

# GREY DISTRICT COUNCIL

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Pre-Election Report

2022



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# Introduction

## What is a Pre-Election Report?

A pre-election report is required to be produced by each local authority under section 99A of the Local Government Act 2002. Its purpose is to provide information to the community on Council's past performance and also informs what Council intends to do after the election. This will make it easier for people to vote for candidates whose priorities align with their own at the upcoming elections in October.

This report has a particular focus on how the Council is performing financially, including the Council's current financial position and proposed key spending issues over the coming years. It also provides information on what major projects the Council expects to deliver over the next three years.

This is Grey District Council's third pre-election report and includes:

- Financial statements for the three years before and the three years after the election year, ie 2022. As the financial information for 2021/2022 is not complete, we have used the adopted LTP Year 1 for the 2021/22 period.
- A report on Council's compliance with its Financial Strategy adopted in the 2021/2031 Long Term Plan. This includes comparison on limits on rates, rate increases, debt and returns on investments.
- Major projects planned for the three years following the election.

**Take the time to read and carefully consider the issues and projects planned for your community that are outlined in this document.**

## How was this report prepared?

This report has been prepared by the Chief Executive and has not had any input from elected members.

It is important to note that this is not a standalone document. It restates the forecasts contained within the 2018-2028 Long Term Plan, as well as a summary of performance over the last three years. The financial information contained in this report has been compiled from the following sources:

- The financial information for the years 2019/20 and 2020/21 has been extracted from the Annual Reports.
- The financial information for the 2021/2022 year has been provided from Year 1 of the 2021/31 LTP.

The information for the next three years (2022/2023 – 2025/2026) has been extracted from the current 2022/2023 Annual Plan and the 2021/2031 Long Term Plan. These reports and plans are available on our website: [www.greycdc.govt.nz](http://www.greycdc.govt.nz).

Date of preparation: 18 July 2022

*Section 99A (6) of the Local Government Act 2002 requires that a pre-election report must not contain any statement by, or photograph of any elected member, or any narrative produced by the Mayor/Chairperson. This document complies fully with the Act in this respect.*

# Message from the Chief Executive

Welcome to the Pre-election Report for the up-and-coming 2022 local body elections.

Every three years you as a voter have the right to elect the leaders of the Grey District. It is an awesome responsibility to have. It is your chance to set the direction of the Council through the election of a Mayor and Councillors. It gives us all a chance to think about the future direction of our district and the changes you want to see made.



The purpose of the Pre-election Report is to inform the district about issues facing us.

The years ahead are uncertain with many central Government reforms being pushed onto councils before the next General Election.

At the front of mind is the Government's Three Waters Reform and what that may mean for Council as a viable unit of Local Government. The proposals have been well aired in the public arena, but it is difficult to see how these reforms will benefit the West Coast in general and the Grey District in particular.

Perhaps having a larger impact on the Council and its operations is the proposed Resource Management Reform. This reform will impact how we interact with the natural environment by protecting and restoring the environment and better enabling development with natural environment limits. The proposed legislation will take a regional approach and we are in a unique position being ahead of these proposals through our membership of the TTPP One District Plan. At the time of publishing this document the Plan will have been notified. These reforms have the potential to impact all aspects of the fabric of the district. We await the finalisation of these proposals.

Finally, we work our way through the Government's Future of Local Government Reform with proposals on what shape and what services we deliver. Tomorrow's Council will look very different from today's.

The role of an elected member is sometimes difficult. People stand for Council for many different reasons and for many local issues they see need to be addressed. But Council is so much bigger than this and when elected you become responsible for your district. There will be competing priorities, differences of opinion as to best outcomes for communities and whether those outcomes can be afforded and who pays.

If you are thinking about standing for Council this October, it is a big commitment but one well worth it. Read this document and our Long-Term Plan and use them as the basis for your decision. Talk with family, friends, and members of your community about what is important to them.

A handwritten signature in blue ink, appearing to read 'Paul Morris', with a long horizontal line extending to the right.

**Paul Morris**  
**CHIEF EXECUTIVE OFFICER**

# What does Council do?

## About the Grey District

The Grey District Council is a territorial authority with a land area of 3,516 square kilometres. The Grey District sits between the Westland and Buller Districts and encompasses Camerons in the south up to (but excluding) Punakaiki in the north and inland to (but excluding) Jacksons. The main town in the Grey District is Greymouth.

The Council is comprised of the Mayor and eight Councillors and is responsible for the governance of, and setting the strategic direction for, the District and ensuring the Council works towards meeting the community outcomes set out in the Long-Term Plan.

Around 13,550 people live in the Grey District (2018 Statistics New Zealand estimate) and there are 9,099 rateable properties (as at 30 June 2020).

Council receives revenue from a range of sources. About half comes from rates, with the rest from subsidies and grants, investment income and fees and charges.

## Council activities

**Grey District Council has an overall operational budget of \$33 million and manages Total Assets of \$451 million on behalf of the community.**

**These include 205km of 3 Waters pipes, about 648km of roads, 106km of footpaths and just under 1,600 street lights.**

**Other assets owned and maintained by the Grey District Council include 118 housing units, 23 parks and reserves, and 10 restrooms/public conveniences.**

As well as spending on core infrastructure, such as water and waste services, refuse and recycling collection and disposal, roads and footpaths, the Council maintains assets such as libraries, museum, recreation centre, parks, swimming pools, Port and aerodrome. We are also responsible for regulatory functions such as planning, building control and environmental health and for carrying out initiatives in areas such as economic development.

The following shows how our activities are grouped for our planning purposes.

- **Land Transport** (includes roading & footpaths)
- **Stormwater**
- **Wastewater** (sewerage)
- **Water Supply**
- **Solid Waste** (refuse and recycling)
- **Environmental Services** (includes District planning, Building control, Dog/Stock control, Health regulation, Other Regulation, Emergency Management (Civil Defence))
- **Commercial & Property** (includes Aerodrome, Parking, Port of Greymouth, Council commercial and operational property, and retirement housing)
- **Community & Recreation** (includes libraries, swimming pools, History House Museum, culture, heritage & arts, indoor sports centres, cemeteries, parks & tracks, in-house task force & public toilets)
- **Democracy & Administration** (includes Elected Members, Council administration, Economic development, and Event facilitation)

# Our strategy

Council's overall vision for the Grey District is:

All of our policies, plans, bylaws and strategies are developed to contribute toward making our vision a reality. Council must develop plans that not just focus on the immediate future, ie for the next 12 months, but also look longer term, i.e. the next ten years.

The 2021/2031 Long Term Plan (LTP) was developed in 2021. The LTP focuses on planning for the future and maintaining existing core services (such as roading, water supply, water disposal and solid waste (refuse) disposal) within the constraints of our financial and infrastructure strategies. Our challenge continues to be raising enough revenue to meet the current cost of providing services to the district while maintaining Council's sound financial position to face any challenges in the future.

There are three significant reforms and processes led by the Government that will impact on our Council moving forward that was not incorporated into our 2021/2031 LTP. Three Waters, Resource Management and the Future for Local Government. These will all have an impact on the strategy we adopt as part of the 2024/2034 LTP. The Water Services Bill Entities Bill was introduced to Parliament in June 2022 and is currently at Select Committee stage. The Bill sets out how 3 Waters will be delivered post 1 July 2024.

As part of the 2021/2031 LTP, the following key issues were identified (shown in the left-hand column). The Council decision/direction following hearing of submissions on the draft LTP is shown in the right-hand column.

ISSUE	OUTCOME IN FINAL LTP
<p>Council have included in their budgets to extend the service to the remainder of the Grey District, except for Moana and Te Kinga. These two townships will remain on a refuse bag collection service due to the largely seasonal/holiday population - there would be no-one at the property during the week to put the bins out and many residents take their bags to the Moana Resource Centre as they need to. This will mean that all properties (except those in Moana and Te Kinga) will operate on a two-bin refuse and recycling service from year two of the LTP, i.e. 1 July 2022.</p>	<p>Council agreed to extend the kerbside refuse and recycling collection across the district, including Te Kinga and Moana, from 1 July 2022.</p>
<p>Council proposed to build a new, modern, purpose-built library on freehold land in Greymouth. Whilst designs have not yet been commissioned for the new building, initial plans are for a single storey building with a mezzanine which will incorporate meeting rooms, a cafe and plenty of space inside to provide a current library service which fulfils the requirements of our community.</p>	<p>Council resolved to proceed with a new purpose-built library in or as near to the CBD as practicable. This is due to start from year five of the plan.</p>
<p>The Spring Creek Pool is only open during the summer period and patronage is generally low. The main user is the Runanga School. Running costs for the facility are around \$60,000 per annum (excluding overheads) and the average annual income is less than \$3,000. The Westland Recreation Centre is only 7km away and provides a higher level of service to the community. Therefore, given the other priorities facing Council right now, it has been decided that as the Westland Recreation Centre provides above the national average aquatic services, Council is proposing to withdraw from operating the Spring Creek Pool facility. This will save money and time in operating one facility rather than two.</p>	<p>The pool assets are to be handed over to the community, either to an existing organisation or a newly created Trust. Council will provide an operational grant of \$30,000 and a private sponsor has pledged \$40,000 per year for five years.</p> <p>If the handover is not completed by the end of the sponsorship period, then Council will proceed with disposing of the facility.</p>

<p>Council is proposing to withdraw from the Runanga Service Centre and dispose of the building. Staff will be able to utilised elsewhere in Council where appropriate.</p> <p>Customers who used the Runanga Service Centre will be able to use Council offices or library in town, which is just 7km away and it is assumed most people need to come into town at some stage, i.e. groceries, medical appointments etc.</p>	<p>The decision was made to close to the Runanga Service Centre/Community Library effective from 1 July 2021 (or as close as practicable). Staff were transferred to other Council facilities. Support will be provided to run their own community initiatives, including a library, and look at options for their postal service.</p>
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Council recently adopted the 2022/2023 Annual Plan (which came into force on 1 July 2022) and this plan continues to address these key issues which formed part of the LTP, namely:

Putting aside enough money to address a backlog of renewal works in our water supply, stormwater and roading infrastructure, including the need to replace an ageing and earthquake prone water reservoir in the Greymouth water supply network. If we don't start working on this now and planning for these costs, we're going to have bigger problems in the future, including more maintenance costs and risks of our systems breaking down completely; and

**Council has projected to invest \$133 million over the 10 years of the 2021/2031 LTP on renewals and new assets.**

## Our Financial Strategy

Council is involved in a wide range of activities that each presents its own unique funding requirements and challenges. Council is tasked with balancing the needs and wants of the community with the ability and willingness to pay, while providing the community with reliable infrastructure and community facilities and exploring opportunities to stimulate economic growth in the district.

The Financial Strategy outlines the key matters Council considered when setting the financial parameters of funding sources and application of the funds raised. It sets out where we are heading over the medium to long term and the financial limits Council are committed to working within.

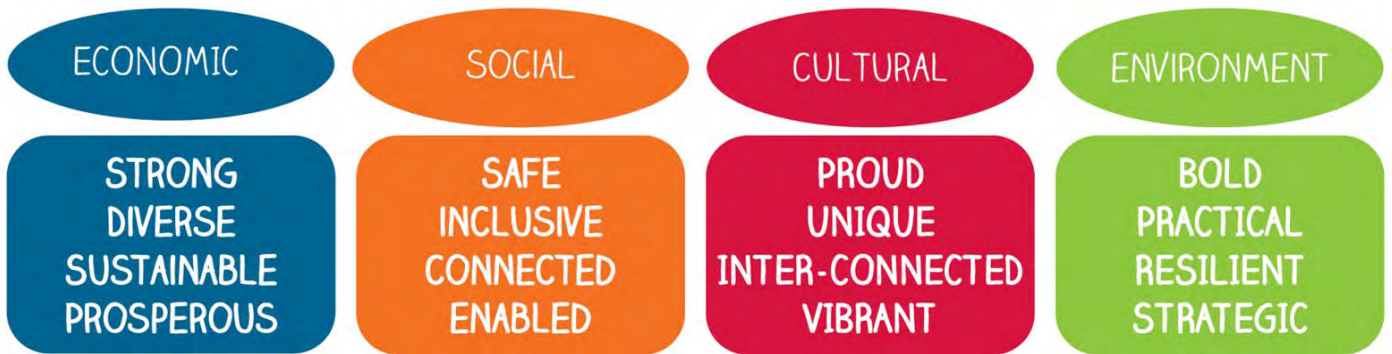
In the 2021/31 Council adopted a financial strategy it believes best strikes a balance between the required levels of investment to continue to provide the current levels of service with the community's ability to pay. If the funding didn't increase then Council would need to reduce its investment on renewals and would not be able to maintain levels of service. With the increased investment of renewals, current levels of maintenance expenditure are expected to continue given the Council is still carrying a significant level of deferred renewals for 20 years plus.

<b>Goal</b>	<b>Rationale</b>
Rates Revenue set to meet Council and community needs	Setting rates at a level that enables Council to practice prudent financial management by addressing significant issues, e.g. deferred renewals, funding future projects and reducing annual rates deficits.
Decrease debt over the life of the plan	Borrow for significant projects to take advantage of current low interest rates with the overall goal of decreasing debt over the life of the plan. Savings on finance costs will then be used towards operational costs or increasing reserves over the life of the LTP
Retain capacity to borrow for unforeseen events.	For example, Natural disasters. Debt levels to be kept within our policy limits.

Information on how Council has performed in regard to its Financial Strategy can be found further on in this document.



# Thriving, Connected and Resilient Grey District



## THE GREY DISTRICT HAS:

- The necessary infrastructure that will support the economy and maintain resilience.
- Collaborating organisations, businesses, industry, and community for positive outcomes.
- A strong, obtainable and prosperous vision of the future.
- Connections and engagement between Council, businesses and the community.
- A focus on ensuring innovation and connectivity.
- Safe roading, footpaths and community areas.
- Quality facilities that are inclusive, community focused and forward looking.
- A connected, supportive and engaged community and Council.
- A community that is valued, united and strong.
- Effective measurement mechanisms and an understanding of our strengths, weaknesses and wellbeing.
- Enduring relationships with local Māori, our neighbouring districts and significant stakeholders.
- Respect and recognition for the place of Māori.
- A connection with its diverse, unique and colourful history.
- A positive image within and outside of the region.
- Access to participation in a wide range of recreational, sporting, leisure, art and cultural activities.
- A sensible and considered approach to the issue of climate change and its effects.
- An abundant supply of water available to the community that meets or exceeds all available health and quality standards.
- A sustainable response to our land and natural features and resources.
- A commitment to providing green spaces and places throughout the Central Business District and beyond.
- A commitment to our future generations and their wellbeing.

# Financial summary

This section provides an overview of the financial position of the Council for the three years prior to election year and the three years following the election.

The financial information brings together figures previously published in our Annual Reports, Annual Plans, and our 2021-2031 Long Term Plan, as well as updated financials based on the latest forecast information. Whilst this is not an audited report, much of the information contained in it has been audited; notably:

- 2019/2020 and 2020/2021 financial information has been audited via the respective Annual Reports.
- 2022/2023 Annual Plan.
- 2021/2022, 2022/2023 financial and major project information via the Long Term Plan.

All documents are available on our website, [www.greycdc.govt.nz](http://www.greycdc.govt.nz).

## Major capital projects 2021/2022-2023/2024

- William Stuart Bridge Upgrade - \$4.6 million completed in January 2022 funded by the Provincial Growth Fund.
- Roothing Renewal work of \$8.9 million.
- Greymouth wastewater upgrade \$1.4 million.
- Water Reservoir upgrades \$4.8 million.
- Landfill Cell development \$2.2 million.
- Port facilities upgrade \$2 million.

## Funding Impact Statement

The Funding Impact Statement shows how Council intends to fund its activities, both operational and capital, in the future. Funds are applied to either operating expenditure covering the ongoing costs required for Council to operate, for example, electricity, insurance and staff costs, or to capital expenditure on major assets that will last for a long period of time, for example, water treatment plants and roads.

	ACTUAL		ESTIMATE	ANNUAL PLAN	FORECAST		
	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026
	Annual Report \$000	Annual Report \$000	LTP Year 1 \$000	Annual Plan \$000	LTP Year 3 \$000	LTP Year 4 \$000	LTP Year 5 \$000
[A] TOTAL OPERATING FUNDING	24,708	26,378	27,919	28,563	29,746	31,392	32,798
[B] TOTAL APPLICATIONS OF OPERATING FUNDING	20,324	22,787	23,652	24,173	24,219	24,798	24,990
Surplus (deficit) of operating funding [A - B]	4,384	3,591	4,267	4,390	5,527	6,594	7,808
[C] TOTAL SOURCES OF CAPITAL FUNDING	5,888	6,278	16,687	7,752	4,961	3,627	3,881
[D] TOTAL APPLICATIONS OF CAPITAL FUNDING	10,272	9,869	20,954	12,142	10,488	10,221	11,689
Surplus (deficit) of capital funding [C - D]	(4,384)	(3,591)	(4,267)	(4,390)	(5,527)	(6,594)	(7,808)
Funding balance: [A - B] + [C - D]	-	-	-	-	-	-	-

## Balance Sheet

The Balance Sheet shows the value of assets owned by Council. It also shows how Council has funded the acquisition of those assets. Council can fund its assets either by borrowing or from equity Council has built up over the years. Surpluses generated where income generated exceeds expenditure become a part of Council's equity.

Council's main asset is its property, plant and equipment. This includes the roading network, wastewater network and treatment plants, water network and treatment plants etc.

	ACTUAL		ESTIMATE	ANNUAL PLAN	FORECAST		
	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026
	Annual Report \$000	Annual Report \$000	LTP Year 1 \$000	Annual Plan \$000	LTP Year 3 \$000	LTP Year 4 \$000	LTP Year 5 \$000
<b>ASSETS</b>							
Current Assets	12,133	20,446	12,938	12,949	11,044	11,751	12,510
Non Current Assets	439,248	433,800	458,205	462,065	475,330	476,191	506,258
<b>TOTAL ASSETS</b>	<b>451,381</b>	<b>454,246</b>	<b>471,143</b>	<b>475,014</b>	<b>486,374</b>	<b>487,942</b>	<b>518,768</b>
<b>LIABILITIES</b>							
Current Liabilities	18,228	17,660	11,285	13,051	9,905	12,358	9,998
Non Current Liabilities	14,787	25,987	30,314	36,281	36,176	34,025	37,057
<b>TOTAL LIABILITIES</b>	<b>33,015</b>	<b>43,647</b>	<b>41,599</b>	<b>49,332</b>	<b>46,081</b>	<b>46,383</b>	<b>47,055</b>
<b>EQUITY</b>							
Total equity attributable to the Council	418,366	410,599	429,544	425,682	440,293	441,559	471,713
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>451,381</b>	<b>454,246</b>	<b>471,143</b>	<b>475,014</b>	<b>486,374</b>	<b>487,942</b>	<b>518,768</b>

# Financial strategy - limits

Note: 2021/2022 data is based LTP Year 1 information.

## Rate limits

RATES INCREASES	Limit	Rates Increase	Compliance
2019/2020	4.5%	2.83%	✓
2020/2021	4.5%	-1.63%	✓
2021/2022	9.9%	9.80%	✓

Council sets an upper limit in its financial strategy on what it is prepared to deliver as a rate increase each year. The increases passed on to each ratepayer are in line with what Council sets in its Annual Plan. The figures above are based on total actual rates income as compared with the previous year. This figure is typically higher than the effect on the individual ratepayer as from year to year there is an increase in the number of ratepayers which collects additional revenue.

## Debt limits

BORROWING LIMIT 1:	Limit	Actual	Compliance
Total debt per rateable property to remain less than \$4,700 (2019/2020 and 2020/2021, \$4,500)			
2019/2020	\$4,500	\$2,815	✓
2020/2021	\$4,500	\$3,852	✓
2021/2022	\$4,700	\$3,631	✓

BORROWING LIMIT 2:	Limit	Actual	Compliance
Debt to remain less than 175% of total revenue. (2019-2020, 2020-21 135%)			
2019/2020	135.0%	71.5%	✓
2020/2021	135.0%	68.5%	✓
2021/2022	175.0%	58.5%	✓

BORROWING LIMIT 3:	Limit	Actual	Compliance
Total interest expenses to remain less than 10% of total revenue.			
2019/2020	10.0%	5.3%	✓
2020/2021	10.0%	3.2%	✓
2021/2022	10.0%	2.4%	✓

## Investment returns

Council doesn't have any specific targets for investment returns in its financial strategy, as these returns are not used as a significant form of activity revenue. The majority of investment returns are transferred to Council's Special Funds. What we have disclosed here is a comparison of actual investment returns (interest revenue) compared to what we budgeted to receive.

INVESTMENT RETURNS	Budget \$000	Actual \$000
2019/2020	\$561	\$278
2020/2021	\$626	\$59
2021/2022	\$142	\$142 *

\*Budgeted figure from LTP Year 1

# Key election dates

DATE	DESCRIPTION
15 July 2022	Nominations opened.
12 August 2022	Candidate nominations close at 12 noon. Electoral roll closes - anyone who is entitled to vote but not registered by this date or who's details are incorrectly recorded will have to cast a 'special vote'.
17 August 2022	Candidates' names are published.
16 - 21 September 2022	Voting documents are delivered to households.
<b>Voting closes at 12 noon on Saturday 8 October 2022</b>	
8 October 2022	Preliminary results will be available as soon as practicable after close of voting.
13-19 October 2022 (approx)	Official results declared (after all ordinary and special votes have been counted).

## Where to find more information

This report has been prepared from the following documents:

- Long Term Plan 2021/2031
- Annual Plan 2022/2023
- Annual Report 2020/2021

All documents are available on our website, [www.greydc.govt.nz](http://www.greydc.govt.nz).