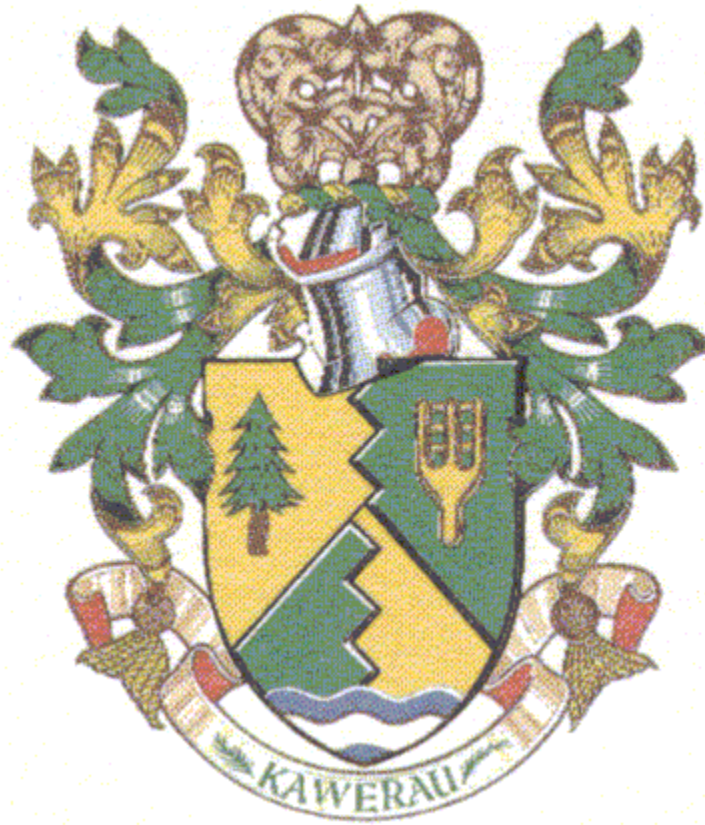


KAWERAU DISTRICT COUNCIL



**ANNUAL REPORT
FOR THE YEAR ENDED
30 JUNE 2006**

Adopted on 31 October 2006

KAWERAU DISTRICT COUNCIL

ANNUAL REPORT FOR 2005/2006

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KAWERAU DISTRICT COUNCIL

Office of the Mayor

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MAYOR'S MESSAGE

The Annual Report reviews the Council's performance under its Annual Plan for the 2005/2006 year. It is the Council's accountability to the Community.

The results are excellent with almost all of the non-financial performance indicators being achieved.

It is pleasing to see that our operations continue to be managed effectively and efficiently while at the same time maintaining a high level of service.

I would thank the Councillors for their support. To the Chief Executive Officer and his Staff, a special thanks for their efforts and hard work which is reflected in the excellent results that have been achieved.

M J Campbell, JP
MAYOR

KAWERAU DISTRICT COUNCIL

CHIEF EXECUTIVE OFFICER'S OVERVIEW

YEAR ENDED 30 JUNE 2006

INTRODUCTION

This report reviews the Council's performance under its Annual Plan for the Year ended 30 June 2006.

The Annual Plan is a contract between Council and the Community detailing what Council proposes to do during the year. The Annual Report is the Council's accountability to its Community under that contract.

REVIEW OF PERFORMANCE

Each year, Council faces new challenges and continues to deliver a high level of service to its Community.

Council has continued to deliver the following services to the Community:

- Transport Management (including Roothing, Footpaths, Street Cleaning & Stormwater),
 - Water Supply
 - Wastewater Collection and Disposal
 - Refuse Collection
 - Refuse Disposal
 - Zero Waste Initiatives
 - Library
 - Maurie Kjar Swimming Pools
 - Public Halls (Ron Hardie Recreation Centre, Town Hall, Concert Chamber)
 - Town Centre Toilets
 - Sports Fields
 - Passive Reserves
 - Street Trees and Road Berm maintenance
 - Bedding Displays
 - Playgrounds
 - Resource Management
 - Building and Other Inspection
-

- Environmental Health (food premises, noise control, liquor licensing)
- Dog Control and Registration
- Economic Development (including the Information Centre, Event Marketing Fund, Regional Economic Development Agency Funding)
- Civil Defence
- Cemetery
- School Holiday Programmes
- Creative New Zealand Administration

In addition, this year Council has also:

- Continued with the redevelopment and restoration of the Monika Lanham Reserve.
- Adopted the Kawerau Growth Advantage Strategy that focuses on practical ways that actions can be undertaken for the District to take advantage of the growth that is occurring in the wider Bay of Plenty. It is about taking initiatives that support Kawerau being an attractive and desirable place to live, through reasonably priced housing, yet work elsewhere, but with a Community having a full range of facilities and services.
- Continued the improvements to the Town Centre, focussing in 2005/2006 on the Glasgow Street area between the swimming pools and the Recreation Centre.
- Completed the development of the Transfer Station for the District's refuse.
- Facilitated the identification of Community Outcomes and adopted Council's first audited Long-Term Council Community Plan.

NON-FINANCIAL REVIEW

This year, Council achieved 91% of the non-financial performance targets set in the Annual Plan. These are reported in the Statements of Service Performance section for each significant activity later in this report. This is a very pleasing result.

FINANCIAL REVIEW

Council's financial position remains very strong. The net deficit for the year was \$414,626 compared to a budgeted deficit of \$247,150. Increased depreciation expense of \$326,239 as a result of Council's triennial revaluation of its land, buildings and infrastructural assets was partially offset by savings on staff costs and plant, materials and services and higher fees and sundry revenue.

	Budget	Actual	Variance	
Operating Expenditure	\$6,325,500	\$6,722,630	\$397,130	Unfavourable
Operating Revenue	\$6,078,350	\$6,308,004	\$229,654	Favourable
Shortfall	\$247,150	\$414,626	\$167,476	Unfavourable

	Budget	Actual	Variance	
Assets	\$38,796,000	\$46,109,365	\$7,313,365	Favourable
Liabilities	\$1,428,000	\$1,496,713	\$68,713	Unfavourable
Ratepayer Equity	\$37,368,000	\$44,612,652	\$7,244,652	Favourable

Explanation of significant variances can be found on page 27 (Note 2) of this report.

TRANSITION TO NZIFRS

Kawerau District Council plans to adopt the New Zealand International Financial Reporting Standards (NZIFRS) for the year ending 30 June 2007. The comparative figures at 30 June 2006 will be restated to align with the new reporting standards.

Council adoption in 2007 is one year earlier than the compulsory adoption date as Council prepared its Long-Term Council Community Plan (LTCCP) under the new standards. This was to ensure that the 10 year financial forecasts included in the LTCCP were prepared on a consistent basis.

In terms of the NZIFRS, financial statements will be renamed Income Statement and Balance Sheet. The impact of the transition to International Accounting Standards has a minimal impact on Council.

CONCLUSION

The results of Council's performance during 2005/2006 are very pleasing. Services continued to be delivered at the required level and Council's financial position remains very sound.

I would like to thank the Mayor and Councillors for the support they have given staff and to Council's staff for their hard work which has produced excellent results.

R B George, CA
CHIEF EXECUTIVE OFFICER

KAWERAU DISTRICT COUNCIL

The Council is made up of a Mayor and 8 Councillors. A Committee has been established with full delegated authority to make most decisions.

Mayor : M J (Malcolm) Campbell, JP 323-7772

Deputy Mayor : B H (Bernie) Joyes 021-031-3589

Councillors :

W K (Bill) Bain	322-8699
D B (Dave) Cameron	323-7566
R J (Russell) Chase	323-7288
D F (Denis) Cotter	323-6444
A J (Alistair) Holmes	323-7817
B J (Berice) Julian	323-9190
R J (Ron) Tuhoro	323-6223

Committee:

Regulatory & Services (Chairperson: Cr A J Holmes)

General Manager & Heads of Departments:

Chief Executive Officer	R B (Russell) George, CA
Manager, Operations & Services	T D (Tom) McDowall, BE(Civil), NZCE
Manager, Regulatory & Planning	C W (Chris) Jensen
Manager, Finance & Community Services	W G (Gilmour) Jamieson, BA, CA (Scotland)

MISSION STATEMENT

1. To provide a base within the District for the pulp, paper and timber industries and supporting activities and in particular, the best possible living environment for the employees of these industries, their families and all other residents.
 2. To identify and respond to the needs and aspirations of the residents of the District and in particular provide the required services and facilities to enhance the quality of life of all the District's residents.
 3. To ensure that the independence of the District is maintained.
 4. To promote the virtues of Kawerau and encourage industries of all types to the District.
-

STATEMENT OF PRINCIPLES

To achieve its Mission, the Council will -

1. Communicate and liaise with the major industries and other industrial and commercial interests located within the District and Local Authorities in the Bay of Plenty.
 2. Maintain a flexible approach to the changing needs of the Kawerau community and listen to and communicate with the Kawerau community in order to identify and evaluate the needs and aspirations of the residents of the District.
 3. Engender an attitude of cost effectiveness, service and responsiveness to the community.
 4. Remain sensitive to and supportive of the cultural, social, educational and environmental issues affecting the District.
 5. Adopt a realistic annual budget which will allow for the adequate maintenance of all existing services and facilities and the continual development of new and improved services and facilities.
 6. Communicate with the residents of the District, information on the Council's present and future activities.
 7. Liaise with the residents and the industries on environmental issues.
 8. Maintain a fair system of rating to ensure that the District's facilities are maintained to the highest standard possible.
 9. Communicate and liaise with industries located outside the District so as to promote Kawerau as a base to set up and trade from.
-

COMPLIANCE WITH COUNCIL POLICIES

All local authorities are required to prepare the following funding and financial policy documents:

- Revenue and Financing Policy
- Investment Policy
- Liability Management Policy
- Development Contributions or Financial Contributions Policy
- Partnerships with the Private Sector Policy
- Rates Remission and Rates Postponement on Maori Freehold Land Policy

This report provides an overview of the extent to which Council has complied with its policies.

REVENUE AND FINANCING POLICY

Council adopted its Revenue and Financing Policy in June 2004 as part of the 2004/2005 – 2013/2014 Long-Term Council Community Plan. The objective of this policy is to ensure that the costs of Council's programmes are met by those benefiting from, or contributing to, the need for the programme.

The overall funding mix achieved by Council was consistent with its Funding Policy.

INVESTMENT POLICY

Council delegates responsibility for the management, monitoring and reporting of its investments to its Regulatory and Services Committee. The Investment Policy document sets out the parameters for the operation of the investments that Council will be involved with. The mix of investments between current and non-current is determined according to Council's working capital needs.

There were no significant variations or material departures from Council's objectives for its investment activities as reported in the 2005/2006 Annual Plan. Council's investments returned \$198,099 compared to the Annual Plan estimate of \$136,250.

LIABILITY MANAGEMENT POLICY

Council's Liability Management Policy was adopted in June 2004. The policy ensures that Council's debt and associated risks are maintained at prudent levels.

There were no significant variations or material departures from Council's Liability Management Policy as reported in the 2004/2005 – 2013/2014 Long-Term Council Community Plan.

FINANCIAL CONTRIBUTIONS POLICY

Council's Financial Contributions Policy retains the provisions of its District Plan that allows the assessment of financial contributions.

No financial contributions were payable in the 2005/2006 financial year.

PARTNERSHIPS WITH THE PRIVATE SECTOR POLICY

Council's Partnerships with the Private Sector Policy sets out the circumstances in which Council will enter into partnerships, consultation and conditions that will apply, risk assessment and management requirements and monitoring and reporting that will occur.

Council has not entered into any partnerships with the private sector.

RATES REMISSION AND POSTPONEMENT FOR MAORI FREEHOLD LAND POLICY

This Policy sets out the conditions and criteria for the remission and postponement of rates on Maori Freehold Land.

There were no variations or departures from Council's policy as reported in the 2004/2005 – 2013/2014 Long-Term Council Community Plan.

STATEMENT OF COMPLIANCE AND RESPONSIBILITY

COMPLIANCE

The Council and Management confirm that all statutory requirements in relation to the Annual Report have been complied with.

RESPONSIBILITY

The Council and Management accept responsibility for the preparation of the annual Financial Statements and the judgement used in them.

The Council and Management accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of the financial reporting.

In the opinion of the Council and Management, the annual Financial Statements for the year ended 30 June 2006 fairly reflect the financial position and operations of the Council.

Mayor
M J Campbell, JP

Chief Executive Officer
R B George, CA

AUDIT REPORT

TO THE READERS OF
KAWERAU DISTRICT COUNCIL'S
ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2006

The Auditor-General is the auditor of Kawerau District Council (the District Council). The Auditor-General has appointed me, John Scott, using the staff and resources of Audit New Zealand, to carry out an audit on his behalf. 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 Council for the year ended 30 June 2006, including the financial statements.

Unqualified Opinion

In our opinion:

- σ The financial statements of the District Council on pages 14 to 38:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect :
 - the District Council's financial position as at 30 June 2006; and
 - the results of its operations and cash flows for the year ended on that date.
- σ The service provision information of the District Council on pages 39 to 77 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
- σ 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 31 October 2006, 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.

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 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 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 and the other requirements. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

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

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

We evaluated the overall adequacy of the presentation of information in the financial statements 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. Those financial statements must fairly reflect the financial position of the District Council as at 30 June 2006. They must also

fairly reflect the results of its operations and cash flows and the levels of service provision for the year ended on that date. The Council is also responsible for preparing the information in the other requirements. 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 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.

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.

John Scott
 Audit New Zealand
 On behalf of the Auditor-General
 Auckland, New Zealand

Matters relating to the electronic presentation of the audited financial statements

This audit report relates to the financial statements of Kawerau District Council for the year ended 30 June 2006 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 financial statements since they were initially presented on the website.

The audit report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements. 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 financial statements and related audit report dated 31 October 2006 to confirm the information included in the audited financial statements presented on this website.

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

KAWERAU DISTRICT COUNCIL

**STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR TO 30 JUNE 2006**

REPORTING ENTITY

Kawerau District Council is a local authority in terms of the Local Government Act 2002. These Financial Statements 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.

MEASUREMENT BASE

The financial statements have been prepared on an historical cost basis, modified by the revaluation of certain property, plant & equipment.

ACCOUNTING POLICIES

The following accounting policies have been adopted in the presentation of the Financial Statements.

1. INVESTMENTS

Investments are valued at the lower of cost or net realisable value. Interest is recognised and credited to investment accounts when earned.

2. STOCK

Stock includes all goods held for the purpose of eventual consumption. Stocks are valued at the lower of cost (FIFO) and market value.

3. GST

GST has been excluded from all figures in these accounts except debtors and creditors.

4. PROPERTY, PLANT AND EQUIPMENT

Property, Plant & Equipment are classified into: -

Operational	<i>Operational Fixed Assets are tangible assets used in the operational activities of Council.</i>
Infrastructural	<i>Infrastructural Fixed Assets are the fixed utility systems that provide a continuing service to the community and are not generally regarded as tradeable.</i>
Restricted	<i>Restricted Fixed Assets cannot be disposed of because of legal or other restrictions and provide a benefit or service to the community.</i>

Valuation of Operational Assets

Land is stated at valuation (1 July 2004). These valuations have been undertaken and confirmed as appropriate for financial reporting by CB Richard Ellis, (Registered Valuers) in accordance with FRS3 and are determined every three years. The basis of valuation is fair value.

Buildings held at 1 July 2004 have been valued by CB Richard Ellis (Registered Valuers). The basis of valuation is fair value for non-specialised buildings and depreciated replacement cost for specialised buildings. Specialised buildings are those buildings that rarely, if ever, sell on the open market due to their uniqueness and therefore cannot reliably be valued using market based evidence.

Vehicles are stated at cost less accumulated depreciation.

Plant, machinery, computer equipment, office equipment and furniture and fittings are stated at cost less accumulated depreciation.

Library books were valued at deemed cost as at 1 July 1991, by Beca Carter Hollings and Ferner, (Registered Valuers). Library additions are recorded at cost less accumulated depreciation.

Valuation of Infrastructural Assets

Infrastructural assets include the roading network and land, water and sewerage services and stormwater systems.

Infrastructural assets other than land and buildings held at 1 July 2004 have been valued at depreciated replacement cost by CB Richard Ellis (Registered Valuers).

Urban portions of the state highway network are not recognised as assets in the financial statements.

Reserve land and land under roads have been valued by CB Richard Ellis using rural land rates.

Valuation of Restricted Assets

These cannot be disposed of because of legal or other restrictions and provide a benefit or service to the community.

Restricted assets held at 1 July 2004 have been valued on the same basis as operational land and buildings by CB Richard Ellis.

Additions between valuations are recorded at cost.

Asset Revaluations

Asset revaluations are carried out every three years and are credited or debited to a revaluation reserve for that class of asset. Where this results in a debit balance in the revaluation reserve, this balance is expensed in the Statement of Financial Performance.

Depreciation of Property, Plant & Equipment

	Est'd Economic Life	Depr'n Rate	Method
Operational			
Buildings	40 years	2.5%	SL* ¹
Computer/Electronic Office Equipment	3 years	33.3%	SL
Furniture & Equipment	5 years	20.0%	DV* ²
Plant (vehicles)	5 years	20.0%	DV
Library Lending Matter (excluding special collections)	7 years	15.0%	DV
Infrastructural			
Roading			
Street lighting	6-30 years	3.3-16%	SL
Kerb, channel & footpath	28-86 years	1.1-3.5%	SL
Pavement surface	1-13 years	7.7-100%	SL
Pavement structure	15-74 years	6.6-100%	SL
Pavement formation	100 years	-	
Stormwater	4-57 years	1.8-25%	SL
Water Supply			
Collection & Storage	5-79 years	1.3-20%	SL
Local Distribution	7-55 years	1.8-14%	SL
Wastewater			
Reticulation system	4-57 years	1.8-25%	SL
Pumping & Treatment	2-70 years	1.4-50%	SL
Restricted			
Buildings & Other	40 years	2.5%	SL

Pavement structure and formation are not depreciated.

*¹ SL The method used in calculating depreciation is known as the straight line method.

*² DV The method used in calculating depreciation is known as the diminishing value method.

Assets Under Construction

Assets under construction are not depreciated. The total cost of a project is transferred to the relevant asset class on its completion and then depreciated.

5. DEBTORS

Accounts receivable are stated at expected realisable value after providing for doubtful and uncollectable debts.

6. SUPPORT ACTIVITY COSTS

Support Activity Costs are allocated to significant activities on the basis of relative total direct costs.

7. REVENUE RECOGNITION

Council recognises Land Transport NZ roading subsidies as revenue upon entitlement, which is when conditions pertaining to eligible expenditure have been fulfilled. Rates revenue is recognised in the year in which it is struck.

8. FINANCIAL INSTRUMENTS

Council includes all financial instrument arrangements in the Statements of Account using the concepts of accrual accounting. Revenues and expenses in relation to all financial instruments are recognised in the Statement of Financial Performance.

These instruments arise as a result of everyday operations and include cash and bank investments, debtors, creditors and term debt. Financial instruments are disclosed at their fair values.

9. RATEPAYER EQUITY

Equity is the community's interest in the Council and is measured as the difference between total assets and total liabilities. Public equity is disaggregated and classified into a number of reserves to enable clearer identification of the specified uses that the Council makes of its accumulated surpluses. The components of equity are –

- Accumulated funds
- Council-created reserves
- Restricted reserves
- Asset revaluation reserves

Reserves

Reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by the Council.

Restricted reserves are those reserves subject to specific conditions accepted as binding by the Council and which may not be revised by the Council without reference to the Courts or third party. Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met.

Council-created reserves are reserves established by Council decision. The Council may alter them without reference to any third party or the Courts. Transfers to and from these reserves are at the discretion of the Council.

10. EMPLOYEE ENTITLEMENTS

Provision is made in respect of the Council's liability for annual leave, long service leave and retirement gratuities. Annual leave and long service leave have been calculated on an actual entitlement basis at current rates of pay. Retirement gratuities have been calculated on an actuarial basis.

11. BUDGET FIGURES

The budget figures are those approved by the Council at the beginning of the year after a period of consultation with the public as part of the Annual Plan process. The budget figures have been prepared in accordance with generally accepted accounting practice and are consistent with accounting policies adopted by the Council for the preparation of the financial statements.

12. COST OF SERVICE STATEMENTS

The Cost of Service Statements, as provided in the Statement of Service Performance, report the net cost of service for significant activities of the Council, and are represented by the costs of providing the service less all revenue that can be allocated to these activities.

13. OPERATING LEASES

Leases where the lessor effectively retains substantially all the risk and benefits of ownership of the leased items are classified as operating leases. Payments under these leases are charged as expenses in the periods in which they are incurred.

14. FINANCE LEASES

Leases which effectively transfer to the lessee substantially all the risks and benefits incidental to ownership of the leased item are classified as finance leases. Leased assets and corresponding lease liabilities are recognised in the Statement of Financial Position. The leased assets are depreciated over the period the Council is expected to benefit from their use.

15. STATEMENT OF CASH FLOWS

Cash means cash balances on hand, held in bank accounts, demand deposits and other highly liquid investments in which the Council invests as part of its day-to-day cash management.

Operating activities include cash received from all sources and record the cash payments made for the supply of goods and services. Agency transactions (the collection of Regional Council rates) are recognised as receipts and payments in the Statement of Cash Flows given that they flow through the Council's bank account.

Investing activities are those activities relating to the acquisition and disposal of non-current assets.

Financing activities comprise activities that change the equity and debt capital structure of the Council.

16. LANDFILL POST CLOSURE

Council has an obligation to ensure the ongoing maintenance and monitoring services at its landfill site after closure.

The estimated length of time needed for post closure care is 20 years.

The calculations assume no change in the legislative requirements or technological changes for closure and post closure treatment. The discount rate used is Council's public debt weighted average interest rate.

CHANGES IN ACCOUNTING POLICIES

There have been no significant changes in accounting policies. All accounting policies have been applied on a basis consistent with those used in previous years.

KAWERAU DISTRICT COUNCIL

**STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2006**

2004/05	Note		Estimate	2005/06
REVENUE				
4,426,209		General Rates	4,510,860	4,509,832
359,169		Uniform Annual Charges	500,960	502,318
277,832		Government Grants & Subsidies	253,830	276,802
62,947		Petrol Tax	60,000	62,843
154,324		Interest On Investments	136,250	198,099
923,158		Fees, Charges & Other Revenue	596,460	729,012
9,426		Profit on Sale of Assets	0	217
17,076	1	Business Units	19,990	28,881
6,230,141	3	Total Revenue	6,078,350	6,308,004
EXPENDITURE				
566,987		Democracy	647,570	564,474
53,430		Economic Development	61,640	53,765
388,730		Environmental Services	449,940	466,809
1,250,998		Roading	1,015,410	1,097,356
690,147		Water Supply	613,040	712,328
1,319,719		Waste Disposal	1,415,650	1,494,507
2,167,421		Leisure & Recreation	1,991,810	2,100,940
150,321		Other Non Significant Activities	110,450	203,570
17,076	1	Business Units	19,990	28,881
6,604,829		Total Expenditure	6,325,500	6,722,630
3,121,703		Revaluation	0	0
2,747,015		NET SURPLUS/(DEFICIT)	(247,150)	(414,626)

This Statement is to be read in conjunction with the Accounting policies (pages 14-21) and Notes (pages 26-38)

KAWERAU DISTRICT COUNCIL

**STATEMENT OF MOVEMENTS IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2006**

2004/05	Note	Estimate	2005/06
37,804,504	Opening Equity - 1 July	37,615,150	45,027,278
2,747,015	Operating Surplus/(Deficit)	(247,150)	(414,626)
4,475,759	Increase in Revaluation Reserves	0	0
7,222,774	Total Recognised Revenue & Expenditure for the Year	(247,150)	(414,626)
<u>45,027,278</u>	CLOSING EQUITY	<u>37,368,000</u>	<u>44,612,652</u>

This Statement is to be read in conjunction with the Accounting policies (pages 14-21) and Notes (pages 26-38)

KAWERAU DISTRICT COUNCIL

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2006**

2004/05	Note		Estimate	2005/06
ASSETS				
Current Assets				
0		General Bank Account	71,000	36,304
2,453,089	4	Short Term Deposits	2,400,000	2,850,098
825,279	5	Debtors	561,000	604,212
118,062		Prepayments	91,000	83,400
42,974		Stock	43,000	42,974
3,439,404			3,166,000	3,616,988
Non Current Assets				
31,161	4	Investments	31,000	31,161
43,085,142	8	Property, Plant & Equipment	35,599,000	42,461,216
43,116,303			35,630,000	42,492,377
46,555,707		Total Assets	38,796,000	46,109,365
LIABILITIES				
Current Liabilities				
41,943		Bank Overdraft	0	0
664,632	6	Creditors	734,000	849,714
115,347		Liabilities Accrued	28,000	82,216
145,031		Employee Entitlements	134,000	138,191
218,183		Revenue Received In Advance	205,000	206,688
420	9	Public Debt	0	435
1,185,556			1,101,000	1,277,244
Non Current Liabilities				
190,156		Employee Entitlements	171,000	87,297
149,052	18	Provision for Landfill	153,000	128,942
3,665	9	Public Debt	3,000	3,230
342,873			327,000	219,469
1,528,429		Total Liabilities	1,428,000	1,496,713
RATEPAYER EQUITY				
31,780,867	7	Accumulated Funds	31,621,000	31,029,503
2,672,591		Council Created Reserves	2,824,000	2,939,479
100,180		Restricted Reserves	178,000	170,030
10,473,640		Asset Revaluation Reserve	2,745,000	10,473,640
45,027,278		Total Equity	37,368,000	44,612,652
46,555,707		Total Liabilities & Equity	38,796,000	46,109,365

M.J. Campbell, JP
Mayor

R.B. George, CA
Chief Executive Officer

Date: 31 October 2006

This Statement is to be read in conjunction with the Accounting policies (pages 14-21) and Notes (pages 26-38)

KAWERAU DISTRICT COUNCIL

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2006**

2004/05	Note	Estimate	2005/06
CASH FLOW FROM OPERATING ACTIVITIES			
Cash Provided From:			
5,822,354	Receipts of Rates, Subsidies & Charges	5,922,000	6,301,834
154,200	Interest Received On Operational Funds Invested	136,000	191,533
109,593	Regional Council Rates	0	209,764
Cash Disbursed To:			
(4,989,511)	Payments to Suppliers and Employees	(4,994,000)	(5,132,634)
(55)	Interest Paid On Debt	(25,000)	(139)
0	Regional Council Rates	0	(109,390)
1,096,581	10 Net Cash Flow From Operating Activities	1,039,000	1,460,968
CASH FLOW FROM INVESTING ACTIVITIES			
Cash Provided From:			
0	Loan Principal Repaid on Debts Owed to Council	0	3,263
38,222	Sale of Property, Plant & Equipment	0	46,449
(386,194)	Decrease/(Increase) In Short Term Deposits	(100,000)	(397,009)
Cash Disbursed To:			
(860,160)	Purchase of Property, Plant & Equipment	(898,000)	(1,035,004)
(1,208,132)	Net Cash Flow To Investing Activities	(998,000)	(1,382,301)
CASH FLOW FROM FINANCING ACTIVITIES			
Cash Disbursed To:			
(1,667)	Loan Principal Repaid	0	(420)
(1,667)	Net Cash Flow To Financing Activities	0	(420)
(113,218)	Net Increase/(Decrease) In Cash Held	41,000	78,247
71,275	Opening Cash Brought Forward	30,000	(41,943)
(41,943)	Closing Cash Balances	71,000	36,304
Made Up Of:			
(41,943)	General Bank Account - In Funds / (Overdraft)	71,000	36,304

This Statement is to be read in conjunction with the Accounting policies (pages 14-21) and Notes (pages 26-38)

NOTES TO THE ACCOUNTS FOR THE YEAR TO 30 JUNE 2006

1. BUSINESS UNITS – COST OF SERVICES

	2004/05	Estimate	2005/06
1a. In-House Professional Services Business Unit			
	REVENUE		
	Revenue Sales From -		
	- In-House Professional Services for		
	Land Transport New Zealand		
	17,076	19,990	28,881
	Financially Assisted Roothing		
	EXPENDITURE		
	17,076	19,990	28,881
	Operating Costs		
	0	0	0
	NET COST OF SERVICE		

Note: Total Operating Costs figures are inclusive of overheads and depreciation.
The Net Surplus is available for Council's general use.

1b. Summary of Business Units

	REVENUE (INTERNAL CHARGES TO SIGNIFICANT ACTIVITIES)		
	17,076	19,990	28,881
	17,076	19,990	28,881
	Roothing Business Units		
	EXPENDITURE		
	17,076	19,990	28,881
	17,076	19,990	28,881
	Roothing Business Units		
	0	0	0
	Total Surplus / (Deficit)		

The above information in 1a is presented in accordance with section 31 of the Transit New Zealand Act.

2. EXPLANATION OF SIGNIFICANT VARIANCES

Statement of Financial Performance

The net deficit was \$414,626 compared to a budgeted deficit of \$247,150

Council's triennial revaluation of its land, buildings and infrastructural assets occurred during the 2004/2005 year, but after estimates had been set for 2005/2006. As a result, depreciation exceeded estimates by \$326,239; this was offset by savings on staff costs and plant, materials and services and higher fees and sundry revenue.

There were significant variances in the following areas:

- Interest revenue was \$61,849 above budget due to higher levels of investment as a result of the timing of some asset renewal expenditure.
- Fees, charges and other revenue were \$132,552 above budget, mainly due to higher revenue in Environmental Services (higher than anticipated volumes of building and resource consents), Waste Disposal (Transfer Station fees) and Other Non-Significant Assets (unbudgeted revenue).

Variances in Expenditure are disclosed in the Cost of Service Statements.

Statement of Financial Position

Bank and Short Term Deposits are \$415,402 higher than budgeted, as a result of surpluses from prior years and higher than budgeted cash flows from operating activities.

Property, Plant & Equipment are \$6,862,216 higher than budgeted due to the revaluation of assets undertaken in 2004/05. The results of the revaluation were not known at the time of setting the 2005/06 budgets.

Creditors are \$115,714 higher than budgeted as a result of the timing of invoices received.

Statement of Cash Flows

The net cash flow from operating activities was \$421,968 higher than budget due to the receipt of rates, subsidies and charges being higher than anticipated. These higher receipts were partially offset by higher payments to suppliers and employees.

3. REVENUE BY SIGNIFICANT ACTIVITY

2004/05		Estimate	2005/06
	REVENUE		
29,618	Democracy	680	791
0	Economic Development	0	0
138,691	Environmental Services	116,180	173,834
361,060	Roading	345,020	375,523
174,684	Water Supply	216,940	222,966
804,270	Waste Disposal	715,060	750,007
126,056	Leisure & Recreation	88,160	100,552
269,548	Non-Significant Activities	172,270	253,673
17,076	Business Units	19,990	28,881
<u>(117,071)</u>	Eliminations	<u>(106,810)</u>	<u>(108,055)</u>
1,803,932		1,567,490	1,798,172
4,426,209	General Rates	4,510,860	4,509,832
<u>6,230,141</u>	Total Operating Revenue	<u>6,078,350</u>	<u>6,308,004</u>

4. INVESTMENTS

2004/05	Interest Rate		2005/06	Interest Rate
943	3.5%	Owner/Occupier Pensioner Flats	943	3.5%
		Loans		
		Shares In Local Government		
		Insurance Corporation (31,161 shares		
		@ \$1.00)		
<u>31,161</u>			<u>31,161</u>	
32,104		Total Investments	32,104	
<u>(943)</u>		Current Portion (part of Debtors)	<u>(943)</u>	
<u>31,161</u>		Non-Current Investments	<u>31,161</u>	
<u>2,453,089</u>	6.7%	Short Term Deposits	<u>2,850,098</u>	7.23%

All Short Term Deposits mature within six months.

Net asset backing for the shares in LGIC is \$2.29.

5. DEBTORS

2004/05		2005/06
306,686	Rates Debtors	374,714
<u>574,614</u>	Other Debtors	<u>285,387</u>
881,300		660,101
<u>(56,021)</u>	Provision For Doubtful Debts	<u>(55,889)</u>
<u><u>825,279</u></u>		<u><u>604,212</u></u>

6. CREDITORS

2004/05		2005/06
551,938	Trade Creditors	799,705
<u>112,694</u>	Bonds Held on Behalf	<u>50,009</u>
<u><u>664,632</u></u>		<u><u>849,714</u></u>

7. RATEPAYER EQUITY

	Opening Balance	Net Surplus	Adjust	Transfers To	Transfers From	Closing Balance
Accumulated Funds						
Opening Balance	31,780,867	(414,626)	0	940,352	(1,277,090)	31,029,503
Council Created Reserves						
Depreciation Reserves	2,403,944	0	0	1,067,684	(779,441)	2,692,187
Refuse Landfill Surplus	9,084	0	0	408	0	9,492
Plant Purchase Account	259,563	0	0	139,148	(160,911)	237,800
	<u>2,672,591</u>	<u>0</u>	<u>0</u>	<u>1,207,240</u>	<u>(940,352)</u>	<u>2,939,479</u>
Restricted Reserves						
Sinking Fund Reserve	<u>100,180</u>	<u>0</u>	<u>0</u>	<u>69,850</u>	<u>0</u>	<u>170,030</u>
	<u>100,180</u>	<u>0</u>	<u>0</u>	<u>69,850</u>	<u>0</u>	<u>170,030</u>
Asset Revaluation Reserve						
Operational:						
Land	71,013	0	0	0	0	71,013
Buildings	1,326,216	0	0	0	0	1,326,216
Other	148,228	0	0	0	0	148,228
Infrastructural:						
Transport Mgt	325,439	0	0	0	0	325,439
Reticulation Systems:						
Water supply	2,961,677	0	0	0	0	2,961,677
Other	2,600,283	0	0	0	0	2,600,283
Restricted:						
Land	2,532,374	0	0	0	0	2,532,374
Buildings	480,882	0	0	0	0	480,882
Other	27,528	0	0	0	0	27,528
	<u>10,473,640</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>10,473,640</u>
TOTAL RATEPAYER EQUITY	<u>45,027,278</u>					<u>44,612,652</u>

8. PROPERTY, PLANT & EQUIPMENT

2004/05			2005/06			
Cost/ Valuation	Accum' Deprec'n	Book Value		Cost/ Valuation	Accum' Deprec'n	Book Value
Operational Assets						
<i>At Valuation</i>						
629,000	0	629,000	Land	629,000	0	629,000
3,636,630	(188,889)	3,447,741	Buildings	3,903,555	(369,843)	3,533,712
141,877	(19,877)	122,000	Equipment	141,877	(38,423)	103,454
<i>At Cost</i>						
683,719	(313,198)	370,521	Vehicles	697,883	(289,838)	408,045
2,156,775	(1,457,528)	699,247	Equipment	2,440,800	(1,594,879)	845,921
925,354	(760,972)	164,382	Library Lending Matter	966,038	(790,436)	175,602
<u>8,173,355</u>	<u>(2,740,464)</u>	<u>5,432,891</u>		<u>8,779,153</u>	<u>(3,083,419)</u>	<u>5,695,734</u>
Infrastructural Assets						
<i>At Valuation</i>						
11,402,645	(453,304)	10,949,341	Transport Mgt Reticulation Systems	11,500,744	(762,197)	10,738,547
8,120,465	(345,916)	7,774,549	- Water	8,120,465	(691,832)	7,428,633
7,452,918	(213,645)	7,239,273	- Wastewater	7,452,918	(427,289)	7,025,629
5,298,175	(161,542)	5,136,633	- Stormwater	5,310,996	(324,030)	4,986,966
458,571	(55,364)	403,207	Other	458,571	(110,729)	347,842
<i>At Cost</i>						
282,964	(17,610)	265,354	Transport Mgt	395,013	(31,197)	363,816
18,227	(287)	17,940	Water	50,983	(1,207)	49,776
14,172	(315)	13,857	Wastewater	27,005	(1,843)	25,162
<u>33,048,137</u>	<u>(1,247,983)</u>	<u>31,800,154</u>		<u>33,316,695</u>	<u>(2,350,324)</u>	<u>30,966,371</u>
Restricted Assets						
<i>At Valuation</i>						
4,093,974	0	4,093,974	Land	4,093,974	0	4,093,974
1,731,629	(65,699)	1,665,930	Buildings	1,747,138	(132,104)	1,615,034
81,984	(2,091)	79,893	Other	81,984	(4,181)	77,803
<i>At Cost</i>						
12,300	0	12,300	Other	12,300	0	12,300
<u>5,919,887</u>	<u>(67,790)</u>	<u>5,852,097</u>		<u>5,935,396</u>	<u>(136,285)</u>	<u>5,799,111</u>
<u><u>47,141,380</u></u>	<u><u>(4,056,237)</u></u>	<u><u>43,085,142</u></u>		<u><u>48,031,244</u></u>	<u><u>(5,570,028)</u></u>	<u><u>42,461,216</u></u>

9. PUBLIC DEBT

2004/05		2005/06
420	Principal Repayable - This Coming Year	435
435	- 1 to 2 Years	451
451	- 2 to 3 Years	467
1,450	- 3 to 5 Years	1,501
<u>1,329</u>	- Over 5 Years	<u>811</u>
4,085		3,665
<u>(420)</u>	Less Current Portion	<u>(435)</u>
<u><u>3,665</u></u>		<u><u>3,230</u></u>
3.28%	Weighted Average Interest Rate	3.50%
	Public debt is secured over future rating income.	

10. CASHFLOW RECONCILIATION

2004/05		2005/06
2,747,015	Net Surplus/(Deficit)	(414,626)
	Add/(Less) Non-Cash Items	
(3,121,703)	- Revaluation movement	0
1,701,550	- Depreciation	1,623,404
(4,790)	- Net Loss/(Gain) on Sale of Property, Plant & Equipment	(10,923)
(3,484)	- Recognition of Landfill Liability	(20,110)
13,563	- Doubtful Debts	(132)
	Add/(Less) Movements in Working Capital	
(274,941)	- Accounts Receivable	217,936
(26,927)	- Prepayments	34,662
0	- Inventory	0
(64,750)	- Accounts Payable	185,082
117,663	- Liabilities Accrued	(142,830)
13,385	- Income in Advance	(11,495)
<u>1,096,581</u>	Net Cash Flow From Operating Activities	<u>1,460,968</u>

11. FINANCIAL REPORTING STANDARD 9 DISCLOSURES

The following expenditure is required to be disclosed by Financial Reporting Standard 9 (Information to be Disclosed in Financial Statements):-

2004/05		2005/06
9,426	Gain on Sale of Assets	12,637
4,636	Loss on Sale of Assets	1,714
	<u>Depreciation Expense</u>	
	<i>Operational Assets:</i>	
186,304	Buildings	208,165
108,968	Equipment	128,686
27,517	Library Lending Matter	29,463
70,062	Vehicles	86,255
	<i>Infrastructural Assets:</i>	
463,840	Transport Management	322,480
	<i>Reticulation Systems:</i>	
347,422	Water Supply	348,055
213,960	Wastewater	215,172
215,687	Stormwater	216,633
0	Other	0
	<i>Restricted Assets:</i>	
65,699	Buildings	66,404
2,091	Other	2,091
<u>1,701,550</u>	Total Depreciation Expense	<u>1,623,404</u>
0	Bad Debts Written Off	0
13,563	Change in Doubtful Debts Provision	(132)
50,000	Audit Fees	52,550
0	Additional Audit Services - LTCCP	31,000
127,168	Councillors' Remuneration	142,754
55	Interest Expense	139
14,297	Cost of Leasing & Renting Items	11,579
33,090	Donations	28,478

12. RELATED PARTY DISCLOSURE

During the year Elected Members and key management, as part of a normal customer relationship, were involved in minor transactions with the Council (such as payment of rates). In addition, during the year the Council purchased catering from Campbell's Bakery, \$1,032 (2005 - \$780) and goods from Campbell's Meat Market, \$1,109 (2005 - \$902) where Mr M J Campbell is an owner. Photographic services were purchased from Filter Photography, \$491 (2005 - \$397) where Mr D F Cotter is an owner. Filter Photography also provided the Information Centre services during the year at a cost of \$21,333 (2005 - \$21,333). These goods and services were supplied on normal commercial terms. Except for these transactions and items of a trivial nature, no other Elected Members or senior management have entered into related party transactions with the Kawerau District Council.

At 30 June the following balances were owed by Council:

	2005	2006
Campbell's Bakery	\$41	\$0
Filter Photography	\$2,214	\$1,778
Campbell's Meat Market	\$0	\$206

13. FINANCIAL INSTRUMENTS

Cash and bank, debtors, investments, creditors and term debt are financial instruments.

Credit Risk

The maximum credit risk exposure is disclosed in the Statement of Financial Position.

Cash and bank, debtors and investments are the main credit risks. The bank and short-term investment risk is reduced by using high credit quality financial institutions and spreading short-term investments over those institutions. There are no major concentrations of credit risk with respect to debtors and term investments.

Fair Values

Financial instruments in the Statement of Financial Position are shown at carrying amounts which are equivalent to their fair values. The fair value of term debt is not significantly different from the carrying amount. Council anticipates that term debt will be held to maturity as disclosed in Note 9.

Interest Rate Risk

The interest rate risk is limited to the weighted average interest rate described in Note 9.

Currency Risk

Council has no currency risk. All financial instruments are dealt with in New Zealand dollars.

14. REMUNERATION OF THE ELECTED MEMBERS AND THE CHIEF EXECUTIVE OFFICER

The Elected Members of the Council received the following salaries for the year ended 30 June 2006:

	2004/2005	2005/2006
Mayor M J Campbell, JP	\$44,270	\$45,484
Deputy Mayor B H Joyes	\$15,486	\$17,383
Councillor M I Bailey	\$2,867	-
Councillor W K Bain	\$8,183	\$9,828
Councillor D B Cameron	\$6,390	\$9,828
Councillor R J Chase	\$8,183	\$9,828
Councillor D F Cotter	\$8,183	\$9,828
Councillor A J Holmes*	\$13,645	\$20,923
Councillor B J Julian	\$6,390	\$9,828
Councillor A L Moore	\$4,534	-
Councillor J L H Savage	\$2,647	-
Councillor R J Tuhoro	\$6,390	\$9,828

* Councillor Holmes is also the Chairperson of the Regulatory and Services Committee. The remuneration for Councillor Holmes includes Resource Consent Hearing fees of \$3,540.

During the year, there was a change in Chief Executive Officer. The previous General Manager was employed until 14 October 2005 and the new Chief Executive Officer took up his position on 17 October 2005.

	2004/2005	2005/2006
Salary former General Manager	\$135,009	\$153,678
Salary current Chief Executive Officer	-	\$89,116

The salary for the former General Manager includes retirement benefits of \$111,520.

The current Chief Executive Officer received no other additional benefits.

15. SEVERANCE AGREEMENTS

During the year there were no severance payments made to Council employees.

(2004/2005 \$12,116)

16. STATEMENT OF COMMITMENTS

Council had one capital commitment at 30 June 2006.

	2005	2006
Due less than 1 year	<u>0</u>	<u>99,020</u>

Council had one operating lease commitment at 30 June 2006.

	2005	2006
Due less than 1 year	11,579	11,579
Due more than 1 year, less than 2 years	11,579	1,930
Due more than 2 years, less than 5 years	<u>1,930</u>	<u>0</u>
	<u>25,088</u>	<u>13,509</u>

17. STATEMENT OF CONTINGENT LIABILITIES

Contingent liabilities at 30 June 2006 were –

Environment Bay of Plenty's Operative Regional Plan for the Tarawera River Catchment means that Carter Holt Harvey will have to discontinue discharging effluent into the river by May 2007. Council is negotiating with Carter Holt Harvey an alternative agreement that may involve Council taking over responsibility for the treatment and discharging of the District's human effluent.

Claims to the Waitangi Tribunal that could potentially affect Council's management of vested Crown land. The financial impact of any claim cannot be quantified. This situation is unchanged from 30 June 2005.

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 \$65,885 (2004/2005 \$71,638).

18. LANDFILL RESOURCE CONSENT AND AFTERCARE

Council owns a Landfill site off River Road in Kawerau.

A consent application for the ongoing operation of the landfill site was granted in late 2002. Consent conditions include the provision of ongoing maintenance and monitoring of the existing landfill after the site is closed. The closure and post-closure responsibilities include final cover application, vegetation and monitoring of leachate. The water table beneath the landfill is being monitored for signs of contamination and to date none has been detected.

The cash outflows for landfill closure and post-closure will occur from the 2006/2007 year. The provision has been estimated taking into account existing

methods and is discounted using a discount rate of 7.23% (Council's weighted average interest rate for investments). (2004/2005, 5.2%)

	2004/2005	2005/2006
Opening balance	152,536	149,052
Amount utilised	0	0
Increase/(Decrease) in provision	(3,628)	(3,872)
Discounting changes	<u>144</u>	<u>(16,238)</u>
Closing balance	<u><u>149,052</u></u>	<u><u>128,942</u></u>

19. POST BALANCE DATE EVENTS

There were no significant post balance date events.

(2004/2005 Nil)

Significant Activities

STATEMENTS OF SERVICE PERFORMANCE & COST OF SERVICE STATEMENTS

SURVEYS

Community Satisfaction Level is determined by professional survey and is the aggregate of either, the 'very good' and 'fairly good' survey results, or the 'very satisfied' and 'fairly satisfied' survey results.

The survey was conducted by National Research Bureau Ltd during January 2006. Two hundred residents were randomly selected and surveyed by telephone. The margin of error is +/- 6.9%. Reports on the survey were considered in March 2006.

QUALITY

Each significant activity includes performance measures which incorporate elements of quality. Quality processes are a standard feature of management control systems.

Specifically:

Capital Works - are constructed to design specifications. Inspection of works is undertaken by suitably qualified engineers.

Maintenance Works - are undertaken by employees or by contract under the supervision of suitably qualified and experienced engineers and monitored thereafter in accordance with maintenance programmes.

Regulatory Functions - are undertaken by suitably qualified and experienced employees in accordance with legislative requirements.

DEMOCRACY

ACTIVITIES IN THE GROUP

This activity covers the Mayor and Councillors performing their functions of creating and monitoring Council policy over the entire District.

This activity contributes to the following Visions:

- A developing economy
- Reduced travel times between Kawerau and other towns and cities in the Bay of Plenty
- A safe and healthy Community
- A sustainable environment
- A strong positive community spirit
- Continued independence and viability
- Access to quality educational opportunities
- Affordable lifestyle
- A Community that embraces its multi-cultural identity

STRATEGY

In 2005, Council reviewed its representation and after considerable debate, decided to maintain the number of Councillors at 8. Representation aside, the major strategy in the Democracy activity over the next three years will be the maintenance of quality representation. The Strategic Plan identifies the Council as becoming further involved in communicating with and seeking feedback from the community about Council activities.

NATURE & SCOPE

The Democracy activity records the aims and performance of the political arm of Council. Its aim is to represent the wishes of the people of Kawerau and to make decisions on behalf of the community. The Mayor and Councillors are elected by democratic vote every three years.

GOAL

To conduct the affairs of the Council in a democratic and representative manner.

OBJECTIVE

To provide residents and ratepayers with quality democracy and representation.

CONTRIBUTION TO COMMUNITY OUTCOMES

This activity contributes to the following Community Outcomes through Council's advocacy role:

- A developing economy
- Reduced travelling times between Kawerau and other towns and cities in the Bay of Plenty
- A safe and healthy Community
- A sustainable environment
- A strong positive community spirit
- Continued independence and viability
- Access to quality educational opportunities
- Affordable lifestyle

SIGNIFICANT EFFECTS

The Democracy activity delivers good governance which is fundamental to promoting sustainability and Community well-being.

DEMOCRACY

PERFORMANCE

1. 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.

Thirteen Council meetings were held during the year. All met the public notification requirements.

Elected Members attended the following numbers of Council and Committee meetings held during the year –

<i>W K (Bill) Bain</i>	<i>21</i>	<i>A J (Alistair) Holmes</i>	<i>23</i>
<i>D B (Dave) Cameron</i>	<i>22</i>	<i>B H (Bernie) Joyes</i>	<i>24</i>
<i>M J (Malcolm) Campbell</i>	<i>23</i>	<i>B J (Berice) Julian</i>	<i>23</i>
<i>R J (Russell) Chase</i>	<i>21</i>	<i>R J (Ron) Tuhoro</i>	<i>22</i>
<i>D F (Denis) Cotter</i>	<i>21</i>		

2. To undertake and complete the Annual Planning process by meeting the standards and the timeframe required by the Local Government Act.

The 2006/2007 – 2015/16 Long-Term Council Community Plan was adopted before the legislative deadline on 13 June 2006. The Annual Report for 2004/2005 received an unqualified Audit Report and was also adopted within the legislative timeframe.

3. 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.

4. To achieve a surveyed community satisfaction level, for the performance of the Mayor and Councillors, better than 54%.

The surveyed community satisfaction level was 77%.

DEMOCRACY

COST OF SERVICE

2004/05		Estimate	2005/06
REVENUE			
28,967	Fees & Charges	0	0
<u>651</u>	Interest On Investments	<u>680</u>	<u>791</u>
29,618		680	791
EXPENDITURE			
566,987	Operating Costs	647,570	564,474
<u>537,369</u>	NET COST OF SERVICE	<u>646,890</u>	<u>563,683</u>
FUNDED BY:			
527,590	Rates	589,390	563,863
<u>9,779</u>	Transfer from Reserves	<u>57,500</u>	<u>0</u>
<u>537,369</u>		<u>646,890</u>	<u>563,863</u>

Note : Expenditure capitalised during the year that relates to this activity is as follows -

<u>0</u>	Council Chamber Upgrade	<u>0</u>	<u>52,610</u>
FUNDED BY:			
<u>0</u>	General Reserves	<u>0</u>	<u>52,610</u>

Lower staff charges, costs of recruiting the Chief Executive Officer and discretionary spending resulted in cost savings.

ECONOMIC DEVELOPMENT

ACTIVITIES IN THE GROUP

This activity covers the delivery of Information Centre services, Industrial Development, Event Marketing and Economic Development facilitation.

This activity contributes to the following Visions:

- A developing economy
- Continued independence and viability
- Affordable lifestyle

STRATEGY

Council has agreed it will be in the business of economic development. The Strategic Plan identifies a number of economic expectations including an economy less dependent on the District's major industries and encouraging adding value to the region's natural resources.

NATURE & SCOPE

Council believes that it should take a leadership role in local economic development initiatives and has committed itself "to promote the virtues of Kawerau and encourage industries of all types to the District" (Item 4 of Mission Statement).

Council is of the opinion that the main focus of local economic development initiatives should be on promoting and encouraging industrial development. At the same time, marketing the District as a desirable place to live and developing and extending current event activities is also seen as having significant potential.

Council does not have direct control over the outcomes that this activity aims to achieve.

GOAL

To enhance the quality of life in the Kawerau District by marketing and encouraging economic development.

OBJECTIVE

To assist in increasing opportunities for economic development in the District.

CONTRIBUTION TO COMMUNITY OUTCOMES

This activity contributes to the following Community Outcomes through Council's funding role:

- A developing economy
- Continued independence and viability
- Affordable lifestyle

This is achieved through funding of the Regional Economic Development Agency, Information Centre, Kawerau Tourism Trust and providing Event Marketing funding.

SIGNIFICANT EFFECTS

The Economic Development activity provides funding to a number of agencies that seek to further economic development in the District. These include the Eastern Bay of Plenty Regional Economic Development Trust and the Kawerau Tourism Trust.

ECONOMIC DEVELOPMENT

PERFORMANCE

1. 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.

2. 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 - \$1,389 was distributed.

ECONOMIC DEVELOPMENT

COST OF SERVICE

2004/05		Estimate	2005/06
EXPENDITURE			
53,430	Other Operating Costs	61,640	53,765
<u>53,430</u>	NET COST OF SERVICE	<u>61,640</u>	<u>53,765</u>
FUNDED BY:			
48,430	Rates	56,640	48,765
<u>5,000</u>	Transfer from Reserves	<u>5,000</u>	<u>5,000</u>
<u>53,430</u>		<u>61,640</u>	<u>53,765</u>

Note: There was no capital expenditure during the year that relates to this activity.

Staff and contractor costs below estimate and a low level of applications for assistance from the Event Marketing Fund resulted in cost savings.

ENVIRONMENTAL SERVICES

ACTIVITIES IN THE GROUP

Resource Management Planning

Resource Management seeks to ensure the sustainable management of the District's natural and physical resources according to the Resource Management Act. Council's resource management functions cover the District Plan review, collection and dissemination of information and monitoring of the environment. It is also required to consult and advocate on regional and national resource management policies.

Resource Management Consents

Resource Management Consents involves the issue of consents under the Resource Management Act, so that activities can be engaged in while ensuring sustainable management of natural and physical resources.

The consent process includes subdivisional consents and the communication of rights and obligations under the legislation.

Building and Inspection

Council has statutory obligations to regulate in a number of areas, including building activity and Council by-laws under various enactments, with a view to the protection of the Community from non-compliance.

Environmental Health Services

Council has various statutory obligations including the Health Act and the Sale of Liquor Act to regulate and maintain the health of the District.

Dog Control

Council's Dog Control services include the investigation of dog complaints, the education of animal owners and the general public, the performance of enforcement activities on a 24-hour basis and the provision of a dog pound. These services are provided to meet the Community's expectation for health, order and safety and to meet Council's statutory obligations under the Dog Control Act 1996 and Dog Control Amendment Act 2003.

Dog Registration

The registration of dogs is a statutory obligation under the Dog Control Act 1996.

STRATEGY

The Council intends over the next 3 years to manage the use, development and protection of natural and physical resources in a way which enables the community to provide for its social, economic and cultural well-being and its health and safety. The longer term expectations identified in the strategic plan include the sustainable use of natural resources and recognising and valuing Tangata Whenua and the strength, diversity and cultural relationships of all ethnic groups in the community.

NATURE & SCOPE

Council develops, monitors and enforces regulatory and planning requirements in a number of areas which aim to protect the people of Kawerau from environmental risks, including -

- Unsustainable development within the District
- Poorly constructed buildings
- Unhealthy food and drink
- Uncontrolled dogs

While Council may deal with a cross section of the community in conducting this work, the real customers are the overall population who benefit from a healthy and safe environment.

GOAL

To promote the sustainable development of the District and the health, safety and well-being of its residents.

OBJECTIVE

To provide the following environmental services:

- Resource Management
 - General and Building Inspection
 - Environmental Health
 - Dog Control
 - Dog Registration
-

CONTRIBUTION TO COMMUNITY OUTCOMES

This activity contributes to the following Community Outcomes through Council's facilitation and regulatory role:

- A developing economy
- A safe and healthy Community
- A sustainable environment

SIGNIFICANT EFFECTS

Council is committed to the protection and enhancement of the environment, and the promotion, protection and enhancement of public health and safety.

ENVIRONMENTAL SERVICES

PERFORMANCE

1. To complete the processing of 95% of all Building Consent Applications within 20 days, in accordance with the Building Act 2004.

100% (181) of Building Consent Applications were processed within 20 working days.

2. 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 registered food premises that were in operation for a full year were inspected by a qualified inspector at least twice during the year.

3. To undertake no less than 460 weekday and 340 after hours dog patrols per annum and to take action in accordance with Council policies for all instances of non-compliance observed and recorded by the patroller.

523 weekday and 404 after hours dog patrols were undertaken during the year and all instances of non-compliance observed were recorded and appropriate action taken by the patroller.

4. To achieve a surveyed community satisfaction level, for environmental services, better than -

- 71% for Dog Control
- 86% for Other Environment Services

The surveyed community satisfaction levels were -

- 68% for Dog Control
- 88% for other Environmental Services

5. To ensure that 100% of all Resource Consent applications are processed within the timeframes set out in the Resource Management Act 1991.

100% (16) of Resource Consent Applications were processed within the timeframes set out in the Resource Management Act 1991.

ENVIRONMENTAL SERVICES

COST OF SERVICE

2004/05		Estimate	2005/06
	REVENUE		
138,029	Fees/Charges	115,430	172,957
662	Interest On Investments	750	877
138,691		116,180	173,834
	EXPENDITURE		
25,916	Resource Management	55,150	70,498
130,799	Building & Inspection	137,850	129,278
84,480	Environmental Health	82,460	85,391
153,761	Dog Control & Registration	181,980	185,571
394,956		457,440	470,738
256,265	NET COST OF SERVICE	341,260	296,904

FUNDED BY:

256,265	Rates	327,970	296,904
0	Transfer from Reserves	13,290	0
256,265		341,260	296,904

Note: There was no capital expenditure during the year that relates to this activity.

Significant Resource Consents, together with a higher demand for Building Consents and greater number of infringement fees generated additional income.

No significant resource management issues arose, resulting in some savings, but these only partially offset the additional costs incurred in the Resource Consent process.

TRANSPORT MANAGEMENT

ACTIVITIES IN THE GROUP

Control over the roads of the District is vested in Council by the Local Government Act 2002.

Council separated this activity into the following sub activities:

- Transport Management - Overall
- Central Business District (CBD)

The Transport Management – CBD activity recognises the higher level of services provided to this part of the District.

This activity contributes to the following Visions:

- A developing economy
- Reduced travel times between Kawerau and other towns and cities in the Bay of Plenty
- A safe and healthy Community
- A sustainable environment

STRATEGY

Council has developed a Roothing Asset Management Plan which provides for the efficient and effective management of the roading asset. This Plan allows Council to allocate detailed funding to properly maintain the asset while also making provision for the longer term financing required.

NATURE & SCOPE

Council is obliged to provide a roading network for the Kawerau community. Without a modern system of roading assets it would be difficult to sustain the local economy.

A large part of Council's expenditure on roads is subsidised by Land Transport NZ. Land Transport NZ subsidises the long term maintenance of the carriageways and their associated drainage and lighting systems. Land Transport NZ subsidises part of the costs of street cleaning.

In addition to the Land Transport NZ programme of works for the year, Council must maintain the footpaths, alleyways and the Town Centre.

Council is not responsible for the maintenance of State Highway 34.

GOAL

To provide and maintain a system of roads/footpaths for the safe and comfortable passage of vehicles and pedestrians in and through the District.

OBJECTIVE

To provide and maintain an appropriate network of roading assets.

CONTRIBUTION TO COMMUNITY OUTCOMES

This activity contributes to the following Community Outcomes through Council's role as a provider of the District's transport network and road safety initiatives:

- A developing economy
- Reduced travelling times between Kawerau and other towns and cities in the Bay of Plenty
- A safe and healthy Community
- A sustainable environment

SIGNIFICANT EFFECTS

The Transport Management activity delivers an efficient transport network that has minimal impact on the environment. During the year, Council carried out its programmed reseals, street lighting upgrades, road marking and safety improvements. The footpaths and car parking in Liverpool Street were upgraded and the footpaths in Glasgow Street were also upgraded. Additional town centre security cameras were installed and piped classical music was installed in the CBD during non-business hours to deter youth loitering.

Significant negative effects on the roading network are traffic accidents. To reduce numbers and severity, Council is a partner in the Eastern Bay of Plenty Road Safety Management System. Council has developed the Eastern Bay of Plenty Road Safety System, undertakes safety audits and provides street lighting, signage and pavement marking.

TRANSPORT MANAGEMENT

PERFORMANCE

1. To provide the following transport management assets within the District:
 - 40 km of sealed roadways
 - 30 km of stormwater pipes
 - 65 km of concrete footpath
 - 200 Town Centre carparks
 - 790 street lights

The above transport management assets were provided during the year.

2. 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 75. This is smoother than the target of 85.

3. 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.

4. To achieve a surveyed community satisfaction level, for transport management assets, better than 71%.

The surveyed community satisfaction level was 94%.

TRANSPORT MANAGEMENT

COST OF SERVICE

2004/05		Estimate	2005/06
REVENUE			
265,170	Government Subsidies	246,390	268,365
62,947	Petrol Tax	60,000	62,843
32,943	Interest On Investments	38,630	44,315
<u>361,060</u>		<u>345,020</u>	<u>375,523</u>
EXPENDITURE			
799,386	Subsidised Roothing	589,110	672,482
574,051	Non-Subsidised Roothing	545,300	550,779
<u>1,373,437</u>		<u>1,134,410</u>	<u>1,223,261</u>
<u><u>1,012,377</u></u>	NET COST OF SERVICE	<u><u>789,390</u></u>	<u><u>847,738</u></u>
FUNDED BY:			
806,369	Rates	737,990	737,876
<u>206,008</u>	Transfer from Reserves	<u>51,400</u>	<u>109,862</u>
<u><u>1,012,377</u></u>		<u><u>789,390</u></u>	<u><u>847,738</u></u>

Higher levels of invested funds generated increased interest.

Additional depreciation, resulting from the revaluation of assets after estimates had been set, offset savings from projects delayed until 2006/07 and resulted on overall higher costs.

Note: Expenditure capitalised during the year that relates to this activity is as follows:

39,311	Streetlights	40,000	39,115
97,848	Kerbs & Footpaths	75,000	62,987
89,767	Reseals	112,000	108,047
<u>44,956</u>	Other	<u>35,000</u>	<u>28,391</u>
<u><u>271,882</u></u>	Total Infrastructural	<u><u>262,000</u></u>	<u><u>238,540</u></u>
FUNDED BY:			
139,078	Depreciation Reserve Funding	126,900	115,128
<u>132,804</u>	Transfer from Reserves	<u>135,100</u>	<u>123,412</u>
<u><u>271,882</u></u>		<u><u>262,000</u></u>	<u><u>238,540</u></u>

Renewal of pipework was at a reduced level from estimate.

WATER SUPPLY

ACTIVITIES IN THE GROUP

This activity involves the provision of good quality drinkable water in sufficient quantities to meet reasonable Community needs.

This activity contributes to the following Visions:

- A safe and healthy Community
- A sustainable environment

STRATEGY

The principal issue affecting Council's supply of potable water over the next 3 years is the biological cleanliness of the water.

Council has implemented a pH correction facility to the water supply system. Council expects the current water quality to continue. This will mean that no additional expenditure on new treatment assets is needed to maintain water quality. Council continues to monitor adequacy of the supply network due to the limited availability of water in times of very high consumption.

In the longer term, the Strategic Plan identifies Council monitoring and informing Government of the impacts of its policy on the Community.

NATURE & SCOPE

Council provides a system of water reticulation for the Kawerau community. Without a reliable supply of good quality water it would be difficult to sustain a community of Kawerau's size.

Kawerau's water is principally sourced from two springs. When demand is high, Council can also obtain water from a borefield situated in Tarawera Park. Water is pumped to the two reservoirs situated on Monika Lanham Reserve and the reservoir situated above Beattie Road.

Water is then delivered to consumers by gravity. The Beattie Road reservoir services those properties situated in the upper Valley Road area. Large users of water have metered supplies.

GOAL

To provide a quality water supply in sufficient quantities to meet reasonable community needs.

CONTRIBUTION TO COMMUNITY OUTCOMES

This activity contributes to the following Community Outcomes through Council's role as a provider of potable water:

- A safe and healthy Community
- A sustainable environment

SIGNIFICANT EFFECTS

The provision of potable water is fundamental to Community well-being.

The supply is not considered a "secure" supply as defined by the Drinking Water Standards for New Zealand (DWSNZ) due to historical detection of faecal coliforms in the source water and the inability to prove that the water has been underground for more than twelve months or is not directly affected by surface or climate influences in the environment. Contaminations, when detected, are treated with chlorine.

During the year Council considered several options for treating the water supply in order to improve the quality of water in line with the DWSNZ. Council has decided to implement ultraviolet disinfection treatment of the source water in 2006/2007 and continue its current practice of treating contaminations in the water reticulation (pipes from the reservoir to taps) with chlorine on an "as required" basis.

WATER SUPPLY

PERFORMANCE

1. To provide and operate the following water supply assets within the District:

- 70 km pipe
- 11,365 m³ water storage
- 14,400 m³/day pumping capacity

The above water supply assets and service capacity were provided during the year. There were no interruptions to supply with the exception of minor breakdowns affecting only a small number of households.

2. To conduct daily samples, when the total Town's water consumption exceeds 12,000 m³/day, and have no instances where the tests, taken between 3.00 pm and 5.00 pm at Windley Place, Blundell Avenue and the Cemetery, show water pressure lower than 40 psi.

There were no days where the flow exceeded 12,000m³/day.

3. 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 New Zealand Drinking Water Standards.

The water supply was monitored through bacteriological testing at least twice per month during the year in a minimum of two locations.

Eight instances of low-level contamination occurred in September 2005 (2), October, December, January 2006, March (2) and May and chlorination continued for two weeks during October 2005, January and April 2006.

4. To achieve a surveyed community satisfaction level, for water supply services, better than 80%.

The surveyed community satisfaction level was 94%.

WATER SUPPLY

COST OF SERVICE

2004/05		Estimate	2005/06
	REVENUE		
96,129	Water Rates	114,690	115,540
24,020	Fees/Charges	37,890	32,243
54,535	Interest On Investments	64,360	75,183
174,684		216,940	222,966
	EXPENDITURE		
672,020	Maintenance Costs	586,470	707,046
143,849	Operating Costs	169,240	154,176
815,869		755,710	861,222
641,185	NET COST OF SERVICE	538,770	638,256

FUNDED BY:

628,755	Rates	522,110	522,745
12,430	Transfer from Reserves	16,660	115,511
641,185		538,770	638,256

Higher levels of invested funds generated increased interest revenue.

Additional depreciation, resulting from the revaluation of assets after the estimates were set was the main reason for higher costs.

Note: Expenditure capitalised during the year that relates to this activity is as follows:

8,000	Pipework	13,000	12,988
5,000	Tobies	5,000	4,900
5,226	Other	10,000	14,868
18,226	Total Infrastructural	28,000	32,756

FUNDED BY:

18,226	Depreciation Reserve Funding	28,000	32,756
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Pump refurbishment costs were higher than anticipated.

WASTE MANAGEMENT

ACTIVITIES IN THE GROUP

The Waste Management group includes the following activities:

Wastewater Collection and Disposal

This activity involves the provision of a wastewater disposal system that enhances community health and safety and the environment. Wastewater is piped from households to Council's Primary Wastewater Treatment Plant. Council has an agreement with Carter Holt Harvey Tissue, which obliges that company to accept and provide secondary treatment for domestic wastewater.

Refuse Collection

This activity involves the provision of a cost effective refuse collection system that will encourage a healthy, tidy and clean District. Refuse is collected weekly from residential properties.

Refuse Disposal

This activity involves the provision of a cost effective refuse disposal system that will encourage a healthy, tidy and clean District.

Zero Waste

This activity involves the provision and operation of refuse recycling initiatives to minimise waste to landfill for environmental benefits. Council continues to develop recycling initiatives in response to community demand and a desire to reduce the impact that dumping waste has on the environment.

This activity contributes to the following Visions:

- A safe and healthy Community
- A sustainable environment

STRATEGY

The major issue affecting the Kawerau community over the next 3 years will be to continue the implementation of the Zero Waste Plan. This involves reducing the local refuse volume to the landfill by 70% over 3 years. On achievement of this, it is likely that the 30% of residual waste will be disposed of outside the Kawerau District.

NATURE & SCOPE

Council provides systems of wastewater disposal, refuse removal, refuse disposal and refuse recycling for the Kawerau Community. Without these services, it is likely that the state of the Community's health would decline.

Wastewater is piped from households to Council's Primary Wastewater Treatment Plant. Council has an agreement with Carter Holt Harvey Tissue, which obliges that company to accept and provide secondary treatment for domestic wastewater. Council does not need a resource consent, as it does not discharge wastewater to the environment.

Refuse is collected weekly from residential properties.

Council continues to develop recycling initiatives in response to community demand and a desire to reduce the impact that dumping waste has on the environment.

GOAL

To provide a system of domestic wastewater collection and primary treatment, to minimise the presence of refuse within the District and to minimise the amount of local waste which goes to the landfill.

OBJECTIVE

To provide the following waste disposal services –

- Wastewater
- Refuse Collection
- Refuse Disposal
- Recycling (minimisation of local waste to landfill)

CONTRIBUTION TO COMMUNITY OUTCOMES

This activity contributes to the following Community Outcomes through Council's role as a provider of wastewater collection and disposal, refuse collection and disposal and zero waste initiatives:

- A safe and healthy Community
 - A sustainable environment
-

SIGNIFICANT EFFECTS

The Waste Management activity contributes to the good health and safety of the community. During the year Council completed the implementation of a Transfer Station which improved the District's refuse disposal facilities. Zero waste initiatives were undertaken to promote environmentally friendly waste disposal practices.

The operation of the transfer station as a means of disposing of solid waste could result in some negative environmental effects. These effects are not considered significant and have been managed via operating procedures and a monitoring regime. Noise, odour, dust, litter and vermin are nuisance elements commonly linked to transfer stations. However, in general, due to the low volumes of refuse deposited and the regular removal to an out of District landfill, very few nuisance problems occur with the Kawerau site.

WASTE MANAGEMENT

PERFORMANCE

1. To provide and operate the following waste disposal assets within the District:
 - 55 km pipes
 - primary wastewater treatment facility
 - refuse disposal site
 - recycling centre

The above assets were provided during the year.

2. To collect residual and recycled refuse, in approved containers once a week from residential ratepayers.

Refuse was collected in accordance with Council's Zero Waste Plan throughout the financial year.

3. To provide a Transfer Station within the District suitable for the needs of the Kawerau Community.

The transfer station became operational in August 2005.

4. To achieve a surveyed community satisfaction level, for waste management, better than:
 - 79% for Wastewater
 - 83% for Refuse Collection
 - 64% for Refuse Disposal

The surveyed community satisfaction levels were:

- 98% for Wastewater
- 66% for Refuse Collection
- 55% for Refuse Disposal

The level of fees to use the transfer station has had an impact on the customer satisfaction level for Refuse Disposal.

5. To achieve, by the 3 months ended 30 June 2006, 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).

The amount of local refuse landfilled in the 3 months ended 30 June 2006 was 63% below the benchmark level landfilled in 1999/2000 (NB. Measurement of landfilled volumes is based on estimates of experienced staff who monitor refuse volumes on a day-to-day basis).

The target set was optimistic and Council will continue to implement waste reduction initiatives in the future.

WASTE MANAGEMENT

COST OF SERVICE

2004/05		Estimate	2005/06
	REVENUE		
55,091	Wastewater Rates	70,040	70,619
207,949	Refuse Collection Rates	316,260	316,159
27,777	Interest On Investments	37,790	44,060
<u>513,453</u>	Fees/Charges	<u>290,970</u>	<u>319,169</u>
804,270		715,060	750,007
	EXPENDITURE		
581,146	Wastewater	531,650	618,519
174,596	Refuse Collection	213,120	225,417
284,540	Refuse Disposal	335,930	335,443
<u>448,031</u>	Zero Waste	<u>504,350</u>	<u>493,249</u>
<u>1,488,313</u>		<u>1,585,050</u>	<u>1,672,628</u>
<u>684,043</u>	NET COST OF SERVICE	<u>869,990</u>	<u>922,621</u>

FUNDED BY:

672,093	Rates	969,440	965,372
<u>11,950</u>	Transfer from/(to) Reserves	<u>(99,450)</u>	<u>(42,751)</u>
<u>684,043</u>		<u>869,990</u>	<u>922,621</u>

Increased income arose from higher levels of activity than estimated.

Unexpected legal fees and additional depreciation, resulting from the revaluation of assets after the estimates were set, were the main reasons for higher Wastewater costs.

Lower than expected cost of the resource consent for the planned Transfer Station gave lower costs in Refuse Collection.

Higher staff costs partially offset savings from planned initiatives in Zero Waste, delayed and carried forward to be undertaken in the 2006/07 financial year.

Note: Expenditure capitalised during the year that relates to this activity is as follows -

265,107	Transfer Station	0	43,578
<u>14,172</u>	Other	<u>10,000</u>	<u>12,832</u>
<u>279,279</u>	Total Infrastructural	<u>10,000</u>	<u>56,410</u>

FUNDED BY:

<u>279,279</u>	Depreciation Reserve Funding	<u>10,000</u>	<u>56,410</u>
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Costs of Transfer Station carried forward and completed after 30 June 2005 were not in original estimates.

Renewal of pipework was at a higher level than estimate.

LEISURE & RECREATION

ACTIVITIES IN THE GROUP

The Leisure & Recreation group includes the following activities:

Library

The provision of a suitable Library facility to enhance community knowledge, information and leisure opportunities.

Swimming Pools

The provision of a year round swimming pool complex to enhance leisure opportunities.

Public Halls & Facilities

Recreation Centre

The provision of a Recreation Centre for public hire as a suitable venue for sporting and recreation activities.

Town Hall

The provision of a Town Hall for public hire to enhance leisure opportunities.

Concert Chamber

The provision of a Concert Chamber for public hire as a suitable venue.

Town Centre Toilets

The provision of suitable ablution facilities for the Community and visitors.

Parks & Reserves

Sports Fields

The provision of sports fields available for recreational and competitive use.

Passive Reserves

The provision of passive reserves and other recreational reserves (not including sports fields).

Road Berms

The provision of a grassed separation between the property boundary and the carriageway.

Street Trees

The provision of street trees.

Bedding Displays

The provision of flowering bedding displays in high profile areas twice a year.

Playgrounds

The provision of playgrounds.

This activity contributes to the following Visions:

A developing economy Reduced travel times between Kauerau and other towns and cities in the Bay of Plenty	A safe and healthy Community	A sustainable environment	A strong positive community spirit Continued independence and viability	Access to quality educational opportunities	Affordable lifestyle	A community that embraces its multi-cultural identity
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Library		✓		✓		✓	✓	✓
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Swimming Pool		✓		✓			✓	
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Public Halls & Facilities

Recreation Centre		✓		✓			✓	
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Town Hall		✓		✓			✓	
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A developing economy Reduced travel times between Kawerau and other towns and cities in the Bay of Plenty	A safe and healthy Community	A sustainable environment	A strong positive community spirit	Continued independence and viability	Access to quality educational opportunities	Affordable lifestyle	A community that embraces its multi-cultural identity
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Concert Chamber			✓		✓			✓	
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Town Centre Toilets			✓						
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Parks & Reserves

Sports Fields			✓		✓			✓	✓
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Passive Reserves			✓	✓	✓			✓	
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Road Berms				✓					
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Street Trees				✓					
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Annual Bedding Displays				✓	✓				
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Playgrounds			✓		✓			✓	
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STRATEGY

The Strategic Plan has a strategy of maintaining sporting, leisure and recreational facilities which enhance the reputation of Kawerau as a recreation and leisure conscious community.

NATURE & SCOPE

Council has historically provided a wide range of leisure and recreation services. Although there is no legal requirement to provide them, Council believes that such services are expected by the community.

The level of quality and extent of these services that are provided by Council directly improves the quality of life of all of the people of Kawerau in some way.

GOAL

To provide leisure and recreation opportunities.

OBJECTIVE

To provide the following facilities for leisure and recreation activities:

- Library
- Swimming Pool
- Public Halls
- Parks & Reserves

SIGNIFICANT EFFECTS

The Leisure and Recreation activity supports Council's Vision of providing the people of Kawerau with a quality of life second to none. The level of quality and extent of these services directly improves the quality of life of the Community. During the year, Council:

- Commenced an upgrade of the Library building.
 - Upgraded the pool changing rooms.
 - Continued the Monika Lanham Reserve redevelopment.
-

LEISURE & RECREATION

PERFORMANCE

1. To provide:

- One Public Library
- One Swimming Pool Complex
- Three Community Halls
- Six passive recreational reserve areas each in excess of two hectares
- Four reserves containing sports fields

The above community facilities were provided during the year.

2. To make leisure and recreation facilities available for use as follows -

- | | |
|-------------------------|-------------------------------|
| - Library | 50 weeks of the year minimum. |
| - Swimming Pool Complex | 48 weeks of the year minimum. |
| - Community Halls | 50 weeks of the year. |

The Library, Swimming Pool Complex and Community Halls were available throughout the year.

3. 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 99.93% of the samples taken. Samples were tested on a daily basis.

4. To receive two favourable reports from the New Zealand Turf Culture Institute on the condition of the sportsfields and suitability of the playing surfaces for each sport code being catered for in winter and summer.

Two favourable reports were received in August 2005 and March 2006.

5. To achieve a surveyed community satisfaction level, for leisure and recreation, better than -

- 90% for Library
- 71% for Pool
- 67% for Public Halls
- 94% for Parks & Reserves

The surveyed community satisfaction levels were -

- 90% for Library
 - 91% for Pool
 - 85% for Public Halls
 - 89% for Parks & Reserves
-

LEISURE & RECREATION

COST OF SERVICE

2004/05		Estimate	2005/06
	REVENUE		
12,398	Interest On Investments	18,980	20,779
113,658	Fees/Charges	69,180	79,773
<u>126,056</u>		<u>88,160</u>	<u>100,552</u>
	EXPENDITURE		
306,578	Library	338,670	319,698
312,452	Swimming Pool	317,420	320,829
393,803	Public Halls	339,700	375,658
<u>1,191,134</u>	Parks & Reserves	<u>1,067,110</u>	<u>1,156,826</u>
<u>2,203,967</u>		<u>2,062,900</u>	<u>2,173,011</u>
<u>2,077,911</u>	NET COST OF SERVICE	<u>1,974,740</u>	<u>2,072,459</u>
	FUNDED BY:		
1,627,056	Rates	1,894,520	1,894,536
<u>450,855</u>	Transfer from Reserves	<u>80,220</u>	<u>177,923</u>
<u>2,077,911</u>		<u>1,974,740</u>	<u>2,072,459</u>

Additional depreciation, resulting from the revaluation of assets after estimates had been set, was the main reason for higher costs in Public Halls and Parks & Reserves.

Note: Expenditure capitalised during the year that relates to this activity is as follows -

40,755	Library Stock	39,500	40,684
0	Library Building Upgrade	279,200	100,274
22,684	Swimming Pool Upgrades	63,500	80,165
23,429	Recreation Centre Upgrades	11,000	15,509
16,363	Passive Reserves Improvements	24,200	14,863
0	Town Hall Upgrade	15,500	6,388
0	Concert Chamber Upgrade	3,000	11,275
<u>5,000</u>	Other	<u>10,000</u>	<u>11,620</u>
<u>108,231</u>	Total Operational	<u>445,900</u>	<u>280,778</u>
	FUNDED BY:		
86,261	Depreciation Reserve Funding	143,700	140,153
<u>21,970</u>	Transfer from Reserves	<u>302,200</u>	<u>140,625</u>
<u>108,231</u>		<u>445,900</u>	<u>280,778</u>

The Library Building upgrade and lighting of Stoneham Walk were unable to be completed by the end of the year and have been carried forward to the 2006/07 financial year.

OTHER NON-SIGNIFICANT ACTIVITIES

ACTIVITIES IN THE GROUP

The Other Non-Significant Activities group includes the following activities:

Pensioner Housing

The provision of affordable housing available for the ambulant elderly. These units are leased to, and managed by, the Mountain View Rest Home.

Civil Defence Emergency Management

The delivery of Civil Defence measures, covering all aspects of preparation for, response to, and recovery from, major emergencies within the District.

Community Cultural & Social

The provision of specified Community and social services.

Cemetery

The provision, operation and maintenance of an attractive and culturally sensitive burial ground.

Commercial Rental Buildings

Management of the following commercial rental accommodation:

- Bus Station Building
- Tarawera Mall Shop

Vandalism

Restoration of Council assets that have been subject to intentional damage.

CONTRIBUTION TO COMMUNITY OUTCOMES

The Pensioner Housing, Civil Defence, Cemetery and Community, Cultural & Social sub activities contribute to the following Community Outcomes through being a funder or provider of services:

- A safe and healthy Community
- A sustainable environment
- A strong positive community spirit
- Continued independence and viability
- Affordable lifestyle

SIGNIFICANT EFFECTS

These activities contribute to the Community well-being by providing community welfare services.

OTHER NON-SIGNIFICANT ACTIVITIES

COST OF SERVICE

2004/05		Estimate	2005/06
	REVENUE		
12,662	Grants & Subsidies	7,440	8,437
77,318	Interest On Investments	39,120	79,121
170,142	Fees/Charges	125,710	165,898
9,426	Profit on Sale	0	217
269,548		172,270	253,673
	EXPENDITURE		
43,009	Rental Pensioner Housing	17,570	42,410
26,232	Civil Defence	26,190	20,356
26,300	Community, Cultural & Social	11,550	11,140
39,085	Cemetery	55,440	43,140
9,375	Commercial Rental Buildings	6,300	46,864
49,855	Vandalism	50,000	60,724
193,856		167,050	224,634
(75,692)	NET COST OF SERVICE	(5,220)	(29,039)
	FUNDED BY:		
245,642	Rates	(127,780)	(78,300)
(321,334)	Transfer from/(to) Reserves	122,560	49,261
(75,692)		(5,220)	(29,039)

ELIMINATIONS**COST OF SERVICE**

2004/05		Estimate	2005/06
	REVENUE		
0	Grants & Subsidies	0	0
(51,960)	Interest On Investments	(64,060)	(67,027)
(65,111)	Fees/Charges	(42,750)	(41,028)
<u>(117,071)</u>		<u>(106,810)</u>	<u>(108,055)</u>
	EXPENDITURE		
0	Democracy	0	0
0	Economic Development	0	0
(6,226)	Environmental Services	(7,500)	(3,929)
(122,439)	Transport Management	(119,000)	(125,905)
(125,722)	Water Supply	(142,670)	(148,894)
(168,594)	Waste Disposal	(169,400)	(178,121)
(36,546)	Leisure & Recreation	(71,090)	(72,071)
(43,535)	Other Non-Significant Activities	(56,600)	(21,064)
0	Business Units	0	0
<u>(503,062)</u>		<u>(566,260)</u>	<u>(549,984)</u>
<u>(385,991)</u>	NET COST OF SERVICE	<u>(459,450)</u>	<u>(441,929)</u>
	FUNDED BY:		
(385,991)	Rates	(459,450)	(441,929)
0	Transfer from/(to) Reserves	0	0
<u>(385,991)</u>		<u>(459,450)</u>	<u>(441,929)</u>

Internal charges for rates, refuse disposal and water supply to Council activities are eliminated against the internal revenue. Interest expense and revenue on internal loans are also eliminated.

MAORI CONTRIBUTION TO DECISION-MAKING PROCESSES

The Local Government Act 2002 requires Council to report on the work it has undertaken in the year to establish and maintain opportunities for Maori to contribute to the decision-making processes of Council.

Council acknowledges Tuwharetoa ki Kawerau as the Tangata Whenua¹ Iwi authority within the Kawerau District.

Council acknowledges that Rautahi is the representative of Taure Here² within the Kawerau District.

After the local authority elections in 2001, Council set up a subcommittee to work with local Iwi (Tuwharetoa ki Kawerau) to develop a protocol or memorandum of understanding aimed at defining and enhancing the relationship between Council and Tangata Whenua.

The subcommittee has met with Iwi on several occasions and some progress has been made towards finalising a Partnership Accord between Iwi and Council.

Although progress to date has been slow, Council is confident that it will not be too long before the parties finalise the Partnership Accord that will lead to a mutually beneficial relationship between Iwi and Council.

Council intends to develop a relationship with Rautahi along similar lines to that being developed with Tuwharetoa ki Kawerau.

During any consultation with the Community, Council consults both with Tuwharetoa ki Kawerau (Tangata Whenua) and Rautahi (Taure Here).

¹ Tangata Whenua – People of the land. Iwi or hapu who hold mana whenua over a particular area. (Mana Whenua – Customary authority exercised by an Iwi or hapu in an identified area).

² Taure Here – Maori who maintain links to, and claim Tangata Whenua status in, an area other than the one they are living in.

COMMUNITY OUTCOMES – MONITORING OF PROGRESS TOWARDS THE ACHIEVEMENT OF COMMUNITY OUTCOMES

During the 2005/2006 financial year, the following monitoring of progress towards Community Outcomes was completed.

Vision	Monitoring	Base Data ¹	2006 Data
A safe and healthy Community	The percentage of residents who feel Kawerau is a safe place to live (Source: Community Satisfaction Survey)	2004: 86%	2006: 93%
A strong positive community spirit	The percentage of residents who feel the community spirit in Kawerau is good. (Source: Community Satisfaction Survey)	2004: 86%	2006: 86%
	The percentage of residents who feel that the District is better as a place to live than it was 3 years ago. (Source: Community Satisfaction Survey)	2004: 47%	2006: 50%
Continued independence and viability	An independent District Council	Kawerau District Council continues to retain its independence.	
Affordable lifestyle	The percentage of residents who feel the quality of life in Kawerau is good (Source: Community Satisfaction Survey)	2004: 92%	2006: 91%

¹ From 2004/05-2013/14 Long-Term Council Community Plan

During 2004 and 2005, Environment Bay of Plenty, Kawerau District Council, Opotiki District Council and Whakatane District Council engaged in a collaborative exercise to identify Community Outcomes in the Eastern Bay of Plenty for the 2006/06-2015/16 Long-Term Council Community Plan.

Council is currently working with other local authorities and Central Government Agencies in the Bay of Plenty to determine measures to be used for monitoring progress towards the new Community Outcomes.