2018/2019 Annual Report SUMMARY



From the Mayor and CEO

Welcome to this summary of the 2018/2019 Annual Report, an overview of the report on Council's performance during the period 1 July 2018 to 30 June 2019.

In this summary we list some of our achievement highlights from the previous 12 months, how we have performed and what it has all cost.

We report a deficit for 2018/2019 of \$520,000, compared with our budgeted surplus of \$1,162,000. The variances contributing to the additional deficit are detailed in the full Annual Report and Council's strategy for addressing key issues are fully explained in Council's 2018 – 2028 Long Term Plan.

The Annual Report is an important way of demonstrating Council's accountability to you - its community. We encourage everyone to take the time to read the complete document.



Paul Pretorius
Chief Executive Officer

This summary was authorised for issue by Grey District Council management on 28 November 2019.

Want to read the whole report?

The Annual Report provides information about our performance for the year ended 30 June 2019. This document is a summary of that report and is intended to provide an overview only of the full report.

If you would like to know more, the full Annual Report for 2018/2019 is available from:

- Council's website, www.greydc.govt.nz; or
- Pick up a copy from Council offices at 105 Tainui Street, Greymouth



How have we performed?

What Council has spent and where is outlined in the summary financial statements section. Council also measures non-financial performance against a number of different targets across our activities - you can find the complete list of these within the full Annual Report.

How we measure our non-financial performance

Council used an independent research company to carry out a **resident satisfaction survey** on Council's behalf. Opinions Market Research carried out interviews between mid October and December 2018. Initial random sampling was combined with quota sampling to ensure a representative sample was achieved.

Quotas were set for age, gender and area according to the 2013 Census. The statistical margin of error for the total sample of 350 is plus/minus 5.3% at a 95% confidence level.

The results from the 2018 survey have been used to report on a number of our non-financial performance measures for the period 1 July 2018 to 30 June 2010

Our activity groups

Council is responsible for a wide range of activities. As a practical measure, groups activities of a similar output together and these are shown in the following Performance by Activity table.

Highlights and achievements from the last 12 months

- Greymouth was proclaimed a borough on 16 July 1868 and Edward Masters was elected the first mayor of the Greymouth Borough. This means that 2018 was Council's 150th anniversary.
- Earthquake strengthening works were completed on the Left Bank Art Gallery building.
- Work began on the Library and Museum Strategy, the purpose of which is to guide the development of library and museum services over the longer term to allow for wise investment and planning. The ways that libraries and museums are delivering their services are changing, including impacts from digital technologies and community expectations, and the strategy provides for long term aspirations as well as short term goals.
- Council granted Civic Awards to the following people in August 2018 for their outstanding voluntary service to the Grey District Community: Peter Henry, Brian Blackman, Greville Wood, Harry Piner and Tom Cameron.
- Several very successful events have been held in the Town Square, including the Christmas Carnival, Rotary Street Fare, Easter Extravaganza, Matariki, Kids Fun Fests, Talent Show, music afternoons and multiple markets.
- Works were carried out to replace the original water reticulation network of Arnott Heights. This was undertaken due to multiple pipe failures over a period of months, which caused significant disruption to the community.
- The fairy lights in the CBD had a temporary official 'light up' on Easter Monday. After quite a bit of hard work behind the scenes to complete the technical requirements to connect the lights to a permanent power supply, this was completed in November and the lights are now looking fantastic! Thanks to everyone involved in this project.
- The Draft CBD Redevelopment Plan was put together and public consultation and engagement was carried out. This plan is about identifying our assets and making the most of them. Council adopted the final plan in August 2019 and the CBD Redevelopment Forum are putting together an action plan to begin implementing aspects of the plan.

You can find more information about Council and its activities by:

- Visiting our website, www.greydc.govt.nz; or
- Following us on Facebook, www.facebook.com/GreyDC.

Overview

\$520,000 deficit

We report a deficit of \$520,000 as opposed to the budgeted surplus of \$1.162 million.

Refer summary financial statements for details.

\$30.2m total debt

Council uses debt to fund projects with long term benefits such as sewerage schemes and water supplies.

9,012 total number of rating units

Total capital value of rating units - \$2,837,586,350
Total land value of rating units - \$1,270,163,350

\$13.5m capital expenditure

Amount spent on asset renewals and new assets.

\$427m total asset value

This includes Council's Property, Plant and Equipment (eg roading network, sewerage systems, water supply systems etc) as well as other assets such as cash and term investments.



PERFORMANCE BY ACTIVITY

We've listed a few of the performance measures for our activities below. A complete list of performance measures, together with supporting information, is available in the full Annual Report.

COMMUNITY FACILITIES

includes libraries, swimming pools, heritage, recreation centres, cemeteries, parks and tracks, in-house task force & public toilets



of residents satisfied with our parks and reserves [target: 85%].



of residents satisfied with our library services [target: 80%].

DEMOCRACY & ADMINISTRATION

[target: 80%].

includes Council, consultation, administration & economic development



of residents satisfied with the information they receive from Council [target: 75%].

of residents satisfied with the service they receive from Council

EMERGENCY MANAGEMENT

includes civil defence

training sessions were held in 2018/2019 [target: 2].

Artist impression of viewing platform being constructed on floodwall

ENVIRONMENTAL SERVICES

includes district planning, building control, animal control, health regulation, liquor licensing & regulatory enforcement



of building inspections were undertaken at agreed times *ltarget*: 95%l



of known dogs were registered by the due date (2,287 out of 2,684) [target: 90%].

LAND TRANSPORT

includes roading & footpaths



of customer requests responded to within 10 working days [target: 85%].

31%

of residents satisfied with Council's roading network [target: 70%].

OTHER TRANSPORT

includes aerodrome, parking & Port



of residents satisfied with availability of public parking [target: 80%].

PROPERTY AND HOUSING

includes Council property & retirement housing



occupancy rate was achieved for our pensioner housing units [target: 95%].

SOLID WASTE

includes refuse collection, refuse disposal & recycling



of residents satisfied refuse and recyclables are collected on time [target: 90%].



of waste collected was recycled - this exceeds our target despite recycling being challenging in 2018/2019 due to the collapse of the Chinese recycling market [target: 15%].

STORMWATER



of residents satisfied with the way their property drains stormwater (urban and residential areas only) [target: 60%].



There were 7 local road closures due to surface flooding, which occurred during events on 8 November 2018 and 27 March 2019 [target: maximum of 15].

WASTEWATER (SEWERAGE)



of residents satisfied with overall wastewater service [target: 65%].



complaints received in 2018/2019 about Council's wastewater system, eg about odour, faults, blockages, response times etc - this is equivalent to 9 complaints per 1,000 properties (4,832 connections) [target: 10 complaints per 1,000 properties].

WATER SUPPLY



of residents satisfied with appearance and taste of water [target: 80%].



There was one notifiable water supply transgression over the Greymouth (includes Dobson/Taylorville/Stillwater), Blackball and Runanga/Rapahoe water supplies - a positive test was consulted on with the Ministry of Health and a follow up test proved negative, so no boil water notice was issued [target over all water supplies: no more than five].

Summary financial statements

Grey District Council is a public benefit entity (PBE). Council is classified as a Tier 2 reporting entity but has elected to report under Tier 1 and has applied full PBE Standards.

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). They comply with Public Benefit Entity Standards (PBE Standards) and authoritative notices that are applicable to entities that apply PBE Standards.

Basis of preparation

Council has prepared the summary financial statements to give an overview of its performance. The specific disclosures included in the summary financial report have been extracted from the full audited Annual Report, which was approved and adopted by Council on 31 October 2019. The full financial statements comply with PBE standards and received an unqualified audit opinion.

Readers should note that the summary information contained here cannot be expected to provide as complete an understanding as provided by the full financial statements of the financial performance, financial position, cash flows, accounting policies and service performance measures of the Council. Users who would like additional information should read the full Annual Report, available online at www.greydc.govt.nz and Council offices.

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

Summary Statement of Comprehensive Revenue & Expense for year ended 30 June 2019

	note	Actual 2018 \$000	Annual Plan 2019 \$000	Actual 2019 \$000
Total revenue Finance costs Total operating expenditure (excl. finance costs) Net surplus/(deficit) before tax	1 2 2	25,784 (1,405) (26,528) (2,149)	29,654 (1,817) (26,675) 1,162	30,307 (1,929) (28,898) (520)
Income tax expense Surplus/(deficit) after tax for the year OTHER COMPREHENSIVE REVENUE & EXPENSE Movement in asset revaluation reserve		(2,149)	- 1,162 -	(520)
TOTAL COMPREHENSIVE REVENUE AND EXPENSE		(2,149)	1,162	(520)

Significant variations from budget include:

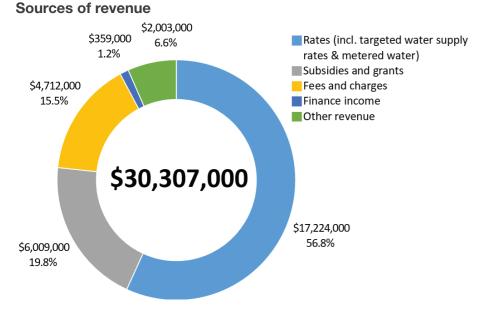
Actual result is a deficit of \$520,000 as compared to the budgeted surplus of \$1,162,000. This negative variance of \$1,682,000 is attributable to several factors, most

- Subsidies and grants revenue is less than budget by \$1,435,000. New Zealand Transport Agency (NZTA) subsidies are less than budget by \$1,214,000 due to:
 - Lower than budgeted capital works, which resulted in \$1.0M lower subsidy.
 - The amount of 'emergency works' roading expenditure (i.e. due to extreme weather events) being less than budget and therefore the associated NZTA subsidy not being required.
- Other subsidies offsetting the reduction above are the Tourism Infrastructure Fund (\$120,000) for additional recycling bins and from the Growth Provincial Fund (\$750,000) to enable the Port to be dredged. The actual cost of the port dredging was \$877,000.
- Fees and charges revenue is more than budget by \$334,000. Westland Recreation Centre income was \$131,000 lower than forecast, however this was offset by higher than anticipated waste volumes, generating \$393,000

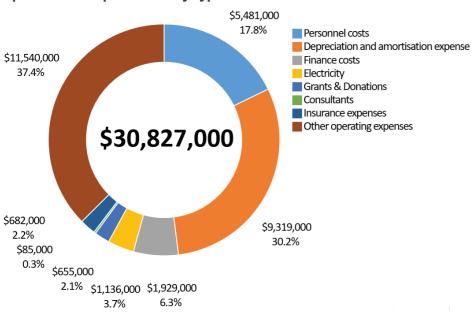
higher revenue. Added to this is the port fees being \$88,000 more than budget due to contributions from port users for dredging contributions.

- **Depreciation and amortisation** expense is lower than budgeted \$168,000. The annual depreciation expense has decreased this year as a result of projects expected to be completed in 2017/2018 carried forward into the 2018/2019 year.
- Operating costs included: Unbudgeted provision increases (\$118,000).
 - Consultant fees \$556,000 more than budgeted due to costs associated with building consent processing (\$220,000), consultants to cover the long term vacancy of the Transport Engineer (\$146,000), senior recruitment costs (\$68,000) process reviews (\$47,000).
- Subsides and expenditure is up \$300,000. \$216,000 is to be recovered through the Development West Coast MDI funding \$70,000 scheme. unbudgeted grants made from reserves per Council decisions throughout the year.

NOTE 1: REVENUE



NOTE 2: TOTAL OPERATIONAL EXPENDITURE (INCL. FINANCE COSTS) Operational expenditure by type



Operational expenditure by activity \$2,002,000 Land transport \$7,339,000 Stormwater 23.8% Wastewater Water Supply \$6,702,000 Solid waste management Emergency management 21.7% Environmental services Other transport Property and housing Community facilities and events \$30,827,000 Democracy and administration \$1,098,000 3.6% \$3,210,000 \$2,108,000 10.4% 6.8% \$2,414,000 \$2,192,000 7.8% \$83,000 \$2,309,000 7.1% 0.3% 7.5%

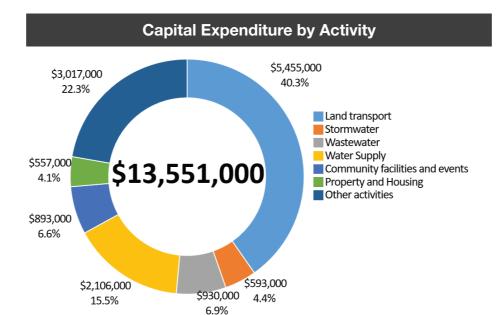
Total expenditure of \$30,827,000 includes all operating and maintenance items, staff costs, interest expenditure and depreciation. It does not include the money spent replacing existing or purchasing new assets.

Internal administration costs (staff costs plus overheads) have been allocated against each activity of Council using the most appropriate

Summary Statement of Financial Position as at 30 June 2019 **Actual Annual Plan** Actual 2018 2019 2019 \$000 \$000 \$000 20,043 15,656 16,355 Current assets Non current assets 406,705 409,253 410,944 **TOTAL ASSETS** 424,909 426,748 427,299 Current liabilities 10.198 9,158 14,410 Non current liabilities 24,227 27.368 27,124 **TOTAL LIABILITIES** 37,566 36,282 38,637 Retained earnings 228,098 234,682 229,302 9,315 7,821 7,587 Special funds Trusts, bequests and other reserves 198 178 202 151,571 145,946 151,571 TOTAL EQUITY ATTRIBUTABLE TO THE COUNCIL 389,182 388,627 388,662 **TOTAL EQUITY AND LIABILITIES** 426,748 424,909 427,299

Significant variations from budget include:

- Assets are more than budget by \$2.3M largely due to property, plant and equipment having a higher carrying value than budget by \$3M. This is attributable to:
- Key capital projects not being completed in the financial year they were expected to
- be. This includes McLean's Landfill expansion (new cell) and new Greymouth water reservoir.
- Liabilities \$2.355M more than budget, largely due to some capital projects being carried over from prior years.



Of the **\$13,551,000** Council spent on replacing existing assets and acquiring/building new assets, the following is some of the more significant expenditure:

	\$000
Cell 3A, McLeans Landfill	531
General land transport renewals/capital works	3,688
Ongoing land transport safety improvements	1,008
General water supply renewals/capital works	1,355
Runanga water supply upgrade	739
Breakwater repairs	1,774

CAPITAL COMMITMENTS APPROVED & CONTRACTED

In addition to our operating and maintenance contracts, as at 30 June 2019 Council had remaining contractual commitments as follows:

Contract	Contractor	Minimum remaining commitment
Taylorville, Dobson & Kaiata Sewerage Scheme	Tru-Line Civil Ltd	\$98,846
Runanga Water Treatment Plant - Civil Works	Process Flow Ltd	\$131,223
Preston Road Storage Building	CYB Construction Ltd	\$156,655
Resealing of Carriageways - Chip Seal (Three Years)	Isaac Construction Ltd	\$1,748,648
McLean's Pit Landfill - Cell 3A Construction	Grant Hood Contracting Ltd	\$57,273
Tainui Street Floodwall Pedestrian Ramp	Chris Moore Building Contractor Ltd	\$194,627
Arnott Heights Watermain Renewal	Tru-Line Civil Ltd	\$36,939
Croesus Road Upgrade	Rosco Contractors Ltd	\$2,103,335
	TOTAL	\$4,527,546

Statement of Changes in Equity for year ended 30 June 2019 Actual Annual Plan Actual 2018 2019 2019 \$000 \$000 \$000 387.465 389.182 Balance at 01 July 391.331 Total comprehensive revenue and expense (2,149)1,162 (520)Balance at 30 June 389,182 388,627 388,662

Significant variations from budget include:

• Total comprehensive income being \$1,769,000 less than budget (refer to note for Statement of Comprehensive Revenue & Expense).

Council's net worth is the difference between Council's total assets and total liabilities. Net worth is represented in the financial statements by the balance of equity.

Summary Statement of Cashflows

for year ended 30 June 2019					
	Actual 2018 \$000	Annual Plan 2019 \$000	Actual 2019 \$000		
Receipts from rates & other revenue Payments to suppliers, employees and interest paid Net cash from operating activities	24,482 (17,677) 6,805	30,597 (19,603) 10,994	31,199 (21,526) 9,673		
Proceeds from sale of property, plant & equipment and investments Purchase of property, plant & equipment and	28,029	15,058	21,204		
acquisition of investments Net cash from investing activities	(35,190) (7,161)	(25,379) (10,321)	(32,019) (10,815)		
Proceeds from borrowings Repayment of borrowings	4,000 (5,000)	5,953 (6,383)	10,000 (9,010)		
Net cash from financing activities Net (decrease)/increase in cash,	(1,000)	(430)	990		
cash equivalents and bank overdrafts	(1,356)	243	(152)		
Cash, cash equivalents and bank overdrafts at the beginning of the year	5,470	7,287	4,114		
CASH, CASH EQUIVALENTS AND BANK OVERDRAFTS AT THE END OF THE YEAR	4,114	7,530	3,962		

Significant variations from budget include:

Cash flow variations from budget largely reflect the variations as detailed in the other financial statement notes, most notably the variation in financing activities associated with Council requirements for new borrowing not being as high as forecast in the budget.

SUMMARY OF CONTINGENT ASSETS & CONTINGENT LIABILITIES

A full disclosure of contingent assets and liabilities is disclosed in the full Annual Report statements, relating to:

- 1. Council has agreed to act as guarantor for borrowing by Westurf Recreation Trust up to \$200,000. As at balance date the Trust has not yet proceeded with uplifting of a loan and has indicated to Council that they are unlikely to require the loan. 2.Defined benefit
- superannuation scheme: Council has an ongoing commitment as a participating employer in the National Provident Fund's Defined Benefit (contingent liability). 3. Claim against Council: In April 2013,
- the Ministry of Education (MOE) initiated High Court proceedings against Carter Holt Harvey (CHH) and others alleging inherent defects in the cladding sheets and cladding systems manufactured and prepared by CHH. Subsequently, in December 2016, CHH commenced third party proceedings against 48 Councils, including Grey District Council alleging a breach of duty in the processing
- of building consents, undertaking building inspections and issuing Code Compliance Certificates. The Councils have applied for orders setting aside and striking out CHH's claims against them. The MOE's claim against CHH is for 833 school buildings, 3 of which are located within the Grey District. At present there is insufficient information to conclude on potential liability and claim quantum, if any.
- 4. Resource consents: Council has entered into a number of bonding arrangements with various sub dividers, whereupon the financial contributions payment to Council is delayed until the sale of each individual lot. The actual contributions are adjusted based on relative price indices and are underwritten by a third party guarantor. As at 30 June 2019, the payments to be made to Council in the future totalled \$160,504 (2018: \$167,524).

Auditor's report

AUDIT NEW ZEALAND

Mana Arotake Aotearoa

Independent Auditor's Report To the readers of Grey District Council's summary of the annual report for

the year ended 30 June 2019 The summary of the annual report was derived from the annual report of the Grey

District Council (the District Council) for the year ended 30 June 2019 The summary of the annual report comprises the following summary statements:

the summary statement of financial position as at 30 June 2019;

- the summaries of the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended 30 June 2019;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and the summary statement of service provision (reported in "Highlights and
- Achievements from the last 12 months" and "Performance by Activity") of the District Council.

Opinion

In our opinion:

- the summary of the annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report; and
- · the summary statements comply with PBE FRS-43: Summary Financial Statements.

Summary of the annual report

The summary of the annual report does not contain all the disclosures required by generally accepted accounting practice in New Zealand. Reading the summary of the annual report and the auditor's report thereon, therefore, is not a substitute for reading the full annual report and the auditor's report thereon.

The summary of the annual report does not reflect the effects of events that occurred subsequent to the date of our auditor's report on the full annual report.

The full annual report and our audit report thereon

with PBE FRS 43: Summary Financial Statements.

We expressed an unmodified audit opinion on the information we audited in the full annual report for the year ended 30 June 2019 in our auditor's report dated 31 October 2019.

Council's responsibility for the summary of the annual report

The Council is responsible for preparing the summary of the annual report which includes preparing summary statements, in accordance with PBE FRS-43: Summary Financial Statements.

Auditor's responsibility

Our responsibility is to express an opinion on whether the summary of the annual report represents, fairly and consistently, the information regarding the major matters dealt with in the full annual report and whether the summary statements comply

Our opinion on the summary of the annual report is based on our procedures, which were carried out in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards

In addition to our audit of information in the full and summary annual reports, we have performed a limited assurance engagement related to the District Council's debenture trust deed. Other than this engagement, we have no relationship with, or interests in, the District Council.



Chantelle Gernetzky Audit New Zealand On behalf of the Auditor-General Christchurch, New Zealand 28 November 2019