



SUMMARY ANNUAL REPORT for the year ended 30 June 2008

Introduction

The 2007/08 financial year has continued the consolidation of the previous year as Council works towards the updating of its 10 year 2006/16 LTCCP.

This has occurred with the support of a new Mayor and Council, elected in October 2007.

The focus during the year is covered in the highlights at the beginning of this Annual Report, and is the inevitable consequence of planning for the future renewal and ongoing maintenance of infrastructural assets which have useful lives covering decades. You might not be aware, but there are still earthenware sewer pipes in Waipawa which were laid in 1910 — and which remain in good condition today. In other areas there are underground pipes which have not stood the test of time and will need replacement sooner than their earlier predicted useful lives. Fortunately there are also technological changes occurring which in some cases allow for faulty pipes to be relined, rather than dug up and replaced.

Unfortunately we continue to incur unfunded costs passed down from central government such as Councils having to become Building consent authorities, new regulations resulting from the NZ Food Safety Authority domestic food review, and the new Drinking Water Standards. As a consequence plans are in place for the expensive construction in 2008/9 of ultra filtration plants for the Waipawa and Waipukurau water supplies.

Internally we have also continued to review our processes and procedures — in part because our extremely small staffing resource needs to be as efficient as possible, but also to ensure we minimize the huge number of risks Councils, as statutory bodies, are facing.

About this summary

This summary is a snapshot of the Council's activities and finances for 2007/2008. The information it contains has been extracted from our 2007/2008 Annual Report which contains detailed information about our finances and service performance.

This summary financial report can not be expected to provide as complete an understanding as provided by the full financial report of the financial and service performance, financial position and cash flows of the Central Hawke's Bay District Council.

Things do not however always go smoothly. A mistake made by our service provider saw last quarter's rates statements included in separate envelopes where ratepayers owned multiple properties. This was the contractor's error and their cost — but quite a number of ratepayers pointed out to staff how savings could be made on 50c stamps. The irony was that staff had "saved" \$1,500 by updating the new postcodes internally to NZ post standards — thereby retaining our bulk mailing rates.

Going forward our focus is clearly on the 2009/19 LTCCP, our roading network service levels, the impact of the new NZ Transport Agency on future roading funding, a partial review of the District Plan and the long term viability of CHBDC and the District.

I would like to thank staff and Councillors for their efforts.

John Freeman
Chief Executive

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Copies of the full 2007/2008 Annual Report can be obtained from the Council office, Ruataniwha Street, Waipawa or viewed online at www.chbdc.govt.nz.

This summary represents fairly and consistently the major matters dealt with in the Annual Report 2007/2008.

Chief Executive
John Freeman
30 October 2008

Mayor
Trish Giddens
30 October 2008

Corporate Services Manager
Kevin Brown
30 October 2008

Highlights for 2007/2008

Democracy

Elections for Council were successfully held in October 2007 with a new Council sworn in on 1 November 2007.

Waste Water Consents

As part of the ongoing planning towards meeting our new consent requirements, a stormwater infiltration study has been completed to reduce stormwater ingress into Council's systems

Bylaws

Legislation required that Council review its existing suite of bylaws. This exercise has successfully been completed and several new

bylaws — including a Liquor Control in Public Places Bylaw and revised Livestock Movement and Animals in Public Places Bylaw, has been added.

Water

New boreholes have been added to the Waipukurau and Waipawa well fields. This forms part of the planned treatment upgrades. Renewed resource consents for town water takes from district rivers have been received.

Audit Report



v Chartered Accountants

AUDIT REPORT

TO THE READERS OF CENTRAL HAWKES BAY DISTRICT COUNCIL'S SUMMARY ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2008

We have audited the summary annual report.

Unqualified Opinion

In our opinion:

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

We expressed an unqualified audit opinion, in our report dated 30 October 2008, on:

- ▶ the full financial statements; and
- ▶ the Council's compliance with the other requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report.

Basis of Opinion

Our audit was conducted in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards. Other than in our capacity as auditor, we have no relationship with or interests in Central Hawke's Bay District Council.

Responsibilities of the Council and the Auditor

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

Marcus Henry, Ernst & Young
On behalf of the Auditor-General
Wellington, New Zealand
30 October 2008

Financial Overview

Introduction

The year ended 30 June 2008 produced an accounting surplus for Council of \$341k. This was less than the surplus achieved in 2006/07, but reflected the reduction in rating deficit by \$316k. Debt increased by \$700k principally with completion of the Otane Water project, the purchase of additional land to allow for expansion of the Waipawa Cemetery, and commencement of cell design for the next phased extension of the Landfill. Working capital remains positive and investments grew with the reinvestment of interest.

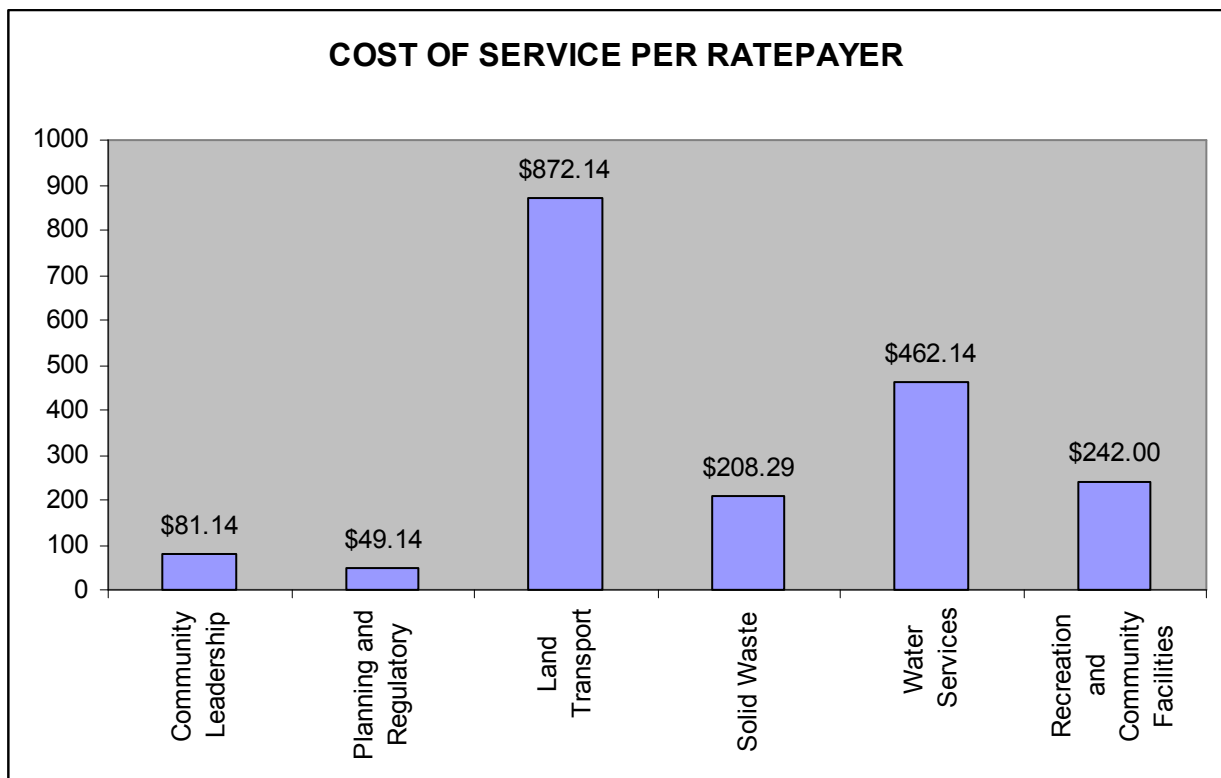
For governance reasons, Council continued to hold its investment in Infracon Limited, through a wholly owned Council Controlled Organisation (CCO) – Tamatea Limited. The dividend due to Tamatea from Infracon for the year ended 30 June 2007, was received in March 2008 and passed through to Council intact. Market trading conditions for Infracon are difficult and a much reduced dividend was declared by Tamatea payable to Council, in October 2008.

Going forward however, this is all set to change with substantially increased borrowings to fund waste water upgrades. In the future, Council's public debt will exceed its investments and much larger chunk of rates revenue will be required to service debt, rather than be applied to fund services.

As a consequence, Council's three yearly review in 2009 of its LTCCP, will have significant financial implications for the sustainability of the District.

In the months ahead Council will be consulting with its ratepayers on these implications – starting in November 2008 with consultation on the basis by which the rates burden is shared within the District.

Running the District – what it costs each ratepayer



Financial Performance at a glance

- Table 1 provides a comparative summary of Council's financial performance for the 2007/2008 and 2006/2007 financial years.
- Table 2 provides a comparative summary of Councils' statement of movement in equity.
- Table 3 provides a comparative summary of Council's financial position as at 30 June 2008 and 30 June 2007.
- Table 4 summarises how Council generated and used cash during the respective financial periods.

Table 1 Financial Performance

	Group Actual 2008 \$000's	Council Actual 2008 \$000's	Council Annual Plan 2008 \$000's	Group Actual 2007 \$000's	Council Actual 2007 \$000's
Operating Revenue	21,134	21,233	20,831	20,223	19,816
Operating Expenditure	20,901	20,892	20,030	19,300	19,291
Net Surplus/(Deficit) before income tax	233	341	801	923	525
Less Taxation	0	0	0	0	0
Net Surplus/(Deficit) after income tax	233	341	801	923	525

Table 2 Movements in Equity

	Group Actual 2008 \$000's	Council Actual 2008 \$000's	Council Annual Plan 2008 \$000's	Group Actual 2007 \$000's	Council Actual 2007 \$000's
Equity at the beginning of the year	598,764	598,203	569,532	547,352	547,352
Increase in Asset Revaluation Reserves	62,854	62,532	12,192	50,489	50,326
Net Surplus (Deficit) before and after income tax	233	341	801	923	525
Total recognised revenue and expenditure	63,087	62,873	12,993	51,412	50,851
Equity at end of the year	661,851	661,076	582,525	598,764	598,203

Table 3 Financial Position

	Group Actual 2008 \$000's	Council Actual 2008 \$000's	Council Annual Plan 2008 \$000's	Group Actual 2007 \$000's	Council Actual 2007 \$000's
Current Assets	6,043	9,993	2,447	4,869	4,715
Non Current Assets	669,238	664,514	595,178	606,192	605,785
Total Assets	675,281	674,507	597,625	611,061	610,500
Current Liabilities	5,828	5,829	4,372	3,997	3,997
Non Current Liabilities	7,602	7,602	10,728	8,300	8,300
Total Liabilities	13,430	13,431	15,100	12,297	12,297
NET ASSETS / EQUITY	661,851	661,076	582,525	598,764	598,203

Table 4 Cash Flows

	Group Actual 2008 \$000's	Council Actual 2008 \$000's	Council Annual Plan 2008 \$000's	Group Actual 2007 \$000's	Council Actual 2007 \$000's
Net Cash from Operating Activities	9,157	9,157	7,237	8,869	8,869
Net Cash Outflow from Investing Activities	(8,656)	(8,656)	(10,144)	(7,846)	(7,846)
Net Cash Inflow from Financing Activities	682	682	2,907	22	22
Net Cash Inflow (Outflow) for the year	1,183	1,183	0	1,045	1,045

The full Financial Report can be found on pages 53 - 81 of our *Annual Report 2007/2008* – available in hard copy by telephoning 06 857 8060, and on our website www.chbdc.govt.nz.

Summary of Service Performance

COMMUNITY LEADERSHIP GROUP

CORE VALUES	SERVICE LEVEL STATEMENT	WHAT WE EXPECT	PRESENT LEVEL OF SERVICE
Leadership, Governance and Consultation			
Affordability/Price	The cost of providing this activity is controlled.	Cost of activity per ratepayer remains below \$72.	Current cost is \$65 per ratepayer.
Customer Service	Regularly provide a page of Council news and discussion in the local newspaper.	A page of Council news is provided in the local newspaper at least 11 times per year.	The Council Community Newspaper was printed 12 times this year. Articles were published in The CHB Mail on 9 July 2007, 7 August 2007, 4 September 2007, 2 October 2007, 6 November 2007, 11 December 2007, 29 January 2008, 12 February 2008, 11 March 2008, 8 April 2008, 6 May 2008 and 10 June 2008. The Council Insight page was printed 10 times this year. Articles were published in The CHB Mail on 24 July 2007, 21 August 2007, 18 September 2007, 23 October 2007, 27 November 2007, 18 December 2007, 25 March 2008, 22 April 2008, 20 May 2008 and 24 June 2008.
Sustainability	Maori are provided with opportunities for full participation in accordance with their status as tangata whenua.	At least four meetings of the Maori Consultative Committee are held annually.	No Maori Consultative meetings were held in the 2007/2008 year. The Iwi RMA consultant undertook 18 consultation meetings in the 2007/2008 year.
Economic Development			
Affordability/Price	The cost of providing the Economic Development Activity is controlled.	Cost of activity per ratepayer remains below \$22.	Current cost is \$16 per ratepayer.
Responsiveness	Develop service agreements with organisations that foster economic growth to ensure they are supported.	Provide \$95,000 per year to CHB Promotions and \$10,000 per year to Hawke's Bay Inc.	CHB Promotions received a grant of \$110,500 in the current year. \$10,000 was paid to Hawke's Bay Inc.

PLANNING AND REGULATORY GROUP

CORE VALUES	SERVICE LEVEL STATEMENT	WHAT WE EXPECT	PRESENT LEVEL OF SERVICE
Resource and Subdivision Consents			
Sustainability	Growth is managed through the resource consent process to ensure minimal effect on environment and residents.	160 resource consents are processed annually.	150 resource consents were processed this year.
Responsiveness	Resource consent applications are processed within the statutory timeframe where possible.	80% of resource consent applications processed within statutory timeframes.	94% of resource consent applications were processed within statutory timeframes this year.
Building Control			
Responsiveness	100% of building consent applications are processed within the statutory timeframe each year.	90% of building consents are processed within the statutory timeframe.	97.83% of building consents were processed within statutory timeframes.

Animal Control			
Community Control	All dogs are registered demonstrated by a reducing trend in the proportion of known unregistered dogs.	The number of known unregistered dogs each year is less than 1% of registered dogs.	The number of known unregistered dogs is 0.27%
Reliability and Responsiveness	Dog owners are aware of their responsibilities demonstrated by a reducing trend in the number of infringement notices and SP10 reminders issued.	Less than 50 infringement notices/SP10 reminder notices issued each year.	23 infringement notices were issued.
Bylaws, Parking and Litter Control			
Sustainability	There is a reducing trend in the number of infringements for illegal parking and littering/illegal dumping.	Less than 35 infringement notices issued for illegal parking per year. Less than 30 infringement notices issued for illegal dumping/littering per year.	31 infringement notices have been issued for illegal parking. 40 letters have been issued for illegal dumping/littering.

LAND TRANSPORT GROUP			
CORE VALUES	SERVICE LEVEL STATEMENT	WHAT WE EXPECT	PRESENT LEVEL OF SERVICE
Land Transport			
Quality	Transport corridor users (of different types) are provided with a smooth and comfortable ride.	Smooth travel exposure over sealed roads shall exceed 95% as reported from RAMM Manager LTNZ Condition reports.	Smooth travel exposure over sealed roads is 97% as reported from RAMM Manager LTNZ Conditions report.
		Road condition defects as measured by: <ul style="list-style-type: none"> • The Surface Condition Index remains within envelope of 9 to 5 overall. • Condition Index remains within component envelope 3 to 5. RAMM Pavement Integrity remains within envelope 1 to 2.	<ul style="list-style-type: none"> • The Surface Condition Index is 4.9. Urban = 6.7 Rural = 4.4 • Condition Index is 2.5. Urban = 4.0 Rural = 2.2 • RAMM Pavement Integrity is 0.8. Urban = 1.4 Rural = 0.7

WATER SERVICES GROUP			
CORE VALUES	SERVICE LEVEL STATEMENT	WHAT WE EXPECT	PRESENT LEVEL OF SERVICE
Water Supply			
Reliability	To ensure that the water reticulation is maintained and renewed to minimise interruptions to service.	Less than 50 mains breakages per 100km of pipe occur each year.	44 main breakages for 137.5 km of pipe occurred this year.
Wastewater			
Reliability	To ensure that the wastewater reticulation is maintained and renewed to minimise interruptions to service.	Less than 100 sewer blockages per 100km of pipeline per year.	18 pump stations failures. 12 related to Redwood Drive where there has been continual problems with rags and other matter being discharged into the reticulation and causing the pump to block.
	To ensure that wastewater infrastructure is maintained and renewed to minimise interruptions to service.	Less than 5 sewer pump station failures occur each year.	92.86% of sewer blockages cleared within timeframes. 97.96% of other faults repaired within 1 day.
Stormwater			
Quality	100% compliance with resource consent conditions for stormwater systems.	100% compliance with resource consent conditions on stormwater discharge.	5 resource consents required stormwater discharge conditions. 100% compliance with resource consent conditions.

RECREATION AND COMMUNITY FACILITIES GROUP			
CORE VALUES	SERVICE LEVEL STATEMENT	WHAT WE EXPECT	PRESENT LEVEL OF SERVICE
Parks, Reserves and Swimming Pools			
Accessibility	Passive and active recreation areas are provided around the District.	A minimum of 15 ha of parks and reserves per 1,000 residents is maintained each year to 2009.	There is currently 18 ha of parks and reserves per 1000 residents.
Affordability	The cost of providing parks, reserves and swimming facilities is controlled.	The cost of maintenance and renewals per hectare of parks remains below \$3,500.	The cost of maintenance and renewals per hectare of parks was \$5,364.00 for the year.
		The cost of maintenance and renewals for swimming facilities per ratepayer remains below \$30.	The cost of maintenance and renewals for swimming facilities per ratepayer was \$36.25 for the year. The higher requirement was due to double energy payment for the heated pool and the Waipawa pool upgrade.
Retirement Housing			
Affordability	The use or rates funding of the Retirement Housing Activity is minimised.	Less than 12% of the Retirement Housing Activity is funded by rates each year until 2009.	No rate money was spent on retirement housing this year.

Libraries			
Availability	The Libraries provide an up to date range of material.	At least one item added for every three residents each year.	5132 books purchased this year. This exceeded the target of 1 new item per 3 residents.
Affordability/Price	The cost of providing this Activity will be controlled.	Cost per issue to remain below \$3.00	Cost per issue was \$2.90.
Theatre and Halls			
Reliability	Provide cinema and touring show services for the community.	At least 12,000 film and touring show attendances each year at the Civic Theatre.	14,295 film and touring show attendance at the Civic Theatre this year.
Property and Buildings			
Reliability	District museums will be supported.	The cost of museum support per ratepayer will remain below \$8 per year.	The cost of museum support per rate payer was \$7.70.

For a full description of service performance, please see pages 11 - 48 of our *Annual Report 2007/2008* – available in hard copy by telephoning 06 857 8060, and on our website www.chbdc.govt.nz.