

WELCOME

Kia ora, Talofa lava, Malo e lelei, Kia orana, Fakaalofa lahi atu, Malo ni, Ni sa bula vinaka, Namasté, Mingalar par, Assalamu alaikum, Jomreep Sua

Welcome to this summary of Porirua City Council's Annual Report for 1 July 2009 – 30 June 2010.

After 12 years as Mayor of Porirua City, this is the last time I will have the pleasure of reporting to you the achievements and decisions of the Council over the previous year.

It has been a great year for the Council receiving national awards for our Village Planning Programme and for our website. We have also been short listed as a finalist in the international Liveable Communities Awards to be held in Chicago in November. I am also particularly thrilled with our wonderful results for community satisfaction with litter removal, dog control and graffiti reduction in Porirua.

As well as welcoming our new Mayor Nick Leggett, I am also delighted to welcome Gary Simpson as the Council's new Chief Executive starting in November. He lives locally and is passionate and committed to Porirua City and he has a comprehensive background in local government management.

The Chief Executive for the past nine and a half years, Dr Roger Blakeley, left in August to take up the role of Senior Planning Officer in the new Auckland "super city". Roger was a truly professional and committed chief executive and goes with the best wishes of the staff of Porirua City Council.

It's been a privilege serving you as Mayor. I have felt such pride at so many civic and community events I have attended, seeing Porirua people young and old honoured and celebrated for their success in so many different fields of endeavour. Known as the Porirua Way - our social services and networks across the City achieve truly collaborative improvements to quality of life for so many residents. This continually reinforces to me that our people and communities are what make Porirua such an amazing city!

Mayor Jenny Brash

ABOUT THIS SUMMARY

This summary provides an overview of the services and financial performance of the Council but does not provide as complete an understanding as provided by the full financial statements and statement of service performance in the Annual Report adopted by the Council on 29 September 2010.

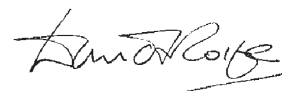
Both the Summary and full Annual Report have been examined by the Council's external auditor and received an unqualified opinion.

In addition, it is the opinion of the Council and management of Porirua City Council that this summary represents fairly and

consistently the financial position and operations of the Council as detailed in the Annual Report 2009/10.



Jenny Brash
MAYOR OF PORIRUA CITY
29 September 2010



David Rolfe
ACTING CHIEF EXECUTIVE
29 September 2010

SERVICE RESULTS

Our major project and service delivery achievements and challenges for 2009/10 are set out below under the Council's Strategic Focus Areas – which describe our focus in contributing to Porirua's Community Outcomes:

Infrastructure Focus – investing in infrastructure for the future

Council activities grouped under this focus area are Solid Waste Services and Water Supply.

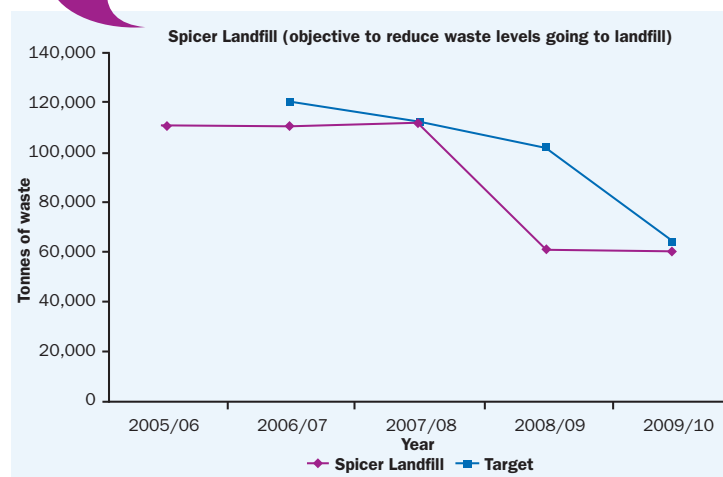
Contribution to Porirua's Community Outcomes

MULTICULTURAL & CREATIVE	STRONG FAMILIES YOUNG & OLD	ACTIVE & HEALTHY	LEARNING FOR LIFE	PROSPEROUS	A SAFE CITY	SUSTAINABLY DESIGNED & BUILT	A VALUED NATURAL ENVIRONMENT	WELL CONNECTED & ON THE MOVE
					✓	✓	✓	

Highlights

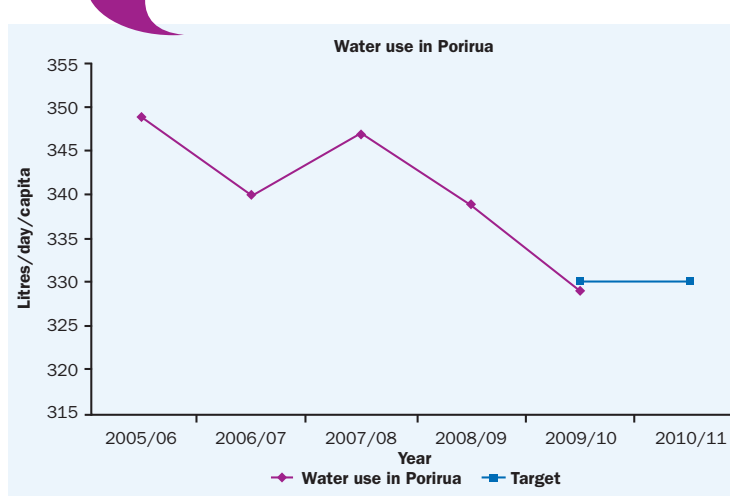
Spicer Landfill and Trash Palace: A staged development was commenced to extend the life of Spicer Landfill by 30 years. In addition, construction of the new covered area for the Trash Palace resource recovery facility was completed.

We are sending less waste to our landfill



Our objective is to reduce the amount of waste going to landfill. The result shows the amount of waste sent to the landfill has continued to decrease over the past three years and is 4% better than the target – this will help extend the life of the landfill. Reduced waste is influenced by a focus on diverting reusable resources via kerbside recycling, green waste, Trash Palace and Poly Palace.

We are using less water



Water use continues to drop in Porirua in line with long term goals, due substantially to network upgrades to reduce leaks, as well as public education programmes. Per person, Porirua uses less water than Wellington and both Hutt Valley Councils.

93% of residents are satisfied with the water supply service against a target of 90%. Water supply is rated as the second most important service provided by the Council behind waste water services

Challenges

Trash Palace: The 1,070 tonnes of recyclable waste diverted through Trash Palace was well behind target of 2,500 tonnes, due primarily to disruption arising from the expansion of covered storage, now completed.

Water Supply: 8% of emergency repairs were not completed within target timelines due to problems isolating and fixing some breaks. The result was 3% higher than the service level target. However, improved capture and analysis of asset data has enabled better prioritisation of renewal work and water loss has been significantly decreasing.



Environmental Focus – protecting our landscapes and harbour

Council activities grouped under this focus area are Environmental Management, Waste water and Stormwater.

Contribution to Porirua's Community Outcomes

MULTICULTURAL & CREATIVE	STRONG FAMILIES YOUNG & OLD	ACTIVE & HEALTHY	LEARNING FOR LIFE	PROSPEROUS	A SAFE CITY	SUSTAINABLY DESIGNED & BUILT	A VALUED NATURAL ENVIRONMENT	WELL CONNECTED & ON THE MOVE
		✓			✓	✓	✓	✓

Highlights

Statutory timeframes: 100% compliance with statutory timeframes for Resource Consents and 99.3% for Building Consents were achieved.

We are working together to improve our harbour and waterways

Harbour: Research is near completion to identify the best methods to improve the flushing of the harbour and start reversing the impacts of sediment build-up, pollution and contamination. We are working in partnership with Greater Wellington Regional Council, Wellington City Council and Te Runanga o Toa Rangatira. The Council has also increased resources for monitoring and enforcement of development that may result in sedimentation effects on the harbour and waterways.

93% of residents are satisfied with waste water management against a target of 88%. Waste water is rated as the most important service provided by the Council.

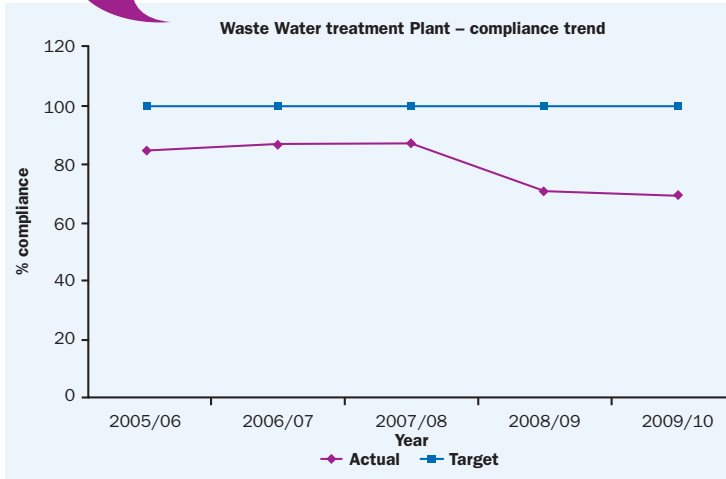
81% of residents are satisfied with stormwater services against a target of 80%. Stormwater is rated as the third most important service provided by the Council behind waste water and water supply services.

Challenges

Stormwater: Recent significant amounts of rain have resulted in large numbers of stormwater pipeline blockages. The Council has prepared a detailed programme of stormwater upgrade work, which will be completed in priority order within successive financial years. Flood modelling work has also been undertaken and risk areas identified.



We need to improve the performance of our Waste Water Treatment Plant



Compliance with resource consent requirements has continued to drop over the last five years, as demands on the city sewer system grow. Greater Wellington, the consenting authority, is kept informed of the plant's performance.

Longer term, work to decrease the volume of stormwater infiltration of the waste water network will also improve the Treatment Plant performance. The recent introduction of a Trade Waste Bylaw will also help to reduce contaminants discharged to the sewer system.

City Centre Focus – creating a vibrant city centre for residents, business and visitors

Council activities grouped under this focus area are Cultural Services and Economic Development.

Contribution to Porirua's Community Outcomes

MULTICULTURAL & CREATIVE	STRONG FAMILIES YOUNG & OLD	ACTIVE & HEALTHY	LEARNING FOR LIFE	PROSPEROUS	A SAFE CITY	SUSTAINABLY DESIGNED & BUILT	A VALUED NATURAL ENVIRONMENT	WELL CONNECTED & ON THE MOVE
✓	✓	✓	✓	✓	✓	✓	✓	✓

Highlights

We have made more progress towards creating a vibrant city centre for all of us

City Centre Revitalisation Project: Progress was made with the completion of a master plan, District Plan amendments and engagement with potential development partners. The Council also purchased 4 Lydney Place as part of our central city planning.

Our city's Gross Domestic Product has performed well compared to the Wellington Region



Porirua's Gross Domestic Product (GDP) has performed well compared to the Wellington Region and the rest of New Zealand, despite the difficult economic environment. Porirua's strong growth in recent years slowed due to the impact of the recession on the retail and construction sectors.

Community Focus – active and connected communities

Council activities grouped under this focus area are Leisure, Democratic and Transport Services, plus Economy and Community (excluding Economic Development).

Contribution to Porirua's Community Outcomes

MULTICULTURAL & CREATIVE	STRONG FAMILIES YOUNG & OLD	ACTIVE & HEALTHY	LEARNING FOR LIFE	PROSPEROUS	A SAFE CITY	SUSTAINABLY DESIGNED & BUILT	A VALUED NATURAL ENVIRONMENT	WELL CONNECTED & ON THE MOVE
✓	✓	✓	✓	✓	✓	✓	✓	✓

Highlights

Transmission Gully Motorway: Funding was given government approval in December 2009 as part of the Wellington Airport to Levin road of national significance.

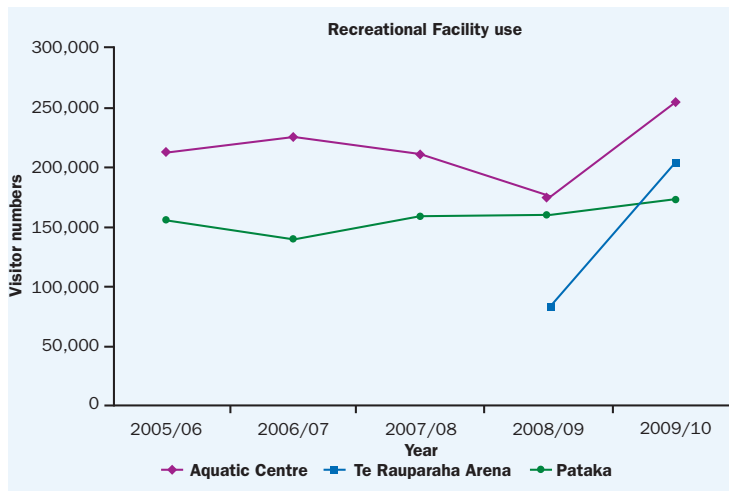
Colonial Knob land purchase: The Council purchased a 109 hectare block of land situated between the Porirua Scenic Reserve and the Colonial Knob Scenic Reserve. The land will enable us to complete a greenbelt backdrop to our city, influence development in the Kenepuru area, and is a key addition to the wonderful network of cycling and walking tracks around the city.

76% of residents are satisfied with dog control services against a target of 65%. This reflects our success at ensuring all of the 4,100 known dogs in Porirua have been registered and dog owners are aware of their responsibilities.

86% of residents are satisfied with litter removal against a target of 78%, reflecting additional resources put into litter control and work with agencies such as Keep Porirua Beautiful and Enviroschools to enhance environmental awareness in Porirua.

**We won the Supreme Award
Village Planning Programme
at the New Zealand Post Local Government Excellence Awards**

Village Planning: Major achievements this year included street landscaping in Takapuwhia and beginning the construction of Waitangirua Park. National recognition was received when the Council won both the Council/Community Award and the Prime Minister's Supreme Award for the Villages Planning Programme at the New Zealand Post Local Government Excellence Awards.



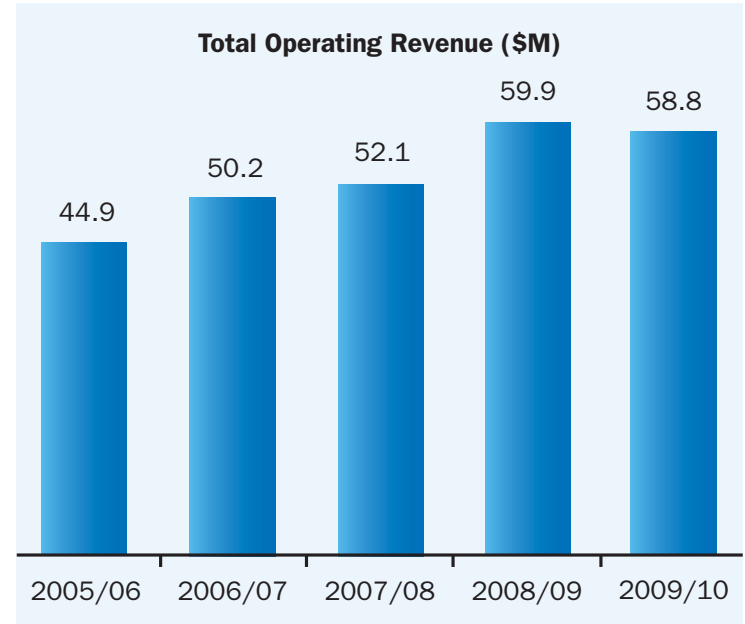
User numbers continue to increase at the City's cultural and recreational facilities, in line with long term goals to encourage active and connected communities.

Challenges

Road crashes: Of the 107 crashes reported in Porirua, four involved fatalities. The Council continues to focus on road safety improvements and education programmes, working closely with partners such as the NZ Police, NZTA, ACC, Public Health and the Ministry of Justice.



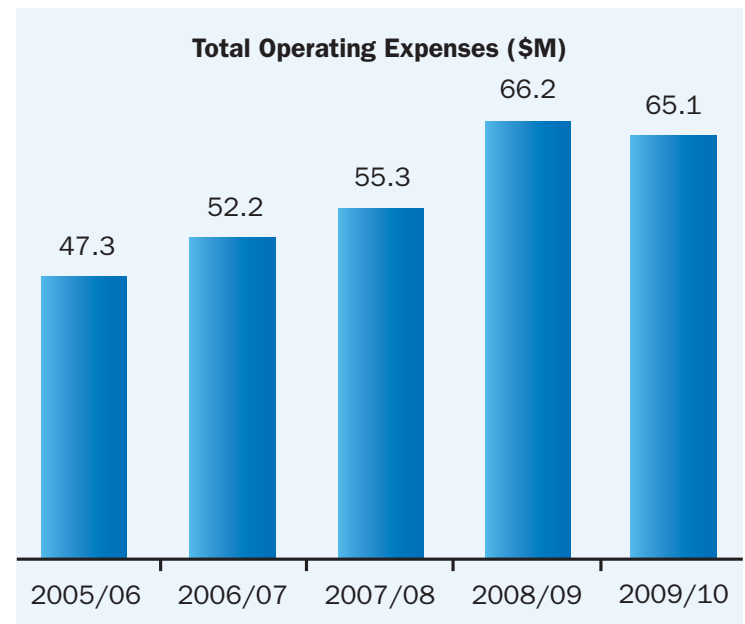
Council Performance Focus – efficient, effective and customer-focused service delivery



Operating Revenue excludes income from Vested Assets, investment property revaluations and gains on sale.

Operating Revenue: has decreased slightly from the previous year. This is due to the additional revenue received in 2008/09 for grants relating to the construction of Te Rauparaha Arena of \$4.5million.

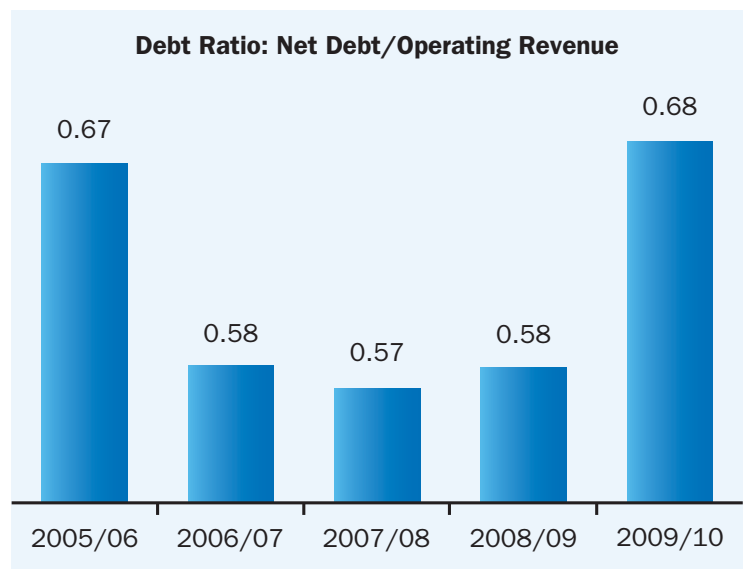
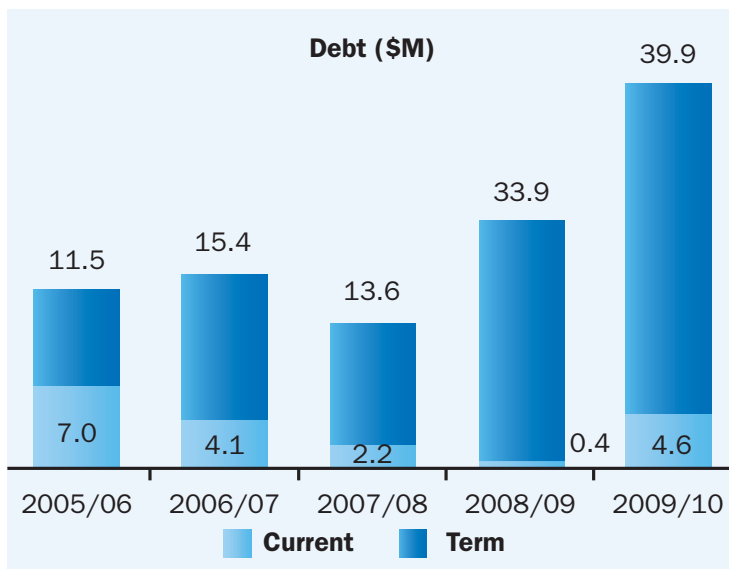
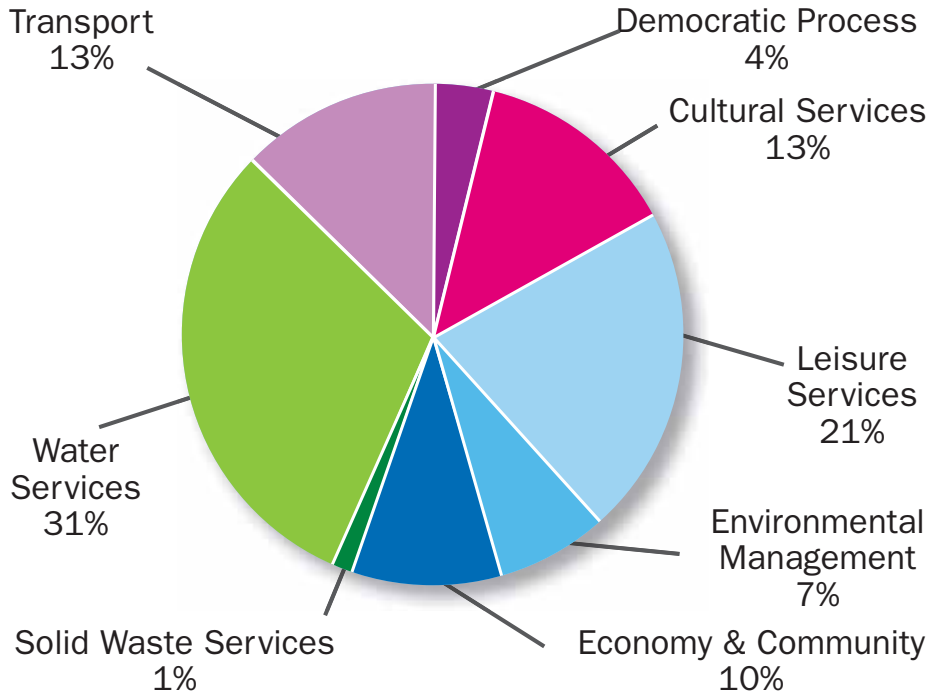
Operating expenditure: Decreased by 2% from last year. There were various additional activities undertaken which meant actual expenditure was higher than budgeted. However these activities were able to generate increased revenue through fees and charges to offset the increase in expenditure.



Rate funding: The actual net cost of service by activity for 2009/10 totalled \$47.8 million compared to a budgeted \$47.9 million, a positive variance of 0.3%.

76% of residents are satisfied with the way rates are being spent against a target of 72%. The result is up 4% from last year and better than the peer group average across other urban Councils.

Portion of rate funding for each of Council's Activities Groups 2009/10



Public debt: The Council increased its public debt by \$10 million during the financial year to \$44.5 million. Of this, \$8 million was unbudgeted and represents the funding of the land purchases and the bringing forward of infrastructural projects from future years. Public debt totalling \$4.6 million is repayable in the 2010/11 year and is categorised as current liabilities as at 30 June 2010

Net debt = debt less funds set aside for debt repayment.

Weather-tight homes: The Council continues to assess its potential risk with claims over weather-tight homes and has a provision of \$1.05 million to cover notified claims. This is expected to be offset by anticipated insurance reimbursement, but will be monitored and the provision may need to be adjusted in future years.



Chartered Accountants

AUDIT REPORT
TO THE READERS OF PORIRUA CITY COUNCIL'S SUMMARY ANNUAL FINANCIAL STATEMENTS, SERVICE PROVISION INFORMATION AND THE OTHER REQUIREMENTS FOR THE YEAR ENDED 30 JUNE 2010

We have audited the summary financial statements, service provision information and the other requirements of Schedule 10 of the Local Government Act 2002 as set out in pages 1 to 8.

Unqualified opinion

In our opinion:

- the summary financial statements, service provision information and the other requirements represent, fairly and consistently, the information regarding the major matters dealt with in the annual report; and
- the information reported in the summary financial statements, service provision information and the other requirements complies with FRS-43: Summary Financial Statements and is consistent with the full financial statements, service provision information and the other requirements from which they are derived.

We expressed an unqualified audit opinion, in our report dated 29 September 2010, on:

- the full financial statements;
- the service provision information; and
- the City Council's compliance with the other requirements of Schedule 10 of the Local Government Act 2002 that are applicable to the annual report.

Basis of opinion

Our audit was conducted in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards. Other than in our capacity as auditor and as a provider of other assurance services, we have no relationship with or interests in Porirua City Council.

Responsibilities of the Council and the Auditor

The Council is responsible for preparing the summary financial statements, service provision information and the other requirements of Schedule 10 of the Local Government Act 2002 and we are responsible for expressing an opinion on those summary financial statements, service provision information and the other requirements of Schedule 10 of the Local Government Act 2002. These responsibilities arise from the Local Government Act 2002.

Stuart Mutch, Ernst & Young
On behalf of the Auditor-General
Wellington, New Zealand
29 September 2010

FINANCIAL SUMMARY OF AUDITED ACCOUNTS – 2009/10

The disclosures included in this summary have been extracted from the full financial information in the Annual Report 2009/10.

Porirua City Council is a single public benefit entity and no group exists for financial reporting purposes. The financial statements have been prepared in accordance with New Zealand generally accepted accounting practice and comply with New Zealand equivalents to the International Financial Reporting Standards (NZ IFRS) and other applicable Financial Reporting Standards, as appropriate for public benefit entities. The summary financial statements contained within this Summary Report have been prepared in compliance with FRS:43 Summary Financial Statements. The Annual Report 2009/10 includes a Statement of Compliance to this effect.

These financial statements are presented in New Zealand dollars rounded to the nearest thousand, unless otherwise stated. Council is not aware of any events subsequent to 30 June 2010 which require an adjustment of, or disclosure in the financial statements.

Statement of Financial Position *as at 30 June 2010*

	Actual 2009/2010 \$'000	LTP 2009/2010 \$'000	Actual 2008/2009 \$'000
Total Equity	1,097,919	1,083,139	1,083,389
Total Current Assets	30,249	23,502	26,454
Total Non-Current Assets	1,132,363	1,116,926	1,111,760
Total Assets	1,162,612	1,140,428	1,138,214
Total Current Liabilities	18,500	39,579	14,928
Total Non-Current Liabilities	46,193	17,710	39,897
Total Liabilities	64,693	57,289	54,825
Net Assets	1,097,919	1,083,139	1,083,389

This table shows the value of what Council owns and owes. Significant movement in the value of Council's assets during the year include:

- Receipt of Vested Assets during the year of \$7.4 million.
- Increase in Non Current Assets from unbudgeted land purchases of \$5.2 million.
- Increase in Non Current Assets from revaluation of Water Networks was \$13.2 million, compared with a budgeted increase in \$16.4 million.
- Decrease in Current Liabilities is due to the refinancing of public debt of \$20.0 million. This had a corresponding increase in Non Current Liabilities over budget.
- Increase in Non Current Liabilities of \$8.0 million from additional loans drawn down to fund unbudgeted land purchases and infrastructural projects brought-forward from future years.



Statement of Changes in Equity *for the year ended 30 June 2010*

	Actual 2009/2010 \$'000	LTP 2009/2010 \$'000	Actual 2008/2009 \$'000
Equity at 1 July	1,083,389	1,071,319	1,073,005
Revaluation gains/losses taken to equity	13,454	16,423	5,479
Increase/(Decrease) in Special Funds & Reserves	0	0	0
Net income/(expense) recognised directly in equity	13,454	16,423	5,479
Net Surplus	1,076	(4,603)	4,905
Total Comprehensive Income	14,530	11,820	10,384
Equity at the end of the year	1,097,919	1,083,139	1,083,389
Equity at the end of the year is comprised of the following:			
Ratepayers equity	338,953	323,700	336,775
Special funds & reserves	10,239	13,223	11,341
Asset revaluation reserves	748,727	746,216	735,273
Equity at the end of the year	1,097,919	1,083,139	1,083,389

The above table summarises the financial transactions that have impacted on the Council's net equity.

Statement of Comprehensive Income

for the year ended 30 June 2010

	Actual 2009/2010 \$'000	LTP 2009/2010 \$'000	Actual 2008/2009 \$'000
Rates revenue	39,810	39,679	38,531
Fees & charges	14,462	13,100	12,620
Income from vested assets	7,360	2,000	11,137
Other income	4,587	4,014	8,814
Total Revenue	66,219	58,793	71,102
Personnel costs	20,126	19,461	18,116
Interest expense	2,774	2,693	2,194
Net loss on derivative	186	-	936
Depreciation and amortisation	15,552	15,442	14,812
Other expenses	26,505	25,800	30,139
Total Expenditure	65,143	63,396	66,197
Net Surplus/(Deficit)	1,076	(4,603)	4,905
Revaluation of property, plant and equipment	13,454	16,423	5,479
Total Comprehensive Income	14,530	11,820	10,384

The above table summarises the Council's operating income & expenditure as well as other financial transactions that have impacted on the Council's net equity.

The Council achieved a Net Surplus of \$1.1 million compared to a budgeted Net Deficit of \$4.6 million. This result was due to:

- Increased income from Vested Assets of \$7.4 million compared to a budgeted \$2.0 million. Vested assets represent the value of new roads, reticulation and land reserves vested in Council as a result of subdivision during the year and comprise physical assets rather than cash. The Council is responsible for the up-keep of these assets.
- Increased income from additional Government funds received for Immigrant support, Youth transition and Youth co-ordination which led to an increase of \$0.5 million in revenue over budget. This also had a corresponding impact with expenditure.
- Increased income from Fees & charges arising from rental of newly purchased properties during the year which were unbudgeted, amounting to \$0.4 million.
- Increased income from Fees & charges of \$0.4 million related to a historical insurance claim that was resolved during the financial year. This also had a corresponding impact with expenditure.
- Increased income from demand related services such as Te Rauparaha Arena, Arena Fitness Centre and Holiday programs of \$0.2 million. These activities also had an impact with increasing expenditure to a lesser extent.
- The Water networks were revalued on 30 June 2010 adding \$13.2 million to the value of the underlying assets. The increase in value was 20% lower than budgeted due to the valuer using lower unit cost rates than estimated when the budget was prepared.

Statement of Cash Flows

for the year ended 30 June 2010

	Actual 2009/2010 \$'000	LTP 2009/2010 \$'000	Actual 2008/2009 \$'000
Net Increase in Cash from Operating Activities	7,808	10,418	11,778
Net (Decrease)/ Increase in Cash from Investing Activities	(30,133)	(11,267)	(20,443)
Net Increase/(Decrease) in Cash from Financing Activities	10,829	1,500	18,407
Net Increase/ (Decrease) in Cash	(11,496)	651	9,742
Cash Resources at the beginning of the year	19,857	18,900	10,115
CASH RESOURCES AT THE END OF THE YEAR	8,361	19,551	19,857

This table shows how Council generated and used cash. The overall net increase or decrease represents the change in our cash and cash equivalents arising from operating, investing and financing activities.

