

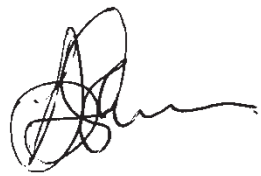
From the Mayor and CEO

Welcome to this summary of the 2020/2021 Annual Report, an overview of the report on Council's performance during the period 1 July 2020 to 30 June 2021.

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 deficit of \$7.769m, compared to the budgeted surplus of \$0.391m. However, this includes a one-off transfer of the Grey Flood wall asset of \$6.72m. The floodwall asset has been transferred to West Coast Regional Council because they undertake the capital work and maintenance on that asset.

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 March 28, 2022.

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 2020. 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 2020 survey have been used to report on a number of our non-financial performance measures for the period 1 July 2020 to 30 June 2021.

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 performance by activity table below.

Highlights and achievements from the last 12 months

- ✓ The renovations and upgrades of numerous War Memorials, Community Halls and Community Facilities through funding received from the Provincial Growth Fund.
- ✓ Progression on the replacements of the Moonlight and Rough River Bridges funded through the Provincial Growth Fund
- ✓ Initiating the Re-bricking of the Blaketown Retirement Units.
- ✓ Commencing stage one of the Port Pontoon Project in conjunction with Buller District Council
- ✓ Installing the majority of the infrastructure for the Kaiata Water Supply Project, which involved installing approximately \$3m worth of infrastructure in a three-month period.
- ✓ Undertaking and completing the 2021-2031 Long Term Plan within statutory timeframes, which also included significant engagement meetings with our Grey District Communities throughout May.

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

The effects of COVID-19 have had a moderate impact on the Council's 2020/2021 operations.

Supply chain disruptions have caused issues with product availability and delivery, as well as cost increases across both freight and materials.

Freight charges have increased significantly, which is causing significant increases for infrastructure projects.

This has seen increases in project and contractor costs, which is having an impact on Council's infrastructure expenditure. The previous lock down period affected the Capital project delivery programme for a short period of time, which has flowed through into the current period.

For further information on the effect of COVID-19 please see Note 37 of the full Annual Report.

Want to read the whole report?

The Annual Report provides information about our performance for the year ended 30 June 2021. 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 2020/2021 is available from:

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



Overview

(\$7.769M)

Deficit

We report a deficit of \$7.769m as opposed to the budgeted surplus of \$0.391M. Refer to the summary financial statements for details

\$30.587m

Total debt

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

9,099

Total number of rating units

Total capital value of rating units \$2,863M

Total land value of rating units \$1,277M

\$10.325M

Capital expenditure

Amount spent on asset renewals and new assets

\$454M

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.

Democracy and administration

Includes Council, consultation, administration and economic development

78% Percentage of residents satisfied with the information they receive from Council
▶ Target: 75%

81% Percentage of residents satisfied with the overall performance of the Council
▶ Target: 75%

Community facilities

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

71% Percentage of residents satisfied with our public toilets
▶ Target: 70%

100% For swimming pools, percent of compliance with the NZ Water Quality Standards
▶ Target: 100%

Land transport

Includes roading and footpaths

77% Percentage of residents satisfied with Council's roading network
▶ Target: 70%

91% Percentage of roads meet the smooth roads standards
▶ Target: 90%

Other transport

Includes aerodrome, parking and port

74% Percentage of residents satisfied that the aerodrome provides essential emergency air services
▶ Target: 70%

Emergency management

Includes civil defence

2 In-house training sessions were held in 2020/2021
▶ Target: 2

Environmental services

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

100% Percentage of building inspections were undertaken at agreed times
▶ Target: 95%

100% Percentage of after-hours animal control complaints responded to within two hours
▶ Target: 95%

Solid waste

Includes refuse collection, refuse disposal and recycling

94% Percentage of residents satisfied refuse and recyclables are collected on time
▶ Target: 90%

77% Percentage of residents are satisfied facilities (litter bins, recycling stations/ centres) are kept clean and tidy
▶ Target: 75%

Property and housing

Includes Council property and retirement housing

98.8% Percentage occupancy rate was achieved for our pensioner housing units
▶ Target: 95%

Stormwater

75% Percentage 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 during the 2020/2021 period
▶ Target: Maximum of 15

Water supply

88% Percentage of residents satisfied with the pressure and flow of water
▶ Target: 75%

2 There were two notifiable water supply transgressions with the Drinking Water Standards in the 2020/2021 period
▶ Target: 1

Wastewater (sewerage)

70% Percentage of residents satisfied with overall wastewater service
▶ Target: 67%

8.3 Complaints received in 2020/2021 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

Summary financial statements

For the year ended 30 June, 2021

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 28 February 2022. The Annual Report was adopted later than required by section 98 (7) of the Local Government Act 2002. 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 and expense

	Actual 2020	LTP Year 1 2021	Actual 2021
	\$000	\$000	\$000
Total revenue	31,180	34,082	31,996
Finance costs	(1,640)	(890)	(1,014)
Total operating expenditure (excl. finance costs)	(28,294)	(32,801)	(38,751)
Net surplus/(deficit) before tax	1,246	391	(7,769)
Income tax expense	-	-	-
Surplus/(deficit) after tax for the year	1,246	391	(7,769)
OTHER COMPREHENSIVE REVENUE AND EXPENSE			
Movement in asset revaluation reserve	28,456	-	-
Total comprehensive revenue and expense	29,702	391	(7,769)

Statement of comprehensive revenue and expense

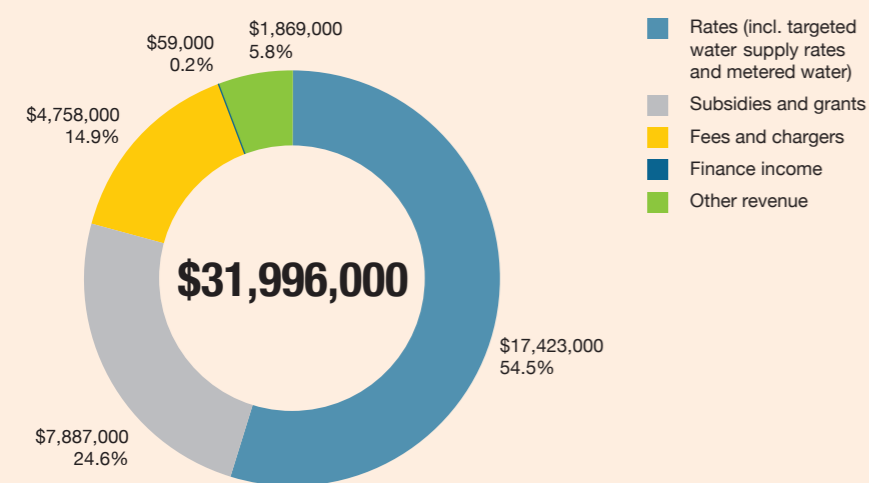
- The actual result is a deficit of \$7,769,000 as compared to the budgeted surplus of \$391,000. This negative variance of \$8,160,000 is attributable to several factors most notably the transfer of the floodwall to the West Coast Regional Council generating a loss of \$6,720,000.
- Subsidies and grants** are lower than budgeted by \$3,022,000 as New Zealand Transport Agency (NZTA) subsidies were less. In addition some other subsidies while received have not been shown as income as not all the conditions for recognising income have been met. This has largely been driven by supply chain issues bought on by COVID-19. This has impacted on Council's ability to complete some of its budgeted work.
- Interest revenue** is lower than budgeted by \$196,000 due interest rates being lower than anticipated as well as cash reserves being used in place of debt funding.
- Other revenue** is higher than budgeted by \$1,470,000 due to an increase in the value of sales by \$814,000 and \$317,000 gain on sale of property.

Events subsequent to balance date

Three Waters Reform

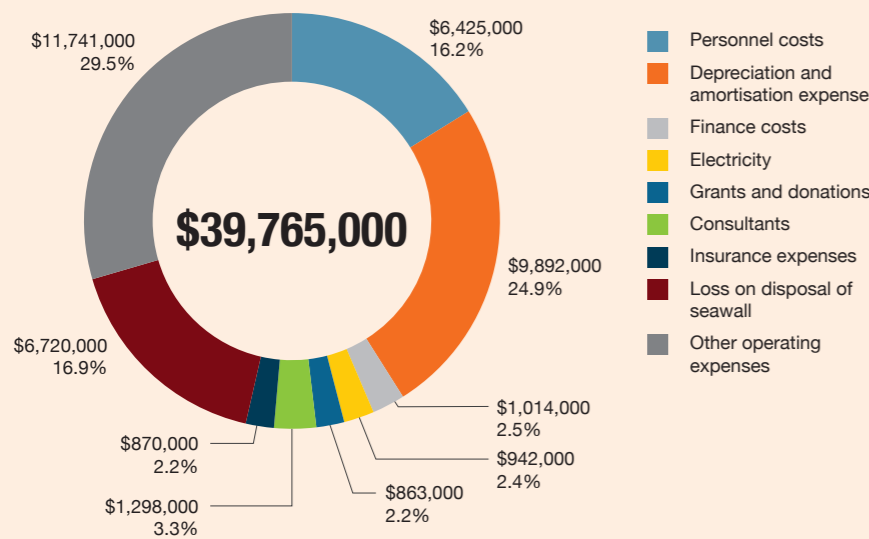
In July 2020, the Government launched the Three Waters Reform Programme – a three-year programme to reform local government three waters service delivery arrangements. Currently 67 different councils own and operate the majority of the drinking water, wastewater and stormwater services across New Zealand. The proposed reform programme is being progressed through a partnership-basis approach with the local government sector, alongside iwi/Māori as the Crown's Treaty Partner.

Note 1: Revenue Sources of revenue

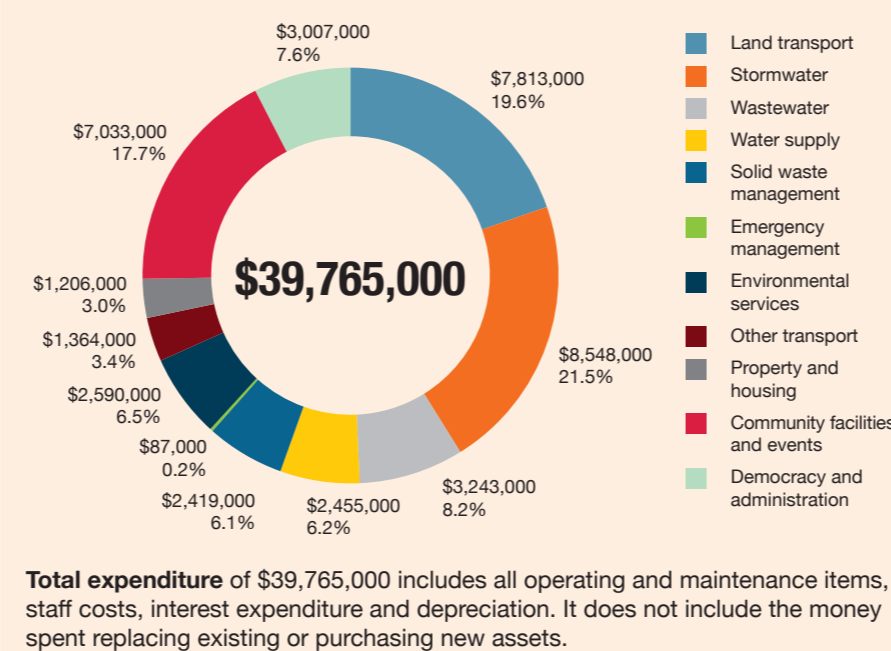


Note 2: Total operational expenditure (Incl Finance Costs)

Operational expenditure by type



Operational expenditure by activity



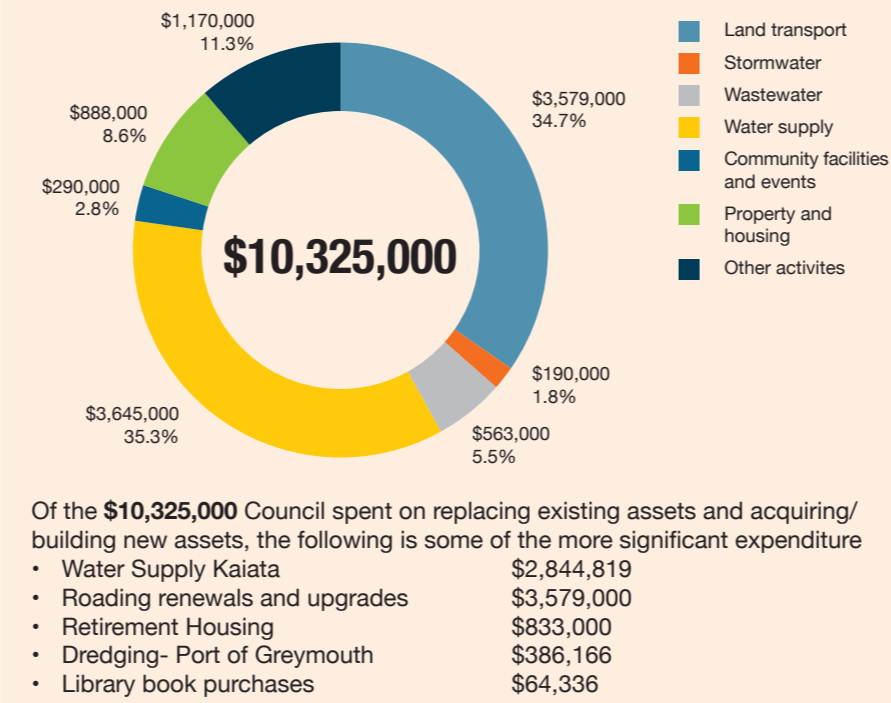
Summary statement of financial position

	Actual 2020	LTP Year 1 2021	Actual 2021
	\$000	\$000	\$000
Current assets	12,133	14,502	20,446
Non current assets	439,248	432,895	433,800
TOTAL ASSETS	451,381	447,397	454,246
Current liabilities	18,228	10,272	17,660
Non current liabilities	14,787	31,231	25,987
TOTAL LIABILITIES	33,015	41,503	43,647
Retained earnings	226,863	234,860	216,373
Special funds	11,265	7,337	13,986
Trusts, bequests and other reserves	211	258	211
Revaluation reserve	180,027	163,439	180,027
TOTAL EQUITY ATTRIBUTABLE TO THE COUNCIL	418,366	405,894	410,597
TOTAL EQUITY AND LIABILITIES	451,381	447,397	454,244

Significant variations from budget include

- Total assets are more than budgeted by \$6.8m as cash and cash equivalents were \$5.584m higher than anticipated due to delays in construction of major projects. This delay has meant that funding has been received but not yet spent. Conversely this means that Council's borrowings are also lower than anticipated.
- The budget for the 20/21 financial year was prepared before the 30 June 2020 valuation of infrastructural assets. This means that the asset revaluation from June 2020 has increased the asset value higher than was planned when the 20/21 budget was prepared.
- With some infrastructural work not being complete and additional capital funding being received special fund balances have increased significantly from what was planned when the 20/21 budget was prepared. These additional balances are expected to be drawn down over the next two financial years.

Capital expenditure by activity



Capital commitments approved and contracted greater than

In addition to our operating and maintenance contracts, as at 30 June 2021 Council had remaining contractual commitments greater than \$200,000 as follows:

Contract	Contractor	Minimum remaining commitments per awarded contract
Bridge Replacements William Stewart Bridge	Concrete Structures LTD	\$3,864,613.00
Bridge Replacements Rough River Bridge	Isaac Construction LTD	\$2,937,858.56
Bridge Replacements Moonlight Creek Bridge	Isaac Construction LTD	\$2,232,481.77
Kaiata Water Supply	Isaac Construction LTD	\$471,261.94
Greymouth Water Reservoirs Tank Supply	Service Engineers LTD	\$1,454,883.61

For full details please refer to Note 25 of the full Annual Report.

Statement of changes in equity

	Actual 2020	LTP Year 1 2021	Actual 2021
	\$000	\$000	\$000
Balance at 01 July	388,662	405,503	418,366
Total comprehensive revenue and expense	29,704	391	(7,769)
Balance at 30 June	418,366	405,894	410,597

Summary statement of cashflows

	Actual 2020	LTP Year 1 2021	Actual 2021
	\$000	\$000	\$000
Receipts from rates and other revenue	30,343	33,843	34,381
Payments to suppliers, employees, and interest paid	(19,913)	(23,867)	(22,812)
Net cash from operating activities	10,430	9,976	11,569
Proceeds from sale of property, plant and equipment and investments	18,124	12,582	5,998
Purchase of property, plant and equipment and acquisition of investments	(22,991)	(24,700)	(15,933)
Net cash from investing activities	(4,867)	(12,118)	(9,935)
Proceeds from borrowings	4,000	5,367	20,600
Repayment of borrowings	(10,000)	(5,137)	(14,000)
Net cash from financing activities	(6,000)	230	6,600
Net (decrease)/increase in cash, cash equivalents and bank overdrafts	(437)	(1,912)	8,234
Cash, cash equivalents and bank overdrafts at the beginning of the year	3,962	8,087	3,525
Cash, cash equivalents and bank overdrafts at the end of the year	3,525	6,175	11,759

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 NZLGF A guarantor.
- The sale of investments contained in the annual plan has not occurred meaning a reduction in expected cash. The sale of investments is now expected to be completed in the next financial year.

Summary of contingent assets and contingent liabilities

- The Council has agreed to act as a sole guarantor for a Westurf Recreation Trust loan, up to a maximum of \$200,000, for the purposes of upgrading their artificial turf at the Greymouth Hockey Stadium. This is contingent on final Council satisfaction on the project being financially sustainable. As at balance date the trust has not yet proceeded with uplifiting of a loan and has indicated to Council that they are unlikely to require the loan.
- The Council is a participating employer in the National Provident Fund's Defined Benefit Plan Contributors Scheme (the scheme) which is a multi-employer defined benefit scheme.
- Grey District Council is a guarantor of the New Zealand Local Government Funding Agency Limited (NZLGF A). The NZLGF A was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand. The NZLGF A has a current credit rating from Fitch Ratings of AA+ and Standard and Poor's rating of AAA for local currency and AA+ for foreign.

Independent Auditor's Report

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

To the readers of Grey District Council's summary of the annual report for the year ended 30 June 2021

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 2021.

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

- the summary statement of financial position as at 30 June 2021;
- 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 2021;
- 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 2021 in our auditor's report dated 28 February 2022. Our auditor's report on the full annual report also includes an emphasis of matter paragraph drawing attention to the disclosures about the Government's three waters reform programme announcement as set out in the full annual report in note 36 to the financial statements. The Government announced it will introduce legislation to establish four publicly owned water services entities to take over responsibilities for service delivery and infrastructure from local authorities from 1 July 2024. The impact of these reforms, once legislated, will mean that the District Council will no longer deliver three waters services.

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 an assurance engagement over the District Council's long-term plan 2021-2031 and a limited assurance engagement in respect of the District Council's Debenture Trust Deed. Other than these engagements, we have no relationship with, or interests in, the District Council.

Chris Genet
Audit New Zealand, On behalf of the Auditor-General
Christchurch, New Zealand, 28 March 2022