

GO
DISTRICT COUNCIL
RE

Gore District Council

PRE-ELECTION REPORT 2019



INTRODUCTION

The triennial local government elections will be held on 12 October 2019. Under the Local Government Act (LGA) 2002, it is the responsibility of the Chief Executive to prepare a Pre-Election Report to inform both the community and prospective candidates. This report is prepared on an entirely politically neutral basis.

This report brings together information contained in the 10 Year Plan 2018-2028, annual reports and the latest annual plan. It is intended as a tool to promote informed debate and should assist both voters and candidates in the run-up to the election.

The Council adopted its 10 Year Plan in 2018. It is reviewed every three years. In the interim years, the Council must adopt an annual plan, which identifies any changes to the 10 Year Plan. Both the 10 Year Plan 2018-2028 and the Annual Plan 2019/20 can be found on the Council's website. These documents profile the detail of our work programme for the coming financial year. The Pre-Election Report provides a better understanding of the issues facing the District as set out in the 10 Year Plan.

I have included a summary of the major projects either underway or proposed to be undertaken by the Council over the next three years, together with forecast financial information for the same period. Also included is the actual and planned performance against the self-imposed limits contained in our financial strategy. The financial strategy and accompanying infrastructure strategy is a core part of the 10 Year Plan and is used as a cornerstone for making Council decisions.

Infrastructure continues to be the main focus of the Council's work programme. The 10 Year Plan has prioritised upgrades to water treatment plants in Gore and Mataura over the next few years, to comply with New Zealand Drinking Water Standards. There is also a focus on fixing problematic reticulation infrastructure by separating wastewater and stormwater pipes to improve drainage and reduce surface flooding.

Construction is planned to start on the new Pyramid Bridge in the second half of 2019. The new bridge is a widened single lane design to replace the old bridge that was swept away in February 2018.



Stephen Parry
CHIEF EXECUTIVE
Gore District Council



GORE DISTRICT COUNCIL COMMUNITY OUTCOMES

Detailed below are the six identified Council community outcomes, which are a cornerstone to the development of the 10 Year Plan. Progress towards the attainment of these outcomes is reported to the Council's standing Committees at their meetings, held at six weekly intervals throughout the 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 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 aquatic centre and adjoining 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 prepare a District Growth Strategy that makes optimum use of existing infrastructure and sets out the location and investment required for new infrastructure to accommodate anticipated demand.

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 emphasis on education, empowerment and collaboration over-rigid application of rules and implementation of sanctions.



FUNDING IMPACT STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017-2023

	Annual Report 2017	Annual Report 2018	LTP 2019	Annual Plan 2020	LTP 2021	LTP 2022	LTP 2023
Sources of operating funding							
General rates, uniform annual general charge, rates penalties	4,756	4,985	5,332	5,891	5,729	5,976	6,361
Targeted rates	10,325	10,703	11,272	11,777	12,407	13,010	13,483
Subsidies and grants for operating purposes	1,358	1,589	1,359	1,496	1,419	1,451	1,485
Fees and charges	3,541	9,862	3,360	3,429	3,469	3,537	3,609
Local authorities fuel tax, fines, infringement fees, and other receipts	190	261	912	224	920	213	218
Interest and dividends from investments	110	200	100	102	104	106	109
Total operating funding (A)	20,280	27,599	22,335	22,919	24,048	24,293	25,264
Applications of operating funding							
Payments to staff and suppliers	15,228	16,400	16,383	17,258	17,151	17,418	17,697
Finance costs	572	678	833	902	1,467	1,730	1,757
Other operating funding applications	694	735	640	592	631	641	648
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	16,492	17,814	17,856	18,753	19,249	19,788	20,102
SURPLUS (DEFICIT) OF OPERATING FUNDING (A-B)	3,788	9,785	4,479	4,166	4,798	4,504	5,162
Sources of capital funding							
Subsidies and grants for capital expenditure	1,435	1,420	2,879	4,142	3,599	1,635	1,675
Development and financial contributions	5	4	-	-	-	-	-
Increase (decrease) in debt	5,000	-	6,446	10,988	4,524	524	345
Gross proceeds from sale of assets	55	58	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-
Total sources of capital funding (C)	6,495	1,481	9,325	15,130	8,123	2,160	2,020
Applications of capital funding							
Capital expenditure to meet additional demand	393	594	1,969	24	24	25	25
Capital expenditure to replace existing assets	3,585	3,342	6,630	10,001	7,363	4,653	4,752
Capital expenditure to improve the level of service	1,862	9,232	5,317	9,392	5,626	2,307	1,979
Increase (decrease) in reserves	4,443	(1,901)	(111)	(121)	(92)	(320)	426
Increase (decrease) in investments	-	-	-	-	-	-	-
Total applications of capital funding (D)	10,283	11,267	13,804	19,296	12,921	6,664	7,182
Surplus (deficit) of capital funding (C-D)	(3,788)	(9,785)	(4,479)	(4,166)	(4,798)	(4,504)	(5,162)
Funding balance ((A-B)+(C-D))	-	-	-	-	-	-	-

SUMMARY STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2017-2023

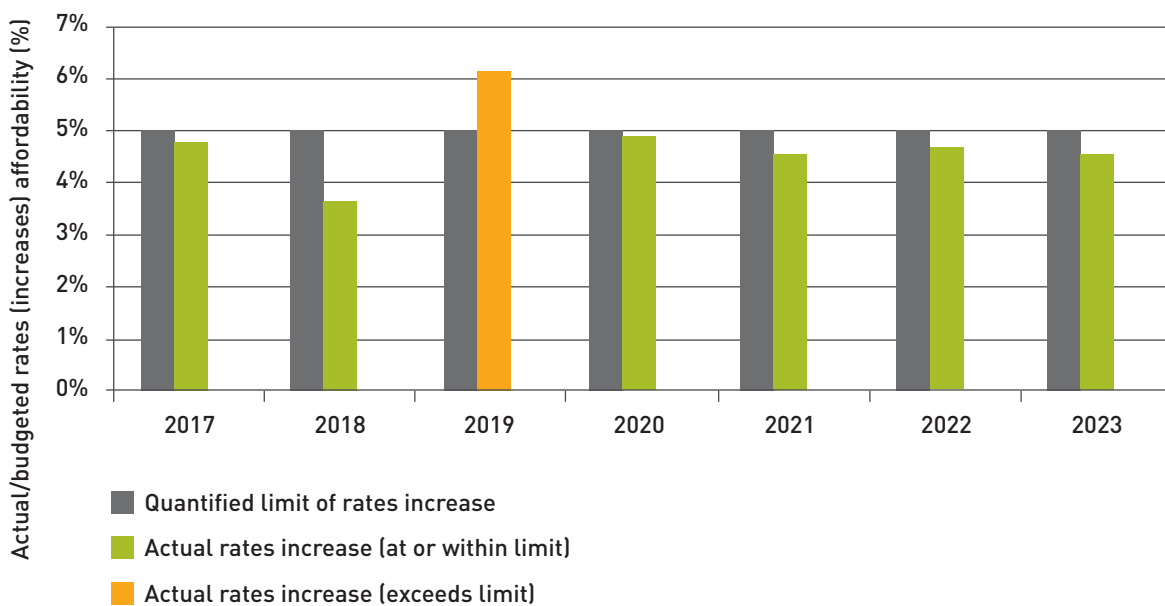
	Annual Report 2017	Annual Report 2018	LTP 2019	Annual Plan 2020	LTP 2021	LTP 2022	LTP 2023
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Current assets							
Cash and cash equivalents	7,519	5,079	3,069	2,926	2,956	2,852	3,252
Receivables	1,766	2,983	2,014	2,193	2,196	2,064	2,147
Inventories	140	143	139	139	139	139	139
Other financial assets	1,652	1,688	1,682	1,682	1,682	1,682	1,682
Other current assets	173	218	173	173	173	173	173
Total current assets	11,250	10,112	7,077	7,114	7,146	6,910	7,393
Non-current assets							
Other financial assets	339	316	339	339	339	339	339
Property, plant and equipment	386,480	394,046	436,671	445,146	451,855	494,289	494,610
Total non-current assets	386,819	394,363	437,010	445,485	452,194	494,628	494,949
Total assets	398,069	404,475	444,087	452,598	459,340	501,538	502,342
Current liabilities							
Payables	2,487	3,136	2,686	2,847	2,904	2,991	3,051
Employee entitlements	569	559	569	569	569	569	569
Borrowings	6,000	6,000	6,000	6,000	6,000	6,000	6,000
Provisions	-	55	-	-	-	-	-
Other financial liabilities	11	21	11	11	11	11	11
Total current liabilities	9,067	9,772	9,266	9,427	9,484	9,571	9,631
Non-current liabilities							
Borrowings	11,000	11,000	17,785	24,852	28,451	28,975	29,320
Provisions	91	88	88	85	82	79	76
Other financial liabilities	769	1,022	769	769	769	769	769
Total non-current liabilities	11,860	12,110	18,642	25,706	29,302	29,823	30,165
Total liabilities	20,927	21,882	27,908	35,133	38,786	39,394	39,796
Net assets	377,142	382,593	416,178	417,465	420,554	462,144	462,546
Equity							
Reserves	251,452	249,487	278,685	278,564	278,543	319,790	320,216
Retained earnings	125,691	133,106	137,493	138,901	142,011	142,353	142,329
Total equity	377,142	382,593	416,178	417,465	420,554	462,144	462,546

FINANCIAL STRATEGY

The Council's financial strategy is contained in the 10 Year Plan and sets out self-imposed limits on rates increases, total rates collected and borrowing. The graphs below provide a comparison of the limits set and the actual achievement by the Council over the last three financial years with the projection for compliance in the next three financial years.

The following graph compares the Council's planned rates increases with a quantified limit or rates increase contained in the Financial Strategy included in the 10 Year Plan. The quantified limit is 5% per annum.

Rates (increases) affordability

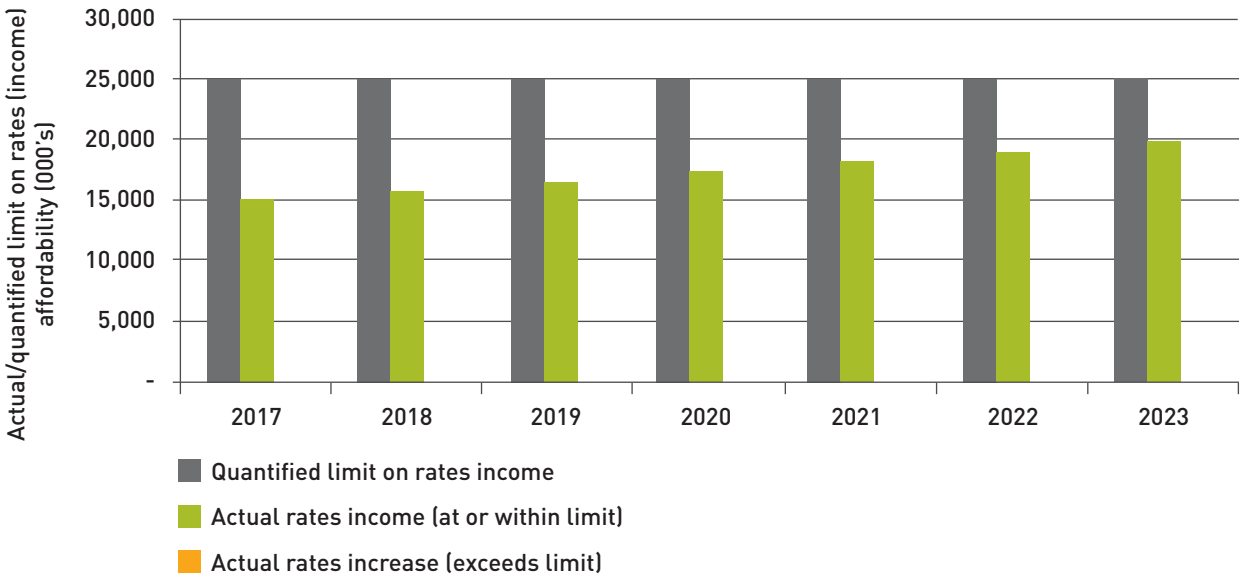


In the 10 Year Plan 2018-2028, the rates increase in all years but the first are projected to be under the 5% increase threshold. The breach is part of a strategic change to the way the Council funded the interest expense for its 3 Waters assets. Historically, these costs were funded from the revenue collected for depreciation expense. However, from 2018/19 onwards, interest costs on 3 Waters borrowing are financed solely by rates user charges.

This frees up more of the revenue collected for depreciation to be applied to debt repayment and also to pay for new capital works, which means the Council will borrow less in the long term. For more information, please refer to the full financial strategy on page 13 of the 10 Year Plan 2018-2028.

The following graph compares the Council's planned rates with a quantified limit on rates contained in the Financial Strategy included in this 10 Year Plan. The quantified limit is \$25 million.

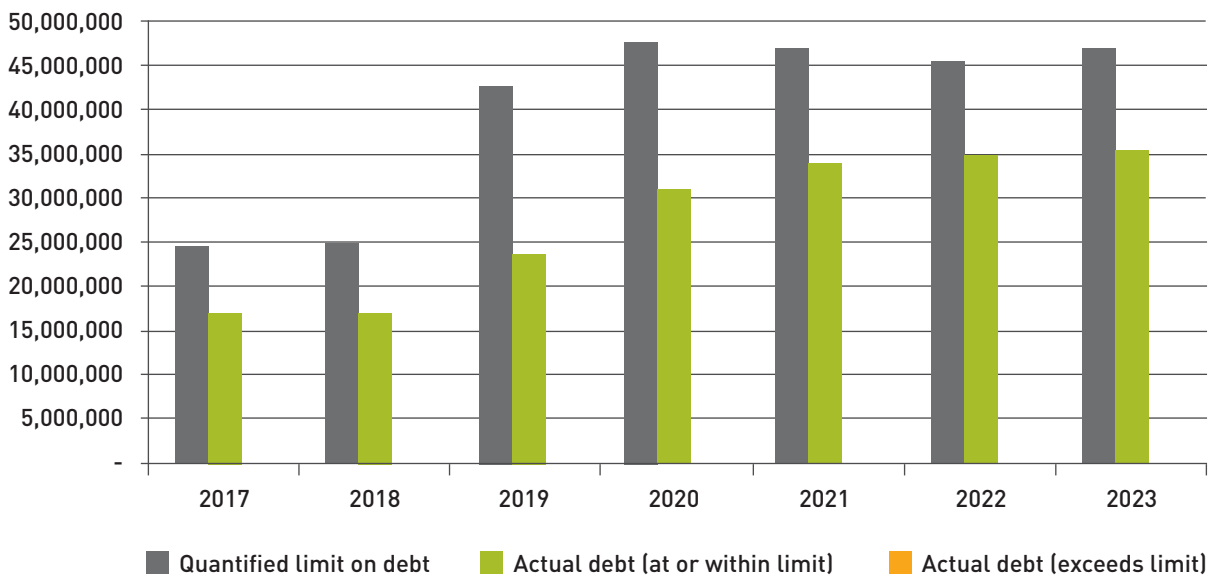
Rates (income) affordability



The Council has set a limit that it would not collect more than \$25million in rates in any one year. The 10 Year Plan does not forecast any breaches of this limit.

The following graph compares the Council's planned debt with a quantified limit on borrowing contained in the Financial Strategy included in the 10 Year Plan. The quantified limit on debt in the 10 Year Plan 2018-2028 is 175%

Debt affordability benchmark



For 2016/17 and 2017/18 financial years, the Council had set a limit on debt of \$4,150 per rating unit in the district. From the 2018/19 year onwards, the set limit on debt is 175% of total annual revenue. The Council has several large, once in a generation projects currently underway or allowed for in the 10 Year Plan 2018-2028. The most efficient way to finance these projects is through debt.

MAJOR PROJECTS

The table below provides details of the major projects that are underway or proposed for the next three financial years (2019/20, 2020/21 and 2021/22). These focus on upgrading existing facilities, improving levels of service or enhancing the quality of service offered to residents and visitors. It is important to note that this is not a full list of our activities or business as usual tasks. For further information, reference should be made to the 10 Year Plan 2018-2028 and the 2019/20 Annual Plan.

Infrastructure			
Project	Cost	Commencement Year	Completion Year
<p>Hilbre Avenue Reservoir Replacement</p> <p>The reservoir has reached the end of its life and has become vulnerable to earthquake damage. The reservoir needs to be replaced to ensure quality and quantity for urban drinking water supplies.</p>	\$1.16m	2019/2020	2020/2021
<p>New Zealand Drinking Water Standards Compliance – Gore</p> <p>Gore’s existing Hilbre Ave and East Gore water treatment plants require significant upgrades to meet the requirements of the drinking water standards. This project was scheduled to start in 2018/19 but has been deferred to 2019/20 to undertake further analysis of options. There are a number of options available which need to be worked through carefully. A final decision on the strategy to be pursued with upgrading of the water treatment plants is expected by September 2019.</p>	\$5.6m	2018/2019	2020/2021
<p>New Zealand Drinking Water Standards Compliance – Maitua</p> <p>The plant is required to be upgraded to meet the New Zealand Drinking Water Standards.</p>	\$1.4m	2019/2020	2020/2021
<p>Pyramid Bridge Replacement</p> <p>Construction of the new widened single lane bridge is due to start in the second half of 2019. The project is partially funded by New Zealand Transport Agency, with the local share being funded between Southland District Council and the Gore District Council.</p> <p><i>*The Annual Plan 2019/20 included a total project cost of \$6.8m, the Council’s share of the project was budgeted as approx. \$900,000. In June 2019 the Council accepted a tender for the construction of the bridge at a cost of \$3.79m, the Council’s share of the project will be approx. \$530,000.</i></p>	\$6.8m*	2018/2019	2019/2020
<p>Stormwater Separation</p> <p>This long-term project is designed to separate the wastewater and stormwater pipe networks to reduce the risk of surface flooding and overflows. Elizabeth street has been deemed the first priority for stormwater separation works over the next three years.</p> <p><i>*This is a multi-year project. The cost in the first 3 years cost is \$2.3m.</i></p>	\$22.5m*	2019/2020	2020/2021 (Elizabeth Street upgrade)

Property			
Project	Cost	Commencement Year	Completion Year
<p>Civic Administration Building Upgrade</p> <p>The Civic Administration Building upgrade is planned to provide for more efficient use of space, overcome cramped working conditions and address any shortcomings in respect of resistance to earthquakes.</p>	\$5m	2019/2020	2020/2021
<p>Arts and Heritage Precinct Upgrade</p> <p>This two stage project involves the redevelopment of the existing Hokonui Moonshine Museum; and the relocation of the Gore Historical Museum, Hokonui Heritage Research Centre and Gore Visitor Centre into redeveloped Council owned premises at neighbouring 7 Norfolk Street. The project will be undertaken with funding support from the Provincial Growth Fund and other cornerstone funders.</p> <p><i>*\$2m from external funding and \$400,000 from council funding</i></p>	\$2.4m*	2019/2020	2020/2021
<p>Library re-roof</p> <p>Originally scheduled for 2018/19, this project aims to replace the Gore Libraries leaky roof. The project was temporarily put on hold, pending further investigation, after the discovery of black mould in the library building.</p>	\$1.13m	2019/2020	2020/2021
<p>Gallery Strengthening</p> <p>The gallery has been identified as being earthquake-prone and therefore strengthening is required to ensure the safety of the public.</p>	\$800,000	2019/2020	2019/2020



FURTHER INFORMATION

The Pre-election report is not audited; however, a lot of the information is sourced from audited documents such as the Annual Report 2017/2018 and the 10 Year Plan 2018-2028. These documents, along with the Annual Plan 2019/20, are available on the Council's website www.goredc.govt.nz. Hard copies are available for viewing at the Council offices, and the Gore and Mataura libraries.

