

**GO**  
DISTRICT COUNCIL  
**RE**

# ANNUAL REPORT

FOR THE YEAR ENDING 30 JUNE 2019





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# 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

# STATEMENT OF COMPLIANCE AND RESPONSIBILITY

## Compliance

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

## Responsibility

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

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

In the opinion of the Council and management of the Gore District Council, the annual financial statements for the year ending 30 June 2019 fairly reflect the financial position and operations of the Gore District Council.



Tracy Hicks JP  
**MAYOR**

8 October 2019

Date



Stephen Parry  
**CHIEF EXECUTIVE**

8 October 2019

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 2018/19 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 of this Annual Report.*

*Some of the key milestones and issues during the year were:*

## Financial Performance

Our financial statements record a modest surplus of \$31,000. However, this includes a write down in the value of the Council's interest rate swaps, meaning the underlying operating surplus from core operations was just over \$1 million.

The surplus was lower than we had planned. This was due to the Council not receiving budgeted for revenue from the sale of sections at its new subdivision Matai Ridge, or a subsidy for the construction of the Pyramid Bridge during the last financial year.

In the case of Matai Ridge, the subdivision was placed on permanent hold, while the Pyramid Bridge project was delayed.

The Council repaid just over \$1.2 million of debt during the year, and borrowing still remains below levels projected in the 10-Year-Plan.

## Economic Development

The Council was pleased to secure funding from the Provincial Growth Fund for both the Maruwai and Hokonui Huanui projects. The Maruwai project secured a \$1.6 million contribution from the fund for a two-phase development within the existing arts and heritage precinct, while the Hokonui Huanui project, which supports young people on their journey through education into employment, attracted a \$2.1 million investment from the PGF.

Last year we announced a new subdivision in East Gore, to be called Matai Ridge. It was aimed at providing attractive house and land packages for new and existing residents, and to help alleviate challenges with the availability of housing stock. Unfortunately, a re-design of stage one revealed increased costs and it was decided to shelve the project as we didn't believe land prices justified the expenditure. That said, the Council still has an approved fully designed residential development it can roll out when the time is right.

The Council's relationship with its biggest international customer Matura Valley Milk was consolidated late in the financial year with the signing of an agreement confirming the company's financial contribution for its premium nutritional processing plant on the outskirts of Gore. The Council will receive \$958,000 in total, with payments spread over four years. With the company's initial investment of \$226 million completed, it continues to look to grow with the announcement of a \$5million expansion of the milk treatment area.

## Environment

A significant issue that has been on the Council's radar for a couple of years finally reached resolution. At the time of writing, we are pleased to report the removal of 10,000 tonnes of ouvea premix, abandoned at the former Matura paper mill when Taha Fertiliser Industries Limited went into liquidation, had started.

Council-led negotiations that consumed significant time and resources were successful in securing a contract with Australian-based company Inalco Processing Ltd for the removal of the substance from sites in Matura and Invercargill over the next six years. This followed last year's success in getting central and local government, as well as local landlords and NZ Aluminium Smelters to agree to a \$4 million package.

## Water

During the year under review the Council focused on finding and fixing water leaks in the urban network. This contributed to water consumption for the period being 6% lower than the long-term average. After receiving feedback from the community, we also implemented a new water restriction regime. This included a phased approach to recognise many in our community rely on their vegetable gardens for food. There are also different restrictions for residential, commercial / industrial, schools and sports clubs, and the Council.

Last year the Council made a key decision to centralise its water treatment plants in Gore, with some significant progress being made in the last 12 months toward a solution that will last long into the future.

## Wastewater

Significant progress has been made on the long-awaited Ajax pump station upgrade in south Gore and, at the time of writing, this project is nearing completion. Once fully operational, it will help alleviate capacity issues in the west and south Gore areas.

Meaningful headway has been made on plans to begin separating the Council's combined wastewater and stormwater networks in Gore. Work is expected to start in mid to late 2020.

The Council is turning its mind toward the renewal of the wastewater discharge consents for Gore and Matura. We expect to submit an application to Environment Southland late 2020.

## Roading

The Council's network maintenance contract continues to provide good results. This year saw, among other things, 13 kilometres of road resurfaced, 2,400 m<sup>2</sup> of footpath renewed, and 516 metres of kerb and channel renewed.

We also completed much needed work on two of three key bridges in the rural area, with work on the third currently in progress. A contract has also been awarded for the construction of the Pyramid Bridge, which will take place early in 2020. While this project has taken longer than some in the community had hoped for, the robust process has ensured we will get a well thought out solution, which will last well into the future.

## Gore Library

Putting some pressure on our library budgets last year was the unplanned relocation of the Gore Library after the discovery of black mould. The Council moved swiftly after becoming aware of the issues and the library was shifted to the James Cumming Wing hall in May. This displaced about 16 regular users, however, the relocation and community's acceptance went extremely well. At the time of writing, the future use of the old library building in the heritage precinct is still being investigated.

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 2019

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 8 October 2019. This is the date on which we give our report.

### Opinion on the Audited Information

In our opinion:

- the financial statements on pages 63 to 101:
  - present fairly, in all material respects:
    - the District Council's financial position as at 30 June 2019;
    - 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 103, 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;



- the Statement of Service Performance on pages 22 to 62:
  - presents fairly, in all material respects, the District Council’s levels of service for each group of activities for the year ended 30 June 2019, 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 29 to 62, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the District Council’s long term plan; and
- the funding impact statement for each group of activities on pages 29 to 62, 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 11 to 18, 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 long term 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 2 to 6, 19 to 21 and 105 to 107, but does not include the audited information and the disclosure requirements, and our auditor's report thereon.

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 2019

## 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.

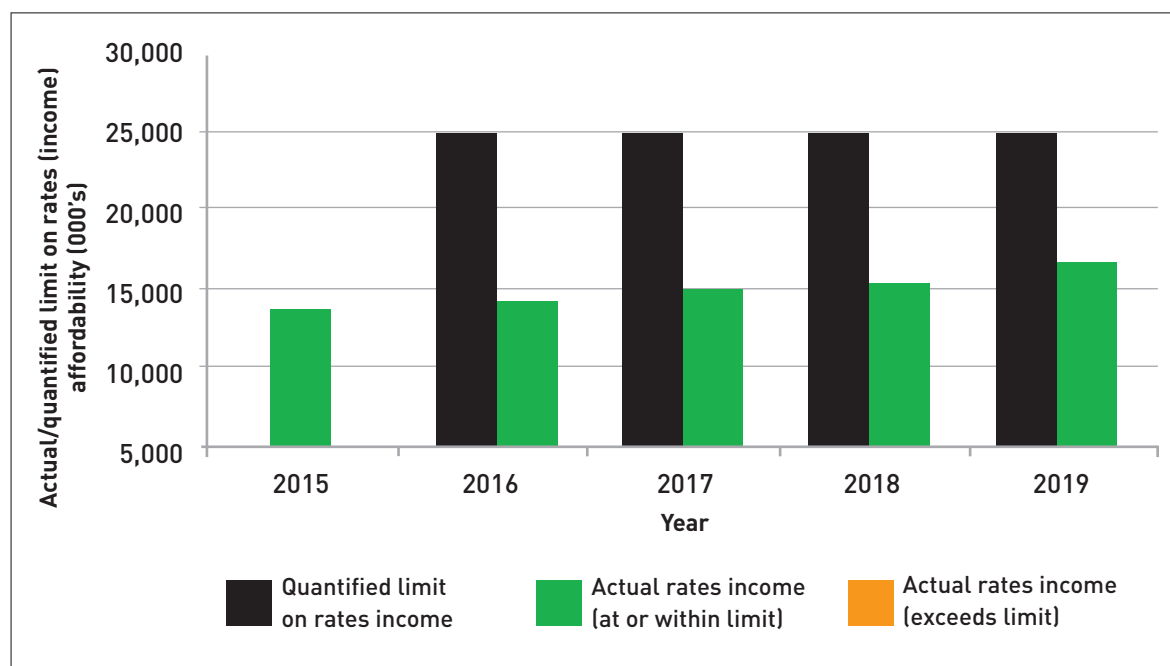
## Rates affordability benchmark

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 10-Year-Plan.

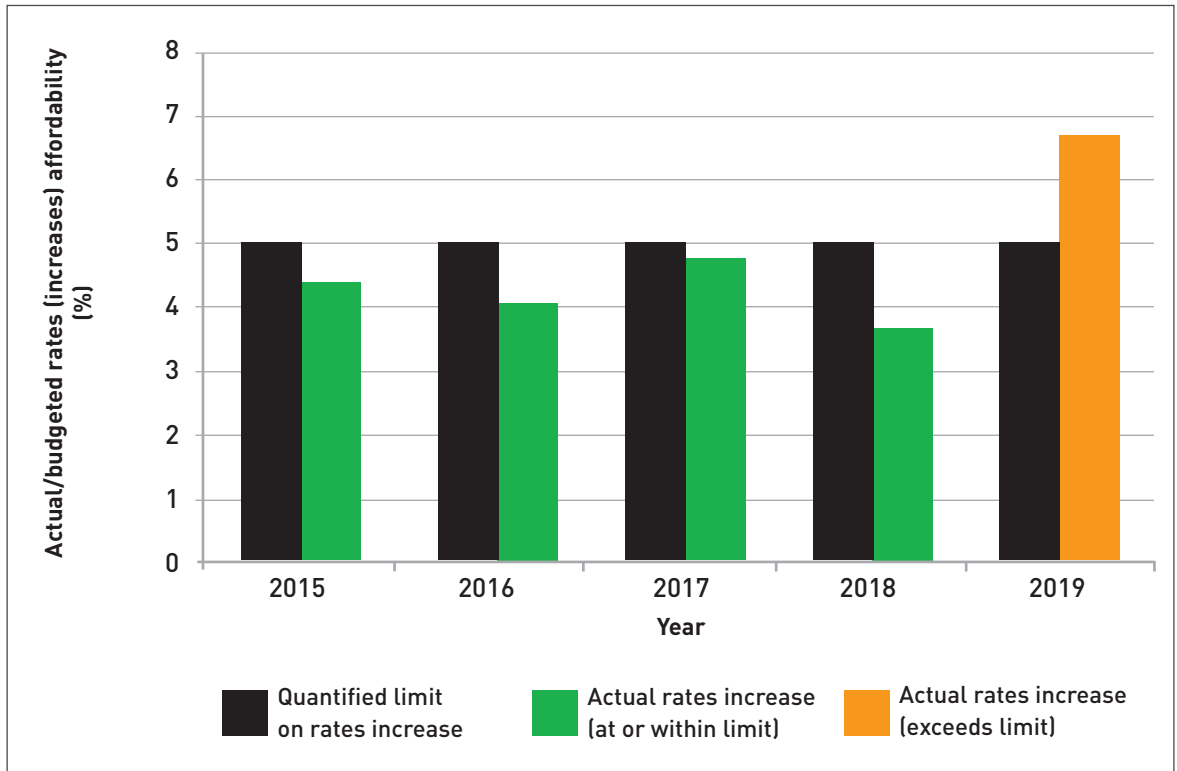


## Comment

The Council did not set a quantified limit on rates during the 2012-2022 10-Year-Plan which covered the years 2012-2015. The Council set a limit of \$25million for this benchmark as part of the 2015-2025 10-Year-Plan and the 2018-2028 10-Year-Plan. The Council met this benchmark in the 2019 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 10-Year-Plans. The quantified limit is 5%.



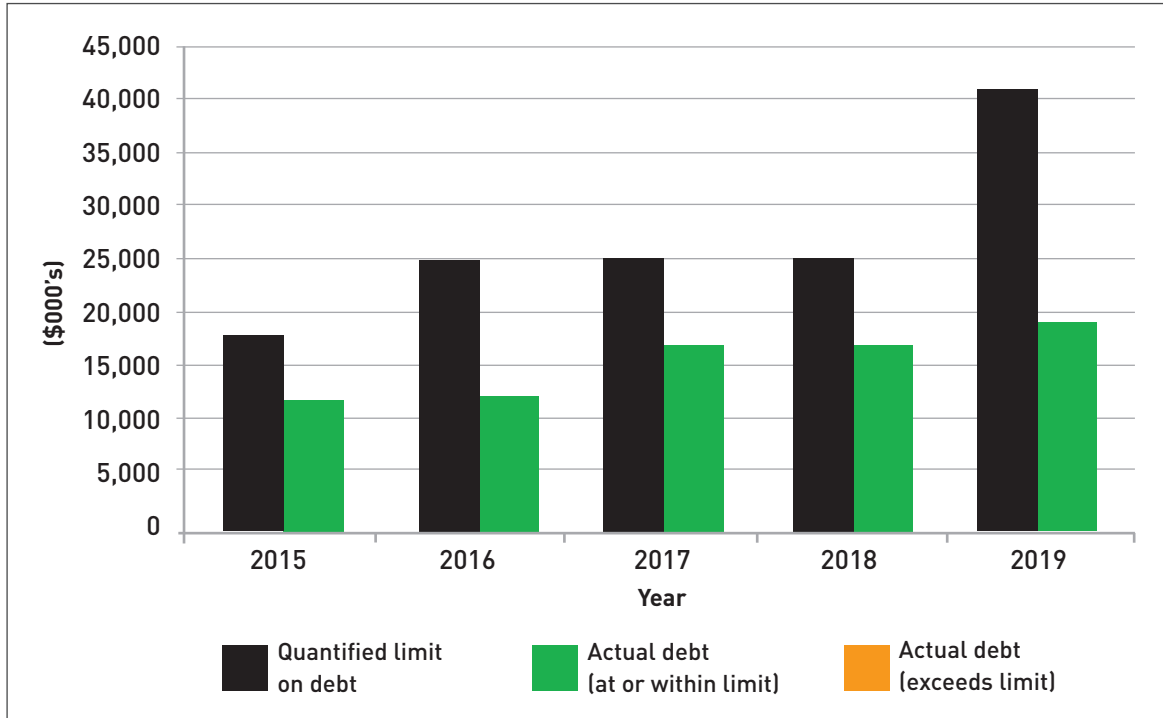
### Comment

In 2019 the Council did not achieved this benchmark as the Council planned for a 6.5% increase for the 2019 year in its 2015-2025 10-Year-Plan and also the 2018-2028 10-Year-Plan. The increase was to fund interest costs on loans separately from funds collected for depreciation and was part of the Council's financial strategy to balance its budget and make more funds available for investment in infrastructure.

## 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 10-Year-Plan. The quantified limit is that net debt shall be less than 175% of revenue.



**Note concerning the graph:** The Council has expressed its limit on debt in different ways in the last three 10-Year-Plans. So the measures can be compared, each measure has been converted into the total maximum borrowing amount in dollars for that year.

For the 2015 year, the limit was \$1,500 of debt per capita (\$18 million).

For the years 2016, 2017 and 2018 the measure was \$4,200 of debt per rating unit (\$25 million, \$24.8 million and \$24.85 million respectively).

For the 2018-2028 10-Year-Plan, the Council adopted the Local Government Funding Agencies limit on debt as its own debt limit. This means the Councils net debt is limited to 175% of its income, which is approximately \$42 million.

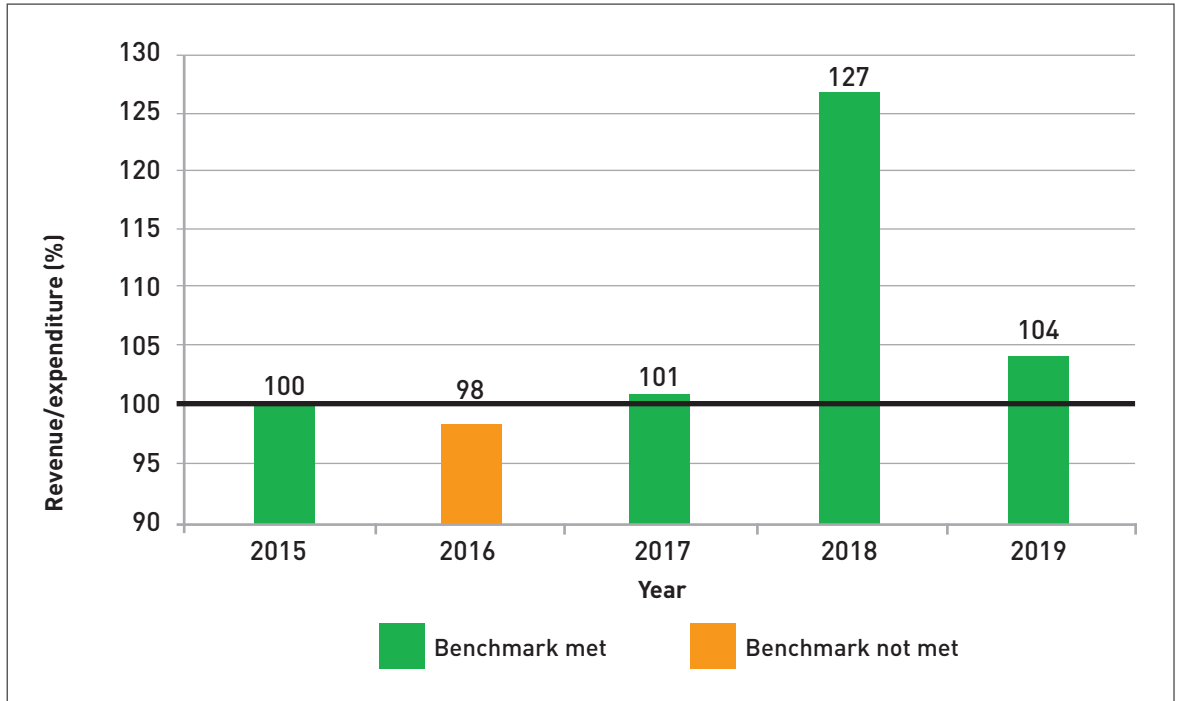
### Comment

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

## Balanced budget benchmark

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

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



### Comment

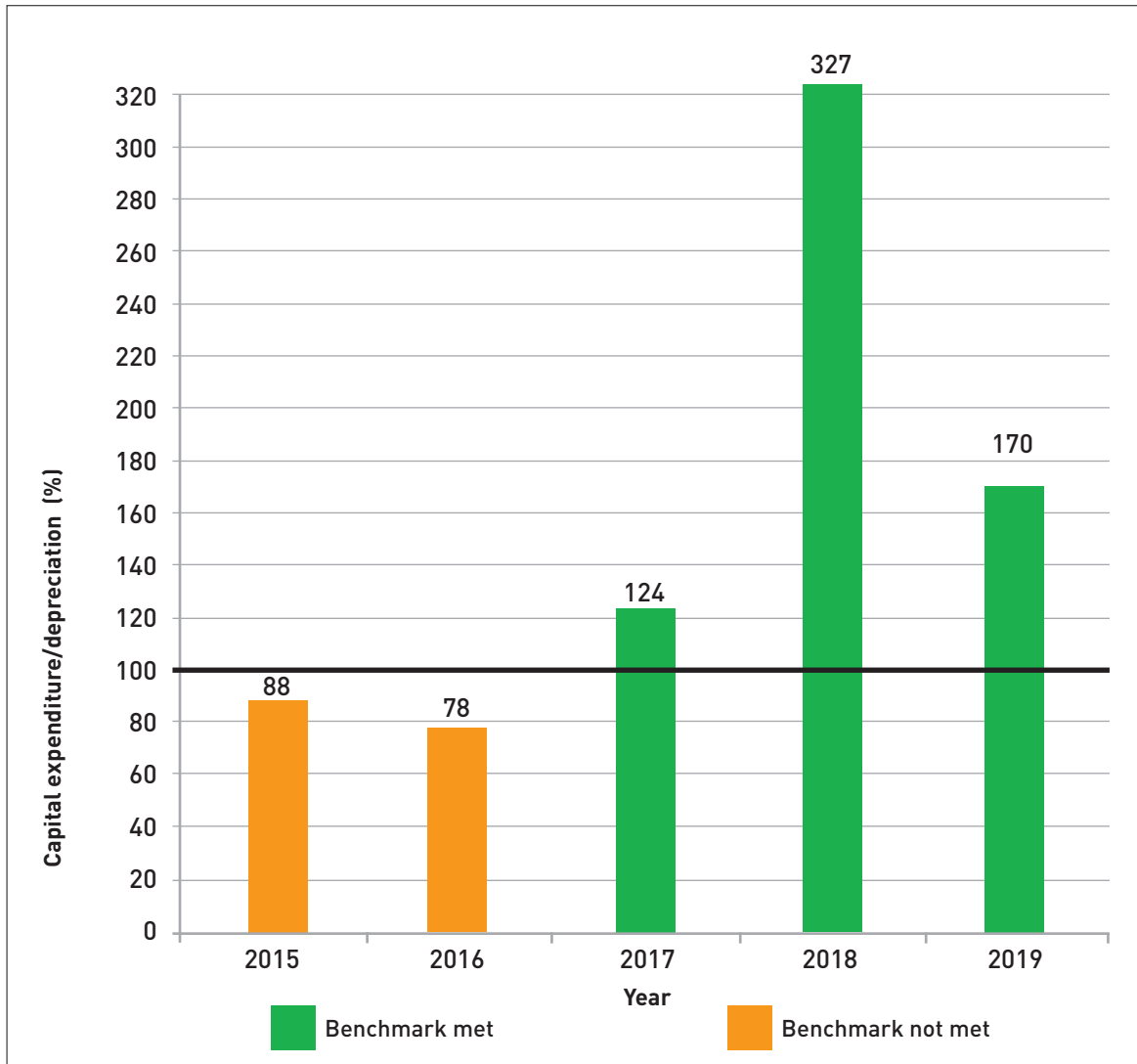
The Council met this benchmark in 2019. The Council's financial strategy in both the 2015-2025 10-Year-Plan and 2018-2028 10-Year-Plan focused on returning to balanced budgets by the 2018 financial year by changing the way the Council funded the interest costs on its borrowing. 2019 has been the first year where interest costs will be funded directly by rates rather than by depreciation.

2016 financial year - the Council budgeted for a deficit in the 2016 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 its capital expenditure on network services equals or is greater than depreciation on network services.



### Comment

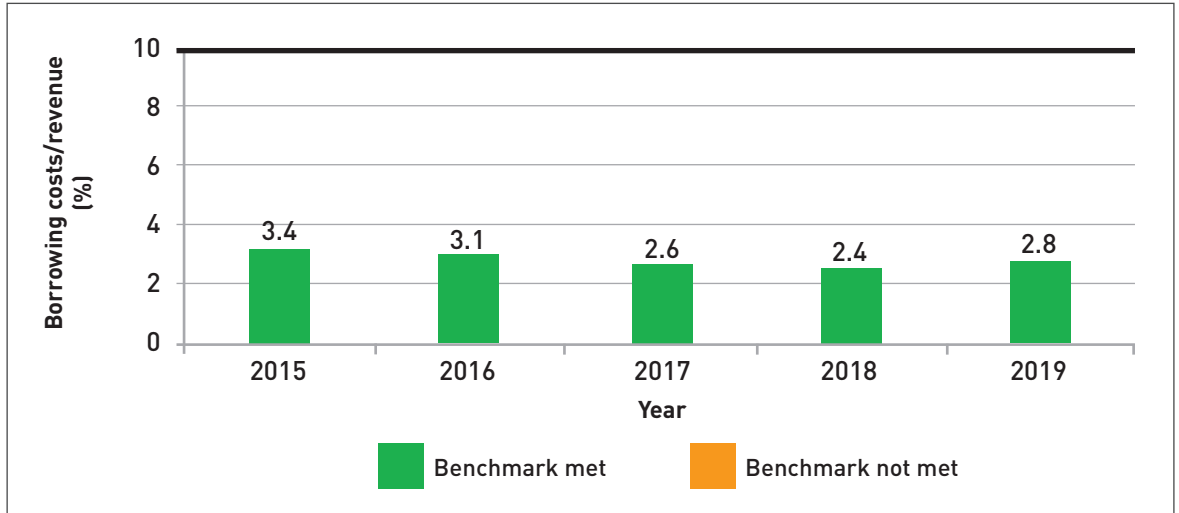
The Council met this benchmark in 2019. The 2018-2028 10-Year-Plan outlines a significant capital programme, focused heavily on 3 Waters infrastructure.



## 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.



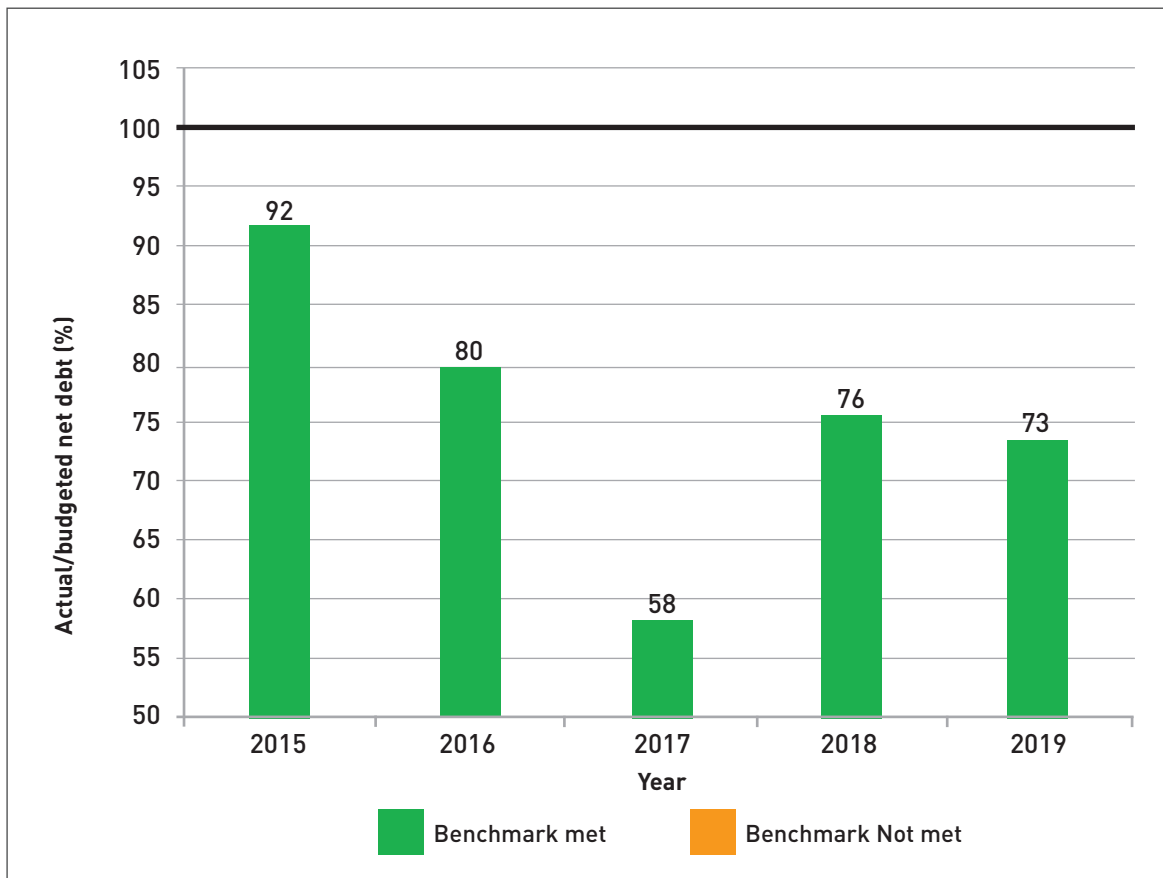
### Comment

The Council met this benchmark in 2019. The Council's debt servicing (interest cost) remains low due to relatively low levels of debt. The slight increase is due to planned higher levels of borrowing for infrastructure projects.

## Debt control benchmark

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

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



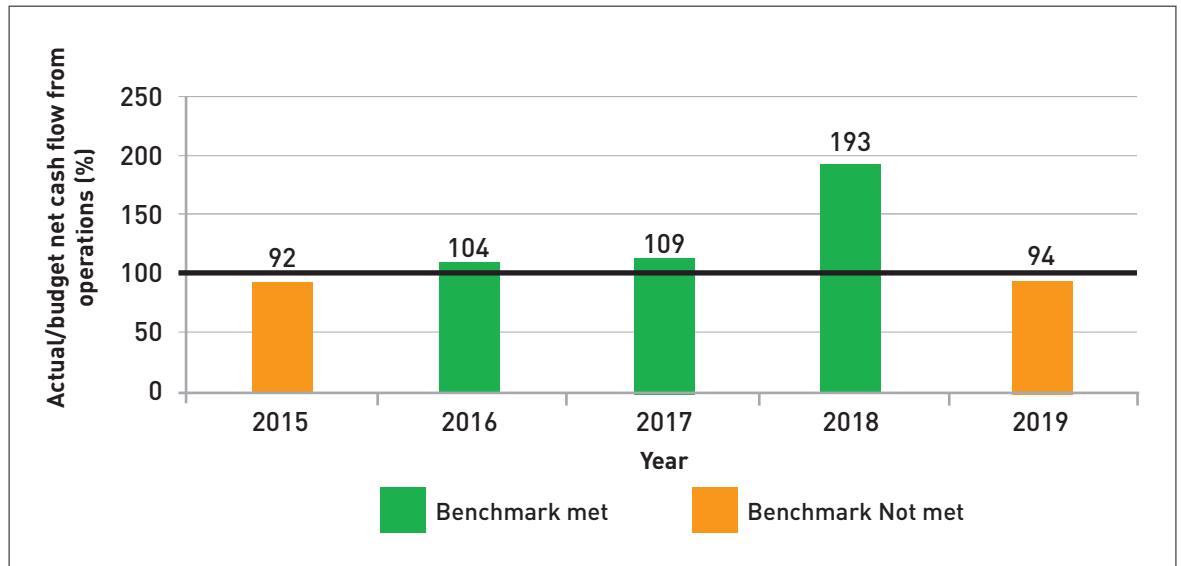
### Comment

The Council met this benchmark in 2019. Delays to capital projects such as the earthquake strengthening of the gallery, the library re-roof and Gore water treatment plant upgrades, meant the Council did not borrow as much as it 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 main reason for the benchmark not being met was due to a lack of sales revenue from the Matai Ridge subdivision, which was placed on permanent hold during the year.

The benchmark was not met in 2015 because a significant subsidy payment from the New Zealand Transport Agency was received after 30 June instead of beforehand.

# 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. Greater value is 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.

A combined process and quality manual as well as shared regulation forms were developed, 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 five councils. IANZ has complimented the shared manual approach and has encouraged 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 four councils, which is being considered as part of the Southland Regional Development Strategy Ease of Doing Business Action Teamwork. The investigation on the concept of standardised building consent fees has been progressed during 2018/2019, and each of the councils has agreed in principle to support a combined fee structure, and it is expected that such a structure will be implemented 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 to all the member councils and the ability to provide a more collaborative platform moving forward.

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

- 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 historical 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.

## SOUTHLAND AND OTAGO REGIONAL LIBRARY COLLABORATIONS

Any member of Otago or Southland libraries may benefit from reciprocal borrowing, an agreement allowing free membership to any of the other libraries.

Many of the titles requested through the interlibrary loan scheme by Gore library members are provided by these local libraries free of charge. Gore, Waitaki, Central Otago, Clutha, Queenstown Lakes and Southland have a longstanding and very successful collaborative book purchasing scheme that provides more variety for readers of Large Print books.

Gore participates in two South Island consortiums through Bolinda BorrowBox and OverDrive and in this way is able to offer a far greater range of eBooks and eAudiobooks than would otherwise be possible.

Gore, Invercargill and Southland Libraries collaborate in a number of other ways: sharing visiting speakers and authors, co-creating children's reading programmes, sharing professional expertise with inter-library visits, and tailored staff training. Gore Libraries have a contract with Southland District to provide a regular bookbus service to Waikaka and Pukerau communities, and an agreement with Invercargill Library to mend Gore's library books.

Possible future collaborations are discussed at quarterly regional collaboration meetings. Currently Otago-Southland public library managers are working together to develop a model for measuring customer engagement and community outcomes, with a view to potentially scaling this model nation-wide.

## 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, by creating more jobs and taking up more development opportunities.

Following public consultation in 2017/18, a Southland Regional Development Agency (branded as "Great South") was formed, and directors appointed taking effect as of 1 July 2019. Great South integrates the former organisation known as Venture Southland.

Great South is a council-controlled organisation with a broad range of shareholders helping to drive regional growth including the Invercargill City Council, Southland District Council, Gore District Council, Environment Southland, Invercargill Licensing Trust, Maitaia Licensing Trust, Southland Chamber of Commerce and the Southern Institute of Technology.

Great South also has the support of Community Trust South, who is a member of the shareholder committee.

# INVOLVING MAORI IN OUR DECISION MAKING

The Council 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 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 2018/19 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;
- provided for hearing commissioners with tikanga Māori skills to be appointed 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 Southland Water and Land Plan project; the People, Water and Land Programme; and the Whakamana te Waituna programme.
- 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;
- Council continued to offer the 50/50 shared arrangement to fund the Iwi Policy Officer position within Te Ao Mārama Inc. to assist with the development of the proposed Regional Water and Land Plan;
- Council continued to tiamana (chair) Te Roopū Taiao hui (meetings);
- Supporting iwi involvement in the People, Water and Land Programme.

# GORE DISTRICT COUNCIL COMMUNITY OUTCOMES

Detailed below are the six identified Council community outcomes which are a cornerstone of the development of the 10-Year-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.



# GROUPS OF ACTIVITIES

This Annual Report lets you know how the Council performed against the budgets and targets set in our 2018-2028 10-Year-Plan. The 10-Year-Plan (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 \$18.8 million, and acts as the maintenance contractor for the Otama Water Supply. The management and operation of the water supplies are mainly through the Council with only Otama managed through a private scheme committee. Reticulated water supply services are provided to approximately 5,000 properties for domestic and industrial use with firefighting capabilities in the townships of Gore and Mataura. It is estimated that 74% of the usually resident population receive their water from the Council's reticulated water supplies.

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

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

The Otama 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 10-Year-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 2019 year:**

Over the past year, there has been an increased focus on both improving the resilience of the Council's raw water sources and optimising water usage. A snapshot of some of the work that has been completed associated with this is:

- The installation of a new deeper bore at the Coopers wellfield.
- Ongoing leak detection and resolution work resulting in water consumption for the 2019 calendar year being 6 % lower than the long term average.
- The introduction of a requirement for all new residential buildings to install a rainwater tank
- A full review and update of the Council's water restriction regime to ensure these are clear and transparent.

Steady progress has been made on the Council vision to centralise its Gore Water Treatment plants. A tender for the necessary water treatment upgrades is expected to be released in September 2019.

A local member's bill has been passed by parliament allowing ownership of the Otama Rural Waters Scheme to be transferred to a new company with directors appointed by the scheme consumers. The scheme committee is currently working towards meeting the various requirements set out in the member's bill that must be met before ownership can be transferred.

## STATEMENT OF SERVICE PERFORMANCE - WATER

Council Outcome	Customer Levels of Service	Performance Measures	Target 2019	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)		Preliminary results only, Report from MOH yet to be completed
		1) Wentworth St WTP (Gore East)	100%	Target not achieved. Distribution Zone Bacterial Compliance = No Plant Bacterial Compliance = Yes
		2) Hilbre Ave WTP (Gore West)	100%	Target not achieved. Distribution Zone Bacterial Compliance = No Plant Bacterial Compliance = Yes
		3) Mataura WTP	100%	The Gore Distribution Zone failed due to one water sample taken on Salford Street recording a 1 MPN/100mL E.coli result. Resampling did not reveal any further traces of E.coli. 1 MPN/100mL is the lowest reading possible for the presence of E.coli.  Mataura - Target achieved. Distribution Zone Bacterial Compliance = Yes Plant Bacterial Compliance = Yes
		Compliance with the protozoa criteria of the NZDWS: (NFPM 1b)		Note – All of the Council's treatment plants do not meet protozoa compliance, as a result of this, upgrades are planned to achieve compliance by 30 June 2021.
		1) Wentworth St WTP (Gore East)	0%	Preliminary results only, Report from MOH yet to be completed - Targets not achieved.  Not applicable until June 2021
		2) Hilbre Ave WTP (Gore West)	0%	Not applicable until June 2021
		3) Mataura	0%	Not applicable until June 2021

## STATEMENT OF SERVICE PERFORMANCE - WATER continued ...

Council Outcome	Customer Levels of Service	Performance Measures	Target 2019	Results
		Water quality complaints received (per 1,000 connections) concerning water clarity, taste, odour, pressure, flow, continuity of supply and the Council's response (NFPM 4)	8	6.2 complaints – Target achieved.
	A reliable service and effective response to queries	Real water losses from the reticulation network (NFPM 2)	30%	37% – Target not achieved. 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	42.5mins (median valued used) – Target achieved
		Resolution of an urgent customer request. (Urban, no water) (NFPM 3b)	8 working hours	50mins (median Value Used) – Target achieved.
		Response to a non-urgent customer request (NFPM 3c)	5 days	6.9 days (median value used) – Target not achieved.
		Resolution of a non-urgent customer request (NFPM 3d)	14 days	7.1 days (median value used) – Target achieved.
		Average consumption of drinking water (NFPM 5)	500 L/p/day	395 L/p/day – Target achieved.

## FUNDING IMPACT STATEMENT - WATER

	2019 Actual '000s	2019 10YP '000s	2018 Actual '000s	2018 Annual Plan '000s	2018 10YP '000s
<b>SOURCES OF OPERATING FUNDING</b>					
General rates, uniform annual general charge, rates penalties	-	-	-	-	-
Targeted rates	1,579	1,575	1,600	1,618	1,555
Subsidies and grants for operating purposes	-	-	13	-	-
Fees and charges	366	327	254	243	325
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-
Interest and dividends from investments	-	-	-	-	-
Internal charges and overheads recovered	-	-	-	-	-
<b>Total operating funding (A)</b>	<b>1,945</b>	<b>1,902</b>	<b>1,867</b>	<b>1,861</b>	<b>1,879</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>					
Payments to staff and suppliers	775	741	1,100	701	682
Finance costs	50	37	33	88	127
Other operating funding applications	-	-	-	-	-
Internal charges and overheads applied	600	593	613	619	620
<b>Total applications of operating funding (B)</b>	<b>1,426</b>	<b>1,370</b>	<b>1,746</b>	<b>1,407</b>	<b>1,430</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>520</b>	<b>533</b>	<b>121</b>	<b>454</b>	<b>450</b>
<b>SOURCES OF CAPITAL FUNDING</b>					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	2,139	2,221	391	1,377	1,377
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>2,139</b>	<b>2,221</b>	<b>391</b>	<b>1,377</b>	<b>1,377</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>					
Capital expenditure to meet additional demand	116	102	325	-	-
Capital expenditure to replace existing assets	181	512	130	104	104
Capital expenditure to improve the level of service	823	2,107	203	1,700	1,700
Increase (decrease) in reserves	1,539	33	(146)	27	22
Increase (decrease) in investments	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>2,659</b>	<b>2,754</b>	<b>512</b>	<b>1,831</b>	<b>1,827</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(520)</b>	<b>(533)</b>	<b>(121)</b>	<b>(454)</b>	<b>(450)</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# WASTEWATER

## Activities:

The Council owns and manages wastewater assets valued at \$22.9 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 10-Year-Plan and accompanying Infrastructure Strategy are:

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

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

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

Outcome 6: We value and respect our environment

### Significant negative effects:

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

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

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

### Key points from the 2019 year:

Commissioning of the Council's new "Industrial Hub" wastewater treatment plant was successfully completed in late 2018. While there have been some minor operational issues with this plant over the past 12 months, these are quickly being resolved.

Meaningful progress has been made on the capacity upgrade of the Ajax pump station, with the commissioning of the pump station now nearing completion.

Some performance issues with both the Gore and Mataura wastewater treatment plants have been experienced over the past 12 months. Due to this, investigations, and where possible improvements are being made to the treatment plants. An extensive project to renew both the existing discharge consents for the Gore and Mataura wastewater treatment plants is also now underway. It is expected that an application to renew these consents will be submitted to Environment Southland in late 2020.



## STATEMENT OF SERVICE PERFORMANCE - WASTEWATER

Council Outcome	Customer Levels of Service	Performance Measures	Target 2019	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)	1	No overflows – Target achieved.
		Response to a customer request. (Blockage or fault) (NFPM 3a) (Median Value Used)	Urgent 120 mins General < 8 hrs	Urgent 268 minutes (median value used) – Target not achieved. General 17.4 hours (median value used) – Target not achieved.
		Resolution of a customer request. (Blockage or fault) (NFPM 3b) (Median Value Used)	Urgent < 8 hrs General 5 days	Urgent 13.3 hours (median value used) – Target not achieved. General 0.73 days (median value used) – Target achieved.
	Wastewater systems are effective and comply with environmental standards	Wastewater complaints received (per 1,000 connections) (NFPM 4)	< 10	6.9 complaints – Target achieved.
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 Notice - 0 Infringement Notice - 0 Enforcement Orders - 0 Convictions - 0	Abatement Notice - 0 – Target achieved. Infringement Notice - 0 – Target achieved. Enforcement Orders - 0 – Target achieved. Convictions - 0 – Target achieved.

## FUNDING IMPACT STATEMENT - WASTEWATER

	2019 Actual '000s	2019 10YP '000s	2018 Actual '000s	2018 Annual Plan '000s	2018 10YP '000s
<b>SOURCES OF OPERATING FUNDING</b>					
General rates, uniform annual general charge, rates penalties	-	-	-	-	-
Targeted rates	1,622	1,624	1,323	1,328	1,409
Subsidies and grants for operating purposes	1	-	2	-	-
Fees and charges	1,416	516	6,943	251	251
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-
Interest and dividends from investments	-	-	-	-	-
Internal charges and overheads recovered	-	-	-	-	-
<b>Total operating funding (A)</b>	<b>3,039</b>	<b>2,140</b>	<b>8,269</b>	<b>1,579</b>	<b>1,660</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>					
Payments to staff and suppliers	827	430	485	402	396
Finance costs	264	328	284	341	428
Other operating funding applications	-	-	-	-	-
Internal charges and overheads applied	374	369	382	385	386
<b>Total applications of operating funding (B)</b>	<b>1,465</b>	<b>1,127</b>	<b>1,151</b>	<b>1,129</b>	<b>1,210</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>1,574</b>	<b>1,014</b>	<b>7,118</b>	<b>450</b>	<b>450</b>
<b>SOURCES OF CAPITAL FUNDING</b>					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	(492)	(292)	(758)	141	141
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>(492)</b>	<b>(292)</b>	<b>(758)</b>	<b>141</b>	<b>141</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>					
Capital expenditure to meet additional demand	7	102	-	-	-
Capital expenditure to replace existing assets	155	542	40	206	206
Capital expenditure to improve the level of service	2,362	113	8,378	385	385
Increase (decrease) in reserves	(1,442)	(35)	(2,058)	-	-
Increase (decrease) in investments	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>1,082</b>	<b>722</b>	<b>6,360</b>	<b>591</b>	<b>591</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(1,574)</b>	<b>(1,014)</b>	<b>(7,118)</b>	<b>(450)</b>	<b>(450)</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# STORMWATER

## Activities:

The Council owns and manages stormwater assets valued at \$10.3 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 10-Year-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 2019 year:

In late 2018 the Council adopted a stormwater master plan (SMP). This SMP was a fast-track approach to identify the limitation and impacts of the capacity issues in the Councils existing drainage network and provide a blueprint for future improvement works. Following on from this, the design of a project to separate the combined drainage system in Elizabeth Street is currently underway with construction expected to start in mid to late 2020.

Following ongoing compliance issues with the stormwater discharge in Mataura, a project to renew the Culling Terrace wastewater main is underway. Design and procurement for this work have now been completed with construction works expected to start in October 2019.

## STATEMENT OF SERVICE PERFORMANCE - STORMWATER

Council Outcome	Customer Levels of Service	Performance Measures	Target 2019	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	No complaints – Target achieved.
		Stormwater complaints received (per 1,000 properties connected) (NFPM 4) Faults or blockages as measured by the CRM database.	< 8	3 complaints – Target achieved.
	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	No complaints – Target achieved.
		Number of habitable floors affected per 1,000 connected properties (per event) (NFPM 1b) as measured by the CRM database.	< 2	No complaints – Target achieved.
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 notice - 0 Infringement notice - 0 Enforcement orders - 0 Convictions - 0	Abatement Notice - 0 – Target achieved. Infringement Notice - 0 – Target achieved. Enforcement Orders - 0 – Target achieved. Convictions - 0 – Target achieved.

## FUNDING IMPACT STATEMENT - STORMWATER

	2019 Actual '000s	2019 10YP '000s	2018 Actual '000s	2018 Annual Plan '000s	2018 10YP '000s
<b>SOURCES OF OPERATING FUNDING</b>					
General rates, uniform annual general charge, rates penalties	-	-	-	-	-
Targeted rates	564	565	489	490	495
Subsidies and grants for operating purposes	-	-	-	-	-
Fees and charges	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-
Interest and dividends from investments	-	-	-	-	-
Internal charges and overheads recovered	-	-	-	-	-
<b>Total operating funding (A)</b>	<b>564</b>	<b>565</b>	<b>489</b>	<b>490</b>	<b>495</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>					
Payments to staff and suppliers	98	166	84	102	101
Finance costs	-	-	3	4	7
Other operating funding applications	-	-	-	-	-
Internal charges and overheads applied	90	89	92	93	97
<b>Total applications of operating funding (B)</b>	<b>188</b>	<b>254</b>	<b>179</b>	<b>199</b>	<b>204</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>376</b>	<b>311</b>	<b>310</b>	<b>291</b>	<b>291</b>
<b>SOURCES OF CAPITAL FUNDING</b>					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	(321)	(44)	(104)	(104)	(104)
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>(321)</b>	<b>(44)</b>	<b>(104)</b>	<b>(104)</b>	<b>(104)</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>					
Capital expenditure to meet additional demand	-	-	-	-	-
Capital expenditure to replace existing assets	29	-	-	37	37
Capital expenditure to improve the level of service	26	307	90	150	150
Increase (decrease) in reserves	-	(40)	116	-	-
Increase (decrease) in investments	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>55</b>	<b>267</b>	<b>206</b>	<b>187</b>	<b>187</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(376)</b>	<b>(311)</b>	<b>(310)</b>	<b>(291)</b>	<b>(291)</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# ROADING AND FOOTPATHS

## Activities:

The Gore District roading network comprises of approximately 900 kilometres of roads, of which about 538 kilometres is 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.

NZTA's "One Network Road Classification" heavily influences the maintenance priorities we place on the roads across the network.

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.

These negative effects include crashes causing injuries or death, noise, congestion, stock truck effluent, flooding and vehicle emissions. The Council's asset management plan identifies a number of actions for managing these negative effects.

It is pertinent to note these negative effects are mostly caused by road users, and are not caused by a deficiency in the road network itself. The Council's policy is to monitor and maintain an on-going awareness of the possible risks and to ensure that mitigation measures are implemented to the extent appropriate.

## Key points from the 2019 year:

The past year has once again seen a number of changes in the Roding sector.

Fulton Hogan was awarded both the seal repair and the resurfacing tenders during the year. This complements their existing lead role with the Council's maintenance contract. Even with Fulton Hogan's presence, there is still a good portion of the Council's road work that is being carried out by local or smaller contractors. (Routine maintenance, vegetation control and footpath/kerbing work).

A three-year contract was let for the district's road marking, with New Zealand Roadmarkers from Nelson winning the tender. Their first visit in February lifted the whole image of the network with some quality line marking work. The opportunity was also taken to improve the standard of line marking from 75mm lines to 100mm, increasing the level of demarcation and lifting the standard of safety.

This year's construction work achieved on sealed roads saw 26 Lane km of road resurfaced and 2404m<sup>2</sup> of footpath renewals being completed. Under our concrete works contract, we replaced 516m of kerb and channel and renewed 51 vehicle crossings.

The unsealed section of our network saw 9427m<sup>3</sup> of metal being applied to our roads, over 2000km of grading was achieved, 6 of our older culverts were replaced, and 6000m of drainage channel cleaned out.

The 2018 Government policy statement on roading came out strongly promoting road safety and supporting the development of alternative pathways of for multi-modal travel.

As a district, we supported the southern initiative of "any number is too many" responding to the call to stop the growing carnage on our roads.

The new subsidy for the upgrade of our footpaths was also a welcome boost this year. Our pedestrian facilities were enhanced with the addition of two new crossings on Broughton Street and the upgrade of three crossings around the primary school in Mataura.

Through our three bridges package, Southroads managed to shore up River Road bridge abutments with the placement of several tiebacks, and fully replace Kennedy Road bridge, with the replacement of Landslip Valley bridge presently in progress.

In February 2018 the district lost one of its oldest bridges "Pyramid Bridge" to high floodwater. Plans have been developed to replace the 100-year-old structure, with work set to begin late 2019. NZTA are supporting this replacement work with a higher financial assistance rate due to the emergency element of this work.

Other capital works planned around the network this coming year include the seal extension work along Falconer Road, the rehabilitation of Avon Street and progressing with the design of the Longford shared path and bridge.

There is still concern around the narrowness of our metalled roads and the damage being caused by the increase in heavy vehicles. Drainage will remain our focus in the coming year.



## STATEMENT OF SERVICE PERFORMANCE - ROADING

Council Outcome	Customer Levels of Service	Performance Measures	Target 2019	Results
We have a quality infrastructure with potential for growth.	Mandatory Performance Measure 1 (Road Safety), Maintain the road surfaces free of defects requiring evasive behaviour (eg: potholes, showing, edgebreak, ponding, bumps).	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 0	5 serious crashes - Target not achieved.
	Mandatory Performance Measure 2 (Road Condition) An appropriate level of ride comfort is maintained.	The average quality of ride on a sealed local network, measured by smooth travel exposure	Urban < 220 NAASRA Rural < 120 NAASRA	87.2 - Target achieved. 60.5 - Target achieved.
	Mandatory Performance Measure 3 (Road Maintenance). The yearly resurfacing programme is at a rate that maintains the integrity of our sealed road asset.	The percentage of the sealed local road network that is resurfaced.	6.2%	3.8% resealed - Target not achieved.
	Mandatory Performance Measure 4 (Footpaths). Footpath hazards (trip or surfacing) are identified and mitigated.	The percentage of footpaths within the district that fall within the level of service standard for the condition of footpaths.	Increasing trend	Increasing - Target achieved.
	Mandatory Performance Measure 5 (Response to Service Requests). We respond to all customer requests relating to footpath and roads in a timely and efficient manner.	The percentage of customer service requests relating to roads and footpaths to which the territorial authority responds within the timeframe specified in the 10-Year-Plan.	95%	86% - Target not achieved.
	Residents are satisfied with the metalled road network through the identification and mitigation of driver hazards.	The percentage of respondents to the Gore District Council annual Resident Survey within the range of neutral to very satisfied.	78%	73% - Target not achieved.

## FUNDING IMPACT STATEMENT - ROADING

	2019 Actual '000s	2019 10YP '000s	2018 Actual '000s	2018 Annual Plan '000s	2018 10YP '000s
<b>SOURCES OF OPERATING FUNDING</b>					
General rates, uniform annual general charge, rates penalties	-	-	-	-	-
Targeted rates	2,529	2,517	2,541	2,534	2,479
Subsidies and grants for operating purposes	1,000	1,001	1,063	926	1,167
Fees and charges	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	171	141	175	138	138
Interest and dividends from investments	-	-	-	-	-
Internal charges and overheads recovered	201	201	188	225	156
<b>Total operating funding (A)</b>	<b>3,901</b>	<b>3,860</b>	<b>3,967</b>	<b>3,823</b>	<b>3,941</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>					
Payments to staff and suppliers	2,035	2,373	2,031	1,994	2,277
Finance costs	52	52	42	54	65
Other operating funding applications	-	-	-	-	-
Internal charges and overheads applied	505	494	493	513	432
<b>Total applications of operating funding (B)</b>	<b>2,592</b>	<b>2,919</b>	<b>2,566</b>	<b>2,560</b>	<b>2,774</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>1,309</b>	<b>942</b>	<b>1,401</b>	<b>1,262</b>	<b>1,166</b>
<b>SOURCES OF CAPITAL FUNDING</b>					
Subsidies and grants for capital expenditure	1,877	2,879	1,420	1,629	2,066
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	35	1,153	209	294	294
Gross proceeds from sale of assets	(291)	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>1,621</b>	<b>4,031</b>	<b>1,629</b>	<b>1,923</b>	<b>2,360</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>					
Capital expenditure to meet additional demand	-	-	-	-	-
Capital expenditure to replace existing assets	2,910	2,364	2,416	2,223	3,272
Capital expenditure to improve the level of service	431	2,639	391	1,109	234
Increase (decrease) in reserves	(411)	(30)	223	(147)	21
Increase (decrease) in investments	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>2,930</b>	<b>4,973</b>	<b>3,030</b>	<b>3,185</b>	<b>3,526</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(1,309)</b>	<b>(942)</b>	<b>(1,401)</b>	<b>(1,262)</b>	<b>(1,166)</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

## Activities:

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

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

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

Council buildings, public conveniences and recreation facilities are located within Gore and Mataura. Cemeteries are located in these two towns, as well as Waikaka and Pukerau. All four areas have recreation reserves. In addition to the parks and reserves, the Council maintains one public swimming pool, which provides 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 2019 year:

The big project completed during the year was the redevelopment of Tulloch Park. The first stage of the development included a walking track, outdoor exercise equipment, new playground, and a cycle pump track. This was officially opened by His Worship the Mayor on Saturday 13 April. There was a large turnout from the community with hospitality organised by the Maitāhara Community Board. The official opening included a riding demonstration by a very competent rider that treated all those present to a polished display of how people could aspire to ride a bike on the pump track. The work cost \$642,000 to complete.

General district playgrounds have continued to see the scheduled redevelopment of play assets and soft-fall areas. The major component replacement of a playground is at the Eccles Street Playground where a new modular play unit has been purchased along with rubberised soft-fall. The new unit will be installed in late 2019, ready for summer.

The Gore Aquatic Centre and MLT Event Centre had another extremely busy year. The latest resident survey revealed some very pleasing results with satisfaction levels of 97% for the Gore Aquatic Centre, and 96% for the MLT Event Centre. Both measures were above the mean of 87% satisfaction from other comparative councils. We had over 85,000 visitors through the Gore Aquatic facility, with 16,000 participating in Leaping Frogs swim School, and Shark Squads and 1,150 students participated in the G'N'D swim program. The MLT Event Centre had over 2,700 bookings for the year.

The team at the MLT Event Centre faced several challenges throughout the year, starting with the Bleacher strengthening work. The appearance of this problem led to a full assessment for the building, which recommended the roof trusses required further lateral support.

The bleacher strengthening work was completed before the Netball season was in full swing, and a procedure was in place in the event of high winds until the lateral roof supports were strengthened. All repairs have now been completed.

The lights in the stadium were also replaced with LED lights.

On the Wet floor side, we also had a few challenges that the staff took in their stride, with three of the main pumps for the pool's circulation needing to be replaced, and a complete element cover replacement for the spa filter.

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

Council Outcome	Customer Levels of Service	Performance Measures	Target 2019	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"> <li>Pool availability – pool open for a minimum of 360 days.</li> <li>Customer satisfaction – 90% or greater as measured by the annual resident survey.</li> <li>Swimming course enrolments &gt; 1900</li> <li>Health and safety incidents – no serious incidents causing death</li> <li>Pool safe accreditation – accreditation maintained.</li> </ul>	5/5 Indicators achieved	4/5 – Target not achieved. The Pool was open for 357 days so was closed for three more days than planned. Two closed days were cooling plant issues and the other day was because of the failure of a main pump.
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"> <li>Parks and Reserves/ Sportsgrounds</li> <li>Playgrounds</li> <li>Cemeteries</li> <li>Public conveniences</li> <li>The provision of community buildings or halls</li> </ul>	> 90% across the 5 criteria surveyed	93.6%. The only individual criteria rated below 90% was public conveniences with a score of 86%. The other four criteria ranged between 91-98% - Target achieved.

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

	2019 Actual '000s	2019 10YP '000s	2018 Actual '000s	2018 Annual Plan '000s	2018 10YP '000s
<b>SOURCES OF OPERATING FUNDING</b>					
General rates, uniform annual general charge, rates penalties	1,605	1,591	1,464	1,467	1,451
Targeted rates	3,079	3,068	2,878	2,877	2,906
Subsidies and grants for operating purposes	126	96	116	94	75
Fees and charges	832	799	866	783	794
Local authorities fuel tax, fines, infringement fees, and other receipts	-	711	-	-	-
Interest and dividends from investments	-	-	-	-	-
Internal charges and overheads recovered	1,370	1,370	1,317	1,367	1,172
<b>Total operating funding (A)</b>	<b>7,012</b>	<b>7,636</b>	<b>6,641</b>	<b>6,588</b>	<b>6,397</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>					
Payments to staff and suppliers	3,892	3,922	3,616	3,427	3,325
Finance costs	213	281	197	257	385
Other operating funding applications	-	-	-	-	-
Internal charges and overheads applied	2,196	2,167	2,147	2,152	1,924
<b>Total applications of operating funding (B)</b>	<b>6,301</b>	<b>6,371</b>	<b>5,960</b>	<b>5,835</b>	<b>5,633</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>710</b>	<b>1,266</b>	<b>681</b>	<b>753</b>	<b>764</b>
<b>SOURCES OF CAPITAL FUNDING</b>					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	7	-	-	-	-
Increase (decrease) in debt	627	1,265	183	1,827	1,827
Gross proceeds from sale of assets	33	-	(5)	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
<b>TOTAL SOURCES OF CAPITAL FUNDING (C)</b>	<b>666</b>	<b>1,265</b>	<b>179</b>	<b>1,827</b>	<b>1,827</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>					
Capital expenditure to meet additional demand	206	1,765	232	553	53
Capital expenditure to replace existing assets	746	758	462	1,972	1,972
Capital expenditure to improve the level of service	554	81	90	-	500
Increase (decrease) in reserves	(129)	(73)	77	55	66
Increase (decrease) in investments	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>1,377</b>	<b>2,530</b>	<b>860</b>	<b>2,580</b>	<b>2,591</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(710)</b>	<b>(1,266)</b>	<b>(681)</b>	<b>(753)</b>	<b>(764)</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# OTHER DISTRICT ASSETS INCLUDING SOLID WASTE AND CIVIL DEFENCE

## Activities:

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

## Solid Waste

Responsibilities that fall under the solid waste management umbrella include:

- Kerbside recycling collection service delivery
- Kerbside residual waste collection service delivery
- Transfer Station service delivery
- Landfill operations

(Bond Contracting Ltd manage these tasks as part of the Southland-wide solid waste management contract they have with Wastenet)

- Recycling Management (Sorting of Kerbside collections)

(Southland Disability Enterprises undertake the above task as part of the Southland-wide Recycling management contract they have with Wastenet)

- Education and advocacy (waste minimisation)
- Waste Audits
- Management of the two waste contracts.

(The above tasks are carried out by Wastenet as a joint initiative of the three Southland Councils.)

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

The costs of maintenance, renewal or replacement are funded primarily through user fees 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. The Council provides staff for training and, in the event of an incident, the staff are deployed to support response and recovery.

## 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 wellbeing.

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.

Regarding civil defence, a greater focus is being made on the reduction of risks and hazards affecting the safety and welfare of the District’s residents. Coordination of activities between civil defence and resource management as well as the identification of management of earthquake-prone buildings are key actions being undertaken over the next few years, with the aim of avoiding unnecessary risks and improving the quality and safety of the District’s building stock.

## 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 2019	Result
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)	710 Kg per capita – Target not achieved.



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

	2019 Actual '000s	2019 10YP '000s	2018 Actual '000s	2018 Annual Plan '000s	2018 10YP '000s
<b>SOURCES OF OPERATING FUNDING</b>					
General rates, uniform annual general charge, rates penalties	272	271	271	271	320
Targeted rates	1,331	1,329	1,291	1,304	1,305
Subsidies and grants for operating purposes	64	47	94	46	46
Fees and charges	718	613	674	600	550
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-
Interest and dividends from investments	-	-	-	-	-
Internal charges and overheads recovered	1,333	1,317	1,363	1,375	1,379
<b>Total operating funding (A)</b>	<b>3,718</b>	<b>3,576</b>	<b>3,694</b>	<b>3,597</b>	<b>3,599</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>					
Payments to staff and suppliers	2,886	2,635	2,689	2,542	2,527
Finance costs	80	86	78	102	127
Other operating funding applications	-	-	-	-	-
Internal charges and overheads applied	723	704	732	709	689
<b>Total applications of operating funding (B)</b>	<b>3,689</b>	<b>3,426</b>	<b>3,500</b>	<b>3,353</b>	<b>3,343</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>29</b>	<b>151</b>	<b>194</b>	<b>244</b>	<b>256</b>
<b>SOURCES OF CAPITAL FUNDING</b>					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	(4)	62	(38)	(38)	(38)
Gross proceeds from sale of assets	25	-	35	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
<b>TOTAL SOURCES OF CAPITAL FUNDING (C)</b>	<b>21</b>	<b>62</b>	<b>(3)</b>	<b>(38)</b>	<b>(38)</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>					
Capital expenditure to meet additional demand	-	-	1	-	-
Capital expenditure to replace existing assets	206	332	86	202	202
Capital expenditure to improve the level of service	-	-	-	-	-
Increase (decrease) in reserves	(156)	(119)	104	3	15
Increase (decrease) in investments	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>50</b>	<b>212</b>	<b>190</b>	<b>205</b>	<b>218</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(29)</b>	<b>(151)</b>	<b>(194)</b>	<b>(244)</b>	<b>(256)</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

## Activities:

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

The Council sees the development of heritage tourism as one of the key drivers of economic development in the District and, looking into the future, believes it can build on successes to date. Such successes include the 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 arts and heritage department manages, in partnership with key public providers, cultural property and programmes for the benefit of the people of District, and visitors to the area. The department is also a pivotal link between local cultural interests and public sector agencies that govern policy surrounding the management and funding of cultural property and related infrastructures.

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

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

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

Other facilities or areas where the department offers support include the 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.

Gore Libraries offer a wide range of books, magazines, DVDs and other resources. They provide free use of internet computers and 24/7 Wi-Fi. Ancestry.com is available for tracing family history. For children Encyclopedia Britannica Online and TumbleBooks are available for visual/auditory learning and reading experiences.

Children's areas are customised to be especially welcoming to children. A number of children's activities and programmes support literacy development and reading enjoyment. A community outreach schedule reaches some who may not be able to visit the library.

Matura Library and Service Centre is a branch library that offers Council services, including rates payments, dog registration, information about Council facilities and faults reporting. It is also the booking agent for the Matura Community Centre and Elderly Citizens Centre.

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 is the result of considerable investment on the part of individuals, groups, businesses, public sector funding agencies and major philanthropists.

The current 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 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 compliments 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.

The library service directly contributes to the Council's aspiration to provide opportunities for creativity, leisure, diversity and being involved. It is also a part of the aspiration to welcome newcomers as it is often one of the first places visited by new residents.

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 2019 year:**

#### **Arts & Heritage**

The detailed design phase for the three stage Maruawai Project continued throughout the year, with complementary contestable funding initiatives for Stage One and Stage Two gleaning \$749,000 and \$919,000 respectively from the Provincial Growth Fund, and an additional \$250,000 from Community Trust South for Stage One (Hokonui Moonshine Museum redevelopment). This builds on Council's budgeted \$500,000 contribution towards this project.

The Eastern Southland Gallery facilitated 15 exhibitions and 11 events and performances throughout the year and the Department of Arts and Heritage provided support for a range of regional heritage activities including the digitization and on-line hosting of volunteer-run museum collections through the Project Ark initiative.

## Gore District Libraries

Visiting speakers included Dr Ian Davidson-Watts on bats, Helen Seaton on Women's Suffrage, Deano Yipadee who performed to 280 children, Christchurch poet Gary Elford, and historical fiction author Lizzie Tremayne.

Significant promotions included Maori Language week, summer and winter reading challenges for all age groups, book character dress-ups, 'Greats and Grands', Alfred in the Library, Love your Library week, embroidery sessions, wrapped books - don't judge a book by its cover, Precinct-wide Heritage Month treasure hunt, and a 'Human Library' evening.

The Library now has a Facebook presence to promote library services and events, and feedback indicates that people appreciate this means of engagement.

New public internet hardware and software was provided by The National Library of New Zealand, with Chrome Books and a scanner replacing the old equipment.

30 Otago and Southland librarians attended a two-day library professional school hosted by Gore Library.

## 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.

Black mould was identified in the building in March 2019. It was recommended the library be relocated to temporary premises because remediation work was complicated by the chronic leaking roof and asbestos in the ceiling.

In light of these issues, in May the Library was relocated to the James Cumming Wing hall. After a two week closure for the move full service resumed and all collections were available. Accommodation in the hall is basic, and space and power constraints are somewhat limiting. However it is reasonably comfortable in the interim.

## 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.

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

- Creating a country music festival and building on existing events was identified as a priority in the 2017 Event Strategy. The fruits of that work will be displayed in 2021. A first step towards that was a booklet promoting all existing country music events that has been well received by the community. The Council organises the Freeze Ya Bits Off Busking event, which was a huge success this year with more than 40 buskers entered and a spectacle was created in the centre of town, with a large marquee closing a central street.
- The new On the Fly Mataura River Day held in February, also suggested in the Event Strategy, was a great success. It was about drawing attention to our Mataura River, and strengthening Gore's connection as a fly fishing destination given its 'brown trout fly fishing capital of the world' title. Local fishing guides were on site to teach people how to cast flies, and various relevant organisations were represented including the Hokonui Runanga, Environment Southland, and Fish & Game.
- In addition all key events held in February were marketed under the 'On the Fly' Summer Festival banner and a booklet promoting these events was distributed to all households in the district.
- Our stable of events now includes the Gore District Community Awards, Santa Parade and Christmas in the Park, the Gore Youth Awards, The Hokonui Culture Feast, On the Fly, Freeze Ya Bits Off Busking, and the Hokonui Moonshine Festival. The Council also provides support to external event organisers.
- In addition the Mataura Pump Track opening was organised by Council staff and a successful nomination meant Gore's Main Street was a finalist in the Keep NZ Beautiful Awards.

## Grants

During the year the Council paid a two grants from the Coster fund, which had been allocated previously. No further grants were made from the Coster fund during the year.

### Grants from the Coster Fund

Recipient	Purpose	Amount Paid to Date
Mataura Community Board	Pump/cycle/scooter track and skate park around Tulloch park	\$150,000
Mataura School	To develop a Wharenui entrance	\$50,000

A schedule of other grants paid during the year is included below:

## SCHEDULE OF GRANTS

Recipient	Amount Paid
Amenity Hire Refunds	2,821
Children's Day	435
Clematis Cottage	2,000
Community Networking Trust	10,000
Country Music & Songwriters	5,000
Croydon Aviation annual loan write off	3,000
Croydon Aviation Heritage Trust	6,000
Cycle Tour Southland	1,000
Eastern Southland Art Gallery	10,000
Enviro Schools	4,348
Free Swim School	28,832
Gold Guitar Awards	5,000
Gore A & P Association	80,888
Gore Counselling Centre	1,500
Gore Museum	7,500
Healthy Homes initiative	15,000
Heartland Life Education Trust	2,500
Hokonui Fashion Design Awards	10,000
Hokonui Heritage Centre Trust	6,500
Hokonui Pioneer Park	5,000
Hospice Southland	1,000
Hospital Incentives	2,000
John Money Wing	10,000
Mataura Heritage Centre	7,500
Mataura School	4,000
Moonshine Committee	4,500
Pakeke Lions Recycling Services	25,930
Rural Halls	17,357
Safe in the South	6,000
Scholarships \$750	750
Southland Regional Heritage Trust	21,694
SPCA	605
Total Mobility	2,630
Venture Southland	59,620
Waikaka Domain Board	12,500
<b>Total</b>	<b>383,409</b>

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

Council Outcome	Customer Levels of Service	Performance Measures	Target 2019	Results
<p>We value our history and heritage.</p> <p>We live in a creative place.</p>	<p>Educating the public about arts &amp; heritage contributes to the Council outcome of valuing our history and heritage.</p>	<p>The public appreciates the services and assets of arts and heritage as recorded in the annual resident survey.</p>	<p>90% Satisfaction rate</p>	<p>98% satisfaction rate – Target achieved.</p>
<p>We have a choice of quality places to go and things to do.</p>	<p>Residents and visitors have valued library experiences. Friendly, knowledgeable staff ensure the libraries are a positive choice in terms of quality places to go &amp; things to do.</p>	<p>Survey of residents and library users indicates a quality service is provided as indicated in the annual resident survey and targeted library surveys.</p>	<p>90% of surveyed residents or users are satisfied with the quality of library service</p>	<p>97% of surveyed residents or users are satisfied with the quality of library service – Target achieved.</p>
	<p>The library service is accessible to residents and visitors, including children, young adults, adults, the elderly, housebound, people who work business hours</p>	<p>Library opening hours per week Gore 50.75 Mataura 35</p>	<p>95% of opening hours are achieved.</p>	<p>96.5% of opening hours are achieved – Target achieved.</p>

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

	2019 Actual '000s	2019 10YP '000s	2018 Actual '000s	2018 Annual Plan '000s	2018 10YP '000s
<b>SOURCES OF OPERATING FUNDING</b>					
General rates, uniform annual general charge, rates penalties	2,013	1,778	1,650	1,604	1,594
Targeted rates	595	593	582	581	641
Subsidies and grants for operating purposes	214	212	248	209	181
Fees and charges	178	120	181	117	102
Local authorities fuel tax, fines, infringement fees, and other receipts	3	7	4	7	7
Interest and dividends from investments	-	-	-	-	-
Internal charges and overheads recovered	-	-	-	-	-
<b>Total operating funding (A)</b>	<b>3,003</b>	<b>2,709</b>	<b>2,666</b>	<b>2,518</b>	<b>2,526</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>					
Payments to staff and suppliers	1,641	1,360	1,415	1,220	1,205
Finance costs	25	28	21	25	36
Other operating funding applications	618	640	680	601	636
Internal charges and overheads applied	570	550	574	542	520
<b>Total applications of operating funding (B)</b>	<b>2,854</b>	<b>2,577</b>	<b>2,690</b>	<b>2,389</b>	<b>2,396</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>149</b>	<b>132</b>	<b>(24)</b>	<b>129</b>	<b>129</b>
<b>SOURCES OF CAPITAL FUNDING</b>					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	55	2,019	79	94	94
Gross proceeds from sale of assets	-	-	6	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
<b>TOTAL SOURCES OF CAPITAL FUNDING (C)</b>	<b>55</b>	<b>2,019</b>	<b>85</b>	<b>94</b>	<b>94</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>					
Capital expenditure to meet additional demand	-	-	1	-	-
Capital expenditure to replace existing assets	115	2,066	125	130	130
Capital expenditure to improve the level of service	51	70	80	108	108
Increase (decrease) in reserves	38	15	(146)	(15)	(15)
Increase (decrease) in investments	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>204</b>	<b>2,151</b>	<b>61</b>	<b>223</b>	<b>223</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(149)</b>	<b>(132)</b>	<b>24</b>	<b>(129)</b>	<b>(129)</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



# REGULATORY AND PLANNING

## Activities:

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

• Building Act 2004	• Litter Act 1979
• Dangerous Goods Act 1974	• Local Government Act 2002
• Dog Control Act 1996	• Reserves Act 1977
• Food Act 1981	• Resource Management Act 1991
• Health Act 1956	• Sale and Supply of Alcohol Act 2012
• 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 2019 year:**

The reporting period saw the main regulatory functions of the Council continue to 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 10 days, also well within the legal requirement of 20 days.

From a policy perspective, the planning department commenced the start of the District Plan review, which includes a review of over 80 topic areas. In conjunction with all the Southland Councils for cost efficiency purposes, a number of District Plan studies were finalised in the reporting year, including biodiversity and important landscape mapping, to inform the review of the District Plan. In addition, a major study on the potential effects of climate change in Southland was also completed. The latter work is informing a range of workstreams in both planning policy and infrastructure decision making. Building control prepared for the roll-out of the priority area for earthquake-prone buildings.

A rolling review of key bylaws continues, with a review of the land and subdivision bylaw and water restrictions bylaw. Animal control implemented the dog control action plan to address a number of issues relating to dog control. This includes 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. A major part of the delivery of the action plan in the reporting year was a review of the fee structure, including incentives for desexing and working and non-working dogs.

## STATEMENT OF SERVICE PERFORMANCE – REGULATORY AND PLANNING

Council Outcome	Customer Levels of Service	Performance Measures	Target 2019	Results
<p>We value and respect our environment.</p> <p>A key objective under this outcome is to maintain a regulatory culture that places an emphasis on education, empowerment and collaboration over rigid application of rules and implementation of sanctions.</p>	<p>The Council provides a timely resource consent processing service.</p>	<p>Percentage of resource consent applications processed in accordance with statutory timeframes (within 20 days of filing).</p>	<p>100%</p>	<p>2018-19 – 97.5% Target not achieved. 2 applications not completed in timeframe. However, both applicants agreed to the time extension in advance.</p>
	<p>The Council ensures the objectives of the District Plan are being met.</p>	<p>Percentage of land use consent holders complying with consent conditions. Based on a monitoring programme sampling 50% of land use consents each year.</p>	<p>50%</p>	<p>2018-19 – 55% Target achieved</p>
	<p>The Council processes, inspects and certifies building work in the Gore District.</p>	<p>The Gore District Council maintains its processes so that it meets Building Control Authority accreditation every two years. (IANZ accreditation certificate).</p>	<p>Accreditation maintained</p>	<p>2018-19 - Accreditation maintained. Target achieved.                      In June 2018 the Council's Building Consent Authority was audited by IANZ. IANZ have indicated the Council's accreditation was extended by two years</p>

## FUNDING IMPACT STATEMENT - REGULATORY AND PLANNING

	2019 Actual '000s	2019 10YP '000s	2018 Actual '000s	2018 Annual Plan '000s	2018 10YP '000s
<b>SOURCES OF OPERATING FUNDING</b>					
General rates, uniform annual general charge, rates penalties	629	628	590	590	626
Targeted rates	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-
Fees and charges	958	961	908	941	827
Local authorities fuel tax, fines, infringement fees, and other receipts	56	52	63	51	64
Interest and dividends from investments	-	-	-	-	-
Internal charges and overheads recovered	531	350	-	-	-
<b>Total operating funding (A)</b>	<b>2,174</b>	<b>1,992</b>	<b>1,560</b>	<b>1,582</b>	<b>1,516</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>					
Payments to staff and suppliers	1,348	1,309	1,276	1,115	1,042
Finance costs	15	11	11	15	18
Other operating funding applications	-	-	55	-	-
Internal charges and overheads applied	922	727	393	371	356
<b>Total applications of operating funding (B)</b>	<b>2,285</b>	<b>2,047</b>	<b>1,735</b>	<b>1,501</b>	<b>1,416</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>(111)</b>	<b>(55)</b>	<b>(175)</b>	<b>81</b>	<b>100</b>
<b>SOURCES OF CAPITAL FUNDING</b>					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	4	-	-
Increase (decrease) in debt	8	109	84	(31)	(50)
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>8</b>	<b>109</b>	<b>88</b>	<b>(31)</b>	<b>(50)</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>					
Capital expenditure to meet additional demand	-	-	1	-	-
Capital expenditure to replace existing assets	-	15	-	-	-
Capital expenditure to improve the level of service	-	-	-	-	-
Increase (decrease) in reserves	(103)	39	(88)	50	50
Increase (decrease) in investments	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>(103)</b>	<b>54</b>	<b>(87)</b>	<b>50</b>	<b>50</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>111</b>	<b>55</b>	<b>175</b>	<b>(81)</b>	<b>(100)</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# DEMOCRACY AND ADMINISTRATION

## Activities:

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

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

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

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

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

The Council is required to review its representation structure at six-yearly intervals under Section 19 of the Local Electoral Amendment Act 2002. The Council completed its six-yearly review of its representation arrangements during the 2017/18 year.

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

The administrative activities of the Council include customer service functions for Council services, accounting and finance, information technology, human resources, corporate support, communications 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 2019

Ready for Growth provides an overarching framework to drive population growth across the Gore District. Further to work completed in 2018, the framework is structured around four key principles:

- Business and workforce development
- Attraction
- Community wellbeing
- Facilitating growth

The framework was developed in close consultation with leaders and key stakeholders. Since then, it has been utilised as a mechanism for identifying and prioritising projects with the potential to drive sustainable population growth across the District.

There has been a great deal of work across the Council's core functions and the wider community, to develop and deliver growth projects under the Ready for Growth banner. Given the limited resources of the Council, there has been a significant focus on securing external funding to drive and champion projects.

The Provincial Growth Fund (PGF) has been a significant source of funding. In 2019 the Maruwai project secured a \$1.6 million PGF contribution for a two-phase development within the existing arts and heritage precinct. Hokanui Huanui, which supports young people on their journey through education into employment, attracted a \$2.1 million investment from the PGF.

Other funders, including Community Trust South, the Mataura Licensing Trust and Community Lotteries have funded, co-funded or been approached to support a wide variety of projects focused on people and places.

Ready for Living, with its aim of supporting success for later life, is funded through a variety of sources. It will, in turn, generate opportunities for bespoke initiatives to promote interaction and cooperation between people across the Gore District, regardless of age and life stage.

During the 2018/19 financial year, there has been a rapidly-growing portfolio of Council and community-led initiatives that help foster and assist socio-economic development. These include community development initiatives, the provision of infrastructure, support for the retail sector (through GoRetail), and projects supporting the tourism, arts and heritage sectors.

## STATEMENT OF SERVICE PERFORMANCE - DEMOCRACY AND ADMINISTRATION

Council Outcome	Customer Levels of Service	Performance Measures	Target 2019	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. As measured the annual resident survey within the range of neutral to very satisfied.	80%	69% - Target not achieved.

## FUNDING IMPACT STATEMENT - DEMOCRACY AND ADMINISTRATION

	2019 Actual '000s	2019 10YP '000s	2018 Actual '000s	2018 Annual Plan '000s	2018 10YP '000s
<b>SOURCES OF OPERATING FUNDING</b>					
General rates, uniform annual general charge, rates penalties	1,113	1,064	1,010	985	902
Targeted rates	-	-	-	-	-
Subsidies and grants for operating purposes	95	4	52	4	9
Fees and charges	28	24	35	23	65
Local authorities fuel tax, fines, infringement fees, and other receipts	19	-	20	-	-
Interest and dividends from investments	137	100	200	98	95
Internal charges and overheads recovered	2,985	2,880	3,003	2,836	2,719
<b>Total operating funding (A)</b>	<b>4,377</b>	<b>4,072</b>	<b>4,319</b>	<b>3,946</b>	<b>3,790</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>					
Payments to staff and suppliers	3,719	3,448	3,704	3,274	3,141
Finance costs	10	11	10	15	18
Other operating funding applications	-	-	-	-	-
Internal charges and overheads applied	442	426	444	419	402
<b>Total applications of operating funding (B)</b>	<b>4,171</b>	<b>3,884</b>	<b>4,158</b>	<b>3,708</b>	<b>3,562</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>207</b>	<b>187</b>	<b>160</b>	<b>238</b>	<b>228</b>
<b>SOURCES OF CAPITAL FUNDING</b>					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	(46)	(46)	(46)	(46)	(46)
Gross proceeds from sale of assets	15	-	21	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>(31)</b>	<b>(46)</b>	<b>(25)</b>	<b>(46)</b>	<b>(46)</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>					
Capital expenditure to meet additional demand	-	-	34	-	-
Capital expenditure to replace existing assets	151	41	84	134	134
Capital expenditure to improve the level of service	-	-	-	-	-
Increase (decrease) in reserves	24	100	17	57	48
Increase (decrease) in investments	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>175</b>	<b>141</b>	<b>135</b>	<b>191</b>	<b>182</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(207)</b>	<b>(187)</b>	<b>(160)</b>	<b>(238)</b>	<b>(228)</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# FINANCIAL STATEMENTS

## GORE DISTRICT COUNCIL STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE For the Financial Year Ended 30 June 2019

	Notes	2019 \$'000	2019 10YP \$'000	2018 \$'000
<b>REVENUE</b>				
Rates	3 (a)	16,561	16,507	15,519
Subsidies and grants	3 (a)	3,378	4,238	3,009
Development and financial contributions		7	-	4
Other revenue	3 (a)	5,252	4,469	10,492
Other gains/ (losses)	3 (b)	(1,194)	-	(171)
<b>Total revenue</b>		<b>24,004</b>	<b>25,214</b>	<b>28,853</b>
<b>EXPENSES</b>				
Employee benefits expense	3 (c)	(6,652)	(6,155)	(6,228)
Depreciation and amortisation expense	3 (d)	(5,423)	(5,442)	(5,584)
Finance costs	3 (e)	(711)	(833)	(678)
Other expenses	3 (f)	(11,187)	(10,868)	(10,908)
<b>Total expenses</b>		<b>(23,973)</b>	<b>(23,298)</b>	<b>(23,398)</b>
<b>Surplus/(Deficit)</b>		<b>31</b>	<b>1,916</b>	<b>5,454</b>
<b>OTHER COMPREHENSIVE REVENUE AND EXPENSE</b>				
<i>Items that will not be reclassified to surplus/(deficit)</i>				
Gain / (loss) on property, plant and equipment revaluation	17(a)	47,822	31,602	-
<b>Total other comprehensive revenue and expense</b>		<b>47,822</b>	<b>31,602</b>	<b>-</b>
<b>Total comprehensive revenue and expense</b>		<b>47,853</b>	<b>33,518</b>	<b>5,454</b>

## STATEMENT OF CHANGES IN NET ASSETS/EQUITY For the Financial Year Ended 30 June 2019

	2019 \$'000	2019 10YP \$'000	2018 \$'000
Equity at beginning of year	382,593	382,661	377,139
Total Comprehensive (Deficit)/ Income for the year	47,853	33,518	5,454
<b>Equity at end of year</b>	<b>430,446</b>	<b>416,179</b>	<b>382,593</b>

The accompanying notes form part of these financial statements.



# GORE DISTRICT COUNCIL

## STATEMENT OF FINANCIAL POSITION

For the Financial Year Ended 30 June 2019

	Notes	2019 \$'000	2019 10YP \$'000	2018 \$'000
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	21(a)	2,885	3,069	5,079
Trade and other receivables	7	1,658	2,014	2,983
Inventories	8	252	139	143
Other financial assets	9	3,709	1,682	1,688
Other current assets	10	391	173	218
<b>Total current assets</b>		<b>8,895</b>	<b>7,077</b>	<b>10,112</b>
<b>NON-CURRENT ASSETS</b>				
Other financial assets	9	348	339	316
Property, plant and equipment	11	445,295	436,671	394,046
<b>Total non-current assets</b>		<b>445,643</b>	<b>437,010</b>	<b>394,363</b>
<b>Total assets</b>		<b>454,538</b>	<b>444,087</b>	<b>404,475</b>
<b>CURRENT LIABILITIES</b>				
Trade and other payables	13	2,379	2,686	3,136
Employee entitlements	14	571	569	559
Borrowings	15	9,000	6,000	6,000
Provisions	16	55	-	55
Other financial liabilities	9	-	11	21
<b>Total current liabilities</b>		<b>12,005</b>	<b>9,266</b>	<b>9,772</b>
<b>NON-CURRENT LIABILITIES</b>				
Borrowings	15	10,000	17,785	11,000
Provisions	16	85	88	88
Other financial liabilities	9	2,002	769	1,022
<b>Total non-current liabilities</b>		<b>12,087</b>	<b>18,642</b>	<b>12,110</b>
<b>Total liabilities</b>		<b>24,092</b>	<b>27,908</b>	<b>21,882</b>
<b>Net assets</b>		<b>430,446</b>	<b>416,179</b>	<b>382,593</b>
<b>EQUITY</b>				
Reserves	17	297,048	278,685	249,487
Retained earnings	18	133,398	137,493	133,106
		<b>430,446</b>	<b>416,179</b>	<b>382,593</b>

The accompanying notes form part of these financial statements.

# GORE DISTRICT COUNCIL

## CASH FLOW STATEMENT

For the Financial Year Ended 30 June 2019

	Notes	2019 \$'000	2019 10YP \$'000	2018 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from rates revenue		16,506	16,383	15,494
Receipts from other revenue		6,370	4,247	8,618
Subsidies and grants		3,512	4,238	3,495
Interest received		137	100	200
Payments to suppliers and employees		(18,921)	(16,826)	(16,503)
Finance costs		(711)	(833)	(653)
<b>Net cash inflow/ (outflow) from operating activities</b>	<b>21(c)</b>	<b>6,893</b>	<b>7,307</b>	<b>10,651</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Proceeds from maturity of other financial assets		(1)	-	1
Proceeds from sale of property, plant and equipment		156	-	141
Purchase of property, plant and equipment		(9,227)	(13,915)	(13,244)
Purchase of other financial assets		(2,047)	-	11
<b>Net cash inflow/ (outflow) from investing activities</b>		<b>(11,119)</b>	<b>(13,915)</b>	<b>(13,091)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from borrowings		3,260	8,453	1,196
Repayment of borrowings		(1,228)	(2,007)	(1,196)
<b>Net cash inflow / (outflow) from financing activities</b>		<b>2,032</b>	<b>6,446</b>	<b>0</b>
<b>Net increase (decrease) in Cash and cash equivalents</b>		<b>(2,194)</b>	<b>(162)</b>	<b>(2,440)</b>
Cash and cash equivalents at the beginning of the financial year		5,079	3,231	7,519
<b>Cash and cash equivalents at the end of the financial year</b>	<b>21(a)</b>	<b>2,885</b>	<b>3,069</b>	<b>5,079</b>

The accompanying notes form part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

## 1 SUMMARY OF ACCOUNTING POLICIES

### Reporting Entity

The Gore District Council ("the Council" or "GDC") is a local territorial authority governed by the Local Government Act 2002, and the Local Government (Ratings) Act 2002. It is domiciled and operates in New Zealand. The primary objective of the Council is to provide goods or services for the community or social benefit, rather than making a financial return. Accordingly, the Council has designated itself as a Public Benefit Entity (PBE) for the purposes of Financial Reporting.

### Basis of Preparation

The preparation of financial statements in conformity with New Zealand equivalents to International Public Sector Accounting Standards (NZ IPSAS) requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and in future periods if the revision affects both current and future periods.

The financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements. The financial statements are presented in New Zealand dollars, due to rounding to the nearest thousand dollars (\$000), the notes may not reconcile to the statements by \$1,000. New Zealand dollars are the Council's functional currency.

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

### Statement of compliance

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

These financial statements comply with PBE Standards.

## Standards and interpretations effective in the current period

There were no new or revised Standards or Interpretations effective in the current period that had a material impact on this annual report.

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

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 2019. 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)
<b>Infrastructural assets</b>	
Water Reticulation	10 - 100
Sewerage Reticulation	15 - 60
Stormwater Reticulation	60
Refuse	10 - 50
Roads – Formation	N/A
Roads – Pavement (non-depreciable)	N/A
Roads – Pavement (depreciable)	7 - 60
Roads – Footpaths, Kerbs, Bridges and Culverts	50 - 100
Roads – Signs, Road markings and Street lighting	20 - 100

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

## Disposal

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

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

## Impairment of non-financial assets

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

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

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

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

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in the surplus or deficit for the period immediately, unless the relevant asset is carried at fair value, in which case the reversal or deficit of the impairment loss is treated as a revaluation increase, via comprehensive revenue and expense.

## Superannuation schemes

### Defined contribution schemes

Contributions to defined contribution superannuation schemes are expensed when incurred.

### Provisions

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

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

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

### Landfill post closure costs

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

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

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

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

### Employee entitlements

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

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

### Cash flow statement

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

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

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

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

## Equity

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

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

The components of equity are:

- Retained earnings
- Available for sale revaluation reserve
- Asset revaluation reserve
- Restricted reserves
- Council created reserves.

## Reserves

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

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

The Council may alter them without reference to the third party. Transfers to and from these reserves are at the discretion of the Council.

## Budget figures

The budget figures are those approved by the Council at the beginning of the year in the annual plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the Council for the preparation of the financial statements.

## Allocation of overheads

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

## Critical accounting estimates and assumptions

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

- Infrastructural Assets

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

- The physical deterioration and condition of an asset, for example, the Council could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets, which are not visible, for example, stormwater, wastewater and water supply pipes that are underground. This risk is minimised by the Council performing a combination of physical inspections and condition modelling assessments of underground assets;
- Estimating any obsolescence or surplus capacity of an asset; and
- Estimates of the remaining useful lives over which the asset will be depreciated. These estimates can be impacted by the local conditions, for example, weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then the Council could be over or underestimating the annual depreciation charge recognised as an expense in the Statement of comprehensive revenue and expense. To minimise this risk the Council's infrastructural asset, useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration, and condition modelling are also carried out regularly as part of the Council's asset management planning activities, which gives the Council further assurance over its useful life estimates.

Experienced independent valuers perform the Council's infrastructural asset revaluations.

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

	2019 \$,000	2018 \$,000
<b>Summary Cost of Services by Activity</b>		
<b>Income</b>		
Water	1,945	1,867
Wastewater	3,039	8,269
Stormwater	564	489
Roading	5,577	5,199
Parks, Reserves, Aquatic Facilities, Civic Buildings and Recreation	5,648	5,325
Other district assets including Solid Waste and Civil Defence	2,385	2,330
Community services - Arts & Heritage, Libraries, Promotions and Grants	3,003	2,666
Regulatory and Planning	1,643	1,563
Democracy and Administration	4,377	4,319
<b>Total activity income</b>	<b>28,181</b>	<b>32,025</b>
Add		
Net change in fair value of financial assets carried at fair value through surplus or deficit (interest rate swaps)	(980)	(228)
Net change in fair value of assets held for sale (shares)	4	-
Gain on disposal of property, plant and equipment	(218)	58
	<b>(1,194)</b>	<b>(170)</b>
Less		
Internal recoveries	(2,985)	(3,003)
<b>Total Income</b>	<b>24,002</b>	<b>28,853</b>
<b>Expenditure</b>		
Water	1,397	1,671
Wastewater	1,928	1,427
Stormwater	450	438
Roading	4,752	4,840
Parks, Reserves, Aquatic Facilities, Civic Buildings and Recreation	5,662	5,681
Other district assets including Solid Waste and Civil Defence	3,612	3,399
Community services - Arts & Heritage, Libraries, Promotions and Grants	3,024	2,859
Regulatory and Planning	1,800	1,781
Democracy and Administration	4,333	4,306
<b>Total activity expenditure</b>	<b>26,958</b>	<b>26,401</b>
Less		
Internal expenditure	(2,985)	(3,003)
<b>Total Operating Expenditure</b>	<b>23,973</b>	<b>23,398</b>

### 3. SURPLUS FROM OPERATIONS

2019  
\$,000

2018  
\$,000

#### (a) Revenue

Revenue consisted of the following items:

##### Rates Revenue:

General rates	5,262	4,816
Targeted rates for metered water supply	-	-
All other targeted rates (i)	11,299	10,703
	<b>16,561</b>	<b>15,519</b>

##### (i) Targeted rates attributable to activities

Water	1,579	1,600
Wastewater	1,622	1,323
Stormwater	564	489
Roading	2,529	2,541
Parks, Reserves, Aquatic Facilities, Civic Buildings and Recreation	3,079	2,878
Other district assets including Solid Waste and Civil Defence	1,331	1,291
Community services - Arts & Heritage, Libraries, Promotions and Grants	595	582
Regulatory and Planning	-	-
Democracy and Administration	-	-
	<b>11,299</b>	<b>10,703</b>

##### Other Revenue:

Revenue from renderings of services:

Licence fees, and other revenue	4,834	10,021
	<b>4,834</b>	<b>10,021</b>

##### Operating lease rental revenue

Interest revenue:

Bank deposits	137	200
Other loans and receivables	-	-
	<b>137</b>	<b>200</b>

##### Petroleum tax

	125	116
	<b>5,252</b>	<b>10,492</b>



### 3. SURPLUS FROM OPERATIONS continued...

	NOTES	2019 \$,000	2018 \$,000
<b>Subsidies and grants:</b>			
Government grants – NZ Transport Agency		2,888	2,391
Other grants		490	618
		<b>3,378</b>	<b>3,009</b>

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

#### Total revenue comprises:

##### Revenue from non-exchange transactions

Rates		16,561	15,519
Subsidies and grants		3,378	3,009
Development and financial contributions		7	4
Other revenue		5,097	10,280
<b>Total revenue from non-exchange transactions</b>		<b>25,043</b>	<b>28,811</b>

##### Revenue from exchange transactions

Interest		137	200
Other revenue		18	13
<b>Total revenue from exchange transactions</b>		<b>155</b>	<b>213</b>

Other gains/(losses)		(1,194)	(171)
<b>Total revenue</b>		<b>24,004</b>	<b>28,853</b>

#### (b) Other Gains/(Losses)

Net gain on disposal of property, plant and equipment		(218)	58
Net change in fair value of available for sale assets (shares)		4	(1)
Net change in fair value of derivative financial instruments classified at fair value through surplus or deficit (interest rate swaps)		(980)	(228)
		<b>(1,194)</b>	<b>(171)</b>

#### c) Employee Benefits Expense

Salaries and wages		6,454	6,043
Defined contribution plans		198	184
		<b>6,652</b>	<b>6,228</b>

#### d) Depreciation and Amortisation Expense

Depreciation of property, plant and equipment	11	5,423	5,584
		<b>5,423</b>	<b>5,584</b>

### 3. SURPLUS FROM OPERATIONS continued...

	NOTES	2019 \$,000	2018 \$,000
<b>(e) Finance Costs</b>			
Interest on loans carried at amortised cost		714	681
Provisions: discount unwinding (Note 16)		(3)	(3)
		<b>711</b>	<b>678</b>
<b>(f) Other Expenses</b>			
Net bad and doubtful debts (recovered)		7	(1)
Minimum lease payments operating lease rental		149	129
Grants		668	696
Roading repairs and maintenance		2,039	2,056
Other operating expenses		8,324	8,029
		<b>11,187</b>	<b>10,908</b>

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)	137	200
		<b>137</b>	<b>200</b>
Financial assets at fair value through surplus or deficit:			
Change in fair value of financial assets	3(b)	(980)	(228)
		<b>(980)</b>	<b>(228)</b>
Financial liabilities at amortised cost:			
Interest expense	3(e)	(711)	(678)
		<b>(711)</b>	<b>(678)</b>

### 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	2019 \$,000	2018 \$,000
<b>(b) Non-Cancellable Operating Lease Payments</b>			
Not longer than 1 year		59	59
Longer than 1 year and not longer than 5 years		-	67
Longer than 5 years		-	-
		<b>59</b>	<b>127</b>

#### 4. LEASES continued...

NOTES	2019 \$,000	2018 \$,000
<b>(c) Non-Cancellable Finance Lease Payments</b>		
Not longer than 1 year	-	11
Longer than 1 year and not longer than 5 years	-	4
Longer than 5 years	-	-
	<b>-</b>	<b>15</b>

#### 5. PERSONNEL COMPENSATION

	2019 \$,000	2018 \$,000
<b>Employee Benefits Expense</b>		
Salaries and wages	6,454	6,043
Defined contribution plans	198	184
	<b>6,652</b>	<b>6,227</b>

During the year to 30 June 2019, 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>	2019 \$'000	2018 \$'000
Tracy Hicks JP (Mayor)	82,677	77,403
C S Bolger (Deputy Mayor)	25,188	23,396
N J Davis	22,376	20,784
P A Grant	22,376	20,784
B R Highsted	22,376	20,784
R J Beale	18,157	16,865
D I Grant	18,157	16,865
G E Sharp	18,157	16,865
G K Dickson	18,157	16,865
J C Gardyne	18,157	16,865
N G Phillips	18,157	16,865
B A Reid	18,157	16,865
	<b>302,092</b>	<b>281,206</b>

##### *Chief Executive*

Stephen Parry, the Chief Executive of the Council appointed under Section 42 of the Local Government Act 2002 received a salary of \$270,747 (2018: \$264,467).

## 5. PERSONNEL COMPENSATION continued...

	2019 \$,000	2018 \$,000
<i>Staff employed by salary band as at 30 June</i>		
\$120,000 - 279,999	5	5
\$100,000 - 119,999	6	5
\$80,000 - 99,999	4	3
\$60,000 - 79,999	21	19
\$59,999 and less	99	93
	<b>135</b>	<b>125</b>

The number of full time equivalent (FTE) employees as at 30 June 2019 was 100 (2018: 95) where 37.5 hours a week is considered full time.

## SEVERANCE PAYMENTS

For the year ended 30 June 2019 Council made severance payments to two employees, totalling \$10,000 and \$12,000 (2018: one, \$12,500).

## 6. REMUNERATION OF AUDITORS

Audit fees for financial statement audit	108	105
Long Plan Term audit	-	91
Audit Fees for assurance and related services	5	5
	<b>113</b>	<b>201</b>

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

## 7. TRADE AND OTHER RECEIVABLES

	2019 \$,000	2018 \$,000
Trade receivables (i)	575	1,886
Rates receivables	606	551
Allowance for doubtful debts (ii)	(53)	(46)
	<b>1,128</b>	<b>2,391</b>
NZTA Subsidy	352	486
Sundry receivables and accruals	-	-
Goods and services tax (GST) receivable	178	106
Community Funding	-	-
	<b>1,658</b>	<b>2,983</b>

## 7. TRADE AND OTHER RECEIVABLES continued...

	2019 \$,000	2018 \$,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	1,646	2,976
<i>Receivables from exchange transactions -</i> this includes outstanding amounts for commercial sales and fees and charges that have not been subsidised by rates	12	7

(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:

	2019 \$,000	2018 \$,000
Past due 1 to 3 months	737	1,563
Past due 3 to 6 months	145	115
Past due 6 to 9 months	85	77
Past due 9 to 12 months	58	57
Past due > 12 months	132	154
<b>Total</b>	<b>1,157</b>	<b>1,966</b>

(ii) Movement in the allowance for doubtful debts:

Balance at beginning of year	46	47
Amounts written off during year	-	-
Increase/(decrease) in allowance recognised in Statement of Income and Expenditure	7	(1)
<b>Balance at end of year</b>	<b>53</b>	<b>46</b>

## 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, 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

	2019 \$,000	2018 \$,000
Essential Services (at cost)	182	120
Other (at cost)	70	23
	<b>252</b>	<b>143</b>

The carrying amount of inventories pledged as security for liabilities is \$Nil (2018: \$Nil).

## 9. OTHER FINANCIAL ASSETS/(LIABILITIES)

	2019 \$,000	2018 \$,000
<i>At fair value through surplus or deficit:</i>		
<u>Current</u>		
Interest Rate Swaps	-	-
	-	-
<u>Non Current</u>		
Interest Rate Swaps	(1,961)	(982)
	<b>(1,961)</b>	<b>(982)</b>
<i>Available-for-Sale at fair value:</i>		
<u>Non Current</u>		
Equity securities - NZ Local Government Insurance Company shares	87	83
	<b>87</b>	<b>83</b>
<i>Loans and receivables at Amortised Cost:</i>		
<u>Current</u>		
Short Term Deposits (i)	3,709	1,688
Finance leases	-	(21)
	<b>3,709</b>	<b>1,667</b>

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

	2019 \$,000	2018 \$,000
<u>Non Current</u>		
Loans to Community Groups	143	171
Less Provision for Impairment	(132)	(157)
	<b>11</b>	<b>14</b>
LGFA borrower notes	208	176
Clean air loans receivable	42	44
Clean air loans payable	(40)	(40)
Finance leases	-	-
	<b>221</b>	<b>194</b>
	<b>2,055</b>	<b>961</b>

Disclosed in the financial statements as:

### Assets

Current	3,709	1,688
Non-current	348	316

### Liabilities

Current	-	(21)
Non-current	(2,002)	(1,022)

	<b>2,055</b>	<b>961</b>
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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 \$224,000 (2018: \$504,000).

## 10. OTHER CURRENT ASSETS

	2019 \$,000	2018 \$,000
Prepayments	391	218
	<b>391</b>	<b>218</b>

## 11. PROPERTY PLANT AND EQUIPMENT

### 2019

Refer to the 'Critical accounting estimates and assumptions' accounting policies for details on the valuation methodology and underlying assumptions within the valuation.

	Cost/Valuation 1 July 2018	Additions	Disposals	Revaluation	Cost/Valuation 30 June 2019	Accumulated depreciation and impairment charges 1 July 2018	Impairment losses charged in Statement of Comprehensive Equity	Depreciation expense	Accumulated depreciation reversed on disposal/ revaluation	Accumulated depreciation and impairment charges 30 June 2019	Carrying amount 30 June 2019
	\$ '000s	\$ '000s	\$ '000s	\$ '000s	\$ '000s	\$ '000s	\$ '000s	\$ '000s	\$ '000s	\$ '000s	\$ '000s
<b>Council Operational Asset At Cost</b>											
Land	-	-	-	-	-	-	-	-	-	-	-
Buildings	200	7	-	-	207	(158)	-	(9)	-	(167)	40
Plant and equipment	3,792	431	(150)	-	4,073	(2,086)	-	(248)	126	(2,208)	1,865
Motor vehicles	1,757	318	(260)	-	1,815	(1,189)	-	(274)	211	(1,252)	563
Office furniture and equipment	2,167	145	(84)	-	2,228	(1,577)	-	(152)	84	(1,645)	583
Recreation and Cultural	731	663	-	-	1,394	(530)	-	(22)	-	(552)	842
Library books	913	83	-	-	996	(404)	-	(74)	-	(478)	518
Work in progress Buildings	254	299	(25)	-	528	-	-	-	-	-	528
Work in progress Office Equipment	-	6	-	-	6	-	-	-	-	-	6
Work in progress Recreation & Cultural	76	17	(76)	-	17	-	-	-	-	-	17
Work in progress Subdivision	223	159	-	-	382	-	-	-	-	-	382
<b>At Valuation</b>											
Land	12,847	72	-	3,382	16,301	-	-	-	-	-	16,301
Buildings	17,107	131	-	720	17,958	(1,332)	-	(518)	1,850	-	17,958
<b>Total Operational Assets</b>	<b>40,067</b>	<b>2,331</b>	<b>(595)</b>	<b>4,102</b>	<b>45,905</b>	<b>(7,276)</b>	<b>-</b>	<b>(1,297)</b>	<b>2,271</b>	<b>(6,302)</b>	<b>39,603</b>
<b>Council Infrastructural Assets At Valuation</b>											
Water Reticulation	13,177	1,033	-	4,601	18,811	(1,067)	-	(570)	1,637	(1)	18,810
Sewerage Reticulation	16,238	8,246	-	(1,408)	23,076	(1,316)	-	(836)	1,992	(161)	22,915
Stormwater Reticulation	9,685	55	-	651	10,391	(701)	-	(352)	1,054	-	10,391
Roads - Formation	181,000	2	-	16,494	197,496	-	-	-	-	-	197,496
Roads - Pavement (Non depreciable)	21,508	12	-	7,368	28,888	-	-	-	-	-	28,888
Roads - Pavement (Depreciable)	64,309	1,561	-	256	66,126	(2,433)	-	(1,295)	3,728	-	66,126
Roads - Footpaths, Kerbs, Bridges, Culverts	30,857	1,146	-	1,955	33,957	(1,909)	-	(898)	2,806	(1)	33,956
Roads - Signs, Roadmarkings, Streetlights	1,806	604	(323)	315	2,402	(288)	-	(156)	444	-	2,402
Land under roads	18,752	-	-	-	18,752	-	-	-	-	-	18,752
Refuse - at cost	1,105	-	-	-	1,105	(255)	-	(19)	-	(274)	831
Work in progress - at cost	10,786	2,271	(7,933)	-	5,124	-	-	-	-	-	5,124
<b>Total Infrastructural Assets</b>	<b>369,224</b>	<b>14,930</b>	<b>(8,256)</b>	<b>30,231</b>	<b>406,129</b>	<b>(7,969)</b>	<b>-</b>	<b>(4,126)</b>	<b>11,660</b>	<b>(437)</b>	<b>405,692</b>
<b>Total Council Property, Plant and Equipment</b>	<b>409,291</b>	<b>17,261</b>	<b>(8,851)</b>	<b>34,333</b>	<b>452,034</b>	<b>(15,245)</b>	<b>-</b>	<b>(5,423)</b>	<b>13,931</b>	<b>(6,739)</b>	<b>445,295</b>



## 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	\$ '000s
<b>Council Operational Asset At Cost</b>												
Land	72	-	-	-	-	72	-	-	-	-	-	72
Buildings	200	-	-	-	-	200	(147)	-	(8)	-	(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
<b>At Valuation</b>												
Land	12,624	152	-	-	-	12,775	-	-	-	-	-	12,775
Buildings	16,978	129	-	-	-	17,107	(539)	(257)	(539)	-	(1,335)	15,772
<b>Total Operational Assets</b>	<b>39,059</b>	<b>1,336</b>	<b>(328)</b>	<b>-</b>	<b>-</b>	<b>40,068</b>	<b>(5,939)</b>	<b>(290)</b>	<b>(1,282)</b>	<b>236</b>	<b>(7,276)</b>	<b>32,791</b>
<b>Council Infrastructural Assets At Valuation</b>												
Water Reticulation	12,947	230	-	-	-	13,177	(529)	-	(538)	-	(1,067)	12,210
Sewerage Reticulation	15,705	533	-	-	-	16,238	(658)	-	(658)	-	(1,316)	14,922
Stormwater Reticulation	9,595	90	-	-	-	9,685	(350)	-	(351)	-	(701)	8,984
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	1,105	-	-	-	-	1,105	(236)	-	(19)	-	(255)	850
Work in progress - at cost	2,160	9,174	(548)	-	-	10,786	-	-	-	-	-	10,786
<b>Total Infrastructural Assets</b>	<b>357,316</b>	<b>12,455</b>	<b>(548)</b>	<b>-</b>	<b>-</b>	<b>369,224</b>	<b>(3,957)</b>	<b>(208)</b>	<b>(3,803)</b>	<b>-</b>	<b>(7,969)</b>	<b>361,255</b>
<b>Total Council Property, Plant and Equipment</b>	<b>396,376</b>	<b>13,792</b>	<b>(876)</b>	<b>-</b>	<b>-</b>	<b>409,291</b>	<b>(9,896)</b>	<b>(498)</b>	<b>(5,085)</b>	<b>236</b>	<b>(15,245)</b>	<b>394,046</b>

## 11. PROPERTY PLANT AND EQUIPMENT continued...

2019  
\$,000

2018  
\$,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	107
Trout statue on Medway Street Triangle	18	18
	<b>475</b>	<b>475</b>

### Impairment of Assets:

In 2018 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
	-	<b>500</b>

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 2019 were \$4,356,000 (2018: \$1,653,000).

### (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

2019  
\$'000

2018  
\$'000

Water	571	539
Wastewater	836	658
Stormwater	352	351
Roading	2,362	2,462
Parks, Reserves, Aquatic Facilities, Civic Buildings and Recreation	731	1,038
Other district assets including Solid Waste and Civil Defence	192	175
Community services - Arts & Heritage, Libraries, Promotions and Grants	170	169
Regulatory and Planning	47	46
Democracy and Administration	162	148
	<b>5,423</b>	<b>5,584</b>

### 13. TRADE AND OTHER PAYABLES

	2019 \$'000	2018 \$'000
Trade payables (i)	1,528	2,216
Other accrued charges	407	504
Rates in advance	305	256
Deposits and retentions	46	63
Accrued interest	93	96
	<b>2,379</b>	<b>3,136</b>
<i>Payables and deferred revenue under exchange transactions</i>		
Trade payables and accrued expenses	2,379	3,136
<i>Payables and deferred revenue under non-exchange transactions</i>		
Rates and grants received in advance	-	-

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

### 14. EMPLOYEE ENTITLEMENTS

	2019 \$'000	2018 \$'000
Accrued salary and wages	131	120
Annual leave	372	342
Long service leave	35	58
Retirement gratuities	33	39
	<b>571</b>	<b>559</b>

### 15. BORROWINGS

	2019 \$'000	2018 \$'000
<b>At amortised cost</b>		
Secured borrowings (i)	19,000	17,000
Unsecured borrowings	-	-
	<b>19,000</b>	<b>17,000</b>
<b>Disclosed in the financial statements as:</b>		
Current	9,000	6,000
Non-current	10,000	11,000
	<b>19,000</b>	<b>17,000</b>

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

The Council is a guarantor of the New Zealand Local Government Funding Agency Limited (NZLGFA). The NZLGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand. It has a current credit rating from both Standard and Poors and Fitch rating agencies of AA+.

NZLGFA shareholders consist of the New Zealand Government (20%) and 30 local authority shareholders (80%). The New Zealand Government shareholding is fully paid. The uncalled capital of local authority shareholders is \$20m and this is available in the event that an imminent default is identified. Also, together with the shareholders and guarantors, the Council is a guarantor of all of NZLGFA's borrowings. At 30 June 2019, NZLGFA had borrowings totalling \$9,531m (2018: \$8,272m).

Financial reporting standards require the Council to recognise the guarantee liability at fair value. However, the Council has been unable to determine a sufficiently reliable fair value for the guarantee, and therefore has not recognised a liability. The Council considers the risk of NZLGFA defaulting on repayment of interest or capital to be very low on the basis that:

- we are not aware of any local authority debt default events in New Zealand; and
- local government legislation would enable local authorities to levy a rate to recover sufficient funds to meet any debt obligations if further funds were required.

Interest is charged on a floating rate basis. At balance date the current weighted average effective interest rate on the bank borrowings is 4.04% (2018: 4.15%).

The Council has a credit card facility with Westpac with a credit limit of \$70,000 (2018: \$70,000).

## 16. PROVISIONS

	2019 \$,000	2018 \$,000
<b>Landfill aftercare provision (i)</b>		
Balance at beginning of year	88	91
Unwinding of discount and effect of changes in the discount rate	(3)	(3)
<b>Balance at end of year</b>	<b>85</b>	<b>88</b>

(i) Provision for landfill aftercare costs.

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

The cash outflows for landfill post-closure are expected to occur in between 2007 and 2033. The long-term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred. The provision has been estimated taking into account existing technology and using a discount rate of 4% (2018: 4%).

### Ouvea Premix removal provision (ii)

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

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

	2019 \$'000	2018 \$'000
Available-for-sale revaluation reserve	-	-
Asset revaluation reserve (a)	289,354	241,532
Restricted Reserves (b)	6,610	6,849
Council Created Reserves (c)	1,084	1,105
	<b>297,048</b>	<b>249,487</b>

## 17. RESERVES continued...

	2019 \$'000	2018 \$'000
<b>(a) Asset Revaluation Reserve</b>		
Balance at beginning of year	241,532	241,532
Revaluation increase / (decrease)		
Land	3,382	-
Buildings	2,570	-
Infrastructure	41,870	-
	<b>47,822</b>	<b>-</b>
<b>Balance at end of year</b>	<b>289,354</b>	<b>241,532</b>

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

	Water Reticulation	Wastewater and Stormwater Reticulation	Roads Bridges and Lighting	Land	Buildings	Total
<b>Balance at 30 June 2016</b>	<b>9,635</b>	<b>12,809</b>	<b>201,227</b>	<b>8,720</b>	<b>9,141</b>	<b>241,532</b>
Revaluation increase/ (decrease)	-	-	-	-	-	-
<b>Balance at 30 June 2017</b>	<b>9,635</b>	<b>12,809</b>	<b>201,227</b>	<b>8,720</b>	<b>9,141</b>	<b>241,532</b>
Revaluation increase/ (decrease)	-	-	-	-	-	-
<b>Balance at 30 June 2018</b>	<b>9,635</b>	<b>12,809</b>	<b>201,227</b>	<b>8,720</b>	<b>9,141</b>	<b>241,532</b>
Revaluation increase/ (decrease)	6,238	2,288	33,345	3,382	2,570	47,822
<b>Balance at 30 June 2019</b>	<b>15,873</b>	<b>15,096</b>	<b>234,572</b>	<b>12,102</b>	<b>11,711</b>	<b>289,354</b>

	2019 \$'000	2018 \$'000
<b>(b) Restricted Reserves</b>		
Balance at beginning of year	6,849	8,929
Transfer from/(to) Retained Earnings	(241)	(2,080)
<b>Balance at end of year</b>	<b>6,610</b>	<b>6,849</b>

Restricted reserves include:

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

## 17. RESERVES continued...

2019  
\$'000

2018  
\$'000

### (c) Council Created Reserves

Balance at beginning of year	1,105	990
Transfer from/(to) Retained Earnings	(21)	114
<b>Balance at end of year</b>	<b>1,084</b>	<b>1,105</b>

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

## 18. RETAINED EARNINGS

2019  
\$'000

2018  
\$'000

### Retained Earnings

Balance at beginning of year	133,106	125,687
Net (deficit)/ surplus for the year	31	5,454
Transfers from/(to) reserves: Restricted and Council Created Reserves	261	1,965
<b>Balance at end of year</b>	<b>133,398</b>	<b>133,106</b>

## 19. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Contingent Assets: Nil (2018: Nil).

Contingent Liabilities:

### Otama Rural Water Scheme

In May 2019 the Otama Rural Water Supply Bill received royal assent. The bill provides a process whereby the Otama Rural Water Supply scheme can be transferred to the users of the scheme, despite section 130 of the Local Government Act 2002, and provides for certain related matters if the scheme is transferred.

At 30 June 2019 the water scheme assets have a carrying value of \$3,643,000 (2018: 1,428,000) and the Council holds reserves of \$366,000 (2018: \$321,000) 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.

### Guarantees

The Council is a guarantor of the New Zealand Local Government Funding Agency Limited (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+. See note 15 for further details.

## 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:

	2019 \$'000	2018 \$'000
Southern Office Products Depot (owned by Councillor Nicky Davis) - purchase of stationery items	(51)	(30)
Paper Plus Gore (owned by Councillor Doug Grant) - purchase of stationery items	(16)	(24)

### (b) Other Transactions Involving Related Parties

Phoenix Aviation (Councillor Peter Grant is a Director) – Lease of Airport	8	9
Central Saleyard Limited (Councillor Peter Grant is a Director)	8	7
Tussock Ridge Contracting Limited (Councillor Peter Grant is a Director)	-	(6)
Equip GP Limited (His Worship is a Director)	(3)	(1)
Southern REAP (Councillor Glenys Dickson is a Board Chair)	2	2
Gore Health Limited (Councillors Glenys Dickson and Bret Highsted are Directors)	(3)	17
Gore River Valley Lions (Councillor Bronwyn Reid is a Member)	(2)	-

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: \$60,000

	2019 \$'000	2018 \$'000
Key management personnel compensation		
<i>Councillors</i>		
Remuneration	302	281
Full time equivalent members	12	12
<i>Senior Management Team, including the Chief Executive</i>		
Remuneration	958	925
Full time equivalent members	6	6
<b>Total key management personnel remuneration</b>	<b>1,260</b>	<b>1,206</b>
<b>Total full time equivalent personnel</b>	<b>18</b>	<b>18</b>

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:

	2019 \$'000	2018 \$'000
Cash and cash equivalents	2,885	5,079
	<b>2,885</b>	<b>5,079</b>

### (b) Borrowings – Facilities

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

Amount unused	600	600
	<b>600</b>	<b>600</b>

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

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

### (c) Reconciliation of Surplus for the Period

Deficit for the year	31	5,454
<i>Add/(less) non-cash items:</i>		
Depreciation	5,423	5,584
Gain on sale of property, plant and equipment	218	(58)
Net change in fair value of available for sale assets (shares)	(4)	1
Net change in fair value of derivative financial instruments	980	228
Net change in ouvea premix provision	-	55
Net change in the landfill provision	(3)	(3)
	<b>6,614</b>	<b>5,807</b>
Movement in working capital:		
Trade and other receivables	1,326	(1,217)
Inventories	(113)	(4)
Other current assets	(218)	(45)
Trade and other payables	(758)	650
Finance leases	(21)	(4)
Employee entitlements	12	(10)
Other revenue received in advance	14	14
Other	7	7
	<b>248</b>	<b>(610)</b>
<b>Net cash inflow from operating activities</b>	<b>6,893</b>	<b>10,651</b>



## 22. FINANCIAL INSTRUMENTS

### (a) Capital Risk Management

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

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

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

The Act requires the Council to make adequate and effective provision in its 10-Year-Plan (10YP), also known as 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 2018.

### (b) Significant Accounting Policies

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

### (c) Categories of Financial Instruments

#### Financial assets

	2019 \$'000	2018 \$'000
Cash and cash equivalents	2,885	5,079
Trade and other receivables - loans and receivables	1,657	2,983
Other financial assets - loans and receivables	3,969	1,922
Other financial assets - available for sale	87	83

## 22. FINANCIAL INSTRUMENTS continued...

	2019 \$'000	2018 \$'000
<b>Financial liabilities</b>		
Trade and other payables	2,378	3,136
Borrowings	19,000	17,000
Other financial liabilities - loans and payables	40	61
Other financial liabilities - fair value through surplus or deficit	1,962	982

### (d) Financial Risk Management Objectives

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

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

### (e) Market Risk

#### Interest Rate Risk

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

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

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

#### Interest Rate Swap Contracts

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

#### Currency Risk

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

#### Other Price Risks

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

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

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

Outstanding floating for fixed contracts	Average Contract Fixed Interest Rate		Notional Principal Amount		Fair Value	
	2019 %	2018 %	2019 \$,000	2018 \$,000	2019 \$,000	2018 \$,000
Less than 1 year	4.29%	-	2,000	-	(41)	-
1 to 2 years	-	4.29%	-	2,000	-	(74)
2 to 5 years	3.58%	3.41%	17,900	13,900	(1,921)	(908)
			<b>19,900</b>	<b>15,900</b>	<b>(1,962)</b>	<b>(982)</b>

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 Council is exposed to credit risk as a guarantor of all of LGFA's borrowings. Information about this exposure is explained in note 15.

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 Council is exposed to liquidity risk as a guarantor of all of LGFA's borrowings. This guarantee becomes callable in the event of the LGFA failing to pay its borrowings when they fall due. Information about this exposure is explained in note 15.

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.

2019	Weighted Average Effective Interest Rate %	Less than 1 year \$ 000	Fixed maturity dates including interest			
			1-2 years \$ 000	2-5 years \$ 000	Adjustment \$ 000	Total \$ 000
<b>Financial Liabilities</b>						
Bank Overdraft	-	-	-	-	-	-
Trade and other payables	-	2,378	-	-	-	2,378
Borrowings	4.04%	6,768	8,768	5,768	2,303	19,000

2018	Weighted Average Effective Interest Rate %	Less than 1 year \$ 000	Fixed maturity dates including interest			
			1-2 years \$ 000	2-5 years \$ 000	Adjustment \$ 000	Total \$ 000
<b>Financial Liabilities</b>						
Bank Overdraft	-	-	-	-	-	-
Trade and other payables	-	3,136	-	-	-	3,136
Borrowings	4.15%	6,706	6,706	5,706	(2,117)	17,001

### (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).

2019	Level 1 \$ 000	Level 2 \$ 000	Level 3 \$ 000	Total \$ 000
Financial assets at FVTPL Shares	-	-	87	87
Financial liabilities at FVTPL Interest rate swaps	-	(1,962)	-	(1,962)
	-	(1,962)	87	(1,875)

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)

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

	2019 \$'000	2018 \$'000
<b>Equity Securities</b>		
Balances at the beginning of the year	83	84
Gains/(losses) recognised in comprehensive revenue and expense	3	(1)
Shares applied for	-	-
Balance at the end of the year	86	83

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

#### (i) Sensitivity Analysis

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

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

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

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

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

- Surplus would decrease/increase by \$71,000 (2018: \$68,000). 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 \$9,000 (2018: \$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 2018/2019 budget, as reflected in the Annual Plan, are as follows:

### Statement of Comprehensive Revenue and Expense

- a) Subsidies and grants are lower than budget by \$861,000 due largely to the Pyramid Bridge project rolling over into the next financial year.
- b) Other revenue is higher than budget by \$782,000. This is mainly due to recoveries from Mataura Valley Milk for capital and operational enhancements towards the industrial wastewater treatment hub, along with Project ARK reimbursements received from the Southland Regional Heritage Committee. However, reducing this is the lack of Matai Ridge subdivision sales as the project permanently on hold.
- c) Other gains/ (losses) is lower than budget by \$1,194,000. This is due to the revaluation of the Council's interest rate swaps. The Council entered into additional swap agreements this year, but interest rates fell substantially during the financial year. Additionally, the disposal of the old sodium streetlights has contributed to the loss. The sodium streetlights were replaced with new LED lights.
- d) Employee benefits expense is higher than budget by \$497,000. The majority of this relates to Project ARK employees, which is recovered from the Southland Regional Heritage Committee, and the recruitment of an IT Manager.
- e) Finance costs are lower than budget by \$122,000 due to capital project delays. This links to lower than forecasted debt levels.
- f) Other expenses are higher than budget by \$318,000. The main contributors are the reimbursable Project ARK expenses, and asbestos assessments carried out on all council buildings.

### Statement of Financial Position

- a) Current assets are higher than budget by \$1,817,000. This is primarily due to other financial assets being higher than budget due to the Council borrowing for projects in advance of their completion. Inventories have also increased mainly due to the additional inventories held for the industrial wastewater treatment hub.
- b) Property, plant and equipment are higher than budget by \$8,624,000. The three-yearly asset revaluation resulted in higher values than expected for some property, plant and equipment.
- c) Non-Current Liabilities are lower than budget by \$3,556,000. This primarily due to the Council carrying less debt due to delays to capital projects

### Statement of Cash Flows

- a) Cash flow from operating activities is lower than budget by \$414,000. This is mainly due to lower than expected NZTA subsidies as the Pyramid Bridge project rolled over into 2019/2020.
- b) Cash flow from investing activities is lower than budget by \$2,796,000. The major contributor is the reduced spending on the purchase of property, plant and equipment due to delays in capital projects. This is offset by an increase in other financial assets as the funds borrowed in advance have been placed on term deposit until required.
- c) Cash flow from financing activities is lower than budget by \$4,414,000 due to lower than budgeted borrowings because of the delay in capital projects.

# OTHER LEGISLATIVE DISCLOSURES

## Additional information concerning core assets

	Closing Book Value 30 June 2019 \$'000	Additions constructed by Council \$'000	Additions transferred to Council \$'000	Estimated replacement cost \$'000
<b>Water supply</b>				
Treatment plants and facilities	2,632	868	-	6,297
<b>Water supply</b>				
Other assets (such as reticulation systems)	16,178	166	-	46,187
<b>Wastewater</b>				
Treatment plants and facilities	10,758	8,143	-	15,234
<b>Wastewater</b>				
Other assets (such as reticulation systems)	12,157	103	-	40,536
<b>Stormwater drainage</b>	10,391	55	-	32,515
<b>Roads &amp; Footpaths</b>	347,607	3,325	-	413,694

## Rating base information

	2019	2018
Total Capital Value	3,524,844,050	3,513,015,050
Total Land Value	2,112,791,750	2,114,676,750
Number of Rating Units	6,019	5,989

## 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 \$107,459,642 and a book value of \$52,117,000. 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 \$54,835,958 and a book value of \$34,299,000. 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 \$3,224,863 and a book value of \$2,428,000. The Council insures these assets through Vero Insurance New Zealand Limited.

## FUNDING IMPACT STATEMENT - COUNCIL WIDE

	2019 Actual '000s	2019 10YP '000s	2018 Actual '000s	2018 Annual Plan '000s	2018 10YP '000s
<b>SOURCES OF OPERATING FUNDING</b>					
General rates, uniform annual general charge, rates penalties	5,631	5,332	4,985	4,917	4,892
Targeted rates	11,299	11,272	10,703	10,732	10,789
Subsidies and grants for operating purposes	1,500	1,359	1,589	1,278	1,478
Fees and charges	4,497	3,360	9,862	2,959	2,914
Local authorities fuel tax, fines, infringement fees, and other receipts	249	912	261	196	209
Interest and dividends from investments	137	100	200	98	95
<b>Total operating funding (A)</b>	<b>23,313</b>	<b>22,335</b>	<b>27,599</b>	<b>20,180</b>	<b>20,377</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>					
Payments to staff and suppliers	17,221	16,383	16,400	14,775	14,697
Finance costs	711	833	678	901	1,211
Other operating funding applications	618	640	735	601	636
<b>Total applications of operating funding (B)</b>	<b>18,550</b>	<b>17,856</b>	<b>17,814</b>	<b>16,278</b>	<b>16,544</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>4,763</b>	<b>4,479</b>	<b>9,785</b>	<b>3,902</b>	<b>3,833</b>
<b>SOURCES OF CAPITAL FUNDING</b>					
Subsidies and grants for capital expenditure	1,877	2,879	1,420	1,629	2,066
Development and financial contributions	7	-	4	-	-
Increase (decrease) in debt	2,000	6,446	-	3,512	3,494
Gross proceeds from sale of assets	(218)	-	58	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>3,666</b>	<b>9,325</b>	<b>1,481</b>	<b>5,141</b>	<b>5,560</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>					
Capital expenditure to meet additional demand	330	1,969	594	553	53
Capital expenditure to replace existing assets	4,492	6,630	3,342	5,009	6,057
Capital expenditure to improve the level of service	4,246	5,317	9,232	3,451	3,076
Increase (decrease) in reserves	(639)	(111)	(1,901)	30	207
Increase (decrease) in investments	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>8,429</b>	<b>13,804</b>	<b>11,267</b>	<b>9,043</b>	<b>9,394</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(4,763)</b>	<b>(4,479)</b>	<b>(9,785)</b>	<b>(3,902)</b>	<b>(3,833)</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



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

	Actual 2019 \$'000	10YP 2019 \$'000	Actual 2018 \$'000
<b>INCOME</b>			
Total operating income per Statement of Financial Performance	24,003	25,214	28,853
<i>Less</i>			
NZTA Subsidy received for capital expenditure	(1,877)	(2,879)	(1,420)
Net change in fair value of financial assets carried at fair value through surplus or deficit (Interest rate swaps)	980	-	228
Net change in fair value of available for sale assets carried at fair value through surplus or deficit (Shares)	(4)	-	1
Assets vested in Council	-	-	-
Gross proceeds from sale of assets	218	-	(58)
Development and financial contributions	(7)	-	(4)
	<b>(691)</b>	<b>(2,879)</b>	<b>(1,253)</b>
<b>Total operating income per Council Wide Funding Impact Statement</b>	<b>23,313</b>	<b>22,335</b>	<b>27,599</b>
<b>EXPENDITURE</b>			
Total operating expenditure per Statement of Financial Performance	23,973	23,298	23,398
<i>Less</i>			
Depreciation	(5,423)	(5,442)	(5,584)
Decrease in investments	-	-	-
	<b>(5,423)</b>	<b>(5,442)</b>	<b>(5,584)</b>
<b>Total operating expenditure per Council Wide Funding Impact Statement</b>	<b>18,550</b>	<b>17,856</b>	<b>17,814</b>

# 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 2018 – 2028 10-Year-Plan.

## Performance

There were no material variations or departures from the Council's Borrowing Policy during the year to 30 June 2019.

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 2019	Limit
Net Debt as a percentage of total revenue	49%	< 175%
Net interest as a percentage of total revenue	2.30%	< 20%
Net interest as a percentage of rates	3.39%	< 25%

# 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 10-Year-Plan.

Full details of this policy can be found in the 2018-2028 10-Year-Plan.

## Performance

There were no material variations or departures from the Council's Investment Policy during the year to 30 June 2019.

# SCHEDULE OF SPECIAL RESERVE FUND MOVEMENTS

		30 June 2018 \$,000	Additions \$,000	Withdrawals \$,000	30 June 2019 \$,000
<b>(a) Special bequests</b>					
A M A Dolamore	Maintenance and improvement of Dolamore Park	63	2	-	65
C A Coster	Provision or extension of amenities in Mataura area	287	10	(200)	97
Dolamore Trust	Purchase of Library Books	4		-	5
Dorothy Newman Trust	Maintenance and improvement of Gore Parks and Reserves	17	1	-	18
J H Dolamore	Maintenance and improvement of Gore Parks and Reserves	38	1	-	39
<b>(a) Special bequests Total</b>		<b>410</b>	<b>14</b>	<b>(200)</b>	<b>224</b>
<b>(b) Council created reserves</b>					
Airport reserve	Funding future operations	6	-	-	6
Council wide asset replacement and maintenance reserves	Funding long term maintenance and replacement of Council assets	6,321	2,550	(2,520)	6,350
Creative New Zealand	Funding of cultural activities	2	-	-	2
Drainage contributions reserve	Funding additional connections to drainage network	62	-	-	62
Insurance excess reserve	Funding for self insurance of below ground assets	51	-	-	51
Mataura Initiatives Reserve	Funding future initiatives in Mataura	11	-	-	11
Otama Water Scheme	Funding capital works on Otama Water Scheme	321	45	-	366
Parks and Reserves development reserve	Funding future development requirements	101	-	-	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	481	16	-	497
Rural Roading 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>(b) Council created reserves Total</b>		<b>7,544</b>	<b>2,612</b>	<b>(2,687)</b>	<b>7,469</b>
<b>Grand Total</b>		<b>7,954</b>	<b>2,626</b>	<b>(2,887)</b>	<b>7,693</b>