

GISBORNE DISTRICT COUNCIL
Annual Report 2003 – 2004



Mission Statement

To manage and enhance the district's physical, social, cultural and economic wellbeing efficiently, effectively and equitably.



Te Kupu Tataki

Kia aata whakaaro, me te tiaki ano hoki i nga kura taonga a Papatuanuku me ona ao, kia whakapumau hei painga mo nga whakatupuranga katoa.

Me te tautoko ano i nga tikanga totika hei whai oranga, hei whakapakari i te tinana me te wairua kia noho pai tatou ki a tatou.



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Mayoral and Chief Executive's Foreword

Introduction

This Annual Report presents an account of the Gisborne District Council's activities, achievements and performance for the period 1 July 2003 to 30 June 2004. The Council maintained its commitment to the major issues that face local government and the district.

It has been another eventful year for Council. During the year:

- ◆ Further development of the former Heinz Wattie site has occurred and the former Bulmer Harvest building has been vacated ready for demolition and redevelopment into public space.
- ◆ Investment from outside the region has continued to grow, with major growth in the retail, agriculture and forestry sectors.
- ◆ Debate on the future wastewater strategy has been ongoing. Further improvement to the existing sewerage infrastructure has continued in preparation for future developments.
- ◆ Further debate on future solid waste strategy has taken place. In the meantime, the region's waste continues to be transported out of the district pending the decision on whether to proceed with the new Manders Road landfill site.
- ◆ The Tauwhareparae farms management has continued to successfully develop and implement new strategy for the business.
- ◆ New initiatives to bring cruise ships to the region have been developed and are gathering pace.
- ◆ The regional development roading strategy promoted by the Tairāwhiti Development Taskforce has continued and central government has funded further upgrading of the district's key forestry roading.
- ◆ Council's new strategic planning document, the Long-Term Council Community Plan (LTCCP) has been produced for implementation in 2004/05.
- ◆ Council has embarked on a new strategy to ensure that it provides excellent service and results to its communities. As a first stage an independent review of what Council does, and more importantly how it does it, has been undertaken.
- ◆ Local body elections took place shortly after the year end, and the new Council was inducted in October 2004.

Former Heinz Wattie and Bulmer Harvest sites

On 21 August 2002 the former Heinz Wattie site on Customhouse Street, Pitt Street and Reads Quay, was unconditionally sold to Gladiator Investments Limited.

Immediate possession of 2.1099 ha from a total site area of 4.6886 ha occurred. Settlement and vacant possession for the balance was deferred for up to two years, but because of excellent progress on the site generally, Gladiator took possession of the remainder on 27th February 2004.



Mayoral and Chief Executive's Foreword

The building of town houses overlooking the Turanganui River is complete as is the building of the Bayleys building facing the inner harbour. Building is well underway on the new hotel and seminar facility and the plans for new apartment blocks on the site are finalised and building is due to start soon. The debate over whether large retail should be allowed on the site looks set to continue.

The former Bulmer Harvest building is now vacant with Bulmers having moved across Customhouse Street. The building will be demolished and the area will be developed by Gisborne District Council as a new public amenity.

External investment

The Gisborne area has seen a very good year in terms of external investment in both the business and residential sectors.

Businesses from a number of sectors have been attracted to the district, most notably in the tourism, agriculture and forestry industries, which brings with it benefits for the region's small business community and the general public alike. A number of nationally franchised businesses that have previously not had a presence in the region have also started.

Residential real estate prices in the region have increased faster than the national average, particularly coastal properties. Much of this increase has been driven by purchasers external to the region, and in many cases external to New Zealand. This indicates that Gisborne is becoming a desirable location to live and work.

Wastewater

Considerable further debate on the future wastewater strategy has taken place during the year.

The adopted strategy remains a fully land based treatment system that will be implemented in a number of stages over an extended period of approximately 35 years. However, Gisborne District Council has to take into account the views of the entire community and there are still a number of issues relating to the timing of the project, the affordability and cultural concerns that need to be further investigated.

During the year the current outfall pipe has been cleared and the Environment Court granted an extension on the resource consent to continue using it. Further upgrade work on the in-ground reticulation system has also continued in preparation for the new treatment project upgrades.

Landfill

The landfill at Paokahu finally shut its gates on 30 June 2003 and Gisborne District Council now has a two year contract to transport the district's solid waste out of the district by road to landfill sites outside the district. This arrangement has proved very satisfactory.

Future strategy for the region's solid waste has been hotly debated this year with no final decision being made. A resource consent to operate a landfill at the Council's proposed site in Manders Road is still current and work can be initiated very quickly if necessary. However, as the purchase of this site is such a significant issue, both financially for Council and for the public at large, further analysis of future waste



Mayoral and Chief Executive's Foreword

volumes, central government initiatives and developing technology is being undertaken in order to reassess whether the site at Manders Road is still the best option for the district. A decision whether to proceed with Manders Road or not has to be made early in 2005.

During the year a new landfill was opened in the Waiapu region.

Tauwhareparae farms

Following divestment of the Gisborne port assets last year, this has been the first year of the business being a fully focused farming entity. However, the overall result has been impacted financially by a few minor issues relating to the previous operation of the port.

During the year the Directors have undertaken capital improvements required to fully realise the operating potential of the farms. Likewise, a number of operational initiatives, such as reconfigured livestock mix and deferred maintenance, have been implemented in order to ensure long term improved efficiency and, therefore, improved performance.

The farming activities returned an operating surplus of \$743,000. Having expended some of the required capital and deferred maintenance during the year, returns are forecast to improve further in the coming years.

Cruise ships

One message that comes back to us time and time again from a number of sources is that tourism is a great untapped asset of the region.

As an initial response to this a number of individuals and agencies have committed themselves to bringing cruise ships to Gisborne, for the associated benefits that increased visitor numbers bring to the region.

Much work and negotiation has taken place during the year and the first cruise ship is committed to coming to Gisborne in 2006.

Regional Development

During previous years various Council sections and other agencies contributed to the overall development of the region in economic terms through its partnership with the Tairāwhiti Development Taskforce and central government.

One of the most significant of these initiatives was the collaboration with central government on regional land transportation initiatives and access to the \$30m Regional Development Rooding fund. This is part of the government's Land Transport Package aimed at developing infrastructure outside of the big centres in order to increase the economic attractiveness of the regions to business.

During the current year a further \$7.7m has been received from central government under this initiative, aimed largely, but not exclusively, at improving the ability of foresters to transport timber. Similar levels of funding can be expected in the next 2 or 3 years.



Mayoral and Chief Executive's Foreword

Long-Term Council Community Plan (LTCCP)

Under the new legislation, namely the Local Government Act 2002, Gisborne District Council is required to consult more widely with its ratepayers, to collaborate more extensively with other agencies and to plan its future developments in a far more strategic way than under the old Acts. The major impact that this legislation has had in the past year is the development of the Council's first Long-Term Council Community Plan, covering the years 2004/05 to 2013/14.

Considerable discussion took place with individuals, interest groups and businesses from around the region, and from these six Community Outcomes were developed. These are high level statements about how the community wants economic, environmental, social and cultural aspects of the region to be developed in the mid to long term.

Gisborne District Council then took these Community Outcomes and developed its strategies to best achieve the required results. The LTCCP is the most comprehensive planning document the Council has ever produced. The full document is available on the Gisborne District Council website at <http://www.gdc.govt.nz/plans/LTCCP/LTCCP.html>

Organisational review

During the year Gisborne District Council commissioned a report by Catalyst Consultants of Tauranga, the scope of which was to assess the capabilities and efficiencies of Council to provide service to its communities.

The report proved an extremely valuable exercise and the findings have been warmly welcomed by both Councillors and management.

The main thrust of the report is that we do need to make changes in both what we do and how we do it. All of the salient points have been considered and Council has embarked upon a programme of improved customer satisfaction, improved staff development and improved process which will ultimately produce better value for our ratepayers and better results for our communities.

2004 local body elections

Local body elections took place during October 2004, after the end of the year being reported in this document. However, the makeup of the Council is important in shaping Council direction for the next three years at least, so the outcome is mentioned here.

The sitting mayor was re-elected, as were all 12 of the sitting Councillors who stood for re-election. The two new Councillors, both representing the city ward, come from backgrounds of both business and public service and will make a positive contribution to Council matters.



Mayoral and Chief Executive's Foreword

Financial Report

The Statement of Financial Performance shows an overall operating surplus of \$9,578,000 compared to a budgeted surplus of \$9,339,000. It should be noted that this substantial excess occurs because of the way capital grant income has to be accounted for. The vast bulk of this excess has been collected from central government and has been used to fund major capital projects.

A far better gauge of performance is to look at the purely operational aspect of the organisation, and this shows a better than budgeted performance of approximately \$1,200,000. The major factor behind this variance is that some major capital works have been deferred, and thus interest on the associated loans and depreciation on the assets themselves have not been incurred.

As noted above, a large amount of capital work was deferred or delayed for one reason or another, and, as it has already been funded, this will be carried forward into the 2004/05 financial year.

Public Debt has decreased by \$4 million to \$32 million during the year. However, as noted above, significant capital work has been deferred and if all of this capital work is completed by 30 June 2005, the public debt balance will be approximately \$38 million.

During the year the majority of assets were revalued to current valuations, and this resulted in an overall increase in asset values of \$347 million to \$924 million.

We are pleased to note that the two issues on which the Inland Revenue Department were seeking more information were, as expected, resolved during the year, with no further liabilities or penalties imposed on Council.

Overall, Gisborne District Council is in good financial shape.

Overview

As was reported last year, Gisborne has continued to thrive, with the entire city and region benefiting from this positive energy.

One only has to look at the business and tourism initiatives and the profile that Gisborne and the region is developing, to see that with continued innovation, optimism and commitment we can make this an area we are proud of. Even prouder than we are today.

With the introduction of the new legislation and the focus on strategic planning and in new ways of providing services, Gisborne District Council is fully committed to playing its part in ensuring that this momentum is maintained.

M Foon
MAYOR

R D R Elliott
CHIEF EXECUTIVE

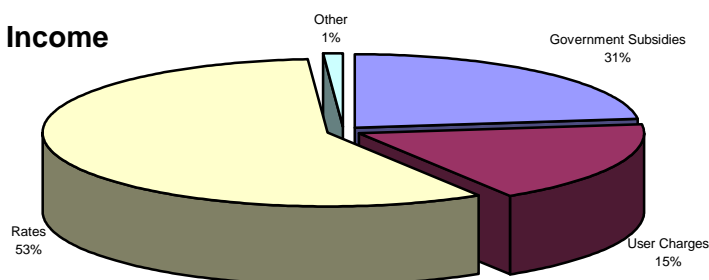
Council's Financial Statistics

	Actual 2000	Actual 2001	Actual 2002	Actual 2003	Actual 2004
Proportion rates to total income	59%	60%	59%	58%	53%
Average rates per rateable property (Res. City)	\$1,550	\$1,598	\$1,618	\$1,679	\$1,812
Net public debt (as a % of total assets)	6.37%	5.88%	5.85%	5.93%	3.36%
Public debt (per rateable property)	\$1,920	\$1,748	\$1,635	\$1,658	\$1,601

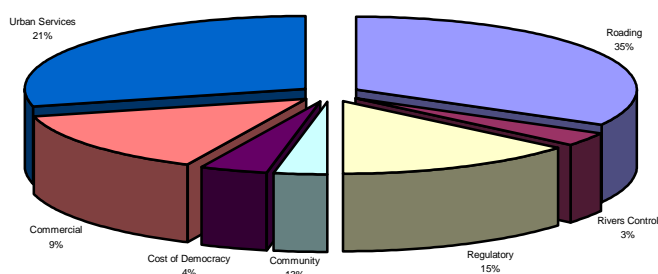
Council's Five Year Financial Performance Summary

	2000 \$000	2001 \$000	2002 \$000	2003 \$000	2004 \$000
Rates (GST exclusive)	26,537	27,693	28,540	29,707	31,717
Net surplus / (deficit)	(3,556)	468	(2,847)	471	9,578
Working capital	(1,235)	3,653	844	941	1,088
Net public debt	39,199	35,880	35,512	36,129	32,002
Total assets	614,826	610,364	606,978	607,478	954,397

Income



Expenditure



General Statistics

Area and Population	2003	2004
Area sq km	8,331	8,331
Population (based on 2001 Census)	43,971	43,971
Rateable properties - number of	21,790	19,988*
Non rateable properties - number	1,162	1,162
Gross capital value	3,632,360,660	3,641,738,660
Net capital value (i.e. capital value of rateable property)	3,377,342,460	3,386,710,460
Gross land value	1,806,860,400	1,806,939,400
Net land value	1,765,334,800	1,765,413,800
Date of last Government valuation	1 September 2002	1 September 2002

* Number of Rateable Properties decreased as a result of the Local Government Rating Act 2002.



Statement of Compliance & Responsibility

Compliance

1. The Council and management of Gisborne District Council confirm that in accordance with the transitional provisions of the Local Government Act 2002, all the statutory requirements of Parts VIIA of the Local Government Act 1974 regarding financial management and borrowing have been complied with.

Responsibility

2. The Council and management of Gisborne District Council accept responsibility for the preparation of the Annual Financial Statements and the judgements used in them.
3. The Council and management of Gisborne District Council 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.
4. In the opinion of the Council and management of Gisborne District Council, the Annual Financial Statements for the year ended 30 June 2004 fairly reflect the financial position, operations and cash flows of Gisborne District Council.

Meng Foon
MAYOR

K D Birt
MANAGER: CORPORATE AFFAIRS

R D R Elliott
CHIEF EXECUTIVE



Auditor's Report



Auditor's Report



Statement of Accounting Policies

Reporting Entity

Gisborne District Council is a Unitary Authority governed by the Local Government Act 2002. For financial reporting purposes the Authority is a group consisting of Gisborne District Council, its subsidiary CCTOs/CCOs, Gisborne Holdings Ltd (and its subsidiaries).

- ◆ In accordance with the transitional provisions of the Local Government Act 2002, the financial statements and group financial statements of Gisborne District Council have been prepared in accordance with the requirements of section 223E of the Local Government Act 1974 which includes the requirement to comply with generally accepted accounting practice.

Measurement Base

The financial statements have been prepared on an historical cost basis, modified by the revaluation of certain fixed assets.

Basis of Consolidation

The consolidated financial statements include Council and its subsidiaries.

100% owned subsidiaries and in-substance subsidiaries are accounted for using the purchase method which involves adding together corresponding assets, liabilities, revenues and expenses on a line-by-line basis.

All significant inter-company/Council transactions are eliminated on consolidation.

Property, Plant and Equipment

Property, Plant and Equipment consists of:

Operational Assets ▶ These include land, buildings, improvements, library books, wharves, floating plant, equipment and motor vehicles.

Infrastructural Assets ▶ Infrastructural assets are the fixed utility systems owned by the Council and comprise the sewer, water, stormwater, roading, flood control, and the waste disposal infrastructures. Each asset type includes all items that are required for the network to function, for example, sewer reticulation piping and sewer pump stations. In the case of roading and waste disposal, the value of the land is included.

Forestry Assets ▶ Forestry Assets consist of Council's forestry holdings excluding land owned by Council. Upon consolidation any forestry holdings, excluding land, held by Council's CCTOs/CCOs are included in this category of assets.



Statement of Accounting Policies

Property, Plant and Equipment Valuation

All assets are valued at historical cost, except the following:

Operational Land and Buildings ▶ Operational land and buildings have been valued at fair value and optimised depreciated replacement cost respectively by Quotable Value NZ as at 1 July 2003, and these have been updated for additions and deletions since that time. Operational land and buildings include parks, reserves, monuments and cenotaphs owned by the Council (previously disclosed as Restricted Assets) which provide a benefit or service to the community and which can only be disposed of when legal processes have been satisfied.

Operational land and buildings are to be revalued every 3 years, or more frequently when there are indicators that the values may have changed substantially from carrying value. Land and Buildings held for resale have been valued by Quotable Value NZ as at 1 July 2003 and are valued at the lower of cost or net realisable value. Tauwhareparae Farms Ltd's land is revalued periodically (every two years), with additions between revaluations recorded at cost.

Infrastructural Assets Revaluations ▶ Infrastructural Assets are recorded at depreciated replacement cost. Valuations have been completed on 1 July 2003 (unless otherwise stated) and have been updated for additions (at cost) and deletions. Infrastructure assets are to be valued every 3 years.

The roading revaluation was undertaken at 30 June 2004 by Scott Verevis (Roading Asset Manager – Opus International Consultants Limited, Napier) and Bruce Cowper (Registered Valuer ANZIV – Quotable Value NZ). The value of land under and on the margins of roads is included in the roading asset valuation. Roading assets are to be revalued annually.

The June 2003 sewer, water and stormwater revaluations were prepared by the Engineering and Works Department of the Gisborne District Council. A peer review was undertaken by Leonard Wales BE(Civil)(Hons), BSc(Chem)(Hons) and David Jennings, Civil Engineering Manager, BE, MSc(Eng), DIC, FIPENZ Registered Engineer, both of Opus International Consultants Limited.

The July 2003 Flood Control Infrastructure Assets Revaluation was prepared by the Engineering and Works Department of the Gisborne District Council. A peer review was performed by Gary Williams, BE(Hons) Registered Engineer, of G & E Williams Consultants.

Library Collections ▶ Library collections were valued at 30 June 2000. Depreciation is not provided on library books. All new and replacement books are expensed in the year they are purchased. Library collections are to be valued every 5 years. The valuation was done by the District Librarian in accordance with draft guidelines released by the New Zealand Library Association and the National Library of New Zealand.

Airport Assets ▶ QV Valuations in conjunction with Meritec Limited provided a valuation of the Gisborne Airport assets including land, buildings, runway, aprons, roading and below ground infrastructure as at 1 July 2003. The valuation was undertaken by Bruce Cowper ANZIV SNZPI, Registered Valuer of QV Valuations and Graeme Hughson BE, MIPENZ, Senior Asset Management Consultant. Airport assets are to be valued every 3 years or more frequently when there are indicators that the values may have changed substantially from carrying value.



Statement of Accounting Policies

Property, Plant and Equipment Valuation (continued)

Forestry Assets ▶ Gisborne District Council's forestry holdings have been valued by Jason Blair, B.Ag.Sci, M.Appl.Sc.(Hons), Environmental Manager of P F Olsen & Co Ltd, as at 30 June 2004 on the basis of present value of tree crop. Each compartment aged six years and over is calculated by discounting future revenues to the valuation date and subtracting future discounted costs. Younger age classes are valued by compounding costs forwarded to the valuation date. For purposes of periodic revaluations direct costs of forest establishment, silviculture and maintenance are debited to forest asset accounts to give book values. The valuations, when determined as above, are then compared with the book values. The Forestry Revaluation Reserve is credited or debited with the difference. Gisborne District Council Forest Assets are revalued every year.

Tauwhareparae Farms Ltd forest assets (other than land) are revalued every three years, or more frequently when there are indicators that the values may have changed substantially from carrying values, using a net present value approach which reflects future earnings expectations.

The valuations, when determined as above, are then compared with the book values. The forestry revaluation reserve is credited or debited with the difference.

In years between revaluations direct costs of forest establishment, silviculture and maintenance are debited to the forest account to give book values.

The forestry (net planted area) owned by Tauwhareparae Farms Ltd was revalued at 30 June 2003, based on valuation reports prepared by Liz Kingsford, BForSci(Hon), NZIF, of Kingsford Scott Ltd, Forestry Industry Management Services.

Wharves ▶ Wharves and floating plant are recorded at cost.

Livestock ▶ Livestock is valued at current market value. These values are not the same as those used for calculating taxation. Changes in the value of existing productive livestock and the numbers and/or composition of the livestock are treated as revenue items.

Additions ▶ Additions between valuations are recorded at cost, except for vested assets. Certain infrastructural assets and land have been vested in the Council as part of the subdivision consent process. Vested assets are recognised as revenue when control over the asset is obtained. Vested assets are valued at current replacement cost.

Capitalisation of Interest ▶ When the construction of assets are loan funded, all interest incurred (to the point of project completion) as a result of the capital work is capitalised as part of the total cost of the asset up until the point where the asset enters service.

Decline in Service Potential

Decline in service potential is provided on a straight line basis on all fixed assets other than land. The depreciation rates used will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Statement of Accounting Policies

Decline in Service Potential (continued)

Infrastructural Assets

Roads

* Pavement surface (seal)	1 - 12 years ¹	* Culverts	25 - 50 years
* Pavement Layers (basecourse)	75 - 100 years	* Footpaths	20 - 75 years
* Formation	N/A (not depreciated)	* Kerbs	50 years
* Signs	12 years	* Traffic Signals	15 - 30 years
* Street Lights	15 - 25 years	* Parking Meters	25 years
* Bridges	25 - 80 years	* Safety Projects	10 - 13 years
* Retaining Structures	80 years		

¹Life depends on road type and traffic volumes

Water Reticulation

* Pipes	30 - 165 years ²
* Valves, Hydrants	25 years
* Pump Stations	15 - 100 years
* Structures	16 - 200 years
* Dams	400 years

Sewerage Reticulation

* Pipes	60 - 100 years ²
* Manholes	100 years
* Treatment Plant	15 - 50 years
* Laterals	100 years

Stormwater Systems

* Pipes	62 - 100 years ²
* In-drain Structures	25 - 100 years

Flood Control

Systems	25 - 100 years
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Solid Waste 4 - 25 years

Operational Assets

Land	(Not Depreciated)
Buildings/Land Improvements	10 - 100 years
Plant/Machinery/Motor Vehicles	3 - 15 years
Office Equipment/Furniture	3 - 50 years
Other Equipment	5 - 25 years
Library Books	(Not Depreciated)
Wharves	50 years
Floating Plant	25 years

²Life depends on material type of pipe

Revenue Recognition

Rates are recognised when levied.

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

All other revenue from operations billing is recognised on an accrual basis.

Other grants and bequests, and assets vested in the Council are recognised as revenue when control over the asset is obtained.

Dividends are recognised on an accrual basis net of imputation credits.



Statement of Accounting Policies

Inventories and Assets Under Construction

Inventories are valued at the lower of weighted average cost or net realisable value less provision for damaged or obsolete items.

Assets under construction are valued at the lower of cost or net realisable value.

Accounts Receivable

Accounts receivable are stated at estimated realisable value after providing a doubtful debt provision.

Cost Allocation

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

Direct costs are charged directly to the significant activities. Indirect costs are charged to a service department and the total service department costs are charged on a pre-determined basis to each significant activity.

Direct costs are those costs directly attributable to a significant activity. Indirect costs are those which cannot be identified in an economically feasible manner with a specific activity.

Investments

Investments, including those in subsidiary companies, are stated at the lower of cost or net realisable value. Any decreases are recognised in the Statement of Financial Performance.

Public Equity

This represents the ratepayers net ownership of the Gisborne District Council. It is made up of the following components:

- ▶ Accumulated Balances
- ▶ Asset Revaluation Reserves
- ▶ Reserve Funds
- ▶ Special Funds
- ▶ Restricted Reserves

Council Created Reserves include the following:

Special Funds ▶ Special funds are recorded at cost plus accumulated interest. These funds are restricted in nature and can only be used for the special purpose for which they were set up. Council may alter them without reference to any third party or the Courts. Transfers to and from these reserves are at the discretion of Council.

Restricted Reserves ▶ Restricted reserves are recorded at cost plus accumulated interest. These funds are subject to specific conditions accepted as binding by Council and which may not be revised by Council without reference to a third party or the Courts.

Income Tax

Income tax expense / (credit) is charged in the Statement of Financial Performance in respect of current year's earnings after allowing for permanent differences. Deferred taxation is determined on a comprehensive basis using the liability method. Deferred tax assets attributable to timing differences or tax losses are only recognised where there is virtual certainty of realisation.

Statement of Accounting Policies

Financial Instruments

The Council and group is party to financial instruments as part of its normal operations. These financial instruments include bank accounts, investments, debtors, creditors, debentures and loans and are recognised in the Statement of Financial Position. All revenues and expenses in relation to these financial instruments are recognised in the Statement of Financial Performance. Except for loans and debentures, which are recorded at face value, and those items covered by a separate accounting policy, all financial instruments are shown at their fair value.

Financial instruments which represent an off balance sheet risk are entered into to manage the exposure to interest rate fluctuations. These include interest rate swaps and option contracts. Over the period of the contract any differential relating to the payment or receipt on a swap contract or premium on an option contract is recognized as a component of interest revenue or expense.

Cash Flows

The following definitions have been used for the preparation of the Statement of Cash Flows:

Cash ▶ Cash includes coins, notes, demand deposits, or highly liquid investment, which the Council regards as part of its day-to-day cash management.

Operating Activities ▶ Transactions and other events that are not investing or financial activities.

Investing Activities ▶ Activities relating to the acquisition, holding and disposal of fixed assets and of investments, such as securities, not falling within the definition of cash.

Financing Activities ▶ Financing activities comprise the change in equity and debt capital structure of Council.

Leases

Finance Leases ▶ Assets held by Council and Group under finance leases are classified as fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset are transferred to the Council.

The leased assets and corresponding liabilities are initially recognised in the Statement of Financial Position at amounts equal to the fair value of the asset or if lower the present value of the minimum lease payments. The leased assets are depreciated over the period the entity is expected to benefit from their use.

Operating Leases ▶ Operating lease payments, where the lessors effectively retain substantially all the risks and benefits of ownership of the leased items, are charged as expenses in the periods in which they are incurred.

Pamoā Joint Venture Forest

The Council has transferred forestry rights in respect of a total of 1,608 hectares of land to Juken Nissho Limited. The transfer relates to one harvest cycle. Under the agreement Council has contributed the land and is entitled to 16.75% of stumpage. All costs of development are borne by Juken Nissho Limited. The value of the land (excluding the trees) and Council's right to a share of the stumpage is reflected in the Statement of Financial Position.



Statement of Accounting Policies

GST

The financial statements have been prepared exclusive of GST with the exception of receivables and payables, which are stated with GST included.

Sharefarming Agreements

Tauwhareparae Farms Limited operated sharefarming agreements for two of the four farms owned up until 30th June 2003. The sharefarming agreements were set at different percentages whereby the sharefarmers and Tauwhareparae Farms Limited share the revenue and expenses incurred in the operation of each farm.

Landfill Post Closure Costs

As former operator of the Paokahu landfill site, the Council has an obligation to ensure the ongoing maintenance and monitoring services at this landfill site after closure.

A landfill aftercare provision has been recognised as a liability in the Statement of Financial Position. Provision is made for the present value of post closure costs expected to be incurred in restoring the area to its former status. The calculated cost is based on estimates of future site maintenance, supervision and monitoring costs. The estimated length of time needed for post closure care for the Paokahu site is 35 years.

The calculations assume no change in the legislative requirements or technological changes for closure and post closure treatment. 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.

Properties Intended for Sale

This is made up of property and other subdivision properties which are listed as Properties Intended for Sale in the Statement of Financial Position. These properties are recorded at the lower of cost and net realisable value.

Employee Benefits

Liabilities have been recognised in respect of the Group's obligations for annual leave, retiring leave and long service leave. Annual leave has been calculated on an actual entitlement basis at current rates of pay whilst the other liabilities have been calculated on an actuarial basis at current rates of pay.

Comparative Figures

Certain comparative information in these financial statements has been reclassified to reflect current year disclosure.



Statement of Accounting Policies

Changes in Accounting Policies

The frequency of revaluation for infrastructural assets, airport assets and operational land and buildings has been changed from every five years to every three years, except roading assets which will be revalued annually. There is no impact on the current financial year as these assets were due to be revalued this year in any case. The impact will be that the next revaluation will now occur next year or in three years rather than in five years time. The decision to reduce the revaluation period has been taken in order to better reflect the current replacement cost of the assets concerned as they are disclosed in the Statement of Financial Position. Contract prices have become more volatile as significant swings in material availability and foreign exchange rates have occurred, thus affecting current replacement costs.

During the year, Gisborne Holdings Limited changed its policy for the basis of valuation of buildings and other improvements on freehold land. These classes of asset are now stated at fair market value and revalued every two years. This change resulted in an increase in buildings and other improvements and in the asset revaluation reserve for the year of \$1,078,391.

All other policies have been applied on a consistent basis with prior years.



Statement of Financial Performance for the year ended 30 June 2004

	Notes	Gisborne District Council			Consolidated	
		Actual 2003 \$000	Actual 2004 \$000	Budget 2004 \$000	Actual 2003 \$000	Actual 2004 \$000
Revenue						
Government grants & subsidies	23	11,477	19,078	18,345	11,477	19,078
Rates levied		29,707	31,717	32,245	29,584	31,655
Other revenue	7B	9,833	9,568	8,404	17,358	16,408
		51,017	60,363	58,994	58,419	67,141
Expenditure						
Urban Services		14,244	10,662	11,248	14,244	10,662
Roading		16,374	17,787	15,714	16,374	17,787
Rivers Control & Land Drainage		1,470	1,387	1,356	1,470	1,387
Regulatory Services		7,058	7,395	7,790	7,058	7,395
Community Services		1,307	6,865	6,976	1,307	6,865
Cost of Democracy		2,116	2,055	1,973	2,116	2,055
Commercial Services		7,131	4,634	4,598	15,436	11,215
Total Cost of Service		49,700	50,785	49,655	58,005	57,366
Operating Surplus						
Operating Surplus		1,317	9,578	9,339	414	9,775
Write-down of investments		(846)	0	0	0	0
Operating Surplus Before Tax		471	9,578	9,339	414	9,775
Taxation	14	0	0	0	605	0
Surplus After Tax		\$471	\$9,578	\$9,339	\$1,019	\$9,775

The accompanying notes form an integral part of these financial statements.



Statement of Financial Position as at 30 June 2004

	Notes	Gisborne District Council			Consolidated	
		Actual 2003 \$000	Actual 2004 \$000	Budget 2004 \$000	Actual 2003 \$000	Actual 2004 \$000
Non Current Assets						
Accounts receivable	3	1,610	21	0	1,622	29
Property, Plant and Equipment	1A	576,049	923,469	599,707	597,018	955,564
Investments	2A	0	0	0	24	31
Shares in companies	2B	20,799	20,799	21,654	44	44
Total Non Current Assets		598,458	944,289	621,361	598,708	955,668
Current Assets						
Bank accounts		1,592	1,418	204	2,713	1,498
Current investments	2A	10	10	2,000	10	10
Accounts receivable	3	6,046	8,071	6,790	6,101	8,169
Stock on hand		114	115	149	189	295
Properties intended for sale	6	258	494	0	258	494
Shares in Companies	2B	1,000	0	0	0	0
Total Current Assets		9,020	10,108	9,143	9,271	10,466
Total Assets		\$607,478	\$954,397	\$630,504	\$607,979	\$966,134
LIABILITIES and EQUITY						
Non Current Liabilities						
Public debt	4B	70	32,002	42,486	105	33,904
Provision for landfill aftercare	18	332	332	388	332	332
Non Current Accounts Payable	5	399	213	263	399	213
Total Non Current Liabilities		801	32,547	43,137	836	34,449
Current Liabilities						
Deposits held		60	13	0	60	13
Bank overdraft		0	0	0	0	550
Accounts payable	5	7,696	8,714	7,432	8,150	9,108
Current portion of public debt	4A	36,059	68	0	36,071	80
Provision for Landfill Aftercare	18	138	138	0	138	138
Provision for landfill decommissioning	19	21	0	0	21	0
Other Current Provisions	20	164	155	0	164	155
Total Current Liabilities		44,138	9,088	7,432	44,604	10,044
Total Liabilities		44,939	41,635	50,569	45,440	44,493
Equity		562,539	912,762	579,935	562,539	921,641
Total Equity and Liabilities		\$607,478	\$954,397	\$630,504	\$607,979	\$966,134

Meng Foon
MAYOR

R D R Elliott
CHIEF EXECUTIVE

For and on behalf of the Councillors who authorised the issue of the financial report on _____
The accompanying notes form an integral part of these financial statements.



Statement of Movements in Equity for the year ended 30 June 2004

	Notes	Gisborne District Council			Consolidated	
		Actual 2003 \$000	Actual 2004 \$000	Budget 2004 \$000	Actual 2003 \$000	Actual 2004 \$000
Equity at start of year		563,120	562,539	570,596	563,120	562,539
Net surplus for the year		471	9,578	9,339	1,019	9,775
(Decrease)/increase in asset revaluation reserves	1B	(1,065)	340,406	0	(1,613)	349,088
Transfer to retained earnings included in revaluation reserve movement		13	239	0	13	239
Total Recognised Revenues & Expenses		(581)	350,223	9,339	(581)	359,102
Equity at end of Year		\$562,539	\$912,762	\$579,935	\$562,539	\$921,641
Equity is made up as follows:						
Special funds		5,681	7,361	5,804	5,681	7,361
Accumulated surplus		332,706	340,953	349,072	322,210	330,654
Asset revaluation reserves	1B	223,943	564,349	225,008	234,439	583,527
Restricted reserves		161	144	121	161	144
Reserve funds		48	(45)	(70)	48	(45)
		\$562,539	\$912,762	\$579,935	\$562,539	\$921,641

The accompanying notes form an integral part of these financial statements.



Statement of Cash Flows

for the year ended 30 June 2004

	Notes	Gisborne District Council			Consolidated	
		Actual 2003 \$000	Actual 2004 \$000	Budget 2004 \$000	Actual 2003 \$000	Actual 2004 \$000
CASH FLOW FROM OPERATING ACTIVITIES						
Cash was provided from:						
Government grants and subsidies	23	10,642	16,739	18,345	10,642	16,739
Activity revenue		9,739	9,560	8,192	18,472	14,691
Rates		29,697	31,731	32,245	29,574	31,669
GST		436	0	0	451	0
Interest received		149	81	212	173	92
Income tax refund		0	0	0	88	6
		50,663	58,111	58,994	59,400	63,197
Cash was applied to:						
Suppliers and employees		37,634	38,101	37,820	44,404	44,355
Grants		715	750	0	715	750
GST		0	75	0	0	45
Interest payable		2,424	1,632	2,765	3,184	1,780
		40,773	40,558	40,585	48,303	46,930
Net Cash from Operating Activities	11	9,890	17,553	18,409	11,097	16,267
CASH FLOW FROM INVESTING ACTIVITIES						
Cash was provided from:						
Sale of fixed assets		1,474	1,793	0	17,474	1,811
Investments matured		410	0	0	410	0
Sale of shares		0	1,000	1,000	0	0
		1,884	2,793	1,000	17,884	1,811
Cash was applied to:						
Asset purchases		10,936	15,915	16,805	11,350	16,855
Borrowing cost capitalised	1D	416	499	0	416	499
Forestry expenditure		0	0	0	514	254
		11,352	16,414	16,805	12,280	17,608
Net Cash (used in)/from Investing Activities		(9,468)	(13,621)	(15,805)	5,604	(15,797)
CASH FLOWS FROM FINANCING ACTIVITIES						
Cash was provided from:						
New loan - secured		700	17,000	0	700	19,000
New debentures - secured		0	15,000	0	0	15,000
Short term advance		0	0	0	15,850	0
		16,550	32,000	0	16,550	34,000
Cash was applied to:						
Loan repayments - secured		20	35,989	2,604	15,270	36,111
Hire purchase repayments		63	70	0	66	77
Decrease in deposits held		5	47	0	5	47
Short term advance repayment		0	0	0	15,850	0
		88	36,106	2,604	31,191	36,235
Net Cash from/(used in) Financing Activities		612	(4,106)	(2,604)	(14,641)	(2,235)
Net Increase / (Decrease) in Cash		1,034	(174)	0	2,060	(1,765)
Cash						
Balance at beginning of year		558	1,592	204	653	2,713
Balance at end of year		1,592	1,418	204	2,713	948
Increase / (Decrease) in Cash		\$1,034	\$(174)	\$0	\$2,060	\$(1,765)

The accompanying notes form an integral part of these financial statements.



Statement of Commitments as at 30 June 2004

	2003 \$000	2004 \$000
Capital Commitments		
Gisborne District Council		
Capital Commitments approved and contracted—not later than one year	9,171	8,981
Capital Commitments approved and contracted-greater than one year	6,412	3,703
	<hr/>	<hr/>
Total Commitments - Gisborne District Council	15,583	12,684
	<hr/>	<hr/>
Total Consolidated Commitments	\$15,583	\$12,684
	<hr/> <hr/>	<hr/> <hr/>

Non-Cancellable Operating Lease Commitments

	Gisborne District Council		Consolidated	
	2003 \$000	2004 \$000	2003 \$000	2004 \$000
Operating lease payments are payable as follows:				
Not later than one year	240	253	240	253
Later than one year but not later than two years	211	243	211	243
Later than two years but not later than five years	50	61	50	61
	<hr/>	<hr/>	<hr/>	<hr/>
	\$501	\$557	\$501	\$557
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>



Statement of Financial Involvement in CCTOs/CCOs and Other Companies or Organisations

For the Group Organisational Structure please refer to the Council Management Section of the Annual Report.

The following Companies are CCTOs/CCOs as defined by the Local Government Act 2002.

- ◆ Gisborne Holdings Ltd
- ◆ Tauwhareparae Holdings Ltd
- ◆ Tauwhareparae Forests Ltd
- ◆ Tauwhareparae Farms Ltd

The Council is also financially involved in:

- ◆ Pamoia Joint Venture Forests — 16.75% of stumpage

Please refer to Note 12 for Related Party Transactions. Apart from that, there were no costs to each of the above enterprises for financial interests, finance or financial assistance of the Council.



Notes to the Accounts

1A. Property Plant and Equipment

Gisborne District Council					
	Book Value 2003	Cost or Valuation 2004	Depreciation 2004	Accumulated Depreciation 2004	Book Value 2004
	\$000	\$000	\$000	\$000	\$000
Cost					
Plant/Motor Vehicles	980	2,840	221	1,878	962
Office Equipment	1,107	2,247	219	1,172	1,075
Other Equipment	1,080	2,247	280	1,368	879
CBD	1,421	1,667	60	202	1,465
Wharves	0	339	7	7	332
Assets under Construction	10,537	15,060	0	0	15,060
	15,125	24,400	787	4,627	19,773
Cost/Valuation					
Property for Resale	3,083	2,951	0	20	2,931
Forestry	1,329	889	0	0	889
Land	20,550	95,923	0	0	95,923
Buildings / Land Improvements	27,651	29,515	960	1,331	28,184
Library Books	2,819	2,819	0	0	2,819
Sewer	33,041	37,723	893	893	36,830
Stormwater	28,114	35,674	498	498	35,176
Water Supply	63,099	68,001	1,104	1,104	66,897
Solid Waste	539	847	68	68	779
Roading	354,221	591,147	4,868	0	591,147
Flood Control	26,478	42,202	81	81	42,121
	560,924	907,691	8,472	3,995	903,696
Total Property Plant and equipment	\$576,049	\$932,091	\$9,259	\$8,622	\$923,469



Notes to the Accounts

1A. Property Plant and Equipment (continued)

	Consolidated				
	Book Value 2003	Cost or Valuation 2004	Depreciation 2004	Accumulated Depreciation 2004	Book Value 2004
	\$000	\$000	\$000	\$000	\$000
Cost					
Plant/Motor Vehicles	1,370	3,657	336	2,172	1,485
Office Equipment	1,107	2,247	219	1,172	1,075
Other Equipment	1,080	2,247	280	1,368	879
CBD	1,421	1,667	60	202	1,465
Wharves	0	339	7	7	332
Assets under Construction	10,537	15,060	0	0	15,060
	15,515	25,217	902	4,921	20,296
Cost/Valuation					
Property for Resale	3,083	2,951	0	20	2,931
Forestry	3,442	3,275	0	0	3,275
Land	32,426	115,762	0	0	115,762
Buildings / Land Improvements	28,338	31,420	989	1,331	30,089
Library Books	2,819	2,819	0	0	2,819
Sewer	33,041	37,723	893	893	36,830
Stormwater	28,114	35,674	498	498	35,176
Water Supply	63,099	68,001	1,104	1,104	66,897
Solid Waste	539	847	68	68	779
Roading	354,221	591,147	4,868	0	591,147
Flood Control	26,478	42,202	81	81	42,121
Livestock	5,903	7,442	0	0	7,442
	581,503	939,263	8,501	3,995	935,268
Total Property Plant and Equipment	\$597,018	\$964,480	\$9,403	\$8,916	\$955,564

Notes to the Accounts

1B. Asset Revaluation Reserves

Consist of:

	Gisborne District Council					Consolidated	
	Opening Balance 2003 \$000	Transfers Between Classes \$000	Change in Asset Value \$000	Revaluation Attributed to Disposals \$000	Balance 2004 \$000	2003 \$000	2004 \$000
Sewerage	1,877	0	3,198	0	5,075	1,877	5,075
Stormwater	5,882	0	3,977	0	9,859	5,882	9,859
Water Supply	889	0	4,902	0	5,791	889	5,791
CBD	0	0	32	0	32	0	32
Solid Waste	0	0	102	0	102	0	102
Roading	187,822	0	236,014	0	423,836	187,822	423,836
Flood Control	15,229	0	15,631	0	30,860	15,229	30,860
Land	2,749	(22)	76,866	(5)	79,588	13,245	97,688
Buildings/Land Improvements	4,008	20	245	(107)	4,166	4,008	5,244
Office Equipment	487	2	0	(9)	480	487	480
Library Books	2,819	0	0	0	2,819	2,819	2,819
Other Equipment	499	0	0	0	499	499	499
Property for Resale	668	0	(136)	0	532	668	532
Forestry	1,014	0	(186)	(118)	710	1,014	710
	\$223,943	\$0	\$340,645	\$(239)	\$564,349	\$234,439	\$583,527

1C. Assets Under Construction

Consist of:

	Gisborne District Council		Consolidated	
	2003 \$000	2004 \$000	2003 \$000	2004 \$000
Computer Equipment	63	62	63	62
Buildings / Land Improvements	448	238	448	238
Sewer	2,360	1,886	2,360	1,886
Stormwater	2,024	78	2,024	78
Water Supply	40	40	40	40
Solid Waste	4,487	4,791	4,487	4,791
Roading	972	7,751	972	7,751
Flood Control	143	201	143	201
Wharves	0	13	0	13
	\$10,537	\$15,060	\$10,537	\$15,060

Solid Waste ▶ Assets under construction includes \$3.544 million for the development of the Manders Road Landfill. A final decision is yet to be determined whether Council will proceed with this project. If this project does not proceed the amount will be written off through the Statement of Financial Performance.

Sewer ▶ Assets under construction includes \$1.845 million for the new Wastewater treatment project which is planned to commence during the 2006-2007 financial year.

Notes to the Accounts

1C. Assets Under Construction (continued)

Roading ▶ Assets under construction includes \$6.564 million for Regional Development Rooding. Most of these projects will be completed in the 2004-2005 financial year.

1D. Borrowing Costs Capitalised

	Gisborne District Council		Consolidated	
	2003 \$000	2004 \$000	2003 \$000	2004 \$000
Sewer	62	102	62	102
Stormwater	81	119	81	119
Solid Waste	261	278	261	278
Flood Control	12	0	12	0
	<u>\$416</u>	<u>\$499</u>	<u>\$416</u>	<u>\$499</u>

1E. Leased Assets

Assets subject to finance leases have been included in the following classes:

	Gisborne District Council				Consolidated	
	Book Value 2003 \$000	Cost Value 2004 \$000	Depreciation 2004 \$000	Accumulated Depreciation 2004 \$000	Book Value 2004 \$000	Book Value 2003 \$000
Buildings/Land Improvements	48	108	36	96	12	48
Other Equipment	143	231	29	114	117	143
Plant/Motor Vehicles	0	0	0	0	0	37
	<u>\$191</u>	<u>\$339</u>	<u>\$65</u>	<u>\$210</u>	<u>\$129</u>	<u>\$228</u>
						<u>\$156</u>

2. Investments

A. Investments

	2003 \$000	2004 \$000
Gisborne District Council Funds Held:		
Trading Banks	10	10
	<u>\$10</u>	<u>\$10</u>
Less investment classified as current	10	10
Gisborne District Council Non Current Investments	0	0
Gisborne Holdings Ltd Non Current Investments	24	31
Consolidated Total Non Current Investments	<u>\$24</u>	<u>\$31</u>

2. Investments (continued)

B. Shares In Companies - Gisborne District Council

	Gisborne District Council				Consolidated	
	Ownership	Number	2003 \$000	2004 \$000	2003 \$000	2004 \$000
Gisborne Holdings Limited	100%		21,755	20,755	0	0
- Ordinary Shares		1,200,090				
- Preference Shares (1,577 in 2003)		577				
			<u>21,755</u>	<u>20,755</u>	<u>0</u>	<u>0</u>
NZ Local Government Insurance Corp						
- Ordinary Shares		43,702	44	44	44	44
			<u>\$21,799</u>	<u>\$20,799</u>	<u>\$44</u>	<u>\$44</u>
Current Shares in Companies			1,000	0	0	0
Non Current Shares in Companies			20,799	20,799	44	44
Total Shares in Companies			<u>\$21,799</u>	<u>\$20,799</u>	<u>\$44</u>	<u>\$44</u>

Gisborne Holdings Limited

The Redeemable Preference Shares have priority over any other class of shares upon winding up and may be redeemed by the Company at any time without prior notice. There is no fixed dividend rate for Redeemable Preference Shares.

1,000 Redeemable Preference Shares were redeemed at \$1,000 each on 7th July 2003.

The carrying amount of this investment has been written down to reflect the net asset value as recorded in the Company's and Group's Statement of Financial Position.

New Zealand Local Government Insurance Corporation:

43,702 shares @ \$1.00 cost out of total issued shares of 6,390,790.

The shares are valued at cost less any diminution in value based on net asset backing of the company. As the most recent financial statements show net asset backing greater than cost, the shares are shown at cost.

Notes to the Accounts

3. Accounts Receivable

	Gisborne District Council		Consolidated	
	2003 \$000	2004 \$000	2003 \$000	2004 \$000
Rates Debtors Outstanding	1,751	1,783	1,751	1,783
Government Subsidies	2,368	4,719	2,368	4,719
Other Debtors	3,796	1,801	4,441	1,907
Prepayments	19	24	19	24
	7,934	8,327	8,579	8,433
Less Provision for Doubtful Debts	278	235	856	235
	7,656	8,092	7,723	8,198
Less accounts classified as non current	1,610	21	1,622	29
	\$6,046	\$8,071	\$6,101	\$8,169

4. Public Debt

	Gisborne District Council		Consolidated	
	2003 \$000	2004 \$000	2003 \$000	2004 \$000
A. Current				
Secured Loans	35,989	0	35,989	0
Finance Lease Liabilities	70	68	82	80
	\$36,059	\$68	\$36,071	\$80
B. Non Current				
Secured Loans	0	17,000	0	18,878
Secured Debentures	0	15,000	0	15,000
Finance Lease Liabilities	70	2	105	26
	\$70	\$32,002	\$105	\$33,904
C. Repayment Terms				
No later than 1 year	36,059	68	36,071	80
Later than 1, not later than 2 years	68	10,002	80	10,014
Later than 2, not later than 5 years	2	22,000	25	23,890
	\$36,129	\$32,070	\$36,176	\$33,984

D. Security

Council loans and debentures are secured over future rates income. This security does not affect the normal operational activities involving those Council assets.

4. Public Debt (continued)

E. Interest Rates

Interest rates payable are between 5.89% and 6.15% on Secured Loans and Debentures.

F. Set-Off Arrangements

A special set-off applied on the BNZ Bank Account allowing the BNZ to offset interest received against overdraft interest payable. The overdraft interest rate at 30 June 2004 was 15.35% p.a. and the rate for interest received was 2.25%.

G. Guarantees

Guarantees given by BNZ on behalf of Council:

03 January 1992: Ministry of Commerce Bond \$5,000

H. Analysis of Finance Lease Liabilities

	Gisborne District Council		Consolidated	
	2003 \$000	2004 \$000	2003 \$000	2004 \$000
Not later than 1 year	82	72	94	84
Later than 1, not later than 2 years	72	2	84	14
Later than 2, not later than 5 years	2	0	25	12
	<u>156</u>	<u>74</u>	<u>203</u>	<u>110</u>
Less future finance charges	16	4	16	4
Recognised as a liability	<u>140</u>	<u>70</u>	<u>187</u>	<u>106</u>
Representing Finance Lease Liabilities				
Current	70	68	82	80
Non Current	70	2	105	26
	<u>140</u>	<u>70</u>	<u>187</u>	<u>106</u>

5. Accounts Payable

	Gisborne District Council		Consolidated	
	2003 \$000	2004 \$000	2003 \$000	2004 \$000
Current Accounts Payable				
Staff entitlements	1,215	1,569	1,226	1,620
Trade creditors and accruals	5,708	6,203	6,151	6,546
Rates in advance	773	942	773	942
	<u>7,696</u>	<u>\$8,714</u>	<u>8,150</u>	<u>9,108</u>
Non Current Accounts Payable	399	213	399	213
Total Accounts Payable	<u>\$8,095</u>	<u>\$8,927</u>	<u>\$8,549</u>	<u>\$9,321</u>

Notes to the Accounts

6. Properties Intended for Sale

	Gisborne District Council		Consolidated	
	2003 \$000	2004 \$000	2003 \$000	2004 \$000
Opening balance	0	258	16,000	258
Plus additional property transferred	258	236	258	236
Less Sales	0	0	(16,000)	0
	<u>\$258</u>	<u>\$494</u>	<u>\$258</u>	<u>\$494</u>

7. Operating Statement

A. Administration Department Operating Costs

The cost of Service Departments is recovered from rates funded departments using a number of different parameters.

If a direct charge for service can be established then a direct charge is made. Then, if a robust methodology for charging the balance on a specific percentage can be determined, this percentage is used. If not then an organizational wide percentage is used which is as follows:

	2003	2004
Economic Development	0.82%	0.82%
Engineering and Works	61.01%	61.01%
Environment and Planning	32.64%	32.64%
Community Development	4.97%	4.97%
Rural Fires	0.56%	0.56%

B. Other Revenue	Gisborne District Council			Consolidated	
	Actual 2003 \$000	Actual 2004 \$000	Budget 2004 \$000	Actual 2003 \$000	Actual 2004 \$000
Activity Revenue	9,277	9,091	7,900	17,030	14,381
Interest	228	175	212	252	186
Petroleum Tax	302	302	292	302	302
Contributions Capital Projects	26	0	0	26	0
Livestock Revaluations	0	0	0	(252)	1,539
Total Other Revenue	<u>\$9,833</u>	<u>\$9,568</u>	<u>\$8,404</u>	<u>\$17,358</u>	<u>\$16,408</u>

8. Chief Executive's Remuneration

The Chief Executive of the Gisborne District Council appointed under Section 42(1) of the Local Government Act 2002 receives a remuneration package detailed as follows:

	2003	2004
Salary	\$163,100	\$180,000
Additional Benefits:		
Telephone	\$593	\$552
Expense Allowance	\$1,200	\$1,200
Medical Insurance	\$5,034	\$5,368
Income Insurance	\$0	\$2,961

For the year ended 30 June 2004 the total annual cost to the Gisborne District Council of the remuneration package being received by the Chief Executive is calculated at \$190,081 (2003 \$169,927).

9. Separate Disclosures

	Gisborne District Council		Consolidated	
	2003 \$000	2004 \$000	2003 \$000	2004 \$000
Debts written off: Rates	107	95	107	95
Others	111	13	111	13
Change in Provision for Doubtful Debts	(60)	(43)	399	(43)
Fees paid to Auditors				
- Audit fees (including expenses): Ernst & Young	130	134	130	134
- Audit fees (including expenses): Deloitte Touche Tohmatsu	0	0	21	17
Mayor, Councillors' & Directors' fees	314	337	436	413
Rental/Operating Lease costs	240	270	240	270
Interest expense (excluding finance leases)	1,966	2,143	2,651	2,299
Depreciation	7,924	9,259	8,170	9,403
Net loss / (profit) on disposal of assets	125	35	153	63
Total cost of finance leases: - Principal	63	70	66	82
- Interest	19	11	21	13
Donations	22	50	22	50
Write-down of shares in Companies	846	0	0	0
Impairment of Forest Asset	0	0	719	0
Asset Write-downs	0	0	39	0



Notes to the Accounts

9. Separate Disclosures (continued)

Items required to be disclosed under Section 223E(12), 223J and 223K of the Local Government Act 1974:

GISBORNE DISTRICT COUNCIL		
	2003 \$000	2004 \$000
Insurance premiums paid	424	393
Ceremonies for the public	19	15
Authorised entertainment	1	2
Grants made	715	750
Subscriptions	74	82
Severance payments exceeding \$50,000	0	0

10. Statement for Transfund (NZ) 2003/2004

Council is required, under Section 31 of the Transit New Zealand Amendment Act 1995, to report on in-house business units that perform work and charge against Transfund New Zealand financially-assisted roading programmes.

Roading Professional Services	2003 Actual \$000	2004 Actual \$000	2004 Budget \$000
Operating Statement			
Revenue from:			
In-house professional services for Transit NZ	2,155	2,598	2,339
Other activities	122	118	126
Total Works Performed	2,277	2,716	2,465
Total Operating Costs	2,253	2,320	2,917
Net Surplus/(Deficit) on Operations	\$24	\$396	(\$452)

Notes to the Accounts

11. Reconciliation of Net Surplus (Deficit) to Net Cash Inflow From Operating Activities

	Gisborne District Council		Consolidated	
	2003 \$000	2004 \$000	2003 \$000	2004 \$000
Reported Net Surplus	471	9,578	1,019	9,775
ADD / DEDUCT Non Cash Items				
Depreciation	7,924	9,259	8,170	9,403
Write off of landfill assets	0	0	0	0
IRD tax adjustment	0	0	(516)	0
Livestock holding (gain) / loss	0	0	252	(1,539)
Loss on disposal of assets	125	35	153	63
Write-down of investments	846	0	0	0
Assets transferred to trading stock	0	246	0	246
Work in progress written off to expense	190	0	190	0
Asset write-down	0	0	39	0
Shares issued in Wool Equities Ltd	0	0	0	(6)
Forest value impairment	0	0	719	0
	9,085	9,540	9,007	8,167
ADD Items Classified as Investing Activity				
Sale of assets included in receivables	(1,322)	(1,618)	(1,308)	(1,628)
Purchase of assets included in payables	(434)	(312)	(556)	(208)
Forestry expenditure included in payables	0	0	(13)	4
	(1,756)	(1,930)	(1,877)	(1,832)
(Increase)/Decrease in Working Capital				
Accounts receivable	1,364	(2,025)	2,954	(2,068)
Stock on hand	35	(1)	(24)	(106)
Payables & accruals	915	1,018	254	958
Current Provisions	(152)	(30)	(152)	(30)
Non Current Provisions	(124)	0	(124)	0
	2,038	(1,038)	2,908	(1,246)
Other Movements				
Non Current Receivables	40	1,589	28	1,589
Non Current Payables	12	(186)	12	(186)
	52	1,403	40	1,403
Net Cash Inflow from Operating Activities	\$9,890	\$17,553	\$11,097	\$16,267

12. Related Party Transactions

Relationship with Gisborne Holdings Ltd

Gisborne Holdings Ltd (GHL) is 100% owned by Gisborne District Council (GDC). The Gisborne District Council is, through GHL, a 100% shareholder in Tauwhareparae Farms Ltd (previously named Port Gisborne Ltd). The Eastland Energy Community Trust purchased the Port assets and this business now operates as Eastland Port Ltd.

The investment by GHL in subsidiaries comprises a 100% interest in Tauwhareparae Holdings Ltd (previously Port Gisborne Holdings Ltd). Tauwhareparae Holdings Ltd in turn has a 100% interest in Tauwhareparae Forests Ltd (previously Port Gisborne Forests Ltd) and a 100% interest in Tauwhareparae Farms Ltd.

Tauwhareparae Holdings Ltd and Tauwhareparae Forests Ltd are non-trading entities. Tauwhareparae Farms Ltd is involved in the ownership and operation of farming activities. All subsidiaries have a 30 June balance date.

	2003	2004
	\$000	\$000
Gisborne Holdings Ltd and Subsidiaries		
Services provided by Council	162	69
Accounts receivable to Council	1	0
Accounts payable by Council	0	0
Services provided to Council	10	11

All the above services were provided on normal terms and conditions of trade. Figures for services provided are shown exclusive of GST. Balance Sheet items are GST inclusive. All balances have been eliminated on consolidation.

13. Financial Disclosure

Financial Instruments

The Gisborne District Council is party to financial instrument arrangements as part of its every day operations, including instruments which have been recognised in these financial reports. These financial instruments include Cash and Bank, Investments (including short-term deposits and shares in companies), Accounts Receivable, Loans Receivable, Loans & Debentures Payable, Interest Rate Swaps and Accounts Payable.

- a. Revenues and expenses in relation to all financial instruments are recognised in the overall statement of financial performance and appropriations. Revenue is recognised when due and expenses are recognised when incurred (including gains and losses).
- b. All financial instruments, except Interest Rate Swaps, are recognised in the statement of financial position. Gisborne District Council has entered into Interest Rate Swaps as disclosed on Page 37, which are recorded off balance sheet.

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

13. Financial Disclosure (continued)

- i. Accounts Receivable are recorded at expected net realisable value. The carrying value has been deemed to approximate fair value for cash & bank, loans receivable, loans & debentures payable, short term deposits and accounts payable.
- ii. Investments are recorded at the lower of cost or net realisable value.
- iii. Shares in Gisborne Holdings Ltd previously recorded at cost, have been written down to net asset value.

Fair Values

Investments are recorded at the lower of cost or net realisable value. Shares are recorded at the lower cost or net asset value. For all other assets and liabilities fair value is equal to current carrying value.

Currency Risk

The Gisborne District Council has no currency risk given that any financial instrument it deals with are all in New Zealand dollars.

Interest Rate Risk

The effective interest rate on loan debentures is at a maximum of 6.15%. The current interest rate on the Gisborne District Council's bank overdraft facility is 15.35%. This is a floating rate set by the bank.

Management of Interest Rate Risk

Council seeks to minimise its exposure by prescribing the ratio of fixed to floating rate borrowings and the maturity profile of fixed rate debt. Council also seeks to manage movements in investment interest rates by maintaining a balanced portfolio.

On 20 May 2004 Gisborne District Council entered into forward rate interest swap arrangements to fix interest rates for amounts and periods as follows:

- \$7 million effective 2 August 2004 until 31 July 2014 at 7.21%
- \$7 million effective 2 August 2004 until 31 July 2009 at 7.00%
- \$17 million effective 2 August 2004 until 1 August 2005 at 6.60%
- \$10 million effective 1 August 2005 until 31 July 2007 at 7.07%.

Credit Risk

Financial instruments which potentially subject the Gisborne District Council to credit risk principally consist of bank balances, accounts receivable, shares in companies and Pamoā joint venture investment. The financial instruments which expose the Council to credit risk are principally bank balances, investments and accounts receivable.

13. Financial Disclosure (continued)

The Gisborne District Council reduces credit risk by spreading its investments over Government and Local Body Stock and registered New Zealand banks, with no more than \$6 million of its cash investments being with one registered bank, thus limiting the credit exposure. This is as per the Treasury Policy adopted by Council. There are no major concentrations of credit risk with respect to account receivable.

Management of Credit Risk

The Council does not generally require collateral or other security to support financial instruments with credit risk. While Council may be subject to losses up to the notional principal or contracted amount in the event of non-performance by other parties, it does not expect such losses to occur.

Maximum Credit Risk Exposure

Maximum exposures to credit risk at balance date are:-

	2003	2004
	\$000	\$000
Shares in Companies	21,799	20,799
Deposits -shorter term	10	10
Bank Balances	1,592	1,418
Accounts Receivable	7,656	8,092
	<u>\$31,057</u>	<u>\$30,319</u>

The above maximum exposures are net of any recognised provision for losses on these financial instruments. No collateral is held on the above accounts.

14. Income Tax Calculation

	Gisborne District Council		Consolidated	
	2003	2004	2003	2004
	\$000	\$000	\$000	\$000
The income tax expense for the year is determined as follows:				
Net surplus/(deficit) before taxation	471	9,578	414	9,775
Tax at current rate of 33%	155	3,161	137	3,226
Adjustments to taxation for:				
Permanent differences	(546)	(3,506)	(1,303)	(4,118)
Tax loss not recognised	391	345	501	892
Prior period adjustment	0	0	60	0
Total Income Tax Expense/(Credit)	<u>\$0</u>	<u>\$0</u>	<u>(\$605)</u>	<u>\$0</u>
The Income Tax Expense is Represented by:				
Current taxation	0	0	(89)	0
Deferred taxation	0	0	(516)	0
	<u>\$0</u>	<u>\$0</u>	<u>(\$605)</u>	<u>\$0</u>

14. Income Tax Calculation (continued)

	Gisborne District Council		Consolidated	
	2003 \$000	2004 \$000	2003 \$000	2004 \$000
The Statement of Financial Position Provisions are:				
Deferred Taxation				
Balance at beginning of year	0	0	516	0
Released in current year	0	0	(516)	0
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Deferred tax on unrealised forestry income has been offset against the applicable revaluation reserve. The Group has tax losses carried forward of \$8,566,074 (2003: \$5,863,155). A future tax benefit not recognised in relation to these losses carried forward amounts to \$2,826,805 (2003: \$1,934,841).

15. Urban Portions of the State Highway Network

The ownership of urban portions of the State Highway Network is unclear although there is legal opinion indicating that the ownership rests with local authorities. Transit New Zealand maintains these highways in their entirety without any costs accruing to local authorities.

As a consequence, even if ownership resides with local authorities, in practice Transit New Zealand controls the economic resources. Pending clarification of ownership and further consideration of the accounting issues which may arise the Gisborne District Council has not recognised the urban portion of the State Highway Network as an asset in these financial statements. The estimated distance of highway involved is 331 kilometres.

16. Contingent Liabilities

	Gisborne District Council		Consolidated	
	2003 \$000	2004 \$000	2003 \$000	2004 \$000
Council guarantees for loans to local sporting bodies	96	0	96	0
Paokahu consent bond	100	100	100	100
	<u>\$196</u>	<u>\$100</u>	<u>\$196</u>	<u>\$100</u>

Paokahu Consent Bond

As a condition of the Paokahu Landfill resource consent the Council entered into a bond with the Paokahu owners for the sum of \$100,000, this acts as security for the performance of any of the conditions of the resource consent, including any conditions relating to aftercare and post closure remediation.

16. Contingent Liabilities (continued)

Jody F Millennium

In February 2002 the vessel Jody F Millennium ran aground in a storm. As a result of this, significant costs were incurred in containing the oil spill, and refloating the vessel. Both Tauwhareparae Farms Limited and Gisborne District Council have been named as respondents in a writ issued by the ship's owners. The claim is for approximately \$20 million in damages. At present the likely outcome and financial consequences of the case against the Council and Group cannot be reliably determined.

17. Segmental Reporting

The group operates in one geographic segment (New Zealand) and in three industries, being that of local government, port operations (discontinued) and farm operations.

Segment Assets	2003 \$000	2004 \$000
Farm operations	22,257	32,492
Local Government	607,478	954,397
Other	(21,756)	(20,755)
Total Assets	\$607,979	\$966,134

Segment Revenue	2003 \$000	2004 \$000
Port operations	4,576	98
Farm operations	2,998	6,758
Local Government	51,017	60,363
Other	(172)	(78)
Total Revenue	\$58,419	\$67,141

Segment Results	2003 \$000	2004 \$000
Port operations	141	(535)
Farm operations	(1,047)	743
Local Government	1,317	9,578
Other	3	(11)
Operating Surplus / (Deficit) Before Tax	\$414	\$9,775

Notes to the Accounts

18. Provision for Landfill Aftercare

	2003 \$000	2004 \$000
Opening balance	470	470
Plus – reversal of discount	33	25
Less – release of provision unused	(33)	(138)
Plus – additional provision required	0	113
	<u>\$470</u>	<u>\$470</u>
Current Portion of Provision	138	138
Non Current Portion of Provision	332	332

A provision of \$470,000 has been recognised for the Paokahu Landfill Aftercare. The Landfill closed on 31 December 2002. The Aftercare costs started six months after the closure of the site. It is expected that future costs will be incurred between 2005-2035.

19. Provision for Landfill Decommissioning

	2003 \$000	2004 \$000
Opening balance	145	21
Less – Expended in the period	(124)	(21)
	<u>\$21</u>	<u>\$0</u>

20. Current Provisions

	2003 \$000	2004 \$000
Multiple Owned Maori Land Valuation Objections		
Opening Balance	316	70
Plus - Provision Increase	70	0
Less - Amounts Paid Out	(316)	(70)
	<u>70</u>	<u>0</u>
Contract Payments		
Opening Balance	0	94
Plus - Provision Increase	94	61
	<u>94</u>	<u>155</u>
Total Current Provision	<u>\$164</u>	<u>\$155</u>

In 1993 various multiple owned Maori landowners objected to their rating valuation on the basis that they could not sell the Maori land for the full general land valuation. Their objection was upheld, resulting in a revaluation of land and a partial refund of rates.

20. Current Provisions (continued)

A provision of \$154,480 has been recognised for additional contract payments for specific engineering work.

21. Discontinued Activities

The financial results of the Port operations (discontinued activity) reflect a trading period of eight months that ended on 28 February 2003 when the Port assets and undertaking were sold to the Eastland Energy Community Trust. The Port now operates as Eastland Port Ltd.

	2003	2004
	\$000	\$000
Revenue from discontinued activities	4,576	98
Expenditure from discontinued activities	4,435	633
Operating Surplus/(Deficit) from Discontinued Activities	\$141	\$(535)

22. Subsequent Events

There have been no events subsequent to balance date that require disclosure.

23. Government Grants and Subsidies

Revenue from Government grants and subsidies (and hence operating income) includes \$10,626,000 (2003 \$3,656,000) relating to grants received where the associated expenditure has been capitalised. Expenditure relating to these projects will be recognized (primarily as depreciation) over the life of the capitalised assets.

Cashflows from Government grants and subsidies (and hence operating cash inflows) includes \$8,275,000 (2003 \$2,788,000) with respect to these capital grants where the associated cash outflows are recognized as investing activities.



Annual Community Survey Achievements to 30 June 2004

A number of the performance measures contained within the Annual Report are based on measures of opinions expressed by members of the public in the Annual Community Survey.

The professionally designed survey was conducted in June 2004 among 400 randomly selected members of the community and has a statistical accuracy of plus or minus 5.5%. The questionnaire was prepared by the National Research Bureau, who also carried out the telephone interviews and analysed the results.

The survey is a valuable and reliable tool in identifying the community's views on the quality of the various services provided by Council. This helps us to plan for future activities and improvements to the services we provide.



Cost of Democracy

Scope

The Council comprises the Mayor, elected at large, and 14 Councillors, elected in Wards every three years. The last election took place in October 2001. The next election is to be held in October 2004. Council itself, and Council's principle Standing Committees – Policy and Resources, Revenue and Audit, Engineering and Works, Economic Development, Community Development and Planning and Regulatory meet on a six-weekly cycle. The Civil Defence Committee meets as is appropriate.

Guiding Principles

In fulfilling its responsibilities the Council will adhere to the following guiding principles:

1. Execute all duties and powers of a territorial authority with regional functions and responsibilities.
2. A pro-active approach by Council in undertaking the organisation's mission and in achieving its goals.
3. The building of a district identity and facilitating a cohesive approach to decision-making.
4. Ensuring the provision of funds from non-ratepayer sources to meet the demands of new government-imposed functions.
5. Ensuring the level of services to be provided takes account of the ability of the community to pay and the impact of funding on the business environment.
6. To support the Treaty of Waitangi as the founding document of New Zealand, acknowledge the Tangata Whenua and encourage the involvement of Maoridom in local government affairs in accordance with the Declaration of Understanding agreed with the Maori Liaison Group.

Cost of Democracy	Actuals		Budget
	02/03 \$000	03/04 \$000	03/04 \$000
Revenue			
Government Grants	0	0	10
Other Income	7	8	7
	7	8	17
Expenditure			
Operating Costs	2,111	2,049	1,968
Depreciation	5	6	5
	2,116	2,055	1,973
Net Cost of Service	2,109	2,047	1,956
Funded By:			
Rates	2,047	2,103	2,103
Equity	62	(56)	(147)
	2,109	2,047	1,956

Note: There is no Capital Expenditure for the Democratic Process.

Outcome

To achieve an open and democratic decision-making process, which encourages participation and recognises the community's economic, social, cultural and environmental well-beings.

Output	Measured by	Performance Measures
To collaborate with the district communities in relation to Council's policies and directions and to publicly consult with those communities on the outcomes of the collaboration.	◆ No fewer than six opportunities provided to the general public to address Council on any matter through public forums.	Target achieved.
	◆ Produce and distribute a Council information tabloid "Town & Country Matters" at least four times per year.	Target achieved.
To have a full-time Officer to liaise with Tangata Whenua and Iwi representatives.	Full-time Maori Liaison Officer employed. Council enables consultation with Tangata Whenua over the whole year on an as required basis.	Target achieved.
To consult with the community on Council's plans and finances for the coming three years and incorporate these in the District's Annual Plan.	◆ Plan produced and distributed by 10 July 2003.	Target achieved.
	◆ "Annual Plan" public meetings in at least four locations in relation to Annual Plan.	Target achieved.
To provide opportunities for community groups to fully participate in the development of community outcomes for the Long Term Community Plan.	Public meetings throughout the district in at least nine locations.	Target achieved.

Scope

The Urban Services activity covers the main physical services necessary for a city of 30,000 people and environs including water supply, sewage disposal, stormwater disposal and refuse disposal together with limited services provided to the major rural townships.

Overall Quality Statement

All work is designed and supervised by suitably qualified Engineering staff and consultants. All activities are undertaken by staff who are tertiary qualified or certificated within their occupational group to an extent enabling them to fully discharge their responsibilities.

Urban Services	Actuals		Budget
	02/03 \$000	03/04 \$000	03/04 \$000
Revenue			
Government Grants	4	0	0
Other Income	2,959	1,272	1,048
Loss on Disposal of Assets	(41)	(21)	0
	2,922	1,251	1,048
Expenditure			
Operating Costs	11,015	7,512	7,228
Interest	681	554	1,524
Depreciation	2,548	2,596	2,496
	14,244	10,662	11,248
Net Cost of Service	11,322	9,411	10,200
Funded By:			
Rates	11,894	10,150	10,150
Loan	98	0	0
Equity	(670)	(739)	50
	11,322	9,411	10,200
Capital Expenditure			
Loan Repayment	1,192	1,377	1,377
Capital Works	3,716	3,250	2,110
	4,908	4,627	3,487
Funded By			
Rates	0	310	310
Loans	2,402	2,639	1,960
Other Income	9	0	0
Equity	2,489	1,678	1,217
Government Grants	8	0	0
	4,908	4,627	3,487

WATER SUPPLY

Outcome

In undertaking its water supply activities the Council is seeking individual wellbeing through a community in which the needs of residents are met to an extent commensurate with the scale of local populations and their economic means.

Output	Measured by	Performance Measures
The supply of potable water to designated reticulated area.	No property in designated reticulated area to be without water for longer than eight hours, at one time, or a cumulative time of not more than 24 hours per annum except where upgrading work is programmed.	Target achieved.
	Compliance with NZ Drinking Water Standards 1995 as referred to in Appendix III. These are required to maintain an AA grading.	Target achieved.
	All water quality complaints (taste, odour, colour) are recorded and investigated within 48 hours of receipt of the complaint.	Target not achieved.
	All planned shutdowns are notified by letter drop at least 48 hours prior to shutdown.	Target achieved.

Note: The designated water supply area comprises Gisborne City, Te Karaka, Whatatutu and Manutuke townships, plus parts of Matawhero, Bushmere Road and Makaraka.

SEWERAGE AND WASTEWATER DISPOSAL

Outcome

To provide sewage collection and disposal to a standard that meets the needs of residents to an extent commensurate with the scale of local populations and their economic needs.

Output	Measured by	Performance Measures
To provide a collection and disposal service infrastructure system for sewerage and wastewater to the reticulated areas of Gisborne City and Te Karaka.	Service disruption to individual property due to lateral blockage not to occur more than 2 times per annum or for longer than 14 hours for planned shutdowns.	Target achieved.
	Frequency of mains blockages less than 1 per 10km of sewer main per annum during dry weather flows (being a minimum of two days without rainfall).	Target not achieved.
	No non-capacity wastewater overflows onto private property except where rainfall constitutes or exceeds a 1 in 5 year event as to duration and intensity.	Target not achieved.
	Outfall to comply with consent conditions as follows: <ul style="list-style-type: none"> ◆ Suspended solids less than 900 gm/m³. ◆ Total oil and grease less than 60 gm/m³. ◆ pH 6.7 - 8.5. 	Target not achieved.

STORMWATER AND DRAINAGE

Outcome

In undertaking its stormwater and drainage activities the Council is seeking individual wellbeing through a community in which the physical needs of the residents are met to an extent commensurate with the scale of local populations and their economic means.

Output	Measured by	Performance Measure
To provide a stormwater and drainage service/infrastructure system with the intention of minimising the incidence of surface flooding.	Frequency of system blockages leading to overflows to be <1 per 15km of stormwater main per year.	Target achieved.



Urban Services

SOLID WASTE

Outcome

In undertaking its solid waste activities the Council is seeking individual wellbeing through a community in which the physical needs of the residents are met to an extent commensurate with the scale of local populations and their economic means.

Output	Measured by	Performance Measures
Provide a weekly refuse collection for Gisborne City, Poverty Bay Flats, Te Karaka, Wainui, Okitu and Ruatoria.	No more than one complaint received per 10,000 bags collected. (Compliant rubbish bags are those that have the correct number of stickers, based on weight.)	Target achieved.
To operate a Transfer Station service at Te Araroa, Tokomaru Bay, Tolaga Bay, Te Karaka, Whatatutu and Matawai.	No more than an average of one complaint per month per transfer station during the months of March to November. No more than 12 complaints each month over the period of December, January and February.	Target achieved. Target achieved.

Scope

The roading activity covers the provision of roading (subsidised and unsubsidised), together with road safety services and public transport. The activity includes:

- ◆ Local Roads (maintenance, construction)
- ◆ Safety Local Roads
- ◆ Delegated State Highways (as appropriate)
- ◆ Passenger Transport
- ◆ Administration (Regional Land Transport Committee etc)
- ◆ Street-cleaning
- ◆ Footpath Construction and Maintenance
- ◆ Street Lighting
- ◆ Seal Extensions
- ◆ Bridges

Roading	Actuals		Budget
	02/03 \$000	03/04 \$000	03/04 \$000
Revenue			
Government Grants	7,670	8,157	6,307
Other Income	12	24	0
(Loss)/Profit on Disposal of Assets (131)		33	0
	7,551	8,214	6,307
Expenditure			
Operating Costs	12,384	12,880	10,797
Interest	28	24	28
Depreciation	3,962	4,883	4,889
	16,374	17,787	15,714
Net Cost of Service	8,823	9,573	9,407
Funded By:			
Rates	5,533	6,504	6,504
Equity	937	394	(15)
Depreciation not funded ¹	2,353	2,675	2,918
	8,823	9,573	9,407
Capital Expenditure			
Loan Repayment	36	36	36
Capital works	6,359	12,540	13,024
	6,395	12,576	13,060
Funded By:			
Government Grants	3,550	10,606	10,946
Equity	2,845	1,857	2,114
Loans	0	113	0
	6,395	12,576	13,060

Outcome

In undertaking its Roothing activities Council is seeking community wellbeing through an ability to travel by road throughout the whole district to the boundary of any property (as defined by ownership), with roading standards to reflect economic costs and benefits to the public.

Output	Measured By	Performance Measures
To supply a network of roads as defined by Transfund New Zealand Agreements, Quality Guidelines and defined criteria.	Median NAASRA roughness count of 90 for sealed roads with <30% exceeding 150 NAASRA counts.	Target not achieved. Roughness count is 92. 6% sealed roads exceed 150 NAASRA counts.
	No property isolated from the roading network for longer than one day due to blockages.	Target not achieved. Average closure over 2 days.
	Completion of at least 95% of the annual District Roothing Programme.	Target achieved.
	Obtaining up to \$10,000,000 Regional Development Grant for forestry roading.	Target achieved.
Provision of public transport services as administered by Council.	Provision of a minimum of 115,000 passenger kilometres in terms of the subsidised public transport programme.	Target achieved.
	Not less than 80 out of every 100 people surveyed satisfied with public transport system.	Target not achieved. 75 out of every 100.

Note: The NAASRA (National Association of Australian State Road Authorities) count measures the quality of ride a driver experiences based on the NAASRA value counts of roughness. It is also used as basic data to assess rehabilitation requirements of roads.

¹ Under the provisions of the Local Government Act 2002, the cost of depreciation of an asset does not have to be funded if Gisborne District Council will not need to pay for the renewal of the asset on its ultimate disposal. Transfund NZ currently funds a significant proportion of the Council's capital roading programme. Gisborne District Council does not collect funds to cover depreciation on the proportion that will be funded by Transfund NZ in the future.



River Control and Land Drainage

Scope

This activity includes flood mitigation by way of river maintenance, rivers control and defined flood control schemes together with land drainage.

River Control and Land Drainage	Actuals		Budget
	02/03 \$000	03/04 \$000	03/04 \$000
Revenue			
Other Income	117	123	103
	117	123	103
Expenditure			
Operating Costs	1,289	1,164	1,137
Interest	131	128	152
Depreciation	50	95	67
	1,470	1,387	1,356
Net Cost of Service	1,353	1,264	1,253
Funded By:			
Rates	1,207	1,217	1,217
Equity	146	47	36
	1,353	1,264	1,253
Capital Expenditure			
Loan Repayment	139	151	151
Capital Works	178	179	232
	317	330	383
Funded By:			
Loans	75	100	205
Equity	242	230	178
	317	330	383

River Control and Land Drainage

RIVERS FLOOD CONTROL

Outcome

To effectively protect the community from floods at an economic cost.

Output	Measured By	Performance Measures
Manage and maintain 63.4kms of stopbanks in the Waipaoa River Flood Control Scheme together with associated bank protection works/culverts.	The Waipaoa River Flood Control Scheme (excluding the Waipaoa Basin) shall safely convey without overtopping, floods up to 95% of the peak discharge of the Cyclone "Bola" flood as measured at Kanakanaia.	Target achieved.
	At least 25% of the stopbanks and bank protection works shall be inspected annually and corrective action taken where required to restore works to design standards	Target achieved.
Manage and maintain 4kms of stopbanks in the Te Karaka Flood Control Scheme, together with associated bank protection works/culverts.	The Te Karaka Flood Control Scheme shall safely convey without overtopping 112% of the peak discharge of the Cyclone "Bola" flood as measured at Kanakanaia.	Target achieved.
	At least 50% of the stopbanks shall be inspected annually and corrective action taken where required to restore stopbanks to design standards.	Target achieved.
Maintain the Taruheru River cross section and gradient and the floodway berms between Champion Road and Waihirere.	The Taruheru River shall safely convey without overtopping a 1 in 5 year return period flood upstream of Tucker Road Bridge and a 1 in 2 year return period flood downstream of Tucker Road Bridge.	Target achieved.

River Control and Land Drainage

LAND DRAINAGE MAINTENANCE

Outcome

To keep excess water off the surface of the land, to allow for sub-surface drainage and to quickly drain minor rainfall events.

Output	Measured By	Performance Measures
To maintain the drainage network (294kms) to provide for the efficient and economic drainage of the areas.	At least 90% of all drains will, at any given time, convey without overtopping, a flood discharge up to a five year return period event for each particular drain.	Target achieved.
To control lateral and bed erosion of the drains, and to control siltation within the drains.	Not less than 25% of all drains within rating areas to be inspected annually and corrective action taken to ensure compliance with design specifications and prescribed standards.	Target achieved.

MINOR RIVERS / STREAMS

Outcome

To keep the channels clear of obstructing vegetation and debris and to reduce bank erosion where practically possible.

Output	Measured By	Performance Measures
To maintain 205kms of selected streams/rivers to provide for efficient drainage and the unobstructed conveyance of floodwaters.	Any reported obstruction causing impediment to flow in streams/rivers is removed within 10 days of reporting, subject to river conditions allowing access.	Target achieved.
To control lateral and bed erosion of rivers and streams where practically and economically possible.	Not less than 25% of all streams/rivers within rating areas to be inspected annually and corrective action taken to ensure compliance with design specifications and prescribed standards.	Target achieved.



Regulatory Services

Scope

The underlying purpose of the legislation, from which Council derives its authority, is directed at the sustainable management of the district's resources.

The regulatory services provided by Council are interlinked though can be grouped as follows:

Regulatory Services Grouping

Planning

- Regional & District Policies
- Development Control

Conservation

- Water & Soil Management
- Control of Annual Pest & Noxious Plants

Construction Control & Consent Administration

- Consents Administration
- Construction Control

Environmental Health

- Licences
- Dangerous Goods
- Pollution Control
- Hazardous Waste
- Bylaw Implementation
- Liquor Licensing

Animal / Stock Control

Parking Enforcement

Civil Defence

Rural Fires

Accordingly the performance measures listed on the following pages comprise those where Council is required to meet statute (eg statutory plans, consent response times) as well as those whereby Council can be satisfied that its own requirements are being met (eg compliance with plan rules and consent conditions).



Regulatory Services

Regulatory Services	Actuals		Budget
	02/03 \$000	03/04 \$000	03/04 \$000
Revenue			
Government Grants	82	146	77
Other Income	2,116	2,519	2,441
	2,198	2,665	2,518
Expenditure			
Operating Costs	7,020	7,350	7,756
Depreciation	38	45	34
	7,058	7,395	7,790
Net Cost of Service	4,860	4,730	5,272
Funded By:			
Rates	5,041	5,108	5,108
Equity	(181)	(378)	164
	4,860	4,730	5,272
Capital Expenditure			
Capital Works	69	126	50
	69	126	50
Funded By:			
Other Income	17	0	0
Equity	52	126	50
	69	126	50

CONSENTS ADMINISTRATION

Outcome

To carry out the statutory processes associated with resource consents, building consents and any other permits that are the regulatory responsibility of Council.

Output	Measured By	Performance Measures
To manage the resource consents, building consents, land and project information memoranda processes efficiently and ensure all timeframe obligations are met. Timeframe obligations are stated in the Local Government Official Information and Meetings Act 1987, Resource management Act 1991 and Building Act 1991.	Process 75% of non-notified resource consents within 90% of statutory working days.	Target not achieved. 74.7% processed in 18 working days timeframe.
	Process 65% of notified resource consents within 90% of statutory working days.	Target achieved.
	Issue 100% of Land Information Memoranda within 10 working days.	Target not achieved - 99%.
	Issue 90% of Project Information Memoranda within 90% of statutory working days.	Target not achieved - 87.7%.
	Issue 75% of Building Consents within 50% of statutory working days.	Target achieved.
To provide an information service on Council's bylaws, statute and Council records.	Council staff and required Council records available during normal office hours	Target achieved.

* Working Days

Working days as defined by appropriate legislation (Resource Management Act, Building Act, Local Government Official Information and Meetings Act 1987) and subject to time extension provisions of s37 (Resource Management Act) and further information requirements of s92 of (Resource Management Act).

Building Consent statutory timeframe	10 days
Resource Consent statutory timeframe	20 days
Land and Project Information Memoranda	10 days

ENVIRONMENTAL HEALTH

Outcome

In undertaking its Environmental Health activities the Council is seeking community wellbeing in a healthy natural and built environment through the processes of planning, education, surveillance, consents, enforcement and response to incidents.

Output	Measured By	Performance Measures
To promote and ensure the implementation of practices intended to achieve the minimisation of public health and environmental hazards as prescribed by statute, regulation or policy.	All notifications of environmentally hazardous spillages responded to within 3 hours.	Target achieved.
	Initial response to 95 out of every 100 environmental and public health complaints within 1 working day.	Target achieved.
	At least one compliance inspection of all registered and licensed premises during the year by appropriately qualified officers.	Target not achieved - 98%.
	Prosecution commenced in all cases where re-registration is not complete within three months of the expiry of the previous licence or registration.	Target achieved.
	Where liquor licensees have not complied with instructions to meet licence requirements then recorded rectification or legal proceedings commenced within 3 months.	Target achieved.
	The production and distributions of at least 5 educational newsletters to licensee groups.	Target not achieved – 3 issued
	Food Hygiene, Air Quality and Waste Management Reports to be produced by 31 March 2004.	Target not achieved - 2/3 completed.
	Recreation and Shellfish Waters Report to be produced by 30 June 2004.	Target achieved.
	State of the Environment Report to be produced by 30 June 2004.	Target achieved.

CONSTRUCTION CONTROL

Outcome

Community wellbeing through a quality built environment that meets the statutory obligations of the Building Act 1991.

Output	Measured By	Performance Measures
Action all inspections requested pursuant to consent conditions.	To complete or obtain producer statements for all requested inspections within one working day of requested time.	Target achieved.
Promotion of safe building developments through enforcement of the Building Act 1991 in relation to building consents and warrant of fitness certificates.	All reported non-compliance and Notices to Rectify shall be under recorded resolution within three months of reporting. Advise all relevant building owner/occupiers of the expiry date of their warrant of fitness one month before the expiry date. Advise all relevant building owners/occupiers of their liability where no valid building warrants of fitness are in force within three months after the expiry of such a warrant.	Target achieved. Target achieved.

PLANNING

Outcome

To plan and manage the development of the natural and built environment of the Gisborne district in a sustainable manner.

Output	Measured By	Performance Measures
To establish plans and processes in respect of management of the District's resources, land development and usage as prescribed by statute regulation and bylaw.	Establish a programme for the development for all plans to be presented to the first Planning & Regulatory Committee of the new financial year.	Target achieved.
	The agreed programme is to be reviewed quarterly with the Planning & Regulatory Committee and amended as necessary.	Target achieved.
To ensure that development occurs in compliance with statutory plans, regulations and Council policies.	Development compliance or enforcement action achieved within 3 months of non-compliant activities being brought to Council's attention.	Target achieved.

PARKING

Outcome

An efficient, safe, regulated parking and traffic flow environment with vehicles complying with safety and licensing requirements.

Output	Measured By	Performance Measures
To secure public compliance with appropriate statutory, regulatory and bylaw requirements in respect of parking and stationary vehicle offences through the issue of stationary vehicle offence infringement notices.	Compliance by not less than 80 out of every 100 vehicles in the central business district metered area with Parking Regulations and Bylaw as determined by snap surveys.	Target achieved.
	Council Parking Enforcement staff to patrol the time-restricted parking spaces in the City centre throughout the year (Monday to Saturday excluding public holidays) to encourage compliance with meters and time control restrictions.	Target achieved.

ANIMAL / STOCK CONTROL

Outcome

To provide effective stock and dog control in the Gisborne and surrounding district as required by the Dog Control Act 1996, Impounding Act 1995 and Gisborne District Council Bylaws.

Output	Measured By	Performance Measures
To minimise the danger, distress and nuisance caused by dogs and the associated effects on the health and safety of the community.	All properties with rural dogs visited once per year by a qualified Animal Control Officer.	Target achieved.
	All urban properties with known registered dogs visually checked once per year by a qualified Animal Control Officer.	Target achieved.
	All reported attacks on any person to be recorded and investigated immediately.	Target achieved.
	Reported cases of worrying of stock shall be investigated within one hour in a minimum of 95 out of every 100 cases.	Target achieved.
	Reported cases of roaming dogs shall be investigated within three hours in a minimum of 95 out of every 100 cases.	Target achieved.
To ensure the control of stock on the roads of the district in the interest of public safety.	Reported cases of roaming stock shall be investigated within two hours in a minimum of 98 out of every 100 cases.	Target achieved.
To ensure all known dogs are recorded and registered.	All properties, urban and rural, are checked annually by a qualified Animal Control Officer to find new unregistered dogs.	Target achieved.
	Subsequent to due notice, the process of prosecution of all identified owners of unregistered dogs and any other offences under the Dog Control Act 1996 commenced within 2 months.	Target achieved.

CONSERVATION

Outcome

Land and water resources readily utilised for primary production, human habitation and recreation such that significant natural/cultural heritage values are protected and the resources themselves are conserved in a state whereby they can be as easily used by future generations.

Output	Measured By	Performance Measures
To promote sustainable management of soil and water resources through education, advocacy, and control as prescribed by statute, plans or policies.	Four editions of "Conservation Quorum" published and available to the public by 30 June 2004.	Target achieved.
	Issue an updated Annual State of the Environment Report to chart initiatives and progress towards achieving sustainable management of landuse, water quality and quantity by 30 June 2004.	Target not achieved. Still collecting data.
	All Incidents of non-compliance with consent conditions under recorded rectification or enforcement action within three months of inspection or discovery.	Target achieved.
To prevent the introduction of new plant and animal pests, and contain or eradicate existing plant and animal pests.	All reports of new animal pests or plant sites shall be investigated within 5 working days and appropriate action initiated within 20 working days.	Target achieved.
	Where night-shooting of possums is undertaken not less than an 85 out of every 100 kill rate to be obtained relative to the pre and post night-shooting assessed level of infestation.	Target achieved.
	Issue an updated Annual State of the Environment report to chart initiatives and progress towards managing plant and animal pests as provided for in the Regional Pest Management Strategy by 30 June 2004.	Target not achieved. Still collecting data.
	All incidents of non-compliance with Regional Pest Management Strategy shall be under recorded rectification or enforcement within three months of inspection or discovery.	Target achieved.

CIVIL DEFENCE

Outcome

Management of Council's Emergency Management responsibilities to help ensure that the district has procedures in place for risk reduction, readiness, response and recovery for it's identified hazards.

Output	Measured By	Performance Measures
Operate a Civil Defence organisation as required by the Civil Defence Act 1983 and the Civil Defence Emergency Management Act 2002 transitional provisions.	The Civil Defence Plan is current as required by Legislation.	Target achieved.
	The provisions to manage the response to and recover from a Civil Defence emergency are in place, as documented in the Standard Operating Procedures and the Contingency Plans.	Target not achieved at 60% complete.
	The year's training programme as detailed in the Civil Defence Plan is completed by 30 June 2004.	Target not achieved at 20% complete.
Implement the process to comply with the proposed Civil Defence and Emergency Management Legislation.	The programme for the development of the new Civil Defence Emergency Management Group Plan as agreed to by Council, is maintained.	Target achieved.
	All requirements of the Civil Defence Emergency Management Act are implemented as required during the transition phase.	Target achieved.

RURAL FIRE

Outcome

To provide an effective rural fire service for the safeguarding of life and property by the prevention, detection, control suppression and extinction of fire within the Gisborne District Council Rural Fire Authority area.

Output	Measured By	Performance Measures
Prevention Measures ▶ Impose restricted, prohibited or open fire seasons in accordance with good fire management practices.	Fire restrictions imposed in timely and efficient manner.	Target achieved.
Readiness ▶ To provide a network of trained staff and equipment available on a 24 hour 365 day basis for response to fire incidents.	24 hour availability of trained response officers by roster supported by a network of field response teams.	Target achieved.
Response ▶ Incidents are responded to with sufficient equipment and staff to facilitate a cost effective rapid containment and extinguishment.	Reported fire incidents responded to immediately and recorded as per Gisborne District Council Fire Response Plan.	Target achieved.

Scope

Activities grouped under Community Services provide services and facilities that assist in the economic, cultural, social recreational and community of the Gisborne District.

Community Services	02/03 \$000	Actuals 03/04 \$000	Budget 03/04 \$000
Revenue			
Government Grants	36	149	266
Other Income	726	1,260	1,253
Profit / (Loss) on Disposal of Assets	8	(7)	0
	770	1,402	1,519
Expenditure			
Operating Costs	1,114	6,143	6,355
Interest	0	0	1
Depreciation	193	722	620
	1,307	6,865	6,976
Net Cost of Service	537	5,463	5,457
Funded By:			
Rates	445	5,549	5,549
Equity	70	(86)	(112)
Depreciation not Funded ²	22	0	20
	537	5,463	5,457
Capital Expenditure			
Capital Works	136	217	302
	136	217	302
Funded By:			
Government Grants	57	19	85
Equity	(22)	198	187
Asset Sales	101	0	0
Loans	0	0	30
	136	217	302

² Under the provisions of the Local Government Act 2002, the cost of depreciation of an asset does not have to be funded if Gisborne District Council will not need to pay for the renewal of the asset on its ultimate disposal. Gisborne District Council has identified one Community Services asset that will not be replaced when it is ultimately disposed and does not collect funds to cover depreciation on that asset.

COMMUNITY DEVELOPMENT

Outcome

To provide support and promote Community Development in the Gisborne Region. We aim for a community that is safe, vibrant, positive and resilient.

Output	Measured By	Performance Measures
Cultural Richness ▶ To stimulate arts and cultural development within the region.	Attendance (by Council staff) at no less than ten meetings per year with associated arts and cultural groups / committees.	Target achieved.
	Administer the Creative Communities NZ Funding Scheme in line with the partnership agreement.	Target achieved.
Social Cohesion ▶ Establish partnerships to strengthen community wellbeing and encourage empowerment to groups and individuals.	Attendance (by Council staff) at no less than five meetings per month for voluntary, health and social service agencies.	Target achieved.
	Three community youth projects supported throughout the year.	Target not achieved.
	Maintain the Community Information Services database and make publicly available.	Target achieved.
	Six workshops for community empowerment to be facilitated during the year.	Target achieved.
	Attendance and support extended to five community driven initiatives throughout the year.	Target achieved.
Physical / Environmental Sustainability ▶ Assist with the resolution of the community's environmental/physical needs that are identified through referral to appropriate parties.	Information, advice and facilitation is provided to at least three community groups through attendance at workshops / forums where environmental and physical needs are identified by the group.	Target achieved.
Economic Wellbeing ▶ Assist stakeholders to access capacity building that lead to empowerment and independence.	Provide three workshops / forums to community groups in relation to funding information from other sources.	Target achieved.

CEMETERIES

Outcome

To maintain and manage the District's Cemeteries and public records in relation to cemetery plots.

Output	Measured By	Performance Measure
The provision and maintenance of satisfactory lands and facilities for the burial or cremation of the deceased.	Written Complaints specific to maintenance and control of Council's 10 publicly owned cemeteries not to exceed 15 per year.	Target achieved.

PENSIONER HOUSING

Outcome

To provide pensioner facilities to a satisfactory standard.

Output	Measured By	Performance Measures
To manage pensioner housing in a financially viable manner.	Revenue from rentals to cover the total operating costs including depreciation.	Target achieved.
	Achieve a minimum 95% occupancy rate for Council's pensioner housing.	Target achieved.

THEATRES / PUBLIC HALLS

Outcome

To provide theatres and halls for the recreational, cultural and social needs of the Gisborne District.

Output	Measured By	Performance Measures
The provision, promotion and management of indoor and outdoor facilities suitable for seminars, weddings, displays, performing and visual arts and other community activities.	The number of bookings for the Lawson Field Theatre to be not less than 230 days:	
	◆ 100 Performing and Visual Arts.	Target achieved.
	◆ 100 Cultural / Meetings / Seminars.	Target not achieved.
	◆ 30 Wedding / Social functions.	Target not achieved.
	The number of bookings for the War Memorial Theatre to be not less than 110 days:	
	◆ 80 Performing and Visual Arts.	Target not achieved.
	◆ 30 Cultural / Meetings / Seminars.	Target not achieved.
	The number of bookings for the Outdoor Theatre to be not less than 10 days.	Target not achieved.

RESERVES AND PUBLIC CONVENIENCES

Outcome

To provide services and amenities for the recreational, cultural and social needs of the Gisborne district and surrounding rural communities.

Output	Measured by	Performance Measures
To maintain and develop public spaces throughout the district that contribute to the recreational and aesthetic needs of the community.	Not less than 80 out of every 100 people surveyed satisfied with reserves as measured by public perception survey.	Target achieved at 84% satisfaction.
Maintenance of public conveniences for the community and general public as a social service.	Not less than 75% of people surveyed satisfied with the service as measured by public perception survey.	Target not achieved at 58% satisfaction.

TOURISM

Outcome

To promote Tourism in the Gisborne District.

Output	Measured By	Performance Measures
To develop and implement a Tourism Plan and marketing strategy that promotes the Gisborne District's unique point of difference and presents a strong image as a visitor destination to encourage an increase in visitor numbers.	Commissioning of an annual contract with external providers for the delivery of Council's Tourism Plan. Contract to be in place by 1 July 2003.	Target achieved.
To facilitate and encourage tourist events within the Gisborne District.	Assist a minimum of 10 tourist orientated events by 30 June 2004.	Target achieved.
To develop strategies that will constantly improve standards of service, professionalism, and income generation.	To have established with the contracted service provider a Business Plan agreed to by Council by 30 September 2003.	Target achieved.

ECONOMIC DEVELOPMENT

Outcome

Promote and facilitate development of the Gisborne District economy.

Output	Measured By	Performance Measures
<p>To encourage economic development which improves the quality of life without compromising the environment by:</p> <ul style="list-style-type: none"> ◆ Encouraging local business initiatives. ◆ Providing support to local businesses. ◆ Supporting increased and new investment. 	<p>Not less than 50 matches between local suppliers and users of goods under the Business Connections Scheme.</p>	<p>Target not achieved - 70%.</p>
	<p>All website enquiries to be responded to within 48 hours of being received.</p>	<p>Target achieved.</p>
	<p>To update the economic development website within 48 hours of receipt of all news items, regional economic information, business events and product and services information.</p>	<p>Target achieved.</p>
	<p>Not less than 30 local enterprises having been matched with a mentor through the Business in the Community Mentoring programme.</p>	<p>Target not achieved - 67%.</p>
	<p>Not less than 800 contacts and 800 referrals under the Business Grow and Referral Service.</p>	<p>Target achieved.</p>
	<p>Not less than 5 local businesses enrolled with the Industry New Zealand Fast Forward Programme.</p>	<p>Target not achieved - 60%.</p>
<p>Supporting and developing partnerships with Central Government for Regional Development.</p>	<p>Participation and provision of expertise and advice to Tairāwhiti Development Taskforce through the administration of the Taskforce in accordance with approved budgets.</p>	<p>Target achieved.</p>

LIBRARY

Outcome

To deliver excellent and equitable information and library services to all residents to meet civic, cultural, social, educational, intellectual and recreational needs.

Output	Measured By	Performance Measures
To initiate and utilise staff, stock and technological resources to achieve effective, recreational and information services and collection management.	Not less than 90 out of every 100 users are fairly or very satisfied that their information enquiries have been met (user survey).	Target not achieved. Left out of NRB Survey.
	Not less than 85 out of every 100 residents are fairly or very satisfied with library service (NRB survey).	Target not achieved.
	That stock per capita meets benchmark standards for NZ public libraries (LIANZA).	Target not achieved.
To achieve membership levels that perform in the upper quartile of Level 2 public libraries nationwide.	That membership per capita meets benchmark standards for NZ public libraries with significant urban / rural mix (LIANZA).	Target achieved.
	That membership levels are in the top four NZ Level 2 libraries as measured by Public Library Statistics (PUBSIG-LIANZA).	Target achieved.
	That residents make not less than 5 visits to a library per capita, per annum (Electronic counter).	Target not achieved.
To develop and support reading levels and concept of life-long learning with 0-12 year olds through delivery of targeted programmes.	Not less than 95 out of 100 teachers are fairly or very satisfied with education programmes (evaluation survey).	Target achieved.
	Not less than 95 out of every 100 participants in holiday activities are fairly or very satisfied with programmes delivered (Evaluation Survey).	Target achieved.
	Not less than 70 out of every 100 registrants complete the Summer Reading Programme (ECREADIN Evaluation).	Target achieved.



Community Services

OLYMPIC POOL

Outcome

To provide the community with a safe swimming complex for all year round fun, fitness and therapy.

Output	Measured By	Performance Measures
To maximise the use of the facilities at the pool complex.	The number of user visits to be not less than 140,000.	Target achieved.
Ongoing training of pool staff to ensure safe and efficient running of the pool complex.	80% of permanent pool staff qualified in first aid and hold a current pool lifeguard certificate.	Target achieved.



Commercial Services

Scope

Council's role in relation to managing its commercial interests includes owning or managing a number of assets and activities solely for the public benefit. The commercial activities that Council is involved in, either through CCTOs/CCOs or joint venture, or outright ownership, include Gisborne Holdings Ltd and Subsidiaries, Waikanae Beach Holiday Park, Gisborne Airport, Warrant of Fitness and Registration Centre. Statements of Corporate Intent provided by each of Council's CCTOs/CCOs, are available from Council.

Commercial Services	Actuals		Budget
	02/03 \$000	03/04 \$000	03/04 \$000
Revenue			
Government Grants	30	0	0
Other Income	3,882	4,223	3,340
Profit/(Loss) on Disposal of Assets	39	(40)	0
Interest Income	113	175	212
	4,064	4,358	3,552
Expenditure			
Operating Costs	4,827	2,779	2,382
Interest	1,177	942	1,080
Depreciation	1,127	913	1,136
Write-down of Investments	846	0	0
	7,977	4,634	4,598
Net Cost of Service	3,913	276	1,046
Funded By:			
Rates	3,191	425	954
Equity	743	(148)	71
Depreciation not funded ³	(21)	(1)	21
	3,913	276	1,046
Capital Expenditure			
Loan Repayments	858	795	872
Capital Works	1,328	414	1,086
	2,186	1,209	1,958
Funded By:			
Rates	350	350	350
Asset Sales	51	175	0
Other Income	0	0	0
Equity	1,746	684	890
Government Grants	39	0	654
Loans	0	0	64
	2,186	1,209	1,958

³ Under the provisions of the Local Government Act 2002, the cost of depreciation of an asset does not have to be funded if Gisborne District Council will not need to pay for the renewal of the asset on its ultimate disposal. Gisborne District Council has identified one Commercial Services asset that will not be replaced when it is ultimately disposed and does not collect funds to cover depreciation on that asset.

FORESTRY

Outcome

To ensure that forestry holdings provide the maximum benefit to the community.

Output	Measured By	Performance Measures
All commercial forest lots to be managed to maximise returns and subject to approved management and financial programmes developed by independent forest managers.	An annual forest management programme for all forest lots to be completed by 30 June 2004.	Target achieved.
	Annual forest valuations to show increases in value of not less than a reasonable regional average (after discounting for site-specific influences) as assessed by independent forestry consultants. The benchmark increase in value will be determined having regard to district growing conditions and the economic status of the industry generally. It could conceivably be a negative figure.	Target achieved.

WAIKANAЕ BEACH HOLIDAY PARK

Outcome

To provide affordable accommodation to visitors to the Gisborne region.

Output	Measured By	Performance Measures
To manage and maintain Waikanae Beach Holiday Park to meet the changing needs of visitors.	Not less than 75 out of every 100 guests surveyed are satisfied or very satisfied with the Park facilities and services.	Target achieved.
To manage the finances of the holiday park to ensure coverage of the operating and capital costs by revenue while maximising the use of the facility.	Operating costs to be covered by non-rate revenue.	Target achieved.
	Operating profit to exceed 8% of total revenue (surplus / revenue).	Target achieved.

WARRANT OF FITNESS AND REGISTRATION CENTRE

Outcome

Provision of a quality and cost effective vehicle testing and registration service.

Output	Measured By	Performance Measures
To manage and maintain the Warrant of Fitness and Registration Centre to meet the needs of their clients.	Not less than 75 out of every 100 customers surveyed fairly or very satisfied with service as measured by public perception survey.	Target achieved.
To contribute to Council revenue through the efficient operation of the Warrant of Fitness and Registration Centre.	Operating profit margin (surplus / total revenue) to exceed 17%.	Target achieved.

GISBORNE AIRPORT

Outcome

To manage and maintain the Gisborne Airport and airfield in a manner that meets the air transportation needs of the Gisborne District community.

Output	Measured By	Performance Measure
Coverage of the operating costs by revenue while maximising the use of the facility in accordance with civil aviation requirements by both commuter and private aircraft as a means of ensuring ease of access to the district.	No Airport closures or flight delays caused by failure of the Airport to meet industry operational requirements. 92% of operating costs to be covered by non-rate revenue.	Target achieved. Target achieved.

CUSTOMER RECEPTION

Outcome

To provide the public with a high quality customer reception service that meets the needs of the community.

Output	Measured By	Performance Measure
To provide a focused customer reception service that has empathy, is responsive and is supportive to its customers, while being efficient and effective.	Not less than 75% of people surveyed satisfied or very satisfied with their interaction with the customer reception per the public perception survey.	Target achieved.



CCTOs' Performance

The Group Organisational Structure is shown on Page 83 of this Annual Report.

Gisborne Holdings Ltd

Gisborne Holdings Ltd is a CCTO set up to hold the District's Strategic Assets on behalf of the Council, and to provide the management expertise needed for their commercial operation. It is 100% owned by Gisborne District Council.

Tauwhareparae Holdings Ltd is a wholly owned subsidiary of Gisborne Holdings Ltd, and it in turn wholly owns Tauwhareparae Farms Ltd and Tauwhareparae Forests Ltd. Tauwhareparae Farms Ltd is involved in the ownership of farming activities. However, Tauwhareparae Farms Ltd (formerly Port Gisborne Ltd) previously operated the Gisborne port, and residual costs associated with the port operations have impacted on results for the year.

The Gisborne Holdings Ltd group of companies achieved an operating surplus after taxation of \$197,000 for the year. The company itself generated a deficit after taxation of \$11,000 which offset Tauwhareparae Farms Ltd's surplus after taxation for the year of \$208,000. The company's farming surplus of \$743,000 was reduced by the ongoing port related costs of \$535,000.

In July 2003 Gisborne Holdings Ltd returned surplus funds of \$1 million to the Gisborne District Council as sole shareholder by the redemption of redeemable preference shares.

In the interests of efficiency the Directors of Gisborne Holdings Ltd are also the directors of all the subsidiary companies in the group.



Report on Long Term Financial Strategy

Financial Strategy

Introduction

Each Local Authority is required to prepare and adopt a long-term financial strategy (LTFS), funding policy, investment policy and borrowing management policy.

In developing the LTFS Council has considered and accounted for its future operations in accordance with the following six principles:

- ◆ Prudent management of Council activities in the interest of the district and its inhabitants.
- ◆ Adequate provision for expenditure needs of the Council.
- ◆ Adequate consideration and assessment of the benefits and costs of different options.
- ◆ Lawful funding mechanisms that on reasonable grounds can be considered as appropriate.
- ◆ Maintaining prudent levels of debt in accordance with its Treasury Policy.
- ◆ Operating revenue to cover all projected operating expenses.

Overall Performance compared to budget

Statement of Financial Performance

Revenue ▶ Grant revenue was up by \$0.7 million mainly because a far larger than expected level of emergency roading work was required due to the extreme weather, and this was significantly funded by Transfund NZ. Unfortunately Gisborne District Council has to fund the remainder from its own funds.

Rates revenue was down by \$0.5 million because changes to policy regarding permanent crops and reserve land were adopted after the estimates had been agreed.

Other revenue was higher than budgeted by \$1.2 million. The main component was tree sales from the managed forests, together with other smaller contributions above estimate from the various business units, water by meter charges, regulatory charges and sundry recharges.

Urban Services ▶ Operational expenses were lower than expected by \$0.6 million mainly because capital projects were deferred, particularly the new Manders Road landfill, and hence loans were not drawn down and interest was not incurred.

Roading ▶ Expenditure in Roothing was in excess of budget by \$2.1 million. This was due largely to the increased level of emergency work required due to the extreme weather. As noted above a proportion of this expenditure was reimbursed by Transfund NZ. The other contributory factor was that material prices increased by a greater than expected amount because of currency fluctuations and contracts were generally awarded at higher than expected values as a result.

Statement of Financial Position

Investments and Public Debt ▶ Actual investments were \$10,000 against a budget of \$2 million. Initially it was intended to always have a liquidity buffer by having \$2 million of cash on call or short-term deposit. However, it was decided after the budget had been set that a better use of funds would be to ensure liquidity through having available loan facility rather than cash on hand. All surplus cash has therefore been used to retire external loan funding at the earliest possible opportunity.



Report on Long Term Financial Strategy

Financial Strategy

Statement of Financial Position (continued)

Shares in Companies ▶ As it found itself with excess cash over and above operational requirements, Gisborne Holdings Limited returned \$1 million of its capital to its sole shareholder, Gisborne District Council, by way of a redemption of preference shares at par. At the time of preparing the Annual Plan this surplus was not anticipated and was not therefore included in the estimates.

Overall Performance

The Council has achieved the planned mix of funding. Actual revenue is in line with the Annual Plan projections. However the readers attention is drawn to one item:

Roading ► Unbudgeted road maintenance costs were incurred during 2003/04. As these fell within the Transfund criteria these were largely subsidised and the amount of Grants received was higher accordingly.

The following table gives the estimated (as per the 2003/04 Annual Plan) and actual amounts for each significant activity in terms of the source of revenue.

Significant Activity	Rates		Grants & Subsidy		User Charges		Other Revenue		Total Actual	Total Budget
	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget		
Urban Services	10,150	10,150	0	0	1,251	1,048	0	0	11,401	11,198
Roading	6,504	6,504	8,157	6,307	57	0	0	0	14,718	12,811
Rivers Control & Land Drainage	1,217	1,217	0	0	123	103	0	0	1,340	1,320
Regulatory Services	5,108	5,108	146	77	2,519	2,441	0	0	7,773	7,626
Community Services	5,549	5,549	149	266	1,253	1,253	0	0	6,951	7,068
Cost of Democracy	2,103	2,103	0	10	8	7	0	0	2,111	2,120
Commercial Services	425	954	0	0	3,881	3,048	477	504	4,783	4,506
	\$31,056	\$31,585	\$8,452	\$6,660	\$9,092	\$7,900	\$477	\$504	\$49,077	\$46,649

All numbers in thousands

Significant Activity	Rates		Grants & Subsidy		User Charges		Other Revenue		Total Actual	Total Budget
	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget		
Urban Services	89%	91%	0%	0%	11%	9%	0%	0%	100%	100%
Roading	45%	51%	55%	49%	0%	0%	0%	0%	100%	100%
Rivers Control & Land Drainage	91%	92%	0%	0%	9%	8%	0%	0%	100%	100%
Regulatory Services	66%	67%	2%	1%	32%	32%	0%	0%	100%	100%
Community Services	80%	79%	2%	4%	18%	17%	0%	0%	100%	100%
Cost of Democracy	100%	100%	0%	0%	0%	0%	0%	0%	100%	100%
Commercial Services	9%	21%	0%	0%	81%	68%	10%	11%	100%	100%

Revenue received for the purpose of funding Capital Works has not been included in these calculations.

Capital Revenue	Actual	Budget
Rates	660	660
Other Income	0	0
Government Grants	10,626	11,685
	\$11,286	\$12,345

Background

Council carries out its borrowing and investment functions within the Finance Division. The Treasury Policy sets policy and objectives for both functions. Borrowing is required to fund various projects and Council's function is to ensure that the debt levels are maintained at prudent levels. Council delegated responsibility for management, monitoring and reporting of Council investments and borrowing to its Revenue and Audit Committee.

Overall Performance

There are no significant variations or material departures from Council's Treasury Policy regarding borrowing or investment.

Borrowing and Investing

In 2003/04 Council has continued to operate an internal borrowing regime in order to negate the margin it pays between its borrowing and investing activities. All surplus cash is utilized, at the earliest convenience, to repay external borrowing.

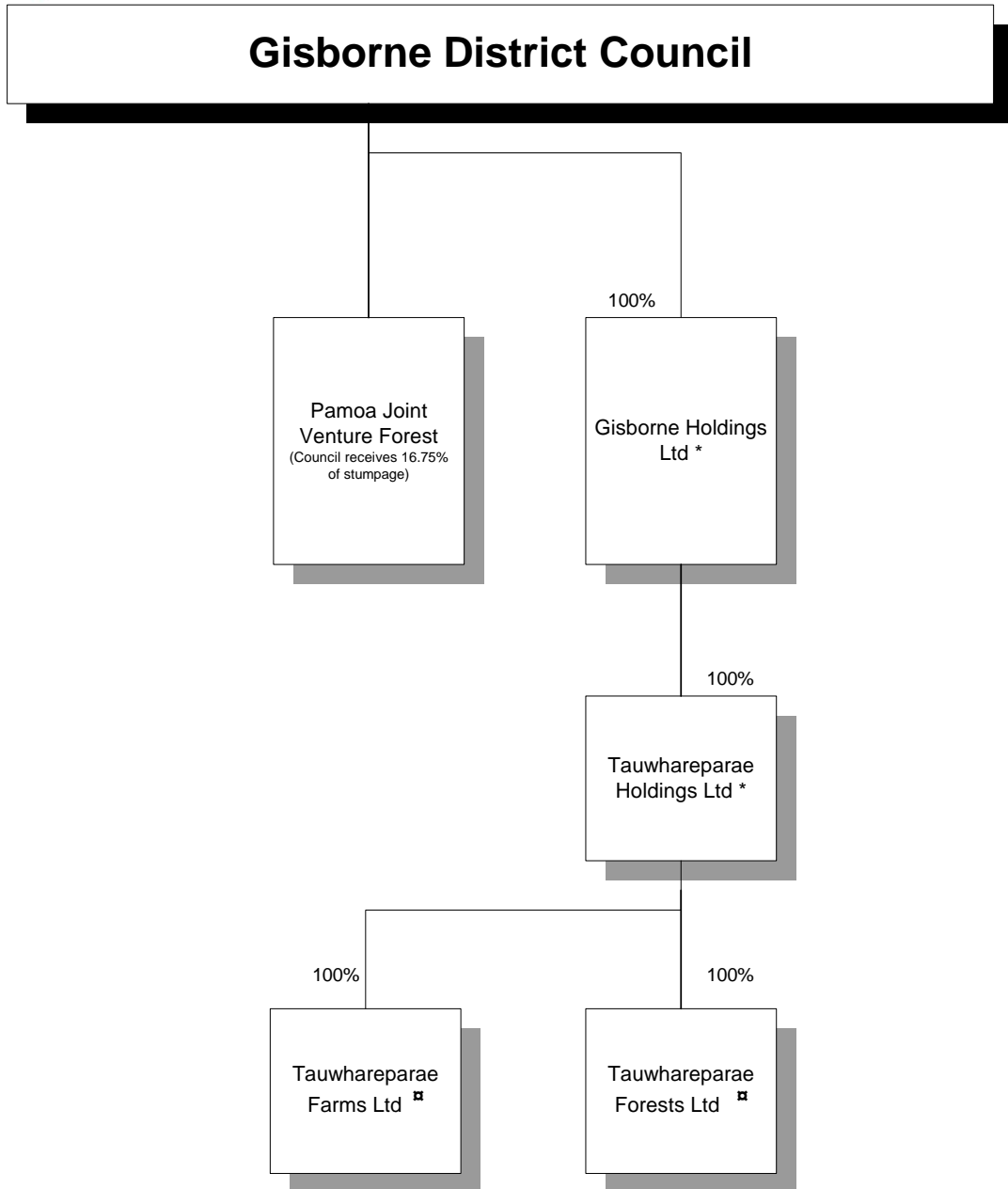
At balance date Council's bank and debenture borrowing stood at \$32.0M, down \$4.0M on the previous year. Investments and Cash Deposits decreased by \$0.2M during the same period to \$1.4M.

The net position is \$9.7M better than forecast in the Annual Plan due largely to the deferral of some major capital projects which will now occur in 2004/05, the redemption of \$1M preference shareholding in Gisborne Holdings Limited and various operational savings through the year.

Specific Objectives and Targets

OBJECTIVE	TARGETS	PERFORMANCE
Maintain adequate liquidity and evenly spread debt repayment	No more than 30% of total debt is subject to refinancing in any year.	Target not achieved.
	Liquidity ratio of 0.85:1	Target achieved.
Maintain debt within specified limits and ensure adequate provision for its repayment.	Gross interest not to exceed 15% of total revenue.	Target achieved.
	Gross interest not to exceed 20% of annual rates.	Target achieved.
	Net cashflows from Operating Activities to exceed gross interest by 2 times.	Target achieved.

Group Organisational Structure



* These companies are CCO's (Council Controlled Organisations) as defined by the Local Government Act 2002.

▣ These companies are CCTO's (Council Controlled Trading Organisations) as defined by the Local Government Act 2002.

Please Note ▶ Port Gisborne Ltd changed its name to Tauwhareparae Farms Ltd in March 2003. The Port assets and operations previously held by Port Gisborne Ltd were sold to the Eastland Energy Community Trust. The Port is now operating as Eastland Port Ltd.

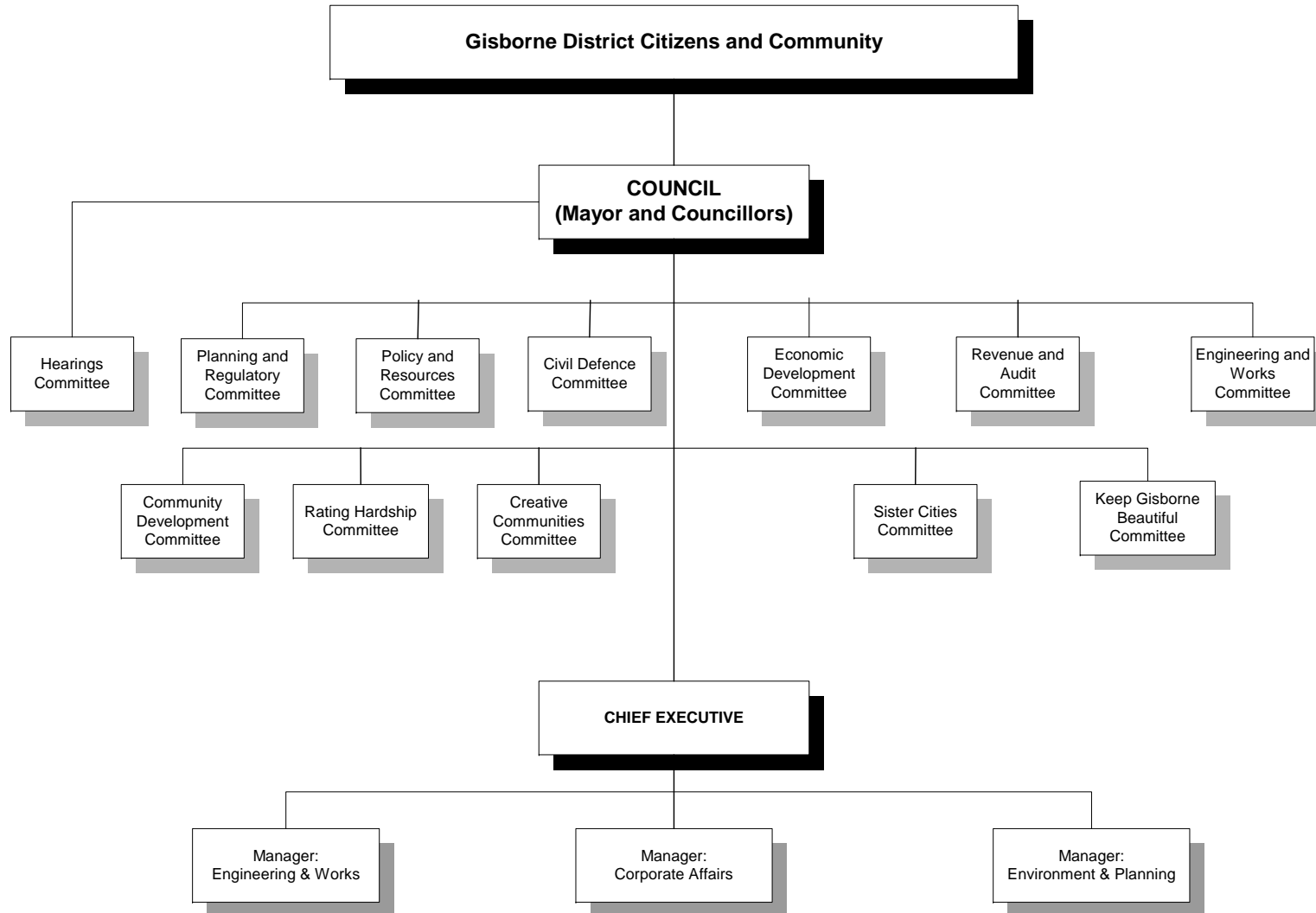
Tauwhareparae Holdings Ltd

Tauwhareparae Farms Ltd

Tauwhareparae Forests Ltd



Council Organisational Structure





Schedule of Councillors

MAYOR
Meng Foon (JP)

DEPUTY MAYOR
M A Thorpe (Mrs)

Chair
Community Development
H H Hikawai
(Gisborne)

Chair
Revenue & Audit
C W Haar
(Gisborne)

Chair
Engineering & Works
W S (Bill) Burdett
(Waiapu)

Chair
Economic Development
A Davidson
(Gisborne)

Chair
Tangata Whenua
A Poananga
(Matakaoa)

Chair
Regulatory
P Seymour, OBE (Mrs)
(Uawa)

Chair
Hearings
J C Bauld
(Gisborne)

Chair
Civil Defence
Meng Foon
(Mayor)

R W Atkinson
(Gisborne)

B Wilson
(Gisborne)

K Sheldrake (Mrs)
(Gisborne)

R J Haisman
(Waikohu)

G J Hope
(Patutahi-Taruheru)

G S Thomson
(Cook)

Sworn in on 30 October 2001



Schedule of Principal Officers and Agents

CHIEF EXECUTIVE	R D R Elliott, BE (Civil), (JP)
MANAGER: ENGINEERING AND WORKS	W J Turner, BE (Civil)
MANAGER: ENVIRONMENT AND PLANNING	H I van Kregten, BA, (Geography), MTP – Urban and Regional Planning, MNZRI
MANAGER: CORPORATE AFFAIRS	K D Birt, MBA, BE, M.I.P.E.N.Z.
BANKERS	Bank of New Zealand 29 Gladstone Road, Gisborne
SOLICITORS	Nolans PO Box 1141, Gisborne Brookfields P O Box 240, Auckland
INSURANCE CONSULTANTS	Jardines
AUDITORS	Ernst & Young PO Box 490 Wellington (on behalf of the Auditor-General)



Equal Employment Opportunities & Occupational Safety and Health

Equal Employment Opportunities

Council, the Corporate Management Team and Human Resources Unit continue to make an organisational commitment to the principles and implementation of the Equal Employment Opportunities Act.

A non-discriminatory job interview process is in place, and Managers and Supervisors comply with their responsibilities as outlined in Guidelines for Interviews Policy.

Job share positions and flexible work hours provide negotiated working conditions for staff requiring changes to accommodate personal circumstances.

The Chief Executive continues to negotiate performance related employment contracts with employees that reflect the needs of the enterprise or business unit in which those people work.

Occupational Safety & Health

Council places great importance on the health, safety and welfare of all its employees and ensures that the obligations set out in various statutes, regulations, bylaws and resource consents are complied with where these have any impact on employees' safety and health in the workplace. This concern also extends to the design, construction and maintenance of plant and equipment and is incorporated into all business planning and development.

Roles of Management, Supervisors and employees have clearly been outlined in the Council's Safety and Health Policy. Failure to observe Council's policy is considered Serious Misconduct which, depending on the gravity of the offence, could lead to instant dismissal.

Council's Health and Safety Management software package has assisted in ensuring that all employees have identified hazards associated with their position and worksite. Competency levels have been registered against these hazards. Council continues to review its systems, identify and where possible, provide training for worksite groups and implement ways to minimise, isolate or eliminate the individual hazards. It has an active Health and Safety Committee representing all work groups.

