

## SUMMARY ANNUAL REPORT

This summary annual report was authorised for issue by the Chief Executive Officer on 24 November 2009. The specific disclosures included in this report have been extracted from the full financial report dated 27 October 2009 on which an unqualified audit opinion was issued and is included as part of that document. An unqualified audit opinion on the full financial report includes an emphasis of matter paragraph on the uncertainties arising from the upcoming reorganisation of local government in Auckland. 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 opinion is included as part of this document. An unqualified audit opinion on the summary annual report includes an emphasis of matter paragraph on the uncertainties arising from the upcoming reorganisation of local government in Auckland.

## 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](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 prepared in accordance with New Zealand Generally Accepted Accounting Practice, and complies with New Zealand International Financial Reporting Standards.

## COUNCIL DIRECTORY

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<b>Postal Address</b>	: Private Bag 7, Papakura
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## OVERVIEW OF THE YEAR

The 2008/09 year has been one of the more difficult and challenging years for Papakura District Council. The whole year has played out against a backdrop of uncertainty as the Royal Commission completed its work on the future governance of Auckland and the economy went into a downward spiral. The impact of the Royal Commission report on the organisation was significant. Once the recommendations were made public and then the Government announced its decisions even more concern and uncertainty was generated for staff, elected members and the community as a whole.

Despite the circumstances, Council remained focused on the essential services that the Papakura community expects it to deliver. Over the last year, Council has completed more projects and more process improvements than in any previous year – so despite the difficulties it has been a remarkably successful year.

## 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. In a year, where the economic downturn had a huge impact on business investment, councils, like most organisations, have been directly affected. The impact of the situation is most apparent in the development function. As a growing district, Council has over several years, had a strong demand for processing applications for new buildings, subdivisions and land use consents. Due to the economic downturn, development activity has slowed and resulted in less than projected revenue from consenting activities and funding from development contributions. The latter item affected cash flow for capital works expenditure and resulted in increased debt levels.

Despite the downturn, financially, the Council remains in a strong position. The 2008-2009 financial year showed spending was managed within the overall budget. This is especially important considering an unpredictable economic landscape which saw a significant increase in the prices of goods and services and a corresponding delay in the timing of development. The sound financial platform that Council has adopted with the LTCCP has enabled better control of the uncertainties associated with a declining economic environment. Despite the challenges, a small surplus in the general rates was achieved during the year without compromising levels of services. The projects Council has committed to have also proceeded and will continue into the new financial year.

External debt at June was \$42 million, below the forecast of \$49 million. This result was achieved despite the economic downturn's impact on debt levels and is an outcome of better internal management of cash funds resulting in a 'just in time' approach to borrowing.

In addition to the strong financial result, the improvements that were well underway in the previous financial year were consolidated in a number of other key 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 continued to be a major focus for the Council. For the 2008/09 year, 80 per cent of all resource consents in the past year were processed within national statutory deadlines. This result follows a 74 per cent achievement rate in 2008 and a 69 per cent achievement rate in 2007. These results represent significant improvements over previous years and are the outcome of a continuing process improvement programme focused on achieving good results for the customers. Great results were also sustained in the building consents activity, with just under 99 per cent of consents processed within statutory timeframes. During the year, in May 2009, Council completed the re-accreditation process as a Building Consent Authority – we were the third in the country and the first council in Auckland to have done so.

## HIGHLIGHTS

This year, despite the difficulties, has been a hugely successful year. Other highlights of the 2008/09 year were:

- **Completion of the Town Centre Revitalisation** – this project has extended over many years. It took much planning, consultation and implementation. A high degree of detailed management was required to ensure the successful delivery and it was finally completed this year. The final result lives up to all expectations and has attracted much positive comment.
- **Safer Papakura Trust** – Council's CCO was set up during the year to focus on graffiti removal and town centre security. The organisation is now performing very well and meeting the KPIs set by Council and is having a tremendous impact on the town centre and overall District environment.
- **Participation in the Arts** – Council taking over the management of both the Art Gallery and the Hawkins Centre has seen a real turnaround in the offerings at both of these facilities. They are now both much more professionally run and are seeing much improved levels of attendance. The planned upgrades will provide even better facilities and will be an excellent legacy for our community.
- **Community events** – the Council has been offering a range of community events for several years now but this has been enhanced further this year with the Youth Expo incorporating the inaugural Youth Awards and the summer concert series which should go from strength to strength. Many of our events in the future will also be supported by the attractive new Outdoor Events Facility in Central Park.
- **District Plan programme** – a significant number of public and private Plan Changes have been progressed through the year. As a fast growing District it is important that the Council is able to keep up with the demands of development.
- The renewal and maintenance programmes for infrastructure for the year have been fully delivered (within budget) and a number of roading and transport projects are well underway.

## CONCLUSION

2008/09 has been a difficult year where a significant change to local government for Auckland is upon us. The Papakura District Council will cease to be a territorial local authority from 1 November 2010. As a district, it has undergone a complete transformation, from a place where infrastructure showed signs of neglect to one where services are constantly improving and community spaces have been revitalised.

The Council is in good financial shape. The balance between investments for the future of the district, and ensuring debt levels are not too onerous, has been achieved. The aspirations expressed in the 2006-16 LTCCP, Progress Papakura, and reconfirmed during the 2009-19 LTCCP, ensure that the District continues to be a place that the community can be proud of both today and in the 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	<b>2009 Not achieved – 86.8%</b> 2008 Not achieved – 87.5% 2007 Not achieved - 87%
Percentage of residents that consider Council's information is easy to understand	Baseline to be set	<b>2009 – 70%</b> 2008 – 65% 2007 - 71%
Percentage of residents that believe they are adequately informed about key issues relating to Council	54%	<b>2009 Achieved – 64%</b> 2008 Achieved – 55% 2007 Not achieved - 51%
Rail stations are upgraded and developed	Agreement on the location for the Drury Station and Stabling	<b>2009 Not Achieved (ARTA Responsibility)</b> 2008 Not Achieved – Location not yet agreed. 2007 In progress – agreement on location expected early-mid 2008.
Percentage of residents satisfied with the state of the built environment in the District	Baseline to be set	<b>2009 – 74%</b> 2008 – 71% 2007 - 63%

**ECONOMIC DEVELOPMENT**

<b>Measure</b>	<b>Target 2006/07–2008/09</b>	<b>Result</b>
Number of events held in the District	Eight per year	<b>2009 Achieved – 32</b> 2008 Achieved – 34 2007 Achieved – 16
Percentage of business owners that consider the District a good place to operate in	60%	<b>2009 Achieved – 70.2%</b> 2008 Not Achieved - 33% 2007 Not Achieved - 55%

**COMMUNITY DEVELOPMENT**

<b>Measure</b>	<b>Target 2006/07–2008/09</b>	<b>Result</b>
Number of people assisted by the Citizens Advice Bureau	Baseline to be set	<b>2009 – 14,684</b> 2008 – 12,988 2007 – 12,002

**CEMETERIES AND PUBLIC CONVENIENCES**

<b>Measure</b>	<b>Target 2006/07–2008/09</b>	<b>Result</b>
Provision of public conveniences	1 new or upgraded public convenience provided per year	<b>2009 Achieved – 1</b> 2008 Achieved – 2 2007 Achieved – 2
Percentage of residents satisfied with the provision of public conveniences	75%	<b>2009 Not Achieved – 46%</b> 2008 Not Achieved – 62% 2007 Not Achieved – 35%

**REGULATORY SERVICES**

<b>Measure</b>	<b>Target 2006/07–2008/09</b>	<b>Result</b>
Resource consents are processed within statutory deadlines	100%	<b>2009 Not Achieved – 80%</b> 2008 Not Achieved – 74% 2007 Not Achieved – 69%
Resource consents are monitored	<ul style="list-style-type: none"> <li>• 100% of current consents monitored</li> <li>• Progress on inspecting previously unmonitored consents</li> </ul>	<b>2009 Achieved – 100%</b> 2008 Achieved – 100% 2007 Achieved – 100% <b>2009 Achieved – 100%</b> 2008 Achieved – 100% 2007 Achieved – 100%
Building consents are processed within statutory deadlines	100%	<b>2009 Not Achieved – 98.8%</b> 2008 Not Achieved – 80% 2007 Not Achieved – 87%
Percentage of food handling premises inspected	100% twice a year	<b>2009 Achieved – 100% once, 100% more than once</b> 2008 Not achieved – 100% once; 32.1% more than once 2007 Achieved – 100% twice
Percentage of private pools monitored annually	33%	<b>2009 Achieved 100%</b> 2008 Achieved – 34% 2007 Achieved – 58%

**WASTE MANAGEMENT AND MINIMISATION**

<b>Measure</b>	<b>Target 2006/07–2008/09</b>	<b>Result</b>
Reduction in household waste going to landfill	2006/07 9 kg / week / household as measured through waste audit	<b>2009 Achieved – 6.8kg/wk</b> 2008 Achieved – 7.1kg/wk 2007 Achieved – 6.9kg/wk
Increase tonnage of household waste that is recycled	5% increase per annum	<b>2009 Achieved – 12.3%</b> 2008 Not achieved – 4.6% 2007 Achieved – 15%

**WATER SUPPLY AND WASTEWATER**

<b>Measure</b>	<b>Target 2006/07–2008/09</b>	<b>Result</b>
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	<b>2009 Achieved</b>  2008 Not achieved – Report received, presentation delayed. 2007 Achieved – Mar 07  <b>2009 Achieved</b>  2008 Not achieved – Delayed by negotiations with UWI 2007 Report due 2007/08
United Water pricing to consumers is below average regional costs	Costs are below average	<b>2009 Achieved</b>  2008 Achieved  2007 Achieved
National drinking water quality standards are met	Aa standard achieved	<b>2009 Achieved - Aa</b>  2008 Achieved – Aa  2007 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	<b>2009 Achieved</b>  2008 Report Delayed  2007 Review due Dec 2007

**STORMWATER**

<b>Measure</b>	<b>Target 2006/07–2008/09</b>	<b>Result</b>
Development of integrated catchment management plan	Completed by 2010	<b>2009 On Target</b>  2008 In progress  2007 In progress
Percentage of service requests for stormwater problems attended within three days	2006-07 68% 2007-08 71% 2008-09 75%	<b>2009 Achieved 95%</b>  2008 Achieved – 94%  2007 Achieved – 86%
Maintenance and upgrade of stormwater network	Complete upgrades as provided for in LTCCP	<b>2009 Not Achieved</b>  2008 Not Achieved – some projects delayed  2007 Not Achieved – delayed projects to continue during 2007/08

**ARTS AND CULTURE**

<b>Measure</b>	<b>Target 2006/07–2008/09</b>	<b>Result</b>
Percentage of residents that use recreation and cultural facilities: <ul style="list-style-type: none"> <li>• Papakura Art Gallery</li> <li>• Papakura District Community Arts Centre</li> <li>• Papakura and Districts Museum</li> <li>• Hawkins Centre</li> </ul>	20%  10%  20%  20%	<b>2009 Achieved – 24%</b> <b>2008 Achieved – 21%</b> 2007 Not Achieved – 18%  <b>2009 Achieved – 12%</b> 2008 Not achieved - 6% 2007 Achieved – 10%  <b>2009 Achieved -23%</b> 2008 Achieved – 23% 2007 Not Achieved – 19%  <b>2009 Achieved – 35%</b> 2008 Achieved – 34% 2007 Achieved – 33%
Percentage of residents satisfied with the library service	74%	<b>2009 Achieved – 84%</b> 2008 Achieved – 82% 2007 Achieved – 84%

**PARKS AND RECREATION**

<b>Measure</b>	<b>Target 2006/07–2008/09</b>	<b>Result</b>
Percentage of Aquatic Centre users satisfied with the facilities and service	90%	<b>2009 Achieved – 91%</b> <b>2008 Not achieved – 88.5%</b> 2007 Achieved – 90%
Percentage of residents satisfied with facilities on parks (playgrounds, toilets etc)	2006/07 - 57% 2007/08 – 65% 2008/09 – 70%	<b>2009 Achieved – 76%</b> 2008 Achieved – 68% 2007 Achieved – 57%
Percentage of residents satisfied with open space in the District	85%	<b>2009 Achieved – 88%</b> 2008 Achieved – 90% 2007 Achieved – 85%

Measure	Target 2006/07–2008/09	Result
New walkways and cycleways	To be confirmed	<b>2009 – 2 new walk/cycle-ways</b> 2008 – 6 new walk/cycle-ways 2007 – 5 new walk-ways

## TRANSPORTATION AND ROADING

Measure	Target 2006/07–2008/09	Result
Transport Strategy and Corridor Studies are completed	Completion 2007	<b>Achieved – Study Completed</b> 2008 In progress – Mill Road Corridor study due for completion October 2008 Transportation and Strategy Study completed. 2007 In progress – Mill Road Corridor study due for preparation September 2007 Transportation and Strategy Study due for completion August 2007
Walking and cycling strategy is completed	Strategy adopted by Council	<b>2009 Achieved</b> 2008 Achieved 2007 Achieved – September 2006
Percentage of residents satisfied with provision for pedestrians in rural areas	40%	<b>2009 Achieved – 50%</b> 2008 Not achieved – 42% 2007 Achieved – 42%
Percentage of residents satisfied with provision for pedestrians in urban areas	80%	<b>2009 Achieved – 80%</b> 2008 Not Achieved – 72% 2007 Not Achieved – 76%

Measure	Target 2006/07–2008/09	Result
Percentage of residents that perceive train stations and bus stops to be safe	Increase in safety perceptions Day – 75%  Night – 30%	<b>Day:</b> <b>2009 Achieved – 81%</b> 2008 Achieved – 83% 2007 Achieved – 75%  <b>Night:</b> <b>2009 Achieved – 31%</b> 2008 Not Achieved – 28% 2007 Not Achieved – 22%

## FINANCIAL PERFORMANCE SUMMARY

	Council			Group	
	Actual	Budget	Actual	Actual	Actual
	2009	2009	2008	2009	2008
	\$	\$	\$	\$	\$
<b>FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2009</b>					
Finance Costs	2,667,463	3,493,338	1,323,475	2,667,520	1,324,023
Depreciation and Amortisation	10,790,767	6,443,300	8,137,795	10,794,390	8,142,521
Employee Benefits	8,390,716	8,096,500	6,966,605	8,708,973	7,142,920
Museum and MOTAT Levies	940,201	937,995	526,440	940,201	526,440
Other Expenditure	20,101,354	16,938,212	17,617,817	19,922,401	17,476,943
<b>Total Operating Costs</b>	<b>42,890,501</b>	<b>35,909,345</b>	<b>34,572,132</b>	<b>43,033,485</b>	<b>34,612,847</b>
Rates Revenue	26,647,762	26,240,612	23,881,878	26,647,762	23,881,878
Other Operational Revenue	24,686,432	37,362,504	27,376,362	24,847,637	27,453,110
<b>Total Revenue</b>	<b>51,334,194</b>	<b>63,603,116</b>	<b>51,258,240</b>	<b>51,495,399</b>	<b>51,334,988</b>
<b>Net Surplus/(Deficit) for the Year</b>	<b>8,443,693</b>	<b>27,693,771</b>	<b>16,686,108</b>	<b>8,461,914</b>	<b>16,722,141</b>
<b>CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2009</b>					
Equity as at 1 July	463,393,537	467,628,326	416,630,868	463,464,355	416,665,653
Correction of prior year error	0	0	(1,618,420)	0	(1,618,420)
Restated Equity as at 1 July	463,393,537	467,628,326	415,012,448	463,464,355	415,047,233
Net Surplus/(Deficit) for the Year	8,443,693	27,693,771	16,686,108	8,461,914	16,722,141
Increase in Asset Revaluation Reserve	0	2,902,517	32,045,472	0	32,045,472
Increase/(Decrease) in Fair Value Through Equity Reserve	6,518,610	0	(350,491)	6,518,610	(350,491)
Total Recognised Revenues and Expenses for the Year	14,962,303	30,596,288	48,381,089	14,980,524	48,417,122
<b>Equity as at 30 June</b>	<b>478,355,840</b>	<b>498,224,614</b>	<b>463,393,537</b>	<b>478,444,879</b>	<b>463,464,355</b>
<b>FINANCIAL POSITION AS AT 30 JUNE 2009</b>					
Current Assets	11,564,823	6,623,359	10,810,190	11,667,927	10,914,319
Non-current Assets	534,458,550	561,895,205	502,559,850	534,490,702	502,577,355
<b>Total Assets</b>	<b>546,023,373</b>	<b>568,518,564</b>	<b>513,370,040</b>	<b>546,158,629</b>	<b>513,491,674</b>
Current Liabilities	44,349,806	20,911,106	22,590,470	44,396,023	22,641,286
Non-current Liabilities	23,317,727	49,382,844	27,386,033	23,317,727	27,386,033
Equity	478,355,840	498,224,614	463,393,537	478,444,879	463,464,355
<b>Total Equity and Liabilities</b>	<b>546,023,373</b>	<b>568,518,564</b>	<b>513,370,040</b>	<b>546,158,629</b>	<b>513,491,674</b>

	Council			Group	
	Actual	Budget	Actual	Actual	Actual
	2009	2009	2008	2009	2008
	\$	\$	\$	\$	\$
<b>CASH FLOW</b>					
Net Cash Inflow/(Outflow) from Operating Activities	5,775,445	31,465,106	12,871,029	5,772,415	12,938,997
Net Cash Inflow/(Outflow) from Investing Activities	(29,083,073)	(33,381,774)	(21,230,806)	(29,103,194)	(21,244,215)
Net Cash Inflow/(Outflow) from Financing Activities	23,500,000	5,186,077	6,500,000	23,500,000	6,500,000
<b>Net Increase/(Decrease) in Cash Held</b>	<b>192,372</b>	<b>3,269,409</b>	<b>(1,859,777)</b>	<b>169,221</b>	<b>(1,805,218)</b>
<b>COMMITMENTS</b>					
Total Capital Commitments	3,418,000	N/a	1,427,500	3,418,000	1,427,500
Total Lease Commitments	84,868	N/a	147,855	84,868	147,855
<b>Total Commitments</b>	<b>3,502,868</b>	<b>N/a</b>	<b>1,575,355</b>	<b>3,502,868</b>	<b>1,575,355</b>

### Retrospective restatement of error in Stormwater System Revaluation and reclassification of Integrated Catchment Management Plan expenditure

The stormwater system asset revaluation at 30 June 2008 was overstated by \$43,633,218. In addition \$2,081,862 of expenditure on Integrated Catchment Management Plans (ICMP) had previously been classified as assets and included in property, plant and equipment as part of stormwater assets and work in progress. That classification is no longer considered appropriate and expenditure of this nature is now treated as operating expenditure. Last years comparatives have been restated to correct these errors as follows.

		Last years accounts	Adjustment	Restated comparative
Financial Performance for the year ended 30 June 2009	Depreciation and amortisation	8,234,532	(96,737)	8,137,795
	Other expenditure	17,057,536	560,081	17,617,617
Changes in Equity for the year ended 30 June 2009	Equity as at 1 July	416,630,868	(1,618,420)	415,012,448
	Net surplus for the year	17,149,552	(463,444)	16,686,108
	Increase in asset revaluation reserve	75,678,690	(43,633,218)	32,045,472
Financial Position as at 30 June 2009	Non-current Assets	548,274,932	(45,715,082)	502,559,850
Cash Flow	Net Cash Inflow/(Outflow) from Operating Activities	13,464,533	(593,504)	12,871,029
	Net Cash Inflow/(Outflow) from Investing Activities	(21,824,310)	593,504	(21,230,806)



T Stratton – Chief Executive Officer

24 November 2009

## **STATEMENT OF ACCOUNTING POLICIES**

### **For the year ended 30 June 2009**

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, the Proudly Papakura Trust and the Safer Papakura Trust. The subsidiaries are 100% consolidated.

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 and all values are rounded to the nearest dollar. The functional currency is New Zealand dollars.

The financial statements have been prepared on an historical cost basis, modified by the revaluation of infrastructural assets, investment property and some financial instruments (including derivative instruments).

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 New Zealand equivalents to International Financial Reporting Standards.

The Local Government (Tamaki Makaurau Reorganisation) Act 2009 that was enacted on 23 May 2009 provides for the dissolution of Papakura District Council and other local authorities in the Auckland region on 31 October 2010. As a consequence of the dissolution of the Council, the group structure in its current form will also cease to exist. Accordingly the financial statements have been prepared on a dissolution basis.

On 1 November 2010 the functions, duties and powers of the Council will become the functions, duties and powers of the single unitary authority (the Auckland Council) that will be responsible for governing the entire Auckland region from that date.

The Reorganisation Act provides that:

- all property belonging to Papakura District Council will vest in the Auckland Council;
- all money payable to or by Papakura District Council will become payable to or by the Auckland Council;
- all rights, liabilities, contracts, entitlements, and engagements of Papakura District Council become the rights, liabilities, contracts, entitlements, and engagements of the Auckland Council.

The Auckland Transition Agency has been established to develop an organisational structure for the Auckland Council so that it can operate efficiently and effectively on and from 1 November 2010 and it will develop a change management plan that includes protocols and processes for managing the transition of

- assets from existing local government organisations to the Auckland Council structure;
- staff from existing local government organisations to the Auckland Council structure, having regard to the existing employment agreements applying to the staff.

Decisions are yet to be made on the Auckland Council's structure and operations including how the systems, plans, policies, assets and liabilities of the Council will be vested and integrated. Nevertheless, the Council expects the services it currently delivers to continue to be delivered by the organisational structure put in place by the Auckland Council, and therefore the assets and liabilities of the Council will be relevant to the Auckland Council. For that reason, no adjustments have been made to the financial statements because of the dissolution basis of preparation.

This Summary Annual Report has been prepared in accordance with FRS43: Summary Financial Statements.

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 30 June 2009

#### 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 letter of credit provided by Council's banker is for \$424,500. (2008 \$424,500)

(b) As at 23 September 2009 Council is subject to no claims in respect of weathertightness building defects. All Councils with responsibilities under the Building Act have, to varying extents, been impacted by the leaky building issue. Unfortunately, as the issue has evolved, other parties to the claims have disappeared and Councils and Riskpool (our insurer) are often the only party responding to the claims. This has meant that judgements against Councils are increasing. Riskpool's funds are exhibiting deficits and this means that calls may be made upon member councils to contribute to the fund. Council has received a call of \$31,900 and has been advised by Riskpool that one or two calls over the next two years may also be made. The amount of these calls is undetermined at this time.

(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.

(e) As at 24 July 2008 the council joined the five other shareholding councils of Watercare Services Limited (Watercare) to provide the creditors of Watercare and its subsidiaries with a guarantee of Watercare's debt. Auckland City Council firstly provided a guarantee for the debt with back to back indemnities by the other shareholding councils in proportion to their shareholding. Papakura District Council's percentage of any liability called under this guarantee is therefore 3.71 per cent. If any Council, other than Auckland City (who own 41.64 per cent), is unable to pay their share, all the other councils are required to make up the defaulting amount based upon the shareholding formula. This arrangement was put in place by the shareholding council's in order to minimise long term price increases for bulk water and wastewater services purchased from Watercare.

The council's share of the indemnity would be called upon if Watercare defaulted on its debt. Papakura District Council's financial exposure is projected to be a maximum of \$21m for the year ended 30 June 2009 (2008 \$21m).

(f) Council has received a total of \$720,000 from Housing New Zealand Corporation for the upgrade of the Housing for the Elderly units in Don Street. Under the terms of the agreement with Housing New Zealand Corporation, this amount plus interest calculated at the Corporations floating residential mortgage lending rate, will become payable if, within 20 years from the date of drawdown, Council abandons or does not complete the project, or significantly alters or withdraws from the provision of social housing.



**Other Expenditure** Actual cost \$20.1 million Budget \$17.8 million

The increase is the result of escalation costs of development contributions paid in advance, increased cost of Council activities (Democratic Services, Economic Development Support, Community Development, and Reserves) and other minor cost increases across Council's other activities.

**Other Operational Revenue** Actual income \$24.7 million Budget \$37.3 million

The main components of the decrease in revenue against budget are grants and subsidies (\$1.7 million) and financial and development contributions (\$10.9 million). Actual revenue for grants and subsidies is lower than the budgeted amount primarily due to delays in the completion of capital works that attract grants and subsidies - mainly in the transport and roading activity. The contributions budget was based on an assessment of the level of development work to be undertaken in the district by developers. The timing of this work is outside the control of Council and where differences in timing occur this is reflected in income from contributions.

**Increase in Asset Revaluation Reserve** Actual income \$0 million Budget 2.9 million

The budget was in relation to the revaluation of the stormwater assets planned for this year. However as the stormwater assets were revalued in the 2007/08 year no revaluation was undertaken this year.

**Fair Value Through Equity Reserve** Actual \$6.5 million Budget \$0

Council values its shares annually based on each Company's net asset backing. The movement in share valuation comprises the following:

- **New Zealand Local Government Insurance Corporation.**

The shares were valued at 30 June 2009 and 30 June 2008 at \$3.00 per share. Therefore there is no change in the value of Council's 37,103 shares of \$8,163.

- **Watercare Services Limited.**

The shares had previously been vested in Council and were valued at 30 June 2008 at \$4.89 per share. The net asset backing of the shares at 30 June 2009 is now \$5.57 resulting in an increase in value of Council's 9,667,225 shares of \$6.5m.



## Audit Report

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

We have audited the summary financial statements, performance information and the other requirements as set out on pages 1 to 16.

#### Unqualified Opinion

As referred to in the statement of accounting policies on page 13, the summary financial statements are prepared on a dissolution basis and refer to the new local government structure for the Auckland region.

In our opinion:

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

We expressed an unqualified audit opinion, in our report dated 27 October 2009, on:

- the full financial statements that were prepared on a dissolution basis;
- the performance information; 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 and in conducting the audit of the Long Term Council Community Plan, we have no relationship with or interests in 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 the summary financial statements, performance information and the other requirements. These responsibilities arise from the Local Government Act 2002.



F Caetano, Audit New Zealand  
On behalf of the Auditor-General  
Auckland, New Zealand  
24 November 2009

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

This audit report relates to the summary annual report of Papakura District Council and group for the year ended 30 June 2009 included on the Papakura District Council and group's website. Papakura District Council and group's Council is responsible for the maintenance and integrity of Papakura District Council and group's website. We have not been engaged to report on the integrity of Papakura District Council and group's website. We accept no responsibility for any changes that may have occurred to the summary annual report since they were initially presented on the website.

The audit report refers only to the summary annual report named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the 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 as well as the related audit report dated 24 November 2009 to confirm the information included in the audited summary annual report presented on this website.

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