

# GO

DISTRICT COUNCIL

# RE

# ANNUAL

# REPORT

FOR THE YEAR ENDING 30 JUNE 2017





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# GORE DISTRICT COUNCIL DIRECTORY

## Mayor

Tracy Hicks JP

## Councillors

Ralph Beale

Cliff Bolger

Nicky Davis

Peter Grant

Bret Highsted

Graham Sharp

Doug Grant

Glenys Dickson

John Gardyne

Neville Phillips

Bronwyn Reid

*The Mayor and Councillors were elected for a three year term from October 2016.*

## Executive Staff

### Chief Executive

Stephen Parry

### General Manager Infrastructure

Ramesh Sharma

### General Manager Regulatory & Planning

Ian Davidson-Watts

### Bankers

Westpac Limited, Mersey Street, Gore

### Auditors

Mike Hawken of Deloitte on behalf of the Auditor General

### Solicitors

Bannermans, Fairfield Street, Gore

### Postal Address

Gore District Council, PO Box 8, Gore 9740

### Locations

29 Bowler Avenue, Gore

1 Bridge Street, Mataura

# LIABILITY MANAGEMENT POLICY

## Background

Section 104 of the Local Government Act 2002 requires each local authority to have a Liability Management Policy that includes policies for:

- Interest rate exposure
- Liquidity
- Credit exposure
- Debt repayment
- Specific borrowing limits
- Giving of securities

Full details of this policy can be found in the 2015 – 2025 Long Term Plan.

## Performance

There were no material variations or departures from the Council's Borrowing Policy during the year to 30 June 2017.

Details of the Council's debt are disclosed in note 15 of the Financial Statements. Further information in relation to interest rate risk and fair values of the Council's debt is disclosed in note 22 of the Financial Statements.

During the 2015/16 year the Council amended its Liability Management Policy in order to be able to borrow from the New Zealand Local Government Funding Agency.

## Borrowing Limits

	Actual 30 June 2017	Limit
Debt per rating unit	\$2,844	\$4,150

# INVESTMENT POLICY

## Background

The Council manages funds for the following purposes:

- Day to day working capital management
- Part of an investment strategy
- Debt mitigation
- To meet debt repayments
- To fund short term and long term commitments identified in the Council's Annual Plan and Long Term Plan.

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

## Performance

There were no material variations or departures from the Council's Investment Policy during the year to 30 June 2017.

During the year the Council amended its Investment Policy to allow it to become a non-guarantor member of the New Zealand Local Government Funding Agency.

# STATEMENT OF COMPLIANCE AND RESPONSIBILITY

## Compliance

The Council and management of the Gore District Council confirm that all the statutory requirements of the Local Government Act 2002 regarding financial management and borrowing have been complied with.

## Responsibility

The Council and management of the Gore District Council are responsible for the preparation of the annual financial statements and for the judgements used in them.

The Council and management of the Gore District Council are responsible for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of the financial reporting.

In the opinion of the Council and management of the Gore District Council, the annual financial statements for the year ending 30 June 2017 fairly reflect the financial position and operations of the Gore District Council.



Tracy Hicks JP  
**MAYOR**

24 October 2017

Date



Stephen Parry  
**CHIEF EXECUTIVE**

24 October 2017

Date

# MAYORAL AND EXECUTIVE FOREWORD

*We are pleased to be able to provide a brief commentary on some of the more notable achievements and progress of the key projects that occurred during the 2016/17 financial year. A full commentary and disclosure of the Council's financial and non-financial performance in the year under review can be found in the following pages. Some of the key milestones and issues that occurred during the year, which we would like to draw reader's attention to, are:*

## Financial Performance

The financial statements record an accounting surplus of \$658,000, which compares favourably to the forecasted deficit of \$312,000. It needs to be emphasised the surplus is due to accounting treatment as opposed to a cash windfall. A prime contributor to this accounting surplus has been the increase in value in the Council's interest rate swaps. The maturity profile of the swaps has reduced and the prevailing floating rates have risen, which has resulted in an upward movement in the value of the swaps. The increase in value in the interest rate swaps represents \$368,000.

Another factor in a surplus being achieved has been an increase in revenue attributable principally to contributions paid by Mataura Valley Milk Ltd for the design and construction of a dedicated industrial wastewater treatment hub. These recoveries amount to \$522,000 which are included on the financial statements as other revenue. Other revenue is \$401,000 more than budget.

If these extraordinary features were removed from the final result, the Council would have recorded a deficit of \$232,000 compared to a budgeted deficit of \$312,000. This represents a positive variance of \$80,000, which suggests the Council has performed very closely in line with budgetary expectations.

## Wastewater

Two major wastewater projects were progressed during the year. As reported last year, a contract was let for the desludging of the Gore oxidation ponds. The project has proved to be somewhat more challenging than originally envisaged, due to the volume of sludge being almost twice as high as estimates conducted in 2008. Therefore efforts have been made by the contractor to develop a secondary drying plant for the sludge in order to reduce the final volume to be disposed of to a landfill. The development of a secondary drying plant has contributed to about nine months of delays, which means the desludging process will not be completed until early 2018.

During the year under review the Council was finally able to make meaningful progress on the upgrade of the Ajax pump station, which is essential to relieve wastewater and stormwater capacity issues afflicting west Gore. Following protracted negotiations and ultimately a resolution with a landowner for a pipeline easement through land, a rising main from the pump station to the oxidation ponds was installed. The new pump station itself together with a gravity main feeding the upgrading the facility is due for commissioning in February 2018.

## Water

One of the key infrastructural projects scheduled in the Long Term Plan was upgrading the water treatment process within the Hilbre Avenue treatment plant to remove the presence of manganese in the water supply. We set aside \$1.6 million for this project. However, asset management staff identified a contracting company in Australia, which specialises in flushing water reticulation networks to remove the build-up of manganese from the water mains. Consequently, the Council opted to engage the company and have the Gore and Mataura water supply systems fully flushed. The work proved very successful with manganese and other



impurities removed from the network. The quality of the water in the network will be monitored over the coming years to determine an appropriate timeframe to repeat the flushing process. This will avoid the need for the investment of \$1.6 million to upgrade the Council's treatment process.

In a similar vein, the proposed upgrade of the Council's water treatment plants to make them fully compliant with the New Zealand Drinking Water Standards was also subject to a critical review. This review was due to the Council staff wanting to make sure the strategy for the upgrade reflected the latest treatment technologies available together with ensuring the most optimised usage of the three treatment plants in the Gore and Matura urban water networks. This has necessitated a peer review of current thinking. The Council expects this to be finalised by the end of the 2017 calendar year. Given the sizeable level of capital expenditure involved, the Council wishes to take a cautious approach to ensure these funds are expended judiciously.

## Roading

Ongoing frustrations and disappointment in the level of service provided by our long term roading maintenance contractor culminated in a mutual decision between the Council and the contractor, to initiate early termination of the contract. This contract with Downer concluded on 28 February 2017. This in turn led to an extensive review by the Council on the type of contract that should be put in place to service the needs of residents and ratepayers adequately.

Consequently, it was decided to move away from a performance specified maintenance contract where a high degree of control and trust is placed with the contractor. The Council wished to have more control in its ability to specify what is required and therefore a new contracting approach, which embraces this objective, was instigated in the latter half of the year under review.

At the time of writing it was pleasing to be able to report the interim road maintenance contract put in place following the exit of the main contractor, worked satisfactorily for a six month period. It is proposed that the new network maintenance contract will be finalised by early October 2017.

## Economic Development

A large part of the previous 12 months has revolved around planning economic growth arising from the new \$240 million purpose-built nutritional plant being developed by Mataura Valley Milk Ltd. The Council's direct involvement in this plant has included being responsible for the design, construction and ultimately operation of an industrial wastewater treatment hub being sited on the Council's land adjacent to the oxidation ponds at south Gore. Funding for this infrastructure is the responsibility of Mataura Valley Milk Ltd. This is a technically challenging project, which has to be delivered on time to coincide with the commissioning of the new nutritional plant.

With the influx of people expected to be employed at the new plant, the Council has also opted to take a hands-on approach to facilitating orderly residential development. Accordingly, in light of the absence of experience developers within the Gore District the Council decided to purchase a block of land in East Gore with a view to developing it for residential sections. This decision was made to ensure new people coming to the District had a selection of reasonably priced sections to purchase so new homes can be built within Gore's town boundary.

The Council was mindful and concerned about trends emerging that suggested people new to the District were looking to live elsewhere due to the aged housing stock in the towns and a lack of suitable sections for purchase. Progress with the proposed development of the East Gore block of land, which has been monitored by the Council's District Growth Committee, can be expected to be profiled in the next annual report.



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Tracy Hicks JP  
**MAYOR**



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Stephen Parry  
**CHIEF EXECUTIVE**



# AUDIT REPORT



## TO THE READERS OF GORE DISTRICT COUNCIL'S ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2017

The Auditor-General is the auditor of Gore District Council (the District Council). The Auditor-General has appointed me, Mike Hawken, using the staff and resources of Deloitte, to report on the information in the the District Council's annual report that we are required to audit under the Local Government Act 2002 (the Act). We refer to this information as "the audited information" in our report.

We are also required to report on:

- whether the District Council has complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- the completeness and accuracy of the District Council's disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014.

We refer to this information as "the disclosure requirements" in our report.

We completed our work on 24 October 2017. This is the date on which we give our report.

### Opinion on the Audited Information

In our opinion:

- the financial statements on pages 23 to 63:
  - present fairly, in all material respects:
    - the District Council's financial position as at 30 June 2017;
    - the results of its operations and cash flows for the year ended on that date; and
  - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards;
- the funding impact statement on page 71, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's Annual Plan;
- the Statement of Service Performance on pages 73 to 121:
  - presents fairly, in all material respects, the District Council's levels of service for each group of activities for the year ended 30 June 2017, including:

- the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
- the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
- complies with generally accepted accounting practice in New Zealand; and
- the statement about capital expenditure for each group of activities on pages 73 to 121, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the District Council's Annual Plan; and
- the funding impact statement for each group of activities on pages 73 to 121, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's Long-term plan.

## Report on the disclosure requirements

We report that the District Council has:

- complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- made the disclosures about performance against benchmarks as required by the Local Government (Financial Reporting and Prudence Regulations 2014) on pages 14 to 22, which represent a complete list of required disclosures and accurately reflects the information drawn from the District Council's audited information and, where applicable, the District Council's long-term plan and annual plans.

## Basis for opinion on the audited information

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. We describe our responsibilities under those standards further in the "Responsibilities of the auditor for the audited information" section of this report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the audited information.

## Responsibilities of the Council for the audited information

The Council is responsible for meeting all legal requirements that apply to its annual report.

The Council's responsibilities arise under the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014.

The Council is responsible for such internal control as it determines is necessary to enable it to prepare the information we audit that is free from material misstatement, whether due to fraud or error.

In preparing the information we audit the Council is responsible for assessing its ability to continue as a going concern. The Council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to amalgamate or cease all of the functions of the District Council or there is no realistic alternative but to do so.

## **Responsibilities of the auditor for the audited information**

Our objectives are to obtain reasonable assurance about whether the audited information, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of this audited information.

For the budget information reported in the audited information, our procedures were limited to checking that the budget information agreed to the District Council's annual plan.

We did not evaluate the security and controls over the electronic publication of the audited information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District Council's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We determine the appropriateness of the reported intended levels of service in the Statement of Service Performance, as a reasonable basis for assessing the levels of service achieved and reported by the District Council.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the District Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the audited information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the District Council to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## Other Information

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 3 to 9, 64 to 70, 72 and 122, but does not include the audited information and the disclosure requirements.

Our opinion on the audited information and our report on the disclosure requirements do not cover the other information.

Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the audited information and the disclosure requirements, or our knowledge obtained during our work, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Independence

We are independent of the District Council in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

In addition to our audit and our report on the disclosure requirements, we have carried out engagements in the areas of Debenture Trust Deed Reporting and Registry Audit, which are compatible with those independence requirements. Other than these engagements we have no relationship with or interests in the District Council.



**Mike Hawken**

Deloitte Limited

On behalf of the Auditor-General

Dunedin, New Zealand

# ANNUAL REPORT

## DISCLOSURE STATEMENT FOR

### YEAR ENDING 30 JUNE 2017

### What is the purpose of this statement?

The purpose of this statement is to disclose the Council's 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 report 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.

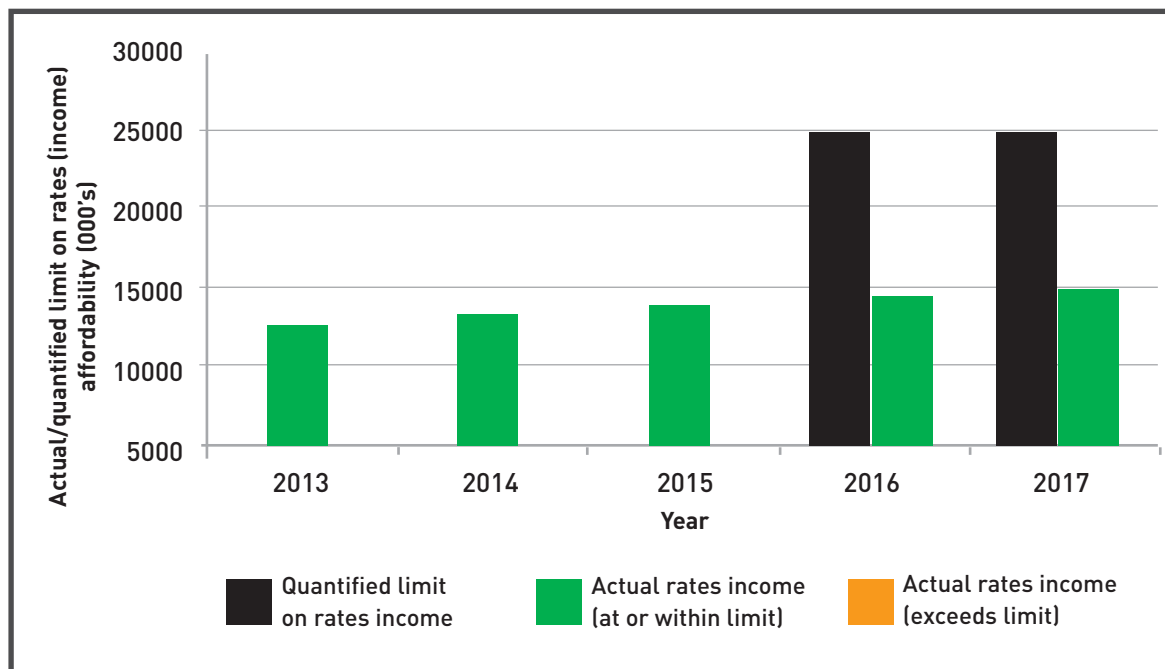
### Rates affordability benchmark

The Council meets the rates affordability benchmark if -

- its actual rates income equals or is less than each quantified limit on rates; and
- its actual rates increases equal or are less than each quantified limit on rates increases.

### Rates (income) affordability

The following graph compares the Council's actual rates income with a quantified limit on rates contained in the financial strategy included in the Council's Long Term Plan

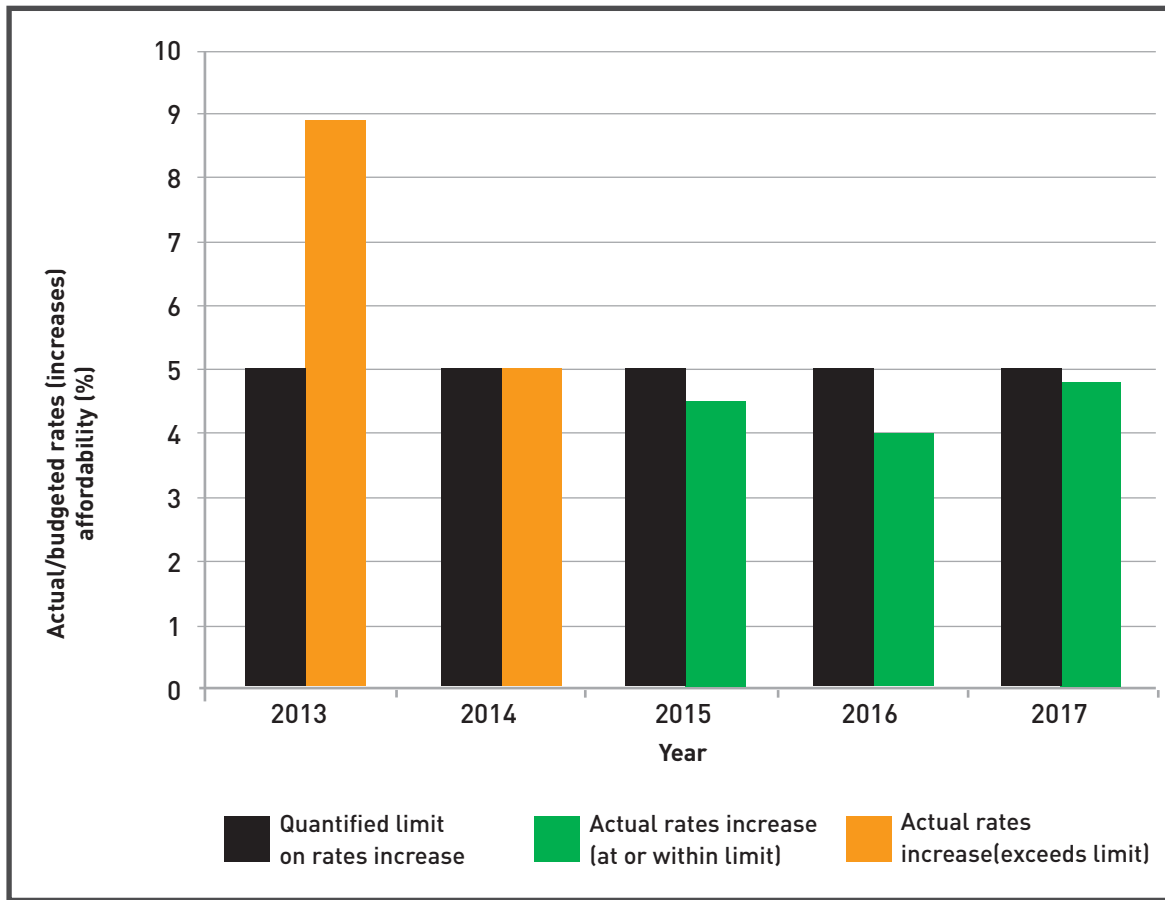


### Comment

The Council did not set a quantified limit on rates during the 2012-2022 Long Term Plan which covered the years 2012 – 2015. The Council has set a limit of \$25million for this benchmark as part of the 2015-2025 Long-Term Plan and has met this benchmark in the 2017 year.

## Rates (increases) affordability

The following graph compares the Council's actual rates increases with a quantified limit on rates increases, included in the financial strategy in the Council's 2015-2025 Long Term Plan. The quantified limit is 5%.



### Comment

In 2017 the Council achieved this benchmark.

Regarding the breach in 2014, the district-wide rates increase in this year was 4.78%. However, actual rates revenue collected can vary slightly from the budget due to changes in the rating base between when the rates are set in mid June and when the rates are struck in July. The other factor is the number of remissions the Council applies each year. In the 2014 year, fewer remissions were granted than in the prior year, which means the total actual rates revenue was slightly higher than planned rates revenue.

The breach of the rates increases limit in 2013 was due to the introduction of kerbside recycling on 1 July 2012, as set out in year one of the Long Term Plan.

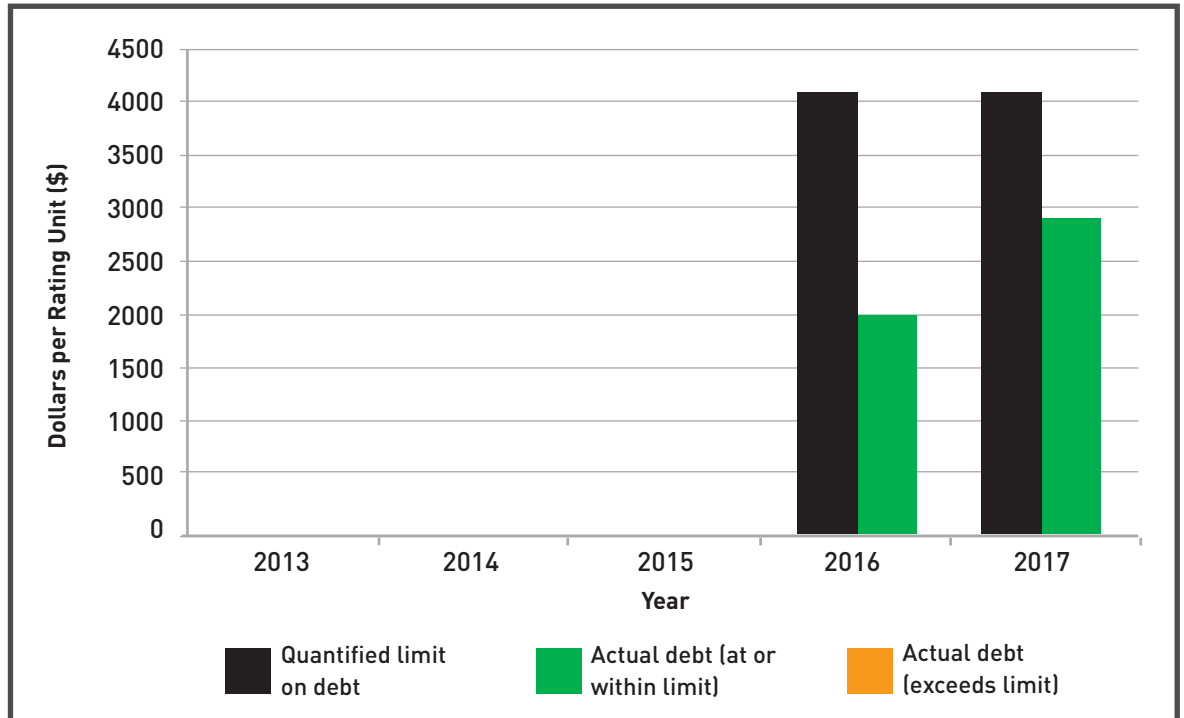


## Debt affordability benchmark

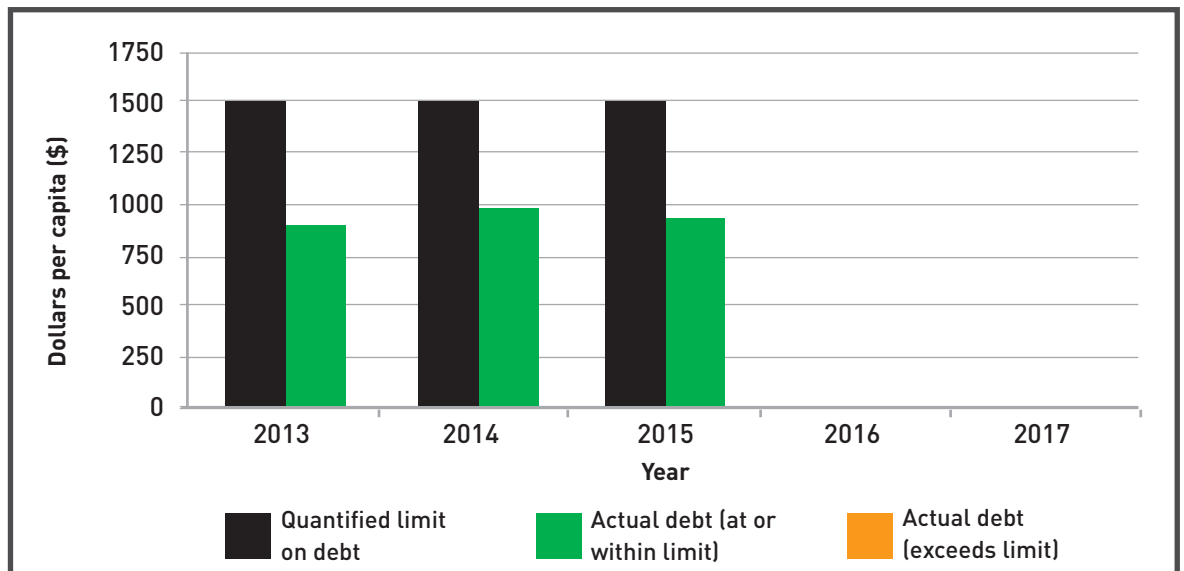
The Council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing.

The following graph compares the Council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the Council's Long Term Plan. The quantified limit is \$4,150 per rating unit.

### LTP 2015-2025 limit



### LTP 2012-2022 limit



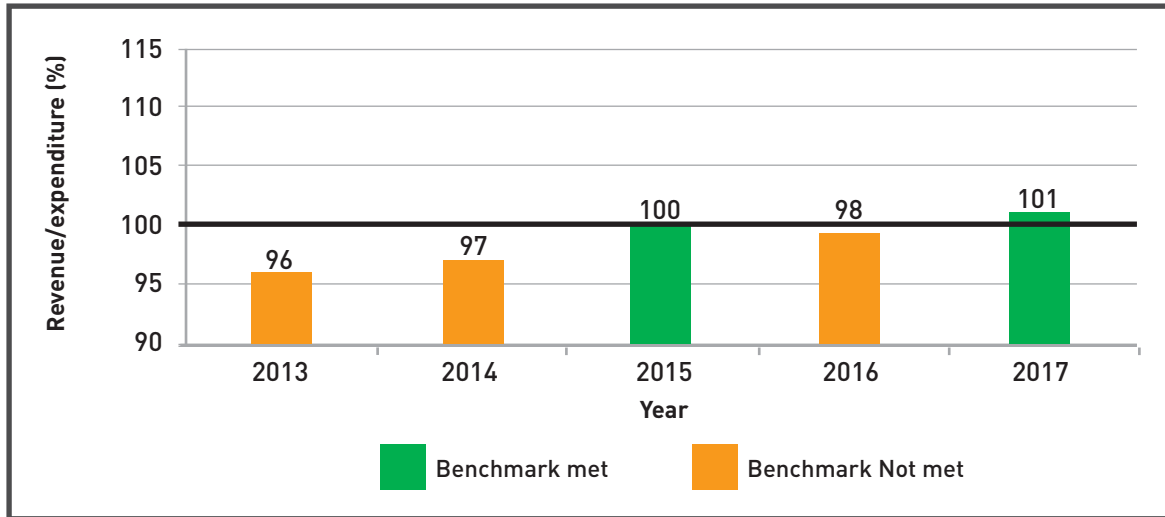
### Comment

This Council's quantified limit on borrowing changed from a per capita measure to per rating unit. The Long Term Plan 2015-2025 set the limit at \$4,150 of debt per rating unit. The previous measure in the 2012-2022 Long-Term Plan was \$1,500 per capita. Because this measure has changed a graph showing the actual results against the previous measure is also included. The Council has met this measure in all five years, and debt continues to remain well inside its quantified limit on borrowing.

## Balanced budget benchmark

The following graph displays the Council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment) as a proportion of operating expenses (excluding losses on derivative financial instruments and revaluation of property, plant, or equipment).

The Council meets this benchmark if its revenue equals or is greater than its operating expenses.



### Comment

The Council's financial strategy in the Long Term Plan 2015-2025 outlines its plan to return to balanced budgets by the 2018 financial year. Presently the Council funds the interest costs for its 3 Waters assets from the revenue collected for depreciation. This results in unbalanced budgets but has reduced the burden on rates. The financial strategy works toward a step change in 2019 where interest costs will be funded directly by rates. This will free up rates collected for depreciation to be applied to the intensified capital work programme forecast in the Long Term Plan 2015-2025. Comments on the results for each year are as follows:

#### 2013 financial year

- Interest revenue was less than budgeted due to lower interest rates.
- Funding from the New Zealand Transport Agency was less than budgeted for.
- Revenue from regulatory services was lower than budgeted for.

2014 financial year - the Council budgeted for a deficit in the 2014 year due to the mix of different funding sources for various activities.

2015 financial year - the Council met the benchmark in the 2015 year.

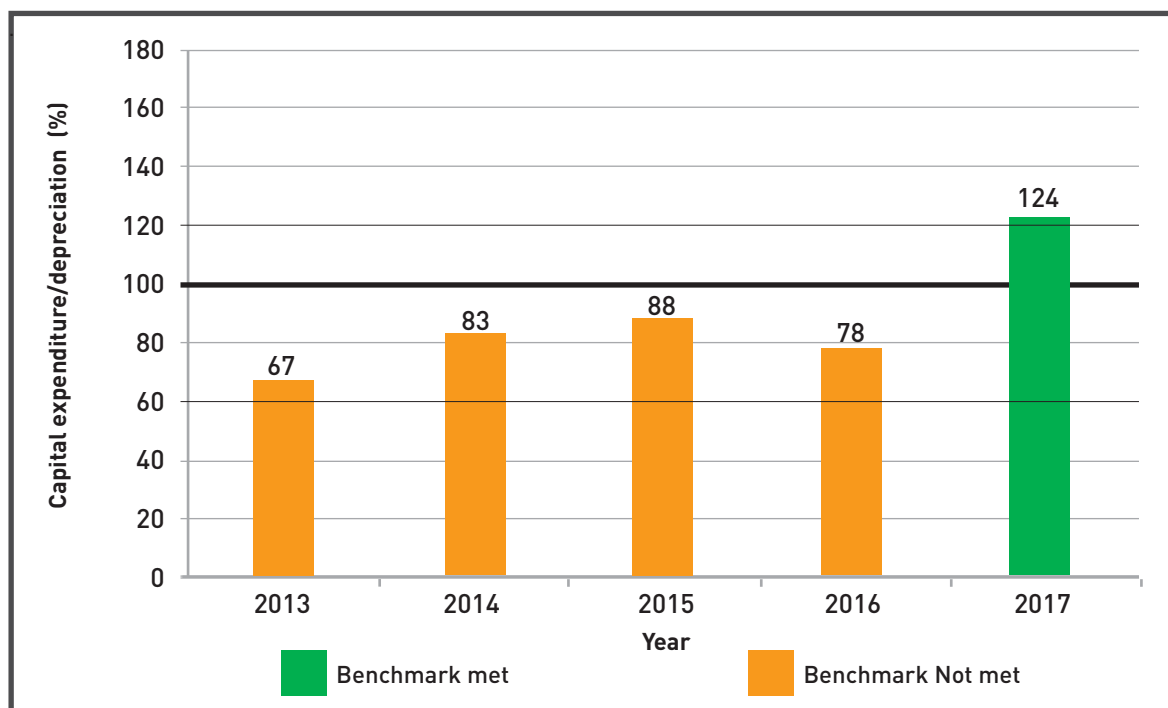
2016 financial year - the Council budgeted for a deficit in the 2016 year due to the mix of different funding sources for various activities.

2017 financial year - the Council did not plan to meet the benchmark in the current year, however, recoveries received from Maitua Valley Milk for the construction of the wastewater treatment hub meant the Council's revenue was higher than expected. This additional revenue helps the Council achieve this benchmark. If this revenue was removed, the benchmark result would be 99.

## Essential services benchmark

The following graph displays the Council's capital expenditure on network services as a proportion of depreciation on network services.

The Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



### Comment

The Council met this benchmark in 2017. However, the result was lower than the 180% that was planned. The Council had three major infrastructure projects planned for 2017, the removal of manganese and iron oxides from the Hilbre Avenue water treatment plant, desludging the wastewater oxidation ponds and the completion of the long-running Ajax wastewater pump station project in South Gore.

The manganese and iron oxides project were deferred pending more information about the presence of manganese in the water supply. The desludging project experienced delays which means that at 30 June 2017, this project is only partially complete. The Ajax pump station project has also taken longer than expected and is now expected to be completed before Christmas 2017.

However, the Council started construction of a wastewater industrial hub on behalf of Mataura Valley Milk. This project was unplanned but is completely funded by Mataura Valley Milk.

This graph suggests the Council is underinvesting in its core assets, but the timing and scope of various projects mean this graph is unlikely to show a perfect picture. From 2012 to 2014 the Council undertook investigations concerning the areas of our network that need the most attention and what the best solutions were. Following on from these investigations, the Council planned to meet this benchmark in the 2015 annual plan year and in 6 out of the 10 years in the 2015-2025 Long Term Plan. It needs to be borne in mind that a delay in a single large project can significantly affected the result in a particular year.

The historical results and planned targets are detailed below:

#### Previous Results

Financial year	2013	2014	2015	2016
Benchmark %	67	83	88	78

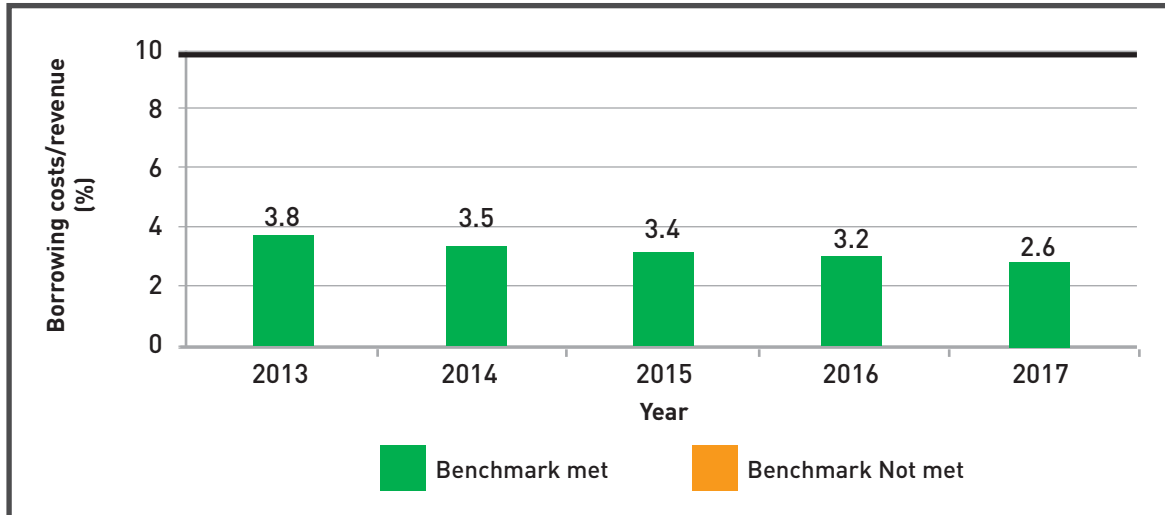
#### Planned Targets

Financial year	2017 Ann. Plan	2018 Ann. Plan	2019 LTP	2020 LTP	2021 LTP	2022 LTP	2023 LTP	2024 LTP	2025 LTP
Benchmark %	180	102	123	126	120	86	95	86	92

## Debt servicing benchmark

The following graph displays the Council's borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment).

Because Statistics New Zealand projects the Council's population will grow slower than the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue.



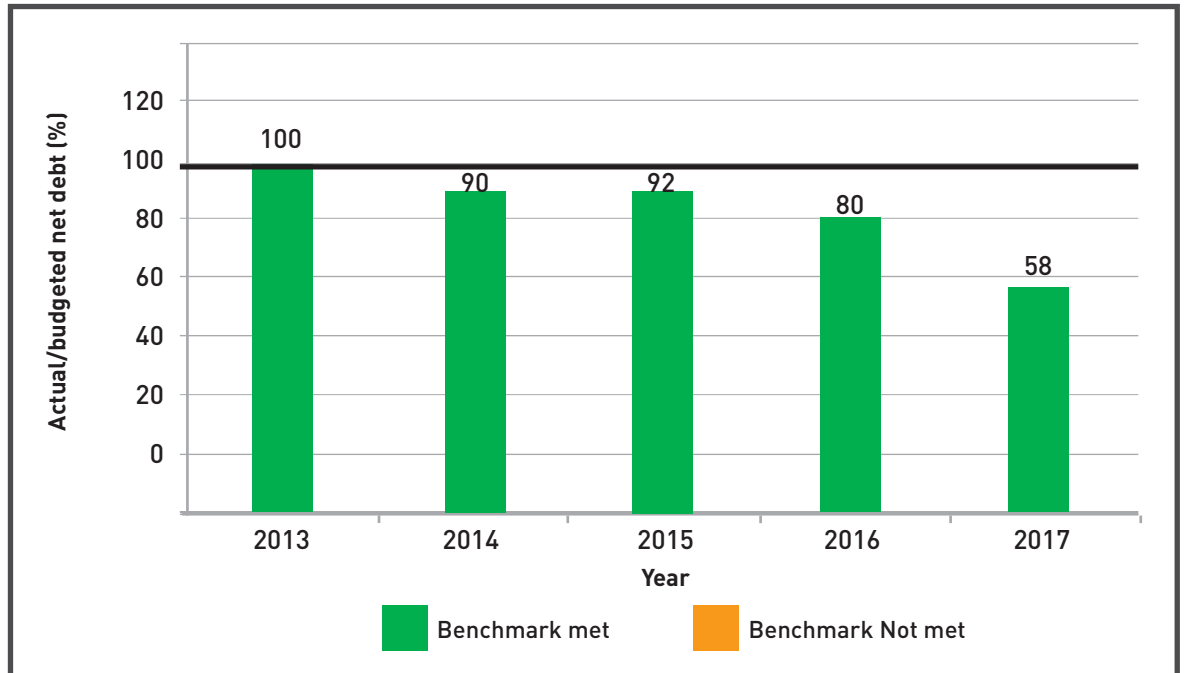
### Comment

The Council's debt servicing (interest cost) remains low due to relatively low levels of debt. The decreasing trend is due to the lowering of interest rates. In 2016 the Council became a non-guarantor member of the New Zealand Local Government Funding Agency. The Council can now borrow at cheaper interest rates, and this is reflected in the lower borrowing costs to revenue ratio.

## Debt control benchmark

The following graph displays the Council's actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables).

The Council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



### Comment

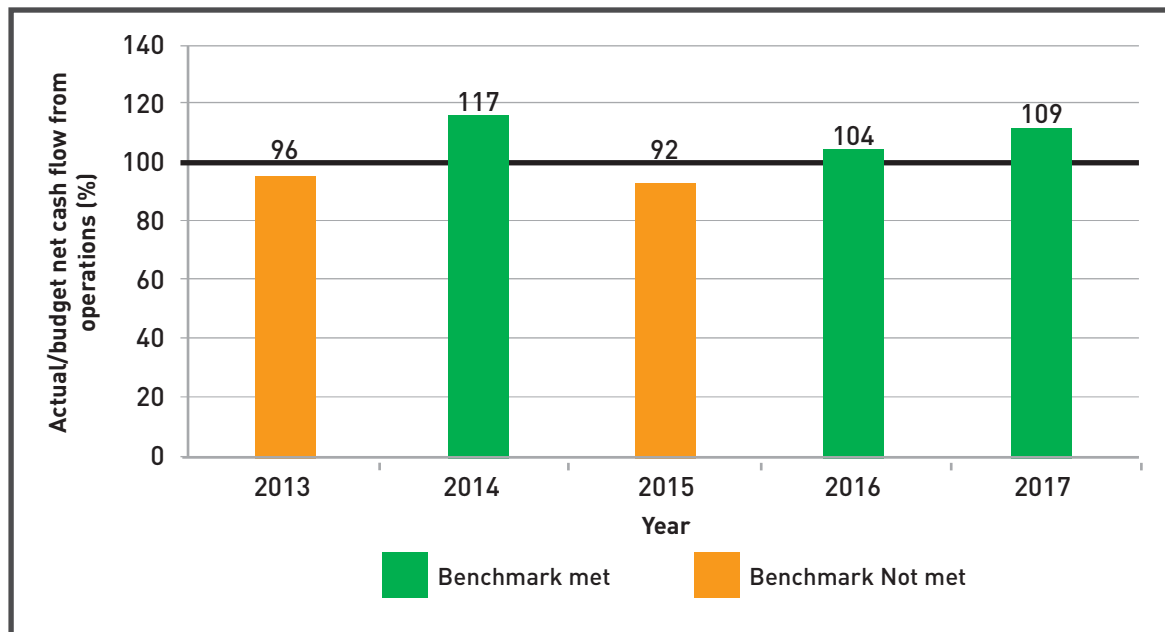
The deferral of the manganese and iron oxide removal project and a delay to the earthquake strengthening of the civic administration building project meant the Council did not borrow as much as it planned too.

Additionally, the Council borrowed \$5,000,000 in advance to complete the desludging and Ajax projects. The Council invested \$4,900,000 of these funds in short-term deposits. The additional term deposits mean the Council's net debt is much lower than planned.

## Operations control benchmark

This graph displays the Council's actual net cash flow from operations as a proportion of its planned net cash flow from operations.

The Council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations.



### Comment

While the Council strives to keep rates affordable and debt low there is not much scope in the budget for expenditure arising outside of the normal course of business.

The Council met this benchmark in the current year.

Reasons for the benchmarks not being met in prior years are outlined as follows:

#### 2015 financial year

- A higher receivables balance for the New Zealand Transport Agency in the current year. This debtor paid after 30 June 2015. The receivable was higher in the 2015 year due to the timing of roading maintenance and capital work.

#### 2013 financial year

- Interest revenue was less than budgeted for due to lower interest rates.
- Funding from the New Zealand Transport Agency was less than budgeted for.
- Revenue from regulatory services was lower than budgeted for.

# OTHER LEGISLATIVE DISCLOSURES

## ADDITIONAL INFORMATION CONCERNING CORE ASSETS

	Closing Book Value 30 June 2017 \$,000	Additions constructed by Council \$,000	Additions transferred to Council \$,000	Estimated replacement cost \$,000
Water supply Treatment plants and facilities	2,950	161	-	9,311
Water supply Other assets (such as reticulation systems)	9,469	237	-	25,831
Wastewater Treatment plants and facilities	4,466	32	-	8,331
Wastewater Other assets (such as reticulation systems)	10,581	149	-	32,551
Stormwater drainage	9,245	83	-	23,375
Roads & Footpaths	313,607	2,274	-	369,285

## RATING BASE INFORMATION

	2017	2016
Total Capital Value	3,413,160,050	3,049,529,980
Total Land Value	2,113,099,750	1,853,775,300
Number of Rating Units	5,977	6,047

## INSURANCE ON ASSETS

The cost of the Canterbury earthquakes highlighted the importance of good risk management and the part insurance and/or risk financing plays when it comes to rebuilding public assets. In many instances, councils can provide services in the future only through the continuing use of their assets. Public entities have had to think carefully about how they are managing their risks, and how they are using the insurance and risk finance options available to them.

### *Water, Wastewater and Stormwater assets*

These activities have a total asset value for insurance purposes of \$94,882,110 and a book value of \$37,585,000. The Council insures these assets through the Civic Assurance Local Authority Protection Programme (LAPP). The Council also has a self-insurance reserve of \$51,000.

### *Land, Buildings, Plant and Equipment*

This activity has an asset value for insurance purposes of \$49,136,459 and a book value of \$29,187,000. The Council insures these assets through Allianz New Zealand Limited.

### *Vehicles and mobile plant and equipment*

This activity has an asset value for insurance purposes of \$2,980,617 and a book value of \$2,453,000. The Council insures these assets through Vero Insurance New Zealand Limited.

# FINANCIAL STATEMENTS

## GORE DISTRICT COUNCIL STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE For the Financial Year Ended 30 June 2017

	Notes	2017 \$'000	Budget \$'000	2016 \$'000
<b>REVENUE</b>				
Rates	3 (a)	14,970	14,919	14,284
Subsidies and grants	3 (a)	2,793	2,593	2,341
Development and financial contributions		5	-	38
Other revenue	3 (a)	3,952	3,551	3,363
Other gains/ (losses)	3 (b)	428	-	(488)
<b>Total revenue</b>	<b>3 (a)</b>	<b>22,148</b>	<b>21,063</b>	<b>19,539</b>
<b>EXPENSES</b>				
Employee benefits expense	5	(5,841)	(5,737)	(5,867)
Depreciation and amortisation expense	3 (c)	(4,997)	(5,078)	(4,813)
Finance costs	3 (d)	(571)	(973)	(625)
Other expenses	3 (e)	(10,081)	(9,588)	(9,054)
<b>Total expenses</b>		<b>(21,490)</b>	<b>(21,375)</b>	<b>(20,359)</b>
<b>Surplus/(Deficit)</b>		<b>658</b>	<b>(312)</b>	<b>(820)</b>
<b>OTHER COMPREHENSIVE REVENUE AND EXPENSE</b>				
<i>Items that will not be reclassified to surplus/(deficit)</i>				
Gain / (loss) on property, plant and equipment revaluation	17(a)	-	-	13,949
<b>Total other comprehensive revenue and expense</b>		<b>-</b>	<b>-</b>	<b>13,949</b>
<b>Total comprehensive revenue and expense</b>		<b>658</b>	<b>(312)</b>	<b>13,128</b>

## STATEMENT OF CHANGES IN NET ASSETS/EQUITY For the Financial Year Ended 30 June 2017

	2017 \$'000	Budget \$'000	2016 \$'000
Equity at beginning of year	376,484	384,563	363,356
Total Comprehensive (Deficit)/ Income for the year	658	(312)	13,128
<b>Equity at end of year</b>	<b>377,142</b>	<b>384,251</b>	<b>376,484</b>

The accompanying notes form part of these financial statements.



# GORE DISTRICT COUNCIL

## STATEMENT OF FINANCIAL POSITION

For the Financial Year Ended 30 June 2017

	Notes	2017 \$'000	Budget \$'000	2016 \$'000
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	21(a)	7,519	1,947	3,123
Trade and other receivables	7	1,766	1,650	1,391
Inventories	8	140	140	131
Other financial assets	9	1,652	1,146	1,612
Other current assets	10	173	93	170
<b>Total current assets</b>		<b>11,250</b>	<b>4,976</b>	<b>6,427</b>
<b>NON-CURRENT ASSETS</b>				
Other financial assets	9	339	131	258
Property, plant and equipment	11	386,480	401,903	385,649
<b>Total non-current assets</b>		<b>386,819</b>	<b>402,034</b>	<b>385,907</b>
<b>Total assets</b>		<b>398,069</b>	<b>407,009</b>	<b>392,334</b>
<b>CURRENT LIABILITIES</b>				
Trade and other payables	13	2,487	1,720	2,110
Employee entitlements	14	569	567	494
Borrowings	15	6,000	-	6,000
Other financial liabilities	9	11	11	10
<b>Total current liabilities</b>		<b>9,067</b>	<b>2,298</b>	<b>8,614</b>
<b>NON-CURRENT LIABILITIES</b>				
Borrowings	15	11,000	19,787	6,000
Provisions	16	91	96	93
Other financial liabilities	9	769	577	1,143
<b>Total non-current liabilities</b>		<b>11,860</b>	<b>20,460</b>	<b>7,236</b>
<b>Total liabilities</b>		<b>20,927</b>	<b>22,758</b>	<b>15,850</b>
<b>Net assets</b>		<b>377,142</b>	<b>384,251</b>	<b>376,484</b>
<b>EQUITY</b>				
Reserves	17	251,451	253,066	247,092
Retained earnings	18	125,691	131,185	129,392
		<b>377,142</b>	<b>384,251</b>	<b>376,484</b>

The accompanying notes form part of these financial statements.

# GORE DISTRICT COUNCIL

## CASH FLOW STATEMENT

For the Financial Year Ended 30 June 2017

	Notes	2017 \$'000	Budget \$'000	2016 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from rates revenue		14,986	14,919	14,323
Receipts from other revenue		3,127	3,792	3,285
Subsidies and grants		3,123	2,257	2,548
Interest received		110	95	124
Payments to suppliers and employees		(15,568)	(15,324)	(14,708)
Finance costs		(562)	(973)	(601)
<b>Net cash inflow/ (outflow) from operating activities</b>	<b>21(c)</b>	<b>5,216</b>	<b>4,766</b>	<b>4,972</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Proceeds from sale of property, plant and equipment		172	-	210
Purchase of property, plant and equipment		(5,955)	(12,838)	(4,163)
Purchase of other financial assets		(117)	-	(179)
<b>Net cash inflow/ (outflow) from investing activities</b>		<b>(5,900)</b>	<b>(12,838)</b>	<b>(4,132)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from borrowings		5,576	8,197	12,000
Repayment of borrowings		(496)	(531)	(11,664)
<b>Net cash inflow / (outflow) from financing activities</b>		<b>5,080</b>	<b>7,666</b>	<b>336</b>
<b>Net increase (decrease) in Cash and cash equivalents</b>		<b>4,396</b>	<b>(406)</b>	<b>1,176</b>
Cash and cash equivalents at the beginning of the financial year		3,123	3,498	1,947
<b>Cash and cash equivalents at the end of the financial year</b>	<b>21(a)</b>	<b>7,519</b>	<b>3,093</b>	<b>3,123</b>

The accompanying notes form part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

GORE DISTRICT COUNCIL - FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

## 1 SUMMARY OF ACCOUNTING POLICIES

### Reporting Entity

The Gore District Council ("the Council" or "GDC") is a local territorial authority governed by the Local Government Act 2002 and the Local Government (Ratings) Act 2002. It is domiciled and operates in New Zealand. 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 (PBE) for the purposes of Financial Reporting.

### Basis of Preparation

The preparation of financial statements in conformity with New Zealand equivalents to International Public Sector Accounting Standards (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 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 financial statements. The financial statements are presented in New Zealand dollars, due to rounding to the nearest thousand dollars (\$000), the notes may not reconcile to the statements by \$1,000. New Zealand dollars are the Council's functional currency.

Comparative figures may be reclassified to reconcile with additional disclosures made in the current financial year.

### Statement of compliance

These financial statements of the Gore District Council have been prepared in accordance with the requirements of the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP). The Council is a Tier 2 reporting entity but has elected to report under Tier 1.

These financial statements comply with PBE Standards.

## 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 this annual report.

## Standards issued and not yet effective and not early adopted

The New Zealand Accounting Standards Board has issued PBE IFRS 9 Financial Instruments in advance of the International Public Sector Accounting Standards issuing a new financial instruments standard based on IFRS 9 Financial Instruments. The Council has not early adopted the standard.

## 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 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.

## Revenue from exchange and non-exchange transactions

PBE standards distinguish between revenue from exchange and revenue from non-exchange transactions. These two types of revenue are accounted for under two different accounting standards. PBE IPSAS 9 provides guidance on accounting for revenue from exchange transactions, and PBE IPSAS 23 provides guidance on accounting for revenue from non-exchange transactions.

Professional judgement has been exercised in determining whether the substance of a transaction is that of a non-exchange or an exchange transaction.

The Council discloses the revenue from exchange transactions and revenue from non-exchange transactions separately. The Council has also disclosed separately the trade and other receivables and trade and other payables associated with exchange and non-exchange transactions.

The sale of goods and the rendering of services are normally classified as exchange transactions. If, however, the transaction is conducted at a subsidised price, that is, a price that is not approximately equal to the fair value of the goods or services sold, that transaction falls within the definition of a non-exchange transaction.

Fees received from the following activities are recognised as revenue from exchange transactions:

- Airport lease revenue
- Resource consent revenue

Non-exchange revenue from grants is deferred and recognised as a liability if there is a condition attached to the grant that requires the Council to use the grant as specified by the grantor or return of the cash (or other resources transferred under the grant) if the entity does not perform as specified

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

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

## (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, 'available for sale' financial assets, and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

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

### Financial assets at fair value through 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 a designated and effective 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.

### Available for sale financial assets

Equity securities held by the Council are classified as being available for sale 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 securities 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 or deficit 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 borrowings 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 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 at their fair value at each balance date.

The resulting gain or loss is recognised in the surplus or deficit 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
- Wastewater 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 are not depreciated.

## Cost/valuation

Property, plant and equipment, are 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 at 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 recognised 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 recognised at cost. Infrastructural assets are re-valued every 3 years.

All valuations are carried out or reviewed by independently 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 to its fair value.

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

The results of revaluing are credited or debited to an asset revaluation reserve (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
<b>Operational assets</b>	
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
<b>Infrastructural assets</b>	
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 derecognition 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 of 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. The 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 asset's 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 or deficit for the period immediately, unless the relevant asset is carried at fair value, in which case the reversal or deficit 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 the 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.

## Employee entitlements

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably. Provisions made in respect of employee benefits expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Council in respect of services provided by employees up to reporting date.

## Cash flow statement

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

Operating activities include cash received from all income sources of 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

## 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 the 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 financial statements.

## Allocation of overheads

Corporate overheads for central and engineering administration have been allocated to the other significant activities in the funding impact statements and statement of comprehensive revenue and expense. The allocation is calculated on the basis of estimated administration staff hours provided to each activity.

## Critical accounting estimates and assumptions

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

- **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 of 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 underestimating the annual depreciation charge recognised as an expense in the Statement of comprehensive revenue and expense. 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.

## Critical judgements

Management has exercised the following critical judgements in applying the Council's accounting policies for the period ended 30 June 2017:

### *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.*





## 2. SUMMARY REVENUE AND EXPENDITURE FOR GROUPS OF ACTIVITIES

	2017 \$'000	2016 \$'000
<b>Summary Cost of Services by Activity</b>		
<b>Income</b>		
Water	1,761	1,615
Wastewater	1,943	1,378
Stormwater	522	525
Roading	4,816	4,370
Parks, Reserves, Aquatic Facilities, Civic Buildings and Recreation	5,124	4,900
Other district assets including Solid Waste and Civil Defence	2,309	2,146
Community services - Arts & Heritage, Libraries, Promotions and Grants	2,474	2,427
Regulatory and Planning	1,613	1,578
Democracy and Administration	3,862	3,681
<b>Total activity income</b>	<b>24,424</b>	<b>22,621</b>
Add		
Net change in fair value of financial assets carried at fair value through surplus or deficit (interest rate swaps)	368	(578)
Net change in fair value of assets held for sale (shares)	4	17
Gain on disposal of property, plant and equipment	55	73
	<b>427</b>	<b>(488)</b>
Less		
Internal recoveries	(2,703)	(2,595)
<b>Total Income</b>	<b>22,148</b>	<b>19,539</b>
<b>Expenditure</b>		
Water	1,275	1,307
Wastewater	1,335	1,244
Stormwater	444	413
Roading	4,656	4,484
Parks, Reserves, Aquatic Facilities, Civic Buildings and Recreation	5,348	4,946
Other district assets including Solid Waste and Civil Defence	3,172	2,973
Community services - Arts & Heritage, Libraries, Promotions and Grants	2,656	2,410
Regulatory and Planning	1,423	1,570
Democracy and Administration	3,883	3,609
<b>Total activity expenditure</b>	<b>24,193</b>	<b>22,954</b>
Less		
Internal expenditure	(2,703)	(2,595)
<b>Total Operating Expenditure</b>	<b>21,490</b>	<b>20,359</b>



### 3. SURPLUS FROM OPERATIONS

	2017 \$'000	2016 \$'000
<b>(a) Revenue</b>		
Revenue consisted of the following items:		
<b>Rates Revenue</b>		
General rates	4,645	4,520
All other targeted rates (i)	10,325	9,763
	<b>14,970</b>	<b>14,284</b>
<b>(i) Targeted rates attributable to activities</b>		
Water	1,552	1,376
Wastewater	1,173	1,155
Stormwater	522	525
Roading	2,344	2,288
Parks, Reserves, Aquatic Facilities, Civic Buildings and Recreation	2,821	2,584
Other district assets including Solid Waste and Civil Defence	1,282	1,225
Community services - Arts & Heritage, Libraries, Promotions and Grants	630	609
Regulatory and Planning	-	-
Democracy and Administration	-	-
	<b>10,325</b>	<b>9,763</b>
Other Revenue:		
Revenue from renderings of services:		
Licence fees, and other revenue	3,582	2,998
	<b>3,582</b>	<b>2,998</b>
Operating lease rental revenue	141	122
Interest revenue:		
Bank deposits	110	124
Other loans and receivables	-	-
	<b>110</b>	<b>124</b>
Dividend revenue	-	-
Petroleum tax	119	119
	<b>3,952</b>	<b>3,363</b>

	2017 \$'000	2016 \$'000
Subsidies and grants:		
Government grants – NZ Transport Agency	2,016	1,654
Other grants	777	687
	<b>2,793</b>	<b>2,341</b>

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

Total revenue comprises:

*Revenue from non-exchange transactions*

Rates	14,970	14,284
Subsidies and grants	2,793	2,341
Development and financial contributions	5	38
Other revenue	3,775	3,141
<b>Total revenue from non-exchange transactions</b>	<b>21,543</b>	<b>19,804</b>

*Revenue from exchange transactions*

Interest	110	124
Other revenue	68	98
<b>Total revenue from exchange transactions</b>	<b>178</b>	<b>223</b>

Other gains/(losses)	428	(488)
<b>Total revenue</b>	<b>22,149</b>	<b>19,539</b>

**(b) Other Gains/(Losses)**

Net gain on disposal of property, plant and equipment	55	73
Net change in fair value of available for sale assets (shares)	4	17
Net change in fair value of derivative financial instruments classified at fair value through surplus or deficit (interest rate swaps)	368	(578)
	<b>428</b>	<b>(488)</b>

	NOTES	2017 \$'000	2016 \$'000
<b>c) Depreciation and Amortisation Expense</b>			
Depreciation of property, plant and equipment	12	4,997	4,813
		<b>4,997</b>	<b>4,813</b>
<b>(d) Finance Costs</b>			
Interest on loans carried at amortised cost		574	628
Provisions: discount unwinding	16	(3)	(3)
		<b>571</b>	<b>625</b>
<b>(e) Other Expenses</b>			
Net bad and doubtful debts (recovered)		(6)	4
Minimum lease payments operating lease rental		110	109
Grants		756	637
Roading repairs and maintenance		1,851	1,694
Other operating expenses		7,370	6,609
		<b>10,081</b>	<b>9,054</b>

Expenses by activity are disclosed under Note 2.

Audit fees are disclosed under Note 6.

## 4. LEASES

### (a) Leasing Arrangements

Operating leases relate to property and equipment leases. All operating lease contracts contain market review clauses in the event that the Council exercises its option to renew.

	NOTES	2017 \$'000	2016 \$'000
<b>(b) Non-Cancellable Operating Lease Payments</b>			
Not longer than 1 year		59	46
Longer than 1 year and not longer than 5 years		126	7
Longer than 5 years		-	-
		<b>\$186</b>	<b>\$54</b>
<b>(c) Non-Cancellable Finance Lease Payments</b>			
Not longer than 1 year		11	7
Longer than 1 year and not longer than 5 years		15	28
Longer than 5 years		-	-
		<b>\$26</b>	<b>\$34</b>

## 5. PERSONNEL COMPENSATION

	2017 \$'000	2016 \$'000
<b>Employee Benefits Expense</b>		
Salaries and wages	5,678	5,715
Defined contribution plans	163	152
	<b>5,841</b>	<b>5,867</b>

During the year to 30 June 2017, the total remuneration and value of other non-financial benefits received by or payable to the Mayor, other Councillors, and Chief Executive of the Council were as follows:

<i>Elected Representatives</i>	2017 \$'000	2016 \$'000
Tracy Hicks JP (Mayor)	79,286	76,598
C S Bolger (Deputy Mayor)	24,882	23,170
N J Davis	23,437	20,581
P A Grant	20,887	20,581
B R Highsted	20,887	20,581
R J Beale	17,231	16,702
D I Grant	17,231	16,702
G E Sharp	17,231	16,702
G K Dickson	12,164	-
J C Gardyne	12,164	-
N G Phillips	12,164	-
B A Reid	12,164	-
D L Byars	5,037	16,702
S A Dixon	5,037	16,702
A S Gover	5,037	16,702
G M Page	5,037	16,702
	<b>289,875</b>	<b>278,424</b>

### *Chief Executive*

Stephen Parry, the Chief Executive of the Council appointed under Section 42 of the Local Government Act 2002 received a salary of \$257,976 (2016: \$252,535).

	2017 \$'000	2016 \$'000
<i>Staff employed by salary band as at 30 June 2017</i>		
\$100,000 - 259,999	7	7
\$80,000 - 99,999	6	5
\$60,000 - 79,999	20	18
\$59,999 and less	94	93
	<b>127</b>	<b>123</b>

The salary bands between \$100,000 and \$259,999 have been combined due to there being 5 or fewer employees in those bands

The number of full time equivalent (FTE) employees as at 30 June 2017 was 96 (2016: 91) where 37.5 hours a week is considered full time.

## SEVERANCE PAYMENTS

For the year ended 30 June 2017 Council made severance payments to one employee totalling \$17,500 (2016: Two payments, totalling \$50,000).

## 6. REMUNERATION OF AUDITORS

	2017 \$'000	2016 \$'000
Audit fees for financial statement audit	95	79
Long Plan Term audit	-	-
Audit Fees for assurance and related services	5	5
	<b>\$100</b>	<b>\$84</b>

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

## 7. TRADE AND OTHER RECEIVABLES

	2017 \$'000	2016 \$'000
Trade receivables (i)	722	499
Rates receivables	526	542
Allowance for doubtful debts (ii)	(47)	(53)
	<b>1,202</b>	<b>988</b>
NZTA Subsidy	330	207
Sundry receivables and accruals	-	-
Goods and services tax (GST) receivable	234	196
Community Funding	-	-
	<b>\$1,766</b>	<b>\$1,391</b>

Total receivables comprise:

<i>Receivables from non-exchange transactions -</i> this includes outstanding amounts for rates, grants, infringements, and fees and charges that are partly subsidised by rates	1,753	1,358
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<i>Receivables from exchange transactions -</i> this includes outstanding amounts for commercial sales and fees and charges that have not been subsidised by rates	13	33
--	----	----

(i) Trade receivables are non-interest bearing and generally on monthly terms.

The Council does not provide for any impairment on rates receivable as it has various powers under the Local Government (Rating) Act 2002 to recover any outstanding debts. Ratepayers can apply for payment plan options in special circumstances. Where such payment plans are in place, debts are discounted to the present value of future repayments.

The Council holds no collateral as security or other credit enhancements over receivables that are either past due or impaired.

Included within the Council's trade and other receivable balance are debtors which are past due at the reporting date for which the Council has not provided as there has not been a significant change in credit quality and the Council believes that the amounts are still considered recoverable.

The age of these trade and other receivables that are past due, but are not impaired, are as follows:

	2017 \$'000	2016 \$'000
Past due 1 to 3 months	697	231
Past due 3 to 6 months	116	109
Past due 6 to 9 months	70	70
Past due 9 to 12 months	45	47
Past due → 12 months	84	183
<b>Total</b>	<b>\$1,012</b>	<b>\$640</b>

	2017 \$'000	2016 \$'000
(ii) Movement in the allowance for doubtful debts:		
Balance at beginning of year	53	49
Amounts written off during year	-	-
Increase/(decrease) in allowance recognised in Statement of Income and Expenditure	(6)	4
<b>Balance at end of year</b>	<b>\$47</b>	<b>\$53</b>

An allowance has been made for estimated irrecoverable amounts and has been calculated based on expected losses. Expected losses have been determined based on reference to past default experience and review of specific debtors.

In determining the recoverability of a trade receivable the Council considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date.

Other than the New Zealand Transport Agency, the Council has no significant concentrations of credit risk, as it has a large number of credit customers, mainly ratepayers. The Council believes no further credit provision is required in excess of the allowance for doubtful debts.

## 8. INVENTORIES

	2017 \$'000	2016 \$'000
Essential Services (at cost)	113	103
Other (at cost)	27	28
	<b>\$ 140</b>	<b>\$ 131</b>

The carrying amount of inventories pledged as security for liabilities is \$Nil (2016: \$Nil).

## 9. OTHER FINANCIAL ASSETS/(LIABILITIES)

	2017 \$,000	2016 \$,000
<i>At fair value through surplus or deficit:</i>		
<u>Current</u>		
Interest Rate Swaps	-	-
	-	-
<u>Non Current</u>		
Interest Rate Swaps	(754)	(1,123)
	<b>(754)</b>	<b>(1,123)</b>
<i>Available-for-Sale at fair value:</i>		
<u>Non Current</u>		
Equity securities - NZ Local Government Insurance Company shares	84	80
	<b>84</b>	<b>80</b>

2017  
\$'000

2016  
\$'000

*Loans and receivables at Amortised Cost:*

Current

Short Term Deposits (i)	1,652	1,612
Finance leases	(11)	(10)
	<b>1,641</b>	<b>1,602</b>

Non-Current

Loans to Community Groups	261	289
Less Provision for Impairment	(182)	(207)
	<b>79</b>	<b>82</b>

LGFA borrow notes	176	96
Finance leases	(15)	(20)
	<b>241</b>	<b>158</b>
	<b>1,210</b>	<b>717</b>

Disclosed in the financial statements as:

**Assets**

Current	1,652	1,612
Non-current	339	258

**Liabilities**

Current	(11)	(10)
Non-current	(769)	(1,143)
	<b>\$1,210</b>	<b>\$717</b>

Other than the allowance for impairment on loans to community groups, there are no impairment provisions for other financial assets.

(i) The total value of Short Term Deposits that can only be used for a specified purpose as outlined in the relevant trust deeds is \$485,000 (2016: \$524,000).

## 10. OTHER CURRENT ASSETS

2017  
\$'000

2016  
\$'000

Prepayments	173	170
	<b>\$ 173</b>	<b>\$ 170</b>





## 11. PROPERTY PLANT AND EQUIPMENT continued

	Cost/Valuation 1 July 2015	Cost/Valuation 30 June 2016	Revaluation	Capital WIP Transfers	Disposals	Additions	Depreciation expense	Accumulated depreciation reversed on disposal/revaluation	Accumulated depreciation reversed on impairment	Accumulated depreciation and impairment charges 30 June 2016	Carrying amount 30 June 2016
	\$ '000s	\$ '000s	\$ '000s	\$ '000s	\$ '000s	\$ '000s	\$ '000s	\$ '000s	\$ '000s	\$ '000s	\$ '000s
<b>Council Operational Asset At Cost</b>											
Land	72	72	-	-	-	-	-	-	-	-	72
Buildings	200	200	-	-	-	-	(8)	-	-	(139)	61
Plant and equipment	3,362	3,532	-	-	(311)	481	(210)	204	-	(1,714)	1,818
Motor vehicles	1,582	1,734	-	-	(267)	419	(243)	238	-	(1,056)	678
Office furniture and equipment	1,929	2,006	-	-	(42)	119	(120)	42	-	(1,311)	695
Recreation and cultural	634	679	-	-	-	45	(16)	-	-	(484)	195
Library books	660	740	-	-	-	80	(60)	-	-	(267)	473
Work in progress Buildings	24	38	-	-	-	14	-	-	-	-	38
Work in progress Office Equipment	-	-	-	-	-	-	-	-	-	-	-
<b>At Valuation</b>											
Land	11,410	11,751	333	-	-	8	-	-	-	-	11,751
Buildings	13,469	16,874	3,321	-	-	84	(434)	1,295	-	-	16,874
<b>Total Operational Assets</b>	<b>33,342</b>	<b>37,626</b>	<b>3,653</b>	<b>-</b>	<b>(620)</b>	<b>1,250</b>	<b>(1,091)</b>	<b>1,779</b>	<b>-</b>	<b>(4,971)</b>	<b>32,655</b>
<b>Council Infrastructural Assets At Valuation</b>											
Water Reticulation	13,261	12,507	(929)	-	-	175	(523)	1,545	-	-	12,507
Wastewater Reticulation	15,589	14,920	(724)	-	-	55	(638)	1,897	-	-	14,920
Stormwater Reticulation	10,787	10,158	(644)	-	-	15	(342)	1,019	-	-	10,158
Roads - Formation	177,379	180,992	3,612	-	-	2	-	-	-	-	180,992
Roads - Pavement (Non depreciable)	21,062	21,458	386	-	-	11	-	-	-	-	21,458
Roads - Pavement (Depreciable)	63,597	61,433	(3,130)	-	-	966	(1,172)	3,913	-	-	61,433
Roads - Footpaths, Kerbs, Bridges, Culverts	29,593	29,294	(1,053)	-	-	754	(896)	2,579	-	-	29,294
Roads - Signs, Roadmarkings, Streetlights	1,362	1,599	151	-	-	86	(134)	381	-	-	1,599
Land under roads	18,752	18,752	-	-	-	-	-	-	-	-	18,752
Refuse - at cost	1,068	1,071	-	-	-	3	(18)	-	-	(217)	854
Work in progress - at cost	180	1,025	-	-	-	845	-	-	-	-	1,025
<b>Total Infrastructural Assets</b>	<b>352,630</b>	<b>353,211</b>	<b>(2,332)</b>	<b>-</b>	<b>(620)</b>	<b>2,913</b>	<b>(3,723)</b>	<b>11,333</b>	<b>-</b>	<b>(217)</b>	<b>352,994</b>
<b>Total Council Property, Plant and Equipment</b>	<b>385,972</b>	<b>390,837</b>	<b>1,321</b>	<b>-</b>	<b>(620)</b>	<b>4,163</b>	<b>(4,814)</b>	<b>13,111</b>	<b>-</b>	<b>(5,188)</b>	<b>385,649</b>

## COMMITMENTS FOR EXPENDITURE

### (a) Capital and Other Expenditure Commitments

Capital and other expenditure commitments at 30 June 2017 were \$4,445,000 (2016: NIL).

### (b) Lease Commitments

Finance lease liabilities and non-cancellable operating lease commitments are disclosed in Note 4 to the financial statements.

## 12. DEPRECIATION AND AMORTISATION EXPENSE BY GROUP OF ACTIVITY

	2017 \$'000	2016 \$'000
Water	529	523
Wastewater	658	638
Stormwater	350	342
Roading	2,198	2,217
Parks, Reserves, Aquatic Facilities, Civic Buildings and Recreation	747	623
Other district assets including Solid Waste and Civil Defence	169	135
Community services - Arts & Heritage, Libraries, Promotions and Grants	158	150
Regulatory and Planning	44	44
Democracy and Administration	144	141
	<b>\$4,997</b>	<b>\$4,813</b>

## 13. TRADE AND OTHER PAYABLES

	2017 \$'000	2016 \$'000
Trade payables (i)	1,704	1,391
Other accrued charges	363	307
Rates in advance	289	297
Deposits and retentions	57	51
Accrued interest	74	65
	<b>\$2,487</b>	<b>\$2,110</b>
<i>Payables and deferred revenue under exchange transactions</i>		
Trade payables and accrued expenses	2,106	1,810
<i>Payables and deferred revenue under non-exchange transactions</i>		
Rates and grants received in advance	379	300

(i) The average credit period on purchases is 30 days.

## 14. EMPLOYEE ENTITLEMENTS

	2017 \$'000	2016 \$'000
Accrued salary and wages	117	82
Annual leave	348	311
Long service leave	64	65
Retirement gratuities	40	36
	<b>\$569</b>	<b>\$494</b>

## 15. BORROWINGS

	2017 \$'000	2016 \$'000
<b>At amortised cost</b>		
Secured borrowings (i)	17,000	12,000
	<b>17,000</b>	<b>12,000</b>
<b>Disclosed in the financial statements as:</b>		
Current	6,000	6,000
Non-current	11,000	6,000
	<b>\$17,000</b>	<b>\$12,000</b>

(i) The Council's borrowings are secured through a debenture trust deed over rates.

The Council is a non-guarantor and non-shareholding member of the New Zealand Local Government Funding Agency (NZLGFA). The NZLGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand and it has a current credit rating from Standard and Poor's of AA+.

Interest is charged on a floating rate basis. At balance date the current weighted average effective interest rate on the bank borrowings is 4.05% (2016: 5.09%).

The Council has a credit card facility with Westpac with a credit limit of \$70,000 (2016: \$55,500).

## 16. PROVISIONS

	2017 \$'000	2016 \$'000
<b>Landfill aftercare provision (i)</b>		
Balance at beginning of year	93	96
Unwinding of discount and effect of changes in the discount rate	(2)	(3)
<b>Balance at end of year</b>	<b>\$ 91</b>	<b>\$ 93</b>

(i) Provision for landfill aftercare costs.

Due to the implementation of the Transfer Station, the landfills are now closed.

The cash outflows for landfill post-closure are expected to occur in between 2007 and 2033. The long-term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred. The provision has been estimated taking into account existing technology and using a discount rate of 4% (2016: 4%).

## 17. RESERVES

	2017 \$'000	2016 \$'000
Available-for-sale revaluation reserve	-	-
Asset revaluation reserve (a)	241,532	241,532
Restricted Reserves (b)	8,929	4,845
Council Created Reserves (c)	990	715
	<b>\$ 251,451</b>	<b>\$ 247,092</b>

### (a) Asset Revaluation Reserve

Balance at beginning of year	241,532	227,583
Revaluation increase / (decrease)		
Land	-	333
Buildings	-	4,615
Infrastructure	-	9,000
	-	<b>13,949</b>
<b>Balance at end of year</b>	<b>\$ 241,532</b>	<b>\$ 241,532</b>

The asset revaluation reserve arises on the revaluation of land and buildings and infrastructural assets. Where a revalued asset is sold that portion of the asset revaluation reserve which relates to that asset, and is effectively realised, is transferred directly to retained earnings.

### Revaluation Reserve by class of asset

	Water Reticulation	Wastewater & Stormwater Reticulation	Roads Bridges & Lighting	Land	Buildings	Total
Balance at 30 June 2015	9,020	11,261	194,389	8,387	4,526	227,583
Revaluation increase/ (decrease)	615	1,548	6,838	333	4,615	13,949
<b>Balance at 30 June 2016</b>	<b>9,635</b>	<b>12,809</b>	<b>201,227</b>	<b>8,720</b>	<b>9,141</b>	<b>241,532</b>
Revaluation increase/ (decrease)	-	-	-	-	-	-
<b>Balance at 30 June 2017</b>	<b>\$9,635</b>	<b>\$12,809</b>	<b>\$201,227</b>	<b>\$8,720</b>	<b>\$9,141</b>	<b>\$241,532</b>

2017  
\$'000

2016  
\$'000

### (b) Restricted Reserves

Balance at beginning of year	4,845	4,212
Transfer from/(to) Retained Earnings	4,084	633
<b>Balance at end of year</b>	<b>\$ 8,929</b>	<b>\$ 4,845</b>

Restricted reserves include:

- trust and bequest funds that have been provided to the Council by various people for specific purposes.
- funds for different areas of benefit are used where there is a discrete set of rate or levy payers as distinct from the general rate.

### (c) Council Created Reserves

Balance at beginning of year	715	258
Transfer from/(to) Retained Earnings	275	457
<b>Balance at end of year</b>	<b>\$ 990</b>	<b>\$ 715</b>

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

## 18. RETAINED EARNINGS

2017  
\$'000

2016  
\$'000

### Retained Earnings

Balance at beginning of year	129,392	131,302
Net (deficit)/ surplus for the year	658	(820)
Transfers from/(to) reserves: Restricted and Council Created Reserves	(4,359)	(1,090)
<b>Balance at end of year</b>	<b>\$ 125,691</b>	<b>129,392</b>

## 19. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

At 30 June 2017, a referendum amongst Otama residents was underway to determine ownership of the Otama Water Scheme currently owned and managed by Gore District Council. Residents voted in favour of forming a new company with directors appointed by residents to own, govern and manage the scheme.

To complete the transfer of ownership from the Council to residents, the Otama Rural Water Scheme Committee must present a Local Members' Bill to parliament. At 30 June 2017, the Water Scheme assets have a carrying value of \$1,700,000 and the Council holds reserves of \$430,000 which are transferrable to the Otama Water Scheme in the event that the Local Member's Bill passes. The timing of when this Bill is likely to be presented is not known. (2016: Nil).

The Council has provided a loan guarantee to Eastern Southland Hockey at 30 June 2017 of \$200,000. At 30 June 2017 Eastern Southland Hockey have no loans drawn down, though the guarantee remains in place. (2016: \$65,000).

## 20. RELATED PARTY DISCLOSURES

### (a) Transactions with Related Parties

During the year Councillors and key management were involved in minor transactions (for example payment of rates) with the Council as part of a normal customer relationship.

During the year the following (payments)/receipts were made (to)/from local businesses in which Councillors are co-owners:

	2017 \$'000	2016 \$'000
Southern Office Products Depot (owned by Councillor Nicky Davis) - purchase of stationery items	(24)	(25)
PaperPlus Gore (owned by Councillor Doug Grant) - purchase of stationery items	(22)	(15)

### (b) Other Transactions Involving Related Parties

Phoenix Aviation (Councillor Peter Grant is a Director) – Lease of Airport	7	6
Central Saleyard Limited (Councillor Peter Grant is a Director)	3	3
The Sharp Trust (Councillor Graham Sharp is a Trustee) *	-	(512)
Equip GP Limited (His Worship is a Director)	(5)	
Southern REAP (Councillor Glenys Dickson is a Board Chair)	3	-
Gore Health Limited (Councillors Councillors Glenys Dickson Bret Highsted are Directors)	17	17

\* The funds were passed to the Council's lawyers in the 2016 year however, the agreement was settled in the current year.

Section 3 of the Local Authorities (members interest) Act 1968 limits the value of all contracts with an elected member to \$25,000, including gst, in any financial year. If the value of contracts will exceed or is likely to exceed this threshold prior approval is obtained from Auditor General. During the year the Auditor General gave approval to the following contract limits:

- Southern Office Products Depot: \$35,000
- PaperPlus Gore: \$30,000

Key management personnel compensation

#### Councillors

Remuneration	270	287
Full time equivalent members	12	12

#### Senior Management Team, including the Chief Executive

Remuneration	885	661
Full time equivalent members	6	4

<b>Total key management personnel remuneration</b>	<b>\$ 1,155</b>	<b>\$ 948</b>
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<b>Total full time equivalent personnel</b>	<b>18</b>	<b>16</b>
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Due to the difficulty in determining the full time equivalent for Councillors, the full time equivalent figures is taken as the number of Councillors.

## 21. NOTES TO THE CASH FLOW STATEMENT

### (a) Reconciliation of Cash and Cash Equivalents

For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand and in bank and short term deposits with maturity dates of three months or less, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the Cash Flow Statement is reconciled to the related items in the Statement of Financial Position as follows:

	2017 \$'000	2016 \$'000
Cash and cash equivalents	7,519	3,123
	<b>\$ 7,519</b>	<b>\$ 3,123</b>

### (b) Borrowings – Facilities

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

Amount unused	600	600
	<b>\$ 600</b>	<b>\$ 600</b>

Secured bank loan facilities with ANZ maturing on 29 June 2018 and which may be extended by mutual agreement:

Amount used	-	-
Amount unused	3,000	3,000
	<b>\$ 3,000</b>	<b>\$ 3,000</b>



	2017 \$'000	2016 \$'000
<b>(c) Reconciliation of Surplus for the Period</b>		
Surplus/( Deficit) for the year	658	(820)
<i>Add/(less) non-cash items:</i>		
Depreciation	4,997	4,813
Gain on sale of property, plant and equipment	(55)	(73)
Net change in fair value of available for sale assets (shares)	(4)	(17)
Net change in fair value of derivative financial instruments	(368)	578
Net change in the landfill provision	(3)	(3)
	<b>4,567</b>	<b>5,298</b>
Movement in working capital:		
Trade and other receivables	(375)	259
Inventories	(9)	8
Other current assets	(3)	(78)
Trade and other payables	376	390
Finance leases	(4)	(13)
Employee entitlements	75	(73)
Other revenue received in advance	(76)	-
Other	7	-
	<b>(9)</b>	<b>494</b>
<b>Net cash inflow from operating activities</b>	<b>\$ 5,216</b>	<b>\$ 4,972</b>

## 22. FINANCIAL INSTRUMENTS

### (a) Capital Risk Management

The Council's capital is its equity (or ratepayer's funds), which comprise retained earnings and reserves. Equity is represented by net assets.

The Local Government Act 2002 (the Act) requires the Council to manage its revenue, expenses, assets, liabilities, investments and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Retained earnings are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments and general financial dealings.

The objective of managing these items is to achieve intergenerational equity, which is a principle promoted by the Act and applied by the Council. Intergenerational equity requires today's ratepayers to meet the costs of utilising the Council's assets and not expecting them to meet the full cost of long term assets that will benefit ratepayers in future generations. Additionally, the Council has in place asset management plans for major asset classes detailing renewal and maintenance programmes, to ensure ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

The Act requires the Council to make adequate and effective provision in its Long Term Plan (LTP) and in its annual plan (where applicable) to meet the expenditure needs identified in those plans. The Act sets out the factors that the Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the funding and financial policies.

The Council has the following Council created reserves:

- Reserves for different areas of benefit; and
- Trust and bequest reserves.

Reserves for different areas of benefit are used where there is a discrete set of rate or levy payers as distinct from a general rate. Any surplus or deficit relating to these separate areas of benefit is applied to the specific reserves.

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

The Council's overall strategy remains unchanged from 2016.

### (b) Significant Accounting Policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, and the basis of measurement applied in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial statements.

### (c) Categories of Financial Instruments

	2017 \$'000	2016 \$'000
<b>Financial Assets</b>		
Cash and cash equivalents	7,519	3,123
Trade and other receivables - loans and receivables	1,766	1,391
Other financial assets - loans and receivables	1,907	1,791
Other financial assets - available for sale	84	80
<b>Financial Liabilities</b>		
Trade and other payables	2,487	2,110
Borrowings	17,000	12,000
Other financial liabilities - loans and payables	15	20
Other financial liabilities - fair value through surplus or deficit	754	1,123

#### (d) Financial Risk Management Objectives

The Council has a series of policies to manage the risks associated with financial instruments. The Council is risk adverse and seeks to minimise exposure from its treasury activities. The Council has established Council approved Liability Management and Investment policies. These provide a framework for prudent debt management and the management of financial resources in an efficient and effective way.

The Council does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

#### (e) Market Risk

##### Interest Rate Risk

The Council is exposed to interest rate risk as it borrows funds at floating interest rates and also invests cash in short term deposits at fixed interest rates.

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Investments at fixed interest rates expose the Council to fair value interest rate risk.

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Borrowings issued at variable interest rates expose the Council to cash flow interest rate risk. The risk is managed by the use of floating to fixed interest rate swaps contracts with a range of terms. These swaps have the economic effect of converting borrowings from floating rate to fixed rates. Under the interest rate swaps contracts, the Council agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

##### Interest Rate Swap Contracts

Under interest rate swap contracts, the Council agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Council to mitigate the risk of changing interest rates on debt held. The fair value of interest rate swaps are based on market values of equivalent instruments at the reporting date and are disclosed below. The average interest rate is based on the outstanding balances at the start and end of the financial year.

##### Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Council is not exposed to current risk, as it does not enter into foreign currency transactions.

##### Other Price Risks

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices.

The Council is exposed to price risks arising from equity securities which are designated as available for sale.

The following tables detail the notional principal amounts and remaining terms of interest rate swap contracts outstanding as at reporting date:

##### Outstanding Floating for Fixed Contracts

	Average Contract Fixed Interest Rate		Notional Principal Amount		Fair Value	
	2017 %	2016 %	2017 \$ 000	2016 \$ 000	2017 \$ 000	2016 \$ 000
Less than 1 year	-	-	-	-	-	-
1 to 2 years	-	4.33	-	1,000	-	(15)
2 to 5 years	4.23	4.55	9,900	9,900	(755)	(1,108)
<b>Balance at 30 June</b>			<b>9,900</b>	<b>10,900</b>	<b>(755)</b>	<b>(1,123)</b>

Hedge accounting has not been adopted

**(f) Credit Risk**

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Council.

Other than the New Zealand Transport Agency, the Council has no significant concentrations of credit risk arising from trade receivables, as it has a large number of credit customers, mainly ratepayers, and the Council has powers under the Local Government (Rating) Act 2002 to recover outstanding debts from ratepayers.

The carrying amount of financial assets recorded in the financial statements, net of any allowance for losses, represents the Council’s maximum exposure to credit risk without taking account of the value of any collateral obtained.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

**(g) Liquidity Risk Management**

Liquidity risk is the risk that the Council will encounter difficulty in raising liquid funds to meet its commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through adequate committed credit facilities, and the ability to close out market positions.

The Council manages liquidity risk by maintaining adequate funds on deposit, reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in Note 21 is a listing of additional undrawn facilities that the Council has at its disposal to further reduce liquidity risk.

The maturity profiles of the Council’s interest bearing investments and borrowings are disclosed below.

**Maturity Profile of Financial Instruments**

The following tables detail the Council’s remaining contractual maturity for its non-derivative financial liabilities. The tables below have been drawn up based on the undiscounted contractual maturities of the financial liabilities except where the Council is entitled and intends to repay a liability before its maturity. The ‘adjustment’ column reconciles the undiscounted cash flows to the total carrying amount recognised.

2017	Fixed Maturity Dates					
	Weighted Average Effective Interest Rate %	Less than 1 year \$ 000	1-2 years \$ 000	Maturity Dates 2-5 years \$ 000	Adjustment \$ 000	Total \$ 000
<b>Financial Liabilities</b>						
Bank Overdraft	-	-	-	-	-	-
Trade and other payables	-	2,487	-	-	-	2,487
Borrowings	3.90%	663	663	17,663	1,989	17,000

2016	Fixed Maturity Dates					Total \$ 000
	Weighted Average Effective Interest Rate %	Less than 1 year \$ 000	1-2 years \$ 000	Maturity Dates 2-5 years \$ 000	Adjustment \$ 000	
<b>Financial Liabilities</b>						
Bank Overdraft	-	-	-	-	-	-
Trade and other payables	-	2,110	-	-	-	2,110
Borrowings	2.95%	354	354	12,354	(1,062)	12,000

#### (h) Fair Value of Financial Instruments

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly, (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2017	Level 1 \$ 000	Level 2 \$ 000	Level 3 \$ 000	Total \$ 000
Financial assets available for sale Equity securities	-	-	84	84
Financial liabilities at FVTSD Interest rate swaps	-	(754)	-	(754)
	-	<b>(754)</b>	<b>84</b>	<b>(671)</b>

2016	Level 1 \$ 000	Level 2 \$ 000	Level 3 \$ 000	Total \$ 000
Financial assets available for sale Equity securities	-	-	80	80
Financial liabilities at FVTSD Interest rate swaps	-	(1,123)	-	(1,123)
	-	<b>(1,123)</b>	<b>80</b>	<b>(1,043)</b>

There were no transfers between any levels in the period.

Level 3 fair value assessments have been calculated by taking the Council's shareholding as a proportion of the total equity securities issued in New Zealand Local Government Insurance Company Limited and applying it against the net assets of the company at year end.

#### Reconciliation of Level 3 fair value measurements of financial assets

	2017 \$'000	2016 \$'000
<b>Equity Securities</b>		
Balances at the beginning of the year	80	63
Gains/(losses)	4	17
<b>Balance at the end of the year</b>	<b>84</b>	<b>80</b>

Of the total gains or losses for the period, \$4,000 relates to assets and liabilities held at the end of the reporting period. Fair value gains or losses on those assets and liabilities are included in other revenue and other expenses in the statement of comprehensive surplus and deficit. All gains and losses relate to equity securities held at the end of the reporting period.

#### (i) Sensitivity Analysis

The Council is exposed to interest rate risk arising from borrowing funds at floating interest rates and investing cash in short term deposits at fixed interest rates.

The Council believes there is no material sensitivity to interest rate movements in relation to at the year end due to the following:

- The majority of interest rate related exposures relate to borrowings.
- The majority of floating rate borrowings are economically hedged with interest rate swap contracts.
- Any adverse / positive impact arising from the sensitivity to interest rate risk on floating rate borrowings will be offset by an equal and opposite movement in the fair value of the interest rate swap contracts.

The sensitivity analysis below has been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period.

At reporting date, if interest rates had been 10% higher or lower and all other variables were held constant, the Council's:

- Surplus would decrease/increase by \$57,000 (2016: \$63,000). This is mainly attributable to the Council's exposure to interest rates on its borrowings.
- Other equity reserves would remain unaffected.

The Council's sensitivity to interest rates has not changed significantly from the prior year.

The sensitivity analysis below has been determined based on the exposure to equity price risks at the reporting date.

At reporting date, if equity prices had been 10% higher or lower and all other variables were held constant, the Council's:

- Surplus would have been unaffected.
- Other equity reserves would have increased/decreased by \$8,000 (2016: \$8,000) as the equity investments are classified as available for sale investments.

The Council's sensitivity to equity prices has not changed significantly from the prior year.

## 23. EXPLANATION OF MAJOR VARIANCES AGAINST BUDGET

Explanation of major variations from Council's estimated figures in the 2016/2017 budget, as reflected in the Annual Plan, are as follows:

### Statement of Comprehensive Revenue and Expense

- a) Other gains/ (losses) is higher than budget by \$428,000. This is due to the revaluation of the Council's interest rate swaps. The maturity profile of the swaps has reduced, and the prevailing floating rates have risen; this has resulted in the upward movement.
- b) Other revenue is higher than expected by \$401,000. This is due to contributions received from Mataura Valley Milk for the design and construction of a dedicated industrial waste water treatment hub.
- c) Rates revenue is slightly higher than budget due to a large scale development being completed after the Council made its rates resolution for the year but before 1 July 2016.
- d) Finance costs are lower than budget by \$402,000 as the Council has obtained more competitive interest rates by financing through the New Zealand Local Government Funding Agency. The delay of capital projects has also meant that the Council's debt during the year was lower than forecast.
- e) Other expenses were higher than budget by \$493,000. This was due to a number of factors including increased consultants costs across a range of departments. Another exacerbating factor was a change in the how chemicals for the Council wastewater treatment plants are procured and delivered. This resulted in increased chemical costs. These expenses are offset by lower finance costs.

### Statement of Financial Position

- a) Current assets are higher than budget by \$6,273,000. This is due because the Council borrowed the funds required to complete the Ajax and Desludging projects in advance. The funds were borrowed from the LGFA at competitive rates and were invested in short term deposits of varying maturity. These projects are underway and scheduled to be completed by December 2017. Borrowing in advance has not cost the Council as it was able to invest the funds at a higher interest rate than the funds are borrowed at.
- b) Property, plant and equipment are lower than budget by \$15,421,000. The major contributor is the lower than expected revaluation from 30 June 2016; this results from the inflationary increases being lower than those foreseen when the Long Term Plan budgets were set. Additionally, the Ajax and Desludging capital projects were not completed during the year. The Manganese and Iron Oxide removal project and the earthquake strengthening of the Civic Administration building were also placed on hold pending further investigations.
- c) Current liabilities are higher than budget by \$6,769,000 due to \$6,000,000 of short term borrowing. The short term borrowing is LGFA commercial paper on rolling over every 90 days. Trade payables are higher than budget due to costs associated with the MVM industrial wastewater treatment hub.
- d) Non-current borrowing is lower than budget because total borrowing is split between \$6,000,000 current and \$11,000,000 non-current. Total borrowing is lower than budget due to the Manganese and Iron Oxide removal project being deferred.

## Statement of Cash Flows

- e) Cash flow from operating activities is higher than budget by \$450,000. This is mainly down to the recoveries received from Matura Valley Milk for the construction of the industrial wastewater treatment hub facility.
- f) Cash flow from investing activities is lower than budget by \$6,938,000. This is because purchases of property, plant and equipment are \$6,883,000 lower than budget due to the delayed completion of the Ajax and Desludging projects and the deferral of the Manganese and Iron Oxide removal project and the earthquake strengthening of the Civic Administration building and project.
- g) Cash flow from financing activities is lower than budget by \$2,586,000 due to lower than budgeted borrowings because of the delay in the capital projects mentioned above.



# GORE DISTRICT COUNCIL COMMUNITY OUTCOMES

Detailed below are the six identified Council community outcomes which are a cornerstone of the development of the Long Term Plan and Annual Report. Progress towards the attainment of these outcomes is reported to Council standing Committees at six weekly intervals throughout each year. These progress reports culminate in the annual report where a twelve month review of what has been achieved is given..

## OUTCOME 1

### We value our history and heritage

#### Objectives

- a) To ensure that early life in the District is captured via writings, artefacts and attractive exhibitions in order that a greater awareness and appreciation of our heritage and history is cultivated.
- b) To work with community organisations and interest groups to bolster and expand the District's historical infrastructure in the forms of research facilities, exhibitions based on a specific theme (e.g. fishing, moonshine whiskey or aviation) and the provision of buildings to facilitate sensitive storage of artefacts and opportunities for public access.
- c) To actively work with the owners of historic buildings to encourage their retention, while maintaining a modicum of flexibility to allow their adaptation to meet contemporary needs.

## OUTCOME 2

### We live in a creative place

#### Objectives

- a) To continue to establish Gore as a regional epicentre of art by conducting and promoting art exhibitions at the Eastern Southland Art Gallery and maintaining a high visitor appeal in the John Money Wing.
- b) To foster an interest and participation in the performing arts by the provision of advice, staff support and funding of key areas such as fashion, music and drama.

## OUTCOME 3

### We have a choice of quality places to go and things to do

#### Objectives

- a) To provide high-class recreational facilities at the Gore Multisports Complex and to promote and pursue an increase in participation at the Gore Aquatic Centre and adjoining MLT Event Centre.
- b) To provide a library service in the District that informs and stimulates an interest in reading, both for leisure and personal growth.
- c) To provide support for events in the District, which cater for local residents and visitors, offer fun and entertainment, together with engendering pride in the District and what it has to offer.

## OUTCOME 4

### We have a quality infrastructure with potential for growth

#### Objectives

- a) To ensure Activity Management Plans are accurate, updated regularly and factor in anticipated growth in the foreseeable future.
- b) To ensure the Council makes optimum use of existing infrastructure and sets out the location and investment required for new infrastructure to accommodate anticipated demand.
- c) To investigate new sources of water to ensure that a reliable water supply is available to a growing community.

## OUTCOME 5

### We live in a compassionate caring community

#### Objectives

- a) Where appropriate, consider grants to organisations in order to build community capacity and cohesion and promote social and cultural wellbeing.
- b) To maintain an active community development programme which harnesses and empowers volunteer effort in social well-being and fosters a sense of inclusion amongst marginalised groups.
- c) To proactively advocate on behalf of citizens who may be disadvantaged by changes in government policy and/or procedure.

## OUTCOME 6

### We value and respect our environment

#### Objectives

- a) To provide and maintain to a high standard parks, reserves and gardens which both beautify the environment and provide a respite from built infrastructure.
- b) To update the District Plan in order that it strengthens the balance between facilitating development and effectively limiting adverse effects that may flow from unbridled development.
- c) To maintain a regulatory culture that places an emphasis on education, empowerment and collaboration over-rigid application of rules and implementation of sanctions.

The next section/chapter on the 'Council's Activities' provides a summary of each of the different activities undertaken by the Council and the ways in which these activities contribute to achieving the six Council community outcomes. The Council's activities have been categorised under three different headings or activity groups: Community Services, District Assets and Leadership.

In addition to the services and legislative or regulatory functions performed by the Council, which are detailed in the subsequent sections of this report, the Council also promotes the achievement of community outcomes by:

- providing leadership, representing, and being an advocate for community interests;
- providing information necessary for sustainable development and other activities within the District;
- acting as a facilitator, mediator, organiser and/or motivator of community-based initiatives and/or collaboration at the grassroots level;
- engaging in partnerships with key agencies, and community groups; and
- monitoring and reporting on progress towards achievement of community outcomes.

Each of the activity summaries included in the next section/chapter provides details on the following:

- an introduction: which explains the type/nature of the service provided;
- a rationale for the service: why is the service provided?
- its contribution to Council community outcomes;
- the levels of service and performance measures over the 10-year duration of the plan;
- how the services are funded;
- the assets that are used to provide the service, and how the Council manages, maintains and funds the replacement of the assets; and
- future changes highlighting the envisaged developments or changes in that activity, including details on proposed changes to the existing levels of service or way in which the services are delivered.

# SHARED SERVICES ANNUAL REPORT STATEMENT

## Collaboration across Councils – Shared Services

The Council fully participates in relevant shared service arrangements via a Memorandum of Understanding with the other local authorities locally and nationally. Better value is obtained through those services than trying to undertake the work on our own. The following are examples of those collaborations.

### BUILDING CONTROL

Four southern territorial authorities continue to work closely together on building control matters in terms of both information sharing and staff exchanges to support each other at busy times.

The Shared Services Forum had requested a combined Building Control Shared Service between Southland District Council (SDC), Environment Southland (ES), Gore District Council (GDC) and Invercargill City Council (ICC) with Clutha District Council (CDC) also opting to participate in this initiative.

The key milestones achieved to date are the development of a combined process and quality manual as well as shared regulation forms, which all four councils have now adopted. The shared manual and forms standardise the consent processing methodology and quality assurance processes and have now been the subject of a formal IANZ reaccreditation reviews with all four councils. IANZ have complimented the shared manual approach and have referred several other building consent authorities to seek a copy of the manual.

The next step is consideration of a shared approach to building consent fees across the four councils, which is being considered as part of the Southland Regional Development Strategy Ease of Doing Business Action Team work. When finalised, this will complete the building control shared services initial action plan initiatives. Work streams completed to date have been undertaken within existing staff resources and funding.

### EMERGENCY MANAGEMENT

Emergency Management Southland (EMS) is a shared service between Southland District Council, Environment Southland, Invercargill City Council and Gore District Council. It focuses on ensuring communities are prepared for emergencies, and they are able to respond to and recover from these when they do happen. Specific actions include public education and ensuring a pool of trained personnel.

### INFORMATION TECHNOLOGY

The IT Shared Services Operations Sub-Committee has over the past 12 months undertaken a number of activities that will have a positive outcome to all the member Councils and the ability to provide a more collaborative platform moving forward.

Shared Services projects that were completed during the past year were –

- The continuation of the CommVault offsite Backup and Recovery project.
- Completion of Southland wide aerial photography including Clutha and Central Otago Districts – This data is the cornerstone towards providing a single spatial view of the District.

- Initial conversations have been started with potential vendors regarding a Southern Maps Portal
- Retrolens website (a shared service with 11 other councils, including Southland Shared Services) this makes use of the historical imagery that we purchased in conjunction with Land Information New Zealand, there are over 600,000 images across NZ being digitized over a period 4 years.
- Working with HR Shared Services scoping out a draft request for proposal for a common Health and Safety system.

## IWI LIAISON

All four Southland councils have continued to fund and support Te Ao Mārama Inc, the agency approved by Te Runanga o Ngai Tahu to act on iwi liaison matters in Murihiku/ Southland under the Resource Management Act 1991 and the Local Government Act 2002. Since its inception, Queenstown Lakes District Council, Otago Regional Council and Clutha District Council have also joined supporting Te Ao Mārama Inc. The papatipu runanga and the participant councils continue to meet quarterly at the Te Roopū Taiao hui, which provides for excellent partnership and exchange of information. The key focus is to give these meetings more of a strategic focus and less focus on day to day operational/retrospective reporting back.

## LIBRARY CONSORTIUM

The consortium came together to share a range of services during 2014/2015, and these originally included the Symphony Library Management system which allowed access to the complete catalogues of Dunedin, Invercargill, Queenstown Lakes, Central Otago and Southland District Libraries for all residents.

Differing demands by various councils saw a very amiable split from this some months ago although all members are still using the Symphony platform. Dunedin City, Central Otago and Queenstown Lakes Districts have joined the national consortia - Kotui - which provides enhanced support, searching and ongoing enhancements.

A range of other opportunities are also being explored between the districts, and these include integrated holiday and reading programmes, requests and holds able to be placed across boundaries and the possibility of staff exchanges.

Although consortia membership is slightly changed SDC borrowers are able to access all catalogues through their local branch. Reciprocal membership is available at all libraries from Waitaki south for any resident of those local authorities.

Training and professional development are at the forefront of SouthLib activities as this reduces costs, allows access to national and international speakers and offers benchmarking opportunities, which would possibly be outside the scope of a single authority. This also allows for networking and a spirit of collegiality for staff who often work in isolation.

## REGIONAL DEVELOPMENT

In October 2015, the Southland Mayoral Forum published the Southland Regional Development Strategy. This is a significant community collaborative project.

The major goal of the Strategy and its subsequent Action Plan is to increase the Southland population by 10,000 more people by 2025, through creating more jobs and taking up more development opportunities.

During 2016/17, investigations were commenced into a range of identified opportunities including sheep milk development, tourism development, and new space for aquaculture expansion within the region, amongst a variety of other initiatives. The final outcomes from these investigations are yet to be finalised.

One other initiative that has been thoroughly investigated is to create a Southland Regional Development Agency which would integrate the current Venture Southland and be based on a wider community-based organisational structure rather than the present joint committee arrangement run by the three territorial authorities. Input from the public will be sought to the proposal during 2017/18.

Support for the investigations from the Government, Ngai Tahu, local industries and businesses and the community means that the momentum gained by the Mayoral Forum will continue into 2017/18 and beyond.

Have a look at the Strategy website to see the scope of investigations that are underway  
- <http://www.sords.co.nz>.

# MAORI CAPACITY TO CONTRIBUTE TO DECISION MAKING

Environment Southland acknowledges the importance of tikanga Māori and values its relationship with both Ngāi Tahu (through the four Southland papatipu rūnanga) and ngā matawaka (other Māori who are not Ngāi Tahu) living within Murihiku/Southland.

## Charter of Understanding

To help promote and develop its relationship with Māori, Environment Southland together with six other local authorities in Southland/Otago, namely Southland District Council, Invercargill City Council, Gore District Council, Queenstown Lakes District Council, Clutha District Council and Otago Regional Council signed with Te Ao Mārama Inc the Charter of Understanding He Huarahi mō Ngā Uri Whakatapu - A Pathway for the Generations Coming Through.

The Charter was revised in 2015 to incorporate the wider responsibilities under the Local Government Act 2002, and underpins all dealings between the Council and Te Ao Mārama Inc. The revised document was re-signed by all the parties at Hokonui runanga marae on 7 March 2016.

The Charter of Understanding provides:

- the basis for an ongoing relationship between the seven councils and the tangata whenua of Murihiku to assist in developing the capacity of Māori to contribute to decision-making processes;
- a foundation for consultation on a wide range of local government issues;
- for the recognition and willingness of Te Ao Mārama Inc to assist all councils in consultation with all ngā matawaka living in Murihiku. This is important in terms of Māori contribution to decision-making in the Southland region, particularly as the Local Government Act responsibilities of the Council in relation to Māori are with all Māori, not solely the local Iwi.

Te Roopū Taiao is the collaborative structure put in place for the purposes of giving effect to the Charter of Understanding and the obligations of the parties to the charter. Senior Councillors and Council staff involved in resource management regularly attend Te Roopū Taiao meetings.

Consistent with the changes to the Charter referred to above, Te Roopū Taiao includes ngā matawaka (other Māori who are not Ngāi Tahu) representatives; and meetings are usually held quarterly.

## Fostering Maori Capacity

The points below highlight progress with a number of initiatives undertaken during 2015/16 aimed at fostering Māori capacity to contribute to decision-making processes:

- continued to hold regular liaison meetings between Te Ao Mārama Inc managers and Council Executive, and weekly contact at staff level;
- invited Māori representatives to attend Council meetings and hearings to become familiar with Council protocol;
- Te Ao Mārama Inc assisted Council in developing the 2015-2025 Long-term Plan by participating at the Council table;
- provided for Iwi appointed hearing commissioners on key issues, such as major resource consent applications or plan developments that have issues of iwi significance;
- Continued the partnership with Te Ao Mārama Inc in the development of the Water and Land Plan project;
- maintained existing protocols with Māori in relation to the ways in which Council undertakes its statutory duties;
- referred to and reported against Te Tangi a Taura, the Ngāi Tahu Murihiku Resource Management Plan when assessing resource consent applications;
- maintained our commitment to ongoing funding of Te Ao Mārama Inc, with Environment Southland acting as the central financial manager for all the Councils' contributions and distribution of funds to Te Ao Mārama Inc;
- Council continued to offer the 50/50 shared arrangement to fund the Iwi Policy Officer position within Te Ao Mārama Inc;
- Council continued to Chair Te Roopū Taiao meetings.

# GORE DISTRICT COUNCIL'S CONTRIBUTION TO COMMUNITY OUTCOMES

The next section on the 'Council's Activities' provides a summary of each of the different activities undertaken by the Council and the ways in which these activities contribute to achieving the six community outcomes. The council's activities have been categorised under three different headings or activity groups.

In addition to the services and legislative or regulatory functions performed by the Council, which are detailed in the subsequent sections/chapters of this plan, the Council also promotes the achievement of community outcomes by:

- Providing leadership, representing, and being an advocate for community interests;
- Providing information necessary for sustainable development and other activities within the District;
- Acting as a facilitator, mediator, organiser and/or motivator of community-based initiatives and/or collaboration at the grassroots level;
- Engaging in partnerships with key agencies, and community groups; and
- Monitoring and reporting on progress towards achievement of community outcomes.

Each of the activity summaries included in the next section provides details on the following:

- An introduction which explains the type/nature of the service provided;
- A rationale for the service, why is the service provided;
- Its contribution to community outcomes;
- The levels of service and performance measures over the ten-year duration of the plan.

## FUNDING IMPACT STATEMENT - COUNCIL WIDE

	2017 Actual \$'000	2017 Annual Plan \$'000	2016 Actual \$'000	2017 LTP \$'000	2016 LTP \$'000
<b>SOURCES OF OPERATING FUNDING</b>					
General rates, uniform annual general charge, rates penalties	4,756	4,812	4,632	4,739	4,603
Targeted rates	10,325	10,203	9,763	10,276	9,800
Subsidies and grants for operating purposes	1,358	1,179	1,239	1,179	1,174
Fees and charges	3,541	2,974	2,950	2,935	2,787
Local authorities fuel tax, fines, infringement fees, and other receipts	190	208	178	208	204
Interest and dividends from investments	110	95	124	95	95
<b>Total operating funding (A)</b>	<b>20,280</b>	<b>19,471</b>	<b>18,886</b>	<b>19,432</b>	<b>18,664</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>					
Payments to staff and suppliers	15,228	14,648	14,290	14,471	14,091
Finance costs	572	973	625	909	787
Other operating funding applications	692	676	631	623	620
<b>Total applications of operating funding (B)</b>	<b>16,492</b>	<b>16,297</b>	<b>15,546</b>	<b>16,003</b>	<b>15,498</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>3,788</b>	<b>3,173</b>	<b>3,340</b>	<b>3,429</b>	<b>3,166</b>
<b>SOURCES OF CAPITAL FUNDING</b>					
Subsidies and grants for capital expenditure	1,435	1,593	1,102	1,593	1,598
Development and financial contributions	5	-	38	-	-
Increase (decrease) in debt	5,000	7,666	336	4,655	858
Gross proceeds from sale of assets	55	-	73	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>6,495</b>	<b>9,259</b>	<b>1,550</b>	<b>6,248</b>	<b>2,456</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>					
Capital expenditure to meet additional demand	393	287	144	87	221
Capital expenditure to replace existing assets	3,585	7,489	2,716	7,660	3,617
Capital expenditure to improve the level of service	1,862	5,062	1,093	2,222	1,772
Increase (decrease) in reserves	4,443	(405)	937	(292)	11
Increase (decrease) in investments	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>10,283</b>	<b>12,432</b>	<b>4,890</b>	<b>9,676</b>	<b>5,622</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(3,788)</b>	<b>(3,173)</b>	<b>(3,340)</b>	<b>(3,429)</b>	<b>(3,166)</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



## RECONCILIATION BETWEEN COUNCIL WIDE FUNDING IMPACT STATEMENT AND FINANCIAL STATEMENTS

	Actual 2017 \$'000	LTP 2017 \$'000	Actual 2016 \$'000
<b>INCOME</b>			
Total operating income per Statement of Financial Performance	22,148	19,828	19,720
Less			
NZTA Subsidy received for capital expenditure	(1,435)	(1,690)	(1,635)
Net change in fair value of financial assets carried at fair value through surplus or deficit (Interest rate swaps)	(368)	-	380
Net change in fair value of available for sale assets carried at fair value through surplus or deficit (Shares)	(4)	-	(4)
Assets vested in Council	-	-	-
Gross proceeds from sale of assets	(55)	-	(66)
Development and financial contributions	(5)	-	(94)
	<b>(1,868)</b>	<b>(1,690)</b>	<b>(1,419)</b>
<b>Total operating income per Council Wide Funding Impact Statement</b>	<b>\$ 20,280</b>	<b>\$ 18,139</b>	<b>\$ 18,301</b>
<b>EXPENDITURE</b>			
Total operating expenditure per Statement of Financial Performance	21,490	19,986	20,090
Less			
Depreciation	(4,997)	(4,947)	(4,952)
Decrease in investments	-	-	-
	<b>(4,997)</b>	<b>(4,947)</b>	<b>(4,952)</b>
<b>Total operating expenditure per Council Wide Funding Impact Statement</b>	<b>\$ 16,493</b>	<b>\$ 15,039</b>	<b>\$ 15,138</b>

# GROUPS OF ACTIVITIES

This Annual Report lets you know how the Council performed against the budgets and targets set in our Long Term Plan 2015-2025. The Long Term Plan is our 10-year comprehensive business plan detailing the Council's policies, and outlining the work programmes, budgets and non-financial targets. The plan also provides detailed information about each activity and the contribution it makes to achieve the Council's Community Outcomes.

The financial and non-financial results are reported here by each group of activities. There may be one or more activities included in each activity group.

# WATER SUPPLY

## Activities:

How and where water for human, agricultural, cultural and recreational uses is sustainably managed is of considerable importance. The Council has consistently regarded the provision of the water services as vital to maintaining the community's health and well-being.

The Council owns and manages water supply assets valued at \$12.5million, and acts as the maintenance contractor for the Otama Water Supply. The management and operation of the water supplies are mainly through the Council with only Otama managed through a private scheme committee. Reticulated water supply services are provided to approximately 5,000 properties for domestic and industrial use with firefighting capabilities in the townships of Gore and Mataura. It is estimated that 74% of the usually resident population receive their water from the Council's reticulated water supplies.

The water supply network collects untreated water from both surface and groundwater sources. The volume of water abstracted is closely controlled and monitored through consents.

The Mataura and Gore schemes treat this raw water prior to distribution throughout the towns' distribution networks. The treatment of water is also closely monitored to ensure appropriate treatment standards are in place to protect public health. Water is gravity fed to the majority of consumers. However, it is pumped to some suburbs at higher levels.

The Otama scheme is a rural water scheme for which the water is not treated. The Council is working through a process to determine the best solution for the scheme to comply with the New Zealand Drinking Water Standards.

Assets provided within the network include:

- Pipes (gravity and rising mains)
- Valves
- Hydrants
- Meters
- Water reservoirs
- Water intakes, bores and wells
- Control Equipment
- Water treatment plants and pumping stations

## Rationale:

The collection, treatment and distribution of potable water are essential services for the benefit of residents and businesses throughout the District. The Council's water supply activity protects the health and well-being of the community and is indispensable to economic growth and development.

The following key issues are associated with the water supplies:

- Compliance with the Health Act and meeting the DWSNZ
- Treatment Plant Upgrades totalling \$6 million over the next six years
- Increased operation and maintenance costs associated with the new treatment plants
- Improving asset data and management
- Investigating and implementing improved efficiencies
- Ongoing affordability of the water supply.
- Managing water demand.

The Local Government Act 2002 (Amendment 2010) determines infrastructure services, including water supply, to be a core service provided by local authorities and this legislation provides guidance on the way the service is managed and reported upon.

Section 23 of the Health Act 1956 also dictates that it is every local authority's duty to "improve, promote, and protect public health within its district".

This permits the Council to make bylaws for the protection of public health and requires it to present reports from time to time to provide the Medical Officer of Health with an understanding of diseases, drinking water and sanitary conditions within the District.

Therefore the reasons that the Council continues to provide water supply services include:

- to address legislative requirements
- to protect public health
- to support and enable economic growth

The Council's objectives for the community under this Long Term Plan and this Infrastructure Strategy are:

- a district ready to grow and prosper
- to shape the place we live in now and into the future
- balance the need for significant investment in public infrastructure with sustainable debt levels and affordable rates

The Council Community Outcome, to which this group of activities contributes, is:

Outcome 4: We have a quality infrastructure with potential for growth

### Significant negative effects:

While the Council acknowledges its water supply activity may have some adverse impacts, these relatively minimal impacts are outweighed by the public good that is served by the benefits of managing water supply, and most notably, public health and safety.

To mitigate the potentially negative effects of water abstraction from ecosystems, the Council is required to operate within consent requirements in accordance with the requirements of the Resource Management Act. As per the requirements of the Resource Management Act, local Iwi are consulted during resource consenting processes.

### Key points from the 2017 year:

An update of the Councils long term water strategy is currently underway. This strategy will focus on identifying the most cost effective long term water supply and treatment to ensure both Gore and Mataura have a safe and reliable water supply. Once this update has been completed, detailed design will be finalised with construction expected to start mid to late 2018.

An upgrade of the Oldham street well to supply raw water to the Mataura Valley Milk's new nutritional plant was started, with this expected to be operational in early 2018.

An increased focus will be placed on improving the quality and reliability of asset information. This will allow the Council to make robust infrastructure decisions.

At 30 June 2017, a referendum amongst Otama residents was underway to determine ownership of the Otama Water Scheme currently owned and managed by Gore District Council. Residents voted in favour of forming a new company with directors appointed by residents to own, govern and manage the scheme.

To complete the transfer of ownership from the Council to residents, the Otama Rural Water Scheme Committee must present a Local Members' Bill to parliament.

The timing of when this Bill is likely to be presented is not known.

## 2016-2017 WATER SUPPLY LEVELS OF SERVICE – ANNUAL REPORT

Council Outcome	Customer Levels of Service	Core Value	Performance Measures	Target 2017	Achieved
We have a quality infrastructure with potential for growth.	A potable water supply is provided in urban areas	Quality Safety	Compliance with the bacterial criteria of the NZDWS: (NFPM 1a)	100%	2015-2016 Annual Winz survey compliance Gore – Bacterial Compliance = No Mataura – Bacterial Compliance = Yes 2016-2017 – Not achieved 2016-2017 Annual WINZ survey compliance Gore – Bacterial Compliance = No Mataura – Bacterial Compliance = No
			Compliance with the protozoa criteria of the NZDWS: (NFPM 1b)	33%	2015-2016 Annual Winz survey compliance Gore – Protozoal Compliance - No Mataura – Protozoal Compliance – No 2016-2017 Annual Winz survey compliance Gore – Protozoal Compliance – No Mataura – Protozoal Compliance – No The Hilbre Ave and Mataura WTPs do not meet protozoal compliance as the log credits of 4 are not achieved as per the DWSNZ (2005). The East Gore WTP does not have any protozoal treatment.
		Quality	Water quality complaints received (per 1,000 connections) (NFPM 4)	8	2015-2016 – Target Not Achieved – 14 complaints 2016-2017 – Target Not Achieved – 11 complaints
	A reliable service and effective response to queries	Sustainability	Real water losses from the reticulation network (NFPM 2)	23%	2015-2016 – Target Not Achieved – 66% Leak detection studies in 2016 have revealed that over half of the water supply is lost to leakage. Increased leak resolution programme is in place currently. 2016-2017 – Target Not Achieved – 45% This is an improvement from the previous year, there have been maintenance and repairs throughout the network to fix the leaks identified in the leak detection studies in 2016.
		Reliability Responsiveness	Response to an urgent customer request (Urban, no water) (NFPM 3a)	60 min	2015-2016 – Target Achieved – 37 mins. (Median value used) 2016-2017 – Target Achieved – 10 mins. (Median value used)
		Reliability Responsiveness	Resolution of an urgent customer request. (Urban, no water) (NFPM 3b)	8 working hours	2015-2016 – Target Achieved – 1hr 52mins (Median value used) 2016-2017 – Target Achieved – 58mins (Median value used)



Council Outcome	Customer Levels of Service	Core Value	Performance Measures	Target 2017	Achieved
		Reliability Responsiveness	Response to a non-urgent customer request (NFPM 3c)	5 days	2015-2016 – Target Achieved - 4.7 days (Median value used) 2016-2017 – Target Not Achieved – 5.9 days (Median value used)
		Reliability Responsiveness	Resolution of a non-urgent customer request (NFPM 3d)	14 days	2015-2016 – Target Achieved - 4.9 days (Median value used) 2016-2017 – Target Achieved – 6.2 days (Median value used)
		Sustainability	Average consumption of drinking water (NFPM 5)	550 L/p/day	2015-2016 – Target Achieved - 548 L/p/day 2016-2017 – Target Achieved – 518 L/p/day

## FUNDING IMPACT STATEMENT - WATER

	2017 Actual \$'000	2016 Annual Plan \$'000	2016 Actual \$'000	2017 LTP \$'000	2016 LTP \$'000
<b>SOURCES OF OPERATING FUNDING</b>					
General rates, uniform annual general charge, rates penalties	-	-	-	-	-
Targeted rates	1,552	1,552	1,376	1,455	1,378
Subsidies and grants for operating purposes	-	-	3	-	-
Fees and charges	209	320	238	325	309
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-
Interest and dividends from investments	-	-	-	-	-
Internal charges and overheads recovered	-	-	-	-	-
<b>Total operating funding (A)</b>	<b>1,761</b>	<b>1,872</b>	<b>1,617</b>	<b>1,779</b>	<b>1,687</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>					
Payments to staff and suppliers	715	672	750	663	642
Finance costs	31	125	33	30	25
Other operating funding applications	-	-	-	-	-
Internal charges and overheads applied	542	562	528	570	528
<b>Total applications of operating funding (B)</b>	<b>1,288</b>	<b>1,359</b>	<b>1,311</b>	<b>1,262</b>	<b>1,196</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>473</b>	<b>513</b>	<b>306</b>	<b>517</b>	<b>491</b>
<b>SOURCES OF CAPITAL FUNDING</b>					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	(1)	-	-
Increase (decrease) in debt	168	1,656	32	1,502	32
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>168</b>	<b>1,656</b>	<b>31</b>	<b>1,502</b>	<b>32</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>					
Capital expenditure to meet additional demand	12	100	2	-	100
Capital expenditure to replace existing assets	241	252	149	279	120
Capital expenditure to improve the level of service	315	1,708	602	1,708	265
Increase (decrease) in reserves	73	110	(416)	34	39
Increase (decrease) in investments	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>641</b>	<b>2,169</b>	<b>337</b>	<b>2,020</b>	<b>524</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(473)</b>	<b>(513)</b>	<b>(306)</b>	<b>(517)</b>	<b>(491)</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



# WASTEWATER

## Activities:

The Council owns and manages wastewater assets valued at \$15.5million. Wastewater services are provided for about 5,000 households and businesses in Gore, Mataura and Waikaka.

The network collects untreated wastewater. It is both pumped and gravity fed to three treatment plants for treatment prior to being discharged to the environment. The disposal of wastewater is closely monitored and controlled by discharge consents that are managed by Environment Southland.

Assets provided within the network include:

- Pipes (gravity and rising mains)
- Manholes
- Mud tanks (for the combined wastewater and stormwater network)
- Cleaning eyes
- Pump stations (including buildings and pumps)
- Control equipment
- Wastewater treatment plants

## Rationale:

The collection, treatment and disposal of wastewater are essential services for the benefit of residents and businesses throughout the District. The Council's wastewater activity protects the health and physical environment of the community and is indispensable to economic growth and development.

The Local Government Act 2002 determines infrastructure services, including wastewater, to be a core service provided by local authorities and this legislation provides guidance on the way the service is managed and reported upon.

Section 23 of the Health Act 1956 also dictates that it is every local authority's duty to "improve, promote, and protect public health within its district".

This permits the Council to make bylaws for the protection of public health and requires the Council to present reports from time to time to provide the Medical Officer of Health with an understanding of diseases, drinking water and sanitary conditions within the District.

Therefore the reasons that the Council continues to provide wastewater services include:

- to address legislative requirements;
- to protect public health;
- to afford the environment protection; and
- to support economic growth

The Council objectives for the community under this Long Term Plan and accompanying Infrastructure Strategy are:

- a district ready to grow and prosper
- to shape the place we live in now and into the future
- to balance the need for significant investment in public infrastructure with sustainable debt levels and affordable rates

The Council Community Outcomes to which this group of activities contributes are:

Outcome 4: We have a quality infrastructure with potential for growth

Outcome 6: We value and respect our environment

### Significant negative effects:

While the Council acknowledges its wastewater activity may have some adverse impacts, these are relatively minimal and are outweighed by the public good that is served by the benefits of managing wastewater, most notably public health and safety.

To mitigate the potentially negative effects of discharging treated wastewater into the Mataura River and the Waikaka Stream, the Council has established a robust system for monitoring discharges in accordance with the requirements of the Resource Management Act.

As treated wastewater is discharged into rivers and waterways, the Council's wastewater and stormwater activities potentially have negative effects on the socioeconomic and cultural interests of Tangata Whenua. In accordance with the requirements of the Resource Management Act, local Iwi is consulted during resource consenting processes.

### Key points from the 2017 year:

The construction of a new wastewater \$6.5 million dollar treatment facility specifically designed to take wastewater for the Mataura Valley Milk's new nutritional plant is currently underway. The commission of this plant expected to be completed by April 2018. This initiative is one of several facets to the \$240 million MVM nutrition plant development where the company and this small local authority are working collaboratively.

MVM is funding the construction of an approximately \$6.5million wastewater plant. The Council will oversee construction and operate the plant once it is finished.

The new plant is being built adjacent to the Council's existing wastewater treatment ponds, in south Gore. It will treat up to 1500 cubic metres of wastewater a day.

In addition to this, the \$3.5 million dollar project to upgrade the Ajax Pump station and associated pipework is currently underway. Construction is expected to be completed in early 2018. This will significantly increase the capacity of this pump station, reducing the number of wet weather overflows that occur in this part of the network.

Desludging of the Gore oxidation ponds is also currently underway which will improve its treatment capacity and ensure it continues to function as designed.

An increased focus will be placed on improving the quality and reliability of asset information. This will allow the Council to make robust infrastructure decisions.

## 2016-2017 WASTEWATER LEVELS OF SERVICE – ANNUAL REPORT

Council Outcome	Customer Levels of Service	Core Value	Performance Measures	Performance Monitoring/Source	Target 2017	Achieved
We have a quality infrastructure with potential for growth.	A reliable service: effective response to queries	Reliability Sustainability	The number of dry weather overflows from Council's sewerage system, (per 1,000 connections) (NFPM 1)	CRM database	1	2015-2016 – Target Achieved - No complaints received. 2016-2017 – Target Achieved – No complaints received.
		Reliability Sustainability	Response to a customer request. (Blockage or fault) (NFPM 3a)	CRM database Urgent – Blockage General – Fault	Urgent 120 mins General <8 hours	Urgent – 2015-2016 – Target Not Achieved - 820mins (Median value used) General – 2015-2016 – Target Achieved - No complaints received (Median value used) Urgent – 2016-2017 – Target Not Achieved – 130 mins (Median value used) General - 2016-2017 – Target Not Achieved – 27.47 hrs.
		Reliability Sustainability	Resolution of a customer request. (Blockage or fault) (NFPM 3b)	CRM database	Urgent <8 hrs General 5 days	Urgent – 2015-2016 – Target Not Achieved – 14.9hrs. (Median value used) General – 2015-2016 – Target Achieved - No complaints received. (Median value used) Urgent – 2016-2017- Target Achieved – 4 hrs (Median value used) General – 2016-2017 – Target Achieved – 1.17 days (Median value used)
		Quality Health	Wastewater complaints received (per 1,000 connections) (NFPM 4)	CRM database	<10	2015-2015 – Target Achieved – No complaints received. 2016-2017 – Target Achieved – 3.3 complaints



## 2016-2017 WASTEWATER LEVELS OF SERVICE – ANNUAL REPORT

Council Outcome	Customer Levels of Service	Core Value	Performance Measures	Performance Monitoring/Source	Target 2017	Achieved
We value and respect our environment	Our waterways and environment are protected from adverse impacts of providing the wastewater service.	Health & Safety Reliability Sustainability Quality Social benefits	Compliance with Council's resource consents for discharge from its sewerage system measured by the number of abatement notices, infringement notices, enforcement orders and convictions (NFPM 2)	Annual Consent Compliance Reports.	Abatement Notice - 0  Infringement Notice - 0  Enforcement Orders - 0  Convictions - 0	2015-2016 – Target Achieved AN - 0 IN - 0 EO - 0 C - 0  2016-2017 – Target Achieved AN - 0 IN - 0 EO - 0 C - 0

## FUNDING IMPACT STATEMENT - WASTEWATER

	2017 Actual \$'000	2017 Annual Plan \$'000	2016 Actual \$'000	2017 LTP \$'000	2016 LTP \$'000
<b>SOURCES OF OPERATING FUNDING</b>					
General rates, uniform annual general charge, rates penalties	-	-	-	-	-
Targeted rates	1,173	1,175	1,155	1,252	1,156
Subsidies and grants for operating purposes	1	-	-	-	-
Fees and charges	769	243	228	243	234
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-
Interest and dividends from investments	-	-	-	-	-
Internal charges and overheads recovered	-	-	-	-	-
<b>Total operating funding (A)</b>	<b>1,943</b>	<b>1,418</b>	<b>1,383</b>	<b>1,495</b>	<b>1,391</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>					
Payments to staff and suppliers	559	400	503	385	372
Finance costs	118	312	103	303	224
Other operating funding applications	-	-	-	-	-
Internal charges and overheads applied	337	350	328	354	328
<b>Total applications of operating funding (B)</b>	<b>1,014</b>	<b>1,061</b>	<b>934</b>	<b>1,042</b>	<b>925</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>929</b>	<b>358</b>	<b>449</b>	<b>453</b>	<b>466</b>
<b>SOURCES OF CAPITAL FUNDING</b>					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	(5)	-	-
Increase (decrease) in debt	4,623	4,800	564	1,918	927
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>4,623</b>	<b>4,800</b>	<b>560</b>	<b>1,918</b>	<b>927</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>					
Capital expenditure to meet additional demand	-	100	1	-	100
Capital expenditure to replace existing assets	644	2,613	59	2,629	93
Capital expenditure to improve the level of service	1,019	2,925	298	187	1,200
Increase (decrease) in reserves	3,889	(480)	650	(445)	-
Increase (decrease) in investments	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>5,552</b>	<b>5,158</b>	<b>1,008</b>	<b>2,371</b>	<b>1,393</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(929)</b>	<b>(358)</b>	<b>(449)</b>	<b>(453)</b>	<b>(466)</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# STORMWATER

## Activities:

The Council owns and manages stormwater assets valued at \$9.5million. Stormwater services are provided for about 5,000 households and businesses in Gore, Mataura, Waikaka, Pukerau and Mandeville.

The stormwater network collects stormwater runoff from roads as well as households and businesses. It is both pumped and gravity fed to discharge into the environment. The quality of discharge is monitored and controlled by discharge consents that are managed by Environment Southland.

Assets provided within the network include:

- Pipes (gravity and rising mains)
- Manholes
- Cleaning eyes
- Pump stations (including buildings and pumps)
- Control equipment
- Outfalls

The Council has an ongoing long term stormwater separation project, which will see combined wastewater and stormwater assets separated. As this project progresses, more stormwater will be entering the network. Demand on stormwater pump stations will need to be monitored to ensure this extra capacity can be managed.

Although there is a forecast declining/static population, there is the possibility of population growth from industry developments. Supporting industries may create demands on the network from increased hardstand areas and an increased risk of discharge quality contamination.

## Rationale:

The collection and disposal of stormwater is an essential service for the benefit of residents and businesses throughout the District. The Council's stormwater activity protects the health and physical environment of the community and is indispensable to economic growth and development.

The Local Government Act 2002 determines infrastructure services, including stormwater, to be a core service provided by local authorities and this legislation provides guidance on the way that the service is managed and reported upon.

Section 23 of the Health Act 1956 also dictates that it is every local authority's duty to "improve, promote, and protect public health within its district".

This permits the Council to make bylaws for the protection of public health and requires the Council to present reports from time to time to provide the Medical Officer of Health with an understanding of diseases, drinking water and sanitary conditions within the District.

Therefore the reasons that the Council continues to provide stormwater services include:

- To address legislative requirements
- To protect public health
- To afford the environment protection
- To support economic growth

The Council objectives for the community under this Long Term Plan and this Infrastructure Strategy are:

- a district ready to grow and prosper
- to shape the place we live in now and into the future
- to balance the need for significant investment in public infrastructure with sustainable debt levels and affordable rates

The Council Community Outcomes to which this group of activities contributes are:

Outcome 4: We have a quality infrastructure with potential for growth

Outcome 6: We value and respect our environment.

### Significant negative effects:

While the Council acknowledges its stormwater activity may have some adverse impacts, these relatively minimal impacts are outweighed by the public good that is served by the benefits of managing stormwater, and most notably, public health and safety.

To mitigate the potentially negative effects of discharging stormwater into the Mataura River and the Waikaka and Pukerau Streams, the Council has established a robust system for monitoring discharges in accordance with the requirements of the Resource Management Act.

As stormwater discharges into rivers and waterways, the Council's stormwater activity potentially has negative effects on the socioeconomic and cultural interests of Tangata Whenua. In accordance with the requirements of the Resource Management Act, local Iwi is consulted during resource consenting processes.

### Key points from the 2017 year:

During the year the Council's stormwater trouble shooting working party identified a number of interim solutions to stormwater issues in the district. The interim solutions will be implemented in the coming year.

The Council has continued to develop a long term strategy to complete the separation of the wastewater and stormwater network and improve the performance of the existing network. This work will continue in the coming year.

The Council monitors discharge points on an ongoing basis to ensure they are compliant with the Council's discharge consents.

An increased focus will be placed on improving the quality and reliability of asset information. This will allow the Council to make robust infrastructure decisions.

## 2016-2017 STORMWATER LEVELS OF SERVICE – ANNUAL REPORT

Council Outcome	Customer Levels of Service	Core Value	Performance Measures	Performance Monitoring/Source	Target 2017	Achieved
We have quality infrastructure with potential for growth.	A reliable service and effective response to queries	Responsiveness	Response to a customer request (Flooding event) (NFPM 3)	CRM database	60 min	2015-2016 – Target Achieved – No complaints received. 2016-2017 – Target Achieved – No complaints received.
		Quality	Stormwater complaints received (per 1,000 properties connected) (NFPM 4) Faults or blockages	CRM database	8	2015-2016 – Target Achieved – No complaints received. 2016-2017 – Target Achieved – 0.17 complaints received.
	Homes and properties are not affected by surface flooding caused by the Stormwater Activity	Quality Health & Safety	Number of flooding events (NFPM 1a)	CRM database	3	2015-2016 – Target Achieved – No complaints received. 2016-2017 – Target Achieved – 2 flooding complaints received.
			Number of habitable floors affected per 1,000 connected properties (per event) (NFPM 1b)	CRM database	2	2015-2016 – Target Achieved – No complaints received. 2016-2017 – Target Achieved – The flooding events both occurred on Robertson Street Gore due to a blockage of the stormwater main from tree roots – no flooding entered habitable floors.



## 2016-2017 STORMWATER LEVELS OF SERVICE – ANNUAL REPORT

Council Outcome	Customer Levels of Service	Core Value	Performance Measures	Performance Monitoring/Source	Target 2017	Achieved
We value and respect our environment	Our waterways and environment are protected from adverse impacts of providing the Stormwater service.	Quality Sustainability Social Benefit	Compliance with Council's resource consents for discharge from its stormwater system measured by the number of abatement notices, infringement notices, enforcement orders and convictions (NFPM 2a-d)	Annual Reports	Abatement Notice - 0  Infringement Notice - 0  Enforcement Orders -0  Convictions- 0	2015-2016 AN - 0 IN - 0 EO - 0 C - 0  2016-2017 AN - 0 IN - 0 EO - 0 C - 0

## FUNDING IMPACT STATEMENT - STORMWATER

	2017 Actual \$'000	2017 Annual Plan \$'000	2016 Actual \$'000	2017 LTP \$'000	2016 LTP \$'000
<b>SOURCES OF OPERATING FUNDING</b>					
General rates, uniform annual general charge, rates penalties	-	-	-	-	-
Targeted rates	522	523	525	563	526
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	-	-	-	-	-
<b>Total operating funding (A)</b>	<b>522</b>	<b>523</b>	<b>525</b>	<b>563</b>	<b>526</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>					
Payments to staff and suppliers	80	106	45	98	95
Finance costs	13	11	25	18	28
Other operating funding applications	-	-	-	-	-
Internal charges and overheads applied	81	84	79	89	82
<b>Total applications of operating funding (B)</b>	<b>174</b>	<b>201</b>	<b>150</b>	<b>204</b>	<b>205</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>348</b>	<b>322</b>	<b>376</b>	<b>358</b>	<b>321</b>
<b>SOURCES OF CAPITAL FUNDING</b>					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	(196)	(196)	(196)	(171)	(196)
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>(196)</b>	<b>(196)</b>	<b>(196)</b>	<b>(171)</b>	<b>(196)</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>					
Capital expenditure to meet additional demand	-	-	-	-	-
Capital expenditure to replace existing assets	-	36	-	62	80
Capital expenditure to improve the level of service	84	125	15	125	45
Increase (decrease) in reserves	68	(35)	165	-	-
Increase (decrease) in investments	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>152</b>	<b>126</b>	<b>180</b>	<b>187</b>	<b>125</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(348)</b>	<b>(322)</b>	<b>(376)</b>	<b>(358)</b>	<b>(321)</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# ROADING AND FOOTPATHS

## Activities:

The Gore District roading network comprises of 896 kilometres of roads, with 424 kilometres unsealed. All work is procured in accordance with the Council's NZTA approved Procurement Strategy. Design and supervision of major work is generally undertaken by consultants.

The Council supports the objectives of the Land Transport Strategy, Road Safety Strategy 2020 and the New Zealand Transport Agency to improve road safety and sustainable transport throughout the region. The Council's staff work with other councils and transport stakeholders to further New Zealand Transport Agency initiatives through the development and implementation of the Road Safety Action Plan, which addresses issues such as excessive speed, drink driving campaigns, developing and promoting safety management systems.

The Council compiles a triennial land transport programme to give it access to government partnership finance. The programme takes into consideration transport initiatives, strategy development and monitoring, travel demand assessments, road safety issues, stock truck effluent transfer sites, alternatives to roading options, regional development initiatives, and monitoring passenger and mobility services.

## Rationale:

Roads, bridges, and footpaths are provided and maintained to ensure safe and efficient passage of people and goods throughout the community, contributing to the effective functioning of the community and economy. Public ownership of the roading network ensures appropriate property access and freedom of travel throughout the District for all residents and visitors. Well maintained roads, footpaths, and street lighting provide for the safe and efficient travel of motor vehicles, cyclists, and pedestrians.

As the Council is the road controlling authority under the Local Government Act 1974, it has responsibility for all of the roads (state highways excluded) in the Gore District.

## Significant negative effects:

Despite the benefits the Council's roading activities bring, in terms of providing transportation infrastructure that is needed to support the everyday lives and livelihoods of residents in the District, roading activities are inevitably associated with a number of negative effects. The table below sets out the negative effects that are potentially relevant to the situation in Gore, as well as possible mitigation measures.

No	Potential Negative Effect	Proposed Action
1	<b>Road Deaths and Injuries</b>	<ul style="list-style-type: none"><li>• Prepare a 'minor improvement projects' plan each year.</li><li>• Set appropriate speed limits.</li><li>• Maintain a road safety strategy and a road safety action plan. Properly implement the safety management system.</li><li>• Work closely with NZTA, the New Zealand Police and Road Safety Southland on road user education and policing.</li></ul>

No	Potential Negative Effect	Proposed Action
2	<p><b>Excessive Noise</b></p> <p>Undue noise to adjoining properties from traffic volumes usually in urban areas.</p>	<ul style="list-style-type: none"> <li>• Set appropriate speed limits.</li> <li>• Use appropriate surfacing on busy roads in residential areas</li> </ul>
3	<p><b>Dust from unsealed roads</b></p>	Permit affected property owners to apply oil as a suppressant to short sections.
4	<p><b>Contamination of Natural Waters</b></p> <p>Cars and trucks leave particles of worn tyre material and un-burnt fuel from exhaust pipes on the road surface. The road surface also gradually wears down. Rain washes this material into the roadside drains and storm water systems and then into the streams and the sea- contaminating the natural waters.</p>	<ul style="list-style-type: none"> <li>• Ensure proper attention is paid to water run-off / sediment control management when carrying out work on the roads.</li> <li>• Police the discharge of effluent onto the roads from stock trucks (and encourage the provision of disposal facilities at appropriate locations).</li> </ul>
5	<p><b>Travel Delays Caused by Road Works</b></p>	Ensure proper attention is paid to the preparation of, and adherence to, traffic management plans when carrying out road works.
6	<p><b>Road lighting causing interference to adjoining properties or a distraction to motorists – or insufficient lighting (especially in places frequented by pedestrians after dark) endangering public safety</b></p>	<ul style="list-style-type: none"> <li>• Ensure all road lights are sited and focussed in an appropriate manner.</li> <li>• When preparing the annual road safety allocation ensure consideration is given to areas where additional lighting may be desirable.</li> </ul>
7	<p><b>Damage / nuisance caused to vehicles by soil and cow excrement on the roads</b></p>	<ul style="list-style-type: none"> <li>• Encourage the construction of underpasses in places where stock numbers regularly cross busy roads.</li> <li>• Enforce removal of soil and other material dropped on roads.</li> </ul>
8	<p><b>The Flooding of Adjoining Properties</b></p> <p>Flooding is caused to adjoining properties as a result of inadequate (or inappropriately designed or insufficiently maintained and managed) road culverts and storm water drains.</p>	<ul style="list-style-type: none"> <li>• The Council routinely monitors the maintenance contractors' performance to ensure existing culverts and drains are being properly maintained and managed.</li> <li>• There is nothing that can be done to prevent the flooding of properties during major storm events. However the Council will always be mindful of places where the adverse impacts may be able to be reduced and will programme improvement project where possible.</li> </ul>

No	Potential Negative Effect	Proposed Action
9	<p><b>Untidy road pavements and road verges</b></p> <p>The potential negative effects under this heading include:</p> <ul style="list-style-type: none"> <li>• Graffiti on road assets</li> <li>• Litter on the road pavement, on footpaths, and in roadside gutters and kerbs;</li> <li>• In residential and commercial areas: <ul style="list-style-type: none"> <li>- Poorly maintained shrubs and trees, long unmown grass, and weeds on the road verge and in traffic islands; (and)</li> <li>- Untidy / unkempt signage, bus bays and bus shelters and taxi stands etc</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Monitor and take appropriate actions as required.</li> </ul>
10	<p><b>Land developed without sufficient consideration of the impacts on the road network</b></p> <p>'Land Development' potential negative effects include (but are not limited to):</p> <ul style="list-style-type: none"> <li>• Buildings constructed too close to the road obstructing vision and perhaps restricting future road widening;</li> <li>• Inappropriate tree and hedge planting also obstructing vision;</li> <li>• Inadequately / inappropriately constructed and sited vehicle crossings;</li> <li>• (especially in commercial and industrial areas) no or inadequate 'pull off' space;</li> <li>• Inadequate storm water control provision;</li> <li>• Inadequately constructed new road assets that the Council is expected to 'take over';</li> <li>• Significant damage done to the roads by heavy vehicles associated with activities like the haulage of construction materials to the site, and logging and mining or (especially in wet conditions) dropping clay and other material on the road.</li> </ul>	<ul style="list-style-type: none"> <li>• Land use and road network provision go hand in hand. The two can't be divorced. The only reason the network is there is to provide the ability or pedestrians, cyclists, and vehicles carrying people and goods to be able to travel efficiently, and safely to and from the residential, commercial and industrial development on the land – and the way in which the land is being used will (to a fair extent) determine the type and standard of roading that is required.</li> <li>• As a general rule the philosophy is that if land subdivision and development will cause costs that would not have been incurred if that subdivision or development had not taken place they should be funded (as a part of the project cost) by the sub-divider (or developer). It is inappropriate that the costs be paid by the Council at the expense of other (higher priority) programmed road work.</li> </ul>

No	Potential Negative Effect	Proposed Action
10	<ul style="list-style-type: none"> <li>Inadequate consideration of what the effect is likely to be on the existing roads by the increased number of vehicles that the land development is likely to cause.</li> <li>Inadequate consideration of pedestrian, signage, parking and lighting and beautification matters</li> </ul>	
11	<b>Potential damage to wildlife habitats or sites of archaeological or historical significance</b>	<ul style="list-style-type: none"> <li>Take care to avoid causing damage to wildlife, archaeological and historic sites when carrying out roading work.</li> </ul>

It is pertinent to note that the above mentioned negative effects are mostly caused by road users, and are not occasioned by the roading system itself. The Council's policy is to monitor and maintain an ongoing awareness of the possible risks and to ensure that mitigation measures are implemented to the extent appropriate.

### Key points from the 2017 year:

Ongoing performance issue with the Council's road maintenance contractor led the Council to exit its road maintenance contract early in 2017. The districts roads are maintained by three local contractors on a short term contract while the Council can arrange a suitable long term maintenance contract.

Following on from the gravel trial last financial year, the Council started the progressive roll out better-performing gravel on its unsealed roads. The trial had showed that the gravel the Council had been using did not perform as well as other gravels. The trial was conducted as a result of submissions to the Long Term Plan raising concerns about the quality of the gravel used on the District's rural roads.

## STATEMENT OF SERVICE PERFORMANCE – 2016-2017 – ANNUAL

Council Outcome	Customer Levels of Service	Performance Measures	Target 2017	Achieved
We have a quality infrastructure with potential for growth.	Mandatory Performance Measure 1 (Road Safety) The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network, expressed as a number	The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network, expressed as a number	Number of Fatal and Serious Crashes ≤3	2013-2014 – 1 fatal or serious crashes 2014-2015 – No fatal or serious crashes 2015-2016 – No of serious crashes was 2 with 4 people seriously injured. There were no fatal crashes. 2016-2017 – Year to date – This measure has not been updated in the ONRC database.
	Mandatory Performance Measure 2 (Road Condition) The average quality of ride on a sealed local network, measured by smooth travel exposure.	The average quality of ride on a sealed local network, measured by smooth travel exposure	Urban <220 NAASRA Rural <120 NAASRA	2015-2016 - Urban – All categories are below 220 2015-2016 – Rural – All categories are below 120 2016-2017 - Urban – All categories are below 220 2016-2017 – Rural – All categories are below 120

Council Outcome	Customer Levels of Service	Performance Measures	Target 2017	Achieved
	<p>Mandatory Performance Measure 3 (Road Maintenance). The percentage of the sealed local road network that is resurfaced.</p>	<p>The percentage of the sealed local road network that is resurfaced.</p>	<p>6.2%</p>	<p>2014-2015 – 49.628km Chipseal and asphalt was resurfaced = 10.52%.                      2015-2016 – 25.164km Chipseal and asphalt was resurfaced = 5.33%                      2016-2017 – 45.448km Chipseal and asphalt was resurfaced = 9.63% (Values were in lane kms on the ONRC website this was divided by 2 to get the correct km values)</p>
	<p>Mandatory Performance Measure 4 (Footpaths). The percentage of footpaths within a territorial authority district that fall within the level of service standard for the condition of footpaths that is set out in the territorial authority's relevant document (such as its annual plan, activity management plan, asset management plan, annual works programme, or long term plan)</p>	<p>The percentage of footpaths within the district that fall within the level of service standard for the condition of footpaths</p>	<p>Decreasing trend</p>	<p>2015-2016 – As this is the first year of data collection, Council is unable to conclude on this measure however there has been 750.2m of footpaths repaired.                      2016-2017 – Year to date – 425.7m of footpaths has been repaired.</p>



## STATEMENT OF SERVICE PERFORMANCE – 2016-2017 – ANNUAL CONT.

Council Outcome	Customer Levels of Service	Performance Measures	Target 2017	Achieved
	<p>Mandatory Performance Measure 5 (Response to Service Requests). The percentage of customer service requests relating to roads and footpaths to which the territorial authority responds within the timeframe specified in the long term plan.</p> <p>Unsealed roads are maintained to ensure they are fit for purpose</p>	<p>The percentage of customer service requests relating to roads and footpaths to which the territorial authority responds within the timeframe specified in the long term plan.</p> <p>The percentage of respondents to the Gore District Council annual Resident Survey within the range of neutral to very satisfied.</p>	<p>95%</p>	<p>2015 – 2016 This is currently being developed - From 1 January 2016 - 30 June 2016 – 46%</p> <p>2016-2017 – This is currently being developed – From 1 July 2016 – 30 June 2017– 69.10%</p>
			<p>78%</p>	<p>2017 – 67% Target not achieved</p>

## FUNDING IMPACT STATEMENT - ROADING

	2017 Actual \$'000	2017 Annual Plan \$'000	2016 Actual \$'000	2017 LTP \$'000	2016 LTP \$'000
<b>SOURCES OF OPERATING FUNDING</b>					
General rates, uniform annual general charge, rates penalties	-	-	-	-	-
Targeted rates	2,344	2,323	2,288	2,322	2,283
Subsidies and grants for operating purposes	892	876	837	876	878
Fees and charges	-	-	1	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	144	138	139	138	137
Interest and dividends from investments	-	-	-	-	-
Internal charges and overheads recovered	149	143	167	140	172
<b>Total operating funding (A)</b>	<b>3,529</b>	<b>3,480</b>	<b>3,431</b>	<b>3,475</b>	<b>3,470</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>					
Payments to staff and suppliers	2,139	2,101	1,958	2,101	2,071
Finance costs	45	56	45	58	48
Other operating funding applications	-	-	-	-	-
Internal charges and overheads applied	423	406	430	399	431
<b>Total applications of operating funding (B)</b>	<b>2,607</b>	<b>2,563</b>	<b>2,433</b>	<b>2,558</b>	<b>2,550</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>922</b>	<b>916</b>	<b>997</b>	<b>916</b>	<b>921</b>
<b>SOURCES OF CAPITAL FUNDING</b>					
Subsidies and grants for capital expenditure	1,435	1,593	1,102	1,593	1,598
Development and financial contributions	-	-	4	-	-
Increase (decrease) in debt	105	105	100	105	100
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>1,540</b>	<b>1,697</b>	<b>1,206</b>	<b>1,697</b>	<b>1,698</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>					
Capital expenditure to meet additional demand	-	-	34	-	-
Capital expenditure to replace existing assets	2,020	2,287	1,720	2,390	2,443
Capital expenditure to improve the level of service	253	305	120	203	180
Increase (decrease) in reserves	189	21	331	21	(5)
Increase (decrease) in investments	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>2,462</b>	<b>2,614</b>	<b>2,204</b>	<b>2,614</b>	<b>2,619</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(922)</b>	<b>(916)</b>	<b>(997)</b>	<b>(916)</b>	<b>(921)</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# PARKS, RESERVES, AQUATIC FACILITIES, CIVIC BUILDINGS & RECREATION

## Activities:

The Gore District has an excellent range of open spaces and community facilities. The open spaces provide an assortment of recreation opportunities, and the property and community facilities assets serve the community well.

Among the Parks, Property and Recreation portfolio, the Gore Gardens and Eastern Southland Gallery are nationally recognised; Dolamore Park, the MLT Events Centre and the Gore Multisports Complex are of regional benefit; and there are key facilities in the District such as the James Cumming Wing. These high profile sites are supplemented with a range of district and local parks and facilities.

The Council owns and manages property, parks and recreation assets valued at over \$40 million. Parks, property and recreational activities are provided for in Gore, Mataura, Waimumu, Waikaka, Pukerau, Mandeville and Kaiwera, and the surrounding areas.

Council buildings, public conveniences and recreation facilities are located within Gore and Mataura. Cemeteries are located in these two towns, as well as Waikaka and Pukerau. All four areas have recreation reserves. In addition to the parks and reserves, the Council maintains two public swimming pools, which provide recreational opportunities for the people in the District, and subsidised swimming programmes.

Assets provided within the network include:

- Buildings
- Public conveniences
- Playgrounds
- Cemeteries
- Recreation facilities
- Aquatic facilities
- MLT Event Centre

## Rationale:

The Parks Property and Recreation activity is identified as a core service in terms of Section 11A of the Local Government Act 2002. The Parks Property and Recreation activity has many benefits for the community and provides opportunities for social interaction, and active and passive recreation. The activity also plays a major role in the appearance and attractiveness of the District. How residents feel about the District is heavily influenced by the activity, which is positive. In attracting people to the District, as visitors and residents, the provision of quality open spaces and recreation opportunities is a key determinant. This is an important consideration in terms of the manner in which Gore promotes itself and the lifestyle available.

Parks and reserves are provided by local government to ensure open spaces in urban areas, opportunities for recreation and sport, and to enhance community pride. Sports centres and parks provide opportunities for sports clubs and other recreation and community groups. Providing these services is believed to enhance the general health and well-being of the community where a private enterprise may not be viable.

Community and civic buildings are provided to meet the operational need of the Council and provide the community with communal meeting spaces.

Public conveniences are an essential service and are utilised by both locals and visitors.

Councils are required to provide cemeteries by the Burial and Cremation Act 1964. Cemeteries are provided to protect public health and provide a location for bereavement within close proximity to the community.

The Parks Property and Recreation activity is identified as a core service in terms of Section 11A of the Local Government Act 2002.

The Local Government Act 2002 permits the Council to make bylaws for the protection of public health. It requires the Council to present reports from time to time to provide the Medical Officer of Health with an understanding of diseases, drinking water and sanitary conditions within the District

### Significant negative effects:

The Council acknowledges that some adverse impacts are possible as a result of operations to provide the services for the local community. However, these relatively minimal impacts are outweighed by the public good that is served by the benefits of providing safe areas for passive and active recreation that are accessible throughout the year.

To mitigate the potentially negative effects of necessary maintenance operations, contractors applying herbicides are GROWSAFE® certified, earthworks operations are carried out during the summer months, and appropriate erosion and sediment control measures are in place. Noise restrictions and working hour restrictions are also enforced to mitigate potential effects on local residents. Upgrade works on sports fields, and re-vegetation in passive reserves are carried out to industry best-practice to minimise erosion and the duration of the works.

As per the requirements of the Resource Management Act, local Iwi is consulted during resource consenting processes for works not considered to be permitted activities in parks and reserves.

The Council's central administration activities are delivered, in the main, from the Civic Centre offices in Civic Avenue. This building is subject to an earthquake risk assessment. Notwithstanding the outcome of this assessment, the Council has flagged the need for a major upgrade and will be progressing this project within the first few years of this Long Term Plan.

### Key points from the 2017 year:

The 2016/17 financial year saw a couple of larger projects complete.

The final two Reserve Management Plans were publically consulted, submissions heard, drafts revised then ultimately adopted by the Council:

- Volume 3 Town Belt Reserves
- Volume 4 Dolamore Park

From a projects perspective, the following was undertaken:

- The replacement Dolamore Park caretakers shed was rebuilt in the same location
- A compliant potable water supply installed at Dolamore Park
- Whisky Creek bridge replacement installed.
- Playground soft-fall and equipment upgrades
- Mataura Streetscape State Highway 1 island plots installed by the Council Transportation team and planted by the reserves department.

# STATEMENT OF SERVICE PERFORMANCE – 2016-2017 – ANNUAL

Council Outcome	Customer Levels of Service	Core Value	Measured By	Target 2017	Achieved
<b>Aquatic Centre</b>					
We have a choice of quality places to go and things to do	To provide safe, quality, accessible swimming pools with good opportunities for learning	Accessibility Quality Customer Service Health and Safety	Five key technical measures that reflect the core values  This includes: <ul style="list-style-type: none"> <li>• Pool availability</li> <li>• Customer satisfaction</li> <li>• Swimming course enrolments</li> <li>• Health and safety incidents</li> <li>• Pool safe accreditation</li> </ul>	5/5 Indicators achieved	2016-2017 – 5/5 – The assessment of the five technical measures confirmed that all 5 have been achieved.
<b>Parks and Reserves, Cemeteries and Public Conveniences</b>					
We have a choice of quality places to go and things to do	Parks, reserves and cemeteries provide a sense of place; active recreation spaces, as well as opportunities to interact with and beautify urban environments; facilities are safe, well-maintained and appropriate for their use with high levels of public satisfaction	Quality	Percentage of community that are satisfied across the range of property and recreation criteria surveyed  This includes: satisfaction levels for: <ul style="list-style-type: none"> <li>• Parks and Reserves/Sportsgrounds</li> <li>• Playgrounds</li> <li>• Cemeteries</li> <li>• Public conveniences</li> <li>• The provision of community buildings or halls</li> </ul>	> 90% across the 5 criteria surveyed	2016-2017 – Overall the specified criteria surveyed surpassed the target of 90% by collectively achieving 94.1%. The only individual item that rated below 90% was public conveniences with a score of 88%. The other four criteria ranged between 92-99%.





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

	2017 Actual \$'000	2017 Annual Plan \$'000	2016 Actual \$'000	2017 LTP \$'000	2016 LTP \$'000
<b>SOURCES OF OPERATING FUNDING</b>					
General rates, uniform annual general charge, rates penalties	1,408	1,397	1,384	1,376	1,324
Targeted rates	2,821	2,812	2,584	2,811	2,659
Subsidies and grants for operating purposes	111	73	117	73	71
Fees and charges	778	818	785	799	768
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-
Interest and dividends from investments	-	-	-	-	-
Internal charges and overheads recovered	1,353	1,350	1,251	1,145	1,107
<b>Total operating funding (A)</b>	<b>6,472</b>	<b>6,450</b>	<b>6,120</b>	<b>6,205</b>	<b>5,929</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>					
Payments to staff and suppliers	3,639	3,542	3,360	3,479	3,340
Finance costs	214	277	245	290	265
Other operating funding applications	-	-	-	-	-
Internal charges and overheads applied	2,100	2,065	1,969	1,851	1,813
<b>Total applications of operating funding (B)</b>	<b>5,954</b>	<b>5,884</b>	<b>5,573</b>	<b>5,620</b>	<b>5,418</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>518</b>	<b>566</b>	<b>547</b>	<b>586</b>	<b>511</b>
<b>SOURCES OF CAPITAL FUNDING</b>					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	5	-	31	-	-
Increase (decrease) in debt	419	1,450	(66)	1,450	57
Gross proceeds from sale of assets	9	-	(2)	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
<b>TOTAL SOURCES OF CAPITAL FUNDING (C)</b>	<b>433</b>	<b>1,450</b>	<b>(38)</b>	<b>1,450</b>	<b>57</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>					
Capital expenditure to meet additional demand	377	87	12	87	21
Capital expenditure to replace existing assets	374	1,908	454	1,908	520
Capital expenditure to improve the level of service	126	-	21	-	31
Increase (decrease) in reserves	72	21	23	41	(4)
Increase (decrease) in investments	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>949</b>	<b>2,016</b>	<b>509</b>	<b>2,036</b>	<b>568</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(518)</b>	<b>(566)</b>	<b>(547)</b>	<b>(586)</b>	<b>(511)</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# OTHER DISTRICT ASSETS INCLUDING SOLID WASTE AND CIVIL DEFENCE

## Activities:

The Gore District Council contributes to other significant activities for residents, namely solid waste service and Civil Defence.

### Solid Waste

Responsibilities that fall under the solid waste management umbrella include:

- Kerbside recycling collection service delivery
- Kerbside residual waste collection service delivery
- Transfer Station service delivery
- Landfill operations
- Education and advocacy (waste minimisation)

The Council owns a transfer station in Gore and four closed landfill sites in Gore, Mataura, Waikaka and Pukerau. There are no Emission Trading Scheme effects emanating from these sites.

Maintenance of the above assets is undertaken and managed by Bond Contracting Ltd as part of its Southland-wide solid waste management contract held with the Southland WasteNet Councils. The costs of maintenance, renewal or replacement are funded primarily through user fees and charges and supplemented by rates contributions.

### Civil Defence

The Council is part of a Shared Services for Civil Defence and Emergency Management, which is delivered through Emergency Management Southland (EMS). EMS was established in 2009 as a means to a more coordinated approach by the four Councils in Southland to Emergency Management.

## Rationale:

The Gore District faces the challenges of using resources while ensuring that our environment and our health are not harmed, through inefficient use or by the waste generated. The disposal of solid waste in a way that protects the health of the community and the environment is a fundamental requirement for community well-being.

Under the Local Government Act 2002 and the Waste Minimisation Act 2008, the Council is required to encourage and promote effective and efficient waste management and minimisation within its district.

The Gore District Council maintains a "hands on" approach to this activity because it considers that waste can be most effectively and efficiently managed by the Council, where long term benefits can be obtained for the community.

In regard to civil defence, the safety and welfare of the District's residents are enhanced when the District has plans in place to ensure that natural disasters and civil emergencies have minimal negative effects on communities, and when there is a well-trained group of individuals who can provide leadership in the event of an emergency.

## Significant Negative Effects

The Council recognises there are negative impacts associated with the collections and disposal of solid waste. At the same time, it needs to be recognised that it is essential to have efficient and effective means of disposing of solid waste. In short, any negative effects must be weighed against such need.



While there is a risk that leachate from closed landfills may leach into streams and the water table, such risks are mitigated by strict adherence to resource consent requirements pertaining to the landfills.

The Council also strives to minimise nuisances such as noise, dust and odour from transfer station operations by closely monitoring the operation of the transfer station. The nuisance caused by windblown litter from waste disposal areas is also mitigated by the installation of wind fencing.

With regard to the risk of vermin such as rats and/or seagulls, the Council conducts regular checks for vermin and lays bait to minimise colonisation in waste disposal areas or facilities by vermin. The Council also keeps solid waste disposal areas clean and tidy.

Council Outcome	Contribution of the Council's Solid Waste Activity	Level of Service Action
<i>We value and respect our environment.</i>	The Council's solid waste services allow for efficient, hygienic and environmentally friendly disposal of solid waste generated in the District.	<ul style="list-style-type: none"> <li>• A transfer station is provided to meet the needs of the community.</li> <li>• An effective kerbside refuse and recycling collection service is provided in urban areas.</li> <li>• Waste minimisation is promoted to improve the environment.</li> <li>• The number of fly-tipping incidents is reduced with the introduction of kerbside recycling.</li> </ul>

Council Outcome	Contribution from the Council's Civil Defence Emergency Management Activities	Level of Service Action
<i>We live in a compassionate caring community.</i>	The Council's civil defence emergency management activities enable timely preparation and an effective response to rural fires, natural disasters, civil emergencies and other untoward events	<ul style="list-style-type: none"> <li>• To have a skilled and knowledgeable team ready to manage an emergency response when required.</li> <li>• People prepared for a civil defence emergency.</li> </ul>

## 2016-2017 SOLID WASTE LEVELS OF SERVICE – ANNUAL REPORT

Council Outcome	How It Contributes to Our Council Outcomes	Specific Measure	Performance Monitoring Methodology/Source <small>(How do we measure, or where do we get data from)</small>	Performance Target 2017	Achieved
Waste minimisation is promoted to improve the environment.	The reduction of waste disposed of reduces costs to residents and places less pressure on the environment. This has a positive impact on economic and environmental outcomes.	Volume of waste per capita being disposed of at the regional landfill.	Regional landfill weighbridge records	Material discarded ←650kg per capita (across Southland)	2015-2016 – 356.53 kg per capita across Southland. 2016-2017 – 345.76 kg per capita across Southland)

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

	2017 Actual \$'000	2017 Annual Plan \$'000	2016 Actual \$'000	2017 LTP \$'000	2016 LTP \$'000
<b>SOURCES OF OPERATING FUNDING</b>					
General rates, uniform annual general charge, rates penalties	264	355	255	307	291
Targeted rates	1,282	1,191	1,225	1,253	1,191
Subsidies and grants for operating purposes	131	45	49	45	44
Fees and charges	633	576	617	550	524
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-
Interest and dividends from investments	-	-	-	-	-
Internal charges and overheads recovered	1,204	1,249	1,173	1,266	1,173
<b>Total operating funding (A)</b>	<b>3,513</b>	<b>3,415</b>	<b>3,319</b>	<b>3,332</b>	<b>3,136</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>					
Payments to staff and suppliers	2,497	2,462	2,337	2,463	2,406
Finance costs	95	120	107	130	120
Other operating funding applications	-	-	-	-	-
Internal charges and overheads applied	654	646	632	641	622
<b>Total applications of operating funding (B)</b>	<b>3,247</b>	<b>3,228</b>	<b>3,076</b>	<b>3,144</b>	<b>3,062</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>266</b>	<b>187</b>	<b>243</b>	<b>187</b>	<b>74</b>
<b>SOURCES OF CAPITAL FUNDING</b>					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	(38)	(38)	(3)	(38)	(3)
Gross proceeds from sale of assets	3	-	37	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>(36)</b>	<b>(38)</b>	<b>34</b>	<b>(38)</b>	<b>(3)</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>					
Capital expenditure to meet additional demand	-	-	33	-	-
Capital expenditure to replace existing assets	48	84	187	84	198
Capital expenditure to improve the level of service	34	-	-	-	-
Increase (decrease) in reserves	148	65	57	65	(127)
Increase (decrease) in investments	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>230</b>	<b>149</b>	<b>277</b>	<b>149</b>	<b>71</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(266)</b>	<b>(187)</b>	<b>(243)</b>	<b>(187)</b>	<b>(74)</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# COMMUNITY SERVICES - ARTS & HERITAGE, LIBRARIES, PROMOTIONS AND GRANTS

## Activities:

The Gore District hosts a significant range of award-winning cultural facilities, museums and collections. These have, in no small way, made Gore a destination in its own right for aficionados of arts. It is also the key to some of the District's main promotions and events.

The Council sees the development of heritage tourism as one of the key drivers of economic development in the District and, looking into the future, believes it can build on successes to date. Such successes include the Mataura Museum upgrade winning a major national award.

The appointment of an events and promotions coordinator is also expected to play a key role in ensuring locals and overseas visitors, as well as the rest of New Zealand, are aware of the opportunities offered in the Gore District.

The Council arts and heritage department manages, in partnership with key public providers, cultural property and programmes for the benefit of the people of District, and visitors to the area. The department is also a pivotal link between local cultural interests and public sector agencies that govern policy surrounding the management and funding of cultural property and related infrastructures.

Staff in the department play a pivotal role in facilitating the development of arts, culture and heritage resources in the District. They actively seek capital funding from external sources for arts and heritage initiatives in the District, perform project management functions in the implementation phase of building arts and heritage facilities, as well as provide ongoing management of related collections and programmes.

The heritage precinct is home to much of the District's heritage facilities, namely:

- The Hokonui Heritage Centre – containing the Hokonui Moonshine Museum, Gore Historical Museum, Hokonui Heritage Research Centre and Fishing Museum
- The Eastern Southland Gallery – containing the John Money Wing, the Ralph Hotere Collection and the Gallery exhibition space.

Other facilities or areas where the department offers support include the Mataura Museum, Croydon Aviation Heritage Centre, the East Gore arts centre and Hokonui Pioneer Park.

The heritage precinct is also home to the Gore Visitor Centre and Gore Library.

The visitor centre serves as a booking outlet for residents and visitors to make their domestic travel arrangements, as well as being a source of professional tourism related advice and recommendations. It also serves as a front of house for the moonshiners' museum.

The Gore Library is one of two provided by the Council, the other being in Mataura. In addition, a book bus service is provided to the residents of the four rural communities of Pukerau, Waikaka, Willowbank and Te Tipua by arrangement with neighbouring Southland District libraries.

The District libraries have a membership of over 7000 people and over 60,000 items in its collection.

Gore District libraries provide readers advisory services and deliver library services/material to the housebound, rest homes and specific community groups. Specialised programmes are run throughout the year including reading programmes for children, Toddler Time, school holiday programmes and so forth.

The Gore library provides areas for casual reading, study and with the introduction of free Wi-Fi internet access, it has become a community meeting place.

The Council provides grants to selected organisations to assist with the provision of economic, social (health and recreation), and cultural services to the community.

The provision of grants to organisations assists in providing valuable community services which are not provided by the Council or Central Government, and/or where there are significant gaps in service delivery.

### **Rationale:**

The current arts and heritage infrastructure in the Gore District are the result of considerable investment on the part of individuals, groups, businesses, public sector funding agencies and major philanthropists.

The combined arts and heritage asset value of \$10 million is the product of gifts and donations from the people of Gore and key supporters of the District. In the interests of preserving, promoting and interpreting these holdings, a partnership has been developed between the Gore District Council and local culture and heritage organisations to provide a professional service for the management, care and development of facilities and collections.

Collectively these assets and services combine to provide the District's residents with an avenue for preserving, appreciating and demonstrating their cultural heritage. This cannot be easily replicated by private or commercial providers.

Further, the investment in arts and heritage has given the Gore District a distinct point of difference and advantage in attracting visitors and instilling local pride.

The provision of an events and promotions role complements the tourism support services delivered via the visitor centre. The combination assists in developing the arts and heritage profile of the District and encourages visitor, residential and commercial growth.

By providing access to information, the library service directly contributes to the community's aspiration to provide opportunities for creativity, leisure, diversity and being involved. The library collections and facilities are a collective resource that is greater than any individual ratepayer could accommodate.

The libraries serve the community's cultural, economic, and social needs by:

- supporting recreational reading
- providing a repository for local history
- enriching the Gore District's cultural heritage through the acquisition and preservation of items in the library's collections
- providing opportunities for lifelong learning and the development of literacy and information skills
- maintaining relationships with the community

### **Significant negative effects:**

The Council has not identified any negative effects from these activities.

## Key points from the 2017 year:

The 2016 and 2017 Gallery exhibition programme featured some notable external collaboration but also highlighted the best of Eastern Southland.

We hosted two nationally significant presentations: Available Light (international photography) and Gordon Walters – Koru. Both were successful co-curated exhibitions with Sam Neill and Te Papa Tongarewa Museum of New Zealand respectively. Exclusive to Gore and the Eastern Southland Gallery, these exhibitions drew large crowds as a result.

Local environs featured strongly in an exhibition of paintings by the late Gore born artist Trevor Moffitt. This presentation was built around the very generous gift of 33 Moffitt works to the Gallery's permanent collection by patron Enyth Good. 'Yarns over the Farm Fence' was latterly a Master of Fine Art graduate exhibition by local artist Stacey Butler that told a similar local rural story but with immaculately executed digital technology.

Wider precinct initiatives included the successful staging of the 2017 Hokonui Moonshiners' Festival, 100 Years of Sgt Dan - the History of Creamota & Flemings Mill exhibition at Croydon Aviation Heritage Centre and the online Project Turangawaewae local history education resource. Additionally, sufficient funding was raised during the year to complete Stage 3 of the East Gore Art Centre/Muka Studio project. This was assisted significantly by a grant of \$110,000.00 from the Ministry of Culture & Heritage.

### Gore Library

Visitor numbers are slightly higher than last year. eBook and audiobook loans increased by 40% from last year, but are only 1% of total library loans. The libraires self-issue machine is a popular option, taking 9% of total loans.

Invited speakers and performers included Lucy Davey, Craig Smith, Deano Yipadee, Deborah Challinor, Dawn Andrews and Bill Dacker. Of special note was Maja Moritz's 43 NZ Authors photographic exhibition.

The conservatory interior was reinvigorated, and the entrance tiles made slip-resistant. Exciting new eResources include TumbleBooks for children; and Access New Zealand, a national newspapers database. A screen was installed to provide visual promotion of new books and activities.

### Mataura Library and Service Centre

The Centre became sole-charge from February 2016. In mid-2016, staffing hours were increased to enable 9.00am-5.00pm opening, and after-school supervision was provided two days per week to direct the energy of unattended children in a positive way. The Hokonui Runanga also set up a weekly Homework Hub in the library.

### Grants

During year the Council made grant to the Gore Kid's hub Charitable Trust of \$50,000. This was provided for in the Annual Plan and was funded from money collected for reserve contributions. The Council also agreed to fund a further grant of \$50,000 to the Gore Kid's Hub, also funded from reserve contributions. Both grants are for the completion of the public playground next to the Gore Kid's Hub building. The second grant was dependent on other funding sources and as at 30 June 2017, has not been paid.

\$258,850 was granted from the Coster fund during the year however, only \$58,550 was paid. Payment of the balance of the grants are dependent on criteria being met.

## Grants from the Coster Fund 2017

Recipient	Purpose	Amount Granted	Amount Paid to Date
Mataura Community Board	Pump/cycle/scooter track and skate park around Tulloch park	\$150,000	Nil
Mataura & Districts Historical Society Inc	Purchase of land adjacent to Clematis Cottage and to assist with establishing a heritage orchard	\$18,550	\$18,550
Mataura School	To develop a Wharenui entrance	\$50,000	Nil
Mataura Fire Brigade	Building a shed to house	\$40,000	\$40,000

## STATEMENT OF SERVICE PERFORMANCE

Council Outcome	Contribution from the Council's arts and heritage department	Level of Service
<i>We value our history and heritage potential for growth.</i>	The Hokonui Heritage Centre, housing specific museum exhibits and a dedicated research centre, captures and displays writings and artefacts in order that a greater awareness and appreciation for our heritage and history is cultivated.	<ul style="list-style-type: none"> <li>• To maintain an arts and heritage programme.</li> <li>• To provide a Heritage Centre that meets the needs of the community.</li> <li>• Promote and foster an appreciation for arts, culture and heritage resources located in the District.</li> <li>• To provide a professional information service that meets the needs of locals and visitors.</li> </ul>
<i>We live in a creative place.</i>	An appealing array of art exhibitions and performances are organised and hosted to foster an interest and participation in the arts.	
<i>We have a choice of quality places to go and things to do.</i>	The Council's Visitor Information Centre promotes Gore District as an amazing place to visit.	

Council Outcomes	Contribution from the Council's Grants
<i>We value our history and heritage. We live in a creative place.</i>	Council grants to local arts and heritage organisations contributes to the quality of arts and heritage facilities and events hosted in the District and help to make Gore District a great place to live.
<i>We live in a compassionate caring community.</i>	Council grants to Total Mobility and the Hospital Incentives programme contribute to the health and wellbeing of people in Gore District.

## SCHEDULE OF GRANTS

Amenity Hire Refunds	4,050
Children's Day	435
Citizens Advice	1,500
Clematis Cottage	2,000
Community Networking Trust	10,000
Country Music & Songwriters	5,000
Croydon Aviation Heritage Trust	9,000
Cycle Tour Southland	1,000
Eastern Southland Art Gallery	10,000
Emergency Housing	2,355
Enviro Schools	4,348
Free Swim School - Primary school children	28,102
Gold Guitar Awards	10,000
Gore A & P Association	76,691
Gore Museum	7,500
Grants from the Coster Fund	58,550
Healthy Homes initiative	15,000
Heartland Education Trust	2,500
Hokonui Heritage Centre Trust	6,500
Hokonui Pioneer Park	5,000
Hospice Southland (Transfer station)	2,000
Hospital Incentives	2,000
John Money Wing	10,000
Kids Hub Charitable Trust	50,000
Mataura Community Garden	1,300
Mataura Heritage Centre	7,500
Moonshine Committee	4,500
Pakeke Lions Recycling Services	25,300
Rural Fire	71,944
Rural Halls	13,161
Salvation Army	2,000
Scholarships \$750	1,500
Southland Regional Heritage Trust	192,862
<i>(\$170,583 was returned by the Trust to the Gore District Council to fund local heritage organisations).</i>	
SPCA Grant	698
Total Mobility	18,460
Venture Southland	57,250
Waikaka Domain Board	9,000
<b>Total</b>	<b>729,005</b>





## LEVELS OF SERVICE, PERFORMANCE MEASURES AND TARGETS 2016-17

Council Outcome	Customer Levels of Service	Performance Measures	Target 2017	Achieved
We value our history and heritage	Promote and foster an appreciation for arts, culture and heritage resources in the District.	The public appreciates the services and assets of arts and heritage as shown in the Annual customer satisfaction survey	90% Satisfaction Rate	98% - Target achieved
We have a choice of quality places to go and things to do	The range of books and materials within the library collections meet most customer demands.	At least 80% of the collection is no more than 20 years old (by date of acquisition) excluding local history titles.  95% of requests for material are satisfied from the local collection.	> 75% of the collection is no more than 20 years old (by date of acquisition) excluding local history titles.  97% of requests for material are satisfied from the local collection.	89% of the total collection is no more than 20 years old (by date of acquisition). – Target achieved  98.3% of requests for material were satisfied from the local collection. – Target achieved

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

	2017 Actual \$'000	2017 Annual Plan \$'000	2016 Actual \$'000	2017 LTP \$'000	2016 LTP \$'000
<b>SOURCES OF OPERATING FUNDING</b>					
General rates, uniform annual general charge, rates penalties	1,513	1,509	1,529	1,547	1,530
Targeted rates	630	626	609	620	609
Subsidies and grants for operating purposes	181	178	192	177	173
Fees and charges	146	141	91	100	97
Local authorities fuel tax, fines, infringement fees, and other receipts	5	7	5	7	7
Interest and dividends from investments	-	-	-	-	-
Internal charges and overheads recovered	-	-	-	-	-
<b>Total operating funding (A)</b>	<b>2,474</b>	<b>2,461</b>	<b>2,427</b>	<b>2,451</b>	<b>2,416</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>					
Payments to staff and suppliers	1,264	1,177	1,107	1,172	1,148
Finance costs	24	32	27	37	32
Other operating funding applications	694	676	631	623	620
Internal charges and overheads applied	516	494	496	487	487
<b>Total applications of operating funding (B)</b>	<b>2,498</b>	<b>2,380</b>	<b>2,260</b>	<b>2,320</b>	<b>2,287</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>(24)</b>	<b>81</b>	<b>167</b>	<b>131</b>	<b>129</b>
<b>SOURCES OF CAPITAL FUNDING</b>					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	16	(14)	-	(14)	37
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>16</b>	<b>(14)</b>	<b>-</b>	<b>(14)</b>	<b>37</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>					
Capital expenditure to meet additional demand	2	-	9	-	-
Capital expenditure to replace existing assets	110	98	92	98	95
Capital expenditure to improve the level of service	32	-	15	-	51
Increase (decrease) in reserves	(152)	(31)	51	19	19
Increase (decrease) in investments	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>(8)</b>	<b>67</b>	<b>167</b>	<b>117</b>	<b>166</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>24</b>	<b>(81)</b>	<b>(167)</b>	<b>(131)</b>	<b>(129)</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# REGULATORY AND PLANNING

## Activities:

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

<ul style="list-style-type: none"> <li>• Building Act 2004</li> </ul>	<ul style="list-style-type: none"> <li>• Litter Act 1979</li> </ul>
<ul style="list-style-type: none"> <li>• Dangerous Goods Act 1974</li> </ul>	<ul style="list-style-type: none"> <li>• Local Government Act 2002</li> </ul>
<ul style="list-style-type: none"> <li>• Dog Control Act 1996</li> </ul>	<ul style="list-style-type: none"> <li>• Reserves Act 1977</li> </ul>
<ul style="list-style-type: none"> <li>• Food Act 1981</li> </ul>	<ul style="list-style-type: none"> <li>• Resource Management Act 1991</li> </ul>
<ul style="list-style-type: none"> <li>• Health Act 1956</li> </ul>	<ul style="list-style-type: none"> <li>• Sale and Supply of Alcohol Act 2012</li> </ul>
<ul style="list-style-type: none"> <li>• Council Bylaws</li> </ul>	

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

The work undertaken in this area includes, but is not limited to

- Providing Land Information Memoranda in accordance with the requirements of the Local Government Official Information and Meetings Act 1987;
- Keeping property files up to date and available for public inquiries;
- Providing advice on planning matters to prospective applicants, affected neighbours and other agencies;
- Promoting the sustainable management of natural and physical resources in the Gore District via the District Plan;
- Processing resource consent applications for land use and subdivision;
- Providing advice and administering the Building Act 2004, including checking that buildings comply with the New Zealand Building Code;
- Processing applications for Project Information Memoranda (PIMS) and Building Consents, including on-site inspections at the building stage, and issuing code compliance certificates upon completion;
- Issuing building warrants of fitness and compliance schedules;
- Investigating complaints related to unauthorised building work;
- Responding to noise complaints;
- Controlling the sale and supply of liquor via the Sale and Supply of Alcohol Act 2012;
- Processing applications for on, off club and special licenses, processing manager's certificates and renewals, and monitoring licensed premises for compliance;
- Promoting the principle of alcohol harm reduction through inter-agency liaison and licence conditions;
- Reviewing the Council's liquor ban bylaw to allow appropriate enforcement.

**Rationale:**

The provision of these activities is required under the legislation listed above and provides for the protection and safety of the people and resources that make up the Gore District.

The Council is charged with providing the activities in this group to ensure public health and safety, and economic activity and development occur in a way that does not place people or the environment at risk. This activity group makes a primary contribution to the community outcomes of a safe and supportive community and a sustainable environment.

**Significant Negative Effects:**

The Council has not identified any significant negative effects resulting from this activity.

**Key points from the 2017 year:**

The current year saw the development continue in the district with 72 resource consents granted, one less than in the 2016 year. 382 building consents valued at \$53.7 million were issued which was an increase from the 345 consents valued at \$27.5 million in the 2016 year. A sizable portion of the increase in the value and the number of consents is due to the construction of Mataura Valley Milk’s purpose-built nutritional plant at McNab.

**STATEMENT OF SERVICE PERFORMANCE**

Council Outcome	Contribution of the Council’s Regulatory Activities to Community Outcomes	Level of Service
<p><i>We value and respect our environment. A key objective under this outcome is to maintain a regulatory culture that places an emphasis on education, empowerment and collaboration over rigid application of rules and implementation of sanctions.</i></p>	<p>The Council’s regulatory services staff provide efficient service and clear and consistent advice to individuals and business enterprises on the regulatory requirements that guide the conduct of their activities. In so doing, the Council provides an environment that is conducive to business and economic growth in the District.</p>	<ul style="list-style-type: none"> <li>• Food services used by the public are healthy and safe.</li> <li>• The sale of alcohol is controlled to prevent harm caused by the excessive or inappropriate consumption of alcohol.</li> <li>• The Council provides a timely resource consent processing service.</li> <li>• The Council processes, inspects and certifies building work in the Gore District.</li> <li>• Building consent applications are processed within statutory timeframes.</li> </ul>
	<p>The Council’s resource management activities directly contribute to the sustainable use of land, water and other natural resources in the District.</p>	

## LEVELS OF SERVICE, PERFORMANCE MEASURES AND TARGETS 2016-17

Council Outcome	Customer Levels of Service	Performance Measures	Target 2017	Achieved
We have a quality infrastructure with potential for growth.	The Council provides a timely resource consent processing service.	Percentage of resource consent applications processed in accordance with statutory timeframes (within 20 days of filing).	100%	100% (achieved)
We value and respect our environment	The Council processes, inspects and certifies building work in the Gore District.	The Gore District Council maintains its processes so that it meets BCA accreditation every two years.	Accreditation maintained	In 2016 IANZ extended the Council's accreditation for a further two years

## FUNDING IMPACT STATEMENT - REGULATORY AND PLANNING

	2017 Actual \$'000	2017 Annual Plan \$'000	2016 Actual \$'000	2017 LTP \$'000	2016 LTP \$'000
<b>SOURCES OF OPERATING FUNDING</b>					
General rates, uniform annual general charge, rates penalties	632	628	596	614	597
Targeted rates	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-
Fees and charges	939	817	941	817	792
Local authorities fuel tax, fines, infringement fees, and other receipts	41	64	31	64	61
Interest and dividends from investments	-	-	-	-	-
Internal charges and overheads recovered	-	-	-	-	-
<b>Total operating funding (A)</b>	<b>1,612</b>	<b>1,509</b>	<b>1,568</b>	<b>1,494</b>	<b>1,449</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>					
Payments to staff and suppliers	1,009	1,101	1,166	1,039	1,018
Finance costs	16	20	20	22	23
Other operating funding applications	-	-	-	-	-
Internal charges and overheads applied	354	339	340	334	334
<b>Total applications of operating funding (B)</b>	<b>1,379</b>	<b>1,459</b>	<b>1,526</b>	<b>1,395</b>	<b>1,375</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>233</b>	<b>50</b>	<b>42</b>	<b>100</b>	<b>75</b>
<b>SOURCES OF CAPITAL FUNDING</b>					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	10	-	-
Increase (decrease) in debt	(50)	(50)	(50)	(50)	(50)
Gross proceeds from sale of assets	21	-	23	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
<b>TOTAL SOURCES OF CAPITAL FUNDING (C)</b>	<b>(28)</b>	<b>(50)</b>	<b>(16)</b>	<b>(50)</b>	<b>(50)</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>					
Capital expenditure to meet additional demand	-	-	-	-	-
Capital expenditure to replace existing assets	63	68	26	68	22
Capital expenditure to improve the level of service	-	-	1	-	-
Increase (decrease) in reserves	142	(68)	(1)	(18)	3
Increase (decrease) in investments	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>205</b>	<b>-</b>	<b>26</b>	<b>50</b>	<b>25</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(233)</b>	<b>(50)</b>	<b>(42)</b>	<b>(100)</b>	<b>(75)</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# DEMOCRACY AND ADMINISTRATION

## Activities:

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

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

The Gore District has one community board, that being the Mataura Community Board. It comprises a chairman and four members, as well as the Council's Mataura ward elected representative.

Councillors oversee the performance of activities and assets to ensure that it represents the best operation, maintenance and use of community resources. This and other important decision-making takes place at Council and committee meetings.

Councillors are representatives of their communities, and an important part of their role is communicating with residents, informing them of the reasons for Council decisions and advocating on their behalf.

The Council is required to review its representation structure at six yearly intervals under Section 19 of the Local Electoral Amendment Act 2002. The next review of the Council's representation arrangements is due to be completed by 2019.

The next triennial elections are due to be held in October 2019.

No other significant changes are anticipated for the democracy activity over the next 10 years.

The administrative activities of the Council include customer service functions for Council services, accounting and finance, information technology, and senior management functions. The operational costs for this activity have been allocated across the other activities performed by the Council.

## Rationale:

Councillors and community board members provide leadership for the District. They have a major role in helping the District and its communities develop and move forward. Decisions are made in the interests of the entire district with current and future generations in mind.

They set priorities and make decisions on the scope and levels of services, as well as how to spread the cost of these services and activities as equitably as practicable.

## Significant Negative Effects

The Council has not identified any significant negative effects resulting from this activity.

## Key events in 2017

Local body elections were held in October 2016. The Mayor and seven Councillors were re-elected and four Councillor's commenced their first term.

## STATEMENT OF SERVICE PERFORMANCE

Council Outcome	Contribution of the Council's Democracy activities	Level of Service Action
<p><i>We live in a compassionate, caring community.</i></p>	<p>The Mayor and Councillors maintain a close rapport with people living in their respective wards and elsewhere in the District; actively participate in Council and Committee meetings; take a keen interest in all issues affecting the District, and are accountable and transparent in their decision-making.</p> <p>The Council's Management team and Managers provide reports and technical advice to the Mayor and Councillors, to enable sound and effective decision-making by the elected representatives.</p>	<ul style="list-style-type: none"> <li>• An avenue is provided through which the community can have its views heard.</li> <li>• Direction is set to determine what activities the Council should engage in.</li> </ul>
<p><i>We have a choice of quality places to go and things to do.</i></p>	<p>Effective leadership and stewardship of the District and its resources contribute to the quality of life and overall wellbeing of communities and make Gore District a great place to live.</p>	



## LEVELS OF SERVICE, PERFORMANCE MEASURES AND TARGETS 2016-2017

Council Outcome	Customer Levels of Service	Performance Measures	Target 2017	Achieved
We live in a compassionate, caring community.	Direction is set to determine what activities the Council should engage in.	Percentage of residents and ratepayers satisfied with the Council's decisions and actions.	80%	77% - Not achieved

## FUNDING IMPACT STATEMENT - DEMOCRACY AND ADMINISTRATION

	2017 Actual \$'000	2017 Annual Plan \$'000	2016 Actual \$'000	2017 LTP \$'000	2016 LTP \$'000
<b>SOURCES OF OPERATING FUNDING</b>					
General rates, uniform annual general charge, rates penalties	939	922	869	895	861
Targeted rates	-	-	-	-	-
Subsidies and grants for operating purposes	43	8	41	9	9
Fees and charges	67	60	50	100	62
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	2	-	-
Interest and dividends from investments	110	95	124	95	95
Internal charges and overheads recovered	2,703	2,587	2,595	2,550	2,550
<b>Total operating funding (A)</b>	<b>3,862</b>	<b>3,671</b>	<b>3,681</b>	<b>3,649</b>	<b>3,577</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>					
Payments to staff and suppliers	3,324	3,088	3,064	3,071	2,998
Finance costs	16	20	20	21	23
Other operating funding applications	-	-	-	-	-
Internal charges and overheads applied	400	383	384	377	377
<b>Total applications of operating funding (B)</b>	<b>3,740</b>	<b>3,491</b>	<b>3,468</b>	<b>3,469</b>	<b>3,398</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>123</b>	<b>180</b>	<b>213</b>	<b>180</b>	<b>179</b>
<b>SOURCES OF CAPITAL FUNDING</b>					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	(46)	(46)	(46)	(46)	(46)
Gross proceeds from sale of assets	23	-	16	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
<b>TOTAL SOURCES OF CAPITAL FUNDING (C)</b>	<b>(24)</b>	<b>(46)</b>	<b>(31)</b>	<b>(46)</b>	<b>(46)</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>					
Capital expenditure to meet additional demand	2	-	54	-	-
Capital expenditure to replace existing assets	83	143	28	143	46
Capital expenditure to improve the level of service	-	-	22	-	-
Increase (decrease) in reserves	14	(9)	78	(9)	87
Increase (decrease) in investments	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>99</b>	<b>134</b>	<b>182</b>	<b>134</b>	<b>133</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(123)</b>	<b>(180)</b>	<b>(213)</b>	<b>(180)</b>	<b>(179)</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# SCHEDULE OF SPECIAL RESERVE FUND MOVEMENTS

		30 June 2016 \$,000	Additions \$,000	Withdrawals \$,000	30 June 2017 \$,000
<b>(a) Special bequests</b>					
A M A Dolamore	Maintenance and improvement of Dolamore Park	59	2	-	61
C A Coster	Provision or extension of amenities in Mataura area	334	12	(59)	288
Dolamore Trust	Purchase of Library Books	4		-	4
Dorothy Newman Trust	Maintenance and improvement of Gore Parks and Reserves	16	1	-	16
J H Dolamore	Maintenance and improvement of Gore Parks and Reserves	35	1	-	37
Latham Trust	For the promotion of arts in Gore and the surrounding districts	76	3	-	79
<b>(a) Special bequests Total</b>		<b>524</b>	<b>19</b>	<b>(59)</b>	<b>485</b>
<b>(b) Council created reserves</b>					
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	3,577	4,879	(434)	8,022
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	2	-	11
Otama water scheme	Funding capital works on Otama Water Scheme	442	16	(8)	450
Parks and Reserves development reserve	Funding future development requirements	206	5	(50)	161
Rural Halls Reserve	Funding future maintenance costs of rural halls	1	-	-	1
Rural Special Fund	Provision of amenities in rural areas of the District	446	16	-	463
Rural Roading reserve	Funding future rural roading works	182	-	(16)	166
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>(b) Council created reserves Total</b>		<b>5,036</b>	<b>4,918</b>	<b>(519)</b>	<b>9,435</b>
<b>Grand Total</b>		<b>5,561</b>	<b>4,937</b>	<b>(577)</b>	<b>9,920</b>