

2014-2015 Annual Report SUMMARY

From the Mayor and CEO

Welcome to this summary of the 2014/2015 Annual Report, an overview of the report on Council's performance during the period 1 July 2014 to 30 June 2015.

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.

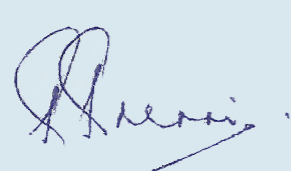
The full Annual Report is an important way of demonstrating Council's accountability to you, its community. We would welcome you to take the time to read the complete document.

We're very proud of our efforts to date; the economic recovery is still slow but we are moving in the right direction. We remain committed to maintaining efficient and accountable local government and, in the process, quality service delivery to our residents

Special words of thanks goes to elected members and staff for their on-going inputs.



A F Kokshoorn
Mayor



P G Pretorius
Chief Executive Officer

This summary was authorised for issue by Grey District Council management on 11 November 2015.

Want to read the whole report?

The Annual Report provides information about our performance during the 2014/2015 financial year. This document is a summary of that report and is intended to provide an overview of the full report.

If you would like to know more, the full Annual Report for 2014/2015 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. Council also measures non-financial performance against a number of measures - 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 27 September 2014 and 10 November 2014. 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 2014 survey have been used to measure our non-financial performance for the period 1 July 2014 to 30 June 2015.

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 table.

Financial highlights

\$3.8m
surplus

This surplus includes a number of subsidies for long term infrastructure projects

\$12.2m
capital expenditure

Spent on asset renewals and new assets from a budgeted expenditure programme of \$18 million

\$30.4m
total debt

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

\$419.2m
total asset value

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

9,140
total number of rating units

Total capital value of rating units - \$2,965,243,400
Total land value of rating units - \$1,521,199,600

10 out of 12
financial prudence measures met

Our performance against the financial 'benchmarks' all local bodies need to report against show that Council has acted prudently during the year and within the parameters we set in our LTP

Achievement highlights

Highlights for the period 1 July 2014 to 30 June 2015 include:

- The Cobden Lagoon Loop Track around the picturesque Cobden Aromahana Sanctuary and Recreation Area was completed. Redevelopment of this area is an ongoing project, with Council, the Department of Conservation and the wider community partnering in its ecological restoration and beautification.
- The new Greymouth wastewater treatment plant was completed and became operational. The state of the art facility produces no sludge, lowering costs now and in the future, and improves the quality of the Grey River due to the higher level of wastewater treatment prior to discharge.
- A Signage, Interpretation and Public Art Framework was developed and applications were invited from the community for funding towards installations in their areas. Council has been working hard on a number of partnerships including Lake Brunner/Lakes District Promotion Group, Greymouth Business and Promotions Association, Greymouth Heritage Trust, Greymouth i-Site, Cobden Aromahana Sanctuary and Recreation Areas Inc., Blue Penguin Trust, Kahuna Boardriders Club, Dispatch & Garlick Ltd and the Blackball community to roll out signage, interpretation and public art that tells the 'real stories' of our District.
- Works were completed on linking the Stillwater water supply to the Dobson water supply (which will eventually be linked back to the Greymouth water supply).

- Construction began on the new Westland Recreation Centre. The project is currently on time and on budget and due to be operational in late 2016.
- The Dobson/Kaiata/Taylorville wastewater scheme was commissioned and is available for residents to connect to.
- Kerbside recycling in the greater Greymouth area is continuing to result in a reduction in the volume of waste being dumped in the landfill. This has a long term positive impact as the landfill facility can offer a longer useful life.
- Two of Council's projects were rated Highly Commended in the Local Government New Zealand EXCELLENCE Awards earlier this year: Grey District Identity Project and the Restoration of the Cobden Aromahana Sanctuary and Recreation Area.
- Hundreds of residents engaged with Council during the CBD Renewal project process. Council has put aside \$1 million to kick start the renewal and the next steps include undertaking detailed traffic modeling and a parking strategy as part of the project. Council signalled the \$1 million in funding to kick start the prioritised projects in its 2015-2025 LTP and confirmed it at the Council meeting held on 10 August 2015.



PERFORMANCE BY ACTIVITY

We've listed some of the significant performance measures from the 2014/2015 Annual Report for our activities below. For a complete list of performance measures, please refer to the full Annual Report.

COMMUNITY FACILITIES & EVENTS

(includes libraries, swimming pools, heritage, indoor sports centres, cemeteries, parks and tracks, in-house task force & public toilets)

81% of residents satisfied with the library service
our target was 85%

450 enrolments in the Swim School per term
our target was 190

DEMOCRACY & ADMINISTRATION

(includes Council, consultation, administration & economic development)

84% of residents satisfied with the service they received when they contacted Council
our target was 85%

90% of Council business conducted in the open meetings (rather than closed)
our target was > 80%

EMERGENCY MANAGEMENT

(includes civil defence & rural fire authority)

73% of residents feel they are prepared to cope in an emergency
our target was 90%

29 out of 37 Grey DC staff who man the Emergency Operations Centre in an emergency are trained to CIMS 4 standard
our target was 31 staff

ENVIRONMENTAL SERVICES

(includes district planning, building control, animal control, health regulation, liquor licencing, regulatory enforcement)

99% of building inspections were undertaken at agreed times
our target was 95%

88% of known dogs were registered by the due date (2,414 out of 2,750)
our target was 95%

LAND TRANSPORT

(includes roading & footpaths)

91% of residents agree our local roads are safe
our target was 75%

Nil of the 40 crashes reported, none were caused by road factors

OTHER TRANSPORT

(includes aerodrome, parking & Port)

42% of residents satisfied that the aerodrome is run efficiently
our target was 60%

79% of residents satisfied with availability of public parking
our target was 80%

PROPERTY AND HOUSING

(includes Council property & retirement housing)

97% occupancy rate was achieved for our pensioner housing units
our target was 95%

SOLID WASTE

(includes refuse collection, refuse disposal & recycling)

92% of residents satisfied refuse and recyclables are collected on time
our target was 90%

74% of residents satisfied refuse facilities are kept clean and tidy (e.g. litter bins, recycling and refuse centres)
our target was 80%

STORMWATER

75% of residents satisfied with overall stormwater service
our target was 65%

Nil number of resource consent breaches
our target was Nil

WASTEWATER (SEWERAGE)

68% of residents satisfied with overall wastewater service
our target was 67%

WATER

74% of residents satisfied with appearance and taste of water
our target was 90%

88% of residents satisfied with pressure and flow of water
our target was 80%

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.

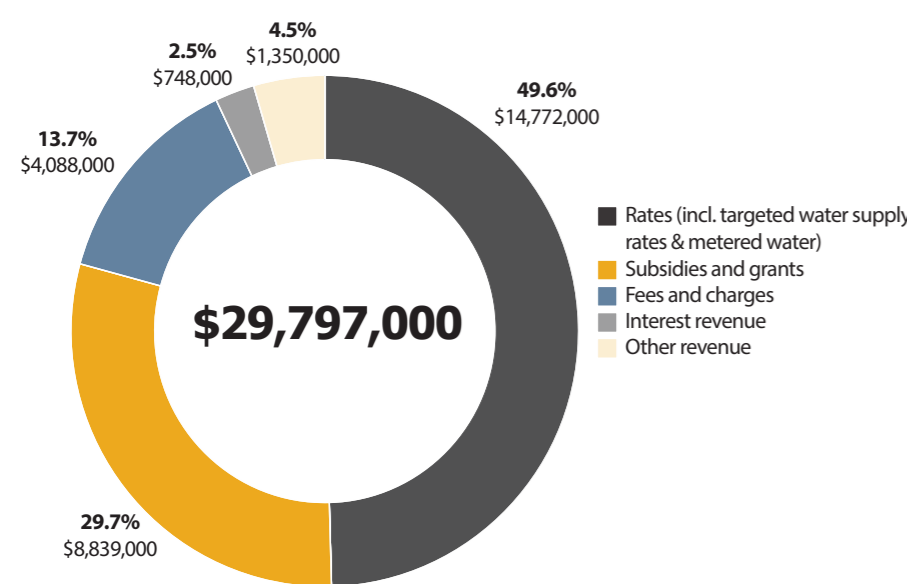
Summary Statement of Comprehensive Revenue & Expense for year ended 30 June 2015

	note	Actual 2014	Annual Plan 2015	Actual 2015
Total revenue	1	\$31,225	\$31,312	\$29,797
Finance costs	2	(1,008)	(2,033)	(1,881)
Total operating expenditure (excl. finance costs)	2	(22,574)	(24,074)	(24,068)
Net surplus/(deficit) before tax		7,643	5,205	3,848
Income tax expense		-	-	-
Surplus/(deficit) after tax for the year		7,643	5,205	3,848
OTHER COMPREHENSIVE REVENUE & EXPENSE				
Movement in asset revaluation reserve		59,327	-	-
Total comprehensive revenue and expense		66,970	5,205	3,848

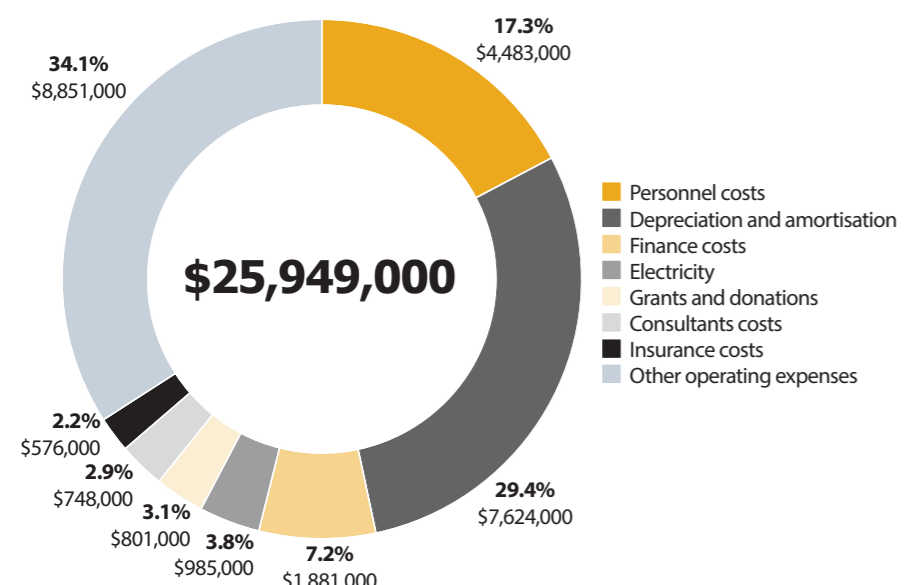
Significant variations from budget include:

- Subsidies and grants \$3,012,000 less than budget. The budget included \$6,000,000 to be received towards the proposed Westland Recreation Centre, however due to project delays in confirming/commencing this project, actual grants received were \$3,050,000.
 - Interest revenue was \$302,000 greater than budget associated with a higher level of interest earning investments held compared with budget.
 - Other revenue was \$497,000 greater than budget largely due to insurance recoveries of \$474,000 associated with Cyclone Ita (Easter 2014) storm that were not budgeted for.
 - Depreciation and amortisation expense was \$1,059,000 less than budget. As part of the asset revaluation for infrastructure assets carried out as at 30 June 2014, Council critically reviewed the useful lives of the various components and types of assets. With a greater useful life expected across a number of such components, there has been an associated reduction in the annual depreciation expense. This was not anticipated when drafting the 2015 budgets.
- Other expenses \$995,000 higher than budget due largely to:
- Legal fees \$236,000 higher than budget associated with a District Plan review challenge (Plan Change 9) and on-going land lease litigation.
 - Decrease in fair value of investment property of \$301,000. Annual valuation movements in investment property are not factored into the budget.
 - Distribution of insurance proceeds relating to repair works on Runanga Miners' Hall.

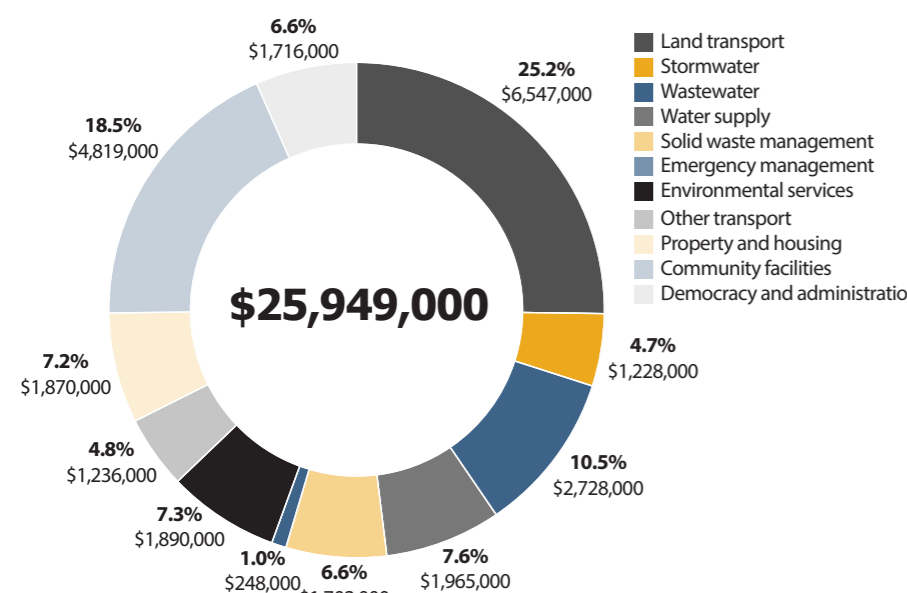
NOTE 1: REVENUE Sources of revenue



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



Operational expenditure by activity



Total expenditure of \$25,949,000 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 method.

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2015

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 dated 12 October 2015. 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

New standards first applied during the 2014/2015 financial year

Council has adopted XRB A1 FP Entities + PS PBEs Update (XRB A1). XRB A1 establishes a PBE tier structure and outlines which suite of accounting standards entities in different tiers must follow. Council has elected to report as a Tier 1 public sector PBE.

This is the first set of financial statements of the Council that is presented in accordance with PBE standards. Council has previously reported in accordance with NZ IFRS (PBE).

The accounting policies adopted in these financial statements are consistent with those of the previous financial year, except for instances when the accounting or

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 at www.greycouncil.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.

reporting requirements of a PBE standard are different to requirements under NZ IFRS (PBE) as outlined in the full Annual Report. The main adjustment to the prior year comparative was that:

- Fair value gains on held for trading interest rate swaps have been netted off from finance costs which were previously classified as other gains and losses (revenue). For the 2014 comparative this has reduced both revenue and expenditure by \$397,000 and no affect on total comprehensive revenue and expense.
- Service concession assets have been separately disclosed within Property, plant and equipment.

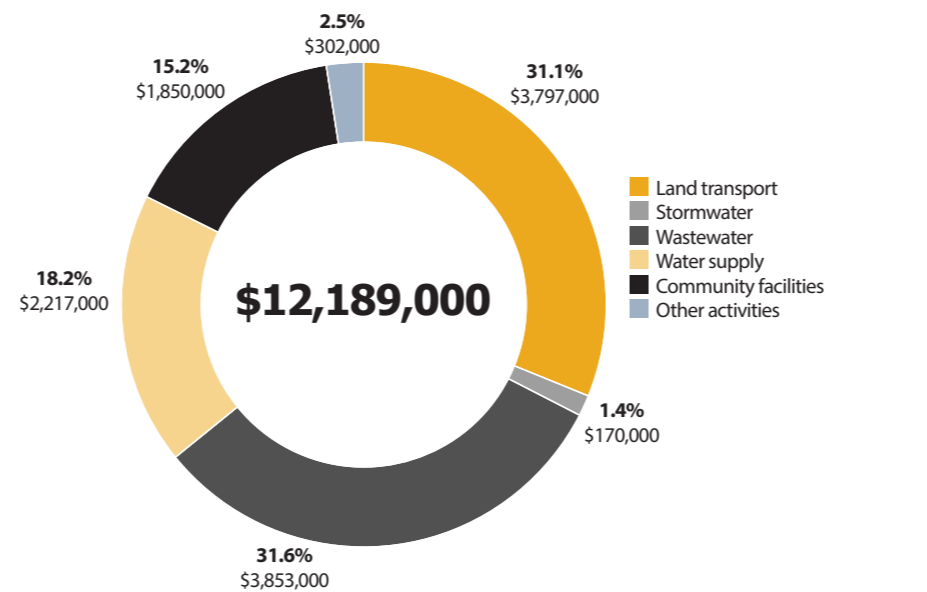
Summary Statement of Financial Position as at 30 June 2015

	Actual 2014	Annual Plan 2015	Actual 2015
Current assets	25,095	16,054	26,747
Non current assets	389,078	378,205	392,410
TOTAL ASSETS	414,173	394,259	419,157
Current liabilities	4,510	6,474	9,428
Non current liabilities	32,674	33,846	28,892
TOTAL LIABILITIES	37,184	40,320	38,320
Retained earnings	222,087	236,024	225,877
Special funds	12,601	8,727	12,995
Trusts, bequests and other reserves	505	520	169
Revaluation reserve	141,796	108,668	141,796
TOTAL EQUITY ATTRIBUTABLE TO THE COUNCIL	376,989	353,939	380,837
TOTAL EQUITY AND LIABILITIES	414,173	394,259	419,157

Significant variations from budget include:

- Current assets are \$9,733,000 higher than budget primarily due to:
 - Cash and cash equivalents/Other financial assets overall \$6,712,000 greater than budget. This is due largely to significant capital expenditure (such as Greymouth Sewerage scheme, Taylorville/Dobson/Kaiata Sewerage Scheme and Westland Recreation Centre) being delayed as compared to budget. The result is that funds set aside and raised specifically for the purpose have not yet been utilised. The difference in classification of term of investment between actual and budget is related to Council choosing to keep more funds in cash and cash equivalents to meet contract payments as required.
 - Trade and other receivables \$4,060,000 greater than budget due to a number of large receivables were billed as at 30 June 2015 for work relating to 2014/2015.
 - Non-current assets held for sale \$685,000 less than budget due to these being reclassified as investment property in 2013/2014, however this occurred after 2014/2015 budgets were adopted.
 - Non-current assets are \$14,708,000 higher than budget primarily due to:
 - An increase in asset value of \$35,567,000 greater than forecast as a result of the revaluation movement in 2013/2014 that wasn't factored into the budgets.
 - The increase in asset value due to capital expenditure is less than budget given key capital projects have not progressed as far as anticipated, such as the Greymouth Sewerage scheme, the Taylorville, Dobson, Kaiata Sewerage scheme and Westland Recreation Centre. This lower amount of capital expenditure partly offsets the above variance in the asset revaluation resulting in the actual overall increase in value of actual property, plant and equipment being above budget by \$11,544,000.
 - Investment property has increased above budget by \$3,263,000 as the transfer in 2013/2014 of 'non-current assets held for sale' into this category wasn't factored into the budgets.
- Total liabilities are \$2,327,000 less than budget largely due to total borrowings \$2,250,000 less than budget due to capital projects that require part debt funding not being as far advanced as planned (notably wastewater projects, water supply projects and the Westland Recreation Centre).
- Total equity is \$26,768,000 higher than budgeted due to variances explained elsewhere. In addition to this overall difference, Council's Special Funds balance is \$4,268,000 higher than budget due to capital projects that require part funding from special funds not being as far advanced as planned (notably wastewater projects, water supply projects and the Westland Recreation Centre).

Capital expenditure by activity



Of the \$12,189,000 Council spent on replacing existing assets and acquiring/building new assets, the following are some of the more significant projects:

	\$000
General renewals & miscellaneous new capital for the roading network	2,821
Greymouth wastewater upgrade	2,170
Dobson/Kaiata/Taylorville wastewater scheme	1,565
Westland Recreation Centre (in progress as at 30 June 2015)	1,618
Greymouth water supply upgrades	1,346

Statement of Changes in Equity for year ended 30 June 2015

	Actual 2014	Annual Plan 2015	Actual 2015
Balance at 01 July	\$310,019	\$348,734	\$376,989
Total comprehensive revenue and expense	66,970	5,205	3,848
Balance at 30 June	376,989	353,939	380,837

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.

Significant variations from budget include:

Total equity is \$26,768,000 higher than budgeted primarily due to the opening balance being \$28,255,000 higher than budgeted. This is associated with the actual 2013/2014 movement in asset revaluation reserve being higher than forecast figures used at the time of preparing 2014/2015 budgets.

Summary Statement of Cashflows for year ended 30 June 2015

	Actual 2014	Annual Plan 2015	Actual 2015
Receipts from rates & other revenue	28,547	30,756	27,649
Payments to suppliers, employees, and interest paid	(17,067)	(16,986)	(17,773)
Net cash from operating activities	11,480	13,770	9,876
Proceeds from sale of property, plant and equipment and investments	9,039	29,842	41,417
Purchase of property, plant and equipment and acquisition of investments	(28,452)	(47,504)	(57,575)
Net cash from investing activities	(19,413)	(17,662)	(16,158)
Proceeds from borrowings	4,853	3,529	5,839
Repayment of borrowings	(4,191)	-	(5,189)
Net cash from financing activities	662	3,529	650
Net (decrease)/increase in cash, cash equivalents and bank overdrafts	(7,271)	(363)	(5,632)
Cash, cash equivalents and bank overdrafts at the beginning of the year	20,140	5,543	12,869
Cash, cash equivalents and bank overdrafts at the end of the year	12,869	5,180	7,237

Significant variations from budget include:

- Net cash flows from operating activities is \$3,894,000 less than budget largely due to the lower subsidies and grants received as discussed previously.
- Net cash flow from investing activities is \$1,504,000 less than budget due to \$6,204,000 less being spent on purchase of property, plant and equipment, offset by \$4,976,000 less being drawn down from investments.
- Net cash from financing activities is \$2,879,000 less than budget due to less borrowings being required due to the reduced capital expenditure brought about by various project delays.

SUMMARY OF CAPITAL COMMITMENTS APPROVED & CONTRACTED

During its annual planning process for the 2015/2016 financial year, Council approved \$15,357,000 to be spent on Capital Works (2014/2015: \$18,042,000) associated with Council's various assets and functions.

A detail of the works to be carried out is included in the 2015 - 2025 Long Term Plan

which was adopted by Council on 8 June 2015 and released to the public.

Council has also approved budget carry-forwards for work not completed during 2014/2015 of \$4,789,424 (2013/2014: \$18,691,844).

SUMMARY OF CONTINGENT ASSETS & CONTINGENT LIABILITIES

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

- 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.
- Defined benefit superannuation scheme: Council has an ongoing commitment as a participating employer in the National Provident Fund's Defined Benefit Plan (contingent liability).
- Resource consents: Council has entered into a number of bonding arrangements with various subdividers, 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 2015, the payments to be made to Council in the future totalled \$116,359 (2014: \$124,143).

EVENTS SUBSEQUENT TO BALANCE DATE

- During its annual planning process, in September 2015 Council settled on the insurance claim for the Runanga Miners' Hall, which incurred storm damage in Cyclone Ita in April 2014. The balance of the claim paid by the insurer has been recognised as revenue in the 2014/2015 accounts. As Council has already agreed to pay the funds received for this claim to the Runanga Miners Hall Trust (as they are to take ownership and repair/restore the hall), the same amount has been recognised as a grant payable in the 2014/2015 accounts.
- In October 2015 Council agreed to settle on a claim associated with tiling (spa tiling and tiling of the changing rooms) at the Grey District Aquatic Centre. The claim related to costs Council was pursuing to recover from several parties associated with the Aquatic Centre's construction. The amount Council agreed to accept as settlement has been recognised as revenue in the 2014/2015 accounts.

Auditor's report