



SUMMARY

ANNUAL REPORT

2010/2011



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We are pleased to be able to provide a brief commentary on some of the more notable achievements during the 2010/11 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 the Annual Report. Some of the key milestones or issues which we would like to draw reader's attention to are:

PLANNING FOR THE FUTURE

The year under review was dominated by the Council taking active steps to plan for the impact of large scale lignite development on the District's physical and social infrastructure. To fully equip itself to meet the myriad challenges posed by the large scale developments, the Council, in September 2010, opted to engage premier law firm, Russell McVeagh to act for it in relation to all matters arising from and relating to lignite development. This was a significant step for the Council, but illustrated how seriously it takes the role of providing guidance and leadership to the community in order that opportunities emanating from the developments proposed can be maximised and adverse impacts, minimised.

To better understand the impacts on the District a range of background studies were commissioned in the latter half of the year. These background studies covering key areas such as transportation, water, waste water and storm water modelling, landscape, ecology, and social and economic impact, were undertaken by consultants that were handpicked for their expertise in the area concerned. At the time of writing the background studies had either been completed or were in the advanced phases of completion. These studies will enable the Council to better understand the impacts on the District and to develop a strategy for managing the anticipated growth. The development of a District Growth Strategy based on these background studies is expected to occur over the next six to nine months.

RECYCLING

As regular readers of the Council's Annual Plan and Annual Report will be aware, an enormous amount of time and energy has been invested

in reports, debate and consultation, to develop a preferred strategy for recycling in the Gore District. This issue has wended its way through an exhaustive consultation and deliberative process over a number of years.

In the foreword to the Council's 2009/10 Annual Report an indication was given that a final decision on recycling was expected in the near future. It is pleasing to report that just prior to the local authority elections held on 9 October 2010, the Gore District Council resolved to introduce a two bin kerbside recycling service to the urban areas of the Gore District, effective from 1 July 2012. The balance of the year under review has been devoted to working through some contentious issues that were highlighted during the consultation process. These issues, such as the disposal of green waste, the future of Paddy's Bins Limited, the impact on low volume users and the future of the Pakeke Lions cardboard recycling operation, were all satisfactorily investigated and resolved by the conclusion of the financial year. This is a significant milestone for the Council and the next 12 months will be utilised to both prepare for the introduction of the new service and communicate details of its operation to the community.

FINANCIAL PERFORMANCE

The financial performance of the Council over the past year has been very pleasing given extraordinary pressures on the Council's operating finances. For the year ending 30 June 2011 the Council recorded an operating deficit of \$97,000, which was smaller than the budgeted deficit of \$151,000. Given cost pressures associated with obtaining high level legal advice in relation to planning for large scale lignite developments, together with the commissioning of the background studies, this is a very satisfying result. More detail in relation to the variances against the Council's budget can be found on page 7 of this summary.

DEPARTURE FROM ANNUAL PLAN

There were two deviations from the Annual Plan which took place during the past year. The first of these was the decision by the Council to take

advantage of an opportunity to purchase approximately 4.1ha of land located adjacent to the southern boundary of the Gore Multi-Sports Complex. The acquisition of this land located at 41 Charlton Road, Gore for the sum of \$435,000, was viewed by the Council as an important strategic opportunity which should not be passed up given anticipated growth that may occur within the Gore Township. In the same financial year, the Council sub-divided the house on the property from the surrounding land and disposed it for the sum of \$152,500.

The other departure from the Annual Plan was a decision to postpone the proposed upgrade of the Council's Civic Administration Building in Gore. This postponement has been made due to the need to ensure that any upgrade addresses both present and future needs of the organisation. It is anticipated that details of a proposed upgrade of the Civic Administration Building will be profiled in the next iteration of the Long Term Plan, in order that the importance of the project and its associated cost can be placed in context with other priorities identified within the 10 year planning horizon.



Tracy Hicks JP
Mayor of Gore District



Stephen Parry
Chief Executive

FINANCIAL OVERVIEW

What it costs to run the district

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

Table 1 Expenditure by group of activities

ACTUAL 30 June 10 \$000		BUDGET 30 June 11 \$000	ACTUAL 30 June 11 \$000
	OPERATING EXPENDITURE		
2,983	Community Services (Arts and Heritage, Library, District Promotions, Grants, Regulatory)	3,194	3,401
12,039	District Assets (Aquatic Services, Property, Civil Defence and Rural Fire, Parks and Reserves, Cemeteries, Public Conveniences, Solid Waste, Water and Drainage)	12,605	12,806
2,588	Leadership (Democracy and Central Administration)	2,688	2,692
17,610	Total Activity Expenditure	18,487	18,899
	Less		
(2,006)	Internal Expenditure	(1,882)	(1,859)
15,604	Total Operating Expenditure	16,605	17,040

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 30 June 10 \$000		BUDGET 30 June 11 \$000	ACTUAL 30 June 11 \$000
10,499	Rate Revenue	11,025	10,998
5,256	Other Revenue	5,505	5,965
(47)	Other gains/ (losses)	(76)	(20)
15,708	Total operating revenue	16,454	16,943
(4,271)	Employee Benefits	(4,749)	(4,760)
(852)	Interest Expense	(694)	(746)
(3,978)	Depreciation	(4,127)	(4,260)
(6,503)	Other	(7,035)	(7,274)
(15,604)	Total operating expenditure	(16,605)	(17,040)
104	Operating surplus/(deficit)	(151)	(97)

Table 3 Statement of Comprehensive Income

ACTUAL		BUDGET	ACTUAL
30 June 10		30 June 11	30 June 11
\$000		\$000	\$000
104	Surplus/ (deficit) for the year	(151)	(97)
	Other Comprehensive Income		
	Available for sale financial assets	-	(28)
2	valuation gain/ (loss) taken to equity		
33,520	Gain/ (loss) on property, plant and equipment	-	-
33,522	Other Comprehensive Income	-	(28)
33,626	Total Comprehensive Income for the year	(151)	(125)

Table 4 Changes in Equity

ACTUAL		BUDGET	ACTUAL
30 June 10		30 June 11	30 June 11
\$000		\$000	\$000
301,991	Equity at beginning of year	344,235	335,617
33,626	Total Comprehensive Income for the year	(151)	(125)
335,617	Equity at end of year	344,084	335,492

CASH FLOWS

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

Table 5 Cash Flows

ACTUAL		BUDGET	ACTUAL
30 June 10		30 June 11	30 June 11
\$000		\$000	\$000
4,668	Net cash flow from operating activities	4,051	3,945
(3,616)	Net cash flow from investing activities	(4,625)	(4,790)
(60)	Net cash flow from financing activities	624	256
992	Net movement in cash	50	(589)

FINANCIAL POSITION

TABLE 6 provides a summary of the Council's financial position representing what Council owns and owes. The Council's prospective financial position will remain strong with increases to equity and asset values and minimal change to liabilities.

Table 6 Financial Position

ACTUAL 30 June 10 \$000		BUDGET 30 June 11 \$000	ACTUAL 30 June 11 \$000
3,992	Current Assets	2,252	3,742
345,088	Non-current Assets	355,047	345,574
349,080	Total Assets	357,299	349,316
2,354	Current Liabilities	1,525	2,476
11,109	Non-current Liabilities	11,690	11,348
13,463	Total Liabilities	13,215	13,824
335,617	Net assets/equity	344,084	335,492

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 26 October 2011.
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 26 October 2011 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 2010/2011 budget, as reflected in the Annual Plan, are as follows:

Statement of Financial Performance

- a) Actual Other Income exceeds Budget by \$460,000. The largest contributor in the Regulatory section where contributions from developers for unplanned project works have increased revenue by \$251,000. Additional attendances at the Gore Multi-Sports Complex have contributed an additional \$69,000. The Drainage section has contributed \$84,000 due to increased income from the trade waste agreements and Solid Waste's section \$104,000 due to increased tonnages received through the Transfer Station.
- b) Actual Depreciation exceeds budget by \$133,000, due to the effects of the assets revaluation undertaken at 30 June 2010.
- c) Actual Finance costs exceed Budget by \$52,000, due to increased bank margins payable resulting from the global financial crises.
- d) Actual Other Operating expenses exceed budget by \$239,000. The largest contributor is the Regulatory section where the project works undertaken to investigate the impacts of possible industrial developments has increased costs by \$349,000. These are partly offset by reduced expenditure in the Library section of \$53,000, the Arts and Heritage section of \$36,000, and the Visitor Services section of \$42,000.

Statement of Financial Position

- a) Current Assets exceed budget by \$1,490,000, due principally to the timing of the project completion during the year. This has increased the cash balance and the also the level of invoicing included in the Trade and other receivable at the year end.
- b) Property, plant and equipment are lower than budget by \$9,637,000 due principally to the revaluation of assets at 30 June 2010 being \$7,776,000 lower than anticipated. The figure is further impacted by the deferral of the refurbishment of the Civic Administration building of \$75,000 and other deferred capital projects of \$1,053,000.
- c) Current Liabilities exceed budget by \$951,000, due principally to the timing of the planning projects as highlighted in (a) above.
- d) Borrowings are lower than budget by \$603,000, due principally to the deferral of Civic Administration building refurbish

Cash Flow Statement

- a) Purchase of property, plant and equipment exceeds budget by \$412,000, due to the unplanned purchase of a strategic parcel of land adjacent to the Gore Multisport Complex.
- b) Proceeds from borrowing are lower than budget by \$405,000, due principally to the deferral of the Civic Administration Building refurbishment. This has partly been offset by the borrowing required to fund the strategic land purchase as outlined in (a) above.

SERVICE PERFORMANCE OVERVIEW

There were 79 service performance measures in the LTCCP 2009-19 on which the Council intended to report. Of these, 73% were achieved. The table below summarises our performance.

Summary	Achieved	Not Achieved	Total	
Annual Report 2010/11	58	21	79	73% 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.	2 of 4	Cost constraints had a small impact on some service delivery, however a positive outcome overall.
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 very good year overall. Two of the targets not achieved were the result of a decision to change the method of satisfaction measurement and the third will hopefully be addressed with changes occurring in the delivery of services.
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.	1 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.	7 of 9	A steady year in review. Of the two targets not met, both were extremely close to the 100% target.
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 Multi-Sports Complex) as part of its overall aim to ensure	7 of 9	The aquatic centre had an extremely pleasing safety record for the year.

that residents of the District have access to a full range of recreational and sporting opportunities.		
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 • Roading and esplanade reserves • Public open spaces 	5 of 5	Another very busy year with all performance targets being achieved.
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.	7 of 10	A busy year in review with 70% 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 Maitua schemes. The Council also operates the Otama Rural Water Scheme which supplies water for livestock.	5 of 8	Overall a solid year in review. The targets not met were very close to the nominated criteria and steps are in place to improve these results.
Waste Water and Storm Water		
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.	4 of 6	Overall a pleasing result, with only minor issues in the two targets not met during the year.
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 Maitua. A skip bin service operates in Maitua on Sunday	2 of 3	A steady year in review. The target not met related to the performance by a contractor, therefore was somewhat beyond the Council's control.

afternoons at the old landfill site and a private contractor offers a kerbside wheellie 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	With the reorganisation of this activity to a District wide delivery, a review of the targets is required.
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 Maitai, 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.

INDEPENDENT AUDITOR'S REPORT

**TO THE READERS OF
GORE DISTRICT COUNCIL'S
SUMMARY OF THE ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011**

We have audited the summary of the annual report (the summary) as set out on pages 4 to 10, which was derived from the audited statements in the annual report of the Gore District Council (the District Council) for the year ended 30 June 2011 on which we expressed an unmodified audit opinion in our report dated 26 October 2011.

The summary comprises:

- the summary statement of financial position as at 30 June 2011, and summaries of the statement of income and expenditure, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary of the District Council's statement of service performance and summaries of other information contained in its annual report.

Opinion

In our opinion, the information reported in the summary complies with FRS-43: Summary Financial Statements and represents, fairly and consistently, the information regarding the major matters dealt with in the annual report.

Basis of opinion

The audit was conducted in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand).

The summary and the audited statements from which they were derived, do not reflect the effects of events that occurred subsequent to our report dated 26 October 2011 on the audited statements.

The summary does not contain all the disclosures required for audited statements under generally accepted accounting practice in New Zealand. Reading the summary, therefore, is not a substitute for reading the audited statements in the annual report of the District Council.

Responsibilities of the Council and the Auditor

The Council is responsible for preparing the summary in accordance with FRS-43: Summary Financial Statements. We are responsible for expressing an opinion on the summary, based on the procedures required by the Auditor-General's auditing standards and the International Standard on Auditing (New Zealand) 810: Engagements to Report on Summary Financial Statements.

Other than the audit, and the audit of the Council's Long Term Council Community Plan (LTCCP) we have no relationship with, or interests in, the District Council.



Peter Gulliver
Deloitte
On behalf of the Auditor-General
Dunedin, New Zealand
26 October 2011

Matters relating to the electronic presentation of the summary audited financial statements, statement of service performance and the other requirements

This audit report relates to the summary financial statements, statement of service performance and the other requirements of Gore District Council for the year ended 30 June 2011 included on the Gore District Council's website. The Council is responsible for the maintenance and integrity of the Gore District Council's website. We have not been engaged to report on the integrity of the Gore District Council's website. We accept no responsibility for any changes that may have occurred to the summary financial statements, statement of service performance and the other requirements since they were initially presented on the website.

The audit report refers only to the summary financial statements, statement of service performance and the other requirements named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the summary financial statements, statement of service performance 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, statement of service performance and the other requirements as well as the related audit report dated 26 October 2011 to confirm the information included in the audited summary financial statements, statement of service performance and the other requirements presented on this website.

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

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