

2015/2016 Annual Report SUMMARY

From the Mayor and CEO

Welcome to this summary of the 2015/2016 Annual Report, an overview of the report on Council's performance during the period 1 July 2015 to 30 June 2016.

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.

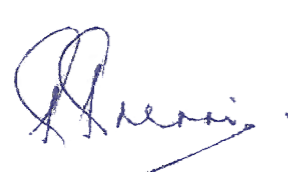
The full Annual Report is an important way of demonstrating Council's accountability to you - its community. We would welcome you to take the time to read the complete document.

Looking ahead, we are confident that our local economy is continuing to strengthen. Identifying and supporting initiatives to diversify and grow our economy remains a priority of our Council.

The next year will again be both busy and challenging but Council remains committed to maintaining efficient and accountable local government and, in the process, continuing to deliver quality services and infrastructure to our community.



A F Kokshoorn
Mayor



P G Pretorius
Chief Executive Officer

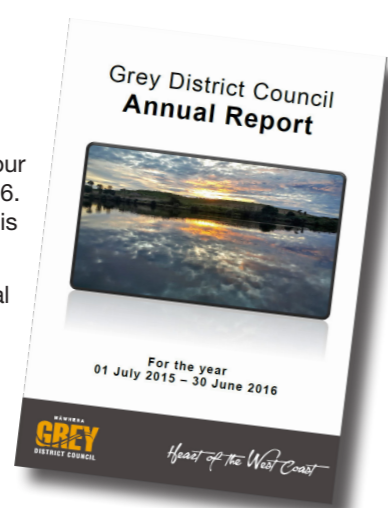
This summary was authorised for issue by Grey District Council management on 11 November 2016.

Want to read the whole report?

The Annual Report provides information about our performance for the year ended 30 June 2016. 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 2015/2016 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 1-27 September 2015. 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 2015 survey have been used to measure our non-financial performance for the period 1 July 2015 to 30 June 2016.

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.

Financial highlights

\$699,000
surplus

Last year's surplus was \$3.8M - this included a number of subsidies for large projects which have now been completed

\$30.3m
total debt

Council uses debt to fund projects with long term benefits such as sewerage schemes and water supplies
The 2016 actual debt is lower than our 2016 forecast debt

9,096
total number of rating units

Total capital value of rating units - \$3,037,948,800
Total land value of rating units - \$1,539,593,600

\$15.8m
capital expenditure

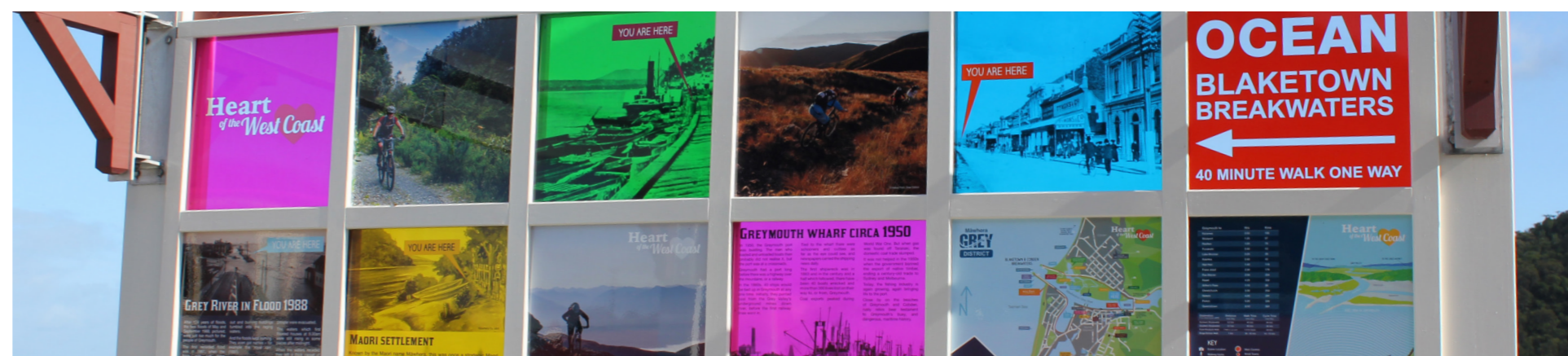
Spent on asset renewals and new assets from a budgeted expenditure programme of \$16.6 million

\$420m
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 out of 10
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



Highlights and achievements from the last 12 months

- Following successful partnerships with multiple community groups, colourful signage and interpretation was installed at various locations around the District. This was part of the Signage, Interpretation and Public Art Framework which aims to tell the 'real stories' of our District.
- Runanga flood mitigation works were completed. This included realignment of Raleigh Creek that flows through the Runanga township, as well as replacement of culverts. This has provided better capacity to cope with more intense rain falls.
- Construction of the new Westland Recreation Centre was carried out and the new Centre opened to the public on 20 August 2016. Hundreds of people attended the free open day for our community and usage of the Centre continues to rapidly grow.
- Our Grey District Community Economic Development Strategy was named a finalist in the 2016 Local Government New Zealand (LGNZ) EXCELLENCE Awards. The Strategy was developed to unite community stakeholders and work together to build a self-reliant, sustainable and competitive future for the district, following the "perfect storm of events" that has impacted the area. While not an eventual winner, the Strategy was hailed by the EXCELLENCE Awards judges as a process based on international research and best practice.
- The Stillwater water supply was connected through to the Dobson/Taylorville source, which has resulted in a marked increase in the quality of water we provide to that community. There have been numerous issues over recent years with water quality. Note: The Dobson/Taylorville supply was connected to the Greymouth supply later in 2016. This means the water supplies for these communities are now all sourced from one treatment facility that is capable of meeting drinking water standards.
- The 12 month consultation and engagement project for the Greymouth CBD Renewal was completed, with hundreds of people from our community having their say on the future of our town centre. The project progressed to developed design phase and works on implementing the prioritised projects are ongoing.
- The Grey District Library began offering free digital literacy classes to the public on topics such as email, spreadsheets, Pinterest, using the internet and more. These have proved to be extremely popular.
- The Environmental Services Department's Freedom Camping Project won the SOLGM McGreedy Winder Award - Innovation in Policy & Regulatory Development category. The judges were unanimous in the Freedom Camping Project being selected as the winning entry, which focused on the graduated response model Council has undertaken towards freedom camping in the Grey District.

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

94% of users satisfied with the History House service [target: 70%]

520 enrolments in the Swim School per term [target: 380]

DEMOCRACY & ADMINISTRATION

includes Council, consultation, administration & economic development

82% of residents satisfied with the service they received when they contacted Council [target: 85%]

66% of residents satisfied that Council consults with them on important issues [target: 90%]

EMERGENCY MANAGEMENT

includes civil defence & rural fire authority

61% of residents feel they are prepared to cope in an emergency [target: 80%]



ENVIRONMENTAL SERVICES

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

99% of building inspections were undertaken at agreed times [target: 95%]

84% of known dogs were registered by the due date (2,304 out of 2,747) [target: 95%]

LAND TRANSPORT

includes roading & footpaths

81% of customer requests responded to within 10 working days [target: 85%]

73% of residents satisfied with Council's roading network [target: 66%]

OTHER TRANSPORT

includes aerodrome, parking & Port

81% of residents satisfied with availability of public parking [target: 75%]

PROPERTY AND HOUSING

includes Council property & retirement housing

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

SOLID WASTE

includes refuse collection, refuse disposal & recycling

95% of residents satisfied refuse and recyclables are collected on time [target: 90%]

657 tonnes (10% of the total 6,676 tonnes of refuse and recycling collected was recycled [target: 10%]

STORMWATER

69% of residents satisfied with overall stormwater service [target: 65%]

Nil There were no local road closures due to surface flooding (no flood events during 2015/2016) [target: maximum of 30]

WASTEWATER (SEWERAGE)

74% of residents satisfied with overall wastewater service [target: 65%]

25 reported wastewater faults during 2015/2016. Our response time was under target at 55.2 minutes [target: 60 minutes]. Time to resolve the issues was over target at 4.7 hours [target: 3 hours] - this was largely due to being dependent on contractor availability

WATER SUPPLY

79% of residents satisfied with appearance and taste of water [target: 80%]

1 boil water notice issued for Dobson/Taylorville/Stillwater water supply. Schools and businesses in the area were informed directly, as well as information posted on social media & website [target: maximum of 1]

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.

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2016

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 27 October 2016. 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 2016

	note	Actual 2015 \$000	LTP 2016 \$000	Actual 2016 \$000
Total revenue	1	29,797	30,872	27,763
Finance costs	2	(1,881)	(1,930)	(1,869)
Total operating expenditure (excl. finance costs)	2	(24,068)	(23,573)	(25,195)
Net surplus/(deficit) before tax		3,848	5,369	699
Income tax expense		-	-	-
Surplus/(deficit) after tax for the year		3,848	5,369	699
OTHER COMPREHENSIVE REVENUE & EXPENSE				
Movement in asset revaluation reserve		-	-	-
Total comprehensive revenue and expense		3,848	5,369	699

Significant variations from budget include:

- Actual overall result is a net surplus of \$699,000 as compared to the budget forecasting a surplus of \$5,369,000. This variance of \$4,670,000 is attributable to:
 - Subsidies and grants revenue was \$3,592,000 less than budget. The budget included \$6M to be received towards the Westland Recreation Centre. Due to the project timing and some grants payable on completion, a large portion of the revenue will be received in 2016/2017.
 - Personnel costs were \$239,000 higher than budget, due to:
 - Additional staff costs at the Aquatic Centre of \$111,000, largely due to increased demand for the Swim School requiring additional staff resources. This was met by an increase in Swim School revenue.
 - Additional staff costs of \$84,000 across Environmental Services activities due to additional staff resources being provided to assist with increased workloads.
 - Additional staff costs of \$54,000 in Assets & Engineering due to additional temporary resources brought in to assist with completing outstanding projects.
 - Other expenses \$1,344,000 higher than budget, notably due to:
 - Legal fees \$152,000 greater than budget due to on-going litigation and cost recoveries associated with Council's leasehold land portfolio.
 - Impairment of asset expense \$324,000 greater than budget. With the opening of the Westland Recreation Centre early in the 2016/2017 financial year, Council has signalled its intentions to divest from ownership of the Civic Centre. Council has assessed the likely realisable value of the Civic Centre to be lower than the carrying value and impaired the value accordingly.
 - Decrease in fair value of investment property of \$233,000. Annual valuation movements in investment property are not factored into the budget and do not have a direct operational impact.
 - Consultant fees \$192,000 greater than budget due to a number of projects carried forward from previous year's budgets having an associated consultant support component.

Summary Statement of Financial Position as at 30 June 2016

	Actual 2015 \$000	LTP 2016 \$000	Actual 2016 \$000
TOTAL ASSETS	419,157	422,139	420,148
Current assets	26,747	16,221	20,489
Non current assets	392,410	405,918	399,659
TOTAL LIABILITIES	38,320	39,333	38,612
Current liabilities	9,428	9,893	4,365
Non current liabilities	28,892	29,440	34,247
Retained earnings	225,877	232,768	230,104
Special funds	12,995	7,705	9,469
Trusts, bequests and other reserves	169	536	167
Revaluation reserve	141,796	141,797	141,796
TOTAL EQUITY ATTRIBUTABLE TO THE COUNCIL	380,837	382,806	381,536
TOTAL EQUITY AND LIABILITIES	419,157	422,139	420,148

Significant variations from budget include:

- Current assets are \$4,268,000 higher than budget primarily due to Cash and cash equivalents and Other financial assets (investments) overall being \$3,135,000 higher than budget. This is due to a number of projects (e.g. Greymouth Sewerage Scheme) being delayed as compared to the budgeted timetable. The result is that funding for a number of these projects has not yet been utilised. The difference in classification is related to Council choosing to place investments for longer terms due to more favourable returns being available.
- Non-current assets are \$6,259,000 less than budget primarily due to key capital expenditure projects not being progressed as far as forecast in the budget. This includes Greymouth Sewerage Scheme, Westland Recreation Centre and Runanga Water Supply upgrade.
- Overall, no significant variance in liabilities, however it is noted that the classification of borrowings varies to budget between hat is current vs. non-current. This is due to Council choosing to extend facilities for a longer period based on an assessment this presented the lower cost option for the medium to longer term.
- Total equity is \$1,270,000 less than budgeted (refer to note for Statement of Changes in Equity).

Summary Statement of Cashflows for year ended 30 June 2016

	Actual 2015 \$000	LTP 2016 \$000	Actual 2016 \$000
Receipts from rates & other revenue	27,649	31,390	31,631
Payments to suppliers, employees and interest paid	(17,773)	(18,293)	(18,084)
Net cash from operating activities	9,876	13,097	13,547
Proceeds from sale of property, plant & equipment and investments	41,417	16,930	53,023
Purchase of property, plant & equipment and acquisition of investments	(57,575)	(29,595)	(71,801)
Net cash from investing activities	(16,158)	(12,665)	(18,778)
Proceeds from borrowings	5,839	3,420	-
Repayment of borrowings	(5,189)	(1,362)	-
Net cash from financing activities	650	2,058	-
Net (decrease)/increase in cash, cash equivalents and bank overdrafts	(5,632)	2,490	(5,231)
Cash, cash equivalents and bank overdrafts at the beginning of the year	12,869	5,180	7,237
Cash, cash equivalents and bank overdrafts at the end of the year	7,237	7,670	2,006

Significant variations from budget include:

- Net cash from investing activities \$6,113,000 less than budget (refer to notes for Summary Statement of Financial Position).
- Net cash from financing activities \$2,058,000 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

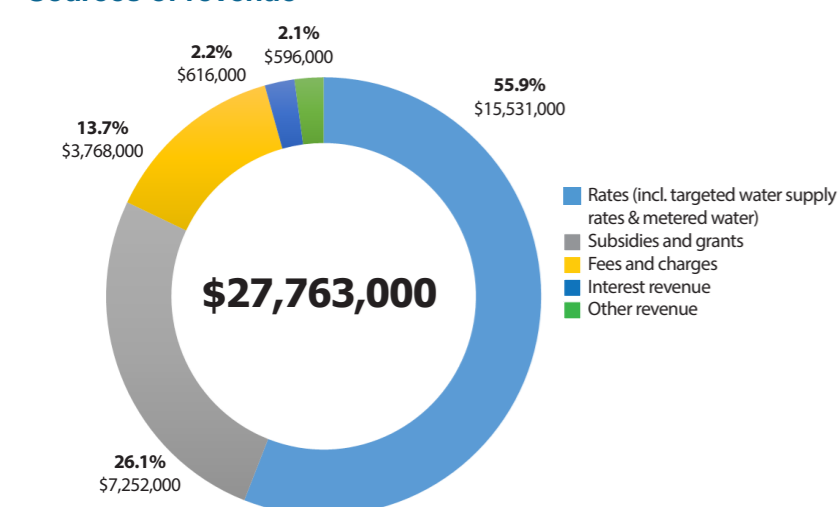
During its annual planning process for the 2016/2017 financial year, Council approved \$12,098,000 to be spent on Capital Works (2015/2016: \$15,357,000) associated with Council's various assets and functions. A detail of the works to be carried out is included in the 2015 - 2025 Long Term Plan which 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 2015/2016 of \$7,717,444 (2014/2015: \$4,789,424).

SUMMARY OF CONTINGENT ASSETS & CONTINGENT LIABILITIES

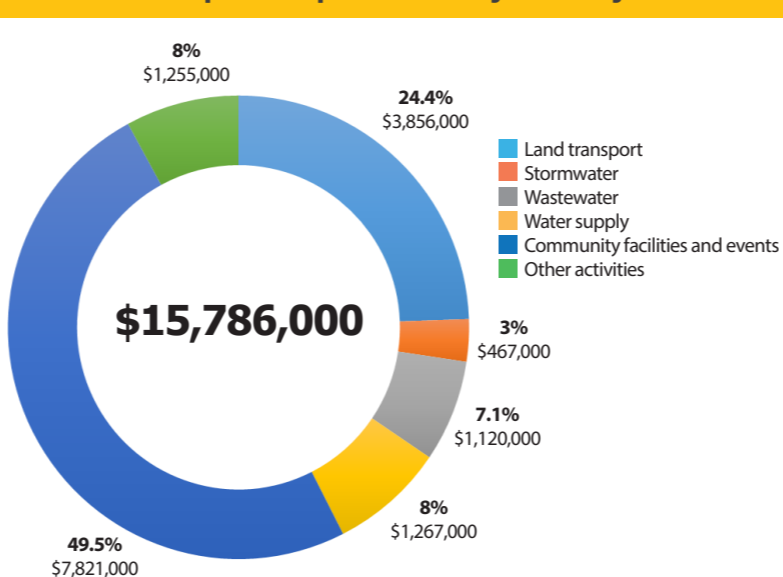
A full disclosure of contingent assets and liabilities is disclosed in the full Annual Report statements, relating to:

- 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 2016, the payments to be made to Council in the future totalled \$222,617 (2015: \$116,359).

NOTE 1: REVENUE Sources of revenue

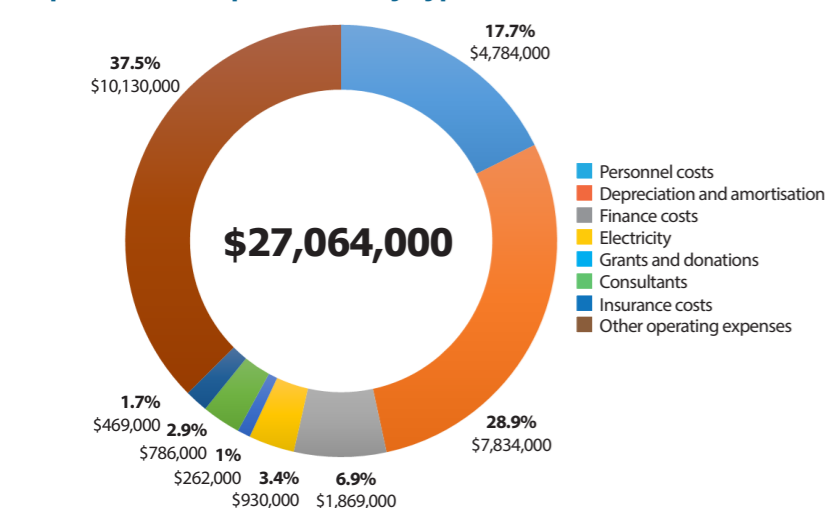


Capital Expenditure by Activity

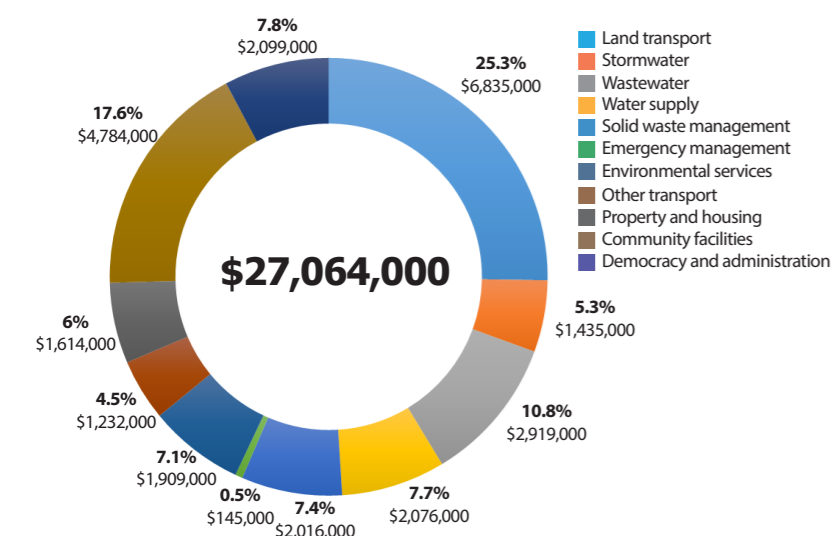


NOTE 2: TOTAL OPERATIONAL EXPENDITURE (INCL. FINANCE COSTS)

Operational expenditure by type



Operational expenditure by activity



Total expenditure of \$27,064,000 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.

Of the \$15,786,000 Council spent on replacing existing assets and acquiring/building new assets, the following are some of the more significant projects:

Project	Amount (\$000)
Expansion of dry storage capacity at McLeans Recycling Centre	167
Completion of construction of Westland Recreation Centre	7,577
Purchase and set up of dredge for Port of Greymouth	302
Waterproofing of Council offices	390

Statement of Changes in Equity for year ended 30 June 2016

	Actual 2015 \$000	LTP 2016 \$000	Actual 2016 \$000
Balance at 01 July	376,989	377,437	380,837
Total comprehensive revenue and expense	3,848	5,369	699
Balance at 30 June	380,837	382,806	381,536

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:

Significant variations from budgeted changes in equity relate to the \$699,000 surplus being \$4,670,000 lower than the surplus forecast for the current year (refer to note for Summary Statement of Comprehensive Revenue & Expense).

Auditor's report

AUDIT NEW ZEALAND
Mara Arotake Aotearoa

Independent Auditor's Report

To the readers of
Grey District Council's summary annual report
for the year ended 30 June 2016

The summary annual report was derived from the annual report of the Grey District Council (the District Council) for the year ended 30 June 2016. We have considered whether the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report.

The annual report included full audited statements, and the summary annual report includes summary statements. We have audited the following summary statements reported in the summary annual report:

- the summary statement of financial position as at 30 June 2016;
- 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 2016;
- 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.

We expressed an unmodified audit opinion on the District Council's full audited statements in our report dated 27 October 2016.

Opinion

In our opinion:

- the summary 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.

Basis of opinion

Our audit was carried out in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand), and in particular with the International Standard on Auditing (New Zealand) 810: Engagements to Report on Summary Financial Statements. These standards require us to carry out procedures to confirm whether the summary annual report contains the information necessary, and at an appropriate level of aggregation, so as not to be misleading.

The summary statements and the full audited statements from which they were derived, do not reflect the effects of events that occurred subsequent to our report dated 27 October 2016 on the full audited statements.

The summary statements do not contain all the disclosures required for full audited statements under generally accepted accounting practice in New Zealand. Reading the summary statements, therefore, is not a substitute for reading the full audited statements in the annual report of the District Council.

Responsibilities of the Council and Auditor

The Council is responsible for preparing the summary annual report so that it represents, fairly and consistently, the information regarding the major matters dealt with in the annual report. This includes preparing summary statements, in accordance with PBE FRS-43: Summary Financial Statements. The Council is also responsible for the publication of the summary annual report, whether in printed or electronic form.

We are responsible for expressing an opinion on whether the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report and whether the summary statements comply with PBE FRS 43: Summary Financial Statements.

Other than in our capacity as auditor we have no relationship with, or interest in, the District Council.


Bede Kearney,
Audit New Zealand

On behalf of the Auditor-General
Christchurch, New Zealand
11 November 2016