

Central Hawke's Bay District Council



SUMMARY ANNUAL REPORT for the year ended 30 June 2006

Introduction

The 2005/2006 financial year has been dominated by the months of work developing Council's 10 year Community Plan, and a restructure of the organisation to separate operational and technical functions.

The outcome of the Plan showed that Council has a choice between implementing ongoing rate increases or increasing Council debt. The former is unpalatable, the later means less funding for infrastructure and services as rate funding is channelled into debt service. Clearly neither option is ideal.

This is being tackled at a political level, voicing our concerns through the appropriate channels about Central Government's costs being foisted onto local authorities.

At an operations level a determined effort is underway to think outside the square and find more creative funding and technical solutions to our infrastructural needs.

The viability of 'joint ventures' or sharing of services with local businesses and neighbouring Councils is also being explored to see if these could provide some cost benefit and/or better operational security.

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I would like to thank all elected members and Council staff for their efforts over the past year. We look forward to the challenges of 2006/2007.

John Freeman
Chief Executive

About this summary

This summary is a snapshot of the Council's activities and finances for 2005/2006. The information it contains has been extracted from our 2005/2006 Annual Report which contains detailed information about our finances and service performance.

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 2005/2006 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 2005/2006.

Chief Executive
John Freeman
26 October 2006

Mayor
Tim Gilbertson
26 October 2006

Corporate Services Manager
Kevin Brown
26 October 2006

Major Achievements of 2005/2006

Porangahau/Te Parehi Storm Water and Water Upgrades

Completion of the Porangahau/Te Parehi Storm Water and Water upgrades. This water supply now meets the Drinking Water Standards as will be required by the amended Public Health Act.

Waipukurau and Waipawa Oxidation Desludging

Completion of the desludge of the Waipukurau and Waipawa Oxidation ponds. Discharges from the ponds are now well within the existing consent requirements.

2006/2016 Community Plan

Successful completion and adoption of the 2006/2016 Community Plan.

Representation Review

Completion of the Representation Review – as required under the Electoral Act. Future Councils will consist of 8 elected members and a Mayor – based on a two ward system recognising the interests of both rural and urban communities.

Economic Advisor

Establishment of an Economic Advisory function for the District. This has led to a number of initiatives including a preliminary study into the creation of a Regional Reserve at

Ouepoto – adjacent to the Te Angiangi marine Reserve, collaboration through Hawke's Bay Inc to formulate a Digital Strategy to ensure future Broadband access for Central Hawke's Bay, and facilitation of a number of fundraising applications including raising \$30,000 each for the Tikokino and Otane Volunteer Fire Brigades.

Developer Contributions Policy and Coastal Strategy

Adoption of a Developer Contribution and early draft of a future Coastal Strategy.

Farm Road Landfill

Acceptance of a Consultant's report on the Farm Road Landfill. The report conclusively demonstrates that it is feasible to increase the tonnages accepted into the Landfill, reduce the overall cost of Solid Waste operations yet retain the existing life of the asset.

Organisational Restructure

Finalisation of an internal restructure within Council to separate Technical and operational Activities. Using in house expertise, early results have included a detailed study of the Waipukurau water supply and improved performance of the Otane Oxidation Pond.

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 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 26 October 2006, 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 Henry, Ernst & Young
On behalf of the Auditor-General
Wellington, New Zealand
26 October 2006

Financial Overview

Introduction

Council's financial performance has continued to be satisfactory in a year of significant change following a restructure of the organisation.

During the year the Roading and Utilities Assets were revalued. Budgeted funding was able to be set aside for the future retirement of debt.

A write down of Council's investment in Infracon is included – reflecting the expected market value of a minority shareholding.

Major infrastructural work was completed on the desludging of the Waipawa and Waipukurau oxidation ponds and water/stormwater reticulation at Porangahau/Te Parehi. Additional loans of \$898,000 were raised for this purpose.

Financial Performance at a glance

- Table 1 provides a comparative summary of Council's financial performance for the 2005/2006 and 2004/2005 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 2006 and 30 June 2005.
- Table 4 summarises how Council generated and used cash during the respective financial periods.

Table 1 Financial Performance

	Actual 2006 \$000's	Budget 2006 \$000's	Actual 2005 \$000's
Operating Revenue	18,050	17,948	20,042
Operating Expenditure	17,965	17,140	17,019
Net Surplus/(Deficit) before income tax	85	808	3,023
Impairment of investment	(1,388)	-	-
Less Taxation	-	-	-
Net Surplus/(Deficit) after income tax	(1,303)	808	3,023

Table 2 Movements in Equity

	Actual 2006 \$000's	Budget 2006 \$000's	Actual 2005 \$000's
Equity at the beginning of the year	523,983	462,985	461,282
Increase in Asset Revaluation Reserves	24,659	Nil	59,678
Net Surplus (Deficit) before and after income tax	(1,303)	808	3,023
Total recognised revenue and expenditure	23,356	808	62,701
Equity at end of the year	547,339	463,793	523,983

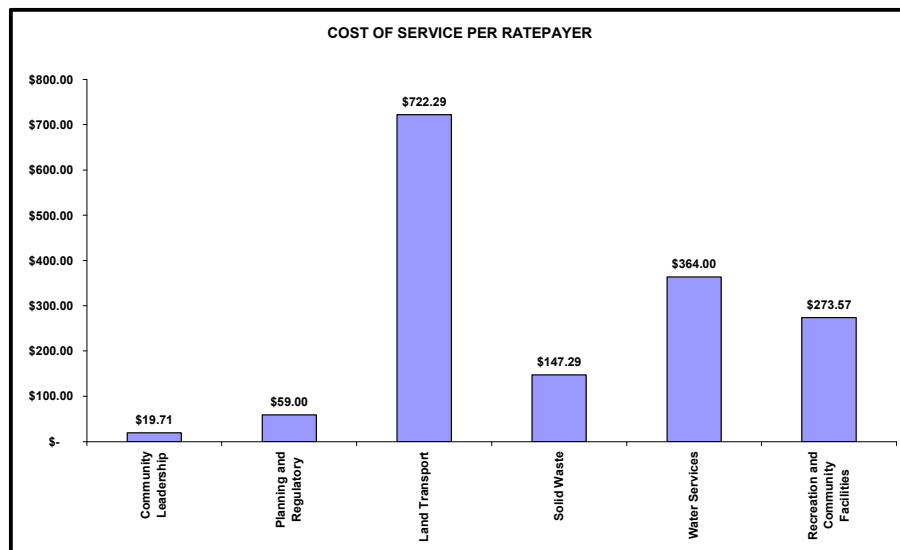
Table 3 Financial Position

	Actual 2006 \$000's	Budget 2006 \$000's	Actual 2005 \$000's
Current Assets	2,344	2,287	3,702
Non Current Assets	556,575	477,444	532,076
Total Assets	558,919	479,731	535,778
Current Liabilities	5,656	4,895	3,942
Non Current Liabilities	5,924	11,043	7,853
Total Liabilities	11,580	15,938	11,795
NET ASSETS / EQUITY	547,339	463,793	523,983

Table 4 Cash Flows

	Actual 2006 \$000's	Budget 2006 \$000's	Actual 2005 \$000's
Net Cash from Operating Activities	7,178	4,139	9,403
Net Cash Outflow from Investing Activities	(7,817)	(5,981)	(12,677)
Net Cash Inflow from Financing Activities	898	1,264	2,596
Net Cash Inflow (Outflow) for the year	259	(578)	(678)

Running the District – what it costs each ratepayer



The full Financial Report can be found on pages 52 - 73 of our *Annual Report 2005/2006* – available in hard copy by telephoning 06 857 8060, and on our website 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 (100 – very good; 122 – good)
- 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.

	2006 Actual	2006 Target/ Budget	2005 Actual
	17	-	20
	0	-	0
	126	-	52
	\$41,500	-	\$41,226
	\$529,000	\$1,186,000	\$515,000
	135	-	164
	657	-	669
	75	-	101
	460	-	471
	80	-	75
	\$929,000	\$785,000	\$797,000
	71	70	68
	122	100	102
	18	-	36
	\$10,253,000	\$8,768,000	\$9,853,000
	7079 tonnes	-	6,472 tonnes
	948 tonnes	-	1,084 tonnes
	2	≤12	5
	\$1,403,000	\$1,879,000	1,257,000
	1	0	0
	7	0	26
	62	0	36
	1	0	2
	\$2,705,000	\$3,182,000	\$2,626,000
	0	≤12	4
	1	≤12	8
	10.65	≥10	10.7
	0	0	0
	0	≤12	0
	\$2,146,000	\$1,713,000	\$1,981,000

For a full description of service performance, please see pages 9 - 47 of our **Annual Report 2005/2006** – available in hard copy by telephoning 06 857 8060, and on our website www.chbdc.govt.nz.