

2008 annual report summary

from the mayor and ceo

Welcome to Council's summary report on its achievement over the 2007/2008 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 second year reporting on Council's 2006 - 2016 Long Term Community Outcomes Plan. As forecast the financial result is a large surplus, however 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. As in last year, one of the biggest challenges for the 2007/2008 year was to set a budget that again required a minimum general rate increase. This achievement in the face of escalating electricity, fuel, and contracting costs 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 75% 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 emergency works to remedy damage totalling \$644,000.

Greymouth Sewerage Scheme

Significant progress continues to be made on the new Greymouth scheme, notably the separation of services work accomplished in Cobden. The commitment is to complete the works within an overall 10 year period so as to draw down the maximum central government subsidy. This is well on track.

Blackball Sewerage Scheme

This project was completed in late 2007, and residents have begun the process of decommissioning their on-site systems and connecting to the new reticulated scheme. 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.

Greymouth Aquatic Centre

The contract for this project was let in April 2008, with completion scheduled for April 2009. One of the greatest achievements to date was the voluntary community effort to prepare the site. This involved many hours of excavating and backfilling and got the project off to a fantastic start.

Port Operations

Significant work was carried out in reforming Council's port operations and negotiating with future customers and partners. The intention was for Port Westland Limited, a 100% Council owned subsidiary, which was constituted in April 2006 to oversee the port operations. The ultimate decision of Pike River Coal Company to transport the cargo via the midland rail has meant that the economic viability of Greymouth's port operation is under close scrutiny, and a decision on the most appropriate ownership/management model will be made by Council in the 2008/2009 year.



This is a summary of Grey District Council's and Group full 2008 Annual Report. The full report can be obtained by visiting Council offices in Tainui St or www.greydc.govt.nz.

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.

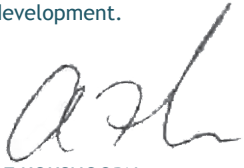
Building Consenting

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. Accreditation has subsequently been gained early in the 2008/2009 year.

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

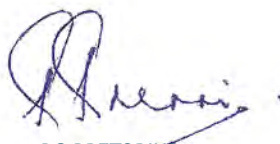
- the 2009 - 2019 Long Term Council Community Plan (LTCCP) including developing activity management plans for each of the activities the Council is involved in and policy development required therein
- the extension to Council's main offices
- the Rununga Pool upgrade
- adapting and dealing with consequences of new legislation i.e following the rating inquiry, emissions trading etc.
- waste minimization/resource recovery.

A word of thanks to elected representatives for their work and dedication. You have been part of a particularly busy period in our District's development.



AF KOKSHOORN

Mayor



PG PRETORIUS

Chief Executive Officer

summary financial statements

audit report

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 (unqualified opinion), including full details of accounting policies, authorised for issue by the Council on 31 October 2008, which were prepared in accordance with generally accepted accounting practice in New Zealand.

Notes to the Financial Statements for the year ended 30 June 2008.

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 Group figures include *Port Westland Ltd*, a 100% owned Council subsidiary. The specific disclosures included in the summary financial report have been extracted from the full audited annual report dated 31 October 2008.

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.greydc.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.

The summary has been authorised for issue by GDC management on 28 November 2008.

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

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

We have audited the summary annual report.

Unqualified Opinion

In our opinion:

- the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report; and
- the information reported in the summary financial statements complies with FRS-43: Summary Financial Statements and is consistent with the full financial statements from which it is derived.

We expressed an unqualified audit opinion, in our report dated 31 October 2008, on:


- the full financial statements; and
- the Council and group's compliance with the other requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report.

Basis of Opinion

Our audit was conducted in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards. Other than in our capacity as auditor, we have no relationship with or interests in the 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.



K J Boddy, Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand
28 November 2008

summary income statement for the year ended 30 june 2008

| | note | council | | | group | |
|--|------|-------------------------|-------------------------|----------------------------|-------------------------|----------------------------|
| | | Actual 2008 \$000 | Budget 2008 \$000 | Last Year 2007 \$000 | Actual 2008 \$000 | Last Year 2007 \$000 |
| INCOME | | | | | | |
| Rates revenue | | 10,314 | 10,148 | 9,902 | 10,314 | 9,902 |
| Other revenue, and other gains/(losses) | | 13,201 | 11,009 | 13,348 | 13,150 | 13,246 |
| Total income | | 23,515 | 21,157 | 23,250 | 23,464 | 23,148 |
| EXPENDITURE | | | | | | |
| Employee expenses | | (3,096) | (3,086) | (3,041) | (3,102) | (3,059) |
| Depreciation | | (6,525) | (5,974) | (5,400) | (6,525) | (5,400) |
| Other expenses | 1 | (9,880) | (7,463) | (9,846) | (9,532) | (9,939) |
| Finance costs | | (750) | (642) | (587) | (750) | (587) |
| Total operating expenditure | | (20,251) | (17,165) | (18,874) | (19,909) | (18,985) |
| Net surplus/(loss) before tax | | 3,264 | 3,992 | 4,376 | 3,555 | 4,163 |
| Income tax expense | | - | - | - | - | - |
| Surplus/(deficit) after tax attributable to Grey District Council | | 3,264 | 3,992 | 4,376 | 3,555 | 4,163 |

1. related parties transactions have occurred on an arms length basis and are fully disclosed in the full annual statements

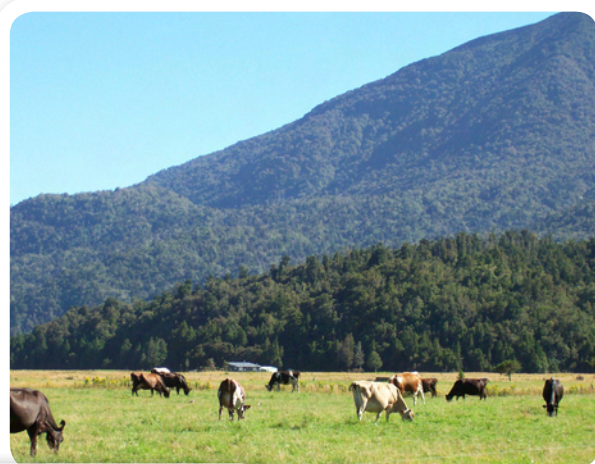
the above table shows Council's total income and expenditure for the year, generating a net surplus of \$3,264,000. The main differences from those that were anticipated in the budget are:

Other gains/(losses)

- The actual being significantly higher than budget relates to gain on sale of assets (largely freeholding of Council property), and due to the volume sold was significantly higher than budgets. Note that proceeds from sale of these assets is transferred to reserves and does not form part of Council's day to day operating revenue.

Other expenses

- \$2,417,000 higher than budget. Includes \$1,334,000 of port related expenditure that was not included in budget due to it being anticipated at the time that functions would be transferred to Port Westland Limited. This has not occurred. Included in the port expenditure is an amount of \$912,000 related to the impairment of the value of Council's investment in Port Westland Limited. Roothing expenditure was \$573,000 higher than estimates due to emergency works, budget carryovers and some operating expenditure offset by reductions in renewal expenditure.



statement of changes in equity for the year ended 30 june 2008

| | council | | | group | |
|---|-------------------------|-------------------------|----------------------------|-------------------------|----------------------------|
| | Actual 2008 \$000 | Budget 2008 \$000 | Last Year 2007 \$000 | Actual 2008 \$000 | Last Year 2007 \$000 |
| Balance at 01 July | 268,807 | 266,520 | 264,431 | 268,594 | 264,431 |
| Revaluation gains/(losses) taken to equity | 28,104 | 38,905 | - | 28,104 | - |
| Surplus/(deficit) for the year | 3,264 | 3,992 | 4,376 | 3,555 | 4,163 |
| Total recognised income/(expense) for the year ended 30 June | 31,368 | 42,897 | 4,376 | 31,659 | 4,163 |
| Balance at 30 June | 300,175 | 309,417 | 268,807 | 300,253 | 268,594 |

Main differences from those forecast in the budget:

Revaluation gains/(losses) taken to equity

- Less than budget. The budgets included a provision for revaluing 'Land under roads' that did not happen. When budgets were prepared and subsequently finalised Council had not completed its transitions to NZ-IFRS. One of the transitions was to recognise 'Land under roads' at deemed cost, and therefore to no longer revalue

summary balance sheet as at 30 june 2008

| | council | | | group | |
|-------------------------------------|-------------------------|-------------------------|----------------------------|-------------------------|----------------------------|
| | Actual 2008 \$000 | Budget 2008 \$000 | Last Year 2007 \$000 | Actual 2008 \$000 | Last Year 2007 \$000 |
| Current Assets | 18,377 | 16,469 | 17,578 | 18,455 | 17,590 |
| Non Current Assets | 293,760 | 305,986 | 263,308 | 293,760 | 263,090 |
| TOTAL ASSETS | 312,137 | 322,455 | 280,886 | 312,215 | 280,680 |
| Current Liabilities | 8,159 | 4,677 | 3,231 | 8,159 | 3,238 |
| Non Current Liabilities | 3,803 | 8,363 | 8,848 | 3,803 | 8,848 |
| TOTAL LIABILITIES | 11,962 | 13,040 | 12,079 | 11,962 | 12,086 |
| Retained earnings | 198,035 | 153,596 | 195,280 | 198,113 | 195,067 |
| Special Funds | 19,097 | 18,026 | 18,528 | 19,097 | 18,528 |
| Trusts Bequests and Other Reserves | 589 | 640 | 649 | 589 | 649 |
| Revaluation reserve | 82,454 | 137,153 | 54,350 | 82,454 | 54,350 |
| TOTAL EQUITY | 300,175 | 309,415 | 268,807 | 300,253 | 268,594 |
| TOTAL EQUITY AND LIABILITIES | 312,137 | 322,455 | 280,886 | 312,215 | 280,680 |

Main variances from budget:

Variances as noted previously are reflected in equity, others of note:

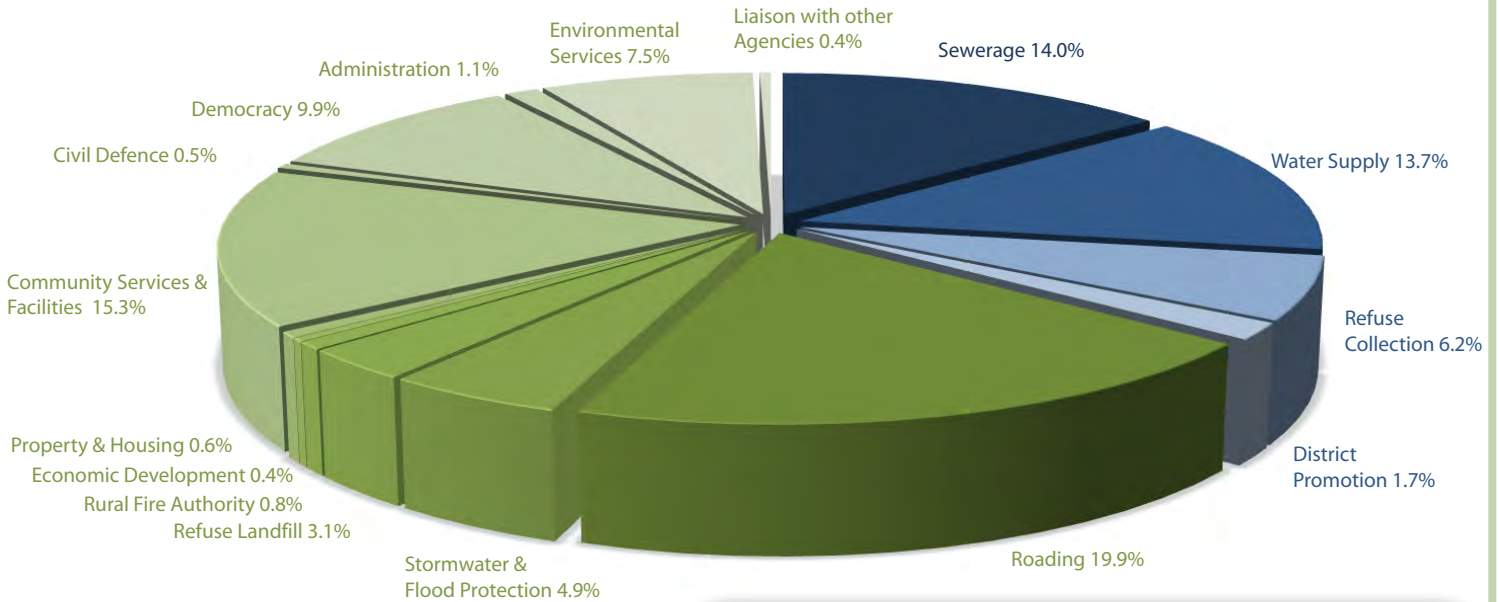
- Assets:- Current assets greater than budget:
 - It was anticipated that \$401,000 of assets held for sale would have been disposed of in the 2007/2008 financial year which did not occur and
 - a reclassification of part of Council's land holdings from property, plant and equipment to assets held for sale as part of Council's NZ-IFRS transition, which was not accounted for in the budget.
- Liabilities:- Borrowings overall \$890,000 less than budget, due to some projects intended to be funded by external borrowing not proceeding and a greater portion was due for refinancing within 12 months from balance date of 30 June 08, so most borrowing has been disclosed as current. This was due to Council delaying some of its refinancing to August 2008, which was originally intended to occur in April 2007
- Equity:- because 'Land Under Roads' were not re-valued the total asset value and total equity are lower than forecast.
- Equity:- 'Land Under Roads' were recognised at deemed cost during NZ-IFRS transition therefore the carrying value was recognised in Retained Earnings rather than the Revaluation Reserve. This was not anticipated in the budget figures.



summary statement of cashflows for the year ended 30 june 2008

| | council | | | group | |
|--|-------------------------|-------------------------|----------------------------|-------------------------|----------------------------|
| | Actual 2008 \$000 | Budget 2008 \$000 | Last Year 2007 \$000 | Actual 2008 \$000 | Last Year 2007 \$000 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Total cash inflows from operating activities | 21,472 | 20,166 | 19,695 | 21,421 | 19,695 |
| Total cash outflows from operating activities | (12,618) | (11,144) | (12,525) | (13,239) | (12,731) |
| Net cash from operating activities | 8,854 | 9,022 | 7,170 | 8,182 | 6,964 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Total cash inflows from investing activities | 32,604 | 35,000 | 40,909 | 32,604 | 40,909 |
| Total cash outflows from investing activities | (45,220) | (44,700) | (43,848) | (44,536) | (43,630) |
| Net cash from investing activities | (12,616) | (9,700) | (2,939) | (11,932) | (2,721) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | |
| Total cash inflows from financing activities | - | 515 | 296 | - | 296 |
| Total cash outflows from financing activities | (181) | (179) | (19) | (181) | (19) |
| Net cash from financing activities | (181) | 336 | 277 | (181) | 277 |
| Net (decrease)/increase in cash, cash equivalents and bank overdrafts | (3,943) | (342) | 4,508 | (3,931) | 4,520 |
| Cash, cash equivalents and bank overdrafts at the beginning of the year | 12,296 | 2,326 | 7,788 | 12,308 | 7,788 |
| Cash, cash equivalents and bank overdrafts at the end of the year | 8,353 | 1,984 | 12,296 | 8,377 | 12,308 |

where council spent rates



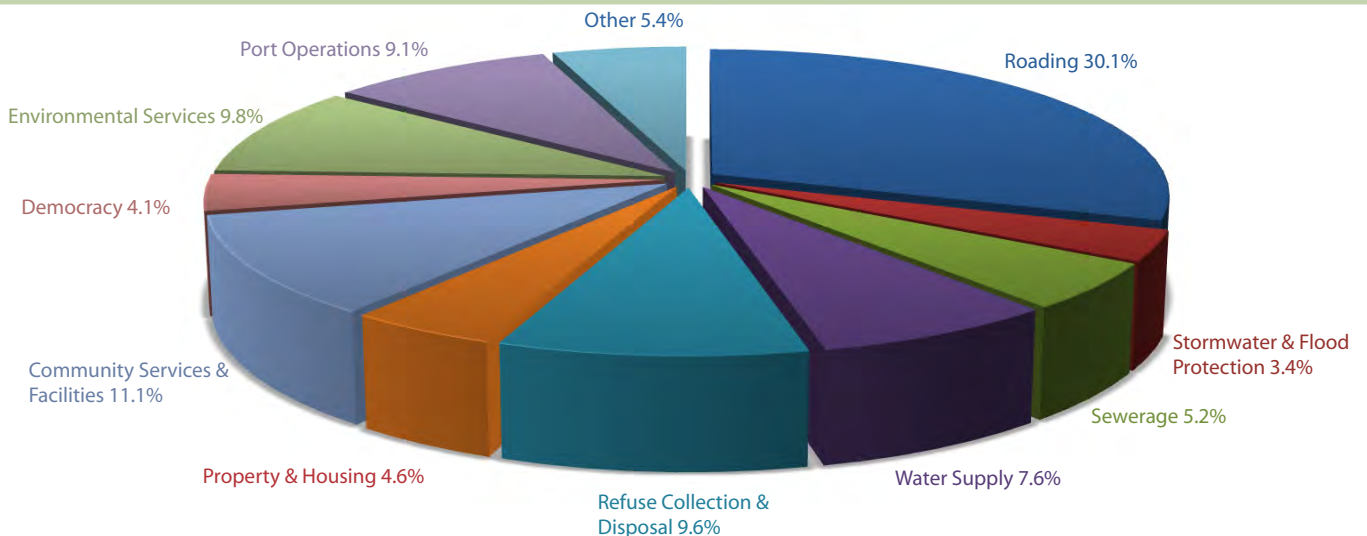
■ General Rates (incl. Uniform Annual General Charge) and penalties

■ Targeted Rates



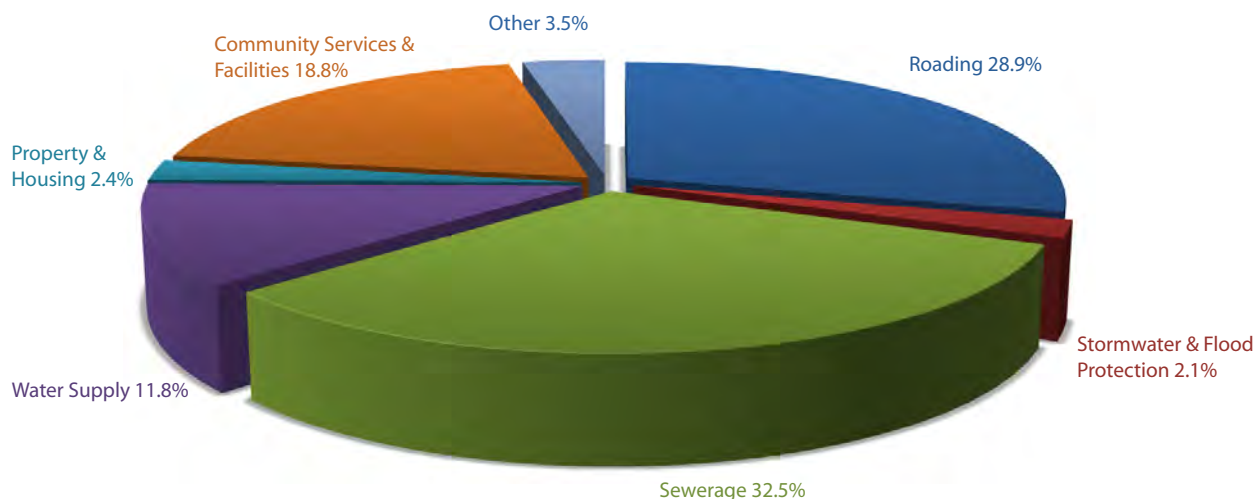
| | Actual 2008 \$000 | Budget 2008 \$000 | Last Year 2007 \$000 |
|--|----------------------|----------------------|-------------------------|
| GENERAL RATES | | | |
| General Rate | 4,717 | 4,657 | 4,117 |
| Uniform Annual General Charge | 1,807 | 1,758 | 2,196 |
| TARGETED RATES | | | |
| Northern Ward Community Board | - | - | 75 |
| District Promotion | 172 | 166 | 187 |
| Refuse Collection | 638 | 630 | 618 |
| Water Supplies | 1,193 | 1,176 | 1,006 |
| Water Meter Rates | 218 | 246 | 222 |
| Sewerage Collection | 1,448 | 1,419 | 1,371 |
| PENALTIES | | | |
| Rate Penalties | 121 | 96 | 110 |
| Total rates revenue | 10,314 | 10,148 | 9,902 |
| RATES REMITTED ARE AS FOLLOWS: | | | |
| Rates on land where GDC is the ratepayer | 188 | 170 | 168 |
| Rate discounts | 23 | 26 | 25 |
| Rates remitted per Council policy | 49 | 65 | 67 |

total expenditure per activity



Total expenditure of \$20,251,000 includes all operating and maintenance items, staff costs, interest expenditure and depreciation. It does not include the money spent replacing existing or purchasing new assets (refer to next graph). Internal administration costs (staff costs plus overheads) have been allocated against each activity of Council using the most appropriate method.

capital expenditure per activity



Council spent a total of \$8,318,000 on replacing existing assets and acquiring/building new assets. Items of note were:

- Greymouth sewerage upgrade (on-going) \$1,693,000
- Blackball sewerage scheme \$ 750,000
- Greymouth aquatic centre (on-going) \$1,212,000

summary of significant performance measures

What Council has spent and where is outlined in the tables and graphs as shown above. Council also measures non financial performance against a number of measures (all of which are contained within the full annual report). Some of the key performance measures are as follows:

| performance target | what Council achieved |
|---|---|
| Roothing | |
| Fixing potholes: <ul style="list-style-type: none"> ▪ Within 3 days of being noticed/reported on main roads ▪ Within 8 days of being noticed/reported on other roads | Most pothole repairs were completed within the prescribed timeframes there were some minor delays with some repairs due to inclement weather during the 2007/2008 year. |
| Response times when emergency work required: <ul style="list-style-type: none"> ▪ Delays of no longer than 1 hour plus normal travelling time from depot to site on main roads ▪ Delays of no longer than 2 hours plus normal travelling time from depot to site on other roads | <ul style="list-style-type: none"> ▪ All emergency work on arterial and major collector roads was responded to within one hour plus normal travelling time during the 2007/2008 year. ▪ All emergency work on all other roads was responded to within two hours plus normal travelling time during the 2007/2008 year |
| Sewerage | |
| Properties to connect to a Council sewerage scheme where one is available: <ul style="list-style-type: none"> ▪ All applicable properties in Paroa/South Beach connected by 30 June 2008. | As at 30 June 2008 approximately 60 properties are still not connected in the Paroa/South Beach Area. |
| Upgrade Greymouth sewerage scheme. Completed by 30 June 2014 | 40% of the Greymouth Sewerage Scheme upgrade had been completed as at the 30 June 2008. |
| Construct new sewerage schemes when local communities agree to fund their share of the cost. <ul style="list-style-type: none"> ▪ Blackball - by 30 June 2007. ▪ Te Kinga - by 30 June 2007. ▪ Boddytown - by 30 June 2007. | <ul style="list-style-type: none"> ▪ The Blackball sewerage scheme was completed in January 2008. ▪ Te Kinga sewerage scheme was completed in November 2007. ▪ The Boddytown scheme was completed in May 2007. |
| Stormwater and Flood Protection | |
| To have no more than 15 incidences of ponding (accumulated stormwater) per year | There were a greater number of ponding incidents and properties being flooded in 2007/2008, an exact number was unable to be determined. The increase in ponding was due to increased incidents of rainfall events above the stormwater systems designed capacity. |
| Water Supply | |
| To measure for 'unaccountable' water per supply (leakage testing) and have results no greater than the following: <ul style="list-style-type: none"> ▪ Greymouth area - 10%. ▪ Runanga-Rapahoe - 15%. ▪ Stillwater - 5%. ▪ Dobson-Taylorville - 15%. ▪ Blackball - 5%. | <ul style="list-style-type: none"> ▪ 8%. ▪ 11%. ▪ 7%. ▪ 2%. ▪ 8%. |

| performance target | what Council achieved |
|--|--|
| Refuse collection | |
| <p>Provide a refuse bag collection service to the majority of the district, within the following criteria:</p> <ul style="list-style-type: none"> 2 bags to be collected per property; and once per week, except Greymouth central business district which is twice per week, and run on designated days. | <ul style="list-style-type: none"> Council provided refuse collections using a tie system. Each property where the collection is available is issued with 104 ties (2 bags per week). Further ties are available for purchase at council offices. The rubbish collection operated in all areas of the district once a week except in the CBD. The CBD rubbish collection operated twice a week during the year ended 30 June 2008. The refuse collection was available in all areas on designated days including public holidays throughout the year ended 30 June 2008.. |
| Rural fire | |
| <p>Response times from receipt of call-out to mobilisation, from mobilisation to actual arrival at the fire scene and from arrival at fire scene to time taken to declare fire out:</p> <ul style="list-style-type: none"> 20 minutes from receipt of call to mobilisation. 40 minutes from mobilisation to arrival at fire scene for first fire suppression response. | <ul style="list-style-type: none"> Mobilisation of WCRFA occurred within 20 minutes in all three situations. In two of the three fires arrival at the scene was greater than 40 minutes from mobilisation. This was due to the location of the fires being greater than 40 minutes travelling time from base. |
| Pensioner housing | |
| To maintain occupation rates of above 85%. | Council flats were fully occupied throughout the year ended 30 June 2008. |
| Greymouth aerodrome | |
| For user fee recovery from landing charges at airport to achieve at least the budgeted amount of \$18,540. | \$6,184 (33% of budget) was received in landing fees for the year ended 30 June 2008. The new camera has not been operating correct for parts of the year reducing council's ability to charge for landings. |
| District library | |
| To maintain a quality book stock by holding 35,000 books of which no more than 10% are older than 7 years. | The library had stock of 31,081 books as at 30 June 2008. 37% of these books were older than 7 years. Space at the library restricts the total number of books that can be held, without impacting negatively on the space available to users. No complaints were received relating to the quality and quantity of stocks held. |
| Swimming pools | |
| To replace the Greymouth Town Baths as soon as possible with a new aquatic centre and as such finalise fund-raising by June 2008 | As at 30 June 2008 Fundraising for the aquatic centre was substantially completed. The project is underway (contract awarded in with expected completion in March/April 2009 |
| Re-develop and re-roof the Runanga Baths Implement redevelopment by June 2007. | The project was approved to go ahead during the 2007/2008 year. Stage 1 - design and tender is underway. |
| History House - museum | |
| To attract a minimum number of visitors of 60 per month | History house had an average of 248 visitors per month in the year 1 July 2007 to 30 June 2008. |
| Civil Defence | |
| To hold at least 1 training exercises per year | 2 training exercises were conducted in the year ended 30 June 2008. |
| Review the Civil Defence Plan and confirm contacts once per year | A review of the civil defence plan and contact confirmations were not completed in the 2007/2008 year as the Civil Defence Officer role was vacant for most of the period. |
| District planning | |
| Improve the community perceptions of departmental performance - per customer satisfaction rating. | Three successful workshops were held with key stakeholders during the year to discuss issues and perceptions. No formal customer satisfaction survey was undertaken but informal advice of improved perceptions of performance workshops are now an annual event |
| Process resource consents within the timeframe set under legislation | 110 of 148 non-notified consents were processed to a decision within 20 days. Council has currently invoked section 37 of the RMA which allows for 40 days processing time. The average processing time for all consents was 46.9 days. |
| Building control | |
| Achieve accreditation as a Building Consent Authority. | The timeframe for accreditation as a building consent authority has been extended to 31 March 2009. The Council subsequently achieved accreditation on the 13 August 2008. |
| Process consents within the timeframe set under legislation | 86% of the 653 building consents/COA's issued to 30 June 2008 were issued within the 20 day limit. |
| Amenity management | |
| The clearance of 6 untidy properties per year | 10 properties were cleared through enforcement procedures in the year ended 30 June 2008 |