiguous, vacant sections to

be managed by residents without being adversely impacted by paying multiple uniform charges.

- » To achieve better environmental outcomes, through assisting in weed and pest management, reduce urban fire and health risk, by reducing barriers to the more effective management of vacant areas of land.

The chart below reflects the trend of operational performance and financial position over the last five years.

The table opposite shows Council's liquidity position over a period of five years. With the exception of 2006/07, where the actual working capital ratio achieved was less than the budgeted working capital ratio, the actual data shows that, each year, Council had the ability to meet its current liabilities from



The Year at a Glance

Borrowing Limits	30/06/2008 Target	30/06/2008 Actual	30/06/2007 Actual	30/06/2006 Actual
Interest/Operating Revenue	5% - 15%	6.4%	4.9%	5.0%
Total Liabilities/Total Assets	10% - 15%	9.7%	8.1%	8.6%
Net Debt/Operating Revenue	1 - 1.5	1.13	1.01	0.98
Interest Rate Exposure				
< 12 Months	10% - 40%	24%	30%	28%
12 months - 2 years	10% - 40%	30%	22%	12%
2 - 4 years	20% - 50%	35%	34%	42%
Over 4 years	10% - 20%	10%	14%	18%

current assets, when due.

Total Expenditure

The challenging economic environment has led to Council bearing increased cost pressures that have impacted on both operational and capital expenditure. Total expenditure is covered 1.07 times (compared with 1.15 last year) by the total revenue. The operational net surplus is generally available to contribute towards capital expenditure.

The cost fluctuation for Council core activities was running between 5% and 12% in 2007/08, compared with the 2.8% inflation cost that was included in the LTP budgets. Council is impacted by construction and labour market indices more than CPI in the services it manages.

In addition, the costs incurred in 2007/08 for capital projects brought forward from previous years have indirectly impacted on the associated operational costs and the bottom line (Net Surplus). Early in 2007/08, Council approved carry forward capital projects, to ensure that there is no interruption or deficiency in the essential level of services accessible by people in the district, as forecasted in the EAP.

During the year, Council was able to maintain a lower than expected

cost of borrowing, compared with the budgeted finance cost, even with an increased level of actual Public Debt, attributed mainly to rigorous treasury management.

Public Debt

Public debt has increased by \$5.2 million since 30 June 2007. The increase is mainly due to increased costs in core activities and capital projects brought forward from previous financial years. Looking at the graph below, the reader will note a gap between budgeted and actual public debt between 2003/04 and 2007/08. This problem was identified to Council as an issue of not achieving planned capital works. Whilst this has favourably led to surpluses, Council made a concerted effort achieve and capitalise these carry-forward works in 2007. Whilst making an obvious impact on debt levels, the unachieved capital works programme is greatly improved.

The actual level of public debt in 2007/08 closely matched the forecasted public debt level for the period ended 30 June 2007. The graph reflects the increase in borrowing due to the catch-up cost incurred for accumulated carried forward capital projects from the years 2004 to 2007. This trend is likely to continue in subsequent years, as

Council works towards completion of the works programme.

Council continues to maintain lower than average of interest cost, where the average interest rate over the 12 months was maintained at 6.8% as compared to the average budgeted interest rate of 8%.

Key Treasury Indicators

The table below outlines the performance of Council's treasury management against the ranges of tolerance for prudent financial management.

It shows that Council's financial indicators are strong, with the Total Liabilities/Total Assets ratio of 9.7% ranking below the projected targets of between 10% -15% for the 2007/08 period. The interest rate exposure rates are all within the targeted rates.

Summing Up

With a backdrop of global economic uncertainty, Council has made reasonable achievements in ensuring that the level of service for each core activity was sustained. . In all of this, Council is committed to ensuring the prudent management of resources and long term sustainability, in an effort to provide the best value for money to residents and ratepayers in the District.

The full Annual Report 2007/08 is available on Council's website www.ruapehuc.govt.nz and for viewing at Council Offices and Libraries in Taumarunui, Ohakune and Raetihi.

Activities Overview

As stated in the Ruapehu District Council 2006 – 16 Long Term Plan (LTCCP), Council undertook a consultation process with the Ruapehu District community to identify the Community Outcomes. These Community Outcomes are collective statements of community goals and aspirations – the things that the community think are important part for its wellbeing. Page 48 of the LTCCP outlines that Council is developing a key indicator list of Community Wellbeings. The “Ruapehu 2008 State of the District” report was completed in the 2007/08 year and is available on Council’s website, www.ruapehudc.govt.nz. This report will enable the community to partner with Council and enable collaborative progress around a Needs Assessment.

How We Performed

Major projects and activities identified in the Ruapehu District Council 2006 – 16 LTCCP

Activity	Non-Financial Performance				Financial	
	Total Major Projects	Achieved	* Started Not Completed	* Not Yet Started	* Budget \$000	Paid \$000
Solid Waste	4	3	1	0	134	107
Stormwater	4	2	1	1	211	134
Sewerage #	3	0	3	0	250	72
Land Transport	6	3	3	0	6,298	1,549
Water Supply	5	2	3	9	484	333
Recreation & Community Facilities	3	2	0	1	211	146
Community Property	1	0	0	1	120	0
Leadership	1	0	1	0	98	7
Total	27	12	12	3	7,806	2,348

* Capital Budget for projects yet to start and those uncompleted at 30 June 2008 are carried forward to 2008/2009 financial year.

A subsidy of \$470,000 (excluding GST) has been received from Government for the Ohakune and Raetihi Sewerage Treatment Plant Upgrade

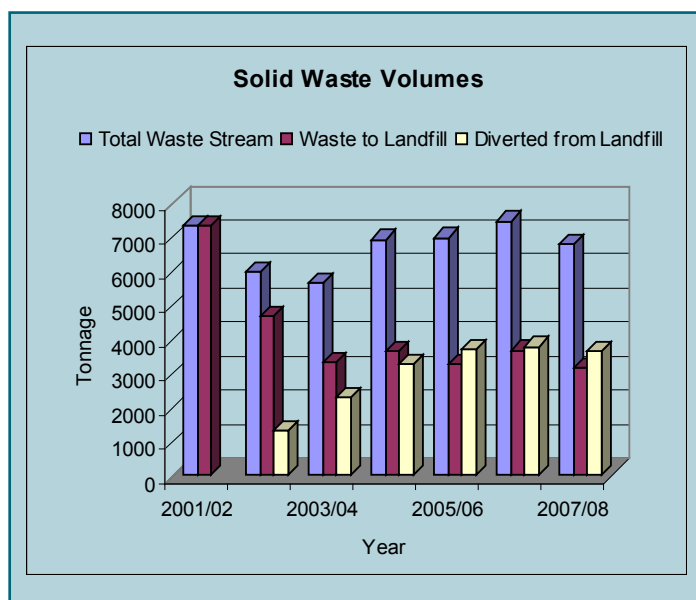
Solid Waste

- » The District has again recycled more than it has deposited into the landfill for the third year in a row. The graph indicates that 54% of the total volume was recycled and 46% was deposited into the landfill. Kerbside recycling was introduced on 1 July 2006. Waste volumes entering the landfill were again down on last year. The unusually good ski season has meant that the ambitious targets set in the Solid Waste Management Plan were not achieved because overall volumes grew.
- » Council has continued to promote the waste hierarchy through education in schools, brochures, advertising and staff information. Efforts have been made to align with customer expectations and provide an understanding around what services can be provided. Complaints per quarter have

reduced substantially and customer satisfaction levels surveyed in June/July 2007 showed increased satisfaction.

- » Major projects were largely completed. The National Park Transfer station was not completed because groundwork preparation had not settled enough for the final building works to commence.
- » Direct operational expenditure was 1% over budget.

Once depreciation is included, the total operational cost was 3% above budget. This was offset by operational revenue which was \$100,000 above budget.



How We Performed

Stormwater

- The stormwater channel maintenance programme, implemented over a number of years, has removed restriction and significantly reduced local flooding around townships. This has seen an improvement in the delivery of service and overall customer satisfaction.
- The drainage report for the District has been updated and drainage report around Ohakune has been completed. These reports highlight challenges for the future around expected growth in the District. New developments will result in more impermeable surfaces and the effects of stormwater on the environment will grow, unless managed by Council.
- This year was one about looking at our network on strategic planning to move forward. Design work has been completed around Goldfinch Street, Ohakune and Kirk Street/ Waimarino-Tokaanu Road, National Park. These projects have not been completed, as they need to align with roading works.
- Piping of Kaha and Nei Streets in Rangataua was completed. This has the effect of making the road verge appear wider and has removed two large open drains from the community.
- Direct operational expenditure was \$5,000 or 3% above budget. Once depreciation is included, total budget operating costs shown here are 18% above budget.



Sewerage

- » At the end of last year, the Ohakune sewage treatment plant was upgraded and has experienced some technical problems in its first year of operation, which has consumed significant amount of contractor time. Between this project and the significant number of connections Council's contractors were over-committed. The capital works programme planned suffered because of these commitments, but goals of service were achieved.
- » Raetihi Infiltration Assessment, Stage 1 (smoke testing to remove illegal connections) was completed. A second night flow study was undertaken to look at prioritising catchments. Ranfurly Terrace sewage reticulation improvement was identified and completed this year. Stage 2 will carry over budget money and upgrade prioritised pipes.
- » Nei Street sewer work was tendered with the Nei Street stormwater upgrade, as pipes required exposure at similar times. The contractor was unable to complete this work in the construction period and work was abandoned until next financial year.
- » Ohakune reticulation money was planned to upgrade the sewer main on Thames Street, which was completed. The remaining budget was allocated to the renewal of the Goldfinch Street pipeline, as joint works with the developer. Unfortunately, the developer placed its works on hold.
- » As Council's infrastructure ages and communities develop, there are new challenges to upgrading the systems and meeting environmental standards.
- » Stormwater ingress is a significant factor hindering delivery of the service. The solution must be planned in a strategic manner across the infrastructure.
- » Increasing need for monitoring and action over stormwater ingress has meant that direct operating costs are up by \$109,000 across the District. When increased depreciation is included, total operating cost was \$294,000 above budget.



How We Performed

Resource Management

- Overall the Resource Management activity in 2007/08 saw a high number of subdivision consents issued in the first two quarters, with a dip in numbers for the remainder of the financial year. There is still major growth in the Ruapehu District, which has led to the need to increase staff numbers and to improve processes for the benefit of the applicants. This year the Resource Management Team processed 80% of the resource consents within timeframes, an increase from the 73% of last year and well above the national average. Looking forward to 2008/09 as this financial year will see the District Plan review document becoming close to being ready for public submission.
- Council acknowledges the support of Maunsell in its District Plan review in 2007/08. Council also acknowledges the support of Le Pine & Co for its support in resource consent related issues.



Mountain Road (OMR) continued to deliver against the OMR strategic plan. These are examples of Council's commitment to increased effort in renewal and development of the transport network, at the same time as maintaining the network to increasing community expectation and transport standards.

primarily driven by increased emergency works in June and July. The NZTA is expected to offset the increased emergency work expenditure with an increase in subsidy in this area. The local share of the extra expenditure is \$81,000 (2.4%) above the budgeted local share of \$3,340,000.

Land Transport

- Overall the transport network achieved its Annual Plan objectives, with an overall New Zealand Transport Agency (NZTA) financial assistance rate achieved of 72%. For much of the year, Council has again been well supported by GHD staff as instability in senior transport staff continued. The appointment of a new Team Leader Transport in June has brightened the future and Council looks forward to stable leadership in this area. Despite staff difficulties, major projects have been progressed with highlights being the success of Stage 2 of the Raetihi-Pipiriki and Whanganui River Road joint sealing project with Wanganui District Council.
- The completion of Stage 2 renewals of Taumarunui footpaths demonstrates a commitment to easing future liabilities associated with pedestrian safety on Council's infrastructure, and safety improvements on the Ohakune

- Looking forward to 2008/09, transport challenges at the local level continue to be balancing increased effort in renewal and maintenance of roads. At a regional level, challenges are presented by the establishment of the new NZTA and the introduction of Government Policy Statements giving priority to specific work around coastal shipping and rail networks, Council's role on the Regional Transport Committee will be crucial to the success of regionally funded projects (R-funds) in the Regional Transport programme.
- All levels of service were achieved with the exception of improvement works where decisions were taken to defer works associated with the Okahukura saddle seal extension, Ohakune Mountain Road 9km bridge replacement and Arete Ridge stabilisation. Two key performance measures not reported against relate to responses from customer satisfaction surveys which were not undertaken during the year.
- The year end result shows a 21% over expenditure which was

- Working with the community highlighted the successful completion of construction of two new roads under the amended Transport Policy 2006. Cuffs and Mania Roads were completed with the local share contribution being funded by residents associated with the road. These roads now become a part of the subsidised maintenance programme.

Water Supply

- » Council cannot achieve its levels of service 100% of the time, due to constraints at treatment plants and the distribution networks. Despite these constraints, the customer satisfaction survey indicates 72% satisfaction with the service in the communities.
- » Raetihi water supply resource consent has placed constraints on the extraction of water and new valves and telemetry were installed to control supply and meet consents. Once extraction levels and the needs of the town have been finalised, work on the treatment plant design can commence. It is likely

How We Performed



Recreation and Community Facilities

- that any new supply will include consideration of the whole of the supply to the Waimarino Plain.
- » Council tendered the Ohakune water treatment plant upgrade during this financial period but did not accept the tender because it was too expensive. Work will be completed a series of smaller jobs. This means that the capital project commenced in June and will save the community approximately \$1 million.
 - » Water is important to our communities' wellbeing and is increasingly being seen as a scarce resource. Horizons Regional Council, through the One Plan, will be seeking to limit the water allocated to communities and Council to demonstrate efficient use of the water. Legislation on drinking water has seen an increase in the standards of treatment and the quality of water to be supplied to the communities. Part of the legislation requirement and Council strategic planning has been to develop a programme to assess the public health risks for each community and what mechanisms can be used to upgrade the water quality.
 - » Direct operational expenditure was 1.4% above budget. The increased depreciation allowance increased the total operating costs cost by \$245,000 (see Statement of Financial Performance).

- » Several planned projects have been completed, including new rubber fall areas to all swings and the new equipment placed throughout the District. The Raetihi Seddon Street public toilet upgrade has been completed and the womens' toilet has recently been entered into the 'Best Loo in New Zealand' competition.
- » Graffiti and other forms of vandalism such as the smashing of toilet pans in the Taumarunui Domain toilet block continue to be a problem. The introduction of a zero tolerance policy toward graffiti vandalism has not appeared to be a deterrent. However, a major effort to eliminate graffiti on public property within 48 hours of notification is being made, although wet weather, when it is impossible to paint, has had an impact on this target.
- » The trees in power lines problems have reduced this year. There has been very little storm damage during the year other than major erosion, causing several large beech trees to fall into the Mangateitei River from an esplanade reserve at the rear of a number of properties in Moore Street, Ohakune. Horizons Regional Council has advised that rock wall erosion control is required in this

area. Contributions are being sought from affected property owners toward the cost of this work.

- » At the request of the Taumarunui Ward Committee, bedding gardens in a few of the traffic islands in Hakiaha Street have been trialled over the latter part of the year, with great success. These are providing bursts of colour in the main street but it needs to be remembered that there have been fewer frosts than usual and plenty of rain during the first weeks of planting. Success with these gardens in the summer months may be more difficult to achieve if the weather becomes hot and dry.
- » Over the latter part of the year, Council engaged with the Ohura community a number of times regarding the future delivery of recreation facilities. Following several public meetings, a written survey was carried out with the community, the results of which will be considered by Council in the 2008/09 year. A proposal to create a community hub, including a playground with existing and some new play equipment around the Ohura Memorial Hall, obtained most support.
- » A proposal to lease the Tuku Street pavilion to the Taumarunui RSA, for use by the Taumarunui



How We Performed

Cadets and St Vincent de Pauls as a community centre, was approved by Council. The Horopito Hall was repainted by the Horopito Residents & Ratepayers Society Inc, which has also carried out a huge tidy up of the grounds of the Horopito Domain. This reserve and the hall building are looking great due to this community input into the maintenance of the property. The Department of Conservation asked Council whether it would accept the vesting of ownership of the Owhango Hall and Domain Owhango from the Crown. The Owhango Residents & Ratepayers Society Inc (ORRIS) is considering this issue. If Council became the owner of the hall, a management agreement or lease with ORRIS would be implemented.

- » The over-expenditure in operating budgets for Parks and Reserves (7.7%) is the cost incurred from the major parks and reserves maintenance contract cost fluctuations (indexed inflation). The budgets had been increased by approximately 3%, which was the anticipated cost of inflation for the year. However, indexed cost fluctuations were closer to 18%. The overall result is a very small overspend of only 0.3% across the whole activity.
- » Some under-expenditure also occurred, due to a number of factors such as less unplanned maintenance costs than budget, and there were a number of planned maintenance items completed under budget and some planned maintenance not carried



- out because the cost would have resulted in over budget expenditure.
- » There were a number of capital projects scheduled in 2006/07 which were carried forward to 2007/08. This is the reason for the high expenditure against the \$72,000, which does not include the brought forward budgets from 2006/07.

Community Property

- Council reached a milestone when it officially opened the new Taumarunui Administration Building Complex in December 2007 and occupied the building in January 2008. This was a major project completed on time and on budget.
- Two tenants were obtained for the

Ohakune Railway Station and this building is now up and running again after many of years without occupation. The building is divided into three distinct areas - the public toilet facility maintained by Council, a section of office space formerly two rooms leased by the Ruapehu, Wanganui, Rangitikei Regional Economic Development Trust (Te Kahui Tupua), and a café/general store leased by Toby Buxton. This is a major achievement as it is hoped that the station building will be the Ohakune hub of the Old Coach Road walk from Ohakune to Horopito, when this is fully developed.

- A customer satisfaction survey of older persons and community housing in January 2008 showed 75% of tenants satisfied or very satisfied with the level of service being provided. This result meets the key performance indicator of 75% in the LTP for the year. It proved difficult to retain 90% or better occupancy rates for older persons housing units, most empty units being bedsit units at Taupo Road and two units empty at Ohakune for most of the year.
- Operating costs were close to budget. Operating revenue was 20% lower than budget, due mainly to incorrect predictions of possible revenue which were higher than achievable market rentals for rental housing.



Leadership

- Overall, 2007/08 has been a year for Council's leadership to unite under a newly elected team, provide oversight to significant projects such as the Taumarunui Administration Centre, grapple with structural development in the organisation and refocus on priority services and stakeholder groups including iwi and District community organisations.
- Strategically, the groundwork was laid for a review of Council's major directional documents - District Plan, Long Term Plan, Revenue and Financing Policies, various Bylaws, Asset Management Plans and the Solid Waste Management Plan (now the Waste Minimisation Plan). Progress on all of these was to schedule.

Community Development

- Overall, 2007/08 has been a challenging year. The Regional Tourism Organisation (RTO) succeeded with production of its Product Manual and introduced a new "Events Calendar" to support local organisations. I-Sites were upgraded, with new vouchering and stock management software. Ruapehu's international profile has been boosted by the RTO's overseas media campaign, bringing Ruapehu to The Netherlands, Japan, Thailand, North America, Germany and Australia. Ruapehu has been an active participant in regional and national tourism events to build its profile.
- The year has also presented significant issues for Council to grapple with. Level of Service indicators show some degree of disconnection between Council's tourism activities and the support of local tourism operators and those who pay for this service. In addition, Council took a decision to test the marketplace for alternative Visitor Information Centre providers who could potentially provide the same or enhanced services for a better price than Council is



- currently achieving. Council will make a decision on this matter in October 2008.
- Council is providing considerable economic development support through its support of the Te Kahui Tupua Tourism Major Regional Initiative (MRI) by Government with local share from contributing Councils. In addition, through its Regional Economic Development Trust involvement, progress has been made in most areas of the combined Ruapehu, Rangitikei and Wanganui Economic Strategic Plan.
- As part of its Community Development function, Council allocated Grants of \$27,230.68 from its Grants Fund. An additional \$20,232.50 was allocated from the SPARC Rural Travel Fund.
- Council adopted its Physical Activity Strategy and also partnered in the "No Exceptions" physical disability strategy aimed at improved access for disabled persons, over time.
- In terms of performance, the activity achieved only 31% of its levels of service, was 6.2% under budget and 13.2% under its revenue target. These are matters requiring Council review.

Regulation Services

- Investment in the District is still on the incline. This can be seen in the number of new houses built in this financial year (77), including 60 in the south and 17 in the north.
- Health registrations for this period show that all existing premises have been registered, with the exception of one in the south that Council is currently working with to achieve compliance.
- The District Licensing Agency had 12 liquor hearings for this financial year with eight objections being upheld and the four objections decisions been reserved for a period not exceeding 30 days.
- It has been an interesting year for some areas of the Regulation activity as the Building Team has worked its way through the Accreditation process and has become the 41st territorial authority to become accredited.
- The Compliance Team has also had a great response to their dog registration programme, targeting areas that have had a low registration, but high dog problem.

About Our Logo

The Ruapehu District Council logo depicts the District's most dominant feature, Mt Ruapehu, and the rivers whose headwaters are situated around the base of the mountain.



We have audited the summary annual report.

Unqualified Opinion

In our opinion:

- » the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report; and
- » the information reported in the summary financial statements complies with FRS-43: Summary Financial Statements and is consistent with the full financial statements from which it is derived.

We expressed an unqualified audit opinion, in our report dated 31 October 2008, on:

- » the full financial statements; and
- » the Council and group's compliance with the other requirements of Schedule 10 of the Local Government Act 2002 that apply 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 the audit and in conducting the audit of the Long Term Council Community Plan, we have no relationship with or interests in Ruapehu District Council or any of its subsidiaries.

Responsibilities of the Council and the Auditor

The Council is responsible for preparing the summary annual report and we are responsible for expressing an opinion on that report. These responsibilities arise from the Local Government Act 2002.



B H Halford
Audit New Zealand
On behalf of the Auditor-General
Tauranga, New Zealand
31 October 2008

Matters Relating to the Electronic Presentation of the Audited Summary Annual Report

This audit report relates to the Summary Annual Report of Ruapehu District Council and group's Summary Annual Report for the year ended 30 June 2008 included on Ruapehu District Council group's website. Ruapehu District Council and group is responsible for the maintenance and integrity of the Ruapehu District Council and group's website. We have not been engaged to report on the integrity of the Ruapehu District Council and group's website. We accept no responsibility for any changes that may have occurred to the Summary Annual Report since they were initially presented on the website.

The audit report refers only to the Summary Annual Report named above. It does not provide an opinion on any other information which may have been hyperlinked to/from this Summary Annual Report. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited Summary Annual Report and related audit report dated 31 October 2008 to confirm the information included in the audited Summary Annual Report presented on this website.

Legislation in New Zealand governing the preparation and dissemination of the Summary Annual Report may differ from legislation in other jurisdictions.

The specific disclosures included in this Summary Annual Report have been extracted from the full Annual Report adopted by Ruapehu District Council on 31 October 2008. The full Annual Report has been audited and an unqualified audit report has been received.

The Summary Annual Report cannot be expected to provide as complete an understanding as provided by the full Annual Report of the financial and service performance, financial position and cash flows of Council. The Summary Annual Report has been audited for consistency with the full Annual Report and a copy of the unqualified audit report is included.

Ruapehu District Council and Group Summary Financial Statements For the Year Ended 30 June 2008

	2008 Actual \$000	2008 Budget \$000	2007 Actual \$000
Summary Statement of Financial Performance			
Operating Revenue	28,183	26,425	25,083
Other Gains	456	102	1,015
Total Revenue	28,639	26,527	26,098
Operating Expenditure			
Finance Costs	1,830	1,923	1,279
Add: Rates Write-Off	833	0	172
Total Expenditure	26,457	23,269	22,785
Operating Surplus	2,182	3,258	3,313
Share of Associate Surplus/(Deficit)	(4)	0	0
Net Surplus	2,178	3,258	3,313

Summary Statement of Financial Position

Current assets	8,353	2,993	6,430
Non Current Assets	327,153	296,142	320,980
Total Assets	335,506	299,135	327,410
Current Liabilities	13,178	5,788	10,708
Non Current Liabilities	19,303	21,816	15,772
Total Equity	303,025	271,531	300,930
Total Liabilities and Public Equity	335,506	299,135	327,410

Summary Statement of Changes in Equity

Net Surplus for the year	2,178	3,258	3,313
Financial Assets at Fair Value through Equity	(83)	(33)	24
Increase/(decrease) in asset revaluation reserves	0	22,332	53,635
Total recognised revenue and expenses	2,095	25,557	56,972
Public Equity at the start of the period	300,930	245,974	243,958
Public Equity at the end of the period	303,025	271,531	300,930

Summary Cash Flow Statement

Net cash flows from operating activities	6,528	8,349	7,697
Net cash flows from financing activities	5,200	1,189	2,800
Net cash flows from investing activities	(11,508)	(10,953)	(10,345)
Net cash inflow (outflow)	220	(1,055)	152
Cash, cash equivalents - beginning of year	2,451	2,299	2,299
Cash, cash equivalents - end of year	2,671	1,244	2,451
Total Commitments	28,374	0	8,313
Contingencies	150	0	50

Statement of Accounting Policies

Ruapehu District Council (Council) is a territorial local authority governed by the Local Government Act 2002 (LGA). The full financial statements of Council have been prepared in accordance with NZ GAAP. They comply with NZ IFRS and other applicable Financial Reporting Standards, as appropriate for public benefit entities. This summary is the second set of financial statements prepared using NZ IFRS. The accounting policies have been applied consistently to all periods presented in these financial statements. The financial statements have been prepared on a historical cost basis, modified by the revaluations of land and buildings, certain infrastructural assets, and investment property.