

Grey District Council

Annual Report 2021/2022



MĀWHERA
GREY
DISTRICT COUNCIL

Heart of the West Coast

SN: 1171-2252

Table of Contents

PART A:	6
Introduction	6
Message from Her Worship the Mayor and the Chief Executive	7
Councillors and their portfolios as at 30 June 2022.....	9
Executive Leadership Team	11
Contact Details	13
PART B:	14
Groups of Activity Statements	14
Land transport	18
Stormwater	25
Wastewater (sewerage).....	32
Water Supply	39
Solid waste (refuse and recycling).....	47
Environmental services	53
Commercial & Property.....	62
Community & Recreation	69
Democracy & Administration.....	78
PART C:	82
Financial Statements and Notes	82
Statement of Compliance and Responsibility	83
Statement of Comprehensive Revenue and Expense.....	84
Statement of Financial Position	85
Statement of Changes in Equity	86
Statement of Cash Flows	87
Notes to the Financial Statements	88
Funding impact statement for whole of Council.....	149
Financial reporting and prudence disclosures	150
PART D:	151
Consultation with Māori	151
PART E:	151
Independent Auditor’s report	151

PART A: Introduction

Message from Her Worship the Mayor and the Chief Executive

Welcome to the 2021/22 Annual Report.

This report will cover our income and expenditure for the financial year ended 30 June 2022. It will highlight what has been delivered for the money spent – outlined within our performance reporting under each group of activity statements and the highlights for the year.

For the 2021/2022 financial year, the Grey district continued to feel the ongoing effects of the global pandemic which led to a continued level of uncertainty impacting the local economy, service delivery and tourism.

However, we are now beginning to see a change in the district with the increase in tourist numbers and a more buoyant outlook with business re-committing to the district through new builds.

In the 2021/2022 year we saw a significant increase in major capital works across the Council. Most were as a result of the Government's PGF funding initiative and included replacement of:

- William Stewart Bridge \$4,021,561.43
- Moonlight Bridge \$2,483,640.67
- Rough River Bridge \$3,672,900.56
- Monuments and Halls Upgrades \$1,013,055.39

We also utilised the initial Three Waters stimulus funding to further upgrade our water storage resilience. This included new reservoirs for Tasman Views, Arnotts Heights and Cobden.

Financial performance for the year

The Council recorded a total operating surplus of \$11.0m. The key components are summarised below:

Revenue

Total revenue for the year was \$46.3m, which was \$4.6m greater than the budget, with just under half this variance due to subsidies and grants which were received mainly to undertake the Provincial Growth Fund projects.

Expenditure

Total expenditure was \$35.2m which is \$2.3m greater than budget with variances relating an increase of \$2.0m of other expenses due to increased costs associated with building control and costs associated with phase one of the Customer-focused Council project. This was offset by lower personal costs mainly due to a tight labour market making it harder to recruit more technical roles.

Other comprehensive revenue

Total other comprehensive revenue relates to the revaluation of Councils three water assets, roading and land and buildings has added \$74.1m to bring the total comprehensive revenue to \$85.1m.

This increase in value reflects the inflationary pressures currently faced by Council driving up the cost of replacements.

Financial position at the end of the year

Fixed Assets

Council's fixed assets now sit at \$510 million an increase of \$80 million over last year. This is driven by the revaluation of Council's assets mentioned above and the works programme undertaken over the last year.

Debt

Council currently carries \$30.6m in debt compared to a budget of \$32.8m. Due to other funding streams Council has been able to keep its debt levels lower than budget.

Three Water Reform

The Three Waters reform has entered a new phase with legislation before Parliament creating the four new water entities. The legislation as it stands will remove the responsibility for the delivery of three waters services from Grey District and will be transferred to the new entity responsible for most of the South Island.

The Future

The future is never predicable and is certain to change. What is sure, the future will be challenging for all in our sector, therefore it is essential that we are united collectively to ensure Grey District is prosperous and welcoming.

With the Government's current major reform programme, Three Waters, Resource Management Act reform and the Future of Local Government, the landscape we operate in will continue to change.

We are however committed to keeping you informed and lead with you on these key issues.



Tania Gibson
Mayor



Paul Morris
Chief Executive

Councillors and their portfolios as at 30 June 2022

	<p>Tania Gibson</p> <p>Position: Mayor</p> <p>Portfolio Responsibilities: Economic Development, Aged Care, Young People, Tourism, Retirement housing</p>		<p>Allan Gibson</p> <p>Position: Deputy Mayor</p> <p>Portfolio Responsibilities: Three waters (Water, Stormwater, Sewerage)</p>
	<p>Murray Hay</p> <p>Position: Councillor Central Ward</p> <p>Portfolio Responsibilities: Community Safety and Resilience (Civil Defence and Emergency Management, Sea inundation).</p>		<p>Tim Mora</p> <p>Position: Councillor Central Ward</p> <p>Portfolio Responsibilities: Climate Change (Zero Carbon, Forestry, Solid Waste).</p>
	<p>Patrick McBride</p> <p>Position: Councillor Central Ward</p> <p>Portfolio Responsibilities: Community Facilities (Libraries, Cemeteries, History House).</p>		<p>Anton Becker</p> <p>Position: Councillor Eastern Ward</p> <p>Portfolio Responsibilities: Spatial Development, Finance and Risk.</p>
	<p>Rose Green</p> <p>Position: Councillor Northern Ward</p> <p>Portfolio Responsibilities: Community Health and Wellbeing promotion (Sport and Recreation, Parks and Reserves, Health).</p>		<p>Peter Haddock</p> <p>Position: Councillor Southern Ward</p> <p>Portfolio Responsibilities: Transport (Roads, footpaths and kerbing, Airport, Port and Cycle Trails).</p>



Rex MacDonald

Position: Councillor Southern Ward

Portfolio Responsibilities: CEO and Council Employer obligations, Disabled people.



Francois Tumahai

Position: Kaiwhakahaere (iwi representative)

Portfolio Responsibilities: Community Identity (Māori, New Coasters, Citizenship Ceremonies).

Council is committed to:

Being accountable to its community.	Representing its community strongly and positively.
Consulting its community in the spirit of collective decision-making.	Working with other bodies and institutions pursuing the same goal.
Participating strongly in the activities of organised local government.	Striving towards optimum efficiency and a customer focus.
Displaying equity and transparency in its dealings with its community.	Incorporating the cultural, economic, environmental and social well-being of the community within decision-making.
Sustainability as a basis for development activities in the District.	Creating opportunities for all.
Being a good employer.	A healthy community.
Building on our heritage.	

Executive Leadership Team

Chief Executive Officer	Paul Morris
Group Manager Operations	Aaron Haymes
Group Manager Customer and Community	Gerry Veugelaers
Acting Group Manager Strategy, Policy and Corporate Support	David Codyre



Contact Details

Postal Address	PO Box 382, Greymouth 7840
Main Office	105 Tainui Street, Greymouth Tel: +64 03 769 8600 Info@greydc.govt.nz www.greydc.govt.nz Facebook: /GreyDC

Corporate Services	info@greydc.govt.nz
Environmental Services	environmental.services@greydc.govt.nz
Infrastructure Services	infrastructure@greydc.govt.nz
Grey District Library	18 Albert Street, Greymouth Tel: + 03 768 5597 library@greydc.govt.nz
Westland Recreation Centre	83 High Street, Greymouth Tel: +64 03 768 9076 WRC@greydc.govt.nz
Port of Greymouth	C/- 105 Tainui Street, Greymouth

PART B: Groups of Activity Statements

Introduction

Council provides a wide range of services for and on behalf of the residents of the Grey district. For planning and reporting purposes, these services are grouped together as groups of activities. Our plans for each of the groups of activities are set out in our Long-Term Plan 2021-2031 (LTP).

The purpose of this section of the Annual Report is to report on the degree to which Council achieved what it set out to do for each of the groups of activities in both financial and non-financial terms, and its actual performance for the year.

This section of the Annual Report provides the following information for each group of activities:

- The services included in each group.
- An explanation of why Council provides these services.
- A summary of how the services help achieve Council's community outcomes.
- An overview of performance for the year.
- Performance measures that show the level of service Council has provided compared with the targets set out in the LTP.
- A funding impact statement that shows the cost of providing the of group of activities and how they have been paid for.

Summary of activity performance

Based on our annual Resident Survey, 70% of residents surveyed are satisfied with Council's performance. 21% indicated they were dissatisfied, and 9% did not express an opinion. 80% of residents agreed that the district is a great place to live, with residents appreciating the friendliness, natural beauty and lifestyle opportunities of the area. These are good results considering the challenges of the past year.

Council achieved 45 of its 72 (63%) activity-based performance targets for the financial year. On the whole, this is fair result, with good levels of resident satisfaction for most services and good response times for services when issues arise. The restrictions imposed in relation to the Covid-19 pandemic, and the practical impact of these on the delivery of Council services certainly explains why some targets were missed. A number of others were missed by small margins, for example where our target is for 100% of timeframes to be met in relation to building control and resource consent processing a very small shortfall means a missed target. Other shortfalls, including the level of water leaking from ageing pipes and the weight capacity restrictions on some bridges, reflect the task ahead as we work to renew the district's infrastructure.

Some of the highlights arising from Council's work programmes over the year were as follows:

- Connecting the Kaiata Township to the Greater Greymouth Water Supply has provided for improved public health by giving residents access to water that complies with Drinking Water Standards.
- Completing the Rough River (Otututu River) Bridge and Moonlight Bridge replacements has reduced delays for the local community and allowed improved access for visitors and heavier commercial vehicles. This work was funded by the Government's Covid Infrastructure Recovery Fund.
- Planning for the expansion of the wheelie bin refuse and recycling service has allowed for the provision of this higher level of service to many more households across the district.
- Continuing to improve many of our retirement units through a programme of work that has included new roofs, improved weathertightness and insulation, better security and new driveways.
- Operating the History House Pop-Up Museum since its opening last year has allowed us to continue to tell the story of the district's history, despite the closure of our building on Gresson Street.
- Notification of the Te Tai o Poutini Plan (TTPP) means that this project is on track. The TTPP is a District Plan for the whole West Coast and will mean planning for development in the right places so that development can go ahead, while still protecting the environment.

Resident Satisfaction Survey

Results from the 2022 resident satisfaction survey have been used for a number of the activity performance measures.

Council used an independent research company to carry out the survey on Council's behalf. The survey consisted of a representative sample of 350 Grey District residents aged 18+ using on-line and telephone interviews. The on-line sample was self-selecting, and the overall sample profile was balanced as far as possible within budget constraints by using the telephone interviews. The survey took place between late November 2021 and early March 2022.

The statistical margin of error at a 95% confidence level for the sample of 350 is plus/minus 5.3%.



Land Transport

Land transport

Activities included in this group

Land Transport includes the following key functions:

- Council roads including associated facilities such as streetlights, cycle lanes and road signs (State Highways excluded as they are the responsibility of the Waka Kotahi New Zealand Transport Agency (NZTA))
- Footpaths
- Bridges and large culverts
- Bus shelters
- Promotion of road safety

The car parking function is dealt with under the 'Commercial & Property' section.

The management and maintenance of the Greymouth to Taramakau Bridge section of the West Coast Wilderness Trail is included in this activity.

Why we are involved in this activity/these activities

Council provides sealed roads (including bridges where necessary), footpaths, bus shelters and streetlights so that motor vehicles, bicycles and pedestrians can travel efficiently and safely.

Modern society cannot function without access. Access is important as it enables the convenient movement of people and goods to places of work, trade, health services, education and recreation.

Promotion of road safety is also important to avoid damage to property, injury and deaths while people are using land transport infrastructure.

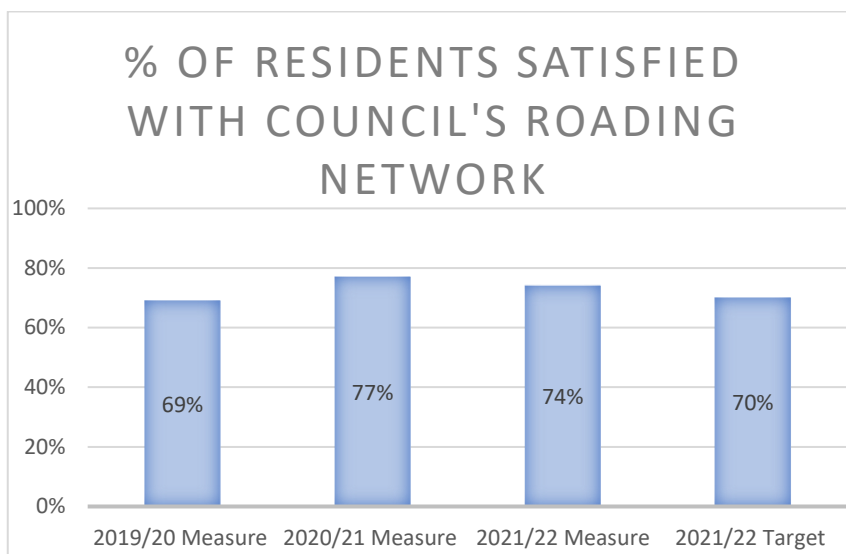
Contribution to Community Outcomes

OUTCOME	CONTRIBUTION
Economic Wellbeing	
Strong Sustainable Prosperous	<ul style="list-style-type: none">• Well maintained roading and bridge network to provide access within the district.• Well maintained footpaths to provide access.
Social Wellbeing	
Safe	<ul style="list-style-type: none">• The well-maintained roading network, cycle lanes, footpaths, cycleways ensure safe travel for motorists, pedestrians and cyclists.• Streetlights and lighting for community safety.• The provision of bus shelters for safety of school children.• Road safety promotion activities enhance the safety of the community.
Connected	Well maintained roading network, footpaths, cycle lanes and cycle paths for connection to activities, businesses, communities and industry.

Our performance in 2021/2022 – Land Transport

Overview

The proportion of residents satisfied with Council's roading network remained high in 2021/2022 at 74%. This was above the target of 70% and consistent with prior years' performance. Overall, Council achieved nine of its eleven performance targets for land transport, with no deaths or serious injury crashes on Council managed local roads and 91% of roads meeting the smooth roads standard.



Numerous weather events created some challenges for the management of the district's roads during 2021/22, with much of the physical works completed during the year involving responding to emergencies. As a result, renewal work on the network was less than anticipated however, despite these challenges, the network as a whole remains in reasonably good condition

Deferred maintenance of bridges remains a key issue for the district. Bridges are vital to the provision of an effective land transport network in the region and ensuring it is sufficiently resilient to stand up to natural hazards such as earthquakes and floods is a key priority for Council. Funding constraints mean we are focusing on how we can maximise the life of existing bridges whilst also identifying the highest priority bridges for renewal and strengthening. We are also working with the other West Coast district councils to take a regional approach to asset management and the procurement of physical works, and this should assist in managing the funding limitations.

To support our plan to redevelop the Greymouth CBD, we plan to carry out traffic calming in the centre of the town to make the area more pedestrian friendly. Unfortunately, Waka Kotahi NZTA did not approve the Council's funding request for this work as it did not align with current national priorities. We will continue to assess options for funding the traffic calming work.

Performance measures – Land Transport

What we're measuring	How we'll measure	2021/ 2022 target	2020/ 2021 measure	2021/ 2022 measure	Notes
Customer satisfaction	% of residents are satisfied with Council's roading network	70%	77%	74%	Target Achieved The Resident Satisfaction Survey was conducted during November 2021 to March 2022. The full report is available on Council's website.
	% of residents are satisfied with the way local roads are maintained	53%	63%	62%	Target Achieved The Resident Satisfaction Survey was conducted during November 2021 to March 2022. The full report is available on Council's website.
	% of residents are satisfied with the way footpaths are maintained	45%	53%	49%	Target Achieved The Resident Satisfaction Survey was conducted during November 2021 to March 2022. The full report is available on Council's website.
	% of customer requests responded to within 10 working days	85%	80%	92%	Target Achieved 138 service requests out of 150 were responded to within 10 working days.
The condition of our roads, bridges and footpaths	% of roads which meet smooth roads standard	90%	91%	91%	Target Achieved
	% of sealed road network resurfaced per year	7%	4.48%	3.9%	Target Not Achieved Overall contracted and planned forward work programme was completed for the year 2021/2022. The target was not met as there was insufficient budget to cover 7% sealing network and staff capacity to properly manage the sealed road resurfacing contract, which caused delays. Also, Council's contractor had constraint in resources and timeline due to the various market and covid factors.
	% of footpaths at service standard of "fair" or better (as measured against condition ratings set in the Combined West Coast Land Transport AMP)	80%	83%	83%	Target Achieved Based an independent condition assessment 83% of footpaths by length are in a fair or better condition.
	% of bridges posted more than Class 1 – 44 tonnes	91%	New measure	93%	Target Achieved As per the latest bridge assessment, 93% of bridges in the district are posted more than Class1. 195 out of 209 bridges posted more than Class 1.
	% of bridges can cross 50 MAX or HPMV	89%	New measure	61%	Target Not Achieved 128 out of 209 bridges can cross 50MAX or HPMV. 39% of bridges are either not able to support 50MAX or not assessed for 50MAX. But the intention is to complete the seismic strengthening and bridge renewals work prioritised to get up to the standard level.

Performance measures – Land Transport

What we're measuring	How we'll measure	2021/ 2022 target	2020/ 2021 measure	2021/ 2022 measure	Notes
The safety of our roads	Maximum % of fatalities/serious injury crashes on local roads contributed to by road factors	<17%	0%	0%	Target Achieved In 2020/2021 zero out of two (0%) deaths or serious injury (DSI) crashes on local road were attributable to road factors and in 2021/2022 there were zero DSI crashes on local roads
	Change in number of fatalities/ serious injury crashes from previous year on local roads 2020/2021: 2 fatal/serious crashes 2019/2020: 5 fatal/serious crashes	Reduction > 1	-3	-2	Target Achieved Using the NZTA's upgraded Crash Analysis System, there was a total of two DSI crashes on local roads in 2020/2021. In 2021/2022 there were zero DSI crashes on local roads. All other DSI crashes were on State Highways.

Land Transport funding impact statement

For the year ended 30 June 2022

	LTP 2020-21 \$000	LTP 2021-22 \$000	Actual 2021-22 \$000
OPERATING FUNDING			
SOURCES OF OPERATING FUNDING			
General Rates, Uniform annual general charges, rates penalties	3,372	2,479	2,633
Targeted rates	-	-	-
Subsidies and grants for operating purposes	1,455	1,878	1,768
Fees and charges	18	71	1
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	187	156	248
Total Operating Funding	5,032	4,584	4,650
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	2,809	2,710	3,525
Finance costs	114	8	14
Internal charges and overheads	193	662	495
Other operating funding applications	-	-	-
Total applications of operating funding	3,116	3,380	4,034
SURPLUS / (DEFICIT) OF OPERATING FUNDING	1,916	1,204	616
CAPITAL FUNDING			
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	2,427	7,623	10,186
Development and financial contributions	-	-	27
Increase/(decrease) in debt	(36)	(320)	(320)
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	2,391	7,303	9,893
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	332	5,198	9,719
- to replace existing assets	3,960	3,912	2,654
Increase/(decrease) in reserves	15	(603)	(1,865)
Increase/(decrease) of investments	-	-	-
Total applications of capital funding	4,307	8,507	10,509
SURPLUS / (DEFICIT) OF CAPITAL FUNDING	(1,916)	(1,204)	(616)
FUNDING BALANCE	-	-	(0)

Variations from budget – Land Transport

- Payments to staff and suppliers less favourable than budget by \$815,000, mainly attributable to \$558,000 spent on emergency events. The Grey District experienced multiple weather events during the 2021/22 year.
- Subsidies and Grants for Capital \$3.9 million more favourable than budget due to extra funding received primarily for the William Stewart, Rough River and Moonlight River bridge projects.
- Capital expenditure to improve level of service \$4.5 million less favourable than budget due to extra work unbudgeted on the 3-bridge project highlighted above. These were 100% funded by the Provincial Growth Fund (PGF) which mean no additional costs were paid by ratepayers.

Identified effects of these activities on the community

- On-going minor safety improvements have decreased the risk to users of the district's roading network.
- Continued reduction in funding (in real terms) from the NZTA for subsidised works in line with the Government Policy Statement on Land Transport Funding (i.e., no adjustment for inflation) has placed a higher financial burden on the local community.



Stormwater

Stormwater

Activities included in this group

Stormwater includes the following key functions:

- Management of Stormwater systems (mostly in urban residential areas) including public open drains.
- Flood prevention. This includes maintaining urban watercourses.

Note: Council has a minor Flood Protection responsibility in that it puts floodgates in place in specific locations when levels in the Grey River reach a specific height.

It also maintains and operates flood pump stations at Johnston Street and Tarry Creek Greymouth as part of the Greymouth Flood Scheme on behalf of the Greymouth Flood Scheme Committee (a joint Grey District Council and West Coast Regional Council committee).

Why we are involved in this activity/these activities

Council needs to control stormwater to protect our community's health and safety and minimise property damage and access. Adequate collection and disposal arrangements are of critical importance and the flood prevention focus is important.

Contribution to Community Outcomes

OUTCOME	CONTRIBUTION
Economic Wellbeing	
Strong Sustainable	The effective management and strategic approach of the stormwater system provides continuity of access to infrastructure and property throughout the district.
Social Wellbeing	
Safe	The effective management of the stormwater system provides community, industry, and business with assurances of safety.
Environment Wellbeing	
Practical Resilient Sustainable	The effective management and strategic approach of the stormwater system provides for resiliency and a sustainable environment throughout the district.

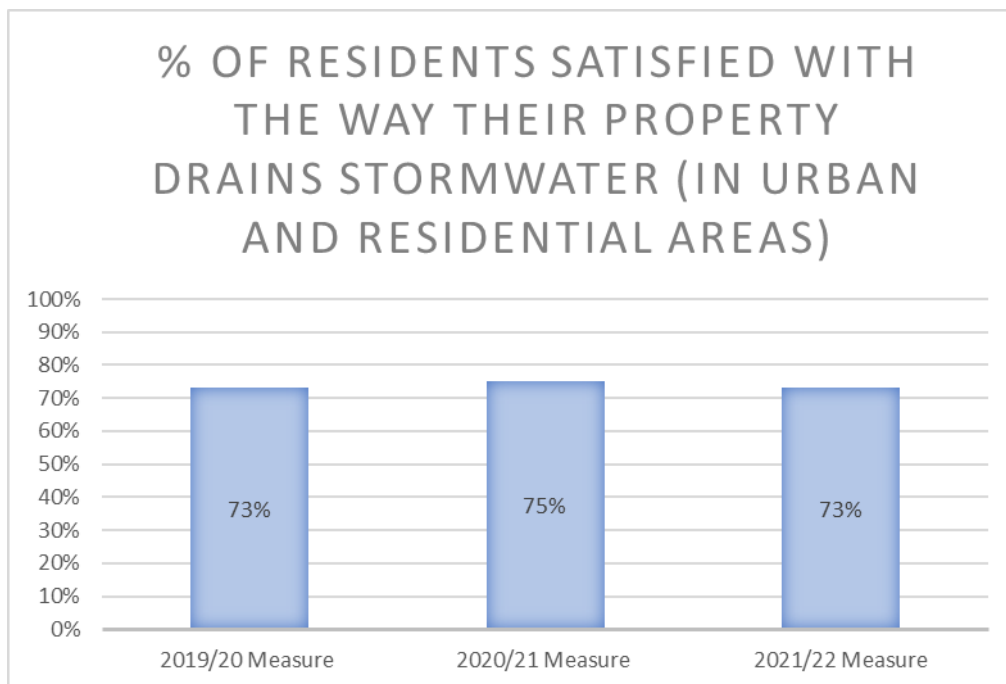
Our performance in 2021/2022 - Stormwater

Overview

The proportion of residents satisfied with the way their property drains stormwater (in urban and residential areas) remained high in 2021/2022 at 73%, consistent with prior years' performance. Overall, Council achieved nine of its ten performance targets for stormwater.

Improving stormwater systems is a priority for the Council as the region faces the challenge of more regular and more intense rain events. Over the past year we completed two projects that are part of this improvement programme; the Marsden Road piping project and the Tasman Street upgrade.

Unfortunately, the cost of these projects did limit the funding available for other renewal works. A number of stormwater assets are at, or close to, the end of their useful life. We are therefore focusing on the most critical parts of the system as well as responding to weather events as they happen. The increasing cost of materials means that making progress on reducing the backlog of deferred renewals is likely to require additional funding in the future.



Performance measures - Stormwater

What we're measuring	How we'll measure	2021/ 2022 target	2020/ 2021 measure	2021/ 2022 measure	Notes
Customer satisfaction	Number of complaints received about a Council stormwater scheme (per 1,000 properties connected to a Council scheme)	<i>Total complaints: 30</i> <i>Per 1,000 properties: 4.8</i> <i>(6,199 connections)</i>	Total complaints: 30 Per 1,000 properties: 4.8 (6,188 Connections)	Total complaints: 48 Per 1,000 properties: 7.65 (6,273 Connections)	Target Not Achieved 48 complaints were received and resolved regarding Council's stormwater services. It is noted that we deal with a number of complaints where sewage is still discharging to the stormwater system. The new sewerage system will hopefully alleviate most of these. Storm events are being more frequent with higher rainfall intensities, resulting in more surface ponding and flood events.
The reliability and efficiency of the stormwater system	% of residents are satisfied with the way their property drains stormwater in urban and residential areas	70%	75%	73%	Target Achieved The Resident Satisfaction Survey was conducted during November 2021 to March 2022. The full report is available on Council's website.
	Maximum number of flooding events * * Note: a flood event is defined as a 50 year flood, which is a flood event that has a 2% probability occurring in any given year. To measure this Council will obtain information on corresponding storm event rainfall intensities.	Nil	Nil	Nil	Target Achieved No significant flood events as defined by a 1:50 return period for 2021/2022.

Performance measures - Stormwater

What we're measuring	How we'll measure	2021/ 2022 target	2020/ 2021 measure	2021/ 2022 measure	Notes
The reliability and efficiency of the stormwater system	For each flooding event, maximum number of habitable floors affected (per 1,000 properties connected to a Council scheme) Note: Council is only measuring reported incidents in urban areas where the stormwater network is. Number of serviced properties includes all urban properties, whether connected to the Council service or not. Some properties discharge stormwater via their own property stormwater system to watercourses.	<i>Total floors: 2</i> <i>Per 1,000 properties: 0.32</i> <i>(6,199 connections)</i>	Nil	Total floors: Nil Per 1,000 properties: 0 (6,273 connections)	Target Achieved There were no habitable floors affected by flooding (for properties connected to a Council scheme).
	Median response time to attend a flooding event	<i>3 hours</i>	Nil	Nil	Target Achieved There were no significant flood events in 2021/2022.
Stormwater discharges are managed without adversely affecting the receiving environment	Number of abatement notices	<i>2</i>	Nil	Nil	Target Achieved
	Number of infringement notice	<i>1</i>	Nil	Nil	Target Achieved
	Number of enforcement orders	<i>Nil</i>	Nil	Nil	Target Achieved
	Number of successful prosecutions	<i>Nil</i>	Nil	Nil	Target Achieved
	<i>Total for all enforcement actions</i>	<i>3</i>	Nil	Nil	Target Achieved

Stormwater funding impact statement

For the year ended 30 June 2022

	LTP 2020-21 \$000	LTP 2021-22 \$000	Actual 2021-22 \$000
OPERATING FUNDING			
SOURCES OF OPERATING FUNDING			
General Rates, Uniform annual general charges, rates penalties	1,226	1,470	1,476
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	-	-	0
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-
Total Operating Funding	1,226	1,470	1,476
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	342	579	523
Finance costs	44	20	18
Internal charges and overheads	153	204	222
Other operating funding applications	-	-	-
Total applications of operating funding	539	803	763
SURPLUS / (DEFICIT) OF OPERATING FUNDING	687	667	713
CAPITAL FUNDING			
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	43	141	141
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	43	141	141
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	72	147	48
- to replace existing assets	658	685	478
Increase/(decrease) in reserves	-	(24)	328
Increase/(decrease) of investments	-	-	-
Total applications of capital funding	730	808	854
SURPLUS / (DEFICIT) OF CAPITAL FUNDING	(687)	(667)	(713)
FUNDING BALANCE	-	-	-

Variations from budget - Stormwater

- The Stormwater transferred more funds to reserves due to slight delays in the activities capital works programme.

Identified effects of these activities on the community

- The nature of some of Council's stormwater network is such that overflows in higher rainfall are not uncommon. This has short term negative effects as overflows can enter private property and flow down secondary flow paths (such as roads)
- The on-going effects of climate change are potentially leading to more frequent high intensity storms which reduce the ability of stormwater systems to cope.
- The ongoing Greymouth wastewater upgrade is starting to demonstrate results for the Greymouth stormwater system working more efficiently.



Wastewater

Wastewater (sewerage)

Activities included in this group

Sewerage includes collection, treatment and disposal in the six (6) Council schemes of:

- Wider Greymouth area (Greymouth, Cobden, Blaketown, Boddytown, Dobson, Taylorville and Kaiata)
- Karoro, South Beach, Paroa
- Runanga/Dunollie
- Moana
- Blackball
- Iveagh Bay (Te Kinga)

This activity does not cover on-site individual property waste disposal systems or public schemes that are owned and operated by other individuals or businesses.

Why we are involved in this activity/these activities

By collecting, treating and disposing of wastewater, Council provides a service to residents and businesses that supports development in the district and protects the physical environment and our community's health.

Contribution to Community Outcomes

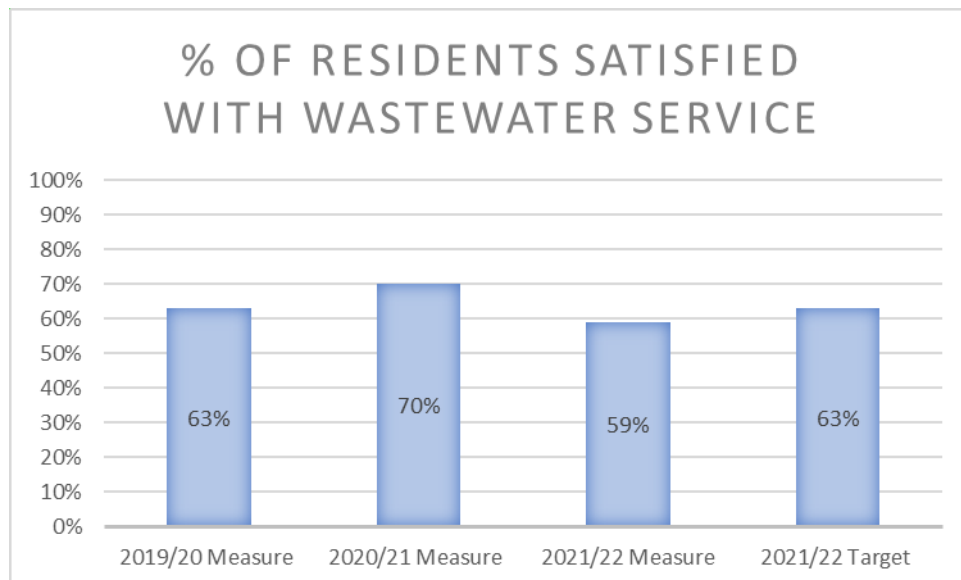
OUTCOME	CONTRIBUTION
Economic Wellbeing	
Strong Sustainable	The effective management, treatment and maintenance of waste and wastewater systems is integral to providing for a strong and sustainable economy.
Social Wellbeing	
Safe	The effective management, treatment and maintenance of waste and wastewater systems is fundamental to the health and safety of people within the community.
Environment Wellbeing	
Practical Resilient Strategic	The effective and strategic management, treatment and maintenance of waste and wastewater systems ensures resiliency of the Environment now and into the future.

Our performance in 2021/2022 - Wastewater

Overview

The proportion of residents satisfied with the wastewater service in 2021/2022 was 59%. This was below the target of 63% and lower than prior years' performance. Overall, Council achieved eight of its ten performance targets for wastewater.

The Council's wastewater systems are generally in good condition and continued to perform well during the 2021/22 year. Much of the network is relatively modern as a result of the investments in the Greymouth treatment plant plus the construction and upgrade of other schemes over the past ten years. This means there is less of a deferred renewals challenge for wastewater systems compared with some of our other infrastructure as many of the assets are well within their useful life. Our focus remains on keeping the systems running well and increasing the number of household connections.



Performance measures - Wastewater

What we're measuring	How we'll measure	2021/ 2022 target	2020/ 2021 measure	2021/ 2022 measure	Notes
Customer satisfaction	% of residents are satisfied with wastewater service (where the service is available)	63%	70%	59%	Target Not Achieved The Resident Satisfaction Survey was conducted during November 2021 to March 2022. The full report is available on Council's website.
	Number of complaints received, e.g. about odour, faults, blockages, response times (per 1,000 sewerage connections)	Total complaints: 55 Per 1,000 properties: 9.9 (5,512 connections)	Total complaints: 42 Per 1,000 properties: 8.3 (5,181 connections)	Total complaints: 64 Per 1,000 properties: 12.7 (5,033 connections)	Target Not Achieved 64 complaints were received and resolved in 2021/2022. Two odour complaints were received. The complaints were mainly to do with blocked sewers or sewer discharges onto properties.
The reliability and efficiency of the wastewater system	Number of wastewater overflows into houses due to faults in the public reticulation	Nil	Nil	Nil	Target Achieved No wastewater overflows into houses were reported in 2021/2022.
	Number of dry weather sewerage overflows (per 1,000 sewerage connections)	Total overflows: 9 Per 1,000 properties: 1.8 (5,512 connections)	Total overflows: 2 Per 1,000 properties: 0.4 (5,181 connections)	Total overflows: 6 Per 1,000 properties: 1.1 (5,033 connections)	Target Achieved 6 dry weather sewerage overflows were reported in 2021/2022.

Performance measures - Wastewater

What we're measuring	How we'll measure	2021/ 2022 target	2020/ 2021 measure	2021/ 2022 measure	Notes
The reliability and efficiency of the wastewater system	Median response times to reported faults <ul style="list-style-type: none"> to get to site (timed from notification) to resolve the problem (timed from notification) (Where contaminated sites are discovered or identified through site investigations, response times will be longer if consents are required to remove and dispose of material)	<i>1 hour</i> <i>5 hours</i>	50 minutes 1.39 hours	39 minutes 1.05 hours	Target Achieved Our contractor has met the required response timeframes under these performance measures. Our new maintenance contractor is working well to meet targets set.
Treated wastewater discharges are managed without adversely affecting the receiving environment	Number of abatement notices	<i>2</i>	Nil	Nil	Target Achieved
	Number of infringement notices	<i>1</i>	1l	Nil	Target Achieved
	Number of enforcement orders	<i>Nil</i>	Nil	Nil	Target Achieved
	Number of successful prosecutions	<i>Nil</i>	Nil	Nil	Target Achieved
	Total for all enforcement actions	<i>3</i>	1	Nil	Target Achieved

Wastewater funding impact statement

For the year ended 30 June 2022

	LTP 2020-21 \$000	LTP 2021-22 \$000	Actual 2021-22 \$000
OPERATING FUNDING			
SOURCES OF OPERATING FUNDING			
General Rates, Uniform annual general charges, rates penalties	-	-	-
Targeted rates	2,561	2,698	2,641
Subsidies and grants for operating purposes	-	50	-
Fees and charges	114	91	80
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-
Total Operating Funding	2,675	2,839	2,721
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	1,075	1,406	1,237
Finance costs	719	443	393
Internal charges and overheads	236	260	232
Other operating funding applications	-	-	-
Total applications of operating funding	2,030	2,109	1,863
SURPLUS / (DEFICIT) OF OPERATING FUNDING	645	730	858
CAPITAL FUNDING			
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	15	-	317
Increase/(decrease) in debt	(332)	1,142	(306)
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	-	1,142	11
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	1,575	32
- to replace existing assets	508	337	244
Increase/(decrease) in reserves	(180)	(40)	593
Increase/(decrease) of investments	-	-	-
Total applications of capital funding	328	1,872	869
SURPLUS / (DEFICIT) OF CAPITAL FUNDING	(645)	(730)	(858)
FUNDING BALANCE	-	-	-

Variations from budget - Wastewater

- Financial Contributions \$317,000 more favourable than budget due to increased subdivision activity within the district.
- Capital expenditure to improve levels of service was \$1.5 million less favourable due to delays and constraints relating to the Greymouth Wastewater Scheme and other projects taking precedence.

Identified effects of these activities on the community

- The on-going upgrades and new schemes have placed a recognised financial burden on those required to fund them. Whilst this has a negative impact it is considered that they are outweighed by the positive impacts, such as reduced discharges to the environment.



Water Supply

Water Supply

Activities included in this group

Water supply includes sourcing, treatment and distribution from the following Council water supply schemes:

- Wider Greymouth (Greymouth, Cobden, Blaketown, Boddytown, Karoro, South Beach, Paroa, Taylorville, Dobson and Stillwater)
- Runanga/Dunollie/Rapahoe (currently fed from Greymouth Scheme)
- Blackball

Why we are involved in this activity/these activities

Water is a basic need and an essential service. We provide quality, affordable water and, in the process contribute to:

- Our community's health
- Community safety (through water supply for firefighting)
- Industrial and residential development

Contribution to Community Outcomes

OUTCOME	CONTRIBUTION
Economic Wellbeing	
Strong Sustainable	The effective management, treatment and maintenance of water and water supply systems is integral to providing for a strong and sustainable economy.
Social Wellbeing	
Safe	The effective management, treatment and maintenance of water supply systems is fundamental to the health and safety of people within the community.
Environment Wellbeing	
Practical Resilient Strategic	The effective and strategic management, treatment and maintenance of water and water supply systems ensures resiliency of the Environment now and into the future.

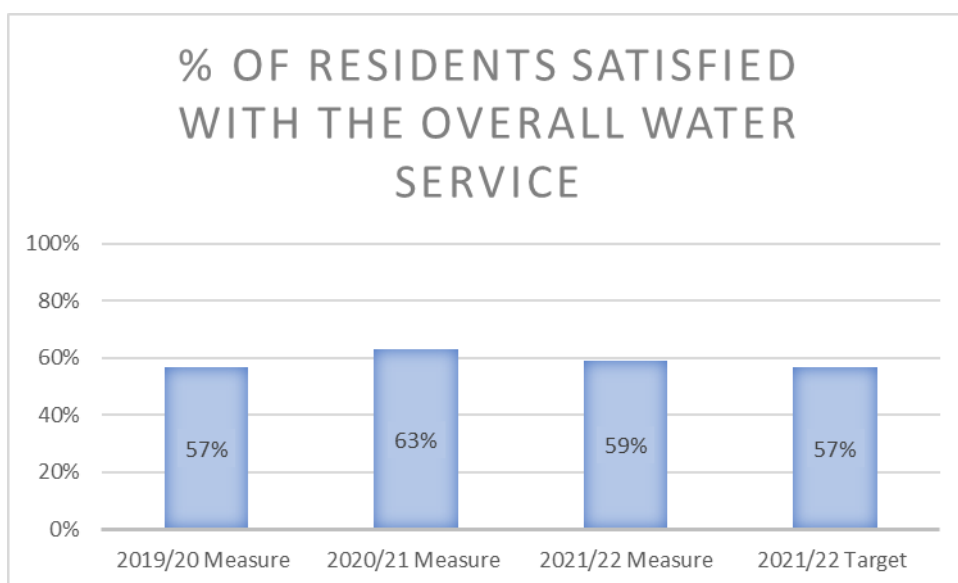
Our performance in 2021/2022 – Water Supply

Overview

The proportion of residents satisfied with the overall water service in 2021/2022 was 59%. This was above the target of 57% and consistent with prior years' performance. Overall, Council achieved nine of its sixteen performance targets for water supply.

Much of the Council's water supply network is ageing and we have used the Government's three waters stimulus funding to help address the problem. A major focus over the 2021/22 year has been the replacement of reservoirs, including the Puketahi Street reservoir. These are major projects and although there has been a delay due to the need to source the reservoirs from overseas, they are now underway, and installation will take place in the 2022/23 year.

Reducing the level of deferred renewals for water supply systems presents a big task for the Council with old pipes, periodic breakages and high leakage rates. Addressing this will take time. We have been concentrating on renewing the critical water mains that provide key lifelines for the district so that we are less vulnerable to natural disaster. The increasing cost of materials has though limited the amount of work that can be completed within existing budgets.



Performance measures – Water Supply

What we're measuring	How we'll measure	2021/ 2022 target	2020/ 2021 measure	2021/ 2022 measure	Notes
Customer satisfaction	% of residents are satisfied with overall water supply service	57%	63%	59%	Target Achieved The Resident Satisfaction Survey was conducted during November 2021 to March 2022. The full report is available on Council's website.
	Maximum number of complaints received about water clarity, taste, odour, pressure/ flow, continuity of supply or Council's response to reported issues (per 1,000 water supply connections)	Total complaints: 147 Per 1,000 properties: 28.6 (5,140 connections)	Total complaints: 17 Per 1,000 properties: 3.3 (5,085 connections)	Total complaints: 32 Per 1,000 properties: 6.4 (4,970 connections)	Target Achieved 32 complaints were received and resolved in 2021/2022, which is under our target of 147 complaints.
Council is providing a reliable, efficient and safe water supply	Maximum number of notifiable water supply transgressions with Drinking Water Standards per year:				
	<ul style="list-style-type: none"> Greymouth (now includes Taylorville/Dobson/ Stillwater/ Runanga/Rapahoe/Kaiata) 	<i>Nil</i>	2	1	Target Not Achieved Positive E.coli in Gresson Street, Greymouth. Follow up sampling showed clear results and this was likely a sampling error.
	<ul style="list-style-type: none"> Blackball 	<i>Nil</i>	Nil	Nil	Target Achieved

Performance measures – Water Supply

What we're measuring	How we'll measure	2021/ 2022 target	2020/ 2021 measure	2021/ 2022 measure	Notes	
Council is providing a reliable, efficient, and safe water supply	Maximum % of real water loss from reticulation system (water loss measured from the reservoirs at least once per year):				Targets Not Achieved A desktop analysis was completed through the Greater Greymouth, Runanga, Rapahoe & Blackball areas. This review suggests that leakage is significantly higher than previously known. Council is moving forward with splitting the scheme reticulation within the respective schemes to enable better monitoring and identification of leakage. Again, there was significantly higher usage due to extended dry period in summer which is not taken into account in the desktop analysis.	
	• Greymouth (now includes Taylorville/Dobson/ Stillwater)	25%	70% ¹	72%		
	• Blackball	5%	56% ¹	63%		
	• Runanga/Rapahoe	15%	N/A	72%		
	Drinking water supply compliance with following sections of the drinking water standards:					
	Part 4 – bacteria ² compliance criteria - These results are provisional, pending the assessment of compliance by the independent Drinking Water Assessor.					
	• Greymouth (now includes Taylorville/Dobson/ Stillwater/ Runanga/Rapahoe/Kaiata)	<i>Achieved</i>	Achieved	Not Achieved	Target Not Achieved One positive E.coli in Gresson Street with all follow up sampling and testing clear. While it is believed that this result was a sampling error and while showing as not achieved Council will be discussing further with Taumata Arowai.	
	• Blackball	<i>Achieved</i>	Achieved	Achieved	Target Achieved Compliance achieved for 2021/2022.	
	Part 5 – protozoal compliance criteria - These results are provisional, pending the assessment of compliance by the independent Drinking Water Assessor.					
	• Greymouth (now includes Taylorville/Dobson/ Stillwater/ Runanga/Rapahoe/Kaiata)	<i>Achieved</i>	Achieved	Achieved	Target Achieved Compliance achieved for 2021/2022.	
• Blackball	<i>Achieved</i>	Achieved	Not Achieved	Target not Achieved Compliance not achieved for 2021/2022 due to turbidity (NTU) being breached 3 times in November, February and June with NTU being 13.2, >1.0 and >2.0. There was a further breach in June with water supplied being without UVI.		

¹ Based on estimated leakage from desktop analysis.

² Bacteria (e.g. E.Coli) and protozoa (e.g. Giardia and Cryptosporidium) are small living organisms (bugs and such like) that are harmful to humans. Bacteria can be removed by chlorine disinfection whereas protozoa cannot and require higher levels of treatment.

Performance measures – Water Supply

What we're measuring	How we'll measure	2021/ 2022 target	2020/ 2021 measure	2021/ 2022 measure	Notes
Average consumption of drinking water per day per resident	Average litres per person per day	< 640 litres per person per day	662 litres per person per day	722 litres per person per day	Target Not Achieved Council is actively undertaking leak detection throughout all water schemes. It is hoped that leak resolution and pipework renewals will result in a decrease in average consumption rates moving forward. Council's program of installing flow meters will also assist in identifying leak locations and leak reduction. During this year there was a significant long extended dry period leading to increased demand in consumption. The number of connections have been updated.
Our response times to reported faults	Median response times to faults or unplanned interruptions: (Where contaminated sites are discovered or identified through site investigations response times will be longer if consents are required to remove and dispose of material)				
	Attendance time for urgent call-outs (from notification)	1 hour	53 minutes	1.02 hours	Target Not Achieved Contractor has not met the required response timeframes under the maintenance contract.
	Resolution time for urgent call-outs (from notification)	5 hours	1.58 hours	2.19 hours	Target Achieved Contractor has met the required response timeframes under the maintenance contract.
	Attendance time for non- urgent call-out	1.5 working days	1.11 hours	1.15 hours	Target Achieved Contractor has met the required response timeframes under the maintenance contract.
	Resolution time for non- urgent call-outs	5 working days	2.15 hours	2.02 hours	Target Achieved Contractor has met the required response timeframes under the maintenance contract.

Water supply funding impact statement

For the year ended 30 June 2022

	LTP 2020-21 \$000	LTP 2021-22 \$000	Actual 2021-22 \$000
OPERATING FUNDING			
SOURCES OF OPERATING FUNDING			
General Rates, Uniform annual general charges, rates penalties	-	-	-
Targeted rates	2,493	2,600	2,341
Subsidies and grants for operating purposes	-	414	5
Fees and charges	-	-	4
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	1
Total Operating Funding	2,493	3,014	2,351
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	1,109	1,340	1,095
Finance costs	346	231	232
Internal charges and overheads	162	313	338
Other operating funding applications	-	-	-
Total applications of operating funding	1,617	1,884	1,664
SURPLUS / (DEFICIT) OF OPERATING FUNDING	876	1,130	687
CAPITAL FUNDING			
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	4,026	3,277
Development and financial contributions	-	-	108
Increase/(decrease) in debt	(160)	981	344
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	(160)	5,007	3,729
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	4	213	273
- to replace existing assets	695	6,061	2,069
Increase/(decrease) in reserves	17	(137)	2,074
Increase/(decrease) of investments	-	-	-
Total applications of capital funding	716	6,137	4,415
SURPLUS / (DEFICIT) OF CAPITAL FUNDING	(876)	(1,130)	(687)
FUNDING BALANCE	-	-	-

Variations from budget – Water Supply

- Subsidies and grants for capital projects was \$700,000 lower than budget due to delays around key projects.
- Financial Contributions \$108,000 more favourable than budget due to increased subdivision activity in the district.
- Capital expenditure \$4 million lower than budget attributable to delays in the Puketahi, \$2.65 million, and Cobden, \$700,000, Reservoir projects.
- Reserve movements \$2.3 million more favourable due to the timing of funding received for key capital projects versus expenditure.

Identified effects of these activities on the community

- There have been on-going problems associated with the protection of the Runanga water supply. The risk of contamination is increased after flood events, and contamination has previously occurred. The community has expressed a clear preference to remain on a non-chlorinated supply. Council has worked with the community in explaining the on-going risks of having a non-chlorinated supply, including there is no residual protection in the network from the chlorine being present. Council is upgrading the water source and treatment plant to protect and treat the water at the source, however per the above there will be no network protection. In the event of any transgression being identified the water will immediately be chlorinated and various methods used to communicate the risk to the community.



Solid Waste

Solid waste (refuse and recycling)

Activities included in this group

Waste management involves:

- Refuse collection
- Recovery of recyclable materials
- Management of Landfill and Clean fill- Resource Recovery Centres
- Management of minor quantities of hazardous waste
- Litter Bin management
- Waste minimisation
- Environmental monitoring, also of closed refuse facilities

Litter control is a Regulatory function and is covered under the Environmental Services activity.

Why we are involved in this activity/these activities

Solid waste management is necessary for the health and quality of life of the community, the local economy and the environment.

Contribution to Community Outcomes

OUTCOME	CONTRIBUTION
Economic Wellbeing	
Strong Sustainable	Efficient and responsible management of solid waste is an integral to providing for a strong and sustainable economy.
Social Wellbeing	
Safe	Efficient and responsible management of solid waste is fundamental to the health and safety of people within the community.
Environment Wellbeing	
Practical Resilient Strategic	Effective, strategic, and responsible management of solid waste provides for resiliency of the environment.

Our performance in 2021/2022 - Solid Waste

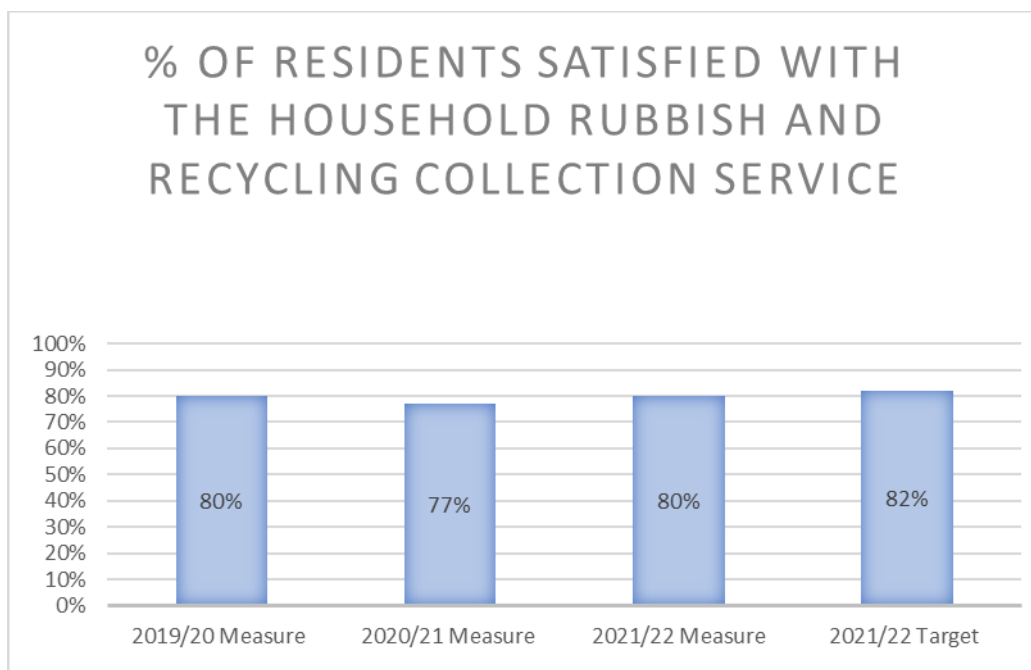
Overview

The proportion of residents satisfied with the household rubbish and recycling collection service remained high in 2021/2022 at 80%. This was consistent with prior years' performance but was below the target of 82%. Overall, Council achieved two of its three performance targets for solid waste.

During the 2021/22 year we prepared for the implementation of the expanded kerbside refuse and recycling service to urban areas across the district. The service expansion has required a lot of planning and provides a significant improvement in the level of service for areas that now receive wheelie bins and glass crates rather than refuse bags.

The provision of landfill capacity for waste that may be generated by building activity, including the demolition of earthquake prone buildings, is an issue for all the West Coast councils. Although we have a local option if required, we are also working with the other councils on a regional solution. Together we have secured funding from the Waste Minimisation Fund that will help identify a solution that will support the reuse of and reprocessing of building waste and limit the amount that will end up in a landfill.

The Council is committed to effective waste recycling. The market for receiving recycling materials is changeable and in recent years we have adapted our recycling practice to ensure that we can control what happens to our recyclables. This means we can make sure that they are recycled within New Zealand and that we do not export our problem.



Performance measures – Solid Waste

What we're measuring	How we'll measure	2021/ 2022 target	2020/ 2021 measure	2021/ 2022 measure	Notes
Customer satisfaction	% of residents satisfied with the household rubbish and/or recycling collection service provided by the Council	82%	77%	80%	Target Not Achieved The Resident Satisfaction Survey was conducted during November 2021 to March 2022. The full report is available on Council's website.
Facilities and services are managed without adversely affecting the receiving environment	Maximum number of resource consent infringements	Nil	Nil	Nil	Target Achieved None received for 2021/2022.
	% of waste is recycled	1%	15%	13%	Target Achieved Low target for 2021/22 as a fire destroyed the Materials Recovery Facility and the building needs to be reinstated. This will not be completed until over half-way through the year.

Solid Waste funding impact statement

For the year ended 30 June 2022

	LTP 2020-21 \$000	LTP 2021-22 \$000	Actual 2021-22 \$000
OPERATING FUNDING			
SOURCES OF OPERATING FUNDING			
General Rates, Uniform annual general charges, rates penalties	215	260	268
Targeted rates	1,432	1,376	1,454
Subsidies and grants for operating purposes	49	48	74
Fees and charges	594	769	1,189
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	100
Total Operating Funding	2,290	2,453	3,085
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	1,671	2,108	2,964
Finance costs	115	35	67
Internal charges and overheads	112	130	117
Other operating funding applications	-	-	-
Total applications of operating funding	1,898	2,273	3,148
SURPLUS / (DEFICIT) OF OPERATING FUNDING	392	180	(63)
CAPITAL FUNDING			
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	65	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	(323)	148	(156)
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	368
Total sources of capital funding	(323)	213	212
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	29	348	0
- to replace existing assets	30	35	129
Increase/(decrease) in reserves	10	10	19
Increase/(decrease) of investments	-	-	-
Total applications of capital funding	69	393	148
SURPLUS / (DEFICIT) OF CAPITAL FUNDING	(392)	(180)	63
FUNDING BALANCE	-	-	-

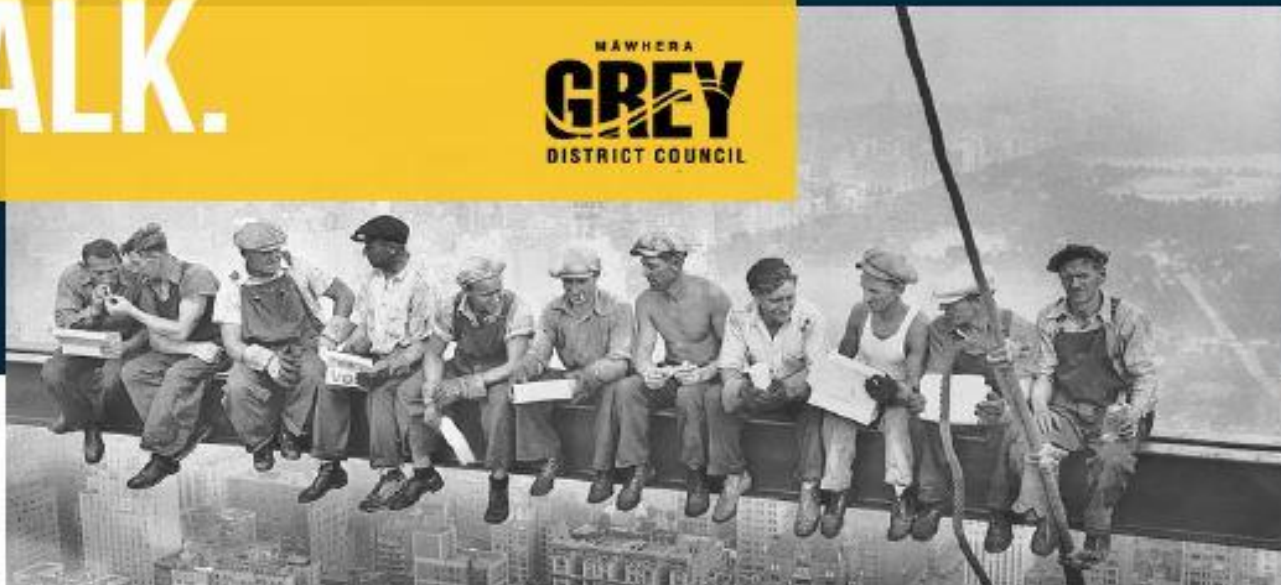
Variations from budget – Solid Waste

- Fees and charges are \$420,000 higher than anticipated due to higher due to weather events such as the Buller Floods where debris was processed at Mcleans Pit.
- Payments to staff and suppliers \$850,000 less favourable than budget attributable partly to higher Carbon Credit costs, \$500,000, incurred in annual Emissions Trading Scheme surrender.
- Debt movements \$300,000 less than budget due to delays in capital projects.
- Capital expenditure to improve the level of service \$348,000 lower than budget due to delays in the Mcleans Pit Cell Construction project and the development of the Clean Hardfill/EQPB demolition site.
- Other dedicated funding \$368,000 higher than budget due to insurance claims received for the rebuild of the Recycling Centre building destroyed by fire in November 2020.

Identified effects of these activities on the community

- The introduction of kerbside recycling to the 'greater Greymouth' area has resulted in a reduction in the volume of waste being dumped in the landfill. This has a long-term positive impact as the landfill facility can offer a longer useful life.
- The 'bring to' recycling facility at McLeans landfill has also been successful in providing a service for those who do not have the kerbside recycling service.
- The provision of environmentally compliant solid waste management services comes at a relatively high cost. Whilst this is accepted by most, a minority choose to dispose of refuse illegally. The cost of illegal dumping is wherever possible recovered from the offending party.

BUILDING TALK.



Since the last issue, the building team has been very busy, a good sign for our local building industry. Consent numbers are steady. Supply shortages, although perhaps not fully resolved, seem to have dropped out of the headlines.

The period has not been without challenges for our team. We have had staff on leave for various reasons, including Covid, and have struggled to maintain the level of service we strive to provide. We have put significant effort into developing our people over this time so that we will be ready for the challenges that lay ahead.

Our new staff are working diligently toward gaining competencies, to enable them to process building consent

New Building Control Team Members

Introducing Anna Jeon, Building Control Officer

I'm originally from Christchurch, born in South Korea. I studied in Wellington at Victoria University, and achieved a Bachelors Degree in Architectural Studies.

I've been at the Council for just over a year now, and my current role as Building Control Officer includes processing building consents, inspecting, and accepting BWoF.



I was drawn to the role for the opportunity to learn about building codes and construction methods, through processing, inspections, and the opportunity to network with others in

Environmental Services

Building Control Manager

Handwritten signature: Anna Jeon

Environmental services

Activities included in this group

Environmental services include:

District Planning

- District Plan
- Policy
- Resource Management (land use)
- Monitoring

Building Control

As a Building Consent Authority (BCA) Council carries out the following tasks:

- Processes building consent applications
- Grants and issues building consents
- Undertakes building inspections
- Issues Notices to Fix
- Issues Code Compliance Certificates
- Investigation of complaints relating to building work and illegal buildings
- Issues compliance schedules
- Any other functions and duties specified in the Building Act 2004 As a **Territorial Authority (TA)** Council carries out the following tasks:
 - Performs functions relating to our Dangerous, Earthquake-Prone and Insanitary Buildings Policy
 - Administration and audit of building warrants of fitness (BWF)
 - Investigation of building work related complaints where consents have not been applied for or issued
 - Issues project information memorandum (PIM)
 - Issues building consent discretionary exemptions under Schedule 1(2)
 - Processes and Issues Certificates of Acceptance (CoA)
 - Issues and amends compliance schedules
 - Decides the extent to which buildings must comply with the building code when they're altered, are subject to a change of use, or their specified intended life changes
 - Carries out any other functions and duties specified in the Building Act

Other Regulation

- Council bylaws
- District Plan (including noise), Building Act and freedom camping compliance

Health Regulation

- Inspection and licensing of food premises under the Food Hygiene Regulations 1974 and the Food Act 2004
- Annual registration of offensive trades, camping grounds, hairdressers, funeral directors, mortuaries and mobile shops, together with other duties under the Health Act 1956
- Responding, investigating and reporting on noise complaints and other duties under the Resource Management Act 1991 and the District Plan
- Ensuring appropriate steps are in place to limit the impact of commercial or industrial noise and ensure compliance within the noise provisions of the District Plan
- Inspection of liquor premises (participation in stakeholder compliance visits), licensing of liquor premises, reporting to the Alcohol Regulatory and Licensing Authority (ARLA) and the Grey District Licensing Committee (DLA) and administering new applications or renewals of managers certificates

Environmental services

Emergency Management

Civil Defence and Emergency Management, including:

- Developing, implementing and monitoring District-wide emergency management plans
- Promoting community preparedness for emergencies
- Working with other authorities, both locally and in the Region, to plan for and respond to hazards, risks and emergencies
- Mobilising and responding in the event of an emergency

Dog/Stock Control

- Investigation of complaints about dogs including barking, wandering, menacing and dangerous dogs
- Enforcing legislation and Council's bylaws which govern where dogs are permitted, control of dogs on a leash and fencing of dogs within a property boundary
- Impounding wandering dogs and taking steps to identify the owner of the dog
- Maintaining a register of dogs generally and for those classified as menacing or dangerous
- Responding to wandering stock complaints

Local Government legislation requires that Council, where possible, maintain a clear division between its operational and regulatory functions. Local authorities, as facilitators of development and growth, also have to comply with statutory requirements and administer legislative powers in a fair and objective manner and avoid conflicts of interest. It is for this reason that these activities are in the same grouping.

Why we are involved in this activity/these activities

Council undertakes these activities to contribute to providing a safe, healthy and sustainable environment.

- The district planning service ensures the District is able to promote development to support a prosperous community without compromising rights of residents and the District's physical and natural assets/resources. It achieves this aim by appropriate application of the Resource Management Act, through the review and implementation of the District Plan and its resource consent and monitoring functions.
- Council's building control services ensures that the District's buildings and other associated structures (such as swimming pools) are safe, habitable and meet National legislative requirements. Of particular importance is Council's role in advising on and, where necessary, enforcing the statutory provisions relating to earthquake prone buildings.
- Other regulation activities focus on working with the community to ensure the District remains a peaceful and attractive place to live and work. By the careful application of Bylaws and other legal mechanisms, Council aims to reduce littering, effectively manage freedom camping and respond to noise nuisances, as well as encourage residents to maintain tidy sections.
- Health regulation services aim to protect our community from infectious and notifiable diseases by promoting food safety practices in food establishments. This activity also aims to ensure that hairdressing businesses, gaming machines, camping grounds and those selling liquor conform to appropriate standards.
- Emergency Management is in place make sure that our District is prepared for emergencies. The District is not only in a high rainfall area and, therefore subject to flooding, but inundation, cyclones and tornados have in the past caused problems. Most importantly, the District is a high risk earthquake area. Council subscribes to the principles of "reduce, readiness, response, and recovery" and "get ready – get thru".
- The dog and stock control service aims to provide a safer District by reducing dog-related offences through ensuring the registration of dogs, the education of their owners and the investigation of complaints. In addition, this service seeks to support safer road and rail corridors by responding to complaints about wandering stock and working with landowners to maintain stock proof fencing. Council undertakes this activity in accordance with its obligations under the Dog Control Act 1996 and Impounding Act 1955.

Contribution to Community Outcomes – Environmental Services

OUTCOME	CONTRIBUTION
Economic Wellbeing	
Strong Sustainable	<ul style="list-style-type: none"> The ongoing provision of District Planning/Resource Management, Regulatory, Compliance, Health and Food Safety and Animal Control provides a platform for a strong and sustainable economy. The provision of effective emergency preparedness and activated emergency activities ensures the ongoing operation of the economy in times and following emergency situations.
Social Wellbeing	
Safe Enabled	<ul style="list-style-type: none"> The ongoing provision of District Planning/Resource Management, Regulatory, Compliance, Health and Food Safety and Animal Control provide assurances of safety for all sectors of the community, business, and industry. The provision of emergency preparedness and activated emergency activities provides for safety of the community, as well as enabling communities to be prepared for these events.
Environment Wellbeing	
Practical Resilient Strategic	The ongoing provision of District Planning/Resource Management, Regulatory, Compliance, Health and Food Safety and Animal Control provide for resiliency and a future focus for our environment.

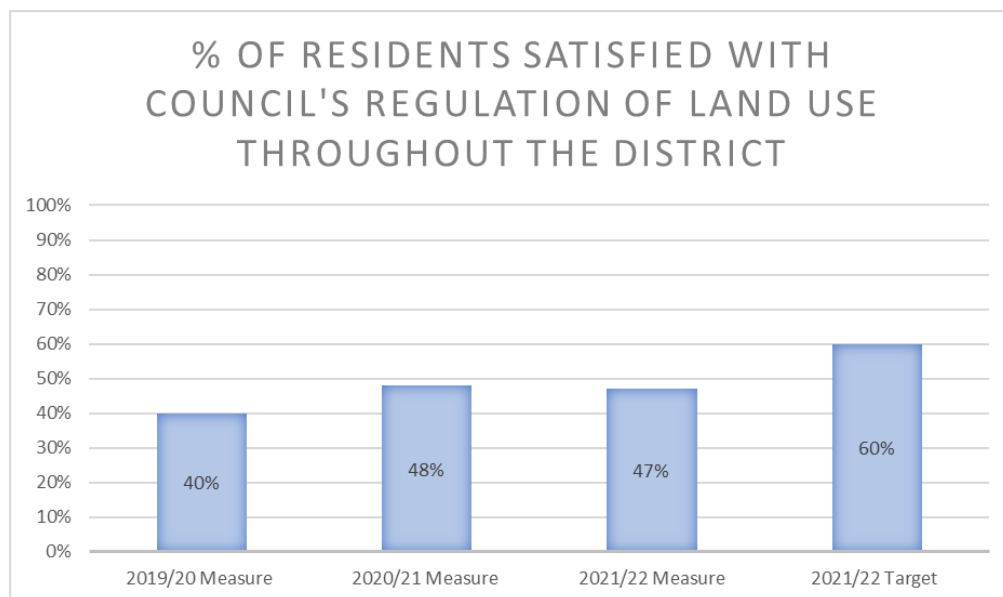
Our performance in 2021/2022 – Environmental Services

Overview

The proportion of residents satisfied with the Council’s regulation of land use throughout the district in 2021/2022 was 47% (18% were dissatisfied and 35% did not express a view). This was consistent with the previous year, but below the target of 60%. Overall, Council achieved three of its ten performance targets for environmental services, with a number missed by only small amounts.

It has been a busy year for the environmental services teams, with 270 Code of Compliance Certificates issued for completed building work and 47 land use consents that allow a change in activity on the land drafted during the financial year. This is illustrative of an increase in residential building activity and reflects a large number of infill subdivisions and some larger rural-residential and rural lifestyle subdivisions that are now able to proceed.

Preparation of the Te Tai o Poutini Plan (TTPP) is a key project for the four West Coast councils. The TTPP is a District Plan for the whole West Coast and responsibility for its preparation lies with TTPP Plan Committee that has representatives from the four councils, Te Rūnanga o Ngāti Waewae and Te Rūnanga o Makaawhio. The Plan will help planning for development in the right places so that development can go ahead, while still protecting the environment. Progress is on track with the Plan being publicly notified in July 2022.



Performance measures – Environmental Services

What we're measuring	How we'll measure	2021/ 2022 target	2020/ 2021 measure	2021/ 2022 measure	Notes
Council is efficiently processing information requests and consent applications within statutory time limits	% of Land Information Memoranda (LIMs) issued within 10 working days of application	100%	89%	Not measured	Processing times for LIMs was not formally monitored during the 2021/2022 year, due to constraints with staffing in this department. Councils software does not currently have tracking ability.
	% of non-notified land use consents processed within 20 working days	100%	78%	95%	Target Not Achieved 36 of 38 non-notified consents were processed within 20 days in 2021/2022. 2 consents took over 20 days to process.
	% of building consent applications issued within statutory time limits	100%	98.77%	98%	Target Not Achieved 367 of 375 building consent applications issued within statutory time frame.
	% of Code of Compliance Certificates (CCC) issued within statutory time limits	100%	93.55%	98%	Target Not Achieved 265 of 270 CCCs issued within statutory timeframes. 5 CCCs were outside the statutory timeframe for various reasons, mainly high workload.
	% of building inspection undertaken at agreed times	95%	100%	99%	Target Achieved Staff are confident that the majority of inspections were undertaken at agreed times during 2021/2022. No written complaints were received regarding missed appointments. Better communications with consent holders have enabled bookings to be kept. Electronic booking system is being used and is proving successful.
We are ensuring that buildings within the District are safe and meet national quality standards	Grey District Council maintains accreditation as a building consent authority	Achieved	Achieved	Pending	Target Achieved BCA Accreditation has been maintained; IANZ assessment undertaken in Feb 2022, sign off pending.

Performance measures cont – Environmental Services

What we're measuring	How we'll measure	2021/ 2022 target	2020/ 2021 measure	2021/ 2022 measure	Notes
We are responding to service requests in a timely manner	% of after-hours noise complaints responded to within two hours	98%	99%	97%	Target Not Achieved Council contracts a security company to provide this service. Reports of complaints are monitored and checked by our staff daily.
	% of after-hours animal control complaints responded to within two hours	100%	100%	Not measured	Response times for animal control complaints were not recorded during the 2021/22 financial year. Council experienced staffing issues within this department for the 2021/2022 financial year, which has now been rectified in the current financial year.
	% of complaints about breaches of bylaws and District Plan rules are responded to within five working days	100%	97%	100%	Target Achieved Only a small number of complaints were received, and these were dealt with within the required timeframe.
Our District Plan is effective in developing and maintaining sustainable development and a satisfactory environment	% of residents satisfied with Council's regulation of land use throughout the District	60%	48%	47%	Target Not Achieved The Resident Satisfaction Survey was conducted during November 2021 to March 2022. The full report is available on Council's website.

Environmental Services funding impact statement

For the year ended 30 June 2022

	LTP 2020-21 \$000	LTP 2021-22 \$000	Actual 2021-22 \$000
OPERATING FUNDING			
SOURCES OF OPERATING FUNDING			
General Rates, Uniform annual general charges, rates penalties	1,114	1,552	1,623
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	110	1
Fees and charges	1,082	936	1,700
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	131	302	32
Total Operating Funding	2,327	2,900	3,356
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	447	738	1,032
Finance costs	14	5	8
Internal charges and overheads	1,843	2,028	1,879
Other operating funding applications	-	-	-
Total applications of operating funding	2,304	2,771	2,919
SURPLUS / (DEFICIT) OF OPERATING FUNDING	23	129	437
CAPITAL FUNDING			
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	27	30	(4)
Increase/(decrease) in debt	(5)	5	(5)
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	22	35	(10)
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	15	132	14
- to replace existing assets	4	6	6
Increase/(decrease) in reserves	26	26	408
Increase/(decrease) of investments	-	-	-
Total applications of capital funding	45	164	427
SURPLUS / (DEFICIT) OF CAPITAL FUNDING	(23)	(129)	(437)
FUNDING BALANCE	-	-	-

Variations from budget – Environmental Services

- Fees and Charges \$770,000 more favourable than budget mainly attributable to higher building consent fees being received processed by the Building Control team.
- Higher demand for building consent partly attributed to payments to staff and suppliers being \$300,000 less favourable than budget.
- Movements to reserves \$380,000 higher than budget due to a higher operational surplus and lower capital spend.

Identified effects of these activities on the community

- During the year Council continued to enforce its Earthquake-Prone Buildings (EQPB) Policy. In developing this policy, the Grey District Council must balance the need to protect public health and safety against the economic implications of requiring significant remedial building work and the community's desire to protect historic structures and the West Coast heritage. Council has continued to proactively engage with the community and building owners concerning their obligations under the policy.



Commercial & Property



Commercial & Property

Activities included in this group

Greymouth Aerodrome

- The aerodrome, including the runway, taxi area, grass runway for use by microlight aircraft as well as navigation lights.
- The Greymouth Aero Club as service provider to incoming and departing aircraft.
- Management of the land portfolio in the form of land leases and rights to occupy.

Parking

- The provision of parking.
- Regulating the use of parking.

Port of Greymouth

- Managing the port, the breakwaters, wharves and the slipway.
- Managing the navigation safety function.
- Managing the land holding portfolio.

Council property (operational)

- A building portfolio involving three leased buildings and the buildings supporting Council's administrative function (Tainui St and Runanga service centre).
- Other buildings enabling the delivery of community services, e.g. Westland Recreation Centre, Grey District Library History House museum, Women's Centre and Left Bank Art Gallery.
- Unused Council land consisting of various titles across the District.
- Management of leases with Mawhera Incorporating regarding land leased by Council.

Retirement Housing

- Maintaining and managing occupation of 118 units.
- Pro-active provision of further retirement housing units.

Why we are involved in this activity/these activities

Council provides these services as part of a much wider array of services aimed at improving the health, safety, enjoyment and connectedness of our community. Each component contributes as follows:

- The aerodrome is an important strategic asset. It not only provides the opportunity for use by smaller commercial and private aircraft but also provides a convenient transport option for Grey Base Hospital for the transfer of patients and staff as well for emergency air rescue services. In addition, it is an important training venue for related activities and defensive driver training. St John's Ambulance and Land Search & Rescue both have headquarters located on the aerodrome site.
- The Parking function is an integral component of a vibrant and growing CBD and important access to other key services in the District. It provides for safety and convenient access to commercial, educational and service industries and venues.
- The ownership of the Port was transferred to Council as part of the 1989 Local Government Reorganisation. Port of Greymouth is an important fishing asset as it is located closest to the lucrative Hokitika Trench fishing grounds. It provides safe berthage to a local and, from time to time, visiting fishing fleet as well. It is home to the fish handling and processing activities of two firms.
- Council is committed to managing its commercial property portfolio responsibly so as to maximise revenue for the benefit of all residents.
- Council provides retirement housing for disadvantaged, elderly persons to give them warm, safe and affordable accommodation.

Contribution to Community Outcomes – Commercial & Property

OUTCOME	CONTRIBUTION
Economic Wellbeing	
Strong Sustainable Prosperous	<p>The management and operation of Council's commercial property, including the Port and Aerodrome, are essential to enable the district to have a strong economy.</p> <p>The management and maintenance of parking facilities provide benefit in providing for a strong and sustainable local economy.</p>
Social Wellbeing	
Safe Connected Enabled	<p>The management and operation of Council's commercial property, including the Port and Housing is integral for connection outside of the district for safety and enablement of local and regional economy.</p> <p>The management, maintenance and provision of safe parking facilities assist with community enablement and safety.</p>
Environment Wellbeing	
Resilient	<p>The management and operation of Council's commercial property, including the Port and Aerodrome assist the district's resiliency under several scenarios.</p>

Our performance in 2021/2022 – Commercial & Property

Overview

Overall, Council achieved three of its four performance targets for commercial and property.

Over the past couple of years, Council has carried out a programme of work to improve our retirement units. This has included new roofs, weathertightness and insulation, better security and new driveways. Occupancy of the 118 units for the year was very close to 100% and tenant satisfaction was 100% of those that responded to our survey.

Port operations continue to provide a financial challenge for Council. Significant improvements have been made to some of the wharves in recent years, funded by the Provincial Growth Fund, and repairs to remaining structures are continuing as budget allows. These on-going repairs plus the cost of maintaining the wharves, means the Port is likely to require funding from ratepayers for the years ahead. At present the Port remains essentially a fishing port, with limited opportunity to increase revenue to meet its full operating costs. This may change in the future if mining of mineral sand provides an additional revenue stream, but it is early days in respect of this new operation. Supporting the Port operation remains important to Council as the economic activity created by the Port provides custom to local business in Greymouth.

The proportion of residents satisfied with the availability of public parking remained high in 2021/2022 at 75%. This shows steady improvement over recent years and was above the target of 67%.



Performance measures – Commercial & Property

Parking

What we're measuring	How we'll measure	2021/ 2022 target	2020/ 2021 measure	2021/ 2022 measure	Notes
Customer satisfaction	% of residents are satisfied with the availability of public parking	67%	72%	75%	Target Achieved The Resident Satisfaction Survey was conducted during November 2021 to March 2022. The full report is available on Council's website.

Port

What we're measuring	How we'll measure	2021/ 2022 target	2020/ 2021 measure	2021/ 2022 measure	Notes
Customer satisfaction	Annual survey of Port users completed in August, measuring satisfaction	70%	Not measured	Not measured	The annual survey of Port users was not carried out in 2020/2021 and 2021/22.

Retirement housing

What we're measuring	How we'll measure	2021/ 2022 target	2020/ 2021 measure	2021/ 2022 measure	Notes
An affordable, well maintained, and efficient retirement housing service is provided	Achievement of minimum percentage of occupancy rates	95%	98.86%	99.74%	Target Achieved All units are effectively let. Council takes the opportunity between tenants to undertake any necessary renewal works.
Customer satisfaction	% of tenants satisfied with the service (annual survey of tenants)	90%	100%	100%	Target Achieved In August 2022, 118 surveys were sent out to our tenants, 51 responses were received. 100% of those responses were satisfied or very satisfied with the Retirement Housing. The next survey will be carried out before the end of July 2023.

Property & Commercial funding impact statement

For the year ended 30 June 2022

	LTP 2020-21 \$000	LTP 2021-22 \$000	Actual 2021-22 \$000
OPERATING FUNDING			
SOURCES OF OPERATING FUNDING			
General Rates, Uniform annual general charges, rates penalties	515	498	513
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	41
Fees and charges	1,353	1,311	1,010
Internal charges and overheads recovered	469	420	278
Local authorities fuel tax, fines, infringement fees and other receipts	58	67	359
Total Operating Funding	2,395	2,296	2,201
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	1,673	1,653	1,490
Finance costs	242	148	139
Internal charges and overheads	440	551	250
Other operating funding applications	-	-	-
Total applications of operating funding	2,355	2,352	1,879
SURPLUS / (DEFICIT) OF OPERATING FUNDING	40	(56)	322
CAPITAL FUNDING			
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	2,000	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	178	764	216
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	178	2,764	216
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	415	-
- to replace existing assets	94	2,639	758
Increase/(decrease) in reserves	124	(346)	(220)
Increase/(decrease) of investments	-	-	-
Total applications of capital funding	218	2,708	537
SURPLUS / (DEFICIT) OF CAPITAL FUNDING	(40)	56	(322)
FUNDING BALANCE	-	-	-

Variations from budget – Commercial & Property

- Subsidies and Grants for capital expenditure \$1.8 million lower than budget due to delays in the start of the Slipway capital project.
- Debt drawdown \$500,000 less than budget due to borrowing relating to building project not starting.
- Capital expenditure to improve level of service \$415,000 lower than budget attributable to Tainui Building project being reallocated to the 2023 year.
- Capital expenditure to replace existing asset \$1.9 million lower than budget due to delays in the start of the Slipway capital project.

Identified effects of these activities on the community

- The port operations continue to struggle financially, however there is a more positive outlook with the development of a new fish processing facility in Greymouth.
- The aerodrome continues to offer the facilities required to support health services.
- With the district economy taking a downturn the provision of parking enforcement has not been required to the same extent as previous years. Council has reduced the service provided to match the demand.



Community & Recreation

Community & Recreation

Activities included in this group

Community facilities include:

Libraries

- Greymouth Library (including Pioneer Library)
- Runanga Library

Swimming Pools

- Westland Recreation Centre
- Spring Creek Pool, Runanga

Heritage, Arts & Culture

- Museum operations
- Financial support to other Arts, Culture and Heritage bodies

Indoor Sport Centres

- Westland Recreation Centre

Cemeteries

- Karoro Cemetery
- Gladstone Cemetery
- Stillwater Cemetery
- Barrytown Cemetery
- Blackball Cemetery
- Ahaura Cemetery
- Nelson Creek Cemetery (Ngahere)
- Moonlight Cemetery (not maintained)
- Maori Gully
- Cobden Cemetery
- Greenstone Cemetery
- Dungaville Cemetery (not maintained)
- Notown Cemetery
- Napoleon's Hill Cemetery (not maintained)
- Interment (burial) services
- Application and pre-purchase of burial plots
- Cemetery records

Parks and Tracks

- Parks
- Playgrounds
- Walking tracks
- Other open areas accessible to the public.
- Statues and monuments

Public restrooms

- Ten public toilets, some with other facilities

Council's In-house task force

Why we are involved in this activity/these activities

Community & Recreation

It is a requirement for any community to have access to a wide range of services that makes living in that area and visiting that area attractive and enjoyable. It is often described as services and activities that make any community “whole”. These services often “define” a community and give the community identity and a sense of belonging.

Services can be in the form of active and passive recreation and enjoyment.

Facilities offered by Grey District Council are critical services that ensure the wellbeing of our communities and answer the needs of society. Whether those needs be economic, social, environmental, emotional or physical, our facilities are where people can feed their imaginations, rebuild their lives, find direction, upskill themselves, and put the theory of growth, understanding and tolerance into practice.

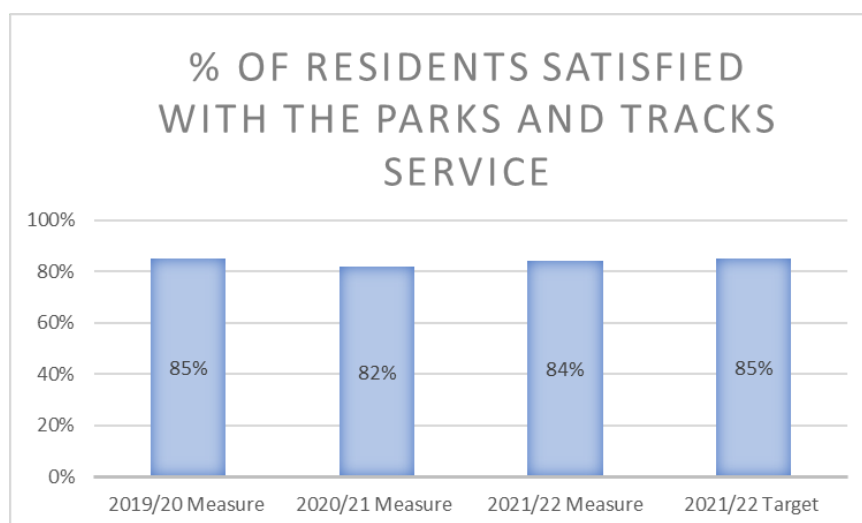
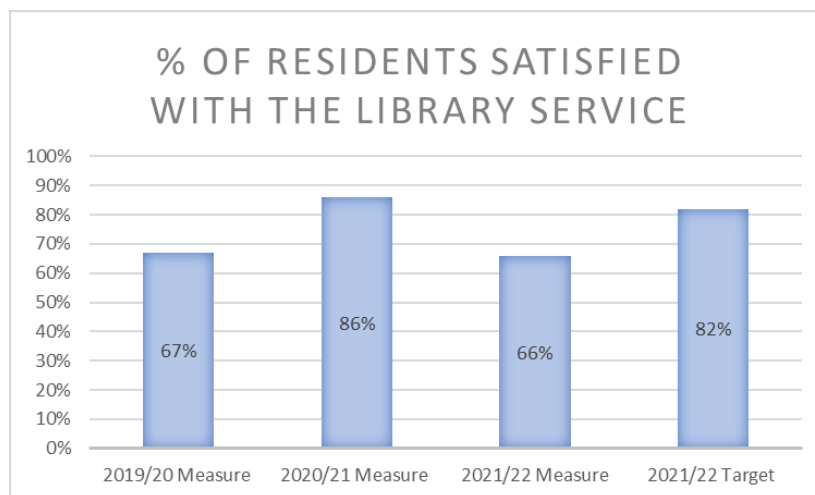
Contribution to Community Outcomes

OUTCOME	CONTRIBUTION
Economic Wellbeing	
Strong Diverse Sustainable Prosperous	<p>The provision and effective management of recreational and sports facilities, along with the Library and Museum Services contributes to a strong, sustainable, prosperous and diverse economy.</p> <p>The provision and effective management of retirement housing assists with a strong, sustainable, and diverse economy.</p> <p>The provision, strategic management, and maintenance of public toilet facilities for the community and visitors assists with a strong, prosperous and sustainable economy.</p> <p>The enablement of arts facilities assists with a diverse and strong economy.</p> <p>The management and maintenance of parks, reserves and cemeteries assists with a sustainable and strong economy.</p>
Social Wellbeing	
Safe Inclusive Connected Enabled	<p>The provision and effective management of recreational and sports facilities, along with the Library and Museum Services makes for an inclusive, connected, safe and enabled community.</p> <p>The provision and effective management of retirement housing enables a safe, enabled and connected community.</p> <p>The provision, management, and maintenance of public toilet facilities for community and visitors assists with safety in the community.</p> <p>The enablement of arts facilities assists in an inclusive, enabled and connected community.</p> <p>The provision and maintenance of parks, reserves and cemeteries provides a safe, connected, and enabled community.</p>
Connected	Well maintained roading network, footpaths, cycle lanes and cycle paths for connection to activities, businesses, communities and industry.
Cultural Wellbeing	
Proud Unique Inter-connected Vibrant	<p>The provision and effective management of recreational and sports facilities, along with the Library and Museum Services contributes to a proud, unique, inter-connected and vibrant culture.</p> <p>The enablement of arts facilities assists in and proud, unique and vibrant culture.</p> <p>The provision and maintenance of parks and reserves provide a unique and vibrant culture.</p>
Environment Wellbeing	
Practical Resilient Strategic	The effective and strategic management of parks, reserves and cemeteries contributes to resiliency in the environment.

Our performance in 2021/2022 – Community & Recreation Overview

Although we only achieved one of our seven targets for community and recreation, some were likely to have been affected by the Covid-19 related restrictions for community facilities. The effects of Covid and consequent social contact challenges have had a downward impact on council facility usage. Despite significant changes to social norms, usage of our library and recreation centre remained on a par with that of other public spaces within the district during this time. As the Grey district came out of the harder parts of lockdowns and mandates, so did attendances increase. Feedback from residents and users of both facilities highlighted how access to both the Grey District Library and Westland Recreation centre were considered an important contributor to the recovery of the community as a whole.

Despite the impact of Covid, work continued during 2021/22 to put in place improvements to enhance the library service. The library will be adopting an RFID based system this coming financial year. The system will modernise and greatly speed up stocktaking as well as the, check in and out processes for staff. Post some layout changes, we will move to a self-checkout system to further enhance the customer experience. Success with grant applications has allowed us to purchase new chrome books and other IT hardware for community use. Recently, and again through having gained successful funding, we have engaged someone to assist us in sorting through the contents of History house. We have also recently extended contracts for staff to allow the popup museum exhibition to continue however this will remain a challenge throughout 2022/23.



Community & Recreation

Libraries

What we're measuring	How we'll measure	2021/ 2022 target	2020/ 2021 measure	2021/ 2022 measure	Notes
Customer satisfaction	% of residents are satisfied with service	82%	86.5%	66%	Target Not Achieved The Resident Satisfaction Survey was conducted during November 2021 to March 2022. The full report is available on Council's website. It is likely that satisfaction with the library service was impacted by the Covid-19 related restrictions that were in place during February and March 2022.

Westland Recreation Centre/Swimming Pools

What we're measuring	How we'll measure	2021/ 2022 target	2020/ 2021 measure	2021/ 2022 measure	Notes
Customer satisfaction	% of users are satisfied with swimming pools	75%	71%	70%	Target Not Achieved The Council did not undertake a <i>user</i> survey in 2021/22 due to the impact of Covid-19 and the result for the year is from the <i>resident</i> survey. The Resident Satisfaction Survey was conducted during November 2021 to March 2022. The full report is available on Council's website.
	% of users satisfied with WRC stadium	70%	90%	70%	Target Achieved The Council did not undertake a <i>user</i> survey in 2021/22 due to the impact of Covid-19 and the result for the year is from the <i>resident</i> survey. This is likely to be the reason for the lower score in 2021/22 compared with the previous year. The Resident Satisfaction Survey was conducted during November 2021 to March 2022. The full report is available on Council's website.
	% of users satisfied with WRC fitness centres/gyms/group fitness classes	60%	90%	53%	Target Not Achieved The Council did not undertake a <i>user</i> survey in 2021/22 due to the impact of Covid-19 and the result for the year is from the <i>resident</i> survey (fitness centre and gyms specifically) when a user survey was undertaken. This is likely to be the reason for the lower score in 2021/22 compared with the previous year. The Resident Satisfaction Survey was conducted during November 2021 to March 2022. The full report is available on Council's website.

Community & Recreation

Cemeteries

What we're measuring	How we'll measure	2021/ 2022 target	2020/ 2021 measure	2021/ 2022 measure	Notes
Customer satisfaction	% of residents satisfied with the standard of cemetery facilities	77%	75%	71%	Target Not Achieved The Resident Satisfaction Survey was conducted during November 2021 to March 2022. The full report is available on Council's website.

Parks and Tracks

What we're measuring	How we'll measure	2021/ 2022 target	2020/ 2021 measure	2021/ 2022 measure	Notes
Customer satisfaction	% of residents are satisfied with the service	85%	82%	84%	Target Not Achieved The Resident Satisfaction Survey was conducted during November 2021 to March 2022. The full report is available on Council's website.

Public Toilets

What we're measuring	How we'll measure	2021/ 2022 target	2020/ 2021 measure	2021/ 2022 measure	Notes
Customer satisfaction	% of residents are satisfied with the service	71%	71%	70%	Target Not Achieved The Resident Satisfaction Survey was conducted during November 2021 to March 2022. The full report is available on Council's website.

MĀWHERA
GREY
DISTRICT COUNCIL
Heart of the West Coast



Blackball Showers



KIWICAMP

Community & Recreation funding impact statement

For the year ended 30 June 2022

	LTP 2020-21 \$000	LTP 2021-22 \$000	Actual 2021-22 \$000
OPERATING FUNDING			
SOURCES OF OPERATING FUNDING			
General Rates, Uniform annual general charges, rates penalties	3,274	4,643	4,624
Targeted rates	-	90	87
Subsidies and grants for operating purposes	32	276	1,041
Fees and charges	1,374	1,313	935
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	30	79
Total Operating Funding	4,680	6,352	6,765
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	3,477	4,760	3,970
Finance costs	218	122	126
Internal charges and overheads	648	809	428
Other operating funding applications	-	-	-
Total applications of operating funding	4,343	5,691	4,524
SURPLUS / (DEFICIT) OF OPERATING FUNDING	337	661	2,241
CAPITAL FUNDING			
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	400	200	859
Development and financial contributions	-	-	-
Increase/(decrease) in debt	(574)	(118)	(599)
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	(174)	82	260
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	7	142	200
- to replace existing assets	151	752	19
Increase/(decrease) in reserves	5	(151)	2,282
Increase/(decrease) of investments	-	-	-
Total applications of capital funding	163	743	2,501
SURPLUS / (DEFICIT) OF CAPITAL FUNDING	(337)	(661)	(2,241)
FUNDING BALANCE	-	-	-

Variations from budget – Community & Recreation

- Fees and Charges \$380,000 less favourable than budget attributable to reduced patronage of the swimming pools, \$160,000, and Gym services, \$150,000.
- Operating subsidies and grants, \$800,000 more favourable to budget. This was mainly attributable to \$1.3 million funding from the PGF for Community Halls, offsetting lower grants received elsewhere.
- Payments to staff and suppliers \$790,000 lower than budget mainly attributable to a \$693,000 adjustment for derecognition of the West Coast Theatre Trust loan.
- Capital expenditure to replace existing budgets was \$730,000 lower than budget attributable to delays in work programme on Public Toilets, \$410,000, and the Library \$166,000.

Identified effects of these activities on the community

- Council continues to offer high quality community facilities that form an integral part of making the Grey district an attractive place to live, work, and invest. It is recognised that these facilities require a high level of general ratepayer input, and there is not always a direct link between those who pay and those who benefit. Council strives to deliver the services in the most cost-effective manner possible.

Democracy & Administration



Democracy & Administration

Activities included in this group

Democracy and Administration includes Council, public consultation, Council administration and economic development.

Why we are involved in this activity/these activities

A healthy community requires its elected Council to show strong leadership, but, at the same time, to conduct its business in an open, transparent manner.

A vital component of democracy and administration is a Council Administration that executes Council's policies in a professional, objective and fair manner and, in doing so, respects the needs and circumstances of individual residents.

Council is involved with projects which provide economic development benefits to ensure the Grey District is a vibrant, progressive and welcoming environment where people can live, work or visit. Council will focus on the issues of concern that can be controlled, while keeping a watchful eye on those issues of concern which are not within its control.

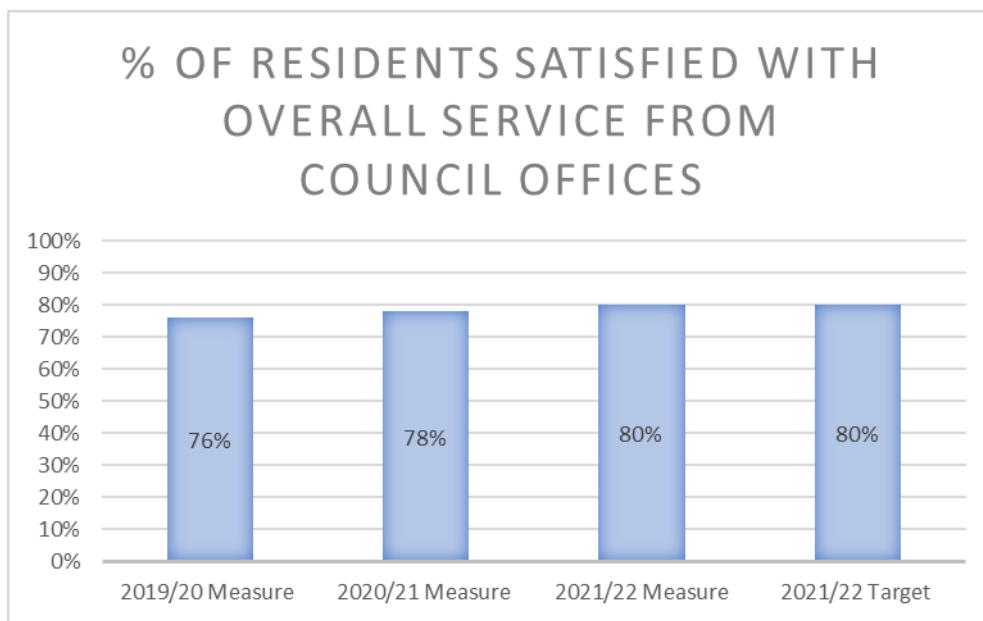
Council facilitates events in the Grey District to provide vibrancy and enhance community wellbeing. Council will organise events to be held on Council property, e.g., Town Square, community facilities.

Contribution to Community Outcomes

OUTCOME	CONTRIBUTION
Economic Wellbeing	
Strong Diverse Sustainable Prosperous	Effective, diverse, and strategic leadership contributes to a strong, sustainable and prosperous economy. Effective economic development and event facilitation contributes to a strong, diverse, sustainable, and prosperous economy. Efficient and strategic administration enables a strong economy.
Social Wellbeing	
Proud Unique Inter-connected Vibrant	Effective, diverse and strategic leadership enables a safe, inclusive and connected community. Effective economic development, and event facilitation enables an inclusive, connected and enabled community. Efficient and strategic administration enables the community.
Cultural Wellbeing	
Proud Unique Inter-connected Vibrant	Effective and diverse leadership enables the district to be culturally inter-connected. Effective economic development and event activities provide for a proud, unique, inter-connected and vibrant culture.
Environment Wellbeing	
Bold Practical Resilient Strategic	Effective and strategic leadership provide for decisions that enable boldness, practicality and resiliency within the environment.

Our performance in 2021/2022 - Democracy & Administration Overview

The proportion of residents satisfied with the overall service from Council offices was high in 2021/2022 at 80%, equal to the target.



Performance measures

What we're measuring	How we'll measure	2021/2022 target	2020/2021 measure	2021/2022 measure	Notes
Customer satisfaction	% of residents are satisfied with the service they received when they have contacted Council offices	80%	78%	80%	Target Achieved The Resident Satisfaction Survey was conducted during November 2021 to March 2022. The full report is available on Council's website.

Democracy & Administration funding impact statement

For the year ended 30 June 2022

	LTP 2020-21 \$000	LTP 2021-22 \$000	Actual 2021-22 \$000
OPERATING FUNDING			
SOURCES OF OPERATING FUNDING			
General Rates, Uniform annual general charges, rates penalties	1,406	1,973	2,131
Targeted rates	365	129	133
Subsidies and grants for operating purposes	-	126	575
Fees and charges	80	46	50
Internal charges and overheads recovered	6,328	6,994	5,750
Local authorities fuel tax, fines, infringement fees and other receipts	602	156	134
Total Operating Funding	8,781	9,424	8,773
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	6,161	7,718	7,680
Finance costs	2	-	1
Internal charges and overheads	2,115	2,084	2,229
Other operating funding applications	-	-	-
Total applications of operating funding	8,278	9,802	9,909
SURPLUS / (DEFICIT) OF OPERATING FUNDING	503	(378)	(1,137)
CAPITAL FUNDING			
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	104
Development and financial contributions	-	-	-
Increase/(decrease) in debt	(3)	-	694
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	(3)	0	798
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	5	4	75
- to replace existing assets	227	154	513
Increase/(decrease) in reserves	268	(536)	(928)
Increase/(decrease) of investments	-	-	-
Total applications of capital funding	500	(378)	(339)
SURPLUS / (DEFICIT) OF CAPITAL FUNDING	(504)	378	1,137
FUNDING BALANCE	(1)	-	-

Variations from budget – Democracy & Administration

- Subsidies and grants are \$450,000 higher than budgeted due to grants received for the Mayors Taskforce for Jobs programme.
- Subsidies and Grants for capital expenditure \$177,000 higher than budget due to \$177,000 received for prior year Gateway project work.
- Capital expenditure to replace existing assets \$350,000 attributable to increased IT expenditure to modernise function within Council.

Identified effects of these activities on the community

- Back in October 2012, key stakeholders identified from a cross section of organisations within the district were invited to be part of the Economic Development Liaison Group (EDLG) to help draft an Economic Development Strategy. Chaired by the Mayor, this group was responsible for overseeing and guiding the development of the Grey District Council's Economic Development Strategy, a ten-year plan to help foster economic growth within the district. A draft Economic Development Strategy was put out to the community for feedback in May and on 11 July 2013, the EDLG met to hear and consider submissions on the draft plan. Following this, a final strategy was developed and subsequently adopted by Council on 12 August 2013. This strategy continues to act as the basis for subsequent Council projects, such as the CBD renewal.

PART C: Financial Statements and Notes

Statement of Compliance and Responsibility

Compliance

The Council and Management of the Grey District Council confirm that all statutory requirements relating to the annual report, as outlined in the Local Government Act 2002, have been complied with including the requirement to comply with generally accepted accounting practice.

Responsibility

Council and management of the Grey District Council accept responsibility for the preparation of the annual Financial Statements and the judgements used in them.

Council and management accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and the reliability of the financial reporting.

In the opinion of Council and management of Grey District Council, the annual Financial Statements for the year ended 30 June 2022 fairly reflect the financial position and operations of Grey District Council.



Tania Gibson
Mayor
Dated 19/12/2022



Paul Morris
Chief Executive
Dated 19/12/2022

Statement of Comprehensive Revenue and Expense

For the Year Ended 30 June 2022

		Actual 2022 \$000	Budget 2022 \$000	Actual 2021 \$000
REVENUE				
	Note			
Rates revenue	3	19,923	19,678	17,859
Subsidies and grants	4	17,930	16,816	7,864
Fees and charges	5	4,969	4,537	4,294
Financial and Development Contributions		448	30	69
Interest revenue	6	117	142	59
Other revenue	7	2,923	580	2,317
Total revenue		46,310	41,783	32,462
EXPENSES				
Personnel costs	9	6,736	7,164	6,679
Finance costs	10	999	1,012	1,015
Other expenses	11	17,506	15,476	22,645
Depreciation and amortisation expense	20	10,010	9,265	9,891
Total expenses		35,251	32,917	40,230
Surplus / (deficit) before TAX		11,059	8,866	(7,768)
Income Tax credit (expense)		-	-	-
Surplus / (deficit)		11,059	8,866	(7,768)
OTHER COMPREHENSIVE REVENUE AND EXPENSE				
<i>Items that will not be reclassified to surplus/(deficit)</i>				
Gains/(Losses) on revaluations of assets	17	74,110	54	-
Total other comprehensive revenue and expense		74,110	54	-
Total comprehensive revenue and expense		85,169	8,920	(7,768)

The accompanying notes form part of these financial statements.

Statement of Financial Position

As at 30 June 2022

		Actual 2022 \$000	Budget 2022 \$000	Actual 2021 \$000
ASSETS				
	Note			
Current assets				
Cash and cash equivalents	13	5,517	4,091	11,759
Receivables	14	12,425	5,017	5,393
Prepayments	15	411	-	326
Other financial assets	16	1,589	3,830	2,999
Total current assets		19,942	12,938	20,477
Non-current assets				
Property, plant and equipment	18	510,338	454,637	429,828
Intangible assets	19	209	287	12
Investment property	21	3,690	2,646	3,400
Other financial assets	16	572	635	527
Derivative financial instruments	17	256	-	-
Total non-current assets		515,065	458,205	433,767
Total assets		535,007	471,143	454,244
LIABILITIES				
Current liabilities				
Payables and deferred revenue	22	6,040	5,684	8,090
Employee benefit liabilities	23	542	601	569
Provisions	24	73	-	68
Borrowings	25	8,994	5,000	9,000
Total current liabilities		15,649	11,285	17,727
Non-current liabilities				
Employee benefit liabilities	23	-	457	514
Provisions	24	1,895	2,011	2,607
Borrowings	25	21,600	27,846	21,587
Derivative financial instruments	17	95	-	1,211
Total non-current liabilities		23,590	30,314	25,919
Total liabilities		39,239	41,599	43,646
Net assets		495,768	429,544	410,598
EQUITY				
Accumulated Funds	26	233,599	277,353	216,374
Reserves	26	8,031	6,191	14,197
Revaluation Reserves	26	254,138	146,000	180,027
Total equity		495,768	429,544	410,598

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the year ended 30 June 2022

	Note	Actual 2022 \$000	Budget 2022 \$000	Actual 2021 \$000
Equity at 1st of July		410,598	420,624	418,366
Total comprehensive revenue		85,170	8,920	(7,768)
Equity at 30th June	26	495,768	429,544	410,598

The accompanying notes form part of these financial statements.

Statement of Cash Flows

For the year ended 2022

	Note	Actual 2022 \$000	Budget 2022 \$000	Actual 2021 \$000
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from rates revenue		20,007	19,648	17,620
Receipts from other revenue		8,392	4,151	5,872
Subsidies and grants received		9,107	16,816	10,774
Interest received		117	168	115
Payments to suppliers and employees		(25,822)	(23,154)	(21,798)
Finance costs		(999)	(1,012)	(1,014)
NET CASH INFLOW/ (OUTFLOW) FROM OPERATING ACTIVITIES	27	10,802	16,617	11,569
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds sale of investments		1,391	10,679	5,998
Purchase of property, plant and equipment		(18,444)	(21,627)	(9,935)
Purchase of Investments		-	(10,485)	(5,998)
NET CASH INFLOW/ (OUTFLOW) FROM INVESTING ACTIVITIES		(17,053)	(21,433)	(9,935)
CASHFLOWS FROM FINANCING ACTIVITIES				
Proceeds from Borrowing		19,008	9,424	20,600
Repayment of Borrowings		(19,000)	(6,692)	(14,000)
NET CASH INFLOW/ (OUTFLOW) FROM FINANCING ACTIVITIES		8	2,732	6,600
NET INCREASE/ (DECREASE) IN CASH HELD		(6,243)	(2,084)	8,234
Opening Cash Balance 1 July		11,759	6,175	3,525
		5,517	4,091	11,759
REPRESENTED BY				
Cash & cash equivalents	13	5,517	4,091	11,759

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

1. Statement of accounting policies

Reporting entity

Grey District Council ("Council") is a territorial local authority established under the Local Government Act 2002 (LGA), and is domiciled and operates in New Zealand. The relevant legislation governing the Council's operations includes the LGA and the Local Government (Rating) Act 2002.

The primary objective of Council is to provide goods and services for a community or social benefit rather than making a financial return. The Council has designated itself as a public benefit entity (PBE) for the purposes of complying with generally accepted accounting practice (GAAP).

The financial statements of Council are for the year ended 30 June 2022. The financial statements were authorised for issue by Council on 19 December 2022.

Basis of preparation

The financial statements have been prepared on the going concern basis, and the accounting policies have been applied consistently throughout the year.

The financial statements of Council have been prepared in accordance with the requirements of the LGA and the Local Government (Financial Reporting and Prudence) Regulations 2014 (LG(FRP)R), which include the requirement to comply with NZ GAAP.

The financial statements have been prepared in accordance with and comply with Public Benefit Entity Standards.

Measurement Base

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000), other than the remuneration and the severance payment disclosures in Note 9, and the related party transaction disclosures in Note 29. The remuneration, severance payment, and related party transaction disclosures are rounded to the nearest dollar.

The financial statements have been prepared on a historical cost basis, except for investment properties, some classes of property, plant and equipment, derivative financial instruments and available-for-sale investments, which have been measured at fair value.

Foreign currency transactions (including those subject to forward foreign exchange contracts) are translated into New Zealand Dollars (the functional currency) using the spot exchange rate at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in surplus or deficit.

Accounting policies

The following accounting policies which materially affect the measurement of financial performance, financial position and cash flows for Council have been applied.

Changes in accounting policies

An amendment to PBE IPSAS 2 requires entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The amendment is effective for the period ending 30 June 2022.

Other than this change as a result of adopting the amendments to PBE IPSAS 2 Cash Flow Statement, there have been no other changes in accounting policy.

Revenue

Revenue comprises of the items below and is measured at the fair value of consideration received or receivable. Revenue may be derived from either exchange or non-exchange transactions.

Revenue from exchange and non-exchange transactions

Revenue from exchange transactions arises where the Council provides goods or services to another entity and directly receives approximately equal value (primarily in the form of cash in exchange).

Revenue from non-exchange transactions arises from transactions that are not exchange transactions. Revenue from non-exchange transactions arises when the Council receives value from another party without giving approximately equal value directly in exchange for the value received.

Approximately equal value is considered to reflect a fair or market value, which is normally commensurate with an arm's length commercial transaction between a willing buyer and willing seller. Many of the services that the Council provides for a fee are charged at below market value as they are subsidised by rates. Other services operate on a cost recovery or break-even basis and are not considered to reflect a market return. Most of the Council's revenue is therefore categorised as non-exchange.

Specific accounting policies for major categories of revenue are outlined below. The Council undertakes various activities as part of its normal operations, some of which generate revenue, but generally at below market rates. The following categories (except where noted) are classified as transfers, which are non-exchange transactions other than taxes.

Rates

Rates Revenue is recognised by Council as being revenue on the due date of each instalment. Rates are a tax as they are payable under the Local Government (Rating) Act 2002 and are therefore defined as non-exchange.

Water billing revenue is recognised on an accrual basis and are taxes that use a specific charging mechanism to collect the rate and are non-exchange revenue.

Rates arising from late payment penalties are recognised as revenue when rates become overdue.

Subsidies and grants

Council receives funding assistance from Waka Kotahi New Zealand Transport Agency, which subsidises part of the costs of maintenance and capital expenditure on the local roading infrastructure. The subsidies are recognised as revenue upon entitlement, as conditions pertaining to eligible expenditure have been fulfilled.

Other grants and subsidies are recognised as revenue when they become receivable unless there is an obligation in substance to return the funds if conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as grants received in advance and recognised as revenue when conditions of the grant are satisfied.

Other bequests, and assets vested in Council — with or without conditions — are recognised as revenue when control over the assets is obtained.

Insurance proceeds

Insurance proceeds are recognised as revenue when the compensation becomes receivable. Claims accepted after balance date are not recognised where their receipt was not virtually certain

Development and financial contributions

Development and financial contributions are recognised as revenue when the Council provides, or is able to provide, the service for which the contribution was charged. Otherwise, development and financial contributions are recognised as liabilities until such time as the Council provides, or is able to provide, the service.

Finance revenue

Interest revenue is included in finance revenue in the statement of comprehensive revenue and expense and recognised using the effective interest method.

Other revenue

Dividends are recognised when the right to receive payment has been established and are classified as exchange revenue.

Revenue from fines and penalties (e.g., traffic and parking infringements, library overdue book fines, rates penalties) are recognised when infringement notices are issued or when the fines/penalties are otherwise imposed.

Revenue from the rendering of services where the service provided is non-exchange is recognised when the transaction occurs to the extent that a liability is not also recognised. Within rendering of services, the only revenues considered to be exchange revenue are from Parking services (meter fees and permits) and commercial leases of some building assets. For these transactions the revenue is recognised by reference to the stage of completion of the transaction at the reporting date.

The sale of goods is classified as exchange revenue. Sale of goods is recognised when products are sold to the customer and all risks and rewards of ownership have transferred to the customer.

Investment property lease rentals (net of any incentives given) are classified as exchange revenue and recognised on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which benefits derived from the leased asset is diminished.

Other gains and losses

Gains include additional earnings on the disposal of property, plant and equipment and movements in the fair value of financial assets and liabilities and are recognised as exchange revenue.

Vested Asset Revenue for no nominal consideration is recognised as non-exchange revenue when the maintenance period (where the developer is responsible for addressing maintenance items) ends and the asset is at the required standard to be taken over by Council. The fair value of vested or donated assets is usually determined by reference to the cost of constructing the asset. For assets received from property developments, the fair value is based on construction price information provided by the property developer.

Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value at each balance date. Movement in the fair value in interest rate swaps (derivatives) are recognised as a finance expense/revenue through the surplus/deficit.

Grant expenditure

Non-discretionary grants are those grants that are awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received. Discretionary grants are those grants where Council has no obligation to award on receipt of the grant application and are recognised as expenditure when a successful applicant has been notified of Council's decision.

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement at inception date. The substance of the arrangement depends on whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Lessee

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the entity. Assets held under a finance lease are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The entity also recognises the associated lease liability at the inception of the lease, at the same amount as the capitalised leased asset.

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as finance costs in surplus or deficit.

Contingent rents shall be charged as expenses in the period in which they are incurred.

An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the entity. Operating lease payments are recognised as an operating expense in surplus or deficit on a straight-line basis over the lease term.

Leases

Leases in which the entity does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term. Rent received from an operating lease is recognised as income on a straight-line basis over the lease term. Contingent rents are recognised as revenue in the period in which they are earned.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of 90 days or less that are readily convertible to know amount of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

Financial assets

Council classifies its financial assets into the following four categories: loans and receivables, held-to-maturity investments, fair value through surplus or deficit and financial assets available for sale through other comprehensive revenue and expense. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Financial assets and liabilities are initially measured at fair value plus transaction costs unless they are carried at fair value through surplus/deficit in which case the transaction costs are recognised in the surplus/deficit. Loans, including loans to community organisations made by Council at nil, or below-market interest rates are initially recognised at the present value of their expected future cash flows, discounted at the current market rate of return for a similar asset/investment. They are subsequently measured at amortised cost using the effective interest method. The difference between the face value and present value of expected future cash flows of the loan is recognised in the surplus/deficit as grant expenditure.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. Council uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, net asset backing, are used to determine fair value for the remaining financial instruments.

The four categories of financial assets are:

- **Loans and receivables**

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

After initial recognition they are measured at amortised cost using the effective interest method. Gains and losses when the asset is impaired or de-recognised are recognised in the surplus/deficit. Loans and receivables are classified as "trade and other receivables" in the statement of financial position.

- **Held to maturity investments**

Held to maturity investments are assets with fixed or determinable payments and fixed maturities that Council has the positive intention and ability to hold to maturity.

After initial recognition they are measured at amortised cost using the effective interest method. Gains and losses when the asset is impaired or de-recognised are recognised in the surplus/deficit. Investments in this category include fixed term deposits and bonds.

- **Financial assets at fair value through the surplus or deficit**

Derivatives held by Council are categorized in this group unless they are designated as hedges. After initial recognition, they are measured at their fair values. Gains or losses on re-measurement are recognised in the surplus/deficit. Council uses derivative financial instruments to economically hedge exposure to foreign exchange and interest rate risks arising from financing activities. In accordance with its treasury policy, Council does not hold or issue derivative financial instruments for trading purposes.

- **Available for Sale Financial Assets**

This category encompasses investments that Council intends to hold long-term but which may be realised before maturity or are not classified in any of the other categories above.

After initial recognition these investments are measured at their fair value.

Gains and losses are recognised directly in other comprehensive revenue and expense except for impairment losses, which are recognised in the surplus/deficit.

On de-recognition, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is reclassified from equity to the surplus or deficit.

Impairment of financial assets

At each balance date, Council assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. The total impairment loss is recognised in the surplus or deficit.

A provision for impairment of receivables is established when there is objective evidence that Council will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the effective interest method.

In the event of impairment of financial assets at fair value through other comprehensive revenue and expense, any cumulative losses previously recognised in other comprehensive revenue and expense will be reclassified and recognised in surplus/deficit even though the asset has not been de-recognised.

Accounts Receivable

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

Inventory

Inventory held for distribution or consumption in the provision of services that are not supplied on a commercial basis is measured at cost, adjusted when applicable, for any loss of service potential. Inventory held for commercial purposes are measured at the lower of cost and net realisable value.

The amount of any write-down for the loss of service potential or from cost to net realisable value is recognised in the surplus or deficit in the period of the write-down. When land held for development and future resale is transferred from investment property/property, plant, and equipment to inventory, the fair value of the land at the date of the transfer is its deemed cost.

Costs directly attributable to the developed land are capitalised to inventory, with the exception of infrastructural asset costs which are capitalised to property, plant, and equipment.

Non-Current assets held for sale

Non-current assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction, not through continuing use. Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment losses for write-downs of non-current assets held for sale are recognised in the surplus or deficit. Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for sale.

Property, Plant and Equipment

Property, plant and equipment consists of:

Infrastructure assets — Infrastructure assets are the fixed utility systems owned by Council. Each asset class includes all items that are required for the network to function, for example, sewer reticulation includes reticulation piping and sewer pump stations.

Other fixed assets — these include land, buildings, and breakwater and wharves.

Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to Council and the cost of the item can be measured reliably.

Work in progress is recognised at cost less impairment and is not depreciated.

In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired in a non-exchange transaction at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant, and equipment are recognised in surplus or deficit as they are incurred.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the surplus/deficit. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to accumulated Funds.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment other than land, at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Asset Class	Depreciation Method	Life (years)	%
Buildings:			
- Structure	Straight line	40-50	2.0-2.5
- Fit Out	Straight line	10-20	5.0-10
- Services	Straight line	15-30	3.33-6.67
- Sundry (e.g. car parking)	Straight line	10	10
Aerodrome	Straight line	10-75	1.33-10
Plant and machinery	Straight line	3-30	3-33
Furniture and fittings	Straight line	10	10
Computer equipment	Straight line	3-8	12.5-33
Library stocks	Straight line	8	12.5
Breakwater and wharves	Straight line	40-50	2-2.5
Reserve board assets	Not depreciated		
Landfill sites	Straight line	10-50	2-10
Landfill capitalised aftercare costs	Straight line	8	12.5
Water supply systems			
- Pipe network	Straight line	50-100	1-2
- Pumps and electrical	Straight line	10-80	1.25-10
- Reservoirs	Straight line	60-80	1.67-10
Drainage and sewerage			
- Pipe network	Straight line	50-100	1 - 2
- Pumps and electrical	Straight line	10-80	1.25-10
- Ponds	Straight line	60	1.67
Heritage assets	Straight line	40	2.5
Roading networks:			
- Formation	No depreciated		
- Pavement structure - sealed	Straight line	40-50	2-2.5
- Pavement structure - unsealed	Straight line	3-22	4.5-33
- Pavement surfacing	Straight line	8-16	6.25-12.5
- Kerb and channelling	Straight line	50-150	0.67-2
- Bridges	Straight line	15-100	1- 1.67
- Footpaths	Straight line	15-50	2-6.67
- Drainage: surface water channels	Straight line	10-80	1.25-10
Drainage: culverts and catch pits	Straight line	50-150	0.67-2
- Traffic signs and pavement marking	Straight line	5-15	0.67-20
- Streetlights	Straight line	22-40	2.5-4.0
Flood protection scheme	Straight line	100	1
Parking developments	Straight line	50	2
Sports fields and parks improvements	Straight line	5-100	1-20

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year end.

Valuation

The measurement base for each class of asset is described below.

Infrastructural assets	Valuation basis
Roading network	Optimised depreciated replacement cost
Land under roads	Deemed cost
Stormwater	Optimised depreciated replacement cost
Flood protection system	Depreciated historical cost
Sewerage	Optimised depreciated replacement cost
Water supply systems	Optimised depreciated replacement cost
Landfill site	Depreciated historical cost

Fixed assets	Valuation basis
General land	Fair value
Other land	Historical cost
Buildings	Fair value
Plant and machinery	Depreciated historical cost
Furniture and fittings	Depreciated historical cost
Computer equipment	Depreciated historical cost
Library stocks	Depreciated historical cost
Breakwater and wharves	Depreciated historical cost
Aerodrome	Fair value
Parking developments	Depreciated historical cost
Reserve Board Assets	Historical Value
Sports fields and parks	Deemed cost
Heritage assets	Deemed cost

Accounting for revaluations

Council accounts for revaluations of property, plant and equipment on a class of asset basis.

The results of revaluing are credited or debited to an asset revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed in the surplus/deficit.

Any subsequent increase on revaluation that off-sets a previous decrease in value recognised in the surplus/deficit will be recognised first in the surplus/deficit up to the amount previously expensed, and then recognised in other comprehensive revenue and expense.

Those asset classes that are revalued are valued on a three yearly valuation cycle on the basis described above. All other asset classes are carried at depreciated historical cost. The carrying values of revalued items are reviewed at each balance date to ensure that those values are not materially different to fair value.

Intangible Assets

Computer software acquisition and development

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs that are directly associated with the development of software for internal use are recognised as an intangible asset. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Computer software is amortised on a straight-line basis over its useful life. The useful life of software is estimated as two to four years.

Staff training costs are recognised in the surplus or deficit when incurred.

Costs associated with maintaining computer software are recognised as an expense when incurred.

Costs associated with development and maintenance of the Council's website are recognised as an expense when incurred.

Investment property

Properties leased to third parties under operating leases are classified as investment property unless the property is held to meet service delivery objectives, rather than to earn rentals or for capital appreciation.

Investment property is measured initially at its cost, including transaction costs.

After initial recognition, Council measures all investment property at fair value at each reporting date.

Gains or losses arising from a change in the fair value of investment property are recognised in the surplus/deficit.

Investment in Associates and Joint Ventures

An associate is an entity over which the Council has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of another entity, but has no control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is the agreed sharing of control of an arrangement by way of a binding arrangement. Joint control is the agreed sharing of control of an arrangement by way of a binding arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Council

The Council's investment in associates and joint ventures is accounted for at cost in the Council's separate financial statements.

In the Council's separate statement of financial performance, dividends receivable from associates or joint ventures are recognised as revenue.

Impairment of non-financial assets

Assets that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where the Council would, if deprived of the asset, replace its remaining future economic benefits or service potential. The value in use for cash-generating assets and cash-generating units is the present value of expected future cash flows.

If an asset's carrying amount exceeds its recoverable amount the asset is impaired and the carrying amount is written down to the recoverable amount. For revalued assets the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the surplus/deficit.

For assets not carried at a revalued amount, the total impairment loss is recognised in the surplus/deficit. The reversal of an impairment loss on a revalued asset is credited to the revaluation reserve. However, to the extent that an impairment loss for that class of asset was previously recognised in surplus/deficit, a reversal of the impairment loss is also recognised in the surplus/deficit.

For assets not carried at a revalued amount (other than goodwill) the reversal of an impairment loss is recognised in the surplus/deficit.

Trade and other payables

Short-term creditors and other payables are recorded at their face value.

Employee benefits

Short-term benefits

Employee benefits that Council expects to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken, at balance date, retiring and long service leave entitlements expected to be settled within 12 months, and sick leave.

Long-term benefits

Long service leave and retirement leave

Entitlements that are payable beyond 12 months, such as long service leave and retiring leave, have been calculated on an actuarial basis. The calculations are based on:

- likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlements information; and
- the present value of the estimated future cash flows. The discount rate is based on the weighted average of Government interest rates for stock with terms to maturity similar to those of the relevant liabilities. The inflation factor is based on the expected long- term increase in remuneration for employees.

Sick leave, annual leave, and vested long service leave are classified as a current liability. Non-vested retirement and long service leave expected to be settled within 12 months of balance date are also classified as a current liability. All other employee entitlements are classified as a non-current liability.

Provisions

Council recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditures will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense.

Landfill post closure costs

Council has a legal obligation under its resource consent to provide on-going maintenance and monitoring services at the landfill site after closure. A provision for post closure costs is recognised as a liability when the obligation for post closure arises.

The provision is measured based on the present value of future cash flows expected to be incurred, taking into account future events including new legal requirements and known improvements in technology. The provision includes all costs associated with landfill post closure. The discount rates are based on Treasury risk free rates. The inflation factors are based on forecasts from BERL (Business and Economic Research Limited).

Financial guarantees

A financial guarantee contract is a contract that requires the Council to make specified payments to reimburse the holder of the contract for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are initially recognised at fair value, even if a payment under the guarantee is not considered probable. If a financial guarantee contract was issued in a stand-alone arms-length transaction to an unrelated party, its fair value at inception is equal to the consideration received. When no consideration is received, a liability is recognised based on the probability that the Council will be required to reimburse a holder for a loss incurred discounted to present value. The portion of the guarantee that remains unrecognised, prior to discounting to fair value, is disclosed as a contingent liability.

Financial guarantees are subsequently measured at the initial recognition amount less any amortisation. However, if it is probable that expenditure will be required to settle a guarantee, then the provision for the guarantee is measured at the present value of the future expenditure.

Borrowings

Borrowing on normal commercial terms are initially recognised at the amount borrowed plus transaction costs. Interest due on the borrowings is subsequently accrued and added to the borrowings balance.

Borrowings are classified as current liabilities unless the Council has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

Equity

Equity is the community's interest in Council and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into a number of reserves.

The components of equity are:

- Ratepayers' equity (Retained earnings)
- Special funds reserves
- Trusts, bequests and other reserves
- Asset revaluation reserves.

Reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by Council. Restricted reserves are those reserves subject to specific conditions accepted as binding by Council and which may not be revised by Council without reference to the courts or third parties. Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met. Council created reserves are reserves established by Council decision. Council may alter them without reference to any third party or the courts. Transfers to and from these reserves are at the discretion of Council.

Asset revaluation reserves comprise the cumulative net change in the fair value of assets classified as fair value though other comprehensive revenue and expense.

Goods and Service Tax (GST)

All items in the financial statements including the Statement of Cashflows are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax, then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the statement of financial position. The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

Budget figures

The budget figures are those approved by Council at the beginning of the year in its 2021-2031 Long-Term Plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by Council for the preparation of the financial statements.

Cost allocation

Council has derived the cost of service for each significant activity of Council using the cost allocation system outlined below.

Direct costs are those costs directly attributable to a significant activity. Indirect costs are those costs, which cannot be identified in an economically feasible manner, with a specific significant activity.

Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities using appropriate cost drivers such as actual usage, staff numbers and floor area.

Critical accounting estimates and assumptions

In preparing these financial statements, Council has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Landfill aftercare provision

Note 24 discloses an analysis of the exposure of Council in relation to the estimates and uncertainties surrounding the landfill aftercare provision.

Financial guarantees

Note 24 discloses Council's assessment on the probability that Council will be required to reimburse the guarantee holder and the total amount of the guarantee.

Infrastructural assets and property carried at fair value

There are a number of assumptions and estimates are used when valuing infrastructure and property assets using the depreciated replacement cost method. These include:

- The replacement costs where appropriate reflect optimisation due to over-design or surplus capacity.
- Estimating the replacement cost of the asset. The replacement cost of an asset is based on recent construction contracts in the region for modern equivalent assets, from which unit rates are determined. Unit rates have been applied to components of the network based on size, material, depth, and location. If recent contract cost information is considered out of date, it is indexed using Statistics New Zealand's Capital Goods Price Index (based on the March 2022 quarter index) for civil constructions to convert them to current dollar value at the valuation date.
- Estimates of the remaining useful life over which the asset will be depreciated. These estimates can be affected by the local conditions. For example, weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then the Council could be over or underestimating the annual depreciation charge recognised as an expense in the statement of comprehensive revenue and expense. To minimise this risk, infrastructural asset useful lives have been determined with reference to the New Zealand Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration, and condition-modelling are also carried out regularly as part of asset management planning activities, which provide further assurance over useful life estimates.

Critical judgements in applying council's accounting policies

Management has exercised the following critical judgements in applying Council's accounting policies for the period ended 30 June 2022:

Classification of property

Council owns a number of properties, which are maintained primarily to provide housing to elderly persons. The receipt of market-based rental from these properties is incidental to holding these properties. These properties are held for service delivery objectives as part of Council's social housing policy. These properties are accounted for as property, plant and equipment.

Classification of leases

Council is the lessor on a large number of leases which include terms where the lessee can extend the lease into perpetuity. Council has determined that the risks and rewards of ownership are retained by the Grey District Council and therefore have classified the leases as operating leases.

Classification of property

Council's leasehold property has been classified as Investment Property as the primary purpose is to earn rental revenue for the Council and is not directly related to service delivery.

Statement of cash flows

The following are the definitions of terms used in the statement of cash flows:

"Operating Activities" include cash received from all revenue sources of Council and record the cash payments made for the supply of goods and services.

"Investing Activities" are those activities relating to the acquisition, holding and disposal of property, plant and equipment and of investments. Investments can include securities not falling within the definition of cash.

"Financing Activities" are those activities change the equity and debt capital structure of Council.

"Cash" is considered to be cash on hand and cash at bank, and on-call deposits, net of overdrafts.

Standards issued and not yet effective and not early adopted

PBE FRS 48 Service Performance Reporting

PBE FRS 48 replaces the service performance reporting requirements of PBE IPSAS 1 Presentation of Financial Statements and is effective for the year ending 30 June 2023, with early application permitted. The Council has not yet determined how application of PBE FRS 48 will affect its statement of service performance. It does not plan to adopt the standard early.

PBE IPSAS 41 Financial Instruments

In March 2019, the External Reporting Board (XRB) issued PBE IPSAS 41 Financial Instruments, which supersedes both PBE IFRS 9 Financial Instruments and PBE IPSAS 29 Financial Instruments: Recognition and Measurement. The main changes between PBE IPSAS 29 and PBE IPSAS 41 are:

- New financial asset classification requirements for determining whether an asset is measured at fair value or amortised cost.
- A new impairment model for financial assets based on expected credit losses, which may result in earlier recognition of impairment losses.

The Council does not plan to adopt the standard early.

The council has not yet assessed the affects of the implementing standards PBE FRS 48 Service Performance Reporting and PBE IPSAS 41 Financial Instruments.

2. Summary revenue and expenditure for groups of activities

	Actual 2022 \$000	Budget 2022 \$000	Actual 2021 \$000
Revenue			
Land Transport	14,860	12,199	6,497
Stormwater	1,476	1,470	1,309
Wastewater	3,038	2,839	3,010
Water Supply	5,735	7,040	3,798
Solid Waste	3,453	2,518	2,633
Environmental Services	3,352	2,929	2,478
Commercial & Property	2,272	3,875	3,068
Community & Recreation	7,625	6,554	6,586
Democracy & Administration	4,498	2,359	3,083
Total activity revenue	46,309	41,783	32,462
Expenditure			
Land Transport	8,454	7,923	7,790
Stormwater	1,799	1,507	8,548
Wastewater	3,217	3,161	3,253
Water Supply	2,677	2,433	2,455
Solid Waste	3,232	2,432	2,420
Environmental Services	2,926	2,767	2,677
Commercial & Property	2,309	2,523	2,573
Community & Recreation	6,332	6,994	7,036
Democracy & Administration	4,304	3,177	3,478
Total Expenditure	35,251	32,917	40,230

This shows a breakdown of the Total Revenue and Operating Expenditure, as shown on the Statement of Comprehensive Revenue and Expense, between each Group of Activities.

3. Rates revenue

		Actual 2022 \$000	Actual 2021 \$000
General Rate	Non Exchange	8,631	7,161
Uniform Annual General Charge	Non Exchange	4,274	3,523
Targeted Rates			
Water Supply	Non Exchange	2,287	2,364
Water Supply by Meter	Exchange	54	199
Wastewater	Non Exchange	2,641	2,642
Solid Waste	Non Exchange	1,454	1,389
Community & Recreation	Non Exchange	87	70
Democracy & Administration	Non Exchange	132	290
Rates Penalties	Non Exchange	363	221
Other rates revenue		-	-
Total Rates		<u>19,923</u>	<u>17,859</u>
Exchange		54	199
Non Exchange		<u>19,869</u>	<u>17,660</u>
Total Exchange/Non Exchange		<u>19,923</u>	<u>17,859</u>
Rates charged on council owned properties (eliminated from revenue and expenses)		501	436

Total revenue from any funding mechanism authorised by the Local Government (Rating Act) 2002 (i.e. including targeted water supply rates and lump sum contributions) is as follows:

	As at 30 June 2021	As at 30 June 2020
Number of rating units at end of preceding year	9,131	9,099
Total capital value of rating units at end of preceding year	2,934,349,850	2,863,105,350
Total land value of rating units at end of preceding year	1,281,968,350	1,277,862,350

Rating base information

This information is provided in terms of Schedule 10 clause 30A of the Local Government Act 2002:

The annual report must state—

- a. *the number of rating units within the district or region of the local authority at the end of the preceding financial year:*
- b. *the total capital value of rating units within the district or region of the local authority at the end of the preceding financial year:*
- c. *the total land value of rating units within the district or region of the local authority at the end of the preceding financial year.*

4. Subsidies and grants

	Actual 2022 \$000	Actual 2021 \$000
Government Grants		
Waka Kotahi - Funding Access Rate (FAR)	3,409	3,802
Transportation	8,544	-
3 Waters	3,322	-
Other Grants and Subsidies	1,540	4,062
Total Government Grants	<u>16,815</u>	<u>7,864</u>
Non Government Grants		
Development West Coast - Town Square Funding	700	-
Other Non Government Funding	415	-
Total Subsidies and Grants	<u>17,930</u>	<u>7,864</u>

There are no unfulfilled conditions and other contingencies attached to subsidies and grants recognised (2021: nil)

Total Non Exchange Revenue for the year from Subsidies and Grants was \$17.930 million. (2021: \$7.864 million)

5. Fees and Charges

		Actual 2022 \$000	Actual 2021 \$000
Solid waste	Exchange	1,189	957
Animal control	Exchange	195	189
Building and planning consents	Exchange	1,276	752
Other environmental services	Exchange	230	235
Swimming pool and stadium	Exchange	844	989
Community housing	Non Exchange	739	669
Port	Exchange	210	223
Other fees and charges	Exchange	286	280
Total Fees and Charges		<u>4,969</u>	<u>4,294</u>
Exchange		4,230	3,625
Non Exchange		739	669
Total Exchange/Non Exchange		<u>4,969</u>	<u>4,294</u>

6. Interest revenue

	Actual 2022 \$000	Actual 2021 \$000
Finance revenue		
Interest revenue	117	59
Other finance revenue	-	-
Total Finance Revenue	<u>117</u>	<u>59</u>

Total Exchange Revenue for the year \$117,000 (2021: \$59,000)

7. Other revenue

		Actual 2022 \$000	Actual 2021 \$000
Lease revenue	Exchange	363	355
Donations	Non Exchange	25	22
Infringements	Non Exchange	13	49
Petrol Tax	Non Exchange	123	135
Gain on disposal of PPE	Exchange	-	43
Gain on value derivatives	Exchange	1,369	633
Gain on value Investment Property	Exchange	350	814
Other Revenue	Exchange	680	266
Total Other Revenue		<u>2,923</u>	<u>2,317</u>
Exchange		2,762	2,111
Non Exchange		161	206
Total Exchange/ Non Exchange		<u>2,923</u>	<u>2,317</u>

7a Operating Leases as Lessor

	Actual 2022 \$000	Actual 2021 \$000
Not later than one year	311	288
Later than one year and not later than five years	942	966
Later than five years	3,755	3,483
Total Operating leases as lessor	<u>5,008</u>	<u>4,737</u>

The majority of these leases are ground leases and have a non-cancellable term of 21 years

8. Revenue Exchange / Non Exchange

	Actual 2022 \$000	Actual 2021 \$000
Revenue from non-exchange transactions		
Rates Revenue	-	-
Subsidies and Grants	-	-
Fees & Charges	848	776
Other Revenue	830	355
Finance Revenue	117	59
Development and Financial Contributions	-	-
Total revenue non-exchange	<u>1,795</u>	<u>1,190</u>
Revenue from exchange transactions		
Rates Revenue	19,923	17,859
Subsidies and Grants	17,930	7,864
Fees & Charges	4,121	3,518
Other Revenue	2,093	1,962
Finance Revenue	-	-
Development and Financial Contributions	448	69
Total revenue exchange	<u>44,067</u>	<u>31,203</u>

9. Personnel costs

	Actual 2022 \$000	Actual 2021 \$000
Salaries and wages	6,424	6,381
Defined contribution plans	312	298
	-	-
Total personnel costs	<u>6,736</u>	<u>6,679</u>

Employer contributions to defined contributions plans include contributions to Kiwisaver.

During the year the total remuneration and value of other non-financial benefits received by or payable to the Mayor, other Councillors and Chief Executive of the Council were as follows (note there is no rounding in this note):

Elected representatives remuneration

	Actual 2022 \$	Actual 2021 \$
Gibson T.K. (Mayor)	103,973	101,508
Becker A.D	37,202	36,613
Gibson A.J.	42,213	40,800
Green R.D.	28,272	27,326
Haddock P.R.	36,938	33,285
Hay M.	28,272	29,742
McBride p.T.	28,272	27,326
MacDonald R.R.	28,272	27,326
Mora T.F.	28,272	27,326
	<u>361,689</u>	<u>351,254</u>
Chief Executive total remuneration paid or payable for the year	238,431	213,414

Remuneration for employees by band as at 30 June

	Actual 2022	Actual 2021
> \$180,000	1	1
\$120,000 - 179,999	3	6
\$100,000 - 119,999	5	6
\$80,000 - 99,999	10	8
\$60,000 - 79,999	11	24
< \$60,000	76	67
	-	-
	<u>106</u>	<u>112</u>

The number of full time equivalent (FTE) employees as at 30 June 2022 was 92 (2021: 92) where 32 hours a week is considered full time.

For the year ended 30 June 2022 Council made Nil severance payments (2021: Nil Payments).

10. Finance Costs

	Actual 2022 \$000	Actual 2021 \$000
Finance expenses		
Interest expense	999	1,015
Provisions discount unwinding	-	-
Total Finance Expense	999	1,015

11. Other expenses

	Actual 2022 \$000	Actual 2021 \$000
<u>Expenses include:</u>		
<i>Fees to principal auditor</i>		
Audit fees for financial statement audit (Audit New Zealand)	129	191
Audit fees for financial statement audit (EY)	146	-
Audit fees for Debenture Trust Deed audit (EY)	3	-
Fees to other auditors	-	-
Insurance	976	870
Contractors and Professional Services	11,126	9,609
Utilities	1,030	959
Minimum lease payments	292	294
Grants	660	896
Loss on Disposal PPE	565	366
Loss on disposal of floodwall asset (Note 31)	-	6,720
Direct Investment Property Costs	79	104
Other operating expenses	2,500	2,636
Total other expenses	17,506	22,645

The auditor of Council, for and on behalf of the Office of the Auditor-General, is Brendan Summerfield of Ernst & Young.

12. Operating Leases as Lessee

	Actual 2022 \$000	Actual 2021 \$000
Not later than one year	276	270
Later than one year and not later than five years	931	873
Later than five years	1,663	1,828
Total Operating Lease Commitments	2,870	2,971

Operating leases relate to land and equipment leases. The majority of these leases have a non-cancellable term of 21 years for land and four years for office equipment.

13. Cash and cash equivalents

	Actual 2022 \$000	Actual 2021 \$000
Cash at bank and in hand	4,517	11,759
Term Deposits with maturities under 3 months	1,000	-
Total cash and cash equivalents	5,517	11,759

The carrying value of cash at bank, call deposits, and short-term deposits with maturities less than three months approximates their fair value.

The total value of cash and cash equivalents that can only be used for a specified purpose as outlined in the

relevant trust deeds is \$211,000 (2021: \$221,000).

Cash and bank overdrafts include the following for the purposes of the cash flow statement:

	Actual 2022 \$000	Actual 2021 \$000
Cash at bank and in hand	4,517	11,759
Term Deposits with maturities under 3 months	1,000	-
	<u>5,517</u>	<u>11,759</u>

14. Trade and other receivables

	Actual 2022 \$000	Actual 2021 \$000
Rates receivables	1,476	1,566
Trade receivables	10,397	3,292
GST receivable	787	960
Unused Amounts Reversed	(235)	(425)
Total receivables	<u>12,425</u>	<u>5,393</u>

Total receivables comprise:

Receivables from non-exchange transactions - this includes outstanding amounts for rates, grants, infringements, and fees and charges that are partly subsidised by rates

12,057 4,949

Receivables from exchange transactions - this includes outstanding amounts for commercial sales and fees and charges that have not been subsidised by rates

368 444

12,425 5,393

Fair Value

Debtors and other receivables are generally short-term and non-interest bearing, Therefore, their carrying value of approximates their fair value.

Impairment

The Council holds no collateral as security or other credit enhancements over receivables that are either past due or impaired.

The Council does not provide for any impairment on rates receivable as it has various powers under the Local Government (Rating) Act 2002 to recover any outstanding debts. These powers allow the Council to commence legal proceedings to recover any rates that remain unpaid for (4) months, after the due date for payment. If payment has not been made within three (3) months of the Court's judgement, then the Council can apply to the Registrar of the High Court to have the judgement enforced by sale or lease of the rating unit.

Ratepayers can apply for payment plan options in special circumstances. Where such repayment plans are in place, debts are discounted to their present value of future payments if the effect of discounting is material.

The status of receivables as at 30 June are detailed below:

	2022	Gross \$000	Impairment \$000	Net \$000
Council				
Not past due		788	-	788
Past due 1 - 3 months		3,354	-	3,354
Past due 3 to 6 months		7,733	-	7,733
Past due > 6 months		2,309	(235)	2,074
Total		<u>14,184</u>	<u>(235)</u>	<u>13,949</u>

	2021	Gross \$000	Impairment \$000	Net \$000
Council				
Not past due		3,343	-	3,343
Past due 1 - 3 months		52	-	52
Past due 3 to 6 months		334	-	334
Past due > 6 months		2,085	(425)	1,660
Total		<u>5,814</u>	<u>(425)</u>	<u>5,389</u>

All receivables greater than 30 days in age are considered to be past due.

The unused amounts reversed has been calculated based on a review of specific overdue receivables. Individually impaired receivables have been determined to be impaired because of significant financial difficulties being experienced by the debtor.

Movement in the provision for impairment of receivables are as follows:

	Actual 2022 \$000	Actual 2021 \$000
Balance at 1st July	425	424
Additional provisions made during year	(190)	5
Amounts written off during year	-	(4)
Balance at 30th June	<u>235</u>	<u>425</u>

15. Prepayments

	Actual 2022 \$000	Actual 2021 \$000
Prepayments	411	326
Total prepayments	<u>411</u>	<u>326</u>

16. Other Financial Assets

	Actual 2022 \$000	Actual 2021 \$000
Current portion		
Short term deposits	1,509	2,999
Community loans	-	-
LFGA borrower notes	80	-
Total Current Portion	<u>1,589</u>	<u>2,999</u>
Non-current portion		
<i>Investments in other entities</i>		
LFGA borrower notes	540	495
Civic Assurance Shares	32	32
	-	-
	-	-
Total investments in other entities	<u>572</u>	<u>527</u>
Total Non-Current Portion	<u>572</u>	<u>527</u>

Short term deposits with maturities of less than 90 days from inception is classified as cash and cash equivalents.

Fair Value

Term Deposits

The carrying amount of term deposits approximates their fair value.

Borrower Notes

The carrying amount of borrower notes approximates their fair value.

Unlisted Shares

Unlisted shares are recognised at fair value. Due to the immaterial size and nature of the Council's investment in the New Zealand Local Government Insurance Corporation Limited (Civic Assurance), the Council has estimated the fair value of this investment based on the LGFA's net asset backing as at 30 June.

Impairment

There were no impairment expenses or provisions for other financial assets. At balance date, none of these financial assets are either past due or impaired.

17. Derivative Financial Instruments

	Actual 2022 \$000	Actual 2021 \$000
Current asset portion	-	-
Non-current asset portion	256	-
Total derivative financial instrument assets	256	-
Current liability portion	-	-
Non-current liability portion	-	-
Interest Rate Swaps	95	1,211
Total derivative financial instrument liability	95	1,211

The notional principle amounts of the outstanding interest rate swap contracts at 30 June 2022 were \$13,500,000 (2021: \$13,500,000). Maturity dates range from 15 May 2024 to 15 May 2026.

At 30 June 2022, the interest rates for interest rate swaps vary from 2.04% to 4.95% (2021: 2.04% to 4.95%).

The fair value of interest rate swaps have been determined by calculating the expected cashflows under the terms of the swaps and discounting these values to present value.

18. Property, Plant and Equipment (PPE)

COUNCIL 2022	Cost/ valuation 01-Jul-21	Accumulated depreciation & impairment charges 01-Jul-21	Carrying amount 01-Jul-21	Current year additions	Current year disposals/ transfers at cost	Accumulated depreciation on disposals	Accumulated Depreciation on Reval reversal	Current year impairment charges	Current year depreciation	Revaluation surplus / (deficit)	Cost/ valuation 30-Jun-22	Accumulated depreciation & impairment charges 30-Jun-22	Carrying amount 30-Jun-22
INFRASTRUCTURAL ASSETS													
Roading Network	156,569	(4,216)	152,353	6,641	-	8,636	-	-	(4,420)	30,544	185,118	-	185,118
Land Under Roads	68,733	-	68,733	-	-	-	-	-	-	-	68,733	-	68,733
Stormwater	40,522	(1,032)	39,490	482	-	2,068	-	-	(1,036)	6,010	44,946	-	44,946
Sewerage	70,071	(1,342)	68,729	276	-	2,696	-	-	(1,354)	20,351	88,002	-	88,002
Water Supply Systems	36,382	(997)	35,385	3,695	-	2,009	-	-	(1,012)	9,822	47,890	-	47,890
Landfill Site	6,430	(2,836)	3,594	(2)	-	-	-	(391)	(72)	-	6,037	(2,908)	3,129
Work in progress	3,366	-	3,366	4,812	-	-	-	-	-	-	8,178	-	8,178
TOTAL INFRASTRUCTURAL ASSETS	382,073	(10,423)	371,650	15,904	-	-	15,409	(391)	(7,894)	66,727	448,904	(2,908)	445,996
OTHER FIXED ASSETS													
General Land	4,325	-	4,325	-	-	-	0	-	-	1,475	5,800	0	5,800
Other Land	2,856	-	2,856	-	-	-	-	-	-	-	2,856	-	2,856
Buildings	38,908	(1,446)	37,462	760	(551)	130	2,766	-	(1,466)	5,659	41,880	(16)	41,864
Plant & Machinery	2,345	(1,628)	717	111	-	-	-	-	(145)	-	2,456	(1,773)	683
Furniture & Fittings	568	(442)	126	21	-	-	-	-	(8)	-	589	(450)	139
Computer Equipment	2,342	(1,955)	387	184	(1)	-	-	-	(90)	-	2,525	(2,045)	480
Library Stocks	2,302	(2,026)	276	55	-	-	-	-	(62)	-	2,357	(2,088)	269
Breakwaters & Wharves	6,696	(3,991)	2,705	-	-	-	-	-	(122)	-	6,696	(4,113)	2,583
Aerodrome	2,384	(75)	2,309	6	-	140	141	-	(69)	224	2,333	137	2,470
Parking Developments	625	(191)	434	-	-	-	0	-	(18)	25	650	(209)	441
Reserve Board Assets	290	-	290	-	-	-	-	-	-	-	290	-	290
Sports fields and Parks	5,279	(1,157)	4,122	39	-	-	-	-	(107)	-	5,318	(1,264)	4,054
Heritage Assets	1,114	(359)	755	121	-	-	-	-	(20)	-	1,235	(379)	856
Work in progress	1,414	-	1,414	267	(124)	-	-	-	-	-	1,557	-	1,557
TOTAL OTHER FIXED ASSETS	69,318	(13,270)	58,178	1,563	(676)	270	2,907	-	(2,107)	7,383	76,542	(12,200)	64,342
TOTAL PPE	452,289	(23,693)	429,828	17,467	(676)	270	18,316	(391)	(10,001)	74,110	525,446	(15,108)	510,338

COUNCIL 2021

	Cost/ valuation 01-Jul-20	Accumulated depreciation & impairment charges 01-Jul-20	Carrying amount 01-Jul-20	Current year additions	Current year disposals/ transfers at cost	Accumulated depreciation on disposals	Current year impairment charges	Current year depreciation	Revaluatio n surplus / (deficit)	Cost/ valuation 30-Jun-21	Accumulated depreciation & impairment charges 30-Jun-21	Carrying amount 30-Jun-21
INFRASTRUCTURAL ASSETS												
Roading Network	153,508		153,508	3,061		-	-	(4,216)		156,569	(4,216)	152,353
Land Under Roads	68,733	-	68,733	-	-	-	-	-		68,733	-	68,733
Stormwater	40,332	-	40,332	190	-	-	-	(1,032)		40,522	(1,032)	39,490
Flood Protection System	8,615	(1,863)	6,752	-	(8,605)	1,935	-	(82)		10	(10)	-
Sewerage	69,481		69,481	590	-	-	-	(1,342)		70,071	(1,342)	68,729
Water Supply Systems	34,672		34,672	1,710	-	-	-	(997)		36,382	(997)	35,385
Landfill Site	6,693	(2,782)	3,911	54	(317)	25	-	(79)		6,430	(2,836)	3,594
Work in progress	937	-	937	3,366	(937)	-	-	-		3,366	-	3,366
TOTAL INFRASTRUCTURAL ASSETS	382,971	(4,645)	378,326	8,971	(9,859)	1,960	-	(7,748)	-	382,083	(10,433)	371,650
OTHER FIXED ASSETS												
General Land	4,325	-	4,325	-	-	-	-	-		4,325	-	4,325
Other Land	2,856	-	2,856	-	-	-	-	-		2,856	-	2,856
Buildings	37,963	-	37,963	1,058	(113)		-	(1,446)		38,908	(1,446)	37,462
Plant & Machinery	2,210	(1,490)	720	135	-	-	-	(138)		2,345	(1,628)	717
Furniture & Fittings	555	(426)	129	13	-	-	-	(16)		568	(442)	126
Computer Equipment	2,226	(1,885)	341	140	(24)	24	-	(94)		2,342	(1,955)	387
Library Stocks	2,230	(1,968)	262	72	-	-	-	(58)		2,302	(2,026)	276
Breakwaters & Wharves	6,653	(3,869)	2,784	43	-	-	-	(122)		6,696	(3,991)	2,705
Aerodrome	2,376		2,376	8	-	-	-	(75)		2,384	(75)	2,309
Parking Developments	481	(179)	302	144	-	-	-	(12)		625	(191)	434
Reserve Board Assets	290	-	290	-	-	-	-	-		290	-	290
Sports fields and Parks	5,244	(1,044)	4,200	35	-	-	-	(113)		5,279	(1,157)	4,122
Heritage Assets	1,114	(339)	775	-	-	-	-	(20)		1,114	(359)	755
Work in progress	795	-	795	717	(98)	-	-	-		1,414	-	1,414
TOTAL OTHER FIXED ASSETS	69,318	(11,200)	58,118	2,365	(235)	24	-	(2,094)	-	71,448	(13,270)	58,178
TOTAL PPE	452,289	(15,845)	436,444	11,336	(10,094)	1,984	-	(9,842)	-	453,531	(23,703)	429,828

Core Assets

Included within the infrastructure assets above are the following core Council assets:

	Closing Book Value	Additions: constructed by Council	Additions: transferred to Council	Most recent replacement cost estimate for revalued assets
	\$000	\$000	\$000	\$000
2022				
Water:				
- treatment plants and facilities	4,843	-	-	7,932
- other assets (such as reticulation systems)	43,047	3,695	-	85,653
Wastewater:				
- treatment plants and facilities	15,360	-	-	20,804
- other assets (such as reticulation systems)	72,642	276	-	101,411
Stormwater	44,946	482	-	103,459
Roads and footpaths	185,118	6,641	-	306,314
2021				
Water:				
- treatment plants and facilities	6,557	127	-	6,748
- other assets (such as reticulation systems)	28,828	1,563	-	59,095
Wastewater:				
- treatment plants and facilities	17,339	-	-	17,680
- other assets (such as reticulation systems)	51,390	590	-	75,651
Stormwater	39,490	190	-	89,385
Roads and footpaths	152,353	3,061	-	253,442

The replacement cost for Water Supply Systems, Sewerage, Stormwater, and Roads and footpaths are based on the optimised replacement cost estimate amounts in the valuation for the 2021/2022 year.

Valuation

Other fixed assets: general land and buildings

At fair value as determined from market-based evidence where possible and optimised depreciated replacement cost by an independent valuer. The most recent valuation was performed by Peter J Hines BCom (VPM), ZNZIV, Registered Valuer of Coast Valuations Limited, and the valuation is effective as at 30 June 2022.

The Council also has an investment property portfolio that was revalued as at 30 June 2022.

Other fixed assets: aerodrome

Improvements – At fair value determined on a depreciated replacement cost basis by Hannah Bennet (Beng (Hons) Eng Sci), BECA. The valuation is effective as at 30 June 2022.

Infrastructure asset classes

Sewerage, water and stormwater

At fair value determined on a depreciated replacement cost basis by Council's Utilities Engineer Team Leader. The valuation has been independently reviewed by Kerry Mayes Technical Principal: Valuations and Economic Advisor at WSP Ltd. The valuation is effective as at 30 June 2022.

Roading network

At fair value determined on a depreciated replacement cost basis by Hannah Bennet (Beng (Hons) Eng Sci), BECA. The valuation is effective as at 30 June 2022.

The lives are generally based upon NZ Infrastructure Asset Valuation and Depreciation Guidelines – Version 2.0.

Land under roads

Land under roads was valued based on fair value of adjacent land determined by Council's Assets Manager, MD Sutherland BSc (Geography), BE (Civil), PGDip Bus Admin ADEM MIPENZ AFNZIM, effective 30 June 2005. Land under roads is no longer revalued.

Impairment

Council has reviewed its fixed asset register on a line by line basis to consider whether there is an impairment of any assets. We are not aware of any issue that would cause any significant change in asset value. The relevant issues considered were:

- Change in use
- One off events that damaged the assets
- Market value changes
- Decreases in earning potential

The Port assets and Council's earthquake prone buildings were all assessed on the above criteria and were determined to either be not impaired or already appropriately considered in the carrying values. Council has carried out initial assessments on the public buildings it is responsible for to assess whether buildings are potentially earthquake-prone buildings and is currently completing detailed assessments on the buildings. The buildings have been assessed for impairment and it has been determined that any necessary impairments were appropriately considered and reflected in the market valuations applied as at 30 June 2020 when the asset class was revalued. No additional impairment has been determined for the 2022 financial year.

Three Waters reform Programme

A 2016 campylobacter outbreak in Havelock North made over 5,000 people ill and was linked to three deaths. The inquiry into the outbreak concluded New Zealand drinking water regulatory system was failing to provide necessary assurances that drinking water across the country is safe and reliable. In 2019 Cabinet agreed to create a new water services regulator called Taumata Arowai. One of its roles is to enforce drinking water standards nationally. Its premise is that councils have the funding and support to get the balance right.

Following the announcement by the Local Government Minister on 27 October 2021 regarding central government proceeding with the three waters service delivery reforms using a legislated "all in" approach, Council continues to recognise its three waters assets at 30 June 2022 in accordance the Council's accounting policies set out at Note 1. There has been no adjustment in these financial statements to reflect the expected future transfer of assets to the new water entity. It is expected central government will develop details around the mechanism for the transfer of the water assets and this will be completed prior to 1 July 2024. As further details are established this may require adjustments to Council's three water assets either in respect of disclosure or measurement.

For more information on the Government reforms visit <https://www.dia.govt.nz/Three-Waters-Reform-Programme>.

Work in progress

Property, plant, and equipment in the course of construction by class of asset is detailed below:

	Actual 2022 \$000	Actual 2021 \$000
Buildings	-	-
Plant & Equipment	1,086	1,086
Breakwaters and Wharves	471	286
Aerodrome	-	-
Sportfields and Parks	-	42
Roading Network	6,254	522
Wastewater	-	-
Water	1,491	2,844
Stormwater	44	-
Waste	389	-
	<hr/> 9,735	<hr/> 4,780

Asset Insurance

The following information relates to the insurance of Council assets as at 30 June.

	2022 \$000	2021 \$000
The maximum amount to which insured assets are insured	236,885	241,100
The total value of all Council assets covered by insurance contracts*	277,454	188,969

Capital Commitments

The amount of contractual commitments for acquisition of property, plant and equipment is:

	Actual 2022 \$000	Actual 2021 \$000
Roading Network	1,133	9,123
Sewerage	1,909	99
Water Supply	-	1,936
Buildings	-	365
Plant & Equipment	85	33
	<hr/> 3,127	<hr/> 11,556

19. Intangible Assets

	Computer Software \$000
Balance as at 1 July 2021	
Cost	452
Accumulated amortisation and impairment	(439)
Opening carrying amount	13
Year ended 30 June 2022	
Additions	205
Disposals	-
Amortisation charge	(9)
Amortisation reversed on disposals	-
Balance as at 30 June 2022	
Cost	657
Accumulated amortisation and impairment	(448)
Closing carrying amount	<u>209</u>
Balance as at 1 July 2020	
Cost	452
Accumulated amortisation and impairment	(385)
Opening carrying amount	<u>67</u>
Year ended 30 June 2021	
Additions	-
Disposals	-
Amortisation charge	(54)
Amortisation reversed on disposals	-
Balance as at 30 June 2021	
Cost	452
Accumulated amortisation and impairment	(439)
Closing carrying amount	<u>13</u>

There are no restrictions over the title of intangible assets. No intangibles are pledged as security for liabilities.

20. Depreciation and Amortisation expense

Activity	Actual 2022 \$000	Actual 2021 \$000
Land Transport	4,421	4,215
Stormwater	1,036	1,106
Wastewater	1,354	1,342
Water Supply	1,012	997
Solid Waste	84	90
Environmental Services	7	7
Commercial & Property	696	690
Community & Recreation	1,255	1,253
Democracy & Administration	145	191
	<u>10,010</u>	<u>9,891</u>

21. Investment property

	Actual 2022 \$000	Actual 2021 \$000
Balance as at 1 July	3,400	2,592
Additions from acquisitions	-	24
Write offs - demolitions	-	-
Disposals	(60)	(30)
Fair value gains/(losses) on valuation (note 8)	350	814
Balance as at 30 June	<u>3,690</u>	<u>3,400</u>

Council's investment properties are valued annually at fair value effective 30 June 2022 for the financial year by Peter J Hines BCom (VPM), ZNZIV, Registered Valuer of Coast Valuations Limited. All investment properties are valued based on open market evidence.

The fair value of investment property has been determined using the capitalisation of net revenue and discounted cashflow methods. These methods are based on assumptions including future rental revenue, anticipated maintenance costs, and appropriate discount rates. Where just the land value has been assessed, a 'market comparison' approach has been adopted. This method involves reference to sales of properties which have similar attributes to the subject property. Comparisons are drawn between the subject property and the sales evidence. Subjective adjustments are applied where necessary to account for factors which have a direct impact on the sale price and value.

As at the date of valuation we consider the market was impacted by uncertainty caused by the COVID-19 pandemic.

There are no contractual obligations in relation to investment properties at balance date not recognised in the financial statements (2021: Nil).

Investment in Associates and Joint Ventures

Council has an interest in the West Coast Amateur Sports Trust by virtue of the fact the Mayor can appoint up to three trustees to the board of the Trust. Other than this, there has been no formal involvement in setting the policies or objectives and has no rights to the net assets of the Trust.

Due to Council having no tangible investment in the Trust and concluding the operation is immaterial from a financial reporting perspective, Council has elected not to disclose its share of the Trust's net assets.

22. Payables and deferred revenue

	Actual 2022 \$000	Actual 2021 \$000
Trade creditors and accruals	4,642	5,231
Deposits & bonds	323	179
	-	-
	-	-
	-	-
	-	-
Total trade and other payables	<u>4,965</u>	<u>5,410</u>
Revenue in advance	1,075	2,680
Total payables and deferred revenue	<u>6,040</u>	<u>8,090</u>

Payables are generally non-interest bearing and are normally settled on 30-day terms. Therefore, the carrying value of payables approximates their fair value.

23. Employee entitlements

	Actual 2022 \$000	Actual 2021 \$000
Accrued salaries and wages	-	108
Annual leave	437	704
Long service leave	46	89
Retiring gratuities	59	182
Total employee benefits	<u>542</u>	<u>1,083</u>
Comprising:		
Current	348	569
Non-current	194	514
Total employee benefits	<u>542</u>	<u>1,083</u>

Key assumptions in measuring retirement and long service leave obligations

The present value of retirement and long service leave obligations depend on a number of factors that are determined on an actuarial basis. Two key assumptions used in calculating this liability include the discount rate and the salary inflation factor. Any changes in these assumptions will affect the carrying amount of the liability.

Expected future payments are discounted using forward discount rates derived from the yield curve of New Zealand government bonds. The discount rates used have maturities that match, as closely as possible, the estimated future cash outflows. The salary inflation factor has been determined after considering historical salary inflation patterns. A weighted average discount rate of 3.8% (2021: 2.0%) and an inflation factor of 4.0% (2021: 1.5%) were used.

24. Provisions a

	Actual	Actual
	2022	2021
	\$000	\$000
Landfill aftercare provision		
Opening balance	1,982	1,860
Additional provisions made during the year	-	172
Amounts used during the year	(14)	(50)
Increase/(decrease) due to discount rate changes and assessment of liability	-	-
Discount unwinding	-	-
Closing balance	<u>1,968</u>	<u>1,982</u>

Council has responsibility under the resource consent to provide maintenance and monitoring of the landfill after the sites are closed. The major sites are Blackball and McLean's Pit.

The cash outflows for landfill post-closure are expected to occur in between 2022 and 2055. The long-term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred. The provision has been estimated taking into account existing technology and using a range of the discount rates of 0.6% to 3.1% (2021: 1.5% to 2.72%).

Landfill aftercare provision

Council has responsibility under the resource consent to provide maintenance and monitoring of the landfill after the sites are closed. The major sites are Blackball and McLean's Pit. There are post-closure responsibilities such as:

- Treatment and monitoring leachate
- Groundwater and surface monitoring
- Gas monitoring and recovery
- Implementation of remedial measures such as needed for cover and control systems
- On-going site maintenance for drainage systems, final cover and vegetation.

The management of the landfill will influence the timing of the recognition of some liabilities.

b.

	Actual	Actual
	2022	2021
	\$000	\$000
Financial guarantees		
Opening balance	693	620
Additional provisions made during the year	-	64
Amounts used during the year	(1)	(41)
Increase/(decrease) due to discount rate changes and assessment of liability	(692)	50
Discount unwinding	-	-
Closing balance	<u>-</u>	<u>693</u>
Total Provisions	<u>1,968</u>	<u>2,675</u>

The Council is listed as the sole guarantor for a loan agreement between the West Coast Theatre Trust and Nelson Building Society. Previously, the Council has included this as a provision in the financial statements based on the likelihood it would be called upon to settle the loan. At 30 June 2022, Grey District Council assesses the likelihood of this as unlikely and instead discloses it as a contingent liability.

TOTAL Provisions

Current	73	68
Non-current	1,895	2,607
Total Provisions	<u>1,968</u>	<u>2,675</u>

25. Borrowings

	Actual 2022 \$000	Actual 2021 \$000
At amortised cost		
Current		
Bank Overdraft	-	-
Secured Loans	8,994	9,000
	-	-
Total current borrowings	<u>-</u>	<u>-</u>
Non-current		
Secured loans	21,600	21,587
Finance leases	-	-
Financial guarantee contracts	-	-
Total borrowings	<u>30,594</u>	<u>30,587</u>

The Councils loans are secured over either separate or general rates of the Council. Carrying values are approximately equal to fair value. Long term borrowings are at market rates, therefore carrying amounts approximate their fair values.

Interest is charged on a floating rate basis. At balance date the current weighted average effective interest rate on the bank borrowings is 3.12% (2021: 3.72%). Maturity dates range from 8 September 2022 to 15 May 2028.

26. Equity

	Actual 2022 \$000	Actual 2021 \$000
Accumulated funds		
As at 1 July	216,369	226,863
Surplus/(deficit) for the year	11,059	(7,768)
Reserve Transfers		
Special Funds	-	(5)
Separate funds	6,171	(2,721)
As at 30 June	<u>233,599</u>	<u>216,369</u>
Restricted reserves		
As at 1 July	216	211
Transfers from Retained Earnings	-	(2)
Transfers to Retained Earnings	-	7
As at 30 June	<u>216</u>	<u>216</u>
Council reserves		
As at 1 July	13,986	11,265
Transfers from Reserves	-	5,220
Transfers to Reserves	(6,171)	(2,499)
As at 30 June	<u>7,815</u>	<u>13,986</u>
Asset revaluation reserves		
As at 1 July	180,027	180,027
Revaluation gains/(losses)	75,345	-
Revaluation reserve gains/(losses)	(1,233)	-
As at 30 June	<u>254,138</u>	<u>180,027</u>
Asset revaluation reserves consist of:		
Land & Building Revaluation Reserve	31,949	24,814
Aerodrome Revaluation Reserve	893	668
Roading Revaluation Reserve	103,236	72,693
Water Revaluation Reserve	29,393	19,571
Investment Revaluation Reserve	52	52
Parking Developments	63	38
Drainage and Sewerage Revaluation Reserve	88,552	62,191
Total	<u>254,138</u>	<u>180,027</u>
Total Equity	<u>495,768</u>	<u>410,598</u>

Capital Management

The Council's capital is its equity (or ratepayers' funds), which comprise retained earnings and reserves. Equity is represented by net assets.

The Local Government Act 2002 (the Act) requires Council to manage its revenue, expenses, assets, liabilities, investments and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayer's funds are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments and general financial dealings.

The objective of managing these items is to achieve intergenerational equity, which is a principle promoted in the Act and applied by the Council. Intergenerational equity requires today's ratepayers to meet the costs of utilising the Council's assets and not expecting them to meet the full cost of long term assets that will benefit ratepayers in future generations. Additionally, the Council has in place asset management plans for major classes of assets detailing renewal and maintenance programmes, to ensure ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

The Act requires the Council to make adequate and effective provision in its Long Term Plan (LTP) and in its annual plan (where applicable) to meet the expenditure needs identified in those plans. And the Act sets out the factors the Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the funding and financial policies in the Council's LTP.

Council has the following Council created reserves

- reserves for different areas of benefit
- self-insurance reserves; and
- trust and bequest reserves.

Reserves for different areas of benefit are used where there is a discrete set of rate payers as distinct from the general rate. Any surplus or deficit relating to these separate areas of benefit is applied to the specific reserves.

Self-insurance reserves are built up annually from general rates and are made available for specific unforeseen events.

Trust and bequest reserves are set up where Council has been donated funds that are restricted for particular purposes. Interest is added to trust and bequest reserves where applicable and deductions are made where funds have been used for the purpose they were donated.

Information about reserve funds held for a specific purpose is provided on the following page

2022: Special Funds

Reserve	Activities to which the reserve relates	Balance 01 July \$000	Transfers into fund \$000	Transfers out of fund \$000	Balance 30 June \$000
Special funds					
Special Fund Interest Suspense		-	-	-	-
Grey mouth Sewerage Fund	Wastewater	-	-	-	-
Te Kinga Infra Upgrade Reserve	All activities	99	2	-	101
Rural Sewerage Capital Works Reserve	Wastewater	307	4	-	311
Cobden Stormwater Mitigation Reserve	Stormwater	56	1	-	57
Barrytown Area Infra Reserve	All activities	66	1	-	67
Atarau Area Infra Reserve	All activities	-	-	-	-
Ahaura Area Infra Reserve	All activities	184	2	-	186
Haupiri Area Infra Reserve	All activities	127	1	-	128
Nelson Creek Infrastructure Reserve	All activities	19	-	-	19
Ngahere Infrastructure Reserve	All activities	211	3	-	214
Blackball Area Infra Reserve	All activities	1	-	-	1
Runanga Area Infra Reserve	All activities	260	4	-	264
Kaiata Stillwater Area Infra Reserve	All activities	185	2	-	187
Karoro Infrastructure Development Reserve	All activities	700	10	-	710
South Beach/Paroa Infrastructure Reserve	All activities	454	6	-	460
Cameron's Infrastructure Reserve	All activities	85	1	-	86
Gladstone Infrastructure Reserve	All activities	184	3	-	187
Arnold Valley Area Infra Reserve	All activities	93	1	-	94
Lake Brunner Area Infra Reserve	All activities	174	2	-	176
Hohonu Area Infra Reserve	All activities	43	-	-	43
Infra Renewal Reserve	All activities	171	299	-	470
Moana Water Supply	Water supply	10	-	-	10
Flood Protection Reserve	Stormwater/Flood protection	127	1	-	128
Cemetery Extension Reserve	Cemeteries	54	-	-	54
Cemetery Maintenance Reserve	Cemeteries	399	6	-	405
Footpath Reserve	Land transport	68	1	-	69
Roading Reserve - Exp Committed	Land transport	196	3	-	199
Land Fill Reserve	Solid waste management	79	1	-	80
Airport Maintenance Reserve	Airport	23	693	-	716
Airport Runway Resealing Reserve	Airport	708	-	(708)	-
Disaster Recovery Reserve	All activities	266	3	-	269
Civil Defence Reserve	Emergency management	2	-	-	2
Rural Fire Authority Reserve	Rural fire authority	2	-	-	2
Economic Development Reserve	All activities	(7)	-	-	(7)
Harbour Endowment LS Reserves	Port	371	10	-	381
Land Sale Reserve	All activities	122	50	-	172
Reserves Subdivision Contributions	Community facilities and parks	125	38	-	163
Maori Land Compensation Reserve	Council property	127	2	-	129
TDS Reserve	Economic development	68	1	-	69
Town Clock Reserve	Community facilities and parks	24	1	-	25
Gas Management Plan Reserve	Council property	19	-	-	19
District Planning Reserve	District planning	4	-	-	4
Plant and Machinery Reserve	All activities	517	-	(40)	477
Building & Property Gen Reserve	Council property	72	1	-	73
Westland Rec Centre Maintenance Reserve	Westland Recreation Centre	51	1	-	52
Spring Creek Pool	Spring Creek Pool	88	1	-	89
Ogilvie Reserve Reserve	All activities	27	1	-	28
Corp Equip and Furniture Reserve	Council administration	751	-	(170)	581
Staff Costs Reserve	Council administration	-	-	-	-
Sunshine Coach Reserve	Council administration	7	-	-	7
Rental Housing Reserve	Retirement housing	242	-	(434)	(192)
Pike River Memorials Maintenance Reserve	Memorial Maintenance	-	-	-	-
Library Reserve	Libraries	27	-	-	27
SPECIAL FUNDS - Committed Expenditure	All activities	5,975	-	(5,975)	-
Total special funds		13,986	1,156	(7,327)	7,815

2022:Trusts and bequests

Reserve	Activities to which the reserve relates	Balance 01 July \$000	Transfers into fund \$000	Transfers out of fund \$000	Balance 30 June \$000
Trusts and bequests					
McGlashan Trust	Community facilities and parks	19	1	-	20
E White Bequest	Community facilities and parks	44	1	-	45
Mayoral Flood Relief Fund	Democracy	9	-	-	9
Grey United Tennis Resurfacing Reserve	Community facilities and parks	-	-	-	-
Citizens Emergency Relief Fund	Democracy	75	1	-	76
Perotti Bequest	Community facilities and parks	-	-	-	-
Peters Bequest - Talking Books	Libraries	11	-	-	11
Vera Corbett Bequest	Libraries	35	1	-	36
Thomas Dehenny Bequest	Community facilities and parks	18	1	-	19
Total trusts and bequests		211	5	-	216
TOTAL SPECIAL FUNDS, TRUSTS, AND BEQUESTS		14,197	1,161	(7,327)	8,031

2021: Special Funds

Reserve	Activities to which the reserve relates	Balance 01 July \$000	Transfers into fund \$000	Transfers out of fund \$000	Balance 30 June \$000
Special funds					
Greymouth Sewerage Fund	Wastewater	-	-	-	-
Te Kinga Infra Upgrade Reserve	All activities	99	2		101
Rural Sewerage Capital Works Reserve	Wastewater	307	4		311
Cobden Stormwater Mitigation Reserve	Stormwater	56	1		57
Barrytown Area Infra Reserve	All activities	66	1		67
Atarau Area Infra Reserve	All activities	-			-
Ahaura Area Infra Reserve	All activities	184	2		186
Haupiri Area Infra Reserve	All activities	127	1		128
Nelson Creek Infrastructure Reserve	All activities	19	-		19
Ngahere Infrastructure Reserve	All activities	211	3		214
Blackball Area Infra Reserve	All activities	1	-		1
Runanga Area Infra Reserve	All activities	260	4		264
Kaiata Stillwater Area Infra Reserve	All activities	185	2		187
Karoro Infrastructure Development Reserve	All activities	700	10		710
South Beach/Paroa Infrastructure Reserve	All activities	454	6		460
Camerons Infrastructure Reserve	All activities	85	1		86
Gladstone Infrastructure Reserve	All activities	184	3		187
Arnold Valley Area Infra Reserve	All activities	93	1		94
Lake Brunner Area Infra Reserve	All activities	174	2		176
Hohonu Area Infra Reserve	All activities	43	-		43
Infra Renewal Reserve	All activities	171	299		470
Moana Water Supply	Water supply	10	-		10
Flood Protection Reserve	Stormwater/Flood protection	127	1		128
Cemetery Extension Reserve	Cemeteries	54	-		54
Cemetery Maintenance Reserve	Cemeteries	399	6		405
Footpath Reserve	Land transport	68	1		69
Roading Reserve - Exp Committed	Land transport	196	3		199
Land Fill Reserve	Solid waste management	79	1		80
Airport Runway Reserve	Airport Runway	23			23
Airport Maintenance Reserve	Airport	-	713		713
Airport Runway Resealing Reserve	Airport	731		702	29
Disaster Recovery Reserve	All activities	266	3		269
Civil Defence Reserve	Emergency management	2		-	2
Rural Fire Authority Reserve	Rural fire authority	2		-	2
Economic Development Reserve	All activities	(7)		-	(7)
Harbour Endowment LS Reserves	Port	371	10		381
Land Sale Reserve	All activities	122	50		172
Reserves Subdivision Contributions	Community facilities and parks	125	38		163
Maori Land Compensation Reserve	Council property	127	2		129
TDS Reserve	Economic development	68	1		69
Town Clock Reserve	Community facilities and parks	24	1		25
Gas Management Plan Reserve	Council property	19	-		19
District Planning Reserve	District planning	4			4
Plant and Machinery Reserve	All activities	517		40	477
Building & Property Gen Reserve	Council property	72	1		73
Westland Rec Centre Maintenance Reserve	Westland Recreation Centre	51			51
Spring Creek Pool	Spring Creek Pool	88			88
Ogilvie Reserve Reserve	All activities	27			27
Corp Equip and Furniture Reserve	Council administration	751		17	734
Staff Costs Reserve	Council administration	-			-
Sunshine Coach Reserve	Council administration	7		-	7
Rental Housing Reserve	Retirement housing	242		434	(192)
Pike River Memorials Maintenance Reserve	Memorial Maintenance	-			-
Library Reserve	Libraries	27			27
SPECIAL FUNDS - Committed Expenditure	All activities	5,975		5,975	-
Total special funds		13,986	1,173	7,168	13,986

2021: Trusts and bequests

Reserve	Activities to which the reserve relates	Balance 01 July \$000	Transfers into fund \$000	Transfers out of fund \$000	Balance 30 June \$000
Trusts and bequests					
McGlashan Trust	Community facilities and parks	19	-	-	19
E White Bequest	Community facilities and parks	44	-	-	44
Mayoral Flood Relief Fund	Democracy	8	1	-	9
Grey United Tennis Resurfacing Reserve	Community facilities and parks	-	-	-	-
Citizens Emergency Relief Fund	Democracy	74	1	-	75
Perotti Bequest	Community facilities and parks	-	-	-	-
Peters Bequest - Talking Books	Libraries	13	-	(2)	11
Vera Corbett Bequest	Libraries	35	-	-	35
Thomas Dehenny Bequest	Community facilities and parks	18	-	-	18
Total trusts and bequests		211	2	(2)	211
TOTAL SPECIAL FUNDS, TRUSTS, AND BEQUESTS		11,476	5,222	(2,501)	14,197

Purpose of each reserve fund

Special funds	
Greymouth Sewerage Fund	To fund the wider Greymouth Area Sewerage Scheme.
Te Kinga Infrastructure Upgrade Reserve	To fund land transport, water, and/or wastewater infrastructure upgrades required in the Te Kinga area.
Rural Sewerage Capital Works Reserve	To fund enhancement and development sewerage schemes other than the Greymouth Area scheme.
Cobden Stormwater Mitigation Reserve	To fund enhancement of stormwater management in Cobden.
Barrytown Area Infrastructure Reserve	To develop/improve infrastructure in the respective areas per the preference of people in the area.
Ahaura Area Infrastructure Reserve	To develop/improve infrastructure in the respective areas per the preference of people in the area.
Hauptiri Area Infrastructure Reserve	To develop/improve infrastructure in the respective areas per the preference of people in the area.
Nelson Creek Area Infrastructure Reserve	To develop/improve infrastructure in the respective areas per the preference of people in the area.
Nelson Creek Infrastructure Reserve	To develop/improve infrastructure in the respective areas per the preference of people in the area.
Ngahere Infrastructure Reserve	To develop/improve infrastructure in the respective areas per the preference of people in the area.
Blackball Area Infrastructure Reserve	To develop/improve infrastructure in the respective areas per the preference of people in the area.
Runanga Area Infrastructure Reserve	To develop/improve infrastructure in the respective areas per the preference of people in the area.
Kaiata Stillwater Area Infrastructure Reserve	To develop/improve infrastructure in the respective areas per the preference of people in the area.
Karoro/Gladstone Area Infrastructure Reserve	To develop/improve infrastructure in the respective areas per the preference of people in the area.
Karoro Infrastructure Development Reserve	To develop/improve infrastructure in the respective areas per the preference of people in the area.
South Beach/Paroa Infrastructure Reserve	To develop/improve infrastructure in the respective areas per the preference of people in the area.
Camerons Infrastructure Reserve	To develop/improve infrastructure in the respective areas per the preference of people in the area.
Gladstone Infrastructure Reserve	To develop/improve infrastructure in the respective areas per the preference of people in the area.
Arnold Valley Area Infrastructure Reserve	To develop/improve infrastructure in the respective areas per the preference of people in the area.
Lake Brunner Area Infrastructure Reserve	To develop/improve infrastructure in the respective areas per the preference of people in the area.
Hohonu Area Infrastructure Reserve	To develop/improve infrastructure in the respective areas per the preference of people in the area.

Infrastructure Renewal Reserve	To fund expenditure in connection with deferred maintenance, major maintenance and renewal in respect of land transport (including footpaths), wastewater, water supply, stormwater and solid waste
Moana Water Supply	To fund any design options for a reticulated water supply servicing Moana (not signalled in this plan).
Flood Protection Reserve	To fund capital works to enhance flood protection measures in the District for which Council is responsible for.
Cemetery Extension Reserve	To fund additional capacity, renewal and maintenance of cemeteries.
Cemetery Maintenance Reserve	To fund additional capacity, renewal and maintenance of cemeteries.
Footpath Reserve	To fund the development or renewal of footpaths in the District (land transport activity).
Roading Reserve - Expenditure Committed	To spread funding of key roading (land transport) renewal projects, given that they do not have an equal funding requirement year to year.
Landfill Reserve	To fund capital works required for solid waste management
Airport Maintenance Reserve	To fund the periodic re-seal of airport runway and other significant maintenance.
Airport Runway Resealing Reserve	To fund the periodic re-seal of airport runway and other significant maintenance.
Disaster Recovery Reserve	To fund Council's excess on the loss of Council assets in the event of a major disaster (all activities).
Civil Defence Reserve	To fund any extraordinary expenditure associated with providing Council's emergency management function.
Economic Development Reserve	To fund economic development, including a share of land transport, wastewater, water supply, and stormwater development expenditure incurred via subdivision.
Harbour Endowment LS Reserves	To fund any operating deficits of port related activities
Land Sale Reserve	To fund purchase of land, key strategic assets and obtaining fee simple ownership of leasehold property; and to fund other significant projects as decided by Council as part of the Annual Plan.
Reserves Subdivision Contributions	To fund the creation of new recreational areas/reserves.
Māori Land Compensation Reserve	To fund part of the rent increases on land leased from the Mawhera Incorporation (all activities with associated leases).
Town Development Strategy Reserve	To fund a portion of any projects that may arise as a result of the Town Development Strategy.
Town Clock Reserve	To fund renewal/major maintenance of town clock.

District Planning Reserve	To fund any large costs arising from District Plan reviews or one-off projects associated with planning and regulations.
Plant and Machinery Reserve	To replace existing plant (vehicles), or effect major maintenance to existing plant.
Building & Property General Reserve	To fund major maintenance and renewal of Council buildings and associated facilities excluding dedicated reserves (property activity).
Westland Rec Centre Maintenance Reserve	To fund major maintenance and renewal of the Westland Recreation Centre including fit-out.
Spring Creek Pool	To assist in the promotion, development and maintenance of Spring Creek Pool
Ogilvie Reserve	To fund on-going maintenance costs associated with the Ogilvie Reserve.
Corp Equip and Furniture Reserve	To fund the upgrade and renewal of office equipment and furniture; and to fund new office equipment and investment in new technology
Staff Costs Reserve	To fund the cost of recruiting and replacing staff (all activities)
Sunshine Coach Reserve	To fund any renewal and significant maintenance cost associated with the 'Sunshine Coach'
Rental Housing Reserve	To maintain in perpetuity, Council's retirement housing stock.
Westland Recreation Centre Reserve	To fund the proposed Miners' Recreation Centre.
Library Reserve	To fund any key maintenance work or equipment upgrades required at Council's District library.
Special Funds - Committed Expenditure	Holds amounts already committed by Council from other Special Funds, but not yet spent.
Ogilvie Reserve Reserve	Money held to benefit the Ogilvie Reserve from old Ogilvie Reserve Committee.

Trusts and bequests	
McGlashan Trust	Maintenance development of war memorial areas in the District.
E White Bequest	Surface development/maintenance of reserve land lying alongside or adjacent to the Greymouth/Hokitika railway line, including Petrie Avenue (parks and reserves, parking).
Mayoral Flood Relief Fund	To assist victims of flooding and other adverse events.
Citizens Emergency Relief Fund	To assist victims of flooding and other adverse events.
Perotti Bequest	A bequest for general municipal purposes (any activities).
Peters Bequest - Talking Books	To purchase talking books for the library.
Vera Corbett Bequest	To purchase library books.
Thomas Dehenny Bequest	A bequest for general municipal purposes (any activities).

27. Reconciliation of operating surplus/(deficit) to net cash inflows/(outflows) from operating activities

	Actual 2022 \$000	Actual 2021 \$000
Accumulated funds		
As at 1 July	216,369	226,863
Surplus/(deficit) for the year	11,059	(7,768)
Reserve Transfers		
Special Funds	-	(5)
Separate funds	6,171	(2,721)
As at 30 June	<u>233,599</u>	<u>216,369</u>
Restricted reserves		
As at 1 July	216	211
Transfers from Retained Earnings	-	(2)
Transfers to Retained Earnings	-	7
As at 30 June	<u>216</u>	<u>216</u>
Council reserves		
As at 1 July	13,986	11,265
Transfers from Reserves	-	5,220
Transfers to Reserves	(6,171)	(2,499)
As at 30 June	<u>7,815</u>	<u>13,986</u>
Asset revaluation reserves		
As at 1 July	180,027	180,027
Revaluation gains/(losses)	75,345	-
Revaluation reserve gains/(losses)	(1,233)	-
As at 30 June	<u>254,138</u>	<u>180,027</u>
Asset revaluation reserves consist of:		
Land & Building Revaluation Reserve	31,949	24,814
Aerodrome Revaluation Reserve	893	668
Roading Revaluation Reserve	103,236	72,693
Water Revaluation Reserve	29,393	19,571
Investment Revaluation Reserve	52	52
Parking Developments	63	38
Drainage and Sewerage Revaluation Reserve	88,552	62,191
Total	<u>254,138</u>	<u>180,027</u>
Total Equity	<u>495,768</u>	<u>410,598</u>

28. Explanation of Major Variances against budget

Explanation of major variances from Council's estimated figures in the 2021/2022 budget, as reflected in the 2021/31 Long Term Plan.

Statement of Comprehensive Revenue and Expense

Council made a net surplus of \$85,169,000 (budgeted surplus of \$8,920,000).

Subsidies and Grants \$1.1 million more favourable than budget due extra grants received including \$700,000 from DWC for Gateway work performed in prior years, \$3.8 million extra received for transport projects including the 3 bridges projects. This was offset by \$1.2 million less received for Water related projects due to phasing, and \$1.8 million less received by the Port for the Slipway project which has been rephased into the 2023 year.

Financial Contributions \$438,000 more favourable due to higher than expected subdivision activity.

Other Revenue \$2.3 million more favourable due to \$1.4 million positive movement for Interest Rate swaps due to changes in interest rates, \$350,000 gain on revaluation of investment properties not budgeted due to difficulty in forecasting market conditions, and \$367,000 insurance received for the rebuild of the Recycling Centre at McLeans Pit which was destroyed by fire in 2021.

Personal Costs down \$430,000 due to vacancies across the Council during the period.

Other expenses \$2.1 million less favourable than budget with \$1.1 million attributable to Consultant costs attributable to building control, \$600,000, to support increased processing, \$200,000 attributable to organisational restructure costs, and backfilling vacancies in Corporate Services. Other costs includes those associated with the Mayors Taskforce for Jobs programme which is 100% externally funded, and a \$550,000 loss on disposal on the Spring Creek Pool which was handed over to the local community.

Depreciation \$744,000 less favourable than budget due to underestimation in the budgeted depreciation costs relating to the Council's 3 Waters Assets.

Revaluations \$74,110 more favourable than budget to material changes in the value of the asset classes requiring Council to perform out of cycle revaluations.

Statement of Financial Position

Cash and Cash Equivalents \$1.5 million partly due to reclassification of a 90 day term deposit from Other financial assets

Receivables \$7.4 million higher due to accrual of PGF funding \$7.4 million relating to the Moonlight, Rough River and William Stewart Bridge transportation projects.

Property Plant and Equipment \$55 million higher due to revaluation of PPE and progress around key projects outlined in the 2021/31 Long Term Plan.

29. Related Party Transactions

Transactions with Related Parties

During the year Councillors and key management were involved in minor transactions (for example, payment of rates) with the Council as part of a normal customer relationship.

Related party disclosures have not been made for transactions with related parties that are:

- Within a normal supplier or client/recipient relationship; and
- On terms and conditions no more or less favourable than those that it is reasonable to expect the Council would have adopted in dealing with the party at arm's length in the same circumstances.

Key management personnel compensation

	Actual 2022	Actual 2021
Councillors	\$	\$
Full-time equivalent members	9	9
Remuneration	361,689	350,341
Senior management team, including the Chief Executive		
Full-time equivalent members	4	5
Remuneration	1,335,314	811,743
Total full-time equivalent personnel	13	14
Total key management personnel remuneration	1,697,003	1,162,084

30. Contingent liabilities and financial guarantees

Westurf Recreation Trust

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 uplifting of a loan and has indicated to Council that they are unlikely to require the loan.

West Coast Theatre Trust

The Council is listed as a sole guarantor for a loan agreement that the West Coast Theatre Trust has entered into. The loan details are:

Lender	Nelson Building Society
Principal	\$693,000
Term	25 years
Expiry	May 2035

The exercising of the guarantees will be dependent on the financial stability of the West Coast Theatre Trust. At balance date, the Grey District Council believes that the West Coast Theatre Trust has the financial stability to meet all its obligations under the loans.

Local Government Funding Agency

Grey District Council is a guarantor of the New Zealand Local Government Funding Agency Limited (NZLGFA). The NZLGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand. The NZLGFA 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.

Council is one of the local authority guarantors of the NZ LGFA. The aggregate amount of uncalled shareholder capital (\$20 million) is available in the event that an imminent default is identified. Also, together with the other shareholders and guarantors, the council is a guarantor of all of NZLGFA's borrowings. At 30 June 2022, LGFA had borrowings totalling \$15.789 billion (2021 \$14.42 billion).

Accounting standards require Council to recognise the guarantee liability at fair value. However, Council has not been able to determine a sufficiently reliable fair value for the guarantee and has therefore not recognised the liability. Council considers that the risk of NZLGFA defaulting on repayment of interest or capital to be very low on the basis that:

- it is not aware of any local authority debt default events in New Zealand; and
- local government legislation would enable local authorities to set a rate to raise sufficient funds to meet any debt obligations if further funds were required.

31. Contingent assets

Financial contributions – resource consents

Council has entered into a number of bonding arrangements with various sub dividers, 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 2022, the payments to be made to Council in the future totalled \$353,609 (2021: \$14,327).

32. Severance payments

There were no severance payments during the 2021/2022 year that meet the definition of a severance payment as in clause 33 of schedule 10 of the Local Government Act 2002 (2021: Nil payments).

33. Bonds receivable and bonds payable

Council is party to a surety bond agreement along with the West Coast Regional Council and Buller District Council with regards to a number of resource consents. The agreements are jointly executed by the three Councils, with said funds only called upon if remedial action is required per the conditions of the resource consents. As Council has no automatic right of claim over the funds, it is not recognised in the statement of financial position as an asset or liability.

34. Events subsequent to balance date

Three Waters Reform Programme

In October 2021, the Government confirmed that it will introduce legislation to create four publicly owned water entities, and that Council's participation in the proposed reform will be mandatory. These entities will own and operate drinking water, wastewater and stormwater (three waters) services across New Zealand. The Department of Internal Affairs is tasked with the successful implementation of these reforms, and will work with the local government sector, iwi, water industry and other stakeholders to ensure a smooth transition to the new arrangements. Subsequently, on 2 June 2022, the Government introduced the Water Services Entities Bill in the House of Representatives. The Three Waters Entities Bill received royal assent as at 14 December 2022. The Water Services Entities Bill creates four publicly owned water services entities that would take on responsibility for delivering water services to a specific geographical area, from 1 July 2024. Further clarification of the transition to the new water services entities is expected to be released in legislation in 2023. High level guidance has been issued that outlines which assets would transfer to the new entity, however there is not yet enough clarity to be able to quantify the financial impacts on asset values, revenue and associated debt with any certainty. As at 30 June 2022, the total three waters infrastructure assets were \$181 million (2021: \$144 million). Not all of these assets may transfer, particularly assets that are used by other Council activities. Other non-infrastructure assets may also transfer. The fair values of these assets have not been adjusted to reflect the transfer of assets. Once the transfer has been legislated and details around the mechanism for the transfer of the water assets and any compensation has been established, the values of these assets may require adjustment.

35. Impact of Covid-19

On 11 March 2020, the World Health Organisation declared a global pandemic as a result of the outbreak of and spread of COVID-19. Following this, the New Zealand Government's response resulted in periods of lockdown and/or restrictions which caused disruption to businesses, public services, and economic activity. During the current financial period the Council's operations were not affected by lockdowns.

Council considered the impact of COVID-19 as part of its impairment testing of assets in its statement of financial position at 30 June 2022 in the following areas:

- Rooding and 3 waters infrastructure assets fair value assessment.
- Rates receivables allowance for doubtful debts not considered necessary due to powers under the Local Government (Rating) Act 2002 to recover any outstanding debts.
- Other receivables collectability.

While the pandemic continues to impact council operational activities Council will keep an eye out for the impact of financial hardship on our ratepayers as well as the impacts of labour and material shortages on our construction projects.

36. Financial instrument risk

Council has a series of policies to manage the risks associated with financial instruments. Council is risk averse and seeks to minimise exposure from its treasury activities. Council has established Council approved Liability Management and Investment policies. These policies do not allow any transactions that are speculative in nature to be entered into.

The accounting policies for financial instruments have been applied to the line items below:

	Actual 2022 \$000	Actual 2021 \$000
FINANCIAL ASSETS		
<i>Fair value through surplus or deficit - Held for trading</i>		
Derivative financial instrument assets	256	-
Other financial assets:		
Unlisted Shares	32	32
<i>Total fair value through surplus or deficit</i>	<u>288</u>	<u>32</u>
<i>Loans and receivables</i>		
Cash and cash equivalents	5,517	11,759
Trade and other receivables	10,949	3,827
Other financial assets:		
- Term deposits	1,509	2,999
- Community loans	-	-
<i>Total loans and receivables</i>	<u>17,975</u>	<u>18,585</u>
<i>Held to maturity</i>		
Other financial assets:		
- Borrower Notes	540	495
<i>Total held to maturity</i>	<u>540</u>	<u>495</u>
FINANCIAL LIABILITIES		
<i>Fair value through surplus or deficit</i>		
- Derivative financial instrument liabilities – not hedge accounted	95	1,211
Financial liabilities at amortised cost		
Trade and other payables	4,965	5,410
Borrowings:		
- Secured loans	30,594	30,587
<i>Total financial liabilities at amortised cost</i>	<u>35,559</u>	<u>35,997</u>

Fair value hierarchy

For those instruments recognised at fair value in the statement of financial position, fair values are determined according to the following hierarchy:

- Level 1 – Quoted market price – Financial instruments with quoted prices for identical instruments in active markets.
- Level 2 – Valuation technique using observable inputs – Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable
- Level 3 – Valuation techniques with significant non-observable inputs – Financial instruments valued using models where one or more significant inputs are not observable

The following table analyses the basis of the valuation of classes of financial instruments measured at fair value in the statement of financial position:

		Level 1	Level 2	Level 3
	Total	Quoted	Observable	Significant non-
	\$000	market price	inputs	observable
		\$000	\$000	inputs
			\$000	\$000
30 Jun 2022				
Financial assets				
Derivatives	-	-	-	-
Borrower Notes	540	-	540	-
Shares	32	-	-	32
Financial liabilities				
Derivatives	95	-	95	-
30 Jun 2021				
Financial assets				
Derivatives	-	-	-	-
Borrower Notes	495	-	495	-
Shares	32	-	-	32
Financial liabilities				
Derivatives	1,211	-	1,211	-

There were no transfers between the different levels of the financial hierarchy.

Valuation techniques with significant non-observable inputs (level 3)

The table below provides a reconciliation from the operating balance to the closing balance for the level 3 fair value measurements:

	2022	2021
	\$000	\$000
Balance as at 1 July	32	32
Balance as at 30 June	32	32

Changing a valuation assumption to a reasonable possible alternative assumption would not significantly change fair value. We assessed the latest audited financial statements as at 31 March 2023 of Civic Assurance and assessed there is no change in net assets impacting the Council's investment in shares of \$32k.

Contractual maturity analysis financial liabilities (excluding derivatives)

	Carrying amount \$000	Less than 1 year \$000	1-2 years \$000	2-5 years \$000	More than 5 years \$000
2022					
Trade and other payables	4,965	4,965	-	-	-
Bank overdraft	-	-	-	-	-
Secured loans	30,594	8,994	3,000	15,000	3,600
Derivative Financial Instruments	85	-	-	85	-
Financial guarantees	-	-	-	-	-
Total	35,644	13,959	3,000	15,085	3,600
2021					
Trade and other payables	5,410	5,410	-	-	-
Bank overdraft	-	-	-	-	-
Secured loans	30,586	9,000	4,986	10,000	6,600
Finance leases	1,211	-	-	810	401
Financial guarantees	693	693	-	-	-
Total	35,996	14,410	4,986	10,000	6,600

Contractual maturity analysis of financial assets

The table below analyses Council's financial assets into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date.

	Carrying amount \$000	Less than 1 year	1-5 years \$000	More than 5 years \$000
Council 2022				
Cash and cash equivalents	5,517	5,517	-	-
Trade and other receivables	10,949	10,949	-	-
Loans to related parties	-	-	-	-
Unlisted shares	32	-	-	32
Other financial assets:	-	-	-	-
- term deposits	1,509	1,509	-	-
- community loans	-	-	-	-
- investment in debt securities	620	80	450	90
Derivative Financial Instruments	256	-	256	-
Total	<u>18,883</u>	<u>18,055</u>	<u>706</u>	<u>122</u>
Council 2021				
Cash and cash equivalents	11,759	11,759	-	-
Trade and other receivables	3,827	3,827	-	-
Loans to related parties	-	-	-	-
Unlisted shares	-	-	-	-
Other financial assets:	-	-	-	-
- term deposits	2,999	2,999	-	-
- community loans	-	-	-	-
- investment in debt securities	527	-	-	527
Total	<u>19,112</u>	<u>18,585</u>	<u>-</u>	<u>527</u>

Financial Instruments Risks

Council has a series of policies to manage the risks associated with financial instruments. Council is risk averse and seeks to minimise exposure from its treasury activities. Council has established Council approved Liability Management and Investment policies. These policies do not allow any transactions that are speculative in nature to be entered into.

Market Risk

Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Council is not exposed to currency risk, as it does not enter into foreign currency transactions.

Interest rate risk

The interest rates on Council's cash and cash equivalents are disclosed in note 13 and on Council's borrowings in note 25.

Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Borrowing issued at fixed rates expose Council to fair value interest rate risk. Council's Liability Management policy outlines the level of borrowing that is to be secured using fixed rate instruments. Fixed to floating interest rate swaps are entered into to economically hedge the fair value interest rate risk arising where Council has borrowed at fixed rates. In addition, investments at fixed interest rates expose Council to fair value interest rate risk.

If interest rates on cash and cash equivalents and other financial assets at 30 June 2022 had fluctuated by plus or minus 0.5%, the effect would have been to decrease/increase the surplus/deficit by \$76,000 (2021: \$76,000).

Based on financial instrument disclosures at the balance date and with other variables held constant; if interest rates on borrowings at 30 June 2022 had fluctuated by plus or minus 0.5%, the effect would have been to decrease/increase the surplus after tax by \$153,000 (2021: \$153,000) as a result of higher/lower interest expense on floating rate borrowings.

Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Borrowings and investments issued at variable interest rates expose Council to cash flow interest rate risk.

Council manages its cash flow interest rate risk on borrowings by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings at floating rates and swaps them into fixed rates that are generally lower than those available if Council borrowed at fixed rates directly. Under the interest rate swaps, Council agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional principal amounts.

Credit risk

Credit risk is the risk that a third party will default on its obligation to Council, causing Council to incur a loss. Council has no significant concentrations of credit risk, as it has a large number of credit customers, mainly ratepayers, and Council has powers under the Local Government (Rating) Act 2002 to recover outstanding debts from ratepayers.

Council invests funds only in deposits with registered banks and local authority stock and its investment policy limits the amount of credit exposure to any one institution or organisation.

Investments in other Local Authorities are secured by charges over rates. Other than other local authorities, the Council only invests funds with those entities, which have a Standard and Poor's credit rating of at least A2 for short term and A- for long-term investments.

Accordingly, the Council does not require any collateral or security to support these financial instruments.

Council's maximum credit exposure for each class of financial instrument is as follows:

	Actual	Actual
	2022	2021
	\$000	\$000
Cash at bank and term deposits	7,026	14,758
Trade and other receivables	10,949	3,827
Derivative financial instrument assets	256	-
Total credit risk	18,231	18,585

All cash at bank and term deposits are neither past due nor impaired and are made with registered banks with Standard and Poor's credit ratings of A1 or better short term.

Community loans are with counterparties with no defaults in the past.

Liquidity risk

Liquidity risk is the risk that Council will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Council aims to maintain flexibility in funding by keeping committed credit lines available.

In meeting its liquidity requirements, Council maintains a target level of investments that must mature within the next 12 months.

Council manages its borrowings in accordance with its funding and financial policies, which includes a Liability Management policy. These policies have been adopted as part of Council's Long-Term Plan.

Council has a maximum amount that can be drawn down against its overdraft facility of \$550,000 (2021: \$550,000) plus available credit on a credit line facility with Westpac of \$5,000,000 (2021: \$5,000,000). There are no restrictions on the use of this facility.

The maturity profiles of Council's interest bearing investments and borrowings are disclosed in notes 16 and 25 respectively.

	Carrying amount	Less than 1 year	1-2 years	2-5 years	More than 5 years
	\$000	\$000	\$000	\$000	\$000
2022					
Trade and other payables	4,969	4,969	-	-	-
Bank overdraft	-	-	-	-	-
Secured loans	30,594	8,994	3,000	15,000	3,600
Bonds	-	-	-	-	-
Finance leases	-	-	-	-	-
Derivative Financial Instruments	85	-	-	85	-
Financial guarantees	-	-	-	-	-
Total	35,648	13,963	3,000	15,085	3,600
2021					
Trade and other payables	5,410	5,410	-	-	-
Bank overdraft	-	-	-	-	-
Secured loans	30,586	9,000	4,986	10,000	6,600
Bonds	-	-	-	-	-
Finance leases	-	-	-	-	-
Finance leases	1,211	-	-	810	401
Financial guarantees	693	693	-	-	-
Total	35,996	14,410	4,986	10,000	6,600

37. Capital management

Council's capital is its equity (or ratepayers' funds), which comprise retained earnings and reserves. Equity is represented by net assets.

The Local Government Act 2002 [the Act] requires Council to manage its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayer's funds are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments, and general financial dealings.

The objective of managing these items is to achieve intergenerational equity, which is a principle promoted in the Act and applied by Council. Intergenerational equity requires today's ratepayers to meet the costs of utilising Council's assets and not expecting them to meet the full cost of long-term assets that will benefit ratepayers in future generations. Additionally, Council has in place asset management plans for major classes of assets detailing renewal and maintenance programmes, to ensure ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

The Act requires Council to make adequate and effective provision in its Long-Term Plan (LTP) and in its Annual Plan (where applicable) to meet the expenditure needs identified in those plans and the Act sets out the factors that Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the funding and financial policies in Council's LTP.

Council has the following Council created reserves:

- Reserves for different areas of benefit;
- Self-insurance reserves; and
- Trust and bequest reserves.

Reserves for different areas of benefit are used where there is a discrete set of rate or levy payers as distinct from the general rate. Any surplus or deficit relating to these separate areas of benefit is applied to the specific reserves.

Self-insurance reserves are built up annually from general rates and are made available for specific unforeseen events. The release of these funds generally can only be approved by Council.

Trust and bequest reserves are set up where Council has been donated funds that are restricted for particular purposes. Interest is added to trust and bequest reserves where applicable and deductions are made where funds have been used for the purpose they were donate.

38. Tax

Council has taxable losses of \$14.85m to offset against future years taxable income. (2021: \$14.6m).

Income Tax	Actual 2022 \$000	Actual 2021 \$000
Components of Tax Expense		
Current Tax expense	-	-
Adjusted to current tax in prior years	-	-
Deferred tax expense	-	-
Tax Expense	<u>-</u>	<u>-</u>
Relationship between tax expense and accounting profit		
Net surplus/(deficit) before tax	11,059	(7,769)
Tax at 28%	3,097	(2,175)
Plus (less) tax effect of :	-	-
Non-deductible expenditure	-	-
Non-taxable income	(3,097)	2,273
Council share of NRLLP income	-	-
Deferred tax adjustment	-	-
Unrecognised tax losses	-	(98)
Other adjustments	-	-
Tax Expense	<u>-</u>	<u>-</u>

Deferred Tax Asset (Liability)	Property, Plant & Equipment	Employee Entitlements	Other Provisions	Tax Losses	Total
Balance at 30 June 2020					
Charged to surplus or deficit	-	-	-	-	-
Charged to other comprehensive income	-	-	-	-	-
Balance at 30 June 2021	-	-	-	-	-
Charged to surplus or deficit	(899,630)	-	-	920,630	21,000
Charged to other comprehensive income	(21,000)	-	-	-	21,000
Balance at 30 June 2022	<u>(920,630)</u>	<u>-</u>	<u>-</u>	<u>920,630</u>	<u>-</u>

Funding impact statement for whole of Council

For the year ended 30 June 2022

	Budget 2020-21 \$000	Actual 2020-21 \$000	Budget 2021-22 \$000	Actual 2021-22 \$000
OPERATING FUNDING				
Sources of operating funding				
General Rates, Uniform annual general charges, rates penalties	10,900	10,636	12,875	13,268
Targeted Rates (other than metered water supply rates)	6,992	6,787	6,894	6,656
Subsidies and grants for operating purposes	5,954	3,828	2,902	3,504
Fees and charges	4,597	4,697	4,537	4,969
Interest and dividends from investments	6,734	59	142	117
Local authorities fuel tax, fines, infringement fees and other receipts	599	371	569	835
Total Operating Funding	35,776	26,378	27,919	29,349
Applications of operating funding				
Payments to staff and suppliers	23,792	21,578	22,641	23,173
Finance costs	890	1,014	1,012	999
Other operating funding applications	6,411	195	-	-
Total applications of operating funding	31,092	22,787	23,653	24,172
SURPLUS / (DEFICIT) OF OPERATING FUNDING	4,684	3,591	4,266	5,178
CAPITAL FUNDING				
Sources of capital funding				
Subsidies and grants for capital expenditure	4,955	4,060	13,914	14,426
Development and financial contributions	30	68	30	448
Increase/(decrease) in debt	2,764	1,770	2,743	8
Gross proceeds from the sale of assets	-	380	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	368
Total sources of capital funding	7,749	6,278	16,687	15,249
Applications of capital funding				
Capital expenditure				
- to meet additional demand	-	-	-	-
- to improve the level of service	4,759	4,395	8,173	10,361
- to replace existing assets	9,522	5,930	14,581	6,870
Increase/(decrease) in reserves	(1,848)	2,701	(1,801)	3,195
Increase/(decrease) of investments	-	(3,157)	-	-
Total applications of capital funding	12,433	9,869	20,952	20,427
SURPLUS / (DEFICIT) OF CAPITAL FUNDING	(4,684)	(3,591)	(4,265)	(5,178)
FUNDING BALANCE	-	-	-	-

Financial reporting and prudence disclosures

The government introduced the Local Government (Financial Reporting and Prudence) Regulations 2014 which has a series of measures and benchmarks, disclosed in the following pages. These measures further highlight the financial performance of Council in a way that is consistent and standardised.

These measures allow for comparison of financial performance with other councils. However, readers are urged to read the commentary and explanations provided to give context to the information, as it is not always possible to compare Grey District Councils' results with other councils due to their size, location and provision of services.

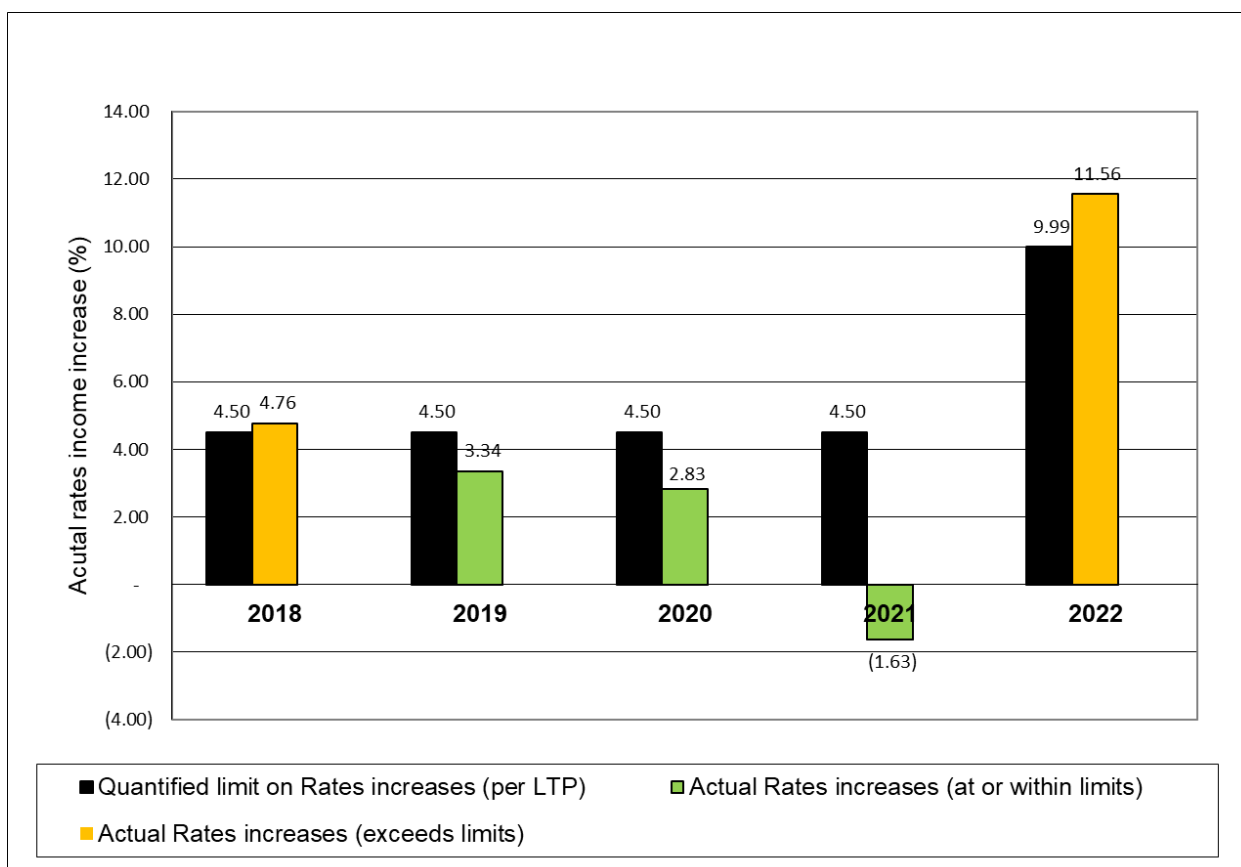
1. Rate affordability benchmarks

The Council meets the rates affordability benchmark if—

- its actual rates income equals or is less than each quantified limit on rates; and
- its actual rates increases equal or are less than each quantified limit on rates increases.

Total actual rate income percentage increases

- For 2018, the limit as contained within Council's financial strategy (per the 2015 – 2025 Long-Term Plan) is for the total rate increase in any year to be no more than 4.5% (4.5% being the benchmark).
- For 2019, 2020 and 2021, the limit as contained within Council's financial strategy (per the 2018 – 2028 Long-Term Plan) is for the total rate increase in any year to be no more than 4.5% (4.5% being the benchmark).
- For 2022, the limit as contained within Council's financial strategy (per the 2021 – 2031 Long-Term Plan) is for the total rate increase in the 2022 year to be no more than 9.99% (9.99% being the benchmark).

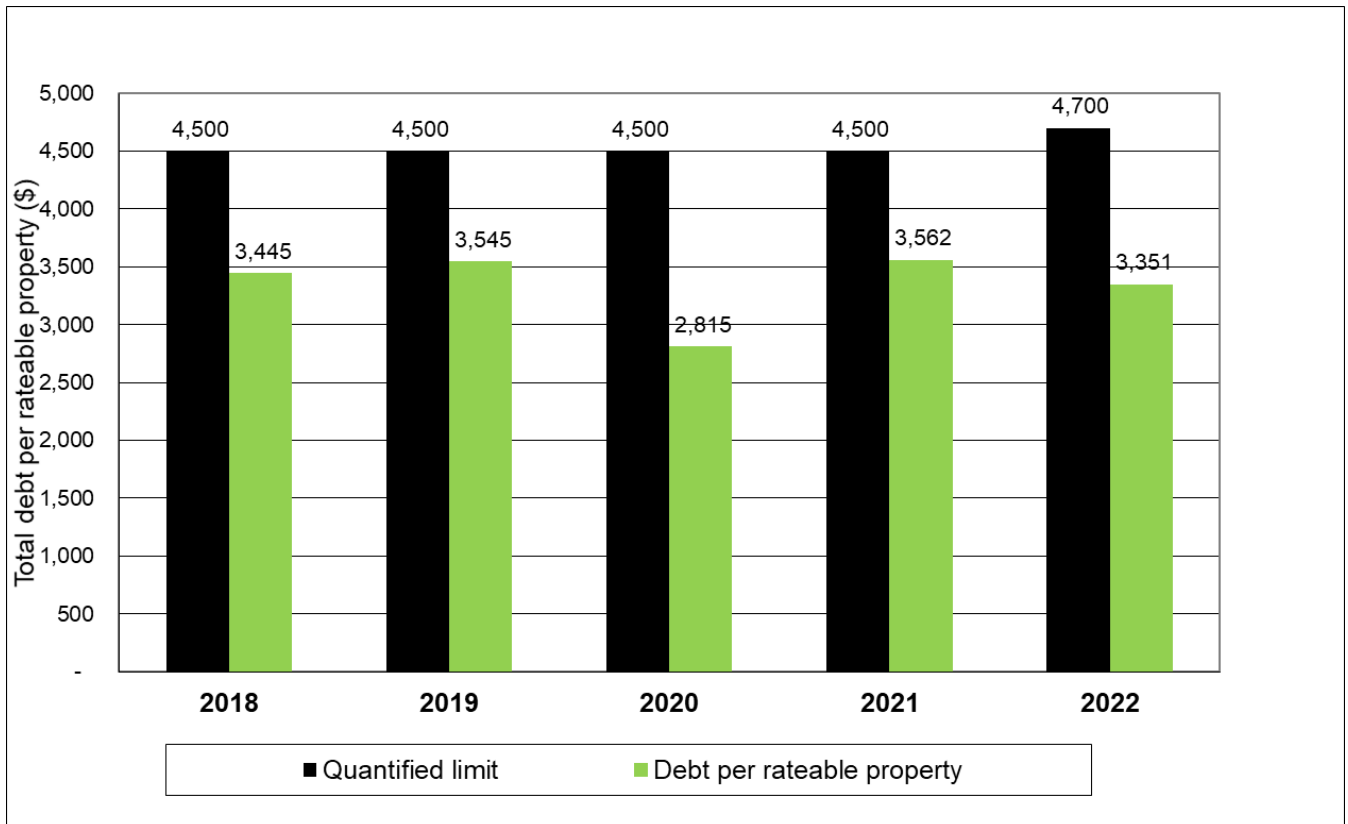


2. Debt affordability benchmark

The Council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing. The Council has three measures for debt affordability and these are set out below.

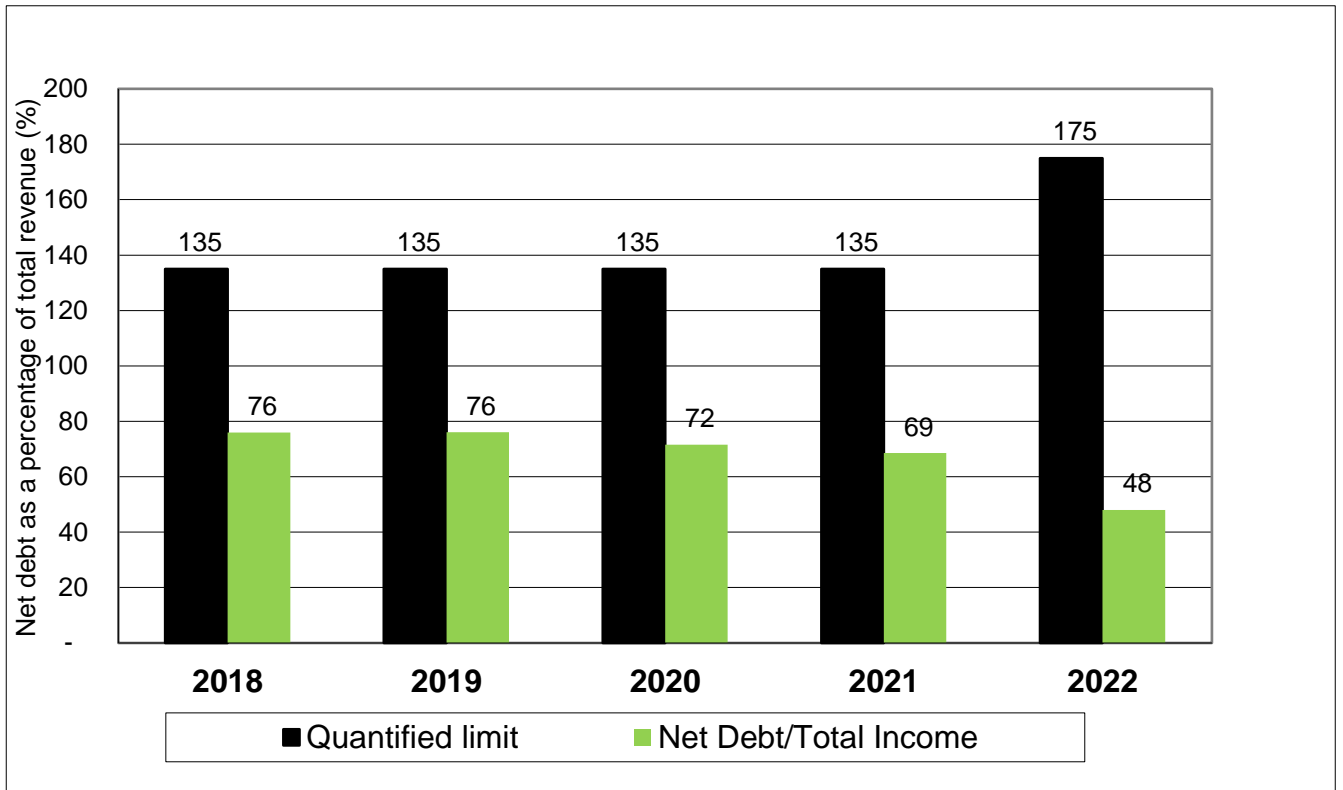
Total actual debt per rateable property

The following graph displays the total actual debt per rateable property. Council's benchmark is for total debt per rateable property to remain less than \$4,500 for the years 2018 to 2021 (per the 2018 – 2028 Long-Term Plan) and \$4,700 for the 2022 year (per the 2021 – 2031 Long-Term Plan).



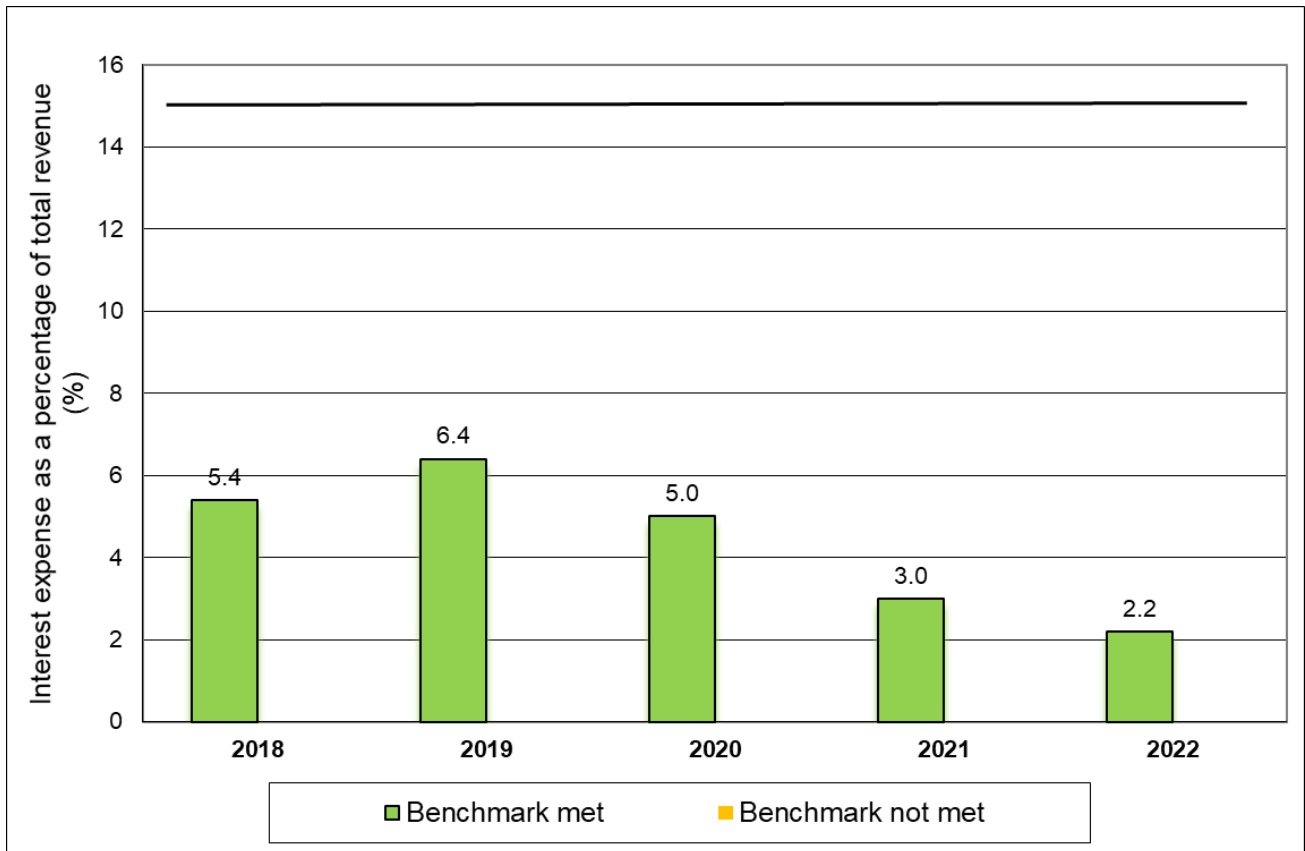
Total net debt as a percentage of total revenue

The following graph displays total actual net debt as a percentage of total revenue. Council's benchmark is for total net debt to remain less than 135% of total revenue for the years. 2018 to 2021 (per the 2018 – 2028 Long-Term Plan) and 175% for the 2022 year (per the 2021 – 2031 Long-Term Plan).



Total interest expense as a percentage of total actual revenue

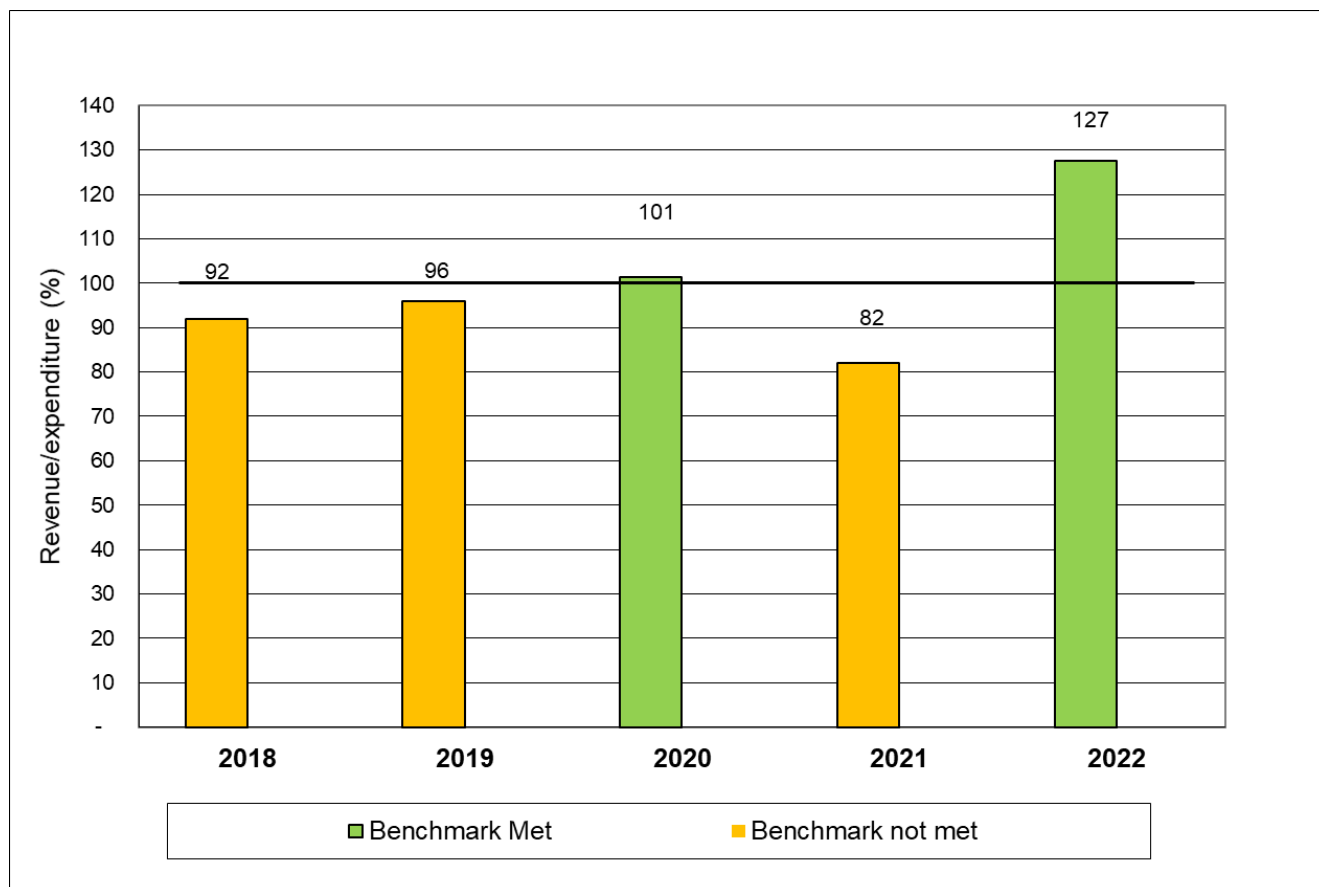
The following graph displays total actual interest expense as a percentage of total revenue. Council's benchmark is for total interest expenses to remain less than 15% of total revenue.



3. Balanced budget benchmark

The following graph displays the council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment) as a proportion of operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, or equipment). Council meets this benchmark if its revenue equals or is greater than its operating expenses.

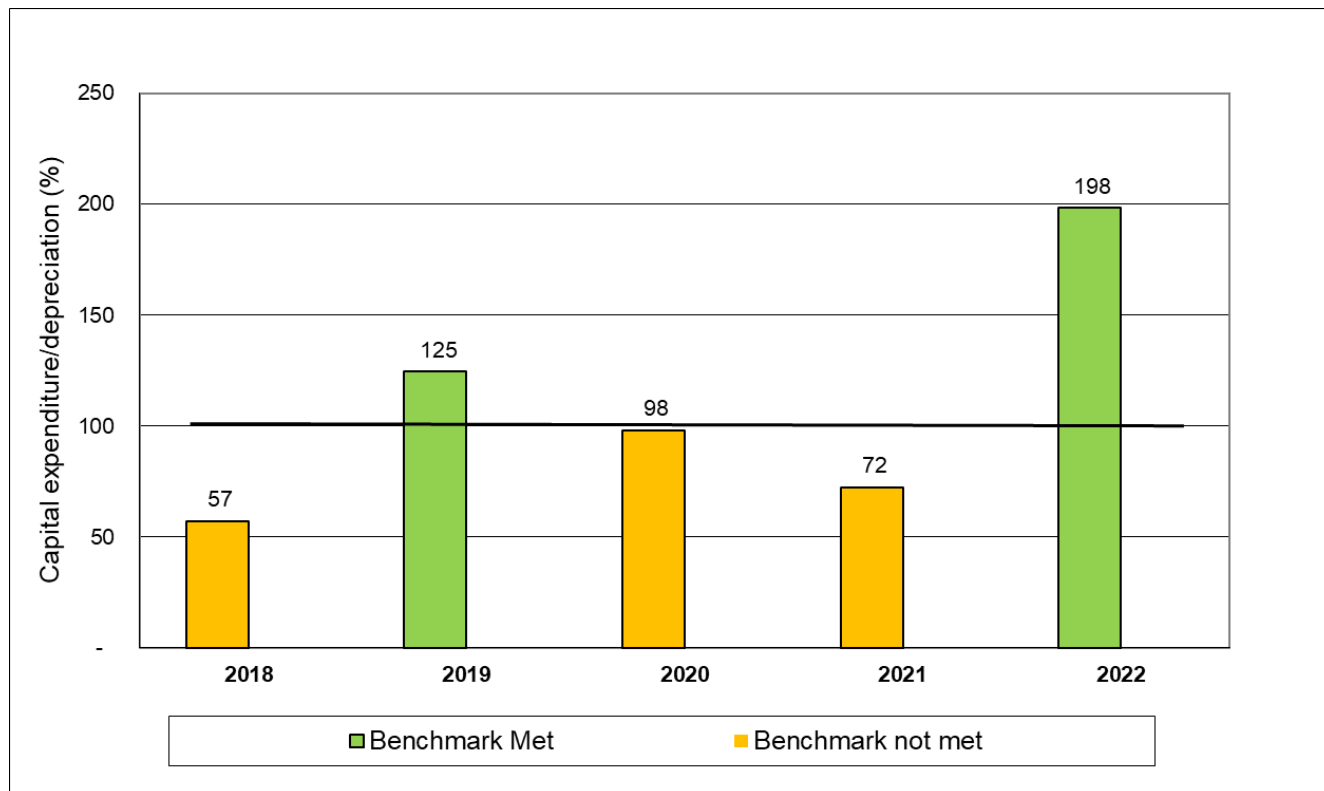
The 2021 year includes a one-off expenditure item of \$6.72 million for the transfer of the Grey Flood wall asset to the West Coast Regional Council. If this had not occurred, the 2021 measure would have been 98.40%.



4. Essential services benchmark

The following graph displays the council's capital expenditure on network services as a proportion of depreciation on network services.

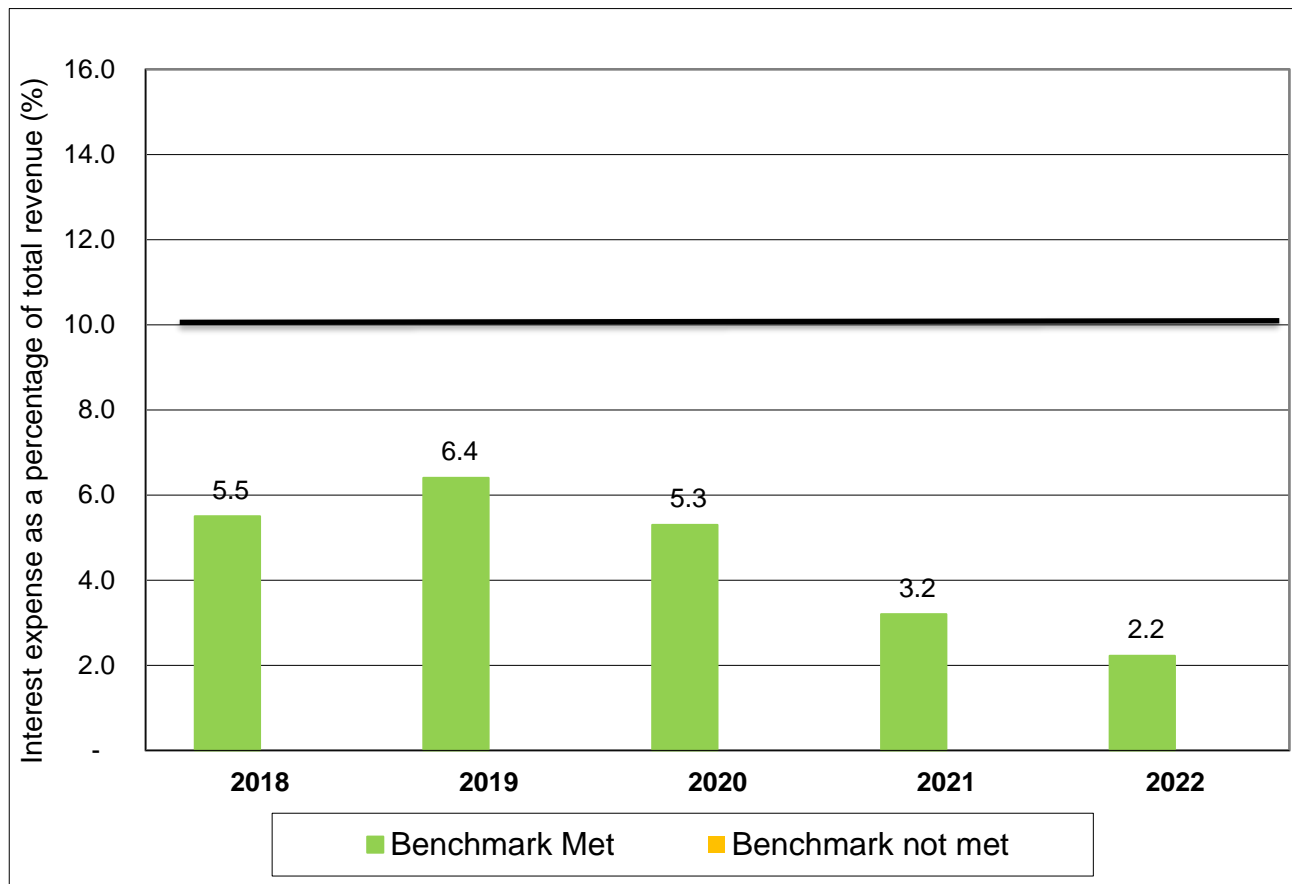
Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



5. Debt servicing benchmark

The following graph displays Council's borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment).

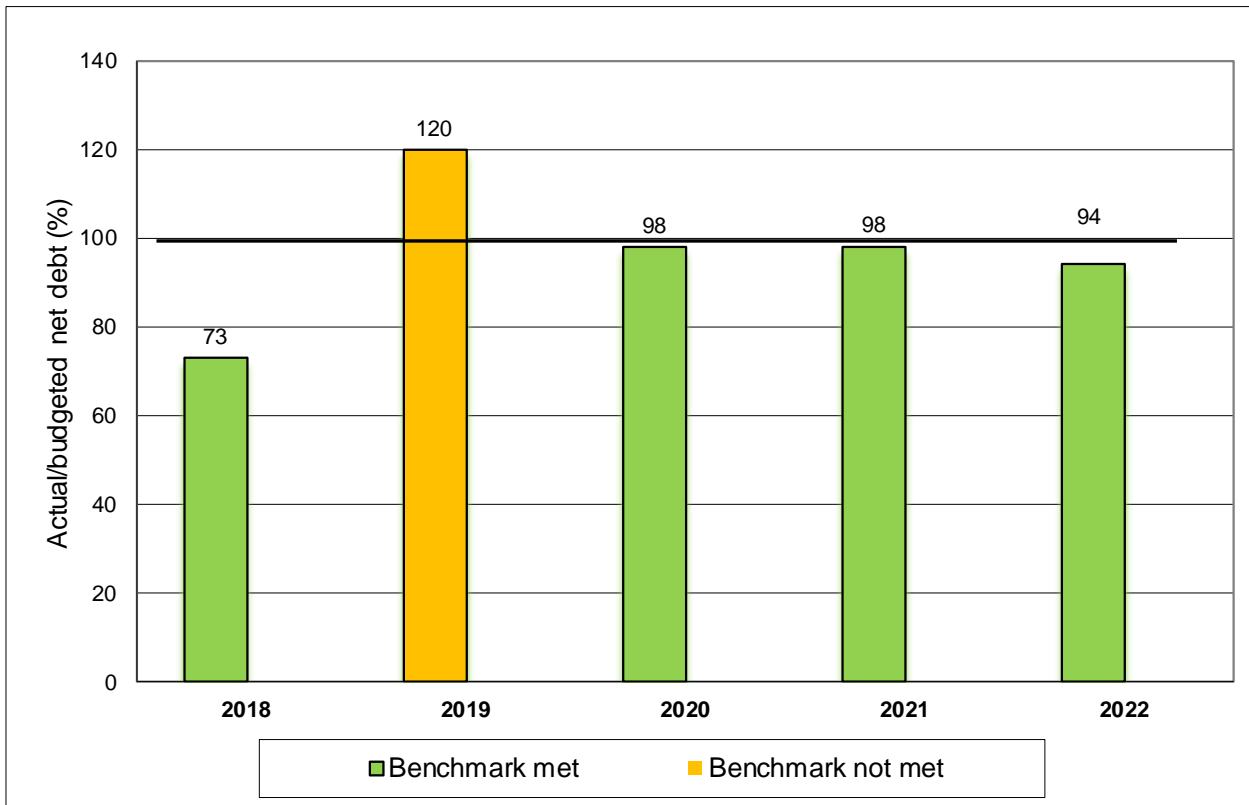
Because Statistics New Zealand projects the council's population will grow no faster than the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue.



6. Debt control benchmark

The following graph displays the council's actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables).

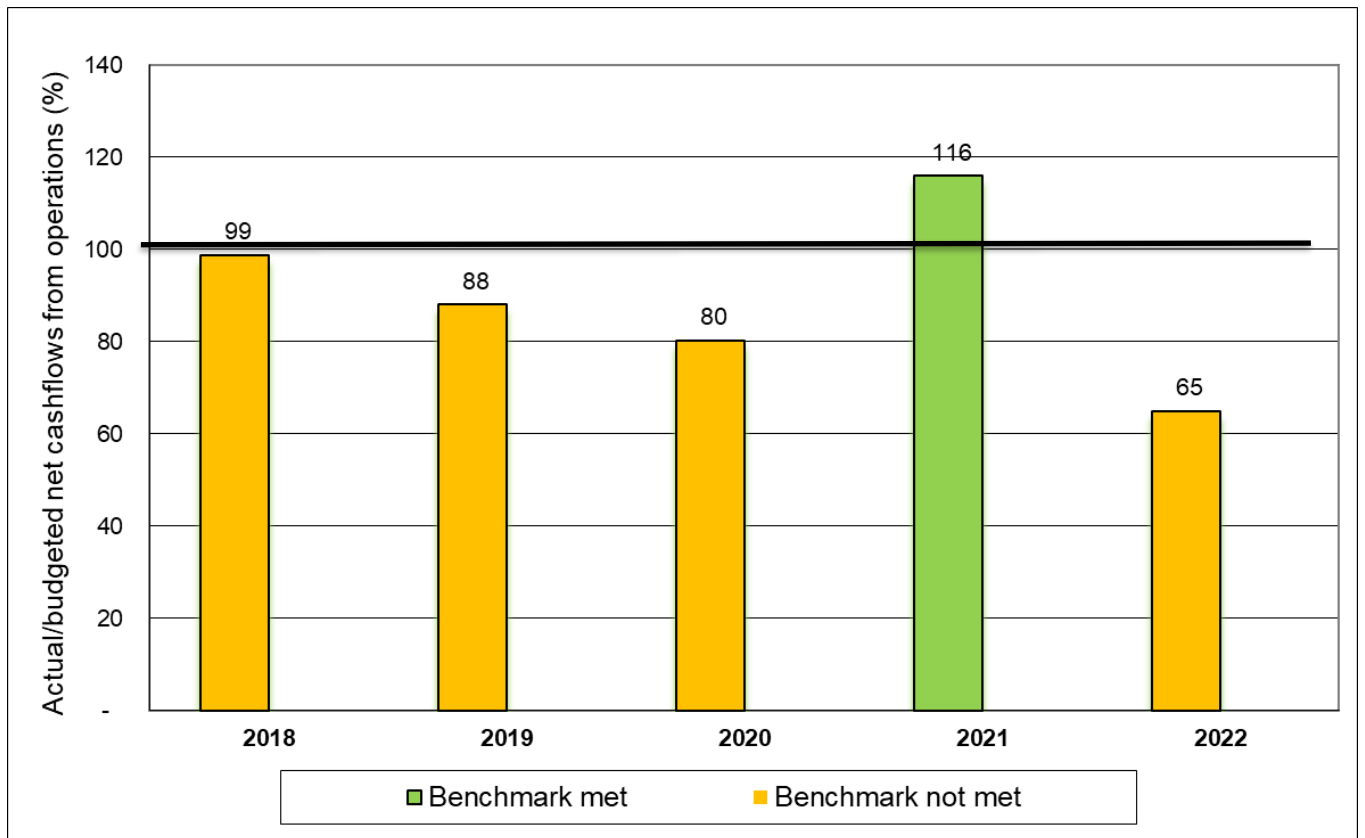
Council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



7. Operations control benchmark

This graph displays the council's actual net cash flow from operations as a proportion of its planned net cash flow from operations.

Council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations.



PART D:

Consultation with Māori

Through a specific activity, "Efficient and Open Consultation", Council has set specific performance targets relating to the establishment and maintenance of processes in providing opportunities for Māori to contribute to the decision making processes of the Grey District Council.

At their meeting on 8 April 2019, Grey District Council confirmed the Memorandum of Understanding between Council and Te Runanga O Ngāti Waewae, paving the way for greater acknowledgement of the important role of Māori in our District, both historically and into the future.

The Memorandum was officially signed at the Council meeting on 13 May 2019, at which time the Runanga Chairperson, Mr Francois Tumahai, was appointed a seat at the Council table as part of an informal arrangement pending formalisation at the next Electoral Representation Review.

PART E: Independent Auditor's report



INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF GREY DISTRICT COUNCIL'S ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2022

The Auditor-General is the auditor of Grey District Council (the District Council). The Auditor-General has appointed me, Brendan Summerfield, using the staff and resources of Ernst & Young, to report on the information in the District Council's annual report that we are required to audit under the Local Government Act 2002 (the Act). We refer to this information as "the audited information" in our report.

We are also required to report on:

- whether the District Council has complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- the completeness and accuracy of the District Council's disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014.

We refer to this information as "the disclosure requirements" in our report.

We completed our work on 19 December 2022. This is the date on which we give our report.

Opinion on the audited information

In our opinion:

- the financial statements on pages 84 to 148
 - present fairly, in all material respects:
 - the District Council's financial position as at 30 June 2022;
 - the results of its operations and cash flows for the year ended on that date; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Standards
- the funding impact statement on page 149, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's Long-term plan;
- the performance information on pages 15 to 79
 - presents fairly, in all material respects, the District Council's levels of service for each group of activities for the year ended 30 June 2022, including:
 - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
 - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and

A member firm of Ernst & Young Global Limited



- complies with generally accepted accounting practice in New Zealand; and
- the statement about capital expenditure for each group of activities on pages 22 to 81 presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the District Council's Long-term plan; and
- the funding impact statement for each group of activities on pages 22 to 81 presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's Long-term plan.

Report on the disclosure requirements

We report that the District Council has:

- complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- made the disclosures about performance against benchmarks as required by the Local Government (Financial Reporting and Prudence) Regulations 2014 on pages 150 to 158, which represent a complete list of required disclosures and accurately reflects the information drawn from the District Council's audited information and, where applicable, the District Council's long-term plan and annual plans.

The basis for our opinion is explained below and we draw attention to other matters. In addition, we outline the responsibilities of the Council and our responsibilities relating to the audited information, we comment on other information, and we explain our independence.

Emphasis of matter - The Government's three waters reform programme

Without modifying our opinion, we draw attention to note 34 on page 140, which outlines that, in June 2022, the Government introduced legislation to establish four publicly owned water services entities to take over responsibilities for service delivery and infrastructure from local authorities with effect from 1 July 2024. The legislation received royal assent from the Governor-General on 14 December 2022. The impact of these reforms will mean that the District Council will no longer deliver three waters services or own the assets required to deliver these services. In December 2022, the Government introduced the Water Services Legislation Bill, which will transfer assets and liabilities to the water services entities.

Basis for our opinion on the audited information

We carried out our audit 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. We describe our responsibilities under those standards further in the "Responsibilities of the auditor for the audited information" section of this report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the audited information.

Responsibilities of the Council for the audited information

The Council is responsible for meeting all legal requirements that apply to its annual report.



The Council's responsibilities arise under the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014.

The Council is responsible for such internal control as it determines is necessary to enable it to prepare the information we audit that is free from material misstatement, whether due to fraud or error.

In preparing the information we audit the Council is responsible for assessing its ability to continue as a going concern. The Council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to amalgamate or cease all of the functions of the District Council or there is no realistic alternative but to do so.

Responsibilities of the auditor for the audited information

Our objectives are to obtain reasonable assurance about whether the audited information, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of this audited information.

For the budget information reported in the audited information, our procedures were limited to checking that the budget information agreed to the District Council's Long-term plan.

We did not evaluate the security and controls over the electronic publication of the audited information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District Council's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We determine the appropriateness of the reported intended levels of service in the performance information, as a reasonable basis for assessing the levels of service achieved and reported by the District Council.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the District Council's ability to continue as a going concern. If we conclude that

A member firm of Ernst & Young Global Limited



a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the audited information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the District Council to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other Information

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 5 to 14, 82 to 83 and 159, but does not include the audited information and the disclosure requirements, and our auditor's report thereon.

Our opinion on the audited information and our report on the disclosure requirements do not cover the other information, and we do not express any form of audit opinion or assurance conclusion thereon.

Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the audited information and the disclosure requirements, or our knowledge obtained during our work, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the District Council in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit, our report on the disclosure requirements and audit of the debenture trustee reporting we have no relationship with, or interests in, the District Council.

Brendan Summerfield
Ernst & Young
Chartered Accountants
On behalf of the Auditor-General
Christchurch, New Zealand
19 December 2022

A member firm of Ernst & Young Global Limited