



SUMMARY ANNUAL REPORT for the year ended 30 June 2005

Introduction

The 2004/05 year has seen significant increases in activity with improvements to infrastructure and ongoing remedial roading works arising from the 2004 extreme rainfall events.

The surplus in excess of \$3m is a reflection of the Roothing activities — with an increase in central government funding for the resultant \$4m of additional costs capitalised to our Roothing asset. A transfer of funds in excess of \$900,000 will be made to Reserves to provide for future debt repayment.

An increased dividend of \$180,000 from Council's investment in Infracon Limited reflects the increased remedial Roothing work undertaken by the company following the 2004 flood damage. In spite of this 50% increase, there is a concern over the low level of return on Council's investment. This is being discussed with the majority shareholder — TDC Holdings Limited.

It will be noted that borrowings have increased — mainly to fund the desludging and ancillary work at the Waipawa and Waipukurau Oxidation ponds — as required under our Resource Consents. There has also been significant

Stormwater and Water reticulation work undertaken at Porangahau.

There have been significant changes made to Council's financial management reporting systems.

These will allow our operations to be run on more business like lines and with increased transparency in reporting.

I would like to thank all elected members and staff of Council for all their hard work and commitment working for and on behalf of this community during the past year. This has been very rewarding and challenging; we have collectively achieved some great successes and worked well as a team.

John Freeman
Chief Executive

Inside:

Major Achievements	2
Audit Report	2
Financial Overview	3
Service Performance	5

About this summary

This summary is a snapshot of the Council's activities and finances for 2004/2005. The information it contains has been extracted from our 2004/2005 Annual Report which contains detailed information about our finances and service performance.

This summary has been examined by the Council's auditors for consistency with the Annual Report. The Council received an unqualified opinion on both documents.

This summary financial report can not be expected to provide as complete an understanding as provided by the

full financial report of the financial and service performance, financial position and cash flows of the Central Hawke's Bay District Council.

Copies of the full 2004/2005 Annual Report can be obtained from the Council office, Ruataniwha Street, Waipawa or viewed online at www.chbdc.govt.nz.

This summary represents fairly and consistently the major matters dealt with in the Annual Report 2004/2005.

Chief Executive
John Freeman
7 November 2005

Mayor
Tim Gilbertson
7 November 2005

Finance Manager
Kevin Brown
7 November 2005

Major Achievements of 2004 / 2005

Waipukurau Library Service Centre amalgamation

The Waipukurau Library Service Centre, opened in July 2004, is providing a higher level of service to Waipukurau citizens by virtue of extended opening hours.

Waipawa Main Street Upgrade

The redevelopment of the Waipawa main street was completed in December 2004.

Waipawa Pool re-opening

The outdoor pool at Waipawa was re-opened after the completion of extensive repair work in November 2004.

Organisational Efficiency Review

The Council commissioned a review of the organisation. The chief recommendation was that Council needed to improve management controls and consider sharing services with neighbouring local authorities.

Beach Camping

The Pourerere Beach Committee was established to manage 'freedom camping' and dune protection at this popular visitor destination.

Sewerage Treatment

Council began with desludging operations using geo-bag technology to dry out the sludge dredged from the bottom of several of our oxidation ponds.

Civil Defence response

Heavy rainfall events caused widespread flooding during August and October 2004. Civil Defence volunteers, Council staff, engineering consultants, contractors, community groups and government agencies coordinated a successful response and contributed to ongoing recovery efforts.

Audit Report



v Chartered Accountants

TO THE READERS OF CENTRAL HAWKE'S BAY DISTRICT COUNCIL'S SUMMARY ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2005

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 27 October 2005, on:

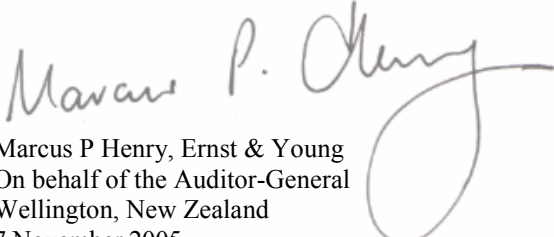
- the full financial statements; and
- the Council's compliance with the other requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report.

Basis of Opinion

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

Responsibilities of the Council and the Auditor

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


Marcus P Henry, Ernst & Young
On behalf of the Auditor-General
Wellington, New Zealand
7 November 2005

Financial Overview

Introduction

The Council's financial performance in the last year has been sound with a reported surplus of nearly \$3 million better than budget. This compares with the 2004 deficit of \$1.4 million.

However, the surplus includes \$6.241 million of Government Grants and Subsidies received where the associated expenditure has been capitalised.

Expenditure relating to these projects will be recognised (primarily as depreciation) over the life of the capitalised asset.

Cash flows for Government Grants - and hence Operating Cash Flows - include \$6.372m (2004 - \$4.866m) with respect

to these Capital Grants where the associated cash outflows are recognised as investing activities.

The results also include a revaluation of Council's Roothing Infrastructural Asset. The asset was revalued by \$59.2 million to \$484 million.

Net borrowings have increased by \$2.6 million primarily to fund the desludging of the Waipukurau and Waipawa oxidation ponds as well as stormwater and water reticulation at Porangahau Beach.

Council has maintained its investment in Infracon Limited - which reported an increase in its dividend as a result of remedial work required following earlier weather episodes.

Financial Performance at a glance

- Table 1 provides a comparative summary of Council's financial performance for the 2004/05 and 2003/04 financial years.
- Table 2 provides a comparative summary of Councils' statement of movement in equity.
- Table 3 provides a comparative summary of Council's financial position as at 30 June 2005 and 30 June 2004.
- Table 4 summarises how Council generated and used cash during the respective financial periods.

Table 1 Financial Performance

	Actual 2005 \$000's	Budget 2005 \$000's	Actual 2004 \$000's
Operating Revenue	20,042	15,950	16,466
Operating Expenditure	17,019	16,142	18,511
Net Surplus / Deficit before and after income tax	3,023	-192	-1,399

Table 2 Movements in Equity

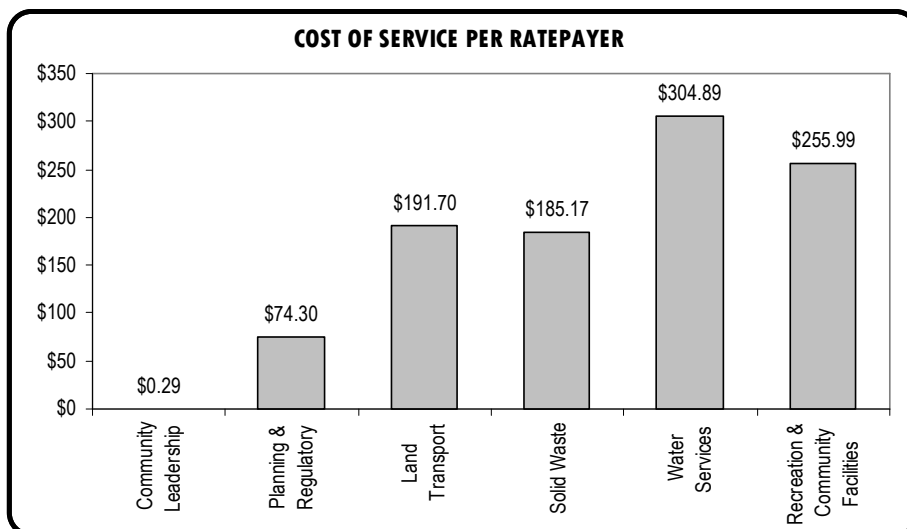
	Actual 2005 \$000's	Budget 2005 \$000's	Actual 2004 \$000's
Equity at the beginning of the year	461,282	463,592	463,604
Increase in Asset Revaluation Reserves	59,678	0	-1443
Other Movement in Equity	0	0	521
Net Surplus (Deficit) before and after income tax	3,023	-192	-1,399
Total recognised revenue and expenditure	62,701	-192	-2,321
Equity at end of the year	523,983	463,400	461,282

Table 3 Financial Position

	Actual 2005 \$000's	Budget 2005 \$000's	Actual 2004 \$000's
Current Assets	3,702	2,751	4,117
Non Current Assets	532,076	473,008	465,699
Total Assets	535,778	475,759	469,816
Current Liabilities	3,942	4,728	4,779
Non Current Liabilities	7,853	8,281	3,755
Total Liabilities	11,795	13,009	8,534
NET ASSETS / EQUITY	523,983	462,750	461,282

Table 4 Cash Flows

	Actual 2005 \$000's	Budget 2005 \$000's	Actual 2004 \$000's
Net Cash from Operating Activities	9,403	1,083	5,256
Net Cash Outflow from Investing Activities	-12,677	-4,556	-5,224
Net Cash Inflow from Financing Activities	2,596	2,895	569
Net Cash Inflow (Outflow) for the year	-678	-578	601

Running the District – what it costs each ratepayer

The full Financial Report can be found on pages 48 - 71 of our *Annual Report 2004/2005* – available in hard copy by telephoning 06 857 8060, and on our web site www.chbdc.govt.nz.

Summary of Service Performance

Community Leadership Group

- Number of Council meetings advertised
- Number of Maori Consultative Committee meetings held
- Number of submissions to Annual Plan/LTCCP
- Total amount of contestable community funding distributed

Total Operating Expenditure

Planning and Regulatory Group

- Number of resource consents issued
- Number of buildings consents issued
- Number of noise complaints received
- Number of animal control complaints received
- Number of rural fires attended

Total Operating Expenditure

Land Transport Group

- Sealed Road roughness
- Unsealed Road Roughness
- Number of reported injury crashes

Total Operating Expenditure

Solid Waste Group

- Total amount of refuse to landfill
- Total amount of recyclable material diverted
- Number of complaints about litter or handling and disposal of refuse

Total Operating Expenditure

Water Services Group

- Number of transgressions of New Zealand Drinking Water Standards
- Number of complaints about no water available and low water pressure
- Number of exceedences of sewer treatment resource consent limits
- Number of complaints of properties flooded due to 1 in 20 year rainfall event

Total Operating Expenditure

Recreation and Community Facilities Group

- Number of complaints about maintenance of parks, reserves and pools
- Number of complaints about maintenance of public toilets
- Library issues per capita
- Number of complaints about maintenance of pensioner housing
- Number of complaints about maintenance of cemeteries

Total Operating Expenditure

- denotes no target specified.

	2005 Actual	2005 Target/ Budget	2004 Actual
	20	-	26
	0	-	3
	52	-	47
	\$41,226	\$38,000	\$37,729
	\$515,000	\$860,000	\$603,000
	164	-	150
	669	-	704
	101	-	64
	471	-	544
	75	-	92
	\$797,000	\$819,000	\$751,000
	68	70	66
	102	100	103
	36	-	52
	\$9,853,000	\$8,456,000	\$10,422,000
	6,472 tonnes	-	7,854 tonnes
	1,084 tonnes	-	627 tonnes
	5	≤12	16
	\$1,595,000	\$1,137,000	\$1,474,000
	0	0	4
	26	0	n/a
	36	0	n/a
	2	0	n/a
	\$2,278,000	\$2,759,000	\$2,869,000
	4	≤12	9
	8	≤12	34
	10.7	≥10	10.5
	0	0	n/a
	0	≤12	4
	\$1,981,000	\$2,111,000	\$1,749,000

For a full description of service performance, please see pages 16 - 43 of our **Annual Report 2004/2005**— available in hard copy by telephoning 06 857 8060, and on our web site www.chbdc.govt.nz.