

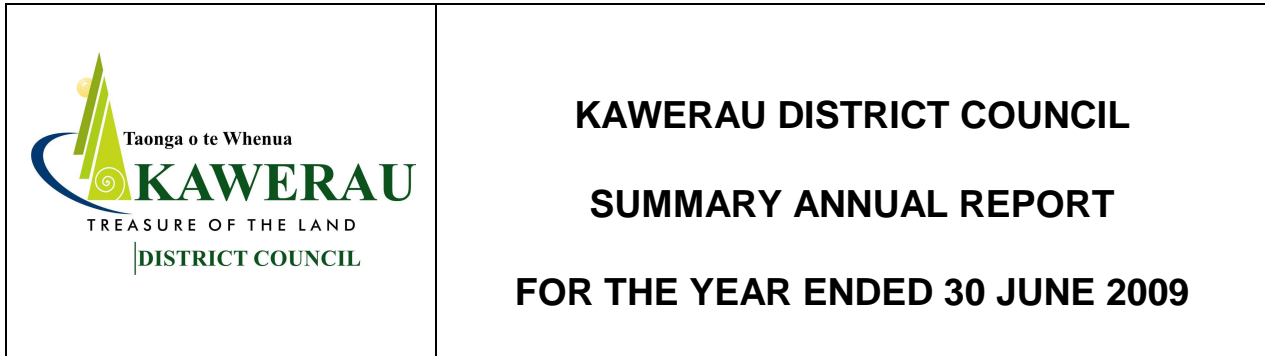


KAWERAU DISTRICT COUNCIL

Summary Annual Report for the Year
Ended 30 June 2009

Adopted 27 October 2009





MAYOR'S MESSAGE

The Annual Report reviews Council's performance under its Annual Plan for the 2008/2009 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 90% of the non-financial performance targets it had set itself, which compares favourably to the 2007/08 achievement rate of 81%.

Highlights for 2008/2009 included:

- Council funded and organised the exchange of Norske Skog and Department of Conservation (DOC) land, transfer of management of DOC land to Council and lease of the block to the Waterwheel Trust. The Waterwheel Trust will use the land for the development of a museum based on industry.
- Council adopted its 2009-2019 Long-Term Plan after input from the Community. The Plan represents another step in the ongoing process of listening to the Community and trying to understand and respond to your needs.
- Changes in the way that Council delivers its dog control, introduced in the 2007/2008 year, achieved some excellent outcomes in 2008/2009, including better management of service requests and a significant improvement in the customer satisfaction rating for dog control.
- The permanent slalom course on a 450 metre section of the Tarawera River is now an established course for Whitewater Slalom NZ national competitions and training camps and has recently been acknowledged as a competitive Whitewater Rafting course.

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 27 October 2009 at Kawerau.

Audit Report

To the readers of Kawerau District Council's summary annual financial statements, performance information and the other requirements for the year ended 30 June 2009

We have audited the summary financial statements, performance information and the other requirements as set out in pages 3 to 12.

Unqualified Opinion

In our opinion:

- the summary financial statements, performance information and the other requirements represent, fairly and consistently, the information regarding the major matters dealt with in the annual report; and
- the information reported in the summary financial statements, performance information and the other requirements 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 27 October 2009, on:

- the full financial statements; and
- the performance information; 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 those summary financial statements, performance information and the other requirements. These responsibilities arise from the Local Government Act 2002.

F Caetano, Audit New Zealand
On behalf of the Auditor-General
Auckland, New Zealand
27 October 2009

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 2009 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 summary annual 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 27 October 2009 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 2009

Actual <u>2007/08</u>		Budget <u>2008/09</u>	Actual <u>2008/09</u>
	Income		
5,915,904	Rates revenue	6,324,240	6,385,345
1,223,007	Other revenue	912,500	1,071,643
(7,631)	Other gains/(losses)	0	(35,552)
7,131,280	Total Income	7,236,740	7,421,436
	Expenditure		
2,506,533	Employee benefit expenses	2,749,640	2,687,206
2,149,530	Depreciation and amortisation	2,121,540	2,047,137
3,080,468	Other expenses	3,266,800	3,141,735
7,005	Finance costs	0	9,925
7,743,536	Total Operating Expenditure	8,137,980	7,886,003
(612,256)	Net Deficit	(901,240)	(464,567)

CHANGES IN EQUITY

For the Year Ended 30 June 2009

Actual <u>2007/08</u>		Budget <u>2008/09</u>	Actual <u>2008/09</u>
51,800,698	Balance at 1 July	54,403,570	51,188,442
	<i>Property plant and equipment</i>		
0	Revaluation gains/(losses) taken to equity	0	0
0	Transfer to statement of financial performance on disposal	0	0
0	Net income/(expense) recognised direct in equity	54,403,570	51,188,442
(612,256)	Surplus/(deficit) for the year	(901,240)	(464,567)
(612,256)	Total recognised revenue and expenditure for the year	(901,240)	(464,567)
51,188,442	Equity at end of the year	53,502,330	50,723,875

FINANCIAL POSITION

As at 30 June 2009

Actual		Budget	Actual
2007/08		2008/09	2008/09
	ASSETS		
4,747,850	Current assets	5,279,720	4,914,816
<u>48,530,537</u>	Non-current assets	<u>50,218,860</u>	<u>47,435,457</u>
<u>53,278,387</u>	TOTAL ASSETS	<u>55,498,580</u>	<u>52,350,273</u>
	LIABILITIES		
1,864,996	Current liabilities	1,797,780	1,383,335
<u>224,949</u>	Non-current liabilities	<u>198,470</u>	<u>243,063</u>
<u>2,089,945</u>	TOTAL LIABILITIES	<u>1,996,250</u>	<u>1,626,398</u>
	EQUITY		
39,587,640	Retained earnings	40,385,380	39,330,780
<u>11,600,802</u>	Other reserves	<u>13,116,950</u>	<u>11,393,095</u>
<u>51,188,442</u>	TOTAL EQUITY	<u>53,502,330</u>	<u>50,723,875</u>
<u>53,278,387</u>	TOTAL LIABILITIES & EQUITY	<u>55,498,580</u>	<u>52,350,273</u>

CASHFLOWS

For the Year Ended 30 June 2009

Actual		Budget	Actual
2007/08		2008/09	2008/09
1,398,985	Net cash flow from operating activities	1,390,925	1,392,498
(1,636,309)	Net cash flow to investing activities	(1,158,910)	(3,187,608)
<u>(14,385)</u>	Net cash flow to financing activities	<u>(470)</u>	<u>(16,069)</u>
(251,709)	Net increase/(decrease) in cash, cash equivalents and bank overdrafts	231,545	(1,811,179)
3,371,232	Cash and cash equivalents at the beginning of the year	4,141,155	3,119,523
<u>3,119,523</u>	Cash and cash equivalents at the end of the year	<u>4,372,700</u>	<u>1,308,344</u>

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 2009, 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 \$464,567 compared to a budgeted deficit of \$901,240.

There were significant variances in the following areas:

- Interest revenue was \$155,020 below budget due to interest rates being significantly lower than budgeted.
- Fees, charges and other revenue were \$314,163 above budget. An error in budgeting led to \$200,000 being eliminated twice from revenue with an equal and opposite effect in costs resulting in a nil impact in the overall result. The remaining \$114,163 was principally the result of unbudgeted income for Pathway 2 Health and new funding received for youth projects.

Statement of financial position

Cash and Cash Equivalents are \$3,064,356 lower than budgeted, mainly as a result of converting \$2,680,000 from maturity of less than three months to maturity of four to twelve months.

Property, Plant & Equipment are \$2,751,657 lower than budgeted due to delays in acquisition of the Wastewater Treatment Plant.

Trade and other payables are \$475,954 lower than budgeted due to payments at the year end made to clear outstanding creditors and regional rates collected on behalf of Environment Bay of Plenty.

Statement of cash flow

The net cash flow to investing activities was \$2,028,698 higher than budget due to the acquisition of additional financial assets of \$2,200,000.

STATEMENT OF COMMITMENTS

Council had no capital commitment at 30 June 2009 (2008 – none).

	2008	2009
Due less than 1 year	<u>0</u>	<u>0</u>

Council had the following finance lease commitment at 30 June.

	2008	2009
Due less than 1 year	20,919	20,919
Due more than 1 year, less than 2 years	20,919	20,918
Due more than 2 years, less than 5 years	20,918	1,756
Due more than 5 years	<u>1,756</u>	<u>0</u>
	64,512	43,593
Future finance charges	<u>(10,080)</u>	<u>(4,922)</u>
	<u>54,432</u>	<u>38,771</u>

STATEMENT OF CONTINGENT LIABILITIES

Contingent liabilities at 30 June 2009 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 \$35,542 (2007/2008 \$50,761).

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 (2007/2008 Nil).

STATEMENTS OF SERVICE PERFORMANCE

DEMOCRACY

Target	Result
To achieve a surveyed community satisfaction level, for the performance of the Mayor and Councillors, better than 54%.	The surveyed community satisfaction level was 78%.
To achieve a surveyed community satisfaction level, for the "way rates are spent", better than 70%	The surveyed community satisfaction level was 89%.
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.	Twelve Council meetings and eleven 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 2008 and May 2009.
To complete the Annual Planning process by meeting the standards and the timeframe required by the Local Government Act.	The 2009/2019 Long Term Plan was adopted within the legislative deadline on 30 June 2009. The Annual Report for 2007/2008 received an unqualified Audit Report and was also adopted within the legislative timeframe.

ECONOMIC DEVELOPMENT

Target	Result
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 - \$5,000 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 2008/09.
To have funding of \$15,000 available for the regional economic development agency.	Funding of \$15,000 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% (6) 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 currently being undertaken.
95% of all Building Consent Applications are processed (including inspection) within 20 days, in accordance with the Building Act 2004 and Regulations.	100% (93) of Building Consent Applications were processed within 20 working days.
All liquor licences are issued in accordance with statutory timeframes.	All liquor licences (43) 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 (93), Code Compliance Certificates (80) and Compliance Schedules (6) 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 82%.
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 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.
To achieve a surveyed community satisfaction level, for Dog Control, better than 74%.	The surveyed community satisfaction level was 78%.
All complaints about nuisances caused by dogs are actioned within 24 hours of receipt and records of all complaints and action taken are kept.	100% (521) of complaints were actioned within 24 hours of receipt and records of all complaints and action taken have been kept.
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.	511 weekday and 357 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

Target	Result
To achieve a surveyed community satisfaction level, for transport management assets, better than 78%.	The surveyed community satisfaction level was 91%.
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 69. 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

Target	Result
To achieve a surveyed community satisfaction level, for water supply services, better than 82%.	The surveyed community satisfaction level was 97%.
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.	The water supply was monitored through bacteriological testing at least twice per month during the year in a minimum of two locations. There was one instance of contamination that occurred in February 2009 that required chlorination of the water supply.
To conduct daily samples, when the total town's water consumption exceeds 12,000m ³ /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 on 2 nd and 3 rd of February 2009. Pressure test results were in excess of 40 psi on both of these days.
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.

WASTE MANAGEMENT

Target	Result
To achieve a surveyed community satisfaction level, for wastewater, better than 82%	The surveyed community satisfaction level was 99%
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)	All blockages were responded to, within target time frames.
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.
To achieve a surveyed community satisfaction level, for refuse collection, better than 81%.	The surveyed community satisfaction level was 79%. The predominant reason for dissatisfaction relates to the volume of the residual bins, service from contractors and the bin confiscation policy for greenwaste contamination.
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 if 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 65%. The predominant reason for dissatisfaction relates to the charging regime.
100% compliance with resource consent conditions and monitoring requirements.	There was 100% compliance with resource consent conditions and monitoring requirements.
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 76% 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.

LEISURE & RECREATION

Target	Result
<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"> • Monday to Friday 10am – 5pm • Saturday 10am – 1pm 	The library was available throughout the year.
To achieve a surveyed community satisfaction level, for the library, better than 92%.	The surveyed community satisfaction level was 84%. This result can be attributed to a significant number of “don’t know” responses (16%) and in fact, no residents surveyed indicated that they were not satisfied with the library.
To achieve a surveyed community satisfaction level, for the swimming pool, better than 70%.	The surveyed community satisfaction level was 91%.
To make the swimming pool complex available for use for a minimum of 48 weeks of the year	The swimming pool complex was available for all but 16 days due to maintenance in October 2008.
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.	Water quality in the main pool complied with Part 1 NZS: 5826 in 99% of the samples taken. Samples were tested several times a day.
To achieve a surveyed community satisfaction level, for public halls, better than 65%.	The surveyed community satisfaction level was 80%.
To provide three community halls that are available for use 50 weeks of the year.	The three community halls were available throughout the year.
To have the town centre toilets manned seven days a week.	The town centre toilets were open and manned every day except Christmas Day.
To achieve a surveyed community satisfaction level, for parks and reserves, better than 94%.	The surveyed community satisfaction level was 93%. 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
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.	Two favourable reports were received.
Public toilets at reserves are available when booked.	Public toilets at Prideaux Park, Firmin Field, Boyce Park and Tarawera Park were available throughout the year.
No instances of street trees being managed in contravention of Council policy or good practice.	Street trees were managed according to Council policy and good practice.
Flowering bedding displays provided in high profile areas twice a year.	Flowering bedding displays were provided in high profile areas from August to September 2008 and from March to April 2009.

Notes

1. The information contained in the above summary has been extracted from the Kawerau District Council Annual Report dated 27 October 2009.

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, 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.