

GO
DISTRICT COUNCIL
RE

ANNUAL REPORT

FOR THE YEAR ENDING 30 JUNE 2016



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GORE DISTRICT COUNCIL DIRECTORY

Mayor

Tracy Hicks JP

Councillors

Ralph Beale

Cliff Bolger

Nicky Davis

Steven Dixon

Anne Gover

Peter Grant

Bret Highsted

Graham Page

Graham Sharp

Diane Byars

Doug Grant

The Mayor and Councillors were elected for a three year term from October 2013.

Executive Staff

Chief Executive

Stephen Parry

General Manager District Assets

Paul Withers

Bankers

Westpac Limited, Mersey Street, Gore

Auditors

B E Tomkins of Deloitte on behalf of the Auditor General

Solicitors

Bannermans, Fairfield Street, Gore

Postal Address

Gore District Council, PO Box 8, Gore 9740

Locations

29 Bowler Avenue, Gore

1 Bridge Street, Mataura

LIABILITY MANAGEMENT POLICY

Background

Section 104 of the Local Government Act 2002 requires each local authority to have a Liability Management Policy that includes policies for:

- Interest rate exposure
- Liquidity
- Credit exposure
- Debt repayment
- Specific borrowing limits
- Giving of securities

Full details of this policy can be found in the 2015 – 2025 Long Term Plan.

Performance

There were no material variations or departures from the Council's Borrowing Policy during the year to 30 June 2016.

Details of the Council's debt are disclosed in note 12 of the Financial Statements. Further information in relation to interest rate risk and fair values of the Council's debt are disclosed in note 24 of the Financial Statements.

During the year the Council amended its Liability Management Policy in order to be able to borrow from the New Zealand Local Government Funding Agency.

Borrowing Limits

	Actual 30 June 2016	Target
Debt per rating unit	\$1986	\$4150

INVESTMENT POLICY

Background

The Council manages funds for the following purposes:

- Day to day working capital management
- Part of an investment strategy
- Debt mitigation
- To meet debt repayments
- To fund short term and long term commitments identified in the Council's Annual Plan and Long Term Plan.

Full details of this policy can be found in the Long Term Plan.

Performance

There were no material variations or departures from the Council's Investment Policy during the year to 30 June 2016.

During the year the Council amended its Investment Policy to allow it to become a non-guarantor member of the New Zealand Local Government Funding Agency.

STATEMENT OF COMPLIANCE AND RESPONSIBILITY

Compliance

The Council and management of the Gore District Council confirm that all the statutory requirements of Section 98 of the Local Government Act 2002 regarding financial management and borrowing have been complied with.

Responsibility

The Council and management of the Gore District Council are responsible for the preparation of the annual financial statements and for the judgements used in them.

The Council and management of the Gore District Council are responsible for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of the financial reporting.

In the opinion of the Council and management of the Gore District Council, the annual financial statements for the year ending 30 June 2016 fairly reflect the financial position and operations of the Gore District Council.



Tracy Hicks JP
MAYOR

6 October 2016

Date



Stephen Parry
CHIEF EXECUTIVE

6 October 2016

Date

MAYORAL AND EXECUTIVE FOREWORD

We are pleased to be able to provide a brief commentary on some of the more notable achievements and progress with key projects that occurred during the 2015/16 financial year. A full commentary and disclosure of the Council's financial and non-financial performance in the year under review can be found in the following pages. Some of the key milestones and issues that occurred during the year, which we would like to draw readers' attention to, are:

Financial Performance

The financial statements record an accounting deficit of \$820,000, which compares unfavourably to the forecasted deficit of \$203,000. It needs to be emphasised that the deficit is due to accounting treatment as opposed to a cash shortfall.

The prime contributor to this accounting deficit has been the diminution of value in respect of financial swaps or derivatives that the Council possesses. The incredibly low interest rate environment that exists at present, which is at levels not seen in several decades at least, has meant the value of the swaps the Council has entered into to stabilise its debt servicing costs has eroded in value.

This deficit is a result of an accounting treatment as distinct from a cash loss. If the diminution in value in swaps was not included in the final result the deficit would have been \$242,000, or being \$39,000 over that forecast. This represents 0.20% of operating revenue.

Water Supply

The long running saga of providing permanent land use controls for land surrounding Cooper's Wells, at Knapdale, was finally concluded in the year under review. Following the area of land around the wells being designated, which provides for a number of conditions designed to assist in protecting quality of water supply, negotiations were conducted with the effected land owner, the Sharp Trust.

Given the wide disparity in the respected views of the Trust and the Council, in terms of the quantum of compensation that should be paid to take account of the designation on the land concerned, the parties agreed to proceed to arbitration for a binding determination on the issues in contention. The arbitrator's decision was delivered in December 2015 and made provision for compensation in the sum of \$512,000 to be paid to the Sharp Trust. After execution of the necessary documentation, including easements and leases, which underpin the arbitrator's determination on compensation payable, settlement with the Sharp Trust occurred on 2 September 2016. This date, whilst outside the financial year under review, is included in this commentary due to the fact it brings to an end this protracted yet very important strategic initiative by the Council.

Just prior to the Council adopting this financial report the township of Havelock North in the Hastings district was afflicted with bacteria thriving in its water supply and causing many in that community to fall very ill. The subsequent extensive publicity and heightened awareness of the need for territorial authorities to be vigilant in addressing and reducing risks to compromised water quality, has in our view, vindicated the Council's stance in opting to designate the land surrounding Coopers Wells.

Wastewater

During the year a contract was let for the desludging of the Gore Oxidation ponds. The ponds have not been the subject of any desludging since they were constructed back in the 1970s. This project is one of several which the Council is embarking on to improve the capacity of its wastewater system.

The other major project the Council is very anxious to advance is the upgrade of the Ajax pump station and associated reticulation. This project has been in limbo for over two years due to negotiations with a land owner to secure an easement for a wastewater pipe, proving very difficult. As reported in last year's annual report, the Council was forced to evoke the compulsory acquisition provisions of the Public Works Act 1981 to advance this matter.

Ultimately the Council's actions were the subject of an appeal to the Environment Court which in turn directed that the parties undertake mediation on the need for an easement, its proposed route and compensation payable. It is pleasing to report this mediation which took place in February 2016, did result in agreement being reached with an alternative route for the wastewater pipe being negotiated together with compensation payable. This agreement has now cleared the way for the long awaited Ajax pump station upgrade to be implemented in earnest. It is sincerely hoped we will be able to report on progress with this important project in the next Annual Report.

Economic Development

The latter half of the year under review was notable for the rapid development and planning of a new infant formula plant by Mataura Valley Milk Limited. A large milk processing plant of some description has been in various stages of planning by MVM since 2008. However, in recent months the project, with a fresh impetus received from new personnel, has gained considerable momentum. The Council has been at the vanguard of negotiations with the company for the provision of water and wastewater treatment and disposal services, to enable this significant economic opportunity to be realised for the District.

At the time of writing it was very satisfying to be able to report that MVM had reached broad agreement with the Council on water and wastewater issues, and had received Overseas Investment Office approval for the proposed foreign investment and ownership to enable the new plant to be established. With a capital investment of approximately \$200 million and the creation of 80 new permanent jobs, this project can be expected to reverberate in a positive economic manner, for some years to come.

As a backdrop to the economic splash being created by MVM, the Council has also taken the opportunity to consider its role in economic development within the District. The first step in this process was to consider a range of options on how the Council can potentially be more hands-on and active as opposed to a passive bystander in respect of economic development. Further clarity around the Council's role in economic development, and what areas it may wish to try and have a more direct influence on producing favourable outcomes for the community, can be expected to become less amorphous after the forthcoming local authority elections.



Tracy Hicks JP
MAYOR



Stephen Parry
CHIEF EXECUTIVE

AUDIT REPORT



TO THE READERS OF GORE DISTRICT COUNCIL'S ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2016

The Auditor-General is the auditor of Gore District Council (the District Council).
The Auditor-General has appointed me, B E Tomkins, using the staff and resources of Deloitte, on her behalf, to:

- audit the information included in the District Council's annual report that we are required to audit under the Local Government Act 2002 (the audited information);.
- report on whether the District Council's has complied with the requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report and the Local Government (Financial Reporting and Prudence) Regulations 2014.

Opinion on the Audited Information

In our opinion:

- the financial statements on pages 22 to 61:
- present fairly, in all material respects:
- the District Council's financial position as at 30 June 2016;
- 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 and have been prepared in accordance with Public Benefit Entity Reporting Standards;
- the funding impact statement on page 69, 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 Statement of Service Performance on pages 72 to 115:
- presents fairly, in all material respects, the District Council's levels of service for

each group of activities for the year ended 30 June 2016, 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
- complies with generally accepted accounting practice in New Zealand;
- the statement about capital expenditure for each group of activities on pages 72 to 115, 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;
- the funding impact statement for each group of activities on pages 72 to 115, 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.

Compliance with Requirements

The District Council has:

- complied with the requirements of schedule 10 of the Local Government Act 2002 that apply to the annual report; and
- made the disclosures on pages 13 to 20 which are required by the Local Government (Financial Reporting and Prudence) Regulations 2014 which represent a complete list of required disclosures and accurately reflects the information drawn from the District Council's audited information.

Our audit was completed on 6 October 2016. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Council and our responsibilities, and we explain our independence.

Basis of Opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the information we audited is free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the audited information. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the information we audited. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the information we audited, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the District Council's preparation of the information we audited in order to design 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.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Council;
- the adequacy of the disclosures in the information we audited;
- determining the appropriateness of the reported Statement of Service Performance within the District Council's framework for reporting performance; and
- the overall presentation of the information we audited.

We did not examine every transaction, nor do we guarantee complete accuracy of the information we audited.

When reporting on whether the District Council complied with the requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report, we limited our procedures to making sure the annual report included the required information and identifying material inconsistencies, if any, with the information we audited. We carried out this work in accordance with International Standard on Auditing (New Zealand) 720; The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements.

We did not evaluate the security and controls over the electronic publication of the information we are required to audit and report on. We believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Council

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 ensure that the annual report is free from material misstatement, whether due to fraud or error. The Council is also responsible for the publication of the annual report, whether in printed or electronic form.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the annual report in accordance with the reporting requirements of the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014. Our responsibility arises from the Public Audit Act 2001.

Independence

When carrying out our audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board. Other than this audit, we have no relationship with or interests in the District Council.

A handwritten signature in blue ink that reads "B E Tomkins" followed by the "Deloitte" logo, also in blue ink.

B E Tomkins

DELOITTE

On behalf of the Auditor-General

ANNUAL REPORT

DISCLOSURE STATEMENT FOR

YEAR ENDING 30 JUNE 2016

What is the purpose of this statement?

The purpose of this statement is to disclose the Council's financial performance in relation to various benchmarks to enable the assessment of whether the Council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings. The council is required to include this statement in its annual report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

Rates affordability benchmark

The Council meets the rates affordability benchmark if -

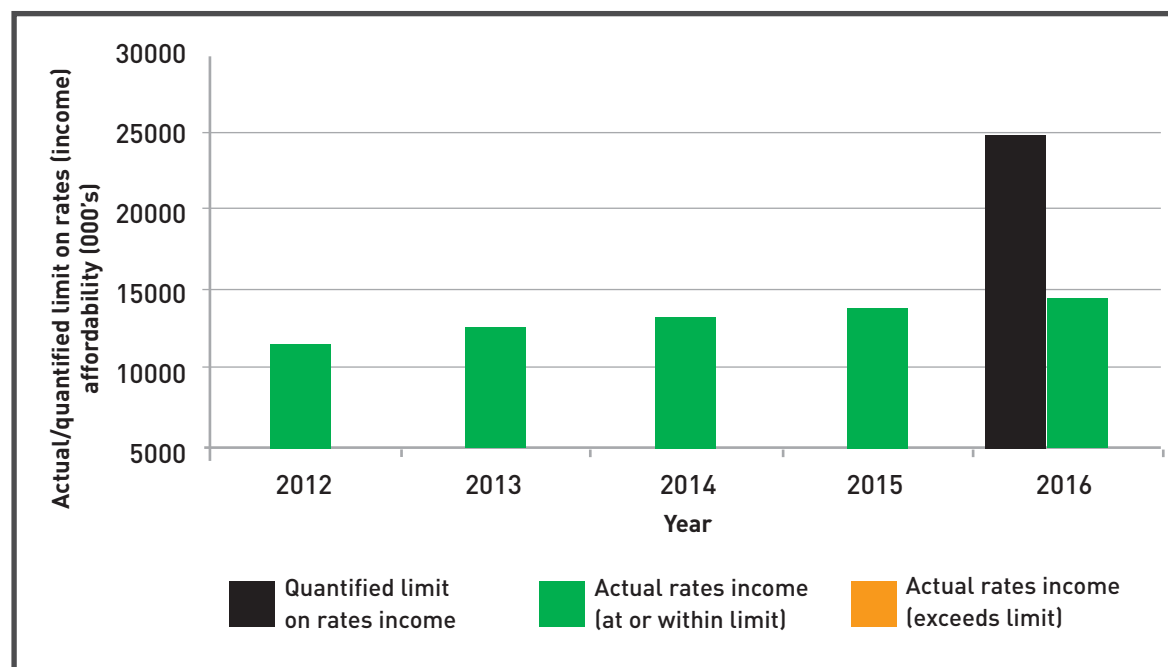
- its actual rates income equals or is less than each quantified limit on rates; and
- its actual rates increases equal or are less than each quantified limit on rates increases.

Rates (income) affordability

The following graph compares the Council's actual rates income with a quantified limit on rates contained in the financial strategy included in the Council's Long Term Plan.

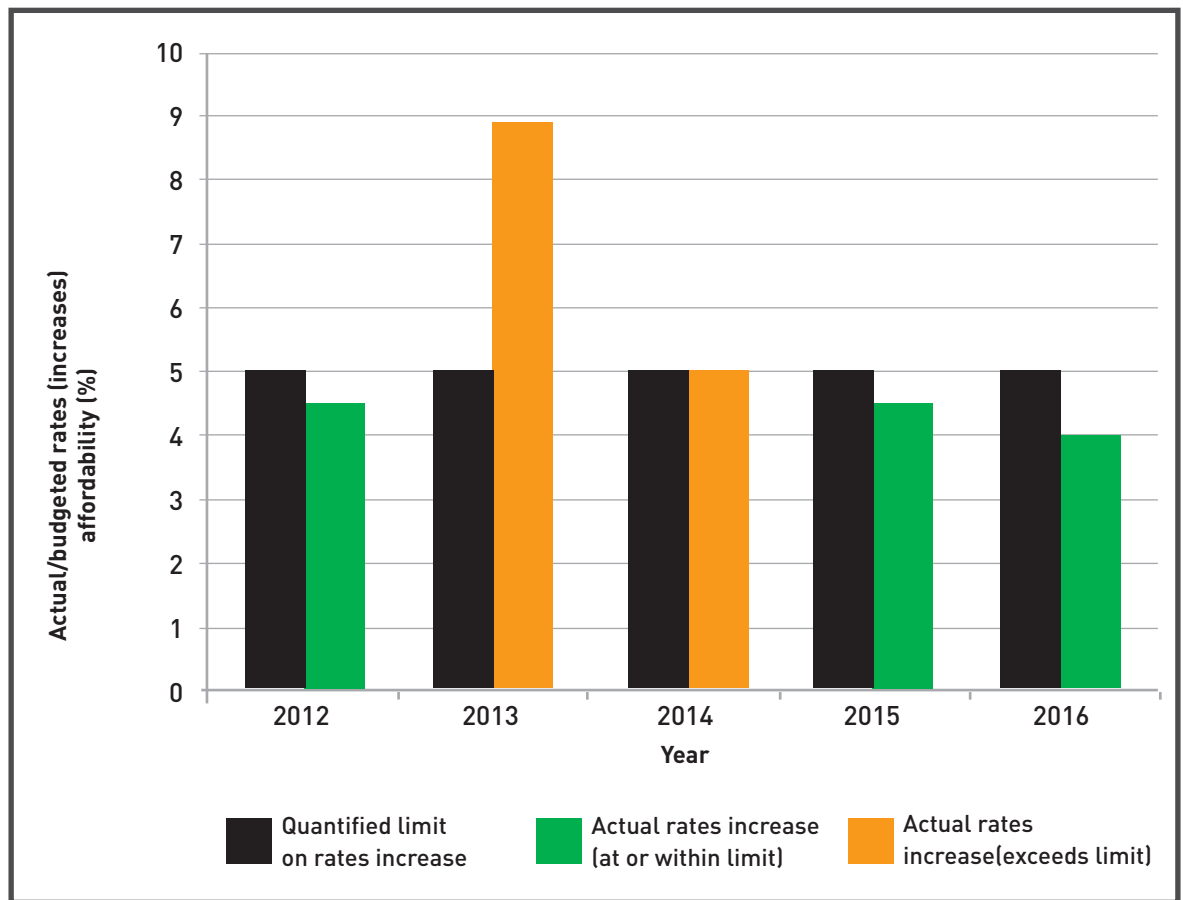
Comment

The Council did not set a quantified limit on rates during the 2012-2022 Long Term Plan which covered the years 2012 – 2015. The Council has set a limit of \$25million for this benchmark as part of the 2015-2025 Long Term Plan and has met this benchmark in the 2016 year.



Rates (increases) affordability

The following graph compares the Council's actual rates increases with a quantified limit on rates increases, included in the financial strategy in the Council's 2015-2025 Long Term Plan. The quantified limit is 5%.



Comment

In 2016 the Council achieved this benchmark.

Regarding the breach in 2014, the district-wide rates increase in this year was 4.78%. However, actual rates revenue collected can vary slightly from the budget due to changes in the rating base between when the draft Annual Plan is approved in March and when the rates are struck in July. The other factor is the number of remissions the Council applies each year. In the 2014 year fewer remissions were granted than in the prior year, which means the total actual rates revenue was slightly higher than planned rates revenue.

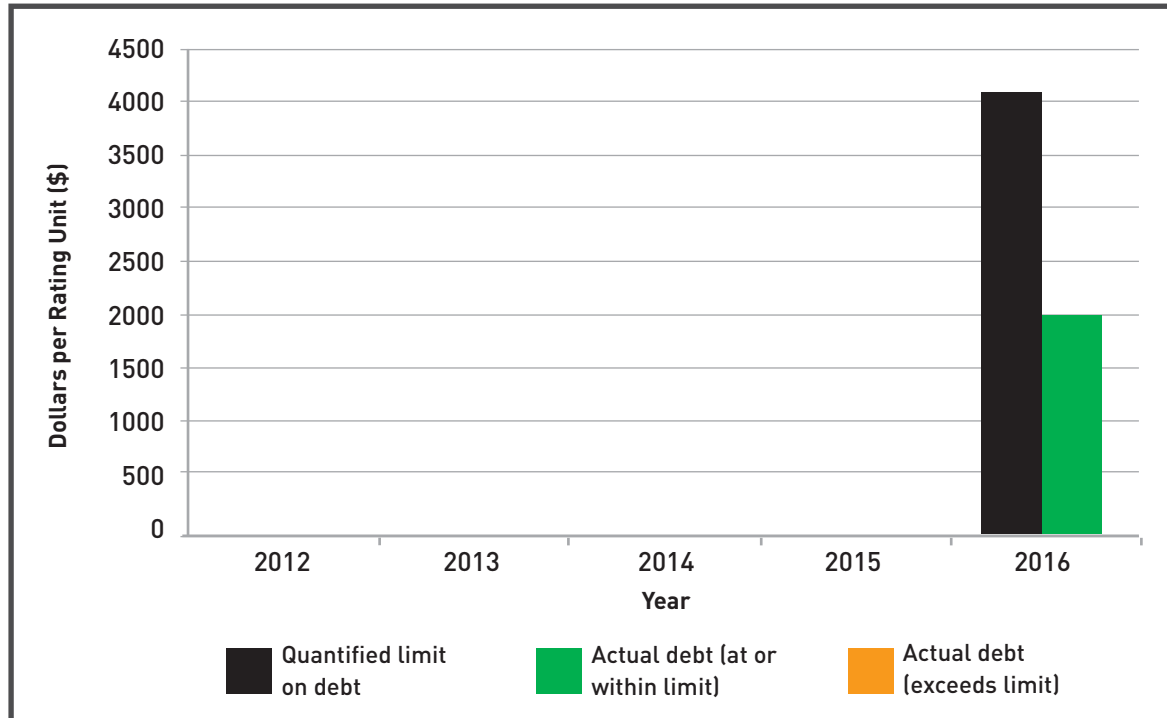
The breach of the rates increase limit in 2013 was due to the introduction of kerbside recycling on 1 July 2012, as set out in year one of the Long Term Plan.

Debt affordability benchmark

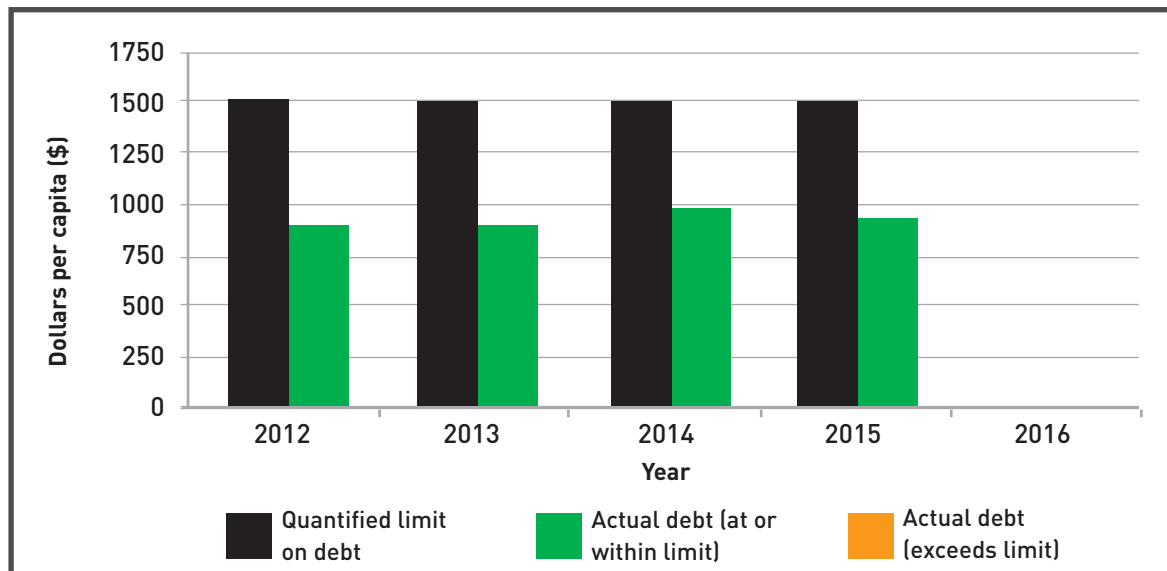
The Council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing.

The following graph compares the Council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the Council's Long Term Plan. The quantified limit is \$4,150 per rating unit.

LTP 2015-2025 target



LTP 2012-2022 target



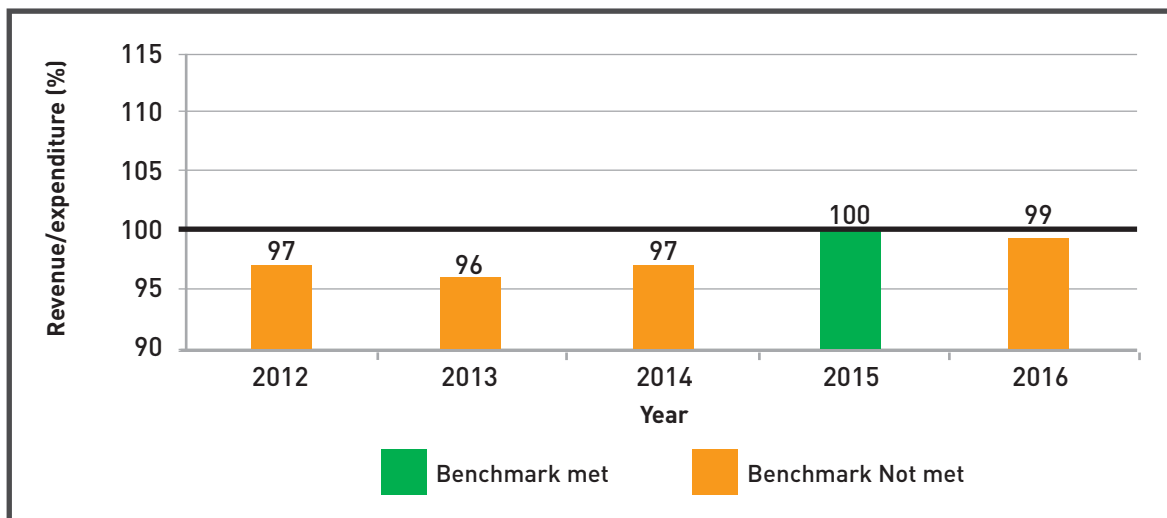
Comment

This Council's quantified limit on borrowing changed from a per capita measure to per rating unit. The Long Term Plan 2015-2025 set the limit at \$4,150 of debt per rating unit. The previous measure in the 2012-2022 Long Term Plan was \$1,500 per capita. Because this measure has changed a graph showing the actual results against the previous measure is also included. The Council has met this measure in all five years and debt continues to remain well inside its quantified limit on borrowing.

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).

The Council meets this benchmark if its revenue equals or is greater than its operating expenses.



Comment

The Council's financial strategy in the Long Term Plan 2015-2025 outlines its plan to return to balanced budgets by the 2018 financial year. Presently the Council funds the interest costs for its 3 Waters assets from the revenue collected for depreciation. This results in unbalanced budgets but has reduced the burden on rates. The financial strategy works toward a step change in 2019 where interest costs will be funded directly by rates. This will free up rates collected for depreciation to be applied to the intensified capital work programme forecast in the Long Term Plan 2015-2025. Comments on the results for each year are as follows:

2012 financial year

- A low number of building consents saw a drop in revenue against expected budgets.
- The demand for swimming lessons continued to increase, meaning more instructors were required at the pool.
- Refurbishment of the Pleura Dam cost more than was anticipated.
- Comprehensive modelling was undertaken of our 3Waters network to better identify the network's capacity. This was unbudgeted.
- Depreciation was higher than budgeted for.

2013 financial year

- Interest revenue was less than budgeted for due to lower interest rates.
- Funding from the New Zealand Transport Agency was less than budgeted for.
- Revenue from regulatory services was lower than budgeted for.

2014 financial year - the Council budgeted for a deficit in the 2014 year due to the mix of different funding sources for various activities.

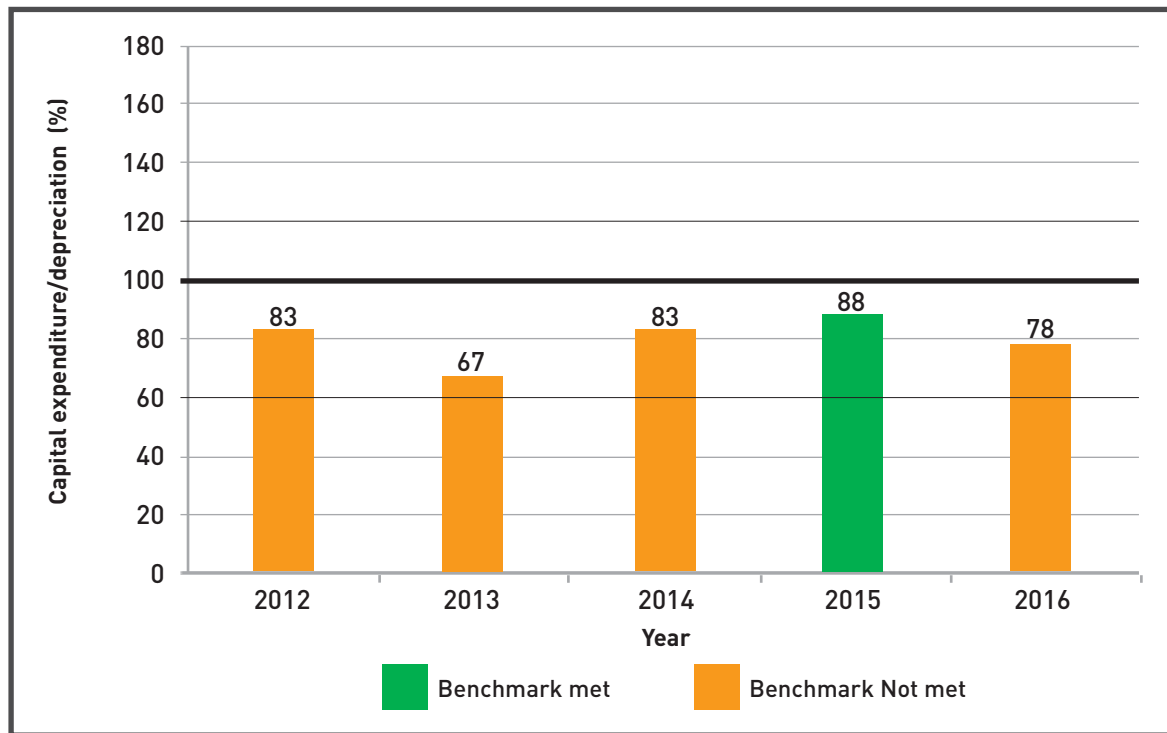
2015 financial year - the Council met the benchmark in the 2015 year.

2016 financial year - the Council budgeted for a deficit in the 2016 year due to the mix of different funding sources for various activities.

Essential services benchmark

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

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



Comment

The Council planned to meet this benchmark in the current year (target 115%). However, as in the prior year, the delay to the Ajax wastewater pump station upgrade continued while an easement across private property was secured. The easement was successfully negotiated during the current year. This project was to span the 2015 and 2016 financial years but will now be completed in the 2017 year. The contract for construction has been awarded and final design is presently being confirmed.

This graph suggests the Council is underinvesting in its core assets, but the timing and scope of various projects means this graph is unlikely to show a perfect picture. From 2012 to 2014 the Council undertook investigations concerning the areas of our network that need the most attention and what the best solutions were. Following on from these investigations, the Council planned to meet this benchmark in the 2015 annual plan year and in 6 out of the 10 years in the 2015-2025 Long Term Plan. It needs to be borne in mind that a delay in single large project can and has significantly affected the result in a particular year.

The historical results and planned targets are detailed below:

Previous Results

Financial year	2012	2013	2014	2015	2016
Benchmark %	109	83	67	83	88

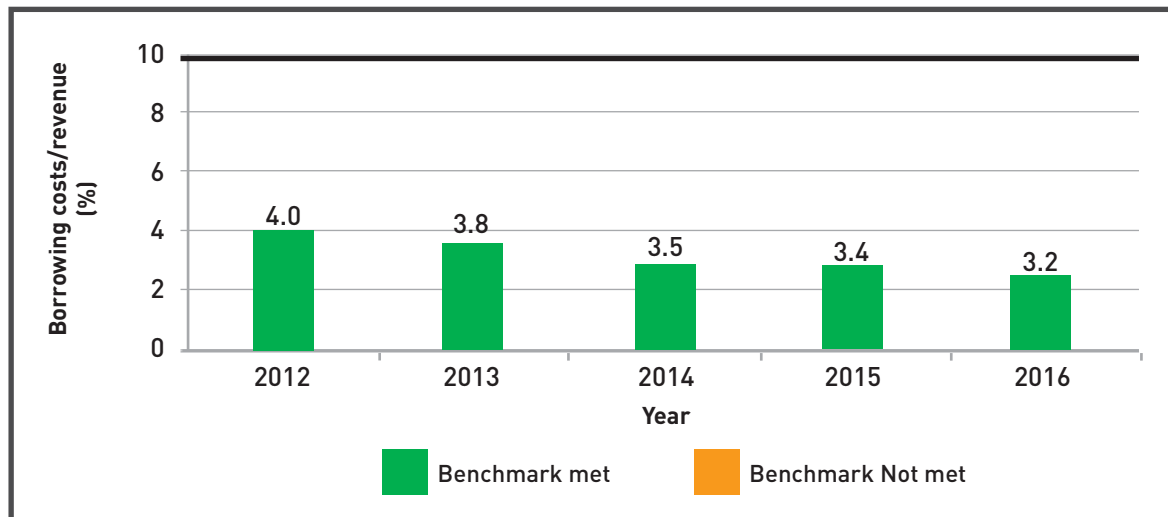
Planned Targets

Financial year	2017 Ann. Plan	2018 LTP	2019 LTP	2020 LTP	2021 LTP	2022 LTP	2023 LTP	2024 LTP	2025 LTP
Benchmark %	180	139	123	126	120	86	95	86	92

Debt servicing benchmark

The following graph displays the 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 slower 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.



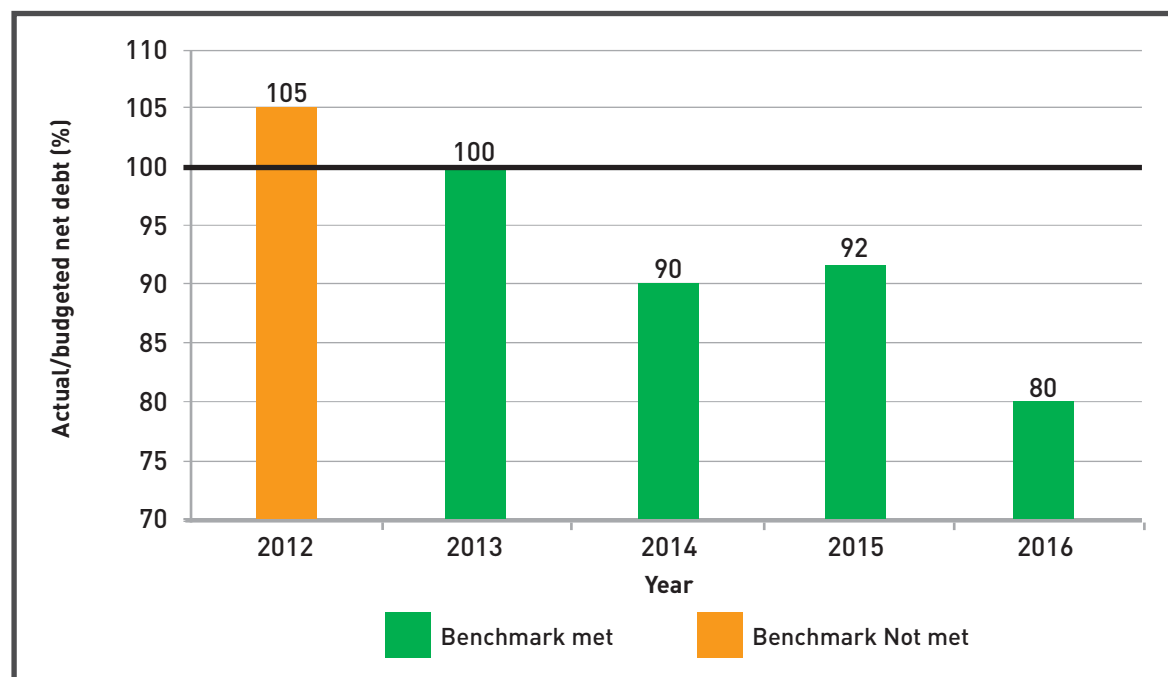
Comment

The Council's debt servicing (interest cost) remains low due to relatively low levels of debt. The decreasing trend is due to the lowering of interest rates. During the year the Council became a non-guarantor member of the New Zealand Local Government Funding Agency. The Council refinanced with the New Zealand Local Government Funding Agency and has access to much cheaper borrowing rates than it has previously.

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).

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



Comment

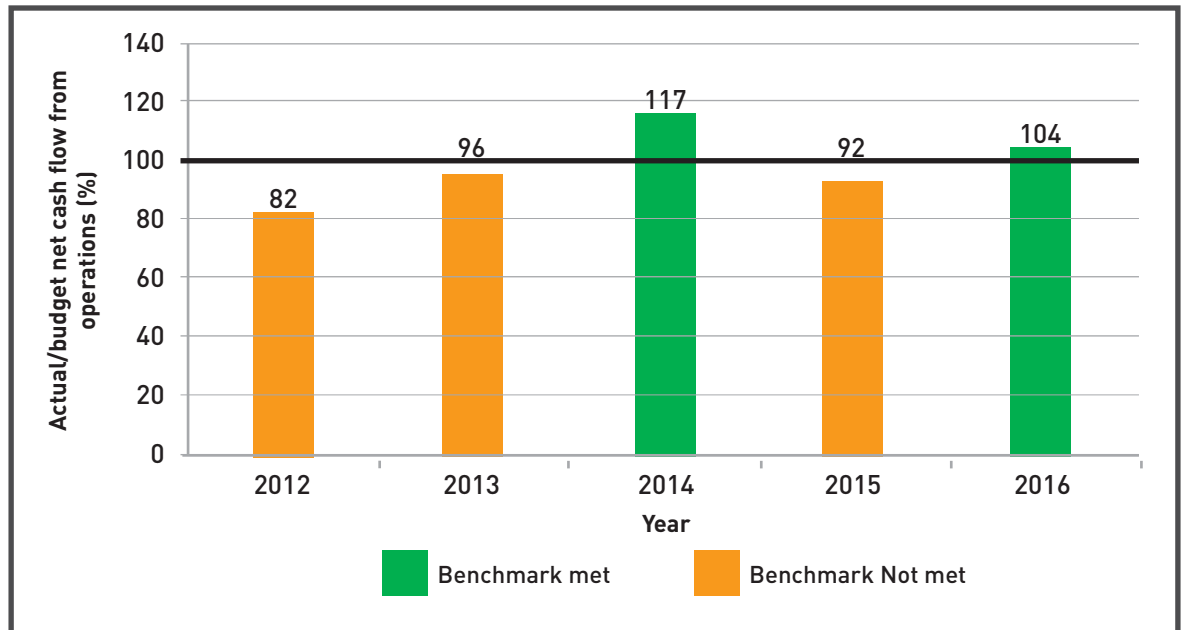
The delay in construction of the Ajax wastewater pump station for a second year running meant the total amount borrowed during the year was less than the planned borrowings for the year.

The breach in 2012 occurred during the Global Financial Crisis. The value of the Council's interest rate swaps fell substantially because as the floating interest rate fell the higher fixed rates were more unfavourable. This resulted in an unplanned financial liability; in the 2013 and 2014 financial years the Council was able to include this liability in the budget.

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.

The 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.



Comment

As set out in the commentary for the balanced budget benchmark, while the Council strives to keep rates affordable and debt low there is not much scope in the budget for expenditure arising outside of the normal course of business.

The Council met this benchmark in the current year.

Reasons for the benchmarks not being met in prior years are outlined as follows:

2015 financial year

- A higher receivables balance for the New Zealand Transport Agency in the current year. This debtor paid after 30 June 2015. The receivable was higher in the 2015 year due to the timing of roading maintenance and capital work.

2013 financial year

- Interest revenue was less than budgeted for due to lower interest rates.
- Funding from the New Zealand Transport Agency was less than budgeted for.
- Revenue from regulatory services was lower than budgeted for.

2012 financial year

- A low number of building consents saw a drop in revenue against expected budgets.
- The demand for swimming lessons continued to increase, as a result more instructors were required at the pool.
- Refurbishment of the Pleura Dam cost more than was anticipated.
- Comprehensive modelling was undertaken of our 3Waters network to better identify the network's capacity. This was unbudgeted.

Other disclosures

ADDITIONAL INFORMATION CONCERNING CORE ASSETS

	Closing Book Value 30 June 2016 \$,000	Additions constructed by Council \$,000	Additions transferred to Council \$,000	Estimated replacement cost \$,000
Water supply Treatment plants and facilities	2,944	17	-	9,311
Water supply Other assets (such as reticulation systems)	9,605	158	-	25,831
Wastewater Treatment plants and facilities	4,614	43	-	8,331
Wastewater Other assets (such as reticulation systems)	10,910	13	-	32,551
Stormwater drainage	9,513	15	-	23,375
Roads & Footpaths	313,516	1,819	-	369,285

RATING BASE INFORMATION

	2016	2015
Total Capital Value	3,049,529,980	3,031,616,480
Total Land Value	1,853,775,300	1,850,313,800
Number of Rating Units	6,047	6,025

INSURANCE ON ASSETS

The cost of the Canterbury earthquakes has highlighted the importance of good risk management and the part insurance and/or risk financing plays when it comes to rebuilding public assets. In many instances, councils can provide services in the future only through the continuing use of their assets. Public entities have had to think carefully about how they are managing their risks, and how they are using the insurance and risk finance options available to them.

Water, Wastewater and Stormwater assets

These activities have a total asset value for insurance purposes of \$94,882,110 and a book value of \$37,585,000. The Council insures these assets through the Civic Assurance Local Authority Protection Programme (LAPP). The Council also has a self-insurance reserve of \$51,000.

Land, Buildings, Plant and Equipment

This activity has an asset value for insurance purposes of \$49,136,459 and a book value of \$28,757,000. The Council insures these assets through Allianz New Zealand Limited.

Vehicles and mobile plant and equipment

This activity has an asset value for insurance purposes of \$2,586,550 and a book value of \$2,496,000. The Council insures these assets through Vero Insurance New Zealand Limited.

FINANCIAL STATEMENTS

GORE DISTRICT COUNCIL STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

For the Financial Year Ended 30 June 2016

	Notes	2016 \$'000	Budget \$'000	2015 \$'000
REVENUE				
Rates	2 (a)	14,284	14,308	13,730
Subsidies and grants		2,341	2,266	2,883
Development and financial contributions		38	-	94
Other revenue	2 (a)	3,363	3,687	3,322
Other gains/ (losses)	2 (b)	(488)	-	(310)
Total revenue	2(h)	19,539	20,261	19,719
EXPENSES				
Employee benefits expense	2 (c)	(5,867)	(5,675)	(5,665)
Depreciation and amortisation expense	2 (d)	(4,813)	(4,966)	(4,952)
Finance costs	2 (e)	(625)	(787)	(666)
Other expenses	2 (f)	(9,054)	(9,036)	(8,807)
Total expenses	2(h)	(20,359)	(20,464)	(20,090)
Surplus/(Deficit)		(820)	(203)	(371)
OTHER COMPREHENSIVE REVENUE AND EXPENSE				
Gain / (loss) on property, plant and equipment revaluation	14(a)	13,949	21,587	-
Total other comprehensive revenue and expense		13,949	21,587	-
Total comprehensive revenue and expense		13,128	21,384	(371)

STATEMENT OF CHANGES IN NET ASSETS/EQUITY For the Financial Year Ended 30 June 2016

	2016 \$'000	Budget \$'000	2015 \$'000
Equity at beginning of year	363,356	363,568	363,727
Total Comprehensive (Deficit)/ Income for the year	13,128	21,385	(371)
Equity at end of year	376,484	384,953	363,356

The accompanying notes form part of these financial statements.

GORE DISTRICT COUNCIL

STATEMENT OF FINANCIAL POSITION

For the Financial Year Ended 30 June 2016

	Notes	2016 \$'000	Budget \$'000	2015 \$'000
CURRENT ASSETS				
Cash and cash equivalents	20(a)	3,123	1,844	1,947
Trade and other receivables	5	1,391	1,221	1,650
Inventories	6	131	78	140
Other financial assets	7	1,612	1,659	1,543
Other current assets	8	170	79	93
Total current assets		6,427	4,88	5,373
NON-CURRENT ASSETS				
Other financial assets	7	258	128	131
Property, plant and equipment	9	385,649	396,784	372,487
Total non-current assets		385,907	396,912	372,618
Total assets		392,334	401,793	377,991
CURRENT LIABILITIES				
Trade and other payables	10	2,110	1,633	1,720
Employee entitlements	11	494	740	567
Borrowings	12	6,000	-	-
Other financial liabilities	7	10	-	11
Total current liabilities		8,614	2,373	2,298
NON-CURRENT LIABILITIES				
Borrowings	12	6,000	14,202	11,664
Provisions	13	93	100	96
Other financial liabilities	7	1,143	165	577
Total non-current liabilities		7,236	14,467	12,337
Total liabilities		15,850	16,840	14,635
Net assets		376,484	384,953	363,356
EQUITY				
Reserves	14	247,092	253,601	232,054
Retained earnings	15	129,392	131,352	131,302
		376,484	384,953	363,356

The accompanying notes form part of these financial statements.

GORE DISTRICT COUNCIL

CASH FLOW STATEMENT

For the Financial Year Ended 30 June 2016

	Notes	2016 \$'000	Budget \$'000	2015 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers		20,156	20,143	19,480
Interest received		124	95	105
Payments to suppliers and employees		(14,708)	(14,646)	(14,517)
Finance costs		(601)	(787)	(667)
Net cash inflow/ (outflow) from operating activities	20(c)	4,972	4,805	4,402
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from maturity of other financial assets		-	-	-
Proceeds from sale of property, plant and equipment		210	-	97
Purchase of property, plant and equipment		(4,163)	(5,611)	(4,422)
Purchase of other financial assets		(179)	-	(35)
Net cash inflow/ (outflow) from investing activities		(4,132)	(5,611)	(4,360)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from borrowings		12,000	1,301	542
Repayment of borrowings		(11,664)	(442)	(441)
Net cash inflow / (outflow) from financing activities		336	859	101
Net increase (decrease) in Cash and cash equivalents		1,176	53	143
Cash and cash equivalents at the beginning of the financial year		1,947	1,791	1,804
Cash and cash equivalents at the end of the financial year	20(a)	3,123	1,844	1,947

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

GORE DISTRICT COUNCIL - FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

1 SUMMARY OF ACCOUNTING POLICIES

Reporting Entity

The Gore District Council ("the Council" or "GDC") is a territorial local authority governed by the Local Government Act 2002. The primary objective of the Council is to provide goods or services for the community or social benefit rather than making a financial return. Accordingly, the Council has designated itself as a public benefit entity for the purposes of Financial Reporting.

Basis of Preparation

The preparation of financial statements in conformity with NZ IPSAS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and in future periods if the revision affects both current and future periods.

The financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements. The financial statements are presented in New Zealand dollars, due to rounding to the nearest thousand dollars (\$000), the notes may not reconcile to the statements by \$1,000. New Zealand dollars are the Council's functional currency.

The Council is a Tier 2 reporting entity but has elected to report under Tier 1. These financial statements comply with PBE Standards.

Comparative figures may be reclassified to reconcile with additional disclosures made in the current financial year.

Statement of compliance

These financial statements of the Gore District Council have been prepared in accordance with the requirements of the Local Government Act 2002, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP). The financial statements have been prepared in accordance with Tier 1 PBE Standards.

These financial statements comply with PBE Standards.

Standards and Interpretations Effective in the Current Period

There were no new or revised Standards or Interpretations effective in the current period that had a material impact on this annual report.

Standards issued and not yet effective and not early adopted

There were no new or revised Standards or Interpretations on issue but not adopted early that would have a material impact on this annual report.

SIGNIFICANT ACCOUNTING POLICIES

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and GST.

Where a physical asset is acquired for nil or nominal consideration the fair value of the asset received is recognised as revenue. Assets vested in the Council are recognised as revenue when control over the asset is obtained.

Rates Revenue

Rates revenue is recognised when it is levied.

Other Revenue

Revenue from services rendered is recognised when it is probable that the economic benefits associated with the transaction will flow to the entity. The stage of completion at balance date is assessed based on the value of services performed to date as a percentage of the total services to be performed.

Licence and fees are recognised as income when supplies and services have been rendered.

Government grants are recognised when eligibility is established. The Council receives government grants from the New Zealand Transport Agency, which subsidises part of the Council's costs in maintaining the local roading infrastructure. The New Zealand Transport Agency roading subsidies are recognised as conditions pertaining to eligible expenditure have been fulfilled.

Other grants and bequests are recognised when control over the asset is obtained.

Dividends are recognised when the entitlement to the dividend is established.

Interest revenue is recognised on a time proportionate basis using the effective interest method.

Other Gains and Losses

Net gains or losses on the sale of a property, plant and equipment, property intended for sale and financial assets are recognised when an unconditional contract is in place and it is probable that the Council will receive the consideration due.

Revenue from exchange and non-exchange transactions

PBE standards distinguish between revenue from exchange and revenue from non-exchange transactions. These two types of revenue are accounted for under two different accounting standards. PBE IPSAS 9 provides guidance on accounting for revenue from exchange transactions, and PBE IPSAS 23 provides guidance on accounting for revenue from non-exchange transactions.

Professional judgement has been exercised in determining whether the substance of a transaction is that of a non-exchange or an exchange transaction.

The Council has disclosed separately the revenue from exchange transactions and revenue from non-exchange transactions. The Council has also disclosed separately the trade and other receivables and trade and other payables associated with exchange and non-exchange transactions.

The sale of goods and the rendering of services are normally classified as exchange transactions. If, however, the transaction is conducted at a subsidised price, that is, a price that is not approximately equal to the fair value of the goods or services sold, that transaction falls within the definition of a non-exchange transaction.

Fees received from the following activities are recognised as revenue from exchange transactions:

- Airport lease revenue
- Resource consent revenue

Non-exchange revenue from grants is deferred and recognised as a liability if there is a condition attached to the grant that requires the Council to use the grant as specified by the grantor or return of the cash (or other resources transferred under the grant) if the entity does not perform as specified.

Grant Expenditure

Non-discretionary grants are those 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 the 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 the Council's decision.

Leasing

Leases which effectively transfer to the lessee substantially all the risks and benefits incident to ownership of the leased item are classified as finance leases.

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items are classified as operating leases.

(a) The Council as Lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Council's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Council's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease.

(b) The Council as Lessee

Assets held under finance leases are recognised as assets of the Council at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the Statement of Financial Position as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Rentals payable under operating leases are charged to income on a straight line basis over the term of the relevant lease.

(c) Lease Incentives

Benefits received and receivable as an incentive to enter into an operating lease are recognised in surplus as a reduction or rental expense over the lease term.

Borrowing Costs

All borrowing costs are recognised in the statement of comprehensive revenue and expense in the period in which they are incurred.

Taxation

The Council is exempt from Income Tax in accordance with the Income Tax Act 2007, Section CW39.

Goods and Services Tax

Revenues, expenses, assets and liabilities are recognised net of the amount of goods and services tax (GST), except for receivables and payables which are recognised inclusive of GST. Where GST is not recoverable as an input tax it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the 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 GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand; cash in banks and other short term highly liquid investments that are readily convertible to a known amount of cash.

Financial Instruments

Financial assets and liabilities are recognised on the Council's Statement of Financial Position when the Council becomes a party to contractual provisions of the instrument. The Council is party to financial instruments as part of its normal operations. These financial instruments include cash and cash equivalents (including bank overdraft), trade and other receivables, other financial assets, trade and other payables and borrowings. The relevant accounting policies are stated under separate headings.

Investments are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs, except for those financial assets classified as fair value through profit or loss which are initially valued at fair value.

(i) Financial Assets

Financial Assets are classified into the following specified categories: financial assets 'at fair value through surplus or deficit', 'held to maturity' investments, 'available for sale' financial assets, and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

The effective interest method, referred to below, is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the interest rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Financial assets at fair value through surplus or deficit

Financial assets are classified as financial assets at fair value through surplus or deficit where the financial asset:

- Has been acquired principally for the purpose of selling in the near future;
- Is a part of an identified portfolio of financial instruments that the Council manages together and has a recent actual pattern of short term profit taking; or
- Is a derivative that is not a designated and effective hedging instrument.

Financial assets at fair value through surplus or deficit are stated at fair value, with any resultant gain or loss recognised in the surplus or deficit for the period. The net gain or loss is recognised in the surplus for the period and incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described later in this note.

Held to maturity investments

Investments are recorded at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis. The Council does not hold any financial assets in this category.

Available for sale financial assets

Equity securities held by the Council are classified as being available for sale are stated at fair value. Fair value is determined in the manner described later in this note. Gains and losses arising from changes in fair value are recognised in other comprehensive revenue and expense, with the exception of interest calculated using the effective interest method and impairment losses which are recognised directly in the surplus or deficit for the period. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is included in the surplus or deficit for the period.

Dividends on available for sale equity securities are recognised in the surplus or deficit for the period when the Council's right to receive payments is established.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. An allowance for doubtful debts is established when there is objective evidence that the Council will not be able to collect all amounts due according to the original terms of the receivables. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the allowance is expensed in the surplus for the period.

Loans, including loans to community organisations made by Council at nil, or below market interest rates are initially recognised at the present value of their expected future cash flows and discounted at the current market rate of return for a similar asset/investment. They are subsequently measured at amortised cost using the effective interest method. The difference between the face value and present value of expected future cash flows of the loan is recognised in the surplus for the period as a grant.

Short term deposits are included within this classification.

Impairment of financial assets

Financial assets, other than those at fair value through surplus or deficit, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the surplus or deficit for the period.

With the exception of fair value through other comprehensive revenue and expense equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the surplus for the period to the extent the carrying amount of the investment at the date of impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(ii) Financial liabilities

Trade and other payables

Trade payables and other accounts payable are recognised when the Council becomes obliged to make future payments resulting from the purchase of goods and services.

Trade and other payables are initially recognised at fair value and are subsequently measured at amortised cost, using the effective interest method.

Borrowings

Borrowings are recorded initially at fair value, net of transaction costs. Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in the surplus for the year over the period of the borrowing using the effective interest method.

(iii) Derivative financial instruments

The Council enters into certain derivative financial instruments to manage its exposure to interest rate risk, including interest rate swaps. Further details of derivative financial instruments are disclosed in the financial statements.

The Council does not hold derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at each balance date.

The resulting gain or loss is recognised in the surplus or deficit for the period immediately unless the derivative is designated and effective as a hedging instrument, in which the timing of the recognition in the surplus for the period depends on the nature of the hedge relationship.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance date. The quoted market price used for financial assets held by the Council is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Council uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market price or dealer quotes for similar instruments are used for long term investment and debt instruments held. The fair value of interest rate swaps is the estimated amount that the Council would receive or pay to terminate the swap at the reporting date, taking into account current interest rates.

Available for sale financial assets

Equity securities held by the Council are classified as being available for sale are stated at fair value. Fair value is determined in the manner described later in this note. Gains and losses arising from changes in fair value are recognised in other comprehensive revenue and expense, with the exception of interest calculated using the effective interest method and impairment losses which are recognised directly in the surplus or deficit for the period. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is included in the surplus or deficit for the period.

Dividends on available for sale equity securities are recognised in the surplus or deficit for the period when the Council's right to receive payments is established.

Embedded derivatives

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of host contracts and the host contracts are not measured at fair value with changes in fair value recognised in the surplus for the period.

Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on a weighted average basis with an appropriate allowance for obsolescence and deterioration.

Inventories acquired through non-exchange transactions are measured at fair value at the date of acquisition.

The amount of any write-down for the loss of service potential or from cost to net realisable value is recognised in the surplus or deficit in the period of the write-down.

Property, plant and equipment

The Council has the following classes of property, plant and equipment:

(a) Operational Assets

Operational assets include land, buildings, plant and equipment, motor vehicles, office furniture and equipment, recreational and cultural and library books.

(b) Infrastructural Assets

Infrastructural assets are the fixed utility systems owned by the Council. Each asset type includes all items that are required for the network to function:

- Water reticulation
- Wastewater reticulation
- Stormwater reticulation
- Roads, bridges and lighting
- Land under roads
- Refuse

The nature of land under roads is considered the equivalent to land improvements and as such they do not incur a loss of service potential over time. Accordingly land under roads assets is not depreciated.

Cost/valuation

Property, plant and equipment, is recorded at cost or valuation (as appropriate) less accumulated depreciation and any accumulated impairment losses.

Additions

Cost includes expenditure that is directly attributable to the acquisition of the assets. Where an asset is acquired for no cost, or for a nominal cost, it is recognised at fair value at the date of acquisition.

Costs incurred in obtaining any resource consents are capitalised as part of the asset to which they relate. If a resource consent application is declined then all capitalised costs are written off.

Revaluation

All assets are valued at historical cost, except for the following:

- Land and buildings have been valued by Quotable Value Limited (Registered Valuers) at market value or depreciated replacement cost as at 30 June 2016. Subsequent additions are recognised at cost. Land and buildings are re-valued every three years.
- Infrastructural assets (except for land under roads) have all been valued at depreciated replacement cost by Opus International Consultants Limited as at 30 June 2016. Subsequent additions are recognised at cost. Infrastructural assets are re-valued every 3 years.

All valuations are carried out or reviewed by independent qualified valuers and are carried out at least tri-annually. Valuations will be undertaken more regularly if necessary to ensure that no individual item within a class is included at a valuation that is materially different to its fair value.

The 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 re-valuation reserve (via other comprehensive revenue and expense) for that class of asset. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed in the surplus for the period.

Any subsequent increase on revaluation that offsets a previous decrease in value recognised in the surplus or deficit for the period will be recognised first in the surplus for the period up to the amount previously expensed, and then credited to other comprehensive revenue and expense for that class of asset.

Depreciation

Depreciation is provided on a straight line basis on all property, plant and equipment other than land and library books. Rates are calculated to allocate the cost (or valuation) less estimated realisable value over their estimated useful life.

Expenditure incurred to maintain these assets at full operating capability is charged to the surplus for the period in the year incurred.

The following estimated useful lives are used in the calculation of depreciation:

	Life (years)
Land under roads	N/A
Refuse	100

Operational assets

Land	N/A
Buildings	20 - 50
Plant and Equipment	4 - 25
Motor Vehicles	4 - 8
Office Furniture and Equipment	4 - 10
Recreational and Cultural	5 - 20
Library Books	10

Infrastructural assets

Water Reticulation	10 - 100
Sewerage Reticulation	15 - 60
Stormwater Reticulation	60
Refuse	10 - 50
Roads – Formation	N/A
Roads – Pavement (non depreciable)	N/A
Roads – Pavement (depreciable)	7 - 60
Roads – Footpaths, Kerbs, Bridges and Culverts	50 - 100
Roads – Signs, Road markings and Street lighting	20 - 100

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

Disposal

An item of property, plant and equipment is derecognised upon disposal or recognised as impaired when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the surplus or deficit for the period in the period the asset is derecognised.

Impairment of non-financial assets

At each reporting date, the Council reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Council estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. Value in use is depreciated replacement cost of 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 entity would, if deprived of the asset, replace its remaining future economic benefits or service potential.

An impairment loss is recognised for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an assets fair value less costs to sell and value in use.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash generating unit) in prior years. A reversal of an impairment loss is recognised in the surplus or deficit for the period immediately, unless the relevant asset is carried at fair value, in which case the reversal or deficit of the impairment loss is treated as a revaluation increase, via comprehensive revenue and expense.

Superannuation schemes

Defined contribution schemes

Contributions to defined contribution superannuation schemes are expensed when incurred.

Provisions

Provisions are recognised when the Council has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

Landfill post closure costs

The Council, as operator of the District's landfill has a legal obligation under the resource consent to provide on-going maintenance and monitoring services at the landfill site after closure. A provision for post closure costs is recognised as a liability when the obligation for post closure care arises.

The provision is measured based on the future cash flows expected to be incurred, taking into account future events including new legal requirements and known improvements in technology. The provision includes all costs associated with the landfill closure.

Amounts provided for the landfill post closure are capitalised to the landfill asset. Components of this are depreciated over their useful lives.

The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the Council.

Employee entitlements

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably. Provisions made in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Council in respect of services provided by employees up to reporting date.

Cash flow statement

Cash means cash balances on hand, held in bank accounts and demand deposits the Council invests in as part of its day to day cash management.

Operating activities include cash received from all income sources of the Council and record the cash payments made for the supply of goods and services.

Investing activities are those activities relating to the acquisition and disposal of non-current assets.

Financing activities comprise the change in equity and debt structure of the Council.

Equity

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

The components of equity are:

- Retained earnings
- Available for sale revaluation reserve
- Asset revaluation reserve
- Restricted reserves
- Council created reserves

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 the Council.

Restricted reserves are subject to specific conditions which may not be revised by the Council without reference to the courts or a third party. Transfers from these reserves may be made only for certain specified purposes. The Council created reserves are reserves established by Council decision. The Council may alter them without reference to third party. Transfers to and from these reserves are at the discretion of the Council.

Budget figures

The budget figures are those approved by the Council at the beginning of the year in the annual plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the Council for the preparation of the financial statements.

Allocation of overheads

Corporate overheads for central and engineering administration have been allocated to the other significant activities in the funding impact statements and statement of comprehensive revenue and expense. The allocation is calculated on the basis of estimated administration staff hours provided to each activity.

Critical accounting estimates and assumptions

In preparing these financial statements the 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:

- **Infrastructural Assets**

There are a number of assumptions and estimates used when performing Depreciated Replacement Cost (DRC) valuations over infrastructural assets. These include:

- The physical deterioration and condition of an asset, for example the Council could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets, which are not visible, for example stormwater, wastewater and water supply pipes that is underground. This risk is minimised by the Council performing a combination of physical inspections and condition modelling assessments of underground assets;
- Estimating any obsolescence or surplus capacity of an asset; and
- Estimates of the remaining useful lives over which the asset will be depreciated. These estimates can be impacted 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 under estimating the annual depreciation charge recognised as an expense in the Statement of comprehensive revenue and expense. To minimise this risk the Council's infrastructural asset useful lives have been determined with reference to the NZ 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 the Council's asset management planning activities, which gives the Council further assurance over its useful life estimates.

Experienced independent valuers perform the Council's infrastructural asset revaluations.

Critical judgements

Management has exercised the following critical judgements in applying the Council's accounting policies for the period ended 30 June 2016:

Classification of property

The Council owns a number of properties that are held for service delivery objectives as part of the Council's pensioner housing schemes. The receipt of rental from these properties is incidental to holding these properties. These properties are accounted for as property, plant and equipment.

2. SURPLUS FROM OPERATIONS

	2016 \$'000	2015 \$'000
(a) Revenue		
Revenue consisted of the following items:		
Rates Revenue:		
General rates	4,520	4,469
Targeted rates for metered water supply	-	-
All other targeted rates (i)	9,763	9,261
	14,284	13,730
(i) Targeted rates attributable to activities		
Community Services	609	396
District Assets	9,154	8,865
Leadership	-	-
	9,763	9,261
Other Revenue:		
Revenue from renderings of services:		
Licence fees, and other revenue	2,998	2,976
	2,998	3,071
Operating lease rental revenue	122	120
Interest revenue:		
Bank deposits	124	105
Other loans and receivables	-	-
	124	105
Dividend revenue	-	-
Petroleum tax	119	121
	3,363	3,322

	2016 \$'000	2015 \$'000
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Subsidies and grants:

Government grants – NZ Transport Agency	1,654	2,279
Other grants	687	604
	2,341	2,883

There are no unfulfilled conditions and other contingencies attached to government grants recognised

Total revenue comprises:

Revenue from non-exchange transactions

Rates	14,284	13,730
Subsidies and grants	2,341	2,883
Development and financial contributions	38	94
Other revenue	3,141	3,145
Total revenue from non-exchange transactions	19,804	19,852

Revenue from exchange transactions

Interest	124	105
Other revenue	98	73
Total revenue from exchange transactions	223	178

Other gains/(losses)	(488)	(310)
Total revenue	19,539	19,720

(b) Other Gains/(Losses)

Net gain on disposal of property, plant and equipment	73	66
Net change in fair value of available for sale assets (shares)	17	4
Net change in fair value of derivative financial instruments classified at fair value through surplus or deficit (interest rate swaps)	(578)	(380)
	(488)	(310)

(c) Employee Benefits Expense

Salaries and wages	5,715	5,522
Defined contribution plans	152	143
	5,867	5,665

	NOTES	2016 \$'000	2015 \$'000
(d) Depreciation and Amortisation Expense			
Depreciation of property, plant and equipment	9	4,813	4,952
		4,813	4,952
(e) Finance Costs			
Interest on loans carried at amortised cost		628	673
Provisions: discount unwinding (Note 13)		(3)	(6)
		625	666
(f) Other Expenses			
Net bad and doubtful debts (recovered)		4	6
Minimum lease payments operating lease rental		109	96
Grants		637	602
Roading repairs and maintenance		1,694	1,757
Other operating expenses		6,609	6,347
		9,054	8,807

Expenses by activity are disclosed under Note 2(h).

Audit fees are disclosed under Note 4.

(g) Financial Instruments

(Deficit)/ surplus for the year includes the following income and expenses arising from financial instruments classified as:

Loans and receivables:			
Interest revenue	2(a)	124	105
		124	105
Financial assets at fair value through surplus or deficit:			
Change in fair value of financial assets	2(b)	(578)	(380)
		(578)	(380)
Financial liabilities at amortised cost:			
Interest expense	2(e)	(628)	(673)
		(628)	(673)

	NOTES	2016 \$'000	2015 \$'000
(h) Summary Cost of Services by Activity			
Income			
Water		1,615	1,605
Wastewater		1,378	1,477
Stormwater		525	519
Roading		4,370	4,857
Parks, Reserves, Aquatic Facilities, Civic Buildings and Recreation		4,900	4,772
Other district assets including Solid Waste and Civil Defence		2,146	1,950
Community services - Arts & Heritage, Libraries, Promotions and Grants		2,427	2,349
Regulatory and Planning		1,578	1,515
Democracy and Administration		3,681	3,480
Total activity income		22,621	22,524
Add			
Net change in fair value of financial assets carried at fair value through surplus or deficit (interest rate swaps)		(578)	(380)
Net change in fair value of assets held for sale (shares)		17	4
Gain on disposal of property, plant and equipment		73	66
		(488)	(310)
Less			
Internal recoveries		(2,595)	(2,494)
Total Income		19,539	19,720
Expenditure			
Water		1,307	1,054
Wastewater		1,244	1,188
Stormwater		413	446
Roading		4,484	4,729
Parks, Reserves, Aquatic Facilities, Civic Buildings and Recreation		4,946	4,904
Other district assets including Solid Waste and Civil Defence		2,973	2,995
Community services - Arts & Heritage, Libraries, Promotions and Grants		2,410	2,404
Regulatory and Planning		1,570	1,391
Democracy and Administration		3,609	3,473
Total activity expenditure		22,954	22,584
Less			
Internal expenditure		(2,595)	(2,494)
Total Operating Expenditure		20,359	20,090

3. PERSONNEL COMPENSATION

	2016 \$'000	2015 \$'000
Key management personnel compensation		
<i>Councillors</i>		
Remuneration	287	246
Full time equivalent members	12	12
<i>Senior Management Team, including the Chief Executive</i>		
Remuneration	661	625
Full time equivalent members	4	4
Total key management personnel remuneration	\$ 948	\$ 870
Total full time equivalent personnel	16	6

Due to the difficulty in determining the full time equivalent for Councillors, the full time equivalent figures is taken as the number of Councillors.

Staff employed by salary band as at 30 June

\$100,000 - 239,999	7	9
\$80,000 - 99,999	5	6
\$60,000 - 79,999	18	15
\$59,999 and less	93	93
	123	123

Other Revenue:

Revenue from renderings of services:

Licence fees, and other revenue	2,998	2,976
	2,998	3,071

The salary bands between \$100,000 and \$240,000 have been combined due to there being 5 or fewer employees in those bands

The number of full time equivalent (FTE) employees as at 30 June 2016 was 91 (2015: 91) where 37.5 hours a week is considered full time.

4. REMUNERATION OF AUDITORS

	2016 \$'000	2015 \$'000
Audit fees for financial statement audit	92	90
Long Plan Term audit	-	86
Audit fees for assurance and related services	5	-
	\$ 97	\$ 176

The auditor of Gore District Council, for and on behalf of the Office of the Auditor-General, is B E Tomkins of Deloitte.

5. TRADE AND OTHER RECEIVABLES

	2016 \$'000	2015 \$'000
Trade receivables (i)	499	454
Rates receivables	542	581
Allowance for doubtful debts (ii)	(53)	(49)
	988	986
NZTA Subsidy	207	430
Sundry receivables and accruals	(0)	119
Goods and services tax (GST) receivable	196	115
Community Funding	-	-
	\$ 1,391	\$ 1,650

Total receivables comprise:

<i>Receivables from non-exchange transactions -</i> this includes outstanding amounts for rates, grants, infringements, and fees and charges that are partly subsidised by rates	1,357	1,618
<i>Receivables from exchange transactions -</i> this includes outstanding amounts for commercial sales and fees and charges that have not been subsidised by rates	33	32

(i) Trade receivables are non-interest bearing and generally on monthly terms.

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. Ratepayers can apply for payment plan options in special circumstances. Where such payment plans are in place, debts are discounted to the present value of future repayments.

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

Included within the Council's trade and other receivable balance are debtors which are past due at the reporting date for which the Council has not provided as there has not been a significant change in credit quality and the Council believes that the amounts are still considered recoverable.

The age of these trade and other receivables that are past due, but are not impaired, are as follows:

	2016 \$'000	2015 \$'000
Past due 1 to 3 months	231	261
Past due 3 to 6 months	109	109
Past due 6 to 9 months	70	85
Past due 9 to 12 months	47	5
Past due → 12 months	183	213
Total	\$ 640	\$ 723

	2016 \$'000	2015 \$'000
(ii) Movement in the allowance for doubtful debts:		
Balance at beginning of year	49	44
Amounts written off during year	-	-
Increase/(decrease) in allowance recognised in Statement of Income and Expenditure	4	6
Balance at end of year	\$ 53	\$ 49

An allowance has been made for estimated irrecoverable amounts and has been calculated based on expected losses. Expected losses have been determined based on reference to past default experience and review of specific debtors.

In determining the recoverability of a trade receivable the Council considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date.

Other than the New Zealand Transport Agency, the Council has no significant concentrations of credit risk, as it has a large number of credit customers, mainly ratepayers. The Council believes no further credit provision is required in excess of the allowance for doubtful debts.

6. INVENTORIES

	2016 \$'000	2015 \$'000
Essential Services (at cost)	103	113
Other (at cost)	28	27
	\$ 131	\$ 140

The carrying amount of inventories pledged as security for liabilities is \$Nil (2015: \$Nil).

7. OTHER FINANCIAL ASSETS/(LIABILITIES)

	2016 \$'000	2015 \$'000
<i>At fair value through surplus or deficit:</i>	\$,000	\$,000
<u>Current</u>		
Interest Rate Swaps	-	-
	-	-
<u>Non Current</u>		
Interest Rate Swaps	(1,123)	(545)
	(1,123)	(545)
<i>Available-for-Sale at fair value:</i>	\$,000	\$,000
<u>Non Current</u>		
Equity securities - NZ Local Government Insurance Company shares	80	63
	80	63

	2016 \$'000	2015 \$'000
<i>Loans and receivables at Amortised Cost:</i>		
<u>Current</u>		
Short Term Deposits (i)	1,612	1,543
Finance leases	(10)	(11)
	1,602	1,532
<u>Non-Current</u>		
Loans to Community Groups	289	69
Less Provision for Impairment	(207)	-
	82	69
LGFA borrow notes	96	-
Finance leases	(20)	(32)
	158	37
	717	1,086
Disclosed in the financial statements as:		
Assets		
Current	1,612	1,543
Non-current	258	131
Liabilities		
Current	(10)	(11)
Non-current	(1,143)	(577)
	\$ 717	\$ 1,086

Other than the allowance for impairment on loans to community groups, there are no impairment provisions for other financial assets.

(i) The total value of Short Term Deposits that can only be used for a specified purpose as outlined in the relevant trust deeds is \$524,000 (2015: \$503,000).

8. OTHER CURRENT ASSETS

	2016 \$'000	2015 \$'000
Prepayments	170	93
	\$ 170	\$ 93

9. PROPERTY PLANT AND EQUIPMENT

2016

	Cost /Valuation 1 July 2015 \$'000s	Additions \$'000s	Disposals \$'000s	Revaluation \$'000s	Cost /Valuation 30 June 2016 \$'000s	Accumulated depreciation and impairment charges 1 July 2015 \$'000s	Depreciation expense \$'000s	Accumulated depreciation reversed on disposal/revaluation \$'000s	Accumulated depreciation reversed on impairment \$'000s	Accumulated depreciation and impairment charges 30 June 2016 \$'000s	Carrying amount 30 June 2016 \$'000s
Council Operational Assets											
At Cost											
Land	72	-	-	-	72	-	-	-	-	-	72
Buildings	200	-	-	-	200	(131)	(8)	-	-	(139)	61
Plant and equipment	3,362	481	(311)	-	3,532	(1,708)	(210)	204	-	(1,714)	1,818
Motor vehicles	1,582	419	(267)	-	1,734	(1,051)	(243)	238	-	(1,056)	678
Office furniture and equipment	1,929	119	(42)	-	2,006	(1,233)	(120)	42	-	(1,311)	695
Recreation and cultural	634	45	-	-	679	(468)	(16)	-	-	(484)	195
Library Books	660	80	-	-	740	(207)	(60)	-	-	(267)	473
Work in Progress Buildings	24	14	-	-	38	-	-	-	-	-	38
Work in Progress Office Equipment	-	-	-	-	-	-	-	-	-	-	-
At Valuation											
Land	11,410	8	-	333	11,751	-	-	-	-	-	11,751
Buildings	13,469	84	-	3,321	16,874	(861)	(434)	1,295	-	-	16,874
Total Operational Assets	33,342	1,250	(620)	3,653	37,626	(5,659)	(1,091)	1,779	-	(4,971)	32,655
Council Infrastructural Assets											
At valuation											
Water Reticulation	13,261	175	-	(929)	12,507	(1,021)	(523)	1,545	-	-	12,507
Wastewater Reticulation	15,589	55	-	(724)	14,920	(1,258)	(638)	1,897	-	-	14,920
Stormwater Reticulation	10,787	15	-	(644)	10,158	(677)	(342)	1,019	-	-	10,158
Roads - Formation	177,379	2	-	3,612	180,992	-	-	-	-	-	180,992
Roads - Pavement (Non depreciable)	21,062	11	-	386	21,458	-	-	-	-	-	21,458
Roads - Pavement (Depreciable)	63,597	966	-	(3,130)	61,433	(2,741)	(1,172)	3,913	-	-	61,433
Roads - Footpaths, Kerbs, Bridges & Culverts	29,593	754	-	(1,053)	29,294	(1,683)	(896)	2,579	-	-	29,294
Roads - Signs, Roadmarkings and Streetlights	1,362	86	-	151	1,599	(247)	(134)	381	-	-	1,599
Land under Roads	18,752	-	-	-	18,752	-	-	-	-	-	18,752
Refuse - at cost	1,068	3	-	-	1,071	(199)	(18)	-	-	(217)	854
Work in Progress - at cost	180	845	-	-	1,025	-	-	-	-	-	1,025
Total Infrastructural Assets	352,630	2,913	-	(2,332)	353,211	(7,826)	(3,723)	11,333	-	(217)	352,994
Total Council Property, Plant and Equipment	385,972	4,163	(620)	1,321	390,837	(13,485)	(4,814)	13,111	-	(5,188)	385,649

	Cost /Valuation 1 July 2014 \$'000s	Additions \$'000s	Disposals \$'000s	Revaluation \$'000s	Cost /Valuation 30 June 2015 \$'000s	Accumulated depreciation and impairment charges 1 July 2014 \$'000s	Depreciation expense \$'000s	Accumulated depreciation reversed on disposal/revaluation \$'000s	Accumulated depreciation reversed on impairment \$'000s	Accumulated depreciation and impairment charges 30 June 2015 \$'000s	Carrying amount 30 June 2015 \$'000s
Council Operational Assets											
At Cost											
Land	72	-	-	-	72	-	-	-	-	-	72
Buildings	200	-	-	-	200	(123)	(8)	-	-	(131)	69
Plant and equipment	3,311	150	(99)	-	3,362	(1,603)	(204)	99	-	(1,708)	1,654
Motor vehicles	1,431	392	(241)	-	1,582	(1,014)	(229)	192	-	(1,051)	531
Office furniture and equipment	2,348	68	(487)	-	1,929	(1,600)	(117)	484	-	(1,233)	696
Recreation and cultural	646	22	(34)	-	634	(490)	(12)	34	-	(468)	166
Library Books	585	75	-	-	660	(150)	(57)	-	-	(207)	453
Work in Progress Buildings	24	-	-	-	24	-	-	-	-	-	24
Work in Progress Office Equipment	-	-	-	-	-	-	-	-	-	-	-
At Valuation											
Land	11,207	203	-	-	11,410	-	-	-	-	-	11,410
Buildings	13,376	93	-	-	13,469	(425)	(436)	-	-	(861)	12,608
Total Operational Assets	33,200	1,003	(861)	-	33,342	(5,405)	(1,063)	809	-	(5,659)	27,683
Council Infrastructural Assets											
At valuation											
Water Reticulation	12,989	272	-	-	13,261	(508)	(513)	-	-	(1,021)	12,240
Wastewater Reticulation	15,554	35	-	-	15,589	(620)	(638)	-	-	(1,258)	14,331
Stormwater Reticulation	10,597	190	-	-	10,787	(338)	(339)	-	-	(677)	10,110
Roads - Formation	177,358	21	-	-	177,379	-	-	-	-	-	177,379
Roads - Pavement (Non depreciable)	20,917	145	-	-	21,062	-	-	-	-	-	21,062
Roads - Pavement (Depreciable)	62,051	1,546	-	-	63,597	(1,349)	(1,392)	-	-	(2,741)	60,856
Roads - Footpaths, Kerbs, Bridges & Culverts	28,658	935	-	-	29,593	(818)	(865)	-	-	(1,683)	27,910
Roads - Signs, Roadmarkings and Streetlights	1,276	86	-	-	1,362	(123)	(124)	-	-	(247)	1,115
Land under Roads	18,752	-	-	-	18,752	-	-	-	-	-	18,752
Refuse - at cost	1,058	10	-	-	1,068	(181)	(18)	-	-	(199)	869
Work in Progress - at cost	-	180	-	-	180	-	-	-	-	-	180
Total Infrastructural Assets	349,211	3,419	-	-	352,630	(3,937)	(3,889)	-	-	(7,826)	344,804
Total Council Property, Plant and Equipment	382,411	4,422	(861)	-	385,972	(9,342)	(4,952)	809	-	(13,485)	372,487

	2016 \$'000	2015 \$'000
Depreciation and amortisation expense by group of activity		
Water	523	513
Wastewater	638	638
Stormwater	342	339
Roading	2,217	2,397
Parks, Reserves, Aquatic Facilities, Civic Buildings and Recreation	623	606
Other district assets including Solid Waste and Civil Defence	135	135
Community services - Arts & Heritage, Libraries, Promotions and Grants	150	148
Regulatory and Planning	44	42
Democracy and Administration	141	134
	\$ 4,813	\$ 4,952

10. TRADE AND OTHER PAYABLES

	2016 \$'000	2015 \$'000
Trade payables (i)	1,391	1,141
Other accrued charges	307	202
Rates in advance	297	279
Deposits and retentions	51	57
Accrued interest	65	40
	\$ 2,110	\$ 1,720

<i>Payables and deferred revenue under exchange transactions</i>		
Trade payables and accrued expenses	1,810	1,423

<i>Payables and deferred revenue under non-exchange transactions</i>		
Rates and grants received in advance	300	297

(i) The average credit period on purchases is 30 days.

11. EMPLOYEE ENTITLEMENTS

	2016 \$'000	2015 \$'000
Accrued salary and wages	82	41
Annual leave	311	392
Long service leave	65	70
Retirement gratuities	36	65
	\$ 494	\$ 567

12. BORROWINGS

	2016 \$'000	2015 \$'000
At amortised cost		
Secured borrowings (i)	12,000	11,664
Unsecured borrowings	-	-
	12,000	11,664
Disclosed in the financial statements as:		
Current	6,000	-
Non-current	6,000	11,664
	\$ 12,000	\$ 11,664

(i) The Council's borrowings are secured through a debenture trust deed over rates

During the year the Council become a non-guarantor and non-shareholding member of the New Zealand Local Government Funding Agency (NZLGFA). The NZLGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand and it has a current credit rating from Standard and Poor's of AA+.

Interest is charged on a floating rate basis. At balance date the current weighted average effective interest rate on the bank borrowings is 4.73% (2015: 5.09%).

The Council has a credit card facility with Westpac with a credit limit of \$47,000.

13. PROVISIONS

	2016 \$'000	2015 \$'000
Landfill aftercare provision (i)		
Balance at beginning of year	96	103
Unwinding of discount and effect of changes in the discount rate	(3)	(6)
Balance at end of year	\$ 93	\$ 96

(i) Provision for landfill aftercare costs.

Due to the implementation of the Transfer Station, the landfills are now closed.

The cash outflows for landfill post-closure are expected to occur in between 2007 and 2033. 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 discount rate of 4% (2015: 4%).

14. RESERVES

	2016 \$'000	2015 \$'000
Available-for-sale revaluation reserve	-	-
Asset revaluation reserve (a)	241,532	227,583
Restricted Reserves (b)	4,845	4,212
Council Created Reserves (c)	715	258
	\$ 247,092	\$ 232,054

(a) Asset Revaluation Reserve

Balance at beginning of year	227,583	227,58
Revaluation increase / (decrease)		
Land	333	-
Buildings	4,615	-
Infrastructure	9,000	-
	13,949	-
Balance at end of year	\$ 241,532	\$ 227,583

The asset revaluation reserve arises on the revaluation of land and buildings and infrastructural assets. Where a revalued asset is sold that portion of the asset revaluation reserve which relates to that asset, and is effectively realised, is transferred directly to retained earnings.

Revaluation Reserve by class of asset

	Water Reticulation	Wastewater & Stormwater Reticulation	Roads Bridges & Lighting	Land	Buildings	Total
Balance at 30 June 2013	9,020	11,261	194,389	8,387	4,526	227,583
Revaluation increase/ (decrease)	-	-	-	-	-	-
Balance at 30 June 2014	9,020	11,261	194,389	8,387	4,526	227,583
Revaluation increase/ (decrease)	-	-	-	-	-	-
Balance at 30 June 2015	9,020	11,261	194,389	8,387	4,526	227,583
Revaluation increase/ (decrease)	615	1,548	6,838	333	4,615	13,949
Balance at 30 June 2016	\$9,635	\$12,809	\$201,227	\$8,720	\$9,141	\$241,532

	2016 \$'000	2015 \$'000
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(b) Restricted Reserves

Balance at beginning of year	4,212	4,097
Transfer from/(to) Retained Earnings	633	115
Balance at end of year	\$ 4,845	\$ 4,212

Restricted reserves include:

- trust and bequest funds that have been provided to the Council by various people for specific purposes.
- funds for different areas of benefit are used where there is a discrete set of rate or levy payers as distinct from the general rate.

(c) Council Created Reserves

Balance at beginning of year	258	183
Transfer from/(to) Retained Earnings	457	75
Balance at end of year	\$ 715	\$ 258

Council created reserves funds are built up annually from general rates and are made available for specific events or purposes.

15. RETAINED EARNINGS

	2016 \$'000	2015 \$'000
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Retained Earnings

Balance at beginning of year	131,302	131,862
Net (deficit)/ surplus for the year	(820)	(370)
Transfers from/(to) reserves: Restricted and Council Created Reserves	(1,090)	(191)
Balance at end of year	\$ 129,392	\$ 131,302

16. COMMITMENTS FOR EXPENDITURE

(a) Capital and Other Expenditure Commitments

Capital and other expenditure commitments at 30 June 2016 were 1.3 million (2015: NIL).

(b) Lease Commitments

Finance lease liabilities and non-cancellable operating lease commitments are disclosed in Note 18 to the financial statements.

17. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Nil (2015: Nil).

The Council has provided a loan guarantee to Ice Sport Southland at 30 June 2016 of \$65,000 (2015: \$65,000).

18. LEASES

Operating leases relate to property and equipment leases. All operating lease contracts contain market review clauses in the event that the Council exercises its option to renew.

	2016 \$'000	2015 \$'000
(b) Non-Cancellable Operating Lease Payments		
Not longer than 1 year	46	51
Longer than 1 year and not longer than 5 years	7	54
Longer than 5 years	-	-
	\$ 54	\$ 104
(c) Non-Cancellable Finance Lease Payments		
Not longer than 1 year	7	7
Longer than 1 year and not longer than 5 years	28	34
Longer than 5 years	-	-
	\$ 34	\$ 41

19. RELATED PARTY DISCLOSURES

(a) 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.

During the year the following (payments)/receipts were made (to)/from local businesses in which Councillors are co-owners:

	2016 \$'000	2015 \$'000
Southern Office Products Depot (owned by Councillor Nicky Davis) - purchase of stationery items	(25)	(28)
PaperPlus Gore (owned by Councillor Doug Grant) - purchase of stationery items	(15)	(21)

(b) Other Transactions Involving Related Parties

Phoenix Aviation (Councillor Peter Grant is a Director) – Lease of Airport	6	6
Central Saleyard Limited (Councillor Peter Grant is a Director)	3	-
Community Trust of Southland (His Worship is Board Chairman)	-	3
The Sharp Trust (Councillor Graham Sharp is a Trustee) *	(512)	-
Gore Health Limited (Councillors Graham Page and Bret Highsted are Directors)	17	(2)

* The funds were passed to the Council's lawyers during the year, but the agreement was only settled after 30 June 2016

20. NOTES TO THE CASH FLOW STATEMENT

(a) Reconciliation of Cash and Cash Equivalents

For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand and in bank and short term deposits with maturity dates of three months or less, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the Cash Flow Statement is reconciled to the related items in the Statement of Financial Position as follows:

	2016 \$'000	2015 \$'000
Cash and cash equivalents	3,123	1,947
	\$ 3,123	\$ 1,947

	2016 \$'000	2015 \$'000
(b) Borrowings – Facilities		
Secured bank overdraft facility with Westpac Banking Corporation, payable at call.		
Amount unused	600	600
	\$ 600	\$ 600
Secured bank loan facilities with ANZ maturing on 29 June 2018 and which may be extended by mutual agreement:		
Amount used	-	11,664
Amount unused	3,000	1,936
	\$ 3,000	\$ 13,600
(c) Reconciliation of Surplus for the Period		
Deficit for the year	(820)	(370)
<i>Add/(less) non-cash items:</i>		
Depreciation	4,813	4,952
Gain on sale of property, plant and equipment	(73)	(66)
Net change in fair value of available for sale assets (shares)	(17)	(4)
Net change in fair value of derivative financial instruments	578	380
Net change in the landfill provision	(3)	(6)
	5,298	5,256
Movement in working capital:		
Trade and other receivables	259	(453)
Inventories	8	(62)
Other current assets	(78)	(14)
Trade and other payables	390	119
Finance leases	(13)	43
Employee entitlements	(73)	(138)
Other	-	20
	494	(484)
Net cash inflow from operating activities	\$ 4,972	\$ 4,402

21. SEVERANCE PAYMENTS

For the year ended 30 June 2016 Council made severance payments to two employees totalling \$50,000 (2015: 1, \$13,000).

22. REMUNERATION

During the year to 30 June 2016, 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:

Elected Representatives

	2016 \$'000	2015 \$'000
Tracy Hicks JP (Mayor)	85,373	73,198
C S Bolger (Deputy Mayor)	23,170	20,886
N J Davis	20,581	18,554
S A Dixon	16,702	15,055
D I Grant	16,702	15,055
P A Grant	20,581	18,554
B R Highsted	20,581	18,554
G E Sharp	16,702	15,055
R J Beale	16,702	15,055
A S Gover	16,702	15,055
G M Page	16,702	15,055
D L Byars	16,702	15,055

Chief Executive

Stephen Parry, the Chief Executive of the Council appointed under Section 42 of the Local Government Act 2002 received a salary of \$252,535 (2015: \$246,100).

For the year ended 30 June 2016, the total annual cost including fringe benefit tax to the Council of the remuneration package being received by the Chief Executive is calculated at \$262,906 (2015: \$256,930).

23. EXPLANATION OF MAJOR VARIANCES AGAINST BUDGET

Explanation of major variations from Council's estimated figures in the 2015/2016 budget, as reflected in the Annual Plan, are as follows:

Statement of Comprehensive Revenue and Expense

- Other gains/ (losses) is lower than budget by \$488,000. This is due to the revaluation of the Councils interest rate swaps. The maturity profile of the swaps has been extended and the prevailing floating rates have fallen substantially; this has resulted in the downward movement.
- Employee benefits expense is higher than budget by \$170,000 due to a number smaller overspends in various departments. When a department overspends this is managed by reducing other costs. A higher than normal turnover at the pool meant there was a higher wage cost as these staff train by shadowing more experienced staff. Parks and reserves costs were higher due to the Council's participation in the velvet leaf response. This was recovered from Environment Southland. During the year a policy and planning officer was employed, this was an unbudgeted position but is included in the 2017 Annual Plan. Elected member honoraria were higher due to a higher than budgeted remuneration determination from the remuneration authority. Additionally Kiwisaver contributions were higher than expected due to staff opting in to Kiwisaver schemes.
- Finance costs are lower than budget by \$162,000 as the Council has obtained more competitive interest rates by financing through the New Zealand Local Government Funding Agency.

- d) Depreciation is lower than budget by 153k due to the Ajax wastewater pump station upgrade not being completed in the prior financial year.

Statement of Financial Position

- a) Current assets are higher than budget by \$1,546,000. This is due primarily to cash and cash equivalents bring \$1,279,000 more than budgeted due to timing of capital expenditure.
- b) Property, plant and equipment are lower than budget by \$11,135,000. The major contributor is the lower than expected revaluation from 30 June 2016, this results from the inflationary increases being lower than those foreseen when the Long Term Plan budgets were set. Additionally the Ajax capital project was not completed during the year and will be carried over to the 2016/2017 year.
- c) Borrowings are split between \$6,000,000 current and \$6,000,000 non-current. When the Council refinanced through the New Zealand Local Government Funding Agency it split its borrowings 50/50 between longer term floating rate notes and short term commercial paper. The commercial paper is on 90 day roll overs. Total borrowing is lower than budget due to projects like the Ajax wastewater pump station upgrade not being completed.

Statement of Cash Flows

- a) Cash flow from operating activities are higher than budget by \$167,000. The major contributor is the decrease in finance costs of \$186,000 due to refinancing at competitive rates through the New Zealand Local Government Funding Agency. Additionally the Council has borrowed less than planned due to delays with capital projects.
- b) Cash flow from investing activities are lower than budget by \$1,468,000. The major contributor is the \$1,448,000 less expenditure spent relating to purchase of property, plant and equipment due to delays in capital projects.
- c) Cash flow from financing activities is lower than budget by \$523,000 due to lower than budgeted borrowings because of the delay in capital projects.

24. FINANCIAL INSTRUMENTS

(a) Capital Risk Management

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

The Local Government Act 2002 (the Act) requires the 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. Retained earnings 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 by 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 asset classes 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. The Act sets out the factors that 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.

The Council has the following Council created reserves:

- Reserves for different areas of benefit; 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 a general rate. Any surplus or deficit relating to these separate areas of benefit is applied to the specific reserves.

Trust and bequest reserves are set up where the 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.

The Council's overall strategy remains unchanged from 2015.

(b) Significant Accounting Policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, and the basis of measurement applied in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial statements.

(c) Categories of Financial Instruments

	2016 \$'000	2015 \$'000
Financial Assets		
Cash and cash equivalents	3,123	1,947
Trade and other receivables – loans and receivables	1,391	1,650
Other financial assets – loans and receivables	1,791	1,611
Other financial assets – equity securities	80	63
Financial Liabilities		
Trade and other payables	2,110	1,720
Borrowings	12,000	11,664
Other financial liabilities – fair value through surplus or deficit	1,123	545

(d) Financial Risk Management Objectives

The Council has a series of policies to manage the risks associated with financial instruments. The Council is risk adverse and seeks to minimise exposure from its treasury activities. The Council has established Council approved Liability Management and Investment policies. These provide a framework for prudent debt management and the management of financial resources in an efficient and effective way.

The Council does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

(e) Market Risk

Interest Rate Risk

The Council is exposed to interest rate risk as it borrows funds at floating interest rates and also invests cash in short term deposits at fixed interest rates.

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Investments at fixed interest rates expose the Council to fair value 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 issued at variable interest rates expose the Council to cash flow interest rate risk. The risk is managed by the use of floating to fixed interest rate swaps contracts with a range of terms. These swaps have the economic effect of converting borrowings from floating rate to fixed rates. Under the interest rate swaps contracts, the 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.

Interest Rate Swap Contracts

Under interest rate swap contracts, the Council agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Council to mitigate the risk of changing interest rates on debt held. The fair value of interest rate swaps are based on market values of equivalent instruments at the reporting date and are disclosed below. The average interest rate is based on the outstanding balances at the start and end of the financial year.

Currency Risk

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

Other Price Risks

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices.

The Council is exposed to price risks arising from equity securities which are designated as available for sale.

The following tables detail the notional principal amounts and remaining terms of interest rate swap contracts outstanding as at reporting date:

Outstanding Floating for Fixed Contracts

	Average Contract Fixed Interest Rate		Notional Principal Amount		Fair Value	
	2016 %	2015 %	2016 \$ 000	2015 \$ 000	2016 \$ 000	2015 \$ 000
Less than 1 year	-	-	-	-	-	-
1 to 2 years	4.33	4.33	1,000	1,000	(15)	(20)
2 to 5 years	4.55	4.68	9,900	8,900	(1,108)	(525)
Balance at 30 June 2015			\$10,900	\$9,900	(\$1,123)	(\$545)

Hedge accounting has not been adopted

(f) Credit Risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Council.

Other than the New Zealand Transport Agency, the Council has no significant concentrations of credit risk arising from trade receivables, as it has a large number of credit customers, mainly ratepayers, and the Council has powers under the Local Government (Rating) Act 2002 to recover outstanding debts from ratepayers.

The carrying amount of financial assets recorded in the financial statements, net of any allowance for losses, represents the Council's maximum exposure to credit risk without taking account of the value of any collateral obtained.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

(g) Liquidity Risk Management

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

The Council manages liquidity risk by maintaining adequate funds on deposit, reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in Note 20 is a listing of additional undrawn facilities that the Council has at its disposal to further reduce liquidity risk.

The maturity profiles of the Council's interest bearing investments and borrowings are disclosed below.

Maturity Profile of Financial Instruments

The following tables detail the Council's remaining contractual maturity for its non-derivative financial liabilities. The tables below have been drawn up based on the undiscounted contractual maturities of the financial liabilities except where the Council is entitled and intends to repay a liability before its maturity. The 'adjustment' column reconciles the undiscounted cash flows to the total carrying amount recognised.

2016	Weighted Average Effective Interest Rate %	Less than 1 year \$ 000	1-2 years \$ 000	Maturity Dates 2-5 years \$ 000	Adjustment \$ 000	Total \$ 000
Financial Liabilities						
Bank Overdraft	-	-	-	-	-	-
Trade and other payables	-	2,110	-	-	-	2,110
Borrowings	2.95%	354	354	12,354	(1,062)	12,000

2015	Weighted Average Effective Interest Rate %	Less than 1 year \$ 000	1-2 years \$ 000	Maturity Dates 2-5 years \$ 000	Adjustment \$ 000	Total \$ 000
Financial Liabilities						
Bank Overdraft	-	-	-	-	-	-
Trade and other payables	-	1,720	-	-	-	1,720
Borrowings	4.13%	482	482	12,146	(1,445)	11,664

(h) Fair Value of Financial Instruments

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly, (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2016	Level 1 \$ 000	Level 2 \$ 000	Level 3 \$ 000	Total \$ 000
Financial assets available for sale Equity securities	-	-	80	80
Financial liabilities at FVTSD Interest rate swaps	-	(1,123)	-	(1,123)
	-	(1,123)	80	(1,043)

2015	Level 1 \$ 000	Level 2 \$ 000	Level 3 \$ 000	Total \$ 000
Financial assets available for sale Equity securities	-	-	63	63
Financial liabilities at FVTSD Interest rate swaps	-	(545)	-	(545)
	-	(545)	63	(482)

There were no transfers between any levels in the period.

Level 3 fair value assessments have been calculated by taking the Council's shareholding as a proportion of the total equity securities issued in New Zealand Local Government Insurance Company Limited and applying it against the net assets of the company at year end.

Reconciliation of Level 3 fair value measurements of financial assets

	2016 \$'000	2015 \$'000
Equity Securities		
Balances at the beginning of the year	63	59
Gains/(losses)	17	4
Balance at the end of the year	80	63

Of the total gains or losses for the period, \$17,000 relates to assets and liabilities held at the end of the reporting period. Fair value gains or losses on those assets and liabilities are included in other revenue and other expenses in the statement of comprehensive surplus and deficit. All gains and losses relate to equity securities held at the end of the reporting period.

(i) Sensitivity Analysis

The Council is exposed to interest rate risk arising from borrowing funds at floating interest rates and investing cash in short term deposits at fixed interest rates.

The Council believes there is no material sensitivity to interest rate movements in relation to at the year end due to the following:

- The majority of interest rate related exposures relate to borrowings.
- The majority of floating rate borrowings are economically hedged with interest rate swap contracts.
- Any adverse / positive impact arising from the sensitivity to interest rate risk on floating rate borrowings will be offset by an equal and opposite movement in the fair value of the interest rate swap contracts.

The sensitivity analysis below has been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period.

At reporting date, if interest rates had been 10% higher or lower and all other variables were held constant, the Council's:

- Surplus would decrease/increase by \$63,000 (2015: \$67,000). This is mainly attributable to the Council's exposure to interest rates on its borrowings.
- Other equity reserves would remain unaffected.

The Council's sensitivity to interest rates has not changed significantly from the prior year.

The sensitivity analysis below has been determined based on the exposure to equity price risks at the reporting date.

At reporting date, if equity prices had been 10% higher or lower and all other variables were held constant, the Council's:

- Surplus would have been unaffected.
- Other equity reserves would have increased/decreased by \$8,000 (2015: \$6,000) as the equity investments are classified as available for sale investments.

The Council's sensitivity to equity prices has not changed significantly from the prior year.

GORE DISTRICT COUNCIL COMMUNITY OUTCOMES

Detailed below are the six identified Council community outcomes which are a cornerstone to the development of the Long Term Plan and Annual Report. Progress towards the attainment of these outcomes is reported to Council standing Committees at six weekly intervals throughout each year. These progress reports culminate in the annual report where a 12 month review of what has been achieved is given.

OUTCOME 1

We value our history and heritage

Objectives

- a) To ensure that early life in the District is captured via writings, artefacts and attractive exhibitions in order that a greater awareness and appreciation for our heritage and history is cultivated.
- b) To work with community organisations and interest groups to bolster and expand the District's historical infrastructure in the forms of research facilities, exhibitions based on a specific theme (e.g. fishing, moonshine whiskey or aviation) and the provision of buildings to facilitate sensitive storage of artefacts and opportunities for public access.
- c) To actively work with the owners of historic buildings to encourage their retention, while maintaining a modicum of flexibility to allow their adaptation to meet contemporary needs.

OUTCOME 2

We live in a creative place

Objectives

- a) To continue to establish Gore as a regional epicentre of art by conducting and promoting art exhibitions at the Eastern Southland Art Gallery and maintaining a high visitor appeal in the John Money Wing.
- b) To foster an interest and participation in the performing arts by the provision of advice, staff support and funding of key areas such as fashion, music and drama.

OUTCOME 3

We have a choice of quality places to go and things to do

Objectives

- a) To provide high class recreational facilities at the Gore Multisports Complex and to promote and pursue an increase in participation at the Gore Aquatic Centre and adjoining MLT Event Centre.
- b) To provide a library service in the District that informs and stimulates an interest in reading, both for leisure and personal growth.
- c) To provide support for events in the District, which cater for local residents and visitors, offer fun and entertainment, together with engendering pride in the District and what it has to offer.

OUTCOME 4

We have a quality infrastructure with potential for growth

Objectives

- a) To ensure Activity Management Plans are accurate, updated regularly and factor in anticipated growth in the foreseeable future.
- b) To ensure the Council makes optimum use of existing infrastructure and sets out the location and investment required for new infrastructure to accommodate anticipated demand.
- c) To investigate new sources of water to ensure that a reliable water supply is available to a growing community.

OUTCOME 5

We live in a compassionate caring community

Objectives

- a) Where appropriate, consider grants to organisations in order to build community capacity and cohesion and promote social and cultural wellbeing.
- b) To maintain an active community development programme which harnesses and empowers volunteer effort in social wellbeing and fosters a sense of inclusion amongst marginalised groups.
- c) To proactively advocate on behalf of citizens who may be disadvantaged by changes in government policy and/or procedure.

OUTCOME 6

We value and respect our environment

Objectives

- a) To provide and maintain to a high standard parks, reserves and gardens which both beautify the environment and provide a respite from built infrastructure.
- b) To update the District Plan in order that it strengthens the balance between facilitating development and effectively limiting adverse effects that may flow from unbridled development.
- c) To maintain a regulatory culture that places an emphasis on education, empowerment and collaboration over rigid application of rules and implementation of sanctions.

The next section/chapter on the 'Council's Activities' provides a summary of each of the different activities undertaken by the Council and the ways in which these activities contribute to achieving the six Council community outcomes. The Council's activities have been categorised under three different headings or activity groups: Community Services, District Assets and Leadership.

In addition to the services and legislative or regulatory functions performed by the Council, which are detailed in the subsequent sections of this report, the Council also promotes the achievement of community outcomes by:

- providing leadership, representing, and being an advocate for community interests;
- providing information necessary for sustainable development and other activities within the District;
- acting as a facilitator, mediator, organiser and/or motivator of community-based initiatives and/or collaboration at the grass roots level;
- engaging in partnerships with key agencies, and community groups; and
- monitoring and reporting on progress towards achievement of community outcomes.

Each of the activity summaries included in the next section/chapter provides details on the following:

- an introduction: which explains the type/nature of the service provided;
- a rationale for the service: why is the service provided?
- its contribution to Council community outcomes;
- the levels of service and performance measures over the 10-year duration of the plan;
- how the services are funded;
- the assets that are used to provide the service, and how the Council manages, maintains and funds replacement of the assets; and
- future changes highlighting the envisaged developments or changes in that activity, including details on proposed changes to the existing levels of service or way in which the services are delivered.

SHARED SERVICES ANNUAL REPORT STATEMENT

BUILDING CONTROL

The four councils continue to work closely together on building control matters in terms of both information sharing and staff exchanges to support each other during busy times. The Shared Services Forum had requested a combined Building Control Shared Service between Southland District Council (SDC), Environment Southland (ES), Gore District Council (GDC) and Invercargill City Council (ICC) with Clutha District Council (CDC) also opting to participate in this initiative.

The key milestones achieved to date are the development of a combined process and quality manual as well as shared regulation forms, which all four Councils have now adopted. The shared manual and forms standardise the processing methodology and quality assurance processes and have been the subject of a formal IANZ reaccreditation reviews with all four Councils. IANZ has complimented the approach and has referred several other authorities to the manual. The next step is consideration of a shared approach to building consent fees across the four Councils – this is being considered as part of the Southland Regional Development Strategy Ease of Doing Business Action Team work. When finalised, this will complete the building control shared services initial action plan initiatives. Work streams completed to date have been undertaken within existing staff resources and funding.

EMERGENCY MANAGEMENT

Emergency Management Southland (EMS) is a shared service between SDC, ES, GDC and ICC. It focuses on ensuring communities are prepared for emergencies and that they are able to respond to and recover from these when they do happen. Specific actions include public education and ensuring a pool of trained personnel.

2015/2016 has had a strong focus on refreshing our training and capability for staffing the Emergency Coordination Centre (ECC) using council staff. Several exercises have taken place, including a full ECC exercise using a scenario of a large fire in Bluff. This will ensure we are able to take a full part in the national tsunami exercise Tangaroa later in 2016.

A Regional Hazard Management Strategy has been adopted and we continue to work with our stakeholders to identify, mitigate and educate the public about Southland's hazards.

Work has begun on renewing our five-year Group Plan which will be subject to community consultation and will decide our work programme.

INFORMATION TECHNOLOGY

The IT Shared Services Operations Subcommittee has, over the past 12 months, undertaken a number of activities that aim to provide services and activities to be undertaken between the member councils. These include Commvault offsite Backup and Recovery and further delivery of Orthophotos for the region including Clutha and Central Otago Districts.

Streams of work identified for next year are a historic imagery project in conjunction with Land Information NZ, and disaster recovery and business continuity and a Southland maps portal for GIS information held by all the councils.

IWI LIAISON

To help promote and develop its relationship with Māori, SDC, ES, ICC, GDC, CDC, Queenstown Lakes District Council, and Otago Regional Council signed with Te Ao Mārama Inc the Charter of Understanding He Huarahi mō Ngā Uri Whakatapu - A Pathway for the Generations Coming Through. The Charter was revised in 2015 to incorporate the wider responsibilities under the Local Government Act 2002; and underpins all dealings between the Council and Te Ao Mārama Inc. The revised document was re-signed by all the parties on 7 March 2016.

The Charter of Understanding provides:

- the basis for an ongoing relationship between the seven councils and the Tangata Whenua of Murihiku to assist in developing the capacity of Māori to contribute to decision-making processes;
- a foundation for consultation on a wide range of local government issues;
- for the recognition and willingness of Te Ao Mārama Inc to assist all councils in consultation with all ng ā matawaka living in Murihiku. This is important in terms of Māori contribution to decision-making in the Southland region, particularly as the Local Government Act 2002 responsibilities of the Council are in relation to all Māori, not solely the local tangata whenua.

Te Roopū Taiao is the collaborative structure put in place for the purposes of giving effect to the Charter of Understanding and the obligations of the parties to the charter. Senior Councillors and Council staff regularly attend Te Roopū Taiao meetings.

Consistent with the changes to the Charter referred to above, Te Roopū Taiao includes ngā matawaka (other Māori who are not Ngāi Tahu) representatives; and meetings are usually held quarterly.

LIBRARY CONSORTIUM

The consortium came together to share a range of services during 2014/2015, including the Symphony Library Management system, which allowed access to the complete catalogues of Dunedin, Invercargill, Queenstown Lakes, Central Otago and Southland District Libraries for all residents.

Differing demands by various councils saw a very amiable split from this some months ago although all members are still using the Symphony platform. Dunedin City, Central Otago and Queenstown Lakes Districts have joined the national consortia - Kotui - which provides enhanced support, searching and ongoing enhancements.

A range of other opportunities are also being explored between the districts and these include integrated holiday and reading programmes, requests and holds able to be placed across boundaries and the possibility of staff exchanges.

Although consortia membership is slightly changed SDC borrowers are able to access all catalogues through their local branch. Reciprocal membership is available at all libraries from Waitaki south for any resident of those local authorities.

Training and professional development is at the forefront of SouthLib activities as this reduces costs, allows access to national and international speakers and offers benchmarking opportunities, which would possibly be outside the scope of a single authority. This also allows for networking and a spirit of collegiality for staff who often work in isolation.

RURAL FIRE

The Southern Rural Fire Authority was formed on 7 August 2003 and amalgamated the rural fire responsibilities of SDC, GDC, ICC, Southern Plantations Rural Fire Authority and Department of Conservation - Southland Conservancy.

In total, about 3.5 million hectares or one eighth of the land area of New Zealand is within the Southern Rural Fire Authority area. The District has eight volunteer rural fire forces: Athol, Garston, Blackmount, Waikawa, Hedgehope, Beaumont, Drummond and Milford Sound with total volunteer firefighters numbering approx. 150. Supporting the volunteers and providing a resource for long duration campaign fires is another approx. 130 firefighters and incident managers from member and stakeholder agencies.

In July 2015 the Authority Board Directors and Management undertook a strategic workshop to review the organisation's core purpose, "Empowering and Protecting Communities" and core values "Safety First, Valuing Partnerships, Fostering Innovation and Community".

This year saw a marked increase in firefighter training undertaken in order to address a decline in the number of fire fighters in some volunteer and agency teams. Government announced that urban and rural fire services will merge into a new organisation on 1 July 2017. Fire and Emergency New Zealand will take over all responsibilities of Southern Rural Fire Authority including the transfer of assets and staff.

WASTENET

Council is part of WasteNet Southland, a shared services arrangement between SDC, ICC and GDC. WasteNet actively promotes and advocates waste minimisation initiatives. Through WasteNet, Council provides a weekly kerbside collection for rubbish and recycling in areas where it is cost-effective to do so (in townships and on travel routes), and waste transfer stations, recycling services, and greenwaste sites at a number of locations across the district. WasteNet Southland managed the kerbside collection and recycling contracts, and the contract with the Regional Landfill Site at Kings Bend on behalf of the three councils. WasteNet activities are funded through the gate fee collected at the regional landfill site while the collection and transfer services are funded by the three individual Councils.

MAORI CAPACITY TO CONTRIBUTE TO DECISION MAKING

Environment Southland acknowledges the importance of tikanga Māori and values its relationship with both Ngāi Tahu (through the four Southland papatipu rūnanga) and ngā matawaka (other Māori who are not Ngāi Tahu) living within Murihiku/Southland.

Charter of Understanding

To help promote and develop its relationship with Māori, Environment Southland together with six other local authorities in Southland/Otago, namely Southland District Council, Invercargill City Council, Gore District Council, Queenstown Lakes District Council, Clutha District Council and Otago Regional Council signed with Te Ao Mārama Inc the Charter of Understanding He Huarahi mō Ngā Uri Whakatapu - A Pathway for the Generations Coming Through.

The Charter was revised in 2015 to incorporate the wider responsibilities under the Local Government Act 2002; and underpins all dealings between the Council and Te Ao Mārama Inc. The revised document was re-signed by all the parties at Hokonui runanga marae on 7 March 2016.

The Charter of Understanding provides:

- the basis for an ongoing relationship between the seven councils and the tangata whenua of Murihiku to assist in developing the capacity of Māori to contribute to decision-making processes;
- a foundation for consultation on a wide range of local government issues;
- for the recognition and willingness of Te Ao Mārama Inc to assist all councils in consultation with all ngā matawaka living in Murihiku. This is important in terms of Māori contribution to decision-making in the Southland region, particularly as the Local Government Act responsibilities of the Council in relation to Māori are with all Māori, not solely the local Iwi.

Te Roopū Taiao is the collaborative structure put in place for the purposes of giving effect to the Charter of Understanding and the obligations of the parties to the charter. Senior Councillors and Council staff involved in resource management regularly attend Te Roopū Taiao meetings.

Consistent with the changes to the Charter referred to above, Te Roopū Taiao includes ngā matawaka (other Māori who are not Ngāi Tahu) representatives; and meetings are usually held quarterly.

Fostering Maori Capacity

The points below highlight progress with a number of initiatives undertaken during 2015/16 aimed at fostering Māori capacity to contribute to decision-making processes:

- continued to hold regular liaison meetings between Te Ao Mārama Inc managers and Council Executive, and weekly contact at staff level;
- invited Māori representatives to attend Council meetings and hearings to become familiar with Council protocol;
- Te Ao Mārama Inc assisted Council in developing the 2015-2025 Long-term Plan by participating at the Council table;
- provided for Iwi appointed hearing commissioners on key issues, such as major resource consent applications or plan developments that have issues of iwi significance;
- Continued the partnership with Te Ao Mārama Inc in the development of the Water and Land Plan project;
- maintained existing protocols with Māori in relation to the ways in which Council undertakes its statutory duties;
- referred to and reported against Te Tangi a Tauira, the Ngāi Tahu Murihiku Resource Management Plan when assessing resource consent applications;
- maintained our commitment to ongoing funding of Te Ao Mārama Inc, with Environment Southland acting as the central financial manager for all the Councils' contributions and distribution of funds to Te Ao Mārama Inc;
- Council continued to offer the 50/50 shared arrangement to fund the Iwi Policy Officer position within Te Ao Mārama Inc;
- Council continued to Chair Te Roopū Taiao meetings.

GORE DISTRICT COUNCIL'S CONTRIBUTION TO COMMUNITY OUTCOMES

The next section on the 'Council's Activities' provides a summary of each of the different activities undertaken by the Council and the ways in which these activities contribute to achieving the six community outcomes. The council's activities have been categorised under three different headings or activity groups.

In addition to the services and legislative or regulatory functions performed by the Council, which are detailed in the subsequent sections/chapters of this plan, the Council also promotes the achievement of community outcomes by:

- Providing leadership, representing, and being an advocate for community interests;
- Providing information necessary for sustainable development and other activities within the District;
- Acting as a facilitator, mediator, organiser and/or motivator of community based initiatives and/or collaboration at the grass roots level;
- Engaging in partnerships with key agencies, and community groups; and
- Monitoring and reporting on progress towards achievement of community outcomes.

Each of the activity summaries included in the next section provides details on the following:

- An introduction which explains the type/nature of the service provided;
- A rationale for the service, why is the service provided;
- Its contribution to community outcomes;
- The levels of service and performance measures over the ten year duration of the plan.

FUNDING IMPACT STATEMENT - COUNCIL WIDE

	2015 LTP \$'000	2015 Annual Plan \$'000	2015 Actual \$'000	2016 LTP \$'000	2016 Actual \$'000
SOURCES OF OPERATING FUNDING					
General rates, uniform annual general charge, rates penalties	4,492	4,661	4,549	4,603	4,632
Targeted rates	9,314	9,160	9,261	9,800	9,763
Subsidies and grants for operating purposes	1,146	1,149	1,248	1,174	1,239
Fees and charges	2,765	2,781	2,920	2,787	2,950
Local authorities fuel tax, fines, infringement fees, and other receipts	262	282	217	204	178
Interest and dividends from investments	105	105	105	95	124
Total operating funding (A)	18,084	18,139	18,301	18,664	18,886
APPLICATIONS OF OPERATING FUNDING					
Payments to staff and suppliers	13,700	13,726	13,869	14,091	14,290
Finance costs	730	693	670	787	625
Other operating funding applications	546	620	599	620	631
Total applications of operating funding (B)	14,975	15,039	15,138	15,498	15,546
Surplus/(deficit) of operating funding (A - B)	3,109	3,099	3,163	3,166	3,340
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure	1,799	1,690	1,635	1,598	1,102
Development and financial contributions	-	-	94	-	38
Increase (decrease) in debt	(170)	1,781	104	858	336
Gross proceeds from sale of assets	-	-	66	-	73
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
Total capital funding (C)	1,629	3,471	1,899	2,456	1,550
APPLICATIONS OF CAPITAL FUNDING					
Capital expenditure to meet additional demand	-	2	26	221	144
Capital expenditure to replace existing assets	4,531	3,914	3,612	3,516	2,716
Capital expenditure to improve the level of service	266	2,515	649	1,874	1,093
Increase (decrease) in reserves	(60)	139	775	11	937
Increase (decrease) in investments	-	-	-	-	-
Total applications of capital funding (D)	4,737	6,570	5,061	5,622	4,890
Surplus (deficit) of capital funding (C-D)	(3,109)	(3,099)	(3,163)	(3,166)	(3,340)
Funding balance ((A-B)+(C-D))	-	-	-	-	-

RECONCILIATION BETWEEN FINANCIAL STATEMENTS AND COUNCIL WIDE FUNDING IMPACT STATEMENT

	Actual 2016 \$'000	LTP 2016 \$'000	Actual 2015 \$'000
INCOME			
Total operating income per Statement of Financial Performance	19,539	20,262	19,720
Less			
NZTA Subsidy received for capital expenditure	(1,102)	(1,598)	(1,635)
Net change in fair value of financial assets carried at fair value through surplus or deficit or loss (Interest rate swaps)	578	-	380
Net change in fair value of available for sale assets carried at fair value through surplus or deficit (Shares)	(17)	-	(4)
Assets vested in Council	-	-	-
Gross proceeds from sale of assets	(73)	-	(66)
Development and financial contributions	(38)	-	(94)
	(653)	(1,598)	(1,419)
Total operating income per Council Wide Funding Impact Statement	\$ 18,886	\$ 18,664	\$ 18,301
EXPENDITURE			
Total operating expenditure per Statement of Financial Performance	20,359	20,464	20,090
Less			
Depreciation	(4,813)	(4,966)	(4,952)
	(4,813)	(4,966)	(4,952)
Total operating expenditure per Council Wide Funding Impact Statement	\$ 15,546	\$15,498	\$15,138

GROUPS OF ACTIVITIES

This Annual Report lets you know how the Council performed against the budgets and targets set in our Long Term Plan 2015-2025. The Long Term Plan is our 10 year comprehensive business plan detailing the Council's policies, and outlining the work programmes, budgets and non-financial targets. The plan also provides detailed information about each activity and the contribution it makes to achieve the Council's Community Outcomes.

The financial and non-financial results are reported here by each group of activities. There may be one or more activities included in each activity group.

WATER SUPPLY

Activities:

How and where water for human, agricultural, cultural and recreational uses is sustainably managed is of considerable importance. The Council has consistently regarded the provision of the water services as vital to maintaining the community's health and well-being.

The Council owns and manages water supply assets valued at \$12.5million, and acts as maintenance contractor for the Otama Water Supply. The management and operation of the water supplies are mainly through the Council with only Otama managed through a private scheme committee. Reticulated water supply services are provided to approximately 5,000 properties for domestic and industrial use with firefighting capabilities in the townships of Gore and Mataura, and rural stock water to the Otama area. It is estimated that 74% of the usually resident population receive their water from the Council's reticulated water supplies.

The water supply network collects untreated water from both surface and groundwater sources. The volume of water abstracted is closely controlled and monitored through consents.

The Mataura and Gore schemes treat this raw water prior to distribution throughout the towns' distribution networks. The treatment of water is also closely monitored to ensure appropriate treatment standards are in place to protect public health. Water is gravity fed to the majority of consumers, however, it is pumped to some suburbs at higher levels.

The Otama scheme is a rural scheme and is only for stock drinking water purposes.

Assets provided within the network include:

- Pipes (gravity and rising mains)
- Valves
- Hydrants
- Meters
- Water reservoirs
- Water intakes, bores and wells
- Control Equipment
- Water treatment plants and pumping stations

Rationale:

The collection, treatment and distribution of potable water are essential services for the benefit of residents and businesses throughout the District. The Council's water supply activity protects the health and wellbeing of the community, and is indispensable to economic growth and development.

The following key issues are associated with the water supplies:

- Compliance with the Health Act and meeting the DWSNZ - Water Treatment Plant Upgrades
- Treatment Plant Upgrades totalling \$6 million over the next six years
- Increased operation and maintenance costs associated with the new treatment plants
- Improving asset data and management
- Investigating and implementing improved efficiencies
- Ongoing affordability of the water supply.
- Managing water demand.

The Local Government Act 2002 (Amendment 2010) determines infrastructure services, including water supply, to be a core service provided by local authorities and this legislation provides guidance on the way the service is managed and reported upon.

Section 23 of the Health Act 1956 also dictates that it is every local authority's duty to "improve, promote, and protect public health within its district".

This permits the Council to make bylaws for the protection of public health and requires it to present reports from time to time to provide the Medical Officer of Health with an understanding of diseases, drinking water and sanitary conditions within the District.

Therefore the reasons that the Council continues to provide water supply services include:

- to address legislative requirements
- to protect public health
- to support and enable economic growth

The Council's objectives for the community under this Long Term Plan and this Infrastructure Strategy are:

- a district ready to grow and prosper
- to shape the place we live in now and into the future
- balance the need for significant investment in public infrastructure with sustainable debt levels and affordable rates

The Council Community Outcome, to which this group of activities contributes, is:

Outcome 4: We have a quality infrastructure with potential for growth

Significant negative effects:

While the Council acknowledges its water supply activity may have some adverse impacts, these relatively minimal impacts are outweighed by the public good that is served by the benefits of managing water supply, and most notably, public health and safety.

To mitigate the potentially negative effects of water abstraction from ecosystems, the Council is required to operate within consent requirements in accordance with the requirements of the Resource Management Act. As per the requirements of the Resource Management Act, local Iwi are consulted during resource consenting processes.

Key points from the 2016 year:

Proactive maintenance of critical infrastructure such as pump stations has led to a reduced number of afterhours call outs which in turn has meant the 3 Waters team has been able to focus on leak detection and repair over the summer months.

During the year, the Council paid the Sharp Trust \$512,000 as final settlement in relation to the designation of the land around Cooper's Wells. This expense was unbudgeted and has meant that a number of smaller capital improvement projects scheduled for the current year will need to be reprioritised and rescheduled. The Council also used some funds held in reserves from the water activity.

Planned construction of a pipeline to meet additional demand in the South Gore area was deferred to the 2017 year due to a proposed District Plan change in the area.

STATEMENT OF SERVICE PERFORMANCE – 2015-16 LEVELS OF SERVICE

Council Outcome	Levels of Service	Performance Measures	Target 2016	Achieved
We have a quality infrastructure with potential for growth.	A potable water supply is provided in urban areas	Compliance with the bacterial criteria of the NZDWS: (NFPM 1a)	100%	<p>2015-2016 Annual Winz survey compliance</p> <p>Gore – Bacterial Compliance = Yes</p> <p>Mataura – Bacterial Compliance = Yes</p> <p>This is a new measure this year so no prior year results are available.</p> <p>All three plants met the bacterial compliance for the Bacterial compliance schedule (Bacto schedule) and Criterion 2A continuous monitoring requirements.</p>
		Compliance with the protozoal criteria of the NZDWS: (NFPM 1b)	33%	<p>2015-2016 Annual Winz survey compliance</p> <p>Gore – Protozoal Compliance - No</p> <p>Mataura – Protozoal Compliance - No</p> <p>This is a new measure this year so no prior year results are available.</p> <p>There is no protozoal treatment at the East Gore WTP. The Hilbre Ave WTP requires 3.0 log credits however only achieved 2.5 with the slow sand filtration and there is no turbidity meters located on each filter. Mataura did achieve the compliance for Section 5.4 of the DWSNZ however only met 3.0 of the required 4.0 log credits.</p>
		Water quality complaints received (per 1,000 connections) (NFPM 4)	8	<p>2015-2016 – Target Not Achieved – 14 complaints received</p> <p>In September 2015 the Gore Fire Brigade had been using the hydrants, 19 complaints were received on the 23/09/2015 regarding dirty water.</p> <p>It is believed other complaints in West Gore was due to low aquifer levels at the Jacobstown well field resulting in the Jacobstown No. 3 pump running since 28 January 2016. Manganese is believed to be causing the dirty water issues from Well3, a project is planned for the 2016-2017 financial year to replace the Hilbre Ave WTP and add manganese removal.</p>

STATEMENT OF SERVICE PERFORMANCE – 2015-16 LEVELS OF SERVICE cont.

Council Outcome	Levels of Service	Performance Measures	Target 2016	Achieved
	A reliable service and effective response to queries	Real water losses from the reticulation network (NFPM 2)	23%	2015-2016 – Target Not Achieved - 66% Leak detection studies in 2016 have revealed that over half of the water supply is lost to leakage. Increase leak resolution programme is in place currently.
		Response to an urgent customer request (Urban, no water) (NFPM 3a)	60 min	2015-2016 – Target Achieved – 37 mins. (Median value used)
		Resolution of an urgent customer request. (Urban, no water) (NFPM 3b)	8 working hours	2015-2016 – Target Achieved – 1hr 52mins. (Median value used)
		Response to a non-urgent customer request (NFPM 3c)	5 days	2015-2016 – Target Achieved - 4.7 days (Median value used)
		Resolution of a non-urgent customer request (NFPM 3d)	14 days	2015-2016 –Target Achieved - 4.9 days (Median value used)
		Average consumption of drinking water (NFPM 5)	<550 L/p/day	2015-2016 – Target Achieved - 548 L/p/day

FUNDING IMPACT STATEMENT - WATER

	2015 LTP \$'000	2015 Annual Plan \$'000	2015 Actual \$'000	2016 LTP \$'000	2016 Actual \$'000
SOURCES OF OPERATING FUNDING					
General rates, uniform annual general charge, rates penalties	-	-	-	-	-
Targeted rates	1,387	1,378	1,378	1,377	1,376
Subsidies and grants for operating purposes	-	-	1	-	3
Fees and charges	309	309	206	309	238
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-
Interest and dividends from investments	-	-	-	-	-
Internal charges and overheads recovered	-	-	-	-	-
Total operating funding (A)	1,696	1,688	1,585	1,686	1,617
APPLICATIONS OF OPERATING FUNDING					
Payments to staff and suppliers	761	774	516	642	750
Finance costs	29	34	25	25	33
Other operating funding applications	-	-	-	-	-
Internal charges and overheads applied	413	399	520	528	528
Total applications of operating funding (B)	1,203	1,207	1,061	1,196	1,311
Surplus (deficit) of operating funding (A-B)	493	481	524	491	306
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure	1,799	1,690	1,635	1,598	1,102
Development and financial contributions	-	-	94	-	38
Increase (decrease) in debt	(170)	1,781	104	858	336
Gross proceeds from sale of assets	-	-	66	-	73
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
Total sources of capital funding (C)	(116)	(15)	195	32	31
APPLICATIONS OF CAPITAL FUNDING					
Capital expenditure to meet additional demand	-	-	6	100	2
Capital expenditure to replace existing assets	364	289	259	120	149
Capital expenditure to improve the level of service	-	131	207	265	602
Increase (decrease) in reserves	13	45	246	38	(416)
Increase (decrease) in investments	-	-	-	-	-
Total applications of capital funding (D)	377	465	719	523	337
Surplus (deficit) of capital funding (C-D)	(493)	(481)	(524)	(491)	(306)
Funding balance ((A-B)+(C-D))	-	-	-	-	-

WASTEWATER

Activities:

The Council owns and manages wastewater assets valued at \$15.5million. Wastewater services are provided for about 5,000 households and businesses in Gore, Mataura and Waikaka.

The network collects untreated wastewater. It is both pumped and gravity fed to three treatment plants for treatment prior to being discharged to the environment. The disposal of wastewater is closely monitored and controlled by discharge consents that are managed by Environment Southland.

Assets provided within the network include:

- Pipes (gravity and rising mains)
- Manholes
- Mudtanks (for the combined wastewater and stormwater network)
- Cleaning eyes
- Pump stations (including buildings and pumps)
- Control equipment
- Wastewater treatment plants

Rationale:

The collection, treatment and disposal of wastewater are essential services for the benefit of residents and businesses throughout the District. The Council's wastewater activity protects the health and physical environment of the community, and is indispensable to economic growth and development.

The Local Government Act 2002 determines infrastructure services, including wastewater, to be a core service provided by local authorities and this legislation provides guidance on the way the service is managed and reported upon.

Section 23 of the Health Act 1956 also dictates that it is every local authority's duty to "improve, promote, and protect public health within its district".

This permits the Council to make bylaws for the protection of public health, and requires the Council to present reports from time to time to provide the Medical Officer of Health with an understanding of diseases, drinking water and sanitary conditions within the District.

Therefore the reasons that the Council continues to provide wastewater services include:

- to address legislative requirements;
- to protect public health;
- to afford the environment protection; and
- to support economic growth

The Council objectives for the community under this Long Term Plan and accompanying Infrastructure Strategy are:

- a district ready to grow and prosper
- to shape the place we live in now and into the future
- to balance the need for significant investment in public infrastructure with sustainable debt levels and affordable rates

The Council Community Outcomes to which this group of activities contributes are:

Outcome 4: We have a quality infrastructure with potential for growth

Outcome 6: We value and respect our environment

Significant negative effects:

While the Council acknowledges its wastewater activity may have some adverse impacts, these are relatively minimal and are outweighed by the public good that is served by the benefits of managing wastewater, most notably public health and safety.

To mitigate the potentially negative effects of discharging treated wastewater into the Maitake River and the Waikaka Stream, the Council has established a robust system for monitoring discharges in accordance with the requirements of the Resource Management Act.

As treated wastewater is discharged into rivers and waterways, the Council's wastewater and stormwater activities potentially have negative effects on the socio-economic and cultural interests of Tangata Whenua. In accordance with the requirements of the Resource Management Act, local Iwi are consulted during resource consenting processes.

Key points from the 2016 year:

During the year it was planned to complete stages one and two of the Ajax pump station upgrade, stage one being carried over from the 2015 year. The project totals approximately \$3million. As in the 2015 year, the project continued to be delayed by negotiations to secure an easement over private land. These negotiations were concluded later in the current year and the project was able to start moving ahead. Now that the Council has an easement, it can complete construction of the facility in the 2017 year.

Work also started on the Gore oxidation pond desludging project, which is on track to be completed in the 2017 year as planned.

STATEMENT OF SERVICE PERFORMANCE 2015 – 16 LEVELS OF SERVICE

Council Outcome	Levels of Service	Performance Measures	Target 2016	Achieved
We have a quality infrastructure with potential for growth.	A reliable service: effective response to queries	The number of dry weather overflows from Council's sewerage system, (per 1,000 connections) (NFPM 1)	1	2015-2016 – Target Achieved - No complaints received.
		Response to a customer request. (Blockage or fault) (NFPM 3a)	Urgent 120 mins General <8 hours	Urgent – 2015-2016 – Target Not Achieved - 820mins. (Median value used) A job at 5 Burrows Street Gore reported as a blockage eventuated to a collapsed sewer main therefore taking two days to complete. General – 2015-2016 – Target Achieved - No complaints received. (Median value used)
		Resolution of a customer request. (Blockage or fault) (NFPM 3b)	Urgent <8 hrs General 5 days	Urgent – 2015-2016 – Target Not Achieved – 14.9hrs. (Median value used) A job at 5 Burrows Street Gore reported as a blockage eventuated to a collapsed sewer main therefore taking two days to complete. General – 2015-2016 – Target Achieved - No complaints received. (Median value used)
	Wastewater systems are effective and comply with environmental standards	Wastewater complaints received (per 1,000 connections) (NFPM 4)	<10	2015-2015 – Target Achieved – No complaints received.
We value and respect our environment.	Our waterways and environment are protected from adverse impacts of providing the wastewater service.	Compliance with Council's resource consents for discharge from its sewerage system measured by the number of abatement notices, infringement notices, enforcement orders and convictions (NFPM 2)	Abatement Notice - 0 Infringement Notice - 0 Enforcement Orders - 0 Convictions - 0	2015-2016 - Target achieved Abatement Notice - 0 Infringement Notice - 0 Enforcement Orders - 0 Convictions - 0

FUNDING IMPACT STATEMENT - WASTEWATER

	2015 LTP \$'000	2015 Annual Plan \$'000	2015 Actual \$'000	2016 LTP \$'000	2016 Actual \$'000
SOURCES OF OPERATING FUNDING					
General rates, uniform annual general charge, rates penalties	-	-	-	-	-
Targeted rates	1,033	1,130	1,129	1,156	1,155
Subsidies and grants for operating purposes	-	-	-	-	-
Fees and charges	223	223	304	234	228
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-
Interest and dividends from investments	-	-	-	-	-
Internal charges and overheads recovered	-	-	-	-	-
Total operating funding (A)	1,255	1,352	1,433	1,391	1,383
APPLICATIONS OF OPERATING FUNDING					
Payments to staff and suppliers	477	477	438	372	503
Finance costs	114	126	112	224	103
Other operating funding applications	-	-	-	-	-
Internal charges and overheads applied	257	248	323	328	328
Total applications of operating funding (B)	848	851	873	925	934
Surplus (deficit) of operating funding (A-B)	407	501	560	466	449
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	43	-	(5)
Increase (decrease) in debt	(95)	1,822	5	927	564
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
Total sources of capital funding (C)	(95)	1,822	48	927	560
APPLICATIONS OF CAPITAL FUNDING					
Capital expenditure to meet additional demand	-	-	6	100	1
Capital expenditure to replace existing assets	282	361	116	93	59
Capital expenditure to improve the level of service	-	1,917	86	1,200	298
Increase (decrease) in reserves	30	45	400	-	650
Increase (decrease) in investments	-	-	-	-	-
Total applications of capital funding (D)	312	2,323	609	1,393	1,008
Surplus (deficit) of capital funding (C-D)	(407)	(501)	(560)	(466)	(449)
Funding balance ((A-B)+(C-D))	-	-	-	-	-

STORMWATER

Activities:

The Council owns and manages stormwater assets valued at \$9.5million. Stormwater services are provided for about 5,000 households and businesses in Gore, Mataura, Waikaka, Pukerau and Mandeville.

The stormwater network collects stormwater runoff from roads as well as households and businesses. It is both pumped and gravity fed to discharge into the environment. The quality of discharge is monitored and controlled by discharge consents that are managed by Environment Southland.

Assets provided within the network include:

- Pipes (gravity and rising mains)
- Manholes
- Cleaning eyes
- Pump stations (including buildings and pumps)
- Control equipment
- Outfalls

The Council has an on-going long term stormwater separation project, which will see combined wastewater and stormwater assets separated. As this project progresses, more stormwater will be entering the network. Demand on stormwater pump stations will need to be monitored to ensure this extra capacity can be managed.

Although there is a forecast declining/static population, there is possibility of population growth from industry developments. Supporting industries may create demands on the network from increased hardstand areas and an increased risk of discharge quality contamination.

Rationale:

The collection and disposal of stormwater is an essential service for the benefit of residents and businesses throughout the District. The Council's stormwater activity protects the health and physical environment of the community, and is indispensable to economic growth and development.

The Local Government Act 2002 determines infrastructure services, including stormwater, to be a core service provided by local authorities and this legislation provides guidance on the way that the service is managed and reported upon.

Section 23 of the Health Act 1956 also dictates that it is every local authority's duty to "improve, promote, and protect public health within its district".

This permits the Council to make bylaws for the protection of public health, and requires the Council to present reports from time to time to provide the Medical Officer of Health with an understanding of diseases, drinking water and sanitary conditions within the District.

Therefore the reasons that the Council continues to provide stormwater services include:

- To address legislative requirements
- To protect public health
- To afford the environment protection

- To support economic growth

The Council objectives for the community under this Long Term Plan and this Infrastructure Strategy are:

- a district ready to grow and prosper
- to shape the place we live in now and into the future
- to balance the need for significant investment in public infrastructure with sustainable debt levels and affordable rates

The Council Community Outcomes to which this group of activities contributes are:

Outcome 4: We have a quality infrastructure with potential for growth

Outcome 6: We value and respect our environment.

Significant negative effects:

While the Council acknowledges its stormwater activity may have some adverse impacts, these relatively minimal impacts are outweighed by the public good that is served by the benefits of managing stormwater, and most notably, public health and safety.

To mitigate the potentially negative effects of discharging stormwater into the Mataura River and the Waikaka and Pukerau Streams, the Council has established a robust system for monitoring discharges in accordance with the requirements of the Resource Management Act.

As stormwater discharges into rivers and waterways, the Council's stormwater activity potentially has negative effects on the socio-economic and cultural interests of Tangata Whenua. In accordance with the requirements of the Resource Management Act local Iwi are consulted during resource consenting processes.

Key points from the 2016 year:

Not all capital projects were completed during the year due to the heavy focus on leak detection and repair work that was required during the summer season. These projects will be reprioritised and rescheduled.

STATEMENT OF SERVICE PERFORMANCE 2015 – 16 LEVELS OF SERVICE

Council Outcome	Levels of Service	Performance Measures	Target 2016	Achieved
We have quality infrastructure with potential for growth.	A reliable service and effective response to queries	Response to a customer request (Flooding event) (NFPM 3)	60 min	2015-2016 – Target Achieved – No complaints received.
		Stormwater complaints received (per 1,000 properties connected) (NFPM 4) Faults or blockages	8	2015-2016 – Target Achieved – No complaints received.
	Homes and properties are not affected by surface flooding caused by the Stormwater Activity	Number of flooding events (NFPM 1a)	3	015-2016 – Target Achieved – No complaints received.
		Number of habitable floors affected per 1,000 connected properties (per event) (NFPM 1b)	2	2015-2016 – Target Achieved – No complaints received.
We value and respect our environment	Our waterways and environment are protected from adverse impacts of providing the Stormwater service.	Compliance with Council's resource consents for discharge from its stormwater system measured by the number of abatement notices, infringement notices, enforcement orders and convictions (NFPM 2a-d)	Abatement Notice - 0 Infringement Notice - 0 Enforcement Orders - 0 Convictions - 0	2015-2016 - Target achieved Abatement Notice - 0 Infringement Notice - 0 Enforcement Orders - 0 Convictions - 0

FUNDING IMPACT STATEMENT - WASTEWATER

	2015 LTP \$'000	2015 Annual Plan \$'000	2015 Actual \$'000	2016 LTP \$'000	2016 Actual \$'000
SOURCES OF OPERATING FUNDING					
General rates, uniform annual general charge, rates penalties	-	-	-	-	-
Targeted rates	494	519	519	526	525
Subsidies and grants for operating purposes	-	-	-	-	-
Fees and charges	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-
Interest and dividends from investments	-	-	-	-	-
Internal charges and overheads recovered	-	-	-	-	-
Total operating funding (A)	494	519	519	526	525
APPLICATIONS OF OPERATING FUNDING					
Payments to staff and suppliers	120	114	74	95	45
Finance costs	34	35	34	28	25
Other operating funding applications	-	-	-	-	-
Internal charges and overheads applied	64	60	78	82	79
Total applications of operating funding (B)	218	208	185	205	150
Surplus (deficit) of operating funding (A-B)	276	311	334	321	376
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	(168)	(112)	(112)	(196)	(196)
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
Total sources of capital funding (C)	(168)	(112)	(112)	(196)	(196)
APPLICATIONS OF CAPITAL FUNDING					
Capital expenditure to meet additional demand	-	-	-	-	-
Capital expenditure to replace existing assets	108	-	-	80	-
Capital expenditure to improve the level of service	-	198	190	45	15
Increase (decrease) in reserves	-	-	31	-	165
Increase (decrease) in investments	-	-	-	-	-
Total applications of capital funding (D)	108	198	221	125	180
Surplus (deficit) of capital funding (C-D)	(276)	(311)	(334)	(321)	(376)
Funding balance ((A-B)+(C-D))	-	-	-	-	-

ROADING AND FOOTPATHS

Activities:

The Gore District roading network comprises of 896 kilometres of roads, with 538 kilometres unsealed. All work is procured in accordance with the Council's NZTA approved Procurement Strategy. Design and supervision of major work is generally undertaken by consultants.

The Council supports the objectives of the Land Transport Strategy, Road Safety Strategy 2020 and the New Zealand Transport Agency to improve road safety and sustainable transport throughout the region. The Council's staff work with other councils and transport stakeholders to further New Zealand Transport Agency initiatives through the development and implementation of the Road Safety Action Plan, which addresses issues such as excessive speed, drink driving campaigns, developing and promoting safety management systems.

The Council compiles a triennial land transport programme to give it access to government partnership finance. The programme takes into consideration transport initiatives, strategy development and monitoring, travel demand assessments, road safety issues, stock truck effluent transfer sites, alternatives to roading options, regional development initiatives, and monitoring passenger and mobility services.

Rationale:

Roads, bridges, and footpaths are provided and maintained to ensure safe and efficient passage of people and goods throughout the community, contributing to the effective functioning of the community and economy. Public ownership of the roading network ensures appropriate property access and freedom of travel throughout the District for all residents and visitors. Well maintained roads, footpaths, and street lighting provide for the safe and efficient travel of motor vehicles, cyclists, and pedestrians.

As the Council is the road controlling authority under the Local Government Act 1974, it has responsibility for all of the roads (state highways excluded) in the Gore District.

Significant negative effects:

Despite the benefits the Council's roading activities bring, in terms of providing transportation infrastructure that is needed to support the everyday lives and livelihoods of residents in the District, roading activities are inevitably associated with a number of negative effects. The table below sets out the negative effects that are potentially relevant to the situation in Gore, as well as possible mitigation measures.

No	Potential Negative Effect	Proposed Action
1	Road Deaths and Injuries	<ul style="list-style-type: none"> • Prepare a 'minor improvement projects' plan each year. • Set appropriate speed limits. • Maintain a road safety strategy and a road safety action plan. Properly implement the safety management system. • Work closely with NZTA, the New Zealand Police and Road Safety Southland on road user education and policing.
2	Excessive Noise Undue noise to adjoining properties from traffic volumes usually in urban areas.	<ul style="list-style-type: none"> • Set appropriate speed limits. • Use appropriate surfacing on busy roads in residential areas
3	Dust from unsealed roads	Permit affected property owners to apply oil as a suppressant to short sections.
4	Contamination of Natural Waters Cars and trucks leave particles of worn tyre material and un-burnt fuel from exhaust pipes on the road surface. The road surface also gradually wears down. Rain washes this material into the roadside drains and storm water systems and then into the streams and the sea- contaminating the natural waters.	<ul style="list-style-type: none"> • Ensure proper attention is paid to water run-off / sediment control management when carrying out work on the roads. • Police the discharge of effluent onto the roads from stock trucks (and encourage the provision of disposal facilities at appropriate locations).
5	Travel Delays Caused by Road Works	Ensure proper attention is paid to the preparation of, and adherence to, traffic management plans when carrying out road works.
6	Road lighting causing interference to adjoining properties or a distraction to motorists – or insufficient lighting (especially in places frequented by pedestrians after dark) endangering public safety	<ul style="list-style-type: none"> • Ensure all road lights are sited and focussed in an appropriate manner. • When preparing the annual road safety allocation ensure consideration is given to areas where additional lighting may be desirable.
7	Damage / nuisance caused to vehicles by soil and cow excrement on the roads	<ul style="list-style-type: none"> • Encourage the construction of underpasses in places where stock numbers regularly cross busy roads. • Enforce removal of soil and other material dropped on roads.

No	Potential Negative Effect	Proposed Action
8	<p>The Flooding of Adjoining Properties</p> <p>Flooding is caused to adjoining properties as a result of inadequate (or inappropriately designed or insufficiently maintained and managed) road culverts and storm water drains.</p>	<ul style="list-style-type: none"> The Council routinely monitors the maintenance contractors' performance to ensure existing culverts and drains are being properly maintained and managed. There is nothing that can be done to prevent the flooding of properties during major storm events. However the Council will always be mindful of places where the adverse impacts may be able to be reduced and will programme improvement project where possible.
9	<p>Untidy road pavements and road verges</p> <p>The potential negative effects under this heading include:</p> <ul style="list-style-type: none"> Graffiti on road assets Litter on the road pavement, on footpaths, and in roadside gutters and kerbs; In residential and commercial areas: <ul style="list-style-type: none"> Poorly maintained shrubs and trees, long unmown grass, and weeds on the road verge and in traffic islands; (and) Untidy / unkempt signage, bus bays and bus shelters and taxi stands etc 	<ul style="list-style-type: none"> Monitor and take appropriate actions as required.
10	<p>Land developed without sufficient consideration of the impacts on the road network</p> <p>'Land Development' potential negative effects include (but are not limited to):</p> <ul style="list-style-type: none"> Buildings constructed too close to the road obstructing vision and perhaps restricting future road widening; Inappropriate tree and hedge planting also obstructing vision; Inadequately / inappropriately constructed and sited vehicle crossings; (especially in commercial and industrial areas) no or inadequate 'pull off' space; Inadequate storm water control provision; Inadequately constructed new road assets that the Council is expected to 'take over'; Significant damage done to the roads by heavy vehicles associated with activities like the haulage of construction materials to the site, and logging and mining or (especially in wet conditions) dropping clay and other material on the road. 	<ul style="list-style-type: none"> Land use and road network provision go hand in hand. The two can't be divorced. The only reason the network is there is to provide the ability or pedestrians, cyclists, and vehicles carrying people and goods to be able to travel efficiently, and safely to and from the residential, commercial and industrial development on the land – and the way in which the land is being used will (to a fair extent) determine the type and standard of roading that is required. As a general rule the philosophy is that if land subdivision and development will cause costs that would not have been incurred if that subdivision or development had not taken place they should be funded (as a part of the project cost) by the sub-divider (or developer). It is inappropriate that the costs be paid by the Council at the expense of other (higher priority) programmed road work.

No	Potential Negative Effect	Proposed Action
10	<ul style="list-style-type: none"> • Inadequate consideration of what the effect is likely to be on the existing roads by the increased number of vehicles that the land development is likely to cause. • Inadequate consideration of pedestrian, signage, parking and lighting and beautification matters 	
11	Potential damage to wildlife habitats or sites of archaeological or historical significance	<ul style="list-style-type: none"> • Take care to avoid causing damage to wildlife, archaeological and historic sites when carrying out roading work.

It is pertinent to note that the above mentioned negative effects are mostly caused by road users, and are not occasioned by the roading system itself. The Council's policy is to monitor and maintain an on-going awareness of the possible risks and to ensure that mitigation measures are implemented to the extent appropriate.

Key points from the 2016 year:

A portion of the reseals programme was not completed due to a number of factors. These projects will be completed by the resealing contractor alongside the 2017 reseal programme. The Council's share of the cost has been carried forward and when the work is completed the Council will claim the subsidised portion from the New Zealand Transport Agency.

During the year the Council completed a gravel trial on its rural roads. Gravel from various quarries throughout and outside the district was compared in the trial. The trial showed that the gravel the Council had been using did not perform as well as other gravels that were introduced. As a result, the Council is progressively rolling out better performing gravel on its rural roads, accepting that differing conditions will require different blends of material. The trial was made as a result of submissions to the Long Term Plan raising concerns about the quality of the gravel used on the District's rural roads.

STATEMENT OF SERVICE PERFORMANCE 2015 – 16 LEVELS OF SERVICE

Council Outcome	Levels of Service	Performance Measures	Target 2016	Achieved
We have a quality infrastructure with potential for growth.	Mandatory Performance Measure 1 (Road Safety) The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network, expressed as a number	New Measure The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network, expressed as a number	Number of Fatal and Serious Crashes ≤3	2015/2016 – There were 2 serious crashes with 4 people seriously injured. There were no fatal crashes. – Target achieved. 2014/2015 – No fatal or serious crashes 2013/2014 – 1 fatal or serious crashes
	Mandatory Performance Measure 2 (Road Condition) The average quality of ride on a sealed local network, measured by smooth travel exposure.	New Measure The average quality of ride on a sealed local network, measured by smooth travel exposure	Urban <220 NAASRA Rural < 120 NAASRA	2015/2016 - Urban – All categories are below 220 2015/2016 – Rural – All categories are below 120
	Mandatory Performance Measure 3 (Road Maintenance). The percentage of the sealed local road network that is resurfaced.	New Measure The percentage of the sealed local road network that is resurfaced.	4.4%	2015/2016 – 25.164km Chipseal and asphalt was resurfaced = 6.9% 2014/2015 – 49.628km Chipseal and asphalt was resurfaced = 13.7%.
	Mandatory Performance Measure 4 (Footpaths). The percentage of footpaths within a territorial authority district that fall within the level of service standard for the condition of footpaths that is set out in the territorial authority's relevant document (such as its annual plan, activity management plan, asset management plan, annual works programme, or long term plan)	New Measure The percentage of footpaths within the district that fall within the level of service standard for the condition of footpaths	Decreasing trend	2015-2016 – As this is the first year of data collection, Council is unable to conclude on this measure however there has been 750.2m of footpaths repaired.

STATEMENT OF SERVICE PERFORMANCE 2015 – 16 LEVELS OF SERVICE cont

Council Outcome	Levels of Service	Performance Measures	Target 2016	Achieved
	Mandatory Performance Measure 5 (Response to Service Requests). The percentage of customer service requests relating to roads and footpaths to which the territorial authority responds within the timeframe specified in the long term plan.	New Measure The percentage of customer service requests relating to roads and footpaths to which the territorial authority responds within the timeframe specified in the long term plan.	95%	2015 – 2016 This is currently being developed. From 1 January 2016 – 30 June 2016 – 46%
	Unsealed roads are maintained to ensure they are fit for purpose	The percentage of respondents to the Gore District Council annual Resident Survey within the range of neutral to very satisfied.	78%	2016 - Gore - Target Achieved - 79% Mataura – Target Not Achieved 67% Rural – Target Not Achieved 40%. There was dissatisfaction with the gravel type being used, this has since changed to a different gravel type.

FUNDING IMPACT STATEMENT - ROADING

	2015 LTP \$'000	2015 Annual Plan \$'000	2015 Actual \$'000	2016 LTP \$'000	2016 Actual \$'000
SOURCES OF OPERATING FUNDING					
General rates, uniform annual general charge, rates penalties -	-	-	-	-	-
Targeted rates	2,378	2,161	2,174	2,283	2,288
Subsidies and grants for operating purposes	860	835	884	878	837
Fees and charges	-	-	8	-	1
Local authorities fuel tax, fines, infringement fees, and other receipts 139		201	215	156	137
Interest and dividends from investments	-	-	-	-	-
Internal charges and overheads recovered	54	49	79	172	167
Total operating funding (A)	3,493	3,260	3,301	3,470	3,431
APPLICATIONS OF OPERATING FUNDING					
Payments to staff and suppliers	2,010	1,856	2,039	2,071	1,958
Finance costs	38	31	40	48	45
Other operating funding applications	-	-	-	-	-
Internal charges and overheads applied	282	288	332	431	430
Total applications of operating funding (B)	2,329	2,174	2,411	2,550	2,433
Surplus (deficit) of operating funding (A-B)	1,163	1,086	890	921	997
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure	1,799	1,690	1,635	1,598	1,102
Development and financial contributions	-	-	-	-	4
Increase (decrease) in debt	132	132	171	100	100
Gross proceeds from sale of assets	-	-	-	-	()
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
Total sources of capital funding (C)	1,930	1,822	1,806	1,698	1,206
APPLICATIONS OF CAPITAL FUNDING					
Capital expenditure to meet additional demand	-	-	-	-	34
Capital expenditure to replace existing assets	3,083	2,704	2,604	2,342	1,720
Capital expenditure to improve the level of service	-	189	136	282	120
Increase (decrease) in reserves	10	14	(43)	(5)	331
Increase (decrease) in investments	-	-	-	-	-
Total applications of capital funding (D)	3,094	2,907	2,696	2,619	2,204
Surplus (deficit) of capital funding (C-D)	(1,163)	(1,086)	(890)	(921)	(997)
Funding balance ((A-B)+(C-D))	-	-	-	-	-

PARKS, RESERVES, AQUATIC FACILITIES, CIVIC BUILDINGS & RECREATION

Activities:

The Gore District has an excellent range of open spaces, and community facilities. The open spaces provide an assortment of recreation opportunities, and the property and community facilities assets serve the community well.

Among the Parks, Property and Recreation portfolio, the Gore Gardens and Eastern Southland Gallery are nationally recognised; Dolamore Park, the MLT Events Centre and the Gore Multisports Complex are of regional benefit; and there are key facilities in the District such as the James Cumming Wing. These high profile sites are supplemented with a range of district and local parks and facilities.

The Council owns and manages property, parks and recreation assets valued at over \$40 million. Parks, property and recreational activities are provided for in Gore, Maitua, Waimumu, Waikaka, Pukerua, Mandeville and Kaiwera, and the surrounding areas.

Council buildings, public conveniences and recreation facilities are located within Gore and Maitua. Cemeteries are located at these two towns, as well as Waikaka and Pukerua. All four areas have recreation reserves. In addition to the parks and reserves, the Council maintains two public swimming pools, which provide recreational opportunities for the people in the District, and subsidised swimming programmes.

Assets provided within the network include:

- Buildings
- Public conveniences
- Playgrounds
- Cemeteries
- Recreation facilities
- Aquatic facilities
- MLT Event Centre

Rationale:

The Parks Property and Recreation activity is identified as a core service in terms of Section 11A of the Local Government Act 2002. The Parks Property and Recreation activity has many benefits for the community and provides opportunities for social interaction, and active and passive recreation. The activity also plays a major role in the appearance and attractiveness of the District. How residents feel about the District is heavily influenced by the activity, which is positive. In attracting people to the District, as visitors and residents, the provision of quality open spaces and recreation opportunities is a key determinant. This is an important consideration in terms of the manner in which Gore promotes itself and the lifestyle available.

Parks and reserves are provided by local government to ensure open spaces in urban areas, opportunities for recreation and sport, and to enhance community pride. Sports centres and parks provide opportunities for sports clubs and other recreation and community groups. Providing these services is believed to enhance the general health and wellbeing of the community where private enterprise may not be viable.

Community and civic buildings are provided to meet the operational need of the Council and provide the community with communal meeting spaces.

Public conveniences are an essential service and are utilised by both locals and visitors.

Councils are required to provide cemeteries by the Burial and Cremation Act 1964. Cemeteries are provided to protect public health and provide a location for bereavement within close proximity to the community.

The Parks Property and Recreation activity is identified as a core services in terms of Section 11A of the Local Government Act 2002.

The Local Government Act 2002 permits the Council to make bylaws for the protection of public health. It requires the Council to present reports from time to time to provide the Medical Officer of Health with an understanding of diseases, drinking water and sanitary conditions within the District.

Significant negative effects:

The Council acknowledges that some adverse impacts are possible as a result of operations to provide the services for the local community. However, these relatively minimal impacts are outweighed by the public good that is served by the benefits of providing safe areas for passive and active recreation that are accessible throughout the year.

To mitigate the potentially negative effects of necessary maintenance operations, contractors applying herbicides are GROWSAFE® certified, earthworks operations are carried out during the summer months and appropriate erosion and sediment control measures are in place. Noise restrictions and working hour restrictions are also enforced to mitigate potential effects on local residents. Upgrade works on sports fields and re-vegetation in passive reserves are carried out to industry best-practice to minimise erosion and the duration of the works.

As per the requirements of the Resource Management Act, local Iwi are consulted during resource consenting processes for works not considered to be permitted activities in parks and reserves.

The Council's central administration activities are delivered, in the main, from the Civic Centre offices in Civic Avenue. This building is subject to an earthquake risk assessment. Notwithstanding the outcome of this assessment, the Council has flagged the need for a major upgrade and will be progressing this project within the first few years of this Long Term Plan.

Key points from the 2016 year:

The 2015/16 financial year saw progress in the updating of two Reserve Management Plans. Initially a General Policies Reserve Management Plan, which covers all District Reserves then an omnibus Specific Policies Reserve Management Plan covering all but Dolamore Park and the Town Belt reserves. District playgrounds continue to be reviewed with some equipment renewals being implemented..

STATEMENT OF SERVICE PERFORMANCE 2015 – 16 LEVELS OF SERVICE

Council Outcome	Levels of Service	Performance Measures	Target 2016	Achieved
Aquatic Centres				
We have a choice of quality places to go and things to do	To provide safe, quality, accessible swimming pools with good opportunities for learning	<p>Measured by five key technical measures that reflect the core values</p> <p>This includes:</p> <ul style="list-style-type: none"> • Pool availability – open all days during the year • Customer satisfaction – 90% • Swimming course enrolments – swim school enrolments during the year • Health and safety incidents – No life threatening or fatal incidents • Pool safe accreditation – up to date 	5/5 Indicators achieved	<p>2015-2016 This is a positive result for the Council. All five technical measures have met these respective targets, particularly customer satisfaction sitting at 95%.</p> <p>2013/14 4/5 achieved</p> <p>2012/13 5/5 achieved</p> <p>2011/12 5/5 achieved</p>

STATEMENT OF SERVICE PERFORMANCE 2015 – 16 LEVELS OF SERVICE

Council Outcome	Levels of Service	Performance Measures	Target 2016	Achieved
Park & Reserves, Cemeteries and Public Conveniences				
We have a choice of quality places to go and things to do	Parks, reserves and cemeteries provide a sense of place; active recreation spaces, as well as opportunities to interact with and beautify urban environments; facilities are safe, well-maintained and appropriate for their use with high levels of public satisfaction	<p>Percentage of community that are satisfied across the range of property and recreation criteria surveyed</p> <p>This includes: satisfaction levels for:</p> <ol style="list-style-type: none"> 1. Parks and Reserves/ Sportsgrounds 2. Playgrounds 3. Cemeteries 4. Public conveniences 5. The provision of community buildings or halls 	> 90% across the 5 criteria surveyed	<p>2015-2016 – Overall the specified criteria surveyed target was achieved of 94.83%, this includes sports fields. Individually the only criteria that achieved below 90% were public conveniences with a score of 87%. The other four criteria ranged between 92%-97%.</p> <p>In 2015 over 90% of respondents were very satisfied, satisfied or neutral in their response to community satisfaction with Parks Property and Recreation survey questions</p>

FUNDING IMPACT STATEMENT - PARKS, RESERVES, AQUATIC FACILITIES, CIVIC BUILDINGS & RECREATION

	2015 LTP \$'000	2015 Annual Plan \$'000	2015 Actual \$'000	2016 LTP \$'000	2016 Actual \$'000
SOURCES OF OPERATING FUNDING					
General rates, uniform annual general charge, rates penalties	1,260	1,302	1,306	1,324	1,384
Targeted rates	2,671	2,626	2,620	2,659	2,584
Subsidies and grants for operating purposes	65	65	65	71	117
Fees and charges	731	762	761	768	785
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-
Interest and dividends from investments	-	-	-	-	-
Internal charges and overheads recovered	989	1,028	1,164	1,107	1,251
Total operating funding (A)	5,716	5,782	5,916	5,929	6,120
APPLICATIONS OF OPERATING FUNDING					
Payments to staff and suppliers	3,393	3,441	3,343	3,340	3,360
Finance costs	290	274	265	265	245
Other operating funding applications	-	4	-	-	-
Internal charges and overheads applied	1,609	1,678	1,854	1,813	1,969
Total applications of operating funding (B)	5,292	5,397	5,462	5,418	5,573
Surplus (deficit) of operating funding (A-B)	424	385	454	511	547
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	20	-	31
Increase (decrease) in debt	(72)	(10)	(74)	57	(66)
Gross proceeds from sale of assets	-	-	53	-	(2)
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING (C)	(72)	(10)	(1)	57	(38)
APPLICATIONS OF CAPITAL FUNDING					
Capital expenditure to meet additional demand	-	-	11	21	12
Capital expenditure to replace existing assets	524	374	357	520	454
Capital expenditure to improve the level of service	-	46	30	31	21
Increase (decrease) in reserves	(171)	(46)	55	(4)	23
Increase (decrease) in investments	-	-	-	-	-
Total applications of capital funding (D)	352	375	453	568	509
Surplus (deficit) of capital funding (C-D)	(424)	(385)	(454)	(511)	(547)
Funding balance ((A-B)+(C-D))	-	-	-	-	-

OTHER DISTRICT ASSETS INCLUDING SOLID WASTE AND CIVIL DEFENCE

Activities:

The Gore District Council contributes to other significant activities for residents, namely solid waste service and Civil Defence.

Solid Waste

Responsibilities that fall under the solid waste management umbrella include:

- Kerbside recycling collection service delivery
- Kerbside residual waste collection service delivery
- Transfer Station service delivery
- Landfill operations
- Education and advocacy (waste minimisation)

The Council owns a transfer station in Gore and four closed landfill sites in Gore, Mataura, Waikaka and Pukerau. There are no Emission Trading Scheme effects emanating from these sites.

Maintenance of the above assets is undertaken and managed by Bond Contracting Ltd as part of its Southland-wide solid waste management contract held with the Southland WasteNet Councils. The costs of maintenance, renewal or replacement are funded primarily through user fees and charges, and supplemented by rates contributions.

Civil Defence

The Council is part of a Shared Services for Civil Defence and Emergency Management, which is delivered through Emergency Management Southland (EMS). EMS was established in 2009 as a means to a more coordinated approach by the four Councils in Southland to Emergency Management.

Rationale:

The Gore District faces the challenges of using resources while ensuring that our environment and our health are not harmed, through inefficient use or by the waste generated. The disposal of solid waste in a way that protects the health of the community and the environment is a fundamental requirement for community wellbeing.

Under the Local Government Act 2002 and the Waste Minimisation Act 2008, the Council is required to encourage and promote effective and efficient waste management and minimisation within its district.

The Gore District Council maintains a “hands on” approach to this activity because it considers that waste can be most effectively and efficiently managed by the Council, where long term benefits can be obtained for the community.

In regard to civil defence, the safety and welfare of the District’s residents are enhanced when the District has plans in place to ensure that natural disasters and civil emergencies have minimal negative effects on communities, and when there is a well-trained group of individuals who can provide leadership in the event of an emergency.

Significant Negative Effects

The Council recognises there are negative impacts associated with the collections and disposal of solid waste. At the same time, it needs to be recognised that it is essential to have efficient and effective means of disposing of solid waste. In short, any negative effects must be weighed against such need.

While there is a risk that leachate from closed landfills may leach into streams and the water table, such risks are mitigated by strict adherence to resource consent requirements pertaining to the landfills.

The Council also strives to minimise nuisances such as noise, dust and odour from transfer station operations by closely monitoring the operation of the transfer station. The nuisance caused by windblown litter from waste disposal areas is also mitigated by the installation of wind fencing.

With regard to the risk of vermin such as rats and/or seagulls, the Council conducts regular checks for vermin and lays bait to minimise colonisation in waste disposal areas or facilities by vermin. The Council also keeps solid waste disposal areas clean and tidy.

Council Outcome	Contribution of the Council's Solid Waste Activity	Level of Service Action
<i>We value and respect our environment.</i>	The Council's solid waste services allow for efficient, hygienic and environmentally friendly disposal of solid waste generated in the District.	<ul style="list-style-type: none"> • A transfer station is provided to meet the needs of the community. • An effective kerbside refuse and recycling collection service is provided in urban areas. • Waste minimisation is promoted to improve the environment. • The number of fly-tipping incidents is reduced with the introduction of kerbside recycling.

Council Outcome	Contribution from the Council's Civil Defence Emergency Management Activities	Level of Service Action
<i>We live in a compassionate caring community.</i>	The Council's civil defence emergency management activities enable timely preparation and an effective response to rural fires, natural disasters, civil emergencies and other untoward events	<ul style="list-style-type: none"> • To have a skilled and knowledgeable team ready to manage an emergency response when required. • People prepared for a civil defence emergency.

2015-2016 SOLID WASTE LEVELS OF SERVICE

Council Outcome	Levels of Service	Performance Measures	Target 2016	Achieved
We value and respect our environment.	Waste minimisation is promoted to improve the environment	Volume of waste per capita being disposed of at the regional landfill from regional landfill weighbridge records	Material discarded <650kg per capita (across Southland)	2015-2016 – 481kg per capita – Target achieved 2015-2016 – 481kg per capita – Target achieved

FUNDING IMPACT STATEMENT - OTHER DISTRICT ASSETS INCLUDING SOLID WASTE AND CIVIL DEFENCE

	2015 LTP \$'000	2015 Annual Plan \$'000	2015 Actual \$'000	2016 LTP \$'000	2016 Actual \$'000
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SOURCES OF OPERATING FUNDING

General rates, uniform annual general charge, rates penalties	351	348	254	291	255
Targeted rates	962	952	1,045	1,191	1,225
Subsidies and grants for operating purposes	43	43	100	44	49
Fees and charges	559	559	550	524	617
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-
Interest and dividends from investments	-	-	-	-	-
Internal charges and overheads recovered	918	887	1,155	1,173	1,173
Total operating funding (A)	2,832	2,789	3,105	3,222	3,319

APPLICATIONS OF OPERATING FUNDING

Payments to staff and suppliers	2,101	2,088	2,364	2,406	2,337
Finance costs	130	119	117	120	107
Other operating funding applications	-	-	-	-	-
Internal charges and overheads applied	524	537	613	622	632
Total applications of operating funding (B)	2,755	2,744	3,094	3,148	3,076
Surplus (deficit) of operating funding (A-B)	77	45	11	74	243

SOURCES OF CAPITAL FUNDING

Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	-	(3)	(3)	(3)	(3)
Gross proceeds from sale of assets	-	-	7	-	37
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
Total sources of capital funding (C)	-	(3)	3	(3)	34

APPLICATIONS OF CAPITAL FUNDING

Capital expenditure to meet additional demand	-	-	-	-	33
Capital expenditure to replace existing assets	111	22	41	198	187
Capital expenditure to improve the level of service	-	-	-	-	-
Increase (decrease) in reserves	(34)	20	(27)	(127)	57
Increase (decrease) in investments	-	-	-	-	-
Total applications of capital funding (D)	77	42	14	71	277
Surplus (deficit) of capital funding (C-D)	(77)	(45)	(11)	(74)	(243)
Funding balance ((A-B)+(C-D))	-	-	-	-	-

COMMUNITY SERVICES - ARTS & HERITAGE, LIBRARIES, PROMOTIONS AND GRANTS

Activities:

The Gore District hosts a significant range of award-winning cultural facilities, museums and collections. These have, in no small way, made Gore a destination in its own right for aficionados of arts. It is also the key to some of the District's main promotions and events.

The Council sees the development of heritage tourism as one of the key drivers of economic development in the District and, looking into the future, believes it can build on successes to date. Such successes include the Matura Museum upgrade winning a major national award.

The appointment of an events and promotions coordinator is also expected to play a key role in ensuring locals and overseas visitors, as well as the rest of New Zealand, are aware of the opportunities offered in the Gore District.

The Council arts and heritage department manages, in partnership with key public providers, cultural property and programmes for the benefit of the people of District, and visitors to the area. The department is also a pivotal link between local cultural interests and public sector agencies that govern policy surrounding the management and funding of cultural property and related infrastructures.

Staff in the department play a pivotal role in facilitating the development of arts, culture and heritage resources in the District. They actively seek capital funding from external sources for arts and heritage initiatives in the District, perform project management functions in the implementation phase of building arts and heritage facilities, as well as provide ongoing management of related collections and programmes.

The heritage precinct is home to much of the District's heritage facilities, namely:

- The Hokonui Heritage Centre – containing the Hokonui Moonshine Museum, Gore Historical Museum, Hokonui Heritage Research Centre and Fishing Museum
- The Eastern Southland Gallery – containing the John Money Wing, the Ralph Hotere Collection and the Gallery exhibition space.

Other facilities or areas where the department offers support include the Matura Museum, Croydon Aviation Heritage Centre, the East Gore arts centre and Hokonui Pioneer Park.

The heritage precinct is also home to the Gore Visitor Centre and Gore Library.

The visitor centre serves as a booking outlet for residents and visitors to make their domestic travel arrangements, as well as being a source of professional tourism related advice and recommendations. It also serves as a front of house for the moonshiners' museum.

The Gore Library is one of two provided by the Council, the other being in Matura. In addition, a book bus service is provided to the residents of the four rural communities of Pukerau, Waikaka, Willowbank and Te Tipua by arrangement with neighbouring Southland District libraries.

The District libraries have a membership of over 7000 people and over 60,000 items in its collection.

Gore District libraries provide readers advisory services and deliver library services/material to the housebound, rest homes and specific community groups. Specialised programmes are run throughout the year including reading programmes for children, Toddler Time, school holiday programmes and so forth.

The Gore library provides areas for casual reading, study and with the introduction of free Wi-Fi internet access it has become a community meeting place.

The Council provides grants to selected organisations to assist with the provision of economic, social (health and recreation), and cultural services to the community.

The provision of grants to organisations assists in providing valuable community services which are not provided by the Council or Central Government, and/or where there are significant gaps in service delivery.

Rationale:

The current arts and heritage infrastructure in the Gore District is the result of considerable investment on the part of individuals, groups, businesses, public sector funding agencies and major philanthropists.

The current combined arts and heritage asset value of \$10 million is the product of gifts and donations from the people of Gore and key supporters of the District. In the interests of preserving, promoting and interpreting these holdings, a partnership has been developed between the Gore District Council and local culture and heritage organisations to provide a professional service for the management, care and development of facilities and collections.

Collectively these assets and services combine to provide the District's residents an avenue for preserving, appreciating and demonstrating their cultural heritage. This cannot be easily replicated by private or commercial providers.

Further, the investment in arts and heritage has given the Gore District a distinct point of difference and advantage in attracting visitors and instilling local pride.

The provision of an events and promotions role compliments the tourism support services delivered via the visitor centre. The combination assists in developing the arts and heritage profile of the District and encourages visitor, residential and commercial growth.

By providing access to information, the library service directly contributes to the community's aspiration to provide opportunities for creativity, leisure, diversity, and being involved. The library collections and facilities are a collective resource that is greater than any individual ratepayer could accommodate.

The libraries serve the community's cultural, economic, and social needs by:

- supporting recreational reading
- providing a repository for local history
- enriching the Gore District's cultural heritage through the acquisition and preservation of items in the library's collections
- providing opportunities for lifelong learning and the development of literacy and information skills
- maintaining relationships with the community

Significant negative effects:

The Council has not identified any negative effects from these activities.

Key points from the 2016 year:

The design phase of the Gore arts and heritage precinct redevelopment continued during the year with the creation of a concept plan. Total cost of the project is estimated to be \$2.2 million, of which the Council has pledged \$1 million. The Council's support and financial commitment has been integral in enabling this project to access external funding sources. Of the funding already budgeted for, \$500,000 was spent on purchasing the Irwell Street building and a further \$500,000 has been tagged for expenditure over the next five years.

The gallery hosted 11 exhibitions and organised 10 performances throughout the year.

The Council's GoRetail initiative has continued to grow. It is now steered by the local retail community, with the Council providing administrative support, as well as assisting with events and various initiatives as required. The Council launched its free wifi service in the CBD, and a 'Stores of Gore' website, which showcases our local retailers and provides them with an online shopping platform.

As part of the Council's increased promotion in the digital space, a Gore Visitor Centre online shop was also set up to market merchandise specific to our areas. www.gorevisitorcentre.co.nz

Promotions were stepped up for the biennial Southern Field Days, held at Waimumu in February. With nearly 40,000 visitor over the three days, the field days is used as a chance to promote the Gore District as a place to live and work. A new district promotional video debuted at the event and was well received. The video was put together with assistance from Venture Southland and has been used extensively by local businesses, as well as local high schools hoping to attract international students. You can view the video on the Council's YouTube channel <https://www.youtube.com/watch?v=btNXGpk2L9U>

STATEMENT OF SERVICE PERFORMANCE

Council Outcome	Contribution from the Council's arts and heritage department	Level of Service
<i>We value our history and heritage potential for growth.</i>	The Hokonui Heritage Centre, housing specific museum exhibits and a dedicated research centre, captures and displays writings and artefacts in order that a greater awareness and appreciation for our heritage and history is cultivated.	<ul style="list-style-type: none">• To maintain an arts and heritage programme.• To provide a Heritage Centre that meets the needs of the community.
<i>We live in a creative place.</i>	An appealing array of art exhibitions and performances are organised and hosted to foster an interest and participation in the arts.	<ul style="list-style-type: none">• Promote and foster an appreciation for arts, culture and heritage resources located in the District.
<i>We have a choice of quality places to go and things to do.</i>	The Council's Visitor Information Centre promotes Gore District as an amazing place to visit.	<ul style="list-style-type: none">• To provide a professional information service that meets the needs of locals and visitors.

STATEMENT OF SERVICE PERFORMANCE continued

Council Outcome	Contribution from the Council's arts and heritage department	Level of Service
<i>We have a choice of quality places to go and things to do.</i>	The District libraries contribute to the quality of people's lives by providing books, magazines, DVDs and computers for recreational, educational or leisure use. Events and specialised programmes organised by library staff also help to make the District a fun and creative place to live.	<ul style="list-style-type: none"> • Library staff are friendly and knowledgeable. • A range of programmes are delivered to the community. • The range of books and materials within the library collections meet most customer demands.

Council Outcomes	Contribution from the Council's Grants
<i>We value our history and heritage. We live in a creative place.</i>	Council grants to local arts and heritage organisations contributes to the quality of arts and heritage facilities and events hosted in the District and help to make Gore District a great place to live.
<i>We live in a compassionate caring community.</i>	Council grants to Total Mobility and the Hospital Incentives programme contribute to the health and wellbeing of people in Gore District.

SCHEDULE OF GRANTS

Amenity Hire Refunds	4,627
Children's Day	435
Citizens Advice	1,500
Clematis Cottage	2,000
Community Networking Trust	10,000
Country Music & Songwriters	5,000
Croydon Aviation Heritage Trust	6,000
Cycle Tour Southland	1,000
Eastern Southland Art Gallery	10,000
Emergency Housing	2,174
Enviro Schools	4,348
Free Swim School - Primary Schools	27,420
NZ Gold Guitar Awards	5,000
Gore A & P Association	74,675
Gore Counselling Centre	1,500
Gore Museum	7,500
Gore Young Professionals	1,000
Gore District Youth Awards	500
Healthy Homes initiative	15,000
Heartland Education Trust	2,500
Hokonui Heritage Centre Trust	6,500
Hokonui Pioneer Park	5,000
Hospital Incentives	2,000
John Money Wing	10,000
Mataura Community Garden	1,300
Mataura Heritage Centre	7,500
Migrant Services program	5,000
Moonshine Committee	4,500
Pakeke Lions Recycling Services	26,515
Rural Fire	70,189
Rural Halls	17,000
Scholarships 2 @ \$750	1,500
Southland Regional Heritage Trust	188,926
<i>(\$163,281 was returned by the Trust to the Gore District Council to fund local heritage organisations).</i>	
SPCA Grant	543
Total Mobility	18,592
Venture Southland	53,800
Waikaka Domain Board	9,000
Total	610,044

LEVELS OF SERVICE, PERFORMANCE MEASURES AND TARGETS 2015-16

Council Outcome	Customer Levels of Service	Performance Measures	Target 2016	Achieved
We value our history and heritage	Promote and foster an appreciation for arts, culture and heritage resources in the District	The public appreciates the services and assets of arts and heritage as shown in the Annual customer satisfaction survey	90% Satisfaction Rate	96% - Achieved
We have a choice of quality places to go and things to do	The range of books and materials within the library collections meet most customer demands.	At least 80% of the collection is no more than 20 years old (by date of acquisition) excluding local history titles. 95% of requests for material are satisfied from the local collection.	> 75% of the collection is no more than 20 years old (by date of acquisition) excluding local history titles. 97% of requests for material are satisfied from the local collection.	86% of the total collection is no more than 20 years old (by date of acquisition). 98.4% of requests for material were satisfied from the local collection.

FUNDING IMPACT STATEMENT - ARTS & HERITAGE, LIBRARIES, PROMOTIONS AND GRANTS

	2015 LTP \$'000	2015 Annual Plan \$'000	2015 Actual \$'000	2016 LTP \$'000	2016 Actual \$'000
SOURCES OF OPERATING FUNDING					
General rates, uniform annual general charge, rates penalties	1,614	1,634	1,639	1,530	1,529
Targeted rates	390	394	396	609	609
Subsidies and grants for operating purposes	170	198	188	173	192
Fees and charges	53	84	121	97	91
Local authorities fuel tax, fines, infringement fees, and other receipts	10	7	6	7	5
Interest and dividends from investments	-	-	-	-	-
Internal charges and overheads recovered	-	-	-	-	-
Total operating funding (A)	2,237	2,316	2,349	2,416	2,427
APPLICATIONS OF OPERATING FUNDING					
Payments to staff and suppliers	1,161	1,083	1,150	1,148	1,107
Finance costs	49	31	30	32	27
Other operating funding applications	546	616	599	620	631
Internal charges and overheads applied	428	450	477	487	496
Total applications of operating funding (B)	2,184	2,179	2,256	2,287	2,260
Surplus (deficit) of operating funding (A-B)	53	137	94	129	167
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	236	11	(14)	37	
Gross proceeds from sale of assets	-	-	1	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
Total sources of capital funding (C)	236	11	(13)	37	
APPLICATIONS OF CAPITAL FUNDING					
Capital expenditure to meet additional demand	-	2	1	-	9
Capital expenditure to replace existing assets	43	122	111	95	92
Capital expenditure to improve the level of service	266	33	-	51	15
Increase (decrease) in reserves	(20)	(10)	(31)	19	51
Increase (decrease) in investments	-	-	-	-	-
Total applications of capital funding (D)	289	148	81	166	167
Surplus (deficit) of capital funding (C-D)	(53)	(137)	(94)	(129)	(167)
Funding balance ((A-B)+(C-D))	-	-	-	-	-

REGULATORY AND PLANNING

Activities:

The Regulatory Services Department administers the Council's statutory and regulatory responsibilities in respect of the following legislation:

• Building Act 2004	• Litter Act 1979
• Dangerous Goods Act 1974	• Local Government Act 2002
• Dog Control Act 1996	• Reserves Act 1977
• Food Act 1981	• Resource Management Act 1991
• Health Act 1956	• Sale and Supply of Alcohol Act 2012
• Council Bylaws	

It includes the Council's resource management, building approval and inspection functions, environmental health, animal control, inspection of food premises, alcohol licensing, and noise control.

The work undertaken in this area includes, but is not limited to

- Providing Land Information Memoranda in accordance with the requirements of the Local Government Official Information and Meetings Act 1987;
- Keeping property files up to date and available for public inquiries;
- Providing advice on planning matters to prospective applicants, affected neighbours and other agencies;
- Promoting the sustainable management of natural and physical resources in the Gore District via the District Plan;
- Processing resource consent applications for land use and subdivision;
- Providing advice and administering the Building Act 2004, including checking that buildings comply with the New Zealand Building Code;
- Processing applications for Project Information Memoranda (PIMS) and Building Consents, including on-site inspections at the building stage, and issuing code compliance certificates upon completion;
- Issuing building warrants of fitness and compliance schedules;
- Investigating complaints related to unauthorised building work;
- Responding to noise complaints;
- Controlling the sale and supply of liquor via the Sale and Supply of Alcohol Act 2012;
- Processing applications for on, off club and special licenses, processing manager's certificates and renewals, and monitoring licensed premises for compliance;
- Promoting the principle of alcohol harm reduction through inter-agency liaison and licence conditions;
- Reviewing the Council's liquor ban bylaw to allow appropriate enforcement.

Rationale:

The provision of these activities is required under the legislation listed above and provides for the protection and safety of the people and resources that make up the Gore District.

The Council is charged with providing the activities in this group to ensure public health and safety, and economic activity and development occurs in a way that does not place people or the environment at risk. This activity group makes a primary contribution to the community outcomes of a safe and supportive community and a sustainable environment.

Significant Negative Effects:

The Council has not identified any significant negative effects resulting from this activity.

Key points from the 2016 year:

The current year saw the development continue in the district with 73 resource consents granted. 345 building consents valued at \$27.5million were issued which was down slightly from the 358 consents valued at \$28.9million in the 2015 year.

STATEMENT OF SERVICE PERFORMANCE

Council Outcome	Contribution of the Council's Regulatory Activities to Community Outcomes	Level of Service
<i>We value and respect our environment. A key objective under this outcome is to maintain a regulatory culture that places an emphasis on education, empowerment and collaboration over rigid application of rules and implementation of sanctions.</i>	The Council's regulatory services staff provide efficient service and clear and consistent advice to individuals and business enterprises on the regulatory requirements that guide the conduct of their activities. In so doing, the Council provides an environment that is conducive to business and economic growth in the District.	<ul style="list-style-type: none">• Food services used by the public are healthy and safe.• The sale of alcohol is controlled to prevent harm caused by the excessive or inappropriate consumption of alcohol.• The Council provides a timely resource consent processing service.• The Council processes, inspects and certifies building work in the Gore District.• Building consent applications are processed within statutory timeframes.
	The Council's resource management activities directly contribute to the sustainable use of land, water and other natural resources in the District.	

LEVELS OF SERVICE, PERFORMANCE MEASURES AND TARGETS 2015-16

Council Outcome	Levels of Service	Performance Measures	Target 2016	Achieved
We have a quality infrastructure with potential for growth.	The Council provides a timely resource consent processing service.	Percentage of resource consent applications processed in accordance with statutory timeframes (within 20 days of filing).	100%	96% (not achieved) – Two consents were not processed within statutory timeframes.
We value and respect our environment	The Council processes, inspects and certifies building work in the Gore District.	The Gore District Council maintains its processes so that it meets BCA accreditation every two years.	Accreditation maintained	IANZ have recommended accreditation is extended for a further two years

FUNDING IMPACT STATEMENT - REGULATORY AND PLANNING

	2015 LTP \$'000	2015 Annual Plan \$'000	2015 Actual \$'000	2016 LTP \$'000	2016 Actual \$'000
SOURCES OF OPERATING FUNDING					
General rates, uniform annual general charge, rates penalties	433	540	542	597	596
Targeted rates	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-
Fees and charges	871	783	906	792	941
Local authorities fuel tax, fines, infringement fees, and other receipts	52	61	56	61	31
Interest and dividends from investments	-	-	-	-	-
Internal charges and overheads recovered	-	-	-	-	-
Total operating funding (A)	1,356	1,384	1,504	1,449	1,568
APPLICATIONS OF OPERATING FUNDING					
Payments to staff and suppliers	938	976	998	1,018	1,166
Finance costs	28	25	25	23	20
Other operating funding applications	-	-	-	-	-
Internal charges and overheads applied	293	308	326	334	340
Total applications of operating funding (B)	1,259	1,310	1,349	1,375	1,526
Surplus (deficit) of operating funding (A-B)	97	75	154	75	42
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	10	-	10
Increase (decrease) in debt	(50)	(50)	(50)	(50)	(50)
Gross proceeds from sale of assets	-	-	-	-	23
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING (C)	(50)	(50)	(40)	(50)	(16)
APPLICATIONS OF CAPITAL FUNDING					
Capital expenditure to meet additional demand	-	-	1	-	-
Capital expenditure to replace existing assets	-	-	5	22	26
Capital expenditure to improve the level of service	-	-	-	-	1
Increase (decrease) in reserves	47	25	109	3	(1)
Increase (decrease) in investments	-	-	-	-	-
Total applications of capital funding (D)	47	25	115	25	26
Surplus (deficit) of capital funding (C-D)	(97)	(75)	(154)	(75)	(42)
Funding balance ((A-B)+(C-D))	-	-	-	-	-

DEMOCRACY AND ADMINISTRATION

Activities:

Democracy is the political arm of the Council's operations, comprising:

- the Mayor, elected at large over the District;
- three Councillors elected at large over the District;
- eight Councillors elected from wards within the District;
- the Chief Executive and support services provided by Council staff.

The Gore District has one community board, that being the Mataura Community Board. It comprises a chairman and four members, as well as the Council's Mataura ward elected representative.

Councillors oversee the performance of activities and assets to ensure that it represents the best operation, maintenance and use of community resources. This and other important decision-making takes place at Council and committee meetings.

Councillors are representatives of their communities and an important part of their role is communicating with residents, informing them of the reasons for Council decisions and advocating on their behalf.

The Council is required to review its representation structure at six yearly intervals under Section 19 of the Local Electoral Amendment Act 2002. The next review of the Council's representation arrangements is due to be completed by 2019.

The next triennial elections are due to be held in October 2016.

No other significant changes are anticipated for the democracy activity over the next 10 years.

The administrative activities of the Council include customer service functions for Council services, accounting and finance, information technology, and senior management functions. The operational costs for this activity have been allocated across the other activities performed by the Council.

Rationale:

Councillors and community board members provide leadership for the District. They have a major role in helping the District and its communities develop and move forward. Decisions are made in the interests of the entire district with current and future generations in mind.

They set priorities and make decisions on the scope and levels of services, as well as how to spread the cost of these services and activities as equitably as practicable.

Significant Negative Effects

The Council has not identified any significant negative effects resulting from this activity.

STATEMENT OF SERVICE PERFORMANCE

Council Outcome	Contribution of the Council's Democracy activities	Level of Service Action
<i>We live in a compassionate, caring community.</i>	<p>The Mayor and Councillors maintain a close rapport with people living in their respective wards and elsewhere in the District; actively participate in Council and Committee meetings; take a keen interest in all issues affecting the District, and are accountable and transparent in their decision-making.</p> <p>The Council's Management team and Managers provide reports and technical advice to the Mayor and Councillors, to enable sound and effective decision-making by the elected representatives.</p>	<ul style="list-style-type: none"> • An avenue is provided through which the community can have its views heard. • Direction is set to determine what activities the Council should engage in.
<i>We have a choice of quality places to go and things to do.</i>	<p>Effective leadership and stewardship of the District and its resources contribute to the quality of life and overall wellbeing of communities and make Gore District a great place to live.</p>	

LEVELS OF SERVICE, PERFORMANCE MEASURES AND TARGETS 2015-2016

Council Outcome	Customer Levels of Service	Performance Measures	Target 2016	Achieved
We live in a compassionate, caring community.	Direction is set to determine what activities the Council should engage in.	Percentage of residents and ratepayers satisfied with the Council's decisions and actions.	80%	81% - Achieved

FUNDING IMPACT STATEMENT - DEMOCRACY AND ADMINISTRATION

	2015 LTP \$'000	2015 Annual Plan \$'000	2015 Actual \$'000	2016 LTP \$'000	2016 Actual \$'000
SOURCES OF OPERATING FUNDING					
General rates, uniform annual general charge, rates penalties	834	837	809	861	869
Targeted rates	-	-	-	-	-
Subsidies and grants for operating purposes	7	8	9	9	41
Fees and charges	19	61	63	62	50
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	2
Interest and dividends from investments	105	105	105	95	124
Internal charges and overheads recovered	2,241	2,353	2,494	2,550	2,595
Total operating funding (A)	3,207	3,364	3,480	3,577	3,681
APPLICATIONS OF OPERATING FUNDING					
Payments to staff and suppliers	2,739	2,917	2,949	2,998	3,064
Finance costs	19	20	22	23	20
Other operating funding applications	-	-	-	-	-
Internal charges and overheads applied	331	348	369	377	384
Total applications of operating funding (B)	3,089	3,285	3,339	3,398	3,468
Surplus (deficit) of operating funding (A-B)	117	79	141	179	213
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	(37)	6	6	(46)	(46)
Gross proceeds from sale of assets	-	-	5	-	16
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING (C)	(37)	6	12	(46)	(31)
APPLICATIONS OF CAPITAL FUNDING					
Capital expenditure to meet additional demand	-	-	-	-	54
Capital expenditure to replace existing assets	16	40	119	46	28
Capital expenditure to improve the level of service	-	-	-	-	22
Increase (decrease) in reserves	65	46	34	87	78
Increase (decrease) in investments	-	-	-	-	-
Total applications of capital funding (D)	81	86	153	133	182
Surplus (deficit) of capital funding (C-D)	(117)	(79)	(141)	(179)	(213)
Funding balance ((A-B)+(C-D))	-	-	-	-	-

SCHEDULE OF SPECIAL RESERVE FUND MOVEMENTS

		30 June 2015 \$,000	Additions \$,000	Withdrawals \$,000	30 June 2016 \$,000
(a) Special bequests					
A M A Dolamore	Maintenance and improvement of Dolamore Park	56	2		59
C A Coster	Provision or extension of amenities in Mataura area	321	14		334
Dolamore Trust	Purchase of Library Books	4			4
Dorothy Newman Trust	Maintenance and improvement of Gore Parks and Reserves	15	1		16
J H Dolamore	Maintenance and improvement of Gore Parks and Reserves	34	1		35
Latham Trust	For the promotion of arts in Gore and the surrounding districts	73	3		76
(a) Special bequests Total		503	22		524
(b) Council created reserves					
Airport reserve	Funding future operations	6	-		6
Combined cycleways grant	Funding for combined cycleways group project	-	10		10
Council wide asset replacement and maintenance reserves	Funding long term maintenance and replacement of Council assets	2,638	1,756	817	3,577
Creative New Zealand	Funding of cultural activities	2	-		2
Drainage contributions reserve	Funding additional connections to drainage network	62	-		62
Water contributions reserve	Funding additional connections to water network	20	-	20	-
Insurance excess reserve	Funding for self insurance of below ground assets	51	-		51
Long Term Plan reserve	Funding future iterations of long term plan	-	20		20
Mataura Initiatives Reserve	Funding future initiatives in Mataura	4	5		9
Otama water scheme	Funding capital works on Otama Water Scheme	376	66		442
Parks and Reserves development reserve	Funding future development requirements	176	31		206
Rural Halls Reserve	Funding future maintenance costs of rural halls	1	-		1
Rural Special Fund	Provision of amenities in rural areas of the District	428	18		446
Rural Roding reserve	Funding future rural roading works	182	-		182
Sister City reserve	Funding future sister city initiatives	9	-		9
Website Reserve	Funding future development of the Council website	10	-		10
Young Ambassador reserve	Funding future young ambassador initiatives	1	-		1
(b) Council created reserves Total		3,968	1,906	838	5,036
Grand Total		4,471	1,928	838	5,561