



Summary Annual Report

For the year ended **30 June 2007**

SUMMARY ANNUAL REPORT

This summary annual report was authorised for issue by the Chief Executive Officer on 30 October 2007. The specific disclosures included in this report have been extracted from the full financial report dated 1 October 2007 on which an unqualified audit opinion was issued and is included as part of that document. The summary annual report cannot be expected to provide as complete an understanding as provided by the full annual 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 from which this summary is prepared, is available on Council's website 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 prepared in accordance with NZ GAAP, and is the first annual report prepared by Council that complies with New Zealand International Financial Reporting Standards.

COUNCIL DIRECTORY

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OVERVIEW OF THE YEAR

The 2006/2007 year is the first year of Progress Papakura, Council's first Long Term Council Community Plan (LTCCP) prepared under the provisions of the Local Government Act 2002 (LGA). Through the LTCCP, Council and community have developed a vision for growth over the next ten years and set in place a range of major projects aimed at enhancing quality of life in the district. The community outcomes identified in the LTCCP will drive Council's activities over the years and this is already reflected in the achievements over the last twelve months.

FINANCIAL AND PERFORMANCE RESULT

Each year the Council measures what it has achieved through the Annual Report. The report also sets out the Council's financial position. Financially, the Council is in a strong position. The 2006-2007 financial year showed spending was managed well within the overall budget and there was a surplus in the general rates required which enabled the Council to cover some one-off costs such as the election without affecting 2007-2008 rates. Another highlight for the year is the significant improvement in the completion of the capital works programme – from 25% to 45%. This will continue to be a focus for the coming years. External debt at June was \$12 million, well below the budget of \$36.8 million. This result is a combination of two factors: the completion levels of the capital works programme; and better internal management of cash funds resulting in a 'just in time' approach to borrowing.

In addition to the strong financial result there were improvements in a number of other measures of Council's progress. Resource and building consents ensure proposals for developments, buildings and enhancements to properties are carried out in appropriate ways. Processing times for resource consents are a major focus for the Council. A total of 69 per cent of all resource consents in the past year were processed within national statutory deadlines. This is a significant improvement over previous years and we are on target to raise the figure to 90 per cent or more in the coming year. Most building consents – 87 per cent – are processed within established national guidelines for response times. The Council is on target to be accredited as a Building Consent Authority and processing times are expected to improve even more once the work involved with this is finished.

HIGHLIGHTS

Accessible and cared for natural environment

With strong support from the community, Papakura District Council works hard to make sure our natural environment is preserved and protected. The Pahurehure Inlet Management Plan has been developed to guide the use and protection of the area, and is being progressively implemented. A growing system of coastal walkways is giving people recreation and leisure access to the inlet. The quality of stormwater entering the Manukau Harbour from the district is continually being improved. Together with the community, Council is looking after the small and precious remnant stands of native bush in the district, and Council enforces standards that protect significant trees from felling or deliberate damage. Courses for school children and for the community on composting, worm farming, and tips on waste minimisation all help the community reduce their impact on the environment.

User pays for rubbish collection was introduced in July 2006 and has since seen the volume of rubbish to landfill steadily reduce (down 22.7 per cent) with a corresponding increase in recycling volumes (up 14.6 per cent).

A safe and stable community

The Council is working on making public places as safe as possible through Crime Prevention, through Environmental Design (CPTED), and provides funding for the Proudly Papakura Trust which is tackling graffiti in the district. Papakura's Neighbourhood Support networks and Community Crimewatch patrols are also going from strength to strength with the support of the Council.

Safe and secure pool fencing is a major contributor to keeping children safe around water. Council swimming pool inspection staff are visiting every known private swimming pool in the district, and in the past two years, 66 per cent of all known pools in the district have been inspected. New school travel plans help keep children safe on their way to and from school, and help reduce traffic congestion.

There has also been a huge improvement in food safety standards in the district. We now have 140 establishments with an A or B grade and 53 are still completing certification.

Fostering involvement in arts and recreation

A new Arts and Culture Centre will be developed in Central Park, creating a place where many forms of artistic and cultural expression can come together. Already, consultation has begun on the form this centre should take, and how the project should be managed. Another high profile and very popular recent addition to Central Park is the new playground, opened in June.

Massey Park Aquatic Centre continues to attract strong patronage from the community and from school groups. Satisfaction with the availability of toilets and other facilities at parks, reserves and sports fields in the district is up 16 per cent on 2006, and overall, 81 per cent of people surveyed said they were happy with access and opportunities for recreation in the district.

Pride in Our community and heritage

Every year Council organises or supports a number of events that celebrate the many activities in the district. A total of 16 events were held in the last twelve months ranging from volunteer recognition, garden competitions and neat street competitions. These help foster a sense of community pride and belonging among residents.

64% of residents surveyed saw Papakura having a separate identity, 46% felt proud to tell people they live in Papakura, and 72% are satisfied with the quality of life in the district.

Town Centre as the heart of our district

The Streetscape programme approved by Council in the ten year plan is under way, and will transform the public part of the town centre. Throughout the central business area, there are improvements to stormwater systems, roading and footpaths. In the coming year, new street trees, seats, lights and other features will be added.

A well planned built environment

The last twelve months saw a number of key projects which enhanced the built environment – from the provision of walkways and cycleways, riparian planting of stormwater ponds, better neighbourhood development, quality of housing through to better public transport and roading connections. Residents survey satisfaction results on the built environment recorded a 62% satisfaction rating on the built environment in general; 65% satisfaction rating on the quality of housing; 60% satisfaction rating on the way neighbourhoods have been planned and developed; and 57% satisfaction rating on how growth is being managed.

Healthy lifestyles

Papakura is well known for its many green spaces, parks and reserves. This is reflected in resident survey figures showing 76 per cent of locals are happy with access and recreational opportunities in the bush and forest areas in and around Papakura. In addition, Council has spent \$1.4 million in the last year to buy land for neighbourhood reserves to increase these reserves in existing areas. There has been a major tidy-up of the district's existing toilets and new toilets have been installed at Roselands shopping centre and Ray Small Park.

Establishing and improving walkways is also a feature of the 2006-2016 LTCCP. In the last twelve months five walkways have been created or enhanced in Margan's Bush, Katavic Park, Gills Ave Esplanade, Central Park and Keri Downs.

Releasing the potential of our rangatahi

Papakura District Council has developed a Youth Leadership Forum to help develop the leadership abilities of our young people. The Papakura Youth Cafe has run once a week for most of the past year, giving talented young people a performance venue and giving others experience in hospitality roles and sound engineering for live performances. Visiting artists and groups have also helped inspire local young people.

Papakura District Council has worked closely with the Ministry of Education to plan for a \$92 million investment in new schools for the fast-growing Takanini area.

CONCLUSION

Council is well on its way towards achieving the goals and aspirations of the community embodied in Progress Papakura (LTCCP). 2006/2007 is the first year of the implementation of Progress Papakura and a good level of achievement has occurred. We thank the community for its continued support and engagement with the shaping of this district and look forward to seeing the results in the near future.

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.

DEMOCRACY AND PLANNING

Measure	Target 2006/07–2008/09	Result
Council decision making is open and transparent	90% of agenda items are publicly available	2007 Not achieved - 87% 2006 New measure for 2007
Percentage of residents that consider Council's information is easy to understand	Baseline to be set	2007 - 71% 2006 New measure for 2007
Percentage of residents that believe they are adequately informed about key issues relating to Council	54%	2007 Not achieved - 51% 2006 Not achieved - 48%
Rail stations are upgraded and developed	<ul style="list-style-type: none"> Upgrade of Papakura Station complete Agreement on the location for the Drury Station and Stabling Agreement on the location of a station for Takanini and the development of a design concept 	<p>2007 Achieved – opening August 2007. 2006 New measure for 2007</p> <p>2007 In progress – agreement on location expected early-mid 2008. 2006 New measure for 2007</p> <p>2007 In progress – location incorporated in Takanini Plan Change 1A. Timetable for design concept yet to be established by ARTA. 2006 New measure for 2007</p>
Percentage of residents satisfied with the state of the built environment in the District	Baseline to be set	2007 - 63% 2006 New measure for 2007

ECONOMIC DEVELOPMENT

Measure	Target 2006/07–2008/09	Result
Number of events held in the District	Nine per year	2007 Achieved – 16 2006 Not Achieved - 8
Percentage of business owners that consider the District a good place to operate in	60%	2007 Not Achieved - 55% 2006 Achieved – 61%

COMMUNITY DEVELOPMENT

Measure	Target 2006/07–2008/09	Result
Number of people assisted by the Citizens Advice Bureau	Baseline to be set	2007 – 12,002 2006 New measure for 2007

CEMETERIES AND PUBLIC CONVENIENCES

Measure	Target 2006/07–2008/09	Result
Provision of public conveniences	1 new or upgraded public convenience provided per year	2007 Achieved – 2 2006 New measure for 2007
Percentage of residents satisfied with the provision of public conveniences	75%	2007 Not Achieved – 35% 2006 New measure for 2007

REGULATORY SERVICES

Measure	Target 2006/07–2008/09	Result
Resource consents are processed within statutory deadlines	100%	2007 Not Achieved – 69% 2006 Not Achieved - Non-notified 33% Notified 20%
Resource consents are monitored	<ul style="list-style-type: none"> • 100% of current consents monitored • Progress on inspecting previously unmonitored consents 	2007 Achieved – 100% 2006 New measure for 2007 2007 Achieved – 100% 2006 New measure for 2007
Building consents are processed within statutory deadlines	100%	2007 Not Achieved – 87% 2006 Not Achieved – 88%
Percentage of food handling premises inspected	100% twice a year	2007 Achieved – 100% twice 2006 Not Achieved – 100% once
Percentage of private pools monitored annually	33%	2007 Achieved – 58% 2006 Not Achieved – 32%

WASTE MANAGEMENT AND MINIMISATION

Measure	Target 2006/07–2008/09	Result
Reduction in household waste going to landfill	2006/07 9 kg / week / household as measured through waste audit	2007 Achieved – 6.9kg/wk 2006 Not Achieved – 9.3kg/wk
Increase tonnage of household waste that is recycled	5% increase per annum	2007 Achieved – 15% 2006 Baseline – 3351 tonnes

WATER SUPPLY AND WASTE WATER

Measure	Target 2006/07–2008/09	Result
The performance of the Water and Wastewater Franchise agreement is monitored annually and five yearly	Annual monitoring report produced for Council within 3 months of receiving UWI's audited Annual report Five yearly report produced within 6 months of receiving UWI's audited Annual report	2007 Achieved – Mar 07 2006 Achieved – Apr 06 2007 Report due 2007/08
United Water pricing to consumers is below average regional costs	Costs are below average	2007 Achieved 2006 Achieved
National drinking water quality standards are met	Aa standard achieved	2007 Achieved – Aa 2006 Achieved – Aa
The condition grades for the wastewater networks are maintained as per the franchise agreement	Condition grades are in line with the franchise agreement	2007 Review due Dec 2007

STORMWATER

Measure	Target 2006/07–2008/09	Result
Development of integrated catchment management plan	Completed by 2010	2007 In progress 2006 New measure for 2007
Percentage of service requests for stormwater problems attended within three days	2006-07 68% 2007-08 71% 2008-09 75%	2007 Achieved – 86% 2006 Achieved – 72%
Maintenance and upgrade of stormwater network	Complete upgrades as provided for in LTCCP	2007 Not Achieved – delayed projects to continue during 2007/08 2006 New measure for 2007

ARTS AND CULTURE

Measure	Target 2006/07–2008/09	Result
Percentage of residents that use recreation and cultural facilities: <ul style="list-style-type: none"> • Papakura Art Gallery • Papakura District Community Arts Centre • Papakura and Districts Museum • Hawkins Centre 	20% 10% 20% 20%	2007 Not Achieved - 18% 2006 Achieved - 21% 2007 Achieved - 10% 2006 Achieved - 10% 2007 Not Achieved - 19% 2006 Not Achieved - 15% 2007 Achieved - 33% 2006 New measure for 2007
Percentage of residents satisfied with the library service	74%	2007 Achieved - 84% 2006 Achieved - 79%

PARKS AND RECREATION

Measure	Target 2006/07–2008/09	Result
Percentage of Aquatic Centre users satisfied with the facilities and service	90%	2007 Achieved - 90% 2006 Achieved – 100%
Percentage of residents satisfied with facilities on parks (playgrounds, toilets etc)	2006/07 - 57% 2007/08 – 65% 2008/09 – 70%	2007 Achieved – 57% 2006 Not Achieved – 46%
Percentage of residents satisfied with open space in the District	85%	2007 Achieved – 85% 2006 Not Achieved – 83%
New walkways and cycleways	To be confirmed	2007 – 5 new walkways 2006 New measure for 2007

TRANSPORTATION AND ROADING

Measure	Target 2006/07–2008/09	Result
Transport Strategy and Corridor Studies are completed	Completion 2007	2007 In progress – Mill Rd Corridor study due for preparation Sep 2007 Transportation and Strategy Study due for completion Aug 2007 2006 New measure for 2007
Walking and cycling strategy is completed	Strategy adopted by Council	2007 Achieved – Sep 2006 2006 Completed
Percentage of residents satisfied with provision for pedestrians in rural areas	40%	2007 Achieved – 42% 2006 Not Achieved – 33%
Percentage of residents satisfied with provision for pedestrians in urban areas	80%	2007 Not Achieved – 76% 2006 Not Achieved – 73%
Percentage of residents that perceive train stations and bus stops to be safe	Increase in safety perceptions Day – 75% Night – 30%	Day: 2007 Achieved - 75% 2006 Not Achieved – 73% Night: 2007 Not Achieved – 22% 2006 Not Achieved – 20%

FINANCIAL PERFORMANCE SUMMARY

Council			Group	
Actual	Budget	Actual	Actual	
2007	2007	2006	2007	2006
\$	\$	\$	\$	\$

FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2007

Finance Costs	1,914,731	1,342,718	2,110,272	1,915,071	2,110,272
Depreciation and Amortisation	7,596,948	5,887,440	7,354,695	7,600,316	7,354,695
Employee Benefits	6,294,238	6,655,500	5,614,984	6,377,957	5,614,984
Museum and MOTAT Levies	670,178	670,178	603,970	670,178	603,970
Other Expenditure	14,771,073	15,044,393	13,459,206	14,652,036	13,456,704
Total Operating Costs	31,247,168	29,600,229	29,143,127	31,215,558	29,140,625
Rates Revenue	22,307,951	22,359,961	21,031,293	22,307,951	21,031,293
Other Operational Revenue	23,962,344	27,287,898	17,719,688	23,965,519	17,720,289
Total Revenue	46,270,295	49,647,859	38,750,981	46,273,470	38,751,582
Net Surplus/(Deficit) for the Year	15,023,127	20,047,630	9,607,854	15,057,912	9,610,957

CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2007

Equity as at 1 July	397,830,450	400,678,929	373,055,059	397,830,450	373,051,956
Net Surplus/(Deficit) for the Year	15,023,127	20,047,630	9,607,854	15,057,912	9,610,957
Increase in Asset Revaluation Reserve	0	0	5,770,457	0	5,770,457
Increase in Fair Value Through Equity Reserve	1,459,505	0	9,397,080	1,459,505	9,397,080
Total Recognised Revenues and Expenses for the Year	16,482,632	20,047,630	24,775,391	16,517,417	24,778,494
Equity as at 30 June	414,313,082	420,726,559	397,830,450	414,347,867	397,830,450

FINANCIAL POSITION AS AT 30 JUNE 2007

Current Assets	9,663,421	7,572,402	15,990,698	9,710,007	15,990,698
Non-current Assets	446,847,148	460,250,260	414,881,543	446,855,970	414,881,543
Total Assets	456,510,569	467,822,662	430,872,241	456,565,977	430,872,241
Current Liabilities	16,941,804	19,796,221	10,459,033	16,962,427	10,459,033
Non-current Liabilities	25,255,683	27,299,882	22,582,758	25,255,683	22,582,758
Equity	414,313,082	420,726,559	397,830,450	414,347,867	397,830,450
Total Equity and Liabilities	456,510,569	467,822,662	430,872,241	456,565,977	430,872,241

Council			Group	
Actual 2007 \$	Budget 2007 \$	Actual 2006 \$	Actual 2007 \$	Actual 2006 \$

CASH FLOW FOR THE YEAR ENDED 30 JUNE 2007

Net Cash Inflow/(Outflow) from Operating Activities	11,153,793	17,379,143	12,842,424	11,211,671	12,836,708
Net Cash Inflow/(Outflow) from Investing Activities	(20,491,528)	(45,873,580)	(10,637,472)	(20,503,718)	(10,636,582)
Net Cash Inflow/(Outflow) from Financing Activities	0	17,765,210	(3,063,551)	0	(3,063,551)
Net Increase/(Decrease) in Cash and Cash Equivalents	(9,337,735)	(10,729,227)	(858,599)	(9,292,047)	(863,425)

COMMITMENTS AS AT 30 JUNE 2007

Total Capital Commitments	5,452,000	N/a	8,519,940	5,452,000	8,519,940
Total Lease Commitments	159,183	N/a	273,816	159,183	273,816
Total Commitments	5,611,183	N/a	8,793,756	5,611,183	8,793,756



T Stratton – Chief Executive Officer
30 October 2007

STATEMENT OF ACCOUNTING POLICIES

For the year ended 30 June 2007

Papakura District Council is a territorial local authority governed by the Local Government Act 2002. The Papakura District Council group (PDC) consists of Papakura District Council and its subsidiaries. All subsidiaries are 100% consolidated. For the year ended 30 June 2006, the group financial statements included the Papakura District Enterprise Board which was wound up on 27 June 2006 and for the year ended 30 June 2007, the new Proudly Papakura Trust.

The full financial statements and group financial statements of PDC have been prepared in accordance with the appropriate requirements of the Local Government Act 2002. The full financial statements have been prepared in accordance with New Zealand generally accepted accounting practice and they comply with New Zealand equivalents to International Financial Reporting Standards as appropriate for public benefit entities. The financial statements are presented in New Zealand dollars. The functional currency is New Zealand dollars.

The summary relates to the first set of financial statements prepared using New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and comparatives for the year ended 30 June 2006 have been restated to comply with NZ IFRS. Reconciliations of equity and net surplus/(deficit) for the year ended 30 June 2006 under NZ IFRS to the balances reported in the 30 June 2006 financial statements are detailed in note 2 of the full financial statements.

The primary objective of PDC is to provide goods or services for the community or social benefit rather than making a financial return. Accordingly, PDC has designated itself and the group as public benefit entities for the purposes of NZ IFRS.

This Summary Annual Report has been prepared in accordance with FRS43: Summary Financial Statements which has been adopted earlier than the effective date (being periods starting on or after 1 January 2007).

EXPLANATION OF TRANSITION TO NEW ZEALAND INTERNATIONAL FINANCIAL REPORTING STANDARDS

The date of transition to NZ IFRS is 1 July 2005 with an opening NZ IFRS Statement of Financial Position being prepared at that date. Papakura District Council adopted New Zealand International Financial Reporting Standards (NZ IFRS) as at 1 July 2006, with the financial statements for the year ended 30 June 2007 being the first financial statements that comply with NZ IFRS.

The following table summaries the changes resulting from the transition from previous NZ GAAP to NZ IFRS for the year ended 30 June 2006.

		Group		
		Previous	Effect on	
		NZ GAAP	Transition	NZ IFRS
		2006	2006	2006
		\$	\$	\$
FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2007				
Total Operating Costs	1	26,468,482	2,672,143	29,140,625
Total Revenue	2	37,608,845	1,142,737	38,751,582
Net Surplus/(Deficit) for the Year		11,140,363	(1,529,406)	9,610,957
FINANCIAL POSITION AS AT 30 JUNE 2007				
Current Assets	3	15,907,556	83,142	15,990,698
Non-current Assets	4	429,144,449	(14,262,906)	414,881,543
Total Assets		445,052,005	(14,179,764)	430,872,241
Current Liabilities	5	10,349,592	109,441	10,459,033
Non-current Liabilities	6	9,864,972	12,717,786	22,582,758
Equity		424,837,441	(27,006,991)	397,830,450
Total Equity and Liabilities		445,052,005	(14,179,764)	430,872,241

Explanatory Notes

1 Total Operating Costs

NZ IFRS led to a change in treatment of the \$13 million franchise fee received by Council in 1997 when it franchised its water and wastewater services to United Water International Pty Ltd, and to the depreciation of the assets subject to that franchise agreement. The franchise fee was previously recognised as revenue upon receipt but NZ IFRS now requires the fee to be amortised over the 50 year life of the franchise agreement. As a result, annual revenue is recognised as income from charges for services as disclosed in note 2 below, and the associated finance charge of \$1,087,487 is now included in finance costs. Costs also increased due to the introduction for the first time, of a depreciation charge on water and wastewater assets. Council retains ownership of the assets but under the terms of the franchise, the franchise holder is responsible for upgrading and maintaining the network so that at the end of the contract period the network shall be in a better overall condition than the condition at the time the contract was commenced. On this basis depreciation on these assets was previously 0%. The impact of this change increased Council's depreciation for the year by \$1,596,899.

2 Total Revenue

The significant impacts on revenue are:

- to reclassify some revenue items previously disclosed as income upon receipt, to income received in advance with the revenue recognised when the project for which it was collected is undertaken. This increased the revenue recognised by \$17,865, and
- to introduce a new income item for the deferred franchise fee of \$1,124,023 (refer note 1 above).

3 Current Assets

The increase comprises the new item, assets held for sale of \$76,621 being land previously classified as property, plant and equipment, and a reduction in the doubtful debt provision of \$6,521.

4 Non-current Assets

The decrease in non-current assets following the adoption of NZ IFRS comprises:

- the reduction in the fair value of community loans by \$10,754
- an impairment write-down of software assets by \$14,289
- the reduction in the net asset backing of shares Council holds in Watercare Services Ltd by \$11,664,474, after that Company introduced NZ IFRS in the preparation of its annual report
- the reduction in property, plant and equipment by \$976,490 being the pre-impairment value of assets now disclosed in current assets as assets held for sale, and
- the introduction for the first time of a depreciation charge of \$1,596,899 on the water and wastewater assets subject to the franchise agreement.

5 Current Liabilities

The increase arises from income of \$69,799 previously recognised as revenue upon receipt now treated as the current liability revenue received in advance, and the current portion of the deferred franchise fee income of \$39,642.

6 Non-current Liabilities

The increase arises from the change in the treatment of the \$13 million franchise fee Council received in 1997 for the 50 year franchise of its water and wastewater operation. This was previously recognised upon receipt but now is to be amortised over the life of the agreement. The value of the non-current portion of this deferred revenue item is \$12,717,786.

The above information summarises the changes resulting from the transition from previous NZ GAAP to NZ IFRS for the year ended 30 June 2006. The complete version can be found on page 32 of the full Annual Report Document.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2007

CONTINGENT LIABILITIES

(a) Council owns the Hunua Landfill which was operated on behalf of Council by contractors who are still managing the monitoring. One of the conditions of the resource consent Council was granted to operate the Hunua Landfill was the provision of a cash bond 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 under the terms of the consent. The bond is provided by way of an irrevocable letter of credit in favour of the Auckland Regional Council rather than the provision of a cash bond. The previous letter of credit provided by Council's banker has expired and Council is currently in the process of establishing a new letter of credit for \$929,643. (2006 \$929,643)

(b) Council is subject to no claims in respect of weathertightness building defects that were advised to it by the Weathertight Home Resolution Service (WHRS) as at 22 August 2007. WHRS is reporting no current claims on the website. Council's uninsured exposure inclusive of legal costs is \$50,000 per new claim. Based on the number of known claims, Council's maximum potential liability is \$0.

(c) 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 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%.

(d) Papakura District Council has become aware of a potential legal issue regarding the charging of trade waste. This issue is dependent upon the interpretation of legislation. On the basis of legal advice obtained, Council considers the likelihood of any financial impact to be remote.

EVENTS SUBSEQUENT TO BALANCE DATE

No events have occurred subsequent to balance date which would have a significant impact on Council's position at 30 June 2007 as provided in this summary report.

SIGNIFICANT VARIANCES FROM BUDGET

Finance Costs

The increase in costs is the net result of 2005/06 loans being raised from internal sources rather than externally as was anticipated in the LTCCP, the delay in carrying out some capital expenditure planned to be funded from loans and the new interest charge on the Franchise Fee arising for the first time in this annual report due to the transition to NZ IFRS.

Depreciation and Amortisation

The increase arises from the inclusion this year of a depreciation charge on water and wastewater assets. This was not anticipated at the time the LTCCP was prepared.

Other Operational Revenue

The most significant component of the decrease is a reduction in subsidies received due to delays in Transportation and Roading capital works projects.

Fair Value Through Equity Reserve

This relates to the value of shares held by Council and the movement in share valuation is largely the result in an increase in the net asset backing of its shares in Watercare Services Ltd.

AUDIT REPORT
TO THE READERS OF
PAPAKURA DISTRICT COUNCIL AND GROUP'S
SUMMARY ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2007

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 Reports and is consistent with the full financial statements from which it is derived.

We expressed an unqualified audit opinion, in our report dated 1 October 2007, on:

- ✓ the full financial statements; and
- ✓ the 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 incorporate the New Zealand Auditing Standards. Other than the audit we have no relationship with or interests in the Papakura District Council or any of its subsidiaries.

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
30 October 2007

Matters relating to the electronic presentation of the audited financial statements

This audit report relates to the financial statements of Papakura District Council and Group for the year ended 30 June 2007 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 financial statements since they were initially presented on the web site.

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 risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and related audit report dated 1 October 2007 to confirm the information included in the audited financial statements presented on this web site.

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