



SUMMARY

ANNUAL REPORT 2009/2010



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The 2009/10 year would best be described as one of consolidation and an accent on planning for the future. Overall the Council recorded sound results from both a financial and performance perspective. However, there was a lot of work done "behind the scenes" by both elected members and senior staff to prepare the District for anticipated developments in the future. A brief commentary on the highlights of the past year is as follows:

Financial Performance

For the year ending 30 June 2010, the Council recorded an operating surplus of \$104,000. This was smaller than the budgeted figure of \$187,000. An unforeseen Council contribution of \$43,000 for dealing with local authority liability in regard to leaky buildings, together with reduced income from the Building Control Department due to a decline in building activity during the first half of the financial year in particular, were the root causes of this result.

Achievement of Performance Measures

The 2009-19 LTCCP heralded the introduction of a significant overhaul of the performance measures used by the Council to assess its effectiveness in the services it delivers to the community. These performance measures were deliberately set to be challenging and aspirational. The Council has achieved just over 78% of the 82 specific key performance indicators contained in the LTCCP to which this report relates.

Interestingly a number of the targets that were not achieved, particularly in the areas of aquatic services and libraries, experienced appreciable improvement in the level of service provided.

Performance achievements also need to be considered in the light of the results of the biennial Resident Satisfaction Survey. This survey is conducted in June every two years. The survey was carried out by the Southern Institute of Technology and involved a telephone survey of 403 people.

The results of the survey, some of which can be found within the individual activity commentary contained in this report, were very pleasing.

The overall performance of the Council was rated slightly higher than the solid result achieved in 2008.

Recycling

The Council undertook an extensive consultation process with the community on options for recycling during the second half of the year under review. A proposal to introduce a two bin kerbside recycling collection service for the urban areas of the District, as opposed to the retention of existing services, was extensively paraded before the community. Meetings were held with interested community groups and the Council took the opportunity to set up manned displays at key retail outlets to bring the issue to the people. Additionally, for the first time, the Council had an online option for the public to register their views about which option they prefer.

At the time of writing the Council was very close to making a final decision on this very important matter. It is expected that the Council will make a decision, in principle, in terms of which option it prefers, prior to the local authority elections on 9 October 2010. The Council has received a clear message from the community in the Resident Satisfaction Survey, that a decision and unambiguous direction on recycling, is now overdue.

Roading

Changes in government funding priorities during the course of the year under review meant that the Gore District Council, like many other territorial authorities, suffered reductions in the amount of subsidised funding for roading projects. Whilst the Gore District suffered less cuts than many other territorial local authorities, there were casualties in the roading budget, such as unsealed pavement maintenance, network and asset management and pedestrian facilities.

Additionally, there were some capital works that had to be deferred to be implemented in the next financial year due to the early onset of inclement weather, which meant that the risk of an unsuccessful outcome, if the projects were implemented, was too great.

On a positive note, traction seals carried out under the rural minor works budget and several sections of new footpath in the urban area attracted a high degree of endorsement from ratepayers.

MLT Event Centre

In the first half of the year under review the Council came under considerable pressure, from the Gore Multi-Sports Centre Charitable Trust, to assume control and funding responsibility for the operation of the MLT Event Centre. This facility, which has been dogged by building code compliance difficulties and fundraising challenges, has been a number of years in the pipeline. Whilst the Council had steadfastly maintained that it saw no funding role for itself in terms of either capital contribution or operational expenditure, it became clear via a plea for help from the trustees that the new facility would fail without the Council assuming a leadership role in its operation.

It is pleasing to note that the Matura Licensing Trust and the Community Trust of Southland have agreed to share the operational funding load and collectively contribute 50% of the shortfall in funds after fees and charges have been accounted for. The Event Centre was opened in November 2009 and has since proved to be a valuable asset to the recreational infrastructure of the Gore District. Subject to a change in legislation governing exemptions to local authorities for the payment of gift duties on assets received, the Council has resolved to assume ownership of the Event Centre for a nominal consideration.

The appointment of a dedicated Event Centre Supervisor in April 2010 has solidified the management of the operation of the new facility.

Water

Securing an adequate water supply for the Gore Township occupied a considerable amount of time and concern of both senior management



Tracy Hicks JP
Mayor of Gore District

and elected members during the course of the past year. The Council is endeavouring to improve the performance of its wells at Jacobstown and Coopers to enable it to extract its full entitlement under the resource consent held with Environment Southland. Unfortunately, at Jacobstown, new wells drilled have failed to produce a suitable water source.

At the same time, the Council has been placed in the invidious position of having to oppose water take consents for irrigation purposes just north of the Gore township. In the past year objections to three specific water take consent applications have been lodged in order to safeguard the integrity of the Council's water supply for the Gore township. Running in parallel with these endeavours has been lobbying Environment Southland to have the Regional Water Plan amended so that priority is given to municipal water supplies when considering applications for water take consents. It is heartening to report that progress has been made, with Environment Southland agreeing.

Planning for the Future

The second half of the financial year under review was punctuated with considerable thinking being devoted to how to plan for anticipated large projects being mooted by Solid Energy Limited, for the extraction of its lignite resources in the District. Close consultation was conducted with Solid Energy in terms of its implementation plans so that the Council could be ready to meet the extra demands likely to be placed on the District. An urban growth strategy and amendments to the District Plan are likely to be the first two streams of work undertaken in parallel with the unfolding of Solid Energy's development proposals.

Further commentary on expected resourcing and timelines for the completion of this work can be expected to be profiled in the next annual plan.



Stephen Parry
Chief Executive

Financial Overview

What it Costs to Run the District

TABLE 1 shows the cost for each of the Council's group of activities. Over half of the Council expenditure is on services which includes essential infrastructure.

TABLE 1 EXPENDITURE BY GROUP OF ACTIVITIES PER STATEMENT OF SERVICE PERFORMANCE			
ACTUAL		BUDGET	ACTUAL
30 June 2009		30 June 2010	30 June 2010
\$000		\$000	\$000
2,803	Community Services (Arts & Heritage, Library, District promotions, Grants, Regulatory)	3,000	2,983
11,680	District Assets (Aquatic Services, Parks & Reserves, Roothing, Water, Waste & Storm Water, Solid Waste, Civil Defence, Cemeteries, Public Conveniences, Property)	12,267	12,039
<u>2,526</u>	Leadership (Democracy, Central Administration)	<u>2,521</u>	<u>2,588</u>
<u>17,009</u>	Total Activity Expenditure	<u>17,788</u>	<u>17,610</u>
	Less		
<u>(1,916)</u>	Internal Expenditure	<u>(2,027)</u>	<u>(2,006)</u>
<u>15,093</u>	Total Operating Expenditure	<u>15,761</u>	<u>15,604</u>

Financial Performance

TABLES 2, 3 and 4 provide a summary of the comparative financial performance of the Council.

The summary shows the operating revenue and expenditure as well as other transactions that have impacted on the Council's net wealth.

TABLE 2 FINANCIAL PERFORMANCE			
ACTUAL		BUDGET	ACTUAL
30 June 2009		30 June 2010	30 June 2010
\$000		\$000	\$000
10,076	Rate Revenue	10,475	10,499
5,696	Other Revenue	5,549	5,256
<u>(622)</u>	Other gains/ (losses)	<u>(76)</u>	<u>(47)</u>
<u>15,150</u>	Total Income	<u>15,948</u>	<u>15,708</u>
(4,094)	Employee Benefits Expense	(4,306)	(4,271)
(3,767)	Depreciation	(3,718)	(3,978)
(725)	Finance Costs	(688)	(852)
<u>(6,507)</u>	Other Expenses	<u>(7,049)</u>	<u>(6,503)</u>
<u>(15,093)</u>	Total Operating Expenditure	<u>(15,761)</u>	<u>(15,604)</u>
<u>57</u>	Operating Surplus / (Deficit)	<u>187</u>	<u>104</u>

TABLE 3 STATEMENT OF COMPREHENSIVE INCOME

ACTUAL 30 June 2009 \$000		BUDGET 30 June 2010 \$000	ACTUAL 30 June 2010 \$000
57	Surplus for the year	187	104
	Other Comprehensive Income:		
	Available for sale financial assets		
-	Valuation gain/(loss) taken to equity	-	2
	Cash flow hedges transferred to Statement of		
(76)	Financial Performance for the year	-	-
	Gain/(loss) on property, plant and		
(104)	Equipment revaluation	41,296	33,520
(180)	Other Comprehensive Income	41,296	33,522
\$(123)	Total Comprehensive Income for the year	\$41,483	\$33,626

TABLE 4 CHANGES IN EQUITY

ACTUAL 30 June 2009 \$000		BUDGET 30 June 2010 \$000	ACTUAL 30 June 2010 \$000
302,114	Equity at beginning of year	302,752	301,991
(123)	Total comprehensive income	41,483	33,626
301,991	Equity at end of year	344,235	335,617

Cash Flows

TABLE 5 summarises how council generated and used cash. The cash surpluses generated from the operating activities, being the cash received from all sources less cash payments made for the supply of goods and services, were invested in new capital expenditure, referred to as investing activities.

TABLE 5 CASH FLOWS

ACTUAL 30 June 2009 \$000		BUDGET 30 June 2010 \$000	ACTUAL 30 June 2010 \$000
4,094	Net Cash inflow/ (outflow) from operating activities	3,982	4,668
(5,918)	Net Cash inflow/ (outflow) from investing activities	(3,973)	(3,616)
665	Net Cash inflow/ (outflow) from financing activities	65	(60)
(1,159)	Net Cash Flow for the year	74	992

Financial Position

TABLE 6 provides a summary of the Council's financial position representing what the Council owns and owes.

TABLE 6 FINANCIAL POSITION

ACTUAL 30 June 2009 \$000		BUDGET 30 June 2010 \$000	ACTUAL 30 June 2010 \$000
3,679	Total Current Assets	2,277	3,992
<u>311,825</u>	Total Non-Current Assets	<u>354,549</u>	<u>345,088</u>
<u>315,504</u>	Total Assets	<u>356,826</u>	<u>349,080</u>
2,642	Total Current Liabilities	1,525	2,354
<u>10,871</u>	Total Non-Current Liabilities	<u>11,066</u>	<u>11,109</u>
<u>13,513</u>	Total Liabilities	<u>12,591</u>	<u>13,463</u>
<u>301,991</u>	Net Assets/Equity	<u>344,235</u>	<u>335,617</u>

NOTES

1. Section 98 (4) (b) of the Local Government Act 2002 requires the Council to make publicly available a summary of the information contained in its Annual Report.
2. The specific disclosures included in the summary report have been extracted from the full financial report completed on 28 September 2010.
3. The summary financial report cannot be expected to provide as complete an understanding as provided by the full financial report. The full financial report dated 28 September 2010 has received an unqualified audit report. A full copy of the financial report may be obtained from the Council's offices or on its website (www.goredc.govt.nz)
4. This summary financial report has been examined by the auditor for consistency with the full financial report. An unqualified auditor's report is included with this summary.
5. The Council's full financial report has complied with NZ GAAP and New Zealand equivalents to International Financial Reporting Standards as applicable for public benefit entities.
6. The summary financial report complies with FRS 43 Summary Financial Statements.



EXPLANATION OF MAJOR VARIANCES AGAINST BUDGET

Explanation of major variations from Council's estimated figures in the 2009/2010 budget, as reflected in the Long Term Council Community Plan, are as follows:

Statement of Financial Performance

- a. Actual Other Revenue is lower than Budget by \$293,000, principally due to the level of expenditure subsidised in the Roothing activity being revised downward by New Zealand Transport Authority (NZTA) subsequent to the 2009/10 budgets being set. There have also been some delays in projects this area which attract subsidies from NZTA and the combined effect of these has been \$479,000. These have been offset by additional revenues in the Aquatic Services section (\$72,000) resulting from increased attendances at the Multisport complex. The Drainage section (\$65,000) resulting from increased income from trade waste agreements and the Solid Waste section \$66,000) resulting from increased tonnages received through the transfer station and the partial refund of the waste minimisation levies.
- b. Actual depreciation is higher than Budget by \$260,000, due to the increased charge from the commissioning of the Actiflo plant and the general impacts of increased depreciated replacement cost of assets revalued in June 2007.
- c. Actual Finance costs are higher than the Budget by \$164,000, due to the increase bank margins payable resulting from the global financial crises.
- d. Actual Other Expenses are lower than Budget by \$546,000, due partly to reduced Roothing expenditure resulting from the amendments to the NZTA approved programme as alluded to in (a) and partly due to deferral of planned maintenance expenditure of \$235,000 whilst studies were carried out on the provision of office space in the administration building along with a study on the future of the Maitaura pool.

Statement of Financial Position

The asset revaluation reserve and fixed assets are impacted by \$7,776,000 due to the revaluation being somewhat lower than anticipated. Again replacement price adjustments have been affected by the global financial crises and general contract price movements. Fixed assets are further impacted by projects delayed from 2009 and 2010 of \$1,325,000 and addition depreciation charges over those years of \$436,000.

Cash Flow Statement

- a. Actual receipts from customers exceeds Budget by \$586,000, principally due to the receipt of funding of \$450,000 received from community funders for construction of the Maitaura Community Centre which was expected in 2009. In addition, fees at the Aquatic facilities exceeded Budget by \$68,000 and Drainage Revenue exceeded Budget by \$65,000.
- b. Actual payments to suppliers was lower than Budget by \$297,000 due to reductions in the New Transport Authority's approved roading programme.
- c. Actual interest costs exceeded Budget by \$154,000 due to increased bank margins payable as a result of the global economic crisis.
- d. Actual purchases of property, plant and equipment was lower than budget by \$265,000 due to delays in project completion.
- e. Actual proceeds from borrowing was lower than budget by \$174,000 due to delays in completion of deferred maintenance.

Service Performance Overview

There were 82 service performance measures in the LTCCP 2009-19 on which the Council intended to report. Of these, 78% were achieved. The table below summarises our performance.

Summary	Achieved	Not Achieved	Total	
Annual Report 2009/10	64	18	82	78% achieved

Major Output Areas	Service Levels Achieved	How we did
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.	4 of 5	A satisfying year in review, with only 1 target not achieved. 10 exhibits had been planned but only 8 undertaken due to cost constraints.
Library		
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.	7 of 10	A year in which major work was undertaken for improvements to the library physical environment, along with the introduction of free internet services. Due to data collection issues, 2 of the targets could not be measured, whilst the 3 rd target was only 1% under its benchmark.
Visitor Services		
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.	2 of 2	Another solid year in review with the Hokonui Moonshiners Festival being its usual highlight on the Gore event calendar.
Regulatory		
The Regulatory Services Department administers The Council's statutory and regulatory responsibilities. 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.	6 of 9	A steady year in review with some minor issues in meeting targets due to staff number constraints.
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	5 of 9	A boiler failure affected opening of the Mataura Pool and whilst 3 other targets were not met, they were extremely close to the

its overall aim to ensure that residents of the District have access to a full range of recreational and sporting opportunities.		benchmark set.
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: <ul style="list-style-type: none"> • Sports grounds • Parks • Rural reserves • Playgrounds • Roding and esplanade reserves • Public open spaces 	5 of 5	Another very busy year with all performance targets being achieved.
Roding		
The Gore District roding 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.	6 of 10	A busy year in review with 60% of performance targets being achieved. Whilst the injury crash targets were not met some improvement from the prior year was achieved. The Council continues to monitor crash statistics to evaluate what, if any improvements can be made to road conditions.
Water		
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.	7 of 8	Another solid year in review with 88% of performance targets being achieved. There were some discolouration issues during the year due to commission of a new well, however these issues have abated from April 2010.
Wastewater and Stormwater		
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.	6 of 6	A solid year in review with all targets met
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	3 of 3	A steady year in review with all performance targets being met.

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.		
Civil Defence		
The Civil Defence activity is conducted under the Civil Defence Emergency Management Act 2002. During the year civil defence changed to being a joint operation of all Southland local authorities.	1 of 3	The year in review focused on the reorganisation of the activity to its now Invercargill base, with support staff in the local area.
Cemeteries		
The Gore District has five designated cemeteries. There is a total of 20.15ha of designated cemetery within the Gore District, however only 10.1ha of that is currently in use.	3 of 3	A solid year in review with all performance targets being met.
Public Conveniences		
The Council provides 14 individual blocks of public toilets in high usage visitor areas throughout the District.	2 of 2	A satisfying year with all targets being met.
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.	3 of 3	Another solid year in review, with all targets being met.
Democracy		
Democracy is the political arm of the Council's Operations, comprising: <ul style="list-style-type: none"> ○ 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. 	2 of 2	A satisfying year with all targets being met.

Audit Report

TO THE READERS OF GORE DISTRICT COUNCIL'S SUMMARY ANNUAL FINANCIAL STATEMENTS, SERVICE PROVISION INFORMATION AND THE OTHER REQUIREMENTS FOR THE YEAR ENDED 30 JUNE 2010

We have audited the summary financial statements, service provision information and the other requirements of Schedule 10 of the Local Government Act 2002 as set out on pages 4 to 10.

Unqualified opinion

In our opinion:

- the summary financial statements, service provision information and the other requirements represent, fairly and consistently, the information regarding the major matters dealt with in the annual report; and
- the information reported in the summary financial statements, service provision information and the other requirements complies with FRS-43: *Summary Financial Statements* and is consistent with the full financial statements, service provision information and the other requirements from which they are derived.

We expressed an unqualified audit opinion, in our report dated 28 September 2010, on:

- the full financial statements;
- the service provision information; and
- the Council's compliance with the other requirements of Schedule 10 of the Local Government Act 2002 that are applicable to the annual report.

Basis of opinion

Our audit was conducted in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards. Other than in our capacity as auditor, we have no relationship with or interests in Gore District Council.

Responsibilities of the Council and the Auditor

The Council is responsible for preparing the summary financial statements, service provision information and the other requirements of Schedule 10 of the Local Government Act 2002 and we are responsible for expressing an opinion on those summary financial statements, service provision information and the other requirements of Schedule 10 of the Local Government Act 2002. These responsibilities arise from the Local Government Act 2002.



Peter Gulliver,
Partner, Deloitte
On behalf of the Auditor-General
Dunedin, New Zealand
28 September 2010

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

This audit report relates to the summary financial statements, performance information and the other requirements of Gore District Council for the year ended 30 June 2010 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 summary financial statements, performance information and the other requirements since they were initially presented on the website.

The audit report refers only to the summary 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 summary 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 summary financial statements, performance information and the other requirements as well as the related audit report dated 28 September, 2010 to confirm the information included in the audited summary 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.

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