

2005 ANNUAL REPORT SUMMARY

1. Foreword

FROM HIS WORSHIP THE MAYOR & CHIEF EXECUTIVE OFFICER

It is with both pride and gratitude that we present the Summary Annual Report for 2004/5, reflecting an overview of Council's financial position and an analysis of our performance against set outputs.

SUMMARY: The year was immensely busy for both council and its administration. This was the first year "post – Long Term Community Outcomes Plan - LTCOP" (Council's adopted name for the Long Term Council Community Plan). As such it was a year of "testing" the plan on outcomes and individual outputs. Council's decision to have undertaken a full plan proved to be the right one and Council and its officers could actively focus on the longer term picture set by the Community identified Outcomes. This process also identified the shortcomings in Council's first draft which makes our planning for the 2006 version of the plan so much more focused.

The workload, however, came predominantly from the positive economic development our District is enjoying. Council's focus over the past eight years to diversify our local economy is paying healthy dividends and we are enjoying strong, positive growth throughout the economy. Whilst this bodes well for our District's future, it places significant burdens on Council and its administration. The (re)emergence of coal introduces a totally new and potentially significant economic "driver". In this respect, Council is thankful that Solid Energy is getting on top of its operational problems at Spring Creek Mine and that Roa Mine is continuing in its winning ways. The potential of Pike River Mine introduces yet another impetus to this growth process making our District and Regional economic focus a particularly positive one. The latter project will rely on Port of Greymouth as export port which represents yet another growth indicator and working through the associated processes has proven to be very time consuming.

Refining the LTCOP is an ongoing process, given Council's focus on it being a strategic plan and the emphasis is in formulating detailed Activity Plans for each of the Activities involved. This relates back to the remodelling of Council's budgetary system to reflect the strategic direction taken. The Activity Management Plans contain high levels of detail and, as such, represent valuable sources of information for our community. It will be publicly notified as part of Council's consultation on the 2006-16 LTCOP.

Other important challenges and achievements were:

ASSETS MANAGEMENT: This department has been intimately involved in the LTCOP development outlined above. Another key focus has been on the implementation of the Greymouth Sewer Scheme, the completion of the Karoro Sewer Upgrade and the development of the Blackball Sewer Scheme. The Government announcement on potentially increased subsidies for smaller communities made the implementation of many more community schemes a strong likelihood and also this is being developed.

Apart from this, the department has achieved a really demanding roading programme. Securing and managing a good, competent water supply also remained a key focus area. A decision by Council to "test the water" on the question of fluoridation of its water supplies provided an interesting diversion. Stormwater management also received high level attention.

Maintaining assets once again, was a high priority.

ENVIRONMENTAL SERVICES: The departure of Mr Martin Kennedy, Manager: Environmental Services came at a particularly inopportune time but Council was fortunate to recruit Ms Sue Harkness to the position.

The continued high District economic growth rate has had an effect especially on this department. The significant and steadily growing number of subdivisions and Resource Consents in our district place high demands on the performance of associated staff and processes and they have held up very well. Council accepts non-compliance with statutory time-frames as an unfortunate but unavoidable reality.

This is a summary of Grey District Council's full 2005 Annual Report. The full report can be obtained by visiting Council offices in Tainui St, the Runanga Service Centre, the library, or www.greydc.govt.nz.

The quality of output remains of a high standard and we remain focused on streamlining and simplifying processes.

Land Information Memoranda applications also averaged around 25 per week throughout the year and, given the associated verification processes, place a high demand on staff time. Also in this respect, delays were, in some cases, unavoidable.

Constantly high numbers of building consent applications together with processes associated with the new Building Act place an inordinate burden on the ability of Council's Building Section to keep up. A backlog of 40 building plans, however unacceptable, became the norm. Finding a suitable additional Building Inspector proves to be difficult as this seems to be a national focus as outcome of the Building Act.

Spatial planning also took on a new dimension in that the focus shifted to more micro planning. i.e. structure plans. No less than six such plans addressing specific development issues have been initiated.

The departmental LTCOP involvement, as well as its preliminary involvement in other planning initiatives added to the pressure on the department.

SUPPORT SERVICES: This department's involvement in the further development of the LTCOP process took on a new dimension in that it focused on the development of processes, policies and statements. The higher workload of council also manifested in more work for the department in the form of agendas, minutes, correspondence, consultation, etc.

FINANCE: The department is intimately involved in the development of the LTCOP in all its stages. The Departmental Manager also contributed significantly to the negotiation processes on the use of Port of Greymouth as export port by Pike River Coal Mine. His financial modelling set the scene for all role players involved and placed Council in a position to conduct its part of the negotiations in full confidence.

The design and implementation of a new rating system for the District has been a major achievement as was the involvement of members of the public as part of the process development committee.

PORT OF GREYMOOUTH: The lack of production of Spring Creek Mine resulted in the Port not realising its budgeted income with the result that it had to scale down on activities in order to remain within budget. The practice to defer maintenance as only available cost cutting methodology, however unfortunate, continued as a result and the longer term future of this facility therefore must be questioned.

However, the Port Development Options Study commissioned by Council and subsequent developments provided the potential of significant Port activity which may well turn it into a profitable undertaking. Whilst the expected throughput from Solid Energy is not likely to materialize, it is fair to expect some 150,000 tonnes per annum to be exported through the Port, subject to Spring Creek maintaining production levels and Solid Energy developing North Island markets. Roa is likely to maintain exports through the Port of 140,000 tonnes per annum whilst Pike River Coal Mine, once operational is likely to export 1.3 million tonnes per annum through the Port. Under this scenario, the prospects of Port of Greymouth will change dramatically. Public input in the proposed development plan, in spite of an extensive public awareness programme, was limited, yet positive. The associated process, however, took some time whilst the negotiations with Pike River Coal Company and other role players as part of a coal transport "chain", take up an inordinate amount of time.

The port focus in respect of the fishing industry focused on making Martins Quay safe for users and to plan for its replacement. A negative development was the announcement by Talleys of the closure of its packaging plant and a potential delay in developing a new processing plant. This, together with other feasibility considerations resulted in clear questions regarding the sustainability of the Industry arising which are currently being considered. Fish landings remain at expected levels or higher, confirming the longer term potential of the industry.

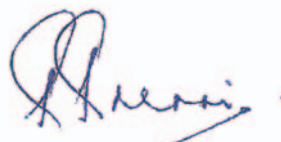
LOOKING AHEAD: The following challenges lie ahead:

- Port of Greymouth. It is expected that a decision on Pike River will be finalized by November 2005 and that this may well determine the long term future of this Activity;
- Dealing with development pressures;
- The implementation of the sewerage schemes is going to be a very laborious and time-consuming exercise; and
- Reviewing council activities in order to secure more affordable local government will be a major challenge. Three potential solutions are:
 - rates on Crown land or grant in lieu;
 - royalties on coal; and
 - Port of Greymouth as income earner (subject to certain conditions).

A word of thanks goes to Council members for their endeavours throughout the year. A special word of thanks to our staff, who continuously confirm their absolute commitment to council and our district through their dedication and efforts well in excess of what is expected. Also a word of thanks goes to our residents. Council remains committed to a partnership with its community and our heartfelt thanks goes to those who participated in the democratic process, be it complimentary of council or otherwise. Participation is alive and well!



AF KOKSHOORN
Mayor



PG PRETORIUS
Chief Executive Officer

2. Audit Report

AUDIT REPORT

TO THE READERS OF GREY 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:

- o the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report; and
- o 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:


- o the full financial statements; and
- o 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 Grey 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.



Tony Uttley
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand
27 October 2005

Matters relating to the electronic presentation of the audited summary annual report

This audit report relates to the summary annual report of Grey District Council for the year ended 30 June 2005 included on Grey District Council's web-site. The Council is responsible for the maintenance and integrity of Grey District Council's web site. We have not been engaged to report on the integrity of Grey District Council's web site. We accept no responsibility for any changes that may have occurred to the summary annual report since it was initially presented on the web site.

The audit report refers only to the summary annual report named above. It does not provide an opinion on any other information which may have been hyperlinked to/from this summary annual report. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited summary annual report and related audit report dated 27 October 2005 to confirm the information included in the audited summary annual report presented on this web site.

Legislation in New Zealand governing the preparation and dissemination of the summary annual report may differ from legislation in other jurisdictions.

3. Summary Financial Statements

The information included in the Summary Financial Statements has been extracted from the audited full financial report and authorised for issue by the Council on 27 October 2005.

Notes to the Financial Statements for the year ended 30 June 2005.

Basis of Preparation:

The Council has prepared the summary financial report in order to provide users with an overview of Council performance. The specific disclosures included in the summary financial report has been extracted from the full audited annual report dated 27 October 2005. Users of the summary financial report should note that the information contained therein cannot be expected to provide as complete an understanding as provided by the full financial report of the financial performance, financial position, cashflows, and service performance measures of the Council.

Users who require additional information should access the full Council Annual Report from:

- the Council website at www.greydc.govt.nz; or
- contact the Council on 03 768 1700

The Financial Statements have been prepared in accordance with generally accepted accounting practice in New Zealand.

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2005

	Actual YTD 2004/05	Budget 2004/05	Last Year 2003/04
	\$	\$	\$
Income			
General Rates and Penalties	8,831,435	8,651,008	7,887,172
Subsidies and Grants	3,680,429	5,394,632	4,676,337
NZ Lotteries Grants Board	-	-	175,000
User Charges and Other Revenues	2,596,666	3,867,120	3,074,169
Interest Income	1,128,413	372,697	846,347
Lump Sum Contributions	14,105	-	23,246
Capital Profit on Sale of Assets	585,128	-	196,711
Vested Assets	423,526	-	186,608
Subdivision Contributions	152,719	-	75,127
Bequests	-	-	14,269
Total Income	17,412,421	18,285,457	17,154,986
Expenditure on Activities	15,084,004	16,246,062	16,508,425
Net Surplus/(Loss) before Tax	2,328,417	2,039,395	646,561
Tax Expense	-	-	-
Net Surplus/(Loss) after Tax	2,328,417	2,039,395	646,561

Explanation of Variation to Budget

The Council made a net surplus of \$ 2,328,417 (budget 2,039,395)

Income includes \$ 1,175,478 of income from Profit on Sale of Assets, Vested Assets, Subdivision Contributions, and Lump Sum Contributions, which was not included in budget.

For Port Activities income was \$ 1,031,220 less than budget, and expenditure was \$ 635,428 less than budget. The forecast tonnages of cargo to be exported for the 2004/05 year were never attained

Not all subsidies from Land Transport New Zealand that were included in budget were qualified for due to the delay in certain capital projects.

STATEMENT OF MOVEMENTS IN EQUITY FOR THE YEAR ENDED 30 JUNE 2005

	Actual YTD 2004/05	Budget 2004/05	Last Year 2003/04
	\$	\$	\$
Equity at start of the period	187,242,403	185,258,126	183,850,031
Net Surplus (Deficit) for the Period	2,328,417	2,039,395	646,561
Increase (Decrease) in Revaluation Reserves	68,444,902	-	2,745,811
Total recognised revenues and expenses for the period	70,773,319	2,039,395	3,392,372
Equity at end of the period	258,015,722	187,297,521	187,242,403

Explanation of Movements in Equity

Revaluation Reserves - The impact of asset revaluations were not included in budget. The net revaluation movement in assets for the year was \$ 68,444,902 .

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2005

	Actual YTD 2004/05	Budget 2004/05	Last Year 2003/04
	\$	\$	\$
Total Equity	258,015,722	187,297,521	187,242,403
<u>Current Assets</u>			
Cash at Bank	61,592	78,651	317,509
Cash Held by Reserve Boards	42,140	33,500	33,517
Cash on Hand	1,000	950	1,050
Short Term Deposits	4,656,435	2,481,776	4,690,723
Short Term Investments	7,629,891	3,722,664	11,119,861
Accounts Receivable	1,844,767	235,805	1,366,229
Property Intended For Resale	154,591	220,000	239,046
	14,390,416	6,773,346	17,767,935
<u>Non Current Assets</u>			
Fixed Assets	22,162,668	21,805,898	22,046,464
Infrastructural Assets	228,586,088	167,515,971	156,256,449
Investments	1,839,133	1,551,110	1,277,267
	252,587,889	190,872,979	179,580,180
Total Assets	266,978,305	197,646,325	197,348,115
<u>Current Liabilities</u>			
Current Portion of Term Debt	2,277,901	-	1,612,721
Payables, Accruals, and Entitlements	2,583,772	1,460,357	2,595,706
Income In Advance	66,984	-	108,766
	4,928,657	1,460,357	4,317,193
<u>Non Current Liabilities</u>			
Term Debt	3,348,112	8,338,447	5,360,168
Landfill Aftercare Provision	685,814	550,000	428,351
	4,033,926	8,888,447	5,788,519
Total Liabilities	8,962,583	10,348,804	10,105,712
Net Assets	258,015,722	187,297,521	187,242,403

Explanation Financial Position

Assets - The impact of asset revaluations were not included in budget. The net revaluation movement in assets for the year was \$ 68,444,902 .

Term Debt - A new borrowing facility was not ready for draw down by 30 June 2005 due to legal delays in preparing the security documentation. This facility was in place early in the 2005/06 financial year.

SUMMARY STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 JUNE 2005

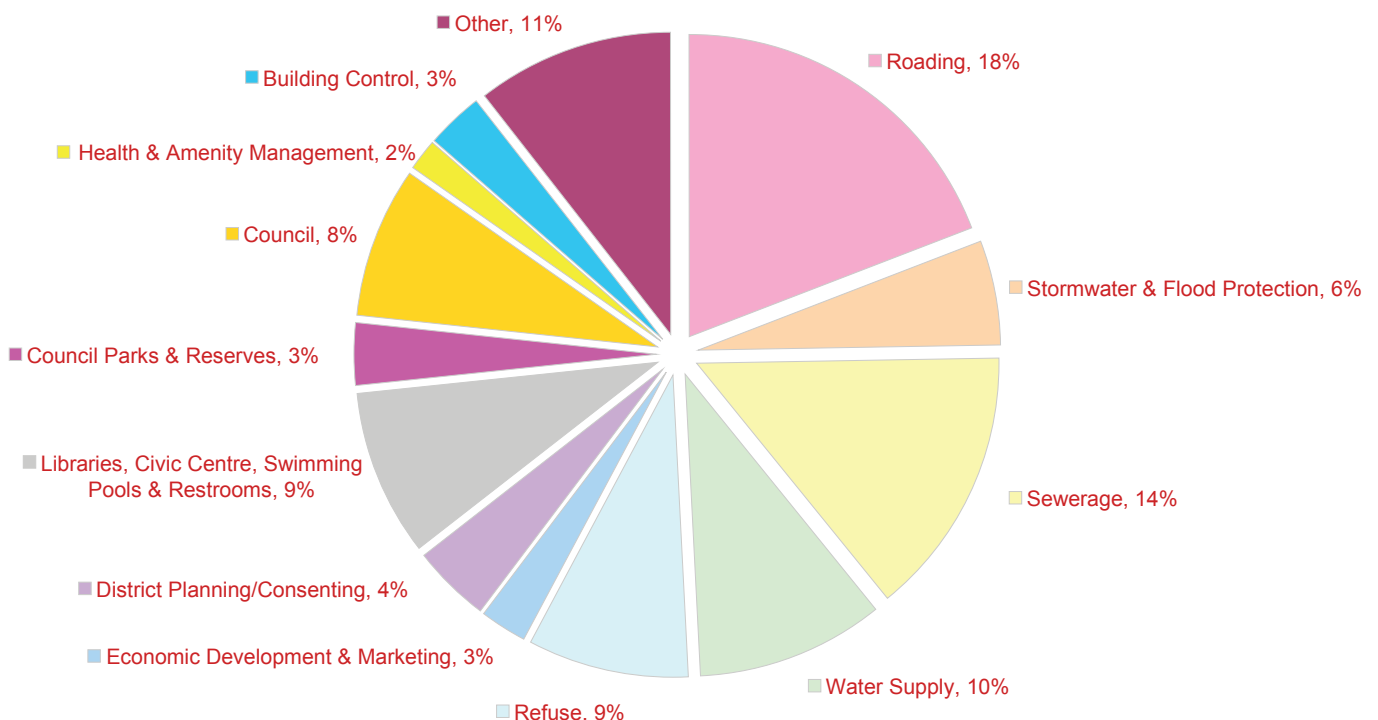
	Actual YTD 2004/05	Budget 2004/05	Last Year 2003/04
	\$	\$	\$
Cash Flows from Operating Activities			
Total Cash Inflows from Operating Activities	16,056,044	21,522,947	16,960,192
Total Cash Outflows from Operating Activities	10,690,457	14,996,044	10,379,222
Net Cash Inflows (Outflows) From Operating Activities	5,365,587	6,526,903	6,580,970
Cash Flows From Investing Activities			
Total Cash Inflows from Investing Activities	3,688,894	260,000	1,121,949
Total Cash Outflows from Investing Activities	7,963,572	9,767,707	7,647,954
Net Cash Inflows (Outflows) From Investing Activities	(4,274,678)	(9,507,707)	(6,526,005)
Cash Flows from Financing Activities			
Total Cash Inflows from Financing Activities	-	1,360,247	5,017,302
Total Cash Outflows from Financing Activities	1,346,876	-	4,698,898
Net Cash Inflows (Outflows) From Financing Activities	(1,346,876)	1,360,247	318,404
Net Increase (Decrease) in Cash Held	(255,967)	(1,620,557)	373,369
Add Bank Balance at 01 July	318,559	(1,540,956)	(54,810)
Bank Balance at End of Period	62,592	79,601	318,559

WHERE RATES INCOME WAS SPENT

The total rates collected for the 2004/05 year was **\$8,831,435** (budget \$8,651,008). This was made up of:

• General Rates & Penalties	\$5,929,732
• Northern Ward Community Board	\$ 79,150
• District Promotion	\$ 171,118
• Refuse Collection	\$ 532,784
• Water Supplies	\$ 862,643
• Sewerage Collection	\$1,256,008

Breakdown per activity is as displayed in the following graph:

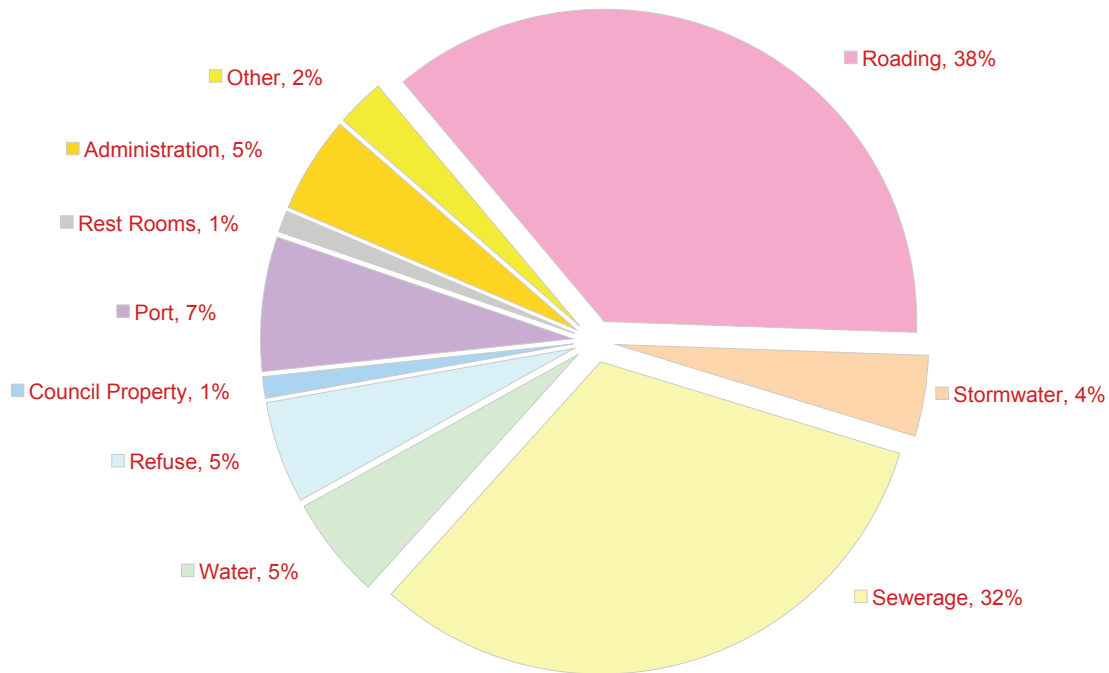


CAPITAL EXPENDITURE

Total capital expenditure for the 2004/05 year was **\$7.96 million** (budget \$9.76m). Significant capital works were:

• Greymouth Scheme (Stage 1)	\$1,654,009
• Karoro Plant Expansion	\$ 637,662
• Reseals Maintenance Chip	\$ 603,908
• McLeans Pitt Cell 2 Construction	\$ 392,398
• Deep Ck Rd (aka Amor Ck Rd)	\$ 364,076
• Marsden Road Seal Extension	\$ 289,558

The proportion of capital expenditure for each activity was as follows:



4. Summary of Significant Performance Measures

PERFORMANCE MEASURE	TARGET	RESULT
ROADING		
• Number of roading complaints	• Maximum 10/month	• There were between 5 and 8 Roding complaints each month from 1 July 2004 to 30 June 2005.
• Controlling total costs within available budgets	• +/- 5%	• Total costs were within +/- 5% of the total budget for projects planned.
STORMWATER		
• Level of Deferred Maintenance	• Average Annual Renewal levels within 30% of Average Annual Depreciation.	• Annual renewals to the 30 June 2005 were within 6% of the calculated depreciation.
• Controlling total cost	• 100%	• The total cost of worked performed was 53% over budget due to projects from the 03/04 being completed in the 04/05 totalling \$120,000. The delay in completion was due to a contractor shortage.
SEWERAGE		
• Written complaints	• 7 days	• Of the 5 written complaints received one was not replied to within 7 days.
• Number of Complaints	• 20 per annum	• 2 complaints were received regarding sewerage for the year ended 30 June 2005.
• Value of Deferred Maintenance	• 10% maximum and reducing	• Annual renewals to the 30 June 2005 were 39% of the calculated depreciation.

PERFORMANCE MEASURE	TARGET	RESULT
WATER SUPPLIES		
• Emergency (broken pipes, pump station outage)	• Respond within 2 hours	• As at 30 June 2005 Westroads received 15 calls were received regarding broken water pipes 13 of these were responded to within 2 hours.
• Major leaks	• Respond within 2 hours	• As at 30 June 2005 Westroads received 54 Calls regarding leaks 50 of them were responded to within 2 hours.
• Number of complaints	• 30 p.a.	• 52 complaints were received regarding water to 30 June 2005
REFUSE		
• Number of Complaints received	• 50 p.a. and reducing	• 19 complaints were received regarding refuse to 30 June 2005.
• Bags not collected	• 30 cases per annum and reducing	• 21 reports of rubbish bags not being collected were reported to 30 June 2005.
DEVELOPMENT PARK		
• Sale/lease of properties to new investors	• 3 per year	• 3 properties were sold in the 2004/2005 financial year.
PARKING		
• Complaints re parking facilities	• 10 p.a. and reducing	• There were 8 complaints regarding parking facilities to 30 June 2005.
PORT OF GREYMOUTH		
• % of budgeted capital works completed during year	• 95%	• 58.9% of budgeted capital works were completed during the year ended 30 June 2005.
• Works programmes completed on time, within budget and to required standard	• 100%	• 59% Of all works programmes were completed within budget, on time and to the required standard to the 30 June 2005.
DISTRICT PLANNING		
• Number of Resource Consents processed within the allowable time.	• 90% per annum and growing	• 50% of all Resource Consents issued to 30 June 2005 were issued within the statutory time limit.
LIBRARIES		
• Number books issued per year	• 120,000 and increasing by 2% p.a.	• To 20 June 2005 141,418 books have been issued.
• Number of registered members	• 8,314 and increasing by 2% p.a	• As at 20 June 2005 the library had 7,674 registered members.
SWIMMING POOL		
• Number of users each year (separately for the two pools)	• Greymouth: 30,000 p.a. • Runanga: 1,000 p.a.	• Greymouth attendance to 30 June 2005: 32,299 • Runanga Pool attendance to 30 June 2005: 2,004
• Duration of in-season pool closures for maintenance	• 2 days maximum	• There were no in-season pool closures due to maintenance for the 2004/2005 season.
COUNCIL		
• Achievement of Budgeted project objectives	• 80%	• 18% of all operational, maintenance and capital works were not completed as indicated through activity statements in this report. Significant works have been approved by Council for carry forward to 2006 financial year.
• Keeping expenditure within Budget.	• 95%	• 89% of all operational, maintenance, and capital works were completed. Only over expenditure item of note is the Karoro Sewerage treatment plant upgrade which came in over budget by 42% (\$198,000). This was fully ratified by council.
OFFICIAL INFORMATION		
• The actioning of official information requests within statutory timeframes	• 90% of LIM's issued within 10 working days of receipt of full information.	• 44% of LIM's issued to 30 June 2005 were issued within 10 working days of receipt of full information.
BUILDING CONTROL		
• Building Consents issued within statutory timeframes	• 90%p.a.	• To 30 June 2005 47.64% of all building consents were issued within the statutory time frame.
DOG & STOCK CONTROL		
• All dogs registered.	• 90% p.a.	• 96% of all dogs were registered as at 30 June 2005.
• Initially unregistered dogs are processed under the Act to ensure registration.	• 10%	• 1% of dogs have been processed under the act to ensure registration as at 30 June 2005.
RETIREMENT HOUSING		
• Occupation levels.	• 95% on average p.a.	• Through out the period 1 July 2004 to 30 June 2005 all available retirement housing was occupied.
• Waiting list duration	• Not longer than 6 months	• As at 30 June 2005 12 people have been on the waiting list for longer than 6 months.