



# Part 1: Overview

# Council Directory

Postal Address	Private Bag 1001 Taumarunui 3946	
Locations	Huia Street Taumarunui 37 Ayr Street Ohakune Cr Seddon/Duncan Streets Raetihi	Phone (07) 895 8188 Fax (07) 895 3256 Phone (06) 385 8364 Fax (06) 385 8628 Phone (06) 385 4447 Fax (06) 385 4014
Bankers	Bank of New Zealand 101 Hakiaha Street Taumarunui	
Auditors	Audit New Zealand on behalf of the Auditor-General PO Box 621 Tauranga	
Solicitors	Le Pine & Co P O Box 140 Taupo	

## Statement of Compliance

The Ruapehu District Council hereby confirms that all statutory requirements in relation to the Annual Report, outlined in the Local Government Act 2002, have been complied with.

Dated at Taumarunui this ..... day of October 2009



Sue Morris JP  
MAYOR

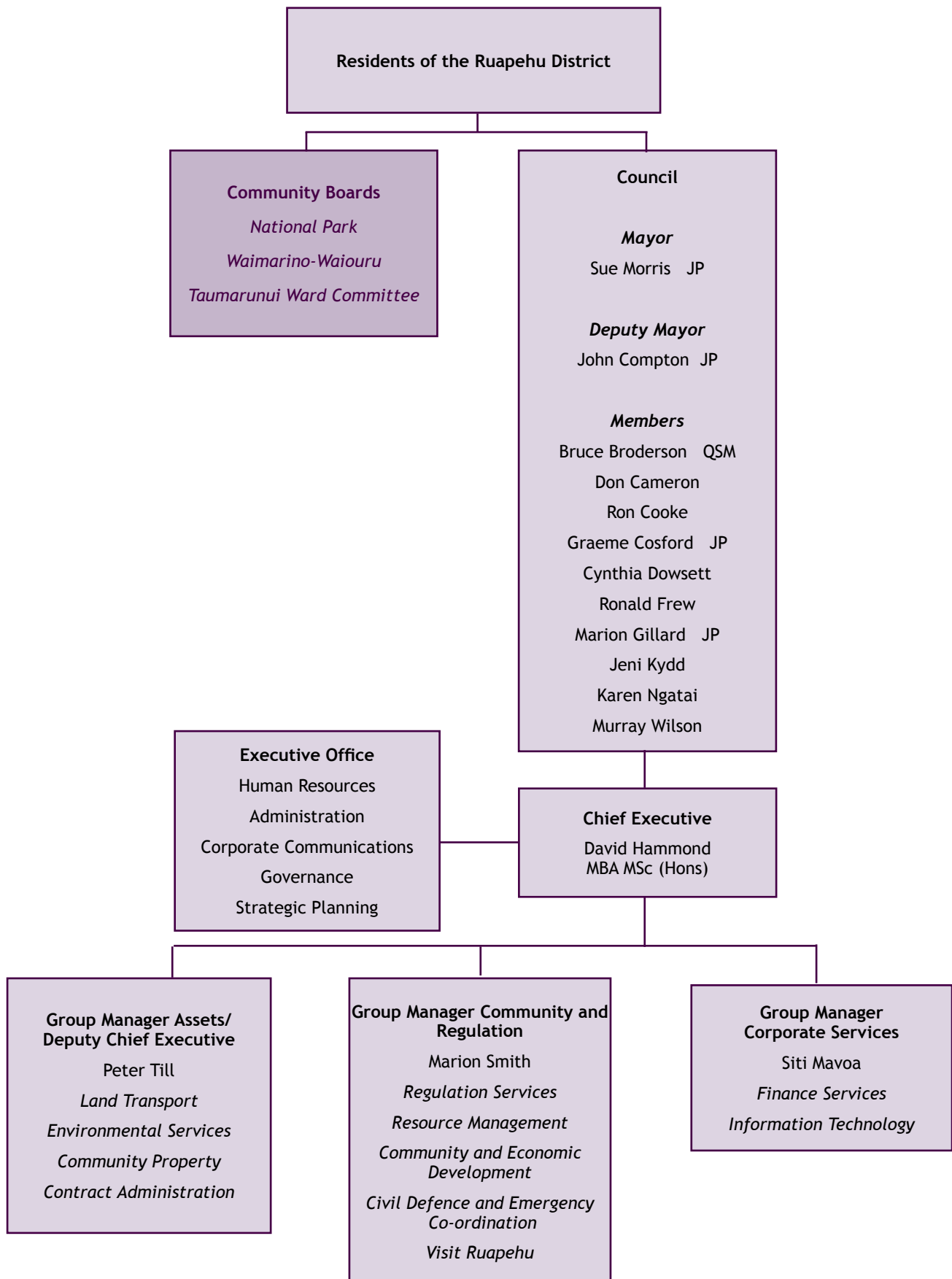


David Hammond MBA MSc (Hons)  
CHIEF EXECUTIVE



Peter Till  
GROUP MANAGER CORPORATE SERVICES

# Council Organisational Structure



# Mayor and Council Members

## Mayor (Elected at Large)



Sue Morris  
1339 Hikumutu Road  
R D 2  
Taumarunui  
  
Phone (07) 895 5945  
Fax: (07) 895 6945

## Deputy Mayor



John Compton JP  
P O Box 3  
Raetihi  
  
Phone (06) 385 4204

## Ohura Ward



Marion Gillard JP  
Tokirima  
R D 1  
Taumarunui  
  
Phone (07) 893 8575  
Fax (07) 893 8575

## Taumarunui Ward



Bruce Broderson QSM  
55 Ward Street  
Taumarunui  
  
Phone (07) 896 7124  
Fax (07) 896 8014

## Taumarunui Ward



Graeme Cosford JP  
42 Reu Street  
Taumarunui  
  
Phone (07) 895 7572  
Fax (07) 895 7572

## Taumarunui Ward



Ron Cooke  
33 Miriama Street  
Taumarunui  
  
Phone (07) 895 6280

## Taumarunui Ward



Jeni Kydd  
112 Opatu Road  
Tokirima  
RD1  
Taumarunui  
  
Phone (07) 893 8881  
Fax (07) 895 7977

## Taumarunui Ward



Karen Ngatai  
446 Echolands Road  
R D 4  
Taumarunui  
  
Phone (07) 896 6658

## National Park Ward



Murray Wilson  
Jam Cottage  
Mackenzie Street  
National Park 3948  
Ph: (07) 892 2774  
Fax: (07) 892 2774

## Waimarino-Waiouru Ward



Don Cameron  
135 Matapuna Road  
RD6 Raetihi 4696  
  
Phone (06) 385 3033  
Fax (06) 385 3033

## Waimarino-Waiouru Ward



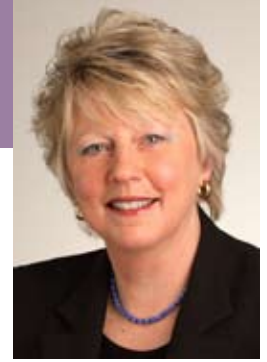
Cynthia Dowsett  
30 Shannon Street  
Ohakune  
  
Phone (06) 385 8086  
Fax (06) 385 8980

## Waimarino-Waiouru Ward



Ronald Frew  
Lakes Road  
R D 1  
Ohakune  
  
Phone (06) 385 9223  
Fax (06) 385 9223

# Message from the Mayor



Sue Morris JP

I am pleased to present the 2008/09 Annual Report on behalf of the Ruapehu District Council, which reviews performance and progress against Council's Annual and Long Term Plans.

The year for Council has seen contrasting results in a time of recession. Council strongly backs its farming sector as it battles through recession and is concerned over planned new regional land use planning impacts. We also celebrate the growth of tourism and new investment confidence in Ruapehu over the year. The visitor industry has shown great resilience even in recession, with the number of travellers who stay overnight in Ruapehu increasing 17% higher in the first half of 2009 compared to the same time last year. That growth is higher than any of the previous five years. The District is on the move and Council encourages potential investors to take a fresh look at this area and its economic potential. The recent announcement of Government for two cycleways in the Ruapehu District continues to confirm this area as the North Island's premier outdoor recreation centre.

In a snapshot, this Annual Report will show the reader that Council remains on-task. It sets high standards and meets most of them; its work programme across a huge area with many small communities is stretching, but largely achieved. In a financial sense, Council's cash flow is strong and improving, as is its debt management. Like other farm and urban businesses, Council is also not 'recession-proof' and budgets

are difficult to predict and rely on. We lost expected revenue due to lower property development, and our bottom line was also affected in unfavourable ways by lower Council property revaluations and a huge amount of storm damage impacting roading budgets and delaying project completions. Like you in the community, we had a battling year, and enormous efforts are going on behind the scenes at Council to wage war on getting internal costs down to fight back in the recession.

Council remains very positive for its future and looks forward to the 2009/10 year. These times are volatile and difficult to predict for all of us, but the potential of Ruapehu is so strong. I encourage you all to stay confident and to expect more news of increasing investment in the Ruapehu over the coming year. Despite the gloom, we are on the move.

A handwritten signature in black ink that reads "Sue Morris".

Sue Morris JP

**MAYOR**

# Interview with the Chief Executive

## ***What have stood out as highlights for the year?***

Overall, this has been a solid, consolidating year. Not having so much development pressure has allowed time for systems development and some restructuring to improve efficiency and effectiveness. A notable improvement was to our resource consenting performance, which jumped 41 places nationally from our 2005 level. We are now processing 90% of our resource consents to timeframe. This is stunning compared to a reported national average performance slump to only 65%, and it shows Ruapehu's commitment to customer service and reducing barriers to investors. We are on the right track. I have also been very satisfied with Council maintaining a strong cash position throughout the year fuelled by better debt recovery. Apart from August 2008 storm damage, our expenditure and revenue were well within bounds and we achieved a significant work programme (refer next page).

## ***How has the volatile economy impacted on the Council?***

Council is sensitive to changes in the economy (particularly property development). Council offsets rate rises by various fees from property growth and does not have the luxury of investment funds to cushion the impact of a recession. I estimate that the recession led to a reduction of expected revenue of some \$500,000. Even though our actual income kept to budget, this is because we got more roading subsidy due to storm damage last August. Our budgeted revenue from development into areas like resource management, sewerage and water did not come in.

## ***From a surplus position of \$2.2 million last year to a deficit of \$0.1 million now - how could this happen?***

Councils don't try to budget for large surpluses because they are not commercial and their income is mainly rates and other public money. A large surplus is a problem, in my opinion. Rates are there to be spent on agreed works. More important is whether Council has the cash to cover its works programmes and commitments and the financial strength to confidently raise loans. Council's cash position has been strong this year due to better debt recovery, several unexpected income streams and a lower loan figure than planned. This year the large swings in the 'surplus' figure on Council's Statement of Financial Performance includes revaluations to the property portfolio, a net of \$2.6 million write down of buildings, \$0.5 million increase in depreciation as a result of revaluation of infrastructural assets and \$3.2 million more expenditure on Emergency Works than expected. Other revenue saw an unexpected increase as a result of income from vested assets

of \$1.8 million. Those items alone had the effect of reducing the budgeted surplus for the year by \$4.5 million.

## ***What financial positives can you take out of the year?***

The best financial results for the year, in my opinion, were staff budgeting and the debt recovery programme, as I mentioned earlier.

Council was in a precarious position of some \$3.8 million unpaid rates as at 30 June 2008. Staff have reduced this 2008 position to some \$2.4 million by the same time a year later. This has probably amounted to some \$700,000 in cash coming back into the organisation. That is a result in the right direction. Unpaid rates hurt the whole community as it means Council cannot deliver the services requested.

## ***Based on the results, what is your outlook for 2009/10?***

The next financial year is going to be tight in budgets and Council will have to continue the war it has waged on costs in the organisation. There are many factors that Council can't control, like the costs of storm damage, revaluations and property development slumps. However, Council remains in a strong financial position, has good cash flow and will put a strong emphasis again on budgeting and cost management. But we are not blinkered - we will be seriously looking at our long term financial sustainability too.

## ***Acknowledgement***

I would like to thank all my staff for an excellent year in tough economic conditions, and also to those who spent so many hours in preparation of this Annual Report. Good job, team!



David Hammond

**CHIEF EXECUTIVE**



David Hammond  
MBA (Distinction)  
MSc (Hons)

# The Year at a Glance

The following financial summary 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 Council's 2006-16 Long Term Plan (LTP) and the Exception Annual Plan 2008/09 (EAP), all of which are monitored and measured against a range of community wellbeing outcomes. In other words, there is a direct link between this Annual Report and the direction of Council for the year which has been consulted on and approved.

Set amidst a backdrop of economic uncertainty and volatility; a year of storm damage in the District which was in excess of the 2004 floods; and a housing market in full retreat, Council has made reasonable progress in meeting planned levels of service and targeted Community Outcomes. Meeting the budget in this climate is complex and challenging.

Council continues to play an active role in the "shared services" collaboration of local authorities in the Manawatu-Wanganui region, leveraging real cost savings in the area of insurance and looking for further opportunities. 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:

- More road renewals than ever before (approximately 3km).
- Announced achievement of Council improving 41 places nationally in resource consent processing to timeframe.
- Significant progress on the Raetihi - Pipiriki - Wanganui Road with 40% now sealed, and 85% of earthworks completed.
- Recycling quantities outstripped landfilled volumes for the fourth consecutive year.
- The District Plan development progressed to a draft stage.
- The adoption of the Long Term Plan 2009-19 and completion of new Asset Management Plans.
- Significant involvement in advocacy on the Regional Council's "One Plan".
- Increased rate recovery by more than \$1 million in the year.
- Strong progress on the major implementation of Council's new 'Ozone' core computer system after the old computer's company ceased.
- The outsourcing of Visit Ruapehu and I-Sites to industry for a saving of \$323,000 from that projected in the Long Term Plan as the expenditure Council would require if they remained delivered internally.
- Achievement of 74% of Council's levels of service fell slightly under Council's target of 75%, and there was 94% progress on committed capital and other projects.

- Expenditure well within bounds except for August 2008 storm damage, and revenue to budget.
- A new water reservoir in Ohakune and new flower beds in Taumarunui.

## How We Performed

### Total Revenue

While total revenue for the year is close to that forecast in the 2008/09 Exceptions Annual Plan, this is a somewhat misleading statistic.

In July, August and October 2008, massive rain events swept through the District, resulting in over \$4 million worth of damage to the District's roads, with 88 major slips and innumerable minor damage sites. More than 40 men with machines were involved in the repairs. The subsidy obtained from Central Government to repair the damage caused by this event was coincidentally very close to the subsidy expected for Capital Works.

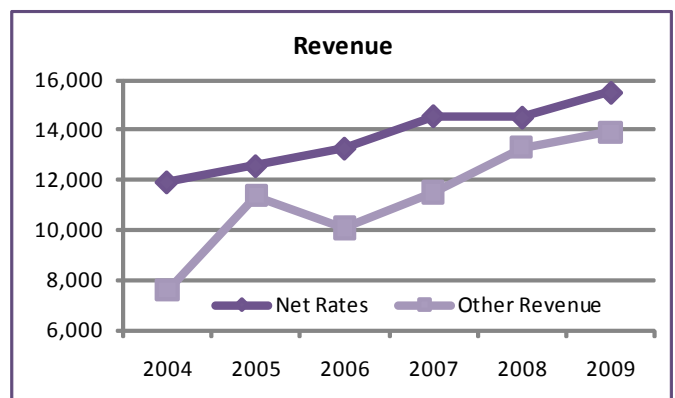
The effect on Council's accounts has been that nearly \$3 million of income that was expected to be spent on Capital Works was spent on operational repairs. This moved nearly \$3 million of expenditure from "below the line", ie, Capital Works undertaken from Council's "surplus" to "above the line" ie operational expenditure deducted from income before declaring a "surplus".

The Capital Works in question were:

- Construction of a new bridge on the Ohakune Mountain Road.
- Widening and sealing Okahakura Saddle Road that forms an arterial link between Taumarunui and the Ohura river valley.

The works will be started in 2010 and be completed over the next few years.

The graph below indicates the trend in rates and other revenue over a six year period.



# The Year at a Glance (continued)

The net rates revenue is close to budgets for each of the years compared. The gap between rates revenue and other revenue is reducing over the six year period. In 2005, an additional \$2.7 million was received for Emergency Works from Land Transport NZ with unbudgeted user fees and charges totalling \$330,000 being received.

The other notable issue highlighted in these accounts is the decrease in “other” revenue. This covers such items as Building Consents, Resource Consents, connections for sewage and water supply. The reduction, totaling approximately \$500,000, can be attributed to the decrease in economic activity in the District.

## Total Expenditure

Despite the challenges experienced during the year operational expenditure (excluding depreciation) is close to budget in all activities except Land Transport and Resource Management, when excluding the unexpected increase in depreciation.

The Emergency Works from August 2008 caused the Land Transport activity to overspend by \$3.2 million. No budgets were provided for cost associated with the additional works. However, significant subsidies associated with those works has been received with a relatively small local share was required.

The Resource Management activity incurred additional cost associated with a number of Resource Consent Hearings and District Plan issues.

163 activities were identified as projects in the 2008/09 year, of which 91% recorded substantial credible progress. 55% were completed. The reasons for non completion vary according to the nature of the project.

## Overall Result

The surplus in 2008/09 was affected by a number of factors with the main being:

- Increase in depreciation (not provided for) as a result of revaluation of infrastructure assets.
- Significant amount of emergency works carried out during the year, as explained above.
- Land Transport capital projects not completed, mainly as a result of delays caused by Resource Consent issues.
- Other Revenue increased as a result of assets vested in Council on completion of developments.

The key financial indicators (see table below) reflect the trend of operational performance and financial position over a period of five years. Working capital ratios (budget and actual achieved) are also indicated. These ratios indicate that Council has the ability to meet current liabilities from current assets when due.

When considering the above, the outcome for the year in terms of cost compared to budgets is very satisfactory.

The final result include a number of “one off” events, principally:

- The revaluation of assets connected to Water Supply, Sewage reticulation and Stormwater resulted in an increase in asset value of \$11million.
- The revaluation of the roading network resulted in a decrease in asset values of \$1million. This was due to the fact that the valuation reflects construction costs in the current contracts. Contract costs have reduced somewhat in the latest contract round, a reflection of the way the economic climate has changed.
- Gifting or vesting of subdivision assets resulted in a nominal income of \$1.8 million.
- The valuation of buildings and property reduced by \$2.6 million, reflecting the recent fall in property values.

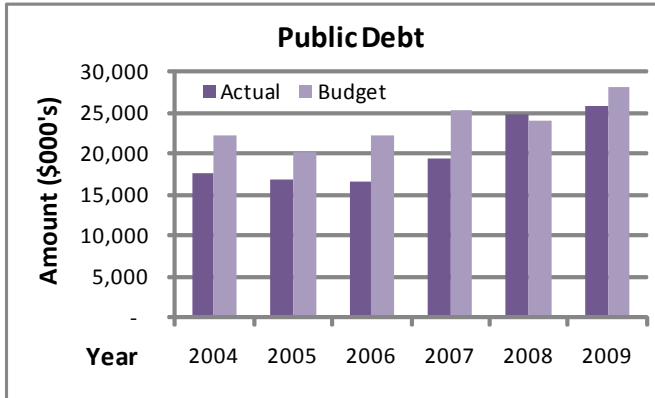
## Key Financial Indicators

	2008/09 Budget \$000	2008/09 Actual \$000	2007/08 Actual \$000	2006/07 Actual \$000	2005/06 Actual \$000	2004/05 Actual \$000
Total Expenditure	25.093	31.9	26.461	22.785	21.322	21.528
Total Revenue	-29.354	-31.78	-28.639	-26.098	-23.212	-25.014
<b>Net (Surplus)/Deficit</b>	<b>-4.261</b>	<b>0.13</b>	<b>-2.178</b>	<b>-3.313</b>	<b>-1.89</b>	<b>-3.486</b>
Total Assets	344.469	346.347	335.506	327.41	266.889	265.82
Total Liabilities	-35.411	-32.364	-32.481	-26.48	-22.931	-23.873
<b>Net Assets</b>	<b>309.058</b>	<b>313.983</b>	<b>303.025</b>	<b>300.93</b>	<b>243.958</b>	<b>241.947</b>
		<b>2008/09</b>	<b>2007/08</b>	<b>2006/07</b>	<b>2005/06</b>	<b>2004/05</b>
Actual Working Capital Ratio		1.00:1.04	1.00:1.16	1.00:1.04	1.00:1.20	1.00:1.28
Budgeted Working Capital Ratio		1.00:.0.81	1.00:1.06	1.00:1.08	1.00:1.08	1.00:1.07

# The Year at a Glance (continued)

## Public Debt

Public Debt has increased by \$1.02 million to \$25.7 million since 30 June 2008, against a forecast level of \$28.12 million. The main reason for the variance is the capital projects that have been delayed as a result of resource consent issues. These capital projects are generally loan funded.



The graph reflects the increase in public debt over a period of six years, with comparative budgets and actual for each year. The variance between actual and budgets are generally a reflection of capital projects planned but put on hold for various reasons.

The net requirement for funding has also been offset by a decrease in rates debtors. A significant effort is made to reduce this level and will continue in the 2009/10 year.

Council continues to monitor financial markets to ensure that cost competitive and efficient funding arrangement is achieved. In 2008, Council took advantage of changes to legislation that provided for the opportunity raise capital by way of issue of bonds to the retail market.

## Key Treasury Indicators

The table below indicates:

- The performance of Council's treasury management against the Liability Management Policy limits on borrowing and interest rate exposure parameters.
- That Council is well placed against all financial indicators with two out of three indicators at the lower end of the acceptable range and one below. The Interest Rate Exposures parameters are all within targets.

## Summing Up

Considering the challenges Council has experienced during the year, the level of service for each activity has been maintained and, in a number of instances, improved.

Commitment to prudent management of all resources is continuing to ensure long term sustainability and provision of core services to the residents and ratepayers of the District.

## Key Treasury Management Indicators

	Acceptable Range	30 June 2009 Actual	30 June 2008 Actual	30 June 2007 Actual	30 June 2006 Actual
Interest/Operating Revenue	5% - 15%	6.9%	6.40%	4.90%	5.00%
Total Liabilities/Total Assets	10% - 15%	9.4%	9.70%	8.10%	8.60%
Net Debt/Operating Revenue	1 - 1.5	1.17	1.13	1.01	0.98
<b>Interest Rate Exposure</b>					
<12 Months	10% - 40%	29%	24%	30%	28%
12 Months - 2 years	10% - 40%	22%	30%	22%	12%
2 - 4 years	20% - 50%	37%	35%	34%	42%
Over 4 years	10% - 20%	12%	10%	14%	18%

## Audit Report

### To the readers of Ruapehu District Council and group's financial statements and performance information for the year ended 30 June 2009

The Auditor-General is the auditor of Ruapehu District Council (the District Council) and group. The Auditor-General has appointed me, B H Halford, using the staff and resources of Audit New Zealand, to carry out an audit. The audit covers the District Council's compliance with the requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report of the District Council and group for the year ended 30 June 2009, including the financial statements.

## Unqualified Opinion

In our opinion:

- The financial statements of the District Council and group on pages 68 to 92:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect :
    - the District Council and group's financial position as at 30 June 2009; and
    - the results of operations and cash flows for the year ended on that date.
- The service provision information of the District Council and group on pages 18 to 66 fairly reflects the levels of service provision as measured against the intended levels of service provision adopted, as well as the reasons for any significant variances, for the year ended on that date; and
- The Council has complied with the other requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report (the "other requirements").

The audit was completed on 30 October 2009, and is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Council and the Auditor, and explain our independence.

## Basis of Opinion

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

# Audit Opinion (continued)

We planned and performed the audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements, performance information and the other requirements did not have material misstatements, whether caused by fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements, performance information and the other requirements. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

The audit involved performing procedures to test the information presented in the financial statements, performance information and the other requirements. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;
- reviewing significant estimates and judgements made by the Council;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all required disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements, performance information and the other requirements.

We evaluated the overall adequacy of the presentation of information in the financial statements, performance information and the other requirements. We obtained all the information and explanations we required to support our opinion above.

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

The Council is responsible for preparing financial statements in accordance with generally accepted accounting practice in New Zealand. The financial statements must fairly reflect the financial position of the District Council and group as at 30 June 2009. They must also fairly reflect the results of operations and cash flows and the levels of service provision for the year ended on that date. The Council is also responsible for meeting the other requirements of Schedule 10 and including that information in the annual report. The Council's responsibilities arise from Section 98 and Schedule 10 of the Local Government Act 2002.

We are responsible for expressing an independent opinion on the financial statements, performance information and the other requirements and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and section 99 of the Local Government Act 2002.

# Audit Opinion (continued)

## Independence

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the Institute of Chartered Accountants of New Zealand.

Other than the audit and in conducting the audit of the Long Term Council Community Plan, we have no relationship with or interests in the District Council or any of its subsidiaries.



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

### **Matters Relating to the Electronic Presentation of the Audited Financial Statements, Performance Information and the Other Requirements**

This audit report relates to the financial statements, performance information and the other requirements of Ruapehu District Council and group for the year ended 30 June 2009 included on Ruapehu District Council and group's website. The Ruapehu District Council and group's Council is responsible for the maintenance and integrity of Ruapehu District Council and group's website. We have not been engaged to report on the integrity of Ruapehu District Council and group's website. We accept no responsibility for any changes that may have occurred to the financial statements, performance information and the other requirements since they were initially presented on the website.

The audit report refers only to the financial statements, performance information and the other requirements named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial statements, performance information and the other requirements. 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 financial statements, performance information and the other requirements as well as the related audit report dated 30 October 2009 to confirm the information included in the audited summary annual presented on this website.

Legislation in New Zealand governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.