

2019/2020 Annual Report SUMMARY

From the Mayor and CEO

Welcome to this summary of the 2019/2020 Annual Report, an overview of the report on Council's performance during the period 1 July 2019 to 30 June 2020.

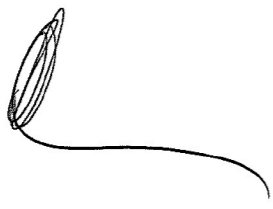
In this summary we list some of our achievement highlights from the previous 12 months, how we have performed and what it has all cost.

The result is a surplus of \$29.702m, compared to the budgeted surplus of \$3.88m. The details of which and why the surplus varies can be found through this document.

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



Tania Gibson
Mayor



Paul Morris
Chief Executive

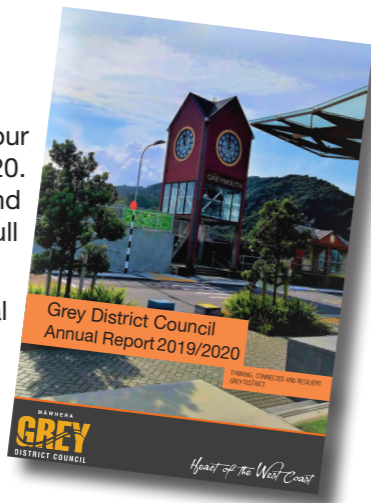
This summary was authorised for issue by Grey District Council management on 13 January 2021.

Want to read the whole report?

The Annual Report provides information about our performance for the year ended 30 June 2020. 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 2019/2020 is available from:

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



How have we performed?

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

How we measure our non-financial performance

Council used an independent research company to carry out a **resident satisfaction survey** on Council's behalf. Opinions Market Research carried out interviews between mid October and December 2019. 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% at a 95% confidence level.

The results from the 2019 survey have been used to report on a number of our non-financial performance measures for the period 1 July 2019 to 30 June 2020.

Our activity groups

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

Highlights and achievements from the last 12 months

- The Local Body Elections held in October 2019 saw the Grey District see its first Mayoral election since 2004 as well as all four wards (Southern, Eastern, Northern and Central ward) being contested for a spot on Council. We would like to thank the members who left in 2019 for their dedication to the community and we welcome the new faces around the table and wish them well for their time in local government.
- The inaugural Performing Arts Festival was held in the Town Square on November 2019 and was a successful event supported by the community.
- In December 2019 Council began digitising its property files. The purpose of this was to bring Council in line with current legislation regarding information and records management as set out by the Government.
- The Swim School team at the Westland Recreation Centre were awarded the 2019 AUSTSWIM Recognised Swim Centre Award in October 2019. The Swim School team are delighted to be able to deliver a high standard of swimming and water safety education to our community.
- The remedial works on the floor and roof at the Westland Recreation Centre were completed in July 2020. We are delighted to have the centre back open at full capacity to the community.
- The final CBD Redevelopment Plan was adopted by Council in August 2019, following public consultation and engagement. The plan builds on earlier redevelopment work done by Council, notably through Opus, and is about identifying Greymouth's assets and how best to utilise them. Exciting opportunities now exist for everyone to work together and implement the plan to beautify and add vibrancy to our CBD, e.g. through introduction of more planting.
- The Covid-19 pandemic has changed the world dramatically. Council staff played, and continue to play, an important role in the community during this time. Council continued to provide essential services to the community including safe drinking water, refuse collection, a functioning wastewater system and a safe roading network to name just a few. Many staff members and volunteers worked in the ECC with Civil Defence during the level 4 lockdown. We would like to thank everyone who helped in some way during these unprecedented times.

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

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

Impact of Covid-19

Overall, the Council assessed that Covid-19 has had minimal impact on the financial and operational results for the year ended 30 June 2020. Lock down slowed down the Capital project delivery programme for a short period of time. Performance in some individual activity areas was impacted:

- The Westland Recreation Centre was closed from 23 March 2020 until 30 June 2020, which included closure for remedial works.
- The Grey District Library was closed under Alert Levels 4 and 3, and reopened with strict hygiene measures and contact tracing at Alert Level 2. Programmes of activities progressively resumed under Alert Level 1.
- Parks, playgrounds and dog parks were closed during Alert Levels 4 and 3, in accordance with the Government's Alert Levels. These facilities reopened under Alert Level 2.
- Investment property revaluation highlighted some market uncertainties which affected the valuation, mostly due to a lack of recent comparable market transactions.
- For further information on the Impact of COVID-19 please see Note 37 of the full Annual Report

Overview

\$29.702m surplus

We report a surplus of \$29.702m as opposed to the budgeted surplus of \$3.88 million. Refer summary financial statements for details.

\$24m total debt

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

9,043 total number of rating units

Total capital value of rating units - \$2,681,042,350
Total land value of rating units - \$1,256,134,350

\$9.755m capital expenditure

Amount spent on asset renewals and new assets.

\$451m total asset value

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



PERFORMANCE BY ACTIVITY

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

COMMUNITY FACILITIES

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

71% of residents satisfied with our public toilets. [target: 70%].

100% compliance with the NZ Water Quality Standards [target: 100%].

DEMOCRACY & ADMINISTRATION

includes Council, consultation, administration & economic development

77% of residents satisfied with the information they receive from Council [target: 75%].

63% of residents satisfied with the overall performance of the Council [target: 75%].

EMERGENCY MANAGEMENT

includes civil defence

6 in-house training sessions were held in 2019/2020 [target: 2].

ENVIRONMENTAL SERVICES

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

100% of building inspections were undertaken at agreed times [target: 95%].

100% of after-hours animal control complaints responded to within two hours [target: 95%].

LAND TRANSPORT

includes roading & footpaths

69% of residents satisfied with Council's roading network [target: 70%].

91% of roads meet the smooth roads standards [target: 90%].

OTHER TRANSPORT

includes aerodrome, parking & Port

70% of residents satisfied that the aerodrome provides essential emergency air services [target: 70%].

PROPERTY AND HOUSING

includes Council property & retirement housing

96% 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%].

73% of residents are satisfied facilities (litter bins, recycling stations/centres) are kept clean and tidy [target: 75%].

STORMWATER

73% of residents satisfied with the way their property drains stormwater (urban and residential areas only) [target: 60%].

Nil there were no local road closures due to surface flooding during the 2019/2020 period. [target: maximum of 15].

WASTEWATER (SEWERAGE)

63% of residents satisfied with overall wastewater service [target: 67%].

65 complaints received in 2019/2020 about Council's wastewater system, eg about odour, faults, blockages, response times etc - this is equivalent to 12.5 complaints per 1,000 properties (5,047 connections) [target: 10.4 complaints per 1000 properties].

WATER SUPPLY

85% of residents satisfied with the pressure and flow of water [target: 75%].

Nil there were no notifiable water supply transgressions with the Drinking Water Standards in the 2019/2020 period. [target: 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.

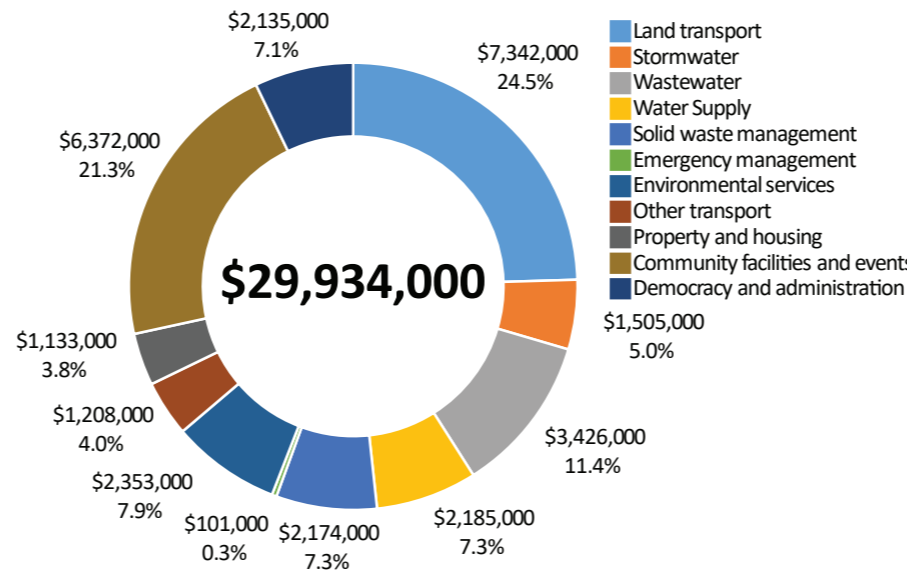
Basis of preparation

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 14 December 2020. 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.greycd.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.

Operational expenditure by activity



Total expenditure of \$29,934,000 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.

Summary Statement of Comprehensive Revenue & Expense for year ended 30 June 2020

	note	Actual 2019	Annual Plan 2020	Actual 2020
Total revenue	1	30,307	33,432	31,181
Finance costs	2	(1,929)	(1,700)	(1,640)
Total operating expenditure (excl. finance costs)	2	(28,898)	(27,848)	(28,293)
Net surplus/(deficit) before tax		(520)	3,884	1,246
Income tax expense		-	-	-
Surplus/(deficit) after tax for the year		(520)	13,884	1,246
OTHER COMPREHENSIVE REVENUE & EXPENSE				
Movement in asset revaluation reserve		-	-	28,456
TOTAL COMPREHENSIVE REVENUE AND EXPENSE		(520)	3,884	29,702

Statement of comprehensive revenue and expense

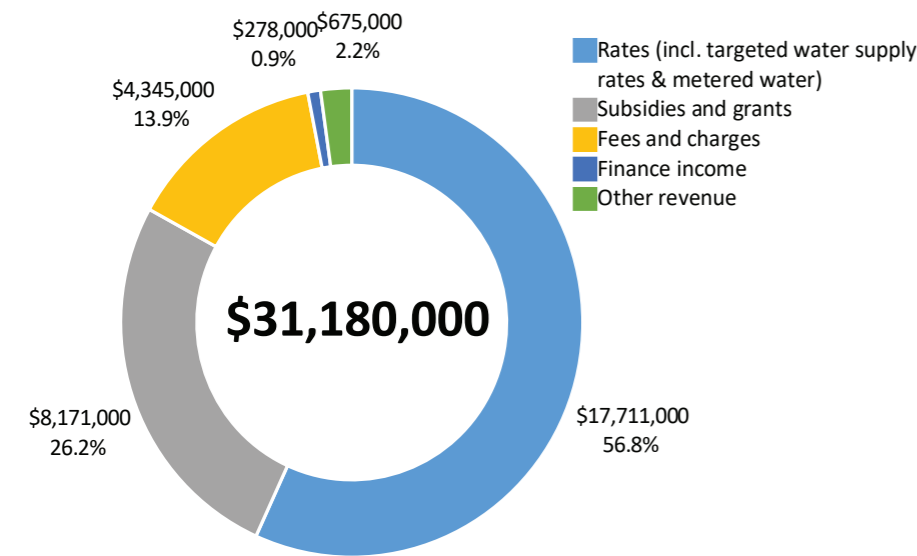
- The actual result is a surplus of \$29,702,000 as compared to the budgeted surplus of \$3,884,000. This positive variance of \$25,818,000 is attributable to several factors most notably the asset revaluation increase of \$28,456,000 and Council budgeted for major component replacement of Rough River Bridge which was not completed in 2019/2020.
- Subsidies and grants are lower than budgeted by \$1,064,000 as New Zealand Transport Agency (NZTA) subsidies were less than anticipated due to Rough River Bridge.
- Interest revenue is lower than budgeted by \$283,000 due to interest rates being lower than anticipated as well as cash reserves being used in place of debt funding while awaiting Local Government Funding Authority (LGFA) guarantor status.
- Other revenue is lower than budgeted by \$1,167,000 as there was a reimbursement expected from Buller District Council for the works not completed on the Rough River Bridge.
- \$29,697,000 as compared to the budgeted surplus of \$3,884,000. This positive variance of \$25,813,000 is attributable to a larger than anticipated increase in the three waters.

Events subsequent to balance date

- Funding agreements have been signed for three projects amounting to \$17.4m. Funded by the Provincial Growth Fund (PGF) the projects are the Greymouth slipway upgrade, bridge replacements and community hall upgrades.
- Contingent liability relating to the fire in the recycling shed at McLeans landfill in November 2020. Currently awaiting final engineers report. Original construction cost was \$270,000.
- Three waters reform memorandum of understanding (MOU) was signed and is awaiting confirmation for funding of \$3.84m.

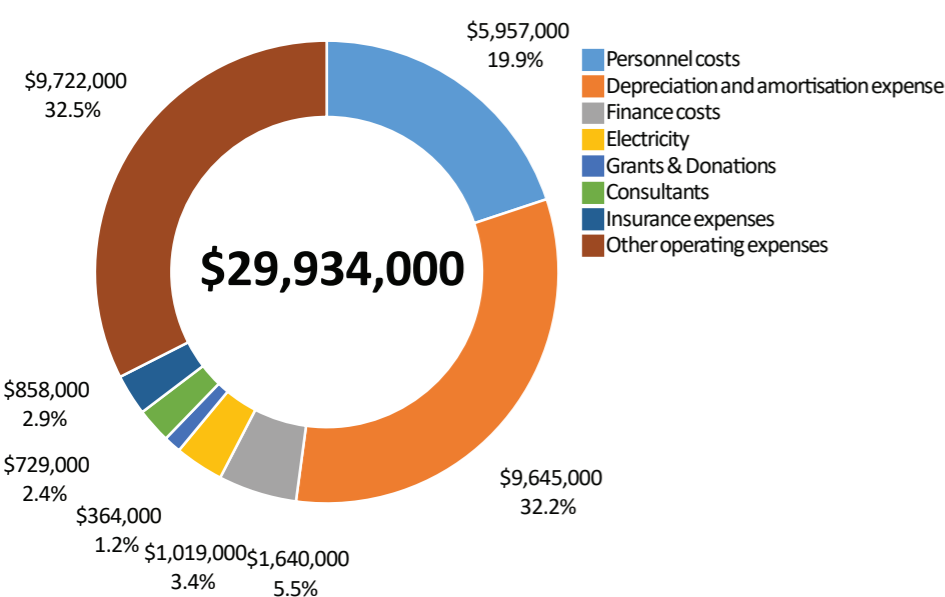
NOTE 1: REVENUE

Sources of revenue



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

Operational expenditure by type



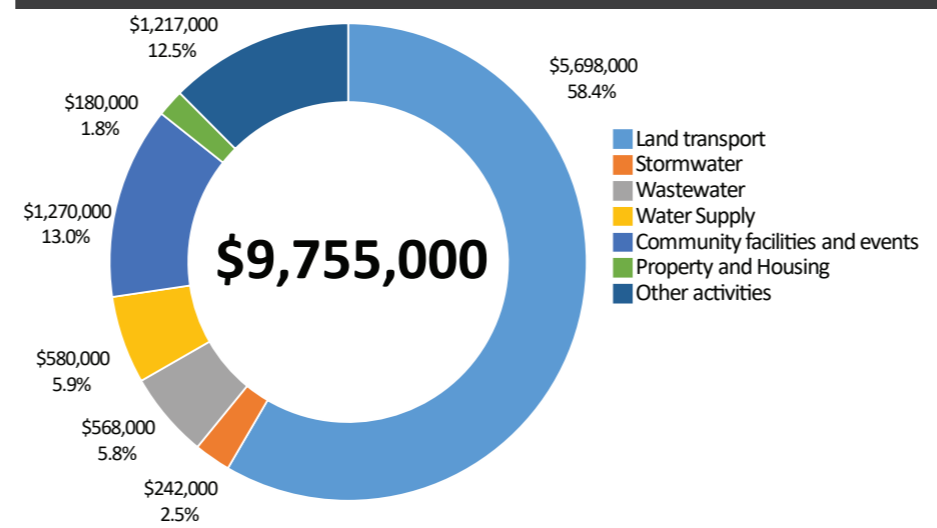
Summary Statement of Financial Position as at 30 June 2020

	Actual 2019	Annual Plan 2020	Actual 2020
Current assets	16,355	16,191	12,133
Non current assets	410,944	427,727	439,248
TOTAL ASSETS	427,299	443,918	451,381
Current liabilities	14,410	9,904	18,228
Non current liabilities	24,227	28,511	14,787
TOTAL LIABILITIES	38,637	38,415	33,015
Retained earnings	229,302	234,309	226,861
Special funds	7,587	7,573	11,265
Trusts, bequests and other reserves	202	182	211
Revaluation reserve	151,571	163,439	180,027
TOTAL EQUITY ATTRIBUTABLE TO THE COUNCIL	388,662	405,503	418,364
TOTAL EQUITY AND LIABILITIES	427,299	443,918	451,379

Significant variations from budget include:

- Total assets are more than budgeted by \$7.5m due to property, plant and equipment increasing by \$13m, due to the asset revaluations increment. This was offset by a reduction in cash and cash equivalents and other financial assets as term investments were not renewed in place of debt funding, while awaiting Local Government Funding Authority guarantor status.
- Total liabilities are lower than anticipated by \$5.4m due to the deferral of renewing existing borrowing while waiting for LGFA guarantor status to be confirmed.

Capital Expenditure by Activity



Of the \$9,755,000 Council spent on replacing existing assets and acquiring/building new assets, the following is some of the more significant expenditure:

	\$000
Croesus Road upgrade	2,725
Greymouth wastewater upgrade	229
Dredging - Port of Greymouth	698
Westland Recreation Centre remedial works	353

CAPITAL COMMITMENTS APPROVED & CONTRACTED

In addition to our operating and maintenance contracts, as at 30 June 2020 Council had remaining contractual commitments as follows:

Contract	Contractor	Minimum remaining commitment
Taylorville, Dobson & Kaiata Sewerage Scheme	Tru-Line Civil Ltd	\$98,846
Runanga Water Treatment Plant Upgrade - Civil Works	Process Flow Ltd	\$9,899
Resealing of Carriageways - Chip Seal (Three Years)	Isaac Construction Ltd	\$1,018,905
Croesus Road Upgrade	Rosco Contractors Limited	\$550,364
TOTAL		\$1,678,041

Statement of Changes in Equity for year ended 30 June 2020

	Actual 2019	Annual Plan 2020	Actual 2020
Balance at 01 July	389,182	384,127	388,662
Total comprehensive revenue and expense	(520)	3,884	29,702
Balance at 30 June	388,662	388,011	418,364

Significant variations from budget include:

- Total comprehensive income being \$25,813,000 more than budgeted, per above variances.

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

Summary Statement of Cashflows for year ended 30 June 2020

	Actual 2019	Annual Plan 2020	Actual 2020
Receipts from rates & other revenue	31,199	33,498	30,343
Payments to suppliers, employees and interest paid	(21,526)	(20,506)	(19,913)
Net cash from operating activities	9,673	12,992	10,430
Proceeds from sale of property, plant & equipment and investments	21,204	13,903	18,124
Purchase of property, plant & equipment and acquisition of investments	(32,019)	(27,840)	(22,991)
Net cash from investing activities	(10,815)	(13,937)	(4,867)
Proceeds from borrowings	10,000	255	4,000
Repayment of borrowings	(9,010)	(132)	(10,000)
Net cash from financing activities	990	123	(6,000)
Net (decrease)/increase in cash, cash equivalents and bank overdrafts	(152)	(822)	(437)
Cash, cash equivalents and bank overdrafts at the beginning of the year	4,114	7,917	3,962
CASH, CASH EQUIVALENTS AND BANK OVERDRAFTS AT THE END OF THE YEAR	3,962	7,095	3,525

Significant variations from budget include:

- Cash flow variations from budget largely reflect the variations as detailed above, most notably the variation in financing activities associated with Council requirements for borrowing as an LGFA guarantor.

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).
- In April 2013, the Ministry of Education (MOE) initiated High Court proceedings against Carter Holt Harvey (CHH) and others alleging inherent defects in the cladding sheets and cladding systems manufactured and prepared by CHH. Subsequently, in December 2016, CHH commenced third party proceedings against 48 Councils, including Grey District Council alleging a breach of duty in the processing of building consents, undertaking building inspections and issuing Code Compliance Certificates. The Councils have applied for orders setting aside and striking out CHH's claims against them. The MOE's claim against CHH is for 833 school buildings, 3 of which are located within the Grey District. On the 3 September 2020 a discontinuance was resolved with no liability to Council in this matter.
- Resource consents - Council has a contingent liability relating to an April 2019 weather tightness tribunal claim against itself and three other parties. The claimant is seeking \$185,431 in damages. Council and the related parties are in mediation with the complainant.

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 2020

The summary of the annual report was derived from the annual report of the Grey District Council (the District Council) for the year ended 30 June 2020.

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

- the summary statement of financial position as at 30 June 2020;
- 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 2020;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary description used for the summary statement of service provision.

Opinion

In our opinion:

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

Summary of the annual report

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

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

The full annual report and our audit report thereon.

We expressed an unmodified audit opinion on the information we audited in the full annual report for the year ended 30 June 2020 in our auditor's report dated 14 December 2020. Our auditor's report on the full annual report also includes an emphasis of matter paragraph drawing attention to the disclosures about the impact of Covid-19 on the District Council as set out in the full annual report in note 37 to the financial statements.

Council's responsibility for the summary of the annual report

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

Auditor's responsibility

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

In addition to our audit of the audited information and our report on the disclosure requirements, we have performed a limited assurance engagement related to the District Council's Debenture Trust Deed. Other than these engagements, we have no relationship with, or interests in, the District Council.

Chris Genet

Chris Genet
Audit New Zealand
On behalf of the Auditor-General Christchurch, New Zealand
13 January 2021