

2006 annual report summary

foreword - from the mayor and ceo

Note: We respectfully acknowledge the late Cr. Ted Gutberlet who died during this reporting term. Welcome to Cr Cliff Sandrey who was elected as the new Northern Ward representative in May 2006.

It is with both pride and gratitude that we present the Summary Annual Report for 2005/06, giving an overview Council's financial position and an analysis of our performance against set outputs.

SUMMARY: The year's activity has produced a larger surplus than budgeted. Much of this can be attributed to sources of income that are not used for operational sources, such as interest on special reserves and profit on sale of assets. One of the biggest challenges was to set a budget that required a minimum general rate increase. This was achieved through cutting back on many items of discretionary expenditure and items of new capital works, some of which are important.

The year was immensely busy for both council and its administration. This year saw the preparation of Council's second Long Term Community Outcomes Plan (LTCOP), Council's adopted name for the Long Term Council Community Plan. This was the first plan to require a full audit opinion. The final plan adopted June 2006 sets out Council's strategic direction for the next 10 years, with more definitive planning covering the first 3 years. As with all authorities through-out the country the document required a massive effort to reach completion. Although this consumed much of the administrative capacity of Council, we tried to look beyond it as a purely compliance process but rather a truly strategic document for both Council and community.

Other important challenges and achievements were:

ASSETS MANAGEMENT: Maintaining assets that deliver essential services to the district has once again been a high priority. The current book value of Council's infrastructural assets now totals \$229 million, or 87% of Council's net value. The integrity of the information contained within the activity management plans for these associated activities provided the basis for much of the LTCOP.

Significant progress was made on the Greymouth Sewerage Scheme, in particular with the commissioning of the Johnson St UV treatment plant. Council has made the commitment to progress all required works to completion within a 10 year period, so as to enable full draw-down of available Government subsidies.

New roading works and improvements was an area cut back in order to achieve a nil general rate increase. In particular this affected the many footpath upgrades and roading improvements that don't qualify for Land Transport New Zealand financial assistance. The exposure of the district to the extremes of the weather was again highlighted with two significant rain events causing considerable damage to Council's roading network. The more recent is highlighted by the slips on the Taylorville Road. Stormwater and flood control systems performed well during these and other events throughout the year.

Development continued on the second cell at the McLeans landfill facility and this entire facility will serve this district for many years to come.

ENVIRONMENTAL SERVICES: This Department continues to work under extreme pressure brought about by the unavailability of trained Planners and Building Inspectors. Development pressures remain at peak levels and delays in the issuing of consents are one of a range of negative implications.

This is a summary of Grey District Council's full 2006 Annual Report. The full report can be obtained by visiting Council offices in Tainui St or www.greydc.govt.nz.

The fact that the Department of Building and Housing is not yet able to give definitive answers to the question of accreditation and the associated processes is a problem and the fact that local authorities must now develop such processes represents yet another cost on it. The additional inspection and recording provisions together with a very positive increase in numbers of building plans have already resulted in the appointment of another building inspector.

The number of applications for subdivisions and resource consents together with the need to review the District Plan resulted in a Policy Planner being appointed. Work pressures in the Division remains high. Positive progress is also being made with the SNA process with a strong emphasis on land owner involvement and approval.

Requests for Land Information Memorandums (LIM's) yet again showed an increase and Council's low risk approach results in this being a very time consuming service.

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 AND INFORMATION TECHNOLOGY: The department is intimately involved in the development of the LTCOP in all its stages, in particular the financial modelling and financial policies. The Departmental Manager also continues to contribute to on-going negotiations regarding the port development.

A new electronic document archiving system was procured in the later part of the year, with the process now starting of capturing paper based files and converting to electronic format. In the long-term this will enable more efficient retrieval of information for both internal and external users.

PORT OF GREYMOOUTH: Significant work has been carried out to date in reforming Council's port operations and negotiating with future customers and partners. Port Westland Limited, a 100% Council owned subsidiary, was constituted in April 2006 which will oversee the port operations. The finalisation of all negotiations paving the way for a Cargo Port upgrade is in an advanced stage. Whilst this has required an enormous effort of all parties involved, the potential benefits are significant and it will ensure the port's survival.

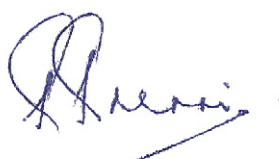
LOOKING AHEAD: The following challenges lie ahead:

- the on-going sewerage upgrades for: Greymouth, Blackball, and Boddytown. Council has committed to completing the Greymouth scheme within a 10 year time-frame to allow for full up-take of available Government subsidies.
- continuing to deal with development pressures
- Reviewing council activities in order to secure more affordable local government will be a major challenge. Potential solutions are -
 - continuing to lobby for rates on Crown land or grant in lieu
 - finalising port negotiations
 - levies on coal and other minerals
 - the findings of the parliamentary select committee inquiry into local government rates and funding.

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 □



AF KOKSHOORN
Mayor



PG PRETORIUS
Chief Executive Officer

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 30 October 2006.

Notes to the Financial Statements for the year ended 30 June 2006.

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 30 October 2006.

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 2006

	council			group
	Actual 2005/06 \$	Budget 2005/06 \$	Last Year 2004/05 \$	Actual 2005/06 \$
INCOME				
General Rates and Penalties	9,135,991	9,036,488	8,831,435	9,135,991
Subsidies and Grants	4,339,180	3,768,061	3,680,429	4,339,180
User Charges and Other Revenues	3,034,215	3,509,529	2,596,666	3,034,215
Interest Income	1,049,067	351,137	1,128,413	1,049,067
Lump Sum & Subdivision Contributions and Vested Assets	278,788	-	590,350	278,788
Capital Profit on Sale of Assets	1,602,314	-	585,128	1,602,314
Total income	19,439,555	16,665,215	17,412,421	19,439,555
EXPENDITURE				
Operating expenditure	12,322,832	10,719,329	10,378,362	12,322,832
Interest expense	514,940	987,891	442,563	514,940
Depreciation	5,590,339	4,601,184	4,263,079	5,590,339
Total expenditure	18,428,111	16,308,404	15,084,004	18,428,111
Net surplus/(deficit) before tax	1,011,444	356,811	2,328,417	1,011,444
Tax expense	-	-	-	-
Net surplus/(deficit) for the year	1,011,444	356,811	2,328,417	1,011,444

Explanation of Variation to Budget:

The Council made a net surplus of \$ 1,011,444 (budget 356,811)

- Actual income includes non operational sources 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 actual income from user charges was \$ 959,415 less than budget, and expenditure was \$ 181,539 less than budget. The forecast tonnages of cargo to be exported for the 2005/06 year were never attained.
- A Government subsidy was received in this financial year for the Greymouth Sewerage Scheme of \$ 1,107,328. This was not included in the budget as was originally anticipated to be received in the last financial year.
- Not all subsidies from Land Transport New Zealand that were included in budget were qualified for due to the delay in certain capital projects
- Interest received on Special Funds invested was not included in the budgeted figures.
- Operating expenditure was \$1,603,503 more than budget, due to several factors. Main items of note are:
 - o Roading operating expenditure \$720,000 more than budget due to carry-forward expenditure of \$35,000 and approved over-expenditure of \$280,000, mainly related to flood damage remedial works. Other maintenance costs over budget due to contract inflations and increased power costs (street lighting).
 - o Water Supply - \$170,000 more than budget due to higher contract and power prices
 - o Refuse - \$163,000 more than budget, increased contract costs and work due to growth in some areas.
 - o Council's property portfolio - \$184,000 more than budget. Costs include the costs of freeholding and lease renewals, which were not included in budget (\$54,000). These costs are funded through the proceeds of sale and ex special reserves. Other general increases were in ground leases, part of which is funded ex reserves and assets written off of \$97,000.
- Interest expenses
- Depreciation expense was \$ 989,155 more than budget, due to a significant increase in the valuation of infrastructure assets, carried out as at 30 June 2005.

statement of movements in equity for the year ended 30 june 2006

	council			group
	Actual 2005/06 \$	Budget 2005/06 \$	Last Year 2004/05 \$	Actual 2005/06 \$
Equity at start of the period	258,015,722	187,242,403	187,242,403	258,015,722
Net Surplus (Deficit) for the Period	1,011,444	356,811	2,328,417	1,011,444
Increase (Decrease) in Revaluation Reserves	5,042,598	-	68,444,902	5,042,598
Total recognised revenues and expenses for the period	6,054,042	356,811	70,773,319	6,054,042
Equity at end of the period	264,069,764	187,599,214	258,015,722	264,069,764

statement of financial position as at 30 june 2006

	council			group
	Actual 2005/06 \$	Budget 2005/06 \$	Last Year 2004/05 \$	Actual 2005/06 \$
TOTAL EQUITY	264,069,764	187,599,214	258,015,722	264,069,764
ASSETS				
Current assets				
Cash at Bank	78,109	50,000	61,592	78,109
Cash Held by Reserve Boards	39,017	33,500	42,140	39,017
Cash on Hand	1,000	950	1,000	1,000
Short Term Deposits	3,344,118	2,000,704	4,656,435	3,344,118
Short Term Investments	9,564,263	3,001,057	7,629,891	9,564,263
Accounts Receivable	2,639,783	240,150	1,844,767	2,639,783
Property Intended For Resale	425,156	188,322	154,591	425,156
	16,091,446	5,514,683	14,390,416	16,091,446
Non current assets				
Fixed Assets	27,657,397	30,889,256	22,162,668	27,657,397
Infrastructural Assets	229,286,634	169,640,898	228,586,088	229,286,634
Investments	3,185,731	1,200,000	1,839,133	3,185,731
	260,129,762	201,730,154	252,587,889	260,129,762
Total Assets	276,221,208	207,244,837	266,978,305	276,221,208
LIABILITIES				
Current liabilities				
Current Portion of Term Debt	297,354	-	2,277,901	297,354
Payables, Accruals, and Entitlements	2,677,738	1,488,138	2,583,772	2,677,738
Income In Advance	75,311	-	66,984	75,311
	3,050,403	1,488,138	4,928,657	3,050,403
Non current liabilities				
Term Debt	7,937,819	17,607,485	3,348,112	7,937,819
Bonds Payable	300,000	-	-	300,000
Employee Entitlements	160,936	-	-	160,936
Landfill Aftercare Provision	702,286	550,000	685,814	702,286
	9,101,041	18,157,485	4,033,926	9,101,041
Total liabilities	12,151,444	19,645,623	8,962,583	12,151,444
NET ASSETS	264,069,764	187,599,214	258,015,722	264,069,764

Explanation of Variation to Budget

Fixed Assets - The impact of asset revaluations for this year and last year were not included in budget. The net revaluation movement in assets for the year this year was \$ 5,042,598, and last year \$ 68,444,902

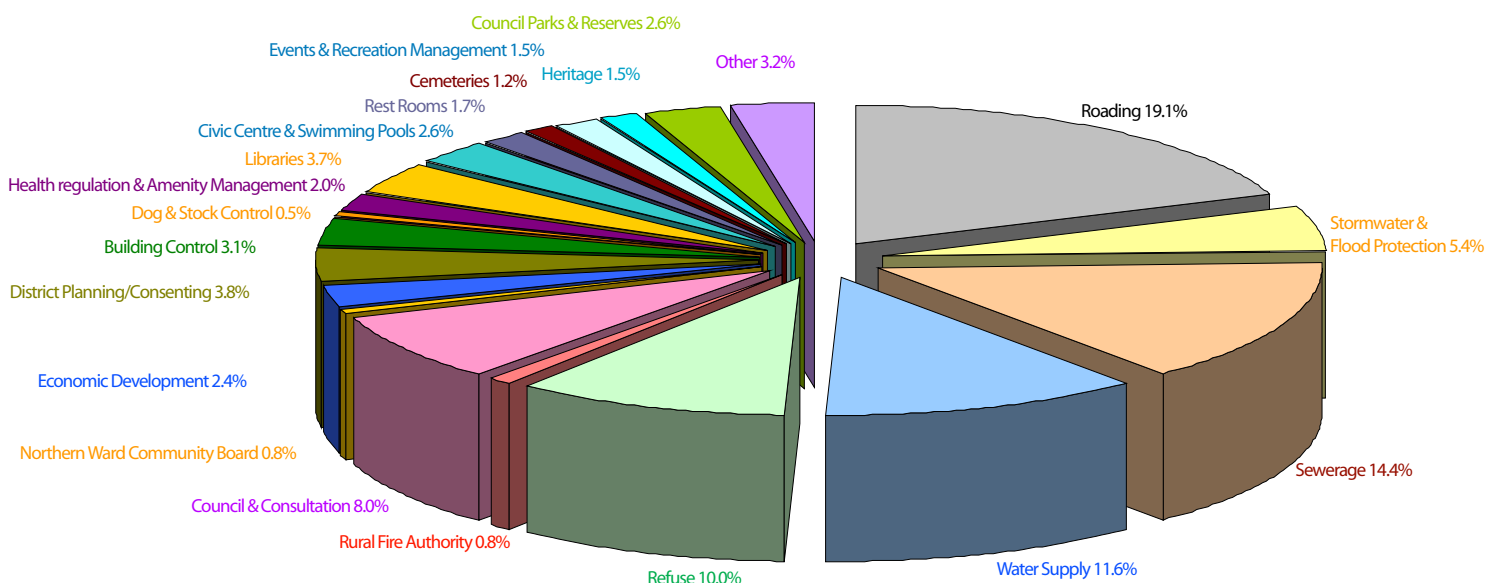
Term Debt - The budget included a provision for the uplifting of new borrowing for Port redevelopment. This was contingent on other factors which did not occur in this financial year. In addition to this the port operations are now undertaken by 'Port Westland Ltd', a wholly Council owned company.

Equity - Combination of above factors.

summary statement of cashflows for the year ended 30 june 2005

	council			group
	Actual 2005/06	Budget 2005/06	Last Year 2004/05	Actual 2005/06
	\$	\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES				
Total Cash Inflows from Operating Activities	17,253,228	16,665,215	16,056,044	17,253,228
Total Cash Outflows from Operating Activities	(12,628,709)	(11,707,222)	(10,690,457)	(12,628,709)
Net Cash Inflows (Outflows) From Operating Activities	4,624,519	4,957,993	5,365,587	4,624,519
CASH FLOWS FROM INVESTING ACTIVITIES				
Total Cash Inflows from Investing Activities	2,461,909	260,000	735,125	2,461,909
Total Cash Outflows from Investing Activities	(9,679,071)	(15,718,361)	(5,009,803)	(9,679,071)
Net Cash Inflows (Outflows) From Investing Activities	(7,217,162)	(15,458,361)	(4,274,678)	(7,217,162)
CASH FLOWS FROM FINANCING ACTIVITIES				
Total Cash Inflows from Financing Activities	2,612,272	9,749,696	-	2,612,272
Total Cash Outflows from Financing Activities	(3,112)	(480,658)	(1,346,876)	(3,112)
Net Cash Inflows (Outflows) From Financing Activities	2,609,160	9,269,038	(1,346,876)	2,609,160
Net Increase (Decrease) in Cash Held	16,517	(1,231,330)	(255,967)	16,517
Add Bank Balance at 01 July	62,592	1,282,280	318,559	62,592
Bank Balance at End of Period	79,109	50,950	62,592	79,109

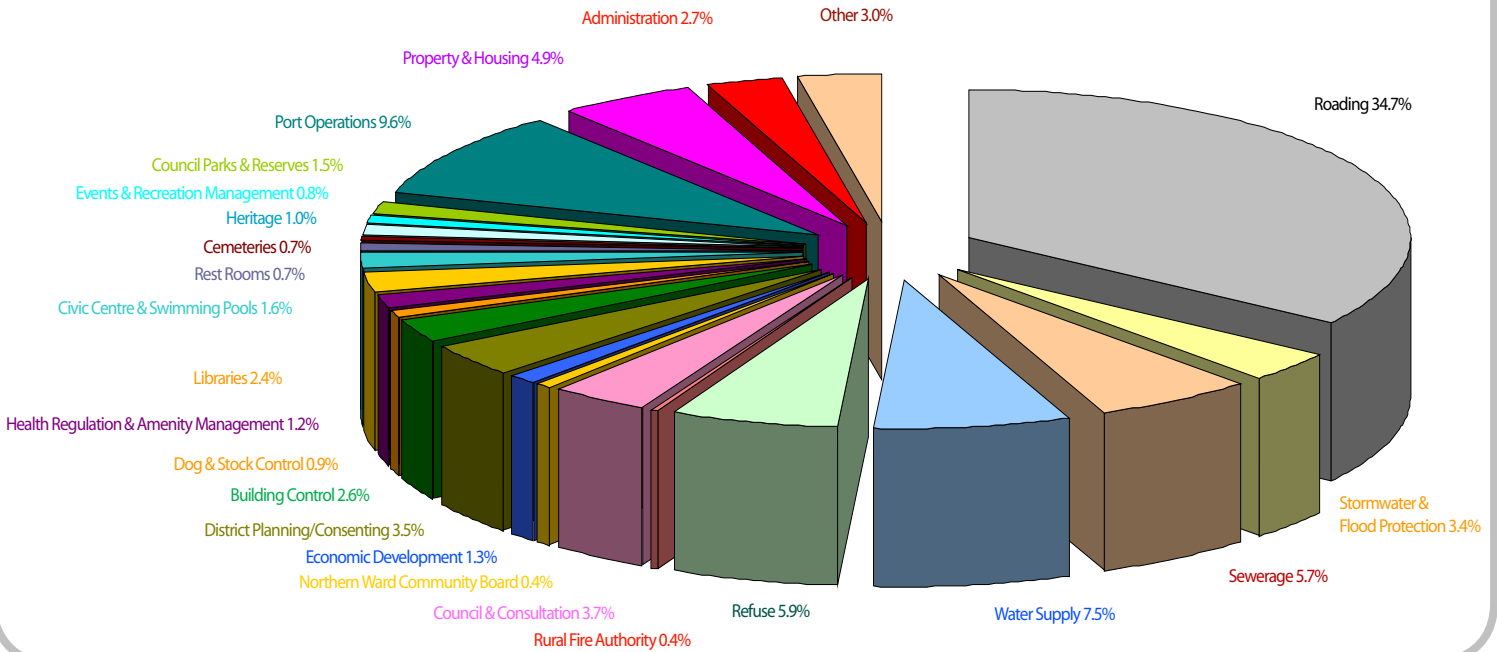
where council spent rates



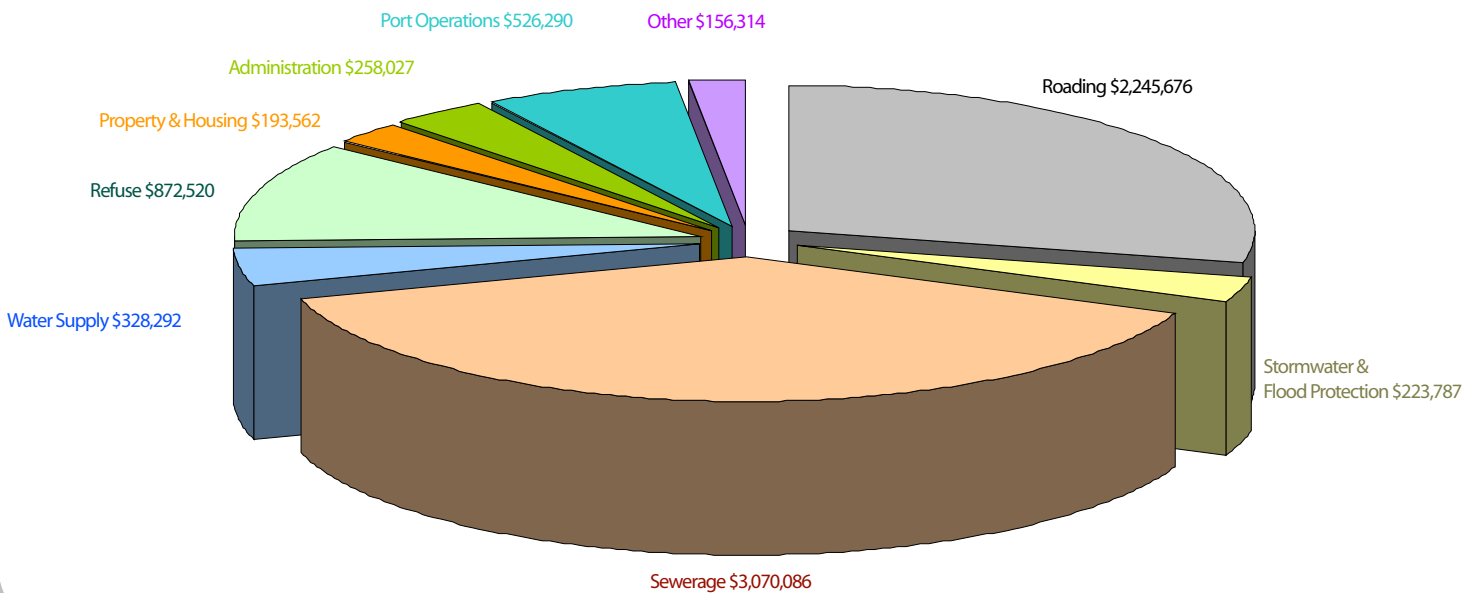
The types of rates levied by Council were as follows:

	Actual 2005/06	Budget 2005/06	Last Year 2004/05
	\$	\$	\$
GENERAL RATES			
General Rate	3,796,842	3,787,446	3,743,243
Uniform Annual General Charge	2,048,975	1,977,293	2,089,233
TARGETED RATES			
Northern Ward Community Board	74,054	73,572	79,150
District Promotion	175,023	159,500	171,118
Refuse Collection	584,860	577,959	532,784
Water Supplies	877,064	869,776	862,643
Water Meter Rates	174,451	207,060	-
Sewerage Collection	1,299,166	1,295,882	1,256,008

total expenditure per activity



capital expenditure per activity



summary of significant performance measures

Primary Performance:	Performance Measure/Target:	Performance Measure Achieved:
ROADING		
<ul style="list-style-type: none"> Emergency Work <ul style="list-style-type: none"> Arterial and Major Collector Roads All Other Roads 	<ul style="list-style-type: none"> No longer than 1 hour plus normal travelling time from Depot to site No longer than 2 hours plus normal travelling time from Depot to site 	<ul style="list-style-type: none"> All emergency work in the year ended 30 June 2006 was completed within the stated time periods. Emergency works essentially in the form of flood damage was a significant cost with Council incurring to the end of year over \$400,000 with more costs to be incurred in the 2006/07 year once permanent solutions are developed.

Primary Performance:	Performance Measure/Target:	Performance Measure Achieved:
<ul style="list-style-type: none"> • Pothole Repairs <ul style="list-style-type: none"> ○ Arterial and Major Collector Roads ○ All Other Roads 	<ul style="list-style-type: none"> ○ within 3 days ○ within 8 days 	<ul style="list-style-type: none"> • 74% of all pothole repairs were done within the 3 and 8 day targets for the year ended 30 June 2006
<ul style="list-style-type: none"> • Street Light Repairs <ul style="list-style-type: none"> ○ Arterial and Major Collector Roads ○ All Other Roads 	<ul style="list-style-type: none"> ○ Within 15 days ○ Within 20 days 	<ul style="list-style-type: none"> • 75% of all street light repairs for the year ended 30 June 2006 were completed within the stated time frames.
<ul style="list-style-type: none"> • Number of roading complaints 	<ul style="list-style-type: none"> • Maximum 10/month 	<ul style="list-style-type: none"> • There was a total of 141 service requests about roading in the year ended 30 June 2006. 84% were actioned within the performance target time frames for service levels. On average 2 complaints per month were created through service requests not being actioned within the performance target time.

SEWERAGE

<ul style="list-style-type: none"> • Emergency (broken pipe, pump station outage) 	<ul style="list-style-type: none"> • 1 hour 	<ul style="list-style-type: none"> • There were no emergencies with the sewerage system in the 2005/2006 year.
<ul style="list-style-type: none"> • Sewer blockages 	<ul style="list-style-type: none"> • 3 hours from occurrence 	<ul style="list-style-type: none"> • There were 2 sewer blockages in the year ended 30 June 2006. The time taken to rectify was not recorded.
<ul style="list-style-type: none"> • Written complaints 	<ul style="list-style-type: none"> • 7 days 	<ul style="list-style-type: none"> • For the year ended 30 June 2006 all written complaints were replied to within the 7 days.
<ul style="list-style-type: none"> • Number of Complaints 	<ul style="list-style-type: none"> • 20 per annum 	<ul style="list-style-type: none"> • 1 complaint was recorded for the year ended 30 June 2006.
<ul style="list-style-type: none"> • Overflows 	<ul style="list-style-type: none"> • 10 p.a. and reducing 	<ul style="list-style-type: none"> • There were 2 overflows of the sewerage system to the 30 June 2006.

WATER

<ul style="list-style-type: none"> • Written complaint responses 	<ul style="list-style-type: none"> • 10 days 	<ul style="list-style-type: none"> • 1 written complaint was received in the year ended 30 June 2006 it was responded to in 5 days.
<ul style="list-style-type: none"> • Reporting of DWS transgressions to MOH 	<ul style="list-style-type: none"> • Within prescribed timeframes 	<ul style="list-style-type: none"> • One incident was reported to MOH in the year ended 30 June 2006.
<ul style="list-style-type: none"> • Number of complaints 	<ul style="list-style-type: none"> • 30 p.a. 	<ul style="list-style-type: none"> • There were 205 service requests/complaints received regarding water to the 30 June 2006.
<ul style="list-style-type: none"> • Controlling total cost 	<ul style="list-style-type: none"> • Per connection 	<ul style="list-style-type: none"> • For the year ending 30 June 2006 the total cost per water connection was \$284.98. As at the 30 June 2005 the total cost per connection was \$276.68.
<ul style="list-style-type: none"> • Water quality grading <ul style="list-style-type: none"> ○ Greymouth area ○ Runanga-Rapahoe ○ Stillwater ○ Dobson-Taylorville ○ Blackball 	<ul style="list-style-type: none"> ○ Ab (after filtration capacity) ○ Bc ○ Bc ○ Bb ○ Bb 	<ul style="list-style-type: none"> ○ Eb ○ Ec ○ Ee ○ Eb ○ Db <p>Note: as council has no current protozoa treatment facilities on its water supplies an automatic grade of E is given.</p>

REFUSE

<ul style="list-style-type: none"> • Number of Complaints received 	<ul style="list-style-type: none"> • 50 p.a. and reducing 	<ul style="list-style-type: none"> • There were 49 complaints received regarding refuse to 30 June 2006.
<ul style="list-style-type: none"> • Bags not collected 	<ul style="list-style-type: none"> • 30 cases per annum and reducing 	<ul style="list-style-type: none"> • There were 21 reported cases of bags not collected for the 2005/2006 financial year.

DEVELOPMENT PARK

<ul style="list-style-type: none"> • Sale/lease of properties to new investors 	<ul style="list-style-type: none"> • 3 per year 	<ul style="list-style-type: none"> • 1 Lot was sold in the year ended 30 June 2006. This makes a total of 3 Lots sold. The four remaining lots are subject to sale to Port Westland Ltd.
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Primary Performance:	Performance Measure/Target:	Performance Measure Achieved:
DISTRICT PLANNING		
• Number of Resource Consents processed within the allowable time.	• 90% per annum and growing	• 89% of all Resource Consents to 30 June 2006 were issued within the statutory time limit.
• Number of consents dealt with through draft conditions rather than the formal process, where this is acceptable to the applicant.	• 50%	• 151 consents were issued in the year ended 30 June 2006 and 80 (53%) of these were dealt with through draft conditions.
LIMS		
• The actioning of official information requests within statutory timeframes	• 90% of LIM's issued within 10 working days of receipt of full information.	• 51% of LIM's requested during the year ending 30 June 2006 were issued within 10 working days of receipt of full information.
CIVIL DEFENCE & EMERGENCY MANAGEMENT		
• Emergency response capability is maintained in readiness for disasters	<ul style="list-style-type: none"> • Actively participate as a member of the CDEM Group. • Organise at least 2 training exercises annually for civil defence personnel and volunteers. • Prepare in conjunction with the CDEM Group regional and district response plans. 	<ul style="list-style-type: none"> • Grey District Civil defence is an active participant in the CDEM group. • Only one training exercise was organised in the year ended 30 June 2006. • A new Civil Defence and Standard operating procedure manual was completed in the year ended 30 June 2006.
BUILDING CONTROL		
• Building Consents issued within statutory timeframes	• 90%p.a.	• For the period ended 30 June 2006 69% of building consents had been issued within the statutory timeframe.
DOG & STOCK CONTROL		
• All dogs registered.	• 90%p.a.	• As at the 31 July 2005 89% of all dogs were registered. As at the 30 June 2006 a further 9.5% of dogs were registered bringing the total to 98.5% for the year.

audit report

AUDIT REPORT
TO THE READERS OF
GREY 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 30 October 2006, on:

- ✓ the full financial statements; and
- ✓ 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.

In addition to the audit, we conducted the audit of Grey District Council's Long-Term Council Community Plan. Other than these audits, we have no relationship with or interests in Grey 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.



Tony Uttley, Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand
8 November 2006