



**KAWERAU DISTRICT COUNCIL**  
**SUMMARY ANNUAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2008**

**MAYOR'S MESSAGE**

The Annual Report reviews Council's performance under its Annual Plan for the 2007/2008 year and is its accountability to the Community.

Each year, Council faces new challenges and it is pleasing to note that our operations continue to be managed effectively and efficiently, while at the same time maintaining a high level of service. The results are excellent with Council's financial position remaining strong. In addition, Council achieved 81% of the non-financial performance targets it had set itself, which compares favourably to the 2006/07 achievement rate of 76%.

Highlights for 2007/2008 included:

- Kawerau became the first Community in New Zealand to benefit from the Aotearoa People's Network, which provides free access to broadband internet services through the Library at no cost to Council
- Council was accredited by International Accreditation New Zealand and registered by the Department of Building and Housing as a Building Consent Authority, as required under the Building Act 2004
- The Pathway to Health Programme, aimed at increasing awareness of and access to physical activity opportunities within the Eastern Bay of Plenty, commenced in September 2007, and
- A project was started to develop a permanent slalom course on a 450 metre section of the Tarawera River, in conjunction with Whitewater Slalom NZ

Many other highlights are contained in the Annual Report, together with fuller details of the financial and non-financial results.

Finally, I would like to thank all Elected Members for their support and to the Chief Executive Officer and his Staff, I extend special thanks for their commitment and hard work, which is reflected in the excellent results that have been achieved.

M J Campbell, JP  
**MAYOR**

**This Summary Annual Report was authorised by Russell George, Chief Executive Officer, on 28 October 2008 at Kawerau.**

**AUDIT REPORT****TO THE READERS OF KAWERAU DISTRICT COUNCIL'S  
SUMMARY ANNUAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2008**

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 28 October 2008, on:

- the full financial statements; and
- the Council'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 in our capacity as auditor, we have no relationship with or interests in Kawerau District Council.

**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.

F Caetano, Audit New Zealand  
On behalf of the Auditor-General  
Auckland, New Zealand  
28 October 2008

**Matters relating to the electronic presentation of the audited summary annual report**

This audit report relates to the summary annual report of Kawerau District Council for the year ended 30 June 2008 included on Kawerau District Council's website. Council is responsible for the maintenance and integrity of the Kawerau District Council's website. We have not been engaged to report on the integrity of the Kawerau District Council'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 the annual summary report. If readers of this report are concerned with the inherent risk arising from electronic data communication, they should refer to the published hard copy of the audited summary annual report and related audit report dated 28 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 summary annual reports may differ from legislation in other jurisdictions.

## FINANCIAL PERFORMANCE

For the Year Ended 30 June 2008

<b>Actual</b>		<b>Budget</b>	<b>Actual</b>
<b>2006/07</b>		<b>2007/08</b>	<b>2007/08</b>
	<b>Income</b>		
5,584,150	Rates revenue	5,780,610	5,915,904
1,047,372	Other revenue	1,127,870	1,223,007
<span style="color: red;">(5,834)</span>	Other gains/(losses)	0	<span style="color: red;">(7,631)</span>
<u>6,625,688</u>	<b>Total Income</b>	<u>6,908,480</u>	<u>7,131,280</u>
	<b>Expenditure</b>		
2,357,005	Employee benefit expenses	2,438,180	2,506,533
1,713,490	Depreciation and amortisation	2,098,760	2,149,530
3,057,571	Other expenses	3,333,480	3,080,468
4,907	Finance costs	110	7,005
<u>7,132,973</u>	<b>Total Operating Expenditure</b>	<u>7,870,530</u>	<u>7,743,536</u>
<u><span style="color: red;">(507,285)</span></u>	<b>Net Deficit</b>	<u><span style="color: red;">(962,050)</span></u>	<u><span style="color: red;">(612,256)</span></u>

## CHANGES IN EQUITY

For the Year Ended 30 June 2008

<b>Actual</b>		<b>Budget</b>	<b>Actual</b>
<b>2006/07</b>		<b>2007/08</b>	<b>2007/08</b>
44,665,965	<b>Balance at 1 July</b>	47,679,170	51,800,698
	<i>Property plant and equipment</i>		
7,642,018	Revaluation gains/(losses) taken to equity	5,686,050	0
0	Transfer to statement of financial performance on disposal	0	0
7,642,018	Net income/(expense) recognised direct in equity	5,686,050	0
<span style="color: red;">(507,285)</span>	Surplus/(deficit) for the year	<span style="color: red;">(962,050)</span>	<span style="color: red;">(612,256)</span>
<u>7,134,733</u>	Total recognised revenue and expenditure for the year	<u>4,724,000</u>	<u><span style="color: red;">(612,256)</span></u>
<u><b>51,800,698</b></u>	<b>Equity at end of the year</b>	<u><b>52,403,170</b></u>	<u><b>51,188,442</b></u>

**FINANCIAL POSITION**

As at 30 June 2008

<b>Actual</b>		<b>Budget</b>	<b>Actual</b>
<b>2006/07</b>		<b>2007/08</b>	<b>2007/08</b>
	<b>ASSETS</b>		
4,278,252	Current assets	4,435,410	4,747,850
<u>49,531,389</u>	Non-current assets	<u>49,486,930</u>	<u>48,530,537</u>
<b><u>53,809,641</u></b>	<b>TOTAL ASSETS</b>	<b><u>53,922,340</u></b>	<b><u>53,278,387</u></b>
	<b>LIABILITIES</b>		
1,788,729	Current liabilities	1,277,710	1,864,996
<u>220,214</u>	Non-current liabilities	<u>241,460</u>	<u>224,949</u>
<b><u>2,008,943</u></b>	<b>TOTAL LIABILITIES</b>	<b><u>1,519,170</u></b>	<b><u>2,089,945</u></b>
	<b>EQUITY</b>		
40,804,865	Retained earnings	31,783,810	39,587,640
<u>10,995,833</u>	Other reserves	<u>20,619,360</u>	<u>11,600,802</u>
<b><u>51,800,698</u></b>	<b>TOTAL EQUITY</b>	<b><u>52,403,170</u></b>	<b><u>51,188,442</u></b>
<b><u>53,809,641</u></b>	<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b><u>53,922,340</u></b>	<b><u>53,278,387</u></b>

**CASHFLOWS**

For the Year Ended 30 June 2008

<b>Actual</b>		<b>Budget</b>	<b>Actual</b>
<b>2006/07</b>		<b>2007/08</b>	<b>2007/08</b>
1,566,472	Net cash flow from operating activities	1,104,630	1,398,985
<b>(982,545)</b>	Net cash flow to investing activities	<b>(804,480)</b>	<b>(1,636,309)</b>
<b>(19,097)</b>	Net cash flow to financing activities	<b>(450)</b>	<b>(14,385)</b>
<b>564,830</b>	<b>Net increase/(decrease) in cash, cash equivalents and bank overdrafts</b>	<b>299,700</b>	<b>(251,709)</b>
2,806,402	Cash and cash equivalents at the beginning of the year	3,394,590	3,371,232
<b><u>3,371,232</u></b>	<b>Cash and cash equivalents at the end of the year</b>	<b><u>3,694,290</u></b>	<b><u>3,119,523</u></b>

## REPORTING ENTITY

Kawerau District Council is a local authority in terms of the Local Government Act 2002. These Financial Statements, for the year ended 30 June 2008, have been prepared in terms of section 98 of the Local Government Act 2002 and in a format consistent with the standards issued by the Institute of Chartered Accountants of New Zealand, which is in accordance with generally accepted accounting practice.

The Council is a public benefit entity and the Financial Statements have been prepared in New Zealand dollars.

This summary Annual Report has been prepared in accordance with FRS 43 – Summary Financial Statements.

## EXPLANATION OF SIGNIFICANT VARIANCES

### Statement of financial performance

The net deficit for the year was \$612,256 compared to a budgeted deficit of \$962,050.

There were significant variances in the following areas:

- Interest revenue was \$46,772 above budget due to higher interest rates and higher levels of investment as a result of the timing of some asset renewal expenditure.
- Fees, charges and other revenue were \$87,844 above budget, mainly due to higher revenue in Environmental Services (higher than anticipated building consent fees due mainly to the Mighty River Power Project) and contributions from SPARC for a new activity, Pathway to Health.

### Statement of financial position

Cash and Cash Equivalents are \$574,767 lower than budgeted, mainly as a result of converting \$480,000 from maturity of less than three months to maturity of four to twelve months.

Property, Plant & Equipment are \$1,055,180 lower than budgeted due to delays in asset renewals.

Trade and other receivables are \$398,239 higher than budgeted as a result of costs relating to the wastewater treatment plant, recharged to Carter Holt Harvey and outstanding at 30 June and GST receivable.

Trade and other payables are \$496,129 higher than budgeted as a result of higher deposits and bonds relating to the Mighty River Power development and higher accruals for work completed close to year end, but not billed.

### Statement of cash flow

The net cash flow from operating activities was \$294,355 higher than budget due to the receipt of rates, subsidies and charges being higher than anticipated.

The net cash flow to investing activities was \$831,829 higher than budget due to completion of capital works carried over from the 2006/07 year and the acquisition of financial assets of \$480,000.

## STATEMENT OF COMMITMENTS

Council had no capital commitment at 30 June 2008 (2007 – one).

	<b>2007</b>	<b>2008</b>
Due less than 1 year	<u>386,000</u>	<u>0</u>

Council had the following finance lease commitment at 30 June.

	<b>2007</b>	<b>2008</b>
Due less than 1 year	12,313	20,919
Due more than 1 year, less than 2 years	10,383	20,919
Due more than 2 years, less than 5 years	20,765	20,918
Due more than 5 years	<u>0</u>	<u>1,756</u>
	43,461	64,512
Future finance charges	<u>(7,840)</u>	<u>(10,080)</u>
	<u>35,621</u>	<u>54,432</u>

## STATEMENT OF CONTINGENT LIABILITIES

Contingent liabilities at 30 June 2008 were:

In November 2003, Council agreed to act as guarantor for a bank loan to Kawerau Bowling Club Inc. The maximum potential liability to Council from this guarantee is \$50,761 (2006/2007 \$57,633).

## POST BALANCE DATE EVENTS

Environment Bay of Plenty's Operative Regional Plan for the Tarawera River Catchment means that Carter Holt Harvey had to discontinue discharging effluent into the river by May 2007. Council has negotiated with Carter Holt Harvey an alternative agreement that will involve Council taking over responsibility for the treatment and discharging of the District's human effluent. The date for Council taking responsibility has yet to be established.

There were no significant post balance date events (2006/2007 Nil).

**STATEMENTS OF SERVICE PERFORMANCE**

**DEMOCRACY**

<b>Target</b>	<b>Result</b>
To achieve a surveyed community satisfaction level, for the performance of the Mayor and Councillors, better than 54%.	The surveyed community satisfaction level was 85%.
To achieve a surveyed community satisfaction level, for the "way rates are spent", better than 70%	The surveyed community satisfaction level was 85%.
To hold at least 11 Council meetings during the financial year on the advertised dates and to meet the requirements of public notification laid down in Section 46 of the Local Government Official Information and Meetings Act 1987.	Fourteen Council meetings and ten Committee meetings were held during the year. All met the public notification requirements.
To communicate Council's activities and proposals to residents and ratepayers by way of a Newsletter at least twice during the financial year.	Two newsletters were distributed to all households in December 2007 and April 2008.
To complete the Annual Planning process by meeting the standards and the timeframe required by the Local Government Act.	The 2008/08 Annual Plan was adopted before the legislative deadline on 10 June 2008. The Annual Report for 2006/2007 received an unqualified Audit Report and was also adopted within the legislative timeframe.

**ECONOMIC DEVELOPMENT**

<b>Target</b>	<b>Result</b>
Provision of an Information Centre open 364 days a year.	The Information Centre was open every day except Christmas Day.
To promote the District by making available an Event Marketing Fund of at least \$5,000 annually.	The fund was made available throughout the year - \$4,886 was distributed.
To promote the District by having a Rates Remission for Developments Policy in place.	The Policy was in place throughout the year – one application was received and approved in 2007/08.
To have funding of \$5,000 available for the regional economic development agency.	Funding of \$5,000 was paid to the regional economic development agency (ToiEDA).
To ensure that there are sufficient, suitably zoned and serviced industrial sites available in the District to meet current demand.	Suitably zoned and serviced industrial sites were available throughout the year.

## ENVIRONMENTAL SERVICES

Target	Result
To ensure that 100% of all Resource Consent applications are processed within the timeframes set out in the Resource Management Act 1991.	100% (18) of Resource Consent Applications were processed within the timeframes set out in the Resource Management Act 1991.
Resource Consent conditions are monitored and compliance achieved within specified timeframes.	Monitoring was carried out and compliance with consent conditions achieved.
To maintain an operative District Plan with reviews and changes in accordance with statutory processes and deadlines.	Council has an operative District Plan. A review of the plan is due by 30 June 2009. Work on the review commenced in the 2006/07 year and continued throughout the 2007/08 year.
95% of all Building Consent Applications are processed (including inspection) within 20 days, in accordance with the Building Act 2004 and Regulations.	97% (150/154) of Building Consent Applications were processed within 20 working days.
All liquor licences are issued in accordance with statutory timeframes.	All liquor licences (57) were issued in accordance with statutory timeframes.
All Project Information Memoranda, Code Compliance Certificates and Compliance Schedules are issued within statutory timeframes.	All Project Information Memoranda, Code Compliance Certificates and Compliance Schedules were issued within statutory timeframes.
All wandering stock is removed within one hour of request.	All wandering stock was removed within one hour of request.
Weekday daily patrols are carried out and abandoned cars and litter are removed within two days of notification, subject to compliance with statutory processes.	Weekday daily patrols were carried out and abandoned cars and litter were removed subject to compliance with statutory processes.
To achieve a surveyed community satisfaction level, for Other Environmental Services, better than 91%.	The surveyed community satisfaction level was 95%.
To ensure that all food premises are inspected at least twice yearly by a professional qualified under the Environmental Health Officers Regulations 1993, in order to promote and enforce compliance with the standard required by the Food Hygiene Regulations 1974.	All, but one, of the registered food premises that were in operation for a full year were inspected by a qualified inspector at least twice during the year. There was one premise where the inspection was obstructed. This was resolved in July 2008.
To achieve a surveyed community satisfaction level, for Dog Control, better than 74%.	The surveyed community satisfaction level was 66%. The predominant reason for dissatisfaction related to too many roaming/uncontrolled dogs.
All complaints about nuisances caused by dogs are actioned within 24 hours of receipt and records of all complaints and action taken are kept.	Analysis of requests for service identified poor records of response times and advice back to complainants. Remedial action was instigated during the year.
To undertake no less than 460 weekday and 340 after hours dog patrols per annum and to take action in accordance with statutory requirements and Council policies for all instances of non-compliance observed and recorded by the patroller.	487 weekday and 396 after hours dog patrols were undertaken during the year.
To carry out a door to door survey annually.	The door to door survey was undertaken.

## TRANSPORT MANAGEMENT

<b>Target</b>	<b>Result</b>
To achieve a surveyed community satisfaction level, for transport management assets, better than 78%.	The surveyed community satisfaction level was 96%.
To maintain the road carriageway so that a district wide average roughness rating (the rougher the road the higher the number) of lower than 85 (this is equivalent to the roughness of Islington Street) is achieved in the annual survey conducted by independent professionals in accordance with Land Transport New Zealand standards.	A roughness survey was undertaken by independent professionals in accordance with Land Transport New Zealand standards. The average roughness rating of roads in the District is 77. This is smoother than the target of 85.
To maintain the transport management network such that no more than 2 notified accidents per year can be attributed to the condition of the road surface markings, road surface condition or street lighting as reported by the New Zealand Police.	There were no notified accidents during the year that could be attributed to the condition of the road surface markings, road surface condition or street lighting.
Roads are managed in accordance with Council's Safety Management System and the Eastern Bay of Plenty Safety Strategy, including associated implementation strategies.	Roads were managed in accordance with Council's Safety Management System and the Eastern Bay of Plenty Safety Strategy, including associated implementation strategies.
No dwellings constructed in accordance with design standards are inundated in residential areas.	There were no reports of dwellings being flooded.

## WATER SUPPLY

<b>Target</b>	<b>Result</b>
To achieve a surveyed community satisfaction level, for water supply services, better than 82%.	The surveyed community satisfaction level was 96%.
To undertake bacteriological monitoring of the public water supply at a frequency of at least twice per month, to establish the quality of Council's water in comparison to Drinking Water Standards New Zealand.	<p>The water supply was monitored through bacteriological testing at least twice per month during the year in a minimum of two locations.</p> <p>There were two instances of contamination that occurred in December 2007 and March 2008 that required chlorination of the water supply.</p>
To conduct daily samples, when the total town's water consumption exceeds 12,000m <sup>3</sup> /day, and have no instances where the tests, taken between 3.00pm and 5.00pm at Windley Place, Blundell Avenue and the Cemetery, show water pressure lower than 40 psi (275kPa).	Flow rates exceeded the trigger flow levels in December 2007 and January 2008. Pressure test results were in excess of 40 psi on all occasions.
There are no more than twelve unplanned shutdowns of the reticulation system per year resulting in loss of supply to customers exceeding 4 hours and no unplanned shutdowns of the pump stations or reservoirs resulting in loss of supply to customers exceeding 4 hours.	There were no unplanned shutdowns of the reticulation system, the pump stations or reservoirs resulting in loss of supply to customers exceeding 4 hours.
100% of complaints that involve safety issues are responded to within one hour.	No complaints that involved safety issues were received.
95% of complaints that relate to poor pressure and leaks responded to by the end of the next working day.	There were no complaints about poor pressure and all leak complaints were responded to.
100% compliance with resource consents.	There was 100% compliance with resource consent conditions.

## WASTE MANAGEMENT

Target	Result
To achieve a surveyed community satisfaction level, for wastewater, better than 82%	The surveyed community satisfaction level was 96%
95% on-site response within 4 hours of notification of urgent blockages and 95% on-site response within one day of notification of non-urgent complaints (e.g. odour)	<p>All blockages were responded to, but a reliable system to monitor the achievement of the timeframe was not in place for the whole year.</p> <p>There was one odour complaint received in October 2007.</p>
100% compliance with resource consents.	There was 100% compliance with resource consent conditions.
Less than four justifiable complaints about odours originating from the collection system and treatment.	There were no complaints received about odours emanating from the collection system or primary treatment. One complaint of odour from the rapid infiltration basins was received in October 2007. The rapid infiltration basins are still under Carter Holt Harvey control. The complaint was responded to on the same day.
To achieve a surveyed community satisfaction level, for refuse collection, better than 81%.	The surveyed community satisfaction level was 73%. The predominant reason for dissatisfaction relates to the volume of the residual bins.
Less than 30 justifiable complaints of missed collection per annum.	Council receives about 3 complaints per week of missed collection. In most cases it is difficult to determine whether it is a justified complaint or the bin was put out late.
To achieve a surveyed community satisfaction level, for refuse disposal, better than 65%.	The surveyed community satisfaction level was 66%.
100% compliance with resource consent conditions and monitoring requirements.	<p>The sampling undertaken on the bore <u>upstream</u> of the landfill shows a change in underground water quality prior to passage under the landfill. This means that the trigger levels were exceeded for several elements due to matters not caused by landfill operations. Environment Bay of Plenty requires that the consent be varied to accommodate the change.</p> <p>The District water supply is from a separate source.</p>
To achieve a 70% reduction in the amount of local refuse being landfilled compared to that landfilled in the 3 months ended 30 June 2000 (benchmark measurement).	A 69% reduction in the amount of local refuse being landfilled compared to that landfilled in the 3 months ended 30 June 2000 (benchmark measurement) was achieved. This is an improvement on the 2006/07 result which was a 63% reduction. Council will continue to implement waste reduction initiatives in the future.

### LEISURE & RECREATION

<b>Target</b>	<b>Result</b>
<p>To make the library available for use for a minimum of 50 weeks of the year during the following hours:</p> <ul style="list-style-type: none"> <li>• Monday to Friday 10am – 5pm</li> <li>• Saturday 10am – 1pm</li> </ul>	<p>The library was available throughout the year.</p>
<p>To achieve a surveyed community satisfaction level, for the library, better than 92%.</p>	<p>The surveyed community satisfaction level was 89%. This result was 4% below the target and represented a 5% increase on the 2007 survey. The result can be attributed to a significant number of “don’t know” responses (10%) and in fact, only 1% indicated that they were not satisfied with the library.</p>
<p>To achieve a surveyed community satisfaction level, for the swimming pool, better than 70%.</p>	<p>The surveyed community satisfaction level was 89%.</p>
<p>To make the swimming pool complex available for use for a minimum of 48 weeks of the year</p>	<p>The swimming pool complex was available for all but 10 days due to maintenance in October 2007.</p>
<p>To carry out daily water quality checks in the main pool while the pool facilities are available for public use and achieve 95% compliance with Part 1 NZS 5826.</p>	<p>Water quality in the main pool complied with Part 1 NZS: 5826 in 99% of the samples taken. Samples were tested on a daily basis.</p>
<p>To achieve a surveyed community satisfaction level, for public halls, better than 65%.</p>	<p>The surveyed community satisfaction level was 82%.</p>
<p>To provide three community halls that are available for use 50 weeks of the year.</p>	<p>The three community halls were available throughout the year.</p>
<p>To have the town centre toilets manned seven days a week.</p>	<p>The town centre toilets were open and manned every day except Christmas Day.</p>
<p>To achieve a surveyed community satisfaction level, for parks and reserves, better than 94%.</p>	<p>The surveyed community satisfaction level was 93%. The satisfaction rating has improved by 3% from 2007. Kawerau residents generally have high expectations of the facilities and beautification provided and survey respondents have suggested that there is a need for better upkeep and improvements</p>
<p>To receive two favourable reports from the New Zealand Turf Culture Institute on the condition of the sports fields and suitability of the playing surfaces for each sport code being catered for in winter and summer.</p>	<p>Two favourable reports were received in September 2007 and April 2008.</p>
<p>Public toilets at reserves are available when booked.</p>	<p>Public toilets at Prideaux Park, Firmin Field, Boyce Park, Tarawera Park and Stoneham Park were available throughout the year.</p>
<p>No instances of street trees being managed in contravention of Council policy or good practice.</p>	<p>Street trees were managed according to Council policy and good practice.</p>
<p>Grass on road berms is no longer than 80mm at any time during the year.</p>	<p>While this is a difficult measure to monitor, berm mowing was undertaken on regular cycles.</p>
<p>Flowering bedding displays provided in high profile areas twice a year.</p>	<p>Flowering bedding displays were provided in high profile areas from August to September 2007 and from March to April 2008.</p>

## Notes

1. The information contained in the above summary has been extracted from the Kawerau District Council Annual Report dated 28 October 2008.
2. This summary does not provide as complete an understanding as the Annual Report, which may be viewed on our website at [www.kaweraudc.govt.nz](http://www.kaweraudc.govt.nz), or obtained from the District Office.
3. The Kawerau District Council Annual Report was audited by Audit New Zealand, which provided an Unqualified Opinion. This summary report has also been examined by Audit New Zealand for consistency with the full report, and has been given an Unqualified Opinion.