

2016/2017 Annual Report SUMMARY

From the Mayor and CEO

Welcome to this summary of the 2016/2017 Annual Report, an overview of the report on Council's performance during the period 1 July 2016 to 30 June 2017.

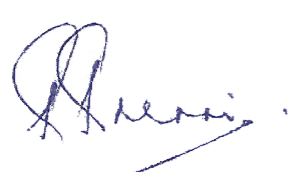
In this summary we list some of our achievement highlights from the previous 12 months, how we have performed and what it has all cost. Overall we have performed better than what was forecast in the 2016/2017 Annual Plan, and looking ahead, we are confident that our local economy is continuing to strengthen.

Identifying and supporting initiatives to diversify and grow our economy remains a priority of our Council, as well as a commitment to efficient and accountable local government. We will continue to strive to deliver best value and high quality services and infrastructure to our community.

The full 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.



A F Kokshoorn
Mayor



P G Pretorius
Chief Executive Officer

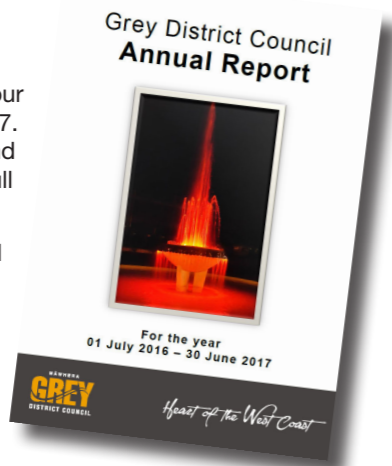
This summary was authorised for issue by Grey District Council management on 17 November 2017.

Want to read the whole report?

The Annual Report provides information about our performance for the year ended 30 June 2017. 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 2016/2017 is available from:

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



Highlights and achievements from the last 12 months

- The outcome of the 2016 local body elections meant we farewelled two long standing councillors - Councillor Kevin Brown and Councillor Doug Truman. We thank them for their many years of service to the Grey District community and welcomed two new faces, Councillor Tania Gibson and Councillor Patrick McBride.
- The Westland Recreation Centre (combined pool, gym and stadium facility) was opened to the public on 20 August 2016. This Centre has become hugely popular and is well on the way to being the sport and recreation hub of our community that we envisioned it would be.
- The Dobson/Taylorville water supply was connected to Greymouth, thus providing a higher standard of water quality to those communities.
- After months of public consultation and planning, ground was broken on the new Town Square and Tainui Shared Street areas in March 2017. Despite encountering a few problems which pushed the timeline out somewhat, the new spaces will be ready for the community to enjoy before Christmas. Council is also working closely with Mawhera Incorporation on investment and development opportunities within our CBD.
- Council have been a factor in enabling the construction of the new Moana Health Clinic by providing the necessary land at a nominal rental and funding from our Area Infrastructure Funds (as approved by the affected communities). The Clinic was officially opened in August.
- In partnership with the Community Energy Action Charitable Trust, our retirement housing units had their insulation upgraded above the minimum standard required by changes under the Residential Tenancies Act. All units were upgraded, except where the ceiling and floor spaces were inaccessible - alternative heating options were provided to those occupants.
- The History House building was identified as earthquake prone in February 2017. Council had no choice but to close the building for the safety of its workers and the general public. A working group has been set up to identify the way forward for the museum service.
- Council received funding of almost \$500,000 from the Tourism Infrastructure Fund to construct a new toilet and shower facility in Cobden.
- The Grey District Library has gone from strength to strength with their expansion of the digital literacy classes offered free to the community. Their weekly Stepping Up classes are often at capacity and their Device Advice sessions are popular, especially with the older users.

Financial highlights

\$20,000 surplus

We report a small surplus of \$20,000 as opposed to the budgeted deficit of \$1,346,000.

\$30.4m total debt

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

9,029 total number of rating units

Total capital value of rating units - \$ 2,875,664,050
Total land value of rating units - \$1,385,877,350

\$6.9m capital expenditure

Amount spent on asset renewals and new assets.

\$429m 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.

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 in November/early December 2016. 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 2016 survey have been used to report on a number of our non-financial performance measures for the period 1 July 2016 to 30 June 2017.

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.



New toilet and shower facility in Cobden

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

91% of residents satisfied with our parks and reserves [target: 80%].

82% of residents satisfied with our library services [target: 80%].

DEMOCRACY & ADMINISTRATION

includes Council, consultation, administration & economic development

82% of residents satisfied with the service they receive from Council [target: 85%].

86% of residents satisfied with the performance of the Mayor and Councillors [target: 85%].

EMERGENCY MANAGEMENT

includes civil defence & rural fire authority

77% of residents feel they are prepared to cope in an emergency [target: 90%].
This is above the 61% result from the nationwide GET READY GET THRU Survey in 2015.

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

90% of customer requests responded to within 10 working days [target: 85%].

77% of residents satisfied with Council's roading network [target: 66%].

OTHER TRANSPORT

includes aerodrome, parking & Port

76% of residents satisfied with availability of public parking [target: 80%].

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

91% of residents satisfied refuse and recyclables are collected on time [target: 90%].

785 tonnes (13% of the total 5,889 tonnes of refuse and recycling collected was recycled [target: 15%].

STORMWATER

75% of residents satisfied with the way their property drains stormwater (urban and residential areas only) [target: 60%].

3 There were three local road closures due to surface flooding [target: maximum of 30].

WASTEWATER (SEWERAGE)

68% of residents satisfied with overall wastewater service [target: 67%].

Nil For the Resource Consents Council holds for the discharge of treated wastewater, no abatement notices or infringement notices were issued during the year [target: maximum of 3].

WATER SUPPLY

83% of residents satisfied with appearance and taste of water [target: 90%].

9 There were nine notifiable water supply transgressions over the Greymouth, Blackball and Runanga/Rapahoe water supplies [target: no more than one 1]. Reasons for non-compliance with Drinking Water Standards include the presence of E.coli, contamination/poor water quality due to extreme weather conditions and operator errors. Refer full Annual Report for details.

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 2017

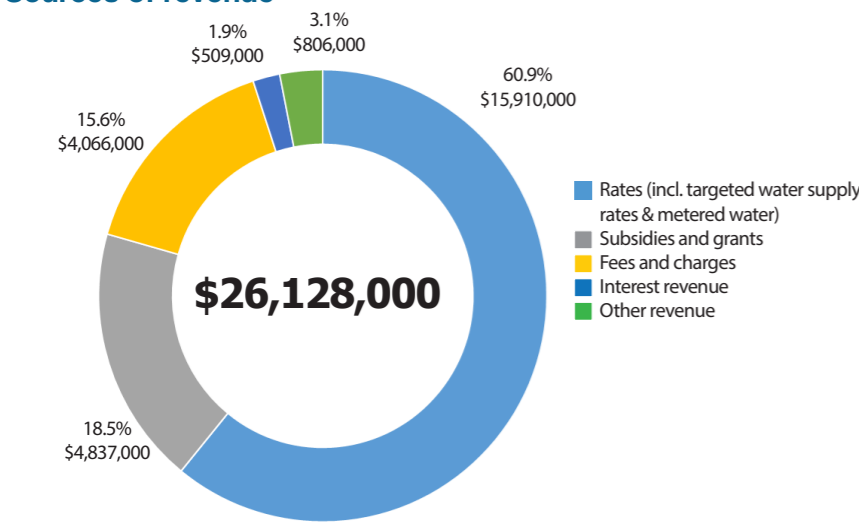
	note	Actual 2016 \$000	Annual Plan 2017 \$000	Actual 2017 \$000
Total revenue	1	27,763	25,414	26,128
Finance costs	2	(1,869)	(2,388)	(1,056)
Total operating expenditure (excl. finance costs)	2	(25,195)	(24,372)	(25,052)
Net surplus/(deficit) before tax		699	(1,346)	20
Income tax expense		-	-	-
Surplus/(deficit) after tax for the year		699	(1,346)	20
OTHER COMPREHENSIVE REVENUE & EXPENSE				
Movement in asset revaluation reserve		-	22,125	9,775
TOTAL COMPREHENSIVE REVENUE AND EXPENSE		699	20,779	9,795

Significant variations from budget include:

- Actual overall result is a net surplus of \$20,000 as compared to the budget forecasting a deficit of \$1,346,000. This positive variance of \$1,366,000 is attributable to a number of factors, notably:
 - Subsidies and grants revenue - \$669,000 greater than budget. This relates to a timing difference, where some grants towards the funding of the Westland Recreation Centre initially expected to be received in the prior financial year were received this year.
 - Fees and charges less than budget by \$441,000. This largely relates to revenue received by the Westland Recreation Centre being less than budgeted. This is due to a combination of the facility not being open for the entire year and the anticipated membership/user numbers taking longer to reach forecasts.
 - Other revenue greater than budget by \$192,000, which relates to \$230,000 gains on disposal of investment property. This is not used as a direct source of funds for activities and the gain was not budgeted for.
- Depreciation and amortisation expense - greater than budget by \$773,000. This relates to:
 - Impact of depreciation on new wastewater assets recently commissioned, ie Dobson/Kaiata/Taylorville scheme and Greymouth Wastewater Treatment Plant, being greater than allowed for in the budget; and
 - A higher depreciation expense on the Westland Recreation Centre (including Aquatic facilities) and Libraries compared to the amount factored into the budget.
- Movement in asset revaluation reserve less than budget by \$12,350,000, due to:
 - Contract rates for infrastructure assets (which underlie the revalued depreciated replacement cost) not increasing as much as expected since the last revaluation; and
 - Council has spent the last couple of years carrying out detailed condition assessments of its infrastructure assets which, in some instances, has shortened the expected remaining life of assets. The remaining useful life also underlies the depreciated replacement cost, i.e. shorter remaining life equals a lower value.

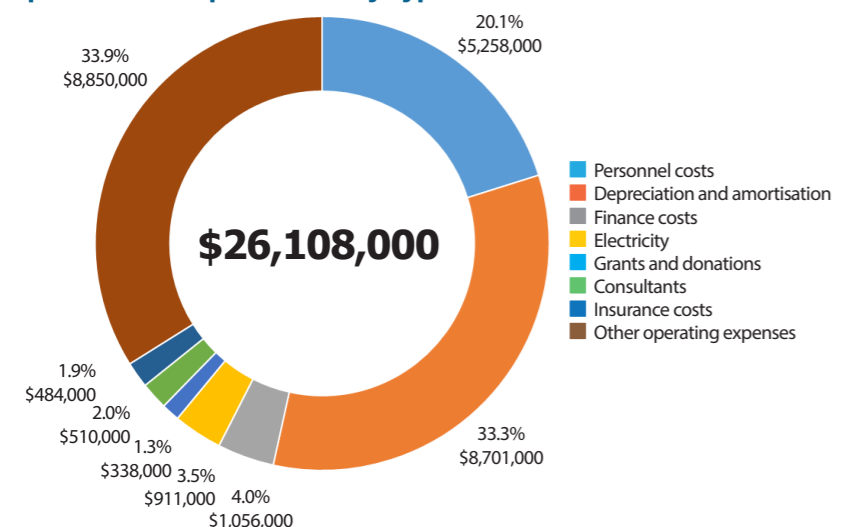
NOTE 1: REVENUE

Sources of revenue

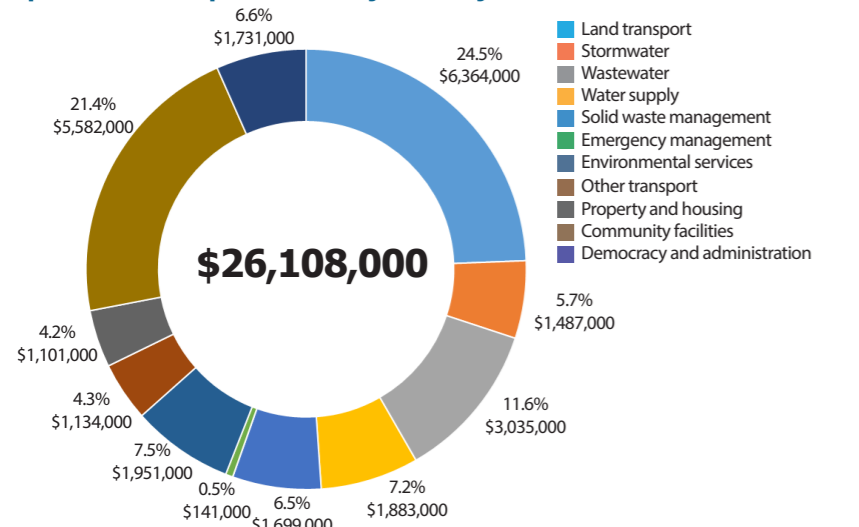


NOTE 2: TOTAL OPERATIONAL EXPENDITURE (INCL. FINANCE COSTS)

Operational expenditure by type



Operational expenditure by activity



Total expenditure of \$26,108,000 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 2017

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 30 October 2017. 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.greycdc.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.

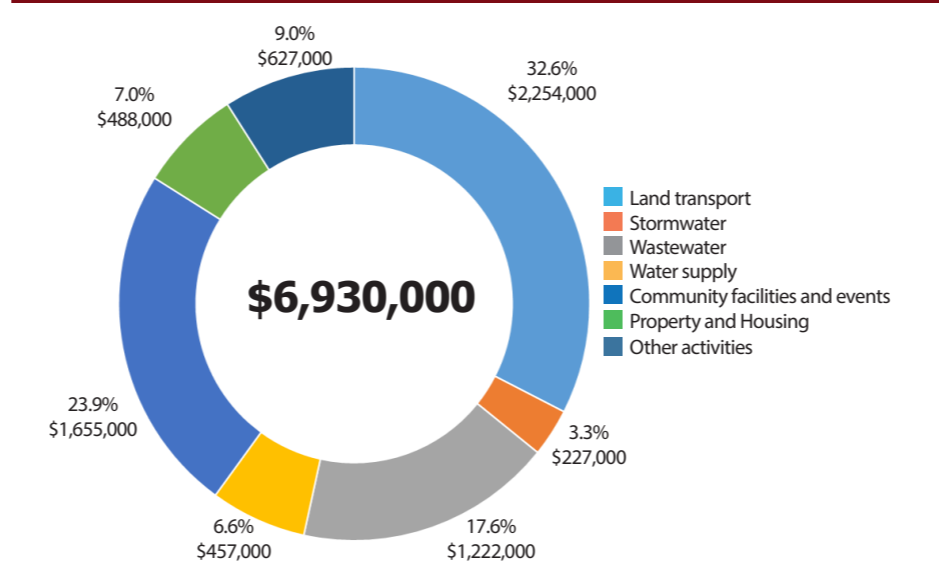
Summary Statement of Financial Position as at 30 June 2017

	Actual 2016 \$000	Annual Plan 2017 \$000	Actual 2017 \$000
Current assets	20,489	16,345	21,489
Non current assets	399,659	432,276	407,343
TOTAL ASSETS	420,148	448,621	428,832
Current liabilities	4,365	9,315	8,922
Non current liabilities	34,247	35,721	28,579
TOTAL LIABILITIES	38,612	45,036	37,501
Retained earnings	230,104	231,014	229,552
Special funds	9,469	8,459	10,031
Trusts, bequests and other reserves	167	190	177
Revaluation reserve	141,796	163,922	151,571
TOTAL EQUITY ATTRIBUTABLE TO THE COUNCIL	381,536	403,585	391,331
TOTAL EQUITY AND LIABILITIES	420,148	448,621	428,832

Significant variations from budget include:

- Current assets are \$5,144,000 higher than budget primarily due to Cash and cash equivalents and Other financial assets (investments) overall being \$3,824,000 higher than budget. This is due to a number of projects (eg Greymouth Sewerage Scheme) being delayed as compared to the budgeted timetable, which means funding for 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 \$24,933,000 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, and McLeans Landfill new cell; and
 - The increase in value of assets classes revalued being \$12,350,000 less than budgeted.
- Liabilities are \$7,535,000 less than budget due to Council's total borrowing requirements being less than forecast. This is due to capital projects, which require partial or full loan funding, delayed compared to the budgeted timeframes, notably the new cell at McLeans landfill.
- Total equity is \$12,254,000 less than budgeted (refer to note for Statement of Changes in Equity).

Capital Expenditure by Activity



Of the \$6,930,000 Council spent on replacing existing assets and acquiring/building new assets, the following are some of the more significant projects:

	\$000
Upgrade/part replacement of Runanga wastewater system	693
Connect Dobson/Taylorville water supply to Greymouth	124
Expand dry storage capacity at McLeans Recycling Centre	156
New toilet/shower facility at Cobden (<i>funding of \$497K received from Tourism Infrastructure Fund towards this project</i>)	727
CBD renewal projects	542

CAPITAL COMMITMENTS APPROVED & CONTRACTED

In addition to our operating and maintenance contracts, as at 30 June 2017 Council had remaining contractual commitments as follows:

Contract	Contractor	Minimum remaining commitment
Taylorville, Dobson & Kaiata Sewerage Scheme	Tru-Line Civil Ltd	\$98,846
Greymouth CBD Renewal Stage One - Civil Works	Paul Smith Earthmoving 2002 Ltd	\$1,030,257
Runanga Sewer Renewal Stage Two	Tru-Line Civil Ltd	\$149,065
Runanga Wastewater Pump Station - Electrical	Aotea Electric Westland Ltd	\$65,012
Marsden Road Stormwater CIPP Relining	Interflow Pty Ltd	\$186,650
TOTAL		\$1,529,830

In August 2017 Council approved funding of \$590,000 to undertake repairs to the Westland Recreation Centre pool roof, which was not included in the 2017/2018 Annual Plan. The repairs commenced in September 2017.

Statement of Changes in Equity for year ended 30 June 2017

	Actual 2016 \$000	Annual Plan 2017 \$000	Actual 2017 \$000
Balance at 01 July	380,837	382,806	381,536
Total comprehensive revenue and expense	699	20,779	9,795
Balance at 30 June	381,536	403,585	391,331

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 total comprehensive revenue being \$10,984,000 lower than the total forecast for the current year (refer to note for Summary Statement of Comprehensive Revenue & Expense).

Summary Statement of Cashflows for year ended 30 June 2017

	Actual 2016 \$000	Annual Plan 2017 \$000	Actual 2017 \$000
Receipts from rates & other revenue	31,631	26,977	26,416
Payments to suppliers, employees and interest paid	(18,084)	(19,503)	(18,527)
Net cash from operating activities	13,547	7,474	7,889
Proceeds from sale of property, plant & equipment and investments	53,023	14,926	24,940
Purchase of property, plant & equipment and acquisition of investments	(71,801)	(28,905)	(29,576)
Net cash from investing activities	(18,778)	(13,979)	(4,636)
Proceeds from borrowings	-	12,178	5,000
Repayment of borrowings	-	(5,851)	(4,789)
Net cash from financing activities	-	6,327	211
Net (decrease)/increase in cash, cash equivalents and bank overdrafts	(5,231)	(178)	3,464
Cash, cash equivalents and bank overdrafts at the beginning of the year	7,237	7,670	2,006
CASH, CASH EQUIVALENTS AND BANK OVERDRAFTS AT THE END OF THE YEAR	2,006	7,492	5,470

Significant variations from budget include:

- Net cash from investing activities is \$9,343,000 less than budget mainly due to the reduced capital expenditure.
- Net cash from financing activities is less than budget by \$6,116,000 due to less requirement for new borrowing.

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).
- 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, three of which are located within the Grey District. At present there is insufficient information to conclude on potential liability and claim quantum, if any.
- 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 2017, the payments to be made to Council in the future totalled \$201,258 (2016: \$222,617).

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 2017

The summary annual report was derived from the annual report of the Grey District Council (the District Council) for the year ended 30 June 2017.

The summary of the annual report comprises the following summary statements:

- the summary statement of financial position as at 30 June 2017;
- 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 2017;
- 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 thereon

We expressed an unmodified audit opinion on the information we audited in the full annual report for the year ended 30 June 2017 in our auditor's report dated 30 October 2017.

Council's responsibility for the summary of annual report

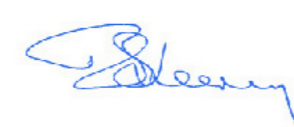
The Council is responsible for preparing the summary of the annual report which includes preparing summary statements, in accordance with PBE FRS-43: Summary Financial Statements.

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 with PBE FRS 43: Summary Financial Statements.

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 Board.

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


Bede Kearney,
Audit New Zealand

On behalf of the Auditor-General
Christchurch, New Zealand
17 November 2017

