

Gore District Council

ANNUAL PLAN 2017/18



RURAL CITY LIVING

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DISTRICT COUNCIL
RE

CONTENTS

GORE DISTRICT COUNCIL DIRECTORY	02
MAYORAL AND EXECUTIVE FOREWORD	03
ANNUAL PLAN READER'S GUIDE	05
VARIATIONS FROM THE LONG TERM PLAN	06
A COUNCIL FOR YOU	07
ANNUAL PLAN DISCLOSURE STATEMENT FOR THE YEAR ENDING 30 JUNE 2017	08
FINANCIAL OVERVIEW	10
MANAGEMENT STRUCTURE	11
GROUPS OF ACTIVITIES	12
WATER SUPPLY	13
WASTEWATER	15
STORMWATER	17
ROADING AND FOOTPATHS	19
PARKS, RESERVES, AQUATIC FACILITIES, CIVIC BUILDINGS & RECREATION	21
OTHER DISTRICT ASSETS INCLUDING SOLID WASTE AND CIVIL DEFENCE	23
COMMUNITY SERVICES: ARTS & HERITAGE, LIBRARIES, PROMOTIONS AND GRANTS	25
REGULATORY AND PLANNING	27
DEMOCRACY AND ADMINISTRATION	29
PROSPECTIVE FINANCIAL STATEMENTS	31
STATEMENT OF ACCOUNTING POLICIES	37
FUNDING IMPACT STATEMENT	48
DISTRICT STATISTICS & RATING BASE INFORMATION	69
FINANCIAL CONTRIBUTIONS	70
SCHEDULE OF SPECIAL RESERVE FUND MOVEMENTS	71

MAYORAL AND EXECUTIVE FOREWORD

We are pleased to be able to provide a brief foreword to the Gore District Council's 2017/18 Annual Plan. This plan covers Year 3 of our Long Term Plan 2015-2025. It is very pleasing to be in the position to produce a plan that reflects many of the assumptions and predictions we made when formulating our latest iteration of the Long Term Plan three years ago.

By maintaining the course set then, the Council was in a position to focus our community engagement on updating our residents and ratepayers on the programmes and projects we had flagged for 2017/18 in the Long Term Plan.

This is in keeping with the changes to the Local Government Act 2002 that allows councils more flexibility around when it needs to undertake a formal consultation process.

This was the first time the Council has not consulted, in the traditional sense, on its Annual Plan. Instead, we circulated a four-page summary of the year ahead to every household and business in the Gore District.

As always, we encouraged feedback from residents. Two organisations took the opportunity to provide commentary to us. It was heartening that one of those parties, Federated Farmers, was supportive of our approach to consultation this year and complimentary of the Annual Plan update document.

Financials

The Council will collect just over \$15.5million in rates this year. This means a district-wide average rate increase of 4.25%. We also expect to collect \$3.8million in other revenue, such as building control compliance fees.

On the other side of the ledger we have budgeted for \$21.6m in operational expenditure and \$9.8million in capital expenditure. Our capital expenditure budget has increased by \$700,000 on what was forecast in the 2015 – 2025 Long Term Plan due to increased costs with the Pyramid Bridge replacement. Funding for this project is being shared between the New Zealand Transport Agency (55%), Southland District Council and ourselves. Our share will be \$403,000.

Whats coming up

From an operational viewpoint, there is not much change from Year One and Year Two of the Long Term Plan.

Some of the key features for the next 12 months are:

- The development of a destinational recreational centre in Mataura following closure of the town's swimming pool - \$500,000
- The next stage of the Gore arts and heritage precinct redevelopment - \$107,000
- Upgrade of East Gore water treatment plant to meet New Zealand Drinking Water Standards (NSDWS) - \$1.6 million
- Pyramid bridge replacement, increased cost of \$1.75 million – our share will be \$403,000
- Increased maintenance and capital for urban roading programmed work.

The closure of the aged Mataura pool has provided the Council with the opportunity to create a recreational centre that will meet the expectations of young and old, and be a drawcard for the town. We have formed a working party to look at what shape the destinational recreational centre should take.

The pool closure at the end of April saw a community group come forward with hopes of keeping it open. At the time of writing, the Council was waiting to hear back from the Mataura Enriching Lives Trust, which was given until October to develop a viable business plan for the pool.

Water quality has been to the forefront of debate nationally in the past year. The need for robust controls and monitoring of water quality was highlighted by the Havelock North incident, where about 5000 people became ill from contaminated water.

As part of our commitment to ensuring a safe water supply, we will be investing \$1.6million this year on upgrading the East Gore water treatment plant to meeting New Zealand Drinking Water Standards.

What's the difference

As would be expected, there are a few changes to our Long Term Plan.

With the cultural diversity of our District continuing to grow, it is important we provide the support to those who want to make this area their new home. The support we have given to the migrant services coordinator's position for a number of years is being extended to a \$25,000 financial commitment. This is to fill a void left by falling grants funding, which had put the role in jeopardy.

St John is another important agency in our community, its work literally making a difference in life and death situations. To assist with its new station in Charlton Road, the Council decided to provide an \$11,800 grant for building consent fees.

The Council is continuously looking at ways to provide effective and efficient services, and to that end there will be staff changes in our building, 3 Waters and corporate support departments.

In closing, this coming financial year is going to see some milestones for our District in terms of economic development and ensuring people know what an attractive proposition we are as a place to live, work and play.

There are many opportunities on our doorstep via increased domestic and international tourism, and the commissioning of Matura Valley Milk's state-of-the-art milk nutritional plant, which we need to be ready for.

We are already ahead of our neighbouring local authorities in terms of our branding and putting Gore front and centre for all the right reasons, building capacity in our community and business sector.

These are all among the things we will be building on as we go through the next triennial review of our 10 year forecast for the District – the Long Term Plan 2018 – 2028. We look forward to you joining us to build a better future for our district.



Tracy Hicks JP
MAYOR



Stephen Farry
CHIEF EXECUTIVE



ANNUAL PLAN READER'S GUIDE

The 2017/18 Annual Plan is the second Annual Plan that the Council has had to prepare under amended legislation. The purpose of the Plan is to contain the budget for the 2017/18 year and to identify any differences between what was proposed in the Long Term Plan and what is now planned for the 2017/18 year.

The changes to the legislation mean that this Annual Plan is much more concise than previous plans. It also means that you will have to refer to the Council's 2015-25 Long Term Plan for information about our Community Outcomes, intended levels of service and also how Council anticipates carrying out its responsibilities and duties. The Long-Term Plan is available on Council's website www.goredc.govt.nz or for reference at the Gore Library, Mataura Library and Service Centre, or the Council's offices.

This Annual Plan will only present information where there is a difference from what was included in the Long Term Plan.



VARIATIONS FROM THE LONG TERM PLAN

The Long Term Plan had forecast a district-wide average rates increase of 4.47%. However, the major changes summarised below has enabled the Council to deliver an average rates increase of 4.25%:

Activities affected	Proposed change	Impact on Level of service
Community Grants	One off increase of \$11,800 for a grant to cover St John's building consent. Also \$5,000 increase in support to the NZ Gold Guitar Awards.	Nil.
Community Grants	Removal of Rural Fire grant of \$75,000.	While the Council is no longer responsible for Rural Fire, the service will continue to be provided by Fire and Emergency New Zealand.
All activities	Reduction in inflation assumptions from the Long Term Plan of \$128,000.	Nil.
Corporate services	Increase in funding for migrant services coordinator's position due to the cessation of existing grant funding.	Nil, service historically funded by grants.
Corporate services	New budget for payroll, IT and treasury consultants. Previously these have been offset by reductions in salaries and interest expense budgets.	Given the level of borrowing forecast in the Long Term Plan the Council benefits from continued independent Treasury advice on how to best manage its debt.
Regulatory & planning	Reduction in contractors' fees due to organisational change.	Nil.
Building control	Employment of a compliance officer to assist with earthquake prone building assessments and building warrants of fitness. This is funded from a mix of rates and user charges. Additionally, a planned payment to reserves of \$50,000 from the Long Term Plan is reinstated after its removal in the 2017 Annual Plan.	The community will benefit from greater assurance that buildings in our district are safe.
Water	Reduction in revenue of \$75,000 from water charges due to reduced demand from a major consumer.	Nil.
Water, wastewater and stormwater	Increase in software licences for compliance software \$22,400.	The Council has better systems to monitor its compliance with applicable standards and consents.
Water, wastewater and stormwater	Employment of an apprentice.	Nil.
Civic Buildings	Funding of \$30,000 to complete earthquake assessments of Council owned buildings.	Nil.

A COUNCIL FOR YOU

Your councillors are just like you – they are businessmen and labourers, mothers and fathers, farmers and retailers. They pay rates, use our wonderful facilities and work hard to fulfil your aspirations for the District. Like you, they are proud to call the Gore District home and look forward to working with you for Gore's future.



Photo from left to right:

Cr Neville Phillips, Cr Bret Highsted, Cr Graham Sharp, Cr Bronwyn Reid, Cr Nicky Davis,
Cr John Gardyne, Gore District Mayor Tracy Hicks, Cr Glenys Dickson, Cr Cliff Bolger, Cr Ralph Beale,
Cr Doug Grant. Absent: Cr Peter Grant.

ANNUAL PLAN DISCLOSURE STATEMENT FOR YEAR ENDING 30 JUNE 2018

What is the purpose of this statement?

The purpose of this statement is to disclose the Council's planned financial performance in relation to various benchmarks to enable the assessment of whether the council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

The Council is required to include this statement in its annual plan in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

Benchmark		Planned	Met
Rates affordability benchmark:			
Income	< \$25 million	\$15,548 million	Yes
Increases	5%	4.25%	Yes
Debt affordability benchmark:	\$4,150 per rating unit	\$3,346	Yes
Balanced budget benchmark:	100%	102.14%	Yes
Essential services benchmark:	100%	157.67%	Yes
Debt servicing benchmark:	10%	4.08%	Yes

Rates affordability benchmark

(1) For this benchmark,

- the Council's planned rates income for the year is compared with a quantified limit on rates contained in the financial strategy included in the council's long-term plan; and
- the Council's planned rates increases for the year are compared with a quantified limit on rates increases for the year contained in the financial strategy included in the council's long-term plan.

(2) The Council meets the rates affordability benchmark if—

- its planned rates income for the year equals or is less than each quantified limit on rates; and
- its planned rates increases for the year equal or are less than each quantified limit on rates increases.

Debt affordability benchmark

(1) For this benchmark, the Council's planned borrowing is compared with a quantified limit on borrowing contained in the financial strategy included in the Council's long-term plan.

(2) The Council meets the debt affordability benchmark if its planned borrowing is within each quantified limit on borrowing.

Balanced budget benchmark

- (1) For this benchmark, the Council's planned revenue (excluding development contributions, vested assets, financial contributions, gains on derivative financial instruments, and revaluations of property, plant, or equipment) is presented as a proportion of its planned operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, or equipment).
- (2) The Council meets the balanced budget benchmark if its revenue equals or is greater than its operating expenses.

Essential services benchmark

- (1) For this benchmark, the Council's planned capital expenditure on network services is presented as a proportion of expected depreciation on network services.
- (2) The Council meets the essential services benchmark if its planned capital expenditure on network services equals or is greater than expected depreciation on network services.

Debt servicing benchmark

- (1) For this benchmark, the Council's planned borrowing costs are presented as a proportion of planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment).
- (2) Because Statistics New Zealand projects that the Council's population will grow slower than the national population growth rate, it meets the debt servicing benchmark if its planned borrowing costs equal or are less than 10% of its planned revenue.

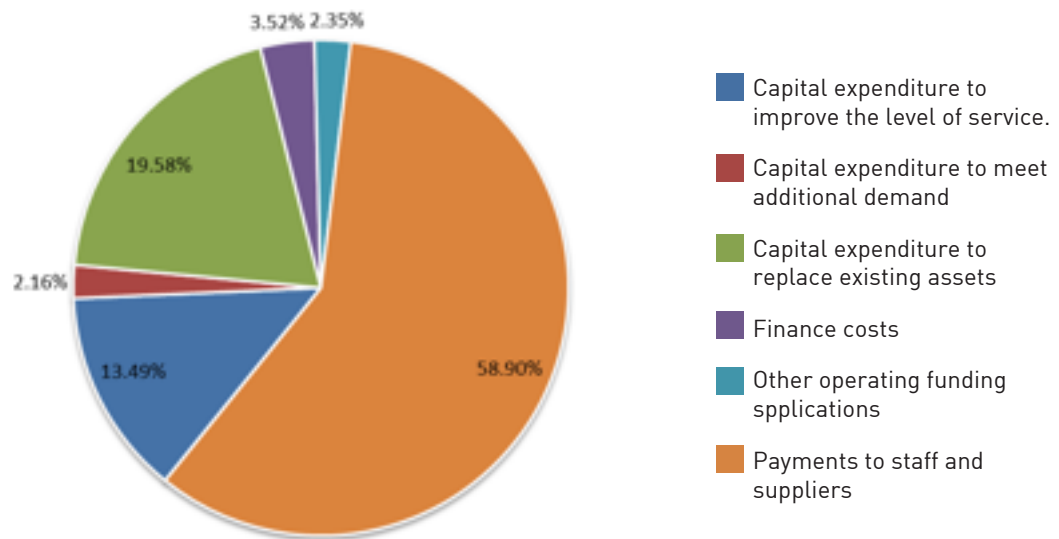


FINANCIAL OVERVIEW

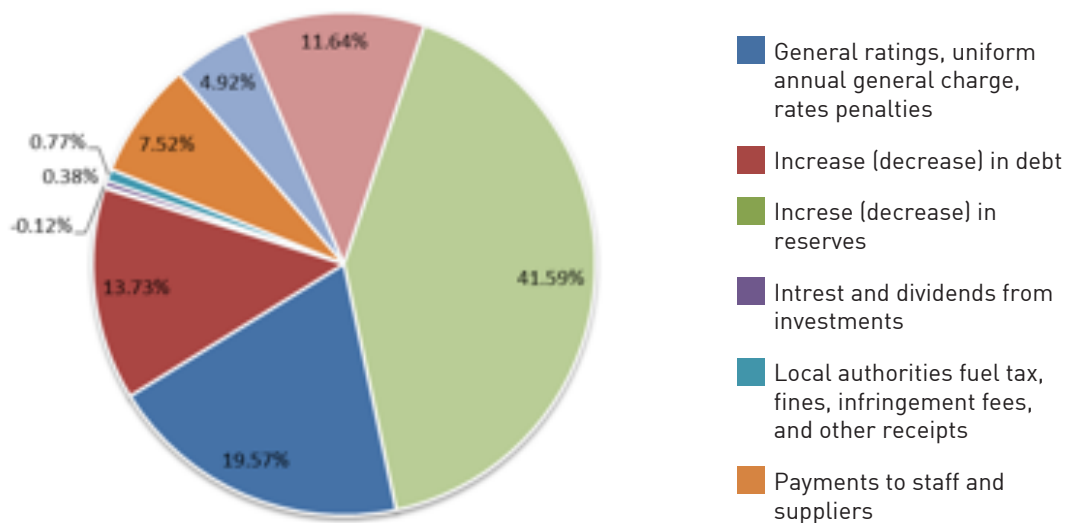
The average increase in rates across the District for 2017/18 is 4.25%. The impact of the increase will vary among the sectors of Residential, Commercial, Rural and Industry.

Rates	Urban*	Rural	Industrial	Total (incl GST)
2016/17	12,371,137	4,556,636	278,355	17,206,676
2017/18	13,056,676	4,589,483	290,756	17,936,915
% increase	5.54%	0.72%	4.25%	4.25%

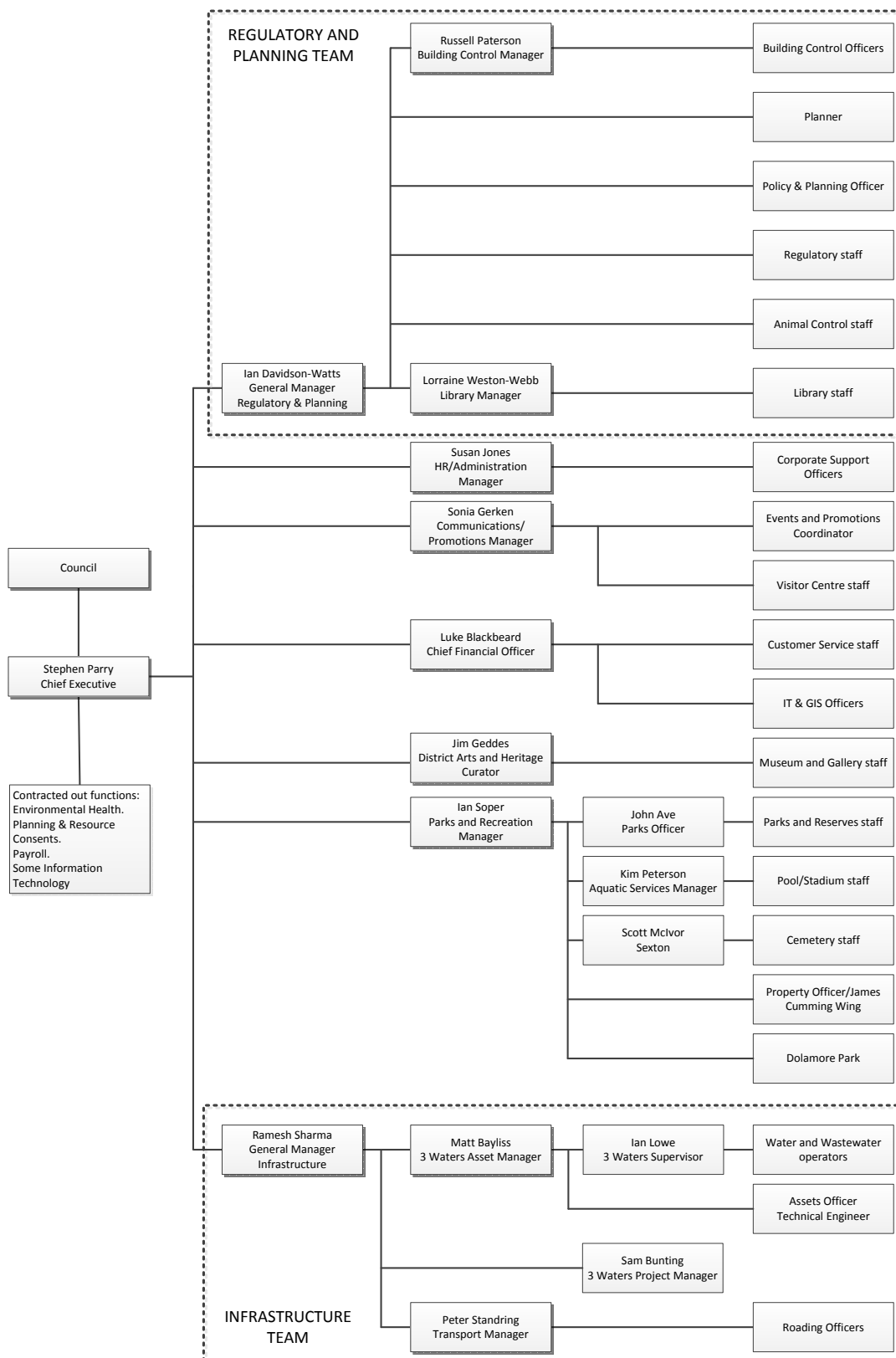
What work do we plan to do in 2017/18?



How will we pay for it?



ORGANISATIONAL STRUCTURE



GROUPS OF ACTIVITIES

The following pages contain each of the Council's activities and projects of significant community interest as set out in the Long Term Plan.

It includes the Funding Impact Statement for each activity and also includes information for those activities that have changed as the result of adjustments made in the development of the 2017/18 Annual Plan.

Unless noted in the Annual Plan, the information contained in the Long Term Plan is correct.



WATER SUPPLY

Refer to the Long Term Plan page 53.

Non-financial information

There have been no changes to the non-financial information contained in the Long Term Plan 2015 -2025.

Levels of services

There have been no changes to the statement of service performance contained in the Long Term Plan 2015 -2025.

Future changes

Some small projects from years two three and four of the Long Term Plan were brought forward by the Council while the Ajax wastewater project was on hold. This has resulted in minor changes to the capital programme.

The Manganese removal project scheduled for 2016/17 has been put on hold while more data is gathered. The Council intended to install equipment to remove manganese and iron oxides from the water supply in West Gore. Recent testing has shown the levels of these trace elements in the water have reduced dramatically. This was unexpected based on our information date. The Council decided to put the \$1.6 million capital project on hold pending further information about the presence of manganese and iron oxides in the west Gore water supply. The project was going to be financed by mix of borrowing and rates, subsequently the money has not been borrowed.

The long term plan provides for the renewal of the upgrade of the Hilbre Avenue Water Treatment Plant to comply with the New Zealand Drinking Water Standards in the 2017/18 year. The Hilbre reservoir is scheduled to be upgraded the following year and the East Gore treatment plant to be upgraded in the 2019/20 year. The budget for these projects has remained unchanged, however we now believe that the best way for Gore's water supply to comply with the Drinking Water Standards is to combine Gore's two water treatment plants into one. The total budget allocated for these upgrades is expected to be sufficient to cover the new approach.

There have been no changes to the other key projects contained in the Long Term Plan 2015 -2025.

FUNDING IMPACT STATEMENT - WATER

	Annual Plan 2017 \$'000	LTP 2018 \$'000	Annual Plan 2018 \$'000
SOURCES OF OPERATING FUNDING			
General rates, uniform annual general charge, rates penalties	-	-	-
Targeted rates	1,554	1,552	1,618
Subsidies and grants for operating purposes	-	-	-
Fees and charges	325	320	243
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
Interest and dividends from investments	-	-	-
Internal charges and overheads recovered	-	-	-
Total operating funding (A)	1,879	1,872	1,861
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	682	672	701
Finance costs	127	125	88
Other operating funding applications	-	-	-
Internal charges and overheads applied	620	562	619
Total applications of operating funding (B)	(1,430)	(1,359)	(1,407)
Surplus (deficit) of operating funding (A-B)	449	513	454
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	1,377	1,656	1,377
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	1,377	1,656	1,377
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure to meet additional demand	-	100	-
Capital expenditure to replace existing assets	104	252	104
Capital expenditure to improve the level of service	1,700	1,708	1,700
Increase (decrease) in reserves	22	110	27
Increase (decrease) in investments	-	-	-
Total applications of capital funding (D)	(1,826)	(2,169)	(1,831)
Surplus (deficit) of capital funding (C-D)	(449)	(513)	(454)
Funding balance ((A-B)+(C-D))	-	-	-

WASTEWATER

Refer to the Long Term Plan page 57.

Non-financial information

There have been no changes to the non-financial information contained in the Long Term Plan 2015 -2025.

Levels of services

There have been no changes to the statement of service performance contained in the Long Term Plan 2015 -2025.

Future changes

The Long Term Plan assumed that the Ajax wastewater pump station upgrade would be complete before 1 July 2015. Construction of this pump station commenced in the 2017 financial year but will not be completed until part way through the 2018 financial year.

Likewise the desludging of the oxidation ponds was expected to be completed in the 2017 financial year. Due to delays in the project it is now expected to be completed in the first half of the 2018 financial year.

The 2018 Annual Plan assumes that both these projects will be complete by 30 June 2018.

Some small projects from years two, three and four of the Long Term Plan were brought forward by the Council while the Ajax wastewater project was on hold. This has resulted in minor changes to the capital programme.



FUNDING IMPACT STATEMENT - WASTEWATER

	Annual Plan 2017 \$'000	LTP 2018 \$'000	Annual Plan 2018 \$'000
SOURCES OF OPERATING FUNDING			
General rates, uniform annual general charge, rates penalties	-	-	-
Targeted rates	1,409	1,175	1,328
Subsidies and grants for operating purposes	-	-	-
Fees and charges	251	243	251
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
Interest and dividends from investments	-	-	-
Internal charges and overheads recovered	-	-	-
Total operating funding (A)	1,660	1,418	1,579
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	396	400	402
Finance costs	428	312	341
Other operating funding applications	-	-	-
Internal charges and overheads applied	386	350	385
Total applications of operating funding (B)	1,210	1,061	1,129
Surplus (deficit) of operating funding (A-B)	450	358	450
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	141	4,800	141
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	141	4,800	141
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure to meet additional demand	-	100	-
Capital expenditure to replace existing assets	206	2,613	206
Capital expenditure to improve the level of service	385	2,925	385
Increase (decrease) in reserves	-	(480)	-
Increase (decrease) in investments	-	-	-
Total applications of capital funding (D)	591	5,158	591
Surplus (deficit) of capital funding (C-D)	(450)	(358)	(450)
Funding balance ((A-B)+(C-D))	-	-	-

STORMWATER

Refer to the Long Term Plan page 61.

Non-financial information

There have been no changes to the non-financial information contained in the Long Term Plan 2015 -2025.

Levels of services

There have been no changes to the statement of service performance contained in the Long Term Plan 2015 -2025.

Future changes

Some small projects from years two three and four of the Long Term Plan were brought forward by the Council while the Ajax wastewater project was on hold. This has resulted in minor changes to the capital programme.



FUNDING IMPACT STATEMENT - STORMWATER

	Annual Plan 2017 \$'000	LTP 2018 \$'000	Annual Plan 2018 \$'000
SOURCES OF OPERATING FUNDING			
General rates, uniform annual general charge, rates penalties	-	-	-
Targeted rates	495	523	490
Subsidies and grants for operating purposes	-	-	-
Fees and charges	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
Interest and dividends from investments	-	-	-
Internal charges and overheads recovered	-	-	-
Total operating funding (A)	495	523	490
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	101	106	102
Finance costs	7	11	4
Other operating funding applications	-	-	-
Internal charges and overheads applied	97	84	93
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	204	201	199
SURPLUS (DEFICIT) OF OPERATING FUNDING (A-B)	291	322	291
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(104)	(196)	(104)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	(104)	(196)	(104)
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure to meet additional demand	-	-	-
Capital expenditure to replace existing assets	37	36	37
Capital expenditure to improve the level of service	150	125	150
Increase (decrease) in reserves	-	(35)	-
Increase (decrease) in investments	-	-	-
Total applications of capital funding (D)	187	126	187
Surplus (deficit) of capital funding (C-D)	(291)	(322)	(291)
Funding balance ((A-B)+(C-D))	-	-	-

ROADING AND FOOTPATHS

Refer to the Long Term Plan page 65.

Non-financial information

There have been no changes to the non-financial information contained in the Long Term Plan 2015 -2025.

Levels of services

There have been no changes to the statement of service performance contained in the Long Term Plan 2015 -2025.

Future changes

The total cost of the pyramid bridge project has increased from \$1million to \$1.75 million, though this is shared 50/50 with the Southland District Council. After the subsidies from the New Zealand Transport Agency (NZTA) are taken into consideration, the actual cost to the Council has increased from \$241,211 to \$402,500. This increase is funded by Roading reserves.

There have been no other changes to the key projects contained in the Long Term Plan 2015 -2025.



FUNDING IMPACT STATEMENT - ROADING

	Annual Plan 2017 \$'000	LTP 2018 \$'000	Annual Plan 2018 \$'000
SOURCES OF OPERATING FUNDING			
General rates, uniform annual general charge, rates penalties	-	-	-
Targeted rates	2,479	2,323	2,534
Subsidies and grants for operating purposes	1,167	876	926
Fees and charges	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	138	138	138
Interest and dividends from investments	-	-	-
Internal charges and overheads recovered	156	143	225
Total operating funding (A)	3,941	3,480	3,823
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	2,277	2,101	2,289
Finance costs	65	56	54
Other operating funding applications	-	-	-
Internal charges and overheads applied	432	406	513
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	2,774	2,563	2,856
SURPLUS (DEFICIT) OF OPERATING FUNDING (A-B)	1,166	916	966
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	2,066	1,593	1,925
Development and financial contributions	-	-	-
Increase (decrease) in debt	294	105	294
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	2,360	1,697	2,219
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure to meet additional demand	-	-	-
Capital expenditure to replace existing assets	3,272	2,287	2,223
Capital expenditure to improve the level of service	234	305	1,109
Increase (decrease) in reserves	21	21	(147)
Increase (decrease) in investments	-	-	-
Total applications of capital funding (D)	3,526	2,614	3,185
Surplus (deficit) of capital funding (C-D)	(1,166)	(916)	(966)
Funding balance ((A-B)+(C-D))	-	-	-

PARKS, RESERVES, AQUATIC FACILITIES, CIVIC BUILDINGS & RECREATION

Refer to the Long Term Plan page 71.

Non-financial information

There have been no changes to the non-financial information contained in the Long Term Plan 2015 -2025.

Levels of services

There have been no changes to the statement of service performance contained in the Long Term Plan 2015 -2025.

Future changes

There have been no changes to the key projects contained in the Long Term Plan 2015 -2025.



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

	Annual Plan 2017 \$'000	LTP 2018 \$'000	Annual Plan 2018 \$'000
SOURCES OF OPERATING FUNDING			
General rates, uniform annual general charge, rates penalties	1,451	1,397	1,467
Targeted rates	2,906	2,812	2,877
Subsidies and grants for operating purposes	75	73	75
Fees and charges	794	818	802
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
Interest and dividends from investments	-	-	-
Internal charges and overheads recovered	1,172	1,350	1,367
Total operating funding (A)	6,397	6,450	6,588
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	3,325	3,542	3,426
Finance costs	385	277	257
Other operating funding applications	-	-	-
Internal charges and overheads applied	1,924	2,065	2,152
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	5,633	5,884	5,835
SURPLUS (DEFICIT) OF OPERATING FUNDING (A-B)	764	566	753
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	1,827	1,450	1,827
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	1,827	1,450	1,827
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure to meet additional demand	53	87	553
Capital expenditure to replace existing assets	1,972	1,908	1,972
Capital expenditure to improve the level of service	500	-	-
Increase (decrease) in reserves	66	21	55
Increase (decrease) in investments	-	-	-
Total applications of capital funding (D)	2,591	2,016	2,580
Surplus (deficit) of capital funding (C-D)	(764)	(566)	(753)
Funding balance ((A-B)+(C-D))	-	-	-

OTHER DISTRICT ASSETS INCLUDING SOLID WASTE AND CIVIL DEFENCE

Refer to the Long Term Plan page 75.

Non-financial information

There have been no changes to the non-financial information contained in the Long Term Plan 2015 -2025.

Levels of services

There have been no changes to the statement of service performance contained in the Long Term Plan 2015 -2025.

Future changes

There have been no changes to the key projects contained in the Long Term Plan 2015 -2025.



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

	Annual Plan 2017 \$'000	LTP 2018 \$'000	Annual Plan 2018 \$'000
SOURCES OF OPERATING FUNDING			
General rates, uniform annual general charge, rates penalties	320	355	361
Targeted rates	1,305	1,191	1,214
Subsidies and grants for operating purposes	46	45	46
Fees and charges	550	576	600
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
Interest and dividends from investments	-	-	-
Internal charges and overheads recovered	1,379	1,249	1,375
Total operating funding (A)	3,599	3,415	3,597
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	2,527	2,462	2,542
Finance costs	127	120	102
Other operating funding applications	-	-	-
Internal charges and overheads applied	689	646	709
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	3,343	3,228	3,353
SURPLUS (DEFICIT) OF OPERATING FUNDING (A-B)	256	187	244
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(38)	(38)	(38)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	(38)	(38)	(38)
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure to meet additional demand	-	-	-
Capital expenditure to replace existing assets	202	84	202
Capital expenditure to improve the level of service	-	-	-
Increase (decrease) in reserves	15	65	3
Increase (decrease) in investments	-	-	-
Total applications of capital funding (D)	218	149	205
Surplus (deficit) of capital funding (C-D)	(256)	(187)	(244)
Funding balance ((A-B)+(C-D))	-	-	-

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

Refer to the Long Term Plan page 79.

Non-financial information

There have been no changes to the non-financial information contained in the Long Term Plan 2015 -2025.

Levels of services

There have been no changes to the statement of service performance contained in the Long Term Plan 2015 -2025.

Future changes

The Council's responsibility for Rural Fire Protection has transferred to Fire and Emergency New Zealand (FENZ). Accordingly the Council will no longer provide a grant to the Southern Rural Fire Authority.

A one off grant has been made to St Johns to cover the cost of the building consent on their new ambulance base in South Gore.

Previously an annual grant was made to the Hokonui Fashion Awards through the Arts & Heritage department this now appears through the grants activity.

In the 2016/17 year the Council approved a further grant of \$50,000 to the Gore Kids Hub Charitable Trust for the completion of the Hub's playground. Like the first grant, this was financed from revenue received for reserve contributions under the District Plan. Due to uncertainty about the timing of payment of this grant the 2017/18 Annual Plan assumes this grant was made in the 2016/17 year.

There have been no changes to the key projects contained in the Long Term Plan 2015 -2025.

Schedule of grants

The schedule of grants for the 2017 year is as follows:

Amenity Hire Refunds	3,500	Hokonui Fashion Design Awards Grant	9,104
Childrens Day	500	Hokonui Pioneer Park	5,000
Clematis Cottage	2,000	Hospice Southland (Transfer station)	1,000
Community Networking Trust	10,000	Hospital Incentives	2,000
Country Music & Songwriters	5,000	John Money Wing	10,000
Croydon Aviation Heritage Trust	6,000	Mataura Community Garden	1,000
Cycle Tour Southland	1,000	Mataura Heritage Centre	7,500
Eastern Southland Art Gallery	10,000	Moonshine Committee	4,500
Emergency Housing	2,500	Pakeke Lions Recycling Services	25,282
Enviro Schools	5,000	Rural Halls	17,000
Free Swim School - Primary School	28,832	Salvation Army	2,000
Gold Guitar Awards	10,000	Scholarships \$750	1,500
Gore A & P Association	78,762	Southland Regional Heritage Trust	197,742
Gore Counselling Centre	1,500	SPCA Grant	2,500
Gore Museum	7,500	St John Building Consent Grant	11,800
Healthy Homes initiative	15,000	Total Mobility	23,618
Heartland Education Trust	2,500	Venture Southland	58,410
Hokonui Heritage Centre Trust	6,500	Waikaka Domain Board	9,683

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

	Annual Plan 2017 \$'000	LTP 2018 \$'000	Annual Plan 2018 \$'000
SOURCES OF OPERATING FUNDING			
General rates, uniform annual general charge, rates penalties	1,594	1,509	1,604
Targeted rates	641	626	581
Subsidies and grants for operating purposes	181	178	209
Fees and charges	102	141	117
Local authorities fuel tax, fines, infringement fees, and other receipts	7	7	7
Interest and dividends from investments	-	-	-
Internal charges and overheads recovered	-	-	-
Total operating funding (A)	2,526	2,461	2,518
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	1,205	1,177	1,220
Finance costs	36	32	25
Other operating funding applications	636	676	601
Internal charges and overheads applied	520	494	542
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	2,396	2,380	2,389
SURPLUS (DEFICIT) OF OPERATING FUNDING (A-B)	129	81	129
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	94	(14)	94
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	94	(14)	94
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure to meet additional demand	-	-	-
Capital expenditure to replace existing assets	130	98	130
Capital expenditure to improve the level of service	108	-	108
Increase (decrease) in reserves	(15)	(31)	(15)
Increase (decrease) in investments	-	-	-
Total applications of capital funding (D)	223	67	223
Surplus (deficit) of capital funding (C-D)	(129)	(81)	(129)
Funding balance ((A-B)+(C-D))	-	-	-

REGULATORY AND PLANNING

Refer to the Long Term Plan page 85.

Non-financial information

There have been no changes to the other non-financial information contained in the Long Term Plan 2015 -2025.

Levels of services

There have been no changes to the statement of service performance contained in the Long Term Plan 2015 -2025.

Future changes

A compliance officer will be employed to assist with earthquake prone building assessments and building warrant of fitness requirements. The resource management planning service has been rearranged and the consultant's budget in this department has reduced.

There have been no changes to the key projects contained in the Long Term Plan 2015 -2025.



FUNDING IMPACT STATEMENT - REGULATORY AND PLANNING

	Annual Plan 2017 \$'000	LTP 2018 \$'000	Annual Plan 2018 \$'000
SOURCES OF OPERATING FUNDING			
General rates, uniform annual general charge, rates penalties	626	628	590
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	827	817	941
Local authorities fuel tax, fines, infringement fees, and other receipts	64	64	51
Interest and dividends from investments	-	-	-
Internal charges and overheads recovered	-	-	-
Total operating funding (A)	1,516	1,509	1,582
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	1,042	1,101	1,115
Finance costs	18	20	15
Other operating funding applications	-	-	-
Internal charges and overheads applied	356	339	371
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	1,416	1,459	1,501
SURPLUS (DEFICIT) OF OPERATING FUNDING (A-B)	100	50	81
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(50)	(50)	(31)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	(50)	(50)	(31)
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure to meet additional demand	-	-	-
Capital expenditure to replace existing assets	-	68	-
Capital expenditure to improve the level of service	-	-	-
Increase (decrease) in reserves	50	(68)	50
Increase (decrease) in investments	-	-	-
Total applications of capital funding (D)	50	-	50
Surplus (deficit) of capital funding (C-D)	(100)	(50)	(81)
Funding balance ((A-B)+(C-D))	-	-	-

DEMOCRACY AND ADMINISTRATION

Refer to the Long Term Plan page 85.

Non-financial information

There have been no changes to the non-financial information contained in the Long Term Plan 2015 -2025.

Levels of services

There have been no changes to the statement of service performance contained in the Long Term Plan 2015 -2025.

Future changes

An allowance has been made for a part time corporate support resource.

The Long Term Plan 2015-2025 allowed \$1.57 million in 2016/17 for earthquake strengthening work for the Civic Administration Building. This project is still being scoped by the engineers so the work has not occurred in the 2016/17 year. This project has been rolled over to the 2017/18 year.

There have been no other changes to the key projects contained in the Long Term Plan 2015 -2025.



FUNDING IMPACT STATEMENT - DEMOCRACY AND ADMINISTRATION

	Annual Plan 2017 \$'000	LTP 2018 \$'000	Annual Plan 2018 \$'000
SOURCES OF OPERATING FUNDING			
General rates, uniform annual general charge, rates penalties	902	922	985
Targeted rates	-	-	-
Subsidies and grants for operating purposes	9	8	4
Fees and charges	65	60	23
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
Interest and dividends from investments	95	95	98
Internal charges and overheads recovered	2,719	2,587	2,836
Total operating funding (A)	3,790	3,671	3,946
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	3,141	3,088	3,274
Finance costs	18	20	15
Other operating funding applications	-	-	-
Internal charges and overheads applied	402	383	419
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	3,562	3,491	3,708
SURPLUS (DEFICIT) OF OPERATING FUNDING (A-B)	228	180	238
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(46)	(46)	(46)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	(46)	(46)	(46)
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure to meet additional demand	-	-	-
Capital expenditure to replace existing assets	134	143	134
Capital expenditure to improve the level of service	-	-	-
Increase (decrease) in reserves	48	(9)	57
Increase (decrease) in investments	-	-	-
Total applications of capital funding (D)	182	134	191
Surplus (deficit) of capital funding (C-D)	(228)	(180)	(238)
Funding balance ((A-B)+(C-D))	-	-	-

PROSPECTIVE FINANCIAL STATEMENTS

GORE DISTRICT COUNCIL PROSPECTIVE CASH FLOW STATEMENT For the Financial Year Ended 30 June 2018

	Ann. Plan 2017 \$'000	LTP 2018 \$'000	Ann. Plan 2018 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from rates revenue	14,919	15,497	15,554
Receipts from other revenue	3,792	3,744	3,771
Subsidies and grants	2,257	3,018	2,682
Interest received	95	95	98
Payments to suppliers and employees	(15,324)	(15,278)	(15,672)
Finance costs	(973)	(1,211)	(901)
Net cash inflow/ (outflow) from operating activities	4,766	5,865	5,531
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipts from maturity of other financial assets	-	-	-
Receipts from sale of property, plant and equipment	-	-	-
Purchase of property, plant and equipment	(12,838)	(9,186)	(9,013)
Purchase of other financial assets	-	-	-
Net cash inflow/ (outflow) from investing activities	(12,838)	(9,186)	(9,013)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings	8,197	4,148	4,148
Repayment of borrowings	(531)	(654)	(636)
Net cash inflow / (outflow) from financing activities	7,666	3,494	3,512
Net increase (decrease) in Cash and cash equivalents	(405)	173	30
Cash and cash equivalents at the beginning of the financial year	3,498	3,223	4,238
Cash and cash equivalents at the end of the financial year	3,092	3,397	4,268

The opening cash balance for the 2018 year has been adjusted to more accurately reflect the current financial position of the Gore District Council.

GORE DISTRICT COUNCIL
PROSPECTIVE STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE
For the Financial Year Ended 30 June 2018

	Ann. Plan 2017 \$'000	LTP 2018 \$'000	Ann. Plan 2018 \$'000
REVENUE			
Rates	14,919	15,586	15,554
Development and financial contributions	-	-	-
Subsidies and grants	2,257	3,018	2,682
Interest	95	95	98
Other revenue	3,792	3,744	3,771
Total revenue	21,063	22,443	22,105
EXPENSES			
Employee benefits expense	5,737	5,663	5,843
Depreciation and amortisation expense	5,078	5,294	5,069
Finance costs	973	1,211	901
Other expenses	9,588	9,670	9,830
Total expense	21,375	21,837	21,643
Surplus / (deficit)	(312)	606	462
OTHER COMPREHENSIVE REVENUE AND EXPENSE			
<i>Items that will not be reclassified to surplus/(deficit)</i>			
Gain / (loss) on property, plant and equipment revaluation	-	-	-
Other comprehensive revenue and expense	-	-	-
Total comprehensive revenue and expense	(312)	606	462

NOTE TO PROSPECTIVE STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

	Ann. Plan 2017 \$'000	LTP 2018 \$'000	Ann. Plan 2018 \$'000
REVENUE FROM NON EXCHANGE TRANSACTIONS			
Rates	14,919	15,586	15,554
Development and financial contributions	-	-	-
Subsidies and grants	2,257	3,018	2,682
Other revenue	3,740	3,691	3,725
Total revenue from non exchange transactions	20,916	22,296	21,961
REVENUE FROM EXCHANGE TRANSACTIONS			
Interest	95	95	98
Other revenue	52	53	46
Total revenue from exchange transactions	147	148	144
Total revenue	21,063	22,443	22,105

GORE DISTRICT COUNCIL PROSPECTIVE STATEMENT OF CHANGES IN EQUITY For the Financial Year Ended 30 June 2018

	Ann. Plan 2017 \$'000	LTP 2018 \$'000	Ann. Plan 2018 \$'000
Equity at beginning of year	384,563	384,823	376,122
Total Comprehensive revenue and expense	(312)	606	462
EQUITY AT END OF YEAR	384,251	385,429	376,584

The opening equity balance for the 2018 year has been adjusted to more accurately reflect the current financial position of the Gore District Council.



GORE DISTRICT COUNCIL
PROSPECTIVE STATEMENT OF FINANCIAL POSITION
For the Financial Year Ended 30 June 2018

	Ann. Plan 2017 \$'000	LTP 2018 \$'000	Ann. Plan 2018 \$'000
CURRENT ASSETS			
Cash and cash equivalents	1,947	1,822	2,706
Receivables	1,650	1,359	1,391
Inventories	140	78	131
Other financial assets	1,146	1,574	1,562
Other current assets	93	79	170
Total current assets	4,976	4,912	5,960
NON-CURRENT ASSETS			
Other financial assets	131	128	258
Property, plant and equipment	401,903	405,495	394,165
Total non-current assets	402,034	405,623	394,423
Total assets	407,009	410,535	400,383
CURRENT LIABILITIES			
Payables	1,720	1,732	2,110
Employee entitlements	567	763	494
Borrowings	-	-	6,000
Other financial liabilities	11	-	10
Total current liabilities	2,298	2,495	8,614
NON-CURRENT LIABILITIES			
Borrowings	19,787	22,351	13,949
Provisions	96	94	936
Other financial liabilities	577	165	1,143
Total non-current liabilities	20,460	22,610	15,185
Total liabilities	22,758	25,105	23,799
Net assets	384,251	385,429	376,584
EQUITY			
Reserves	253,066	253,516	246,667
Retained earnings	131,185	131,913	129,917
	384,251	385,429	376,584

The opening balances for the 2018 year have been adjusted to more accurately reflect the current financial position of the Gore District Council.

GORE DISTRICT COUNCIL RECONCILIATION BETWEEN ALL OF COUNCIL FUNDING IMPACT STATEMENT AND FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2018

	Ann. Plan 2017 \$'000	LTP 2018 \$'000	Ann. Plan 2018 \$'000
REVENUE			
Total operating revenue per Statement of comprehensive revenue and expense	21,063	22,443	22,105
<i>Less</i>			
NZTA Subsidy received for capital expenditure	(1,593)	(2,066)	(1,925)
Net change in fair value of financial assets carried at fair value through profit or loss (Interest rate swaps)	-	-	-
Net change in fair value of available for sale assets carried at fair value through profit or loss (Shares)	-	-	-
Assets vested in Council	-	-	-
Gross proceeds from sale of assets	-	-	-
Development and financial contributions	-	-	-
	(1,593)	(2,066)	(1,925)
Total operating revenue per all of Council Funding Impact Statement	19,471	20,377	20,180
EXPENDITURE			
Total operating expenditure per Statement of comprehensive revenue and expense	21,375	21,837	21,643
<i>Less</i>			
Depreciation	(5,078)	(5,294)	(5,069)
Decrease in investments	-	-	-
	(5,078)	(5,294)	(5,069)
Total operating expenditure per all of Council Funding Impact Statement	16,297	16,544	16,574



35

GO RURAL
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DEPRECIATION BY GROUP OF ACTIVITIES

	Annual Plan 2017 \$'000	LTP 2018 \$'000	Annual Plan 2018 \$'000
Arts & Heritage, Libraries, Promotions and Grants	140	150	155
Democracy and Administration	185	185	225
Other District Assets - including solid waste and Civil Defence	2,321	2,385	2,232
Parks, Reserves, Aquatic Facilities, Civic Buildings and Recreation	924	902	942
Regulatory Services	159	159	138
Roading	22	23	24
Stormwater	687	796	717
Wastewater	54	54	54
Water	586	641	582
GRAND TOTAL	5,078	5,294	5,069

Other Matters

The prospective financial statements were authorised for issue on 27 June 2017 by the Council of the Gore District Council.

The Council is responsible for the prospective financial statements presented, including the appropriateness of the assumptions underlying the prospective financial statements and all other required disclosures.

No actual financial results are incorporated in the prospective financial statements. It is not intended to update the prospective financial statements subsequent to presentation.

Cautionary Note

The actual financial results achieved for the period covered by these prospective financial statements are likely to vary from the information presented. These variations may be material.



STATEMENT OF ACCOUNTING POLICIES

Reporting Entity

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

Basis of Preparation

The preparation of prospective financial statements in conformity with NZ IPSAS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and in future periods, if the revision affects both current and future periods. The prospective financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported. The accounting policies set out below have been applied consistently to all periods presented in these prospective financial statements. The prospective financial statements are presented in New Zealand dollars. New Zealand dollars are the Council's functional currency.

Statement of Compliance

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

These prospective financial statements comply with PBE Standards.

The Gore District Councils prospective financial statements are in compliance with PBE FRS-42.

Presentation Currency and Rounding

The prospective financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000).

Standards and Interpretations Effective in the Current Period

There were no new or revised standards or interpretations effective in the current period that had a material impact on the 2017/18 Annual Plan.

Standards Issued and not yet Effective and not early Adopted

There were no new or revised Standards or Interpretations on issue but not early adopted that would have a material impact on the 2017/18 Annual Plan.

SIGNIFICANT ACCOUNTING POLICIES

Revenue Recognition

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

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

Rates Revenue

Rates revenue is recognised when it is levied.

Other Revenue

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

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

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

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

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

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

Other Gains and Losses

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

Grant Expenditure

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

Discretionary grants are those grants where the Council has no obligation to award on receipt of the grant application and are recognised as expenditure when a successful applicant has been notified of the Council's decision.

Leasing

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

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

(a) The Council as Lessor

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

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

(b) The Council as Lessee

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

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

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

(c) Lease Incentives

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

Borrowing Costs

All borrowing costs are recognised in the Prospective Statement of Income and Expenditure in the period in which they are incurred.

Taxation

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

Goods and Services Tax

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

The net amount of GST recoverable from, or payable to, the IRD is included as part of receivables or payables in the prospective statement of financial position.

The net GST paid to, or received from, the IRD, including GST relating to investing and financing activities, is classified as an operating cash flow in the prospective statement of cash flows.

Cash and Cash Equivalents

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

Financial Instruments

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

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

(i) Financial assets

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

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

Financial Assets at Fair Value through Surplus or deficit

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

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

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

Held to Maturity Investments

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

Fair Value through other Comprehensive Revenue and Expense

Equity securities held by the Council are classified as being fair value through other comprehensive revenue and expense 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 in other comprehensive revenue and expense, with the exception of interest calculated using the effective interest method and impairment losses which are recognised directly in the surplus or deficit for the period. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is included in the surplus or deficit for the period.

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

Loans and Receivables

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

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

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

Short term deposits are included within this classification.

Impairment of Financial Assets

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

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

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

(ii) Financial liabilities

Trade and Other Payables

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

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

Borrowings

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

(iii) Derivative Financial Instruments

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

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

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

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

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

Fair Value Estimation

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

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

Embedded Derivatives

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

Inventories

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

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

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

Property, Plant and Equipment

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

(a) Operational Assets

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

(b) Infrastructural Assets

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

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

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

Cost/Valuation

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

Additions

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

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

Revaluation

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

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

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

The Council accounts for revaluations of property, plant and equipment on a class of asset basis.

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

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

Depreciation

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

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

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

	Life (years)
Land under roads	N/A
Refuse	100
Operational Assets	
Land	N/A
Buildings	20 - 50
Plant and Equipment	4 - 25
Motor Vehicles	4 - 8
Office Furniture and Equipment.....	4 - 10
Recreational and Cultural	5 - 20
Library Books.....	10
Infrastructural Assets	
Water Reticulation	10 - 100
Sewerage Reticulation.....	15 - 60
Stormwater Reticulation	60
Refuse	10 - 50
Roads – Formation	N/A
Roads – Pavement (non depreciable).....	N/A
Roads – Pavement (depreciable).....	7 - 60
Roads – Footpaths, Kerbs, Bridges and Culverts	50 - 100
Roads – Signs, Road Markings and Street Lighting.....	20 - 100

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

Disposal

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

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

Impairment of Non-Financial Assets

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

Recoverable amount is the higher of fair value less costs to sell and value in use. Value in use is depreciated replacement cost of an asset where the future economic benefits or service potential of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where the entity would, if deprived of the asset, replace its remaining future economic benefits or service potential.

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

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

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash generating unit) in prior years. A reversal of an impairment loss is recognised in the surplus for the period 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, via comprehensive revenue and expense.

Superannuation Schemes

Defined Contribution Schemes

Contributions to defined contribution superannuation schemes are expensed when incurred.

Provisions

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

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

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

Landfill Post Closure Costs

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

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

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

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

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.

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.

Prospective Cash Flow Statement

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

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

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

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

Equity

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

Reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by the Council.

The components of equity are:

- Retained earnings
- Available for sale revaluation reserve
- Asset revaluation reserve
- Restricted reserves
- Council created reserves
- Fair trade through other comprehensive revenue and expense reserve; and
- Cash flow hedge reserve

Reserves

Reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by the Council.

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

Budget Figures

The budget figures are those approved by the Council at the beginning of the year in the annual plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the Council for the preparation of the prospective 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 Prospective Statement of Income and Expenditure. The allocation is calculated on the basis of estimated administration staff hours provided to each activity.

Critical Accounting Estimates and Assumptions

In preparing these prospective financial statements the Council has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

- Infrastructural Assets

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

- The physical deterioration and condition of an asset, for example the Council could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets, which are not visible, for example stormwater, wastewater and water supply pipes that are underground. This risk is minimised by the Council performing a combination of physical inspections and condition modelling assessments of underground assets;
- Estimating any obsolescence or surplus capacity of an asset; and Estimates 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 Prospective Statement of Income and Expenditure. 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.

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.

FUNDING IMPACT STATEMENT

This funding impact statement has been prepared in accordance with the Local Government (Rating) Act 2002 and the Local Government Act 2002.

The statement below sets out the rating mechanisms that the council intends to use to fund its activities.

All rates and amounts specified in this funding impact statement are GST inclusive.

The following definitions apply in this funding impact statement:

A **“separately used or inhabited part of a rating unit”** is any part of a rating unit that can be used or occupied by any person, other than the ratepayer, having a right to use or inhabit that part by virtue of a tenancy, lease, licence, or other agreement, or any part or parts of a rating unit that are used or occupied by the ratepayer for more than one single use. Separately used or inhabited parts include:

- A residential, small holding, or farmland property that contains two or more separately occupiable units, flats or houses each of which is separately inhabited or is capable of separate habitation ie has independent kitchen facilities.
- A commercial premises that contains separate shops, kiosks, other retail or wholesale outlets, or offices, each of which is operated as a separate business or is capable of operation as a separate business.

To be clear, the following are not considered to be separately used or inhabited parts of a rating unit:

- A residential sleep-out or granny flat that is not fully self-contained
- A hotel room with or without kitchen facilities
- A motel room with or without kitchen facilities

The Gore, Mataura and rural hall rating boundaries, and the areas serviced by the Gore and Mataura water and wastewater schemes, the Waikaka wastewater and stormwater scheme, the Pukerau stormwater scheme and the Gore and Mataura wheelie bin service areas are depicted on maps on the following pages.

A **“residential”** rating unit is defined as any rating unit within the Gore or Mataura rating boundaries (refer maps) that is not classified as commercial or heavy industrial.

A **“commercial”** rating unit is defined as any rating unit in the Gore or Mataura rating boundary (refer to maps) that is wholly or principally used for retail or wholesale trade, manufacturing, or the provision of services with profit as the intent. Heavy industrial rating units are excluded.

A **“short term accommodation”** rating unit is defined as a commercial rating unit that is wholly or principally used for the provision of short term accommodation such as: hotels and motels.

A **“rural”** rating unit is defined as any rating unit outside the Gore or Mataura rating boundary (refer to maps).

An **“Educational institution”** is as defined in clause 6 of Part 1 of Schedule 1 of the Local Government (Rating) Act 2002.

A **“non-residential”** rating unit is defined as any rating unit within the Gore or Mataura rating boundaries (refer maps) that is not classified as residential.

A **“heavy industrial”** rating unit is defined as any rating unit in one of the three industrial rating areas (refer maps). These three industrial rating areas are:

Heavy Industry 1 - applies to 65 -121 Kana St Mataura.

Heavy Industry 2 - applies to 7, 9 and 11 Exeter Lane Mataura, 303, 305 and 307 Main St Mataura, 11 and 33 Cardigan Bay Road RD 2 Mataura.

Heavy Industry 3 - applies to 8 and 50 Selbourne St RD 2 Mataura, 171-177 Main St Mataura and 18-30 Mcqueen Ave Mataura.

A **“connected”** rating unit is defined as a rating unit where the Council provides the applicable service (eg water, wastewater) in the normal course of events.

A **“serviceable”** rating unit is defined as a rating unit that is not “connected” but is within 100 meters of the applicable reticulation network (eg water, wastewater) and therefore has the ability to be connected. Serviceable rating units pay half the rate of a connected rating unit.

A **“not supplied”** rating unit is defined as all rating units not classified as “connected” or “serviceable”, and this category of rating unit will be excluded from paying the applicable rate.

“Vacant land” means a rating unit that is an ‘empty section’ ie there are no dwellings or buildings on the land. This category of land does not receive the kerbside waste collection and recycling service (unserved).

“240 litre wheelie bins” are the large wheelie bins issued to a rating unit by default in the wheelie bin service area (refer to maps) and is the standard collection service.

“80 litre wheelie bins” are the small wheelie bins that can be opted for instead of the 240 litre bins at the discretion of the owner of the rating unit in the wheelie bin service area (refer maps).

The same sources of funding are to be used in all years covered by the Long Term Plan.

In addition to rating income, the Council has a number of other sources of revenue. These additional funding sources include:

- Fees and charges
- Interest from investments
- Proceeds from asset sales
- Grants and subsidies
- Depreciation funds and other reserves
- Loans and borrowings
- Financial contributions.



1. General Rate

1.1. Value based general rate

The Council will set a general rate of \$0.000375 on all rateable land in the district based on the capital value of the land. The Council does not use differentials on the value based general rate.

1.2. Uniform Annual General Charge

The Council will set a uniform annual general charge on all rateable land in the district, of a fixed amount of \$661.87 per separately used or inhabited part of a rating unit. The Uniform Annual General Charge is calculated to fund that portion of the following activities not funded by the general rate on capital value. For 2017/18, this is:

84.15% of the Elected Members (democracy) activity	38.51% of the Public Conveniences activity
84.15% of the Arts & Heritage activity	84.15% of the Civic Buildings activity
84.15% of the Grants activity (excluding rural fire and Southland regional heritage trust)	84.15% of the Cemeteries activity
18.27% of the Solid Waste Activity	47.56% of the Aquatic facilities activity
47.56% of the MLT Events Centre Activity	84.15% of the Visitor Services activity
47.56% of the Libraries activity	

2. Southland Regional Heritage Trust rate

The Council will set a targeted rate on all rateable land in the district, of a fixed amount per separately used or inhabited part of a rating unit of \$35.39, to fund the Council's contribution to the Southland Regional Heritage Trust.

Because this rate is set on a uniform basis it is included in the 30% rate limit calculation set out in section 21 of the Local Government (Rating) Act 2002.



3. Targeted rate for various specified activities

The Council will set a targeted rate on all rateable land in the district differentiated by location and land use and based on capital value of the land. This rate will fund the following activities:

Roading	Property
Civil Defence	MLT Event Centre
Aquatic facilities	Public toilets
District Libraries	

The rate will be set differentially as follows:

Categories of rateable land	Factor(s) for calculating liability	Rate per \$ of capital value (GST inclusive)	Total revenue sought from this category (GST inclusive)
Gore, Residential	Capital value	0.001799	\$1,382,447
Gore, Commercial	Capital value	0.004422	\$759,407
Mataura, Residential	Capital value	0.000794	\$62,717
Mataura, Commercial	Capital value	0.004615	\$23,100
Rural	Capital value	0.000780	\$1,841,390
Heavy Industry 1	Capital value	0.060959	\$22,250
Heavy Industry 2	Capital value	0.011685	\$10,996
Heavy industry 3	Capital value	0.010329	\$209,504



Parks & Reserves

The Council will set three targeted rates to fund the Parks & Reserves activity.

3.1. Parks & Reserves – Residential

A targeted rate will be set differentially on all rateable land defined as residential, as follows:

Categories of rateable land	Factor(s) for calculating liability	Rate (GST inclusive)	Total revenue sought from this category (GST inclusive)
Gore, Residential	Separately used or inhabited part of a rating unit	\$303.35	\$1,084,623
Mataura, Residential	Separately used or inhabited part of a rating unit	\$236.97	\$188,394

3.2. Parks & Reserves – Commercial

A targeted rate will be set differentially on all rateable land defined as commercial, as follows:

Categories of rateable land	Factor(s) for calculating liability	Rate (GST inclusive)	Total revenue sought from this category (GST inclusive)
Commercial, Capital value \$0 – 94,000	Per rating unit	\$450.00	\$32,400
Commercial, Capital value \$94,001 - \$930,000	Capital value	\$0.004750	\$469,551
Commercial, Capital value \$930,001 and above	Per rating unit	\$4,450.00	\$173,550

3.3. Parks & Reserves – Rural

A targeted rate will be set differentially on all rateable land defined as rural, as follows:

Categories of rateable land	Factor(s) for calculating liability	Rate (GST inclusive)	Total revenue sought from this category (GST inclusive)
Rural, Capital value \$0 - \$132,000	Separately used or inhabited part of a rating unit	\$201.43	\$32,027
Rural, Capital value 132,001 and above	Separately used or inhabited part of a rating unit	\$342.63	\$490,982

4. Urban Water Supply

The Council proposes to set two targeted rates to fund the urban water supply.

4.1. Water rate

A targeted rate will be set differentially for all land either connected to or able to be serviced by the Gore or Mataura water scheme as follows:

Categories of rateable land	Factor(s) for calculating liability	Rate (GST inclusive)	Total revenue sought from this category (GST inclusive)
Connected, Gore or Mataura scheme	Separately used or inhabited part of a rating unit	\$332.82	\$1,618,827
Serviceable, Gore or Mataura scheme	Separately used or inhabited part of a rating unit	\$166.41	\$33,781

Note: rating units defined as "not supplied" will not be liable for this rate.

5. Additional water rate

A targeted rate of \$332.82 will be set for all land defined as non-residential which is connected to the Gore or Mataura water scheme, of a fixed amount per connection after the first connection (i.e. for the second and each additional water connection).

Note: rating units defined as "not supplied" or "serviceable" will not be liable for this rate.

6. Wastewater and stormwater

The Council proposes to set two targeted rates to fund the wastewater and stormwater network.

6.1. Wastewater and stormwater rate

A targeted rate will be set differentially for all land either connected to or able to be serviced by the Gore, Mataura, Waikaka or Pukerau wastewater and stormwater schemes, as follows:

Categories of rateable land	Factor(s) for calculating liability	Rate (GST inclusive)	Total revenue sought from this category (GST inclusive)
Connected, Gore or Mataura scheme	Separately used or inhabited part of a rating unit	\$355.97	\$1,700,836
Serviceable, Gore or Mataura scheme	Separately used or inhabited part of a rating unit	\$177.99	\$34,707
Connected, Waikaka scheme	Separately used or inhabited part of a rating unit	\$109.12	\$5,020
Serviceable, Waikaka scheme	Separately used or inhabited part of a rating unit	\$54.56	\$218
Connected, Pukerau scheme	Separately used or inhabited part of a rating unit	\$81.84	\$4,010

Notes: (1) Rating units defined as "not supplied" will not be liable for this rate.

(2) Because of the nature of the Pukerau wastewater and stormwater scheme all separately used or inhabited parts of a rating unit are classified as "connected".

6.2. Additional wastewater and stormwater rate

A targeted rate will be set for all land defined as non-residential which is connected to the Gore, Mataura or Waikaka wastewater and stormwater schemes differentiated based on the scheme and the use to which the land is put. Liability for the rate is based on the number of additional water closets or urinals within the rating unit, after the first one.

Categories of rateable land	Factor(s) for calculating liability	Rate (GST inclusive)	Total revenue sought from this category (GST inclusive)
Connected, Gore or Mataura scheme, Short term accommodation	number of water closets or urinals after the first	\$177.99	\$15,663
Connected, Gore or Mataura scheme, Educational institutions	number of water closets or urinals after the first. The number of water closets or urinals will be assessed on the basis of 6.25% of the total number of staff and pupils at each establishment.	\$355.97	\$45,208
Connected, Gore or Mataura scheme, All other non-residential rating units (excluding educational institutions).	number of water closets or urinals after the first	\$355.97	\$284,422
Connected, Waikaka scheme, non-residential (excluding educational institutions).	number of water closets or urinals after the first	\$109.12	\$436

Note: rating units defined as “not supplied” or “serviceable” will not be liable for this rate.

7. Otama water scheme

The Council proposes to set two targeted rates to fund the Otama water scheme. For the purposes of these rates, a rating unit is either “connected” or “not supplied”.

7.1. Water Unit

A targeted rate of \$200.00 will be set on all rating units connected to the scheme, with liability based on the water unit allocation i.e. on the extent of the provision of the service.

7.2. Water connection

A targeted rate of \$215.00 will be set on all rating units connected to the Otama scheme, with liability based on the number of water connections to the scheme.

8. Solid waste rate

The Council proposes to set a fixed targeted rate per separately used or inhabited part of a rating unit on land in Gore and Mataura, differentiated by the provision or availability of the particular service. This rate will fund the Solid waste activity and will be set as follows:

Categories of rateable land	Factor(s) for calculating liability	Rate (GST inclusive)	Total revenue sought from this category (GST inclusive)
Wheelie bin service area, Vacant land, (unserviced)	Separately used or inhabited part of a rating unit	\$72.02	\$12,964
Wheelie bin service area, Receiving 80ltr wheelie bins	Separately used or inhabited part of a rating unit	\$247.81	\$98,875
Wheelie bin service area, All other rating units (240ltr wheelie bins)	Separately used or inhabited part of a rating unit	\$295.20	\$1,284,690

9. Community hall rate

The Council proposes to set a targeted rate on all rating units in the following communities (hall areas) differentiated by where the land is situated. This rate will fund the district's community halls and will be set as follows:

Categories of rateable land	Factor(s) for calculating liability	Rate (GST inclusive)	Total revenue sought from this category (GST inclusive)
Brydone hall area	Separately used or inhabited part of a rating unit	\$24.22	\$533
Mandeville hall area	Separately used or inhabited part of a rating unit	\$46.00	\$1,380
Otama hall area	Rating unit	\$80.50	\$4,025
Pukerau hall area	Separately used or inhabited part of a rating unit	\$34.00	\$3,434
Tuturau hall area	Separately used or inhabited part of a rating unit	\$34.86	\$314
Waikaka hall area	Separately used or inhabited part of a rating unit	\$47.00	\$7,567
Knapdale hall area	Separately used or inhabited part of a rating unit	\$57.50	\$3,565

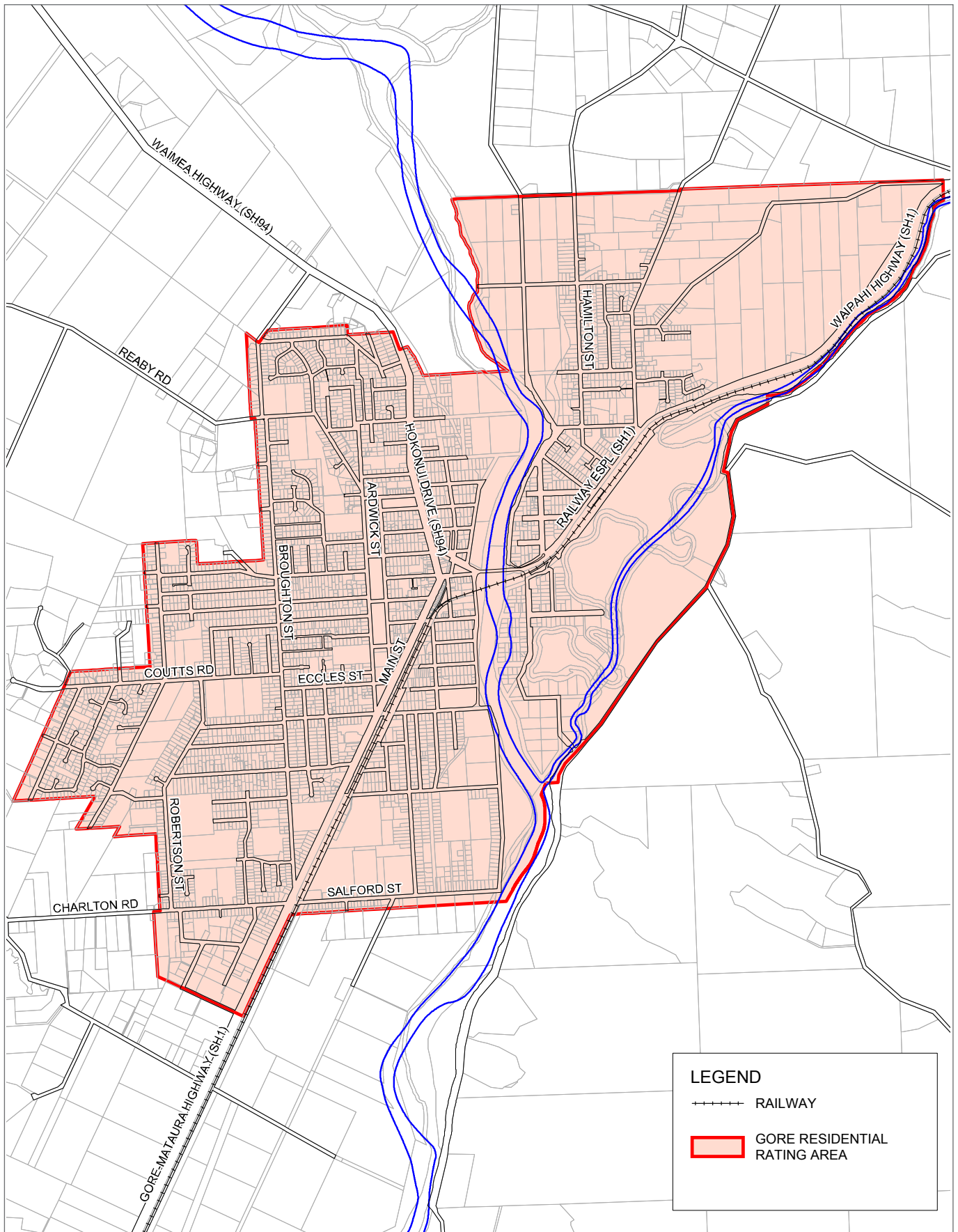
The Council will not invite lump sum contributions in respect of any of the targeted rates referred to above.

Category	Capital Value	UAGC	Regional Heritage		General Rate		Ward Rate		Parks & Reserves		Water		Solid Waste		Wastewater & Stormwater		Heavy Industry		Total Proposed Rates		Total 2016/17	% Increase	Rates change \$ annually	Rates change \$ weekly
			35	20	96	303	333	333	295	356	356	2,101	2,036	3.21%	65									
Gore Residential	53,500	662	35	20	96	303	333	333	295	356	356	2,101	2,036	3.21%	\$	65	\$	1						
Gore Residential	160,500	662	35	60	289	303	333	333	295	356	356	2,333	2,243	4.03%	\$	90	\$	2						
Gore Residential	267,500	662	35	100	481	303	333	333	295	356	356	2,566	2,451	4.71%	\$	116	\$	2						
Gore Residential	401,250	662	35	150	722	303	333	333	295	356	356	2,857	2,710	5.42%	\$	147	\$	3						
Gore Residential	535,000	662	35	200	963	303	333	333	295	356	356	3,148	2,969	6.01%	\$	178	\$	3						
Gore Residential	695,500	662	35	261	1,251	303	333	333	295	356	356	3,496	3,280	6.59%	\$	216	\$	4						
Mataura Residential	17,100	662	35	6	14	237	333	333	295	356	356	1,938	1,880	3.08%	\$	58	\$	1						
Mataura Residential	51,300	662	35	19	41	237	333	333	295	356	356	1,978	1,908	3.65%	\$	70	\$	1						
Mataura Residential	85,500	662	35	32	68	237	333	333	295	356	356	2,018	1,937	4.20%	\$	81	\$	2						
Mataura Residential	159,600	662	35	60	127	237	333	333	295	356	356	2,105	1,998	5.35%	\$	107	\$	2						
Mataura Residential	262,200	662	35	98	208	237	333	333	295	356	356	2,225	2,083	6.82%	\$	142	\$	3						
Mataura Residential	387,600	662	35	145	308	237	333	333	295	356	356	2,371	2,186	8.47%	\$	185	\$	4						
Gore Commercial	42,380	662	35	16	187	450	333	333	295	356	356	2,335	2,260	3.30%	\$	75	\$	1						
Gore Commercial	158,925	662	35	60	703	755	333	333	295	356	356	3,199	3,064	4.39%	\$	135	\$	3						
Gore Commercial	264,875	662	35	99	1,171	1,258	333	333	295	356	356	4,210	4,020	4.72%	\$	190	\$	4						
Gore Commercial	423,800	662	35	159	1,874	2,013	333	333	295	356	356	5,727	5,455	5.00%	\$	273	\$	5						
Gore Commercial	741,650	662	35	278	3,280	3,523	333	333	295	356	356	8,762	8,323	5.27%	\$	439	\$	8						
Gore Commercial	1,483,300	662	35	556	6,559	4,450	333	333	295	356	356	13,246	12,393	6.89%	\$	854	\$	16						
Mataura Commercial	15,000	662	35	6	69	450	333	333	295	356	356	2,206	2,126	3.75%	\$	80	\$	2						
Mataura Commercial	45,000	662	35	17	208	450	333	333	295	356	356	2,356	2,220	6.11%	\$	136	\$	3						
Mataura Commercial	95,000	662	35	36	438	451	333	333	295	356	356	2,606	2,406	8.33%	\$	200	\$	4						
Mataura Commercial	165,000	662	35	62	761	784	333	333	295	356	356	3,288	2,978	10.42%	\$	310	\$	6						
Mataura Commercial	380,000	662	35	142	1,754	1,805	333	333	295	356	356	5,382	4,735	13.67%	\$	647	\$	12						
Mataura Commercial	600,000	662	35	225	2,769	2,850	333	333	295	356	356	7,525	6,533	15.18%	\$	992	\$	19						
Rural	113,000	662	35	42	88	201	-	-	-	-	-	1,029	1,018	1.12%	\$	11	\$	0						
Rural	452,000	662	35	169	352	343	-	-	-	-	-	1,562	1,558	0.20%	\$	3	\$	0						
Rural	904,000	662	35	339	705	343	-	-	-	-	-	2,083	2,086	-0.12%	\$	2	\$	0						
Rural	1,864,500	662	35	698	1,453	343	-	-	-	-	-	3,192	3,206	-0.45%	\$	14	\$	0						
Rural	2,825,000	662	35	1,058	2,202	343	-	-	-	-	-	4,300	4,327	-0.61%	\$	26	\$	1						
Rural	3,955,000	662	35	1,482	3,083	343	-	-	-	-	-	5,604	5,645	-0.72%	\$	41	\$	1						
Rural	6,215,000	662	35	2,328	4,845	343	-	-	-	-	-	8,213	8,282	-0.83%	\$	69	\$	1						
Rural	8,475,000	662	35	3,175	6,606	343	-	-	-	-	-	10,821	10,918	-0.89%	\$	97	\$	2						
Rural	10,170,000	662	35	3,810	7,928	343	-	-	-	-	-	12,777	12,896	-0.92%	\$	118	\$	2						
Heavy Industry 1	365,000	662	35	137	-	-	333	295	712	22,250	24,424	23,428	4.25%	\$	996	\$	19							
Heavy Industry 2	941,000	662	35	352	-	-	998	295	1,068	10,996	14,407	13,820	4.25%	\$	587	\$	11							
Heavy Industry 3	20,283,000	2,647	142	7,598	-	-	1,664	1,181	29,190	209,504	251,925	241,655	4.25%	\$	10,270	\$	198							

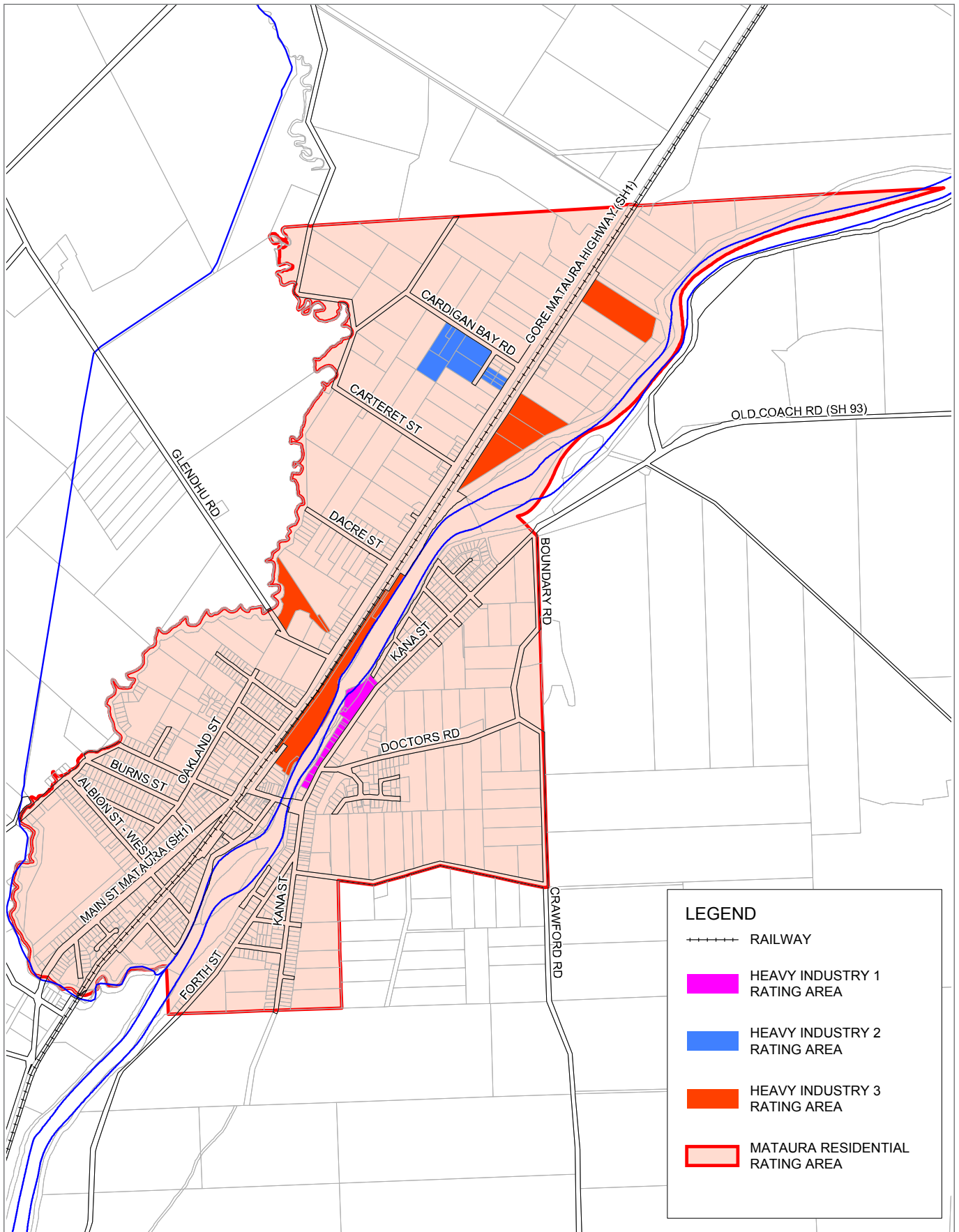
FUNDING IMPACT STATEMENT - COUNCIL WIDE

	Annual Plan 2017 \$'000	LTP 2018 \$'000	Annual Plan 2018 \$'000
SOURCES OF OPERATING FUNDING			
General rates, uniform annual general charge, rates penalties	4,892	4,812	5,007
Targeted rates	10,789	10,203	10,642
Subsidies and grants for operating purposes	1,478	1,179	1,259
Fees and charges	2,914	2,974	2,978
Local authorities fuel tax, fines, infringement fees, and other receipts	209	208	196
Interest and dividends from investments	95	95	98
Total operating funding (A)	20,377	19,471	20,180
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	14,697	14,648	15,071
Finance costs	1,211	973	901
Other operating funding applications	636	676	601
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	(16,544)	(16,297)	(16,574)
SURPLUS (DEFICIT) OF OPERATING FUNDING (A-B)	3,833	3,173	3,606
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	2,066	1,593	1,925
Development and financial contributions	-	-	-
Increase (decrease) in debt	3,494	7,666	3,512
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	5,560	9,259	5,437
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure to meet additional demand	53	287	553
Capital expenditure to replace existing assets	6,057	7,489	5,009
Capital expenditure to improve the level of service	3,076	5,062	3,451
Increase (decrease) in reserves	207	(405)	30
Increase (decrease) in investments	-	-	-
Total applications of capital funding (D)	(9,394)	(12,432)	(9,043)
Surplus (deficit) of capital funding (C-D)	(3,833)	(3,173)	(3,606)
Funding balance ((A-B)+(C-D))	-	-	-

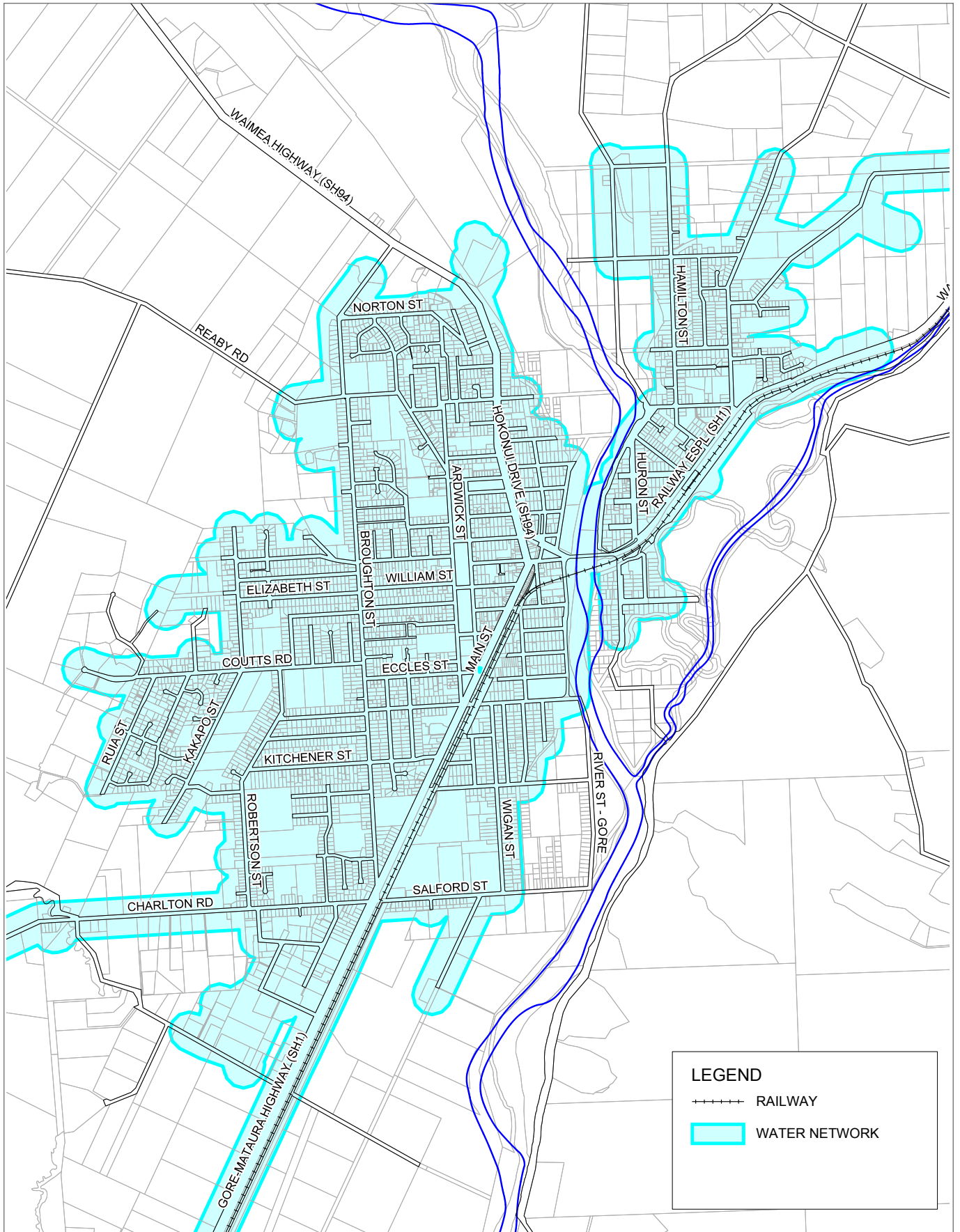
GORE RESIDENTIAL RATING AREA



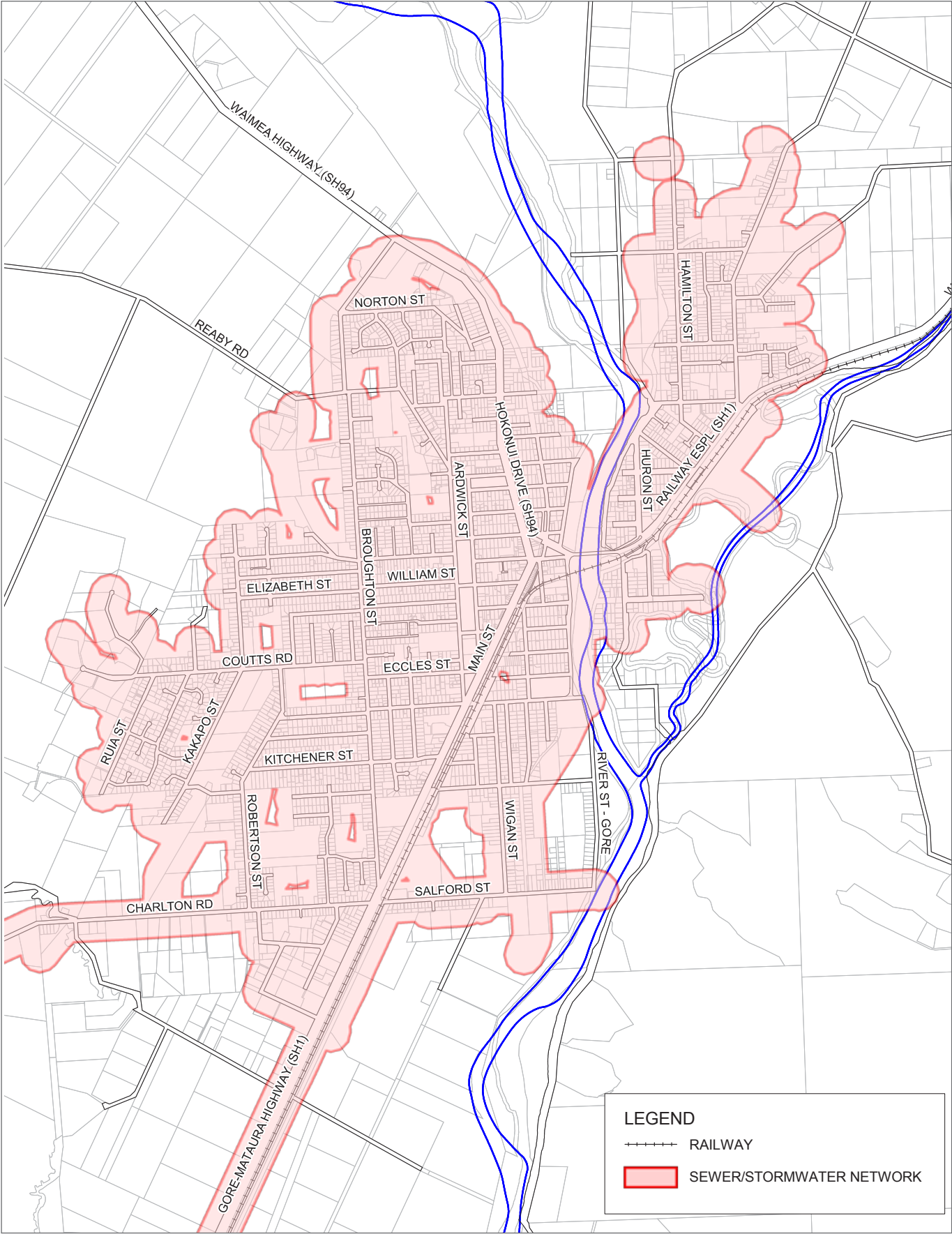
MATAURA RESIDENTIAL RATING ARE AND HEAVY INDUSTRIAL RATING AREA



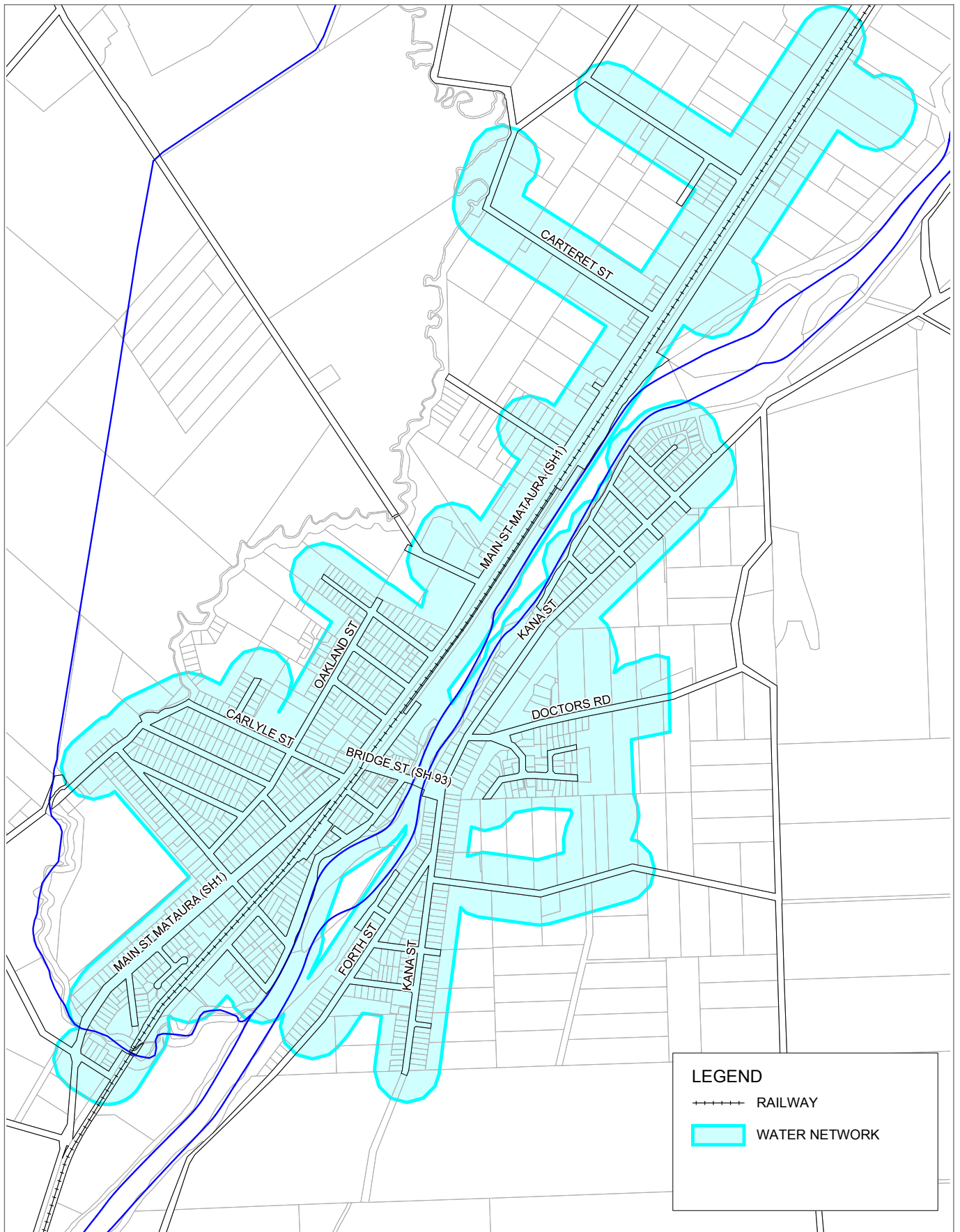
GORE WATER NETWORK



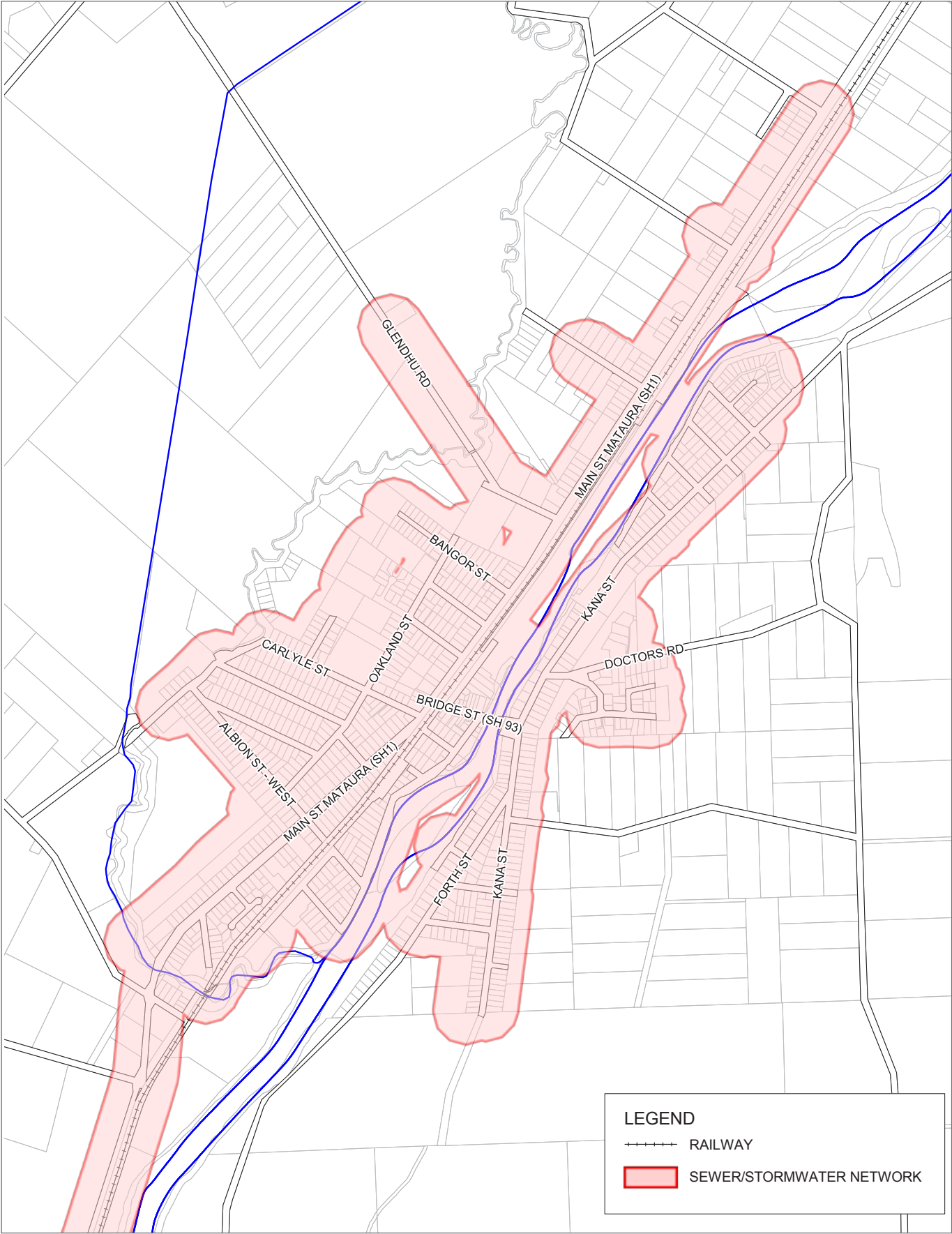
GORE WASTEWATER AND STORMWATER NETWORK



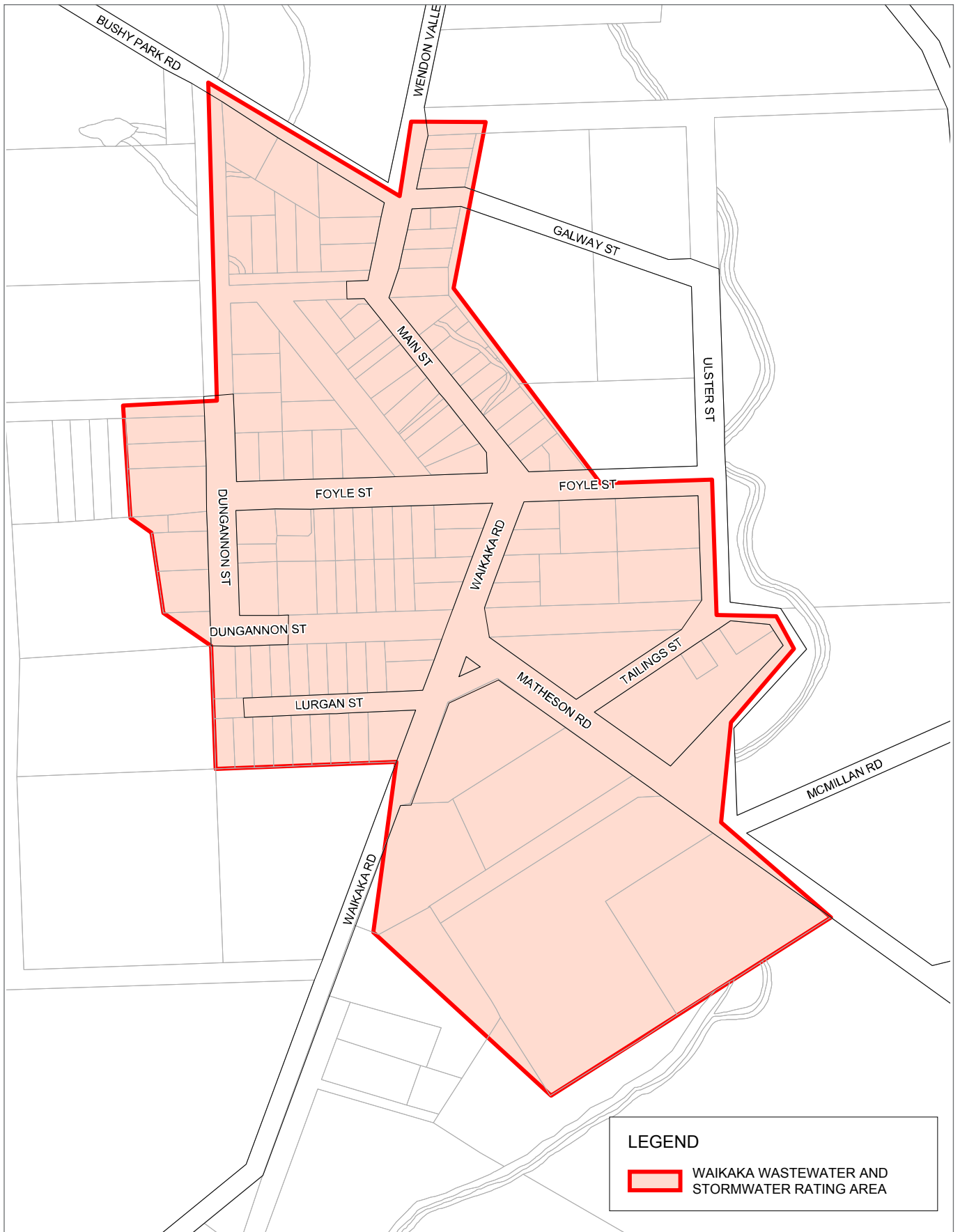
MATAURA WATER NETWORK



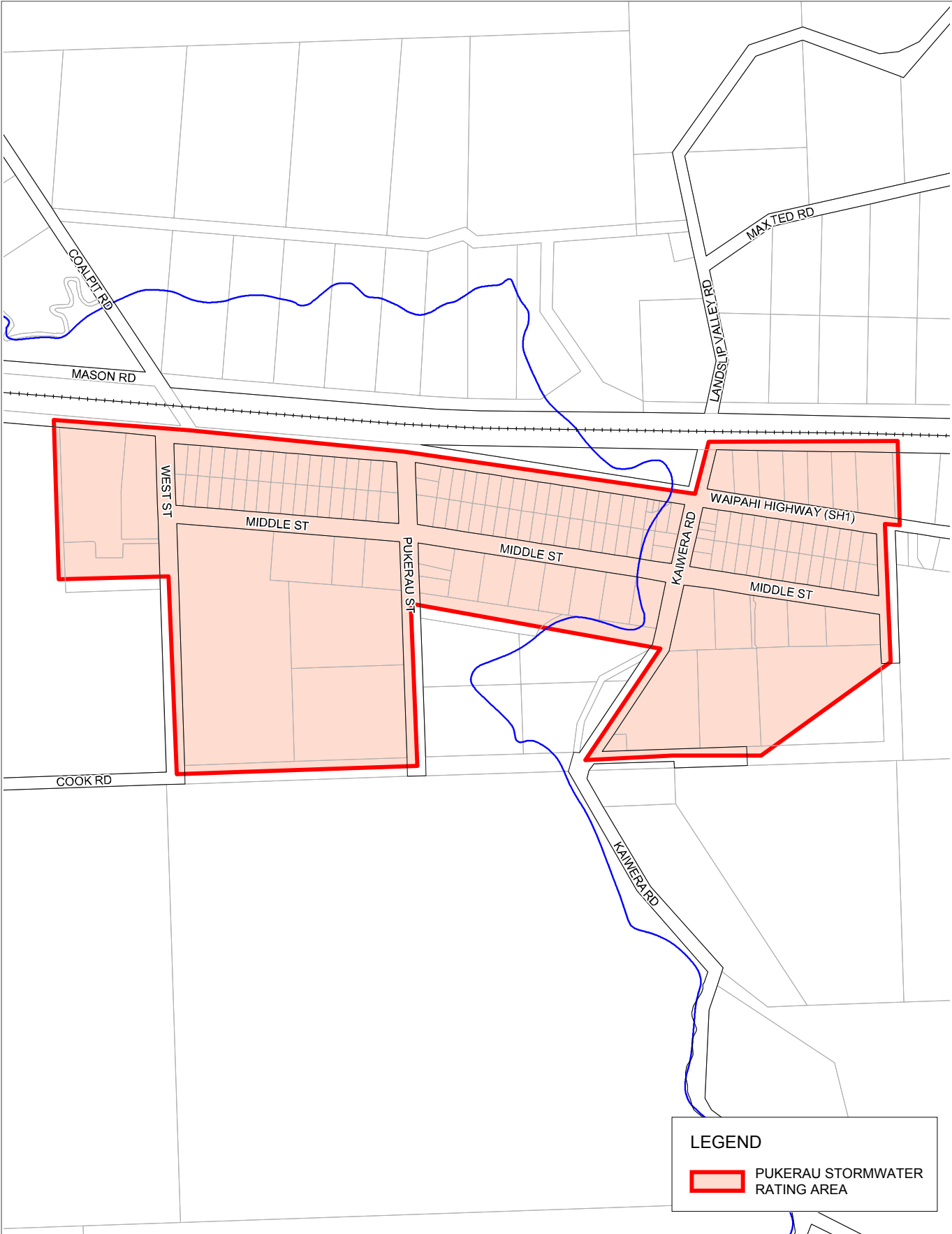
MATAURA WASTEWATER AND STORMWATER NETWORK



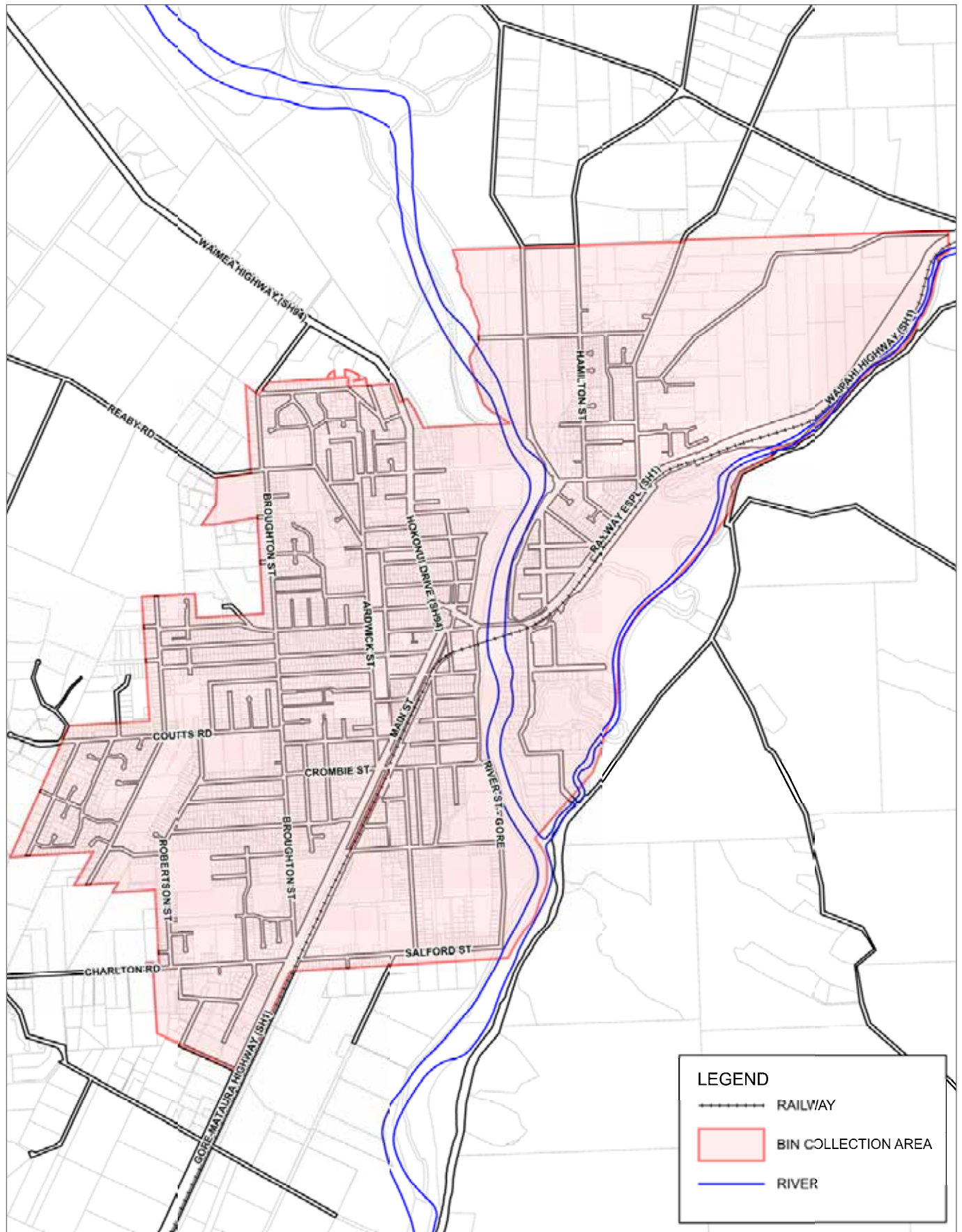
WAIKAKA WASTEWATER AND STORMWATER NETWORK



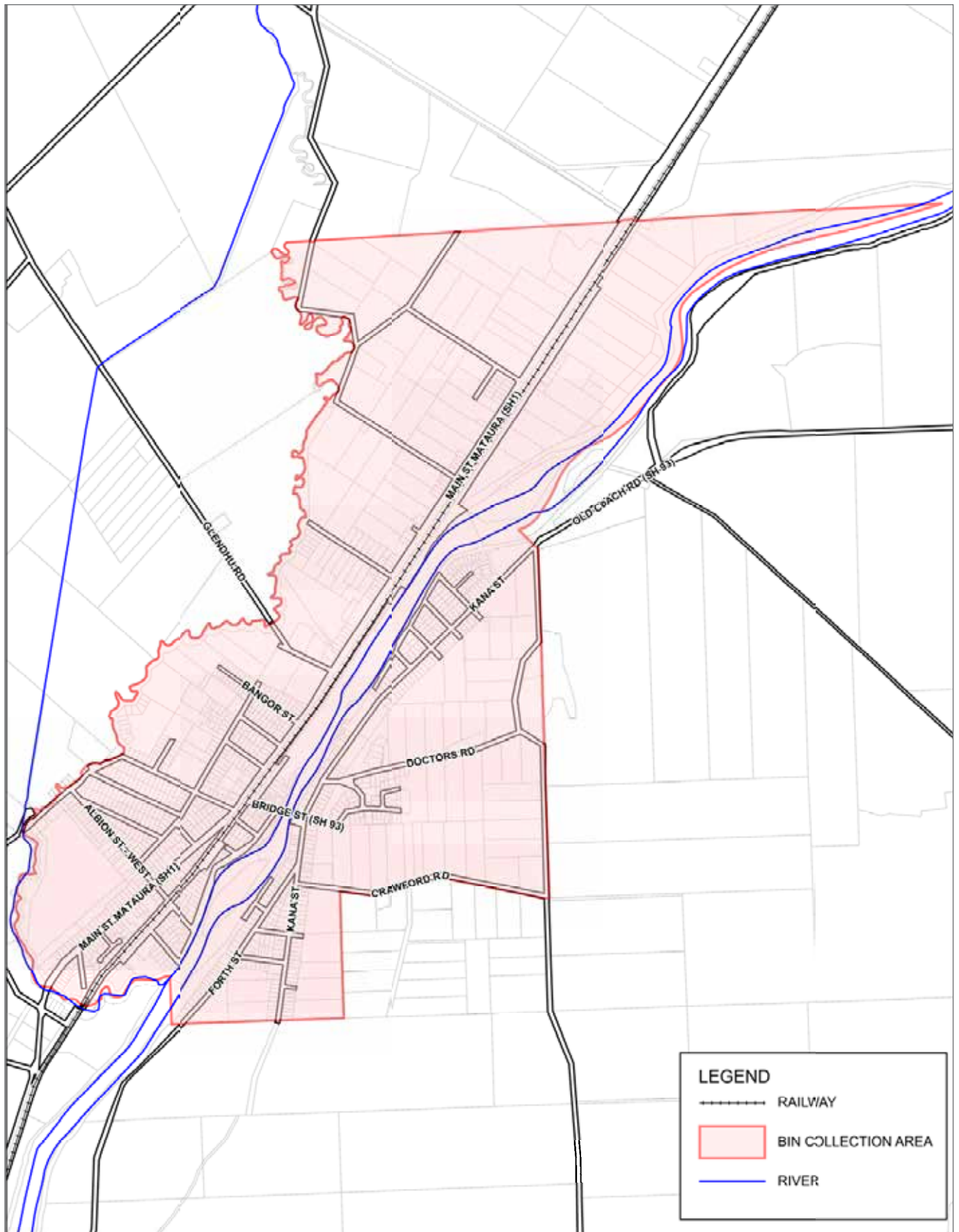
PUKERAU WASTEWATER AND STORMWATER NETWORK



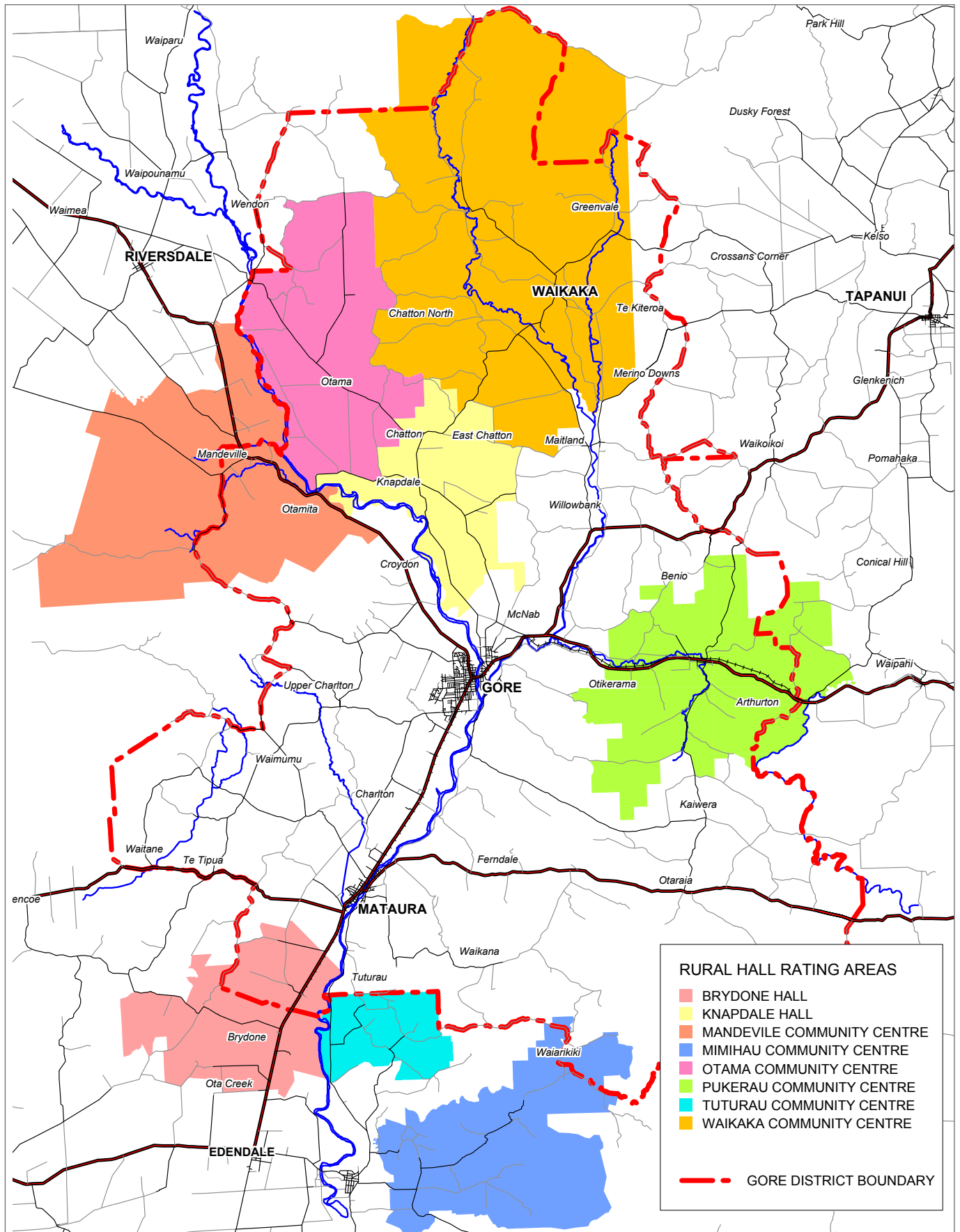
WHEELIE BIN SERVICE AREA GORE



WHEELIE BIN SERVICE AREA MATAURA



RURAL HALL RATING AREA



DISTRICT STATISTICS & RATING BASE INFORMATION

POPULATION	
	Statistics NZ
Gore	7,350
Mataura	1,509
Rural	3,168
	Total 12,033

	Capital Value \$	Land Value \$	No. of Rating Units	No. of UAGC's	No. of Water	No. of Connections Wastewater & Stormwater connections
Gore	940,146,050	316,534,050	3,811	3,995	4,146	4,913
Mataura	83,990,400	12,747,400	791	838	848	846
Rural	2,362,199,100	1,780,717,800	1,364	1,597	-	101
Heavy Industry	21,589,000	1,779,000	6	6	8	87
Utilities	46,798,000	-	5	5	-	-
Total	3,454,722,550	2,111,778,250	5,977	6,441	5,002	5,947



FINANCIAL CONTRIBUTIONS

In December 2015 the Council placed the 3 Waters infrastructure and Reserves financial contributions policy, contained in its district plan, in abeyance with effect from 1 January 2016. This does not include financial contributions for parking as per rule 9.9 (1) of the District Plan.

The Council will still set financial contributions for 3 Waters infrastructure and Reserves and Parking as part of its annual fees and charges setting process each year. However while the 3 Waters infrastructure and Reserves financial contributions will not be charged while the relevant sections of the policy are held in abeyance.

As required by the District Plan, the levels of the charges are reported below:

Financial Contributions	2017/18
Parking (as per Rule 9.9 (1) of the District Plan)	
Construction and Marking Cost per parking space	\$2,096
For Water reticulation within Gore and Mataura	\$2,460
For Sewerage reticulation within Gore, Mataura	\$4,115
For Sewerage reticulation within Waikaka	\$4,115



SCHEDULE OF SPECIAL RESERVE FUND MOVEMENTS

		30 June 2017 \$,000	Additions \$,000	Withdrawals \$,000	30 June 2018 \$,000
(a) Special bequests					
A M A Dolamore	Maintenance and improvement of Dolamore Park	61	2		63
C A Coster	Provision or extension of amenities in Mataura area	296	10		306
Dolamore Trust	Purchase of Library Books	4			4
Dorothy Newman Trust	Maintenance and improvement of Gore Parks and Reserves	16	1		17
J H Dolamore	Maintenance and improvement of Gore Parks and Reserves	36	1		38
Latham Trust	For the promotion of arts in Gore and the surrounding districts	79	3		82
(a) Special bequests Total		493	17	-	510
(b) Council created reserves					
Airport reserve	Funding future operations	6			6
Combined cycleways grant	Funding for combined cycleways group project	10			10
Council wide asset replacement and maintenance reserves	Funding long term maintenance and replacement of Council assets	3,077	684	(730)	3,031
Creative New Zealand	Funding of cultural activities	2			2
Drainage contributions reserve	Funding additional connections to drainage network	62			62
Water contributions reserve	Funding additional connections to water network	-			-
Insurance excess reserve	Funding for self insurance of below ground assets	51			51
Long Term Plan reserve	Funding future iterations of long term plan	20			20
Mataura Initiatives Reserve	Funding future initiatives in Mataura	9			9
Otama water scheme	Funding capital works on Otama Water Scheme	502	67	(23)	546
Parks and Reserves development reserve	Funding future development requirements	206			206
Rural Halls Reserve	Funding future maintenance costs of rural halls	1			1
Rural Special Fund	Provision of amenities in rural areas of the District	462	16		478
Rural Roading reserve	Funding future rural roading works	182			182
Sister City reserve	Funding future sister city initiatives	9			9
Website Reserve	Funding future development of the Council website	10			10
Young Ambassador reserve	Funding future young ambassador initiatives	1			1
(b) Council created reserves Total		4,612	767	(754)	4,626
Grand Total		5,105	784	(754)	5,136

