



# Summary Annual Report

For year ended **30 June 2006**

Your District | Your Community



## **SUMMARY ANNUAL REPORT**

This summary annual report was authorised for issue by the Mayor and Chief Executive Officer on 29 November 2006. The specific disclosures included in this report have been extracted from the full financial report dated 30 October 2006 on which an unqualified audit opinion was issued. The summary annual 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 Council. This summary annual report has been audited for consistency with the full financial report and the unqualified audit report is included as part of this document.

## **FULL ANNUAL REPORT**

A copy of the full annual report is available on Council's web site [www.papakura.govt.nz](http://www.papakura.govt.nz), at Council's offices, Coles Crescent Papakura or at the Sir Edmund Hillary Library, Accent Point Mall, East Street Papakura. The full annual report has been audited and an unqualified audit report is included as part of that report document.

## OVERVIEW OF THE YEAR

The 2005/06 year was a major step towards the Council's sustainability. Council had the difficult task of approving a substantial increase in rates to arrest the compounding problem of borrowing for operations. For many of Papakura's ratepayers, this was the first insight into the impact of the many years of low rate increases which were made possible by spending funds from the sale of assets, debt funding for operations, and utilising the portion of Transfund Subsidies for capital works to offset the rates required for roading. 2005/06 was a 'bite the bullet' year for Council as it strove to utilise sustainable and appropriate financial practices for its ongoing operations.

In addition, this year Council increased its investment in the maintenance of infrastructure – not only on roads and stormwater but on reserves, recreation and community facilities. Growth is a strong driver for the district and central to it is the need to adequately plan for and deal with the many challenges it brings. Also important for the year was the need to improve the current delivery of services. These two key drivers meant that additional resources were needed for the operations and maintenance of infrastructure, regulatory functions, development support, reserves and recreation planning.

Council also engaged in a comprehensive community process as it completed its first, fully-compliant, Long-term Council Community Plan - Progress Papakura 2006-2016. The plan was finally adopted in June 2006 and is the blueprint for how Papakura's future will take shape in the next ten years. Community involvement in the process was substantial, and debate and discussion was robust. The result is a plan that has strong support for a way forward that will ensure the district will be the place we want to create – a healthy and vibrant community.

## FINANCIAL AND PERFORMANCE RESULT

The 2005/06 year financial result highlights an operating surplus of \$11.1 million compared with a budget surplus of \$10.2 million. Of the \$11.1 million surplus only \$0.8 million relates to unspent general rates and is therefore available to fund residual 2005/06 commitments. The rest of the surplus relates to revenue received to fund capital expenditure: - \$3.5 million of development contributions; and \$2.0 million in subsidies to fund works in roading; and \$4.3 million from assets that were vested in Council from the increasing number of subdivisions and other developments in the district. Also included in the surplus is \$1.0 million of revenue from investments that will be allocated to the relevant funds.

Council's public debt position at 30 June 2006 of \$12 million is well below the projected \$29.2 million. This level of debt is less than 3% of its total assets of \$445 million and net debt equates to less than \$730 per ratepayer.

## LOOKING TO THE FUTURE

The years ahead will be guided by Progress Papakura, Council's Long-term Council Community Plan 2006/16. Council's journey towards a sustainable and vibrant community will be full of challenges. Council will face these challenges having now built a robust financial position – we will ensure that the community's interest is protected and as custodians of the district, we will make soundly based decisions. The community's feedback and support through the year was instrumental in the direction this Council took in making long term decisions during the planning process. We thank the community for providing input into the district's plans as together we create a future Papakura "*where children grow and families thrive*".

## Statement of Service Performance

Council has a number of performance measures by which it monitors its progress during the year. A summary of some of the key measures is listed below. Results were obtained from a survey of residents undertaken in May 2006, and from Council records.

Measure	Target	Result
<b>Democracy and the Community</b>		
• Percentage of residents that believe they are adequately informed about key issues relating to Council	Baseline to be set	48% (0% had no opinion)
• Level of involvement of young people in Council processes	Baseline to be set	Continuing consultation with youth on 2006-16 LTCCP particularly via Youth Leadership Course
• Percentage of residents that believe that Council embraces cultural diversity	Baseline to be set	59% (0% had no opinion)
• External debt per rateable property	Not exceed \$1,300	\$726
• Percentage of residents that are satisfied with value for money from rates	Baseline to be set	44% (17% had no opinion)
<b>Economic Development</b>		
• Percentage of businesses owners that are satisfied with the level of business support provided by Council	80% of those surveyed	46% (34% had no opinion)
• Completion of planned stages of the central area revitalisation programme	Complete stages 5, 5a and 11	Revised plan adopted in 2006. District plan changes operative, physical works agreed as part of the LTCCP, detailed design being developed.
• Completion of planned stages of a transport centre in Papakura Central	Complete plan and project timeline	Revised focus now on Rail Station. Design complete, construction scheduled Nov 2006. Interchange bus stops completed.
<b>Regulatory Services</b>		
• Percentage of building consents issued within 10 working days	100%	88% within 20 days (20 days is the revised statutory deadline reflecting the more extensive evaluations now expected to be undertaken)
• Completion of a cultural and natural heritage plan for specified catchments	Plan completed	Hingaia plan completed supporting District Plan changes

Measure	Target	Result
• Percentage of residents satisfied with the state of the natural environment in the District	Baseline to be set	51% (19% had no opinion)
• Percentage of food handling premises inspected annually	100% twice a year	100% once
• Percentage of urgent noise control complaints responded to within one hour	100%	100%
<b>Transportation and Roading</b>		
• Develop and complete a transportation strategy for the District and report to Council	Complete report	Draft completed, yet to be presented to Council. Southern Sector study adopted February 2006.
• Investigate the development of congestion measures for the District and report to Council	Complete report	Transportation model completed, congestion measures under review.
• Percentage of residents who are satisfied with the condition of roads in the District	70%	42% (15% had no opinion)
• Completion of a walking and cycling strategy	Completion	Completed (Adopted by Council September 2006)
<b>Water Supply and Wastewater</b>		
• Percentage of United Water customers that are satisfied with the level of service of water supply	74%	84% (6% had no opinion)
• Water quality of the water supplied to customers by United Water meeting the standards stipulated on samples over the supply network	Not less than 95% of all test samples over the supply network	97.5%
• Percentage of United Water customers that are satisfied with the level of wastewater services	84%	61% (18% had no opinion)
<b>Stormwater and Environmental Infrastructure</b>		
• Development and Implementation of a Water Conservation Plan	Completion	Delayed-some aspects will be incorporated into Catchment Studies
• Percentage of residents satisfied with the delivery of stormwater services	74%	54% (15% had no opinion)
• Response to service requests for stormwater problems attended within three days	100%	72%
<b>Waste Management and Minimisation</b>		
• Percentage of residents satisfied with waste management services	78%	81% (4% had no opinion)

Measure	Target	Result
<b>Recreation and Community Services</b>		
• Percentage of residents satisfied with the library service	75%	79% (16% had no opinion)
• Percentage of aquatic centre users satisfied with the service	75%	100%
• Number of hectares of grassed playing fields per 1,000 population	0.5ha	1.0ha
• Percentage of population using scenic open space during the year	Baseline to be set	67%
• Percentage of residents satisfied with facilities on parks (playgrounds, toilets etc)	Baseline to be set	46% (16% had no opinion)
• Percentage of residents that are satisfied with the amount of open space in the District	Baseline to be set	83% (10% had no opinion)

## FINANCIAL PERFORMANCE SUMMARY

Council			Group	
Actual	Budget	Actual	Actual	
2005/06	2005/06	2004/05	2005/06	2004/05
\$	\$	\$	\$	\$

### FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2006

Total Gross Cost of Services of Activities	25,723,616	25,933,700	23,109,245	25,721,114	23,118,991
Levies and Grants	747,368	740,155	668,815	747,368	668,815
<b>Total Operating Costs</b>	<b>26,470,984</b>	<b>26,673,855</b>	<b>23,778,060</b>	<b>26,468,482</b>	<b>23,787,806</b>
Rates Revenue	21,031,406	20,456,746	17,322,667	21,031,406	17,322,667
Other Operational Revenue	16,576,838	16,455,575	13,426,782	16,577,439	13,426,783
<b>Total Revenue</b>	<b>37,608,244</b>	<b>36,912,321</b>	<b>30,749,449</b>	<b>37,608,845</b>	<b>30,749,450</b>
<b>Net Surplus/(Deficit) for the Year</b>	<b>11,137,260</b>	<b>10,238,466</b>	<b>6,971,389</b>	<b>11,140,363</b>	<b>6,961,644</b>

### MOVEMENTS IN RATEPAYERS EQUITY FOR THE YEAR ENDED 30 JUNE 2006

Ratepayers Equity as at 1 July	394,567,791	364,993,588	356,778,264	394,564,688	356,784,906
Net Surplus/(Deficit) for the Year	11,137,260	10,238,466	6,971,389	11,140,363	6,961,644
Increase in Asset Revaluation Reserve	5,770,457	0	30,102,567	5,770,457	30,102,567
Increase in Share Revaluation Reserve	13,361,933	0	715,571	13,361,933	715,571
<b>Total Recognised Revenues and Expenses for the Year</b>	<b>30,269,650</b>	<b>10,238,466</b>	<b>37,789,527</b>	<b>30,272,753</b>	<b>37,779,782</b>
<b>Ratepayers Equity as at 30 June</b>	<b>424,837,441</b>	<b>375,232,054</b>	<b>394,567,791</b>	<b>424,837,441</b>	<b>394,564,688</b>

### FINANCIAL POSITION AS AT 30 JUNE 2006

Current Assets	15,907,556	12,522,774	17,160,215	15,907,556	17,161,341
Non-current Assets	429,144,449	399,889,728	400,449,055	429,144,449	400,450,055
<b>Total Assets</b>	<b>445,052,005</b>	<b>412,412,502</b>	<b>417,609,270</b>	<b>445,052,005</b>	<b>417,611,396</b>
Current Liabilities	10,349,592	10,679,633	9,724,341	10,349,592	9,729,570
Non-current Liabilities	9,864,972	26,500,815	13,317,138	9,864,972	13,317,138
Ratepayers Equity	424,837,441	375,232,054	394,567,791	424,837,441	394,564,688
<b>Total Ratepayers Equity and Liabilities</b>	<b>445,052,005</b>	<b>412,412,502</b>	<b>417,609,270</b>	<b>445,052,005</b>	<b>417,611,396</b>

Council			Group	
Actual 2005/06 \$	Budget 2005/06 \$	Actual 2004/05 \$	Actual 2005/06 \$	Actual 2004/05 \$

## CASH FLOW FOR THE YEAR ENDED 30 JUNE 2006

Net Cash Inflow/(Outflow) from Operating Activities	9,361,291	5,867,295	5,121,582	9,355,575	5,115,453
Net Cash Inflow/(Outflow) from Investing Activities	(5,140,528)	(13,276,925)	(10,163,010)	(5,139,638)	(10,163,210)
Net Cash Inflow/(Outflow) from Financing Activities	(3,063,551)	7,409,630	5,498,186	(3,063,551)	5,498,186
<b>Net Increase/(Decrease) in Cash Held</b>	<b>1,157,212</b>	<b>0</b>	<b>456,758</b>	<b>1,152,386</b>	<b>450,429</b>

## COMMITMENTS AS AT 30 JUNE 2006

Total Capital Commitments	8,519,940	N/a	2,159,118	8,519,940	2,159,118
Total Lease Commitments	273,816	N/a	730,412	273,816	730,412
<b>Total Commitments</b>	<b>8,793,756</b>	<b>N/a</b>	<b>2,889,530</b>	<b>8,793,756</b>	<b>2,889,530</b>



J Robertson – Mayor  
29 November 2006



T Stratton – Chief Executive Officer  
29 November 2006

## Statement of Accounting Policies

### For the year ended 30 June 2006

Papakura District Council was constituted as a District on 1 November 1989 pursuant to the Local Government (Auckland Region) Reorganisation Order 1989 and subsequent amendments. The Council is governed by the Local Government Act 2002.

The group consists of Papakura District Council and its subsidiary, The Papakura District Enterprise Trust. The Trust was wound up on 27 June 2006 and the group accounts include the final Trust accounts for the period 1 July 2005 to 27 June 2006.

These financial statements and group financial statements of Papakura District Council have been prepared in accordance with section 283 of the Local Government Act 2002, which includes the requirement to comply with generally accepted accounting practice.

There have been no changes in accounting policies from those adopted in the last audited financial statements. All policies have been applied on a basis consistent with the previous period.

## Notes to the Financial Statements

### For the year ended 30 June 2006

#### **CONTINGENT LIABILITIES**

(a) Council has acted as guarantor for loans amounting to \$258,000 (2005 \$503,000) for sports clubs undertaking improvements to recreational facilities in the District. No guarantees have been approved and are yet to be taken up as at 30 June 2006 (2005 \$0).

(b) Council owns the closed Hunua Landfill which is currently being monitored on its behalf by contractors. In accordance with the conditions of the resource consent granted to operate the Landfill, Council provided an irrevocable letter of credit in favour of the Auckland Regional Council. This is to provide for early closure, environmental remediation and postclosure care, and to ensure compliance with the performance and monitoring programmes and standards of the consent. The letter provided by Council's banker has expired and Council is currently in the process of establishing a new letter of credit for \$929,643. (2005 \$929,643)

(c) Council is subject to one claim in respect of weathertightness building defects that were advised to it by the Weathertight Home Resolution Service (WHRS) as at 20 October 2006. WHRS is reporting three claims for Council on its web site but at this stage Council has not been advised of the additional claims. No claims have been directly received by Council. It is yet to be determined whether each claim is in fact valid and/or against whom action will be taken and whether it will be pursued. The total assessed value of the claims advised by WHRS where Papakura District together with other parties are the defendants is \$26,000 in relation to building damages plus other incidentals. Council's uninsured exposure inclusive of legal costs is \$10,000 per claim (2005 \$10,000). Based on the number of known claims, Council's maximum potential liability is \$10,000 (2005 \$20,000). From 1 July 2006 Council's insurers have introduced a sub-limited cover for multiunit claims. This limits indemnity for claims including more than ten units within one building to \$500,000.

(d) Council along with other councils in the Auckland Region is part of the Civil Defence Emergency Management Group. The Group has agreed to enter into a \$10 million bank facility, (2005 \$10 million), that would be drawn upon in the event of an emergency event occurring in the region. Council's share of the facility is 3.5% (2005 3.5%).

(e) A claim is currently before the Environment Court relating to the provision of a storm water system. Council is negotiating with the claimant and its potential liability is expected to be a maximum of \$96,000.

**EVENTS SUBSEQUENT TO BALANCE DATE**

No events have occurred subsequent to balance date which would have a significant impact on the Council's position at 30 June 2006 as provided in this report. The Events Subsequent to Balance Date note last year noted that the rearrangement of transport co-ordination was expected to impact the role of Auckland Regional Transport Network Ltd in which the Council was a shareholder. At that time the impact of the change was unknown. This has since been resolved by the company repurchasing Council's shares at cost.

**AUDIT REPORT**  
**TO THE READERS OF**  
**PAPAKURA DISTRICT COUNCIL AND GROUP'S**  
**SUMMARY ANNUAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2006**

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-39: *Summary Financial Reports* 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 2006, on:

- ✓ the full financial statements; and
- ✓ the Papakura District Council and group'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 include New Zealand Auditing Standards. Other than the audit and in conducting the audit of Long Term Council Community Plan, we have no relationship with or interests in the Papakura District Council or its subsidiary.

**RESPONSIBILITIES OF THE COUNCIL AND THE AUDITOR**

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



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

29 November 2006

**Matters Relating to the Electronic Presentation of the Audited Summary Annual Report**

This audit report relates to the summary annual report of Papakura District Council and group for the year ended 30 June 2006 included on Papakura District Council's web site. The Council is responsible for the maintenance and integrity of the Papakura District Council's web site. We have not been engaged to report on the integrity of the Papakura District Council's web site. We accept no responsibility for any changes that may have occurred to the summary annual report since it was initially presented on the web site.

The audit report refers only to the summary annual report named above. It does not provide an opinion on any other information which may have been hyperlinked to/from this summary annual report. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited summary annual report and related audit report dated 29 November 2006 to confirm the information included in the audited summary annual report presented on this web site.

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

## Mayor and Councillors

### Mayor

John Robertson  
 Telephone: (09) 295 1300  
 Email: [jrobertson@papakura.govt.nz](mailto:jrobertson@papakura.govt.nz)

### ARDMORE WARD

Raymond Parker  
 Telephone: (09) 298 2002  
 Email: [raysgym@xtra.co.nz](mailto:raysgym@xtra.co.nz)

Caroline A Conroy  
 Telephone: (09) 298 5945  
 Email: [cconroy@xtra.co.nz](mailto:cconroy@xtra.co.nz)

### DRURY WARD

Peter C Goldsmith  
 Telephone: (09) 299 1769  
 Email: [pcgt.goldsmith@xtra.co.nz](mailto:pcgt.goldsmith@xtra.co.nz)

Peter A Jones  
 Telephone: (09) 294-8907  
 Email: [p.j.jones@xtra.co.nz](mailto:p.j.jones@xtra.co.nz)

### PAHUREHURE WARD

Glenn W Archibald  
 Telephone: (09) 298 7639  
 Email: [glenn@aatax.co.nz](mailto:glenn@aatax.co.nz)

Nancy J Hawks JP  
 Telephone: (09) 298 9202

### RED HILL WARD

Katrina P Piggott  
 Telephone: (09) 298 2772  
 Email: [katrinapiggott@xtra.co.nz](mailto:katrinapiggott@xtra.co.nz)

Desmond M Heard  
 Telephone: (09) 298 4108  
 Email: [dmheard@xtra.co.nz](mailto:dmheard@xtra.co.nz)

## Papakura District Council Directory

<b>Administration Office</b>	:	35 Coles Crescent, Papakura
<b>Postal Address</b>	:	Private Bag 7, Papakura
<b>Telephone</b>	:	(09) 295 1300
<b>Facsimile</b>	:	(09) 298 1906
<b>Email</b>	:	<a href="mailto:customerservices@papakura.govt.nz">customerservices@papakura.govt.nz</a>
<b>Web Site</b>	:	<a href="http://www.papakura.govt.nz">www.papakura.govt.nz</a>