

## 2007 annual report summary

### foreword - from the mayor and ceo

Welcome to Council's summary report on its achievement over the 2006/2007 financial year. It has been another busy year, and looking back there is much to be proud of in what the district has achieved.

This is the first year reporting on Council's 2006 – 2016 Long Term Community Outcomes Plan. The year's activity has produced a larger surplus than budgeted. Much of this can be attributed to sources of income that are not derived from or used for general operations, such as interest on special reserves and profit on sale of assets. One of the biggest challenges for the 2006/2007 year was to set a budget that again required a minimum general rate increase. This was achieved through restricting to a minimum many items of discretionary expenditure and items of new capital works, some of which are important.

Council's highest priority continues to be maintaining the infrastructure that supports the essential services delivered by Council, i.e. Roothing, Stormwater, Sewerage, Water Supply, and Refuse Disposal. These activities alone account for over 56% of total operating expenditure, and 94% of all capital expenditure.

Items of note overall:

#### **Roothing**

New roading works and improvements was an area where expenditure has been limited to achieve a minimal 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 the costs of remedying flood damage totalling \$799,000.

#### **Greymouth Sewerage Scheme**

Significant progress continues to be made on the new Greymouth scheme, and of note the Johnston St plant had its official opening in May 2007. The commitment is to complete the works within an overall 10 year period so as to draw down the maximum central government subsidy.

#### **Blackball Sewerage Scheme**

This project was well progressed through the year, and is expected to be commissioned in December 2007. This new scheme has only been achievable through the commitment of the community to pay via a targeted rate, and the Ministry of Health subsidies available.

#### **Boddytown Sewerage and Water Supply**

The decision was made in June 2006 to extend the Greymouth sewerage reticulation to encompass Boddytown, given issues identified with on-site disposal. It made practical sense to include water reticulation at the same time, so based on community feedback both these services were extended to Boddytown in 2006/2007.

#### **Mcleans Refuse Facility – Cell 2**

The new cell was commissioned early in the financial year. This district facility is expected to serve Grey residents and ratepayers for the next 10 – 15 years.

#### **Port Operations**

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, which was constituted in April 2006 will oversee the port operations. Given the work is in the development stage the transfer of responsibility for port operations has not yet been made to Port Westland Ltd. 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.

**This is a summary of Grey District Council's and Group full 2007 Annual Report. The full report can be obtained by visiting Council offices in Tainui St or [www.greydc.govt.nz](http://www.greydc.govt.nz).**

### **Rates Rebates**

The 2006/2007 year was the first year for which the amended criteria and thresholds came into effect. The result was a total of 671 successful applications processed in the Grey District, for which ratepayers received a total of \$286,965 rebated from their rates. This Council will continue to lobby for the criteria and thresholds to be reviewed on a more regular basis to match increases in the cost of living.

### **Rating Valuation Review**

A general district rating revaluation was carried out, effective September 2006. The resulting valuations reflected the continuing property boom the district has witnessed over the last 3 years. Recognising the potential impact that the revaluation would have on how the rates burden is spread across the district, Council undertook a review of the type of rates set and differentials used. The review, once again, included extensive representation from different sectors of the community. The committee worked within a set of principles, the outcome of which was consulted on through the 2007/2008 Draft Annual Plan, and implemented on 01 July 2007.

### **Independent Rating Inquiry**

Central Government announced in November 2006 that it was appointing an independent panel to conduct an inquiry into local government rating and related issues. The Grey District Council worked with its neighbouring West Coast authorities to present a submission focussing on those issues that are most relevant to our region. This included: rating of Crown land (including DOC); the rates rebate scheme; royalties on coal, and uniform annual general charges. The panel has reported back to Government with their recommendations, and most notably they have not recommended that conservation estate be rated, as we suggested. This Council will continue to lobby for the implementation of legislation and rules that enable a fair system for all.

### **Resource Management**

The Department continues to work under extreme pressure brought about by the unavailability of trained Planners and the high workload associated with the increased level of economic development in our District. Much of the work has been outsourced in the last financial year in order to keep up. Development pressures are expected to remain at peak levels and extensions/delays in the issuing of consents are one of a range of negative implications.

### **Building Consenting**

Along with the continuing building boom creating an equal demand for consenting, the major focus of the department has been working towards the accreditation requirements under the new legislation. We are on track in achieving accreditation.

### **Northern Ward Community Board**

The Local Government Commission decision was declared in 2006 that the Northern Ward Community Board would be disbanded from the October 2007 elections. We thank all the elected representatives that served on the board since 1989, and in particular the last elected board of: Alice Noble (Chair), Bill Coram, Owen Burnett, and Ron Butler.

Looking ahead the timetable looks just as busy, with the major focus on:

- the 2009 – 2019 Long Term Council Community Plan (LTCCP) including setting community outcomes and policy development required therein
- settling in a new Council
- the Building Act accreditation process
- the need for more retirement housing. This includes the Abbeyfield project
- finalising the Port redevelopment including very promising developments at the fishing port
- a full Bylaw review
- adapting and dealing with consequences of new legislation i.e following the rating inquiry, new Global Warming protocols etc.
- waste minimization. This includes the work of Waste Busters and local contractors.

A word of thanks to the 2004 – 2007 elected representatives for their work and dedication. You have been part of a particularly busy period in our District's development and really coped well. To the 2007 elected Council, we look forward to working with you over the next 3 years and building on the momentum gathered so far.



AF KOKSHOORN  
Mayor



PG PRETORIUS  
Chief Executive Officer

# summary financial statements

Grey District Council is a public benefit entity. The information included in the summary financial statements has been extracted from the audited full financial statements, including full details of accounting policies, authorised for issue by the Council on 25 October 2007, which were prepared in accordance with generally accepted accounting practice in New Zealand. The summary financial statements were authorised for issue by the Council on 12 November 2007.

## Notes to the Financial Statements for the year ended 30 June 2007.

### Basis of Preparation:

The Council has prepared the summary financial statements in order to provide users with an overview of the performance of Council and Group. The specific disclosures included in the summary financial report have been extracted from the full audited annual report dated 25 October 2007.

Users of the summary financial statements should note that the information contained therein cannot be expected to provide as complete an understanding as provided by the full financial statements of the financial performance, financial position, cashflows, and service performance measures of the Council and Group.

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

- the Council website at [www.greycdc.govt.nz](http://www.greycdc.govt.nz); or
- contact the Council on 03 769 8600

The summary financial statements are presented in New Zealand dollars and are rounded to the nearest thousand dollars (\$000) where indicated. These summary financial statements have been prepared in accordance with FRS 43: Summary Financial Statements.

## income statement for the year ended 30 june 2007

	council			group	
	Actual 2007 \$000	Budget 2007 \$000	Last Year 2006 \$000	Actual 2007 \$000	Last Year 2006 \$000
<b>INCOME</b>					
Rates revenue	9,902	9,630	9,136	9,902	9,136
Other revenue	11,334	9,055	8,698	11,232	8,698
Other gains/(losses)	2,014	357	1,602	2,014	1,602
<b>Total income</b>	<b>23,250</b>	<b>19,042</b>	<b>19,436</b>	<b>23,148</b>	<b>19,436</b>
<b>EXPENDITURE</b>					
Employee expenses	(3,041)	(2,925)	(3,022)	(3,059)	(3,022)
Depreciation and amortisation	(5,400)	(5,850)	(5,590)	(5,400)	(5,590)
Other expenses	(9,846)	(7,036)	(9,301)	(9,939)	(9,301)
Finance costs	(587)	(631)	(515)	(587)	(515)
<b>Total operating expenditure</b>	<b>(18,874)</b>	<b>(16,442)</b>	<b>(18,428)</b>	<b>(18,985)</b>	<b>(18,428)</b>
<b>Net surplus/(loss) before tax</b>	<b>4,376</b>	<b>2,600</b>	<b>1,008</b>	<b>4,163</b>	<b>1,008</b>
Income tax expense	-	-	-	-	-
<b>Surplus/(deficit) after tax attributable to Grey District Council</b>	<b>4,376</b>	<b>2,600</b>	<b>1,008</b>	<b>4,163</b>	<b>1,008</b>

Explanations for major variations from Council's estimated figures in the 2006/2007 LTCCP are as follows:

### Other revenue

- additional financial assistance received from Land Transport New Zealand (\$1,141,000), due to:
  - additional maintenance (refer Rooding cost of service statement)
  - some capital projects carried forward from 2005/2006, (refer Rooding cost of service statement)
- additional regulatory income of \$243,000 due to volume of consents being processed
- additional user charges of \$359,000, of note due to:
  - Port income of \$264,000, none of which was included in the budget; due to anticipation would be operating as a Council Controlled Organisation.

### Other gains/(losses)

- Gain on sale of assets \$1,657,000 more than budget. This is due to the large number of properties freeholded through the year. All net proceeds from these sales are transferred to specific reserves and not used specifically to fund operational expenditure.

### Other expenses

- Rooding
  - additional \$655,000 spent on flood damage restoration works (total of \$799,000 spent) to remedy damage from June 2006 flood events. This was approved by Council subsequent to the adoption of the 2006/2007 Annual Plan.
- Environmental Services:
  - additional \$338,000 spent on consultants from budget, based on volume of building and resource consents being processed, and reduced staffing levels.
  - additional \$40,000 spent on SNA project (Council approved)
- Property and housing
  - Additional maintenance expenditure of \$66,000 spent on maintenance of Council's retirement housing stock. A lot of catch up work is still being undertaken.
  - Additional \$85,000 spent on Council's funding the cost of free-holding properties. This is due to the higher than anticipated activity continuing. This is funded from the proceeds of sale, with the net proceeds being transferred to specific reserves.
- Port operation
  - As no budgets were contained in the annual plan and long-term plan, the entire operating and maintenance costs of \$1,007,000 represent a variation from that. Operations and maintenance were kept to a minimum, as in previous years as work continues to secure the port's future. All net costs required for the port are funded from harbour land sales.

# balance sheet as at 30 june 2007

	council			group	
	Actual 2007 \$000	Budget 2007 \$000	Last Year 2006 \$000	Actual 2007 \$000	Last Year 2006 \$000
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and cash equivalents	12,296	11,127	7,788	12,308	7,788
Trade and other receivables	2,844	3,072	2,328	2,844	2,328
Short-Term investments	1,032	1,590	5,472	1,032	5,472
Non-current assets held for sale	1,406	-	1,750	1,406	1,750
	<b>17,578</b>	<b>15,788</b>	<b>17,338</b>	<b>17,590</b>	<b>17,338</b>
<b>Non Current Assets</b>					
Property, plant and equipment	261,183	257,852	255,619	261,183	255,619
Term investments	2,125	2,597	2,980	1,907	2,980
	<b>263,308</b>	<b>260,449</b>	<b>258,599</b>	<b>263,090</b>	<b>258,599</b>
<b>TOTAL ASSETS</b>	<b>280,886</b>	<b>276,237</b>	<b>275,937</b>	<b>280,680</b>	<b>275,937</b>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Trade and other payables	2,468	4,024	2,221	2,475	2,221
Employee benefit liabilities	299	252	406	299	406
Deferred income	90	-	75	90	75
Borrowings	374	2,648	348	374	348
	<b>3,231</b>	<b>6,924</b>	<b>3,050</b>	<b>3,238</b>	<b>3,050</b>
<b>Non Current Liabilities</b>					
Provision for closed landfill	740	1,073	702	740	702
Employee benefit liabilities	264	172	161	264	161
Borrowings	7,844	6,179	7,593	7,844	7,593
	<b>8,848</b>	<b>7,424</b>	<b>8,456</b>	<b>8,848</b>	<b>8,456</b>
<b>TOTAL LIABILITIES</b>	<b>12,079</b>	<b>14,348</b>	<b>11,506</b>	<b>12,086</b>	<b>11,506</b>
<b>EQUITY</b>					
Retained earnings	195,280	151,596	190,211	195,067	190,211
Special Funds	18,528	15,531	19,224	18,528	19,224
Trusts Bequests and Other Reserves	649	640	646	649	646
Revaluation reserve	54,350	94,122	54,350	54,350	54,350
<b>Total equity attributable to the Council</b>	<b>268,807</b>	<b>261,889</b>	<b>264,431</b>	<b>268,594</b>	<b>264,431</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>280,886</b>	<b>276,237</b>	<b>275,937</b>	<b>280,680</b>	<b>275,937</b>

Explanations for major variations from Council's estimated figures in the 2006/2007 LTCCP are as follows:

## Assets

- Over all bank and investment balance were \$440,000 above budget, due to timing of payments differing to that in the budget.
- Non-current assets held for sale \$1,406,000 higher than budget. This is due to:
  - It was anticipated that \$401,000 of these assets would have been disposed of in the 2006/2007 financial year.
  - A reclassification of part of Council's land holdings from property, plant and equipment to assets held for sale

## Liabilities

- Trade and other payables \$1,556,000 less than budget due to timing of payments to suppliers differing to that anticipated in the budget.
- Over all loan balances \$609,000 less than budget due to loans not being required to be uplifted for all projects. Of note, bridging finance was budgeted for the Rooding projects of \$175,000 (work delayed pending further outcomes), Boddytown Sewerage Scheme (\$236,000 – internally funded) and flood protection works (\$136,000 – works not required).

## Equity

- Variances as noted above are reflected in equity.
- With Council recognising Land under roads and Sportsfields and parks at deemed cost as an NZ-IFRS transition, this has reduced the Revaluation reserve by \$39,773,000 and increased Retained earnings by the same (please refer to full Annual Report for further information on NZ-IFRS transition).

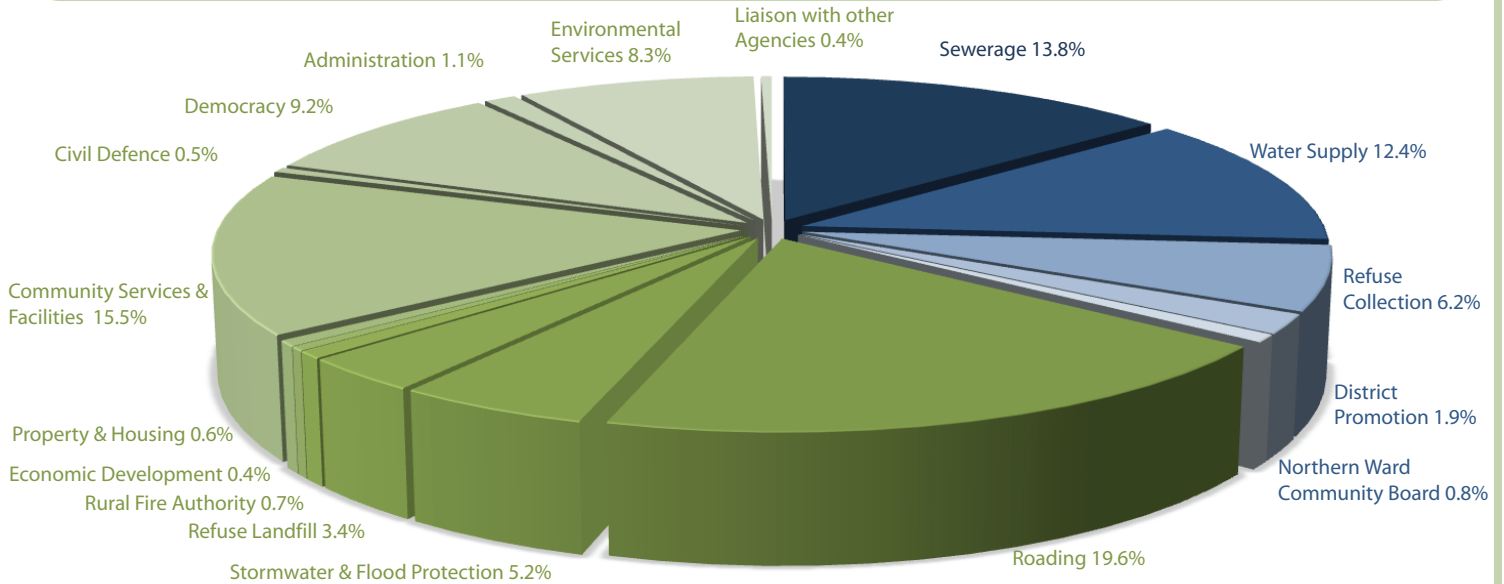
## statement of changes in equity for the year ended 30 june 2007

	council			group	
	Actual 2007 \$000	Budget 2007 \$000	Last Year 2006 \$000	Actual 2007 \$000	Last Year 2006 \$000
<b>Balance at 01 July</b>	<b>264,431</b>	<b>259,005</b>	<b>258,380</b>	<b>264,431</b>	<b>258,380</b>
Revaluation gains/(losses) taken to equity	-	285	5,043	-	5,043
Surplus/(deficit) for the year	4,376	2,600	1,008	4,163	1,008
<b>Total recognised income/(expense) for the year ended 30 June</b>	<b>4,376</b>	<b>2,885</b>	<b>6,051</b>	<b>4,163</b>	<b>6,051</b>
<b>Balance at 30 June</b>	<b>268,807</b>	<b>261,890</b>	<b>264,431</b>	<b>268,594</b>	<b>264,431</b>

## summary statement of cashflows for the year ended 30 june 2007

	council			group	
	Actual 2007 \$000	Budget 2007 \$000	Last Year 2006 \$000	Actual 2007 \$000	Last Year 2006 \$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Total cash inflows from operating activities	19,925	17,354	17,253	19,937	17,253
Total cash outflows from operating activities	(12,755)	(9,724)	(12,629)	(12,973)	(12,629)
<b>Net cash from operating activities</b>	<b>7,170</b>	<b>7,630</b>	<b>4,624</b>	<b>6,964</b>	<b>4,624</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Total cash inflows from investing activities	40,909	35,702	43,289	40,909	43,289
Total cash outflows from investing activities	(43,848)	(43,297)	(52,474)	(43,630)	(52,474)
<b>Net cash from investing activities</b>	<b>(2,939)</b>	<b>(7,595)</b>	<b>(9,185)</b>	<b>(2,721)</b>	<b>(9,185)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Total cash inflows from financing activities	296	1,000	2,612	296	2,612
Total cash outflows from financing activities	(19)	(357)	(3)	(19)	(3)
<b>Net cash from financing activities</b>	<b>277</b>	<b>643</b>	<b>2,609</b>	<b>277</b>	<b>2,609</b>
<b>Net (decrease)/increase in cash, cash equivalents and bank overdrafts</b>	<b>4,508</b>	<b>678</b>	<b>(1,952)</b>	<b>4,520</b>	<b>(1,952)</b>
Cash, cash equivalents and bank overdrafts at the beginning of the year	7,788	10,449	9,740	7,788	9,740
<b>Cash, cash equivalents and bank overdrafts at the end of the year</b>	<b>12,296</b>	<b>11,127</b>	<b>7,788</b>	<b>12,308</b>	<b>7,788</b>

## where council spent rates



Note	council		
	Actual 2007	Budget 2007	Last Year 2006
	\$000	\$000	\$000

- General Rates (incl. Uniform Annual General Charge)
- Targeted Rates

### GENERAL RATES

General Rate  
Uniform Annual General Charge

### TARGETED RATES

Northern Ward Community Board  
District Promotion  
Refuse Collection  
Water Supplies  
Water Meter Rates  
Sewerage Collection

### PENALTIES

Rate Penalties

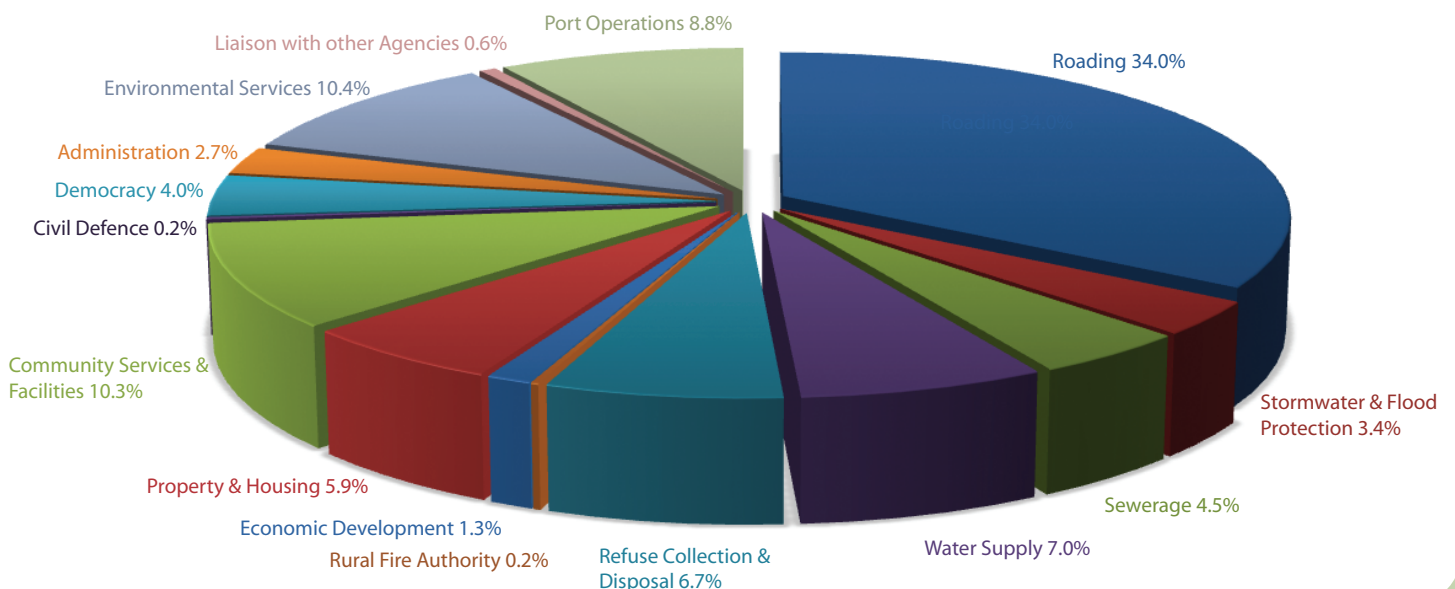
### Total rates revenue

### RATES REMITTED ARE AS FOLLOWS:

Rates on land where GDC is the ratepayer  
Rate discounts  
Rates remitted per Council policy

General Rate	4,117	3,998	3,797
Uniform Annual General Charge	2,196	2,122	2,049
Northern Ward Community Board	75	75	74
District Promotion	187	157	175
Refuse Collection	618	613	585
Water Supplies	1,006	992	877
Water Meter Rates	222	261	174
Sewerage Collection	1,371	1,321	1,299
Rate Penalties	110	91	106
<b>Total rates revenue</b>	<b>9,902</b>	<b>9,630</b>	<b>9,136</b>
Rates on land where GDC is the ratepayer	168	170	174
Rate discounts	25	25	21
Rates remitted per Council policy	67	66	64

## total expenditure per activity



## explanation of transition to NZ IFRS

The 2007 financial statements are the Council's and group's first consolidated financial statements prepared in accordance with NZ IFRS.

The accounting policies used in the preparation of the full financial statements have been applied in preparing the financial statements for the year ended 30 June 2007, the comparative information presented in these financial statements for the year ended 30 June 2006 and in the preparation of an opening NZ IFRS balance sheet at 1 July 2005 (the date of transition).

In preparing its opening NZ IFRS balance sheet, the Group has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (previous GAAP). An explanation of how the transition from previous NZ GAAP to NZ IFRS has affected the Group's balance sheet, income statement and cash flows is set out in the following tables and the notes that accompany the tables.

	Note	Previous NZ GAAP 01 Jul 05 \$000	Effect on transition to NZ IFRS 01 Jul 05 \$000	NZ IFRS 01 Jul 05 \$000	Previous NZ GAAP 30 Jun 06 \$000	Effect on transition to NZ IFRS 30 Jun 06 \$000	NZ IFRS 30 Jun 06 \$000
<b>ASSETS</b>							
<b>Current Assets</b>							
Cash and cash equivalents	b	9,663	77	9,740	11,184	( 3,396 )	7,788
Short-term deposits		-	-	-	-	-	-
Short-term investments	b	2,728	203	2,931	1,842	3,630	5,472
Trade and other receivables	b	1,845	( 352 )	1,493	2,640	( 312 )	2,328
Non-current assets held for sale	c	155	2,012	2,167	425	1,325	1,750
		<b>14,391</b>	<b>1,940</b>	<b>16,331</b>	<b>16,091</b>	<b>1,247</b>	<b>17,338</b>
<b>Non Current Assets</b>							
Trade and other receivables		-	-	-	-	-	-
Property, plant and equipment	c	250,749	( 2,012 )	248,737	256,944	( 1,325 )	255,619
Investment property		-	-	-	-	-	-
Investments	b	1,839	91	1,930	2,886	94	2,980
		<b>252,588</b>	<b>( 1,921 )</b>	<b>250,667</b>	<b>259,830</b>	<b>( 1,231 )</b>	<b>258,599</b>
<b>TOTAL ASSETS</b>		<b>266,979</b>	<b>19</b>	<b>266,998</b>	<b>275,921</b>	<b>16</b>	<b>275,937</b>
<b>LIABILITIES</b>							
<b>Non Current Liabilities</b>							
Provisions		686	-	686	702	-	702
Employee benefit liabilities		-	-	-	161	-	161
Borrowings	d, e	3,348	( 322 )	3,026	7,938	( 345 )	7,593
		<b>4,034</b>	<b>( 322 )</b>	<b>3,712</b>	<b>8,801</b>	<b>( 345 )</b>	<b>8,456</b>
<b>Current Liabilities</b>							
Trade and other payables	e	2,176	( 40 )	2,136	2,272	( 51 )	2,221
Employee benefit liabilities		408	-	408	406	-	406
Deferred income		67	-	67	75	-	75
Borrowings	e	2,278	17	2,295	297	51	348
		<b>4,929</b>	<b>( 23 )</b>	<b>4,906</b>	<b>3,050</b>	<b>-</b>	<b>3,050</b>
<b>TOTAL LIABILITIES</b>		<b>8,963</b>	<b>( 345 )</b>	<b>8,618</b>	<b>11,851</b>	<b>( 345 )</b>	<b>11,506</b>
<b>EQUITY</b>							
Retained earnings	g	145,207	44,263	189,470	145,951	44,260	190,211
Special Funds		18,961	-	18,961	19,224	-	19,224
Trusts Bequests and Other Reserves		642	-	642	646	-	646
Revaluation reserve	f	93,206	( 43,899 )	49,307	98,249	( 43,899 )	54,350
<b>Total equity attributable to the Council</b>		<b>258,016</b>	<b>364</b>	<b>258,380</b>	<b>264,070</b>	<b>361</b>	<b>264,431</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>266,979</b>	<b>19</b>	<b>266,998</b>	<b>275,921</b>	<b>16</b>	<b>275,937</b>

### notes to the reconciliation of equity:

- Recognition of interest rate swaps at year end to the balance sheet of \$18,898 for 1st July 05 and \$15,897 for 30th June 2006. The impact on the profit and loss account for the year ending 30 June 2006 was to decrease profit by \$3,001.

- b. Cash and cash equivalents, Short-term investments, and non-current investments have been recognised at their fair value: This has resulted in the following adjustments:

	01 Jul 05 \$000	01 Jul 06 \$000
Cash and cash equivalents	77	(3,396)
Short-Term Investments	203	3,630
Investments	91	94
Trade and other receivables (interest receivable)	( 352 )	( 312 )

Some items have been re-classified from cash and cash equivalents to short term investments.

- c. Leasehold land held by Council has been reclassified as Non-current assets held for sale. This is due to the fact that Council has an active policy encouraging the sale of the property. There is no net effect on the total carrying value of Council assets, and therefore no effect on equity. The respective adjustments are as follows:

	01 Jul 05 \$000	01 Jul 06 \$000
Non-current assets held for sale	2,012	1,325
Property, plant and equipment (other land)	(2,012)	(1,325)

- d. Within the accounts is a value of \$345,000 previously donated to Grey District Council from the government as no terms can be attributed to the loan it has been released to the income statement in 2006. This meets the de-recognition criteria stipulated by NZ IAS 39: Financial Instruments.

- e. Borrowings have been recognised at their fair value by including the amount of accrued interest at balance date. The result is an increase in the value of borrowings and decrease in trade and other payables (interest payable) of \$50,755 in 2006 (\$40,480 in 2005)

- f. Recognition of property, plant and equipment at deemed cost.

Under previous GAAP, Sportfields and Parks, and Land Under Roads were held at a revalued amount. Under NZ IFRS these have been reclassified to deemed cost with the revalued amount released to equity.

Given there is no clear interpretation on the most appropriate method to value Land Under Roads, the Grey District Council has elected to use the previous GAAP valuation of Land Under Roads as deemed cost on transition and to retain the cost valuation for future periods.

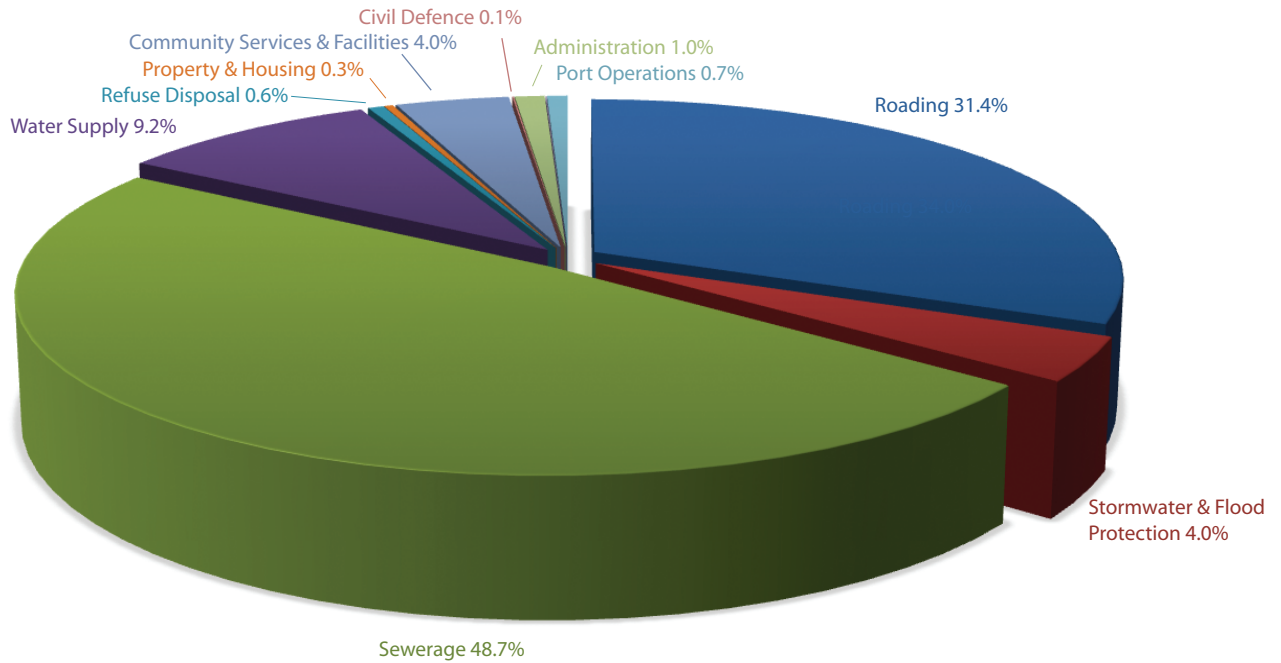
There is no effect on the NBV of property, plant and equipment. The revalued amount for Sportfields and Parks previously held in the Revaluation Reserve of \$282,680 for 2005 and 2006 respectively is transferred to Ratepayers Equity in both years. The revalued amount for Land Under Roads previously held in the Revaluation Reserve of \$43,616,000 for 2005 and 2006 respectively is transferred to Ratepayers Equity in both years.

- g. The effect of the above adjustments on retained earnings is as follows:

	Previous NZ GAAP year ending 30 June 06 \$000	Effect on transition to NZ IFRS year ending 30 June 06 \$000	NZ IFRS year ending 30 June 06 \$000
<b>INCOME</b>			
Rates revenue	9,136	-	9,136
Other revenue	7,652	-	7,652
Finance income	1,049	( 3 )	1,046
Capital profit on sale of assets	1,602	-	1,602
Other gains/(losses)	-	-	-
<b>Total Income</b>	<b>19,439</b>	<b>( 3 )</b>	<b>19,436</b>
<b>EXPENDITURE</b>			
Employee expenses	( 3,022 )	-	( 3,022 )
Depreciation and amortisation	( 5,590 )	-	( 5,590 )
Other expenses	( 9,301 )	-	( 9,301 )
Finance costs	( 515 )	-	( 515 )
<b>Total operating expenditure</b>	<b>( 18,428 )</b>	<b>-</b>	<b>( 18,428 )</b>
<b>Net Surplus/(Loss) before Tax</b>	<b>1,011</b>	<b>( 3 )</b>	<b>1,008</b>
Income tax expense	-	-	-
<b>Surplus/(deficit) after tax Attributable to Grey District Council</b>	<b>1,011</b>	<b>( 3 )</b>	<b>1,008</b>



## capital expenditure per activity



Council spent a total of \$10,898,000 on renewal capital expenditure and new capital expenditure. The major items included in sewerage were the Greymouth scheme upgrade (\$3,547,000) and new Blackball scheme (\$1,199,000).

## summary of significant performance measures

Outputs	Measurement	Achievement
<b>Roding</b>		
Emergency Work		
<ul style="list-style-type: none"> <li>Arterial and Major Collector Roads</li> </ul>	<ul style="list-style-type: none"> <li>Delays of no longer than 1 hour plus normal travelling time from Depot to site</li> </ul>	<ul style="list-style-type: none"> <li>75% of all emergency work on Arterial and major collector roads were fixed within the prescribed time.</li> </ul>
<ul style="list-style-type: none"> <li>All Other Roads</li> </ul>	<ul style="list-style-type: none"> <li>Delays of no longer than 2 hours plus normal travelling time from Depot to site</li> </ul>	<ul style="list-style-type: none"> <li>75% of all emergency work on all other roads were fixed within the prescribed time.</li> </ul>
Pothole Repairs		
<ul style="list-style-type: none"> <li>Arterial and Major Collector Roads</li> </ul>	<ul style="list-style-type: none"> <li>Within 3 days of being noticed/reported</li> </ul>	<ul style="list-style-type: none"> <li>75% of Pothole repairs to 30 June 2007 for major and collector roads were completed within 3 days of being reported.</li> </ul>
<ul style="list-style-type: none"> <li>All Other Roads</li> </ul>	<ul style="list-style-type: none"> <li>Within 8 days of being noticed/reported</li> </ul>	<ul style="list-style-type: none"> <li>60% of potholes on all other roads were repaired within 8 days of being identified to 30 June 2007.</li> </ul>
Note: the low compliance with pothole repair was due to the weather being worse than usual and the larger number of potholes caused by this.		
<b>Stormwater and Sewerage</b>		
Stormwater and public drains.		
<ul style="list-style-type: none"> <li>Emergency work.</li> </ul>	<ul style="list-style-type: none"> <li>Attended within 3 hours of report.</li> </ul>	<ul style="list-style-type: none"> <li>All Emergency work was attended to within 3 hours of reporting in the year ended 30 June 2007.</li> </ul>
<ul style="list-style-type: none"> <li>Major blockages/Failures.</li> </ul>	<ul style="list-style-type: none"> <li>Attended within 1 day of report.</li> </ul>	<ul style="list-style-type: none"> <li>All major blockages/failures reported were attended to within 1 day in the 2006/2007 year.</li> </ul>
<ul style="list-style-type: none"> <li>Incidents of ponding (rain events within design capacity).</li> </ul>	<ul style="list-style-type: none"> <li>15 p.a. and reducing.</li> </ul>	<ul style="list-style-type: none"> <li>There were 6 incidents of ponding recorded in the year ended 30 June 2007.</li> </ul>
<ul style="list-style-type: none"> <li>Properties flooded (rain events within design capacity).</li> </ul>	<ul style="list-style-type: none"> <li>Less than 5 p.a.</li> </ul>	<ul style="list-style-type: none"> <li>There were 4 reports of properties flooding in the year ended 30 June 2007.</li> </ul>
<ul style="list-style-type: none"> <li>Buildings flooded (rain events within design capacity).</li> </ul>	<ul style="list-style-type: none"> <li>Nil.</li> </ul>	<ul style="list-style-type: none"> <li>There were no buildings flooded due to problem or issues with the stormwater and public drains in the year ended 30 June 2007.</li> </ul>

Outputs	Measurement	Achievement
<p>Separation of stormwater reticulation from sewerage reticulation in Greymouth, Cobden, and Blaketown:</p> <ul style="list-style-type: none"> <li>Separation of sewerage and stormwater reticulation schemes.</li> <li>Discharges of sewerage into stormwater.</li> </ul>	<ul style="list-style-type: none"> <li>Completed by 30 June 2014. Stages completed in line with Greymouth sewerage upgrade action plan.</li> <li>Properties to separate discharges no later than separate reticulation schemes available for them to connect to.</li> </ul>	<ul style="list-style-type: none"> <li>As at 30 June 2007 35% of the separation was complete. This is ahead of the action plan given that work on separation has been accelerated.</li> <li>Once each separation contract is completed Council writes to the concerned property owners giving them 2 years to separate and connect to the scheme.</li> </ul>
<p>Construct new reticulated sewerage schemes when local communities agree to fund their share of the cost.</p>	<ul style="list-style-type: none"> <li>Blackball – by 30 June 2007.</li> <li>Te Kinga – by 30 June 2007.</li> <li>Boddytown – by 30 June 2007.</li> <li>Dobson and Kaiata – by 30 June 2009.</li> <li>Rapahoe – by 30 June 2011.</li> </ul>	<ul style="list-style-type: none"> <li>This scheme was not completed as at 30 June 2007 but is expected to be completed by 30 September 2007.</li> <li>This scheme was not completed as at 30 June 2007 but is expected to be done by 30 September 2007.</li> <li>The Boddytown Scheme was completed in May 2007.</li> <li>Work on the Kaiata Scheme had not started as at 30 June 2007.</li> <li>Work on the Rapahoe Scheme had not started as at 30 June 2007</li> </ul>
<p>Environmental compliance per waste treatment scheme.</p> <ul style="list-style-type: none"> <li>Resource consent compliance regarding effluent discharge quality.</li> <li>Complaints of odours.</li> <li>Other complaints.</li> </ul>	<ul style="list-style-type: none"> <li>More than 90% compliance.</li> <li>Maximum 5 p.a.</li> <li>Maximum 20 p.a.</li> </ul>	<ul style="list-style-type: none"> <li>To 30 June 2007, Council complied with the effluent discharge quality 99% of the time.</li> <li>There were no complaints recorded to 30 June 2007.</li> <li>There were no other complaints for the year ended 30 June 2007.</li> </ul>
<b>Water Supply</b>		
<p>Capacity of all schemes to be adequate for fire fighting purposes.</p>	<ul style="list-style-type: none"> <li>Renew Runanga trunk main and main to Rapahoe by 30 June 2007.</li> <li>Upgrade Blackball scheme by 30 June 2014.</li> </ul>	<ul style="list-style-type: none"> <li>The renewal was begun in the 2006/2007 financial year and is expected to be completed by August 2007 but will only extend to Runanga when completed.</li> <li>The Blackball scheme upgrade was started with the sewer upgrade and is expected to be completed by September 2007.</li> </ul>
<b>Refuse collection and disposal</b>		
<p>Complaints re spillage during collection and transport to McLeans Landfill.</p>	<ul style="list-style-type: none"> <li>Maximum 15 p.a.</li> </ul>	<ul style="list-style-type: none"> <li>There were no recorded complaints regarding spillage during collection and transport of refuse to McLeans ptt in the year ended 30 June 2007.</li> </ul>
<p>Compliance with discharge permit conditions for closed landfills.</p>	<ul style="list-style-type: none"> <li>80%.</li> </ul>	<ul style="list-style-type: none"> <li>All closed Council landfills complied with the discharge permit conditions in the year ended 30 June 2007.</li> </ul>
<p>Compliance with discharge permit conditions for McLeans Landfill.</p>	<ul style="list-style-type: none"> <li>100%.</li> </ul>	<ul style="list-style-type: none"> <li>McLeans Landfill complied with all the permit conditions throughout the financial year.</li> </ul>
<b>Property and Parking</b>		
<p>Retaining land with a present or future strategic value.</p> <p>Selling of surplus land.</p>	<ul style="list-style-type: none"> <li>Full assessment of strategically valuable land by October 2007.</li> <li>Sale of 40% of surplus land per lists cleared for sale.</li> </ul>	<ul style="list-style-type: none"> <li>An assessment of Council's strategically valuable land had not been completed as at 30 June 2007.</li> <li>A portion of Council's surplus land was tendered and sold in July 2006 with any remaining surplus properties to be sold by tender in the future.</li> </ul>
<p>Land sales:</p> <ul style="list-style-type: none"> <li>Updated lists of property for sale.</li> <li>Price to be achieved.</li> <li>Retained land kept neat and tidy.</li> </ul>	<ul style="list-style-type: none"> <li>Three monthly.</li> <li>The reserve price as determined from time to time.</li> <li>65%.</li> </ul>	<ul style="list-style-type: none"> <li>Council has a list of properties for sale. It is not currently updated on a regular basis due to constraints on staff time.</li> <li>The reserve price is determined at the time of a property being offered for sale.</li> <li>All retained Land is kept tidy by the In-House task force</li> </ul>
<p>New Parking</p> <ul style="list-style-type: none"> <li>New carpark behind Duke Backpackers.</li> </ul>	<ul style="list-style-type: none"> <li>Completed by 30 June 2007.</li> </ul>	<ul style="list-style-type: none"> <li>The process of creating new car parking behind the Duke Backpackers has begun but is being held up by the legal process of reclassifying the land use.</li> </ul>
<b>Community Services</b>		
<p>Replace the Greymouth Town Baths as soon as possible with an aquatic centre.</p>	<ul style="list-style-type: none"> <li>Finalise fund raising by June 2008.</li> <li>Put in place designs and project management arrangements.</li> <li>Manage existing baths as efficiently as possible.</li> </ul>	<ul style="list-style-type: none"> <li>As at 30 June 2007 the Aquatic centre committee had raised \$2.4 million.</li> <li>Gurden Consulting was contracted to project manage the aquatic centre in July 2006.</li> <li>The existing war Memorial baths facility is maintained to a standard that means it can remain operational while the new facility is developed ensuring that it complies with all applicable standards.</li> </ul>

Outputs	Measurement	Achievement
<b>Council (democracy)</b>		
Transparency <ul style="list-style-type: none"> <li>▪ Decisions in-committee.</li> </ul>	<ul style="list-style-type: none"> <li>▪ No more than 10%.</li> </ul>	<ul style="list-style-type: none"> <li>▪ 3-5% of all Council decisions made to 30 June 2007 were in committee.</li> </ul>
Good Order <ul style="list-style-type: none"> <li>▪ Member compliance with ethical rules.</li> <li>▪ Notice of meetings.</li> <li>▪ Following Standing Orders.</li> </ul>	<ul style="list-style-type: none"> <li>▪ 100%.</li> <li>▪ 5 days.</li> <li>▪ 100%.</li> </ul>	<ul style="list-style-type: none"> <li>▪ There have been no breaches of Councils code of conduct in the year ended 30 June 2007.</li> <li>▪ All 29 meetings held in the 2006/2007 financial year were advertised at least 5 days prior to the meeting date.</li> <li>▪ All standing orders were followed in the year ended 30 June 2007.</li> </ul>
<b>Environmental Services</b>		
RMA and District Plan. <ul style="list-style-type: none"> <li>▪ Response timelines.</li> <li>▪ Prompt, courteous and fair enforcement.</li> </ul>	<ul style="list-style-type: none"> <li>▪ As prescribed in the Act.</li> <li>▪ Verified complaints max 5 p.a.</li> </ul>	<ul style="list-style-type: none"> <li>▪ 44% of 168 consents processed within the timeframes prescribed within the Act. During 2006/2007 timeframes were doubled under S37 of the Resource Management Act. 77% were issued within the 40 day time frame.</li> <li>▪ There were no verified complaints received in the 2006/2007 year.</li> </ul>
Achieve accreditation as a Building Consent Authority.	<ul style="list-style-type: none"> <li>▪ Timetable and criteria as laid down in regulations.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Application for accreditation was submitted as planned in June 2007. The process will continue through the 2007-08 year</li> </ul>
Building Act: <ul style="list-style-type: none"> <li>▪ Response timelines.</li> <li>▪ Enforcement.</li> </ul>	<ul style="list-style-type: none"> <li>▪ As prescribed in the Act.</li> <li>▪ Prompt, courteous and fair.</li> </ul>	<ul style="list-style-type: none"> <li>▪ 75% of the 672 building consents issued to the 30 June 2007 were issued within the 20 day limit.</li> <li>▪ There were no verified complaints received in the 2006/2007 year.</li> </ul>
Animal Control.	<ul style="list-style-type: none"> <li>▪ Compliance with dog registration - 95%.</li> <li>▪ Improved dog owner understanding of rights and responsibilities.</li> </ul>	<ul style="list-style-type: none"> <li>▪ As at 30 June 2007 98% of all known dogs in the district were registered.</li> <li>▪ There were several pamphlets made available at the counter for dog owners including micro chipping, heat stress, better control and house training. A presentation was also given at the local Lions meeting.</li> </ul>
Official Information: <ul style="list-style-type: none"> <li>▪ LIM requests.</li> </ul>	<ul style="list-style-type: none"> <li>▪ 10 working days.</li> </ul>	<ul style="list-style-type: none"> <li>▪ 27% of LIM requests were completed within 10 working days. The low result is due to high demand on staff time to complete tasks.</li> </ul>

## AUDIT REPORT

### TO THE READERS OF GREY DISTRICT COUNCIL AND GROUP'S SUMMARY ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2007

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 25 October 2007, 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 incorporate the New Zealand Auditing Standards. Other than in our capacity as auditor, we have no relationship with or interests in Grey District 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.



K J Boddy,  
Audit New Zealand  
On behalf of the Auditor-General  
Christchurch, New Zealand  
22 November 2007