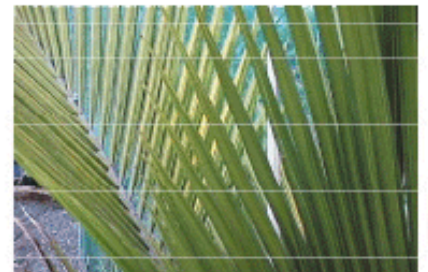


# Gisborne District Council

## 2007/2008

### ANNUAL REPORT SUMMARY



### Mission Statement

To manage and enhance the district's physical, social, cultural and economic wellbeing efficiently, effectively and equitably.



### Te Kupu Tataki

Kia aata whakaaro, me te tiaki ano hoki I nga kura taonga a Papatuanuku me ona ao, kia whakapumau hei painga mo nga whakatipuranga katoa.

Me te tautoko ano I nga tikanga totika nei whai oranga, hei whakapakari i te tinana me te wairua kia noho pai tatou ki a tatou.



The 2007/2008 Annual Report summary was authorised for issue on the 16 December 2008 by the Chief Executive for Gisborne District Council

# Mayor's and Chief Executive's Foreword

Tena koutou nga mihi mahana ki a koutou katoa

Here is our summary of the highlights for the 2007-2008 year; the year in which the 7<sup>th</sup> Gisborne District Council was elected.

It's fair to say that not all of the things that we sought to achieve went to plan and on 20 December 2007 Mother Nature chimed in with a reminder of her own about the uncertainty of these times with a magnitude 6.8 earthquake. The resources of the community and of the Council were tested that night and over the coming weeks. You should all be proud of your response and resilience.

It is especially noteworthy that on top of the workload from the 'quake' the Council's Building Control team led us to become one of the first councils in the country to be accredited as a building consent authority under the new law.

Heavy rain in the autumn and winter also challenged us with access to coastal communities, SH35 north of Ruatoria and the Waiomatatini Road all badly affected. There was good news on the roading front with the opening of the new port bypass route – Rakaiatane Road. This project was a joint effort in the truest sense with the Government, Council and Port Company sharing the funding, and the contractors, Council and the Port Company sharing project management.

While these roading projects remained a priority along with the Regional Development Roding Programme, our efforts to improve opportunities for walking and cycling in and around the city were increased.

Some major planned works did not go ahead. When Council reviewed the business case for a land fill at Mander Road it decided not to go ahead. The proposed Wainui and Okitu water and wastewater reticulation project did not go ahead when the community opposed the scheme on account of cost. Council has undertaken to work with the community to develop a system of sustainable onsite sewage disposal.

The proposed wastewater project for Gisborne City was major project "number one". That project was granted resource consents in late 2007. Since then Council has designed a consent compliant plant and fully scoped and costed the project. The cost of up to \$84M excluding GST has led to further work on the options and to serious questions about affordability. Making the project affordable, while achieving the desired environmental outcomes, is our current focus.

There has been an ongoing commitment to our rural communities as well. Work on township plans has continued and we are now implementing them. Also, about 10 years of work and community consultation concluded with the hearings and decision on the variation to our District Plan to assist and manage the districts most erosion prone land.

The Government made it clear in late 2006 that the Council needed to support the East Coast Forestry Project aims by introducing a regulatory measure so that the Governments annual funding of about \$6M could continue. We have achieved that, subject to appeals.

As we reflect on the year and thank all of you, members of the community, Councillors and staff, who have contributed so much to the district this past year, it is appropriate to look ahead.

Globally there are financial and economic pressures as economies adjust to the credit crisis, the value of the currency, commodity prices and the high price of oil. Gisborne will be affected by these outside pressures. There is some hope that we may be buffered as we come off our own growth spurt by the investment that Hikurangi Forest Farms have committed to make now that they have their resource consents. The settlement of the Turanganui a Kiwa and Ngati Porou Treaty claims will also bring new capital into the region and provide a new and sound economic basis for Tangata Whenua to grow. Council has been able to support the office of Treaty Settlements in that process, although it is too early to report on the result of that involvement.

Please read on. We hope there is something in the report to interest you.

Kia ora

Meng Foon  
**Mayor**

L R McKenzie  
**Chief Executive**

## SUMMARY OF ANNUAL PERFORMANCE MEASURES 2007-08

Activity	Overall	Performance Measures Achieved	
Democratic Process	X	Not surveyed 2 and Not Achieved 1	1/4
Community Development Unit	✓	Target achieved	2/3
Economic Development	X	Target not achieved	0/1
Maori Liaison	X	Not measured 1 and Not achieved 1	0/2
Strategic Policy	✓	Targets achieved	2/2
Cemetery	X	Target not achieved	0/1
Senior Citizens and Staff Housing	X	Targets not achieved	1/6
Theatres	X	Targets not achieved	0/4
Parks and Reserves	✓	Targets achieved	2/3
Public Conveniences	X	Targets not achieved	1/2
Land Transport	X	Targets achieved	5/10
Flood Control Schemes	X	Targets not achieved	0/2
Land Drains, Rivers and Streams	X	Targets not achieved	0/1
Solid Waste	X	Targets not achieved	2/4
Water Supply	✓	Targets achieved	7/8
Stormwater	X	Targets not achieved	0/2
Wastewater	X	Targets not achieved	1/4
Animal and Plant Pests	✓	Targets achieved	3/4
Animal Control	✓	Targets achieved	7/8
Civil Defence and Emergency Management Group	✓	Targets achieved	7/8
Consents Administration	X	Targets not achieved, not measured 2	1/7
Construction Control	X	Targets not achieved	5/10
Environmental Health	✓	Targets achieved	6/7
Parking	✓	Targets achieved	3/3
Planning	X	Targets not achieved	1/4
Rural Fires	X	Targets not achieved	1/2
Soil Conservation	✓	Targets achieved	3/3
Water Resources	✓	Targets achieved	2/2
Waikanae Beach Holiday Park	✓	Targets achieved	5/6
HB Williams Memorial Library	X	Not achieved 2 and Not surveyed 1	2/5
Commercial Forestry	X	Target not achieved	1/2
Rockforte Finance Olympic Pool	✓	Targets achieved	3/5
Warrant of Fitness, Registration and Drivers Licence Centre	✓	Targets achieved	2/3
Gisborne Airport	✓	Target achieved	1/1

## FINANCIAL REPORT

The Income Statement shows an overall operating surplus of \$5,492,000 compared to a budgeted surplus of \$11,702,000. The operational Net Cost of Service on page 93 of the full financial statements shows net cost of \$43,574,000, against a budget of \$41,489,000, a variance of 5.02%.

Some capital work was deferred with only \$17,429,000 from a budget of \$25,480,000 being undertaken.

Public debt has remained at \$24 million. However, as noted above, significant capital work has been deferred. If all of this capital work was completed by 30 June 2008, the public debt balance would be approximately \$32 million.

### Tauwhareparae Farms

The farming activities returned a net operating loss after tax of \$688,000.

## SUMMARY OF INCOME STATEMENT for the year ended 30 June 2008

	GDC				GROUP	
	Actual 2007 \$000	Actual 2008 \$000	LTCCP Budget 2008 \$000	AP Revised Budget 2008 \$000	Actual 2007 \$000	Actual 2008 \$000
Total Revenue	71,070	70,515	73,053	73,680	73,259	72,664
Less Finance Costs	1,265	2,112	2,230	2,230	1,578	2,525
Less Other Expense*	65,446	62,911	59,466	59,748	68,617	66,080
<b>Surplus/(Deficit) Before Tax</b>	<b>4,359</b>	<b>5,492</b>	<b>11,357</b>	<b>11,702</b>	<b>3,064</b>	<b>4,059</b>
Less Income Tax Expense	0	0	0	0	22	52
<b>Surplus After Tax</b>	<b>\$4,359</b>	<b>\$5,492</b>	<b>\$11,357</b>	<b>\$11,702</b>	<b>\$3,042</b>	<b>\$4,007</b>

Surplus after tax is the difference between revenue from various sources (e.g. rates, fees and charges, grants and subsidies) and expenditure on operating costs, interest and depreciation.

## SUMMARY OF BALANCE SHEET as at 30 June 2008

	GDC				GROUP	
	Actual 2007 \$000	Actual 2008 \$000	LTCCP Budget 2008 \$000	AP Revised Budget 2008 \$000	Actual 2007 \$000	Actual 2008 \$000
Total Non-Current Assets	1,740,196	1,712,192	1,592,753	1,594,000	1,764,411	1,735,466
Total Current Assets	14,948	17,590	11,560	11,560	15,378	18,198
<b>Total Assets</b>	<b>1,755,144</b>	<b>1,729,782</b>	<b>1,604,313</b>	<b>1,605,560</b>	<b>1,779,789</b>	<b>1,753,664</b>
Total Non-Current Liabilities	11,462	16,476	36,420	37,325	15,363	20,380
Total Current Liabilities	26,102	20,512	8,384	8,384	26,524	21,582
Equity	1,717,580	1,692,794	1,559,509	1,559,851	1,737,902	1,711,702
<b>Total Equity and Liabilities</b>	<b>\$1,755,144</b>	<b>\$1,729,782</b>	<b>\$1,604,313</b>	<b>\$1,605,560</b>	<b>\$1,779,789</b>	<b>\$1,753,664</b>

Council assets consist mainly of roads, water and wastewater treatment facilities, reticulation, parks, reserves and buildings. Total liabilities are made up of what Council owes to trade creditors, bank debt and debentures.

## SUMMARY OF STATEMENT OF CHANGES IN EQUITY for the year ended 30 June 2008

	GDC				GROUP	
	Actual 2007 \$000	Actual 2008 \$000	LTCCP Budget 2008 \$000	Budget 2008 \$000	Actual 2007 \$000	Actual 2008 \$000
<b>Equity at the Start of Year</b>	<b>1,474,753</b>	<b>1,717,580</b>	<b>1,417,689</b>	<b>1,417,689</b>	<b>1,496,287</b>	<b>1,737,902</b>
Net Surplus/Deficit	4,359	5,492	11,357	11,702	3,042	4,007
(Decrease)/Increase in Asset Revaluation Reserves	238,229	(30,874)	129,463	129,461	238,334	(30,803)
Transfer to Retained Earnings included in Revaluation Reserve Movement	239	596	1000	999	239	596
<b>Total Recognised Revenue and Expenses</b>	<b>242,827</b>	<b>(24,786)</b>	<b>141,820</b>	<b>142,162</b>	<b>241,615</b>	<b>(26,200)</b>
<b>Equity at End of Year</b>	<b>\$1,717,580</b>	<b>\$1,692,794</b>	<b>\$1,559,509</b>	<b>\$1,559,851</b>	<b>\$1,737,902</b>	<b>\$1,711,702</b>

The accompanying notes form an integral part of these financial statements.

# The 2007 equity balance has been adjusted by prior period adjustments, refer to page 6.

## SUMMARY OF STATEMENT OF CASH FLOWS for the year ended 30 June 2008

	GDC				GROUP	
	Actual 2007 \$000	Actual 2008 \$000	LTCCP Budget 2008 \$000	Budget 2008 \$000	Actual 2007 \$000	Actual 2008 \$000
Operating Cash Inflow	19,350	18,952	24,908	25,251	19,369	18,201
Investing Cash Outflow	(15,365)	(15,263)	(24,730)	(25,978)	(16,107)	(15,368)
Financing Cash Outflow	(5,767)	(90)	(178)	727	(3,767)	(90)
<b>Net Cash Flow</b>	<b>(\$1,782)</b>	<b>\$3,599</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$505)</b>	<b>\$2,743</b>

The accompanying notes form an integral part of these financial statements.

The information included in the summary Financial Report has been extracted from the audited full financial report and authorised for issue by the Chief Executive on 30 October 2008.

## NOTES FOR THE ACCOUNTS

1. Gisborne District Council ("GDC") is a Unitary Authority governed by the Local Government Act 2002.

The Gisborne District Council Group (the "Group") consists of Gisborne District Council and its subsidiaries, Gisborne Holdings Ltd (100% owned), Tauwhareparae Holdings Ltd (100% owned), Tauwhareparae Farms Ltd (100% owned) and Tauwhareparae Forests Ltd (100% owned). All GDC subsidiaries are incorporated in New Zealand.

The summary financial report is presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$1,000). The functional currency of GDC is New Zealand dollars.

Part 6 s.98 (4)(b) of the Local Government Act 2002 requires GDC to make publicly available a summary of information contained in its Annual Report.

The specific disclosures included in the summary financial report have been extracted from the full financial report adopted on 30 October 2008. This summary has been prepared in accordance with FRS-43 : Summary Financial Statements.

The summary financial report cannot be expected to provide as complete an understanding as provided by the full financial report. The full financial report dated 30 October 2008 has received an unqualified audit report. A copy of the full financial report is available from:

Manager: Corporate Affairs  
Gisborne District Council  
PO Box 747  
GISBORNE

This summary financial report has been examined by the Auditor for consistency with the full financial report. An unqualified auditor's report is included with this summary. GDC has complied with New Zealand equivalents to the International Financial Reporting Standards as applicable for public benefit entities. A statement of compliance can be found in the full financial report on page 5.

## **2. Changes in Accounting Policy**

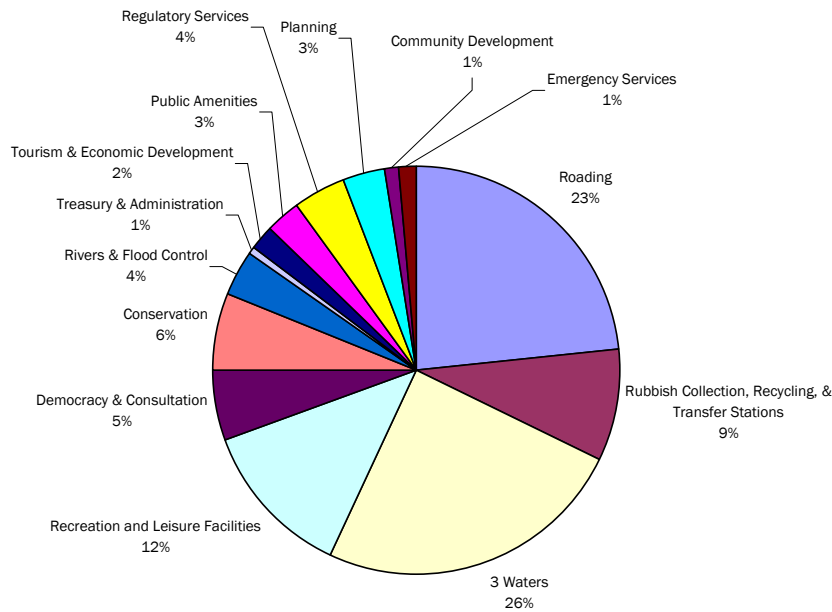
The following prior period adjustments have been made to the 2007 comparatives:

1. \$199K of long term receivables were reclassified as current.
2. GST receivables of \$564K previously included in Trade and Other Payables were reclassified as Trade and Other Receivables.
3. \$4M of borrowings have been reclassified as a Current Liability.
4. An adjustment of \$7,918K was made to Property Plant and Equipment which relates to roading assets that were omitted from the accounts.
5. A further adjustment of \$695K was made for vested assets that were omitted from the accounts. These vested assets should have been included in income.

For further details of these changes please refer to page 26 of the full financial statements.

All accounting policies have been applied on a consistent basis throughout the years presented.

## HOW YOUR RATES DOLLARS WERE SPENT



**3 Waters** includes Wastewater, Water Supply and Stormwater.

**Recreation and Leisure Facilities** includes Reserves, Library, Pool and Theatres.

**Public Amenities** includes Conveniences, Municipal Buildings and Cemeteries.

**Regulatory Services** includes Building and Resource Consents, Environmental Health and Animal and Stock Control.

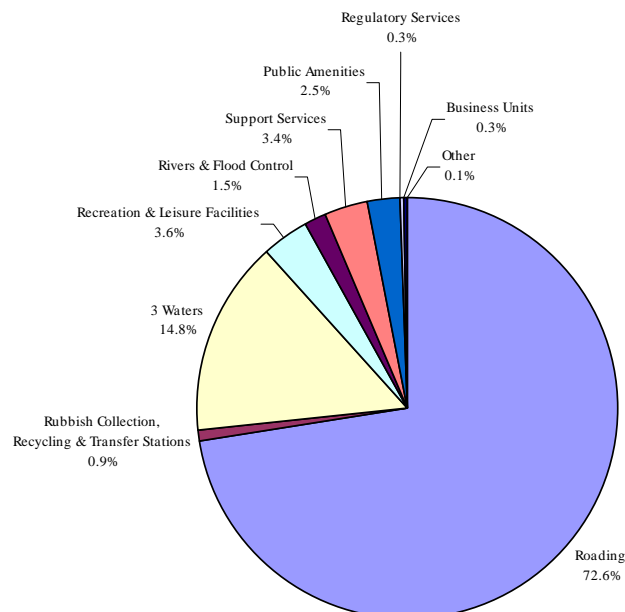
**Democracy and Consultation** includes Democratic Process, Strategic Policy and the Maori Liaison Office.

**Emergency Services** includes Rural Fires and Civil Defence.

**Support Services** includes Accounting and Financial Management, Human Resources, Information Technology and Information Management Services, Customer Service and Secretarial and Administration Services.

**Business Units** includes Commercial Forestry, Vehicle Testing, Registration and Drivers Licensing Centre and the Waikanae Beach Holiday Park.

## CAPITAL EXPENDITURE BY ACTIVITY



Total capital expenditure for the year was \$17,429,000 compared to a budget of \$25,480,000.

The main variances were due to two capital projects budgeted for 2008 that did not proceed. These were the Mander Road Landfill \$4.46M and Wainui Water and Wastewater Reticulation \$1.25M.



AUDIT REPORT

TO THE READERS OF GISBORNE DISTRICT COUNCIL AND GROUP'S SUMMARY ANNUAL  
REPORT  
FOR THE YEAR ENDED 30 JUNE 2008

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-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 30 October 2008, 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**

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 Gisborne 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 that report. These responsibilities arise from the Local Government Act 2002.

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

16 December 2008