



Grey District Council



ANNUAL REPORT

For the Year Ended
30 June 2004



**NATURALLY AMAZING
THE GREY DISTRICT**

GREY DISTRICT COUNCIL

ANNUAL REPORT

For the year ended
30 June 2004

ISSN: 1171-2252

Cover Photography:
Karl Jackson
E Davies

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Audit New Zealand

AUDIT REPORT

TO THE READERS OF GREY DISTRICT COUNCIL'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004

The Auditor-General is the auditor of Grey District Council (the District Council). The Auditor-General has appointed me, K J Boddy, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements of the District Council, on his behalf, for the year ended 30 June 2004.

Unqualified opinion

In our opinion the financial statements of the District Council on pages 12 to 54:

- ▲ comply with generally accepted accounting practice in New Zealand; and
- ▲ fairly reflect:
 - the District Council's financial position as at 30 June 2004;
 - the results of its operations and cash flows for the year ended on that date; and
 - its service performance achievements measured against the performance targets adopted for the year ended on that date.

The audit was completed on 5 November 2004, and is the date at which our opinion is expressed.

The basis of the opinion is explained below. In addition, we outline the responsibilities of the Council and the Auditor, and explain our independence.

Basis of opinion

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed our audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements did not have material misstatements, whether caused by fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements. If we had found material misstatements that were not corrected, we would have referred to them in the opinion.

Our audit involved performing procedures to test the information presented in the financial statements. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- ▲ determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- ▲ verifying samples of transactions and account balances;
- ▲ performing analyses to identify anomalies in the reported data;
- ▲ reviewing significant estimates and judgements made by the Council;
- ▲ confirming year-end balances;
- ▲ determining whether accounting policies are appropriate and consistently applied; and
- ▲ determining whether all financial statement disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements.

We evaluated the overall adequacy of the presentation of information in the financial statements. We obtained all the information and explanations we required to support the opinion above.

Responsibilities of the Council and the Auditor

The Council is responsible for preparing financial statements in accordance with generally accepted accounting practice in New Zealand. Those financial statements must fairly reflect the financial position of the District Council as at 30 June 2004. They must also fairly reflect the results of its operations and cash flows and service performance achievements for the year ended on that date. The Council's responsibilities arise from the Local Government Act 2002, which requires the Council to prepare financial statements under the Local Government Act 1974.

We are responsible for expressing an independent opinion on the financial statements and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001.

Independence

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the Institute of Chartered Accountants of New Zealand.

Other than the audit, we have no relationship with or interests in the District Council.



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



2 FOREWORD FROM HIS WORSHIP THE MAYOR & THE CHIEF EXECUTIVE OFFICER

It is with both pride and gratitude that we present the Annual Report for 2004, fully reflecting Council's financial position.

LOOKING BACK

The year was an immensely busy year for both council and its administration. The Long Term Council Community Plan as an incredibly involved information "hungry" and outcome "rich" document took a Herculean effort to finish and most certainly was the morning, day and night for a number of, especially, staff who, given the inability of council to contract it out, took it upon themselves to write the plan in its entirety. We are one of a minority of councils in New Zealand that consulted on the community outcomes, wrote a full Long Term Council Community Plan that fully complies with the Act requirements.

Other requirements of the new Local Government Act, namely Statements, Assessments, Policies, etc. also took an immense amount of hours and really put the commitment and passion of council's administration to the test.

The continued high growth in our local and regional economy continued to put our capability and capacity to the test. Where the national economy and, especially key growth areas in New Zealand, have seen a slow decline in the growth rate of the past two years, our growth rate remains high and even shows signs of further increases.

Other important challenges and achievements were :

ASSETS MANAGEMENT

This department has been involved in the development of the Long Term Council Community Plan, especially after its first draft stage. Apart from this, the department has achieved a really demanding roading programme whilst on the utilities front, design and planning of the Greymouth, Karoro and Blackball sewerage schemes represent the most important in a range of project outputs.

Maintaining assets once again, was a high priority.

ENVIRONMENTAL SERVICES

The continued high growth rate has especially shown its effect on this department. The significant and steadily growing number of subdivisions in our district resulted in rather serious delays in the associated processes and the need to appoint another Planner.

Land Information Memoranda applications also averaged around 20 per week throughout the year and also in this respect, delays were, in some cases, unavoidable.

Building consent applications are also on the increase whilst new Building Industry Authority processes add time and cost to the approval and management process. A backlog of 30 building plans, however unacceptable, became the norm. Finding a suitable additional Building Inspector is also difficult in that the conditions for Accreditation are still unknown and new appointments are therefore most difficult.

The departmental Long Term Council Community Plan involvement, as well as its preliminary involvement in other planning initiatives added to the pressure on the department.

SUPPORT SERVICES

This department also became involved in the Long Term Council Community Plan process past the first draft stage although it was very involved in the development of processes, policies and statements. From early on, the higher workload of council also manifested in more work for the department in the form of agendas, minutes, correspondence, consultation, etc. The completion of the library refurbishment early in the financial year met with many positive comments from both regular and new patrons.

FINANCE

The department was intimately involved in the development of the Long Term Council Community Plan in all its stages. The departmental manager, Ms Angela Hobden, left us early on in the report period and all efforts to replace her failed as a result of lack of interest. The Chief Executive Officer took personal control of the department and maintained this until 30 June 2004. A positive outcome was the fact that the high staff turnover of the past three years stabilised and the department now functions with a good complement of competent, dedicated staff for most of the year. The appointment of Mr Ian Young as Manager Finance & Information Technology from 1 July 2004 is an important step and we wish him well.

The design of an entirely new financial and accounting system in-house to conform with the Long Term Council Community Plan is another significant achievement by the department which required extreme levels of commitment and personal sacrifice.

ECONOMIC DEVELOPMENT

Recruitment West Coast, as primary initiative of the Economic Development Office, has gone from strength to strength and its value for our economy is showing clearly. The involvement of the office in attracting new investors also resulted in very positive interest. Council's decision to do away with a dedicated focus on economic development from 1 July 2004 is an important one.

PORT OF GREYMOUTH

Coal exports to Onehunga and New Plymouth totalled 62,639 tonnes in 2003-04, with the re-opening of the Spring Creek Mine allowing a recovery from 26,205 tonnes in 2001-02 and 16,915 tonnes in 2002-03. Coal exports in 2004-05 are forecast to reach about 300,000 tonnes (to the North Island, South Island east coast and Australia), the highest level since 1918.

Aggregate exports in 2003-04 totalled 1,007 tonnes, (compared with 7188 tonnes in 2001-02 and 8007 tonnes in 2002-03) due to competing demands from the West Coast construction industry limiting the volume available for shipping to Auckland. It is expected that up to 25,000 tonnes may be shipped in 2004-05.

Fish landings in 2003-04 totalled 9,346 tonnes, slightly lower than the record years of 2002-03 (9,664 tonnes) and 2001-02 (9,382 tonnes). Fish landings are expected to be about the 9,300 tonne level in 2004-05, due to a voluntary reduction in hoki landings.


LOOKING AHEAD

The following challenges lie ahead -

- Port of Greymouth. Key decisions need to be taken from January 2005 onwards which have the potential of shaping the future of our district.
- A full Rating System Review will provide a major challenge, especially amidst inequalities created by astronomical increases in property values in certain areas.
- The implementation of the sewerage schemes, especially Greymouth, is going to be a very laborious and time-consuming exercise.
- Reviewing council activities in order to secure more affordable local government will be a major challenge. Three potential solutions are -
 - rates on Crown land or grant in lieu
 - royalties on coal
 - Port of Greymouth as income earner (subject to certain conditions).

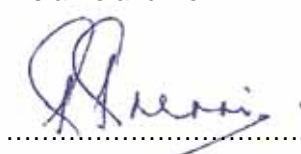
On the whole, an immensely busy year for council. Whilst the growth and growth potential is undeniably there, the ever-rising municipal costs in the form of rates remains a worry and council will be devoting a lot of attention to ways and means of reducing this. However we look at it, a host of difficult and most challenging decisions lie ahead and we want to wish the incumbent council everything of the best.

A word of thanks to the current council for their endeavours over the past three years and, particularly the past year. A special word of thanks goes to our staff who have confirmed their absolute commitment to council and our district. Also a word of thanks goes to our residents. The Long Term Council Community Plan process also posed a challenge to them and our heartfelt thanks to those who participated in the democratic process, be it complimentary of council or otherwise. Participation is alive and well!



AF KOKSHOORN

MAYOR



PG PRETORIUS

CHIEF EXECUTIVE OFFICER

Mission Statement

The aim of the Grey District Council is to provide facilities and service which enhance the quality of life and meet the needs of District residents

Objectives

To identify and monitor District needs

To provide essential services

To be accountable for the effective and efficient use of Council resources

To promote a positive climate which encourages growth and development

To lead and advocate for the District

To undertake statutory functions

To encourage community management of community facilities

To serve the residents of the District

Recognise the importance of a good relationship with the Public and in particular, the ratepayers of the District

4 COUNCILLORS AND THEIR PORTFOLIOS

1 COUNCIL

<u>Position</u>	<u>Name</u>	<u>Ward</u>	<u>Portfolio Responsibilities</u>
Mayor	Tony Kokshoorn		<ul style="list-style-type: none"> ▪ Finance (1) ▪ Economic Development ▪ Port ▪ Youth ▪ Advocacy ▪ Public Relations
Deputy Mayor	Doug Truman QSM	Central	<ul style="list-style-type: none"> ▪ Legal ▪ Water ▪ Stormwater ▪ Sewerage
Councillors	Paul Berry	Eastern	<ul style="list-style-type: none"> ▪ Resource Management ▪ Regulatory Functions ▪ Staff ▪ Dog & Stock Control
	Ian Cummings	Central	<ul style="list-style-type: none"> ▪ Finance (2) ▪ Property ▪ Liquor Licensing
	Ted Gutberlet QSM	Northern	<ul style="list-style-type: none"> ▪ Sport & Recreation ▪ Cemeteries ▪ Pensioner Housing ▪ Welfare
	Karen Hamilton	Central	<ul style="list-style-type: none"> ▪ Arts ▪ Culture ▪ Heritage ▪ Maori Affairs
	Wayne Moen JP	Southern	<ul style="list-style-type: none"> ▪ Land Transport ▪ Waste Management
	Elinor Stratford MNZM	Central	<ul style="list-style-type: none"> ▪ Health & Disability ▪ Library ▪ Tourism
	Mark Thomas	Eastern	<ul style="list-style-type: none"> ▪ Airport ▪ Civil Defence ▪ Safety/Security ▪ Parks/Reserves ▪ Forestry

2 NORTHERN WARD COMMUNITY BOARD

<u>Position</u>	<u>Name</u>
Members*	Owen Burnett
	Ronald Butler
	William Coram
	Alice Noble

*A chair had not been elected at the time of this report being prepared

5 SENIOR STAFF AND MISCELLANEOUS DETAILS

1 MANAGEMENT

Chief Executive Officer	Paul Pretorius
Manager Support Services	Kevin Beams
Assets Manager	Mel Sutherland
Manager Environmental Services	Martin Kennedy
Manager Finance and Information Technology	Paul Pretorius was acting Manager until 01 July 2004 when Ian Young was promoted to the position

2 VARIOUS DETAILS

Postal Address :

Grey District Council
P O Box 382
Greymouth

Locations:

Main Office	105 Tainui Street Greymouth Tel +64 3 768 1700 email: info@greydc.govt.nz Web: www.greydc.govt.nz
Administration & Finance	Fax +64 3 768 1703 email: finance@greydc.govt.nz
Engineering & Regulatory	Fax +64 3 768 1710 email: infrastructure@greydc.govt.nz environmental.services@greydc.govt.nz
Runanga Service Centre,	25 Carroll Street Runanga Tel +64 3 762 7813
Grey District Library	Albert Mall Greymouth Tel +64 3 768 5597 Fax +64 3 768 5597 email library@greydc.govt.nz
Runanga Library	25 Carroll Street Runanga Tel +64 3 762 7813

Bankers :

Westpac Banking Corporation, P O Box 25, Mackay Street, Greymouth

Auditor :

Audit New Zealand on behalf of the Office of the Auditor General, Wellington

Solicitors :

Hannan & Seddon, Greymouth
Lane Neave, Christchurch
Corcoran French, Christchurch
BH Connors, Greymouth

6 COUNCIL'S ACTIVITIES

<u>ACTIVITY</u>	<u>PAGE</u>
<u>SUPPORT ACTIVITIES</u>	37
Support Services, Finance & Information Technology, Asset Management, and Technical Services	
<u>REPRESENTATION AND GOVERNANCE</u>	39
Councillors' and Committees' costs and related revenues	
<u>COMMUNITY SERVICES</u>	40
(Includes Recreation and Culture) - Covers Council's social role in providing services such as libraries, swimming baths, public reserves, etc	
<u>ENVIRONMENTAL SERVICES</u>	43
(Includes District Planning and Strategic Planning) - This activity administers the requirements of the Resource Management Act and other regulations effecting the issue of various permits and licences	
<u>HOUSING AND PROPERTY</u>	45
Council's housing stock, both for the elderly and the general public, and the costs and revenues from the rental units form the basis of this activity	
<u>ROAD TRANSPORT PROGRAMME</u>	46
Covers Council's maintenance and upgrading of the existing road transport system within the Grey District	
<u>REFUSE COLLECTION AND DISPOSAL</u>	48
The cost of collection and maintenance of various land fill sites	
<u>WATER SUPPLIES</u>	50
This activity covers the cost of providing reticulated water for domestic, commercial and fire fighting purposes	
<u>SEWERAGE DISPOSAL</u>	51
Activity provides sewerage drainage systems for the District that protects and sustains the health for future communities	
<u>STORMWATER DISPOSAL</u>	52
Activities provides stormwater drainage systems for the District that protects and sustains the health for future communities	
<u>RURAL FIRE AUTHORITY</u>	53
Covers Council's responsibility for maintaining an active state of readiness for provision of fire fighting capabilities in the rural sector.	
<u>RIVERS CONTROL AND SOIL CONSERVATION</u>	54
Activity provides vegetation control of selected waterways, and maintenance of the amenity values of the Greymouth Flood Protection Scheme	
<u>PORT OPERATIONS</u>	55
This activity covers the provision of services to the local fishing industry and also maintenance of facilities to ensure shipping and barging can be facilitated	

7 STATEMENT OF COMPLIANCE & RESPONSIBILITY

1 COMPLIANCE

The Council and management of Grey District Council confirm that all statutory requirements of section 283 of the Local Government Act 2002, which includes the requirement to comply with Part VIIA of the Local Government Act 1974 regarding financial management and borrowing, have been complied with.

2 RESPONSIBILITY


The Council and management of Grey District Council accept responsibility for the preparation of the annual Financial Statements and the judgements used in them.

The Council and management accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

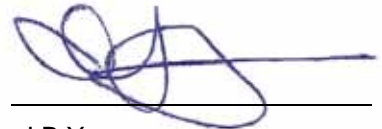
In the opinion of the Council and management of Grey District Council, the annual Financial Statements for the year ended 30 June 2004 fairly reflect the financial position and operations of Grey District Council.



AF KOKSHOORN
MAYOR



P G Pretorius
CHIEF EXECUTIVE OFFICER



I B Young
MANAGER FINANCE & IT

Dated this 03rd day of November 2004.

8 STATEMENT OF ACCOUNTING POLICIES

1 REPORTING ENTITY

The Grey District Council (GDC) is a territorial local authority governed by the Local Government Act 2002.

The financial statements of the Grey District Council have been prepared in accordance with the requirements of section 98 of the Local Government Act 2002 which includes the requirement to comply with generally accepted accounting practice.

2 MEASUREMENT BASE

The financial statements have been prepared on the historical cost basis, modified by the revaluation of certain assets as specified in the accounting policies below.

3 ACCOUNTING POLICIES

The following accounting policies which materially affect the measurement of financial performance, financial position and cashflows have been applied:

1 BUDGET FIGURES

The budget figures are those approved by the Council at the beginning of the year after a period of consultation with the public as part of the Annual Plan process. The budget figures have been prepared in accordance with generally accepted accounting practice and are consistent with the accounting policies adopted by the Council for the preparation of the financial statements.

2 GOODS AND SERVICES TAX

All items in the financial statements are exclusive of GST, with the exception of receivables and payables, which are stated as GST inclusive. Where GST is not recoverable as an input tax it is recognised as part of the related asset or expense. Any amounts owing to the Inland Revenue Department for GST collected are shown in the Statement of Financial Position as a liability.

3 TAXATION

Income tax is charged in the Statement of Financial Performance in respect of current year's earnings after allowing for permanent differences between reported earnings and earnings assessable for income tax purposes.

Deferred taxation is determined on a comprehensive basis using the liability method. A debit balance in the Deferred Taxation accounts, arising from timing differences or income tax benefits from income tax losses, is only recognised where there is virtual certainty of realisation.

4 REVENUE

Rates Revenue is recognised by Council as being income on the due date of each instalment.

Water billing revenue is recognised on an accrual basis.

Transfund roading subsidies are recognised as revenue upon entitlement, which is when conditions pertaining to eligible expenditure have been fulfilled.

Other grants and bequests, and assets vested in the Council — with or without conditions — are recognised as revenue when control over the assets is obtained.

5 EQUITY

Equity is the community's interest in Council and is measured as the difference between total assets and total liabilities. Public equity is disaggregated and classified into a number of components to enable clearer identification of the specified uses that Council make of its accumulated surpluses. The components of equity are:

- Accumulated Funds

- Restricted Reserves
 - Special Funds
 - Trusts, Bequests and Other Reserves
- Asset Revaluation Reserves

6 RESERVES

Reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by the Council. Restricted reserves are those reserves subject to specific conditions accepted as binding by the Council and which may not be revised by the Council without reference to the Courts or third party. Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met. Council-created reserves are reserves established by Council decision. The Council may alter them without reference to any third party or the Courts. Transfers to and from these reserves are at the discretion of the Council

7 ACCOUNTS RECEIVABLE

Accounts Receivable (Debtors) are shown at their estimated realisable value after providing against debts where collection is doubtful.

8 INVESTMENTS

All investments are valued at the lower of cost and net realisable value, with the exception of shares in other companies, which are valued on an equity basis.

9 PROPERTIES INTENDED FOR RESALE

The cost of purchased property plant and equipment is the value of consideration given to acquire the assets and the value of other attributed costs which have been incurred in bringing the assets to the location and condition necessary for their intended service. Costs cease to be capitalised as soon as the asset is ready for productive use.

Properties intended for resale are valued at the lower of cost and net realisable value. These are recorded separately in the Statement of Financial Position and are not depreciated.

10 PROPERTY, PLANT AND EQUIPMENT

Council's assets are divided into two categories, fixed assets and infrastructural assets.

10.a VALUATION

Council's assets were valued on the following basis:

FIXED ASSETS VALUATION BASIS

General Land	Net Current Value
Other Land	Historical Cost
Buildings	Depreciated Replacement Value
Aerodrome	Improvements – Depreciated Replacement Value Land – Net Current Value
Plant & Machinery	Depreciated Historical Cost
Furniture & Fittings	Depreciated Historical Cost
Computer Equipment	Depreciated Historical Cost
Library Stocks	Depreciated Historical Cost
Breakwaters & Wharves	Depreciated Historical Cost
Forest Holdings	Estimated Value

Council's valuations were provided by:

General Land	Coast Valuations Ltd
Buildings	Coast Valuations Ltd
Heritage Assets	Council Staff (<i>Estimated Value - Deemed Cost</i>)

The majority of Council's general land and buildings were revalued at 30 June 2003 by Peter J Hines B.Com (VPM) ANZIV, Registered Valuer. Swimming Pools, Port Land and Buildings and various other land where Council has a lease interest was revalued at 30 June 2004 by Peter J Hines B.Com (VPM) ANZIV, Registered Valuer.

Aerodrome - Improvements were re-valued during 2004 by Council's Assets Manager, MD Sutherland BSc, BE(Civil), Dip BS and peer reviewed by Peter J Hines B.Com (VPM) ANZIV, Registered Valuer. The land was revalued during 2004 by Peter J Hines B.Com (VPM) ANZIV, Registered Valuer.

Forestry Assets – These assets were appraised at 30 June 2000 on an Immediate Liquidation approach. The Asset was not revalued in 2003/04, Council has signalled the sale of this asset in the 2004/05 budget.

INFRASTRUCTURAL ASSETS

Land	Government Valuation-Deemed Cost
Water Supply Systems	Depreciated Replacement Cost
Drainage/Sewerage Systems	Depreciated Replacement Cost
Roading Network	Depreciated Replacement Cost
Sportsfields and Parks	Improvements – Depreciated Replacement Cost
Heritage Assets	Depreciated Historical Cost(Deemed Cost)
Flood Protection System	Cost

Land Under Roads – is included at the value of land surrounding the road factored by the area of roading. Land under roads were re-valued as at 30 June 2002 by Council's Assets Manager, MD Sutherland BSc, BE (Civil), Dip BS and peer reviewed by Janice R Brass NZCE (Civil) of Montgomery Watson Harza (NZ) Limited

Roading – During 2002 Montgomery Watson Harza (NZ) Limited, consulting engineers and independent qualified valuers, carried out a re-valuation of these assets as at 30 June 2002 on behalf of Council. The valuation was undertaken by Janice R Brass NZCE (Civil) of Montgomery Watson Harza (NZ) Limited.

Water, Sewer and Stormwater - These assets were re-valued during 2002 by Council's Assets Manager, MD Sutherland BSc, BE(Civil), Dip BS and peer reviewed by Mark W Hall BE(Civil), MIPENZ, Reg Eng of Montgomery Watson Harza (NZ) Limited for the assets at 30 June 2002.

Sportsfields and Parks - Improvements were re-valued during 2004 by Council's Assets Manager, MD Sutherland BSc, BE(Civil), Dip BS and peer reviewed by Peter J Hines B.Com (VPM) ANZIV, Registered Valuer.

Other Infrastructure Assets – Deemed cost provided by Royds Consulting (Consulting Engineers) in 1991.

All asset additions subsequent to valuation are recorded at cost. Council revalues all of its assets on a 3 yearly basis.

10.b DEPRECIATION

Depreciation is calculated on a straight-line basis at rates which will write off the cost or revalued amounts of the assets to their estimated residual values over their useful lives. Depreciation rates are as follows:

		Life (Yrs)	%
Land	Not Depreciated	-	-
Buildings	Straight Line	40	2.5
Plant & Machinery	Straight Line	3-30	3-33
Furniture & Fittings	Straight Line	10	10
Computer Equipment	Straight Line	3-8	12.5-33
Library Stocks	Straight Line	8	12.5
Memorial Fountain	Straight Line	40	2.5
Breakwaters & Wharves	Straight Line	50	2
Swimming Baths	Straight Line	40	2.5
Heritage Assets	Straight Line	40	2.5
Forestry Assets	Not Depreciated		
Water Supply Systems:			
- Pipe Network	Straight Line	60-80	1.25-1.7
- Pumps and Electrical	Straight Line	10	10
- Reservoirs	Straight Line	60-80	1.25-1.7
Drainage & Sewerage Systems:			
- Pipe Network	Straight Line	60-80	1.25-1.7
- Pumps and Electrical	Straight Line	10	10
- Ponds	Straight Line	60	1.7
Roading Networks :			
- Formation	Not Depreciated		
- Pavement Structure - Sealed	Straight Line	30-50	2-3.3
- Pavement Structure - Unsealed	Straight Line	8-20	5 -12.5
- Pavement Surfacing	Straight Line	4-23	4.3-25
- Kerb and Channelling	Straight Line	50-80	1.25-2
- Bridges	Straight Line	35-100	1-2.9
- Footpaths	Straight Line	40	2.5
- Drainage: Surface Water Channels	Straight Line	50-80	1.25 - 2
- Drainage: Culverts and Catchpits	Straight Line	25-80	1.25-4
-Traffic Signs and Pavement Marking	Straight Line	10-15	6.67-10
Flood Protection Scheme	Straight Line	100	1
Landfills	Straight Line	10-50	2-10
Public Halls and Buildings	Straight Line	50	2
Car Parking – Sealed Areas	Straight Line	50	2
Sports Fields and Parks Improvements	Straight Line	5-100	1-20

10.c WORK IN PROGRESS

Work in progress is not depreciated. The total cost of a project is transferred to the relevant asset class on its completion and then depreciated. The current carrying amount of work in progress is detailed in the Notes to the Financial Statements.

11 FINANCIAL INSTRUMENTS

The Grey District Council is party to financial instrument arrangements as part of everyday operations. These financial instruments include cash, bank balances, short term investments, accounts receivable, accounts payable, and term debt. Revenues and expenses in relation to all financial instruments are recognised in the Statement of Financial Performance.

All financial instruments are recognised in the Statement of Financial Position with the exception of Guarantees and Contingent Assets and Liabilities which are disclosed by way of Note to the Financial Statements.

The following methods and assumptions were used to value each class of financial instrument:

- ✧ Accounts Receivable are recorded at estimated realisable value.
- ✧ Short Term Investments are valued at fair value.
- ✧ Investments in Government and Local Authority Stock are valued at cost.
- ✧ Share investments, gifted in trust, are valued at fair value.
- ✧ Loans Receivable are recorded at fair value.
- ✧ All other financial instruments, including Cash and Bank balances, Accounts Payable, and Term Debt are valued at fair value.

12 EMPLOYEE ENTITLEMENTS

Provision is made in respect of the Council's liability for annual leave, long service leave, and retirement gratuities.

Wages and salaries, annual leave and other entitlements that are expected to be settled within twelve months of reporting date are measured at nominal values on actual entitlement basis at average accrued rate of pay.

Entitlements that are payable beyond twelve months, such as long service leave and retiring leave, have been calculated on an actuarial basis. The calculations are based on

- ✧ likely future entitlements accruing to staff, based on years of service,
- ✧ years to entitlement
- ✧ the likelihood that staff will reach the point of entitlement
- ✧ contractual entitlements information

13 LANDFILL POST-CLOSURE COSTS

As operator of the Blackball and McLeans Pit Landfills, the Council has a legal obligation under the resource consent to provide ongoing maintenance and monitoring services at the landfill site after closure.

The provision is measured based on the present value of the future cash flows expected to be incurred, taking into account future events, including new legal requirements and known improvements in technology. The provision includes all costs associated with landfill post-closure.

The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the Council.

14 COST OF SERVICE STATEMENTS

The Cost of Service Statements, as provided in the Statement of Service Performance, report the net cost of services for significant activities of the Council, and are represented by the costs of providing the service less all directly related revenue that can be allocated to these activities.

15 COST ALLOCATION

Grey District Council has derived the net cost of service for each significant activity of the Council using the cost allocation system outlined below.

15.a CRITERIA FOR DIRECT AND INDIRECT COSTS

"Direct Costs" are those costs directly attributable to a significant activity.

"Indirect Costs" are those costs which cannot be identified in an economically feasible manner, with a specific significant activity

15.b COST ALLOCATION POLICY

Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities based on cost drivers and related activity/usage information.

15.c COST DRIVERS FOR ALLOCATION OF INDIRECT COSTS

The costs of internal services not directly charged to activities are allocated as overheads using appropriate cost drivers such as actual usage, staff numbers and floor area.

16 STATEMENT OF CASHFLOWS

The following are the definitions of terms used in the statement of cashflows:

“Operating Activities” include cash received from all income sources of the Council and record the cash payments made for the supply of goods and services.

“Investing Activities” are those activities relating to the acquisition, holding and disposal of property ,plant and equipment and of investments. Investments can include securities not falling within the definition of cash.

“Financing Activities” are those activities change the equity and debt capital structure of Council

“Cash” is considered to be cash on hand and current accounts at banks, net of overdrafts.

17 CHANGES IN ACCOUNTING POLICIES

There have been no changes in accounting policies. The policies have been applied on a basis consistent with the prior year.

The following financial statements should be read in conjunction with the ‘Notes to the Financial Statements’ from page 23.

9 STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2004

	Note	Actual 2004 \$	Budget 2004 \$	Actual 2003 \$
Income				
General Rates and Penalties	11	7,887,172	7,720,448	7,182,129
Subsidies and Grants		4,676,337	3,897,337	2,204,166
NZ Lotteries Grants Board		175,000	-	175,000
User Charges and Other Revenues		3,074,169	3,168,825	2,629,989
Interest Income		846,347	800,000	780,738
Lump Sum Contributions		23,246	-	64,249
Capital Profit on Sale of Assets	17	196,711	-	705,075
Vested Assets		186,608	-	330,000
Subdivision Contributions		75,127	-	-
Bequests		14,269	-	-
Total Income	2	17,154,986	15,586,610	14,071,346
		-	-	-
Expenditure on Activities	1 & 17	16,508,425	14,704,461	14,128,146
		-	-	-
Net Surplus/(Loss) before Tax		646,561	882,149	(56,800)
Tax Expense	20	-	-	-
Net Surplus/(Loss) after Tax		646,561	882,149	(56,800)

10 STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2004

	Note	Actual 2004 \$	Budget 2004 \$	Actual 2003 \$
Total Equity	5	<u>187,242,403</u>	<u>182,020,262</u>	<u>183,850,031</u>
<u>Current Assets</u>				
Cash at Bank		317,509		(55,860)
Cash Held by Reserve Boards		33,517		33,517
Cash on Hand		1,050		-
Short Term Bank Deposits		15,810,584		10,612,462
Accounts Receivable	6	1,366,229		1,328,456
Property intended for resale		239,046		815,000
		<u>17,767,935</u>	<u>6,510,716</u>	<u>12,733,575</u>
<u>Non Current Assets</u>				
<u>Fixed Assets</u>				
Fixed Assets	3	22,046,464		20,032,431
Infrastructural Assets	3	156,256,449		157,418,915
Investments	4	1,277,267		3,112,908
		<u>179,580,180</u>	<u>185,054,263</u>	<u>180,564,254</u>
Total Assets		<u>197,348,115</u>	<u>191,564,979</u>	<u>193,297,829</u>
<u>Current Liabilities</u>				
Current Portion of Term Debt	7	1,612,721		4,942,721
Sundry Creditors	9	937,145		861,893
Income In Advance		108,766		-
Trade Creditors		1,658,561		1,503,069
		<u>4,317,193</u>	<u>2,476,489</u>	<u>7,307,683</u>
<u>Non Current Liabilities</u>				
Term Debt	7	5,360,168		1,711,764
Landfill Aftercare Liability	8	428,351		428,351
		<u>5,788,519</u>	<u>7,068,228</u>	<u>2,140,115</u>
Total Liabilities		<u>10,105,712</u>	<u>9,544,717</u>	<u>9,447,798</u>
Total Assets less Liabilities		<u>187,242,403</u>	<u>182,020,262</u>	<u>183,850,031</u>

11 STATEMENT OF MOVEMENTS IN EQUITY

01 JULY 2003 TO 30 JUNE 2004

	Note	Actual 2004 \$	Budget 2004 \$	Actual 2003 \$
Equity at start of the period		183,850,031	137,538,696	181,429,260
Net Surplus (Deficit) for the Period		646,561	962,002	(56,800)
Increase (Decrease) in Revaluation Reserves	5	<u>2,745,811</u>	<u>43,519,564</u>	<u>2,477,571</u>
Total recognised revenues and expenses for the period		3,392,372	44,481,566	2,420,771
Equity at end of the period	5	<u>187,242,403</u>	<u>182,020,262</u>	<u>183,850,031</u>

12 STATEMENT OF CASHFLOWS

FOR THE YEAR ENDED 30 JUNE 2004

	Note	Actual 2004 \$	Budget 2004 \$	Actual 2003 \$
<u>Cash Flows from Operating Activities</u>				
<i>Cash was Provided from:</i>				
Rates, Grants, Subsidies & Other Sources		16,162,927		12,231,607
Interest and Dividends Received		797,265		835,666
Total Cash Inflows from Operating Activities		16,960,192	15,428,811	13,067,273
<i>Cash was Applied to:</i>				
Cash Disbursed to Employees and Suppliers		10,087,170		9,169,705
Interest Paid on Long Term Debt		544,153		421,924
Income Tax Paid		-		-
Net GST Movement		(252,101)		106,300
Total Cash Outflows from Operating Activities		10,379,222	10,299,797	9,697,929
Net Cash Inflows (Outflows) From Operating Activities	10	6,580,970	5,129,014	3,369,344
<u>Cash Flows From Investing Activities</u>				
<i>Cash was Provided from:</i>				
Loans Recovered		-		-
Disposal of Fixed Assets/Properties Intended for Resale		1,121,949		959,443
Total Cash Inflows from Investing Activities		1,121,949	150,000	959,443
<i>Cash was Applied to:</i>				
Purchase of Fixed Assets		4,284,423		4,541,484
Current Investments		3,363,531		(58,938)
Total Cash Outflows from Investing Activities		7,647,954	12,166,682	4,482,546
Net Cash Inflows (Outflows) From Investing Activities		(6,526,005)	(12,016,682)	(3,523,103)
<u>Cash Flows from Financing Activities</u>				
<i>Cash was Provided from:</i>				
Cash Provided from Raising Loans		5,017,302		345,880
Total Cash Inflows from Financing Activities		5,017,302	2,148,385	345,880
<i>Cash was Applied to:</i>				
Repayment of Long Term Debt		4,698,898		331,683
Total Cash Outflows from Financing Activities		4,698,898	-	331,683
Net Cash Inflows (Outflows) From Financing Activities		318,404	2,148,385	14,197
Net Increase (Decrease) in Cash Held		373,369	(4,739,283)	(139,562)
Add Bank Balance at 1 July		(55,860)	11,250,000	83,702
Bank Balance at 30 June		317,509	6,510,717	(55,860)

13 NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2004

1 EXPENDITURE BY ACTIVITIES

	Note	Actual 2004 \$	Budget 2004 \$	Actual 2003 \$
Cost of Democracy		814,306	820,472	658,739
Support Services*		193,358	160,972	148,587
Finance and IT*		205,118	48,078	25,104
Asset Management*		176,571	282,299	234,099
Technical Services*		6,675	5,000	13,228
Community Services		2,808,602	2,586,136	2,019,510
Environmental Services		1,198,109	1,088,687	941,507
Housing and Property		821,691	756,336	852,877
Land Transport Account		5,060,142	4,973,274	4,506,432
Rural Fire Authority		48,842	55,800	30,441
Refuse Collection and Disposal		738,602	749,908	841,311
Water Reticulation		1,288,301	967,983	1,443,269
Sewerage Collection		803,983	870,228	918,637
Stormwater		277,852	211,848	231,327
Rivers Control and Soil Conservation		78,143	144,349	76,365
Port Operations		1,988,130	983,091	1,176,713
Development Grants		-	-	10,000
Total Expenditure		<u>16,508,425</u>	<u>14,704,461</u>	<u>14,128,146</u>

2 INCOME BY ACTIVITIES

	Note	Actual 2004 \$	Budget 2004 \$	Actual 2003 \$
Cost of Democracy		841,842	820,472	658,739
Support Services*		191,783	140,000	148,587
Finance and IT*		25,827	27,500	1,445
Asset Management*		176,571	248,208	234,099
Technical Services*		8,734	-	13,228
Community Services		2,267,212	2,143,214	2,095,633
Environmental Services		1,276,195	1,092,074	1,023,519
Housing and Property		672,370	670,000	669,966
Land Transport Account		3,889,849	5,121,660	3,950,957
Rural Fire Authority		51,800	55,800	51,800
Refuse Collection and Disposal		769,349	692,211	852,059
Water Reticulation		1,175,367	1,129,212	1,080,310
Sewerage Collection		3,941,819	1,727,477	708,634
Stormwater		175,597	179,347	203,134
Rivers Control and Soil Conservation		149,349	149,349	115,060
Port Operations		635,364	677,404	415,023
Vested Assets		186,608	-	330,000
Bequests		14,269	-	-
Special Funds Interest		705,081	712,682	749,829
Lump Sum Contributions		-	-	64,249
Capital Profit on Sale of Assets		-	-	705,075
Total Income		<u>17,154,986</u>	<u>15,586,610</u>	<u>14,071,346</u>

*Figures shown have been adjusted for internal charges recovered.

3 FIXED AND INFRASTRUCTURAL ASSETS AND DEPRECIATION

3.a FIXED ASSETS

For the Year Ended June 2004

FIXED ASSETS	At Valuation \$	At Cost Price \$	Accumulated Depreciation	Book Value 30-Jun-04 \$
General Land	4,018,100	-	-	4,018,100
Other Land*	-	3,569,780	-	3,569,780
Buildings	7,850,726	-	(241,670)	7,609,056
Aerodrome	1,560,000	-	-	1,560,000
Plant and Machinery	-	1,789,933	(1,350,287)	439,646
Furniture and Fittings	-	326,489	(282,258)	44,231
Computer Equipment	-	1,741,230	(1,556,732)	184,498
Library Stocks	-	1,355,910	(1,147,948)	207,962
Breakwaters and Wharves	-	3,591,748	(1,095,787)	2,495,961
Forest Holdings	173,500	-	-	173,500
Reserve Board Assets	-	347,470	-	347,470
Landfill Sites	-	1,458,443	(197,008)	1,261,435
Landfill Capitalised Aftercare Costs	-	224,709	(89,884)	134,825
	13,602,326	14,405,712	(5,961,574)	22,046,464
INFRASTRUCTURAL ASSETS	At Valuation \$	At Cost Price \$	Accumulated Depreciation \$	Book Value 30-Jun-04 \$
Land	24,087,060	1,148,063	-	25,235,123
Water Supply Systems	9,447,956	1,131,914	(775,507)	9,804,363
Drainage and Sewerage	20,738,447	1,308,646	(1,361,233)	20,685,860
Heritage Assets	261,000	654,145	(22,358)	892,787
Roading Networks	95,603,168	3,293,360	(5,065,221)	93,831,307
Flood Protection Scheme	-	5,300,000	(741,995)	4,558,005
Parking Developments	-	288,860	(48,506)	240,354
Sportsfields and Parks	282,680	-	-	282,680
Work in Progress	-	725,970	-	725,970
	150,420,311	13,850,958	(8,014,820)	156,256,449
Account Totals	164,022,637	28,256,670	(13,976,394)	178,302,913

* Consists Land where Council is lessor and various vacant sections owned by Council.

For the Year Ended June 2003

FIXED ASSETS	At Valuation	At Cost	Accumulated	Book Value
	\$	\$	Depreciation	30-Jun-03
				\$
General Land	812,000	-	-	812,000
Other Land*	-	4,812,812	-	4,812,812
Buildings	6,077,325	-	-	6,077,325
Port Buildings & Buildings on Reserves	-	882,625	(219,937)	662,688
Plant and Machinery	-	1,697,129	(1,181,625)	515,504
Furniture and Fittings	-	313,499	(268,422)	45,077
Computer Equipment	-	1,697,129	(1,478,000)	219,129
Library Stocks	-	1,312,360	(1,101,295)	211,065
Breakwaters and Wharves	-	4,585,280	(1,003,663)	3,581,617
Forest Holdings	173,500	-	-	173,500
Reserve Board Assets	-	347,470	-	347,470
Swimming Baths	-	474,250	(148,510)	325,740
Public Halls and Buildings	821,837	-	-	821,837
Landfill Sites	-	1,452,859	(161,017)	1,291,842
Landfill Capitalised Aftercare Costs	-	224,709	(89,884)	134,825
	7,884,662	17,800,122	(5,652,353)	20,032,431
INFRASTRUCTURAL ASSETS	At Valuation	At Cost	Accumulated	Book Value
	\$	\$	Depreciation	30-Jun-03
			\$	\$
Land	24,087,060	1,158,914	-	25,245,974
Water Supply Systems	9,447,956	547,322	(405,300)	9,589,978
Drainage and Sewerage	20,738,447	670,381	(680,547)	20,728,281
Heritage Assets	261,000	34,129	(16,285)	278,844
Roading Networks	95,603,168	1,802,911	(2,126,084)	95,279,995
Flood Protection Scheme	-	5,300,000	(689,000)	4,611,000
Parking Developments	-	288,860	(42,255)	246,605
Sportsfields and Parks	-	963,863	(89,527)	874,336
Work in Progress	-	563,902	-	563,902
	150,137,631	11,330,282	(4,048,998)	157,418,915
Account Totals	158,022,293	29,130,404	(9,701,351)	177,451,346

* Consists of Reserves, Aerodrome and Port Land

	Actual 2004 \$	Actual 2003 \$
FIXED ASSETS		
Other Land*	-	-
General Land	-	-
Buildings	241,287	-
Aerodrome	-	323,026
Plant and Machinery	118,865	251,008
Furniture and Fittings	13,836	13,752
Computer Equipment	78,732	76,255
Library Stocks	46,653	46,888
Breakwaters and Wharves	92,124	92,125
Forest Holdings	-	-
Reserve Board Assets	-	-
Swimming Baths	11,841	11,857
Public Halls and Buildings	31,899	30,749
Landfill Sites	35,991	36,017
Landfill Capitalised Aftercare Costs	-	44,942
	671,228	926,619
INFRASTRUCTURAL ASSETS		
Land	-	-
Water Supply Systems	370,207	405,300
Drainage and Sewerage	680,686	680,547
Heritage Assets	6,073	6,073
Roading Networks	2,939,137	2,126,084
Flood Protection Scheme	52,995	53,000
Parking Developments	6,251	6,253
Sportsfields and Parks	19,788	12,404
Work in Progress	-	-
	4,075,137	3,289,661
TOTAL	4,746,365	4,216,280

4 INVESTMENTS

	Actual 2004 \$	Actual 2003 \$
NZ Municipalities Insurance Co Shares	62,021	62,021
Loan Receivable	15,246	25,803
Local Authority Stock	1,200,000	3,025,085
	1,277,267	3,112,909

Investments in shares are valued on a net asset-backing basis as at 30 June 2004.

5 EQUITY

	Actual 2004 \$	Actual 2003 \$
Ratepayers Equity		
Opening Balance	145,752,656	146,413,773
	-	
Plus Net Surplus/(Deficit) for the Year	646,561	(56,800)
less Net Transfer to Special Funds	(3,579,815)	(550,673)
less Net Transfer to Trusts & Bequests	(16,390)	(53,644)
plus Net Transfer from Revaluation Reserves	159,410	-
Closing Balance	142,962,422	145,752,656
Special Funds		
Opening Balance	15,259,446	14,708,773
Plus Interest	705,081	622,853
Plus Appropriation	4,815,572	1,883,944
Less Appropriation	(1,940,838)	(1,956,124)
Closing Balance	18,839,261	15,259,446
Trusts, Bequests & Other Reserves		
Opening Balance	663,704	610,060
Transfer to Ratepayers Equity	(10,000)	-
Transfer from Ratepayers Equity	26,390	53,644
Closing Balance	680,094	663,704
Revaluation Reserves*		
Opening Balance	22,174,225	19,696,654
less Transfer to Ratepayers Equity	(159,410)	
plus increase in Revaluation	2,745,811	2,477,571
Closing Balance	24,760,626	22,174,225
TOTAL EQUITY	187,242,403	183,850,031
*Revaluation Reserves are made up of the following		
<i>Land & Building Revaluation Reserve</i>	5,530,494	2,944,093
<i>Roading Revaluation Reserve</i>	7,556,216	7,556,216
<i>Water Revaluation Reserve</i>	889,749	889,749
<i>Investment Revaluation Reserve</i>	13,268	13,268
<i>Drainage & Sewerage Revaluation Reserve</i>	10,770,899	10,770,899
	24,760,626	22,174,225

6 ACCOUNTS RECEIVABLE

	Actual 2004 \$	Actual 2003 \$
Sundry Debtors	300,580	277,194
Water Debtors	37,532	51,965
Transfund New Zealand	358,860	437,436
Port Debtors	154,018	83,057
Interest Receivable	211,803	162,721
Rates Debtors	335,723	348,968
Provision for Doubtful Debts	(32,287)	(66,254)
GST Receivable	-	33,369
	1,366,229	1,328,456

For the Year Ended 30 June 2004

Loan Name	Maturity Date	Interest Rate	Balance at 01-JUL-03	New Loans Raised	Principal Repaid	Balance at 30-JUN-04
Rural Housing Loans 09-8191-207	VARIOUS	VARIOUS	10,114	-	898	9,216
Rural Housing Loans 09-8299-802	02-Aug-2008	9.93%	5,641	311	-	5,952
Afforestation Loan	AT HARVEST	7.00%	242,730	16,991	-	259,721
Harbour Government Interest Free Loan	UNKNOWN	0.00%	345,000	-	-	345,000
Housing for the Elderly Loan 2000	01-May-2005	7.50%	1,353,000	-	-	1,353,000
McLeans Pitt Landfill Establishment Loan	15-Oct-2003	6.25%	650,000	-	650,000	-
South Beach Paroa Services Loan	23-Oct-2003	5.95%	330,000	-	330,000	-
Port Operating Loan	15-Aug-2003	7.25%	608,000	-	608,000	-
Greymouth Water Supply Upgrade Loan	15-Aug-2003	6.65%	2,400,000	-	2,400,000	-
Greymouth Water Supply Upgrade No.2	15-Aug-2003	5.50%	710,000	-	710,000	-
BNZ Cash Advance Loan 1	17-Aug-2005	6.10%	-	2,000,000	-	2,000,000
BNZ Cash Advance Loan 2	17-Aug-2006	6.13%	-	3,000,000	-	3,000,000
			6,654,485	5,017,302	4,698,898	6,972,889

For the Year Ended 30 June 2004

Portion of Term Debt Repayable Within One Year	1,612,721	23.13%
Portion of Term Debt Repayable in One to Two Years	2,000,000	28.68%
Portion of Term Debt Repayable in Two to Five Years	3,000,000	43.02%
Portion of Term Debt Repayable in Five Years or more	360,168	5.17%
Total Term Debt Repayable	6,972,889	100.00%

For the Year Ended 30 June 2003

Loan Name	Maturity Date	Interest Rate	Balance at 01-JUL-02	New Loans Raised	Principal Repaid	Balance at 30-JUN-03
Rural Housing Loans 09-8191-207	VARIOUS	VARIOUS	10,962	-	848	10,114
Rural Housing Loans 09-8299-802	02-Aug-2008	9.93%	6,476	-	835	5,641
Afforestation Loan	AT HARVEST	7.00%	226,850	15,880	-	242,730
Harbour Government Interest Free Loan	UNKNOWN	0.00%	345,000	-	-	345,000
McLeans Pitt Landfill Establishment Loan	15-Oct-2003	6.25%	650,000	-	-	650,000
Housing for the Elderly Loan 2000	01-May-2005	7.50%	1,353,000	-	-	1,353,000
South Beach Paroa Services Loan	23-Oct-2003	5.95%	330,000	330,000	330,000	330,000
Port Operating Loan	15-Aug-2003	7.25%	608,000	-	-	608,000
Greymouth Water Supply Upgrade Loan	15-Aug-2003	6.65%	2,400,000	-	-	2,400,000
Greymouth Water Supply Upgrade No.2	15-Aug-2003	5.50%	710,000	-	-	710,000
			6,640,288	345,880	331,683	6,654,485

All loans are secured by way of a separate rate in the dollar on the land value of the district, except for the Afforestation Loan which is a suspensory loan agreement registered over the title of the property.

8 PROVISION FOR CLOSED LANDFILLS

The Grey District Council has responsibility to provide ongoing maintenance and monitoring of closed landfills. The major sites are Blackball and McLeans Pit.

There are post-closure responsibilities such as :

- ✧ treatment and monitoring of leachate
- ✧ groundwater and surface monitoring
- ✧ gas monitoring and recovery
- ✧ implementation of remedial measures such as needed for cover and control systems
- ✧ ongoing site maintenance for drainage systems, final cover and vegetation.

The total estimated liability for post-closure costs is \$428,351.(2003 \$428,351)

	Actual 2004 \$	Actual 2003 \$
Opening Balance	428,351	382,005
Additional Provisions (set up)	-	46,346
Amounts used	-	-
Unused amounts reversed	-	-
Discounting charges	-	-
	<u>428,351</u>	<u>428,351</u>

9 SUNDRY CREDITORS

	Actual 2004 \$	Actual 2003 \$
GST Payable	225,826	-
Holiday Pay Accrual	257,778	201,018
Gratuity Accrual	157,808	113,167
ACC Levies Payable	-	19,458
Salaries and Wages & Long Service Accrual	28,915	91,758
Sundry Creditors Retentions Held)	122,084	319,365
Interest Payable	55,359	117,127
Rates Payable*	89,375	-
	<u>937,145</u>	<u>861,893</u>

* refer to Contingent Liability Note 14.d

10 RECONCILIATION OF OPERATING SURPLUS TO NET CASH INFLOWS FROM OPERATING ACTIVITIES

	Actual 2004 \$	Actual 2003 \$
Surplus from Operations	646,561	(56,800)
Add (less) non cash items		
Depreciation	4,746,065	4,216,280
Vested Assets	(186,608)	(330,000)
Unrealised landfill aftercare interest costs	-	-
Assets Written Off/Impairment Write Down	1,133,706	190,827
	<u>5,693,163</u>	<u>4,077,107</u>
Movements in Working Capital		
(Increase) Decrease in Accounts Receivable	(37,773)	28,022
Increase (Decrease) in Trade Creditors	155,492	175,473
Increase (Decrease) in Income in Advance	108,766	-
Increase (Decrease) in Sundry Creditors	75,252	(13,163)
Capital Accounts Payable	136,220	(136,220)
	<u>437,957</u>	<u>54,112</u>
Less Item Classified as Investing Activity		
Net Gain on Sale of Fixed Assets	(196,711)	(705,075)
Net Cash Flow from Operations	<u><u>6,580,970</u></u>	<u><u>3,369,344</u></u>

11 TOTAL RATES

	Actual 2004 \$	Actual 2003 \$
General Rates & Penalties	4,899,242	4,714,651
Targeted Rates		
Refuse Collection	661,923	728,174
Water Supplies	928,808	712,867
Sewerage Collection	1,397,199	1,026,437
	<u>2,987,930</u>	<u>2,467,478</u>
	<u><u>7,887,172</u></u>	<u><u>7,182,129</u></u>
<i>The Rates above are net of the following figures</i>		
Rates on GDC Land	160,547	-
Rate Discounts	20,593	18,880
Rates Remitted	133,897	43,379

12 RESERVE BOARDS

As part of the re-organisation of Local Government on 01 November 1989, eight reserve boards were vested to the Grey District Council. As part of the accountability process, Council is required to incorporate these reserve boards into the Annual Report.

The Statement of Financial Position includes all assets and liabilities relating to these reserve boards. The Statement of Financial Performance for Community Services includes revenue and expenditure relating to these reserve boards. The amounts included are:

	Actual 2004 \$	Actual 2003 \$
Income	20,559	22,178
Expenditure	11,333	14,713
Net Surplus (Loss)	<u>9,226</u>	<u>7,465</u>

13 MISCELLANEOUS EXPENDITURE

	Actual 2004 \$	Actual 2003 \$
Insurance Premiums	267,425	227,317
Ex Gratia Payments	-	-
Public ceremonies	-	-
Purchase of Insignia	-	-
Entertainment	-	-
Subscriptions and Grants	414,925	438,567
Approved Unauthorised Expenditure	-	-
	<u>682,350</u>	<u>665,884</u>

14 CONTINGENCIES

14.a GREYMOUTH WHARF

A possible claim against Council in respect of subsidence of the Greymouth Wharf. (This item is the subject of ongoing investigation for identification of remedial work options).

Due to the nature of the above claim, the amount of the contingent liability cannot accurately be quantified. However, it should be noted that Council's insurance will cover any claim which is found to be valid. This is unchanged from 2002/2003.

14.b MINISTRY OF EDUCATION HOUSES

The Ministry is seeking reimbursement of rates paid on teacher houses as it is their understanding that land owned by the Crown which is held or occupied for any Education Authority is non-rateable in terms of the Rating Powers Act 1988. We have a contrary legal opinion. If they are correct Council will have to refund \$86,174 for previous years. We are awaiting further legal information. This is unchanged from 2002/2003

14.c GREYMOUTH POOL UPGRADE

The Council has provided \$500,000 of funding to the West Coast Aquatic Centre Trust Incorporated towards the upgrading of Greymouth Swimming Pool. If the Trust does not meet its funding goals within 5 years, the funds are repayable to the Council. On this basis it has been recognised as a contingent asset.

The Council has approved additional funding of \$500,000 to the West Coast Aquatic Centre Trust Incorporated which is contingent upon the Trust reaching a funding goal of \$3,000,000 within 5 years. On this basis, it has been recognised as a contingent liability.

14.d RATES PENALTIES

Council's rating resolution for the 2003/2004 year omitted to include penalties for unpaid rates, per section 57 of the Local Government (Rating) Act 2002. Council has provided for a liability which is contingent upon a ratepayer challenging in the High Court the validity of penalties imposed. Penalties imposed are payable unless such proceedings are initiated.

15 FINANCIAL INSTRUMENTS

The Council is subject to a number of financial risks which arise as a result of the debt portfolio and investment activities. To manage and limit the effects of those risks, the Council has approved policy guidelines and authorised the use of various financial instruments. These policies are set out in the "Treasury Management Policy" on page 57.

15.a CREDIT RISK

Financial instruments which potentially subject the Grey District Council to credit risk principally consist of bank accounts and accounts receivable. The maximum exposure to credit risk at balance date is the fair value of the instruments as stated in the Statement of Financial Position.

15.b CONCENTRATION OF CREDIT RISK

Council is exposed to a concentration of credit risk in respect of accounts receivable balances owing by Transfund New Zealand. This accounts for 24% of accounts receivable (2003 – 33%). This risk is considered minimal.

15.c FAIR VALUES

The carrying value of financial instruments is equivalent to the fair value.

15.d CURRENCY RISK

The Council has minimal currency risk given that financial instruments are transacted in New Zealand dollars

15.e INTEREST RATE RISK

Council has an interest rate swap with the BNZ for \$3,000,000 of debt borrowed on 'cash advance' terms from the BNZ. This is at a rate of 6.39% p.a and matures on 17 November 2006.

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. This could particularly impact on the cost of borrowing or the return from an investment

	Interest Rates 2004	Interest Rates 2003
Cash, Short Term Deposits, and Investments:	1.75% – 7.1%	5.09% – 7.1%
Public Debt	0.00% – 9.93%	0.00% – 9.93%
Interest Rate Swaps	6.39%	-

16 CHIEF EXECUTIVE OFFICER'S REMUNERATION

For the financial year ending 30 June 2004.

	Actual 2004 \$	Actual 2003 \$
Salary	144,714	128,034
Employer Superannuation Contributions	8,184	9,007
Telephone rental	638	638
Car - Full Use	9,059	9,028
Professional Allowances/Fees	200	200
Total Remuneration Package	162,795	146,907

✧ The CEO received additional remuneration for acting as Manager of Finance and Information Technology for the period between 15 October 2003 and 30 June 2004.

17 OTHER EXPENSES

In accordance with Financial Reporting Standard 9 (FRS9) the following disclosure is made:

	Actual 2004 \$	Actual 2003 \$
Fees paid to Auditors	70,130	54,000
Other Services provided by Auditor	-	-
Total Councillors Remuneration	184,812	125,853
Interest Expense	482,385	412,556
Operating Leases	-	-
Donations made	5,000	-
Bad Debts Written Off	20,378	-
Provision for Bad & Doubtful Debts Movement	(33,967)	36,754
Net (Profit)/Loss on Sale of Assets	(196,711)	(705,705)
Assets Written Off/Impairment Write Down	1,133,706	190,827

18 COMMITMENTS

At 30 June 2003, Council had entered into future contracts in respect of on-going maintenance and operations of facilities and infrastructure. The Companies that have been contracted and the period for which those contracts remain in effect are as follows:

Westroads Ltd

Parks and Reserves Maintenance Works	To 30 June 2007
Operation and Maintenance of Cemeteries	To 30 June 2007
Maintenance and Operation of Water Supplies	To 30 June 2005
Maintenance and Operation of Sewerage Systems	To 30 June 2005
Maintenance of Stormwater Systems	To 30 June 2005
Maintenance and Operation of the Greymouth Flood Scheme	To 30 June 2005
Refuse Collection and Operation of Landfill Sites	To 30 June 2007
Rural Fire Prevention and Suppression	To 30 June 2005
Provision of Services for Civil Defence	Tied in to Contracts

Works Infrastructure Ltd

McLeans Landfill Operating and Maintenance	To 31 January 2005
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Fulton Hogan Ltd

Roading Maintenance Works	To 30 June 2007
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Operating and Maintenance contracts include fixed price and unit rate provisions, which makes estimating the value of the future commitment difficult. For this reason no value has been included for these contracts.

The upgrade of the Big River bridge was commenced in the 2003/04 financial year and disclosed as 'Work in Progress'. There is \$207,813 remaining to be paid on the contract in the 2004/05 financial year.

The Marsden Rd seal extension contract was commenced in the 2003/04 financial year and disclosed as 'Work in Progress'. There is \$237,422 remaining to be paid on the contract in the 2004/05 financial year.

\$1,047,578 committed to contract on UV Treatment System and Screening system for stage one of the Greymouth Sewerage Upgrade. This equipment will be installed in the 2004/05 financial year.

During its annual planning process for the 2004/05 financial year, Council approved \$9,755,361 to be spent on Capital Works (2003 - \$11,972,093) associated with the Council's various assets and functions. A detail of the works to be carried out is included in the Long Term Council Community Plan (Volume 3, p55) which was adopted by Council on 23 June 2004 and released to the public.

19 RELATED PARTY DISCLOSURES

19.a COUNCIL MEMBERS

During the year, Council made purchases from businesses in which Councillors had an interest. Details of these interests are as follows:

Councillor	Business in which an interest is held	Amount paid to the Business	Amount Payable 30/06/04	Amount paid to the Business Last Year	Amount Payable 30/06/03
KOKSHOORN A.F	Greymouth Evening Star	46,279	8,171	32,920	3,219
TRUMAN D.J	Central Paper Plus	10,315	2,006	6,226	577

These services were supplied on normal commercial terms.

19.b WEST COAST CLIMBING WALL TRUST

The climbing wall trust is a related party. During the 2003 and 2004 Financial Years the Council provided administrative and management services at no charge.

19.c MISCELLANEOUS

During the year councillors and key management, as part of a normal customer relationship, were involved in minor transactions with the council (such as payment of rates and purchase of rubbish bags).

No debts involving a related party have been written off or forgiven during the year. (2003 – Nil) There are no transactions that have taken place at nil or nominal value that have not already been mentioned above.

20 INCOME TAX

	Actual 2004 \$	Actual 2003 \$
Net Surplus/(Deficit Before Tax)	646,561	(56,800)
Prima Facie Taxation at 33%	213,365	(18,744)
Plus (less) tax effect of:		
Permanent Differences	(322,989)	(224,864)
Tax loss not recognised	109,624	243,608
Tax Expense	-	-

Tax losses of \$6,772,272 (2003 - \$6,440,079) with a tax effect of \$2,234,850 (2003 - \$2,125,226) have not been utilised. The tax loss will be offset against future taxable income.

Utilisation of these losses is dependant upon earning future assessable income.

Future taxation benefits attributable to timing differences or losses carried forward are not recognised in the financial statements because there is no virtual certainty that the benefit of the losses will be utilised.

21 RATEPAYERS AND RESIDENTS ASSOCIATION DISCLOSURE REQUESTS

The Grey District Residents and Ratepayers Association have asked that Council disclose the following financial information in each Annual Report.

21.a SALARIES AND WAGES PAID

Total Salaries and Wages paid during 2003/04 amounted to \$2,455,546 (2002/03 \$2,387,815). Employment subsidies received totalled \$9,394 in 2003/04 (\$93 in 2002/03).

21.b CONSULTANCY FEES PAID

Council, during 2003/04, paid consultancy fees of \$776,973 (2002/03 \$929,937). Consultants provided specialist services for major projects such as the Greymouth Sewerage Scheme Proposal \$135,903 (2002/03 \$527,482)

21.c MOTOR VEHICLES

Council's motor vehicle fleet consists of 9 cars, 12 utility vehicles, and 1 van. Five utilities are taken home by staff who are on emergency call while four managers are provided with cars as part of their contract of employment with Council, which includes after hours commitments on behalf of Council. All vehicles are used operationally by staff as part of their normal day-to-day duties, where those duties require field work to be carried out.

The total vehicle book value at 30 June 2004 was \$294,200 (2003 - \$196,157) which gives an average book value for vehicles of \$13,373 (\$10,898 last year)

Annual operating costs (i.e. including Depreciation) for all plant (i.e. including Port Plant and Vessels) was \$216,615 (\$366,947 last year)

22 GREYMOUTH FLOODWALL

The Greymouth floodwall is owned by Grey District Council but is managed by a joint committee of Grey District Council and West Coast Regional Council. The joint committee agreement places the responsibility for the management, rating and maintenance of the structural integrity of the floodwall on the West Coast Regional Council. However, Grey District Council is responsible for the rating and maintenance of amenities of the floodwall.

23 ELECTED MEMBERS REMUNERATION

Gross Pay to individual Councillors and Board Members was as follows:

		Honorarium	Meeting Fees	Mileage Allowance	TOTAL	TOTAL 2003
<u>MAYOR</u>						
BROWN	K.R	49,963	-	6,212	56,175	49,934
<u>COUNCILOR</u>						
BERRY	P.F	10,785	2,280	1,127	14,192	7,640
GRIFFIN	D.C	10,785	2,040	-	12,825	5,684
KOKSHOORN	A.F	10,785	1,440	-	12,225	5,075
MOEN	W	10,785	3,000	347	14,132	9,617
O'REGAN	T.J	10,785	2,040	780	13,605	5,663
STRATFORD	E	10,785	2,400	-	13,185	6,294
TRUMAN	D.J	10,785	1,920	-	12,705	5,305
WALSH	N	15,758	2,880	252	18,890	16,351
		141,216	18,000	8,718	167,934	111,563
<u>NORTHERN WARD COMMUNITY BOARD</u>						
BUTLER	R	5,500	-	320	5,820	4,615
CORAM	W	5,500	-	-	5,500	4,730
NOBLE	A.F.C	5,500	-	58	5,558	4,945
		16,500	-	378	16,878	14,290
TOTAL		157,716	18,000	9,096	184,812	125,853

24 SEVERANCE PAY

For the year ending 30 June 2004 \$29,584 was paid to one employee (\$15,999 redundancy + \$13,585 - three months salary) for early termination of a contract.

25 EVENTS SUBSEQUENT TO BALANCE DAY

There are no significant post balance date events that Council is aware of.

14 SIGNIFICANT ACTIVITY STATEMENTS

1 SUPPORT ACTIVITIES

Support Services	Actual 2004	Budget 2004	Actual 2003
	\$	\$	\$
Total Cost of Services	753,519	721,133	724,827
Less Internal Charges	560,161	560,161	576,240
Less Interest Income	141,266	140,000	104,242
Less Other Income	50,517	-	44,345
	-	-	-
Net Cost (Surplus) of Service	1,575	20,972	-

- ◇ Other income includes Rates of \$20,972 plus other miscellaneous recoveries such as sale of stamps \$11,642 and NZ Post commission \$2,937 through the Runanga Service Centre.

Finance & IT	Actual 2004	Budget 2004	Actual 2003
	\$	\$	\$
Total Cost of Services	866,349	709,309	418,217
Less Internal Charges	661,231	661,231	393,113
Less Other Revenues	25,827	27,500	1,445
	-	-	-
Net Cost (Surplus) of Service	179,291	20,578	23,659

- ◇ \$27,693 expenditure relates to a GST liability adjustment made for the 2002/03 financial year.
- ◇ \$78,902 Council approved over expenditure for software licensing, Accounting Consultancy, and IT Consultant.
- ◇ \$25,720 above Annual Plan budget on Audit Office Fees.
- ◇ \$33,706 write off of IT asset value from revision of asset register and depreciation rates

Asset Management	Actual 2004	Budget 2004	Actual 2003
	\$	\$	\$
Total Cost of Services	564,972	794,116	506,043
Less Transit New Zealand Subsidies	176,571	248,208	234,099
Less Internal Charges	388,401	511,817	271,944
Less Other Recoveries	-	-	-
	-	-	-
Net Cost (Surplus) of Service	-	34,091	-

- ◇ \$200,000 was budgeted to be spent on updating the Aerial photographs in the GIS system. Due to other commitments and less than suitable prevailing conditions this has been approved to be carried forward to the 2004/05 financial year.
- ◇ Less Transfund subsidies were received as per the explanation under Road Transport Programme, page 46

Technical Services	Actual 2004	Budget 2004	Actual 2003
	\$	\$	\$
Total Cost of Services	604,535	579,366	537,911
Less Internal Charges	597,860	574,366	524,683
Less Other Recoveries	8,734	-	13,228
Net Cost (Surplus) of Service	<u>(2,059)</u>	<u>5,000</u>	<u>-</u>

2 REPRESENTATION & GOVERNANCE

Representation and Governance	Actual 2004	Budget 2004	Actual 2003
	\$	\$	\$
Total Cost of Services	814,306	820,472	658,739
Rates Income	820,472	820,472	658,739
Less Recoveries	21,370	-	-
Net Cost (Surplus) of Service	<u>(27,536)</u>	<u>-</u>	<u>-</u>

- ✧ \$5,000 donated to NZ Red Cross Flood Appeal as per Council resolution. The donation was funded from the Mayoral Flood Relief special fund.
- ✧ Recoveries were from Election processing done by GDC

3 COMMUNITY SERVICES

1 OBJECTIVE: PARKS, PLAYGROUNDS AND OPEN SPACES TO BE MAINTAINED AND ENCHANCE PARKS AND PLAYGROUNDS FOR THE DISTRICTS CITIZENS AND OTHER USERS.

Performance Indicator

Maintained within the budget of \$209,700 and in accordance with Contract No. GDC 2002/03 – 05 Parks and Reserves (1 Year contract with right of renewal subject to performance for a further 4 years (Maximum Term to 28 Feb 2007).

All playground facilities to be maintained to NZS 5828 : 1986

Enhanced within the budget of \$215,540. Enhancement project include:

- Dixon Park footpaths and coin operated barbecues
- Kowhai Bushwalk cleanup
- Doctor William McKay tree safety works
- Cobden walkway track reinstatement
- Kotare Domain facilities repairs
- Completion of the Historic Brunner Suspension Bridge reinstatement
- Upgrade Cobden Walkway

Performance Achieved

Cost of operating parks and playgrounds \$ 191,092. Council have 7 main playgrounds/parks/reserves. The contractor met all requirements with no problems occurring during the 2003/2004 financial year.

Playgrounds maintained by Council's contractor. Playgrounds were inspected in October 2003. All playgrounds were found up to NZS 5828:1996 standard.

Enhancement Projects for year to date total \$ 446,585. (including the \$353,266 spent this financial year on the Brunner Bridge Upgrade. Total project cost \$620,016).

- Completed
- To be done in 2004/05 (delayed due to staff resources)
- Completed
- Completed
- Completed
- Completed
- To be done in 2004/05 (delayed due to ongoing negotiations with adjacent landowners)

2 OBJECTIVE: MAINTAINED AND ENHANCED CEMETERY SERVICES FOR THE DISTRICT

Performance Indicator

Maintained within the budget of \$114,930 and in accordance with Contract No. GDC 2002/03 – 05 Parks and Reserves (1 year contract with right of renewal subject to performance for a further 4 years (Maximum Term to 28 February 2007).

No enhancement projects are proposed for this Annual Plan

Performance Achieved

Cost of operating Cemetery Services was \$ 171,942. \$58,000 was spent on Establishment of a new facility at Gladstone that was not in the 2003/2004 Annual Plan. This was a project carried forward from the 2002/2003 Financial year approved by Council at the October 2003 meeting. The cemetery was maintained in accordance with the contract, which was renewed for a further four years.

3 OBJECTIVE: ADMINISTER LOCAL GRANTS SCHEMES ON BEHALF OF THE ARTS COUNCIL OF NEW ZEALAND AND ISSUE OTHER GRANTS AS DECIDED BY COUNCIL.

Performance Indicator

Appoint Allocation Committees consisting of equal numbers of Councillors and community representatives

Allocate grants under guidelines as determined by SPARC (Previously Hillary Commission) and the Arts Council of New Zealand

Allocate grants from the Grey District Council's Community Grants Scheme as per set criteria and up to a maximum of \$15,000

Performance Achieved

A committee consisting of Councillors Elinor Stratford, Doug Griffin and Norm Walsh and 2 community representatives (Mel Wilson, Donald Monk) and the chairperson of the Arts Council. This committee administered both the Creative New Zealand and SPARC rural Travel Fund Grants.

Creative Communities NZ grants of \$ 12,241 have been distributed. SPARC Rural Travel Fund grants (Previously Hillary Commission) totalling \$ 5,001 have been allocated to June 2004. All Grants made under the scheme were within the guidelines.

Community grants totalling \$ 15,000 have been allocated during the year. All Grants made fell within the set criteria.

4 OBJECTIVE: - LIBRARY - PROVIDE AND MAINTAIN BOOK STOCKS AND INFORMATION THAT MEETS THE NEEDS OF THE WHOLE COMMUNITY IN THE AREAS OF EDUCATION, INFORMATION, AND RECREATION.

Performance Indicator

Purchase new book stocks during 2003/2004 up to a maximum value of \$40,000

Actively promote the library service by:

- Holding children's holiday programme at the Greymouth Library in conjunction with Sport West Coast
- Producing booklists of titles/subjects to assist borrowers in their choice
- Advertising books, services and events through the media where appropriate

Conduct a customer satisfaction survey of at least 100 members of the library facilities provided during 2003/2004. Target to be 80% satisfaction.

Provide library services to the public during the hours -

- Greymouth Central Branch
 - 9.30am - 5pm Monday, Tuesday, Thursday
 - 9.30am - 8pm Wednesday
 - 9.30am - 6pm Friday
 - 10am - 12 Noon Saturday
- Runanga Community Library
 - 10.00am - 12.00pm Tuesday
 - 1.30pm - 3.30pm Wednesday
 - 5.00pm - 7.00pm Thursday

Performance Achieved

Cost of new books purchased for the year to date is \$ 43,550 . A higher than forecast replacement of damaged books caused the purchases of books to be over budget. Cost were recovered where possible.

- Activities in the Library were included in the July and September Holiday programmes. These were held in conjunction with Sport West Coast.
- Lists of popular titles are produced monthly and available at the library.
- 8 Articles/Advertisements regarding the Greymouth Library appeared in the Greymouth Evening Star for 2003/2004 year.

A customer satisfaction survey has been completed by 119 library users. The results are currently being compiled and will be presented to Council at a later date.

Both libraries were open to the public during the hours listed.

5 OBJECTIVE: SWIMMING BATHS - TO PROMOTE THE FACILITIES FOR THE BENEFIT, HEALTH AND RECREATIONAL NEEDS OF VISITORS AND RESIDENTS

Performance Indicator

Ensure pool staff are qualified to SFRITO* standard
*(Sport, Fitness & Recreation Industry Training Organisation)

Maintain and operate the facilities in accordance with NZS 5826: Part 1. (The Code of Practice for the Operation of Swimming Pools).

Taking into account weather conditions, maintain annual attendance figures of 20,000 for Greymouth

Ensure the Greymouth Pool is open to the public during the hours

- 7:00am - 8:00am Monday to Friday
- 12 Noon - 1:30pm Monday to Friday
- 3:00pm - 6:30pm Monday to Friday
- 2:00pm - 6:00pm Saturday, Sunday & Public Holidays

Above hours applicable during swimming season, normally September to April

Operate the Runanga Pool from early December until at least the end of daylight saving.

Ensure staff at the Runanga Pool are qualified to SFRITO standard.

Investigate the feasibility of upgrading or renewing the Greymouth Swimming Pool. The investigation is to include consultation with the public.

Performance Achieved

Existing pool staff are qualified to SFRITO standards.

Water tested twice daily and recorded on a weekly chart. All tests were up to NZS 5826.

Total patronage for the year was 34,895 (including pool hires).

This facility was open during the hours shown from the 3rd September 2003 until the 30th April 2004.

The Runanga Pool was open to the public from the 9th December 2003 until the 21st March 2004. Daylight Savings finished on the 21st March 2004.

Existing pool staffs are qualified to SFRITO standards.

A feasibility study was completed at a cost of \$4,500 which included a public consultation meeting on the 28/5/03. The council has provided \$500,000 of funding to the West Coast Aquatic Centre Incorporated Trust towards the upgrading of the Greymouth Swimming Pool. If the Trust does not meet its funding goals within 5 years, the funds are repayable to Council. The Council has approved additional funding of \$500,000 to the trust which is contingent upon the trust reaching a funding goal of \$3m within 5 years. If the trust does not meet their funding goals the council has signalled funding the \$1,000,000 towards an alternative pool upgrade.

<u>Community Services</u>	Actual 2004	Budget 2004	Actual 2003
	\$	\$	\$
Total Cost of Service	2,808,602	2,586,136	2,019,510
Less Rates Income	1,511,307	1,585,914	1,528,155
Less User Fees and Other Income	628,341	471,150	416,582
Less Subsidies and Grants	127,564	86,150	150,896
Net Cost (Surplus) of Service	541,390	442,922	(76,123)

◇ \$301,111 was received in grants for the Brunner Bridge restoration project., which was completed in May 2004. This had been budgeted in user fees and other income.

4 ENVIRONMENTAL SERVICES

1 OBJECTIVE: TIMELY DETERMINATION OF BUILDING CONSENT APPLICATIONS, BUILDING CONSENTS ISSUED IN ACCORDANCE WITH THE STATUTORY TIME-FRAMES OF THE BUILDING ACT

Performance Indicator

Process all building consents for work under \$500,000 within 10 working days

Performance Achieved

Of the 668 building consents issued for work under \$500,000 629 were issued within 10 days of receipt. The average time taken for issue of each consent was 2.58 days.

2 OBJECTIVE: TIMELY DETERMINATION OF RESOURCE CONSENT APPLICATIONS, TO MEET THE STATUTORY DEADLINES FOR RESOURCE CONSENTS PROCESSED UNDER THE RESOURCE MANAGEMENT ACT 1991

Performance Indicator

Process all non-notified resource consents within 20 working days. To publicly notify all notified resource consents within 10 working days where full information is available.

Performance Achieved

There were 96 non-notified resource consents issued during the year. 50 consents were not issued within 20 working days. The average time taken for issue of each consent was 23.19 days. There were 6 notified consents issued, of these none were notified within 10 days of receiving the application. The average time taken for issue of each consent was 72.83 days

3 OBJECTIVE: OPERATIVE DISTRICT PLAN, FINALISE REFERENCES TO THE PROPOSED DISTRICT PLAN

Performance Indicator

All references resolved or subject to Court Determination.

Performance Achieved

All consent memorandums have been filed with the Environmental Court. However a late notice of interest has been filed and is currently being worked through. Once this has been resolved it is a matter of waiting on the Environment Courts review of the memorandums.

Environmental Services	Actual 2004	Budget 2004	Actual 2003
	\$	\$	\$
Expenditure			
Building Consent and Admin Costs	363,866	377,186	284,003
Health and General Inspection Costs	57,146	57,800	55,275
Dangerous Goods Costs	9,596	13,575	10,512
Nuisance and Noise Control Costs	35,918	24,284	27,741
Liquor Licensing	33,360	29,000	32,696
Other General Costs	122,998	111,967	162,391
Resource Consent Costs	444,424	380,148	265,950
Stock Control Costs	11,187	9,263	9,863
Dog Control Costs	119,614	85,464	93,076
Total Costs	1,198,109	1,088,687	941,507
Revenue			
Rates Income	580,574	580,574	569,310
Building Consent Fees	235,581	180,000	198,811
Health and General Inspection Fees	26,002	25,500	23,855
Dangerous Goods Fees	734	7,000	11,855
Nuisance and Noise Control Recoveries	12,185	600	1,745
Resource Consent Fees	214,804	140,000	86,604
Subdivision Contributions	75,127	50,000	-
Liquor Licensing	51,509	31,000	49,620
Stock Control Recoveries	-	1,000	88
Dog Licensing Fees and Recoveries	79,679	76,400	81,631
Total Revenues	1,276,195	1,092,074	1,023,519
Net Cost (Surplus) of Service	(78,086)	(3,387)	(82,012)

- ✧ The high demand on Resource Consents, reflected in the extra income, required external consultants to be used to process the additional workload.

5 HOUSING AND PROPERTY

1 OBJECTIVE: ENSURE PROGRAMMED MAINTENANCE IS CARRIED OUT SATISFACTORILY ON ALL RENTAL UNITS

Performance Indicator

Carry out required maintenance on elderly housing rental units within overall budget of \$120,000 by 30 June 2004

Carry out required maintenance on public rental units within overall budget of \$25,000 by 30 June 2004

All works carried out to be certified by Council's Building Inspectors who are appropriately qualified in the building industry

Performance Achieved

Cost of required maintenance for year to 30 June 2004 was \$ 131,795 .

Cost of required maintenance year to 30 June 2004 was \$ 19,992 .

All works were coordinated certified and supervised by Council's building inspectors.

<u>Housing and Property</u>	<u>Actual 2004</u> \$	<u>Budget 2004</u> \$	<u>Actual 2003</u> \$
Total Cost of Services	821,691	756,336	852,877
Less Property Rentals	562,373	590,000	603,893
Less Internal Revenues	-	50,000	58,000
Less Other Revenues	109,997	30,000	8,073
Net Cost (Surplus) of Service	<u>149,321</u>	<u>86,336</u>	<u>182,911</u>

- ✧ The commercial property formerly occupied by Timberlands West Coast was sold during the financial year reducing the property rentals receivable.
- ✧ 'Other Revenues' includes the profit on sale of GDC land.

6 ROAD TRANSPORT PROGRAMME

TRANSFUND NEW ZEALAND FINANCIALLY ASSISTED PROGRAMME¹

1 OBJECTIVE: MAINTAIN EXISTING LOCAL ROAD TRANSPORT NETWORK

Performance Indicator

Routine maintenance of 611km of District roads (general maintenance, street cleaning, bridge repairs, amenity and safety maintenance, traffic services, street lighting and minor safety works) throughout the year and within a budget of \$1,761,127.

35 km of reseals (maintenance chip) on District roads within a budget of \$640,500. All resealing work to be completed by the end of May 2004.

Performance Achieved

Maintenance cost for the year was \$ 1,813,762 All work was carried out either under formal contracts or by negotiating rates with contractors. Appropriately qualified and experienced persons supervised all work.

35km of Resealing work year to date has been completed to 30 June totalling a cost of \$ 630,000 .

2 OBJECTIVE: ENHANCE EXISTING LOCAL ROAD NETWORK

Performance Indicator

\$2,475,363 of enhancement projects including:

- Seal Widening
- Pavement Re-levelling
- Major Bridge Repairs and Strengthening
- Minor Safety Projects
- Seal Extension (Logburn Road)

Performance Achieved

Expenditure on projects is \$ 812,414.

Big River Bridge repairs/maintenance was delayed by the contractor, Omotomoto Bridge repairs were delayed as the recycled bridge beams from the Big River bridge are needed to begin work. Minor Safety projects were delayed due to lack of staff resources. The Marsden Road Seal extension has been delayed due to finalising of land negotiations with adjoining land owners. All other project were completed.

DIRECT COUNCIL FUNDED PROGRAMME

3 OBJECTIVE: MAINTAIN EXISTING LOCAL ROAD FACILITIES AND FOOTPATH NETWORK

Performance Indicator

Routine maintenance of bus shelters, footpaths, kerb and channel, and foot bridges for a total cost of \$61,250

Performance Achieved

Total cost of maintaining these assets was \$ 75,378 .

4 OBJECTIVE: ENHANCE EXISTING LOCAL ROAD NETWORK

Performance Indicator

\$215,000 of enhancement projects including:

- New footpaths
- Footpath renewals
- Continue with Greymouth CBD pavers and kerbs
- Strengthening of Moana Jetty
- New kerb & channel

- New culverts

Performance Achieved

Costs for the year to date are \$ 125,316 .

- Completed
- Completed
- Completed
- Completed
- Held back to coincide with Transit New Zealand upgrade work on Seven Mile Road.
- Held back to coincide with Transit New Zealand upgrade work on Seven Mile Road.

¹ Transfund NZ finances are subject to funding approval and will be dependent on national budget levels approved by Government. Council may need to reconsider whether some of the mentioned projects can proceed if financial assistance by Transfund is not available

Road Transport Programme	Actual 2004	Budget 2004	Actual 2003
	\$	\$	\$
Total Cost of Services	5,060,142	4,973,274	4,506,432
Less Rates Income	1,610,143	1,575,621	1,661,732
Less Transit New Zealand Subsidies	2,029,133	3,016,518	1,994,171
Less Petroleum Tax Revenue	169,238	100,000	-
Less Other Revenues	81,335	429,521	295,054
Net Cost (Surplus) of Service	<u>1,170,293</u>	<u>(148,386)</u>	<u>555,475</u>

- ✧ Additional rates income of approximately \$34,522 was collected due to an over calculation of rates for the 'Rural-Residential' properties. This extra income was carried forward and offset against the corresponding 2004/05 rates.
- ✧ The majority of 'Other Revenue' was budgeted to be received from a developers contribution to the local share of road upgrades. As this process is still on-going the work has not been carried out and therefore the contribution not as yet made.
- ✧ An additional \$244,328 was incurred in depreciation expense, with more accurate data being available for the preparation of this report than at Annual Plan time. This also reduced the Transfund subsidy received.
- ✧ The 'Marsden Road Seal Extension' and 'Big River bridge upgrade' were not complete as at 30 June 2004, and have been recorded as Work in Progress. The Transfund subsidy on these projects is not due payable until the expenditure is incurred. Both projects have been approved by Transfund to be carried forward to the 2004/05 financial year.

7 REFUSE COLLECTION AND DISPOSAL

1 OBJECTIVE: COLLECTION OF DOMESTIC REFUSE FROM URBAN AND RURAL AREAS ON COLLECTION ROUTES WHERE AN ANNUAL CHARGE FOR THIS SERVICE IS BEING LEVIED ON THE RATE ASSESSMENTS

Performance Indicator

Refuse collection within a total budget of \$103,224 and to standards specified in formal contracts

The notification to consumers of changes to normal collection days if interruptions to service are made due to public holidays, etc. (Contract requirement)

Maintenance of log book of legitimate non performance of collection services by contractors and where possible, resolves issues.

Performance Achieved

Total costs: \$ 126,215 . The contract standard was maintained 95% of the time. The 5% deficit was due to breakdowns meaning rubbish was not collected before the 4pm deadline.

There were 7 notices of changes of collection days advertised for all necessary interruptions to service.

There were 17 reported missed collections recorded in the logbook for the period 01 July 2003 – 30 June 2004. All issues regarding refuse recorded in the complaints register were resolved.

2 OBJECTIVE: PROVISION OF SOLID WASTE DISPOSAL FACILITIES (LANDFILLS, CLEAN-FILLS, GREEN-FILLS AND RESOURCE RECOVER CENTRES.)

Performance Indicator

Maintenance and operation of waste disposal facilities for a total cost of \$534,025 and to standards specified in formal contracts (including for environmental monitoring)

To inform Council through reports on the level of compliance with Resource Consent requirements.

Performance Achieved

All solid waste disposal facilities were maintained at standards specified in formal contracts. The cost of waste disposal facilities for the year to date was \$ 512,542 .

All Facilities recorded a good to excellent report on levels of compliance with the resource consent requirement except the Blackball resource centre. Contract Changes have been implemented to improve the Blackball Centre.

3 OBJECTIVE: PROVISION OF MATERIALS RECOVERY SERVICES AND RECYCLING AND INFORMATION.

Performance Indicator

Number of pamphlets and articles produced and released to the public, communities and the media to promote recycling

Monitor and report on tonnages of waste to McLean landfill together with trends (as an indication of recycling activities)

Reports to Council on materials recovery activities.

Performance Achieved

One Pamphlet was produced during the year.

This was not completed due to lack of staff resources.

This was not done in the 2003/2004 financial year.

Refuse	Actual 2004	Budget 2004	Actual 2003
	\$	\$	\$
Total Cost of Services	738,602	749,908	841,311
Less Rates Income	661,923	620,211	752,412
Less Dump Entrance Fees and Bag Sales	107,426	72,000	99,647
Net Cost (Surplus) of Service	<u>(30,747)</u>	<u>57,697</u>	<u>(10,748)</u>

- ✧ Additional rate income of approximately \$42,352 was collected from the 'Refuse Collection' rate due to an incorrect valuation base being used to determine the initial rate. This extra income was used to offset the 2004/2005 'Refuse Collection' rate.

8 WATER SUPPLIES

1 OBJECTIVE: PROVISION AND MAINTENANCE OF A 24 HOURS, 7 DAYS PER WEEK WATER SUPPLY TO CONSUMERS.

Performance Indicator

Test all water supply systems in accordance with the 2000 Drinking Water Standards for New Zealand (DWSNZ2000).

Target 100% compliance with the 2000 Drinking Water Standards for New Zealand and report to Council on the actual level of compliance achieved for each water supply scheme.²

Contractors responding to and arriving at the site of disruptions to supply within 2 hours of notification by Council and/or consumers affected. Contractors reinstating supply within 1 hour of arrival at the site of the disruption.

Operation and maintenance of water treatment and distribution systems within a total budget of \$776,880.

Performance Achieved

Water sampling and testing is carried out by CRL Energy Ltd (Greymouth). The average overall compliance for the period ending 30 June 2004 was 99%.

Faults and disruptions to supplies are directed to Council's contractor. Of 231 reported faults, the contractor arrived on site within 2 hours on 173 occasions. There were 17 water shutdowns for the period 1 July -30 June 2004 where the service was not reinstated within 1 hour of arrival.

All supplies were operated and maintained in accordance with negotiated contracts. The cost for the year to date is \$ 782,940 .

2 OBJECTIVE: ENHANCEMENT OF SUPPLY SYSTEMS TO IMPROVE THE QUALITY AND QUANTITY OF WATER AND TO IMPROVE SYSTEM PRODUCTIVITY

Performance Indicator

\$222,624 of renewal works

\$148,822 of enhancement works

Performance Achieved

Total costs were \$ 232,955

Total costs were \$ 106,333 .

<u>Water Supplies</u>	<u>Actual 2004</u>	<u>Budget 2004</u>	<u>Actual 2003</u>
	\$	\$	\$
Total Cost of Services	1,288,301	967,983	1,443,269
Less Rates Income	928,808	929,212	893,867
Lump Sum Contributions	1,708	-	-
Less Water Sales by Meter	244,851	200,000	186,032
Less Capital Contributions	-	-	411
Net Cost (Surplus) of Service	112,934	(161,229)	362,959

- ✧ Depreciation was \$108,702 higher than budget due to more accurate data being available at the time of preparing this report., than when the Annual Plan was prepared.
- ✧ Maintenance costs for the Coal Creek pumping station and electricity costs across all schemes were well above original estimates. Total expenses were on par with previous years actuals.

² Council is progressively enhancing systems to achieve 100% compliance with the 2000 Standard

9 SEWAGE COLLECTION

1 OBJECTIVE: PROVISION AND MAINTENANCE OF A 24 HOUR, 7 DAYS PER WEEK, CONTINUOUS PUBLIC SEWAGE COLLECTION SERVICE

Performance Indicator

Contractors responding to and arriving at the site of disruptions to supply within 2 hours of notification by council and/or consumers affected. Contractors reinstating systems within 1 hour of arrival at the site of the disruption.

Operation and maintenance of collection and treatment systems within a total budget of \$388,449.

Performance Achieved

A log of response time is maintained by the contractor. 3 disruptions were recorded during the period 01 July to 30 June 2004. All were responded to within 2 hours, only 1 not rectified within 1 hour of arrival.

All supplies were operated and maintained in accordance with negotiated contracts. Year to date cost is \$ 259,898 .

2 OBJECTIVE: ENHANCEMENT OF SEWAGE COLLECTION SYSTEMS AND PROVISION OF NEW TREATMENT SYSTEMS.

Performance Indicator

\$149,040 of renewal works.

\$5,976,599 of new works, including :

- Stage I of the Greymouth Sewerage & Treatment Scheme
- Resource Consents for Stage II for Greymouth Sewerage & Treatment Scheme
- Resource Consents , Design and Construction of a Sewerage & Treatment Scheme for Blackball Township
- Resource Consents, Quality and Capacity upgrade of the Karoro Sewage Treatment Plant.

Performance Achieved

Year to date cost of renewal works is \$ 221,809 .

New capital works costs are \$ 648,682 .

Resource consent application processes took longer than anticipated. The appointment of a design consents engineer in the 2004/2005 financial year will assist in the progressing of capital works.

Capital works on the Blackball Scheme have not yet begun.

<u>Sewerage Collection</u>	<u>Actual 2004</u> \$	<u>Budget 2004</u> \$	<u>Actual 2003</u> \$
Total Cost of Services	803,983	870,228	918,637
Less Rates Income	1,397,199	1,179,016	689,525
Lump Sum Contributions	21,538	-	-
Less Miscellaneous Revenues	5,013	2,000	19,109
Sewerage Scheme Subsidies	2,518,069	546,461	-
Net Cost (Surplus) of Service	<u>(3,137,836)</u>	<u>(857,249)</u>	<u>210,003</u>

- ❖ Additional rate income of approximately \$219,094 was collected from the Grey Urban Sewerage Rate due to an incorrect valuation base being used to determine the initial rate. This extra income has been transferred to a Reserve to reduce future rating requirements for capital expenditure in this area.
- ❖ Ratepayers in the Greymouth Urban sewerage area, Karoro, and Blackball areas made contributions towards capital upgrades of these sewerage schemes. Income collected in excess of the annual expenditure is transferred to a specific reserve pending the expenditure on the ongoing projects.
- ❖ An ex gratia grant of \$2.5 million was received from Central Government to assist in the upgrade of Greymouth's sewerage scheme. This was not included in the 2003/04 budget. \$546,461 was budget to be received as the first instalment of the Sanitary Works Subsidy Scheme from Central Government. The first of these subsidies will be paid to Council upon commencement of the sewerage upgrades in Greymouth and Blackball.

10 STORMWATER COLLECTION

1 OBJECTIVE: TO MAINTAIN AND ENHANCE STORMWATER SYSTEMS

Performance Indicator

Operation and maintenance of systems within a budget of \$154,747.

Renewal of stormwater systems within a budget of \$137,720

Enhancement of stormwater systems within a budget of \$105,500.

Performance Achieved

The cost of operation and maintenance expenditure is \$ 64,973. Operation and maintenance expenditure were under budget due to lack of contracting resources. The work is to be carried out in the 2004/2005 year.

Renewals cost \$ 91,012 .

Enhancement costs are \$ 99,085 .

<u>Stormwater Collection</u>	<u>Actual 2004</u> \$	<u>Budget 2004</u> \$	<u>Actual 2003</u> \$
Total Cost of Services	277,852	211,848	231,327
Less Lump Sum Contribution	-	3,750	-
Less Rates Income	175,597	175,597	203,134
Net Cost (Surplus) of Service	<u>102,255</u>	<u>32,501</u>	<u>28,193</u>

- ◇ Depreciation was \$147,000 higher than budget due to more accurate data being available at the time of preparing this report., than when the Annual Plan was prepared.

11 RURAL FIRE AUTHORITY

Rural Fire Authority	Actual 2004	Budget 2004	Actual 2003
	\$	\$	\$
Total Cost of Services	48,842	55,800	30,441
Less Rates Income	51,800	51,800	51,800
Less Other Revenues	-	4,000	-
Net Cost (Surplus) of Service	<u>(2,958)</u>	<u>-</u>	<u>(21,359)</u>

12 RIVERS CONTROL AND SOIL CONSERVATION

1 OBJECTIVE: CONTINUAL FUNCTIONING OF NATURAL WATER COURSES IN URBAN AREAS.

Performance Indicator

Sawyers, Range and Raleigh Creeks in urban areas are free from restrictions and blockages within a total budget of \$71,490.

Unspecified Urban Waterways are maintained within a budget of \$10,589.

Performance Achieved

Cost \$ 29,108 . Works were delayed due to works programme being developed and a lack of external resources. Work is to be carried out in 2004/2005.

Maintenance costs \$ 25,401 .

<u>Rivers Control and Soil Conservation</u>	<u>Actual 2004</u>	<u>Budget 2004</u>	<u>Actual 2003</u>
	\$	\$	\$
Total Cost of Services	78,143	144,349	76,365
Less Rates Income	149,349	149,349	115,060
Net Cost (Surplus) of Service	<u>(71,206)</u>	<u>(5,000)</u>	<u>(38,695)</u>

- ✧ \$53,363 of funded projects for clearing Urban waterways was not carried out due to the works programme still being developed and a lack of some external resources. This work has been approved to be carried out in the 2004/05 financial year.

13 PORT OPERATIONS

1 OBJECTIVE: OPERATE AND MAINTAIN FACILITIES FOR THE FISHING INDUSTRY AND RECREATIONAL VESSELS

Performance Indicator

Routine maintenance of navigational aids, wharves, and breakwaters, and dredge berthages and navigation channels for a total cost of \$116,904.

Performance Achieved

Operation and maintenance of facilities for the fishing industry cost for the year was \$ 77,419 .

2 OBJECTIVE: OPERATION AND MAINTENANCE OF FACILITIES AND SERVICES FOR IMPORTING AND EXPORTING CARGO BY SEA

Performance Indicator

Maintain navigation aids, wharves, breakwaters, cargo storage and handling facilities, and dredge berthages for a total cost of \$197,027

Performance Achieved

Operation and maintenance of facilities and services for importing/ exporting cargo by sea cost is \$ 238,037 .

Port Operations	Actual 2004	Budget 2004	Actual 2003
	\$	\$	\$
Expenditure			
Maintenance Costs & Operating Costs	1,913,953	860,749	991,661
Total Marketing and Development Costs	8,177	54,842	122,052
Port Management Contract	66,000	67,500	63,000
	1,988,130	983,091	1,176,713
Revenue			
Rates Income	-	-	-
Property Rentals	122,891	179,067	143,555
Fishing Industry	116,455	144,070	115,439
Barging and Shipping	198,166	208,038	91,923
Other Income	197,852	146,229	64,106
Total Revenues	635,364	677,404	415,023
Net Cost (Surplus) of Service	1,352,766	305,687	761,690

- ✧ Other income includes the profit on sale of Harbour Board endowment land. This Special Fund is used to fund the net cost of Port Operations.
- ✧ \$1,100,000 write down in value of wharf structures, relating mainly to Martins Quay structure. This was based on an in-house assessment of the structures based on their depreciated replacement cost and their remaining economic life.

15 SUMMARY OF PERFORMANCE AGAINST THE FUNDING POLICY

Council's funding policy sets the mix of funding between User Pays and General Benefit (General Rates) in respect of its significant activities, and, where required, sub-activities.

The following table provides the intended funding mix and the funding mix achieved for the 2003/04 year. It is important to note that in the majority of cases where the user pays percentage has increased from previous years, Council has opted to phase in the required level of user pays over a three to five year period.

Activity/Sub Activity	Budget General Benefit	Budget User Charge	Actual General Benefit	Actual User Charge
The Democratic Process				
- Council	100%	0%	97%	3%
- Community Boards	100%	0%	100%	0%
Community Services				
Civic Centre	30%	70%	75%	25%
Library Services	83%	17%	90%	10%
Parks and Reserves	100%	0%	65%	35%
Rest Rooms	100%	0%	100%	0%
Swimming Baths	60%	40%	74%	26%
Recreation	80%	20%	93%	7%
Airport	25%	75%	56%	44%
Cemetery	60%	40%	78%	22%
Community Grants	100%	0%	100%	0%
Civil Defence	100%	0%	100%	0%
Planning and Regulatory				
Resource Consents	30%	70%	52%	48%
Building Inspection	30%	70%	35%	65%
Health Inspection	50%	50%	54%	46%
Dangerous Goods	20%	80%	92%	8%
Liquor Licensing	0%	100%	0%	100%
Noise Control	50%	50%	66%	34%
Stock Control	50%	50%	100%	0%
Dog Control	10%	90%	33%	67%
District Plan	100%	0%	0%	0%
Housing				
Housing for the Elderly	0%	100%	0%	100%
Public Rental Housing	0%	100%	0%	100%
Roading				
Present Program	100%	0%	100%	0%
Future Program Renewals				
- benefit to District	100%	0%	0%	100%
- benefit to individuals	0%	100%	0%	100%
Refuse Collection and Disposal				
Collection Service	10%	90%	100%	0%
Disposal Sites	40%	60%	83%	17%
Water Supply	0%	100%	0%	100%
Sewerage Disposal	0%	100%	0%	100%
Stormwater	100%	0%	100%	0%
Port Operations	0%	100%	0%	100%

16 TREASURY MANAGEMENT POLICY

1 BORROWING

Council's Borrowing Policy sets guidelines for debt levels, including limits for associated debt servicing costs. Performance against the guidelines for the 2003/04 year are as follows:

GROSS INTEREST EXPENSE WILL NOT EXCEED 35% OF TOTAL ANNUAL RATES INCOME:

- ✦ For 2003/04, gross interest expense totals \$ 184,812 which is 184,812 of total rates income.

DEBT SHALL NOT EXCEED 2.5 TIMES ANNUAL RATES INCOME.

- ✦ Term Debt at 30 June 2003 totalled \$ 6,972,889 which represents 0.88 times rates income.

Net cash inflows from operating activities will exceed gross annual interest expense by two times.

- ✦ Net cash inflows from operating activities totals \$ 6,720,349 which is 13.93 times gross annual interest expense.

LIQUIDITY RATIO OF 1:1

- ✦ The liquidity ratio consists of the sum of cash, marketable securities, short term notes and receivables divided by current liabilities. At 30 June 2004 Council's liquidity ratio was 1.63:1.

UP TO 30 % OF TOTAL DEBT MAY HAVE A FLOATING RATE PROFILE.

- ✦ 75% of total debt has a floating rate profile. 43.02% of this has been hedged for three years on a fixed interest swap. Council reviewed its Liability Management Policy as part of the adoption of their first LTCCP. The policy adopted as at 23 June 2004 lifted the limit on the floating rate profile to 40%. (see GDC 10 Year Community Plan, volume 3)

HEDGING OF UP TO 100% RE-PRICING RISK ON EXISTING FIXED RATE DEBT MAY BE APPROVED.

- ✦ \$3,000,000 of the BNZ cash advance loan was fixed for a term of three years on a fixed interest swap rate.

NO MORE THAN 25% OF TOTAL BORROWING IS SUBJECT TO REFINANCING IN ANY FINANCIAL YEAR.

- ✦ 43.02% of total debt is repayable in the 2006/07 year, but the majority of the debt is due to be rolled over.

2 INVESTMENT

Investment exposure limits and actual exposures are as follows:

Institution	Total Exposure Limit - Each Counterparty	Portfolio Limit	Actual Exposure at 30 June 2003	Actual Portfolio Proportion
Government	Unlimited	100%	-	0%
Local Authorities	\$2 Million	100%	3,299,000.00	19%
Registered Bank (Each)	\$5 Million	80%	14,113,329.66	81%
SOE's	\$1 Million	40%	-	0%

Council reviewed its investment policy as part of the adoption of their first LTCCP. The policy adopted as at 23 June 2004 lifted the portfolio limit for registered banks to 100%. (see GDC 10 Year Community Plan, volume 3)

Investments at registered banks consist of:

Westpac	5,092,474.96
National Bank	4,721,328.82
ANZ	2,330,227.72
ASB	1,969,298.16

Under the Land Transport Management Act 2003 Council is required to have a separate account for Land Transport disbursements received from Transfund. A payment received into this account in late June of \$242,821 took the balance of all Westpac accounts over \$5,000,000.

17 LONG TERM FINANCIAL STRATEGY

Council's Long Term Financial Strategy was reviewed in 2002 and covers the 10 year period commencing 1 July 2003.

The strategy sets out operating costs for the council's significant activities, and incorporates key areas of planned capital works for each year.

For the 2003/04 year, planned significant items included in the strategy, and performance achieved in respect of these items is detailed below:

ITEM

Upgrade of Sewerage treatment for Greymouth and Blackball

PERFORMANCE

Upgrade works in relation to treatment for both systems consisted of continued progress on planning, design and resource consent applications. Some separation of services occurred where possible.

Other works achieved during the year can be reviewed in the activity statements for the significant activities appearing elsewhere in this report.

Any significant variations between planned and achieved works which may have occurred during the year is detailed in Note 1. to the Financial Statements and the activity statements.

Council adopted its first Long Term Council Community Plan for the year beginning 01 July 2004. This document sets out for all Council activities detailed budgets for the next three years, and outline budgets for years four to ten. The Annual Planning process will be based on what Council has signalled it is going to do in the LTCCP. The next full LTCCP will be adopted by Council in 2006

18 EQUAL OPPORTUNITY EMPLOYER

COUNCIL AIMS TO BE A GOOD EMPLOYER IN :

RECRUITMENT

By giving preference to the person who is best suited to the position

TRAINING

By encouraging staff to plan and train to better themselves and the Council

PROMOTION

By recognising and rewarding ability and achievement after taking into account the restrictions imposed by the size of the organisation

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