

GO
DISTRICT COUNCIL
RE

ANNUAL REPORT

FOR THE YEAR ENDING 30 JUNE 2018



CONTENTS

GORE DISTRICT COUNCIL DIRECTORY	03
LIABILITY MANAGEMENT POLICY	04
INVESTMENT POLICY	05
STATEMENT OF COMPLIANCE AND RESPONSIBILITY	06
MAYORAL AND EXECUTIVE FOREWORD	07
AUDIT REPORT	10
ANNUAL REPORT DISCLOSURE STATEMENT FOR YEAR ENDING 30 JUNE 2018	14
OTHER LEGISLATIVE DISLOSURES	22
FINANCIAL STATEMENTS	23
GORE DISTRICT COUNCIL COMMUNITY OUTCOMES	62
COLLABORATION ACROSS COUNCILS – SHARED SERVICES	64
MAORI CAPACITY TO CONTRIBUTE TO DECISION MAKING	66
GORE DISTRICT COUNCIL’S CONTRIBUTION TO COMMUNITY OUTCOMES	67
FUNDING IMPACT STATEMENT	68
GROUPS OF ACTIVITIES	70
WATER SUPPLY	71
WASTEWATER	76
STORMWATER	80
ROADING AND FOOTPATHS	84
PARKS, RESERVES, AQUATIC FACILITIES, CIVIC BUILDINGS AND RECREATION	91
OTHER DISTRICT ASSETS INCLUDING SOLID WASTE AND CIVIL DEFENCE	95
COMMUNITY SERVICES – ARTS & HERITAGE, LIBRARIES, PROMOTIONS AND GRANTS	98
REGULATORY AND PLANNING	105
DEMOCRACY AND ADMINISTRATION	109
SCHEDULE OF SPECIAL RESERVE FUND MOVEMENTS	112

GORE DISTRICT COUNCIL DIRECTORY

Mayor

Tracy Hicks JP

Councillors

Ralph Beale

Cliff Bolger

Nicky Davis

Glenys Dickson

John Gardyne

Doug Grant

Peter Grant

Bret Highsted

Neville Phillips

Bronwyn Reid

Graham Sharp

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 Limited 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 2018.

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.

The Council borrows from the New Zealand Local Government Funding Agency.

Borrowing Limits

	Actual 30 June 2018	Limit
Debt per rating unit	\$2,839	\$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 2018.

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 the Annual Report, 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 2018 fairly reflect the financial position and operations of the Gore District Council.



Tracy Hicks JP
MAYOR

30 October 2018

Date



Stephen Parry
CHIEF EXECUTIVE

30 October 2018

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 2017/18 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 readers' attention to, are:

Financial Performance

The financial statements record a surplus of \$5.45 million. The prime contributor to this surplus has been the development of the new Wastewater Treatment Hub at the Gore oxidation ponds site for the receipt and treatment of wastewater from the new Mataura Valley Milk nutrition plant at McNab. Under a signed heads of agreement with Mataura Valley Milk Limited, the Council was responsible for the design, construction and operation of the new wastewater treatment hub, with all funding of capital costs being borne by MVM.

In the year under review the sum of \$6.7 million out of a contract sum of \$7.8 million had been expended. With the new asset being owned and operated by the Council, the value of the partially completed wastewater treatment hub of \$6.7 million is recorded as revenue in the Statement of Comprehensive Revenue and Expense, thus being the major contributor to the recorded surplus.

Mataura Valley Milk Limited

A dominant feature of the 2017/18 year was the Council's involvement in projects that were necessary for the support of the new \$240 million new nutrition plant being developed by Mataura Valley Milk Limited at McNab. As alluded to in the financial comments above, the Council was charged with designing and constructing a \$7.8 million state of the art wastewater treatment hub on Council land at South Gore. This was a complex project which had to be completed on time to receive wastewater from the new plant. At the time of writing (October 2018) it is pleasing to be able to report the new plant is operational and processing the wastewater from the Mataura Valley Milk plant.

The Council is supplying the new plant with water at a commercial rate. The water is being sourced from a new bore, identified at the Gore showgrounds earlier this year. The infrastructure for the water supply to service MVM was paid for by the company. The Council needs to install its own infrastructure, connecting the bore with the water treatment plant in East Gore, before being able to access water from the site.

In addition, during the year significant progress was made in finalising a trade waste consent and a detailed water supply agreement. These documents provide more detail than what is contained within signed Heads of Agreements for both water and wastewater in respect of MVM.

At the time of writing, both of these agreements were very close to being finalised.

Taha Fertiliser Industries Limited

Another significant issue that arose during the year, which was certainly not planned in any way, was the sudden liquidation of Taha Fertiliser Industries Limited. The liquidation of the company left 10,000 tonnes of ouvea premix stored in the former Matura Paper Mills building, without a resource consent. The company left a liability of 22,000 tonnes of ouvea premix located in five premises in Matura and Invercargill.

The ouvea premix can be hazardous to public health if it gets wet, due to the risk of ammonia being discharged to the atmosphere. The Gore District Council led negotiations with a number of interested and affected parties to secure a funding package to enable the ouvea premix to be removed and shipped overseas for further processing. Nine different parties are involved in the development of a \$4 million package. It was pleasing to see by the year's end that a detailed funding agreement has been signed by all parties.

The next step in this complex process is for negotiations to be completed with a proposed purchaser in order that an agreement can be signed and the ouvea premix carefully removed from premises over the next two to three years. The time spent in negotiating and resolving funding issues with all parties has been significant.

Water

During the year under review the Council made a significant strategic decision in regard to water treatment. Following a careful analysis of reasonable options, the Council opted to centralise treatment operations at its East Gore plant. This centralisation project and upgrade will see the introduction of a media filtration plant together with ultra violet disinfection to enable the Council to fully meet its obligations under the New Zealand Drinking Water Standards.

The new project will also see a dedicated pipeline being installed on a bridge structure over the Matura River to provide greater connectivity between the Jacobstown wells and the East Gore treatment plant. Further progress on this important project is expected to be able to be reported at next year's annual report.

Wastewater

Last year we mentioned in the foreword that the contract that had been let for the desludging of the Gore oxidation ponds had proved to be somewhat more challenging than originally envisaged, due to both the volume of sludge being twice as high as estimates conducted in 2008 and ongoing delays with the contractor in developing a secondary drying plant for the sludge. Unfortunately, the contractor could not operate the secondary drying plant in an effective manner which could assist in reducing the final volume of sludge to be disposed of to landfill. Odour issues emanating from the secondary unit thwarted attempts to run the plant for any reasonable length of time.

Therefore the decision was made early in 2018 to terminate the contract on the basis of non-performance. Only approximately 10% of sludge was removed from the primary pond and the Council will now look to closely manage and monitor the situation with a view to developing a new strategy given that a resource consent renewal for continued discharge of treated wastewater into the Matura River, needs to be effected by 2023.

The long-awaited Ajax pump station upgrade continued to wend its way towards completion during the past year. Dewatering the pump station site and a section of the pipeline route for the new gravity main feeding into the pump station has proved to be challenging. But at the time of writing the entire project was due to be completed by March 2019.

Roading

A new network maintenance contract was entered into with Fulton Hogan Limited in the past financial year. This contract, which involves heavy use of local subcontractors, has bedded in nicely and there appears to be a good level of satisfaction in regard to the maintenance standards being achieved.

The past year was also notable for the replacement of all streetlights in Gore and Matura with LED lights. This project received funding to the tune of an 85% subsidy from the New Zealand Transport Agency and has made a massive impact on illumination of both roads and surrounds, together with providing clarity when viewing the night sky.

Economic Development

A highlight of the year under review was the hosting of an economic summit on 1 November 2017. This summit brought together key people in the District from economic, social, cultural and educational perspectives to determine key priorities that should be pursued by the District to enhance its economic future. Momentum created on this exciting day flowed through into a *Ready for Growth* workstream, which under local leadership has developed an action plan to advance the District's economic development agenda. One of the challenges of having a range of ideas is resourcing, and therefore plans are afoot to ascertain whether financial assistance can be secured from the Government's Provincial Growth Fund. Given the limited resources of the Council, some funding assistance to enable the employment of key personnel to drive and champion initiatives identified within the Ready for Growth strategy, is required by central government.

Last year we also touched on the fact the Council had made a decision to buy a block of land in East Gore with a view to developing residential sections for purchase. Since that time the Council has launched its new development, known as *Matai Ridge*, with developed sections anticipated to come onto the market midway through 2019. The new development is aimed at providing attractive house and land packages for new and existing residents to provide attractive options for housing in what is an increasingly challenging area in regard to both availability and quality of stock.

Finally, the Council opted in the year under review to prepare a Spatial Plan. This plan will both inform the upcoming review of the District Plan, but also signal appropriate areas for expansion of residential, commercial and industrial activity in order that informed decision-making can be made by both the Council and the community it serves. The draft Spatial Plan is due for release in the new year.



Tracy Hicks JP
MAYOR



Stephen Parry
CHIEF EXECUTIVE



AUDIT REPORT



TO THE READERS OF GORE DISTRICT COUNCIL'S ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2018

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 Limited, 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 30 October 2018. 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 61:
- present fairly, in all material respects:
- the District Council's financial position as at 30 June 2018;
- 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 68, 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 70 to 111:

- presents fairly, in all material respects, the District Council's levels of service for each group of activities for the year ended 30 June 2018, 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 70 to 111, 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 70 to 111, 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 and 62 to 67, 69 and 112, 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 engagement 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 2018

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.

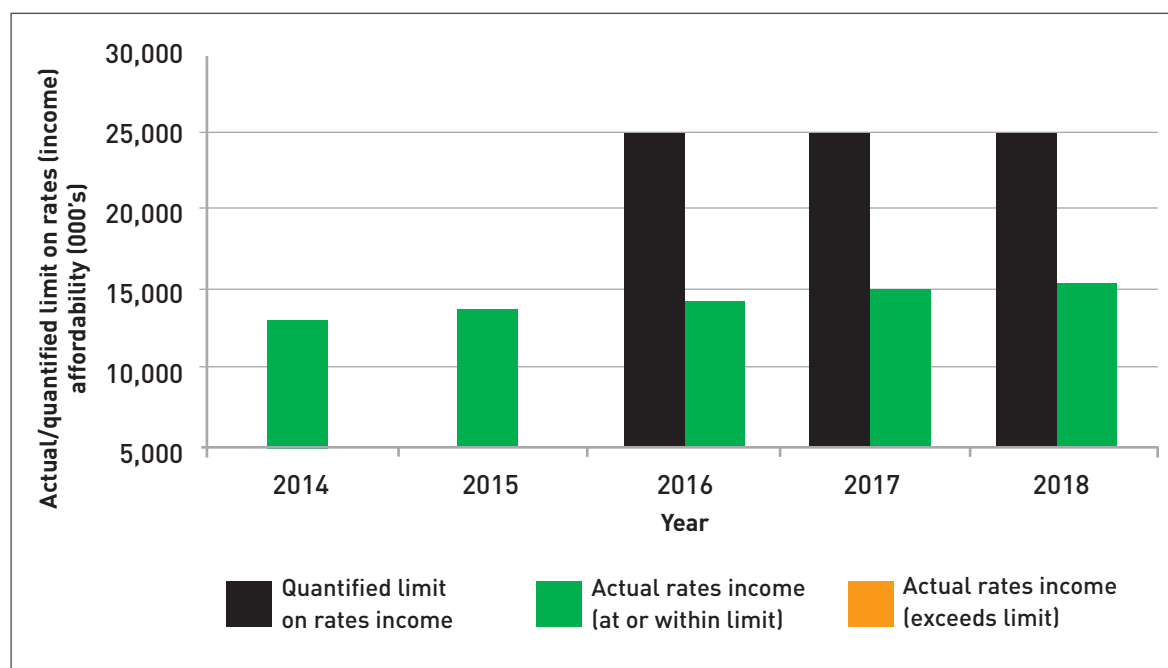
Rates affordability benchmark

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.

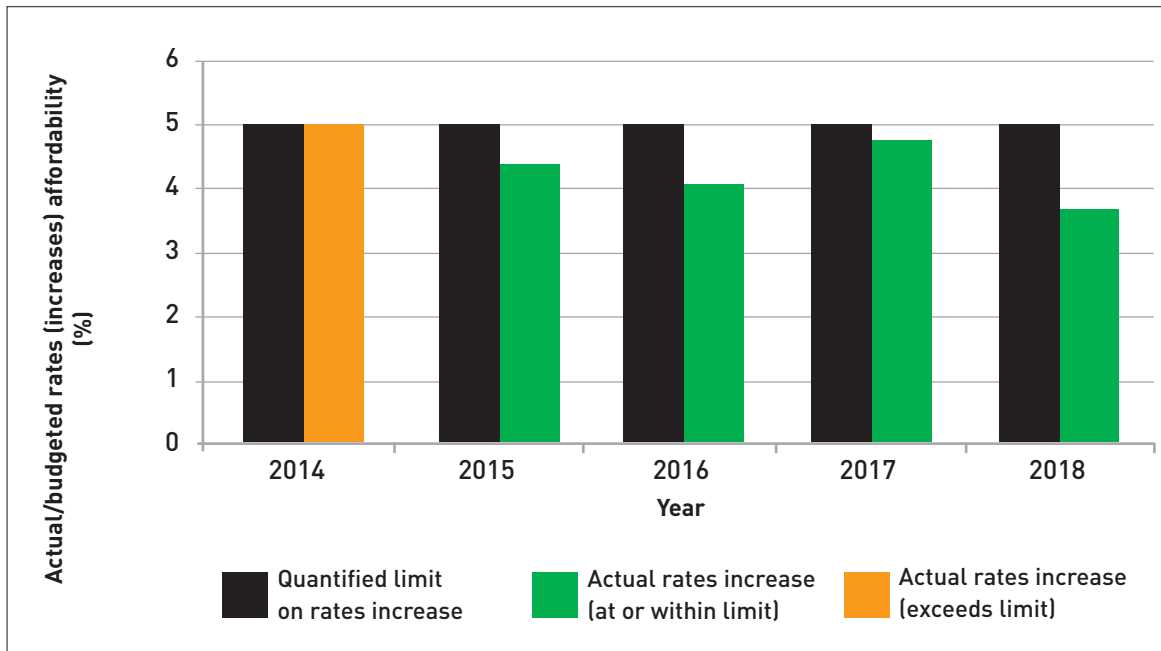


Comment

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 set a limit of \$25million for this benchmark as part of the 2015-2025 Long-Term Plan and has met this benchmark in the 2018 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 2018 the Council achieved this benchmark.

The planned district-wide rates increase in this year was 4.25%. However, actual rates revenue collected varied 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.

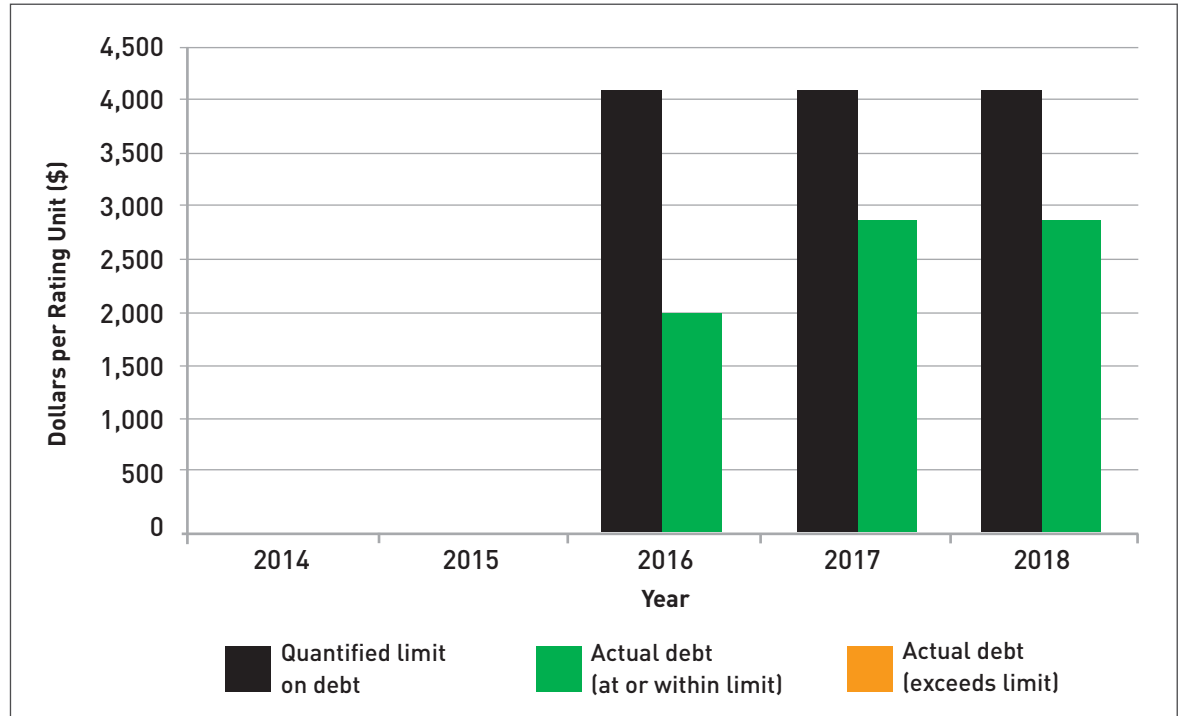
In the 2014 year, fewer remissions were granted than in the prior year, which meant the total actual rates revenue was slightly higher than planned rates revenue.

Debt affordability benchmark

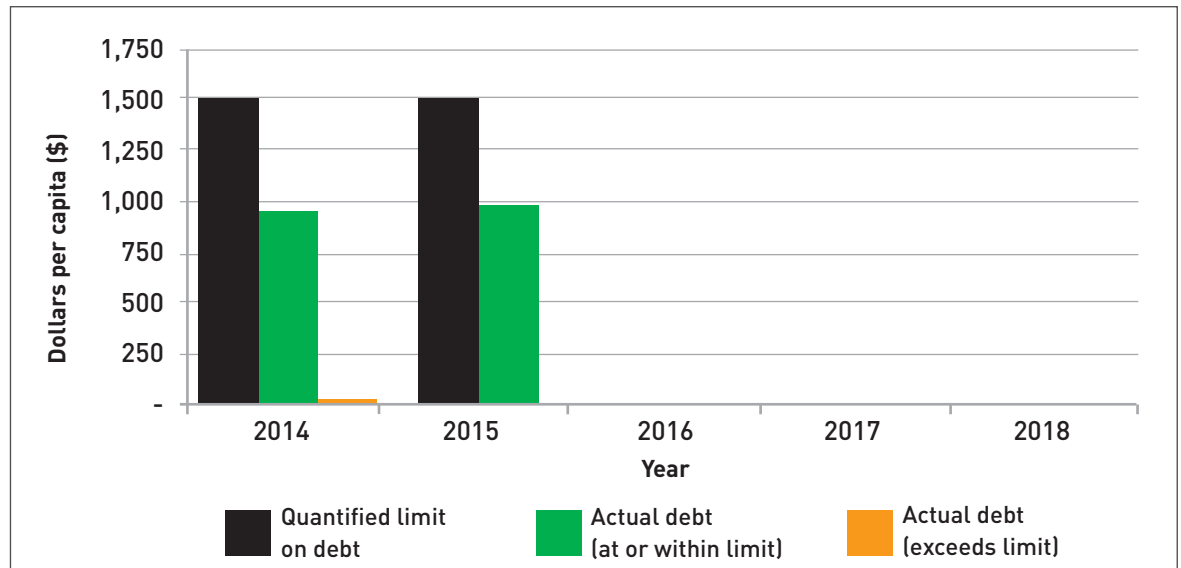
The Council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing.

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

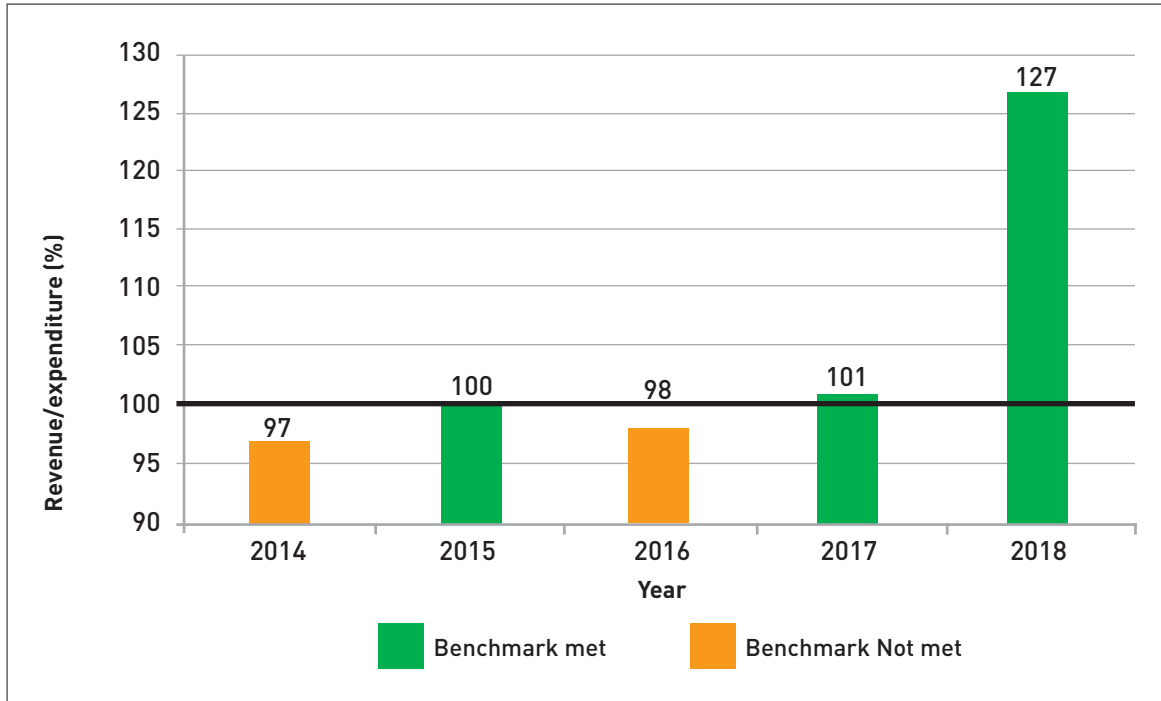
The Council has met this measure in all five years, and debt continues to remain well inside its quantified limit on borrowing.

In 2016, the Council's quantified limit on borrowing changed from a per capita measure to a per rating unit measure. 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.

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:

2018 financial year - The Council achieved this benchmark during the 2018 year because of the recoveries received from Mataura Valley Milk Ltd for the construction of the Industrial Wastewater Treatment Hub. While the Council did plan to meet this benchmark during the year, an increase in one-off costs meant that expenses were higher than budgeted for the year. If the effect of the recoveries from Mataura Valley Milk were removed, then the result would be 98, and the benchmark would not have been met.

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

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

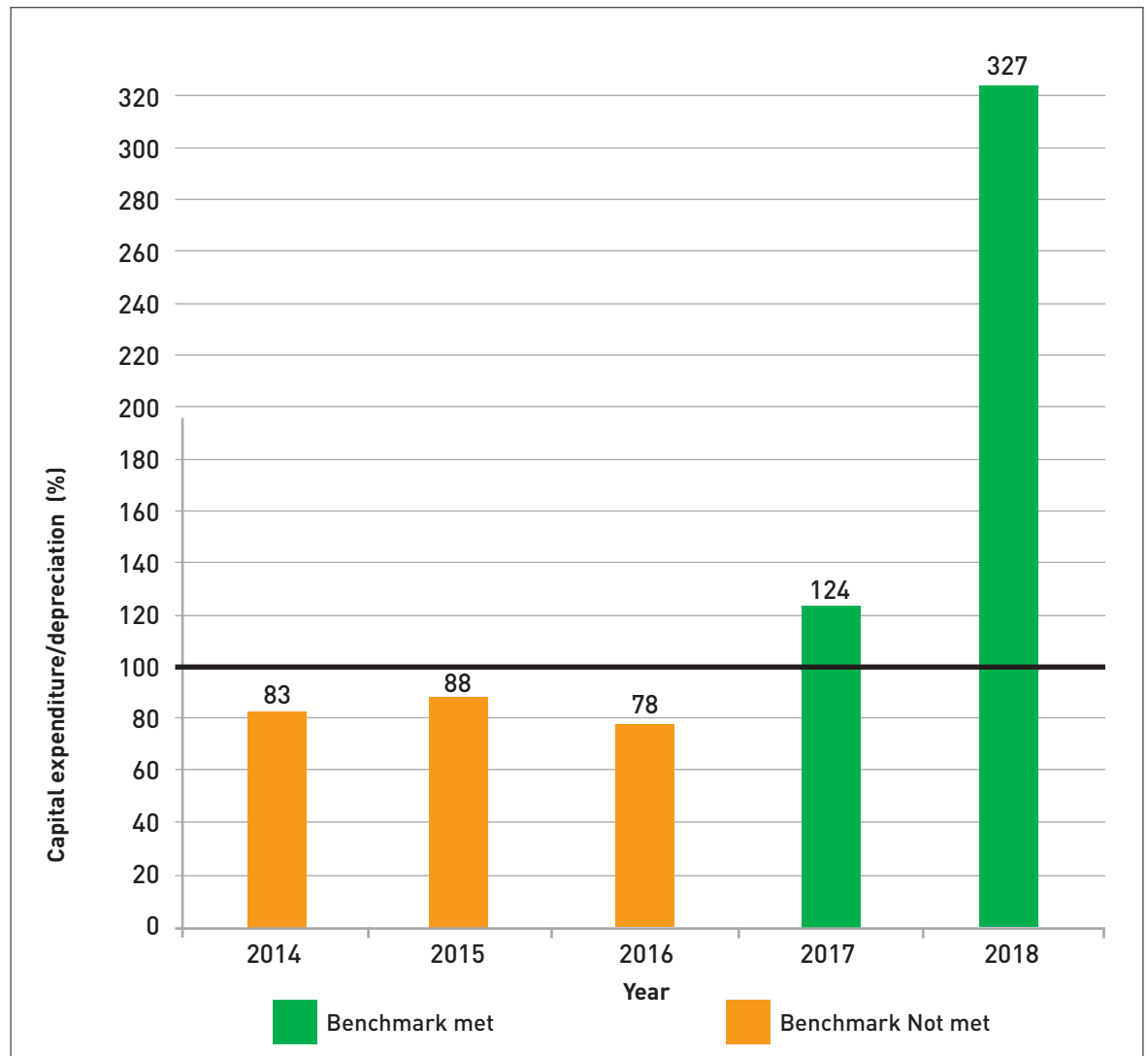
2015 financial year - the Council met the benchmark in the 2015 year.

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

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 it's capital expenditure on network services equals or is greater than depreciation on network services.



Comment

The Council met this benchmark in 2018. Even if the effect of the unplanned Industrial Wastewater Hub is removed, the result would have been 141, which means the Council would still have met the target. Several other large projects were not completed during the year but have been rescheduled in the 2018-2028 Ten Year Plan.

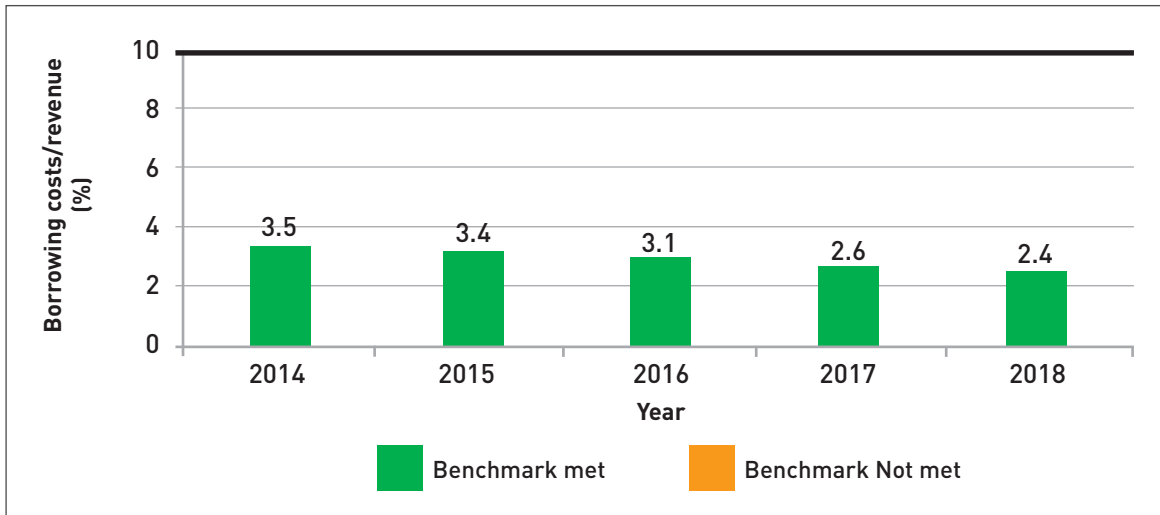
The Council met this benchmark in 2017.

This graph suggests that between 2014 and 2016 the Council was 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. It needs to be borne in mind that a delay in a single large project can significantly affect the result in a particular year.

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.



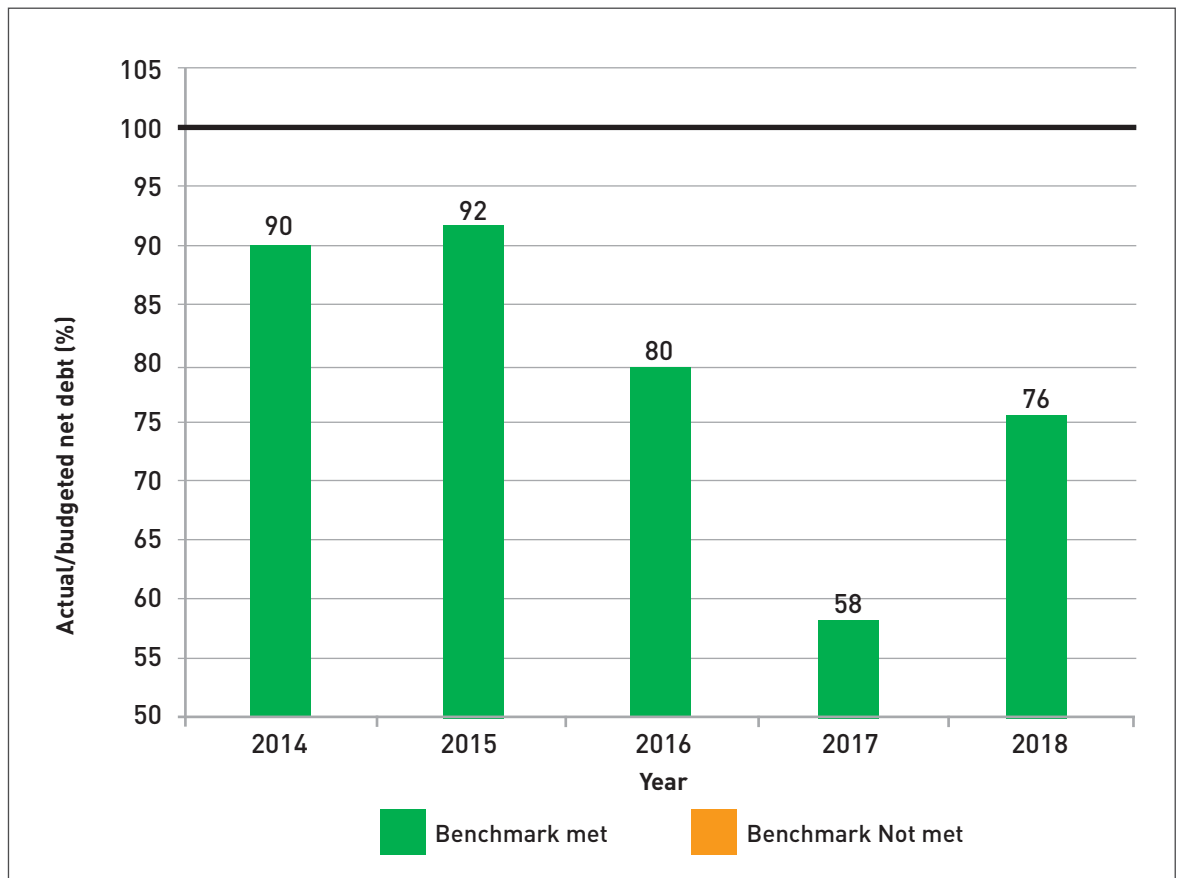
Comment

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 (LGFA). The Council can borrow at cheaper interest rates through the LGFA, 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

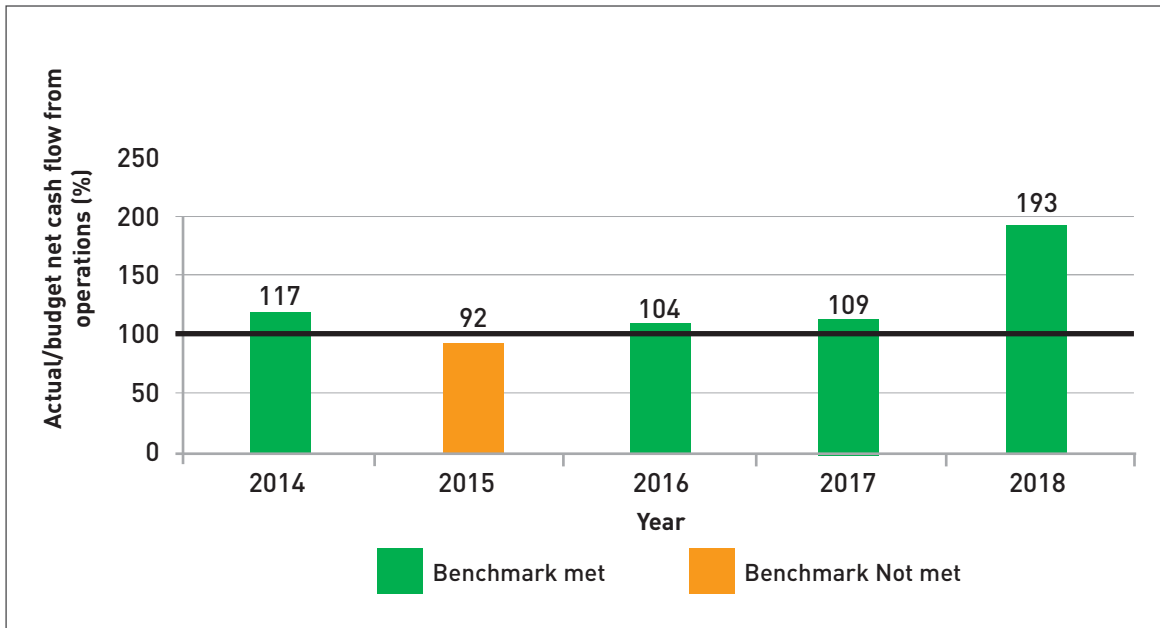
In addition to the deferral of the oxidation pond desludging project, delays with other projects such as the first stage of the upgrade of Gore's water treatment plant and the earthquake strengthening of the civic administration building meant the Council did not borrow as much as it planned.

As at 30 June 2018, the Council had borrowed \$1.6 million in advance to complete various projects. These funds have been invested 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 limited scope in the budget for expenditure arising outside of the normal course of business.

The Council met this benchmark in the current year, due primarily to the recoveries received from Matura Valley Milk for the construction of the industrial wastewater treatment hub. A variety of unbudgeted expenses were funded from reserves or by loans, not by operating income. These expenses are described in note 24 to the financial statements.

Reasons for the benchmarks not being met in prior years were 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.

OTHER LEGISLATIVE DISCLOSURES

Additional information concerning core assets

	Closing Book Value 30 June 2018 \$'000	Additions constructed by Council \$'000	Additions transferred to Council \$'000	Estimated replacement cost \$'000
Water supply				
Treatment plants and facilities	2,910	120	-	9,311
Water supply				
Other assets (such as reticulation systems)	9,201	110	-	25,831
Wastewater				
Treatment plants and facilities	4,818	530	-	8,331
Wastewater				
Other assets (such as reticulation systems)	10,104	3	-	32,551
Stormwater drainage	8,984	90	-	23,375
Roads & Footpaths	313,588	2,428	-	369,285

Rating base information

	2018	2017
Total Capital Value	3,513,015,050	3,413,160,050
Total Land Value	2,114,676,750	2,113,099,750
Number of Rating Units	5,989	5,977

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 \$99,459,642 and a book value of \$36,017,000. 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 \$48,592,718 and a book value of \$28,664,000. 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 \$2,971,209 and a book value of \$2,274,000. 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 2018

	Notes	2018 \$'000	Budget \$'000	2017 \$'000
REVENUE				
Rates	3 (a)	15,519	15,554	14,970
Subsidies and grants		3,009	2,907	2,497
Development and financial contributions		4	-	5
Other revenue	3 (a)	10,492	3,348	3,952
Other gains/ (losses)	3 (b)	(171)	-	428
Total revenue	3	28,853	21,809	21,852
EXPENSES				
Employee benefits expense	3 (c)	(6,228)	(6,025)	(5,841)
Depreciation and amortisation expense	3 (d)	(5,584)	(5,069)	(4,997)
Finance costs	3 (e)	(678)	(901)	(574)
Other expenses	3 (f)	(10,908)	(9,352)	(9,782)
Total expenses	3	(23,398)	(21,347)	(21,194)
Surplus/(Deficit)		5,454	462	658
OTHER COMPREHENSIVE REVENUE AND EXPENSE				
<i>Items that will not be reclassified to surplus/(deficit)</i>				
Gain / (loss) on property, plant and equipment revaluation	17(a)	-	-	-
Total other comprehensive revenue and expense		-	-	-
Total comprehensive revenue and expense		5,454	462	658

STATEMENT OF CHANGES IN NET ASSETS/EQUITY For the Financial Year Ended 30 June 2018

	2018 \$'000	Budget \$'000	2017 \$'000
Equity at beginning of year	377,139	376,122	376,481
Total Comprehensive (Deficit)/ Income for the year	5,454	462	658
Equity at end of year	382,593	376,584	377,139

The accompanying notes form part of these financial statements.

GORE DISTRICT COUNCIL

STATEMENT OF FINANCIAL POSITION

For the Financial Year Ended 30 June 2018

	Notes	2018 \$'000	Budget \$'000	2017 \$'000
CURRENT ASSETS				
Cash and cash equivalents	21(a)	5,079	2,706	7,519
Trade and other receivables	7	2,983	1,391	1,766
Inventories	8	143	131	140
Other financial assets	9	1,688	1,562	1,652
Other current assets	10	218	170	170
Total current assets		10,112	5,960	11,247
NON-CURRENT ASSETS				
Other financial assets	9	316	258	339
Property, plant and equipment	11	394,046	394,165	386,480
Total non-current assets		394,363	394,423	386,819
Total assets		404,475	400,382	398,066
CURRENT LIABILITIES				
Trade and other payables	13	3,136	2,110	2,487
Employee entitlements	14	559	494	569
Borrowings	15	6,000	6,000	6,000
Provisions	16	55	-	-
Other financial liabilities	9	21	10	11
Total current liabilities		9,772	8,614	9,067
NON-CURRENT LIABILITIES				
Borrowings	15	11,000	13,949	11,000
Provisions	16	88	92	91
Other financial liabilities	9	1,022	1,143	769
Total non-current liabilities		12,110	15,184	11,860
Total liabilities		21,882	23,798	20,927
Net assets		382,593	376,584	377,139
EQUITY				
Reserves	17(d)	249,487	246,667	251,451
Retained earnings	18	133,106	129,917	125,688
		382,593	376,584	377,139

The accompanying notes form part of these financial statements.

GORE DISTRICT COUNCIL

CASH FLOW STATEMENT

For the Financial Year Ended 30 June 2018

	Notes	2018 \$'000	Budget \$'000	2017 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from rates revenue		15,494	15,554	14,986
Receipts from other revenue		8,618	3,771	3,127
Subsidies and grants		3,495	2,682	3,122
Interest received		200	98	110
Payments to suppliers and employees		(16,503)	(15,672)	(15,568)
Finance costs		(653)	(901)	(562)
Net cash inflow/ (outflow) from operating activities	21(c)	10,651	5,531	5,216
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from maturity of other financial assets		1	-	-
Proceeds from sale of property, plant and equipment		141	-	172
Purchase of property, plant and equipment		(13,244)	(9,013)	(5,955)
Purchase of other financial assets		11	-	(117)
Net cash inflow/ (outflow) from investing activities		(13,091)	(9,013)	(5,900)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from borrowings		1,196	4,148	5,576
Repayment of borrowings		(1,196)	(636)	(496)
Net cash inflow / (outflow) from financing activities		0	3,512	5,080
Net increase (decrease) in Cash and cash equivalents		(2,440)	30	4,396
Cash and cash equivalents at the beginning of the financial year		7,519	4,238	3,123
Cash and cash equivalents at the end of the financial year	21(a)	5,079	4,268	7,519

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

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 PBE 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

Standards and amendments, issued by the New Zealand Accounting Standards Board, but not yet effective and that have not been early adopted, and which are relevant to the Council are:

PBE IFRS 9 Financial Instruments. PBE IFRS 9 replaces PBE IPSAS 29 Financial Instruments: Recognition and Measurement. PBE IFRS 9 is effective for annual period beginning on or after 1 January 2021, with early application permitted. The main changes under PBE IFRS 9 are:

- New financial asset classification requirements for determining whether an asset is measured at fair value or amortised cost.
- A new impairment model for financial assets based on expected losses which may result in the earlier recognition of impairment losses.
- Revised hedge accounting requirements to better reflect the management of risks.

The Council plans to apply this standard in preparing the 30 June 2022 financial statements. The Council has not yet assessed the effects of the new standard.

PBE IPSAS 39 Employee Benefits was issued in May 2017. This incorporates amendments to 31 January 2018. PBE IPSAS 29, when applied, supersedes PBE IPSAS 25 Employee Benefits and is effective for annual reporting periods beginning on or after 1 January 2019, with early application permitted. The Council has not yet assessed the effects of this new 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 is 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

Operational assets

Land	N/A
Buildings	20 - 50
Plant and Equipment	4 - 25
Motor Vehicles	4 - 8
Office Furniture and Equipment	4 - 20
Recreational and Cultural	5 - 20
Library Books	10

Estimated useful lives are used in the calculation of depreciation (*continued*):

	Life (years)
Infrastructural assets	
Water Reticulation	10 - 100
Sewerage Reticulation	15 - 60
Stormwater Reticulation	60
Refuse	10 - 50
Roads – Formation	N/A
Roads – Pavement (non-depreciable)	N/A
Roads – Pavement (depreciable)	7 - 60
Roads – Footpaths, Kerbs, Bridges and Culverts	50 -100
Roads – Signs, Road markings and Street lighting	20 -100

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

Disposal

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

Any gain or loss arising on 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 2018: Nil

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

	2018 \$,000	2017 \$,000
Summary Cost of Services by Activity		
Income		
Water	1,867	1,761
Wastewater	8,269	1,943
Stormwater	489	522
Roading	5,199	4,816
Parks, Reserves, Aquatic Facilities, Civic Buildings and Recreation	5,325	5,124
Other district assets including Solid Waste and Civil Defence	2,331	2,309
Community services - Arts & Heritage, Libraries, Promotions and Grants	2,666	2,474
Regulatory and Planning	1,563	1,613
Democracy and Administration	4,319	3,862
Total activity income	32,025	24,424
Add		
Net change in fair value of financial assets carried at fair value through surplus or deficit (interest rate swaps)	(228)	368
Net change in fair value of assets held for sale (shares)	-	4
Gain on disposal of property, plant and equipment	58	55
	(170)	427
Less		
Internal recoveries	(3,003)	(2,703)
Total Income	28,853	22,148
Expenditure		
Water	1,671	1,275
Wastewater	1,427	1,335
Stormwater	438	444
Roading	4,840	4,656
Parks, Reserves, Aquatic Facilities, Civic Buildings and Recreation	5,681	5,348
Other district assets including Solid Waste and Civil Defence	3,399	3,172
Community services - Arts & Heritage, Libraries, Promotions and Grants	2,859	2,656
Regulatory and Planning	1,781	1,423
Democracy and Administration	4,306	3,883
Total activity expenditure	26,401	24,193
Less		
Internal expenditure	(3,003)	(2,703)
Total Operating Expenditure	23,398	21,490

3. SURPLUS FROM OPERATIONS

	2018 \$,000	2017 \$,000
(a) Revenue		
Revenue consisted of the following items:		
Rates Revenue:		
General rates	4,816	4,645
Targeted rates for metered water supply	-	-
All other targeted rates (i)	10,703	10,325
	15,519	14,970
(i) Targeted rates attributable to activities		
Water	1,600	1,552
Wastewater	1,323	1,173
Stormwater	489	522
Roading	2,541	2,344
Parks, Reserves, Aquatic Facilities, Civic Buildings and Recreation	2,878	2,821
Other district assets including Solid Waste and Civil Defence	1,291	1,282
Community services - Arts & Heritage, Libraries, Promotions and Grants	582	630
Regulatory and Planning	-	-
Democracy and Administration	-	-
	10,703	10,325
Other Revenue:		
Revenue from renderings of services:		
Mataura Valley Milk reimbursements	6,714	522
Licence fees, and other revenue	3,307	3,060
	10,021	3,582
Operating lease rental revenue	155	141
Interest revenue:		
Bank deposits	200	110
	200	110
Petroleum tax	116	119
	10,492	3,952

3. SURPLUS FROM OPERATIONS continued...

	NOTES	2018 \$,000	2017 \$,000
Subsidies and grants:			
Government grants – NZ Transport Agency		2,391	2,016
Other grants		618	777
		3,009	2,793
There are no unfulfilled conditions and other contingencies attached to government grants recognised.			
Total revenue comprises:			
<i>Revenue from non-exchange transactions</i>			
Rates		15,519	14,970
Subsidies and grants		3,009	2,497
Development and financial contributions		4	5
Other revenue		10,229	3,775
Total revenue from non-exchange transactions		28,761	21,247
<i>Revenue from exchange transactions</i>			
Interest		200	110
Other revenue		64	68
Total revenue from exchange transactions		264	178
Other gains/(losses)		(171)	428
Total revenue		28,853	21,852
(b) Other Gains/(Losses)			
Net gain on disposal of property, plant and equipment		58	55
Net change in fair value of available for sale assets (shares)		(1)	4
Net change in fair value of derivative financial instruments classified at fair value through surplus or deficit (interest rate swaps)		(228)	368
		(171)	428
c) Employee Benefits Expense			
Salaries and wages		6,043	5,678
Defined contribution plans		185	163
		6,228	5,841
d) Depreciation and Amortisation Expense			
Depreciation of property, plant and equipment	12	5,584	4,997
		5,584	4,997

3. SURPLUS FROM OPERATIONS continued...

	NOTES	2018 \$,000	2017 \$,000
(e) Finance Costs			
Interest on loans carried at amortised cost		678	574
Provisions: discount unwinding (Note 16)		(3)	(3)
		675	571
(f) Other Expenses			
Net bad and doubtful debts (recovered)		(1)	(6)
Minimum lease payments operating lease rental		129	110
Grants		696	756
Roading repairs and maintenance		2,056	1,851
Other operating expenses		8,029	7,071
		10,908	9,782

Expenses by activity are disclosed under Note 2.

Audit fees are disclosed under Note 6.

(g) Financial Instruments

(Deficit)/ surplus for the year includes the following income and expenses arising from financial instruments classified as:

Loans and receivables:			
Interest revenue	3(a)	200	110
		200	110
Financial assets at fair value through surplus or deficit:			
Change in fair value of financial assets	3(b)	(228)	368
		(228)	368
Financial liabilities at amortised cost:			
Interest expense	3(e)	(678)	(574)
		(678)	(574)

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	2018 \$,000	2017 \$,000
(b) Non-Cancellable Operating Lease Payments			
Not longer than 1 year		59	59
Longer than 1 year and not longer than 5 years		67	127
Longer than 5 years		-	-
		127	186

4. LEASES continued...

NOTES	2018 \$,000	2017 \$,000
(c) Non-Cancellable Finance Lease Payments		
Not longer than 1 year	11	11
Longer than 1 year and not longer than 5 years	4	15
Longer than 5 years	-	-
	15	26

5. PERSONNEL COMPENSATION

	2018 \$,000	2017 \$,000
Employee Benefits Expense		
Salaries and wages	6,043	5,678
Defined contribution plans	185	163
	6,228	5,841

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>	2018 \$'000	2017 \$'000
Tracy Hicks JP (Mayor)	77,403	76,507
C S Bolger (Deputy Mayor)	23,396	23,961
N J Davis	20,784	22,569
P A Grant	20,784	20,113
B R Highsted	20,784	20,113
R J Beale	16,865	16,593
D I Grant	16,865	16,593
G E Sharp	16,865	16,593
G K Dickson	16,865	11,713
J C Gardyne	16,865	11,713
N G Phillips	16,865	11,713
B A Reid	16,865	11,713
D L Byars	-	4,878
S A Dixon	-	4,878
A S Gover	-	4,878
G M Page	-	4,878
	281,206	279,408

Chief Executive

Stephen Parry, the Chief Executive of the Council appointed under Section 42 of the Local Government Act 2002 received a salary of \$264,467 (2017: \$257,976).

5. PERSONNEL COMPENSATION continued...

	2018 \$,000	2017 \$,000
<i>Staff employed by salary band as at 30 June 2018</i>		
\$120,000 - 279,999	5	4
\$80,000 - 119,999	8	9
\$60,000 - 79,999	19	20
\$59,999 and less	93	94
	125	127

The salary bands between \$80,000 and \$119,000 and \$120,000 and \$279,000 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 2018 was 95 (2017: 96) where 37.5 hours a week is considered full time.

SEVERANCE PAYMENTS

For the year ended 30 June 2018 Council made severance payments to one employee totalling \$12,500 (2017: 1, \$17,500).

6. REMUNERATION OF AUDITORS

	2018 \$,000	2017 \$,000
Audit fees for financial statement audit	124	109
Long Plan Term audit	91	-
Audit Fees for assurance and related services	-	-
	214	109

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

	2018 \$,000	2017 \$,000
Trade receivables (i)	1,886	722
Rates receivables	551	526
Allowance for doubtful debts (ii)	(46)	(47)
	2,391	1,202
NZTA Subsidy	486	330
Goods and services tax (GST) receivable	106	234
	2,983	1,766

7. TRADE AND OTHER RECEIVABLES continued...

	2018 \$,000	2017 \$,000
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	2,976	1,753
<i>Receivables from exchange transactions -</i> this includes outstanding amounts for commercial sales and fees and charges that have not been subsidised by rates	7	13

(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:

	2018 \$,000	2017 \$,000
Past due 1 to 3 months	1,563	697
Past due 3 to 6 months	115	116
Past due 6 to 9 months	77	70
Past due 9 to 12 months	57	45
Past due → 12 months	154	84
Total	1,966	1,012

(ii) Movement in the allowance for doubtful debts:

Balance at beginning of year	47	53
Amounts written off during year	-	-
Increase/(decrease) in allowance recognised in Statement of Income and Expenditure	(1)	(6)
Balance at end of year	46	47

7. TRADE AND OTHER RECEIVABLES continued...

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

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

Other than the New Zealand Transport Agency and Mataura Valley Milk Limited, 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

	2018 \$,000	2017 \$,000
Essential Services (at cost)	120	113
Other (at cost)	23	27
	143	140

The carrying amount of inventories pledged as security for liabilities is \$Nil (2017: \$Nil).

9. OTHER FINANCIAL ASSETS/(LIABILITIES)

	2018 \$,000	2017 \$,000
<i>At fair value through surplus or deficit:</i>		
<u>Current</u>		
Interest Rate Swaps	-	-
	-	-
<u>Non Current</u>		
Interest Rate Swaps	(982)	(754)
	(982)	(754)
<i>Available-for-Sale at fair value:</i>		
<u>Non Current</u>		
Equity securities - NZ Local Government Insurance Company shares	83	84
	83	84
<i>Loans and receivables at Amortised Cost:</i>		
<u>Current</u>		
Short Term Deposits (i)	1,688	1,652
Finance leases	(21)	(11)
	1,667	1,641

9. OTHER FINANCIAL ASSETS/(LIABILITIES) continued...

	2018 \$,000	2017 \$,000
Loans to Community Groups	171	261
Less Provision for Impairment	(157)	(182)
	14	79
LGFA borrow notes	176	176
Clean air loans receivable	44	-
Clean air loans payable	(40)	-
Finance leases	-	(15)
	194	241
	961	1,210

Disclosed in the financial statements as:

Assets

Current	1,688	1,652
Non-current	316	339

Liabilities

Current	(21)	(11)
Non-current	(1,022)	(769)
	961	1,210

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 \$504,000 (2017: \$485,000).

10. OTHER CURRENT ASSETS

	2018 \$,000	2017 \$,000
Prepayments	218	170
	218	170

11. PROPERTY PLANT AND EQUIPMENT

2018	Cost/Valuation 1 July 2017	Additions	Disposals	Revaluation	Cost/Valuation 30 June 2018	Accumulated depreciation and impairment charges 1 July 2017	Impairment losses charged in Statement of Comprehensive Equity	Depreciation expense	Accumulated depreciation reversed on disposal/ revaluation	Accumulated depreciation and impairment charges 30 June 2018	Carrying amount 30 June 2018
	\$ '000s	\$ '000s	\$ '000s	\$ '000s	\$ '000s	\$ '000s	\$ '000s	\$ '000s	\$ '000s	\$ '000s	\$ '000s
Council Operational Asset At Cost											
Land	72	-	-	-	72	-	-	-	-	-	72
Buildings	200	-	-	-	200	(147)	(8)	(8)	(155)	(155)	45
Plant and equipment	3,713	175	(96)	-	3,792	(1,864)	(33)	(237)	48	(2,086)	1,706
Motor vehicles	1,721	268	(232)	-	1,757	(1,117)	-	(259)	188	(1,189)	568
Office furniture and equipment	2,104	63	-	-	2,167	(1,433)	-	(144)	-	(1,577)	590
Recreation and Cultural	715	16	-	-	731	(508)	-	(22)	-	(530)	201
Library books	827	86	-	-	913	(331)	-	(73)	-	(404)	509
Work in progress Buildings	106	148	-	-	254	-	-	-	-	-	254
Work in progress Office Equipment	-	-	-	-	-	-	-	-	-	-	-
Work in progress Recreation & Cultural	-	76	-	-	76	-	-	-	-	-	76
Work in progress Subdivision	-	223	-	-	223	-	-	-	-	-	223
At Valuation											
Land	12,624	152	-	-	12,775	-	-	-	-	-	12,775
Buildings	16,978	129	-	-	17,107	(539)	(257)	(539)	-	(1,335)	15,772
Total Operational Assets	39,059	1,336	(328)	-	40,068	(5,939)	(290)	(1,282)	236	(7,276)	32,791
Council Infrastructural Assets At Valuation											
Water Reticulation	12,541	230	-	-	12,771	(19)	-	(538)	-	(557)	12,214
Sewerage Reticulation	15,003	533	-	-	15,536	(350)	-	(658)	-	(1,008)	14,528
Stormwater Reticulation	10,556	90	-	-	10,646	(529)	-	(351)	-	(880)	9,766
Roads - Formation	180,998	2	-	-	181,000	-	-	-	-	-	181,000
Roads - Pavement (Non depreciable)	21,496	12	-	-	21,508	-	-	-	-	-	21,508
Roads - Pavement (Depreciable)	62,897	1,412	-	-	64,309	(1,197)	-	(1,236)	-	(2,433)	61,876
Roads - Footpaths, Kerbs, Bridges, Culverts	29,969	888	-	-	30,857	(843)	(208)	(858)	-	(1,909)	28,948
Roads - Signs, Roadmarkings, Streetlights	1,691	115	-	-	1,806	(144)	-	(144)	-	(288)	1,518
Land under roads	18,752	-	-	-	18,752	-	-	-	-	-	18,752
Refuse - at cost	1,252	-	-	-	1,252	(875)	-	(19)	-	(894)	358
Work in progress - at cost	2,160	9,174	(548)	-	10,786	-	-	-	-	-	10,786
Total Infrastructural Assets	357,316	12,455	(548)	-	369,224	(3,957)	(208)	(3,803)	-	(7,969)	361,255
Total Council Property, Plant and Equipment	396,376	13,792	(876)	-	409,291	(9,896)	(498)	(5,085)	236	(15,245)	394,046

11. PROPERTY PLANT AND EQUIPMENT continued...

2017	Cost/Valuation	Cost/Valuation	Revaluation	Cost/Valuation	Accumulated	Impairment	Depreciation	Accumulated	Accumulated	Accumulated	Carrying
	1 July 2016	1 July 2016	Revaluation	30 June 2017	depreciation and impairment charges 1 July 2016	losses charged in Statement of Comprehensive Equity	expense	depreciation reversed on disposal/ revaluation	depreciation and impairment charges 30 June 2017	amount 30 June 2017	
	\$ '000s	\$ '000s	\$ '000s	\$ '000s	\$ '000s	\$ '000s	\$ '000s	\$ '000s	\$ '000s	\$ '000s	\$ '000s
Council Operational Asset At Cost											
Land	72	-	-	72	-	-	-	-	-	72	
Buildings	200	-	-	200	(139)	-	(8)	-	(147)	53	
Plant and equipment	3,532	285	(104)	3,713	(1,714)	-	(226)	76	(1,864)	1,849	
Motor vehicles	1,734	258	(271)	1,721	(1,056)	-	(266)	205	(1,117)	604	
Office furniture and equipment	2,006	109	(11)	2,104	(1,311)	-	(132)	10	(1,433)	671	
Recreation and Cultural	679	36	-	715	(484)	-	(24)	-	(508)	207	
Library books	740	87	-	827	(267)	-	(64)	-	(331)	496	
Work in progress Buildings	38	68	-	106	-	-	-	-	-	106	
Work in progress Office Equipment	-	-	-	-	-	-	-	-	-	-	
Work in progress Recreation & Cultural	-	-	-	-	-	-	-	-	-	-	
Work in progress Subdivision	-	-	-	-	-	-	-	-	-	-	
At Valuation											
Land	11,751	903	(30)	12,624	-	-	-	-	-	12,624	
Buildings	16,874	104	-	16,978	-	-	(539)	-	(539)	16,439	
Total Operational Assets	37,626	1,850	(416)	39,060	(4,971)	-	(1,259)	291	(5,939)	33,121	
Council Infrastructural Assets At Valuation											
Water Reticulation	12,507	34	-	12,541	-	-	(19)	-	(19)	12,522	
Sewerage Reticulation	14,920	83	-	15,003	-	-	(350)	-	(350)	14,653	
Stormwater Reticulation	10,158	398	-	10,556	-	-	(529)	-	(529)	10,027	
Roads - Formation	180,992	6	-	180,998	-	-	-	-	-	180,998	
Roads - Pavement (Non depreciable)	21,458	38	-	21,496	-	-	-	-	-	21,496	
Roads - Pavement (Depreciable)	61,433	1,464	-	62,897	-	-	(1,197)	-	(1,197)	61,700	
Roads - Footpaths, Kerbs, Bridges, Culverts	29,294	675	-	29,969	-	-	(843)	-	(843)	29,126	
Roads - Signs, Roadmarkings, Streetlights	1,599	92	-	1,691	-	-	(144)	-	(144)	1,547	
Land under roads	18,752	-	-	18,752	-	-	-	-	-	18,752	
Refuse - at cost	1,071	181	-	1,252	(217)	-	(658)	-	(875)	377	
Work in progress - at cost	1,025	1,649	(514)	2,160	-	-	-	-	-	2,160	
Total Infrastructural Assets	353,211	4,619	(514)	357,316	(217)	-	(3,738)	-	(3,957)	353,359	
Total Council Property, Plant and Equipment	390,837	6,469	(930)	396,376	(5,188)	-	(4,997)	291	(9,896)	386,480	

11. PROPERTY PLANT AND EQUIPMENT continued...

2018
\$,000

2017
\$,000

Heritage Assets:

The following assets and their carrying values are included in the schedules on the preceding pages:

Dolamore Park	350	350
Eastern Southland Gallery	107	112
Trout statue on Medway Street Triangle	18	19
	475	481

Impairment of Assets:

The Statement of Comprehensive Income includes \$500,000 of impairment charges in Depreciation and Amortisation expense. The impairment relates to the following assets:

Mataura Swimming pool building and plant	292	-
Pyramid Bridge	208	-
	500	-

The Mataura Swimming Pool has been closed indefinitely and the value remaining relates to the building structure. The Pyramid bridge was washed away in February 2018 and the remaining structure will eventually be demolished.

COMMITMENTS FOR EXPENDITURE

(a) Capital and Other Expenditure Commitments

Capital and other expenditure commitments at 30 June 2018 were \$1,653,000 (2017: 4,445,00).

(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

2018
\$'000

2017
\$'000

Water	539	529
Wastewater	658	658
Stormwater	351	350
Roading	2,462	2,198
Parks, Reserves, Aquatic Facilities, Civic Buildings and Recreation	1,038	747
Other district assets including Solid Waste and Civil Defence	175	169
Community services - Arts & Heritage, Libraries, Promotions and Grants	169	158
Regulatory and Planning	46	44
Democracy and Administration	146	144
	5,584	4,997

13. TRADE AND OTHER PAYABLES

	2018 \$'000	2017 \$'000
Trade payables (i)	2,216	1,704
Other accrued charges	504	363
Rates in advance	256	289
Deposits and retentions	63	57
Accrued interest	96	74
	3,136	2,487
<i>Payables and deferred revenue under exchange transactions</i>		
Trade payables and accrued expenses	2,803	2,107
<i>Payables and deferred revenue under non-exchange transactions</i>		
Rates and grants received in advance	334	379

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

14. EMPLOYEE ENTITLEMENTS

	2018 \$'000	2017 \$'000
Accrued salary and wages	120	117
Annual leave	342	348
Long service leave	58	64
Retirement gratuities	39	41
	559	569

15. BORROWINGS

	2018 \$'000	2017 \$'000
At amortised cost		
Secured borrowings (i)	17,000	17,000
unsecured borrowings	-	-
	17,000	17,000
Disclosed in the financial statements as:		
Current	6,000	6,000
Non-current	11,000	11,000
	17,000	17,000

(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+.

Subsequent to 30 June 2018, the Council became a guarantor of the NZLGFA. The Council, along with 29 other local authorities and NZLGFA shareholders are guarantors to all of the NZLGFA's debt (30 June 2018: \$7,976m).

Interest is charged on a floating rate basis. At balance date the current weighted average effective interest rate on the bank borrowings is 4.15% (2017: 4.05%).

The Council has a credit card facility with Westpac with a credit limit of \$70,000 (2017: \$70,000).

16. PROVISIONS

	2018 \$,000	2017 \$,000
Landfill aftercare provision (i)		
Balance at beginning of year	91	93
Unwinding of discount and effect of changes in the discount rate	(3)	(2)
Balance at end of year	88	91

(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% (2017: 4%).

Ouvea Premix removal provision (ii)

Balance at beginning of year	-	-
Increase/(decrease) in provision	55	-
Balance at end of year	55	-

The Council has agreed to contribute \$55,000 to fund the removal of Ouvea premix stored in various locations around Southland, including in the former Mataura Paper mill. Other parties are also contributing to the removal, including New Zealand Aluminium Smelters Limited, the Ministry for the Environment, landlords of the various properties where the goods are stored, Environment Southland, Southland District Council and the Invercargill City Council. The Council does not own the Ouvea premix.

17. RESERVES

	2018 \$'000	2017 \$'000
Available-for-sale revaluation reserve	-	-
Asset revaluation reserve (a)	241,532	241,532
Restricted Reserves (b)	6,849	8,929
Council Created Reserves (c)	1,105	990
	249,487	251,451

(a) Asset Revaluation Reserve

Balance at beginning of year	241,532	241,532
Revaluation increase / (decrease)		
Land	-	-
Buildings	-	-
Infrastructure	-	-
	-	-
Balance at end of year	241,532	241,532

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.

17. RESERVES continued...

Revaluation Reserve by class of asset

	Water Reticulation	Wastewater and Stormwater Reticulation	Roads Bridges and Lighting	Land	Buildings	Total
Balance at 30 June 2016	9,635	12,809	201,227	8,720	9,141	241,532
Revaluation increase/ (decrease)	-	-	-	-	-	-
Balance at 30 June 2017	9,635	12,809	201,227	8,720	9,141	241,532
Revaluation increase/ (decrease)	-	-	-	-	-	-
Balance at 30 June 2018	9,635	12,809	201,227	8,720	9,141	241,532

	2018 \$'000	2017 \$'000
(b) Restricted Reserves		
Balance at beginning of year	8,929	4,845
Transfer from/(to) Retained Earnings	(2,080)	4,084
Balance at end of year	6,849	8,929

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	990	715
Transfer from/(to) Retained Earnings	114	275
Balance at end of year	1,105	990

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

18. RETAINED EARNINGS

	2018 \$'000	2017 \$'000
Retained Earnings		
Balance at beginning of year	125,687	129,388
Net (deficit)/ surplus for the year	5,454	658
Transfers from/(to) reserves:		
Council Created Reserves	(114)	(275)
Restricted Reserves	2,080	(4,084)
Balance at end of year	133,106	125,687

19. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Contingent Assets: Nil (2017: Nil).

Contingent Liabilities:

A Local Member's Bill is before Parliament to transfer the ownership of the Otama Rural Water Scheme to a new company with directors appointed by residents. At 30 June 2018 the water scheme assets have a carrying value of \$1,428,000 (2017: 1,700,000) and the Council holds reserves of \$321,000 (2017: \$430,000) which are transferrable to the Otama Rural Water Scheme in the event that the Local Member's Bill passes. The timing of when this Bill will complete the Parliamentary process is unknown.

The Council has provided a loan guarantee to Ice Sport Southland at 30 June 2018 of Nil (2017: \$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:

	2018 \$'000	2017 \$'000
Southern Office Products Depot (owned by Councillor Nicky Davis) - purchase of stationery items	(30)	(24)
PaperPlus Gore (owned by Councillor Doug Grant) - purchase of stationery items	(24)	(22)

(b) Other Transactions Involving Related Parties

Phoenix Aviation (Councillor Peter Grant is a Director) – Lease of Airport	9	7
Central Saleyard Limited (Councillor Peter Grant is a Director)	7	3
Tussock Ridge Contracting Limited (Councillor Peter Grant is a Director)	(6)	-
Equip GP Limited (His Worship is a Director)	(1)	(5)
Southern REAP (Councillor Glenys Dickson is a Board Chair)	2	3
Gore Health Limited (Councillors Glenys Dickson and Bret Highsted are Directors)	17	17

20. RELATED PARTY DISCLOSURES continued...

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

	2018 \$'000	2017 \$'000
Key management personnel compensation		
<i>Councillors</i>		
Remuneration	281	270
Full time equivalent members	12	12
<i>Senior Management Team, including the Chief Executive</i>		
Remuneration	925	885
Full time equivalent members	6	6
Total key management personnel remuneration	1,206	1,155
Total full time equivalent personnel	18	18

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:

	2018 \$'000	2017 \$'000
Cash and cash equivalents	5,079	7,519
	5,079	7,519

(b) Borrowings – Facilities

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

Amount unused	600	600
	600	600

Secured bank loan facilities with ANZ maturing on 30 June 2020 and which may be extended by mutual agreement:

Amount used	-	-
Amount unused	3,000	3,000
	3,000	3,000

21. NOTES TO THE CASH FLOW STATEMENT continued...

	2018 \$'000	2017 \$'000
(c) Reconciliation of Surplus for the Period		
Deficit for the year	5,454	658
<i>Add/(less) non-cash items:</i>		
Depreciation	5,584	4,997
Gain on sale of property, plant and equipment	(58)	(55)
Net change in fair value of available for sale assets (shares)	1	(4)
Net change in fair value of derivative financial instruments	228	(368)
Net change in ouvea premix provision	55	-
Net change in the landfill provision	(3)	(2)
	5,807	4,569
Movement in working capital:		
Trade and other receivables	(1,217)	(375)
Inventories	(4)	(9)
Other current assets	(45)	(3)
Trade and other payables	650	376
Finance leases	(4)	(4)
Employee entitlements	(10)	75
Other revenue received in advance	14	(76)
Other	7	7
	(610)	(9)
Net cash inflow from operating activities	10,651	5,216

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 2017.

(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.

	2018 \$'000	2017 \$'000
(c) Categories of Financial Instruments		
Financial assets		
Cash and cash equivalents	5,079	7,519
Trade and other receivables - loans and receivables	2,983	1,766
Other financial assets - loans and receivables	1,922	1,907
Other financial assets - available for sale	83	84
Financial liabilities		
Trade and other payables	3,136	2,487
Borrowings	17,000	17,000
Other financial liabilities - loans and payables	61	15
Other financial liabilities - fair value through surplus or deficit	982	754

(d) Financial Risk Management Objectives

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.

(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	
	2018	2017	2018	2017	2018	2017
	%	%	\$,000	\$,000	\$,000	\$,000
Less than 1 year	-	-	-	-	-	-
1 to 2 years	4.29	-	2,000	-	(74)	-
2 to 5 years	3.41	4.23	13,900	9,900	(980)	(755)
			15,900	9,900	(982)	(755)

Hedge accounting has not been adopted

(f) Credit Risk

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

Other than the New Zealand Transport Agency, the Council has no significant concentrations of credit risk arising from trade receivables, as it has a large number of credit customers, mainly ratepayers, and 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.

2018	Weighted Average Effective Interest Rate %	Carrying Amount \$ 000	Fixed maturity dates including interest		
			Less than 1 year \$ 000	1-2 years \$ 000	2-5 years \$ 000
Financial Liabilities					
Bank Overdraft	-	-	-	-	-
Trade and other payables	-	3,136	3,136	-	-
Borrowings	4.15%	17,000	6,706	6,706	5,706

2017	Weighted Average Effective Interest Rate %	Carrying Amount \$ 000	Fixed maturity dates including interest		
			Less than 1 year \$ 000	1-2 years \$ 000	2-5 years \$ 000
Financial Liabilities					
Bank Overdraft	-	-	-	-	-
Trade and other payables	-	2,487	2,487	-	-
Borrowings	3.90%	17,000	663	663	17,663

22. FINANCIAL INSTRUMENTS continued...

(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).

2018	Level 1 \$ 000	Level 2 \$ 000	Level 3 \$ 000	Total \$ 000
Financial assets at FVTPL Shares	-	-	83	83
Financial liabilities at FVTPL Interest rate swaps	-	(982)	-	(982)
	-	(982)	83	(899)

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

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

	2018 \$'000	2017 \$'000
Equity Securities		
Balances at the beginning of the year	84	80
Gains/(losses) recognised in comprehensive revenue and expense	(1)	4
Shares applied for	-	-
Balance at the end of the year	83	84

Of the total gains or losses for the period, \$(1,000) 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 \$68,000 (2017: \$57,000). 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 (2017: \$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 2017/2018 budget, as reflected in the Annual Plan, are as follows:

Statement of Comprehensive Revenue and Expense

- a) Other gains/ (losses) is lower than budget by \$171,000. This is due to the revaluation of the Council's interest rate swaps. During the year, the Council hedged the floating rate loans borrowed in June 2017. The change swaps and the change in the prevailing floating rates have resulted in the downward movement.
- b) Other revenue is higher than expected by \$7,144,000. This is mainly due to contributions received from Matura Valley Milk for the design and construction of a dedicated industrial wastewater treatment hub.
- c) Finance costs are lower than budget by \$223,000 due to capital project delays. This has also meant the Council's debt during the year was lower than forecast.

- d) Other expenses were higher than budget by \$1,556,000. This was due to a number of factors including the expensing of the manganese project costs as this project is no longer required due to the change in the water strategy; the expensing of the NODES truck which cleaned the water pipe network during the year; the emergency works relating to the collapse of the Pyramid Bridge and the restoration of water to the Otama Rural Water Scheme; increased electricity costs at the Gore Aquatic Centre; a number of grants and other expenses that were funded by reserves; the development of a spatial plan; and increased consultant costs across a range of departments.
- e) Employee benefits expense is higher than budgeted due to changes to various rosters and second-tier management transition costs.
- f) Depreciation and amortisation expense is higher than budgeted due to the impairment of the Pyramid Bridge and the Matura Pool. The impairment charges on these assets total \$500,000.

Statement of Financial Position

- a) Current assets are higher than budget by \$4,152,000. This is due to the Council borrowing funds required to complete 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 have taken longer than expected to complete. Borrowing in advance has not cost the Council as it was able to invest the funds at a higher interest rate than the funds were borrowed at.
- b) Other non-current financial assets are higher than budget by \$58,000 due to the Clean Air Loan Scheme run on behalf of Environment Southland.
- c) Current liabilities are higher than budget by \$1,158,000 as 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 due to the delays in capital projects.

Statement of Cash Flows

- e) Cash flow from operating activities is higher than budget by \$5,120,000. This is mainly due to recoveries received from Matura Valley Milk for the construction of the industrial wastewater treatment hub.
- f) Cash flow from investing activities is higher than budget by \$4,078,000, due to the construction of the industrial wastewater treatment hub.
- g) Cash flow from financing activities is lower than budget by \$3,512,000 due to lower than budgeted borrowings because of the delay of capital projects.

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 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 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 to 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 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 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.

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 the 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;
- a summary of the key points from the year in review.

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. There is better value obtained through those services than trying to undertake the work on our own. The following are examples of some 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), Gore District Council (GDC) and Invercargill City Council (ICC) with Clutha District Council (CDC) also opting to participate in this initiative.

The development of a combined process and quality manual as well as shared regulation forms, which all five councils have adopted. The shared manual and forms standardise the consent processing methodology and quality assurance processes and have been the subject of 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 subsequent step was consideration of a shared approach to building consent fees across the five councils, which is being considered as part of the Southland Regional Development Strategy Ease of Doing Business Action Team work. The investigation on the concept of standardised building consent fees has been progressed during 2017/18. Each of the Councils will need to support a combined fee structure, and it is expected that such a structure would be available for the 2019/2020 year at the earliest.

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 some activities that will have a positive outcome for 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:

- continuation of the CommVault offsite Backup and Recovery project; including a full health check of the system, ensuring that we are staying compliant with upgrades to the latest releases
- discussions have begun around a collaborative approach to the delivery of a Southland wide spatial and ePlan solution
- Increased our connectivity for all our data connections
- continuation of the delivery of Retrolens website (a shared service with 11 other councils, including Southland Shared Services) makes use of the historic imagery that we purchased in conjunction with Land Information New Zealand. There are over 600,000 images across New Zealand being digitised over a period of four years.

IWI LIAISON

All four Southland councils have continued to fund and support Te Ao Mārama Inc, the agency approved by Te Runanga o Ngāi 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 rūnanga 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.

LIBRARIES

The Gore District's Libraries collaborate in a number of ways with other public libraries regionally and South Island-wide. These relationships are highly valued and useful for delivering positive community outcomes.

The SouthLib regional group includes Invercargill, Southland, Queenstown Lakes, Central Otago, Gore, Clutha, Dunedin and Waitaki Districts/Cities. SouthLib has a consortium agreement with Bolinda Digital to purchase and share eBooks and eAudiobooks that people can borrow at no charge using their library membership. The Gore Library also belongs to the South Island Downloadable Zone, a group of libraries that purchase and share OverDrive eBooks. These shared purchase agreements result in a broad selection of eBooks with minimal cost.

Current Southland region-wide collaborations, comprising Invercargill, Southland and Gore District libraries, include co-creating children's reading programmes, sharing visiting speakers and author talks, sharing professional expertise with inter-library visits and staff training. The Gore District's Libraries has contracts with Invercargill City Libraries to provide book mending services and with Southland District Council to provide a book bus service to Pukerau and Waikaka.

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 2017/18, the public was consulted on a proposal to create a Southland Regional Development Agency, which would integrate the current Venture Southland and be based on a wider community-based organisational structure (such as a Council Controlled Organisation) rather than the present joint committee arrangement run by the three territorial authorities. Support for the proposal came from the Government, Ngāi Tahu, local industries and businesses and the community.

Following the consultation phase and the general endorsement obtained from the community, the Mayoral Forum continued through 2017/18 with developing arrangements for the creation of the new Agency. It is expected that the Agency will be established and launched in late 2018.

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 Tauira, 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;
- The Council continued to offer the 50/50 shared arrangement to fund the Iwi Policy Officer position within Te Ao Mārama Inc;
- The 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.

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 the 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

	2018 Actual '000s	2018 Annual Plan '000s	2017 Actual '000s	2018 LTP '000s	2017 LTP '000s
SOURCES OF OPERATING FUNDING					
General rates, uniform annual general charge, rates penalties	4,985	4,917	4,756	4,892	4,739
Targeted rates	10,703	10,732	10,325	10,789	10,276
Subsidies and grants for operating purposes	1,589	1,278	1,358	1,478	1,179
Fees and charges	9,862	2,959	3,541	2,914	2,935
Local authorities fuel tax, fines, infringement fees, and other receipts	261	196	190	209	208
Interest and dividends from investments	200	98	110	95	95
Total operating funding (A)	27,599	20,180	20,280	20,377	19,432
APPLICATIONS OF OPERATING FUNDING					
Payments to staff and suppliers	16,400	14,775	14,932	14,697	14,471
Finance costs	678	901	572	1,211	909
Other operating funding applications	735	601	694	636	623
Total applications of operating funding (B)	17,814	16,278	16,197	16,544	16,003
Surplus (deficit) of operating funding (A-B)	9,785	3,902	4,083	3,833	3,429
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure	1,420	1,629	1,139	2,066	1,593
Development and financial contributions	4	-	5	-	-
Increase (decrease) in debt	-	3,512	5,000	3,494	4,655
Gross proceeds from sale of assets	58	-	55	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
Total sources of capital funding (C)	1,481	5,141	6,200	5,560	6,248
APPLICATIONS OF CAPITAL FUNDING					
Capital expenditure to meet additional demand	594	553	393	53	87
Capital expenditure to replace existing assets	3,342	5,009	3,585	6,057	7,660
Capital expenditure to improve the level of service	9,232	3,451	1,862	3,076	2,222
Increase (decrease) in reserves	(1,901)	30	4,444	207	(292)
Increase (decrease) in investments	-	-	-	-	-
Total applications of capital funding (D)	11,267	9,043	10,283	9,394	9,676
Surplus (deficit) of capital funding (C-D)	(9,785)	(3,902)	(4,083)	(3,833)	(3,429)
Funding balance ((A-B)+(C-D))	-	-	-	-	-

RECONCILIATION BETWEEN COUNCIL WIDE FUNDING IMPACT STATEMENT AND FINANCIAL STATEMENTS

	Actual 2018 \$'000	LTP 2018 \$'000	Actual 2017 \$'000
INCOME			
Total operating income per Statement of Financial Performance	28,853	19,828	22,148
<i>Less</i>			
NZTA Subsidy received for capital expenditure	(1,420)	(1,690)	(1,435)
Net change in fair value of financial assets carried at fair value through surplus or deficit (Interest rate swaps)	228	-	(368)
Net change in fair value of available for sale assets carried at fair value through surplus or deficit (Shares)	1	-	(4)
Assets vested in Council	-	-	-
Gross proceeds from sale of assets	(58)	-	(55)
Development and financial contributions	(4)	-	(5)
	(1,253)	(1,690)	1,868
Total operating income per Council Wide Funding Impact Statement	\$ 27,599	\$ 18,139	\$ 20,280
EXPENDITURE			
Total operating expenditure per Statement of Financial Performance	23,398	19,986	21,490
<i>Less</i>			
Depreciation	(5,584)	(4,947)	(4,997)
Decrease in investments	-	-	-
	(5,584)	(4,947)	(4,997)
Total operating expenditure per Council Wide Funding Impact Statement	\$ 17,814	\$ 15,039	\$ 16,493

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 \$12.2 million, including 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 rural water scheme is chlorinated. 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 is consulted during resource consenting processes.

Key points from the 2018 year:

Due to an unusually dry summer both Gore and Mataura's drinking water supplies were placed under extreme pressure during February and March 2018. This resulted in sustained water restrictions and the need to use an alternative emergency water source to meet the demand. Investigations are now underway to improve the resilience to the drinking water supplies. Ironically during February 2018, a flood in the Mataura River washed out the Pyramid Bridge and the main water supply pipeline for the Otama Rural Water Scheme. A temporary pipeline was installed across the river to ensure ongoing supply until the replacement bridge has been constructed.

A review of the Council's long-term water strategy showed that centralising Gore's treatment plants to the existing East Gore site and the installation of media filtration and UV is the preferred option for upgrading Gore's water treatment plants to comply with the New Zealand Drinking Water Standards. In December 2017, the Council resolved to progress with this proposed water treatment plant upgrade at an estimated cost of \$5.6 million. The design of the water treatment plant is in progress with construction expected to start in 2019. Once this has been completed attention will turn to ensure Mataura's drinking water supply is compliant with the New Zealand Drinking Water Standards.

A new bore well has been installed at the A&P showgrounds to supply untreated water to Mataura Valley Milk's new nutritional plant.

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

A local members bill is before parliament to transfer ownership of the Otama Rural Water Scheme to a new company with directors appointed by residents. The timing of when this bill will complete the parliamentary process is unknown.

STATEMENT OF SERVICE PERFORMANCE - WATER

Council Outcome	Customer Levels of Service	Performance Measures	Target 2018	Results
We have a quality infrastructure with potential for growth.	A potable water supply is provided in urban areas	Compliance with the bacterial criteria of the NZDWS: (NFPM 1a)	Gore 100% Mataura 100%	<p>2016-2017 Annual Winz survey compliance Gore – Bacterial Compliance = Not achieved Mataura – Bacterial Compliance = Not achieved Both Gore and Mataura plants did not meet distribution zone bacterial compliance due to 1 transgression at each town during the period.</p> <p>2017-2018 Preliminary results only, Report from MOH yet to be completed. Not achieved.</p> <p><i>Gore</i> Distribution Zone Bacterial Compliance = Yes Plant Bacterial Compliance = Not achieved Not achieved</p> <p><i>Mataura</i> Distribution Zone Bacterial Compliance = Yes Plant Bacterial Compliance = Not achieved Not achieved</p> <p>Additional information: <i>Otama</i> Distribution Zone Bacterial Compliance = Yes Plant Bacterial Compliance = Yes</p> <p>Note – Remedial actions have been undertaken to ensure plant compliance for the 2018/2019 reporting period.</p>
		Compliance with the protozoa criteria of the NZDWS: (NFPM 1b)	Gore 33% Mataura 33%	<p>2016-2017 Annual Winz survey compliance Gore – Protozoal Compliance – Not achieved Mataura – Protozoal Compliance – Not achieved</p> <p>2017-2018 – Report yet to be completed. Targets not achieved. Gore – Protozoal Compliance – Not achieved Mataura – Protozoal Compliance – Not achieved Otama – Protozoal Compliance – Not achieved Not achieved</p> <p>Additional information: Otama protozoa compliance Note – All of the Council's treatment plants do not meet protozoa compliance, as a result of this, upgrades are planned to be completed over the next three years.</p>

STATEMENT OF SERVICE PERFORMANCE - WATER continued ...

Council Outcome	Customer Levels of Service	Performance Measures	Target 2018	Results
		Water quality complaints received (per 1,000 connections) (NFPM 4)	8	2016-2017 – Target Not Achieved – 9.5 complaints 2017-2018 – Target Achieved – 7.2 complaints
	A reliable service and effective response to queries	Real water losses from the reticulation network (NFPM 2)	23%	2016-2017 – Target Not Achieved – 42% This is an improvement from the previous year (66%), maintenance and repairs have been carried out throughout the network to fix the leaks identified in the leak detection studies in 2016. 2017-2018 – Target Not Achieved – 34% Based on average daily consumption of 250L/p/day (Refer to 6.3.5.6 of NZS4404:2010)
		Response to an urgent customer request (Urban, no water) (NFPM 3a)	60 min	2016-2017 – Target Achieved – 15mins. (Median value used) 2017-2018 – Target achieved – 9.5mins. (Median value used)
		Resolution of an urgent customer request. (Urban, no water) (NFPM 3b)	8 working hours	2016-2017 – Target Achieved – 58mins (Median value used) 2017-2018 – Target Achieved – 32mins. (Median value used)
		Response to a non-urgent customer request (NFPM 3c)	5 days	2016-2017 – Target Not Achieved – 5.9 days (Median value used) 2017-2018 – Target Not Achieved – 5.9 days (Median value used)
		Resolution of a non-urgent customer request (NFPM 3d)	14 days	2016-2017 – Target Achieved – 6.2 days (Median value used) 2017-2018 – Target Achieved – 7 days (Median value used)
		Average consumption of drinking water (NFPM 5)	550 L/p/day	2016-2017 – Target Achieved – 518 L/p/day (2015-2017 target of 550 L/p/day) 2017-2018 – Target Achieved – 355 L/p/day (2015-2017 target of 550L/p/day)

FUNDING IMPACT STATEMENT - WATER

	2018 Actual '000s	2018 Annual Plan '000s	2017 Actual '000s	2018 LTP '000s	2017 LTP '000s
SOURCES OF OPERATING FUNDING					
General rates, uniform annual general charge, rates penalties	-	-	-	-	-
Targeted rates	1,600	1,618	1,552	1,555	1,455
Subsidies and grants for operating purposes	13	-	-	-	-
Fees and charges	254	243	209	325	325
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-
Interest and dividends from investments	-	-	-	-	-
Internal charges and overheads recovered	-	-	-	-	-
Total operating funding (A)	1,867	1,861	1,761	1,879	1,779
APPLICATIONS OF OPERATING FUNDING					
Payments to staff and suppliers	1,100	701	715	682	663
Finance costs	33	88	31	127	30
Other operating funding applications	-	-	-	-	-
Internal charges and overheads applied	613	619	542	620	570
Total applications of operating funding (B)	1,746	1,407	1,288	1,430	1,262
Surplus (deficit) of operating funding (A-B)	121	454	473	450	517
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	391	1,377	168	1,377	1,502
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
Total sources of capital funding (C)	391	1,377	168	1,377	1,502
APPLICATIONS OF CAPITAL FUNDING					
Capital expenditure to meet additional demand	325	-	11	-	-
Capital expenditure to replace existing assets	130	104	241	104	279
Capital expenditure to improve the level of service	203	1,700	315	1,700	1,708
Increase (decrease) in reserves	(146)	27	73	22	34
Increase (decrease) in investments	-	-	-	-	-
Total applications of capital funding (D)	512	1,831	641	1,827	2,020
Surplus (deficit) of capital funding (C-D)	(121)	(454)	(473)	(450)	(517)
Funding balance ((A-B)+(C-D))	-	-	-	-	-

WASTEWATER

Activities:

The Council owns and manages wastewater assets valued at \$14.5 million. 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 Maitara 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 2018 year:

The main highlight over the past 12 months has been the construction of an \$8 million wastewater treatment plant designed specifically to accept wastewater from the new Maitara Valley Milk processing plant. This work included the installation of a UV tertiary treatment system that will reduce E-coli levels in the combined wastewater discharged from the treatment plant. The commissioning process and outstanding minor works are expected to be completed before the end of 2018.

In addition to this, steady progress has been made with the replacement of the Ajax Pump station over the past 12 months with the bulk of the construction works now completed. It is anticipated that commissioning of this pump station and associated pipework will be completed in early 2019.

The Maitara wastewater discharge consent expires in 2021, with the Gore consent expiring in 2023.

An opportunity has been identified to gain significant efficiencies by preparing the consent renewal applications in parallel. Planning and options assessment are now well underway for the renewal of these consents.

Recent sludge surveys of the Gore wastewater treatment plant have indicated that sludge is not accumulating as quickly as previously estimated. This has allowed the desludging of pond 1 to be deferred until a view of the long-term strategy for the wastewater treatment plant is obtained through the resource consent renewal process that is now underway. This will ensure the most cost-effective solution for the desludging of pond 1 is made.

Ongoing reliability issues with the Actiflo system at the Gore wastewater treatment plant have resulted in some minor resource consent compliance issues. A review of the reliability of this plant is currently underway to ensure ongoing consent compliance.

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

STATEMENT OF SERVICE PERFORMANCE - WASTEWATER

Council Outcome	Customer Levels of Service	Performance Measures	Target 2018	Results
We have a quality infrastructure with potential for growth.	A reliable service: effective response to queries.	The number of dry weather overflows from Council's sewerage system, (per 1,000 connections) (NFPM 1) as measured by the CRM database.	< 1	2016-2017 – Target Achieved – No overflows. 2017-2018 – Target Achieved – No overflows.
		Response to a customer request. (Blockage or fault) (NFPM 3a) as measured by the CRM database.	Urgent 120 mins General < 8 hrs	Urgent – 2016-2017 – Target Not Achieved – 137 mins (Median value used) General – 2016-2017 – Target Achieved – 3.47 hrs. Urgent – 2017-2018 – Target Achieved – 112 minutes. (Median value used) General – 2017-2018 – Target Not Achieved – 12 hrs. (Median value used)
		Resolution of a customer request. (Blockage or fault) (NFPM 3b) as measured by the CRM database.	Urgent < 8 hrs General 5 days	Urgent – 2016-2017 - Target Achieved – 4 hrs (Median value used) General – 2016-2017 – Target Achieved – 0.05 days (Median value used) Urgent – 2017-2018 – Target Not Achieved – 10.2 hours. (Median value used) General – 2017-2018 – Target Achieved – 1.75 days. (Median value used)
	Wastewater systems are effective and comply with environmental standards	Wastewater complaints received (per 1,000 connections) (NFPM 4) as measured by the CRM database.	< 10	2016-2017 – Target Achieved – 3.3 complaints 2017-2018 – Target Achieved – 1.4 complaints
We value and respect our environment.	Our waterways and environment are protected from adverse impacts of providing the wastewater service.	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)	Abatement notices - 0 Infringement notices - 0 Enforcement orders - 0 Convictions - 0	2016-2017 – Target Achieved. 2017-2018 – Target Achieved.

FUNDING IMPACT STATEMENT - WASTEWATER

	2018 Actual '000s	2018 Annual Plan '000s	2017 Actual '000s	2018 LTP '000s	2017 LTP '000s
SOURCES OF OPERATING FUNDING					
General rates, uniform annual general charge, rates penalties	-	-	-	-	-
Targeted rates	1,323	1,328	1,173	1,409	1,252
Subsidies and grants for operating purposes	2	-	1	-	-
Fees and charges	6,943	251	769	251	243
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-
Interest and dividends from investments	-	-	-	-	-
Internal charges and overheads recovered	-	-	-	-	-
Total operating funding (A)	8,269	1,579	1,943	1,660	1,495
APPLICATIONS OF OPERATING FUNDING					
Payments to staff and suppliers	485	402	559	396	385
Finance costs	284	341	118	428	303
Other operating funding applications	-	-	-	-	-
Internal charges and overheads applied	382	385	337	386	354
Total applications of operating funding (B)	1,151	1,129	1,014	1,210	1,042
Surplus (deficit) of operating funding (A-B)	7,118	450	929	450	453
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	(758)	141	4,623	141	1,918
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
Total sources of capital funding (C)	(758)	141	4,623	141	1,918
APPLICATIONS OF CAPITAL FUNDING					
Capital expenditure to meet additional demand	-	-	-	-	-
Capital expenditure to replace existing assets	40	206	644	206	2,629
Capital expenditure to improve the level of service	8,378	385	1,019	385	187
Increase (decrease) in reserves	(2,058)	-	3,889	-	(445)
Increase (decrease) in investments	-	-	-	-	-
Total applications of capital funding (D)	6,360	591	5,551	591	2,371
Surplus (deficit) of capital funding (C-D)	(7,118)	(450)	(929)	(450)	(453)
Funding balance ((A-B)+(C-D))	-	-	-	-	-

STORMWATER

Activities:

The Council owns and manages stormwater assets valued at \$9.8 million. 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 2018 year:

As part of the Ten Year Plan, the Council has committed to spending \$1.2 million over the next three years and \$7.3 million over the next ten years to resolve problem flooding areas and separate stormwater from the wastewater reticulation.

Over the past 12 months, the focus has been on the development of a stormwater master plan (SMP). The SMP is a fast-track approach to identify the limitations and impacts of the capacity, combined wastewater network overflows and flooding issues within the Council's existing reticulation network. It also provides a framework to support financial forecasting that better informs the Council and community while considering long-term obligations and decision-making in developing a robust capital works programme. This master plan has now been completed and will be recommended for adoption by the Council in October.

Following the adoption of this plan, it is anticipated the implementation of the first improvement project will quickly get underway, with the focus likely to be on the Elizabeth Street.

There have been some resource consent compliance issues in the Mataura stormwater system as a result of cross-connections to the stormwater network. A project is underway to resolve these issues with works expected to be completed by late December 2018.

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

STATEMENT OF SERVICE PERFORMANCE - STORMWATER

Council Outcome	Customer Levels of Service	Performance Measures	Target 2018	Results
We have quality infrastructure with potential for growth.	A reliable service and effective response to queries.	Response to a customer request (Flooding event) (NFPM 3) as measured by the CRM database.	< 60 min	2016-2017 – Target Achieved – No complaints received. 2017-2018 – Target Achieved – No complaints received.
		Stormwater complaints received (per 1,000 properties connected) (NFPM 4) Faults or blockages as measured by the CRM database.	≤ 8	2016-2017 – Target Achieved – 0.17 complaints received. 2017-2018 – Target Achieved – 1.81 complaints
	Homes and properties are not affected by surface flooding caused by the Stormwater Activity.	Number of flooding events (NFPM 1a) as measured by the CRM database.	≤ 3	2016-2017 – Target Achieved – 2 flooding complaints received. 2017-2018 – Target Achieved – No complaints received.
		Number of habitable floors affected per 1,000 connected properties (per event) (NFPM 1b) as measured by the CRM database.	≤ 2	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. 2017-2018 – Target Achieved – No complaints received.
We value and respect our environment	Our waterways and environment are protected from adverse impacts of providing the Stormwater service.	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)	Abatement notices - 0 Infringement notices - 0 Enforcement orders - 0 Convictions - 0	2016-2017 – Target Achieved. 2017-2018 – Target Achieved.

FUNDING IMPACT STATEMENT - STORMWATER

	2018 Actual '000s	2018 Annual Plan '000s	2017 Actual '000s	2018 LTP '000s	2017 LTP '000s
SOURCES OF OPERATING FUNDING					
General rates, uniform annual general charge, rates penalties	-	-	-	-	-
Targeted rates	489	490	522	495	563
Subsidies and grants for operating purposes	-	-	-	-	-
Fees and charges	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-
Interest and dividends from investments	-	-	-	-	-
Internal charges and overheads recovered	-	-	-	-	-
Total operating funding (A)	489	490	522	495	563
APPLICATIONS OF OPERATING FUNDING					
Payments to staff and suppliers	84	102	80	101	98
Finance costs	3	4	13	7	18
Other operating funding applications	-	-	-	-	-
Internal charges and overheads applied	92	93	81	97	89
Total applications of operating funding (B)	179	199	175	204	204
Surplus (deficit) of operating funding (A-B)	310	291	348	291	358
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	(104)	(104)	(196)	(104)	(171)
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
Total sources of capital funding (C)	(104)	(104)	(196)	(104)	(171)
APPLICATIONS OF CAPITAL FUNDING					
Capital expenditure to meet additional demand	-	-	-	-	-
Capital expenditure to replace existing assets	-	37	-	37	62
Capital expenditure to improve the level of service	90	150	83	150	125
Increase (decrease) in reserves	116	-	68	-	-
Increase (decrease) in investments	-	-	-	-	-
Total applications of capital funding (D)	206	187	151	187	187
Surplus (deficit) of capital funding (C-D)	(310)	(291)	(348)	(291)	(358)
Funding balance ((A-B)+(C-D))	-	-	-	-	-

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	Road Deaths and Injuries	<ul style="list-style-type: none">• Prepare a 'minor improvement projects' plan each year.• Set appropriate speed limits.• Maintain a road safety strategy and a road safety action plan. Properly implement the safety management system.• Work closely with NZTA, the New Zealand Police and Road Safety Southland on road user education and policing.

No	Potential Negative Effect	Proposed Action
2	<p>Excessive Noise</p> <p>Undue noise to adjoining properties from traffic volumes usually in urban areas.</p>	<ul style="list-style-type: none"> • Set appropriate speed limits. • Use appropriate surfacing on busy roads in residential areas.
3	<p>Dust from unsealed roads</p>	<p>Permit affected property owners to apply oil as a suppressant to short sections.</p>
4	<p>Contamination of Natural Waters</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"> • Ensure proper attention is paid to water run-off / sediment control management when carrying out work on the roads. • Police the discharge of effluent onto the roads from stock trucks (and encourage the provision of disposal facilities at appropriate locations).
5	<p>Travel Delays Caused by Road Works</p>	<p>Ensure proper attention is paid to the preparation of, and adherence to, traffic management plans when carrying out road works.</p>
6	<p>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</p>	<ul style="list-style-type: none"> • Ensure all road lights are sited and focussed in an appropriate manner. • When preparing the annual road safety allocation ensure consideration is given to areas where additional lighting may be desirable.
7	<p>Damage / nuisance caused to vehicles by soil and cow excrement on the roads</p>	<ul style="list-style-type: none"> • Encourage the construction of underpasses in places where stock numbers regularly cross busy roads. • Enforce removal of soil and other material dropped on roads.
8	<p>The Flooding of Adjoining Properties</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"> • The Council routinely monitors the maintenance contractors' performance to ensure existing culverts and drains are being properly maintained and managed. • 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.

No	Potential Negative Effect	Proposed Action
9	<p>Untidy road pavements and road verges</p> <p>The potential negative effects under this heading include:</p> <ul style="list-style-type: none"> • Graffiti on road assets • Litter on the road pavement, on footpaths, and in roadside gutters and kerbs; • In residential and commercial areas: <ul style="list-style-type: none"> - Poorly maintained shrubs and trees, long unmown grass, and weeds on the road verge and in traffic islands; (and) - Untidy / unkempt signage, bus bays and bus shelters and taxi stands etc 	<ul style="list-style-type: none"> • Monitor and take appropriate actions as required.
10	<p>Land developed without sufficient consideration of the impacts on the road network</p> <p>'Land Development' potential negative effects include (but are not limited to):</p> <ul style="list-style-type: none"> • Buildings constructed too close to the road obstructing vision and perhaps restricting future road widening; • Inappropriate tree and hedge planting also obstructing vision; • Inadequately / inappropriately constructed and sited vehicle crossings; • (especially in commercial and industrial areas) no or inadequate 'pull off' space; • Inadequate storm water control provision; • Inadequately constructed new road assets that the Council is expected to 'take over'; • 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. 	<ul style="list-style-type: none"> • 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 for 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. • 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.

No	Potential Negative Effect	Proposed Action
10	<ul style="list-style-type: none"> • 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. • Inadequate consideration of pedestrian, signage, parking and lighting and beautification matters. 	
11	Potential damage to wildlife habitats or sites of archaeological or historical significance	<ul style="list-style-type: none"> • Take care to avoid causing damage to wildlife, archaeological and historic sites when carrying out roading work.

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 2018 year:

The past year has seen a significant change in the contracting scene within the roading division. A good portion of our work is now being carried out by local contractors. Fulton Hogan, along with several local contractors has taken over Gore's maintenance activities, this arrangement has proven to be successful. Vegetation control is managed separately with work contracted out to a local spraying specialist.

Several other contracts were let to look after the surfacing and construction work with 24.859 km of road resurfaced and 3,350m² of footpath renewals being completed. Under our concrete works contract, we replaced 141.5m of kerb and channel and renewed 39 vehicle crossings.

Several safety improvements were made to pedestrian facilities around the town, with 7 tactile pads installed on 4 crossings. Three new crossings with refuge islands were installed across Coutts Rd, Eccles St, and Huron St.

During the year a contract was let to replace 1250 old high-pressure sodium street lights with new LED's. These new luminaires will be more efficient and give a better standard of light to our streets. As at the end of the year, the Council had purchased the luminaires, and they will be installed in July and August.

The unsealed section of our network saw a 10% increase in the amount of metal being applied to our roads. We hope this will improve the overall running surface and driver comfort. Eleven of our older culverts were replaced, and 5,106 m of drainage channel were cleaned out.

In February 2018 the Pyramid Bridge was washed away by high flood water. Plans were being developed to replace the 100-year-old timber piled bridge. Construction is planned for early in 2019.

Significant construction work was need to restore the running surface of a section of Clinkerhill road which was badly damaged during a prolonged wet period in July 2017.

STATEMENT OF SERVICE PERFORMANCE - ROADING

Council Outcome	Customer Levels of Service	Performance Measures	Target 2018	Results
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	2016-2017 – Year to date – This measure has not been updated in the ONRC database. 2017-2018 – 6 fatal or serious crashes Target not achieved.
	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	2016-2017 - Urban – All categories are below 220 2016-2017 – Rural – All categories are below 120 2017-2018 – Urban – All categories are below 120 Target achieved. 2017-2018 – Rural – All categories are below 120 Target achieved.
	Mandatory Performance Measure 3 (Road Maintenance). The percentage of the sealed local road network that is resurfaced.	The percentage of the sealed local road network that is resurfaced.	6.2%	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) 2017-2018 – 4.9% resealed. Target not achieved.

Council Outcome	Customer Levels of Service	Performance Measures	Target 2018	Results
	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).	The percentage of footpaths within the district that fall within the level of service standard for the condition of footpaths.	Decreasing trend	2016-2017 – 425.7m of footpaths repaired. 2017-2018 – 1,816m of footpaths repaired. Target not achieved. The Council is still developing a framework of the network roughness to measure and compare the footpath grading across the network.
	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.	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.	95%	2016-2017 – 69.10% 2017-2018 – 62% Target not achieved.
	Unsealed roads are maintained to ensure they are fit for purpose	The percentage of respondents to the Gore District Council annual Resident Survey within the range of neutral to very satisfied.	78%	2016-2017 – 67% Not achieved 2017-2018 – 71% Target not achieved.

FUNDING IMPACT STATEMENT - ROADING

	2018 Actual '000s	2018 Annual Plan '000s	2017 Actual '000s	2018 LTP '000s	2017 LTP '000s
SOURCES OF OPERATING FUNDING					
General rates, uniform annual general charge, rates penalties	-	-	-	-	-
Targeted rates	2,541	2,534	2,344	2,479	2,322
Subsidies and grants for operating purposes	1,063	926	892	1,167	876
Fees and charges	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	175	138	144	138	138
Interest and dividends from investments	-	-	-	-	-
Internal charges and overheads recovered	188	225	148	156	140
Total operating funding (A)	3,967	3,823	3,529	3,941	3,475
APPLICATIONS OF OPERATING FUNDING					
Payments to staff and suppliers	2,031	1,994	1,844	2,277	2,101
Finance costs	42	54	45	65	58
Other operating funding applications	-	-	-	-	-
Internal charges and overheads applied	493	513	423	432	399
Total applications of operating funding (B)	2,566	2,560	2,311	2,774	2,558
Surplus (deficit) of operating funding (A-B)	1,401	1,262	1,218	1,166	916
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure	1,420	1,629	1,139	2,066	1,593
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	209	294	105	294	105
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
Total sources of capital funding (C)	1,629	1,923	1,244	2,360	1,697
APPLICATIONS OF CAPITAL FUNDING					
Capital expenditure to meet additional demand	-	-	-	-	-
Capital expenditure to replace existing assets	2,416	2,223	2,021	3,272	2,390
Capital expenditure to improve the level of service	391	1,109	253	234	203
Increase (decrease) in reserves	223	(147)	189	21	21
Increase (decrease) in investments	-	-	-	-	-
Total applications of capital funding (D)	3,030	3,185	2,463	3,526	2,614
Surplus (deficit) of capital funding (C-D)	(1,401)	(1,262)	(1,219)	(1,166)	(916)
Funding balance ((A-B)+(C-D))	-	-	-	-	-

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 Bowler 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 the 2018-2028 10 Year Plan.

Key points from the 2018 year:

During the 2017/18 financial year, the two Asset Management Plans that cover all Parks Recreation and Property assets were completed in 2017. This information then fed into the 2018/28 Long Term Plan project which was adopted by the Council in June 2018.

From a projects perspective, the following was undertaken in the year of review:

- Additional work was undertaken to ensure the potable water supply at Dolamore Park complies with the New Zealand Drinking Water Standards.
- The Pine plantation at Dolamore Park was harvested.
- The Playground soft-fall and equipment upgrades continued as planned.
- The new Kids Hub playground was completed and gifted to the community by the Kids Hub Trust.
- In Mataura, the Tulloch Park Redevelopment project was finalised in consultation with the Community, the Mataura Community Board and the Council. The Mataura Enriching Lives Trust had expressed a desire to run the aquatic facility for the community. However, a viable business plan to keep the facility open was not developed. Thereafter, the plans for the redevelopment continued and were finalised. Then physical works are scheduled to commence early in the 2018/19 year.
- A junior cycle park was added to Queens Park in Mataura. This development was a collaboration between the Council and the Community.
- Cyclical property maintenance tasks were completed during the year.
- Plant items and vehicles were replaced as planned.
- Work started on the expansion plans of Charlton Park and Mataura Cemeteries. The expansion plans are driven by use.
- A collaborative Council / Community project is underway to develop the Pukerau Cemetery in the future.

STATEMENT OF SERVICE PERFORMANCE - PARKS, RESERVES, AQUATIC FACILITIES, CIVIC BUILDINGS AND RECREATION

Council Outcome	Customer Levels of Service	Performance Measures	Target 2018	Results
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.	Five key technical measures that reflect the core values This includes: <ul style="list-style-type: none"> Pool availability - pool open for a minimum of 360 days Customer satisfaction - 90% or greater as measured by the annual resident survey Swimming course enrolments - > 1900 Health and safety incidents - no serious incidents causing death Pool safe accreditation - accreditation maintained 	5/5 Indicators achieved	2016-2017 – 5/5 achieved 2017-2018 –5/5 targets achieved.
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.	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"> Parks and Reserves/ Sportsgrounds Playgrounds Cemeteries Public conveniences The provision of community buildings or halls 	> 90% across the 5 criteria surveyed	2016-17 – 94.1% Target achieved. 2017-2018– 94.1% Target achieved. 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

	2018 Actual '000s	2018 Annual Plan '000s	2017 Actual '000s	2018 LTP '000s	2017 LTP '000s
SOURCES OF OPERATING FUNDING					
General rates, uniform annual general charge, rates penalties	1,464	1,467	1,408	1,451	1,376
Targeted rates	2,878	2,877	2,821	2,906	2,811
Subsidies and grants for operating purposes	116	94	111	75	73
Fees and charges	866	783	778	794	799
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-
Interest and dividends from investments	-	-	-	-	-
Internal charges and overheads recovered	1,317	1,367	1,353	1,172	1,145
Total operating funding (A)	6,641	6,588	6,472	6,397	6,205
APPLICATIONS OF OPERATING FUNDING					
Payments to staff and suppliers	3,616	3,427	3,639	3,325	3,479
Finance costs	197	257	214	385	290
Other operating funding applications	-	-	-	-	-
Internal charges and overheads applied	2,147	2,152	2,100	1,924	1,851
Total applications of operating funding (B)	5,960	5,835	5,954	5,633	5,620
Surplus (deficit) of operating funding (A-B)	681	753	518	764	586
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	5	-	-
Increase (decrease) in debt	183	1,827	419	1,827	1,450
Gross proceeds from sale of assets	(5)	-	9	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING (C)	179	1,827	433	1,827	1,450
APPLICATIONS OF CAPITAL FUNDING					
Capital expenditure to meet additional demand	232	553	377	53	87
Capital expenditure to replace existing assets	462	1,972	374	1,972	1,908
Capital expenditure to improve the level of service	90	-	126	500	-
Increase (decrease) in reserves	77	55	72	66	41
Increase (decrease) in investments	-	-	-	-	-
Total applications of capital funding (D)	860	2,580	950	2,591	2,036
Surplus (deficit) of capital funding (C-D)	(681)	(753)	(517)	(764)	(586)
Funding balance ((A-B)+(C-D))	-	-	-	-	-

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.

STATEMENT OF SERVICE PERFORMANCE - SOLID WASTE AND OTHER DISTRICT ASSETS

Council Outcome	Customer Levels of Service	Performance Measures	Target 2018	Results
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 as measured by regional landfill weighbridge records.	Material discarded < 650kg per capita (across Southland)	2016-2017 - Target Not Achieved - 660kgs 2017-2018 - Target Not Achieved - 691kgs (solid waste to landfill increased due to the emergency responses for Oyster Farming/ Cattle disease)

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

	2018 Actual '000s	2018 Annual Plan '000s	2017 Actual '000s	2018 LTP '000s	2017 LTP '000s
SOURCES OF OPERATING FUNDING					
General rates, uniform annual general charge, rates penalties	271	271	264	320	307
Targeted rates	1,291	1,304	1,282	1,305	1,253
Subsidies and grants for operating purposes	94	46	131	46	45
Fees and charges	674	600	633	550	550
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-
Interest and dividends from investments	-	-	-	-	-
Internal charges and overheads recovered	1,363	1,375	1,204	1,379	1,266
Total operating funding (A)	3,694	3,597	3,513	3,599	3,332
APPLICATIONS OF OPERATING FUNDING					
Payments to staff and suppliers	2,689	2,542	2,497	2,527	2,463
Finance costs	78	102	95	127	130
Other operating funding applications	-	-	-	-	-
Internal charges and overheads applied	732	709	654	689	641
Total applications of operating funding (B)	3,500	3,353	3,247	3,343	3,144
Surplus (deficit) of operating funding (A-B)	194	244	266	256	187
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	(38)	(38)	(38)	(38)	(38)
Gross proceeds from sale of assets	35	-	3	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING (C)	(3)	(38)	(36)	(38)	(38)
APPLICATIONS OF CAPITAL FUNDING					
Capital expenditure to meet additional demand	1	-	-	-	-
Capital expenditure to replace existing assets	86	202	48	202	84
Capital expenditure to improve the level of service	-	-	34	-	-
Increase (decrease) in reserves	104	3	148	15	65
Increase (decrease) in investments	-	-	-	-	-
Total applications of capital funding (D)	190	205	230	218	149
Surplus (deficit) of capital funding (C-D)	(194)	(244)	(266)	(256)	(187)
Funding balance ((A-B)+(C-D))	-	-	-	-	-

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 Matura 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's arts and heritage department manage, 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 Matura 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 Matura. 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 2018 year:

Arts & Heritage

The popular temporary touring exhibition ***Sgt Dan – Profile of an Icon*** has been adapted for permanent display at the Gore Historical Museum with the addition of artefacts and archive material from the museum's Flemings Mill Collection and important historical film footage.

The regional digital cataloguing initiative ***Project Ark*** has been driven from the Arts & Heritage Department and has attracted significant financial support from the Southland Regional Heritage Committee. This two-year pilot project has provided a valuable digital cataloguing service for district heritage collections and provided a platform for local committees to place their collections on the line for greater public accessibility.

Significant exhibitions held in the 2017-18 year included ***The Bloggs – Anatomy Museum Installation*** by Nicola Jackson, ***Portrait of an Icon – The Crown Lynn Swan Vase*** by Rod Eales, and ***Above the Long White Cloud – Whites Aviation Photography*** from the Museum of the Everyday. All three incorporated supplementary publications and public programmes which were well received by the local community.

The Galleries major show for 2017 was **Marilynn Webb – Five Decades in Murihiku**, and it celebrated the Gallery's 30-year association with this important New Zealand artist. A series of events and a special publication were produced, and the artist was made Patron of the Eastern Southland Gallery in honour of her long-standing generosity and support.

Major additions to the collection included mid-19th-century images of Southland by artist and surveyor John Turnbull Thomson and some important Australian works; including a major installation piece by Christine Fairclough (gifted by long-time supporter Enyth Good) and large canvases by Neil Frazer (gift of the artist).

Alternating with the biennial Hokonui Moonshiners' Festival, the Hokonui Moonshine Museum curated a popular **Old Hokonui** themed promotional site at the 2018 Southern Field Days.

Gore District Libraries

The libraries held a total of 150 events with participants numbering 2,552. The libraries offered reading programmes and challenges for children, teens and adults throughout the year. Toddler Time and Wriggle, and Rhyme programmes were popular with preschool children and babies at both libraries. Staff increased the range of new title booklets and topic-themed lists and Blind date with a Book was a popular new promotion.

Maori nonfiction books were shelved in defined areas to raise the prominence of these books and enable easy access.

Library staff helped people to complete their census papers for Statistics New Zealand, who this year required the forms to be completed online. This meant many people who normally do not use the libraries came to use the free internet and to seek assistance.

Gore Library

Guest speakers included bat expert Dr Ian Davidson-Watts, New Zealand author Emma Stevens, and family tree searching expert Bruce Cavanagh.

Displays included Gore Rhododendron Society, Gore Bonsai Club, Mental Health Awareness Week, Gore Garden Club and Herries Beattie's books.

As well as hosting numerous school visits, the Youth Librarian also held story time at schools and preschools, reaching children who may not be able to visit the library. The Gore Embroiders Guild held stitch craft classes for children during the school holidays.

Mataura Library

The Mataura Library and Service Centre opening hours changed from 9.00am-5.00pm, with a lunchtime closing, to 10.00am-5.00pm with no lunchtime closing. This was in response to feedback that midday closing was inconvenient.

The library hosted literacy-based activities for Mataura School and contributed to an Early Reading Together programme with hope Preschool parents.

The Hokonui Runanga held a weekly Homework Hub for primary school pupils.

Gore Visitor Centre

The Gore Visitor Centre staff continue to provide a vibrant, professional service and outstanding experience for visitors to the District and Gore residents while ensuring international and domestic visitors are doing and spending more during their visit to the Southland region. The visitor centre is highly regarded by locals, as evidenced in the 2018 Residents' Survey where it achieved a 99% satisfaction rating.

This year saw a 21.7% increase in the total visitor numbers and merchandise sales are up from the previous year.

It is important to note there was a significant lift in the number of visitors during what is traditionally considered the shoulder season. The increased visitor numbers were bolstered by events such as Gold Guitars, Freeze Ya Bits off Busking and the Hokonui Fashion Design Awards.

Other tourism-focused activities included:

- gathering industry feedback, upskilling local operators by providing valuable insights e.g. annual mid-year accommodation providers catch up
- staying social online all year round (continuing to post inspiring scenic photos of the District and creating remarkable content).
- increasing the District's presence on consumer channels by having valuable conversations with tour operators.

The visitor centre continues to enjoy positive coverage in local newspapers, media and Trip Advisor.

Events

The Council adopted an Events Strategy 2017. It highlighted the need for improved marketing platforms for events and a coordinated country music festival.

As part of the transition to a festival, the Council produced a brochure promoting all the country music events that took place over Queen's Birthday weekend. We also took over the organisation of the Freeze Ya Bits Off Busking competition, moving the busking finals to the street and bringing a much-needed vibrancy to the centre of town.

The Hokonui Culture Feast, which celebrates the cultural diversity of the District, was a huge success, with a move to the Gore Town & Country Club perfectly timed. Well over 500 people attended, making it an excellent mid-Winter social occasion, and is sure to become a fixture on the calendar.

In addition to organising our stable of events - the Gore District Community Awards, Santa Parade and Christmas in the Park, and the Gore Youth Awards - we provided administration and/or promotional support to at least 10 of our destination and community events, and attracted new events like the Big Bike Film Night.

Grants

During the year the Council paid a grant to the Gore Kid's hub Charitable Trust of \$50,000. This was committed to prior to the commencement of the financial year and like the first grant, was also funded from reserve contributions. The grant was used to complete the public playground next to the Gore Kid's Hub building.

No further grants were made from the Coster fund during the year. Several grants made in March 2017 have not yet been paid. Payment of these grants is dependent on criteria being met.

Grants from the Coster Fund

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 School	To develop a Wharenui entrance	\$50,000	Nil

SCHEDULE OF GRANTS

Amenity Hire Refunds	3,143
Children's Day	435
Clematis Cottage	2,000
Community Networking Trust	10,000
Country Music & Songwriters	5,000
Croydon Aviation Heritage Trust	6,000
Cycle Tour Southland	1,000
Eastern Southland Art Gallery	10,000
Eastern Southland Hockey	62,202
Emergency Housing	2,228
Enviro Schools	5,000
Free Swim School lessons for primary school children	28,832
Gold Guitar Awards	5,000
Gore A & P Association	78,761
Gore Counselling Centre	1,500
Gore Kids Hub Charitable Trust	50,000
Gore Museum	7,500
Healthy Homes initiative	15,000
Heartland Education Trust	2,500
Hokonui Fashion Design Awards	11,747
Hokonui Heritage Centre Trust	9,500
Hokonui Pioneer Park	5,000
Hospice Southland	1,000
John Money Wing	10,000
Mataura Community Garden	1,000
Mataura Heritage Centre	7,500
Mataura School	3,843
Moonshine Committee	4,500
Pakeke Lions Recycling Services	25,677
Rugby Southland	1,500
Rural Halls and domains	12,825
Scholarships 2 x \$750	1,500
Southland Regional Heritage Trust (\$177,000 was returned by the Trust to the Gore District Council to fund local heritage organisations).	194,989
SPCA Grant	885
St Johns Gore	10,261
Total Mobility	14,278
Venture Southland	58,396
Waikaka Domain Board	9,000
	674,503

STATEMENT OF SERVICE PERFORMANCE - COMMUNITY SERVICES – ARTS & HERITAGE, LIBRARIES, PROMOTIONS AND GRANTS

Council Outcome	Customer Levels of Service	Performance Measures	Target 2018	Results
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	99% - 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.	> 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.	90% 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

	2018 Actual '000s	2018 Annual Plan '000s	2017 Actual '000s	2018 LTP '000s	2017 LTP '000s
SOURCES OF OPERATING FUNDING					
General rates, uniform annual general charge, rates penalties	1,650	1,604	1,513	1,594	1,547
Targeted rates	582	581	630	641	620
Subsidies and grants for operating purposes	248	209	181	181	177
Fees and charges	181	117	146	102	100
Local authorities fuel tax, fines, infringement fees, and other receipts	4	7	5	7	7
Interest and dividends from investments	-	-	-	-	-
Internal charges and overheads recovered	-	-	-	-	-
Total operating funding (A)	2,666	2,518	2,474	2,526	2,451
APPLICATIONS OF OPERATING FUNDING					
Payments to staff and suppliers	1,415	1,220	1,264	1,205	1,172
Finance costs	21	25	24	36	37
Other operating funding applications	680	601	694	636	623
Internal charges and overheads applied	574	542	516	520	487
Total applications of operating funding (B)	2,690	2,389	2,498	2,396	2,320
Surplus (deficit) of operating funding (A-B)	(24)	129	(24)	129	131
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	79	94	16	94	(14)
Gross proceeds from sale of assets	6	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING (C)	85	94	16	94	(14)
APPLICATIONS OF CAPITAL FUNDING					
Capital expenditure to meet additional demand	1	-	2	-	-
Capital expenditure to replace existing assets	125	130	110	130	98
Capital expenditure to improve the level of service	80	108	32	108	-
Increase (decrease) in reserves	(146)	(15)	(152)	(15)	19
Increase (decrease) in investments	-	-	-	-	-
Total applications of capital funding (D)	61	223	(8)	223	117
Surplus (deficit) of capital funding (C-D)	24	(129)	24	(129)	(131)
Funding balance ((A-B)+(C-D))	-	-	-	-	-

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

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 2018 year:

The reporting period saw the main regulatory functions of Council perform exceptionally well relating to resource and building consent processing times. Resource consents were on average processed within 14 days of the 20-day legal requirement, and buildings consents processed in approximately 7 days, also well within the legal requirement of 20 days. Building control also successfully passed its two yearly audits of the building consenting functions and achieved reaccreditation. In general, there has been an increase in activity in both building and resource management consenting functions during the reporting period.

From a policy perspective, the planning function commenced the delivery of the Gore District spatial plan process which seeks to outline potential growth areas for the major settlements in the District, which will, in turn, inform the review of the District Plan. In conjunction with all the Southland Councils for cost efficiency purposes, a number of District Plan studies were commenced in the reporting year, including biodiversity and important landscape mapping, to inform the review of the District Plan. Building control also initiated the process for the management of earthquake-prone buildings in line with legislative requirements during the reporting year.

A rolling review of key bylaws including were finalised including bylaws relating to mobile trading, overgrown vegetation, skateboard and liquor ban areas. Animal control also developed an action plan with community stakeholders to address a number of issues relating to dog control. This included objectives to reduce the number of dog attacks and wandering dogs, as well as increase the uptake of registrations on time. The action plan promotes proactive education for dog owners, the development of dog parks and the targeted enforcement of repeat offenders.

STATEMENT OF SERVICE PERFORMANCE – REGULATORY AND PLANNING

Council Outcome	Customer Levels of Service	Performance Measures	Target 2018	Results
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%	2017-18 – 100% Target 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	2017-18 Accreditation maintained. Target achieved. In June 2018 the Council's Building Consent Authority was audited by IANZ. IANZ have indicated the Council's accreditation would be extended for a further period of two years, pending the clearance of the general non-compliances.

FUNDING IMPACT STATEMENT - REGULATORY AND PLANNING

	2018 Actual '000s	2018 Annual Plan '000s	2017 Actual '000s	2018 LTP '000s	2017 LTP '000s
SOURCES OF OPERATING FUNDING					
General rates, uniform annual general charge, rates penalties	590	590	632	626	614
Targeted rates	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-
Fees and charges	908	941	939	827	817
Local authorities fuel tax, fines, infringement fees, and other receipts	63	51	41	64	64
Interest and dividends from investments	-	-	-	-	-
Internal charges and overheads recovered	-	-	-	-	-
Total operating funding (A)	1,560	1,582	1,612	1,516	1,494
APPLICATIONS OF OPERATING FUNDING					
Payments to staff and suppliers	1,276	1,115	1,009	1,042	1,039
Finance costs	11	15	16	18	22
Other operating funding applications	55	-	-	-	-
Internal charges and overheads applied	393	371	354	356	334
Total applications of operating funding (B)	1,735	1,501	1,379	1,416	1,395
Surplus (deficit) of operating funding (A-B)	(175)	81	233	100	100
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	4	-	-	-	-
Increase (decrease) in debt	84	(31)	(50)	(50)	(50)
Gross proceeds from sale of assets	-	-	21	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
Total sources of capital funding (C)	88	(31)	(28)	(50)	(50)
APPLICATIONS OF CAPITAL FUNDING					
Capital expenditure to meet additional demand	1	-	-	-	-
Capital expenditure to replace existing assets	-	-	63	-	68
Capital expenditure to improve the level of service	-	-	-	-	-
Increase (decrease) in reserves	(88)	50	142	50	(18)
Increase (decrease) in investments	-	-	-	-	-
Total applications of capital funding (D)	(87)	50	205	50	50
Surplus (deficit) of capital funding (C-D)	175	(81)	(233)	(100)	(100)
Funding balance ((A-B)+(C-D))	-	-	-	-	-

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 Council completed its six-yearly representation review during the year. No changes were made to the representation structure.

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 2018

The Mayoral Office team was appointed in October 2017 to drive forward the Council's socio-economic growth agenda. This team comprises of the Economic Development Coordinator and the Social Capacity and Health Coordinator who combined, make up just over one full-time equivalent and, for day-to-day work purposes, report directly to the Gore District Mayor.

Although the two coordinators were only appointed in October, their work programme ramped up very quickly. The programme was largely outlined by the outcomes of the Gore District Summit which was held on 1 November 2017 and led to the formation of the Ready for Growth project. Less than one year later, three intensive community workshops have been held. These workshops brought together leaders and stakeholders from across the community, to inform a Gore District development plan.

Several key projects were highlighted by the Gore District Summit and Ready for Growth project as being key to the District's growth, so these have been the core focus of the Mayoral Office over that period. The announcement of the Provincial Growth Fund has further accelerated some of these projects, and the Mayoral Office has worked to ensure that Gore District's key projects are well positioned to benefit from that new pool of funding, as well as other funding sources that may support the District's growth.

Key projects and initiatives progressed by the Mayoral Office since October 2017:

- Ready for Growth: Gore District's socio-economic development project has been progressed from inception to action plan, and work is underway now to transition into implementation
- GoRetail: the Mayoral Office provides coordination and support to the GoRetail network to help ensure the success of the District's retail sector
- Ready for Living: an initiative to ensure that the Gore District is a great place to live, work and play for those in their older years, and to ensure that older people are supported to contribute to the community for as long as they wish to. Stage 1 (feasibility) is complete through funding from MBIE. Stage 2 will commence late in 2018 and run through to the end of March 2019, when implementation will begin.
- Hokonui Highway: a project focussed on ensuring that all of the District's young people successfully navigate the "highway" to productive adulthood, and are supported as required through the various transitions and challenges along the way, so that nobody is "left behind". The Gore District is one of four lead partners in this project and have played a key role in helping it to progress from scoping to a stage where it is ready for implementation to commence as soon as funding is secured. A Provincial Growth Fund application is being submitted for a significant portion of this project.
- Welcoming Communities: a Southland-wide pilot being coordinated by Venture Southland, to ensure that those who move to the region can rapidly integrate so that they are encouraged to remain here.

In October 2018, the Economic Development Coordinator will present the Ready for Growth project, and the community consultation process at its core, to the Economic Development NZ conference. The presentation is part of a showcase of good practice throughout NZ in the economic development context, so it is great that Gore District's work has been recognised in this way.

STATEMENT OF SERVICE PERFORMANCE - DEMOCRACY AND ADMINISTRATION

Council Outcome	Customer Levels of Service	Performance Measures	Target 2018	Results
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%	2016-17 – 77% Target not achieved. 2017-18 – 73% Target not achieved.

FUNDING IMPACT STATEMENT - DEMOCRACY AND ADMINISTRATION

	2018 Actual '000s	2018 Annual Plan '000s	2017 Actual '000s	2018 LTP '000s	2017 LTP '000s
SOURCES OF OPERATING FUNDING					
General rates, uniform annual general charge, rates penalties	1,010	985	939	902	895
Targeted rates	-	-	-	-	-
Subsidies and grants for operating purposes	52	4	43	9	9
Fees and charges	35	23	67	65	100
Local authorities fuel tax, fines, infringement fees, and other receipts	20	-	-	-	-
Interest and dividends from investments	200	98	110	95	95
Internal charges and overheads recovered	3,003	2,836	2,703	2,719	2,550
Total operating funding (A)	4,319	3,946	3,862	3,790	3,649
APPLICATIONS OF OPERATING FUNDING					
Payments to staff and suppliers	3,704	3,274	3,324	3,141	3,071
Finance costs	10	15	16	18	21
Other operating funding applications	-	-	-	-	-
Internal charges and overheads applied	444	419	400	402	377
Total applications of operating funding (B)	4,158	3,708	3,740	3,562	3,469
Surplus (deficit) of operating funding (A-B)	160	238	123	228	180
SOURCES OF CAPITAL FUNDING					
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	21	-	23	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
Total sources of capital funding (C)	(25)	(46)	(24)	(46)	(46)
APPLICATIONS OF CAPITAL FUNDING					
Capital expenditure to meet additional demand	34	-	2	-	-
Capital expenditure to replace existing assets	84	134	83	134	143
Capital expenditure to improve the level of service	-	-	-	-	-
Increase (decrease) in reserves	17	57	14	48	(9)
Increase (decrease) in investments	-	-	-	-	-
Total applications of capital funding (D)	135	191	99	182	134
Surplus (deficit) of capital funding (C-D)	(160)	(238)	(123)	(228)	(180)
Funding balance ((A-B)+(C-D))	-	-	-	-	-

SCHEDULE OF SPECIAL RESERVE FUND MOVEMENTS

		30 June 2017 \$,000	Additions \$,000	Withdrawals \$,000	30 June 2018 \$,000
(a) Special bequests					
A M A Dolamore	Maintenance and improvement of Dolamore Park	61	2	-	63
C A Coster	Provision or extension of amenities in Mataura area	288	11	(12)	287
Dolamore Trust	Purchase of Library Books	4		-	4
Dorothy Newman Trust	Maintenance and improvement of Gore Parks and Reserves	16	1	-	17
J H Dolamore	Maintenance and improvement of Gore Parks and Reserves	37	1	-	38
Latham Trust	For the promotion of arts in Gore and the surrounding districts	79	3	(82)	-
(a) Special bequests Total		485	16	(12)	410
(b) Council created reserves					
Airport reserve	funding future operations	6	-	-	6
Combined cycleways grant	Funding for combined cycleways group project	-	-	-	-
Council wide asset replacement and maintenance reserves	Funding long term maintenance and replacement of Council assets	8,022	919	(2,620)	6,321
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	11	-	-	11
Otama Water Scheme	Funding capital works on Otama Water Scheme	450	18	(146)	321
Parks and Reserves development reserve	Funding future development requirements	161		(60)	101
Rural Halls Reserve	Funding future maintenance costs of rural halls	1	-	-	1
Rural Special Fund	Provision of amenities in rural areas of the District	463	18	-	481
Rural Roding reserve	Funding future roading works	166	-	-	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) Council created reserves Total		9,435	955	(2,846)	7,544
Grand Total		9,920	971	(2,858)	7,954