

**REPORT TO THE READERS OF
CENTRAL HAWKE'S BAY DISTRICT COUNCIL'S
STATEMENT OF PROPOSAL TO AMEND THE LONG-TERM COUNCIL
COMMUNITY PLAN
FOR THE TEN YEARS COMMENCING 1 JULY 2006**

The Auditor-General is the auditor of the Central Hawke's Bay District Council. The Auditor-General has appointed me, Grant Taylor, using the staff and resources of Ernst & Young, to report on the Statement of Proposal for adoption of the proposed amendment to the Long Term Council Community Plan (the Statement of Proposal) on his behalf.

The Central Hawke's Bay District Council (the District Council) adopted its Long Term Council Community Plan (LTCCP) for the ten years commencing 1 July 2006 on 29 June 2006.

We expressed an unqualified opinion on the District Council's LTCCP for the ten years commencing 1 July 2006 in our audit report dated 30 August 2006. We considered that the LTCCP provided a reasonable basis for long term integrated decision-making by the District Council and for participation in decision-making by the public and subsequent accountability to the community about the activities of the District Council.

The District Council is now proposing to amend its LTCCP for the ten years commencing 1 July 2006 to change the Land Transport Revenue and Financing Policy through the amalgamation of the Land Transport Land Value Rate and the Ward Amenities Land Value Rate and the proposal to dispose of a number of Community Halls classified as Strategic Assets. The Statement of Proposal provides information about the proposed amendment to the District Council's LTCCP and any consequential amendments to the LTCCP that will be required if it is amended in the manner proposed.

Opinion

Overall Opinion

In our opinion, the information within the Statement of Proposal on pages 22 to 23, about the proposed amendment to the LTCCP and any consequential amendments to the LTCCP that will be required if it is amended in the manner proposed, is fairly presented and the District Council has complied with the applicable requirements of the Local Government Act 2002 (the Act) in preparing the Statement of Proposal.

It is not our responsibility to express an opinion on the merits of any policy content within the Statement of Proposal.

In forming our overall opinion, we considered our opinion on specific matters required by the Act, which is set out below.

Opinion on Specific Matters Required by the Act

The Auditor-General is required by section 84(4) of the Act to report on:

- the extent to which the Statement of Proposal complies with the requirements of the Act;
- the quality of information and assumptions underlying the forecast information provided in the Statement of Proposal; and
- the extent to which the forecast information and proposed performance measures within the Statement of Proposal will provide an appropriate framework for the meaningful assessment of the actual levels of service provision.

In terms of our obligation to report on the matters outlined in section 84(4) of the Act, as it applies to the proposed amendment to the LTCCP, in our opinion:

- the District Council has complied with the requirements of the Act in all material respects demonstrating good practice for a council of its size and scale within the context of its environment;
- the underlying information used to prepare the Statement of Proposal provides a reasonable basis for the preparation of the forecast information;
- the assumptions set out within the Statement of Proposal are based on best information currently available to the District Council and provide a reasonable and supportable basis for the preparation of the forecast information;
- the forecast information within the Statement of Proposal has been properly prepared on the basis of the underlying information and the assumptions adopted and the financial information is presented in accordance with generally accepted accounting practice in New Zealand;
- the extent to which the forecast information and proposed performance measures within the Statement of Proposal provide an appropriate framework for the meaningful assessment of the actual levels of service provision reflects good practice for a Council of its size and scale within the context of its environment.

Actual results are likely to be different from the forecast information since anticipated events frequently do not occur as expected and the variation may be material. Accordingly, we express no opinion as to whether the forecasts will be achieved.

Our report was completed on 4 April 2007, and is the date at which our opinion is expressed.

The basis of the opinion is explained below. In addition, we outline the responsibilities of the District Council and the Auditor, and explain our independence.

Basis of Opinion

We carried out the audit in accordance with the International Standard on Assurance Engagements 3000 (revised): *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards. We have examined the forecast financial information in accordance with the International Standard on Assurance Engagements 3400: *The Examination of Prospective Financial Information*.

We planned and performed our audit to obtain all the information and explanations we considered necessary to obtain reasonable assurance that the information within the Statement of Proposal, about the proposed amendment to the LTCCP and any consequential amendments to the LTCCP that will be required if it is amended in the manner proposed, does not contain material misstatements.

Our procedures included examining on a test basis, evidence supporting assumptions, amounts and other disclosures in the Statement of Proposal, determining compliance with the requirements of the Act, and evaluating the overall adequacy of the presentation of information.

We obtained all the information and explanations we required to support the opinion above.

Responsibilities of the Council and the Auditor

The District Council is responsible for preparing a LTCCP under the Act, by applying the District Council's assumptions and presenting the financial information in accordance with generally accepted accounting practice in New Zealand. The District Council's responsibilities arise from Section 93 of the Act.

Section 84 of the Act requires the District Council, when considering amendments to the LTCCP, to prepare a Statement of Proposal. The District Council must include a draft of the parts of the LTCCP that are proposed to be amended, and an accompanying draft of any consequential amendments to the LTCCP that will be required if it is amended in the manner proposed.

We are responsible for expressing an independent opinion on the Statement of Proposal and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and section 84(4) of the Act.

Independence

When reporting on the Statement of Proposal we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the Institute of Chartered Accountants of New Zealand.

Other than this report, and in conducting the audit of the LTCCP and the annual audit, we have no relationship with or interests in the District Council.



Grant Taylor
Ernst & Young
On behalf of the Auditor-General
Wellington, New Zealand

Statement of Proposal

Matters relating to the electronic presentation of the report to the readers of the Statement of Proposal for adoption of a Long-Term Council Community Plan

This report relates to the Statement of Proposal to amend the Long Term Council Community Plan (the Statement of Proposal) of the Central Hawke's Bay District Council for the ten years commencing 1 July 2006 included on Central Hawke's Bay District Council's web-site. The Central Hawke's Bay District Council is responsible for the maintenance and integrity of the Central Hawke's Bay District Council's web site. We have not been engaged to report on the integrity of the Central Hawke's Bay District Council's web site. We accept no responsibility for any changes that may have occurred to the Statement of Proposal since it was initially presented on the web site.

The report refers only to the Statement of Proposal named above. It does not provide an opinion on any other information which may have been hyperlinked to/from the Statement of Proposal. 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 Statement of Proposal dated 4 April 2007 and the related audit report dated 4 April 2007 to confirm the information included in the Statement of Proposal presented on this web site.

The preparation and dissemination of the Statement of Proposal is governed by New Zealand legislation.