



Gore District Council

ANNUAL REPORT

2008/09



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GORE DISTRICT COUNCIL DIRECTORY

Mayor: Tracy Hicks JP

Councillors: Cliff Bolger
Nicky Davis
Doug Dixey
Steve Dixon
Hugh Gardyne
Peter Grant
Neil Harvey
John Heller
Bret Highsted
Alister McLennan
Graham Sharp

The Mayor and Councillors were elected for a three year term from October 2007.

Executive Staff:	Chief Executive	Stephen Parry
	General Manager District Assets	Paul Withers
	General Manager Corporate Services	Russell Duthie

Bankers: Westpac Limited
Mersey Street
Gore

Auditors: P F Heslin of Deloitte on behalf of the Auditor-General

Solicitors: Bannermans
Fairfield Street
Gore

Postal Address: Gore District Council
P O Box 8
Gore

Locations: 29 Civic Avenue, Gore
1 Bridge Street, Maitua

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 2009–2019 Long Term Council Community Plan.

PERFORMANCE

There were no material variations or departures from the Council's Borrowing Policy during the year to 30 June 2009.

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.

BORROWING LIMITS

	Actual 30 June 09	Target
Interest expense/operating revenue	4.69%	<10%
Pre-tax funds from operations/interest expense	6.3	>2.5
Term Debt/Total Assets	3.41%	<20%

INVESTMENT POLICY

BACKGROUND

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 Council Community Plan.

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

PERFORMANCE

There were no material variations or departures from the Council's Investment Policy during the year to 30 June 2009.

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 ended 30 June 2009 fairly reflect the financial position and operations of the Gore District Council.



27 October 2009

Tracy Hicks JP
MAYOR

Date



27 October 2009

Stephen Parry
CHIEF EXECUTIVE

Date

MAYORAL AND EXECUTIVE FOREWORD

We have pleasure in being able to provide a brief commentary on some of the more notable achievements during the 2008/09 financial year. A full commentary and disclosure on the Council's financial and non-financial performance in the year under review can be found in this Annual Report. Some of the key milestones or issues which we would draw reader's attention to are:

FINANCIAL RESULT

In overall terms the Council recorded a surplus of \$57,000 for the 2008/09 financial year. It needs to be emphasised that this lower than expected surplus is attributable to the accounting treatment of the short term decrease in value of the Council's financial derivative instrument which are a corner stone of its longer term debt financing. These instruments, which are also known as swaps, were secured in 2003 and 2008 and cover approximately 80% of the Council's debt. Due to interest rate movements that have occurred over the past 12 months the value of these financial instrument to the Council has reduced. Thus this is shown in the Income and Expenditure Statement for the year under review, the decrease in value being \$615,000.

This loss in value is a book entry only and has no impact on the Council's cash position. If this loss in value was not recorded in the Income and Expenditure Statement (along with \$500,000 of external funding provided for the completion of the Mataura Community Centre), the Council's financial result for the year would have been a surplus of \$172,000. We believe this core surplus of \$172,000 is a better result for readers to interpret against the projected surplus of \$302,000, and is a reflection of council's adherence to its budget projections for the year.

SEWERAGE TREATMENT UPGRADES

The 2008/09 financial year was notable for the successful completion of upgrading the sewerage treatment processes at both Gore and Mataura. At the Gore Oxidation Ponds a new state of the art Actiflo Plant was commissioned in late 2008 as part of the Council's new resource consent to continue to discharge treated effluent into the Mataura River. The new plant, which cost \$1,539,000, was welcomed by environmental groups and Environment Southland, who were keen to see the Council improve the quality of effluent discharge into the Mataura River. The completion of this project now satisfies a key condition of the resource consent which allows for the Council to continue treating sewerage in this manner for the next 15 years.

Similarly, in Mataura a wetland has been created to improve the quality of effluent being discharged into the Mataura River. Once again this project, which cost \$564,000, was warmly welcomed by environmental and fishing interest groups.

These two capital projects have been in the Council's immediate planning horizon for some time, so it has been satisfying to be able to complete these projects and provide certainty for both the community and the recreational and environmental interests associated with the Mataura River.

MATAURA COMMUNITY CENTRE

Another long awaited project successfully completed in the past year was the construction of a new Community Centre in Mataura. The proposed location of this Centre, in particular, was the subject of years of debate and discussion however it was heartening to witness the support for the new Community Centre once the siting issue had been resolved.

The new Centre which takes pride of place in McQueen Avenue was opened in November 2008 and has quickly become an integral part of the fabric of the Mataura community. It is hoped that the new Community Centre will provide a solid foundation for the restoration of community pride and rejuvenation within the Mataura business area.

MAIN STREET TOILETS, GORE

Continuing the theme of long awaited capital projects being successfully completed in the past year, new toilets in Main Street, Gore were installed in March 2009. Once again, this project has been the subject of considerable debate and discussion in respect of the location and design of the new facility.

However, the new toilets have been well received by the public and visitors, with very little if any sympathy being reserved for the old toilets, which were demolished to make way for the new facilities.

The completion of this project has finally removed the one continuing blight on the Gore streetscape and improves immensely the infrastructure provided for visitors to Gore.

REGULATORY SERVICES

During the year in review a couple of significant milestones were achieved by the Council's regulatory services team. First, an agreement was reached with Trustpower in relation to conditions of a resource consent to construct a wind farm at Kaiwera Downs. This agreement which focused on financial contributions, together with the withdrawal of the only other appellant to the resource consent, meant that a formal hearing before the Environment Court was not necessary. This saved the Council considerable expense and now provides a clear pathway for the large development being proposed by Trustpower, to proceed.

The other notable milestone in the regulatory services area was the achievement of accreditation as a Building Consent Authority, which occurred in January 2009. Accreditation proved to be a demanding task for Council staff and the workload involved had to be accommodated amongst a buoyant building economy placing further pressure on the resources available within the Building Control Department. We record our appreciation for the commendable efforts of building control and administrative staff in being able to achieve accreditation.

LONG TERM COUNCIL COMMUNITY PLAN

The 2008/09 financial year was also notable for the production of the Council's second generation of the Long Term Council Community Plan. This project involved a lot of intense planning by both senior staff and elected members to produce a plan that is robust, credible and above all meets the lofty expectations of the Office of the Auditor and Controller-General in financial management, asset

management and performance assessment. It was pleasing to receive positive feedback from our auditors about the approach that the Council used. Further, the 2009–19 Long Term Council Community Plan (LTCCP), which was adopted by the Council in June is a further extension of the 2006 version of the LTCCP and provides the Council with a strong and certain platform from which to conduct its activities and actions over the next 10 year period.



27 October 2009

Tracy Hicks JP
MAYOR

Date



27 October 2009

Stephen Parry
CHIEF EXECUTIVE

Date

AUDIT OPINION



AUDIT REPORT TO THE READERS OF GORE DISTRICT COUNCIL'S FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION FOR THE YEAR ENDED 30 JUNE 2009

The Auditor-General is the auditor of Gore District Council (the District Council). The Auditor-General has appointed me, P F Heslin, using the staff and resources of Deloitte, to carry out an audit on the Auditor-General's behalf. The audit covers the District Council's compliance with the requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report of the Council for the year ended 30 June 2009, including the financial statements.

Unqualified Opinion

In our opinion:

- The financial statements of the District Council on pages 12 to 51:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect:
 - the District Council's financial position as at 30 June 2009; and
 - the results of its operations and cash flows for the year ended on that date.
- The service provision information of the District Council on pages 52 to 87 fairly reflects the levels of service provision as measured against the intended levels of service provision adopted, as well as the reasons for any significant variances, for the year ended on that date; and
- The Council has complied with the other requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report (the "other requirements").

The audit was completed on 27 October, 2009, and 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 the Auditor, and explain our independence.

Basis of Opinion

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed the audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements, performance information and the other requirements did not have material misstatements, whether caused by fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements, performance information and the other requirements. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

The audit involved performing procedures to test the information presented in the financial statements, performance information and the other requirements. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;

- reviewing significant estimates and judgements made by the Council;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all required disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements, performance information and the other requirements.

We evaluated the overall adequacy of the presentation of information in the financial statements, performance information and the other requirements. We obtained all the information and explanations we required to support our opinion above.

Responsibilities of the Council and the Auditor

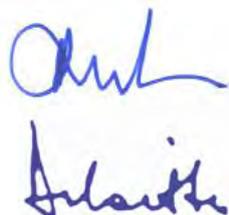
The Council is responsible for preparing financial statements in accordance with generally accepted accounting practice in New Zealand. Those financial statements must fairly reflect the financial position of the District Council as at 30 June 2009. They must also fairly reflect the results of its operations and cash flows and the levels of service provision for the year ended on that date. The Council is also responsible for meeting the other requirements of Schedule 10 and including that information in the annual report. The Council's responsibilities arise from Section 98 and Schedule 10 of the Local Government Act 2002.

We are responsible for expressing an independent opinion on the financial statements, performance information and the other requirements and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and section 99 of the Local Government Act 2002.

Independence

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the New Zealand Institute of Chartered Accountants.

In addition to the audit we have carried out assignments in the areas of conducting the audit of the Long Term Council Community Plan, provision of financial reporting advice and taxation compliance services which are compatible with these independence requirements. Other than the audit and these assignments, we have no relationship with or interests in the District Council.



P F Heslin
Partner, Deloitte
On behalf of the Auditor-General
Dunedin, New Zealand

Matters Relating to the Electronic Presentation of the Audited Financial Statements, Performance Information and the Other Requirements

This audit report relates to the financial statements, performance information and the other requirements of Gore District Council for the year ended 30 June 2009 included on the Gore District Council's website. Gore District Council is responsible for the maintenance and integrity of the Gore District Council website. We have not been engaged to report on the integrity of the Gore District Council website. We accept no responsibility for any changes that may have occurred to the financial statements since it was initially presented on the website.

The audit report refers only to the financial statements, performance information and the other requirements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements, performance information and the other requirements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements, performance information and the other requirements as well as the related audit report dated 27 October, 2009 to confirm the information included in the audited financial statements, performance information and the other requirements presented on this website.

Legislation in New Zealand governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

FINANCIAL STATEMENTS

GORE DISTRICT COUNCIL STATEMENT OF FINANCIAL PERFORMANCE For the Financial Year Ended 30 June 2009

	Notes	2009 \$'000	Budget \$'000	2008 \$'000
Income				
Rates revenue	2 (a)	10,076	9,919	9,377
Other revenue	2 (a)	5,696	5,078	5,990
Other gains/ (losses)	2 (b)	(622)	(79)	(136)
Total income	2(g)	<u>15,150</u>	<u>14,918</u>	<u>15,231</u>
Expenditure				
Employee benefits expense	2 (c)	(4,094)	(3,955)	(3,761)
Depreciation and amortisation expense	2 (d)	(3,767)	(3,605)	(3,591)
Finance costs	2 (e)	(725)	(769)	(516)
Other expenses	2 (f)	(6,507)	(6,288)	(6,691)
Total operating expenditure	2(g)	<u>(15,093)</u>	<u>(14,617)</u>	<u>(14,559)</u>
Surplus for the period		<u>\$57</u>	<u>\$302</u>	<u>\$672</u>

The accompanying notes form part of these financial statements.

GORE DISTRICT COUNCIL
STATEMENT OF FINANCIAL POSITION
As at 30 June 2009

	Notes	2009 \$'000	Budget \$'000	2008 \$'000
Current assets				
Cash and cash equivalents	20(a)	266	17	1,425
Trade and other receivables	5	1,882	900	1,740
Inventories	6	52	-	48
Other financial assets	7	1,401	1,362	1,595
Other current assets	8	78	-	30
Total current assets		<u>3,679</u>	<u>2,279</u>	<u>4,838</u>
Non-current assets				
Other financial assets	7	194	68	184
Property, plant and equipment	9	311,631	312,930	309,728
Total non-current assets		<u>311,825</u>	<u>312,998</u>	<u>309,912</u>
Total assets		<u>315,504</u>	<u>315,277</u>	<u>314,750</u>
Current liabilities				
Trade and other payables	10	1,747	1,525	1,935
Employee entitlements	11	533	-	501
Borrowings	12	-	-	-
Other Financial Liabilities	7	362	-	-
Total current liabilities		<u>2,642</u>	<u>1,525</u>	<u>2,436</u>
Non-current liabilities				
Borrowings	12	10,753	10,862	10,087
Provisions	13	118	138	113
Total non-current liabilities		<u>10,871</u>	<u>11,000</u>	<u>10,200</u>
Total liabilities		<u>13,513</u>	<u>12,525</u>	<u>12,636</u>
Net assets		<u>\$301,991</u>	<u>\$302,752</u>	<u>\$302,114</u>
Equity				
Reserves	14	166,225	164,555	166,197
Retained earnings	15	135,766	138,197	135,917
		<u>\$301,991</u>	<u>\$302,752</u>	<u>\$302,114</u>

The accompanying notes form part of these financial statements.

GORE DISTRICT COUNCIL
STATEMENT OF RECOGNISED INCOME AND EXPENSE
For the Financial Year Ended 30 June 2009

	Notes	2009 \$'000	Budget \$'000	2008 \$'000
Available-for-sale financial assets valuation gain/ (loss) taken to equity	14(a)	-	-	10
Cash flow hedges transferred to Statement of Financial Performance for the year	14(c)	(76)	-	(76)
Gain / (loss) on property, plant and equipment revaluation	14(b)	(104)	-	-
Net income recognised directly in equity		(180)	-	(66)
Surplus for the period		57	302	672
Total recognised income and expense for the year		<u>\$(123)</u>	<u>\$302</u>	<u>\$606</u>

Statement of Changes in Equity
For the Financial Year Ended 30 June 2009

	2009 \$'000	Budget \$'000	2008 \$'000
Equity at beginning of year	302,114	302,450	301,508
Surplus for the year	57	302	672
Movement in Available-for-sale revaluation reserve	-	-	10
Movement in Hedging Reserve	(76)	-	(76)
Movement in Asset Revaluation Reserve	(104)	-	-
Total recognised income and expenses	(123)	302	606
Equity at end of year	<u>\$301,991</u>	<u>\$302,752</u>	<u>\$302,114</u>

The accompanying notes form part of these financial statements.

GORE DISTRICT COUNCIL
CASH FLOW STATEMENT
For the Financial Year Ended 30 June 2009

	Notes	2009 \$'000	Budget \$'000	2008 \$'000
Cash flows from operating activities				
Receipts from customers		15,693	14,525	14,716
Interest received		130	57	130
Dividends received		6	-	6
Payments to suppliers and employees		(11,015)	(9,738)	(9,914)
Finance costs		(720)	(681)	(525)
Net cash inflow/ (outflow) from operating activities	20(c)	4,094	4,163	4,413
Cash flows from investing activities				
Proceeds from maturity of other financial assets		100	-	610
Proceeds from sale of property, plant and equipment		38	-	13
Purchase of property, plant and equipment		(5,821)	(3,922)	(5,231)
Purchase of other financial assets		(235)	-	(393)
Net cash inflow/ (outflow) from investing activities		(5,918)	(3,922)	(5,001)
Cash flows from financing activities				
Proceeds from borrowings		911	500	2,135
Repayment of borrowings		(246)	(423)	(346)
Net cash inflow / (outflow) from financing activities		665	77	1,789
Net increase (decrease) in Cash and cash equivalents		(1,159)	318	1,201
Cash and cash equivalents at the beginning of the financial year		1,425	967	224
Cash and cash equivalents at the end of the financial year	20(a)	\$266	\$1,285	\$1,425

The accompanying notes form part of these financial statements.

**GORE DISTRICT COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 30 June 2009**

1. SUMMARY OF ACCOUNTING POLICIES

Reporting Entity

The Gore District Council ("the Council") 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 New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

Statement of Compliance

The financial statements of the Council have been prepared in accordance with the requirements of the Local Government Act 2002: Part 6, Section 98 and Part 3 of Schedule 10, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP).

The financial statements comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) as appropriate for public benefit entities.

All available public benefit entity reporting exemptions under NZ IFRS have been adopted.

Basis of Preparation

The preparation of financial statements in conformity with NZ IFRS 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 financial statements are presented in thousands of New Zealand dollars. New Zealand dollars are the Council's functional currency.

The accounting policies set out in below have been applied consistently to all periods presented in these financial statements.

GORE DISTRICT COUNCIL
 NOTES TO THE FINANCIAL STATEMENTS
 For the Financial Year Ended 30 June 2009

New standards and Interpretations

Standards and interpretations issued and not yet adopted

The Council has adopted all new standards as issued by the Financial Reporting Standards Board except for those listed in the table below. Initial application of the following standards will not affect any of the amounts recognised in the financial statements, but may change the disclosures presently made in relation to the Council's financial statements:

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
NZ IAS 1 'Presentation of Financial Statements' – Revised Standard	1 January 2009	30 June 2010
Improvements to New Zealand Equivalents to International Financial Reporting Standards 2008	Various*	30 June 2010
Omnibus Amendments (2008)	1 January 2009	30 June 2010
Improving Disclosures about Financial Instruments (Amendments to NZ IFRS 7 Financial Instruments: Disclosures)	1 January 2009	30 June 2010
Omnibus Amendments (2009)	1 July 2009	30 June 2010
Improvements to New Zealand Equivalents to International Financial Reporting Standards 2009	**	30 June 2011

* The effective date and transitional provisions vary by Standard. Most of the improvements are effective for annual periods beginning on or after 1 January 2009, with earlier adoption permitted, and they are to be applied retrospectively.

**The effective date and transitional provisions vary by Standard. Most of the improvements are effective for annual periods beginning on or after 1 January 2010, with earlier adoption permitted.

**GORE DISTRICT COUNCIL
NOTES TO THE FINANCIAL STATEMENTS (Cont.)
For the Financial Year Ended 30 June 2009**

The following accounting policies which materially affect the measurement of results and financial position have been applied:

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 dividends 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 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.

Grant Expenditure

Non-discretionary grants are those grants that are awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received.

Discretionary grants are those grants where 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.

**GORE DISTRICT COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 30 June 2009**

(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 also spread on a straight line basis over the lease term.

Borrowing Costs

All borrowing costs are recognised in the Statement of Financial Performance in the period in which they are incurred.

Taxation

The Council is exempt from Income Tax in accordance with the Income Tax Act 2004, Section CW32.

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.

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 financial 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.

GORE DISTRICT COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 30 June 2009

(i) Financial Assets

Financial Assets are classified into the following specified categories: financial assets 'at fair value through profit or loss', '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 Profit or Loss

Financial assets are classified as financial assets at fair value through profit or loss 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 designated and effective as a hedging instrument.

Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in the Statement of Financial Performance. The net gain or loss is recognised in the

Statement of Financial Performance 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 and 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 directly in the available-for-sale revaluation reserve, with the exception of interest calculated using the effective interest method and impairment losses which are recognised directly in the Statement of Financial Performance. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the available-for-sale revaluation reserve is included in the Statement of Financial Performance for the period.

Dividends on available-for-sale equity instruments are recognised in the Statement of Financial Performance 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 Statement of Financial Performance.

GORE DISTRICT COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 30 June 2009

Loans, including loans to community organisations made by the 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 Statement of Financial Performance as a grant. Short term deposits are included within this classification.

- Impairment of Financial Assets

Financial assets, other than those at fair value through profit or loss, 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 Statement of Financial Performance.

With the exception of available-for-sale 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 Statement of Financial Performance 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 Statement of Financial Performance 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 Note 24 to 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 remeasured to their fair value at each balance date.

**GORE DISTRICT COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 30 June 2009**

The resulting gain or loss is recognised in the Statement of Financial Performance immediately unless the derivative is designated and effective as a hedging instrument, in which the timing of the recognition in the Statement of Financial Performance depends on the nature of the hedge relationship. The Council has designated certain derivatives as cash flow hedges.

The effective portion of changes in fair value of derivatives that are designated and qualify as cash flow hedges are defined in equity. Any gain or loss on the ineffective portion is recognised immediately in profit or loss.

Amounts defined in equity are recycled in the Statement of Financial Performance in the periods when the hedged item is recognised in the Statement of Financial Performance.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss defined in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the Statement of Financial Performance.

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 prices 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.

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 Statement of Financial Performance.

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.

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, recreation 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
- Sewerage reticulation
- Stormwater reticulation
- Roads, bridges and lighting
- Land under roads
- Refuse

GORE DISTRICT COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 30 June 2009

The nature of land under roads are considered equivalent to land improvements and as such they do not incur a loss of service potential over time. Accordingly land under roads assets are 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 New Zealand (Registered Valuers) at market value or depreciated replacement cost as at 30 June 2007. Subsequent additions are valued at cost. Land and buildings are revalued every 3 years.
- Infrastructural assets have all been valued at depreciated replacement cost by Opus International Consultants Limited as at 30 June 2007. In the case of land value for roads, an average of adjacent "underdeveloped land value" has been applied. Subsequent additions are valued at cost. Infrastructural assets are revalued 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 for 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 revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed in the Statement of Financial Performance.

Any subsequent increase on revaluation that off-sets a previous decrease in value recognised in the Statement of Financial Performance will be recognised first in the Statement of Financial Performance up to the amount previously expensed, and then credited to the revaluation reserve 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 Statement of Financial Performance in the year incurred.

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

**GORE DISTRICT COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 30 June 2009**

	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
Recreation and Cultural	5-20
Library Books	N/A
Infrastructural Assets	
Water Reticulation	10-100
Sewerage Reticulation	15-60
Stormwater Reticulation	60
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, Roadmarkings and Streetlighting	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 derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Financial Performance 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 for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where the entity would, if deprived of the asset, replace it's remaining future economic benefits or service potential. In assessing value in use for cash-generating assets, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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.

GORE DISTRICT COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 30 June 2009

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 Statement of Financial Performance immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

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 landfills, has a legal obligation under the resource consent to provide ongoing 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 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.

- Financial Guarantee Contracts

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

Financial guarantee contracts are initially recognised at fair value. If a financial guarantee contract was issued in a stand-alone arm's length transaction to an unrelated party, its fair value at inception is equal to the consideration received. When no consideration is received a provision is recognised based on the probability the Council will be required to reimburse a holder for a loss incurred discounted to present value. The portion of the guarantee that remains unrecognised, prior to discounting to fair value, is disclosed as a contingent liability.

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

**GORE DISTRICT COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 30 June 2009**

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 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 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 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.

The Council's objectives, policies and processes for managing capital are described in Note 25.

**Gore District Council
 Notes to the Financial Statements
 For the Financial Year Ended 30 June 2009**

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 Cost of Services Statements and Statement of Financial Performance. 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:

- Landfill aftercare provision

Note 13 discloses an analysis of the exposure of the Council in relation to the estimates and uncertainties surrounding the landfill aftercare provision.

- 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 are underground. This risk is minimised by 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 are made when determining 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 financial performance. 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.

**GORE DISTRICT COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 30 June 2009**

Critical Judgements

Management has exercised the following critical judgements in applying the Council's accounting policies for the period ended 30 June 2009:

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.

GORE DISTRICT COUNCIL
 NOTES TO THE FINANCIAL STATEMENTS (Cont.)
 For the Financial Year Ended 30 June 2009

	Notes	2009 \$'000	2008 \$'000
2. SURPLUS FROM OPERATIONS			
(a) Revenue			
Revenue consisted of the following items:			
<u>Rates Revenue:</u>			
General rates		3,276	3,006
Targeted rates (i)		6,800	6,371
		\$10,076	\$9,377
		\$10,076	\$9,377
 (i) Targeted rates attributable to activities			
Community Services		397	365
District Assets		6,403	6,006
Leadership		-	-
		\$6,800	\$6,371
		\$6,800	\$6,371
 <u>Other Revenue:</u>			
Revenue from renderings of services:			
Licence fees, and other revenue		3,258	3,382
		3,258	3,382
Operating lease rental revenue		118	97
Interest revenue:			
Bank deposits		-	-
Other loans and receivables		130	130
		130	130
Dividend revenue		6	6
Government grants – NZ Transport Agency		2,060	2,247
Petroleum tax		124	128
		\$5,696	\$5,990
		\$5,696	\$5,990

GORE DISTRICT COUNCIL
 NOTES TO THE FINANCIAL STATEMENTS (Cont.)
 For the Financial Year Ended 30 June 2009

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

	Notes	2009 \$'000	2008 \$'000
2. SURPLUS FROM OPERATIONS cont.			
(b) Other Gains/(Losses)			
Net gain on disposal of property, plant and equipment		(7)	37
Net change in fair value of derivative financial instruments classified at fair value through profit or loss (interest rate swaps)		(615)	(173)
		<u>(\$622)</u>	<u>(\$136)</u>
(c) Employee Benefits Expense			
Salaries and wages		4,014	3,698
Defined contribution plans		80	63
		<u>\$4,094</u>	<u>\$3,761</u>
(d) Depreciation and Amortisation Expense			
Depreciation of property, plant and equipment	9	3,767	3,591
		<u>3,767</u>	<u>3,591</u>
(e) Finance Costs			
Interest on loans carried at amortised cost		720	516
Provisions: discount unwinding (Note 13)		5	-
		<u>725</u>	<u>516</u>
(f) Other Expenses			
Net bad and doubtful debts		(2)	(13)
Minimum lease payments operating lease rental		65	55
Rates remissions		60	57
Grants		286	251
Roading repairs and maintenance		1,576	1,426
Donations		-	-
Landfill aftercare provision		-	(19)
Other expenses		4,522	4,934
		<u>\$6,507</u>	<u>\$6,691</u>

**GORE DISTRICT COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 30 June 2009**

Expenses by nature are disclosed under Note 2(g).

Audit fees are disclosed under Note 4.

(g) Summary Cost of Services by Activity

Income

Community Services	2,780	3,334
District Assets	12,252	11,189
Leadership	2,656	2,404
	<hr/>	<hr/>
Total activity income	17,688	16,927

Add

Net change in fair value of financial assets carried at fair value through profit or loss (interest rate swaps)	(615)	(173)
Gain on disposal of property, plant and equipment	(7)	37
	<hr/>	<hr/>
	(622)	(136)

Less

Internal recoveries	(1,916)	(1,560)
	<hr/>	<hr/>

Total Income

\$15,150	\$15,231
<hr/> <hr/>	<hr/> <hr/>

Expenditure

Community services	2,803	3,109
District assets	11,680	10,724
Leadership	2,526	2,286
	<hr/>	<hr/>
Total activity expenditure	17,009	16,119

Less

Internal expenditure	(1,916)	(1,560)
	<hr/>	<hr/>

Total Operating Expenditure

\$15,093	\$14,559
<hr/> <hr/>	<hr/> <hr/>

GORE DISTRICT COUNCIL
 NOTES TO THE FINANCIAL STATEMENTS (CONT.)
 FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009

	Notes	2009 \$'000	2008 \$'000
(h) Financial Instruments			
Surplus/(deficit) for the year includes the following income and expenses arising from financial instruments classified as:			
<u>Loans and receivables:</u>			
Interest revenue	2(a)	130	130
Impairment of loans and receivables	7	-	(250)
		\$130	\$(120)
<u>Financial assets at fair value through profit or loss:</u>			
Change in fair value of financial assets classified as held for trading	2(b)	(615)	(173)
		\$(615)	\$(173)
<u>Financial liabilities at amortised cost:</u>			
Interest expense	2(e)	720	516
		\$720	\$516

GORE DISTRICT COUNCIL
NOTES TO THE FINANCIAL STATEMENTS (Cont.)
For the Financial Year Ended 30 June 2009

3. KEY MANAGEMENT PERSONNEL COMPENSATION

The compensation of the Councillors, Chief Executive and other senior management, being the key management personnel of the entity, is set out below:

Name	Position
Tracy Hicks JP	Mayor
A J McLennan	Chairperson Regulatory and Planning Committee
C S Bolger	Chairperson Finance and Policy Committee/Deputy Mayor
N J Davis	Chairperson Operations Committee
N A Harvey	Chairperson Community Services Committee
D F Dixey	Councillor
S A Dixon	Councillor
H D Gardyne	Councillor
P A Grant	Councillor
J N Heller	Councillor
B R Highsted	Councillor
G E Sharp	Councillor
S F Parry	Chief Executive
R J Duthie	General Manager Corporate Services
P Withers	General Manager District Assets

	2009	2008
	\$'000	\$'000
Short-term employee benefits	631	599
	<u>631</u>	<u>599</u>
	<u>\$631</u>	<u>\$599</u>

4. REMUNERATION OF AUDITORS

Audit fees for financial statement audit	84	74
Audit fees for assurance and related services	69	30
	<u>153</u>	<u>104</u>
	<u>\$153</u>	<u>\$104</u>

Audit fees for assurance and related services include:
– audit of the Long Term Council Community Plan.

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

**Gore District Council
 Notes to the Financial Statements (Cont.)
 For the Financial Year Ended 30 June 2009**

	<u>2009</u> <u>\$'000</u>	<u>2008</u> <u>\$'000</u>
5. TRADE AND OTHER RECEIVABLES		
Trade receivables (i)	326	688
Rates receivables	540	579
Allowance for doubtful debts (ii)	(51)	(112)
	<u>815</u>	<u>1,155</u>
Transfund Subsidy	354	253
Sundry receivables and accruals	49	99
Goods and services tax (GST) receivable	164	233
Community Funding	500	-
	<u>\$1,882</u>	<u>\$1,740</u>

(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:

	<u>2009</u> <u>\$'000</u>	<u>2008</u> <u>\$'000</u>
Past due 1 to 3 months	182	217
Past due 3 to 6 months	100	78
Past due 6 to 9 months	99	53
Past due 9 to 12 months	43	24
Past due > 12 months	220	243
	<u>\$644</u>	<u>\$615</u>

(ii) Movement in the allowance for doubtful debts:

Balance at beginning of year	112	125
Amounts written off during year	(59)	-
Increase/(decrease) in allowance recognised in Statement of Financial performance	(2)	(13)
	<u>\$51</u>	<u>\$112</u>

GORE DISTRICT COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 30 June 2009

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 and the Community Funding receivable, 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

Essential Services (at cost)	42	39
Other (at cost)	10	9
	<u>42</u>	<u>39</u>
	<u>\$52</u>	<u>\$48</u>

The carrying amount of inventories pledged as security for liabilities is \$Nil (2008: \$Nil).

7. OTHER FINANCIAL ASSETS/(LIABILITIES)

At fair value through profit or loss:

Held for Trading

Current

Interest Rate Swaps	(362)	329
	<u>(362)</u>	<u>329</u>
	\$(362)	\$329

GORE DISTRICT COUNCIL
NOTES TO THE FINANCIAL STATEMENTS (Cont.)
For the Financial Year Ended 30 June 2009

Available-for-Sale at fair value:

Non-Current

Equity securities - NZ Local Government Insurance Company shares	134	134
	<hr/>	<hr/>
	134	134

Loans and receivables at Amortised Cost:

Current

Short Term Deposits (i)	1,401	1,266
	<hr/>	<hr/>
	1,401	1,266

Non-Current

Loans to Community Groups	310	300
Less Provision for Impairment	(250)	(250)
	<hr/>	<hr/>
	60	50
	<hr/>	<hr/>
	\$1,595	\$1,779
	<hr/> <hr/>	<hr/> <hr/>

Disclosed in the financial statements as:

Assets

Current	1,401	1,595
Non-current	194	184

Liabilities

Current	(362)	-
Non-current	-	-
	<hr/>	<hr/>
	\$1,233	\$1,779
	<hr/> <hr/>	<hr/> <hr/>

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 \$480,000 (2008: \$596,000).

8. OTHER CURRENT ASSETS

Prepayments	78	30
	<hr/>	<hr/>
	\$78	\$30
	<hr/> <hr/>	<hr/> <hr/>

2009	Cost /Valuation				Accumulated depreciation and impairment charges in Statement of Financial Performance				Accumulated depreciation and impairment charges				Carrying amount 30 June 2009
	1 July 2008	Additions	Disposals	Revaluation	Cost /Valuation 30 June 2009	1 July 2008	Impairment losses charged	Depreciation expense	Accumulated depreciation reversed on disposal	Accumulated depreciation reversed on revaluation	30 June 2009	30 June 2009	
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Council Operational Assets													
At Cost													
Land	72	-	-	-	72	-	-	-	-	-	-	-	72
Buildings	200	-	-	-	200	(75)	-	(8)	-	-	(83)	-	117
Plant and equipment	1,555	49	-	-	1,604	(1,042)	-	(101)	-	-	(1,143)	-	461
Motor vehicles	1,230	138	(106)	-	1,262	(731)	-	(159)	72	-	(818)	-	444
Office furniture and equipment	1,325	96	-	-	1,421	(1,136)	-	(63)	-	-	(1,199)	-	222
Recreation and cultural	556	4	-	-	560	(345)	-	(28)	-	-	(373)	-	187
Library Books	1,370	-	-	-	1,370	(3)	-	-	-	-	(3)	-	1,367
Work in progress Buildings	462	-	(462)	-	-	-	-	-	-	-	-	-	-
Work in Progress Office Equipment	6	4	-	-	10	-	-	-	-	-	-	-	10
At Valuation													
Land	7,442	-	-	-	7,442	-	-	-	-	-	-	-	7,442
Buildings	11,424	1,864	(126)	-	13,162	(376)	-	(391)	7	-	(760)	-	12,402
Total Operational Assets	25,642	2,155	(694)	-	27,103	(3,708)	-	(750)	79	-	(4,379)	-	22,724
Council Infrastructural Assets													
At valuation													
Water Reticulation	11,066	243	-	-	11,309	(398)	-	(407)	-	-	(805)	-	10,504
Sewerage Reticulation	11,135	2,038	-	-	13,173	(357)	-	(402)	-	-	(759)	-	12,414
Stormwater Reticulation	8,004	26	-	-	8,030	(249)	-	(251)	-	-	(500)	-	7,530
Roads - Formation	147,502	35	-	-	147,537	-	-	-	-	-	-	-	147,537
Roads - Pavement (Non depreciable)	17,054	-	-	-	17,054	-	-	-	-	-	-	-	17,054
Roads - Pavement (Depreciable)	51,287	1,726	-	-	53,013	(1,074)	-	(1,143)	-	-	(2,217)	-	50,796
Roads - Footpaths, Kerbs, Bridges & Culverts	23,063	481	-	-	23,544	(675)	-	(697)	-	-	(1,372)	-	22,172
Roads - Signs, Roadmarkings and Streetlights	1,291	109	-	-	1,400	(93)	-	(99)	-	-	(192)	-	1,208
Land under Roads	18,752	-	-	-	18,752	-	-	-	-	-	-	-	18,752
Refuse	1,021	-	-	-	1,021	(61)	-	(20)	-	-	(81)	-	940
Work in Progress	529	-	(529)	-	-	-	-	-	-	-	-	-	-
Total Infrastructural Assets	290,704	4,658	(529)	-	294,833	(2,907)	-	(3,019)	-	-	(5,926)	-	288,907
Total Council Property, Plant and Equipment	316,346	6,813	(1,223)	-	321,936	(6,615)	-	(3,769)	79	-	(10,305)	-	311,631

GORE DISTRICT COUNCIL
NOTES TO THE FINANCIAL STATEMENTS (Cont.)
For the Financial Year Ended 30 June 2009

9. PROPERTY PLANT AND EQUIPMENT

GORE DISTRICT COUNCIL
NOTES TO THE FINANCIAL STATEMENTS (Cont.)
For the Financial Year Ended 30 June 2009

9. PROPERTY, PLANT AND EQUIPMENT contd

2008	Cost /Valuation				Accumulated depreciation and impairment charges				Impairment losses charged in Statement of Financial Performance		Accumulated depreciation and impairment charges		Carrying amount 30 June 2008
	1 July 2007	Additions	Disposals	Revaluation	Cost /Valuation 30 June 2008	1 July 2007	30 June 2008	Depreciation expense	Accumulated depreciation reversed on disposal	Accumulated depreciation reversed on revaluation	30 June 2008	30 June 2008	
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	
Council Operational Assets													
At Cost													
Land	72	-	-	-	72	-	-	-	-	-	-	72	
Buildings	200	-	-	-	200	(67)	-	(8)	-	-	(75)	125	
Plant and equipment	1,559	94	(98)	-	1,555	(1,030)	-	(105)	93	-	(1,042)	513	
Motor vehicles	1,158	317	(245)	-	1,230	(747)	-	(148)	164	-	(731)	499	
Office furniture and equipment	1,301	24	-	-	1,325	(1,077)	-	(60)	-	-	(1,137)	188	
Recreation and cultural	531	25	-	-	556	(318)	-	(26)	-	-	(344)	212	
Library Books	1,370	-	-	-	1,370	(3)	-	-	-	-	(3)	1,367	
Work in progress Buildings	214	248	-	-	462	-	-	-	-	-	-	462	
Work in Progress Office Equipment	-	6	-	-	6	-	-	-	-	-	-	6	
At Valuation	-	-	-	-	-	-	-	-	-	-	-	-	
Land	7,280	162	-	-	7,442	-	-	-	-	-	-	7,442	
Buildings	10,436	988	-	-	11,424	-	-	(378)	-	-	(378)	11,046	
Total Operational Assets	24,121	1,864	(343)	-	25,642	(3,242)	-	(725)	257	-	(3,710)	21,932	
Council Infrastructural Assets													
At valuation													
Water Reticulation	10,751	315	-	-	11,066	-	-	(398)	-	-	(398)	10,668	
Sewerage Reticulation	11,010	125	-	-	11,135	-	-	(357)	-	-	(357)	10,778	
Stormwater Reticulation	7,888	116	-	-	8,004	-	-	(249)	-	-	(249)	7,755	
Roads - Formation	147,498	4	-	-	147,502	-	-	-	-	-	-	147,502	
Roads - Pavement (Non depreciable)	17,054	-	-	-	17,054	-	-	-	-	-	-	17,054	
Roads - Pavement (Depreciable)	49,385	1,902	-	-	51,287	-	-	(1,075)	-	-	(1,075)	50,212	
Roads - Footpaths, Kerbs, Bridges & Culverts	22,523	540	-	-	23,063	-	-	(675)	-	-	(675)	22,388	
Roads - Signs, Roadmarkings and Streetlights	1,229	62	-	-	1,291	-	-	(93)	-	-	(93)	1,198	
Land under Roads	18,752	-	-	-	18,752	-	-	-	-	-	-	18,752	
Refuse	1,021	-	-	-	1,021	(41)	-	(20)	-	-	(61)	960	
Work in Progress	114	514	(99)	-	529	-	-	-	-	-	-	529	
Total Infrastructural Assets	287,225	3,578	(99)	-	290,704	(41)	-	(2,867)	-	-	(2,908)	287,796	
Total Council Property, Plant and Equipment	311,346	5,442	(442)	-	316,346	(3,283)	-	(3,592)	257	-	(6,618)	309,728	

GORE DISTRICT COUNCIL
 NOTES TO THE FINANCIAL STATEMENTS (Cont.)
 For the Financial Year Ended 30 June 2009

	2009 \$'000	2008 \$'000
10. TRADE AND OTHER PAYABLES		
Trade payables (i)	1,029	1,406
Other accrued charges	402	231
Rates in advance	210	212
Deposits and retentions	66	46
Accrued interest	40	40
	<u>1,747</u>	<u>1,935</u>
	<u>\$1,747</u>	<u>\$1,935</u>
 (i) The average credit period on purchases is 30 days.		
11. EMPLOYEE ENTITLEMENTS		
Accrued salary and wages	112	92
Annual leave	302	288
Long service leave	66	61
Retirement gratuities	53	60
Sick leave	-	-
	<u>533</u>	<u>501</u>
	<u>\$533</u>	<u>\$501</u>
12. BORROWINGS		
At amortised cost		
Secured borrowings (i)	10,753	10,087
Unsecured borrowings	-	-
	<u>10,753</u>	<u>10,087</u>
	<u>\$10,753</u>	<u>\$10,087</u>
Disclosed in the financial statements as:		
Current	-	-
Non-current	10,753	10,087
	<u>\$10,753</u>	<u>\$10,087</u>

(i) The Council has borrowings of \$10,466,000 with ANZ National Bank Limited. The Council may draw funding for terms ranging from call to the termination of the agreement, which is 30 June 2012. The security for the borrowings is a general security over future rates.

The Council has a \$287,000 loan from Southland Building Society (SBS). The loan is for a 20 year fixed term and is secured over the Ice Sport Southland asset. Refer Note 20(b).

Interest is charged on a floating rate basis. At balance date the current weighted average effective interest rate on the bank borrowings is 3.95% (2008: 8.42%).

GORE DISTRICT COUNCIL
 NOTES TO THE FINANCIAL STATEMENTS
 For the Financial Year Ended 30 June 2009

	2009 \$'000	2008 \$'000
13. PROVISIONS		
<u>Landfill aftercare provision (i)</u>		
Balance at beginning of year	113	142
Additional provisions recognised	-	-
Reductions arising from payments/other sacrifices of future economic benefits	-	(10)
Reductions resulting from re-measurement or settlement without cost	-	(19)
Unwinding of discount and effect of changes in the discount rate	5	-
Balance at end of year	<u>\$118</u>	<u>\$113</u>

(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% (2008: 8%).

	2009 \$'000	2008 \$'000
14. RESERVES		
Available-for-sale revaluation reserve (a)	32	32
Asset revaluation reserve (b)	163,399	163,503
Hedging Reserve (c)	-	76
Restricted Reserves (d)	2,398	2,317
Council Created Reserves (e)	396	269
	<u>\$166,225</u>	<u>\$166,197</u>

(a) Available-for-Sale Revaluation Reserve

Balance at beginning of year	32	22
Valuation gain/(loss) recognised	-	10
Balance at end of year	<u>\$32</u>	<u>\$32</u>

The available-for-sale revaluation reserve arises on the revaluation of the equity securities. Where a revalued financial asset is sold that portion of the reserve which relates to that financial asset and is effectively realised is recognised in the Statement of Financial Performance. Where a revalued financial asset is impaired that portion of the reserve which relates to that financial asset is recognised in the Statement of Financial Performance.

GORE DISTRICT COUNCIL
 NOTES TO THE FINANCIAL STATEMENTS
 For the Financial Year Ended 30 June 2009

	2009 \$'000	2008 \$'000
14. RESERVES cont		
(b) Asset Revaluation Reserve		
Balance at beginning of year	163,503	163,503
Revaluation increase / (decrease)		
- Buildings	(104)	-
	<u>(104)</u>	<u>-</u>
Balance at end of year	<u>\$163,399</u>	<u>\$163,503</u>

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	Sewerage & Stormwater Reticulation	Roads, Bridges & Lighting	Land	Buildings	Total
Balance 30 June 2007	3,710	5,651	146,546	4,942	2,654	163,503
Revaluation increase/ (decrease)	-	-	-	-	-	-
Balance at 30 June 2008	3,710	5,651	146,546	4,942	2,654	\$163,503
Revaluation increase/ (decrease)	-	-	-	-	(104)	(104)
Balance at 30 June 2009	3,710	5,651	146,546	4,942	2,550	\$163,399

	2009 \$'000	2008 \$'000
(c) Hedging Reserve		
Balance at beginning of year	76	152
Transferred to Statement of Financial Performance		
- Interest Rate Swaps	(76)	(76)
Balance at end of year	<u>\$Nil</u>	<u>\$76</u>

The hedging reserve represents hedging gains or losses recognised on the effective portion of cashflow hedges. The cumulative deferred gain or loss on the hedge is recognised when the hedged transaction impacts the Statement of Financial Performance.

**GORE DISTRICT COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 30 June 2009**

Hedge accounting was required at the date of transition to NZ IFRS on the basis the derivatives were a qualifying hedge for superseded NZ GAAP. Subsequent to transfer to NZ IFRS hedge accounting has been discontinued.

	<u>2009</u> <u>\$'000</u>	<u>2008</u> <u>\$'000</u>
(d) Restricted Reserves		
Balance at beginning of year	2,317	2,145
Transfer from/(to) Retained Earnings	<u>81</u>	<u>172</u>
Balance at end of year	<u><u>\$2,398</u></u>	<u><u>\$2,317</u></u>

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.

(e) Council Created Reserves

Balance at beginning of year	269	218
Transfer from/(to) Retained Earnings	<u>127</u>	<u>51</u>
Balance at end of year	<u><u>\$396</u></u>	<u><u>\$269</u></u>

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

	<u>2009</u> <u>\$'000</u>	<u>2008</u> <u>\$'000</u>
15. RETAINED EARNINGS		
Retained Earnings		
Balance at beginning of year	135,917	135,468
Net surplus/(deficit)	57	672
Transfers from/(to) reserves:		
Restricted and Council Created Reserves	<u>(208)</u>	<u>(223)</u>
Balance at end of year	<u><u>\$135,766</u></u>	<u><u>\$135,917</u></u>

16. COMMITMENTS FOR EXPENDITURE

(a) Capital and Other Expenditure Commitments

Capital and other expenditure commitments at 30 June 2009 were \$Nil (30 June 2008: \$Nil).

(b) Lease Commitments

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

**GORE DISTRICT COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 30 June 2009**

17. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no contingent liabilities at 30 June, 2009 (2008: Nil).

The Council has provided a loan guarantee to Ice Sport Southland at 30 June, 2009 of \$65,000 (2008: \$65,000).

18. LEASES

Disclosures for lessees

(a) Leasing Arrangements

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.

	2009	2008
	\$'000	\$'000
(b) Non-Cancellable Operating Lease Payments		
Not longer than 1 year	49	52
Longer than 1 year and not longer than 5 years	85	52
Longer than 5 years	-	-
	<u>134</u>	<u>104</u>
	<u>\$134</u>	<u>\$104</u>

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:

	2009	2008
	\$'000	\$'000
Necklen-McDonald (owned by Councillor Nicky Davis) - purchase of stationery items	(4)	(17)

(b) Other Transactions Involving Related Parties

Phoenix Aviation (Councillor Peter Grant is a Director) – Lease of Airport	6	6
--	---	---

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:

GORE DISTRICT COUNCIL
 NOTES TO THE FINANCIAL STATEMENTS
 For the Financial Year Ended 30 June 2009

	2009 \$'000	2008 \$'000
Cash and cash equivalents	266	1,425
	<u>\$266</u>	<u>\$1,425</u>

(b) Borrowings – Facilities

Secured bank overdraft facility with Westpac Banking Corporation, payable at call.

	2009 \$'000	2008 \$'000
• Amount unused	600	600
	<u>\$600</u>	<u>\$600</u>

Secured bank loan facilities with ANZ with various maturity dates through to 30 June 2012 and which may be extended by mutual agreement:

• Amount used	10,466	9,796
• Amount unused	2,675	2,024
	<u>\$13,141</u>	<u>\$11,820</u>

Secured bank loan facility with SBS.

• Amount used	287	292
	<u>\$287</u>	<u>\$292</u>

(c) Reconciliation of Surplus for the Period to Net Cash Flows From Operating Activities

	2009 \$'000	2008 \$'000
Surplus for the period	57	672
Add/(less) non-cash items:		
Depreciation	3,767	3,591
Gain on sale of property, plant and equipment	7	(37)
Net change in fair value of derivative financial instruments	615	173
Net change in the landfill provision	5	(29)
Non-current employee entitlements	-	-
Impairment of Financial Assets	-	250
	<u>4,394</u>	<u>3,948</u>
Movement in working capital:		
Trade and other receivables	(150)	(512)
Inventories	(4)	(22)
Other current assets	(48)	24
Trade and other payables	(187)	252

**GORE DISTRICT COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 30 June 2009**

Employee entitlements	32	51
	<u>(357)</u>	<u>(207)</u>
Net cash inflow from operating activities	<u>\$4,094</u>	<u>\$4,413</u>

21. SEVERANCE PAYMENTS

For the year ended 30 June 2009 Council made no severance payments to employees (2008: \$Nil).

22. REMUNERATION

During the year to 30 June 2009, 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:

**GORE DISTRICT COUNCIL
NOTES TO THE FINANCIAL STATEMENTS (Cont.)
For the Financial Year Ended 30 June 2009**

Elected Representatives

	2009	2008
	\$ 0.00	\$ 0.00
Tracy Hicks JP (Mayor)	57,347	56,234
C S Bolger (Deputy Mayor)	19,013	18,113
A J McLennan	19,013	18,113
N J Davis	19,013	18,113
N A Harvey	19,013	18,113
M J Hellier	-	3,089
F T Sutherland	-	3,089
L D Turnbull	-	3,089
D F Dixey	10,486	6,761
S A Dixon	10,486	6,761
H D Gardyne	10,486	6,761
P A Grant	10,486	6,761
J N Heller	10,486	6,761
B R Highsted	10,486	6,761
G E Sharp	10,486	6,761

Chief Executive

Stephen Parry, the Chief Executive of the Council appointed under Section 42 of the Local Government Act 2002 received a salary of \$185,963 (2008: \$170,319).

For the year ended 30 June 2009, the total annual cost including fringe benefit tax to the Council of the remuneration package being received by the Chief Executive is calculated at \$191,325 (2008: \$175,681).

23. EXPLANATION OF MAJOR VARIANCES AGAINST BUDGET

Explanation of major variations from the Council's estimated figures in the 2008/2009 budget, as reflected in the Annual Plan, are detailed in the following:

- o Community Services
- o District Assets
- o Leadership Cost of Service Statements

A summary of the major variations is as follows:

**GORE DISTRICT COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 30 June 2009**

Statement of Financial Performance

Actual Other Revenue includes contributions from external parties for the completion of the Mataura Community Centre of \$500,000, additional sales in the Aquatic Services section of \$60,000, recoveries in the Central Administration section of \$66,000, along with a number of smaller sales increases across other sections of the Council.

Actual Other Gains/Losses includes \$615,000 from the decrease in value of the Council's SWAP agreements at 30 June 2009. This is very markedly influenced by the current historically low short term interest rates caused by the global economic recession. Whilst 90 bank bill rates are currently around 3% they have generally been around 7-8% over the last five years and we would realistically expect rates to revert to a level much closer to those rates over the short to medium term. When this occurs a positive adjustment will result in the valuation of our SWAPs so the current year is seen as an aberration rather than an ongoing trend in that it will be corrected over time as interest rates increase and the rate of interest we are required to pay remains relatively constant for the next four years.

Actual Other Expenses includes costs incurred in hearings for the Wind Farm activity of \$43,000, increased rural road maintenance costs of \$207,000, increased costs in the Central Administration section of \$60,000 and smaller increases across other sections of the Council.

Statement of Financial Position

Actual Trade and other receivables includes contributions to the completion of the Mataura Community Centre of \$500,000.

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 is 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 Council Community Plan (LTCCP) 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.

**GORE DISTRICT COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 30 June 2009**

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

The Council's overall strategy remains unchanged from 2008.

(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

	2009	2008
	\$'000	\$'000
Financial Assets		
Cash and cash equivalents	266	1,425
Trade and other receivables	1,882	1,740
Other financial assets:		
• Fair value through profit or loss		
- held for trading	-	329
• Loans and receivables	1,461	1,316
• Available-for-sale financial assets	134	134
Financial Liabilities		
Bank overdraft	-	-
Trade and other payables	1,747	1,935
Borrowings	10,753	10,087
Other financial liabilities		
• Fair value through profit or loss	362	-

(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

**GORE DISTRICT COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 30 June 2009**

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	
	2009 %	2008 %	2009 \$'000	2008 \$'000	2009	2008 \$'000
Less than 1 year	-	-	-	-	-	-
1 to 2 years	7.86	7.95	1,350	2,700	(109)	(14)
2 to 5 years	6.35	5.93	6,750	5,400	(253)	343
			<u>\$8,100</u>	<u>\$8,100</u>	<u>(\$362)</u>	<u>\$329</u>

Hedge accounting has not been adopted.

(f) Credit Risk

Credit risk refers to the risk that a counterparty 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 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.

**GORE DISTRICT COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 30 June 2009**

(g) Liquidity Risk Management

Liquidity risk is the risk that the Council will encounter difficulty in raising liquid funds to meet 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 assets and financial liabilities. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets or liabilities except where the Council is entitled and intends to repay a liability before its maturity.

GORE DISTRICT COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 30 June 2009

2009	Weighted Average Effective Interest Rate %	Fixed Maturity Dates				Total
		Less than 1 year	1-2 Years	2-5 Years	Non Interest Bearing	
		\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets:						
Cash and cash equivalents	0.75	268	-	-	-	268
Trade and other receivables	-	-	-	-	1,882	1,882
Other financial assets						
Equity Securities -NZ Local Government Insurance Company Shares	-	-	-	-	134	134
Short Term Deposits	4.13	1,515	-	-	-	1,515
Loans to Community Groups	-	-	-	-	310	310
Financial liabilities:						
Bank overdraft	-	-	-	-	-	-
Trade and other payables	-	-	-	-	1,750	1,750
Interest Rate Swaps	-	-	-	-	362	362
Borrowings	3.95	425	425	11,178	-	12,028

2008	Weighted Average Effective Interest Rate %	Fixed Maturity Dates				Total
		Less than 1 year	1-2 Years	2-5 Years	Non Interest Bearing	
		\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets:						
Cash and cash equivalents	0.75	-	-	-	-	1,425
Trade and other receivables	-	-	-	-	1,740	1,740
Other financial assets						
Interest Rate Swaps	-	-	-	-	329	329
Equity Securities -NZ Local Government Insurance Company Shares	-	-	-	-	134	134
Short Term Deposits	8.73	1,376	-	-	-	1,376
Loans to Community Groups	-	-	-	-	300	300
Financial liabilities:						
Bank overdraft	-	-	-	-	-	-
Trade and other payables	-	-	-	-	1,935	1,935
Borrowings	8.42	10,087	-	-	-	10,087

**GORE DISTRICT COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 30 June 2009**

(h) Fair Value of Financial Instruments

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and
- the fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions.
- the fair value of derivative instruments are calculated using quoted prices. Where such prices are not available use is made of discounted cash flow analysis using the applicable yield curve for the duration of the instruments.

The Council considers that the carrying amount of financial assets and financial liabilities recorded at amortised cost in the financial statements approximates their fair values.

(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 \$60,000 (2008: \$72,000). 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 \$13,000 (2008: \$13,000) 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.

25. EVENTS SUBSEQUENT TO BALANCE DATE

A water discharge prosecution at the Council's Pleura Dam site is currently the subject of Court action. Whilst the final total cost of this event is not determined at present, the Council's financial exposure will not exceed \$5,000, due to insurance arrangements in place.

COMMUNITY OUTCOMES AND PROGRESS TO DATE



Our Way Southland – Community Outcomes

A community outcome defines what is important for the current and future Social, Economic, Environmental and Cultural well-being of a community. The Local Government Act 2002 requires local authorities to identify community outcomes 'not less than once every 6 years', and to monitor and report on progress towards the achievement of the identified outcomes 'not less than once every three years'.

Since 2003, Southland's community outcomes have been identified and monitored on a regional basis by the Our Way Southland project. This project is supported by all of the four Southland local authorities, and reports to the Shared Services Forum.

Community Outcomes have been identified for the Southland region:

1. Southland is a great place to live.
2. A diverse economy built from our strengths for growth and prosperity.
3. Safe places in a caring society that is free from crime.
4. We are healthy people.
5. Strong effective leadership taking us into the future.
6. A treasured environment which we care for and which supports us now and into the future.
7. A well-educated and skilled community continually seeking further opportunities to learn.

In addition the Gore District Council has identified the following specific outcomes:

8. People are prepared for emergency situations.
9. We live in a compassionate, caring society.

The seven statements describe the outcomes desired by the Southland community for the period August 2005 to August 2011. Each of the outcomes requires a coordinated regional approach in order for change to be effected, combining the resources and activities of local government, central government and the business and volunteer sectors.

A Community Outcomes Regional Coordinator for the Our Way Southland project was appointed in March 2008. One of the key tasks of this position is to monitor and report on the progress which has been made towards the achievement of Southland's community outcomes. The first monitoring report for the period August 2005 to August 2008 was presented to the Shared Services Forum in June 2009. The report is divided into seven sections, with each of the outcomes and associated intermediate considered separately. A select number of indicators has been utilised to establish baselines for each outcome against which the future achievement of that outcome can be monitored. The data in the

report has been compiled from a variety of sources, including Statistics New Zealand, the New Zealand Police, the Ministry of Education, the Ministry of Social Development, the Department of Internal Affairs, Land Transport New Zealand and the Southland District Health Board, as well as the four Southland local authorities and Venture Southland.

Further indicators will be introduced during the second monitoring and reporting period for the project (August 2008 to August 2011). The community outcomes themselves will be re-identified no later than August 2011.

COMMUNITY SERVICES - STATEMENT OF COST OF SERVICE

ACTUAL 30 June 08 \$000		ESTIMATE 30 June 09 \$000	ACTUAL 30 June 09 \$000
	REVENUE		
497	Arts & Heritage	15	14
41	Library	31	32
45	Visitor Services	39	34
1,043	Regulatory	703	733
1,627	TOTAL OPERATING REVENUE	789	814
	EXPENDITURE		
419	Arts & Heritage	414	421
619	Library	637	640
303	Visitor Services	327	326
501	Grants	322	300
1,267	Regulatory (a)	975	1,116
3,109	TOTAL OPERATING EXPENDITURE	2,675	2,803
(1,482)	OPERATING SURPLUS/(DEFICIT)	(1,886)	(1,989)
	CAPITAL		
988	Arts & Heritage	16	-
9	Library	22	-
1	Visitor Services	14	-
-	Regulatory	-	-
998	TOTAL CAPITAL	52	-
68	DEBT REPAYMENT	108	74
2,547	NET COST OF THIS FUNCTION	2,046	2,063
	FUNDED BY:		
1,341	Rates - General	1,571	1,569
365	Rates - Targeted	398	397
100	Depreciation	96	101
(9)	Reserves	(18)	(4)
750	Loans	-	-
-	Asset Sales	-	-
2,547		2,046	2,063

Explanatory notes to be read in conjunction with the Cost of Service Statement:

- a. Regulatory expenditure includes \$88,000 of additional staff costs due the need to employ additional staff to process building consents. This is partly offset by an increase in user fees. Also included are additional non recoverable costs incurred from resource consent hearings during the year.
- b. Analysis of Capital expenditure between Renewal and New Expenditure:

COMMUNITY SERVICES

	ESTIMATE	ACTUAL
	30 June 09	30 June 09
Capital Expenditure - Replacement Works		
Arts & Heritage	16	-
Library	22	-
Visitor Services	14	-
TOTAL CAPITAL	52	-

COMMUNITY SERVICES

ARTS AND HERITAGE

Arts and Heritage is a department within the Council that facilitates the sustainable development of community-owned, non-profit arts and heritage enterprises, facilities and infrastructures. It also manages, in partnership with key public providers, cultural property and programmes for the benefit of the people of Gore District, and visitors to the area.

Facilities that are available to the public are:

- Hokonui Heritage Centre comprising the Hokonui Moonshine Museum, Gore Historical Museum, and the Hokonui Heritage Research Centre
- Eastern Southland Gallery

Contribution to Community Outcomes

Community Outcome	Contribution from the Council's arts and heritage department
<i>Lifestyle and Culture</i> 'Southland is a great place to live'	Arts, culture and heritage facilities that are well-maintained and carefully developed increases the diversity of arts, culture and heritage attractions available to residents, thus promoting their quality of life.
<i>Education and Training</i> 'A well-educated and skilled community continually seeking further opportunities to learn'	Arts, culture and heritage facilities help people connect with their history and culture. Exhibits featuring arts and cultural artefacts from other cultures may help foster a broader appreciation for arts, culture and heritage.

Performance Measures and Targets for 2008/09

- **To maintain the current arts and heritage activity programme**
 - Target of 6 exhibitions and 4 arts related projects and performances to be organised annually.

Performance for 2008/09:

- 10 exhibitions and 12 art related projects and performances.

- **Maintain public accessibility to the Hokonui Heritage Centre**
 - To ensure the Centre is open for 362 days per year.
 - Customer satisfaction rate of 80% as measured by entries in the visitor's book will be maintained.

Performance for 2008/09:

- Open 362 days.
- 97% satisfaction – as measured in visitor's book.

- **Provide accessible heritage research services**
 - These services will be available 250 days per year.

Performance for 2008/09:

- 252 days.

- **To educate and foster an appreciation for arts, culture and heritage resources located in the District**

- Attract an average of 50 school and special interest group visits per year.

Performance for 2008/09:

- 55 school and special interest groups.

DISTRICT LIBRARIES

The Council provides and maintains two libraries, one in Gore and the other in Mataura, which also serves as a Council Service Centre. 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.

Contribution to Community Outcomes

Community Outcome	Contribution from the District Libraries
<i>Lifestyle and Culture</i> 'Southland is a great place to live'	The District libraries contribute to the quality of people's lives by providing books, magazines, music, videos, DVDs and computers for recreational or leisure use. Events and specialised programmes organised by library staff also help to make the District a fun and creative place to live.
<i>Education and Training</i> 'A well-educated and skilled community continually seeking further opportunities to learn'	The extensive collections held by the District libraries, and including computers, photocopiers and other equipment provide people with information and educational tools.

Performance Measures and Targets for 2008/09

- **The District libraries are accessible to residents**
 - The intended target for library membership is for 65% of residents by 30 June 2009 (Actual 2008 was 60%).

Performance for 2008/09:

- 59% of residents are members of the library.

- **Increase the level of library usage (measured by borrowing)**
 - It is intended that levels of borrowing will be improved to a minimum of 2.39 by 30 June 2009. (Current level per capita is 2.6).

Performance for 2008/09:

- The level of borrowing is 2.6 per capita.

- **Library services are provided in a cost-effective manner**
 - It is intended that these costs will be reduced to no more than \$2.20 per item issued, by 30 June 2009 (this target will be driven by increasing the number of issues as set out above –2008 cost is \$2.28 for each item issued).

Performance for 2008/09:

- The cost to the Council for running the libraries was \$3.57 for each item issued. (It should be noted the criteria for establishing the total cost has been changed to include all costs, so that the target of \$2.20 is no longer a valid comparison).

- **Communities in the Gore District are satisfied with the range of available material in the District libraries**
 - It is intended that future (two-yearly) community surveys will have a satisfaction rate of at least 85% by 30 June 2009.

Performance for 2008/09:

- A survey of residents has not taken place in the 2008/09 period as funds were not available. A comprehensive survey of users and non-users will be undertaken in the 2009/10 period.

- **Communities in the Gore District are satisfied with the levels of service provided by the District libraries**
 - It is intended that future (two-yearly) community surveys have a satisfaction rate of at least 95% by 30 June 2009.

Performance for 2008/09:

- A survey of library users in the 2008/09 period indicated a 96% satisfaction rate.

DISTRICT PROMOTIONS

This activity consists of a number of categories and roles. The department manages the District's Visitors Centre which is part of the national i-SITE Visitor Centre network. With the Visitors Centre located at the Hokonui Heritage Centre, it also acts as front of house reception to the Hokonui Moonshine Museum and Heritage Centre, promoting the facility, and managing the retail sales component of the museum.

Contribution to Community Outcomes

Community Outcome	Contribution from the Council's District Promotion Activities
<i>Economy and Employment</i> 'A diverse economy built from our strengths for growth and prosperity'	The Council's District promotions activity promote Gore District as an amazing place to visit, live, work and do business and thereby benefits local enterprises and the economy.
<i>Lifestyle and Culture</i> 'Southland is a great place to live'	Events organised by the District promotions team (e.g. the Hokonui Moonshiner's Festival) and facilities such as the Visitors Information Centre, provide residents and visitors with a choice of activities and a wealth of information and travel services.

Performance Measures and Targets for 2008/09

- **The Gore Visitors Centre will continue to be a part of the national i-SITE Visitors Centre network**
 - The visitors centre must meet the criteria of the Visitors Information Network (VIN) Standards as measured by the annual inspection.
 - The Centre is expected to have obtained Qualmark accreditation, which is the Tourism New Zealand quality assurance benchmark, by 30 June 2009.

Performance for 2008/09:

- Inspection has taken place.
- Qualmark accreditation approved for 2009/10.

- **The Gore Visitors Centre will display and have available a large selection of brochures, tourism products and services to meet the needs of locals and visitors to the District**
 - By 30 June 2009, it is intended that the percentage of customers who feel that the Centre provides them with the information they require, will be 90%.

Performance for 2008/09:

- 93% satisfaction as indicated through monthly survey results.

- **The District Promotions Department will coordinate the Hokonui Moonshiners Festival annually and assist with the promotion of events for the District to encourage economic benefit for the community**
 - By 30 June 2009, it is expected that the Hokonui Moonshiners Festival will have a prominent national profile and that the Festival is developed into a destinational event for Gore, with a minimum of 2000 people attending the event each year.

Performance for 2008/09:

- 2009 Hokonui Moonshiners Festival achieved, assistance provided to Hokonui Fashion Design Awards, New Zealand Country Music Awards and MLT New Zealand Song-writing Awards.
- The festival has attracted positive press coverage from Cuisine and New Zealand Geographic magazines, as well as feature articles in the Press and Otago Daily Times. Air New Zealand has now incorporated the event in their "Grab-a-Seat" promotion. Poor weather contributed to a much lower-than-normal attendance of 800 for 2009.
- **To promote the Gore District as a place to live, work and play to its residents, other New Zealanders, and international visitors**
 - By 30 June 2009, the Department expects to host two national media publications and two trade familiarisation tours each year.

Performance for 2008/09:

- International trade show appearance not achieved, given budget constraints. One domestic appearance in association with Venture Southland, one national media publication and three industry familiarisation tours hosted as at 30 June 2009.
- **To promote Gore District as a place to live, work and play to its residents, other New Zealanders, and international visitors using visually appealing imagery**
 - The Department intends to have produced a promotional brochure for the Gore District by 30 June 2009.

Performance for 2008/09:

- New comprehensive Gore Brochure in production. Updated versions expected to be produced on a 2-3 year cycle.
- **To promote Gore District as a place to live, work and play to its residents, other New Zealanders, and international visitors through the Gore website**
 - By 30 June 2009 the website will have increased its profile and in turn we should be actioning and responding to 5 emails per day directly from the website.

Performance for 2008/09:

- Owing to extended parental leave on the part of the previous Promotions Manager, this activity has not been adequately monitored.

GRANTS

Grants are provided to selected organisations to assist with the provision of economic, social (health and recreation), and cultural services to the community.

Contribution to Community Outcomes

Community Outcome	Contribution of the Council's Regulatory Activities to Community Outcomes
<i>Economy and Employment</i> 'A diverse economy built from our strengths for growth and prosperity'	Council grants for the A & P Association and regional enterprise activities undertaken by Venture Southland promote economic growth and potentially attract skilled workers to the district.
<i>Lifestyle and Culture</i> 'Southland is a great place to live'	Council grants to local arts and heritage organisations contributes to the quality of arts and heritage facilities and event hosted in the district and help to make Gore District a great place to live.
<i>Health and Wellbeing</i> 'We are healthy people'	Council grants to Total Mobility and the Hospital Incentives programme contribute to the health and wellbeing of people in Gore District.

Performance for 2008/09:

- Grants as approved have been paid or approved during the year. Details of grants paid are as follows:

Donee	Actual \$	Budget \$
A&P Association	72,204	75,213
Amenity Hire Refunds	3,253	3,000
Children's Day	0	500
Clematis Cottage	1,750	1,000
Community Pools (a)	(55.56)	2,653
Croydon Aviation Heritage Trust	6,000	6,000
Cycle Tour Southland	1,000	0
Eastern Southland Art Gallery	8,500	8,500
Emergency Housing	2,427	2,500
Enviro Schools	5,000	5,000
Gold Guitar Awards	4,000	4,000
Gore Amateur Radio Club	3,000	3,000
Gore Counselling Centre	1,500	1,500
Gore Museum	4,500	4,500
Healthy Homes Initiative	15,000	15,000
Heartland Education Trust	2,500	2,500
Hokonui Heritage Centre Trust	4,500	4,500
Hokonui Pioneer Park	3,500	6,000
Hospital Incentives	0	2,000
John Money Wing	8,500	8,500
Mataura Heritage Centre	1,750	5,000

Moonshine Committee	1,000	1,000
NZ Red Cross	5,625	7,500
Rural Fire	38,500	37,500
Rural Halls	16,167	12,000
Salvation Army	0	2,000
Southland Museum	8,500	8,000
SPCA	1,500	1,500
Total Mobility	17,025	18,000
Venture Southland	48,800	51,073
Waikaka Cemetery	0	500
Total	\$285,978	\$299,939

NOTE

(a) Expenditure for 2008 was over-accrued by \$55.56

REGULATORY

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

Building Act 1991	Litter Act 1974
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 of Liquor Act 1989
Council Bylaws	

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

Contribution to Community Outcomes

Community Outcome	Contribution of the Council's Regulatory Activities to Community Outcomes
<i>Economy and Employment</i> 'A diverse economy built from our strengths for growth and prosperity' [and a regulatory environment that is applied consistently, as well as clear and focused']	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.
<i>Environment</i> 'A treasured environment which we care for and which supports us now and into the future'	The Council's resource management activities directly contribute to the sustainable use of land, water and other natural resources in the District.
<i>Law and order</i> (public safety and security) 'Safe places in a caring society that is free from crime'	A clear regulatory framework and consistent enforcement of statutory requirements relating to environmental health and safety, sale of liquor, animal control and so forth

Performance Measures and Targets for 2008/09

- **To inspect annually all premises where food is prepared for sale to the public, as measured by staff records**

Performance for 2008/09:

- 93% inspected.

- **To monitor all premises licensed under the Sale of Liquor Act 1989, as measured by staff records**
 - 50% of premises licensed to supply liquor are inspected by the Council for compliance.

Performance for 2008/09:

- 15 out of 31 premises inspected – 48.38%

- **To investigate infectious, notifiable disease cases within 24 hours of notification, as measured by staff records**

Performance for 2008/09:

- Public Health South now investigates all infectious disease cases.
- **Nuisance/noise complaints are investigated promptly, well within the two hour–maximum time for responding to a complaint as measured by the noise control contractor’s log**

Performance for 2008/09:

- 100% performance for 2008/09.
- Investigated within the prescribed timeframe.
- **Process applications for resource consents in accordance with statutory requirement (within 20 days of filing), as measured by staff reports**

Performance for 2008/09:

- 52.17% – 24 out of 46 issued on time.
- **To comply with the statutory 20–day maximum processing time for processing Building Consents, as measured by staff reports**

Performance for 2008/09:

- 598 consents – 23 over time (3.85%) and 575 complied (96.15%)
- **All complaints relating to building issues are investigated promptly, as measured by staff reports**

Performance for 2008/09:

- All verbal complaints are investigated within 2 days; while written complaints are investigated within 10 days.

DISTRICT ASSETS - STATEMENT OF COST OF SERVICE

ACTUAL 30 June 08 \$000		ESTIMATE 30 June 09 \$000	ACTUAL 30 June 09 \$000
	REVENUE		
310	Aquatic Services	306	366
54	Parks and Reserves	20	31
102	Property (a)	95	604
387	Roading - Administration	398	410
599	Roading - Urban	634	539
1,435	Roading - Rural	1,481	1,439
285	Water	397	282
158	Wastewater and Stormwater	177	218
647	Solid Waste	680	708
3	Civil Defence	3	2
110	Cemeteries	95	112
4,089	TOTAL OPERATING REVENUE	4,286	4,711
	EXPENDITURE		
1,262	Aquatic Services	1,270	1,324
1,640	Parks and Reserves	1,661	1,636
528	Property	539	514
373	Roading - Administration	398	342
1,133	Roading - Urban	1,186	1,173
2,112	Roading - Rural	2,069	2,371
1,208	Water	1,330	1,381
1,193	Wastewater and Stormwater	1,545	1,463
979	Solid Waste	1,074	1,094
56	Civil Defence	68	65
176	Cemeteries	191	203
64	Public Conveniences	93	115
10,724	TOTAL OPERATING EXPENDITURE	11,424	11,680
(6,635)	OPERATING SURPLUS/(DEFICIT)	(7,138)	(6,970)
	CAPITAL EXPENDITURE		
30	Aquatic Services	-	-
114	Parks and Reserves	121	126
248	Property (b)	17	1,079
20	Roading - Administration	-	-
781	Roading - Urban	955	815
1,730	Roading - Rural	1,792	1,535
352	Water	503	270
817	Wastewater and Stormwater (c)	265	1,533
-	Solid Waste	-	-
-	Civil Defence	-	-
2	Cemeteries	-	4
-	Public Conveniences (d)	-	319
4,095	TOTAL CAPITAL	3,652	5,681
55	DEBT REPAYMENT	167	172

50	LOAN TO COMMUNITY GROUP	-	-
10,836	NET COST OF THIS FUNCTION	10,957	12,823
FUNDED BY:			
1,094	Rates - General	1,117	1,139
6,006	Rates - Targeted	6,277	6,402
3,411	Depreciation	3,359	3,596
(155)	Reserves	72	(115)
480	Loans (c & d)	133	1,801
10,836		10,957	12,823

Explanatory Notes to be read in conjunction with the Statement of Cost of Service:

- a. Actual Property Revenue includes \$500,000 of community funding for the completion of the Mataura Community Centre.
- b. Actual Property Capital Expenditure includes \$1,071,000 for the construction of the Mataura Community Centre, which has initially been budgeted for completion in the 2007 financial year. This is funding in part by the revenue detailed in note (a) with the balance funded from council reserves.
- c. Wastewater and Stormwater Capital Expenditure includes \$1,407,000 for the completion of the Actiflo plant and Mataura Wetlands projects which were originally budgeted for completion in 2008. These projects are funded primarily by way of loan.
- d. Public Conveniences Capital Expenditure of \$319,000 is for completion of replacement facilities in the Gore Main Street which were budgeted for completion in 2008. This is funded principally by way of loan.
- e. Analysis of Capital Expenditure between Renewal and New Expenditure:

DISTRICT ASSETS

	ESTIMATE	ACTUAL
	30 June 09	30 June 09
Capital Expenditure - New Works		
Property	-	1,079
Wastewater and Stormwater	-	1,411
Public Conveniences	-	319
Capital Expenditure - Replacement Works		
Parks and Reserves	121	126
Property	17	-
Roading - Urban	955	815
Roading - Rural	1,792	1,535
Water	503	270
Wastewater and Stormwater	265	123
Cemeteries	-	4
TOTAL CAPITAL	3,652	5,681

DISTRICT ASSETS

AQUATIC SERVICES

The Gore District Council operates two public swimming facilities, the Mataura War Memorial Pool and the Gore swimming pool (located in the Gore District Multisports Complex) as part of its overall aim to ensure that residents of the District have access to a full range of recreational and sporting opportunities.

Contribution to Community Outcomes

Community Outcome	Contribution from the Council's Aquatic Services
<i>Lifestyle and Culture</i> 'Southland is a great place to live'	The Council's swimming pools provide residents with easy access to recreational facilities, thus offering them a better quality of life.
<i>Health and Wellbeing</i> 'We are healthy people'	The Council's swimming pools provide residents with a safe environment to pursue physical activities, which are important for personal health and well-being.
<i>Education and Training</i> 'A well-educated and skilled community continually seeking further opportunities to learn'	The Council's swimming pools provide residents with opportunities for learning about water safety, and a chance to obtain new skills and abilities.

Performance Measures and Targets for 2008/09

- **Water quality is maintained as measured by the customer service log.**
 - To maintain the target of less than five complaints per month relating to sore eyes or skin irritation, and no reported sickness or infection from pool use.

Performance for 2008/09:

- There were no complaints lodged in this period relating to water quality.
- No reports of sickness or infection reported.

- **Adequate pool supervision is to be provided as measured by maintenance of ACC Pool Safe accreditation and by no drownings at the Council pools:**

Performance for 2008/09:

- No drownings occurred.
- Pool Safe accreditation achieved at both pools.

- **Water safety confidence and awareness is increased as measured by initiating Swim for Life programme and providing swim tuition throughout the year.**
 - To provide classes throughout the year for surrounding schools in the District, with a target coverage of 65%.

Performance for 2008/09:

- The Council continues to offer Swim for Life programmes throughout the year.

- **To attain a high level of usage of the aquatic facilities as measured by the number of annual usages (visits).**

- To increase the current usage of the pools to 70,000 in total by 2009.

Performance for 2008/09:

- At the year end the overall patronage was 88,556.
- **The pools are available to the public for use as measured by the number of days each pool is open per year.**
 - It is expected that by 2009 the Gore pool will be open 360 days per year and the Mataura pool will be open 205 days per year.

Performance for 2008/09:

- The Gore pool was open 360 days and Mataura 152 days. (Mataura did not meet its target due to staffing issues where lack of suitable trained staff necessitated closure of the facility).
- **That 80% of users of aquatic services are satisfied with the aquatic services provided as measured by a community survey every two years.**

Performance for 2008/09:

- Information from a survey completed in May 2008, confirms that 83.4% of residents are satisfied with the service provided.

PARKS AND RESERVES

Under the Reserves Act 1977, the Council has responsibility for the provision, maintenance, and preservation of reserves on behalf of the community. The types of reserves administered by the Council include:

- Sportsgrounds
- Parks
- Rural reserves
- Playgrounds
- Roading and esplanade reserves
- Public open spaces

Contribution to Community Outcomes

Community Outcome	Contribution from the Council's Parks and Reserves
<i>Lifestyle and Culture</i> 'Southland is a great place to live'	The District's well maintained parks and reserves, sports fields and other recreational areas contribute to the quality of life enjoyed by residents and visitors, and make the District a great place to live.
<i>Environment</i> 'A treasured environment which we care for and that supports us now and into the future'	The District's well maintained gardens beautify the urban environment, while its rural parks and reserves fulfil a conservation function through the planting of native plant species and other measures.

Performance Measures and Targets for 2008/09

- **Premier parks are accessible and provide a high quality experience for users as measured by staff audit reports showing maintenance is kept to a high standard in line with industry best practice and by a Community survey every two years.**

Performance for 2008/09:

- Current customer service records indicate this is being achieved.
- Work on developing an audit system is underway.
- Information from a survey completed in May 2008 confirms that 90.8% of residents are satisfied with the service provided.

- **Play areas are safe and accessible as well as provide a range of challenges as measured by staff audit reports, the customer services log, New Zealand Recreation Association reports and there is a playground or neighbourhood reserve within 500m of 75% of urban homes.**

- 87% of urban homes are within 500m of a playground or neighbourhood reserve and that playground's meet the NZ playground standards.
- To ensure that no more than two complaints in any one month will be received from the public in relation to playground safety.

Performance for 2008/09:

- One service request has been received regarding playground safety.
- A working party has recommended that three playgrounds be further investigated with a view to removal upon completion of new playgrounds at the Multisport Complex.

- A working party has identified an area in West Gore that has a lower than desirable quantity of playgrounds, while overall we are above the stated levels of provision.
- Information from a survey completed in May 2008 confirms that 83.2% of residents are satisfied with the service provided.
- **Good quality sports fields are available and fit for purpose, as measured by the customer service log and a community survey every two years.**
 - To ensure the grounds are available and well kept complaints will be monitored and recorded, with the exception that complaints would not be counted if due to abnormal weather conditions.
 - It is intended that the levels of service and performance will lead to no less than 80% community satisfaction, as reported in the first community survey, to be conducted in 2008.

Performance for 2008/09:

- There were no complaints regarding quality or availability of sports fields.
- Information from a survey completed in May 2008 confirms that 86% of residents are satisfied with the service provided.
- **Communities have healthy trees that will benefit future generations, as measured by the customer services log.**

Performance for 2008/09:

- There was one complaint during the year regarding a lack of tree maintenance to a street tree.
- **The Parks and Reserves team respond to customer complaints in a timely manner, as measured by the customer services log.**
 - To receive less than 10 complaints annually relating to service requests.

Performance for 2008/09:

- There were no complaints relating to response times for Parks and Reserves customer service enquiries.

ROADING

The Gore District roading network comprises 341 km sealed roads and 553 km gravelled roads. Major work (including reseals, seal widening, shape correction and bridge renewals) is subject to competitive tendering. Design and supervision of major works are undertaken by consultants.

Contribution to Community Outcomes

Community Outcomes	Contribution of the Council's Roading Activities
<i>Economy and Employment</i> 'A diverse economy built from our strengths for growth and prosperity'	Efficient and safe transportation networks (in addition to State Highways operated by Transit NZ) are part of the essential infrastructure for economic growth and development
<i>Law & Order</i> (Public safety & security) 'We have safe roads'	Safe and well maintained roads, footpaths and road verges promote safety of all road users, including pedestrians

Performance Measures and Targets for 2008/09

- **Total road maintenance expenditure is equal or less than the average of other South Island District Councils*, as measured by the annual Land Transport NZ Local Authority Road Maintenance Cost Comparison report in \$/km (LTNZ work categories 1–7, 10–13 and 17).**
- Excludes Christchurch City, Nelson City, Invercargill City, Dunedin City, Queenstown-Lakes District, Chatham Islands
 - The average South Island District Council's spend in 2007 was \$3,850 per km. (Gore District Council \$3,450 per km)

Performance for 2008/09

- Road maintenance expenditure figures for other RCA's have not been published yet, by NZTA, for the 2008/09 financial year. However, the outcome for the 2007/08 financial year, which was unable to be reported, last year, is now available. The average for the South Island Territorial Local Authorities in the comparison group was \$2,333 during 2007/08. Gore District spend \$2,050/km during the same period.
- **The average roughness of sealed roads is better than the target levels as measured by NAASRA count surveys*.**

* The National Association of Australian State Road Authority developed a sealed road roughness test resulting in a NAASRA count. The lower the number is, the smoother the road. For example, an asphalt surface like that of Irk Street has an average count of about 60, whilst a rough urban street such as Devon Street, has an average count of about 150.

For comparison with current performance:

- The actual performance for 2006 is as listed below:
Rural roads:
 - 1000 – 5000 vehicles per day has a count of 59
 - 200 – 1000 vehicles per day has a count of 59
 - 50 – 200 vehicles per day has a count of 62
 - Less than 50 vehicles per day has a count of 66

Urban roads:

- 1000 – 5000 vehicles per day has a count of 100
 - 200 – 1000 vehicles per day has a count of 105
 - Less than 200 vehicles per day has a count of 108
- The intended performance targets for 2009 are to maintain NAASRA counts less than:
 - 100 for rural roads with 1000–5000 vehicle movements per day
 - 110 for rural with 200–1000 and urban roads with 1000–5000 vehicle movements per day
 - 120 for rural with 50–200 and urban roads with 200–1000 vehicle movements per day
 - 140 for rural with less than 50 and urban roads with less than 200 vehicle movements per day

Performance for 2008/09:

The latest biannual roughness survey was carried out in April 2009. Results are as follows:

- Rural roads with 1000–5000 vehicle movements per day had an average count 68
- Rural roads with 200–1000 vehicle movements per day had an average count 59
- Rural roads with 50–200 vehicle movements per day had an average count 65
- Rural roads with less than 50 vehicle movements per day had an average count 70
- Urban roads with 1000–5000 vehicle movements per day had an average count 97
- Urban roads with 200–1000 vehicle movements per day had an average count 96
- Urban roads with less than 200 vehicle movements per day had an average count 98

All categories bettered the roughness target. Urban categories all improved. Rural categories slightly deteriorated compared to the previous survey except for the rural roads with less than 50 vehicle movements per day, which was unchanged.

- **The trend in the number of injury crashes on District roads is improving as measured by crashes per 100 million vehicle kilometres travelled over five years, as reported by Land Transport NZ.**
 - The five year trend will show less than 40 crashes per 100 million vehicle kilometres travelled in urban areas and less than 25 in rural areas.

Performance for 2008/09:

- The five year trends for the period ending 30 June 2008 (the latest year when NZTA crash statistics are available) were as follows:
 - Urban – 49 crashes per 100 million vehicle kilometres travelled and
 - Rural – 25 crashes per 100 million vehicle kilometres travelled.

Although there was a decrease in the number of urban crashes compared with the previous year (53 crashes reported in 2007) both the rural and urban crash numbers remain above the target.

- **The number of complaints relating to the condition of footpaths decreases each year, as measured by the customer services log.**
 - It is expected that by 30 June 2009 there will be less than 39 complaints relating to the condition of footpaths.

Performance for 2008/09:

- 52 customer service requests were received during 2008/09 relating to the condition of footpaths. 61 were received the previous year. Although the number of complaints received was still above the target, there was a 13% decrease from the previous year. It should be noted that a significant number of requests were regarding issues over which the Council has little or no control, such as graffiti, ice and debris on footpaths.
- **The roading maintenance Contractor maintains gravel roads, as per specifications in the network maintenance contract, as measured by contract audits conducted by staff.**
 - It is intended that a target of greater than 80% compliance (of audited sections of road) with contract specifications will be achieved by 30 June 2009.

Performance for 2008/09:

- The overall compliance on gravel roads as per the contract audits was 92%. The lowest individual component compliance was 70% for potholes.
- **Communities in the Gore District are satisfied with the roading network, as measured by community surveys conducted every two years.**
 - It is expected that by 30 June 2009, 70% of the community will be satisfied with the roading network.

Performance for 2008/09:

- The results of the community survey reported to the Council in August 2008 showed a satisfaction level of 74% of the Gore District's local roads. A further 14% indicated they were neutral.

WATER SUPPLY

The Council's water supply activity provides sustainable and safe water for domestic, commercial and industrial use, as well as for fire fighting purposes.

Drinking water is supplied to urban areas of the District through two Council operated schemes: the Gore and the Mataura schemes. The Council also operates the Otama rural water scheme which supplies water for livestock.

Contribution to Community Outcomes

Community Outcome	Contribution of water supply activities
<i>Health & Wellbeing</i> 'We are healthy people'	High quality drinking water safeguards public health and safety by minimising the risk of water-borne diseases. Adequate pressure and volume of water to enable effective fire-fighting is also essential for public safety and wellbeing.
<i>Economy & Employment</i> 'A diverse economy built from our strengths for growth and prosperity'	An efficient water supply distribution network is a core component of the infrastructure needed to foster a diverse and vibrant economy.
<i>Environment</i> 'A treasured environment which we care for and which supports us now and into the future'	The Council's management of the District's water resources include measures for water conservation and techniques for demand management, including the use of water restrictions to control water use during summer and dry periods. These measures help to ensure sustainable use and replenishment of water resources.

Performance Measures and Targets for 2008/09

- **Water supplied is in compliance with the New Zealand Drinking Water Standards 2005, as reported by Public Health South on behalf of the Ministry of Health.**

Performance for 2008/09:

- Grading is completed. The Council is reporting on the basis of the supply's compliance with the DWSNZ 2005.

- **Achievement of Cc grading for water supplies, as measured by Public Health South on behalf of the Ministry of Health.**

- It is expected that both Gore and Mataura will achieve Cc water grading to the timetable required by the Health Amendment Bill.

Performance for 2008/09:

- Upgrades will be completed to improve the grading to Cc in-line with changes to the DWSNZ by 2012. Investigations are continuing into the appropriate treatment required for the water source currently being used and the effectiveness of UV treatment.

- **There are less than two complaints in any week regarding smell, unusual taste or colour, as recorded in the customer services log.**

- It is expected that there will be less than two complaints in any one week in both Gore and Mataura.

Performance for 2008/09:

- There was no occasion when there were two or more complaints in one week.
- **Fire hydrants are able to provide adequate flows (greater than 12.5 litres per second), as measured by annual fire service testing.**
 - As at 30 June 2008 93% of tested hydrants in Gore and 80% of tested hydrants in Mataura currently meet this standard.
 - It is intended that 94% of tested hydrants in Gore and 82% of tested hydrants in Mataura meet this standard.

Performance for 2008/09:

- No complaints reported on flow. The fire hydrant testing for the year has been completed with 100% meeting the flow test in Gore. Testing of Mataura will be completed in the 09/10 year, as testing is only carried out biennially and 09/10 is the actual year of review.
- **Household supplies have an adequate flow rate of water (at least 15 litres per minute) and pressure (at least 200 kPa), as measured by staff on request from customers.**
 - It is intended to meet a target of less than 5 measurements annually as a result of customer requests that do not meet 15 litres per minute flow or 200 kPa.

Performance for 2008/09:

- There were no complaints regarding flow.
- **The maximum disruption of service in urban areas is 8 hours, in the rural areas it is 48 hours; with 75% of disruptions being 4 hours in urban and 24 hours in rural areas, as measured by the customer services log.**

Performance for 2008/09:

- There were no disruptions that exceeded the set times.
- **The maximum response times for an emergency is two hours, for a major urban leak 8 hours and for a major rural leak 24 hours and minor leaks will be responded to within 21 days, as measured by the customer services log.**

Performance for 2008/09:

- Four major leaks reported for both urban and rural. 264 minor leaks reported with one leak exceeding the 21 day response period.

WASTE WATER AND STORM WATER ACTIVITY

The Council's waste and storm water drainage activities consist of the collection, treatment and disposal of waste water, storm water and sewerage in order to safeguard public health and safety, and protect property, while minimising to the extent possible, adverse environmental impacts arising from these activities.

Contribution to Community Outcomes

Community Outcome	Contribution from the Council's waste & storm water management activities
<i>Health and wellbeing</i> 'We are healthy people'	Robust processes for treatment and monitoring of waste water quality safeguards public health and safety by minimising the risk of water-borne diseases. Efficient storm water infrastructure is likewise essential for public safety and wellbeing
<i>Economy and employment</i> 'A diverse economy built from our strengths for growth and prosperity'	An efficient waste and storm water management infrastructure is a core component of the infrastructure needed to foster a diverse and vibrant economy
<i>Environment</i> 'A treasured environment which we care for and which supports us now and into the future'	Weekly monitoring of effluent discharged from waste water treatment facilities mitigates negative environmental impacts on the Districts water ways

Performance Measures and Targets for 2008/09

- **The maximum response times for an emergency or pump station failure is two hours, a sewer blockage is 4 hours and for flooding 12 hours, as measured by the customer services log.**

Performance for 2008/09:

- There have been no emergency or pump station failures, sewer blockages or flooding incidences exceeding the target timeframes.

- **Less than ten complaints per year are received relating to smell from oxidation ponds, as measured by the customer services log.**

Performance for 2008/09:

- There have been no odour complaints logged for this period.

- **Trade waste discharges are monitored for compliance each year, as measured by the number of actual trade waste discharges monitored. (Currently 9 discharges)**

Performance for 2008/09:

- 24 trade waste samples have been completed this year.

- **No prosecutions taken against the wastewater treatment facilities for non-compliant events or activities.**

Performance for 2008/09:

- No prosecutions against wastewater treatment.

SOLID WASTE

The Council operates a transfer station located in Gore and contracts out the provision of a household kerbside bag collection in Gore and Mataura. A skip bin service operates in Mataura on Sunday afternoons at the old landfill site and a private contractor offers a kerbside wheelie bin service throughout the District including the villages of Mandeville, Pukerau and Waikaka.

Contribution to Community Outcomes

Community Outcome	Contribution of the Council's Solid Waste Activity
<i>Health and Wellbeing</i> 'We are healthy people'	The Council's solid waste services allow for efficient and hygienic disposal of solid waste generated in the District. Solid waste services discourage the proliferation of pests and thus safeguards public health and safety.
<i>Economy and employment</i> 'A diverse economy built from our strengths for growth and prosperity'	Hygienic and cost-effective solid waste disposal is a core component of the infrastructure needed to foster a diverse and thriving economy

Performance Measures and Targets for 2008/09

- **A quality transfer station is open to meet the needs of the community, as measured by transfer station opening hours and the customer services log.**
 - The transfer station is open between 35 to 40 hours per week, and less than 5 complaints are received each month relating to the operation of the transfer station.

Performance for 2008/09:

- Transfer station open over 40 hours per week.
- No complaints relating to transfer station operation.

- **An effective kerbside collection service is available in urban areas, and less than 10 complaints are received per month relating to the kerbside collection as measured by the customer services log.**

Performance for 2008/09:

- On no occasions were there more than 10 complaints reported in one month.

- **The disposal system encourages waste minimisation and the separation of waste for recycling, as measured by user charges and a community survey every two years.**

- There is a wide range of user charges for different types of discrete loads to encourage the separation of waste and ensure consistency with industry rates.
- 60% of the community satisfied with the availability of recycling options when related to cost by 2008 (first survey planned for 2008).

Performance for 2008/09:

- People are encouraged to separate refuse at the transfer station. Glass, metal, paper, cardboard and green waste are currently being separated.
- 22% of recyclables were removed from the waste stream.

- Review of recycling options as part of the Wastenet review of Southland wide kerbside collection is ongoing. No decision has yet been confirmed for recycling options for the Gore District.
- **The closed landfills have a minimal effect on the environment, as measured by compliance with resource consent conditions.**

Performance for 2008/09:

- Reporting to Environment Southland of the closed landfill sites was carried out for the 08/09 year.

CIVIL DEFENCE

The Civil Defence activity is conducted under the Civil Defence Emergency Management Act 2002. All Southland Councils contribute to the employment of a Principle Rural Fire officer for the Areas and ensure there are sufficiently trained fire fighters in this District.

Contribution to Community Outcomes

Community Outcome	Contribution from the Council's Civil Defence and Rural Fire Activities
<i>Health and Wellbeing</i> 'People are prepared for emergency situations'	The Council's civil defence activities enable timely preparation and an effective response to natural disasters, civil emergencies and other untoward events

Performance Targets for 2008/09

- **Maintain a presence at Regional Civil Defence meetings for Local Government, as measured by meetings attended.**

Performance for 2008/09:

- All regional meetings have been attended by either the Civil Defence Officer or the General Manager District Assets.
- Both the Civil Defence Officer and the General Manager District Assets attended a regional exercise.

- **Emergency equipment is ready for use at all times, as measured by a staff report.**

Performance for 2008/09:

- All equipment checks found that equipment was ready for use.
- Additional and replacement equipment has been purchased for the Council's light rescue team to ensure it meets all safety requirements.

- **Key response personnel receive at least one training opportunity each year, as measured by training records.**

Performance for 2008/09:

- This year the General Manager District Assets attended the controllers training course provided by the Ministry of Civil Defence Emergency Management.
- The General Manager District Assets, Utilities Manager, Parks and Recreation Manager completed Co-ordinated Incident Management System (CIMMS) level 4 training.
- The Volunteer Chief Welfare Officer attended a seminar on Foundations of Psychosocial Support in Emergency Management.
- A CIMMS level 2 course was held with a total of 22 participants attending. This group comprised of Council staff, volunteer fire brigade members and rescue squad members.

- Three training sessions were conducted with Council staff in order to lift the knowledge and capability of operating our Emergency Operation Centre (EOC). Each session was based on a different function in the EOC. The functions covered were planning and intelligence, logistics and operations. The training culminated in an exercise where the staff experienced an operational EOC.

CEMETERIES

The Gore District has five designated cemeteries.

There is a total of 20.15ha of designated cemetery within the Gore District, however only 10.1 ha of that is currently in use.

Contribution to Community Outcomes

Community Outcome	Contribution of the Council's cemeteries
<i>Health and wellbeing</i> 'We live in a compassionate caring society' 'People and communities provide for their own wellbeing'	The provision of well-maintained cemeteries is an essential service that contributes to the spiritual and mental well being of residents in the District. The Council's attractive cemeteries fulfil the community's need for peaceful settings in which they may bury/inter and remember their dead.

Performance Measures and Targets for 2008/09

- **Dealings with the public are always conducted in a sensitive manner, as measured by the customer service log and annual survey of Funeral Directors.**

- No more than three complaints per year are received relating to the quality of service as recorded in the customer services log and for the Funeral Directors to be satisfied with the service provided.

Performance for 2008/09:

- No complaints received regarding quality of service.
- Information from a survey completed in May 2008 confirms that 91.8% of residents are satisfied with the service provided.

- **The facilities are presented to a high standard, as measured by the customer service log.**

- Target of receiving less than three complaints regarding the standard of facilities in any one year.

Performance for 2008/09:

- One complaint received regarding standard of mowing at Mataura.
- No complaints received regarding the standard of facilities.

PUBLIC CONVENIENCES

The Council provides 14 individual blocks of public toilets in high usage visitor areas throughout the District.

Contribution to community outcomes

Community Outcomes	Contribution of Public Conveniences to Community Outcomes
<i>Health and Wellbeing</i> 'We are healthy people'	The Council's public conveniences are hygienic and well maintained,
<i>Economy and Employment</i> 'A diverse economy built from our strengths for growth and prosperity'	Hygienic and well maintained public conveniences are an important amenity for residents and visitors to the District, and thus support tourism and other economic activities.

Performance Measures and Targets for 2008/09

- **The facilities are kept clean, as measured by the customer service log.**
 - It is intended to receive no more than three complaints in any one week regarding cleanliness of the facilities.

Performance for 2008/09:

- Less than one complaint was recorded per week (11 CSR's over 52 weeks). Whilst there were several requests for service per month, these predominantly related to the aftermath of either vandalism or wilful damage, and the resulting clean up was not as a result of a poor quality cleaning service as provided by the Council's contractors.
- **The Community is satisfied with the adequacy of public conveniences, as measured by a Community survey every two years.**
 - This is a new measure. Nevertheless, 52% of the community was satisfied with the adequacy of public conveniences when surveyed in March 2005.
 - It is intended to increase community satisfaction to 70% by 2009, which is when the toilet upgrade projects have been completed.
 - It is intended to maintain the 2009 levels of service and performance target for the remaining duration of the plan.

Performance for 2008/09:

- One new Novaloo toilet block was installed in October 2006 at the Ordsal Street site and two new units at the Main Street site at the corner of Mersey Street and SH1.
- Information from a survey completed in May 2008 confirms that 59% of residents are satisfied with the service provided. This was the lowest scoring Council provided service.

PROPERTY

The Gore District Council owns a number of properties within the District. Properties include the civic offices in Gore, the service centre and library in Mataura, the Gore library and Carnegie building, as well as community halls, leasehold properties, and rental housing.

Contribution to Community Outcomes

Community Outcome	Contribution from the Council's Property Activities
<i>Lifestyle and Culture</i> 'Southland is a great place to live'	Community halls provide places for meeting and socialising, thus improving the quality of life.
<i>Health and Wellbeing</i> 'We have good quality and affordable housing'	The Council's residential properties provide an adequate standard of housing for people who may otherwise be unable to afford a reasonable quality of housing
<i>Leadership</i> 'Citizens and communities are inspired, motivated and empowered'	Community halls provide the physical space for fostering community spirit, civic mindedness and community leadership. The Council's civic offices in Gore and Mataura allow for easy public access to local government services and elected Council members.

Performance Measures and Targets for 2008/09

- **All buildings and properties are maintained in a healthy and safe condition over the life of the asset, as measured by the customer services log, building warrant of fitness and Asset Management Plan maintenance schedules.**
 - The Asset Management Plan has been completed and maintenance items identified have been included in the budgets that are included in this Long Term Council Community Plan. It is estimated that 75% of building warrant of fitness certificates are displayed and less than 10 complaints have been received annually relating to building cleanliness.
 - It is intended that the planned maintenance of Council properties will be undertaken, as demonstrated by staff audits of the Asset Management Plan, 100% of building warrant of fitness certificates are displayed correctly and maintain less than 10 complaints per year regarding building cleanliness by 2009.
 - It is intended to maintain the 2009 levels of service and performance for the remaining duration of the plan.

Performance for 2008/09:

- No complaints relating to building cleanliness.
- Current building warrants of fitness certificates are displayed.

LEADERSHIP

LEADERSHIP - STATEMENT OF COST OF SERVICE

ACTUAL 30 June 08 \$000		ESTIMATE 30 June 09 \$000	ACTUAL 30 June 09 \$000
	REVENUE		
311	Central Administration	301	367
1,558	Internal Recoveries	1,711	1,713
(173)	Net change in derivative financial instruments (a)	(79)	(615)
1,695	TOTAL OPERATING REVENUE	1,933	1,465
	EXPENDITURE		
546	Democracy	557	575
1,738	Central Administration	1,891	1,951
2,284	TOTAL OPERATING EXPENDITURE	2,448	2,526
(589)	OPERATING SURPLUS/(DEFICIT)	(515)	(1,060)
	CAPITAL		
25	Democracy	-	4
113	Central Administration	31	98
138	TOTAL CAPITAL	31	101
-	DEBT REPAYMENT	-	-
727	NET COST OF THIS FUNCTION	545	1,162
	FUNDED BY:		
571	Rates - General	557	569
85	Depreciation	80	86
72	Reserves (b)	(92)	506
-	Asset Sales	-	-
727		545	1,162

Explanatory notes to be read in conjunction with the Cost of Service Statement:

- a. Net Change in Derivative Financial Instruments of \$615,000) reflects the perceived net cost of Councils interest rate SWAP agreements at 30 June 2009. This is very markedly influenced by the current historically low short term interest rates caused by the global economic recession. Whilst 90 bank bill rates are currently around 3% they have generally been around 7-8% over the last five years and we would realistically expect rates to revert to a level much closer to those rates over the short to medium term. When this occurs a positive adjustment will result in the valuation of our SWAPs so the current year is seen as an aberration rather than an ongoing trend in that it will be corrected over time as interest rates increase and the rate of interest we are required to pay remains relatively constant for the next four years.
- b. Reserve movements include and adjustment of \$615,000 to provide for the perceived cost in the current year of our SWAPs.
- c. Analysis of Capital Expenditure between Renewal and New Expenditure:

LEADERSHIP

	ESTIMATE	ACTUAL
	30 June 09	30 June 09
Capital Expenditure - Replacement Works		
Democracy	-	4
Central Administration	31	98
Central Administration	31	101

DEMOCRACY

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

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

Contribution to Community Outcomes

Community Outcomes	Contribution of the Council's Democracy activities
<p><i>Leadership</i> 'Strong and effective leadership taking us into the future'</p> <p>'Citizens and communities are inspired, motivated and empowered'</p> <p>'Leaders are accountable, available, communicative, enthusiastic, honest, inclusive, open, encouraging and pro-active'</p>	<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>
<p><i>Lifestyle and Culture</i> 'Southland is a great place to live'</p>	<p>Effective leadership and stewardship of the District and its resources contribute to the quality of life and overall well being of communities and make Gore District a great place to live</p>

Performance Measures and Targets for 2008/09

- **Elections will be held triennially.**
 - Elections to the Gore District Council have thus far been conducted in compliance with legislative requirements.

Performance for 2008/09:

- Elections were held in October 2007 in compliance with legislative requirements. No elections were required in the current financial year.

- **The Council will regularly publish any issues of interest relating to its activities in the Newslink weekly.**

- A Council 'information page' will be published at least ten times each year.

Performance for 2008/09:

- A Council information page was published 12 times during the year.

- **The District's communities are consulted regarding significant issues before decisions are made.**

Performance for 2008/09:

- All legislative requirements in terms of consultation were met.
- Council consulted on the 2009-19 Long Term Council Community Plan, before the plans adoption on the 23 June 2009.

The Council intends to continue to consult with communities as provided for in part 6 of the Act.