


Wairoa District Council

SUMMARY ANNUAL REPORT

2005-2006



 *Te Wairoa Hōpūpū Hōnengenenge*
Matangirau

Adopted 31 October 2006



JOINT STATEMENT FROM THE MAYOR AND THE CHIEF EXECUTIVE OFFICER

While the financial statements show a surplus of \$3.588 million, after adjustments for capital subsidies and reserves transfers, the Council finished the year with a \$2,104 cash deficit in other words a break-even position.

The performance indicators show a reduction in the number of targets achieved – 70 out of 96 were reached or exceeded – 73% (2005 – 83%).

Management have been tasked to improve this performance back to previous levels.

Highlights for the year:

- ➔ Quality Roading and Services (Wairoa) Limited, Council's 100% owned company returned an exceptional dividend of \$567,554 against a budget of \$268,000. The Directors are considering a further bonus dividend.
- ➔ **Roading**
 - New sealing achieved on Kaiwaitau Road (2.7Km) and Ruapapa Road (800m)
 - Emergency Work - \$3.5 million spent on clearing slips and repairing dropouts.
 - Regional Development Projects - \$1.1 million approved and partially completed.
- ➔ **Mahia Waste Water Scheme**

During the year Council gained provisional approval of 50% subsidy for this project. Total cost \$8.83 million.
- ➔ **Planning**
 - Consultation commenced
 - Mahia Isthmus Community Structure Plan
 - Plan Change No. 1 – Coastal Protection
 - Plan Change No. 2 – Indigenous Vegetation
 - Pohutukawa/Mokotahi Reserve Management Plan
- ➔ **LTCCP** Much of the focus of Council for this year has been on the preparation and consultation on our LTCCP.

While this did not meet the statutory deadline for adoption of 30 June 2006, Council is confident that it does form a suitable planning baseline for the next 10 years.

There is still much work to be done but the process did at least identify what was not known about our assets and policies. Work continues on the plan, which is due for review in 3 years.

- ➔ **Coastal Subdivision**

There has been no reduction in the number of applications for subdivision of coastal land. The subsequent effect on our building inspection services has not yet impacted. The implications of the new Building Act have stretched our resources in this area to the limit.

Overall an adequate result but with room for improvement in the specific performance areas which have apparently fallen below target.

We acknowledge the contribution of Councillors, staff, consultants and contractors in completing the year's works programme.



L. Probert, JP
MAYOR



P J Freeman
CHIEF EXECUTIVE OFFICER

HIGHLIGHTS

This is a brief summary of progress on some of the significant projects and initiatives which were highlighted in the Annual Plan for 2005-2006.

Waste Management:

Transfer stations have been closed and replaced with a roadside refuse collection. In 2006/07 this will become a user pays service with the refuse collection rate no longer levied. A new contract has been let which will involve an “official bag system” for refuse collection rather than the old sticker system. Recycling services are to be extended to rural communities on a trial basis, initially commencing with a monthly “Recycling Day” where a collection vehicle will be stationed for a number of hours at a designated location where people can bring their recyclables for disposal – free of charge.

Mahia Sewerage Collection & Treatment:

The Ministry of Health has provided conditional approval for a 50% subsidy on the cost of the proposed scheme. The general concepts of the proposal have been widely consulted on through the LTCCP. Council will now work through the Resource Consent process including targeted consultation with stakeholders and the community about all aspects of the proposed scheme. The proposed scheme will service the communities of Mahia Beach, Oraka and Opoutama.

Long Term Council Community Plan:

The Wairoa District Long Term Council Community Plan was completed during the year and adopted by Council on August 30th, 2006. This was outside the statutory deadline because it was considered prudent to ensure that the plan was robust rather than completed in haste to meet the statutory deadline and risk the integrity of the financial information. The Plan was subjected to a rigorous audit process and found to be compliant with all legislation. Budgeted cost for the audit process was \$38,000. Final audit cost was \$39,683.

Building Act:

The Building Act 2004 introduced a new framework under which Council must operate to regulate building work. Council may need to be registered as a building consent authority, by November 2007, which will require assessment on whether quality standards are met by an accredited body appointed by the Department of Building and Housing. There were immediate changes applying from 31 March 2005, that required more stringent assessment procedures before a code of compliance is issued, with an increase in expenditure of \$60,000 and an increase in unchargeable time spent on administration.

COMMUNITY OUTCOMES

The 2004 Long Term Community Council Plan does not contain specific performance measures with which progress towards outcomes can be measured; hence the reporting able to be done at this stage is limited. Some questions regarding outcomes were included in this year's survey of residents and those results have been reported to provide a basis for ongoing measurement.

Is Wairoa a better place to live than it was three years ago? (All Outcomes)			Is Wairoa District generally a safe place to live? (A safe and secure community)		
	2005	2006		2005	2006
Yes	44%	39%	Yes, definitely	28%	31%
The Same	40%	41%	Yes, mostly	54%	59%
Worse	10%	10%	Not really	13%	6%
Unable to comment	6%	10%	No, definitely not	4%	3%
			Unsure	1%	1%

Satisfaction with the way in which Council involves the public in the decisions it makes. (Strong leadership and a sense of belonging; Supportive, caring and valued communities)			Quality of Life (All Outcomes)		
	2005	2006		2005	2006
Very satisfied	9%	6%	Very Good	42%	37%
Satisfied	49%	47%	Good	43%	44%
Neither satisfied nor dissatisfied	28%	26%	Fair	10%	16%
Dissatisfied	6%	14%	Poor	5%	2%
Very dissatisfied	5%	4%	Don't know		1%
Don't know	3%	3%			

Summary Financial Report for the year ended 30 June 2006

The information contained in this report has been extracted from the audited Annual Report of the Wairoa District Council for the year ended 30 June 2006. An unqualified audit report was signed on 31 October 2006. Ernst and Young, on behalf of the Auditor General, have reviewed this summary report and have confirmed that it fairly and consistently represents the full Annual Report for the year.

A Summary Report cannot be expected to provide as complete an understanding of the financial and non-financial performance of the Council as the full Annual Report. A copy of the full report is available from Wairoa District Council, Coronation Square, Wairoa (P O Box 54, Wairoa) or by visiting the Wairoa District Council website at www.wairoadc.govt.nz.

The financial statements comprise the Wairoa District Council and its Council Controlled Trading Organisation, Quality Roading and Services (Wairoa) Ltd.

Restatement of prior year numbers: Some prior year numbers have been restated to enable them to be reported against accurately in the current financial year.

Changes in Accounting Policies: There has been a change in the valuation basis for forestry, from a post-tax valuation in 2005 to a pre-tax valuation in 2006. The financial impact of this change is an increase in the value of the forests of \$27,108. All other policies have been applied on a basis consistent with prior years.

Statement of Financial Performance

2005 Council	2005 Consolidated		2006 Budget	2006 Council	2006 Consolidated
		Revenues			
7,335,487	7,335,487	Rates Revenue	7,314,727	7,230,362	7,230,362
10,353,820	19,463,202	Other Revenue	9,383,120	12,478,665	12,478,665
17,689,307	26,798,689	Total Operating Revenue	16,697,847	19,709,027	28,011,335
		Expenditure			
15,004,587	23,366,995	Capital gain on Asset Sales	15,424,537	16,364,453	23,971,622
36,338	126,102	Operating Surplus/Deficit before taxation		243,547	315,954
2,721,058	3,557,796	Taxation	1,273,310	3,588,121	4,355,667
	(404,402)	Net Surplus/Deficit			517,664
2,721,058	3,153,394		1,273,310	3,588,121	3,838,003

Statement of Financial Position

2005 Council	2005 Consolidated		2006 Budget	2006 Council	2006 Consolidated
18,443,107	21,273,466	Current Assets	12,309,420	19,533,602	22,333,961
4,240,780	6,023,471	Current Liabilities	3,235,000	4,021,395	5,341,046
130,701,219	132,807,856	Non Current Assets	124,066,551	150,039,929	152,814,815
1,464,954	2,165,654	Non Current Liabilities	665,000	1,722,915	2,646,371
		Net Assets			
143,438,592	145,892,197		132,475,971	163,829,221	167,161,359

Statement of Movements in Equity

2005 Council	2005 Consolidated		2006 Budget	2006 Council	2006 Consolidated
138,117,951	140,139,220	Public Equity Opening Bal	131,202,661	143,438,592	145,892,197
2,599,583	2,599,583	Revaluations		16,802,508	17,431,159
2,721,058	3,153,394	Net Surplus/Deficit for year	1,273,310	3,588,121	3,838,003
143,438,592	145,892,197	Closing Balance	132,475,971	163,829,221	167,161,359

Statement of Cash Flows

2005 Council	2005 Consolidated		2006 Budget	2006 Council	2006 Consolidated
3,888,280	4,004,112	Operating Activities	4,172,210	6,809,298	7,785,028
(5,671,107)	(6,737,834)	Investing Activities	(3,343,050)	(5,034,054)	(5,797,511)
(85,000)	(52,914)	Financing Activities		(120,000)	(210,367)
(1,867,827)	(2,786,636)	Net Increase/Decrease	829,160	1,655,244	1,777,150
3,353,617	4,128,556	Plus Opening Bank Balance	1,415,260	1,485,790	1,341,920
1,485,790	1,341,920	Bank Balance at year end	2,244,420	3,141,034	3,119,070

In the opinion of the Council and management of Wairoa District Council, the summary financial report for the year ended 30 June 2006 fairly reflects the financial position and operations of Wairoa District Council.

Mayor
L Probert
31st October 2006

Chief Executive
P J Freeman
31st October 2006

AUDIT REPORT**TO THE READERS OF WAIROA DISTRICT COUNCIL AND GROUP'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 31 October 2006, 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

The audit was conducted in accordance with the Auditor-General's Auditing Standards, which include 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 the Council or its subsidiary.

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
31 October 2006