

Grey District Council Annual Report 2022/2023



MĀWHERA
GREY
DISTRICT COUNCIL

Thriving, Connected and Resilient
GREY DISTRICT

Heart of the West Coast

Table of Contents

PART A:	3
Introduction	3
Message from Her Worship the Mayor and the Chief Executive	4
Councillors and their portfolios as at 30 June 2023	6
Executive Leadership Team	8
Key Council Contact Details	9
PART B:	10
Groups of Activity Statements	10
Land transport	14
Stormwater	21
Wastewater (sewerage)	28
Water Supply	35
Solid waste (refuse and recycling).....	43
Environmental services	49
Commercial & Property.....	58
Community & Recreation.....	65
Democracy & Administration	74
PART C:	78
Financial Statements and Notes	78
Statement of Compliance and Responsibility	79
Statement of Comprehensive Revenue and Expense	80
Statement of Financial Position	81
Statement of Changes in Equity	82
Statement of Cash Flows.....	83
Notes to the Financial Statements.....	84
Funding impact statement for whole of Council.....	144
Financial reporting and prudence disclosures	145
PART D:	154
Consultation with Māori	154
PART E:	155
Independent Auditor’s report	155

PART A: Introduction

Message from Her Worship the Mayor and the Chief Executive

Welcome to the Grey District Council's 2022/2023 Annual Report.

This report covers council's income and expenditure for the financial year ended 30 June 2023. The performance reporting under each group of activity statements indicate where money has been spent.

For the 2022/2023 financial year, Grey Districts faced rapidly rising inflation in the New Zealand economy. This has caused a cost of living crisis in New Zealand and has been keenly felt by the Grey District residents.

As a result council's actual expenses exceed budget. There seems to be no indication as to when inflation is set to fall back within the 1%-3% reserve bank target.

The foreseeable future will mean a more prudent approach to spending will be needed.

FINANCIAL PERFORMANCE FOR THE YEAR

The Council recorded a total operating deficit of \$(3.9) million. The key components are summarised below:

Revenue

Total revenue for the year was \$37.3 million compared to a budget of \$31.5 million, resulting in a favourable \$5.8 million variance. The majority of this is the increase in subsidies and grants received which relate to the provincial Growth Fund Projects and the Three Waters funding.

Expenditure

Total expenditure was \$41.3 million compared to budget of \$33.4 million, resulting in a \$7.8 million unfavourable variance. \$5.4 million of the unfavourable variance is made up of other expense which is due to increased costs associated with consultants and contractors as well as professional fees to ensure continued compliance with local government legislation and the final stage of the customer focused council project. \$2.5 million relates to increased depreciation expenses due to impact of a revaluation of infrastructure assets in the past year.

Other comprehensive revenue

Total other comprehensive revenue relates to the revaluation of Council's three water assets and roading has added \$45.6 million in gains increasing the total comprehensive revenue to \$41.6 million in surplus. The revaluation increase is a direct result of the rapid increase in the cost associated with replacing our assets.

FINANCIAL POSITION AT THE END OF THE YEAR

Fixed Assets

Council's fixed assets are now \$556 million an increase of \$46 million from the prior financial year. This is driven by the revaluation of Council's assets as mentioned above and the works programme undertaken over the last year.

Debt

Council's debt remains the same as the 2021/2022 from the prior financial year at \$30.6 million. The budget forecast debt of \$38.0 million. The reason for no increase in debt is external funding streams subsidising the cost of capital projects and a delay in completing some capital projects identified in the 2022/2023 Annual Plan.

The Future

With the change of government after the 14 October 2023 election there will be changes to legislation identified by the previous government with the repeal of the following legislation:

- Water Entities and other associated three waters legislation
- Resource Management Act Reform
- Future of Local Government

With the continued inflationary pressures and uncertainty of external funding the Grey District is likely to be navigating a challenging up coming year.



Tania Gibson
Mayor



Paul Morris
Chief Executive

Councillors and their portfolios as at 30 June 2023



Tania Gibson

Mayor

Committees:
Operations and Capital Programme Delivery
Finance, Regulatory and Business Support
Commercial and Economic Development
Chief Executive Employment
Risk and Assurance Subcommittee
Grey District Resilience Subcommittee
Civic Awards, Creative Communities
Sport New Zealand Rural Travel Fund
Tenders Subcommittee
Members Code of Conduct
Joint Floodwall, Te Tai o Poutini One Plan
Committee (TTPP)



Allan Gibson

Councillor Eastern Ward/Deputy Mayor

Committees:
Operations and Capital Programme Delivery Committee
Finance, Regulatory and Business Support Committee
Commercial and Economic Development Committee
Tenders Subcommittee
Members Code of Conduct Committee
Joint Floodwall
Te Tai o Poutini One Plan Committee (TTPP)



Robert Mallinson

Councillor Eastern Ward

Committees:
Operations and Capital Programme Delivery
Finance, Regulatory and Business Support
Risk and Assurance
Tenders Subcommittee



Kate Kennedy

Councillor Northern Ward

Committees:
Operations and Capital Programme Delivery
Finance, Regulatory and Business Support
Animal Control
Sport New Zealand Rural Travel
Creative Communities Committee



John Canning

Councillor Southern Ward

Committees:
*Operations and Capital Programme Delivery
Finance, Regulatory and Business Support
Commercial and Economic Development
Grey District Resilience
Animal Control
District Licensing*



Jack O'Connor

Councillor Central Ward

Committees:
*Operations and Capital Programme Delivery
Committee.
Finance, Regulatory and Business Support Committee
Risk and Assurance Subcommittee
Animal Control Committee
Creative Communities Committee
Sport New Zealand Rural Travel Fund*



Peter Davy

Councillor Central Ward

Committees:
Operations and Capital Programme Delivery
Committee
Finance, Regulatory and Business Support
Committee
Tenders Subcommittee



Rex MacDonald

Councillor Southern Ward

Committees:
Operations and Capital Programme Delivery
Finance, Regulatory and Business Support
Commercial and Economic Development
Risk and Assurance Subcommittee
Chief Executive Employment
Tenders Subcommittee



Tim Mora

Councillor Central Ward

Committees:
Operations and Capital Programme Delivery
Committee
Finance, Regulatory and Business Support
Committee
Commercial and Economic Development
Committee
Risk and Assurance Subcommittee
Grey District Resilience Subcommittee
Civic Awards Committee
Creative Communities Committee
Sport New Zealand Rural Travel



Francois Tumahai

Kaiwhakahaere (Iwi Representative)

Committees:
Operations and Capital Programme Delivery
Finance, Regulatory and Business Support

Council is committed to:

Being accountable to its community.

Consulting its community in the spirit of collective decision-making.

Participating strongly in the activities of organised local government.

Displaying equity and transparency in its dealings with its community.

Sustainability as a basis for development activities in the District.

Being a good employer.

Building on our heritage.

Representing its community strongly and positively.

Working with other bodies and institutions pursuing the same goal.

Striving towards optimum efficiency and a customer focus.

Incorporating the cultural, economic, environmental and social well-being of the community within decision-making.

Creating opportunities for all.

A healthy community.

Executive Leadership Team

Chief Executive Officer

Paul Morris











Group Manager Operations

Aaron Haymes

Group Manager Support

Gerhard Roux

Key Council contact information

Council contacts		Grey District Council 105 Tainui Street Greymouth 7805								
		PO Box 382 GREYMOUTH 7840								
		Tel 03 769 8600								
		info@greydc.govt.nz								
		<table border="0"> <tr> <td>Web</td> <td>www.greydc.govt.nz</td> </tr> <tr> <td>Facebook</td> <td>facebook.com/greydc</td> </tr> <tr> <td>Twitter</td> <td>@GreyDistrict</td> </tr> <tr> <td>Instagram</td> <td>@greymouth_nz</td> </tr> </table>	Web	www.greydc.govt.nz	Facebook	facebook.com/greydc	Twitter	@GreyDistrict	Instagram	@greymouth_nz
Web	www.greydc.govt.nz									
Facebook	facebook.com/greydc									
Twitter	@GreyDistrict									
Instagram	@greymouth_nz									
Banker		Westpac								
Auditor		Ernst & Young New Zealand, Christchurch on behalf of the Office of the Auditor General, Wellington								
Solicitor		Hannan & Seddon, Greymouth (division of Corcoran French)								
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.

The Council has made a number of judgements in preparing its service performance information. The judgements exercised do not have a significant effect on the selection, measurement, aggregation and presentation of the Council's service performance information.

Summary of activity performance

Based on our annual Resident Survey, 59% of residents surveyed are satisfied with Council's performance. 33% indicated they were dissatisfied, and 8% did not express an opinion. The most common reasons for being satisfied with the council is the mayor doing a good job, the stance council has taken over three waters as well as providing good communication.

Council achieved 27 of its 70 (39%) activity-based performance targets for the financial year. This is not ideal and council is working hard in 2023/2024 to improve on these. Response time's regarding issues with services council provided were mostly met however some measures relating to facilities and infrastructure maintenance did not which in a large part is due to severe staff resource constraints. The capacity of council to be able to attend to some aging infrastructure such as ageing pipes is limited at present.

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

- 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.

Resident Satisfaction Survey

Results from the 2023 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 2022 and early March 2023.

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.

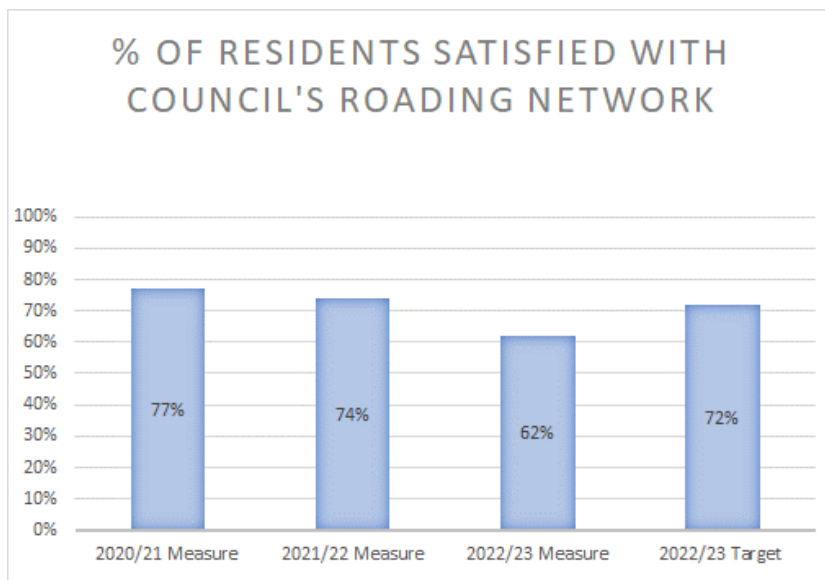
Contribution to Community Outcomes

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 2022/2023 – Land Transport

Overview

The proportion of residents satisfied with Council's roading network declined in 2022/2023 to 62%. This was below the target of 72% and continues a downward trend. Overall, Council achieved four of its eleven performance targets for land transport. In 2022/2023 there were two deaths or serious injury crashes on Council managed local roads. 90.7% of council roads meet the smooth roads standard.



A significant amount of work has been done throughout the district this year in maintaining, operating and renewing roads, bridges and other infrastructure.

Three bridges (Moonlight, Rough River, William Stewart) have been replaced with two more (Seven Mile and Clear Creek) are currently under construction. Additional bridge maintenance works are planned to be undertaken in the near future.

Remedial works are ongoing for the slips that happened last year at various district locations. A funding application for last years emergency events is under consideration by Waka Kotahi.

Performance measures – Land Transport

What we're measuring	How we'll measure	2022/2023 target	2021/2022 measure	2022/2023 measure	Notes
Customer satisfaction	% of residents are satisfied with Council's roading network	72%	74%	62%	Target Not Achieved The Resident's Satisfaction Survey was conducted during November 2022 to January 2023. The full report is available on Council's website.
	% of residents are satisfied with the way local roads are maintained	54%	62%	48%	Target Not Achieved The Resident's Satisfaction Survey was conducted during November 2022 to January 2023. The full report is available on Council's website.
	% of residents are satisfied with the way footpaths are maintained	50%	49%	39%	Target Not Achieved The Resident's Satisfaction Survey was conducted during November 2022 to January 2023. The full report is available on Council's website..
	% of customer requests responded to within 10 working days	87%	92%	91%	Target Achieved 198 service requests out of 218 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 Smooth is defined as less than 150 NAASRA
	% of sealed road network resurfaced per year	7%	3.9%	3.29%	Target Not Achieved Overall contracted and planned forward work programme was completed for the year 2021/2023. 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. This year FWP is programmed to achieve the target.
	% 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%	Not assessed No assessment completed in the 2022/2023 financial year. The last independent condition assessment was completed 2021 where 83% of footpaths by length are in a fair or better condition.
	% of bridges posted more than Class 1 – 44 tonnes	93%	93%	93%	Target Achieved. As per the latest bridge assessment, 93% of bridges in the district is posted more than Class1. 195 out of 209 bridges posted more than Class 1.
	% of bridges can cross 50 MAX or HPMV	90%	61%	61%	Target Not Achieved As per the bridge database, 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	2022/2023 target	2021/2022 measure	2022/2023 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 2022/23 only 2 serious crashes and none are due to road conditions
	Change in number of fatalities/serious injury crashes from previous year on local roads 2022/2023: 2 fatal/serious crashes 2021/2022: No fatalities 2020/2021: 2 fatal/serious crashes 2019/2020: 5 fatal/serious crashes	Reduction > 1	-2	2	Target Not Achieved Using the NZTA's upgraded Crash Analysis System, there was a total of two DSI crashes on local roads in 2022/2023

Land Transport funding impact statement

For the year ended 30 June 2023

	LTP 2021-22 \$000	LTP 2022-23 \$000	Actual 2022-23 \$000
OPERATING FUNDING			
SOURCES OF OPERATING FUNDING			
General Rates, Uniform annual general charges, rates penalties	2,479	2,755	2,783
Targeted rates	-	-	-
Subsidies and grants for operating purposes	1,878	1,931	2,688
Fees and charges	71	72	35
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	156	159	436
Total Operating Funding	4,584	4,917	5,941
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	2,710	2,711	4,480
Finance costs	8	2	4
Internal charges and overheads	662	685	691
Other operating funding applications	-	-	-
Total applications of operating funding	3,380	3,398	5,175
SURPLUS / (DEFICIT) OF OPERATING FUNDING	1,204	1,519	766
CAPITAL FUNDING			
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	7,623	2,887	2,816
Development and financial contributions	-	-	51
Increase/(decrease) in debt	(320)	1,812	-
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	7,303	4,699	2,868
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	5,198	405	2,102
- to replace existing assets	3,912	5,536	2,271
Increase/(decrease) in reserves	(603)	277	(739)
Increase/(decrease) of investments	-	-	-
Total applications of capital funding	8,507	6,218	3,634
SURPLUS / (DEFICIT) OF CAPITAL FUNDING	(1,204)	(1,519)	(766)
FUNDING BALANCE	-	-	-

Variations from budget – Land Transport

- Payments to staff and suppliers less favourable than budget by \$1.7m. The unfavourable variance is due largely to higher than anticipated costs for contractors and consultants. The contractor costs are due to significant weather events in the 2022/2023 financial year and the consultants were due to managing significant capital projects such as the three bridges as well as filling in for staff vacancies within the activity
- Subsidies and grants were higher \$757k higher than anticipated due to the recognition of emergency works not budgeted for in the 2022/2023 financial year.
- Capital expenditure to replace existing assets was \$3.265m less than expected due to resources having to be diverted to completing the improvement of levels of service and a reduction in capability of the land transport staff due to staff vacancies throughout the 2022/2023 financial year.

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.

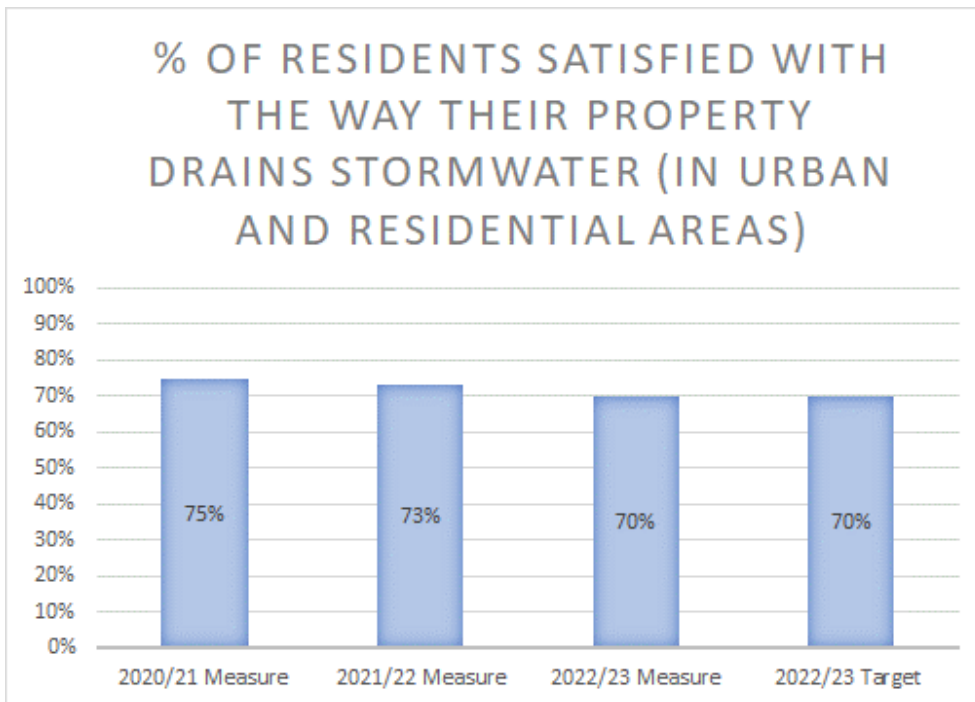
Our performance in 2022/2023 - Stormwater

Overview

The proportion of residents satisfied with the way their property drains stormwater (in urban and residential areas) declined in 2022/2023 to 70%. 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. A significant rain event occurred on the 27 May 2023 resulting in damage in the Runanga and Taylorville areas.

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	2022/ 2023 target	2021/ 2022 measure	2022/ 2023 measure	Notes
Customer satisfaction	Number of complaints received about a Council stormwater scheme (per 1,000 properties connected to a Council scheme)	Total complaints: 30 Per 1,000 properties: 4.8 (6,199 connections)	Total complaints: 48 Per 1,000 properties: 7.65 (6,273 Connections)	Total complaints: 60 Per 1,000 properties: 8.25 (7,272 Connections)	Target Not Achieved 60 complaints were received and resolved regarding Council's stormwater services, which is an increase on last year and is higher than our target. Storm events are being more frequent with higher rainfall intensities, resulting in more surface ponding and flood events. The community are becoming more freely giving us feedback than in the past.
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%	73%	70%	Target Achieved The Resident's Satisfaction Survey was conducted during November 2022 to March 2023. 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 2022/2023.

Performance measures - Stormwater

What we're measuring	How we'll measure	2022/2023 target	2021/2022 measure	2022/2023 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	Nil	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 was no significant flood events in 2022/2023.
Stormwater discharges are managed without adversely affecting the receiving environment	Number of abatement notices	<i>2</i>	Nil	Nil	Target Achieved None received for this financial year.
	Number of infringement notice	<i>1</i>	Nil	Nil	Target Achieved None received for this financial year.
	Number of enforcement orders	<i>Nil</i>	Nil	Nil	Target Achieved None received for this financial year.
	Number of successful prosecutions	<i>Nil</i>	Nil	Nil	Target Achieved None received for this financial year.
	<i>Total for all enforcement actions</i>	<i>3</i>	Nil	Nil	Target Achieved None received for this financial year.

Stormwater funding impact statement

For the year ended 30 June 2023

	LTP 2021-22 \$000	LTP 2022-23 \$000	Actual 2022-23 \$000
OPERATING FUNDING			
SOURCES OF OPERATING FUNDING			
General Rates, Uniform annual general charges, rates penalties	1,470	1,322	1,320
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	-	-	-
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-
Total Operating Funding	1,470	1,322	1,320
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	579	594	594
Finance costs	20	23	33
Internal charges and overheads	204	209	252
Other operating funding applications	-	-	-
Total applications of operating funding	803	826	879
SURPLUS / (DEFICIT) OF OPERATING FUNDING	667	496	441
CAPITAL FUNDING			
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	141	672	(25)
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	141	672	(25)
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	147	283	314
- to replace existing assets	685	1,137	185
Increase/(decrease) in reserves	(24)	(252)	(84)
Increase/(decrease) of investments	-	-	-
Total applications of capital funding	808	1,168	416
SURPLUS / (DEFICIT) OF CAPITAL FUNDING	(667)	(496)	(441)
FUNDING BALANCE	-	-	-

Variations from budget - Stormwater

- Capital expenditure for replacement of existing assets was \$952k less than expected due to a lack of staff resourcing and ability to secure contractors in the current economic climate.

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

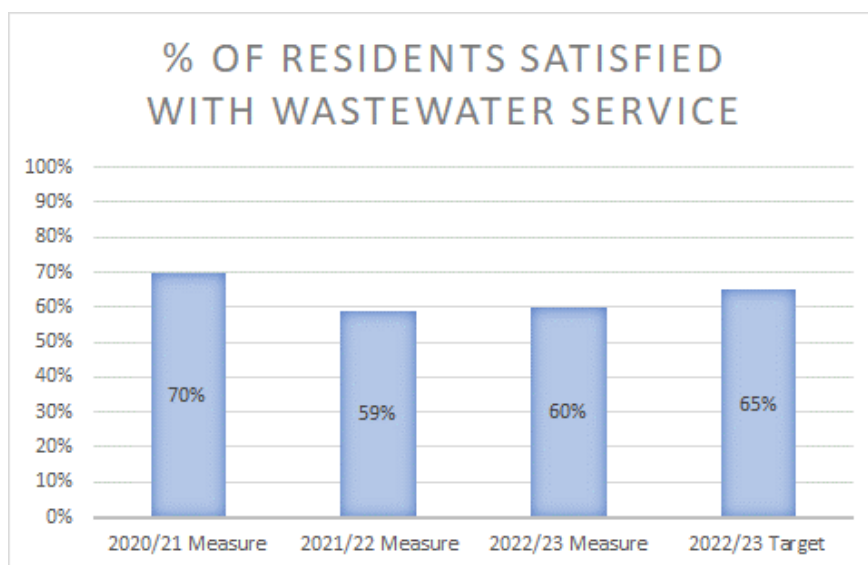
OUTCOME	CONTRIBUTION
Economic Wellbeing	
Strong Sustainable	The effective management, treatment and maintenance of waste and wastewater systems is integral to providing for a strong and sustainable economy.
Social Wellbeing	
Safe	The effective management, treatment and maintenance of waste and wastewater 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 2022/2023 - Wastewater

Overview

The proportion of residents satisfied with the wastewater service in 2022/2023 was 60%. This was below the target of 65% but slightly improved from the prior years' performance. Overall, Council achieved seven of its ten performance targets for wastewater.

The Council's wastewater systems are generally in good condition and continued to perform well during the 2022/23 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 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	2022/ 2023 target	2021/ 2022 measure	2022/ 2023 measure	Notes
Customer satisfaction	% of residents are satisfied with wastewater service (where the service is available)	65%	59%	60%	Target Not achieved The Resident's Satisfaction Survey was conducted during November 2022 to March 2023. 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)	<i>Total complaints: 50</i> <i>Per 1,000 properties: 9.0</i> <i>(5,512 connections)</i>	Total complaints: 64 Per 1,000 properties: 12.7 (5,033 connections)	Total complaints: 98 Per 1,000 properties: 17.98 (5,448 connections)	Target Not Achieved 98 complaints were received and resolved in 2022/2023. This is an increase on complaints received last year and significantly higher than target. Two odour complaints were received. The complaints were mainly to do with blocked sewers. Extended dry period between December – March which would have resulted in no flush flowing within the combined sewer / stormwater systems that led to blockages.
The reliability and efficiency of the wastewater system	Number of wastewater overflows into houses due to faults in the public reticulation	<i>Nil</i>	Nil	Nil	Target Achieved No wastewater overflows into houses were reported in 2022/2023.
	Number of dry weather sewerage overflows (per 1,000 sewerage connections)	<i>Total overflows: 9</i> <i>Per 1,000 properties: 1.8</i> <i>(5,512 connections)</i>	Total overflows: 6 Per 1,000 properties: 1.1 (5,033 connections)	Total overflows: 6 Per 1,000 properties: 1.1 (5,448 connections)	Target Achieved 6 dry weather sewerage overflows were reported in 2022/2023.

Performance measures - Wastewater

What we're measuring	How we'll measure	2022/ 2023 target	2021/ 2022 measure	2022/ 2023 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)	1 hour 5 hours	39 minutes 1 hour 5 minutes	1 hour 38 Minutes 3 hour 6 minutes	Target Not Achieved Whist mobilisation within the hour has not been achieved resolution has been achieved.
Treated wastewater discharges are managed without adversely affecting the receiving environment	Number of abatement notices	2	Nil	Nil	Target Achieved None received for this financial year.
	Number of infringement notices	1	Nil	Nil	Target Achieved None received for this financial year.
	Number of enforcement orders	Nil	Nil	Nil	Target Achieved None received for this financial year.
	Number of successful prosecutions	Nil	Nil	Nil	Target Achieved None received for this financial year.
	Total for all enforcement actions	3	Nil	Nil	Target Achieved None received for this financial year.

W a s t e w a t e r

Wastewater funding impact statement

For the year ended 30 June 2023

	LTP 2021-22 \$000	LTP 2022-23 \$000	Actual 2022-23 \$000
OPERATING FUNDING			
SOURCES OF OPERATING FUNDING			
General Rates, Uniform annual general charges, rates penalties	-	-	-
Targeted rates	2,698	2,777	2,769
Subsidies and grants for operating purposes	50	-	-
Fees and charges	91	92	93
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-
Total Operating Funding	2,839	2,869	2,862
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	1,406	1,382	1,613
Finance costs	443	437	535
Internal charges and overheads	260	266	274
Other operating funding applications	-	-	-
Total applications of operating funding	2,109	2,085	2,423
SURPLUS / (DEFICIT) OF OPERATING FUNDING	730	784	439
CAPITAL FUNDING			
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	(30)
Increase/(decrease) in debt	1,142	(168)	(331)
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	1,142	168	361
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	1,575	168	115
- to replace existing assets	337	448	241
Increase/(decrease) in reserves	(40)	-	(277)
Increase/(decrease) of investments	-	-	-
Total applications of capital funding	1,872	616	78
SURPLUS / (DEFICIT) OF CAPITAL FUNDING	(730)	(784)	(439)
FUNDING BALANCE	-	-	-

Variations from budget - Wastewater

- Payments to staff and suppliers were \$231k higher than anticipated due to inflationary costs of materials and the use of contractors not on a maintenance contract.
- Debt for this activity also decreased by \$163k more than anticipated.

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.

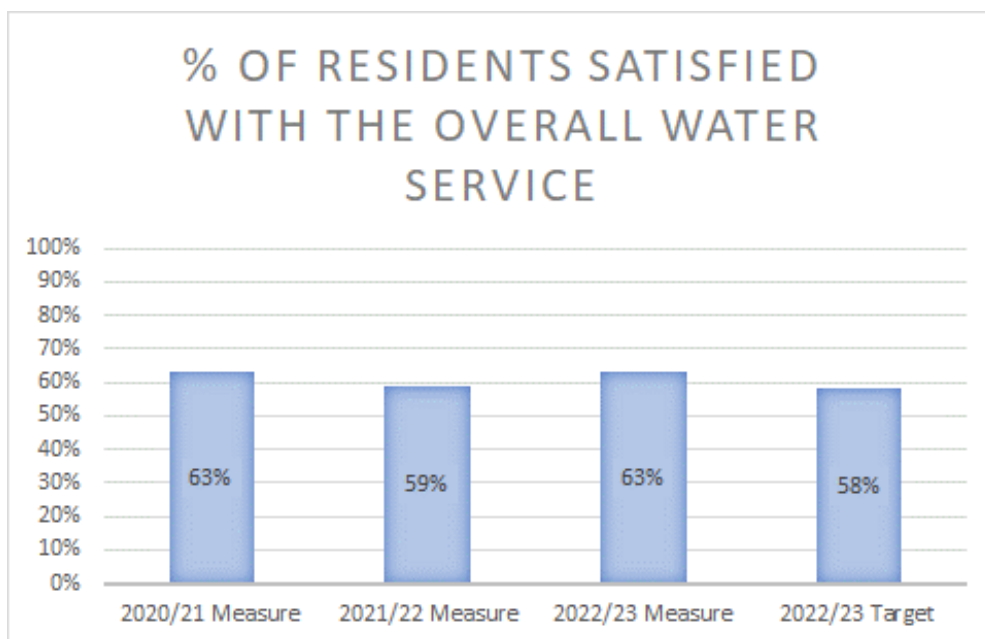
Our performance in 2022/2023 – Water Supply

Overview

The proportion of residents satisfied with the overall water service in 2022/2023 was 63%. This was above the target of 58% and increase over the prior years' performance. Overall, Council achieved two 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. In 2021/2022 the replacement of reservoirs began. These projects are significant and are still a work in progress as at 30 June 2023. Council expects these projects to be completed before the 30 June 2025.

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	2022/2023 target	2021/2022 measure	2022/2023 measure	Notes
Customer satisfaction	% of residents are satisfied with overall water supply service	58%	59%	63%	Target Achieved The Resident's Satisfaction Survey was conducted during November 2022 to March 2023. 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: 133 Per 1,000 properties: 28.6 (5,140 connections)	Total complaints: 32 Per 1,000 properties: 6.4 (4,970 connections)	Total complaints: 26 Per 1,000 properties: 4.9 (5,233 connections)	Target Achieved 26 complaints were received and resolved in 2022/2023, which is under our target of 133 complaints.
Council is providing a reliable, efficient and safe water supply	Maximum number of notifiable water supply transgressions with Drinking Water Standards per year:				
	• Greymouth (now includes Taylorville/Dobson/ Stillwater/ Runanga/Rapahoe/Kaiata)	Nil	1	Nil	Not achieved No notifiable transgressions in the 2022/23 year.
	• Blackball	Nil	Nil	Nil	Not Achieved No notifiable transgressions in the 2022/23 year.
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):				Target Not Achieved
	• Greymouth (now includes Taylorville/Dobson/ Stillwater)	25%	72%	71%	A desktop analysis was completed through the Greater Greymouth, Runanga, Rapahoe & Blackball areas. This review suggests that leakage is similar to the previous 2021-22 review, although leak reduction has been improved in the Blackball Supply. Council is moving forward with splitting the scheme reticulation within the respective schemes to enable better monitoring and identification of leakage.
	• Blackball	5%	63%	44%	
	• Runanga/Rapahoe	15%	72%	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.					

Performance measures – Water Supply

What we're measuring	How we'll measure	2022/2023 target	2021/2022 measure	2022/2023 measure	Notes	
Council is providing a reliable, efficient, and safe water supply	<ul style="list-style-type: none"> Greymouth (now includes Taylorville/Dobson/ Stillwater/ Runanga/Rapahoe/Kaiata) 	<i>Achieved</i>	Not Achieved	Not Achieved	Bacteria compliance achieved between Jun to Dec 2022. New Drinking Water Quality Assurance Rules came into effect on the 1 January 2023. Changes in treatment regulations result in non-compliance of Greymouth water treatment due to inability to achieve new UV dose requirements. New Rules involve chlorine residual requirements which were not met for 3 days in March 2023 at Arnott Heights (suburb of Greymouth), Rapahoe and Stillwater.	
	<ul style="list-style-type: none"> Blackball 	<i>Achieved</i>	Achieved	Not Achieved	Bacteria compliance achieved between Jun to Dec 2022. New Drinking Water Quality Assurance Rules came into effect on the 1 January 2023. Changes in treatment regulations result in non-compliance of Blackball water treatment due to requirement for filtration. One case of Lab failure to take E.coli samples caused non-compliance during April.	
	Part 5 – protozoal compliance criteria - These results are provisional, pending the assessment of compliance by the independent Drinking Water Assessor.					
	<ul style="list-style-type: none"> Greymouth (now includes Taylorville/Dobson/ Stillwater/ Runanga/Rapahoe/Kaiata) 	<i>Achieved</i>	Achieved	Not Achieved	Protozoa compliance not achieved for 2022/2023. New drinking water quality assurance rules came into effect on the 1 January 2023. Changes in treatment regulations result in non-compliance of Greymouth water treatment due to requirement for filtration and unable to achieve the new UV does requirements.	
	<ul style="list-style-type: none"> Blackball 	<i>Achieved</i>	Not Achieved	Not Achieved	Protozoa compliance achieved between Jun to Dec 2022. Between 3/05/2023 and 2/06/2023 a boiled water notice was in place when the water source was changed direct from the river for a period of time. UV treatment was not achieved for periods of time over 7 days during this timeframe.	

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. Bacteriacan 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	2022/2023 target	2021/2022 measure	2022/2023 measure	Notes
Average consumption of drinking water per day per resident	Average litres per person per day	< 640 litres per person per day	722 litres per person per day	741 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.
Our response times to reported faults	Attendance time for urgent call-outs (from notification)	1 hour	1.02 hours	1.22 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	2.19 hours	2.30 hours	Target Not Achieved Contractor has met the required response timeframes under the maintenance contract.
	Attendance time for non-urgent call-out	1.5 working days	1.15 hours	2.16 hours	Target Not Achieved Contractor has met the required response timeframes under the maintenance contract.
	Resolution time for non-urgent call-outs	5 working days	2.02 hours	3.18 hours	Target Not Achieved Contractor has met the required response timeframes under the maintenance contract

Water supply funding impact statement

For the year ended 30 June 2023

	LTP 2021-22 \$000	LTP 2022-23 \$000	Actual 2022-23 \$000
OPERATING FUNDING			
SOURCES OF OPERATING FUNDING			
General Rates, Uniform annual general charges, rates penalties	-	-	-
Targeted rates	2,600	2,946	2,677
Subsidies and grants for operating purposes	414	-	-
Fees and charges	-	-	-
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-
Total Operating Funding	3,014	2,946	2,677
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	1,340	1,326	1,595
Finance costs	231	245	342
Internal charges and overheads	313	321	427
Other operating funding applications	-	-	-
Total applications of operating funding	1,884	1,892	2,364
SURPLUS / (DEFICIT) OF OPERATING FUNDING	1,130	1,054	314
CAPITAL FUNDING			
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	4,026	-	1,548
Development and financial contributions	-	-	(10)
Increase/(decrease) in debt	981	(62)	(95)
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	5,007	(62)	1,442
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	213	82	16
- to replace existing assets	6,061	866	3,340
Increase/(decrease) in reserves	(137)	44	(1,601)
Increase/(decrease) of investments	-	-	-
Total applications of capital funding	6,137	992	1,756
SURPLUS / (DEFICIT) OF CAPITAL FUNDING	(1,130)	(1,054)	(314)
FUNDING BALANCE	-	-	-

Variations from budget – Water Supply

- Subsidies and grants for capital works were \$1.5m in which the LTP did not recognise any funding for the 2022/2023 financial year.
- Capital expenditure \$2.4m higher than budgeted due to the continuation of the Reservoir projects.
- A reduction in reserves of \$1.5m is mainly due to the increase in capital 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 2022/2023 - Solid Waste

Overview

The proportion of residents satisfied with the household rubbish and recycling collection service remained high in 2022/2023 at 80%. This was consistent with prior years' performance but was below the target of 85%. Overall, Council achieved one of its three performance targets for solid waste.

The Council continues its commitment to reducing waste and improve its recycling. The appointment of a dedicated waste minimisation officer along with collaboration with other West Coast Councils should drive the reduction of waste and improve recycling.



Performance measures – Solid Waste

What we're measuring	How we'll measure	2022/2023 target	2021/2022 measure	2022/2023 measure	Notes
Customer satisfaction	% of residents satisfied with the household rubbish and/or recycling collection service provided by the Council	82%	80%	80%	Target Not achieved. The Resident's satisfaction survey was conducted during November 2022 to March 2023. 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 2022/2023.
	% of waste is recycled	17%	13%	12%	Target Not Achieved. Council has not previously recorded greenwaste and untreated timber. The reason for including these in the % of waste recycled is because these two material's also make up this %. This was a requirement of the last MFE audit 1 July 2022. Greenwaste of 996 tonnes and untreated timber total of 240 tonnes. If these were recorded then 15% of waste was recycled.

Solid Waste funding impact statement

For the year ended 30 June 2023

	LTP 2021-22 \$000	LTP 2022-23 \$000	Actual 2022-23 \$000
OPERATING FUNDING			
SOURCES OF OPERATING FUNDING			
General Rates, Uniform annual general charges, rates penalties	260	257	251
Targeted rates	1,376	1,875	1,844
Subsidies and grants for operating purposes	48	49	173
Fees and charges	769	802	1,083
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-
Total Operating Funding	2,453	2,983	3,352
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	2,108	2,590	3,159
Finance costs	35	36	86
Internal charges and overheads	130	133	118
Other operating funding applications	-	-	-
Total applications of operating funding	2,273	2,759	3,363
SURPLUS / (DEFICIT) OF OPERATING FUNDING	180	224	(12)
CAPITAL FUNDING			
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	65	67	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	148	1,783	(217)
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	213	1,850	(217)
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	348	2,028	-
- to replace existing assets	35	36	(478)
Increase/(decrease) in reserves	10	10	249
Increase/(decrease) of investments	-	-	-
Total applications of capital funding	393	2,074	(229)
SURPLUS / (DEFICIT) OF CAPITAL FUNDING	(180)	(224)	12
FUNDING BALANCE	-	-	-

Variations from budget – Solid Waste

- Fees and charges are \$281k higher than anticipated due to these charges being increased by the inflation rate of 5% in the last Annual Plan.
- Payments to staff and suppliers \$569k less favourable than budget attributable partly to higher Carbon Credit costs incurred in annual Emissions Trading Scheme surrender.
- Debt movements \$217k less than budget due to delays in capital projects.
- Capital expenditure to improve the level of service \$2.0m lower than budget due to delays in the Mcleans Pit Cell Construction project.

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.



Environmental Services

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

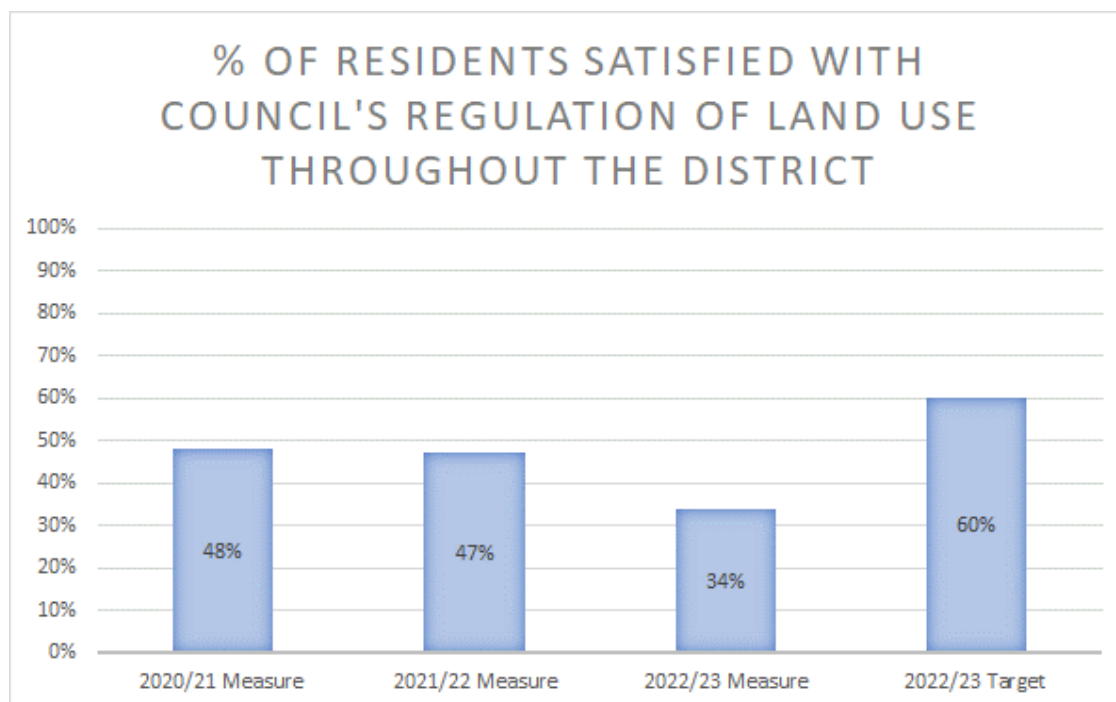
OUTCOME	CONTRIBUTION
Economic Wellbeing	
Strong Sustainable	<ul style="list-style-type: none"> The ongoing provision of District Planning/Resource Management, Regulatory, Compliance, Health and Food Safety and Animal Control provides a platform for a strong and sustainable economy. The provision of effective 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 2022/2023 – Environmental Services

Overview

The proportion of residents satisfied with the Council’s regulation of land use throughout the district in the 2022/2023 year was 34%. While this number was lower than the previous year and fell below the target of 60%, it has given us valuable feedback on areas for improvement. Overall, Council achieved three of its ten performance targets for environmental services. Notably, multiple of the remaining measures were very close to achieving their targets.

The past year has been incredibly dynamic for our environmental services teams. The building control team issued 270 Code of Compliance Certificates for completed building work. Furthermore, 47 land use consents, that allow a change in land activity, were drafted during the financial year. This upswing illustrates an increase in residential building activity within the district, and reflects a large number of infill subdivisions, and some larger rural-residential and rural lifestyle subdivisions that are now able to proceed. This is a promising indicator of growth and development within the district.



Performance measures – Environmental Services

What we're measuring	How we'll measure	2022/2023 target	2021/2022 measure	2022/2023 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%	Not measured	95.7%	Target Not Achieved. 226 of 236 LIMs were issued within 10 working days in 2022/2023. 10 LIM's were outside the statutory timeframe due to inability to resource the department at certain times of the year.
	% of non-notified land use consents processed within 20 working days	100%	95%	58%	Target not achieved 48 of 82 non-notified consents were processed within 20 days in 2022/2023. 34 consents took over 20 days to process.
	% of building consent applications issued within statutory time limits	100%	98%	91.1%	Target Not Achieved 293 of 322 building consent applications issued within statutory time frame.
	% of Code of Compliance Certificates (CCC) issued within statutory time limits	100%	98%	92.51%	Target Not Achieved 250 of 270 CCC issued within statutory timeframes. 20 CCC's were outside the statutory timeframe.
	% of building inspection undertaken at agreed times	95%	99%	Not Measured	Target not measured Council currently does not have the capability to measure building inspections that are carried out at agreed times.
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	Achieved	Target Achieved BCA Accreditation has been maintained.

Performance measures cont – Environmental Services

What we're measuring	How we'll measure	2022/2023 target	2021/2022 measure	2022/2023 measure	Notes
We are responding to service requests in a timely manner	% of after-hours noise complaints responded to within two hours	98%	97%	95%	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%	Not measured	100%	Target Achieved Response times for animal control complaints are now monitored by our animal control officer. Council experienced staff issues earlier in the 2022/2023 financial year where a contractor was employed until staff were appointed into the position in early 2023.
	% of complaints about breaches of bylaws and District Plan rules are responded to within five working days	100%	100%	100%	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%	47%	34%	Target Not Achieved The Resident's Satisfaction Survey was conducted during November 2022 to January 2023. The full report is available on Council's website

Environmental Services funding impact statement

For the year ended 30 June 2023

	LTP 2021-22 \$000	LTP 2022-23 \$000	Actual 2022-23 \$000
OPERATING FUNDING			
SOURCES OF OPERATING FUNDING			
General Rates, Uniform annual general charges, rates penalties	1,552	1,658	1,381
Targeted rates	-	-	-
Subsidies and grants for operating purposes	110	-	9
Fees and charges	936	949	1,211
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	302	313	101
Total Operating Funding	2,900	2,920	2,702
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	738	739	1,299
Finance costs	5	5	10
Internal charges and overheads	2,028	2,132	1,937
Other operating funding applications	-	-	-
Total applications of operating funding	2,771	2,876	3,247
SURPLUS / (DEFICIT) OF OPERATING FUNDING	129	44	(545)
CAPITAL FUNDING			
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	30	31	186
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	35	36	181
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	132	33	31
- to replace existing assets	6	6	1
Increase/(decrease) in reserves	26	41	(396)
Increase/(decrease) of investments	-	-	-
Total applications of capital funding	164	80	(365)
SURPLUS / (DEFICIT) OF CAPITAL FUNDING	(129)	(44)	545
FUNDING BALANCE	-	-	-

Variations from budget – Environmental Services

- Fees and Charges were \$262k more than budget due to a higher volume of building consent fees being received processed by the Building Control team.
- Payments to staff and suppliers were \$560k higher than budget due to the increased volume of buildings consents.
- A decrease in reserves of \$(396) is due to the deficit of \$545k.

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	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. The management and maintenance of parking facilities provide benefit in providing for a strong and sustainable local economy.
Social Wellbeing	
Safe Connected Enabled	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. The management, maintenance and provision of safe parking facilities assist with community enablement and safety.
Environment Wellbeing	
Resilient	The management and operation of Council’s commercial property, including the Port and Aerodrome assist the district’s resiliency under several scenarios.

Our performance in 2022/2023 – Commercial & Property

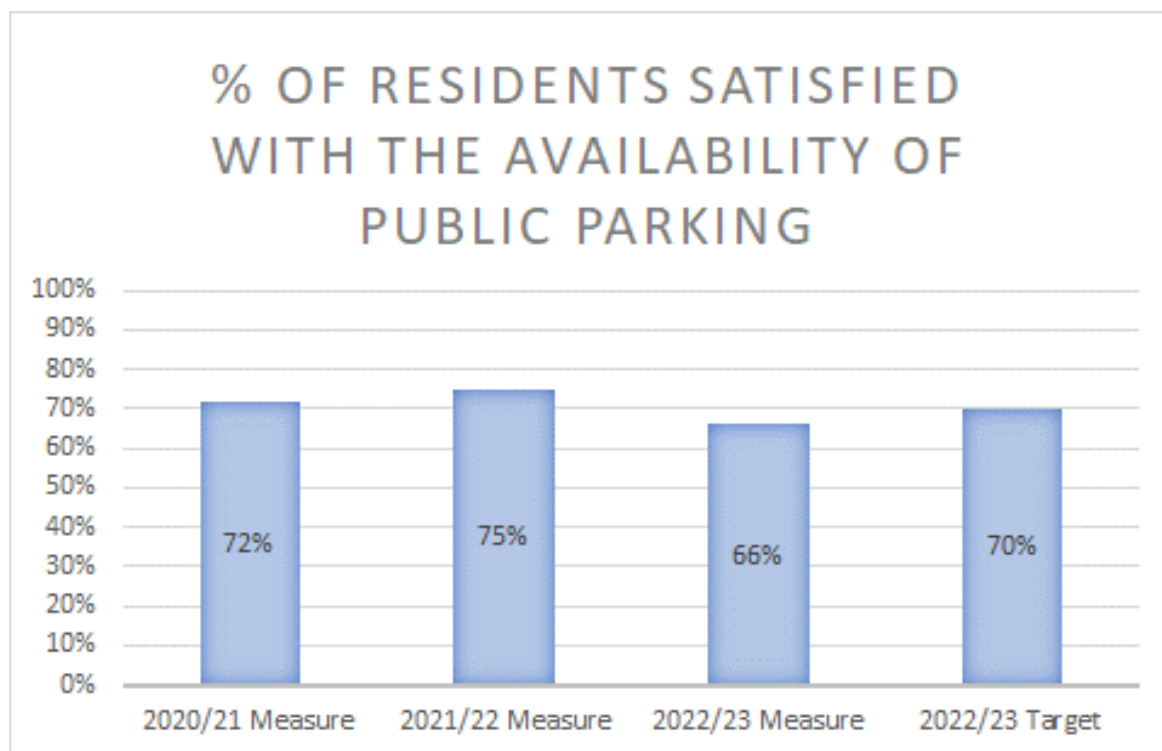
Overview

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

Over the past couple of years, the 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 94% 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 by a local company 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 2022/2023 at 66%. This is a reduction in satisfaction from the prior year and is less than the target of 70%.



Performance measures – Commercial & Property

Parking

What we're measuring	How we'll measure	2022/2023 target	2021/2022 measure	2022/2023 measure	Notes
Customer satisfaction	% of residents are satisfied with the availability of public parking	70%	75%	66%	Target Not achieved. The Resident's satisfaction survey was conducted during November 2022 to March 2023. The full report is available on Council's website.

Port

What we're measuring	How we'll measure	2022/2023 target	2021/2022 measure	2022/2023 measure	Notes
Customer satisfaction	Annual survey of Port users completed in August, measuring satisfaction	75%	Not measured	Not measured	Target Not Achieved The annual survey of Port users was not carried out in 2021/2022 and 2022/23. The port staff did not have the resources to complete this survey.

Retirement housing

What we're measuring	How we'll measure	2022/2023 target	2021/2022 measure	2022/2023 measure	Notes
An affordable, well maintained, and efficient retirement housing service is provided	Achievement of minimum percentage of occupancy rates	95%	99.74%	99.51%	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%	94%	Target Achieved In May 2023, 72 surveys were sent out to our tenants, 71 responses were received. 94% of those responses were satisfied or very satisfied with the Retirement Housing. The next survey will be carried out before the end of July 2024.

Commercial & Property funding impact statement

For the year ended 30 June 2023

	LTP 2021-22 \$000	LTP 2022-23 \$000	Actual 2022-23 \$000
OPERATING FUNDING			
SOURCES OF OPERATING FUNDING			
General Rates, Uniform annual general charges, rates penalties	498	500	480
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	1,311	1,354	942
Internal charges and overheads recovered	420	591	351
Local authorities fuel tax, fines, infringement fees and other receipts	67	68	306
Total Operating Funding	2,296	2,513	2,079
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	1,653	1,694	1,679
Finance costs	148	275	206
Internal charges and overheads	551	567	704
Other operating funding applications	-	-	-
Total applications of operating funding	2,352	2,536	2,588
SURPLUS / (DEFICIT) OF OPERATING FUNDING	(56)	(23)	(509)
CAPITAL FUNDING			
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	2,000	-	2,060
Development and financial contributions	-	-	-
Increase/(decrease) in debt	764	700	364
Gross proceeds from the sale of assets	-	-	102
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	2,764	700	2,526
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	415	250	512
- to replace existing assets	2,639	583	3,107
Increase/(decrease) in reserves	(346)	(156)	(1,602)
Increase/(decrease) of investments	-	-	-
Total applications of capital funding	2,708	677	2,017
SURPLUS / (DEFICIT) OF CAPITAL FUNDING	56	23	510
FUNDING BALANCE	-	-	-

Variations from budget – Commercial & Property

- Subsidies and Grants for capital expenditure \$2.0m were received in this financial year.
- Debt levels had reduced by \$364k instead of a budgeted increase of \$700k due to building projects being reviewed.
- Capital expenditure to improve level of service was \$262k higher than anticipated due to purchasing a commercial building in central Greymouth.
- Capital expenditure to replace existing assets \$3.1m compared to a budget of \$583k is due to the recognition of the slipway.

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.

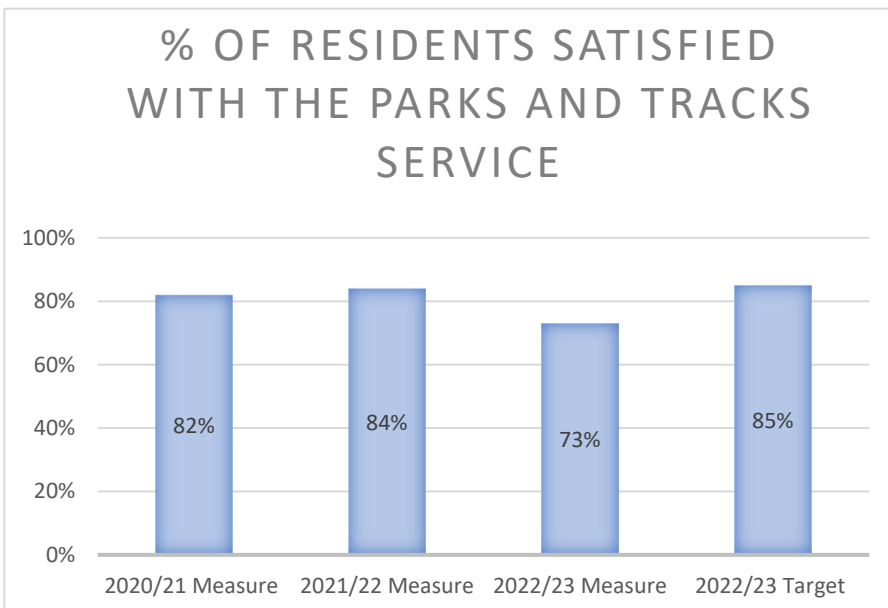
Facilities offered by Grey District Council are critical services that ensure the wellbeing of our communities and answer the needs of society. Whether those needs be economic, social, environmental, emotional or physical, our facilities are where people can feed their imaginations, rebuild their lives, 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 2022/2023 – Community & Recreation Overview

Council has not achieved any of its performance measures for Community and Recreation in this financial year. The library usage recovered well in 2022/2023 as demand increased overall and the community continued to utilise the facility. High levels of customer service were delivered despite being under resourced for extensive periods of time. The installation of the RFID system has been deferred due to the new library build and as the system cannot operate in the current library without significant changes to the layout of the service area. Staff contracts have been extended to enable us to proceed with the pop-up museum in 2023/2024. The library continued to be a community hub where young and old enjoy the many programmes on offer.



Community & Recreation

Libraries

What we're measuring	How we'll measure	2022/2023 target	2021/2022 measure	2022/2023 measure	Notes
Customer satisfaction	% of residents are satisfied with service	82%	66%	63%	Target Not Achieved. The Resident's satisfaction survey was conducted during November 2022 to March 2023. The full report is available on Council's website.

Westland Recreation Centre/Swimming Pools

What we're measuring	How we'll measure	2022/2023 target	2021/2022 measure	2022/2023 measure	Notes
Customer satisfaction	% of users are satisfied with swimming pools	75%	70%	71%	Target Not Achieved The Resident Satisfaction Survey was conducted during November 2022 to March 2023. The full report is available on Council's website.
	% of users satisfied with WRC stadium	75%	70%	65%	Target Not Achieved The Resident Satisfaction Survey was conducted during November 2022 to March 2023. The full report is available on Council's website.
	% of users satisfied with WRC fitness centres/gyms/group fitness classes	65%	53%	53%	Target Not Achieved The Resident Satisfaction Survey was conducted during November 2022 to March 2023. The full report is available on Council's website.

Community & Recreation

Cemeteries

What we're measuring	How we'll measure	2022/2023 target	2021/2022 measure	2022/2023 measure	Notes
Customer satisfaction	% of residents satisfied with the standard of cemetery facilities	77%	71%	69%	Target Not Achieved The Resident Satisfaction Survey was conducted during November 2022 to March 2023. The full report is available on Council's website.

Parks and Tracks

What we're measuring	How we'll measure	2022/2023 target	2021/2022 measure	2022/2023 measure	Notes
Customer satisfaction	% of residents are satisfied with the service	85%	84%	73%	Target Not Achieved The Resident Satisfaction Survey was conducted during November 2022 to March 2023. The full report is available on Council's website.

Public Toilets

What we're measuring	How we'll measure	2022/2023 target	2021/2022 measure	2022/2023 measure	Notes
Customer satisfaction	% of residents are satisfied with the service	72%	70%	68%	Target Not Achieved The Resident Satisfaction Survey was conducted during November 2022 to March 2023. The full report is available on Council's website.



Community & Recreation funding impact statement

For the year ended 30 June 2023

	LTP 2021-22 \$000	LTP 2022-23 \$000	Actual 2022-23 \$000
OPERATING FUNDING			
SOURCES OF OPERATING FUNDING			
General Rates, Uniform annual general charges, rates penalties	4,643	4,537	4,394
Targeted rates	90	66	37
Subsidies and grants for operating purposes	276	68	204
Fees and charges	1,313	1,338	1,090
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	30	31	3
Total Operating Funding	6,352	6,040	5,727
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	4,760	4,556	4,913
Finance costs	122	162	146
Internal charges and overheads	809	862	657
Other operating funding applications	-	-	-
Total applications of operating funding	5,691	5,580	5,716
SURPLUS / (DEFICIT) OF OPERATING FUNDING	661	460	11
CAPITAL FUNDING			
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	200	-	155
Development and financial contributions	-	-	-
Increase/(decrease) in debt	(118)	(87)	(157)
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	82	(87)	(2)
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	142	6	360
- to replace existing assets	752	249	47
Increase/(decrease) in reserves	(151)	118	(398)
Increase/(decrease) of investments	-	-	-
Total applications of capital funding	743	373	9
SURPLUS / (DEFICIT) OF CAPITAL FUNDING	(661)	(460)	(11)
FUNDING BALANCE	-	-	-

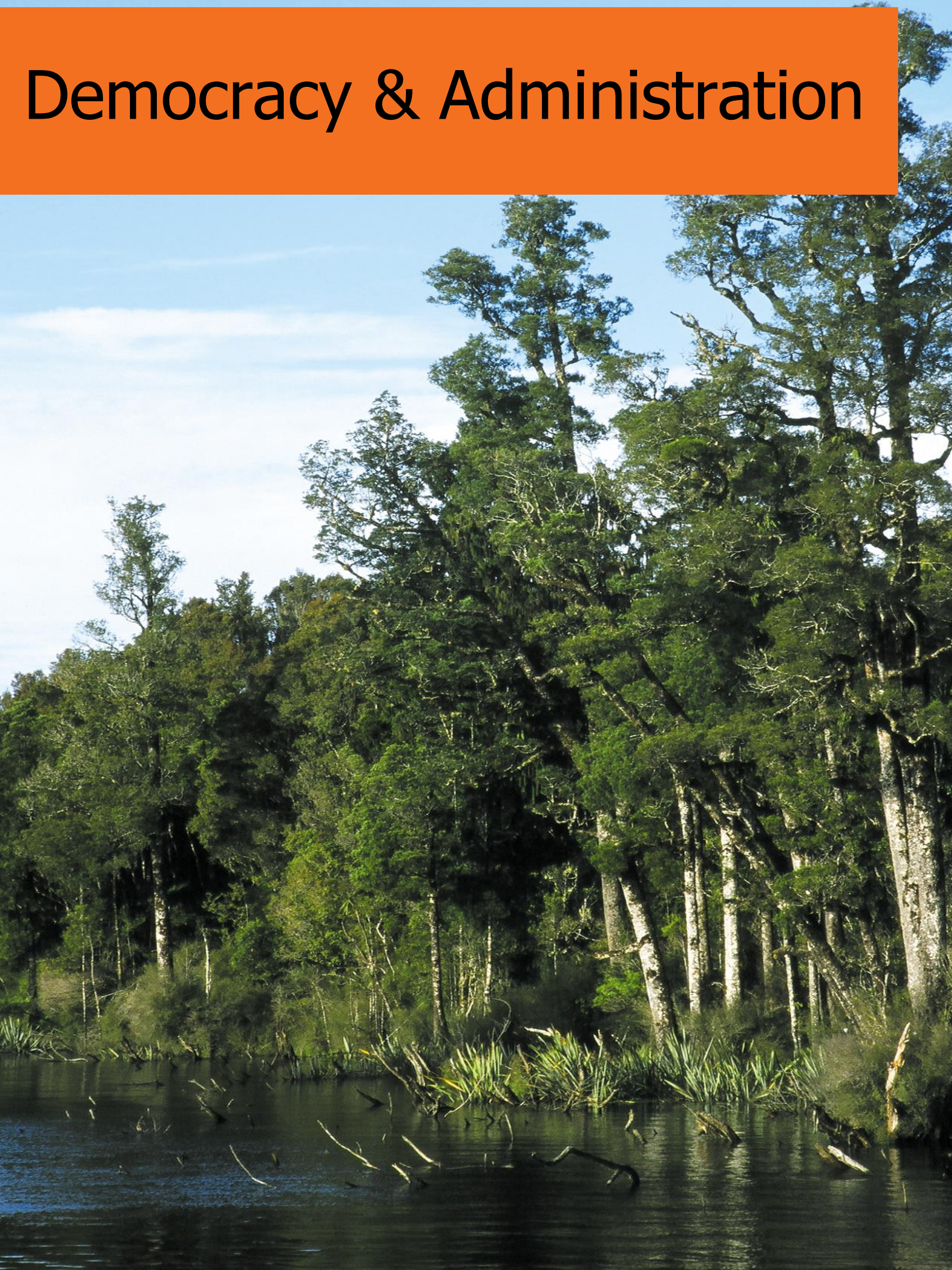
Variations from budget – Community & Recreation

- Fees and Charges were \$248k less favourable than budget due to a reduction in utilising the gym and swimming pools
- Payments to staff and suppliers is \$357k more than anticipated with some grants and donations recognised in a prior period have been requested by charitable organisation. Fuel and electricity charges are substantially higher than expected due to the economic climate and increase in inflation.
- Capital expenditure was higher than expected by \$354k due to the capital projects being completed on the Library and preliminary work around the public toilets.

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.

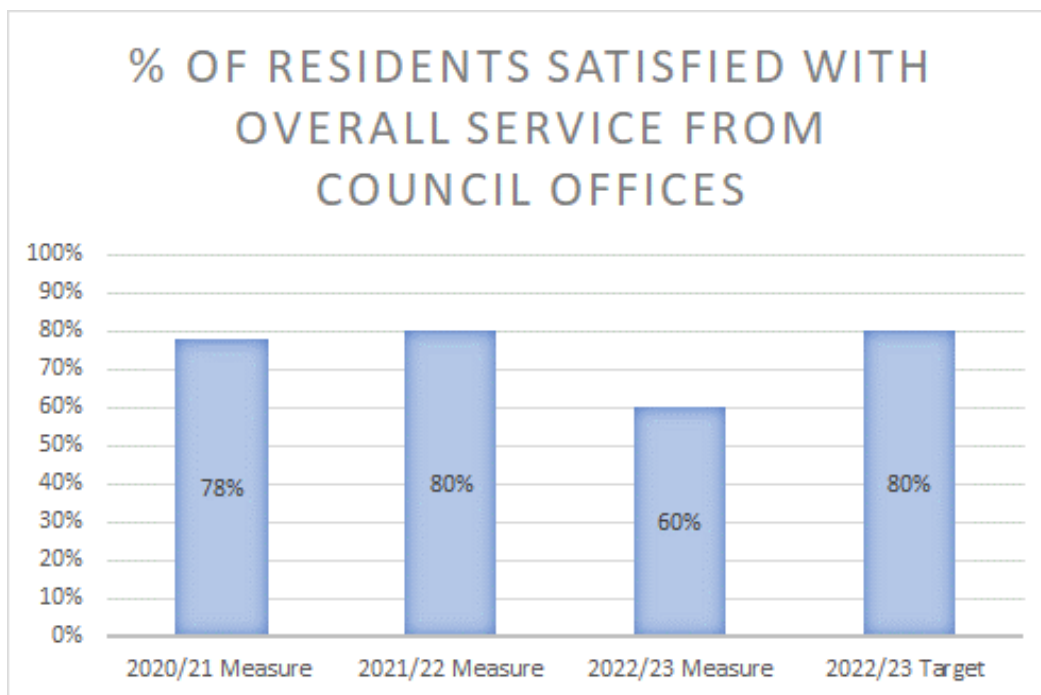
Council facilitates events in the Grey District to provide vibrancy and enhance community wellbeing. Council will organise events to be held on Council property, e.g., Town Square, community facilities.

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 2022/2023 - Democracy & Administration Overview

The proportion of residents satisfied with the overall service from Council offices was significantly reduced in 2022/2023 at 60% from 2021/2022 at 80%.



Performance measures

What we're measuring	How we'll measure	2022/2023 target	2021/2022 measure	2022/2023 measure	Notes
Customer satisfaction	% of residents are satisfied with the service they received when they have contacted Council offices	80%	80%	60%	Target not Achieved The Resident Satisfaction Survey was conducted during November 2022 to March 2023. The full report is available on Council's website.

Democracy & Administration funding impact statement

For the year ended 30 June 2023

	LTP 2021-22 \$000	LTP 2022-23 \$000	Actual 2022-23 \$000
OPERATING FUNDING			
SOURCES OF OPERATING FUNDING			
General Rates, Uniform annual general charges, rates penalties	1,973	2,102	2,075
Targeted rates	129	129	291
Subsidies and grants for operating purposes	126	26	114
Fees and charges	46	77	25
Internal charges and overheads recovered	6,994	7,509	7,299
Local authorities fuel tax, fines, infringement fees and other receipts	156	139	587
Total Operating Funding	9,424	9,982	10,392
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	7,718	7,538	8,481
Finance costs	-	-	1
Internal charges and overheads	2,084	2,402	3,013
Other operating funding applications	-	-	-
Total applications of operating funding	9,802	9,940	11,495
SURPLUS / (DEFICIT) OF OPERATING FUNDING	(378)	42	(1,104)
CAPITAL FUNDING			
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	-	-	473
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	0	0	473
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	4	4	73
- to replace existing assets	154	157	318
Increase/(decrease) in reserves	(536)	(119)	(1,022)
Increase/(decrease) of investments	-	-	-
Total applications of capital funding	(378)	42	(631)
SURPLUS / (DEFICIT) OF CAPITAL FUNDING	378	(42)	1,104
FUNDING BALANCE	-	-	-

Variations from budget – Democracy & Administration

- Payments to staff and suppliers was \$943k higher than budgeted due to consultants.
- Capital expenditure to replace existing assets \$318k is due to increased IT expenditure to continue 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.

The Statement of Service Performance of the Council has been prepared in accordance with the requirements of Part 3 Schedule 10 of the LGA, including the requirement from section 111 of the LGA to prepare all information in accordance with New Zealand generally accepted accounting practice (NZ GAAP).

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 and service performance reporting.

In the opinion of Council and management of Grey District Council, the annual Financial Statements and the Statement of Service Performance for the year ended 30 June 2023 fairly reflect the financial position and operations of Grey District Council.



Tania Gibson
Mayor
31 October 2023



Paul Morris
Chief Executive
31 October 2023

Statement of Comprehensive Revenue and Expense

For the Year Ended 30 June 2023

		Actual 2023 \$000	Budget 2023 \$000	Actual 2022 \$000
REVENUE				
	Note			
Rates revenue	3	20,285	20,858	19,923
Subsidies and grants	4	10,215	5,026	17,930
Fees and charges	5	4,480	4,713	4,969
Financial and Development Contributions		197	31	448
Interest revenue	6	503	217	117
Other revenue	7	1,693	656	2,923
Total revenue		37,373	31,501	46,310
EXPENSES				
Personnel costs	9	7,086	7,160	6,736
Finance costs	10	1,363	1,361	999
Other expenses	11	21,060	15,607	17,506
Depreciation and amortisation expense	20	11,797	9,279	10,010
Total expenses		41,306	33,407	35,251
Surplus / (deficit) before TAX		(3,933)	(1,906)	11,059
Income Tax credit (expense)		-	-	-
Surplus / (deficit)		(3,933)	(1,906)	11,059
OTHER COMPREHENSIVE REVENUE AND EXPENSE				
<i>Items that will not be reclassified to surplus/(deficit)</i>				
Gains/(Losses) on revaluations of assets	18	47,063	11,916	74,110
Total other comprehensive revenue and expense		47,063	11,916	74,110
Total comprehensive revenue and expense		43,130	10,010	85,169

The accompanying notes form part of these financial statements.

Statement of Financial Position

As at 30 June 2023

		Actual 2023 \$000	Budget 2023 \$000	Actual 2022 \$000
ASSETS				
	Note			
Current assets				
Cash and cash equivalents	13	8,028	8,103	5,517
Receivables	14	5,646	3,657	12,425
Prepayments	15	552	-	411
Other financial assets	16	587	1,223	1,589
Derivative financial instruments	17	186	-	-
Total current assets		14,999	12,983	19,942
Non-current assets				
Property, plant and equipment	18	558,154	458,371	510,338
Inventories	-	-	30	-
Intangible assets	19	209	13	209
Investment property	21	3,870	3,502	3,690
Other financial assets	16	618	153	572
Derivative financial instruments	17	413	-	256
Total non-current assets		563,264	462,069	515,065
Total assets		578,263	475,052	535,007
LIABILITIES				
Current liabilities				
Payables and deferred revenue	22	6,815	7,447	6,040
Employee benefit liabilities	23	379	597	542
Provisions	24	-	-	73
Borrowings	25	7,000	5,000	8,994
Total current liabilities		14,194	13,044	15,649
Non-current liabilities				
Employee benefit liabilities	23	210	519	-
Provisions	24	1,360	2,675	1,895
Borrowings	25	23,600	33,087	21,600
Derivative financial instruments	17	-	-	95
Total non-current liabilities		25,170	36,281	23,590
Total liabilities		39,364	49,325	39,239
Net assets		538,899	425,727	495,768
EQUITY				
Accumulated Funds	26	229,731	225,254	233,599
Reserves	26	7,966	8,530	8,031
Revaluation Reserves	26	301,202	191,943	254,138
Total equity		538,899	425,727	495,768

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the year ended 30 June 2023

	Note	Actual 2023 \$000	Budget 2023 \$000	Actual 2022 \$000
Equity at 1st of July		495,768	415,717	410,598
Total comprehensive revenue		43,131	10,010	85,170
Equity at 30th June	26	538,899	425,727	495,768

The accompanying notes form part of these financial statements.

Statement of Cash Flows

For the year ended 2023

		Actual 2023 \$000	Budget 2023 \$000	Actual 2022 \$000
	Note			
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from rates revenue		20,306	20,730	20,007
Receipts from other revenue		7,382	11,437	8,392
Subsidies and grants received		15,118	-	9,107
Interest received		428	231	117
Payments to suppliers and employees		(27,734)	(23,106)	(25,822)
Finance costs		(1,250)	(1,363)	(999)
NET CASH INFLOW/ (OUTFLOW) FROM OPERATING ACTIVITIES	27	14,250	7,929	10,802
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds sale of investments		-	1,971	1,391
Proceeds from sale of investment properties		121	-	-
Proceeds from realisation of other financial assets		1,589	-	-
Purchase of property, plant and equipment		(12,813)	(12,456)	(18,444)
Purchase of Investments		-	(3,347)	-
Purchase of other financial assets		(636)	-	-
NET CASH INFLOW/ (OUTFLOW) FROM INVESTING ACTIVITIES		(11,739)	(13,832)	(17,053)
CASHFLOWS FROM FINANCING ACTIVITIES				
Proceeds from Borrowing		17,000	10,762	19,008
Repayment of Borrowings		(17,000)	(6,005)	(19,000)
NET CASH INFLOW/ (OUTFLOW) FROM FINANCING ACTIVITIES		0	4,757	8
NET INCREASE/ (DECREASE) IN CASH HELD		2,511	(1,146)	(6,243)
Opening Cash Balance 1 July		5,517	9,249	11,759
		8,028	8,103	5,517
REPRESENTED BY				
Cash & cash equivalents	13	8,028	8,103	5,517

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 2023. The financial statements were authorised for issue by Council on 31 October 2023.

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 the corresponding note, and the related party transaction disclosures in the corresponding note. 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

Accounting policies have been changed to incorporate all necessary changes as required by the new Public Benefit Entity (PBE) Standards. No material changes were required.

IPSAS 41 is effective from 1 July 2022. The Council has adopted this standard from 1 July 2022. The adoption of PBE IPSAS 41 has fundamentally changed the councils accounting for impairment losses for financial assets by replacing PBE IPSAS 29's incurred loss approach with a forward-looking expected credit loss (ECL) approach. This change had no impact on the statement of financial position as at 1 July 2022. No material changes were required and no changes to recognition/measurement were required.

The Council has assessed the changes have minimal impact on the prospective statements. The classification and measurement requirements of PBE IPSAS 41 did not have significant impact to the Council. The council continued measuring at fair value all financial assets previously held at fair value under PBE IPSAS 29. The following are the changes in classification of the Council's financial assets. No material changes were required and no changes to recognition and measurement were required.

Trade Receivables from non-exchange transactions, short term deposits and cash and cash equivalents classified as Loans and Receivable as at 30 June 2022 are held to collect contractual cash flows and give rise to cash flows representing SPPI. These are classified and measured as Debt Instruments at amortised cost beginning on 1 July 2022.

LFGA borrower notes and Civic Assurance Shares, classified as financial assets at fair value through surplus or deficit as at 30 June 2022, continued to be classified and measured as financial assets at fair value through surplus or deficit beginning on 1 July 2022.

PBE FRS 48 Service Performance Reporting 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 adopted this standard from 1 July 2022. The Council has assessed the changes have minimal impact on the prospective statements.

There have been no other changes in accounting policies.

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. Refer to 'Other revenue' in Note 8.

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.

Interest earned on assets measured at Fair Value through Surplus or Deficit is recorded using the contractual interest rate.

Other revenue and Fees and Charges

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 in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, with a net of outstanding bank overdrafts as they are considered an integral part of the Council's cash management.

Bank overdrafts are included within interest-bearing loans and borrowings in current liabilities on the face of the statement of financial position.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, and fair value through surplus or deficit. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Council's business model for managing them. The Council initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through surplus or deficit, transaction costs.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are SPPI on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through surplus or deficit, irrespective of the business model.

The Council's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e. the date that the Council commits to purchase or sell the asset. The Council's financial assets include: cash and cash equivalents, trade receivables from non-exchange transactions, short term deposits and derivatives financial instruments.

Subsequent measurement

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains or losses are recognised in surplus or deficit when the asset is derecognised, modified or impaired.

The Council's financial assets at amortised cost includes cash and cash equivalents, trade receivables from non-exchange transactions and short term deposits.

Financial assets at fair value through surplus or deficit

Financial assets at fair value through surplus or deficit are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of financial performance.

This category includes derivative financial instruments, LGFA borrower notes and Civic Assurance Shares.
Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from council statement of financial position) when:

- ▶ The rights to receive cash flows from the asset have expired, or
- ▶ Council has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
 - (a) council has transferred substantially all the risks and rewards of the asset, or
 - (b) the Council has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When Council has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, Council continues to recognise the transferred asset to the extent of its continuing involvement. In that case, Council also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that Council has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that Council could be required to repay.

Impairment

Council recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through surplus or deficit. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that Council expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For receivables from non-exchange transactions and receivables from exchange transactions, Council applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. Council has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

In certain cases, Council may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by Council. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through surplus or deficit, payables and borrowings.

All financial liabilities are recognised initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs.

Council's financial liabilities include trade and other payables, borrowings and derivative financial instruments.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- ▶ Financial liabilities at fair value through surplus or deficit
- ▶ Financial liabilities at amortised cost

Financial liabilities at fair value through surplus or deficit

Financial liabilities at fair value through surplus or deficit include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through surplus or deficit.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by Council that are not designated as hedging instruments in hedge relationships as defined by PBE IPSAS 41.

Financial liabilities designated upon initial recognition at fair value through surplus or deficit are designated at the initial date of recognition, and only if the criteria in PBE IPSAS 41 are satisfied. Council has not designated any financial liability as at fair value through surplus or deficit.

Financial liabilities at amortised cost

This is the category of financial liabilities that is most relevant to Council. After initial recognition financial liabilities at amortised costs are subsequently measured at amortised cost using the EIR method. Gains or losses are recognised in surplus or deficit when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of financial performance.

A financial liability is derecognised when the obligation under the liability is discharged, waived, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, then such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of financial performance.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if:

- (a) there is a currently enforceable legal right to offset the recognised amounts; and
- (b) there is either an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Derivative financial instruments

Council uses derivative financial instruments, such as interest rate swaps to hedge its interest rate risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Derivative assets and liabilities are classified as non-current when the remaining maturity is more than 12 months, or current when the remaining maturity is less than 12 months. The fair values of interest rate swaps are determined using a valuation technique based on cash flows discounted to present value using current market interest rates. Any gains or losses arising from changes in the fair value of derivatives are taken directly to surplus or deficit.

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.

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)	%
OTHER FIXED ASSETS			
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		
INFRASTRUCTURE ASSETS			
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
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
Stormwater 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
Landfill Sites			
Landfill sites	Straight line	10-50	2-10
Landfill capitalised aftercare costs	Straight line	8	12.5
Stormwater: 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, carried at cost and not depreciated
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	Depreciated historical cost
Heritage assets	Depreciated historical 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 one to four years. Annual computer software licences are fully expensed in year one.

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, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

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 accrued.

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

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When council expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Rehabilitation provision – landfill

The Council has a legal obligation under its resource consent to operate the landfill. Under this resource consent, the Council has a legal obligation to provide ongoing maintenance and monitoring of the landfill site after its closure.

Council records a provision for post-closure rehabilitation costs that are expected to be incurred in connection with the closure of the landfill. Rehabilitation costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of the landfill asset.

The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the rehabilitation liability. The unwinding of the discount is expensed as incurred and recognised in surplus or deficit as a finance cost. The estimated future costs of rehabilitation are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset. The impact of climate-related matters on remediation of environmental damage is considered when determining the rehabilitation provision which has been disclosed in [Note 33](#).

Weathertightness provision

Council recognises a provision for the Council's estimated liability relating to the settlement of weathertightness claims. The provision relates to claims made under the Weathertight Homes Resolution Services Act 2006, as well as civil proceedings directly against the Council.

The provision calculation includes the estimated net settlement that the Council is expected to make on:

- ▶ All claims that are currently actively managed by the Council
- ▶ All claims that have been lodged with Weathertight Home Resolution Services, but are not yet actively managed by the Council, and
- ▶ Estimated future claims that are not yet identified or reported

Estimated cash flows relating to settlement are discounted to present value at a pre-tax rate reflecting the risks specific to the weathertightness provision. The unwinding of the discount is expensed as incurred and recognised in surplus or deficit as a finance cost. Estimated future settlements are reviewed annually and adjusted as appropriate. Changes in estimated future settlements or in the discount rate are recognised in surplus or deficit.

Restructuring provisions

Restructuring provisions are recognised only when the recognition criteria for provisions are fulfilled. Council has a constructive obligation that gives rise to a restructuring provision only when:

- ▶ A detailed formal plan identifies the operating unit or part of the operating unit concerned, the location and number of employees affected, a detailed estimate of the associated costs, and an appropriate timeline, and
- ▶ The employees affected have been notified of the plan's main features, and therefore, have a valid expectation that the plan will be implemented

If the effect of the time value of money is material, the estimated restructure costs are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

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 2022/2023 Annual 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

The associated note to the financial statements discloses an analysis of the exposure of Council in relation to the estimates and uncertainties surrounding the landfill aftercare provision.

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 2023 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 2023:

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.

Service Performance Reporting (PBE FRS 48)

The Statement of service performance is formally classified in part B of this report.

The relevant legislation governing the requirement of reporting of the Council's service performance is Part 3 of Schedule 10 of the Local Government Act 2002.

The statement of service performance of the Council has been prepared in accordance with PBE standards and is for the year ended 30 June 2023.

In preparing the statement of service performance, the council has made judgement on the application of reporting standards and has made estimates and assumptions concerning the measurement of certain service performance targets.

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

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of Council's financial statements are disclosed below. Council intends to adopt these standards, if applicable, when they become effective.

Amendments to PBE IPSAS 19 Provisions, Contingent Liabilities and Contingent Assets

Commences to apply for annual reporting periods beginning on or after 1 January 2023

When considering whether a contract is onerous, PBE IPSAS 19 requires an entity to consider the unavoidable costs which is the lower of the costs of fulfilling a contract and any compensation or penalties arising from failure to fulfill a contract.

The amendments added a description on the "costs of fulfilling a contract" when determining the unavoidable costs under the onerous contracts. The cost of fulfilling a contract comprises the costs that relate directly to the contract.

Costs that relate directly to a contract consist of both:

- ▶ The incremental costs of fulfilling that contract—for example, direct labour and materials; and
- ▶ An allocation of other costs that relate directly to fulfilling contracts—for example, an allocation of the depreciation charge for an item of property, plant, and equipment used in fulfilling that contract among others Early application is permitted if specific requirements are met.

Amendments to PBE IPSAS 17 Property, Plant and Equipment

Commences to apply for annual reporting periods beginning on or after 1 January 2023

The amendments amended the direct attribution costs to exclude the proceed from selling any items produced, such as samples produced when testing equipment, while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating. The amendments also require the proceed from selling such produced sample to be recognised in surplus or deficit and applying the measurement requirements of PBE IPSAS 12 Inventories.

The amendment also requires the separate disclosure of the amounts of proceeds and costs included in the surplus or deficit for the samples produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating.

Amendments to PBE IPSAS 1 Disclosure of Fees for Audit Firms' Services

Commences to apply for annual reporting periods beginning on or after 1 January 2024.

The amendments to PBE IPSAS 1 aim to address concerns about the quality and consistency of disclosures an entity provides about fees paid to its audit or review firm for different types of services.

The enhanced disclosures are expected to improve the transparency and consistency of disclosures about fees paid to an entity's audit or review firm.

Entities are required to disclose the fees incurred for services received from their audit or review firm, and a description of each service, using the following specified categories:

- ▶ Audit or review of the financial report
- ▶ Other non-audit and non-review services:
 - ▶ Audit or review related services
 - ▶ Other assurance services and other agreed-upon procedures engagements
 - ▶ Taxation services
 - ▶ Other services

2. Summary revenue and expenditure for groups of activities

	Actual 2023 \$000	Budget 2023 \$000	Actual 2022 \$000
Revenue			
Land Transport	8,809	7,942	14,860
Stormwater	1,320	1,352	1,476
Wastewater	2,832	2,970	3,038
Water Supply	4,483	3,028	5,735
Solid Waste	3,352	3,109	3,453
Environmental Services	2,888	2,668	3,352
Commercial & Property	4,092	1,894	2,272
Community & Recreation	5,882	6,036	7,625
Democracy & Administration	3,715	2,502	4,498
Total activity revenue	37,374	31,501	46,309
Expenditure			
Land Transport	9,891	7,319	8,454
Stormwater	2,068	1,337	1,799
Wastewater	4,152	2,964	3,217
Water Supply	3,747	2,185	2,677
Solid Waste	3,444	2,846	3,232
Environmental Services	3,255	749	2,926
Commercial & Property	3,059	2,591	2,309
Community & Recreation	7,396	6,103	6,332
Democracy & Administration	4,294	7,313	4,305
Total Expenditure	41,306	33,407	35,251

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 2023 \$000	Actual 2022 \$000
General Rate	Non Exchange	7,931	8,631
Uniform Annual General Charge	Non Exchange	4,192	4,274
Targeted Rates			
Water Supply	Non Exchange	2,677	2,287
Water Supply by Meter	Exchange	268	54
Wastewater	Non Exchange	2,769	2,641
Solid Waste	Non Exchange	1,844	1,454
Community & Recreation	Non Exchange	37	87
Democracy & Administration	Non Exchange	291	132
Rates Penalties	Non Exchange	275	363
Other rates revenue		1	-
Total Rates		<u>20,285</u>	<u>19,923</u>
Exchange		268	54
Non Exchange		<u>20,017</u>	<u>19,869</u>
Total Exchange/Non Exchange		<u>20,285</u>	<u>19,923</u>

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:

Ratings base	June 2023	June 2022
Revenue from rates for Grey District Council was billed on the following information:		
Number of rating units at end of preceding year	9,127	9,131
Total capital value of rating units at end of preceding year	3,824,580,450	2,934,349,850
Total land value of rating units at end of preceding year	1,744,748,750	1,281,968,350

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 2023 \$000	Actual 2022 \$000
Government Grants		
Waka Kotahi - Funding Access Rate (FAR)	4,159	3,409
Transportation	1,345	8,544
3 Waters	1,649	3,322
Other Grants and Subsidies	2,920	1,540
Total Government Grants	10,073	16,815
Non Government Grants		
Development West Coast - Town Square Funding	30	700
Other Non Government Funding	112	415
	142	1,115
Total Non Government Grants		
Total Subsidies and Grants	10,215	17,930

There are no unfulfilled conditions and other contingencies attached to subsidies and grants recognised (2022: nil)

Total Non Exchange Revenue for the year from Subsidies and Grants was \$10.215 million. (2022: \$17.930 million)

5. Fees and Charges

		Actual 2023 \$000	Actual 2022 \$000
Solid waste	Exchange	1,083	1,189
Animal control	Exchange	198	195
Building and planning consents	Exchange	824	1,276
Other environmental services	Exchange	189	230
Swimming pool and stadium	Exchange	957	844
Community housing	Non Exchange	750	739
Port	Exchange	166	210
Other fees and charges	Exchange	313	286
Total Fees and Charges		4,480	4,969
Exchange		3,730	4,230
Non Exchange		750	739
Total Exchange/ Non Exchange		4,480	4,969

6. Interest revenue

	Actual 2023 \$000	Actual 2022 \$000
Finance revenue		
Interest revenue	503	117
Total Finance Revenue	503	117

Total Exchange Revenue for the year \$503,000 (2022: \$117,000)

7. Other revenue

		Actual 2023 \$000	Actual 2022 \$000
Lease revenue	Exchange	307	363
Donations	Non Exchange	22	25
Infringements	Non Exchange	18	13
Petrol Tax	Non Exchange	186	123
Gain on disposal of PPE	Exchange	19	-
Gains on fair value derivatives	Exchange	439	1,369
Gains on fair value investment property	Exchange	305	350
Other Revenue	Exchange	397	680
Total Other Revenue		<u>1,693</u>	<u>2,923</u>
Exchange		1,467	2,762
Non Exchange		226	161
Total Exchange/ Non Exchange		<u>1,693</u>	<u>2,923</u>

7a Operating Leases as Lessor

	Actual 2023 \$000	Actual 2022 \$000
Not later than one year	285	311
Later than one year and not later than two years	248	-
Later than one year and not later than five years	629	942
Later than five years	3,797	3,755
Total Operating leases as lessor	<u>4,959</u>	<u>5,008</u>

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

8. Revenue Exchange / Non-Exchange

	Actual 2023 \$000	Actual 2022 \$000
Revenue from exchange transactions		
Rates Revenue	268	-
Subsidies and Grants	-	-
Fees & Charges	3,730	848
Other Revenue	1,467	830
Finance Revenue	503	117
Development and Financial Contributions	-	-
Total revenue exchange	<u>5,968</u>	<u>1,795</u>
Revenue from non-exchange transactions		
Rates Revenue	20,017	19,923
Subsidies and Grants	10,215	17,930
Fees & Charges	750	4,121
Other Revenue	226	2,093
Finance Revenue	-	-
Development and Financial Contributions	197	448
Total revenue non-exchange	<u>31,405</u>	<u>44,515</u>

9. Personnel costs

	Actual 2023 \$000	Actual 2022 \$000
Salaries and wages	6,833	6,424
Defined contribution plans	253	312
	7,086	6,736

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 2023	Actual 2022
Gibson T.K. (Mayor)	113,737	103,973
Becker A.D	10,529	37,202
Gibson A.J.	46,876	42,213
Green R.D.	7,725	28,272
Haddock P.R.	10,092	36,938
Hay M.	7,725	28,272
McBride p.T.	8,409	28,272
MacDonald R.R.	33,424	28,272
Mora T.F.	34,584	28,272
Mallinson, R	29,095	-
O'Connor, J	25,792	-
Canning, J	26,991	-
Davy, P	13,798	-
Kennedy, C	26,250	-
Chief Executive total remuneration paid or payable for the year	261,569	238,431

Remuneration for employees by band as at 30 June

	Actual 2023	Actual 2022
> \$180,000	2	1
\$120,000 - 179,999	5	3
\$100,000 - 119,999	5	5
\$80,000 - 99,999	15	10
\$60,000 - 79,999	22	11
< \$60,000	35	76
	84	106

The number of full time equivalent (FTE) employees as at 30 June 2023 was 84 (2022: 92) where 32 hours a week is considered full time.

For the year ended 30 June 2023 Council made severance payments to the value of \$12,800 (2022: Nil).

10. Finance Costs

	Actual 2023 \$000	Actual 2022 \$000
Finance expenses		
Interest expense	1,363	999
Total Finance Expense	1,363	999

11. Other expenses

	Actual 2023 \$000	Actual 2022 \$000
<u>Expenses include:</u>		
<i>Fees to principal auditor</i>		
Audit fees for financial statement audit (Audit New Zealand)	-	129
Audit fees for financial statement audit (EY)	169	146
Audit fees for Debenture Trust Deed audit (EY)	4	3
Insurance	1,175	976
Contractors and Professional Services	13,625	11,126
Utilities	1,127	1,030
Minimum lease payments	301	292
Grants	859	660
Loss on Disposal PPE	23	565
Direct Investment Property Costs	-	79
Other operating expenses	3,777	2,500
Total other expenses	21,060	17,506

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 2023 \$000	Actual 2022 \$000
Not later than one year	226	276
Later than one year and not later than five years	869	931
Later than five years	1,472	1,663
Total Operating Lease Commitments	2,567	2,870

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 2023 \$000	Actual 2022 \$000
Cash at bank and in hand	3,519	4,517
Term Deposits with maturities under 3 months	4,509	1,000
Total cash and cash equivalents	8,028	5,517

The carrying value of cash at bank, call deposits, and short-term deposits with maturities less than three months (which are held for meeting short-term cash commitments) 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 (2022: \$211,000).

14. Trade and other receivables

	Actual 2023 \$000	Actual 2022 \$000
Rates receivables	1,776	1,476
Trade receivables	3,763	10,397
GST receivable	343	787
Unused Amounts Reversed	(236)	(235)
Total receivables	5,646	12,425

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

5,589	12,057
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Receivables from exchange transactions - this includes outstanding amounts for commercial sales and fees and charges that have not been subsidised by rates

57	368
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5,646	12,425
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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:

	2023	Gross \$000	Impairment \$000	Net \$000
Council				
Not past due		1,282	-	1,282
Past due 1 - 3 months		1,999	-	1,999
Past due 3 to 6 months		2,601	(236)	2,365
Total		5,882	(236)	5,646

	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	-	6,209
Past due > 6 months		2,309	(235)	2,074
Total		14,184	(235)	12,425

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.

	Actual 2023 \$'000	Actual 2022 \$'000
Balance at 1 July	235	425
Additional provisions made during year	1	0
Unused amounts reversed	0	-190
Balance at 30 June	236	235

15. Prepayments

	Actual 2023 \$000	Actual 2022 \$000
Prepayments	552	411
Total prepayments	552	411

16. Other Financial Assets

	Actual 2023 \$000	Actual 2022 \$000
Current portion		
Short term deposits	512	1,509
LFGA borrower notes	75	80
Total Current Portion	<u>587</u>	<u>1,589</u>
Non-current portion		
<i>Investments in other entities</i>		
LFGA borrower notes	588	540
Civic Assurance Shares	30	32
Total investments in other entities	<u>618</u>	<u>572</u>
<i>Investments in other entities</i>		
Total Non-Current Portion	<u>618</u>	<u>572</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 are measured at 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 2023 \$000	Actual 2022 \$000
Current asset portion - Interest Rate Swaps	186	-
	<hr/> 186	<hr/> -
Non-current asset portion Interest Rate Swaps	413	256
	<hr/> 413	<hr/> 256
Total derivative financial instrument Asset	<hr/> 599	<hr/> 256
Non-current liability portion Interest Rate Swaps	-	95
	<hr/> -	<hr/> 95
Total derivative financial instrument liability	<hr/> -	<hr/> 95

The notional principle amounts of the outstanding interest rate swap contracts at 30 June 2023 were \$18,500,000 (2022: \$13,500,000). Maturity dates range from 15 May 2024 to 16 April 2029.

At 30 June 2023, the interest rates for interest rate swaps vary from 2.04% to 4.95% (2022: 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 2023	Cost/ valuation 01-Jul-22	Accumulated depreciation & impairment charges 01-Jul-22	Carrying amount 01-Jul-22	Current year additions	Current year disposals/ transfers at cost	Accumulate d depreciation on disposals	Accumulate d Depreciation on Reval reversal	Current year impairment charges	Current year depreciation	Revaluatio n surplus / (deficit)	Cost/ valuation 30-Jun-23	Accumulated depreciation & impairment charges 30-Jun-23	Carrying amount 30-Jun-23
INFRASTRUCTURAL ASSETS													
Roading Network	185,118	-	185,118	10,627	-	-	4,716	-	(4,716)	7,632	198,661	-	198,661
Land Under Roads	68,733	-	68,733	-	-	-	-	-	-	-	68,733	-	68,733
Stormwater	44,946	-	44,946	455	-	-	1,189	-	(1,189)	15,942	60,154	-	60,154
Sewerage	88,002	-	88,002	240	-	-	1,729	-	(1,729)	20,400	106,913	-	106,913
Water Supply Systems	47,890	-	47,890	986	-	-	1,384	-	(1,384)	3,089	50,581	-	50,581
Landfill Site	6,037	(2,908)	3,129	(587)	-	-	-	-	(68)	-	5,450	(2,976)	2,474
Work in progress	8,178	-	8,178	2,687	(6,801)	-	-	-	-	-	4,064	-	4,064
TOTAL INFRASTRUCTURAL ASSETS	448,904	(2,908)	445,996	14,408	(6,801)	-	9,018	-	(9,086)	47,063	494,556	(2,976)	491,580
OTHER FIXED ASSETS													
General Land	5,800	0	5,800	1	-	-	-	-	(1)	-	5,801	(1)	5,800
Other Land	2,856	-	2,856	444	-	-	-	-	-	-	3,300	-	3,300
Buildings	41,880	(16)	41,864	4,027	-	-	-	-	(1,989)	-	45,907	(2,005)	43,902
Plant & Machinery	2,456	(1,773)	683	1,268	-	-	-	-	(155)	-	3,724	(1,928)	1,796
Furniture & Fittings	589	(450)	139	14	-	-	-	-	(10)	-	603	(460)	143
Computer Equipment	2,525	(2,045)	480	180	-	-	-	-	(105)	-	2,705	(2,150)	555
Library Stocks	2,357	(2,088)	269	71	-	-	-	-	(62)	-	2,428	(2,150)	278
Breakwaters & Wharves	6,696	(4,113)	2,583	-	-	-	-	-	(121)	-	6,696	(4,234)	2,462
Aerodrome	2,473	(3)	2,470	-	-	-	-	-	(88)	-	2,473	(91)	2,382
Parking Developments	650	(209)	441	-	-	-	-	-	(18)	-	650	(227)	423
Reserve Board Assets	290	-	290	-	-	-	-	-	-	-	290	-	290
Sports fields and Parks	5,318	(1,264)	4,054	6	-	-	-	-	(95)	-	5,324	(1,359)	3,965
Heritage Assets	1,235	(379)	856	3	-	-	-	-	(23)	-	1,238	(402)	836
Work in progress	1,557	-	1,557	(1,115)	-	-	-	-	-	-	442	-	442
TOTAL OTHER FIXED ASSETS	76,682	(12,340)	64,342	4,899	-	-	-	-	(2,667)	-	81,581	(15,007)	66,574
TOTAL PPE	525,586	(15,248)	510,338	19,307	(6,801)	-	-	-	(11,753)	47,063	576,137	(17,983)	558,154

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	Accumulate d Depreciation on Reval reversal	Current year impairment charges	Current year depreciation	Revaluatio n 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

Core Assets

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

	Additions: constructed by Council	Additions: transferred to Council	Most recent replacement cost estimate for revalued assets
	\$000	\$000	\$000
2023			
Water Supply Systems:			
- treatment plants and facilities	988	-	10,092
- other assets (such as reticulation systems)	-	-	90,832
Wastewater:			
- treatment plants and facilities	240	-	25,821
- other assets (such as reticulation systems)	-	-	126,066
Stormwater	456	-	140,318
Roads and footpaths	10,628	-	330,872
2022			
Water Supply Systems:			
- treatment plants and facilities	-	-	7,932
- other assets (such as reticulation systems)	3,695	-	85,653
Wastewater:			
- treatment plants and facilities	-	-	20,804
- other assets (such as reticulation systems)	276	-	101,411
Stormwater	482	-	103,459
Roads and footpaths	6,641	-	306,314

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 2022/2023 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. No formal valuation was undertaken as at 30 June 2023 as there was no material movement to the council.

The Council also has an investment property portfolio that was revalued as at 30 June 2023.

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 supply systems 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 2023.

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 2023.

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 2023 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 2023 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 2023 \$000	Actual 2022 \$000
Plant & Equipment	-	1,086
Breakwaters and Wharves	442	471
Roading Network	-	6,254
Wastewater	115	-
Water Supply Systems	3,861	1,491
Stormwater	88	44
Waste	-	389
	<hr/> 4,506	<hr/> 9,735

Asset Insurance

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

	Actual 2023 \$000	Actual 2022 \$000
The maximum amount to which insured assets (PPE) are insured	332,653	236,885
The total value of all Council assets covered by insurance contracts (PPE)	334,778	277,454

Capital Commitments

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

	Actual 2023 \$000	Actual 2022 \$000
Roading Network	660	1,133
Sewerage	6,407	1,909
Water Supply Systems	2,390	-
Plant & Equipment	619	85
	<hr/> 10,076	<hr/> 3,127

Gains/Losses on revaluation of assets

	Actual 2023 \$000	Actual 2022 \$000
Land & Buildings	-	7,135
Aerodrome	-	224
Roading	7,632	30,568
Water Supply Systems	3,089	9,822
Stormwater and Sewerage	36,342	26,361
	<hr/> 47,063	<hr/> 74,110

19. Intangible Assets

	Computer Software \$000
Balance as at 1 July 2022	
Cost	657
Accumulated amortisation and impairment	(448)
Opening carrying amount	<u>209</u>
Year ended 30 June 2023	
Additions	44
Amortisation charge	(44)
Balance as at 30 June 2023	
Cost	701
Accumulated amortisation and impairment	(492)
Closing carrying amount	<u>209</u>
Balance as at 1 July 2021	
Cost	452
Accumulated amortisation and impairment	(439)
Opening carrying amount	<u>13</u>
Year ended 30 June 2022	
Additions	205
Amortisation charge	(9)
Balance as at 30 June 2022	
Cost	657
Accumulated amortisation and impairment	(448)
Closing carrying amount	<u>209</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 2023 \$000	Actual 2022 \$000
Land Transport	4,715	4,421
Stormwater	1,189	1,036
Wastewater	1,729	1,354
Water Supply	1,384	1,012
Solid Waste	81	84
Environmental Services	8	7
Commercial & Property	799	696
Community & Recreation	1,685	1,255
Democracy & Administration	207	146
	<u>11,797</u>	<u>10,011</u>

21. Investment property

	Actual 2023 \$000	Actual 2022 \$000
Balance as at 1 July	3,690	3,400
Disposals	(125)	(60)
Fair value gains/(losses) on valuation (note 7)	305	350
Balance as at 30 June	3,870	3,690

Council's investment properties are valued annually at fair value effective 30 June 2023 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.

There are no contractual obligations in relation to investment properties at balance date not recognised in the financial statements (2022: 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 2023 \$000	Actual 2022 \$000
Trade creditors and accruals	5,647	4,642
Rentention & Bonds	378	323
Total trade and other payables	6,025	4,965
Revenue in advance	790	1,075
Total payables and deferred revenue	6,815	6,040

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 2023 \$000	Actual 2022 \$000
Annual leave	505	437
Long service leave	55	46
Retiring gratuities	28	59
Total employee benefits	589	542
Comprising:		
Current	379	542
Non-current	210	-
Total employee benefits	589	542

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 5.1% (2022: 3.8%) and an inflation factor of 4.0% (2022: 4.0%) were used.

24. Provisions

	Actual 2023 \$000	Actual 2022 \$000
Landfill aftercare provision		
Opening balance	1,968	1,982
Amounts used during the year	(30)	(14)
Increase/(decrease) due to discount rate changes and assessment of liability	(609)	-
Discount unwinding	31	-
Closing balance	1,360	1,968

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

The cash outflows for landfill post-closure are expected to occur in between 2065 and 2095 (2022: 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 5.43% to 4.3% (2022: 0.6% to 3.1%).

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 site 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.

The Council is listed as the sole guarantor for a loan agreement between the West Coast Theatre Trust and Nelson Building Society. At 30 June 2023, Grey District Council assesses the likelihood of this as unlikely and instead discloses it as a contingent liability.

25. Borrowings

	Actual 2023 \$000	Actual 2022 \$000
At amortised cost		
Current		
Secured Loans	7,000	8,994
Non-current		
Secured loans	23,600	21,600
Total borrowings	<u>30,600</u>	<u>30,594</u>

	Balance 30 June 2022	New Loans Raised	Principal Repaid	Accrued Interest Adjustment	Balance 30 June 2023
Council Borrowings	30,593,668	17,000,000	(17,000,000)	6,332	30,600,000

The Council's loans are secured over either separate or general rates of the Council. Interest is charged on a floating rate basis. At balance date the current weighted average effective interest rate on the bank borrowings is 5.67% (2022: 3.12%). Maturity dates range from 15 May 2024 to 15 May 2028.

26. Equity

	Actual 2023 \$000	Actual 2022 \$000
Accumulated funds		
As at 1 July	233,599	216,369
Surplus/(deficit) for the year	(3,933)	11,059
Reserve Transfers		
Special Funds	-	-
Separate funds	65	6,171
As at 30 June	<u>229,732</u>	<u>233,599</u>
Restricted reserves		
As at 1 July	<u>216</u>	<u>216</u>
As at 30 June	216	216
Council reserves		
As at 1 July	7,815	13,986
Transfers to Reserves	(65)	(6,171)
As at 30 June	<u>7,750</u>	<u>7,815</u>
Asset revaluation reserves		
As at 1 July	254,138	180,027
Revaluation gains/(losses)	47,063	75,344
Revaluation reserve gains/(losses)	-	(1,233)
As at 30 June	<u>301,200</u>	<u>254,138</u>
Asset revaluation reserves consist of:		
Land & Building Revaluation Reserve	31,949	31,949
Aerodrome Revaluation Reserve	893	893
Roading Revaluation Reserve	110,867	103,236
Water Revaluation Reserve	32,482	29,393
Investment Revaluation Reserve	52	52
Parking Developments	63	63
Drainage and Sewerage Revaluation Reserve	124,894	88,552
Total	<u>301,200</u>	<u>254,138</u>
Total Equity	<u>538,899</u>	<u>495,768</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.

2023: 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	101	1	-	102
Rural Sewerage Capital Works Reserve	Wastewater	311	3	-	314
Cobden Stormwater Mitigation Reserve	Stormwater	57	1	-	58
Barrytown Area Infra Reserve	All activities	67	1	-	68
Atarau Area Infra Reserve	All activities	-	-	-	-
Ahaura Area Infra Reserve	All activities	186	2	-	188
Hauptiri Area Infra Reserve	All activities	128	1	-	129
Nelson Creek Infrastructure Reserve	All activities	19	-	-	19
Ngahere Infrastructure Reserve	All activities	214	2	-	216
Blackball Area Infra Reserve	All activities	1	-	-	1
Runanga Area Infra Reserve	All activities	264	3	-	267
Kaiata Stillwater Area Infra Reserve	All activities	187	2	-	189
Karoro Infrastructure Development Reserve	All activities	710	7	-	717
South Beach/Paroa Infrastructure Reserve	All activities	460	5	-	465
Cameron's Infrastructure Reserve	All activities	86	1	-	87
Gladstone Infrastructure Reserve	All activities	187	2	-	189
Arnold Valley Area Infra Reserve	All activities	94	1	-	95
Lake Brunner Area Infra Reserve	All activities	176	2	-	178
Hohonu Area Infra Reserve	All activities	43	-	-	43
Infra Renewal Reserve	All activities	470	5	-	475
Moana Water Supply	Water supply	10	0	-	10
Flood Protection Reserve	Stormwater/Flood protection	128	1	-	129
Cemetery Extension Reserve	Cemeteries	54	1	-	55
Cemetery Maintenance Reserve	Cemeteries	405	4	-	409
Footpath Reserve	Land transport	69	1	-	70
Roading Reserve - Exp Committed	Land transport	199	2	-	201
Land Fill Reserve	Solid waste management	80	1	-	81
Airport Maintenance Reserve	Airport	716	7	-	723
Airport Runway Resealing Reserve	Airport	23	0	-	23
Disaster Recovery Reserve	All activities	269	3	-	272
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	381	4	-	385
Land Sale Reserve	All activities	172	66	-	238
Reserves Subdivision Contributions	Community facilities and parks	163	15	-	178
Maori Land Compensation Reserve	Council property	129	1	-	130
TDS Reserve	Economic development	69	1	-	70
Town Clock Reserve	Community facilities and parks	25	-	-	25
Gas Management Plan Reserve	Council property	19	-	-	19
District Planning Reserve	District planning	4	-	-	4
Plant and Machinery Reserve	All activities	477	-	(60)	417
Building & Property Gen Reserve	Council property	73	1	-	74
Westland Rec Centre Maintenance Reserve	Westland Recreation Centre	52	1	-	53
Spring Creek Pool	Spring Creek Pool	89	1	(89)	1
Ogilvie Reserve Reserve	All activities	28	-	-	28
Corp Equip and Furniture Reserve	Council administration	581	6	(286)	301
Staff Costs Reserve	Council administration	-	-	-	-
Sunshine Coach Reserve	Council administration	7	0	-	7
Rental Housing Reserve	Retirement housing	(192)	-	(2)	(194)
Pike River Memorials Maintenance Reserve	Memorial Maintenance	-	-	-	-
Library Reserve	Libraries	27	-	-	27
SPECIAL FUNDS - Committed Expenditure	All activities	-	-	-	-
Total special funds		7,815	151	(437)	7,529

2023: 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	20	1	-	21
E White Bequest	Community facilities and parks	45	1	-	46
Mayoral Flood Relief Fund	Democracy	9	-	-	9
Grey United Tennis Resurfacing Reserve	Community facilities and parks	-	-	-	-
Citizens Emergency Relief Fund	Democracy	76	1	-	77
Perotti Bequest	Community facilities and parks	-	-	-	-
Peters Bequest - Talking Books	Libraries	11	-	-	11
Vera Corbett Bequest	Libraries	36	1	-	37
Thomas Dehenny Bequest	Community facilities and parks	19	1	-	20
Total trusts and bequests		216	5	-	221
TOTAL SPECIAL FUNDS, TRUSTS, AND BEQUESTS		8,031	156	(437)	7,750

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		-	-	-	-
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
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

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.

Special funds <i>(continued)</i>	
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.

Special funds <i>(continued)</i>	
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 2023 \$000	Actual 2022 \$000
Surplus/(deficit) after tax	(3,933)	11,059
Add/(less) non-cash items:		
Depreciation and amortisation	11,797	10,010
(Gains)/losses in fair value of investment property	(305)	(350)
(Gains)/losses in fair value of financial instruments	(439)	(1,369)
Movement in provision	(608)	706
Other	2,423	597
Add/(less) items classified as investing or financing activities:		
(Gains)/losses on disposal of property, plant	(500)	565
Add/(less) movements in working capital items:		
Accounts receivable	6,779	(7,028)
Prepayments	(141)	(85)
Accounts payable	(776)	(2,050)
Employee Entitlements	(47)	(541)
Provisions	-	(712)
Net cash inflow/(outflow) from operating activities	14,250	10,802

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.

Comprehensive Income and Expenditure

Subsidies and Grants actual revenue was \$10.215 million compared to budgeted revenue of \$5.02 million. This meant an overall favourable variance of \$5.189 million \$1.345 million of the variance was carry over funding from MBIE relating to the three bridges projects. Water Supply had an additional \$1.649 million of subsidy and grant income for ongoing construction of the reservoirs. The remaining \$2.200 million is other grants and subsidies received for the Port slipway and dredge projects of which \$1.500 is yet to be received.

Fees and charges were \$233k less than budgeted due to Port and other environmental services generating less revenue than budgeted.

Financial and Development contributions were \$197k compared to a budget of \$31k due to higher than anticipated building and sub division activity in the 2022/2023 financial year.

Interest Revenue was \$503k compared to a budget of \$217k this is the direct result interest rates being higher than forecast in the 2022/2023 financial year.

Other Revenue actual was \$1.693 million compared to a budget of \$656k resulting in a favourable variance of \$1.037 million. The most significant variances relate to gains on the value of derivatives of \$439k and a gain on the value of investment property of \$305k. The remaining \$299k relates to relatively small amounts of other revenue from across a number of activities including the recreation centre, plant, libraries, aerodrome and environmental services.

Personal Costs has actual expenditure of \$7.086 million compared to a budget of \$7.160 million which resulted in a favourable variance of \$74k. The favourable variance is the direct result of continued staff vacancies and is symptomatic of the sector and challenge of attracting staff.

Other expenses actual result was \$21.060 million compared to a budgeted \$15.607 million, this has resulted in a unfavourable variance of \$5.453 million. The majority of this is made up of other expenditure and relates to additional contractor costs of \$1.520 million to cover staff vacancies in environmental services, and corporate service. \$1.437 million of costs attributed to council's infrastructure relating to emergency works due to heavy rainfall events as well as a prolonged dry period of weather. The restructure costs of \$453k and additional professional services required for council's continued legislative compliance at \$573k. Overhead charges were also \$554k higher than anticipated. Insurance premiums expenses were \$216k higher than anticipated. Grants were also \$440k higher than expected as grants put aside in prior years have subsequently been claim. The remaining \$260k relates to election costs of \$62k additional IT costs of \$93k and \$105k relating to compliance/consents, repairs and maintenance and general expenses.

Depreciation actual expense was \$11,797 million compared to a budget of \$9,279 million resulting in a unfavourable variance of \$2.518 million. The majority of the variance relates to revaluation of the infrastructure assets.

Revaluations actual movement was \$47.063 million compared to a budget of \$11.916 million which resulted in a favourable variance to budget of \$33.710 million.

Financial Position

Cash and Cash Equivalents actual were \$8.028 million compared to a budget of \$8.103 million which is due to 90 day term deposits due to mature within the next to two months.

Receivables actual was \$5.646 million compared to a budget of \$3.657 million which is due to subsidy and grant income to be received.

Property Plant and Equipment actual was \$558,154 million compared to a budget of \$458,371 million with the movement due to revaluations in roading and three waters. There have also been some projects capitalised from the 2021-2031 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 2023	Actual 2022
Councillors	\$	\$
Full-time equivalent members	9	9
Remuneration	392,608	361,689
Senior management team, including the Chief Executive		
Full-time equivalent members	4	4
Remuneration	720,413	1,335,314
Total full-time equivalent personnel	13	13
Total key management personnel remuneration	1,113,021	1,697,003

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 2023, LGFA had borrowings totalling \$16.788 billion (2022 \$15.789 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.

New Zealand Mutual Liability Riskpool Scheme

Grey District Council was previously a member of the New Zealand Mutual Liability Riskpool scheme ('Riskpool'). The Scheme is in wind down; however the Council has an ongoing obligation to contribute to the scheme should a call be made in respect of any historical claims (to the extent those claims are not covered by reinsurance), and to fund the ongoing operations of the scheme. The likelihood of any call in respect of historical claims diminishes with each year's limitations periods expire. However, as a result of the Supreme Court decision on 1 August 2023 in *Napier City Council vs Local Government Mutual Trustee Limited*, it has been clarified that Riskpool has a liability for that member's claim in relation to non-weather-tight defects (in a mixed claim involving both weather-tight and non-weather-tight defects). Riskpool has advised that it is working through the implications of the Supreme Court decision. At this point any potential liability is unable to be quantified.

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 2023, the payments to be made to Council in the future totalled \$238,151 (2022: \$353,609).

32. Severance payments

There were severance payments totalling \$12,800 during the 2022/2023 year that meet the definition of a severance payment as in clause 33 of schedule 10 of the Local Government Act 2002 (2022: Nil payments). The severance payments were paid to 2 individuals and were for \$4,600 and \$8,200. This amount is included in note 9 personnel costs.

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 - Disclosure

The New Zealand Government is implementing a water services reform programme that is intended to ensure all New Zealanders have safe, clean and affordable water services. The Government believes this will be achieved by establishing new public entities to take on the delivery of drinking water, wastewater and stormwater services across New Zealand. The reform will be enacted by three pieces of legislation:

- The Water Services Entities Act 2022, which (as amended by the Water Services Entities Amendment Act 2023 on 23 August 2023) establishes ten publicly owned water services entities and sets out their ownership, governance and accountability arrangements. A water services entity is established (for transitional purposes) on the date on which the appointment of the entity's establishment board takes effect, and its establishment date (operational date) will be a date between 1 July 2024 and 1 July 2026.
- The Water Services Legislation Act 2023, which amended the Water Services Entities Act 2022 on 31 August 2023 to provide for the transfer of water services assets and liabilities to the water services entities.
- The Water Services Economic Efficiency and Consumer Protection Act 2023, which provides the economic regulation and consumer protection framework for water services. The consumer protection framework will come into force on 1 July 2024 and the rest of the Act came into force on 31 August 2023

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	Actual
	2023	2022
	\$000	\$000
FINANCIAL ASSETS		
<i>Mandatorily measured at FVTSD</i>		
Derivative financial instrument assets	599	256
Other financial assets:		
- LFGA Borrower Notes	663	540
- Civic Assurance Shares	30	32
<i>Total at FVTSD (2022: Held for Trading)</i>	1,292	828
<i>Amortised Cost</i>		
Cash and cash equivalents	8,028	5,517
Trade and other receivables	3,527	10,397
Other financial assets:		
- Term deposits	512	1,509
<i>Total at Amortised Cost</i>	12,067	17,423
FINANCIAL LIABILITIES		
<i>Mandatorily measured at FVTSD</i>		
- Derivative financial instrument liabilities – not hedge accounted	-	95
<i>Amortised Cost</i>		
Trade and other payables	6,025	4,965
Borrowings:		
- Secured loans	30,600	30,594
<i>Total financial liabilities at amortised cost</i>	36,625	35,559

FVTSD = Fair value through surplus and deficit.

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:

	Total	Level 1	Level 2	Level 3
	\$000	Quoted	Observable	Significant non-
		market	inputs	observable inputs
		price	\$000	\$000
		\$000		
30 Jun 2023				
Financial assets				
Derivative financial instrument assets	599	-	599	-
LGFA Borrower Notes	663	-	663	-
Civic Assurance Shares	30	-	-	30
30 Jun 2022				
Financial assets				
LGFA Borrower Notes	540	-	540	-
Civic Assurance Shares	32	-	-	32
Financial liabilities				
Derivatives financial instruments	95	-	95	-

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:

	2023	2022
	\$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
2023					
Trade and other payables	6,025	6,025	-	-	-
Bank overdraft	-	-	-	-	-
Secured loans	30,600	7,000	3,000	15,500	5,100
Total	36,625	13,025	3,000	15,500	5,100
2022					
Trade and other payables	4,965	4,965	-	-	-
Secured loans	30,594	8,994	3,000	15,000	3,600
Derivative Financial Instruments	85	-	-	85	-
Total	35,644	13,959	3,000	15,085	3,600

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 2023				
Cash and cash equivalents	8,028	8,028	-	-
Trade and other receivables	3,870	3,870	-	-
Unlisted shares	30	-	-	30
- term deposits	512	512	-	-
- investment in debt securities	665	75	175	415
Derivative Financial Instruments	599	186	248	165
Total	13,704	12,671	423	610
Council 2022				
Cash and cash equivalents	5,517	5,517	-	-
Trade and other receivables	10,949	10,949	-	-
Unlisted shares	32	-	-	32
- term deposits	1,509	1,509	-	-
- investment in debt securities	620	80	450	90
Derivative Financial Instruments	256	-	256	-
Total	18,883	18,055	706	122

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 2023 had fluctuated by plus or minus 3.25% (2022: 0.5%), the effect would have been to decrease/increase the surplus/deficit by \$260,917 (2022: \$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 2023 had fluctuated by plus or minus 3.25% (2022: 0.5%), the effect would have been to decrease/increase the surplus after tax by \$681,785 (2022: \$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 2023 \$000	Actual 2022 \$000
Cash at bank and term deposits	8,540	7,026
Trade and other receivables	5,303	10,949
Community loans	-	-
Investments in debt securities	1,205	-
Derivative financial instrument assets	599	256
Total credit risk	15,647	18,231

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.

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 (2022: \$550,000) plus available credit on a credit line facility with Westpac of \$5,000,000 (2022: \$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 \$000	Less than 1 year \$000	1-2 years \$000	2-5 years \$000	More than 5 years \$000
2023					
Trade and other payables	6,025	6,025	-	-	-
Secured loans	30,600	7,000	3,000	15,500	5,100
Total	36,625	13,025	3,000	15,500	5,100
2022					
Trade and other payables	4,965	4,965	-	-	-
Secured loans	30,594	8,994	3,000	15,000	3,600
Total	35,644	13,959	3,000	15,085	3,600

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 \$12.72 million to offset against future years taxable income. (2022: \$14.85m).

	Actual 2023 \$000	Actual 2022 \$000
Income Tax		
Components of Tax Expense		
Current tax expense	-	-
Adjusted to current tax in prior years	-	-
Deferred tax expense	-	(21,000)
Tax Expense	-	(21,000)
Relationship between tax expense and accounting profit		
Net surplus/(deficit) before tax	(3,933)	11,059
Tax at 28%	(1,101)	3,097
Plus (less) tax effect of:	-	-
Non-deductible expenditure	841	-
Non-taxable income	-	3,097
Council share of NRLLP income	-	-
Deferred tax losses	(65)	-
Unrecognised tax losses	325	-
Other adjustments	-	-
Tax Expense	-	-

Deferred tax Asset (Liability)	Property, Plant & Equipment	Employee Entitlements	Other Provisions	Tax Losses	Total
Balance at 30 June 2022					
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	(920,630)	-	-	920,630	-
Charged to surplus or deficit	(3,310)	-	-	3,310	-
Charged to other comprehensive income	-	-	-	-	-
Balance at 30 June 2023	(923,940)	-	-	923,940	-

Funding impact statement for whole of Council

For the year ended 30 June 2023

	Budget 2021-22 \$000	Actual 2021-22 \$000	Budget 2022-23 \$000	Actual 2022-23 \$000
OPERATING FUNDING				
Sources of operating funding				
General Rates, Uniform annual general charges, rates penalties	12,875	13,268	12,910	12,958
Targeted Rates (other than metered water supply rates)	6,894	6,656	8,012	7,886
Subsidies and grants for operating purposes	2,902	3,504	2,116	5,697
Fees and charges	4,537	4,969	4,713	4,480
Interest and dividends from investments	142	117	217	503
Local authorities fuel tax, fines, infringement fees and other receipts	569	835	595	930
Total Operating Funding	27,919	29,349	28,563	32,455
Applications of operating funding				
Payments to staff and suppliers	22,641	23,173	22,767	28,127
Finance costs	1,012	999	1,361	1,363
Other operating funding applications	-	-	-	-
Total applications of operating funding	23,653	24,172	24,128	29,490
SURPLUS / (DEFICIT) OF OPERATING FUNDING	4,266	5,178	4,435	2,965
CAPITAL FUNDING				
Sources of capital funding				
Subsidies and grants for capital expenditure	13,914	14,426	2,954	4,519
Development and financial contributions	30	448	31	197
Increase/(decrease) in debt	2,743	8	4,768	6
Gross proceeds from the sale of assets	-	-	-	102
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	368	-	-
Total sources of capital funding	16,687	15,249	7,753	4,824
Applications of capital funding				
Capital expenditure				
- to meet additional demand	-	-	-	-
- to improve the level of service	8,173	10,361	3,324	3,523
- to replace existing assets	14,581	6,870	9,197	9,031
Increase/(decrease) in reserves	(1,801)	3,195	(333)	(4,765)
Increase/(decrease) of investments	-	-	-	-
Total applications of capital funding	20,952	20,427	12,188	7,789
SURPLUS / (DEFICIT) OF CAPITAL FUNDING	(4,265)	(5,178)	(4,435)	(2,965)
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.

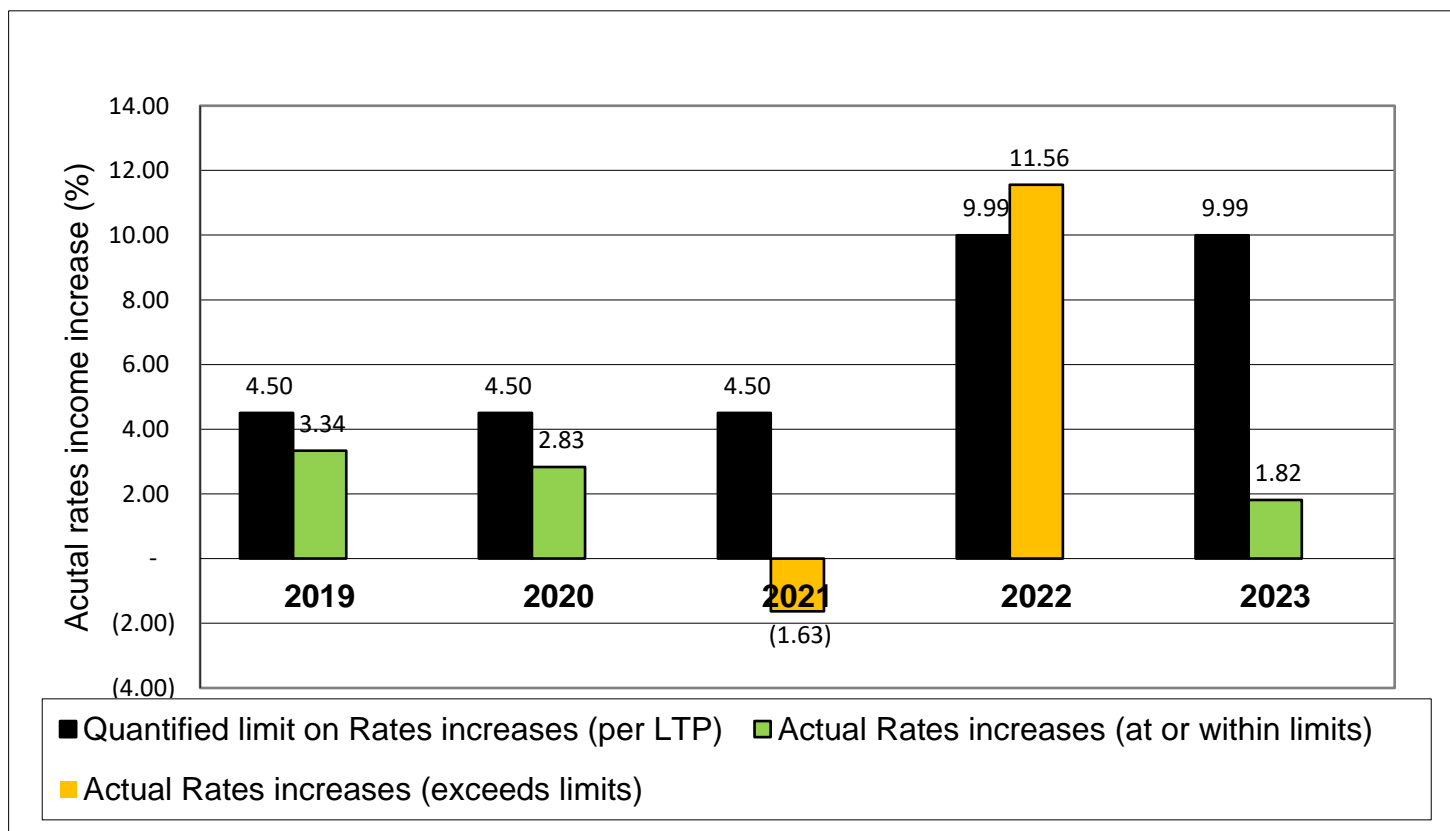
1. Rate affordability benchmarks

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).

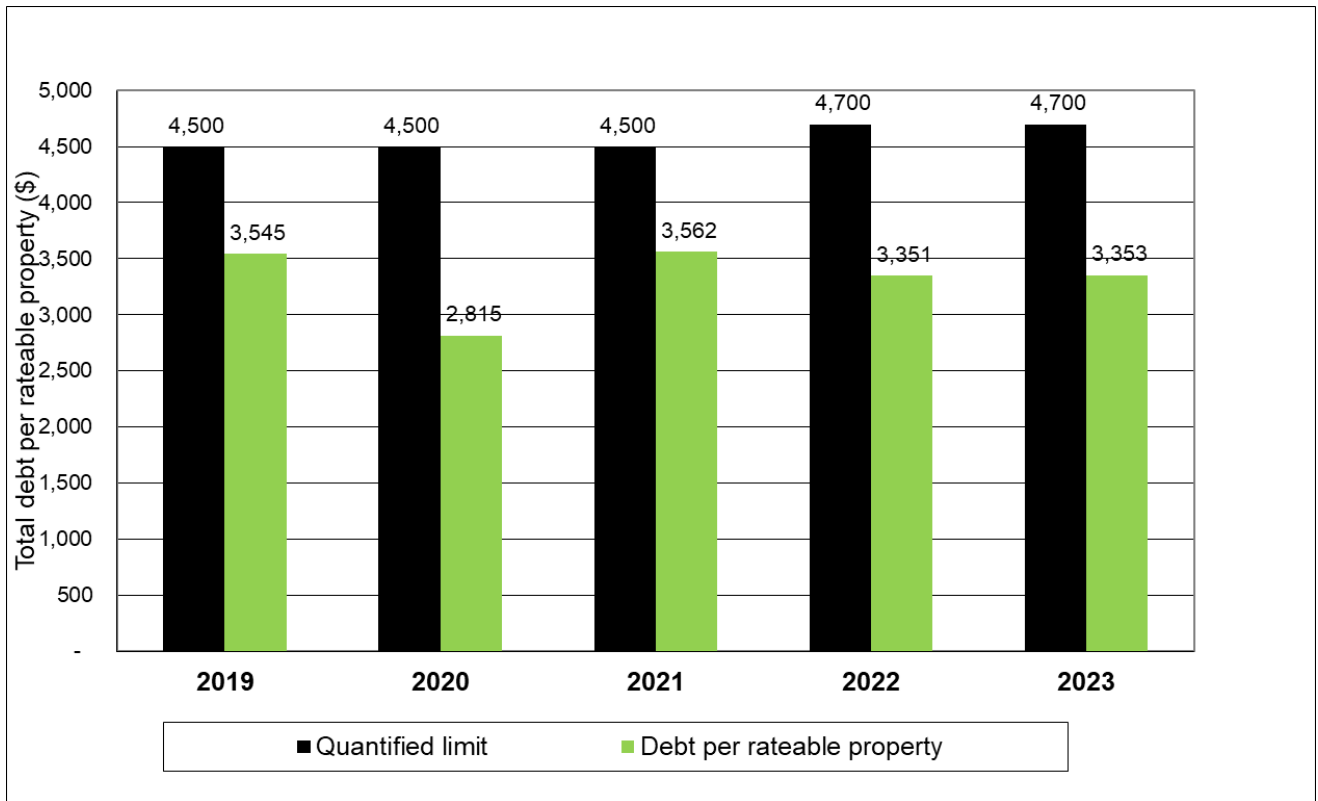


2. Debt affordability benchmark

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.

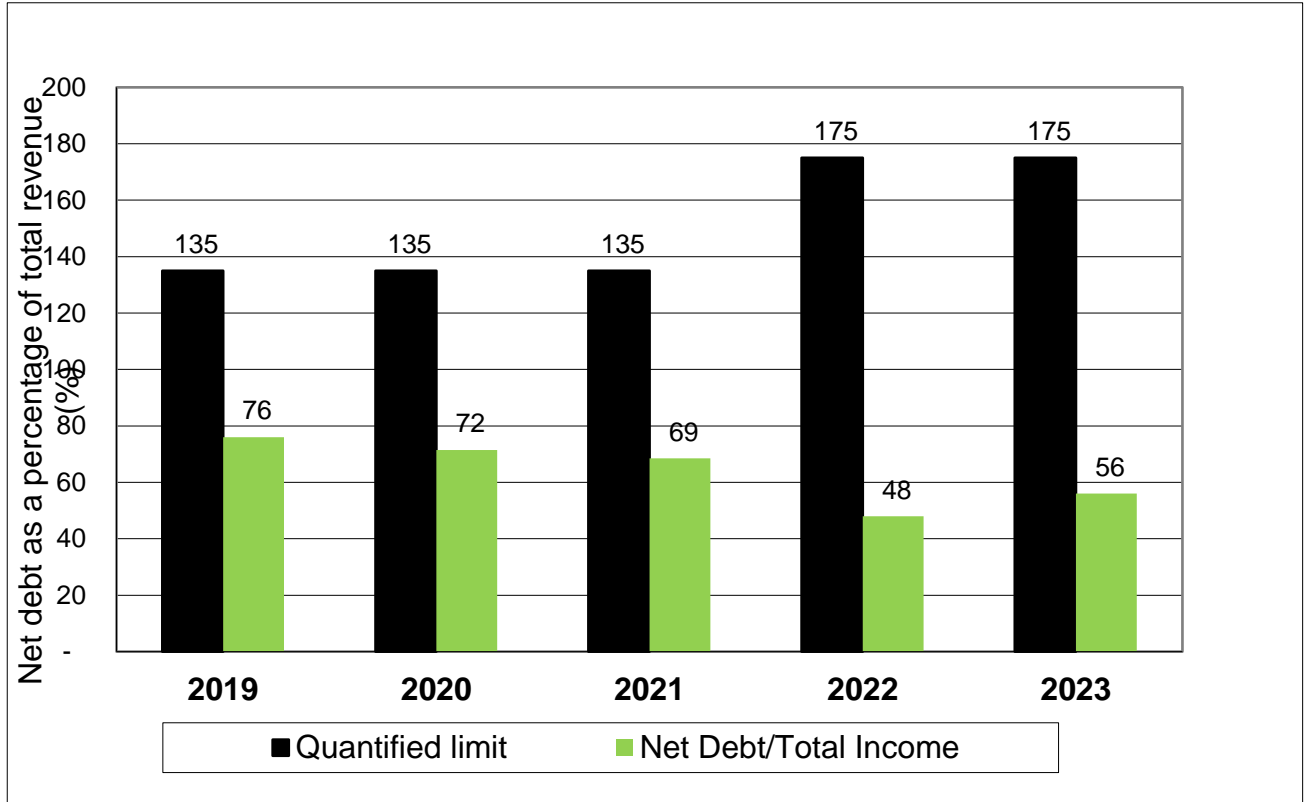
Total actual debt per rateable property

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).



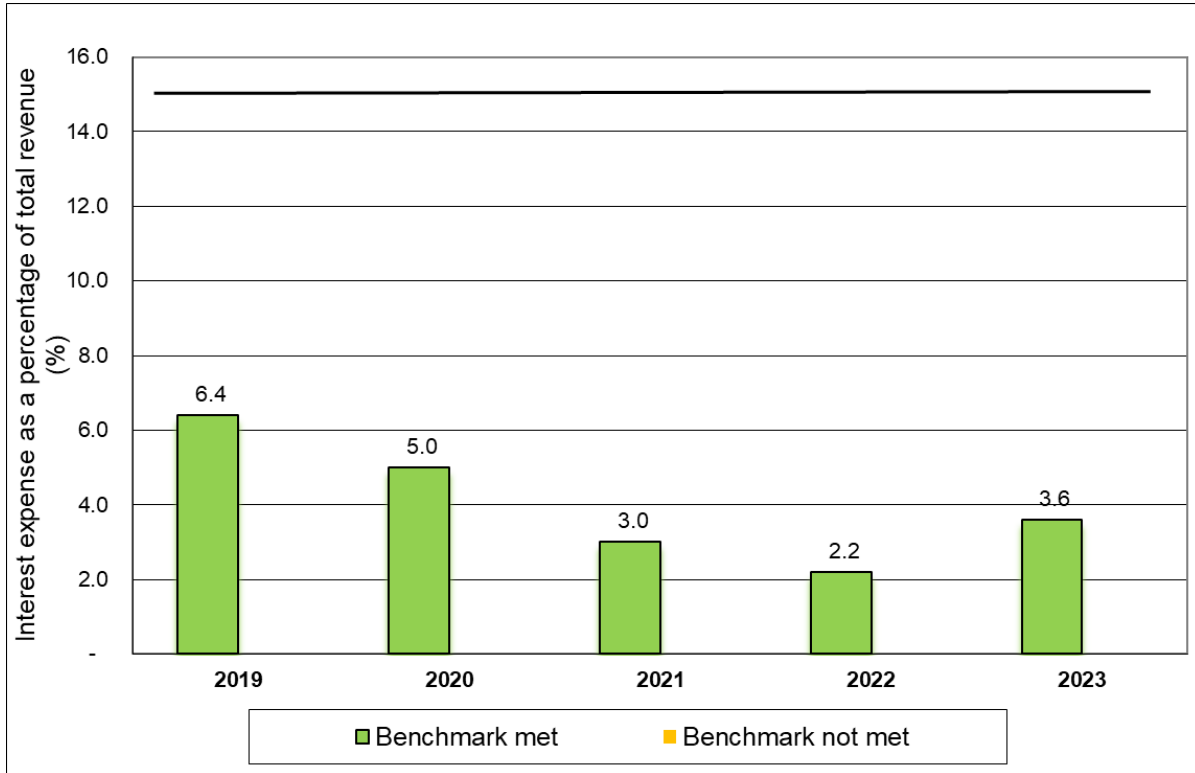
Total net debt as a percentage of total revenue

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

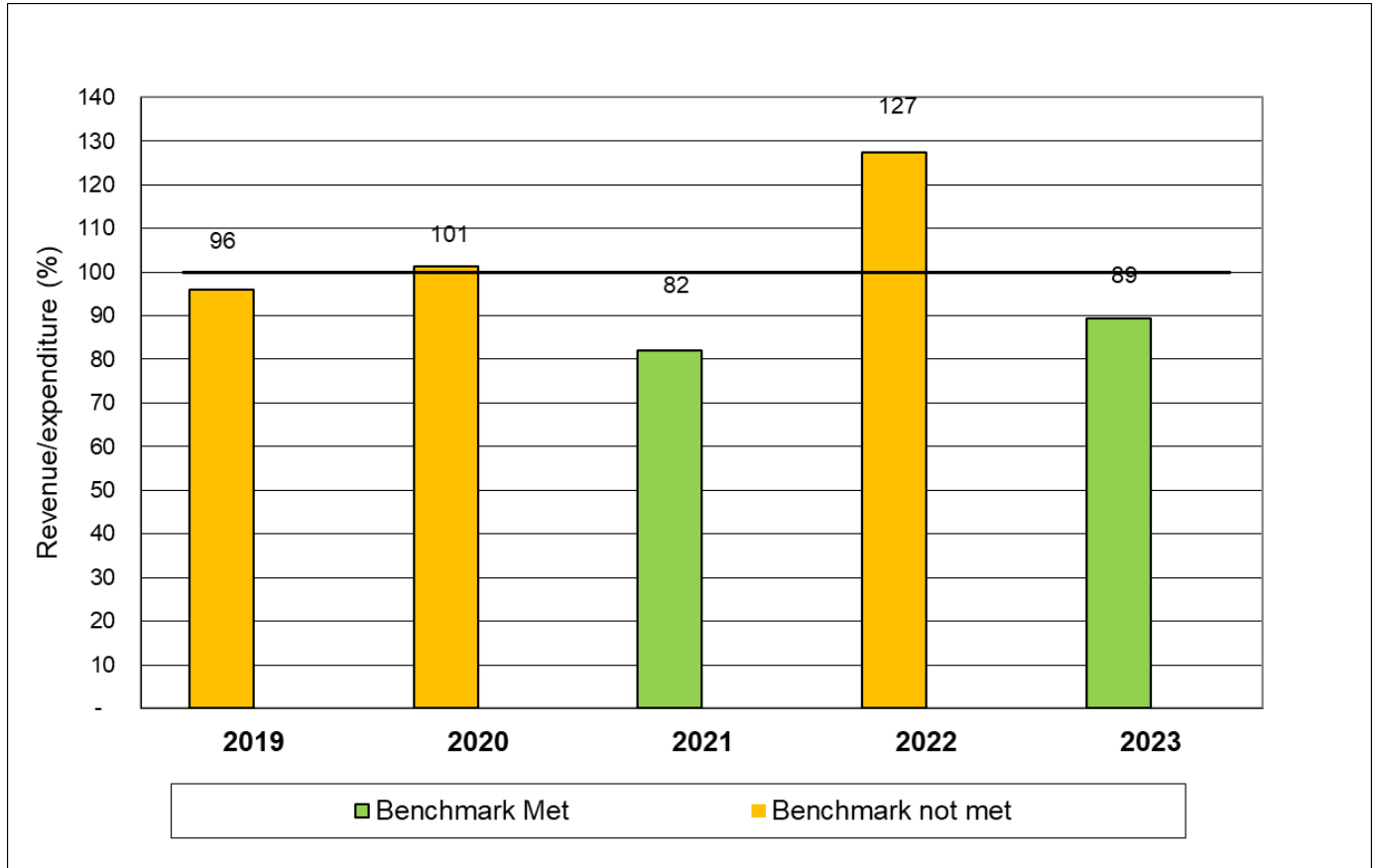
The following graph displays total actual interest expense as a percentage of total revenue. Council's benchmark is for total interest expenses to remain less than 15% of total revenue.



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.

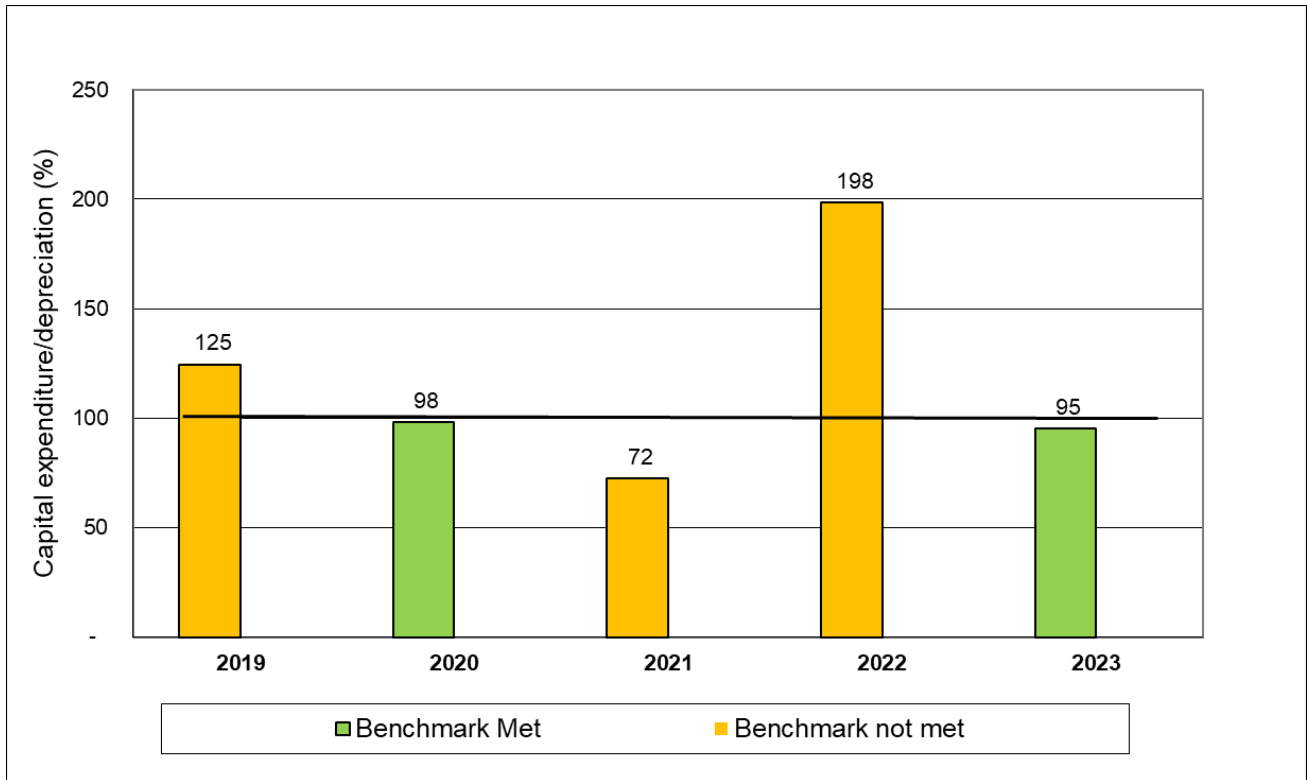
The 2021 year includes a one-off expenditure item of \$6.72 million for the transfer of the Grey Flood wall asset to the West Coast Regional Council. If this had not occurred, the 2021 measure would have been 98.40%.



4. Essential services benchmark

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

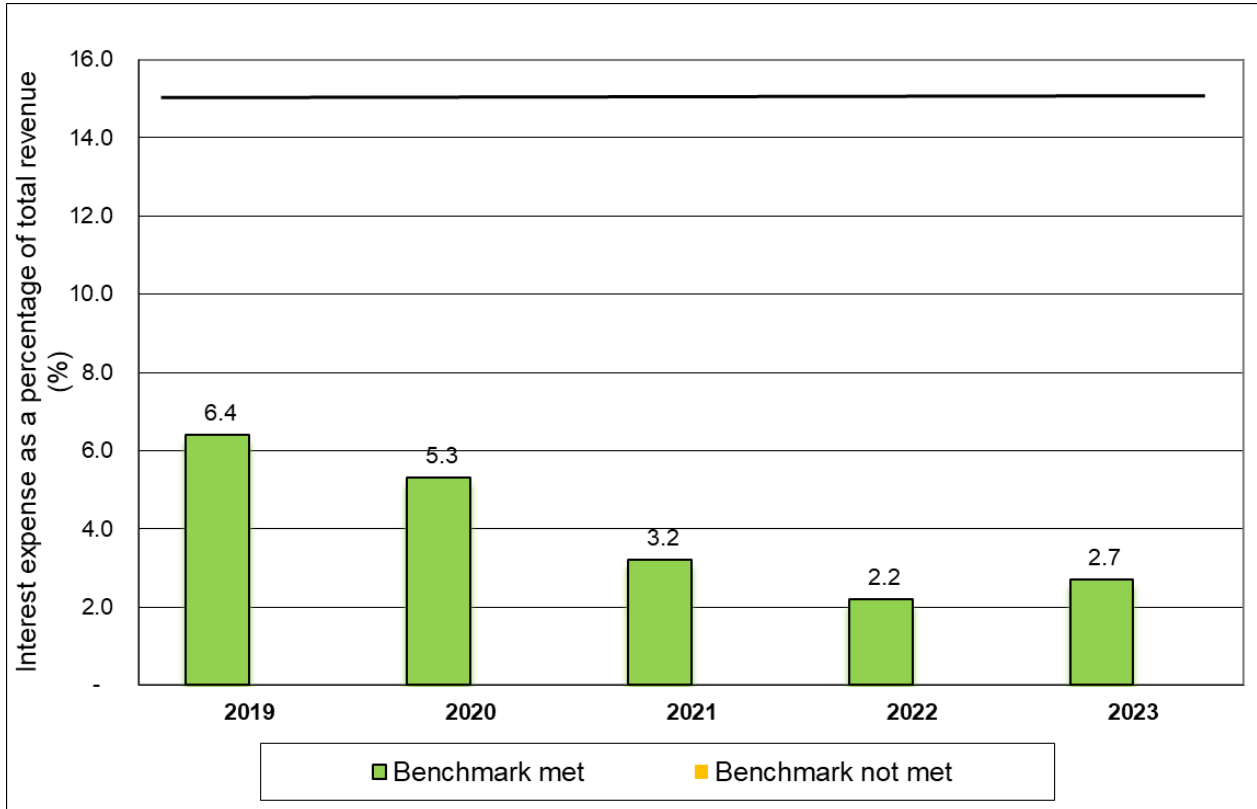
Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



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).

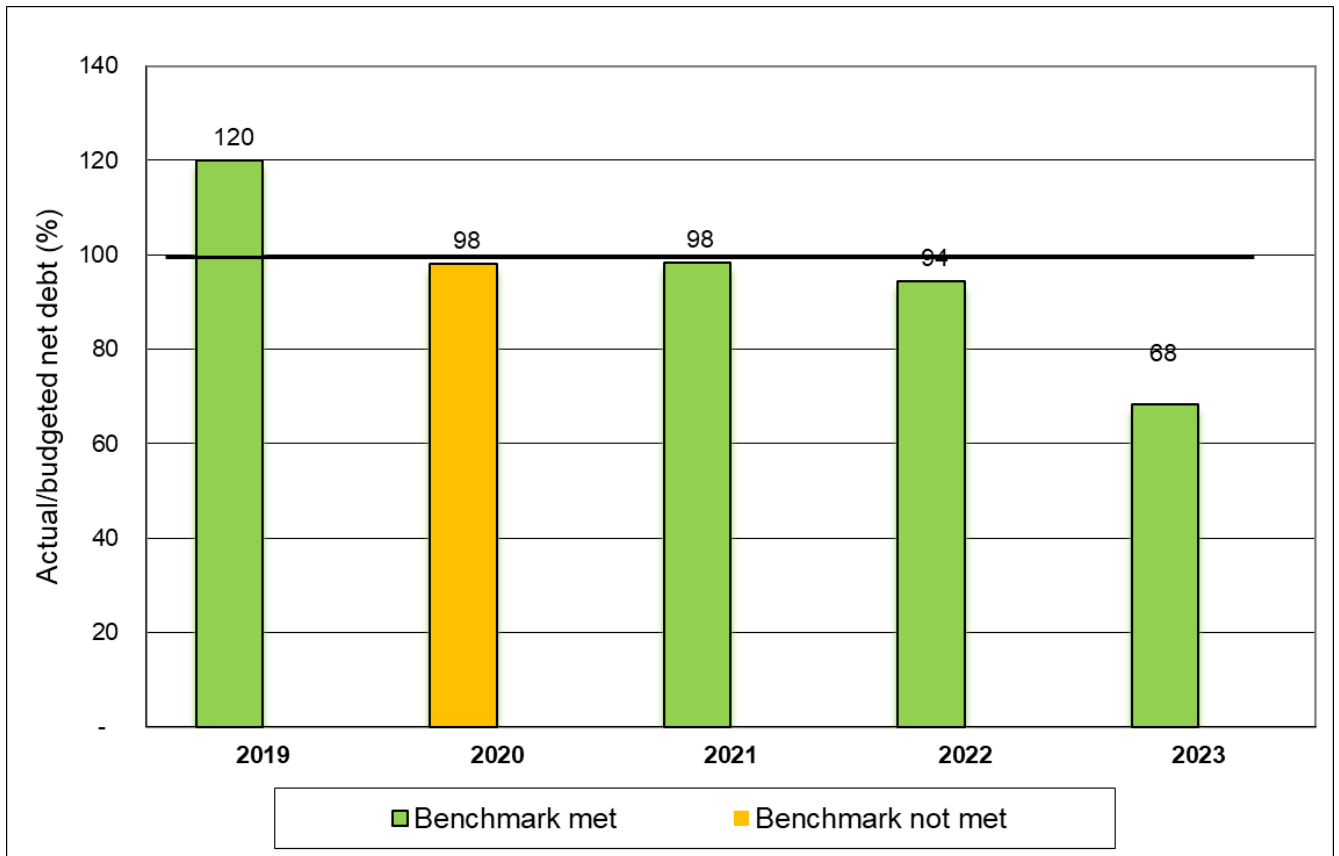
Because Statistics New Zealand projects the council’s population will grow no faster than the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue.



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).

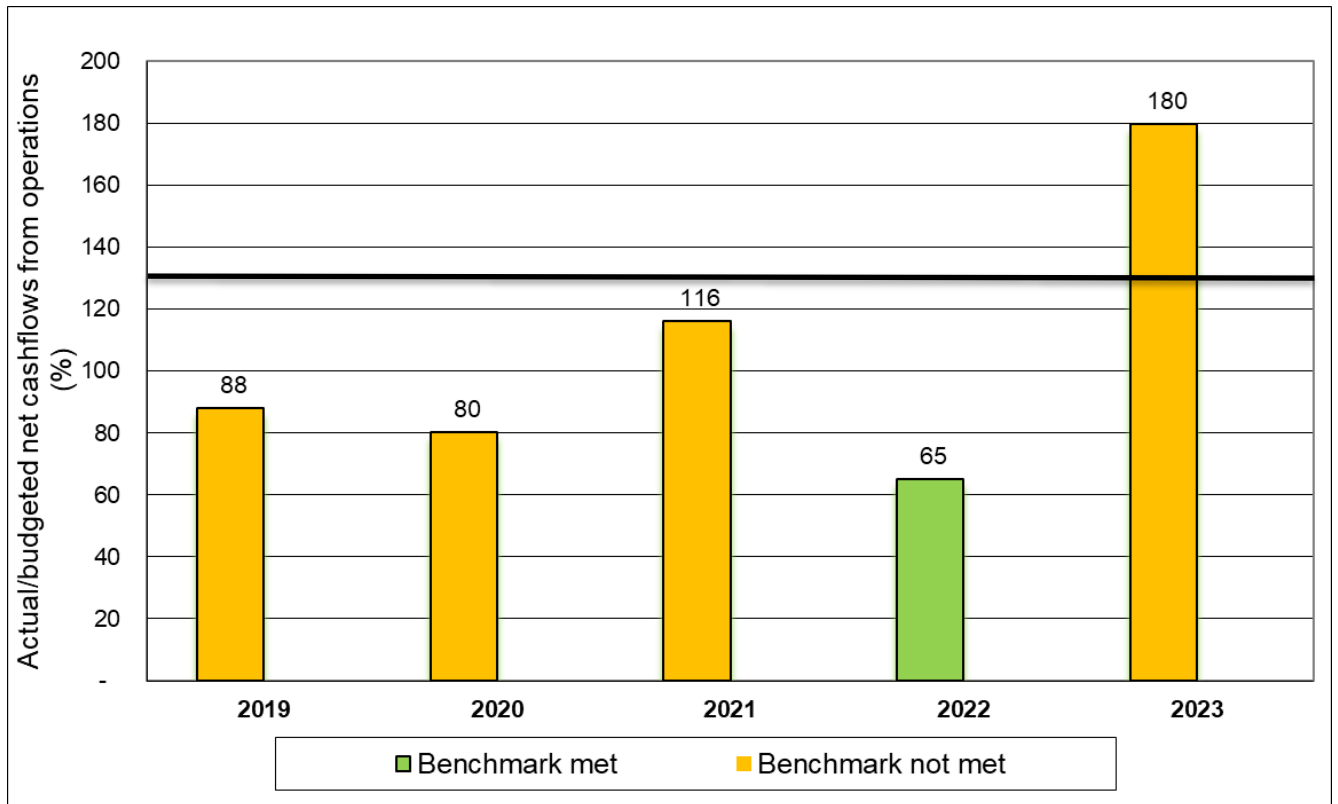
Council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



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 2023

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 31 October 2023. This is the date on which we give our report.

Opinion on the audited information

In our opinion:

- the financial statements on pages 80 to 143
 - present fairly, in all material respects:
 - the District Council's financial position as at 30 June 2023;
 - 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 144, 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 11 to 75
 - presents fairly, in all material respects, the District Council's levels of service for each group of activities for the year ended 30 June 2023, 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



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- complies with generally accepted accounting practice in New Zealand; and
- the statement about capital expenditure for each group of activities on pages 18 to 77 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 18 to 77 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 145 to 153, 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 - uncertainty over the water services reform programme

Without modifying our opinion, we draw attention to Note 34 on page 135, which outlines developments in the Government's water services reform programme.

The Water Services Entities Act 2022, as amended by the Water Services Entities Amendment Act 2023 on 23 August 2023 and the Water Services Legislation Act 2023 on 31 August 2023, establishes ten publicly owned water services entities to carry out responsibilities for the delivery of three water services and related assets and liabilities currently controlled by local authorities. Water services entities' establishment dates are staggered, with all the water services entities becoming operational between 1 July 2024 and 1 July 2026. The financial impact of the water services reform on the District Council as outlined in note 34 remains uncertain until the relevant water services entity's establishment date is known, and the allocation schedule of assets, liabilities, and other matters to be transferred is approved.

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.



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- 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 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 1 to 10, 78 to 79 and 154, 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
31 October 2023