



ANNUAL REPORT 2022/23

FOR THE YEAR ENDING 30 JUNE 2023

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GORE DISTRICT COUNCIL DIRECTORY

Mayor

Benjamin Bell

Councillors

Glenys Dickson

John Gardyne

Neville Phillips

Bronwyn Reid

Richard McPhail

Stewart MacDonell

Paul McPhail

Keith Hovell

Joe Stringer

Robert McKenzie

Bret Highsted (resigned 3 April 2023)

Andy Fraser (elected 13 July 2023)

The Mayor and Councillors were elected for a three-year term from October 2022.

Chief Executive: Stephen Parry

Bankers: Westpac Limited,
Mersey Street, Gore

Auditors: Mike Hoshek of Deloitte Limited on behalf of the Auditor General

Solicitors: Bannerman Cruickshank Pryde
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 2023 fairly reflect the financial position and operations of the Gore District Council.



Keith Hovell
ACTING MAYOR

2 November 2023

Date



Stephen Parry
CHIEF EXECUTIVE

2 November 2023

Date

MAYORAL AND EXECUTIVE FOREWORD

We are pleased to provide a brief commentary on some of the more notable achievements and issues arising during the 2022/23 financial year.

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.

Financial Performance

Our financial statements record a deficit of \$2.433m as opposed to a budgeted deficit of \$763,000. The principal driver for the deficit was an unexpected spike in depreciation of \$1.3m. The year under review has been very challenging in a financial sense due to high inflation, rising interest rates, an increase in debt to fund essential capital works, and a very tight employment market, which has necessitated personnel expenses being increased to meet the market.

Both revenue and expenditure were significantly higher than budgeted levels. A significant factor in increased revenue was three significant grants received from the Government totalling \$1.55m. In addition, the vesting of the Hokonui Moonshine Museum building to the Council for the value of \$1.1m needed to be recognised in the income statements for the year.

On the expenditure side, apart from depreciation of \$1.3m, the Council also incurred higher road maintenance expenditure (\$1m), personnel costs (\$817,000), increased interest expenditure (\$673,000), and increased costs with resource consent processing (substantially offset by an increase in income) and the District Plan review. Both of these regulatory items contributed to an additional \$732,000 in expenditure than what was foreshadowed.

Total borrowings at year-end were \$50m. This is very much in line with the forecast of \$50.3m.

Three Waters Capital Projects

The Council has had an intensive focus on completing essential capital works in recent years. In the past 12 months, a number of critical projects have either been completed or significantly advanced to address longstanding issues.

- Replacing a major wastewater main between the intersection of Wigan and Hyde streets and Eccles

and Ardwick streets. This was a high priority due to the pipeline's poor condition and the fact it passes through private property, the rail corridor, a state highway and the Eccles Street playground.

- Finishing installing a new stormwater system and wastewater main in Elizabeth, Joseph and St Andrews streets. Previously, there was a combined wastewater and stormwater main and the area was prone to surface flooding during intense rainfall.
- Completing a robust renewals plan for the Gore and Mataura reticulated networks. This saw 31km of condition data, which covers approximately 28% of our networks, analysed and developed into a renewal strategy.
- Desludging Pond One at the Gore oxidation ponds. The sludge was pumped into Geobags in a containment bund built west of the ponds. The Geobags allow the sludge to dewater over the next two to three years, with the liquid being pumped into Pond Two. We expect to remove about 2500 tonnes of sludge.
- Installation of a new membrane plant at the East Gore Water Treatment Plant. The new membrane plant means that once fully commissioned, the water supply of Gore will be fully compliant with the New Zealand Drinking Water Standards. Total completion awaits the installation of a pipeline under the bed of the Mataura River, which was the community's preferred option.
- Upgrading the Mataura Water Treatment Plant so it is also fully compliant with the New Zealand Drinking Water Standards. At the time of writing, this project was almost completed.

New Library and Community Rooms

In March 2023, the new James Cumming Community Centre and Library was opened. This project was the culmination of an idea spawned in the 2020 lockdown

in response to the Government's Shovel Ready funding programme. The project attracted a grant of \$3m from the Shovel Ready Fund, together with \$958,000 from Mataura Valley Milk Limited as a financial contribution arising from its development at McNab. The \$7.7m project was completed within budget during a time of high construction cost inflation.

The combined effect of the upgraded Civic Administration Building, along with the library and community room complex, provides a civic precinct that will serve the community well for decades to come.

Worksafe Prosecution

Since 2019, the Council has faced charges brought by Worksafe in connection with the alleged drowning of a toddler in the Gore oxidation ponds. The circumstances behind the death surrounding the toddler have generated an extraordinary amount of publicity and posed serious questions about the adequacy of the investigation that took place.

All the while, the Council was facing a serious charge under the Health And Safety At Work Act 2015. The charge brought by Worksafe attracted a maximum fine of \$1.5m. Due to deep-seated concerns about the adequacy of the investigations and serious questions about how the toddler got to be in pond two, where he was found deceased, the Council maintained a stance of pleading not guilty to the charge. Just prior to the scheduled defended hearing, Worksafe indicated it was prepared to lower the charge to one of failing in a duty in respect of the fencing around the oxidation ponds. This lower charge has a maximum fine of \$500,000. The Council, therefore, changed its plea to guilty. The court opted not to impose any fine.

Whilst this is a great result for ratepayers from a financial perspective, the sense of unease about whether all relevant facts of this tragic event have been exposed still remain. At the time of writing, a coronial inquest into the death of young Lachlan Jones was scheduled to occur early in the new year.

New Second Tier Management Structure

At the start of the year under review, the Council installed a new management structure that provided more support for the senior operational leadership. The new structure was centered around a dedicated General Manager for People and Culture, along with a General Manager for Critical Services, covering emerging trends such as climate change and emergency management, together with the more traditional activities of Three Waters, roading, and waste minimisation. The structure, whilst an additional cost, has had a profound positive effect on the culture of the Council organisation, as borne out of staff surveys.

Local Government Sector Reform

The last year or so has highlighted the dire need for reform in the local government sector. Funding, in particular, is proving problematic, with ratepayers unable to absorb and sustain the sharp cost increases being incurred in the interests of improving national infrastructure.

The previous Government's controversial Three Waters reforms appear to be on the brink of cancellation, with the new National-led Government promising to repeal the reform and leave the assets with local communities to administer. However, this does not cure the problem of crucial funding deficits, which cannot be met in total by local ratepayers.

Put simply, the existing means of funding local government infrastructure and services is not fit for purpose. This situation is exacerbated when central Government-inspired regulations force communities into significant capital works.

Once these issues are overlayed with a Council structure set up in a frenzy almost 35 years ago, then the need for reform becomes compelling and urgent. As councils like Gore District start to bump up against debt ceiling

limits, some very difficult choices will have to be made, including key projects being advanced.

The previous Government has been considering a report on the future of local government delivered by an independent panel. While it is difficult to envisage the new Government enthusiastically embracing a report commissioned by its predecessor, many Councils in New Zealand do not have the luxury of time to wait for the funding cavalry to arrive.

As a consequence, energetic advocacy in this area is envisaged over the coming year.



Keith Hovell
Acting Mayor



Stephen Parry
Chief Executive



Your elected members (from left) Crs Andy Fraser, Joe Stringer, Glenys Dickson, John Gardyne, Richard McPhail, Deputy Mayor Cr Keith Hovell, Cr Paul McPhail, Mayor Ben Bell, Crs Stewart McDonnell, Bronwyn Reid, Neville Phillips and Robert McKenzie.

AUDIT REPORT



TO THE READERS OF GORE DISTRICT COUNCIL'S ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2023

The Auditor-General is the auditor of Gore District Council (the District Council). The Auditor-General has appointed me, Mike Hoshek, using the staff and resources of Deloitte Limited, to report on the information in the Gore 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.

Our audit was completed late

Our audit was completed on 02 November 2023. This is the date at which our opinion is expressed. We acknowledge that our audit was completed later than required by the Local Government Act 2002. This was due to the auditor shortage in New Zealand.

Opinion on the audited information

In our opinion:

- the financial statements on pages 69 to 109:
 - present fairly, in all material respects:
 - the District Council's financial position as at 30 June 2023;
 - 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 Reporting Standards;
- the funding impact statement on page 72, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's Annual Plan;
- the Statement of Service Performance on pages 28 to 68:
 - presents fairly, in all material respects, the District Council's levels of service for each group of activities for the year ended 30 June 2023, 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 33 to 68, 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 33 to 68, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's 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 13 to 20, 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.

Emphasis of Matter – Uncertainty over the water service reform programme

Without modifying our opinion, we draw attention to note 28 on page 102, which outlines developments in the Government's water services reform programme.

The Water Services Entities Act 2022, as amended by the Water Services Entities Amendment Act 2023 on 23 August 2023 and the Water Services Legislation Act 2023 on 31 August 2023, establishes ten publicly owned water services entities to carry out responsibilities for the delivery of three waters services and related assets and liabilities currently controlled by local authorities. Water services entities' establishment dates are staggered, with all the water services entities becoming operational between 1 July 2024 and 1 July 2026. The financial impact of the water services reform on the Council [as outlined in note 28 on page 102] remains uncertain until the relevant water services entity's establishment date is known, and the allocation schedule of assets, liabilities, and other matters to be transferred is approved.

Basis for our 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 Provision, 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 13 to 20, but does not include the audited information and the disclosure requirements, and our auditor's report there on.

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 area of Debenture Trust Deed Reporting, which are compatible with those independence requirements. Other than these engagements, we have no relationship with or interests in the District Council.



Mike Hoshek

Deloitte Limited

On behalf of the Auditor-General

Christchurch, New Zealand

ANNUAL REPORT DISCLOSURE STATEMENT FOR YEAR ENDING 30 JUNE 2023

What is the purpose of this statement?

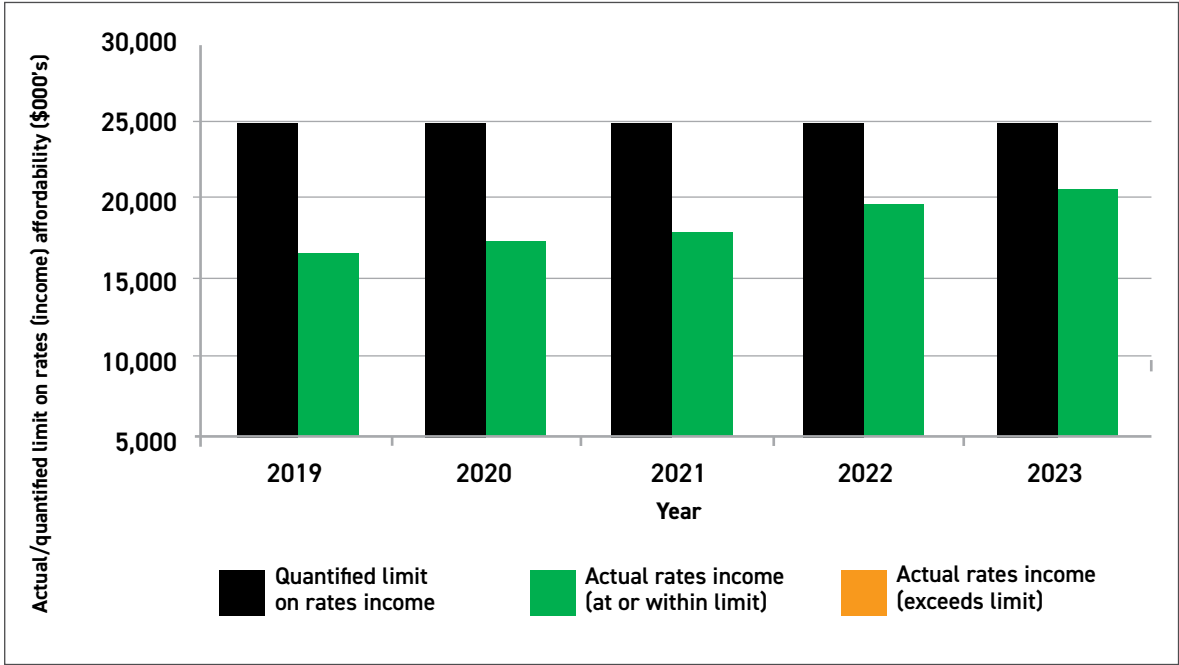
The purpose of this statement is to disclose the Council’s financial performance in relation to various benchmarks to enable the assessment of whether the Council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings. The Council is required to include this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

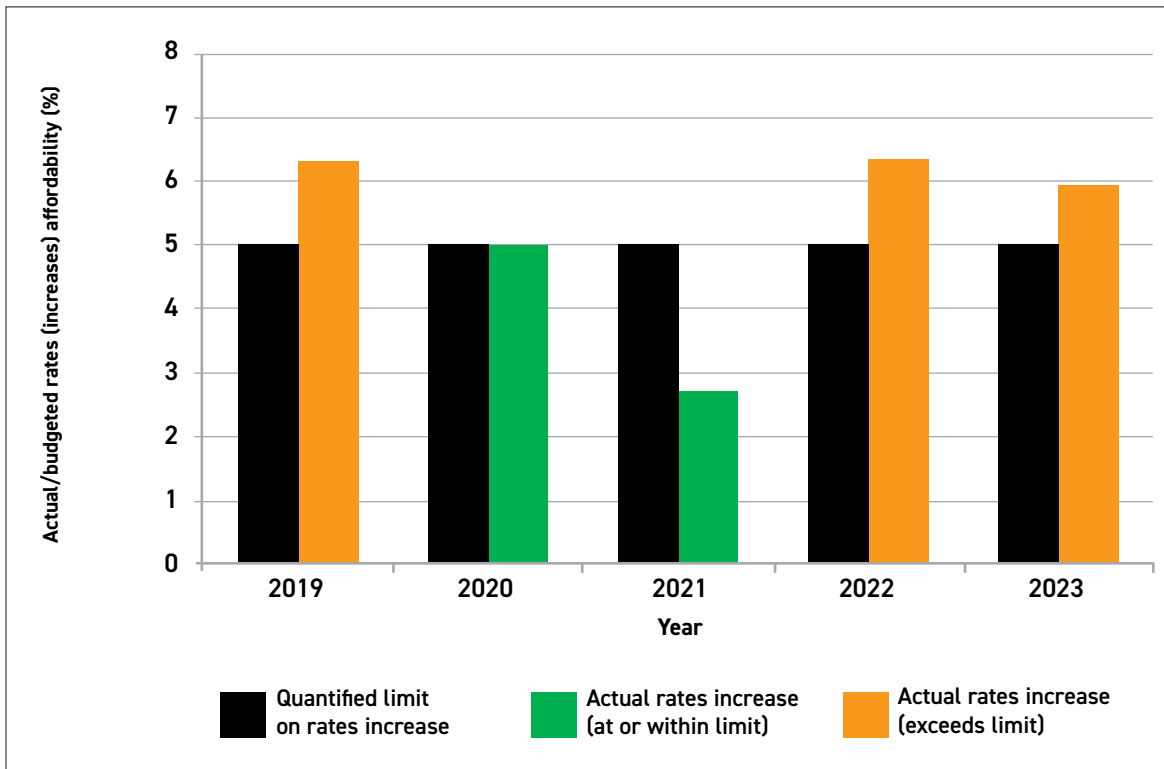


Comment

The Council set a limit of \$25 million for this benchmark as part of the 2018-2028 and 2021 - 2031 10-Year-Plans. The Council met this benchmark in the 2023 year. There were no years where the Council exceeded the limit.

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 Council's self-imposed quantified limit is 5%.



Comment

In the 2022/23 year the Council set an average rates increase of 5.94%. The Council did not achieve the self-imposed benchmark of 5%. The 10-Year-Plan had forecasted a rates increase of 4.95% for the 2022/23 financial year. At the time that the 10-Year-Plan was adopted, in June/July 2021, inflation and the cost of borrowing was low and the economists were not predicting that to change significantly. Twelve months on from adopting the 10-Year-Plan, inflation was recorded at 6.9% reaching a 30-year high. This placed cost pressures on the Council which meant that a sub-5% increase was unrealistic.

The 6.42% rates increase in the 2021/2022 (year one of the 2021-31 10-Year-Plan) was a result of deferred expenditure from 2020/2021 that could not continue to be deferred. The increase in capital projects and resulting increase in borrowing and finance costs also contributed to the increase.

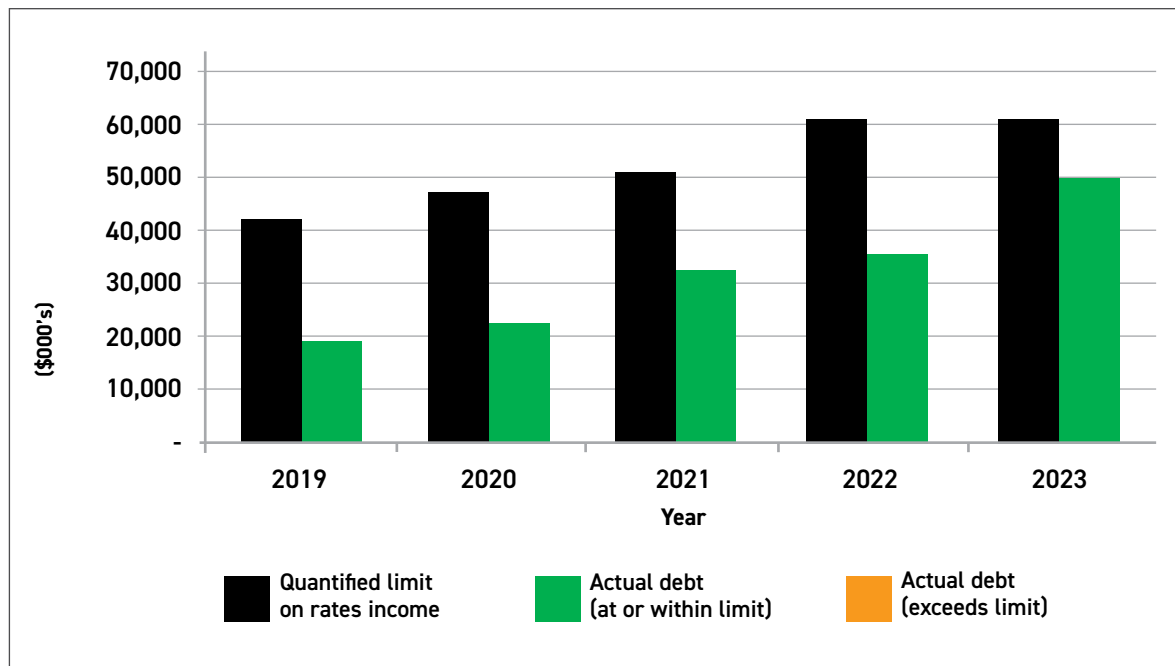
In 2021 the Council achieved this benchmark as the Council planned for a 2.84% increase in the 2020/2021 Annual Plan. This was significantly lower than the 4.53% that was forecasted in the 2018-2028 10-Year-Plan. The reason for this variance was that Council made a concerted effort to reduce the rates in the 2020/2021 year because of the impact of COVID-19 on the community.

In 2019 the Council did not achieve this benchmark as the Council planned for a 6.5% increase. 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.



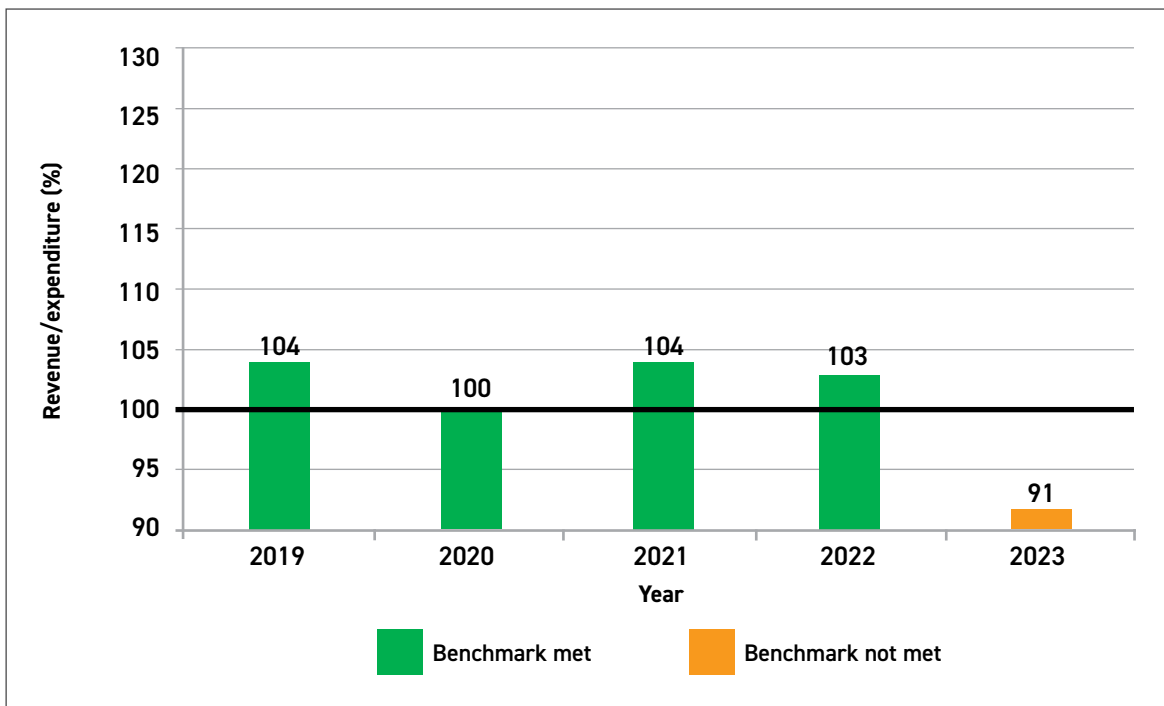
Comment

The Council has met this measure in all five years, and debt continues to remain 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

On 22 June 2022, the Council in line with section 100(a2) of the Local Government Act 2002, resolved to adopt an unbalanced budget for the 2022/23 financial year. This was considered to be financially prudent given that:

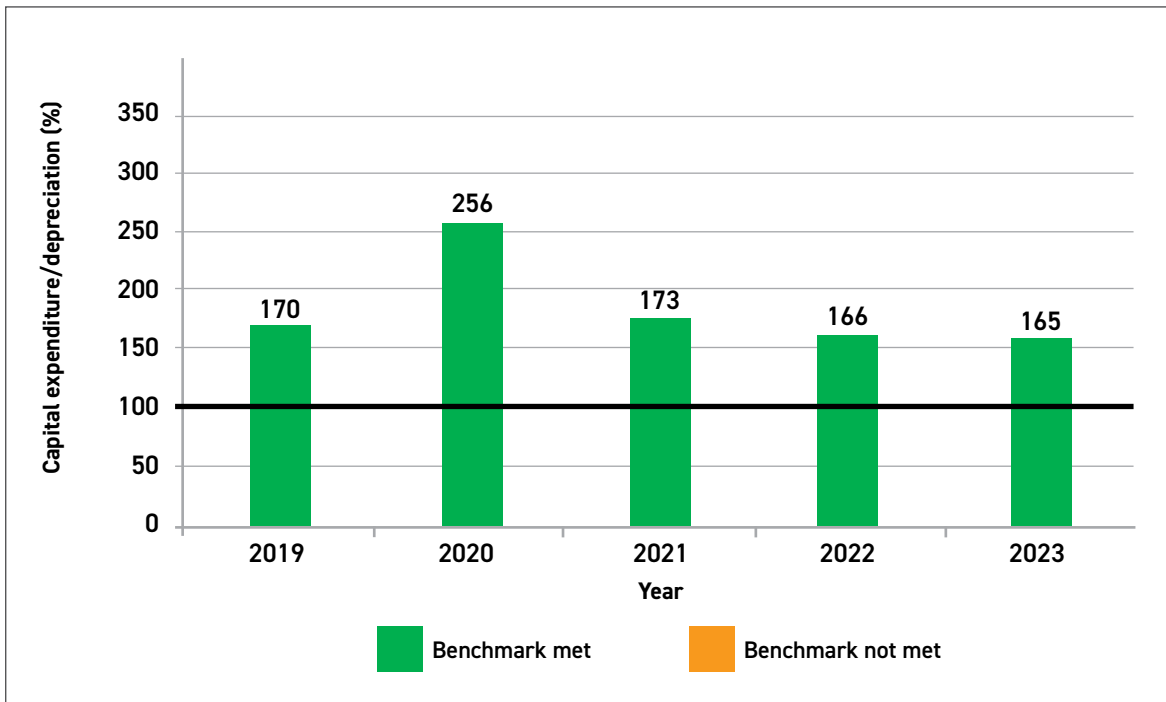
- it would not affect the Council's ability to achieve the predicted levels of service, service capacity or the integrity of the assets
- the Council would have sufficient income to meet its cash expenses
- to balance the budget the average rates increase would be in the vicinity of 9.4%, which given the economic environment at the time would place financial pressure on the ratepayer
- there was nothing in any of the Council's financial policies that precluded it from adopting an unbalanced budget.

The outcome of this decision means that the Council has not met this benchmark for the 2022/23 year.

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.



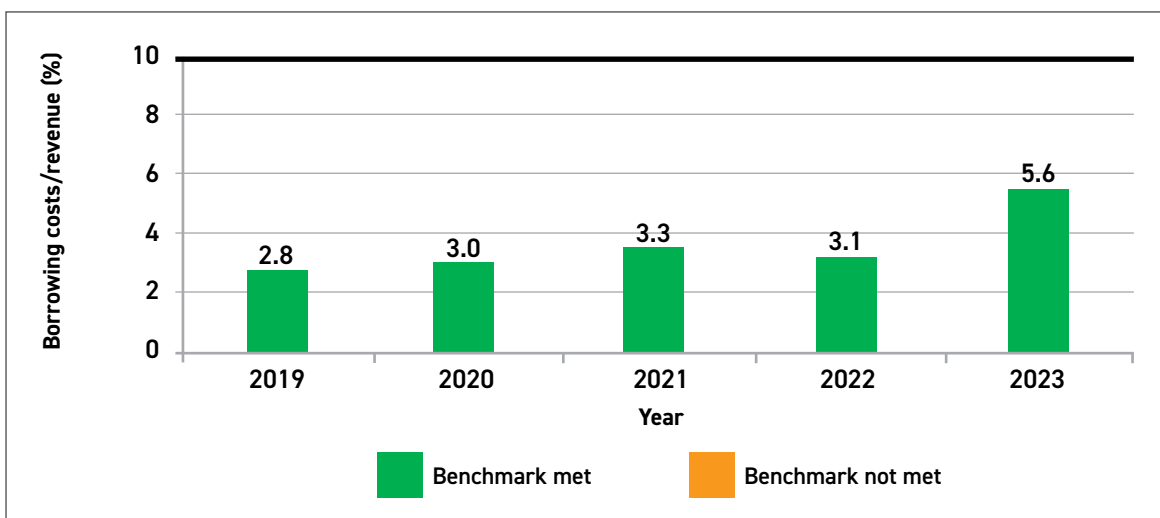
Comment

The Council has met this benchmark. The 2021-2031 10-Year-Plan outlines a significant capital programme, focused heavily on 3 Waters infrastructure. In 2022/23, there were a number of key projects that are in progress, including the stormwater and wastewater separation project, the desludging of the oxidation ponds and the water treatment plant upgrades, in both Gore and Mataura.

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).

Given Statistics New Zealand projects the Gore District'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.



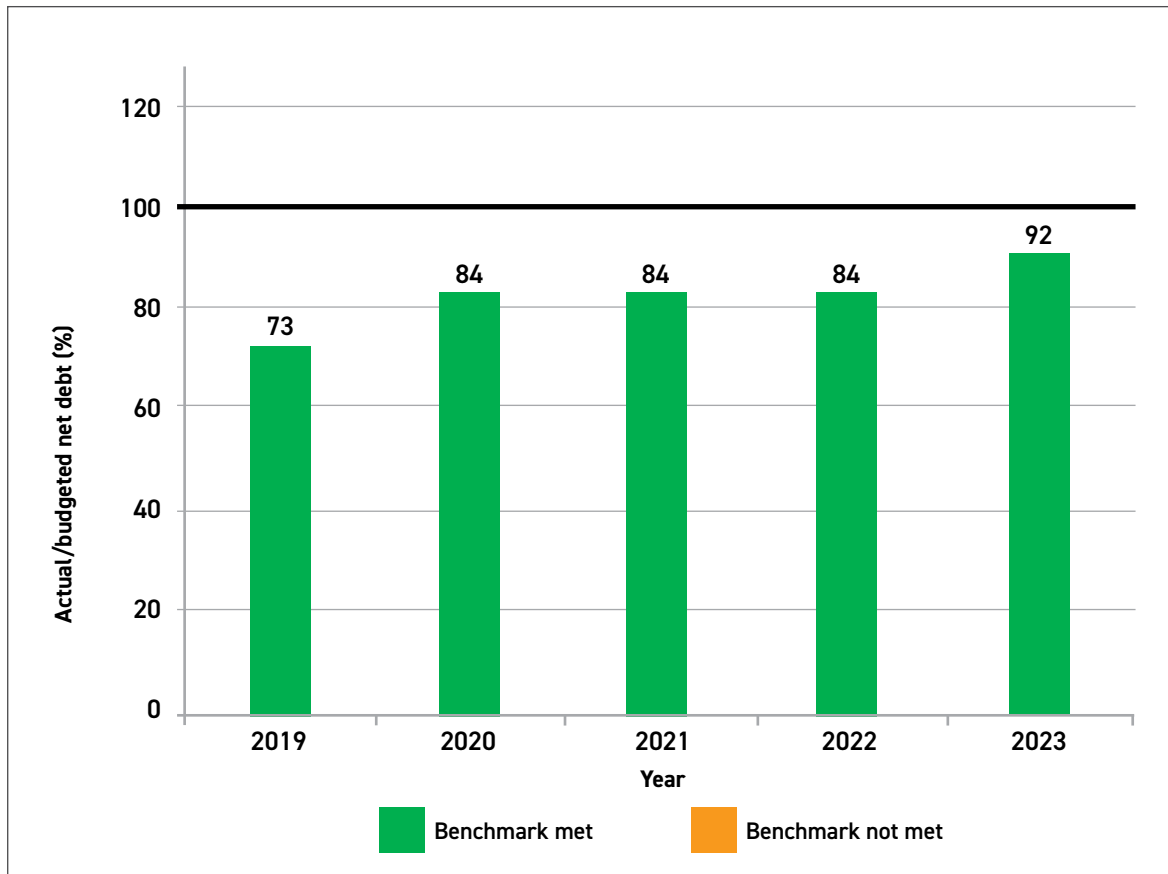
Comment

The Council met this benchmark for the 2022/23 financial year. The Council's debt servicing (interest cost) has increased on prior year due to two factors, market interest rates have increased significantly from below 3% to above 6%. The other factor is that the Council's borrowing increased due to the large number of infrastructure projects underway and is in line with the borrowing forecasted in the Annual Plan.

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.



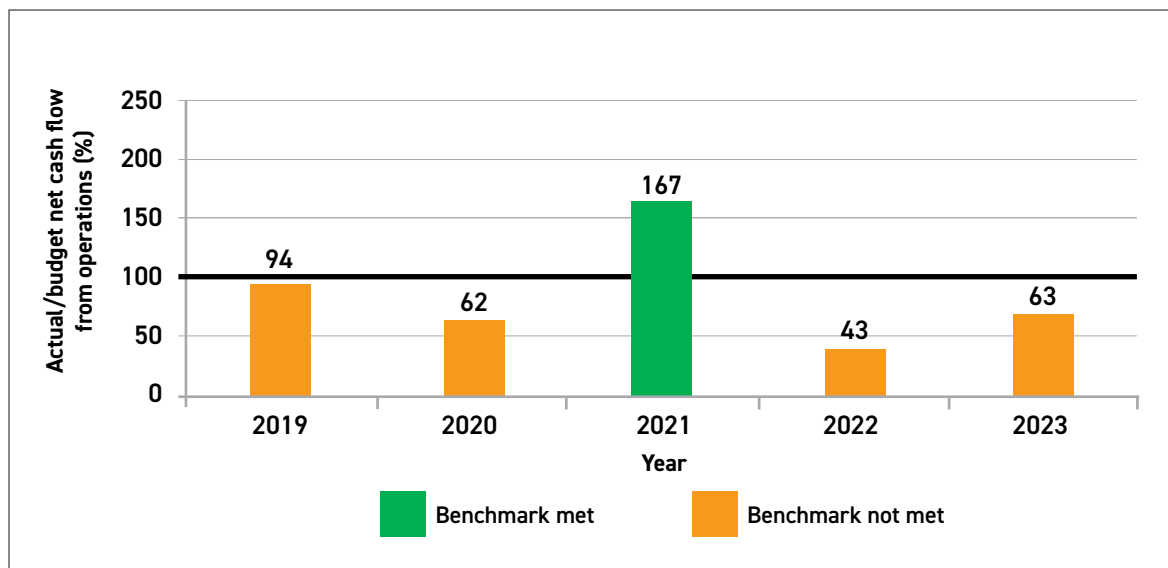
Comment

The Council met this benchmark in 2022/23. Projects are progressing at a rate that is close to budgeted expectations.

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

The Council has not met this benchmark for 2022/23. The contributing factors include the Council's decision to approve a number of unbudgeted items including the appointment of a King's Counsel to advise on legal matters, additional governance training, working capital for the Hokonui Moonshine Museum Charitable Trust. The other are the Council's cashflow has been impacted is around the timing of expenditure versus income for a number of projects. This means that the Council has had to provide the cash outflow ahead of the cash being received/inflow coming in. The key projects that this impacts on are Matai Ridge subdivision, Maruawai Centre redevelopment and the James Cumming Community Centre and Library.

In the 2021/22 year the difference can be explained by the timing of grants income from central government being received in 2020/21, however a significant proportion of the expenditure relating to these grants occurred in the 2021/22 financial year. This has caused the cash flow in 2021 to appear favourable and 2022 unfavourable. These specific grants included:

- 3Waters stimulus funding
- Shovel Ready funding for the Library and Community Rooms redevelopment
- Shovel Ready funding for the re-roof and building management system upgrade at the Multisports Centre.

The main reason for the 2020 benchmark not being met was due to lower than expected income received from the aquatic centre, MLT events centre, parking and solid waste. The lower income was attributable to facilities and activities being closed or having reduced levels of service through the various COVID-19 alert levels.

The benchmark was not met in 2019 due to a lack of sales revenue from the Matai Ridge subdivision, which was placed on permanent hold during the year.

COLLABORATION ACROSS COUNCILS - SHARED SERVICES

The Council participates in relevant shared service arrangements via the Southland Triennial Agreement and a Memorandum of Understanding with the other local authorities locally and nationally. There are a variety of other collaborative arrangements in place with local councils and mana whenua.

The following are examples of some of those collaborations.

Building Control

Four southern territorial authorities including Southland District Council, Invercargill City Council, Gore District Council and Clutha District Council, continue to work closely together on building control matters under the Southern Shared Services Group, in terms of both information sharing and staff exchanges to support each other at busy times.

Eleven building control authorities (BCAs), Southland District Council, Invercargill City Council, Gore District Council, Clutha District Council, Dunedin City Council, Central Otago District Council, Mackenzie District Council, Queenstown Lakes District Council, Timaru District Council, Waimate District Council and Waitaki District Council, meet regularly both as a BCA managers' group and a quality assurance leaders' group under the Southern Building Controls Group. They have developed a collaborative environment for consistency in processes as well as shared regulation forms and continuous improvement ideas.

The networking and engagement of these collaboration groups helps to standardise the consent processing methodology and quality assurance processes, improving the communities' experiences when working with a variety of councils in the South Island.

Emergency Management

Emergency Management Southland (EMS) is a shared service between Invercargill City Council, Southland District Council, Environment Southland and Gore District Council. It focuses on ensuring resilience in communities by preparing for emergencies and ensuring communities 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.

During the 2022/23 year, the EMS team members were deployed on six occasions to assist with Auckland's

flooding event and Cyclone Gabrielle, providing Auckland, Kaikohe and Hawkes Bay with much needed assistance and invaluable experience for attending staff. Emergency Management Southland duty officers have been contacted after hours for several other minor events throughout the year, an earthquake and possible resulting Tsunami from the Kermadec and Loyalty Island groups, and several weather warnings.

EMS has concentrated on providing increased training for the Council staff that would be called into the Emergency Coordination Centre to assist when in a declared state emergency. There has been induction, foundation, CIMs course and the new function specific training. 178 staff have attended these training sessions. Towards the end of the year EMS held Exercise Star, this was a combined exercise with emergency service and 50+ council staff, testing the knowledge gained throughout the training during the past year.

The AF8 programme is a combined South Island emergency management initiative that is run and administered by EMS. The programme completed the AF8 roadshow, which communicates the next Alpine Fault earthquake as a South Island wide event. It is not simply something that will happen over there, to others. It is an event we should all be aware of, and be better prepared for. The Roadshow as a public education initiative is due to a real collaborative effort, where science provides the foundation for robust community-led discussions and informed decision-making, supported by local emergency management and communication experts. The 2023 itinerary was expanded to 24 public science talks and 13 school visits around the South Island. This tour ran for 9 weeks and visited communities that had missed out in the previous AF8 Roadshows, including two Marae (Wairewa and Waikawa), with some repeat visits to West Coast communities.

Emergency Management Southland was successful in securing \$200,000 funding from the NEMA resilience

fund for the continued running of the AF8 programme, this will assist to ensure future development of the programme.

Regional Climate Change Inter-Agency Group

Following a Regional Climate Change Hui 4 July 2022; Environment Southland, Te Ao Mārama, Gore District Council, Invercargill City Council and Southland District Council have established a regional climate change inter-agency working group (RCCWG). This governance-level group has been meeting regularly since February 2023. The purpose of this working group is to effectively and collaboratively progress and communicate a joined-up approach to developing and executing a regional climate change strategy and framework for action for Murihiku Southland. This is as a key step towards Murihiku Southland mitigating and adapting to the regional impacts of climate change.

While this working group is not a formal joint committee and does not have formal delegations; it is expected that as the work progresses, it is intended to feed into the regionally coordinated approach to spatial planning for the region.

Information Technology

The IT Shared Services Operations Sub-Committee has undertaken activity during the past 12 months to align the operations of member councils and provide a more collaborative platform moving forward.

Collaboration and communication between all participating councils remains strong, with each member freely sharing their council's technology journey, upcoming projects and opportunities to align services. The councils continue to support each other with information on emerging trends, risks, and resolutions to new issues.

Shared Services initiatives during the past year included:

- Significant progress was made on the Provincial Growth Fund Regional LiDAR Project. As of 30 June 2023, the total area captured by the contractor, Aerial Services Limited, for Murihiku Southland was 97%. The remaining 3% will be completed in early summer 2023. Once captured, the data is processed offshore and returned to Environment Southland for quality assurance checking. The first sets of high-resolution LiDAR data for the Oban area of Rakiura Stewart Island, Matura catchment and South-East Coast have been released publicly. They can be accessed via the LINZ website

Southland LiDAR Index Tiles (2020-2022) | LINZ Data Service. The rest of Murihiku Southland will be released as it becomes available. Council is developing publicly available tools to utilise these datasets, e.g., 3D elevation models and contour mapping. They will be available as they are completed on Council websites.

- Along with the LiDAR project, we have re flown the region for imagery, 75% of the rural area was captured in the 2022/23 summer, and the remaining 25% will be captured in the 23/24 summer. 100% of the urban areas were flown. Invercargill City Council completed a high-resolution project in 2022; this data is now available on council websites. The remaining updated imagery will be publicly available via LINZ and council websites as it becomes available; it is expected that this will be by October 2023.

Te Rōpu Taiao

The Southland councils have a long-standing and highly valued relationship with Ngāi Tahu ki Murihiku through the four Southland papatipu rūnanga, Te Ao Mārama Inc (the entity representing Southland rūnanga for resource management and local government matters) and Te Rūnanga o Ngāi Tahu (the iwi authority).

The councils continued to fund and support Te Ao Mārama Inc during the 2022/23 year. The four papatipu rūnanga and the participant councils also continued to meet through Te Rōpu Taiao hui, which allow for exchange of information and identification of opportunities to work together.

SouthLib Library Consortium

In 2009, all eight councils in Otago and Southland (Central Otago District Council, Clutha District Council, Dunedin City Council, Gore District Council, Invercargill City Council, Southland District Council, Queenstown Lakes District Council and Waitaki District Council) signed a historic memorandum of understanding to collaborate in the delivery of public library services across the two regions.

The SouthLib consortium provides free reciprocal membership of any public library in the Otago and Southland regions to permanent residents living anywhere in the regions. This means that the more than 356,000 people living in Otago and Southland have free access to 42 public library branches, three book buses and a collection of more than 1.5 million items.

All libraries in the consortium are now completely fine-free or moving towards it. Public Libraries of New Zealand (PLNZ) launched a campaign last year to help

all public libraries remove late fees. Fine Free Aotearoa is a step-by-step guide to help library managers, council members, and communities build a better and brighter future through engagement with their local library. Public libraries are a valuable part of our social infrastructure, a place to be connected, to learn, to access trusted information, and a platform to ensure our communities get the best out of life. Going fine-free opens doors for everyone, not just those who can afford it.

A range of opportunities and collaborations between the districts have taken place and these include integrated holiday and reading programmes, requests and holds able to be placed across boundaries. Authors visits are co-ordinated to minimise costs/travel and accommodation. Attendance at library programmes and events throughout the Southland and Otago region has seen 106,000 attendees.

E-resource collections across the consortium are growing steadily and 650,000 e-items were issued to users across the region.

The National Library, Aotearoa Public Network Kaharoa (APNK) in collaboration with New Zealand continues to provide free and facilitated access to the internet and computer technology with 52,795 wi-fi sessions by Southland users being accessed during the year.

We continue to subscribe to the shared library management and resources discovery service of the Kōtui consortium. As part of the Kōtui consortium, library managers and staff benefit from access to reliable future-proofed systems, and the ability to easily build resource-sharing networks with other Kōtui public libraries for their physical resources. Other benefits of Kōtui membership include training opportunities, seven-day service desk support from a specialist team, and an active and supportive membership community.

The public using Kōtui libraries benefit from resource discovery tools at their fingertips, making it easy to find what they want in their library’s physical and electronic collections. Library users can search these resources in the library, at home or on their smartphone devices, making the service convenient and adaptable to the wide variety of needs of the community.

Regional Development

During the previous financial year, Great South (the Southland Regional Development Agency) was successful in gaining Just Transition funding to undertake long-term planning including a review of the Southland Regional Development Strategy.

Following 18 months of stakeholder and community engagement, the **Beyond 2025 Southland Regional Long Term Plan** was launched in June 2023 and shares aspirations for the region’s future economy, environment and people and how these aspirations could be achieved. Further information can be sourced from www.beyond2025southland.nz.

Regional Planning

The Second Tier Environmental Group and Regional Planning and Strategy Managers Group (comprising staff from Environment Southland, Invercargill City Council, Southland District Council, Gore District Council, Te Ao Mārama Inc. and Great South) continued to work together to respond to legislative change.

A coordinated approach to regional spatial planning in the region commenced during the 2022/23 year. We are jointly working together to determine the current state of existing information and also starting the scoping of a future work programme to fill any information or resource gaps.

FUTURE CHALLENGES

Resource Management, Three Waters and Local Government Reform	Adapting to impacts of climate change and ensuring a resilient community	The proposed closure of Tiwai Aluminium Smelter	Freshwater and estuary health and implementation of Te Mana o te Wai
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¹ Great South is a Council-Controlled Organisation, with a broad range of shareholders helping to drive regional growth.

INVOLVING MĀORI IN OUR DECISION MAKING

Māori & Gore District Council

The Local Government Act provides principles and requirements for local authorities that are intended to facilitate participation by Māori in local authority decision-making processes. This is to recognise and respect the Crown's responsibility to take appropriate account of the principles of the Treaty of Waitangi and to maintain and improve opportunities for Māori to contribute to local government decision-making processes.

These principles and requirements are outlined as follows:

- Local authority decision-making – where, in the course of the decision-making process, a significant decision relates to land or a body of water, the Council will take into account the relationship of Māori and their culture and traditions with their ancestral land, water, sites, wāhi tapu, valued flora and fauna, and other taonga.
 - Contributions to and involvement in decision-making processes – the Council will provide opportunities for Māori to contribute to and be involved in the decision-making processes of the council and will also consider ways to foster the development of Māori capacity. This includes tangata whenua appointments to hearing panels, and appointments on to Standing Committees.
 - Consultation with Māori – the Council has in place processes for consulting with Māori which are in accordance with the principles of consultation as set out in section 82 of the Local Government Act.
 - Supporting implementation, use and understanding of Te Tangi a Tauira – The Cry of the People Ngāi Tahu ki Murihiku Resource and Environmental Management Plan 2008.
 - Supporting projects initiated by Māori that involve direct management of the region's natural resources.
- Development of Māori capacity to contribute to the decision-making processes of the local authority. These opportunities include:
 - Provision of information to all Māori to underpin processes that assist effective contribution to the decision-making processes of the Council;
 - The Council, where practicable, will continue to make available resources such as maps and GIS services;
 - Building capacity to enable contribution of all Māori to the decision-making processes of the Council. Related to this process is the need for the Council to gain a clear understanding of expectations through hui and ongoing relationships with all Māori to agree and commit to practicable steps to building capacity. This includes shared capacity support for an Iwi Policy Officer position;
 - Support for the development of Independent Hearing Commissioners within tangata whenua;
 - Ongoing consideration on a case-by case basis for the provision of support to assist all Māori with resourcing, opportunities for training and engagement and promotion of matters that are of mutual benefit;
 - Ongoing promotion and education of staff and governors to develop skills in Māoritanga, Tikanga Māori and Te Reo Māori and gain an appreciation of the needs and expectations of all Māori in relation to the Local Government Act and the Resource Management Act;
 - Effective and efficient consultation to improve existing relationships, processes and protocols related to local government and resource management issues.

Tangata whenua & Gore District Council's Relationship

For the past year, Hokonui Rūnanga has worked in close partnership with the Gore District Plan Subcommittee to methodically work through a range of policy issues in preparation for notification of a review of the Gore District Plan. A good level of collaboration and respect has been evident in the sterling work performed by the subcommittee, with the Mana whenua chapter of the proposed District Plan being written by Hokonui Rūnanga representatives.

Hokonui Rūnanga was also closely involved in Māori art works and interpretive panels that were installed in the new Gore library.

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 via its standing Committees, which meet quarterly, and via two bulletins, which managers contribute to. 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 2021 - 2031 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 water services as vital to maintaining the community's health and well-being.

The Council owns and manages two water schemes (Gore and Mataura) with an estimated optimised replacement value of \$61.5 million. Reticulated water supply services are provided to approximately 5,007 properties for domestic and industrial use with firefighting capabilities in the townships of Gore and Mataura. It is estimated that 77% 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 raw water is treated prior to distribution throughout the networks. The water treatment 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 for dwellings at higher levels.

The Council's asset network includes:

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

Historically the Council also owned and operated the Otama Rural Water Supply which services approximately 193 rural properties. Ownership and responsibility of this scheme was however transferred to the Otama Rural Water Limited on 1 July 2022.

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 Local Government Act 2002 determines infrastructure services, including water supply, to be a core service provided by local authorities. This legislation provides guidance on the way the Council manages and reports on the service.

Section 23 of the Health Act 1956 also dictates that every local authority must "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:

- Maintain steady growth of our District's population
- Sustain the wide range of economic, recreational and social opportunities that contribute to Rural City Living
- Ensure rates affordability and user pays for Council services
- Build stronger relationships with Iwi.

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

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

Key challenges that the Gore District Council must take steps to address concerning the water supply activity over the next ten years are as follows:

- Upgrading of water treatment plants to ensure they met the requirements of the Drinking Water Standards for New Zealand
- Adequate monitoring to demonstrate compliance requirements of the newly created water regulator Taumata Arowai
- Development of robust water renewal plans and replacement of critical trunk mains before they reach the end of their useful lives to maintain service delivery
- Optimising the use of the Council's existing raw water supplies through the reduction in leakage rates
- Developing a strategy to ensure the Council water supply is resilient against the potential impacts of climate change
- Improvements in the accuracy of its asset data ensuring long-term sustainable decisions can be made for the activity.

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 adverse effects of water abstraction from ecosystems, the Council is required to operate within the water take permit in accordance with the requirements of the Resource Management Act and local Iwi is consulted during resource consenting processes.

Key points from the 2022/2023 year and the year ahead

Over the past few years, the Government has been working with Councils on the future of 3 Waters service delivery across the country. This work has shown the 3 Waters Service delivery model, as it currently stands, will not be able to sustainably meet the future legislative requirements and customer expectations in the medium to long term and substantial change is required. As a result of this work in late 2021, the Government mandated reform of the 3 Waters Service delivery. The Government originally proposed that on 1 July 2024, the delivery of 3 Waters Services would be transferred from the 67 local authorities to four specifically established entities. Under this proposal the delivery of 3 Waters Services for the Gore District would have been provided by "Entity D" which encompassed the entire South Island except for the Marlborough and Tasman areas. However, in April and May of 2023, the Government decided to revamp the structure of the entities, increasing

the number of entities from 4 to 10. Under the current proposal the Gore District's 3 Waters services will be provided by Entity J which encompasses the Otago/Southland regions. Additionally, the proposed transfer date has been pushed back to no later than 1 July 2026. This has meant that the Council are now required to include the delivery of 3 Waters services in the first two years of our LTP.

In 2021 following the enactment of the Water Services Act 2021, Taumata Arowai, the new water services regulator for Aotearoa New Zealand was established. Since Taumata Arowai's establishment it has developed new drinking water standards and rules for water suppliers. These new standards came into effect on 14 November 2022. Additionally, the Water Services Act 2021, required the Council to submit a Drinking Water Safety Plan and Source Water Risk Management Plan to Taumata Arowai by 14 November 2022. The Council staff have now updated Water Safety Plans and developed Source Water Risk Management Plans for its reticulated water supplies. These have been submitted to Hinekō rako for Taumata Arowai to review. However, the water safety plans will require updating again once the planned treatment plant upgrades have been completed.

Construction of a new membrane treatment plant at the East Gore Water Treatment Plant site has now been completed. As a result of this, approximately 65% of the Gore Water Supply is now being treated in accordance with the New Zealand Drinking Water Standards. Unfortunately, in March 2022, the Environment Court upheld an appeal against the Council's resource consent to construct a bridge that would support two pipelines across the Mataura River. Until a new connection is installed across the Mataura River, the remaining approximately 35% of the Gore Water Supply will not meet the requirements of the New Zealand Drinking Water Standards. After completing community engagement and considering the advantages and disadvantages of continuing to investigate a dual purpose bridge, the Council resolved in May 2023 to focus on getting the pipeline across the river by drilling underneath it. The Council staff are currently undertaking investigation and design work required for this with the aim of installing a pipe across the Mataura River in the 2024/25 financial year.

The delays with installing a pipeline across the Mataura River has also meant the planned replacement of the Hilbre Avenue Reservoir has been delayed. Preliminary design work for the reservoir replacement has now been completed. This work identified the need to demolish the existing Hilbre Avenue Water Tower. The demolition of the tower and replacement of the reservoir is now expected to be completed in 2026.

This year the Council started construction on the upgrade of the Mataura Water Treatment Plant, this work includes the installation of a UV unit and filter upgrades to help with taste and odour during Summer when we take water from the Mataura River. This work is expected to be completed in late 2023.

STATEMENT OF SERVICE PERFORMANCE - WATER

Council Outcome	Customer Levels of Service	Performance Measures	Target/Result 2022	Target 2023	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) – 1 July – 14 November 2022	100%	100%	East Gore – Compliant	
		Gore	100%	100%	Hilbre Ave WTP – Compliant	
		Mataura WTP	0% Achieved	100%	Mataura – Compliant	
		Compliance with the bacterial criteria of the DWGAR – 15 November 2022-30 June 2023	Not applicable for the 2021/22 year	100%	East Gore – Compliant	
		Gore – East Gore		100%	Hilbre Ave WTP – Not Compliant	
		Mataura		100%	Mataura – Not Compliant	
		Compliance with the protozoa criteria of the NZDWS: (NFPM 1b) – 1 July 2022-14 November 2022	100%		Note – Two of the Council's treatment plants do not meet protozoa compliance. As a result of this, upgrades are planned to achieve compliance by the following dates.	
		Gore – East Gore	0% Achieved	100%	East Gore – Compliant	
		Gore – Hilbre	0% Achieved	0%	Hilbre Ave WTP – Not Compliant. Proposed upgrades are currently delayed due to the project to get pipelines across the Mataura River being delayed. At this stage, the estimated completion date is 2025 but this is subject to change.	
		Mataura	0% Achieved	0%	Mataura WTP – Not Compliant. Upgrade expected to be completed by October 2023	
						Note – Two of the Council's treatment plants do not meet protozoa compliance. As a result of this, upgrades are planned to achieve compliance by the following dates.
					100%	East Gore – Compliant
		Compliance with the protozoa criteria of the DWGAR – 15 November 2022-30 June 2023	Not applicable for the 2021/22 year		Note – Two of the Council's treatment plants do not meet protozoa compliance. As a result of this, upgrades are planned to achieve compliance by the following dates.	
		Gore – East Gore			East Gore – Compliant	
		Gore – Hilbre			Hilbre Ave WTP – Not Compliant. Proposed upgrades are currently delayed due to the project to get pipelines across the Mataura River being delayed. At this stage, the estimated completion date is 2025 but this is subject to change.	
		Mataura			Mataura WTP – Not Compliant. Upgrade expected to be completed by October 2023.	

STATEMENT OF SERVICE PERFORMANCE - WATER continued

Council Outcome	Customer Levels of Service	Performance Measures	Target/Result 2021	Target 2022	Results
	Network bacteria criteria	Gore zone Mataura zone	Achieved Achieved	100% 100%	Gore zone - Compliant Mataura zone - Compliant
		Water quality complaints received (per 1,000 connections) (NFPM 4)	<8 7.8 Achieved	<8	4 complaints per 1000 connections (11 total) – Target achieved
	Reliable service and effective response to queries	Real water losses from the reticulation network (NFPM 2)	46% Not Achieved	<40%	35.3% – Target achieved. Based on 2022-2023 National Environmental Performance Measures calculation of Current Annual Real Loss (CARL)
		Response to an urgent customer request (Urban, no water) (NFPM 3a)	<60 min 15 min Achieved	<60min	22 mins – Target achieved
		Resolution of an urgent customer request. (Urban, no water) (NFPM 3b)	<8 working hours 0.9 hours Achieved	<8 working hours	1.2 hours – Target achieved
		Response to a non-urgent customer request (NFPM 3c)	<5 days <1 day Achieved	<5 days	0.1 day – Target achieved
		Resolution of a non-urgent customer request (NFPM 3d)	<14 days <1 day Achieved	<14 days	0.7 day – Target achieved
		Average consumption of drinking water (NFPM 5)	<450L/p/day 489 L/p/day Not Achieved	<450L/p/day	452.1 L/p/day – Target not achieved

GORE DISTRICT COUNCIL

FUNDING IMPACT STATEMENT - WATER

For the Financial Year Ended 30 June 2023

SOURCES OF OPERATING FUNDING	LTP 2021-22 \$'000	LTP 2022-23 \$'000	Actual 2022-23 \$'000
General Rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates	2,498	2,814	2,062
Subsidies and grants for operating purposes	-	-	-
Fees and charges	119	123	253
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	14
Total Operating Funding	2,617	2,937	2,329
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	907	955	1,291
Finance costs	445	519	423
Internal charges and overheads	712	721	541
Other operating funding applications	-	-	-
Total applications of operating funding	2,064	2,195	2,255
Surplus (deficit) of operating funding	553	742	74
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	3,514	3,419	2,847
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	3,514	3,419	2,847
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	2,537	2,285	2,605
- to replace existing assets	1,890	2,131	454
Increase/(decrease) in reserves	(360)	(255)	(138)
Increase/(decrease) of investments	-	-	-
Total applications of capital funding	4,067	4,161	2,921
Surplus / (deficit) of capital funding	(553)	(742)	(74)
Funding balance	-	-	-

WASTEWATER

Activities

The Council owns and manages wastewater assets with an optimised replacement value of \$125.3 million. Wastewater services are provided for about 5,066 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 before being discharged to the environment. The disposal of wastewater is closely monitored and controlled by discharge consents that the Council holds with Environment Southland.

The Council's asset network includes:

- 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 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 Council manages and reports on the service.

Section 23 of the Health Act 1956 also dictates that every local authority must "improve, promote, and protect public health within its district".

This requirement 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 environmental protection; and
- to support economic growth.

The Council's objectives for the community under this 10-Year-Plan:

- Maintain steady growth of our District's population
- Sustain the wide range of economic, recreational and social opportunities that contribute to Rural City Living
- Ensure rates affordability and user pays for Council services
- Build stronger relationships with Iwi.

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

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

Outcome 6: We value and respect our environment.

Key challenges that the Gore District Council must take steps to address in relation to the wastewater activity over the next ten years are as follows:

- Reduction in inflow and infiltration into the wastewater network to minimise overflows and optimise the performance of its treatment plants
- Desludging the oxidation pond
- Upgrading of the Council's wastewater treatment plant to ensure they meet legislative requirements and the communities' expectations
- Developing a robust renewal plan and replacement of critical trunk mains that are at the end of their useful lives
- Improvements in the accuracy of its asset data ensuring long term sustainable decisions can be made for the activity.

Significant negative effects

The Council acknowledges its wastewater activity may have some adverse impacts. However, these impacts must be considered against a scenario where wastewater in urban environments is not managed through a reticulated wastewater system. It is generally accepted that the public and environmental good that is provided by a reticulated network in an urban environment, and in particular the public health benefits, outweigh the adverse impacts. In saying this, where practicable, the Council is committed to minimising any adverse impacts its wastewater system may have.

To mitigate the potentially adverse effects of discharging treated wastewater into the Maitava 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 adverse effects on the socio-economic 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 2022/2023 year and the year ahead

Over the past few years, the Government has been working with Councils on the future of 3 Waters service delivery across the country. This work has shown the 3 Waters Service delivery model, as it currently stands, will not be able to sustainably meet the future legislative requirements and customer expectations in the medium to long term and substantial change is required. As a result of this work in late 2021, the Government mandated reform of the 3 Waters Service delivery. The Government originally proposed that on 1 July 2024, the delivery of 3 Waters Services would be transferred from the 67 local authorities to four specifically established entities. Under this proposal, the delivery of 3 Waters Services for the Gore District would have been provided by "Entity D" which encompassed the entire South Island except for the Marlborough and Tasman areas.

However, in April and May of 2023, the Government decided to revamp the structure of the entities, increasing the number of entities from four to ten. Under the current proposal, the Gore District 3 Waters services will be provided by Entity J which encompasses the Otago/Southland regions. Additionally, the proposed transfer date has been pushed back to no later than 2026. This has meant that the Council are now required to include the delivery of 3 Waters services in the first two years of our LTP.

In January 2021, the Council submitted a consent application to renew its wastewater discharge consents for the Gore and Maitava wastewater treatment plants. As part of the Council's application, it was proposed to invest between \$48 and \$63 million over the next

30 years replacing the Gore Oxidation Pond treatment system with a Biological Nutrient Removal Plant and expanding the existing wetland system at the Maitava Wastewater Treatment Plant. Through the development of the Council's consent application, attempts to ensure consultation with the Hokonui Rūnanga were made. However, for a variety of reasons this consultation process was not able to be as robust as both parties would have liked. Due to this, in June 2021 a technical working group, including members for the Hokonui Rūnanga was established to investigate land disposal options. Environment Southland has agreed to put the processing of the Council's consent application on hold until the outcome of the consultation with Hokonui Rūnanga is known. The technical working group initially identified a long list of potential upgrade options for both treatment plants. After undertaking a feasibility assessment of these options, a shortlist of potentially suitable options has now been identified. Over the next 6 months, detailed investigation work will be completed to identify a preferred option, following which a revised consent application will be submitted to Environment Southland.

The replacement of 290 m of the DN1000 major trunk wastewater main between the intersection of Wigan and Hyde streets, and Eccles and Ardwick streets has recently been completed. This pipeline was deemed to be a high priority to be replaced due to its very poor condition and the fact that it passes through private property, the Rail Corridor, the State Highway and the Ardwick Street playground.

Additionally, the replacement of approximately 850 m of wastewater main along Elizabeth, Joseph and St Andrews streets which began in May 2022 is now complete. Previously this wastewater main was a combined wastewater and stormwater main, however as part of this project a new stormwater system, allowing the removal of stormwater from the wastewater network has also been installed. By October 2023, sufficient private property separation work is expected to be completed to allow the new stormwater system to be commissioned, with the remaining private property separation works expected to be completed by March 2024.

The Council is currently desludging Pond One of the Gore Wastewater Treatment Plan. The sludge is being pumped into Geobags located in a containment bund that has been built on the land to the west of the ponds. The Geobags will allow the sludge to dewater over the next two – three years, with the liquid being pumped into Pond Two. The project, which will see approximately 2500 tonnes of sludge removed from Pond One, is expected to be completed by October 2023.

In 2022, a project to develop a robust renewals plan for the Gore and Maitava reticulated network was completed. As part of this project, 31 km of condition data which covers approximately 28% of the Councils networks, was analysed and developed into a renewal strategy. This information will now be used as a cornerstone for future iterations of the Council's (or the proposed new three waters entity) wastewater asset management plans.

STATEMENT OF SERVICE PERFORMANCE - WASTEWATER

Council Outcome	Customer Levels of Service	Performance Measures	Target/Result 2022	Target 2023	Results
We have a quality infrastructure with growth potential.	Reliable service: effective response to queries	The number of dry weather overflows from Council's sewerage system, (per 1,000 connections) (NFPM 1)	1 1.3 Not Achieved	1	0 dry weather overflows per 1000 connections – Target achieved
		Response to a customer request. (Blockage or fault) (NFPM 3a) (Median Value Used)	Urgent <120 mins Urgent 35.5 mins Achieved General 2.32 hours Achieved	Urgent <120 mins General <8 hours	37 min – Target achieved 0.5 Hours – Target achieved
We value and respect our environment	Wastewater systems are effective and comply with environmental standards Our waterways and environment are protected from the adverse impacts of providing the wastewater service	Resolution of a customer request. (Blockage or fault) (NFPM 3b) (Median Value Used)	Urgent <8 hrs Urgent 2.4 hours Achieved General <1 day Achieved	Urgent <8 hrs General <5 days	2.5 hour – Target Achieved <1 day – Target Achieved
		Wastewater complaints received (per 1,000 connections) (NFPM 4)	<10 4.3 Achieved	<10 complaints	4 complaints per 1000 connections (24 total) – Target Achieved
		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)	0 0 – Achieved 0 – Achieved 0 – Achieved 0 – Achieved	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

GORE DISTRICT COUNCIL

FUNDING IMPACT STATEMENT - WASTEWATER

For the Financial Year Ended 30 June 2023

SOURCES OF OPERATING FUNDING	LTP 2021-22 \$'000	LTP 2022-23 \$'000	Actual 2022-23 \$'000
General Rates, Uniform annual general charges, rates penalties	-	-	-
Targeted rates	1,287	1,348	1,217
Subsidies and grants for operating purposes	-	-	-
Fees and charges	540	559	936
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	5
Total Operating Funding	1,827	1,907	2,158
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	484	520	994
Finance costs	-	-	327
Internal charges and overheads	443	449	337
Other operating funding applications	-	-	-
Total applications of operating funding	927	969	1,658
Surplus (deficit) of operating funding	900	938	500
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	-	-	2,822
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	-	-	2,822
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	4
- to replace existing assets	2,008	834	3,040
Increase/(decrease) in reserves	(1,108)	104	278
Increase/(decrease) of investments	-	-	-
Total applications of capital funding	900	938	3,322
Surplus / (deficit) of capital funding	(900)	(938)	(500)
Funding balance	-	-	-

STORMWATER

Activities

The Council owns and manages stormwater assets with an optimised replacement value of 42.4 million. The Council provides Stormwater services to about 5,113 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 discharged into the environment either by gravity or pumping. The quality of discharge is monitored and controlled by discharge consents that Council holds with Environment Southland.

The Council's asset network includes:

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

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. This legislation provides guidance on the way that Council manages and reports on the service.

Section 23 of the Health Act 1956 also dictates that every local authority must "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 environmental protection
- to support economic growth.

The Council's objectives for the community under this 10-Year-Plan:

- Maintain steady growth of our District's population
- Sustain the wide range of economic, recreational and social opportunities that contribute to Rural City Living
- Ensure rates affordability and user pays for Council services
- Build stronger relationships with Iwi.

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.

Key challenges that the Gore District Council must take steps to address concerning the stormwater activity over the next ten years are as follows:

- Replacement/upgrading of the existing combined stormwater and wastewater system to achieve separation
- Identification and resolution of historical wastewater cross-connections in the stormwater network
- Identification and management of secondary overflows paths
- Improvements in the accuracy of its asset data ensuring long-term sustainable decisions can be made for the activity.

Significant negative effects

The Council acknowledges its stormwater activity may have some adverse impacts. However, these impacts must be considered against a scenario where stormwater in urban environments is not managed through a reticulated system. It is generally accepted that the public and environmental good that is provided by a reticulated network in an urban environment, and in particular, the public health benefits outweigh the adverse impacts. In saying this, where practicable, the Council is committed to minimising any adverse impacts its stormwater system may have.

To mitigate the potentially adverse 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 adverse effects on the socio-economic and cultural interests of Tangata Whenua. In accordance with the requirements of the Resource Management Act, local Iwi are consulted during resource consenting processes.

Key points from the 2022/2023 year and the year ahead

Over the past few years, the Government has been working with Councils on the future of 3 Waters service delivery across the country. This work has shown the 3 Waters Service delivery model, as it currently stands, will not be able to sustainably meet the future legislative requirements and customer expectations in the medium to long term and substantial change is required. As a result of this work in late 2021, the Government mandated reform of the 3 Waters Service delivery. The Government originally proposed that on 1 July 2024, the delivery of 3 Waters Services would be transferred from the 67 local authorities to four specifically established entities. Under this proposal, the delivery of 3 Waters Services for the Gore District would have been provided by "Entity D" which encompassed the entire South Island except for the Marlborough and Tasman areas.

However, in April and May of 2023, the Government decided to revamp the structure of the entities, increasing the number of entities from four to ten. Under the current proposal, the Gore District 3 Waters services will be provided by Entity J which encompasses the Otago/Southland regions. Additionally, the proposed transfer date has been pushed back to no later than 2026. This has meant that the Council are now required to include the delivery of 3 Waters services in the first two years of our LTP.

In March 2022, the Council started construction works on the Elizabeth Street 3 Waters upgrade which included installing a new stormwater system. The new stormwater system is allowing the current combined wastewater and stormwater system to be separated. By October 2023, sufficient private property separation work is expected to be completed to allow the new stormwater system to be commissioned. The remaining private property separation works are expected to be completed by March 2024.

In recent years there has been an increased focus on identifying and resolving wastewater contamination issues in the Council's stormwater network. In the past year the Council has repaired four cross connections and is still investigating others.

Over the past two years, the Council has been working with Environment Southland to try and determine an appropriate strategy to improve the quality of its existing stormwater discharges. As part of this, the Council has completed a substantial amount of additional monitoring, investigated potential treatment options and considered the implementation of a Stormwater Management Bylaw. This work has shown that substantial investment is required to improve the quality of the Council's existing stormwater discharges. In addition to improving the quality of its Stormwater discharges, the Council is however also facing a number of other challenges associated with its 3 Waters Infrastructure such as improving its treated wastewater discharges, reducing overflows of untreated wastewater and reducing leakage from its drinking water network. Making progress on all of these issues will require an unprecedented level of capital investment. When considering the limited ability of the community to fund the wide variety of upgrades required, it is believed it is important that the various issues are prioritised, and level of capital investment considered to ensure the community gets maximum benefit from its limited funding.

STATEMENT OF SERVICE PERFORMANCE - STORMWATER

Council Outcome	Customer Levels of Service	Performance Measures	Target/Result 2022	Target 2023	Results
We have quality infrastructure with growth potential.	Reliable service and effective response to queries	Response to a customer request (Flooding event) (NFPM 3) as measured by the CRM database	<60min No requests Achieved	<60 min	88 minutes (5 Total) - Target not achieved
		Stormwater complaints received (per 1,000 properties connected) (NFPM 4) Faults or blockages as measured by the CRM database	<4 complaints 1.2 complaints Achieved	<4 complaints	0.67 complaints per 1000 connections (4 Total) - Target achieved
We value and respect our environment	Homes and properties are not affected by surface flooding caused by the Stormwater Activity	A number of flooding events (NFPM 1a) as measured by the CRM database	<3 events 0 Achieved	<3 events	2 flooding events - Target achieved
		A number of habitable floors affected per 1,000 connected properties (per event) (NFPM 1b) as measured by the CRM database	T<2 0 Achieved	<2	0 - No habitable floors flooded - Target achieved
	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	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

GORE DISTRICT COUNCIL

FUNDING IMPACT STATEMENT - STORMWATER

For the Financial Year Ended 30 June 2023

SOURCES OF OPERATING FUNDING	LTP 2021-22 \$'000	LTP 2022-23 \$'000	Actual 2022-23 \$'000
General Rates, Uniform annual general charges, rates penalties	-	-	-
Targeted rates	724	821	763
Subsidies and grants for operating purposes	-	-	-
Fees and charges	-	-	-
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-
Total Operating Funding	724	821	763
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	160	177	102
Finance costs	81	101	25
Internal charges and overheads	107	108	81
Other operating funding applications	-	-	-
Total applications of operating funding	348	386	208
Surplus (deficit) of operating funding	376	435	555
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	1,480	300	2,116
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	1,480	300	2,116
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	1,523	372	2,116
- to replace existing assets	51	53	17
Increase/(decrease) in reserves	282	310	538
Increase/(decrease) of investments	-	-	-
Total applications of capital funding	1,856	735	2,671
SURPLUS / (DEFICIT) OF CAPITAL FUNDING	(376)	(435)	(555)
FUNDING BALANCE	-	-	-

ROADING AND FOOTPATHS

Activities

The Gore District roading network comprises 896 kilometres of roads, with 538 kilometres unsealed. All work is procured in accordance with the Council's and Waka Kotahi (formerly NZTA) approved Procurement Strategy. While consultants generally undertake the design of major work, the supervision is managed by our in house project management team. Professional assistance is also engaged in some aspects of our strategic asset management.

The Council supports the objectives of the Regional Land Transport Strategy, Road Safety Strategy 2020, the New Zealand Transport Agency (Waka Kotahi) and the Government Policy Statement with its "Road to Zero" initiative, looking to improve road safety and sustainable transport throughout the region. Council staff work with other councils and transport stakeholders to further New Zealand Transport Agency initiatives by developing and implementing the Road Safety Action Plan, which addresses excessive speed, drink driving by developing and promoting safety management campaigns in the communities and schools.

Road classification heavily influences the maintenance priorities we place on the roads across the network. Presently we are transitioning from "One Network Road Classification" to a new road categorising "One Network Framework" that focuses more on our roads' use and informing future decision-making.

The Council compiles a triennial land transport programme to give it access to government partnership finance. The programme takes into consideration the changing demands of the network like transport initiatives, strategy development and monitoring, travel demand assessments, road safety issues, stock truck effluent transfer sites, alternative transport options, regional development initiatives, and monitoring 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.

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

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

Significant negative effects

Despite the benefits the Council's roading activities bring, in terms of providing transportation infrastructure needed to support the everyday lives and livelihoods of residents in the District, roading activities are inevitably associated with a number of adverse effects.

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

It is pertinent to note these negative effects are caused mainly 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 ongoing awareness of the possible risks and ensure that mitigation measures are implemented appropriately.

The network's resilience is occasionally challenged by natural events such as wind, rain, snow and flooding; as much as we can develop programmes to mitigate some of the effects, we can't fully guard ourselves against the impact of these events.

Key points from 2022/2023

Covid had a much-reduced effect on the roading activity during 2022/23. However other events over which the Council had little or no control had a similar effect to Covid. Significant global inflation along with severe

climatic events in other parts of New Zealand meant that resources available to tender for and undertake roading works were reduced and costs of undertaking work significantly increased. Weather conditions again featured. Prolonged damp conditions during the winter meant a proliferation of potholes especially on gravel roads which could not be graded for prolonged periods. During early December 2022 Gore township experienced several extraordinary electrical storms accompanied by very heavy rain which overwhelmed the stormwater reticulation system. The storms only lasted for about an hour each time but resulted in significant localised flooding.

Several staff changes occurred in the roading team during the year. This affected our ability to consistently provide the desired level of service.

Re-tendering of our physical works contracts just prior to the start of the financial year resulted in a mix of new and incumbent contractors.

Apart from ongoing routine maintenance work and despite some of the challenges mentioned above, notable works completed during the year included;

- Resealing, 21.2km length completed
- Re-metalling of gravel roads, 132km length of road re-metalled
- Kerb and channel replaced, 466m
- Rural surface water channels constructed, 16.2km length completed
- Footpaths reconstructed, 343m

STATEMENT OF SERVICE PERFORMANCE - ROADING

Council Outcome	Customer Levels of Service	Performance Measures	Target/Result 2022	Target 2023	Results
We have quality infrastructure with growth potential	Maintain the road surfaces free of defects requiring evasive behaviour (eg; potholes, shoving, 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 Achieved	Number of Fatal and Serious Crashes 0	2 serious crashes and 0 fatal - Target not achieved
	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 99 - Achieved Rural <120 NAASRA 67 - Achieved	Urban <220 NAASRA Rural <120 NAASRA	99 - Target Achieved (previous year's readings) 67 - Target Achieved (previous year's readings)
	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	5.0% Not Achieved	5.5%	5.1% (18.722km) resealed - Target not achieved
	Footpath hazards (trip or surfacing) are identified and mitigated	The footpath condition assessment is carried out every 12 months to develop the footpath renewal programme	1,271m2 Not achieved	1,500m2	751m2 constructed. Not achieved
	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 48 hours	91% Not achieved	95%	75% - 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	65% Not achieved	75%	65% - Target not achieved

GORE DISTRICT COUNCIL FUNDING IMPACT STATEMENT - ROADING

For the Financial Year Ended 30 June 2023

SOURCES OF OPERATING FUNDING	LTP 2021-22 \$'000	LTP 2022-23 \$'000	Actual 2022-23 \$'000
General Rates, Uniform annual general charges, rates penalties	-	-	-
Targeted rates	2,415	2,601	3,181
Subsidies and grants for operating purposes	1,727	1,838	1,587
Fees and charges	159	163	-
Internal charges and overheads recovered	213	211	161
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	296
Total Operating Funding	4,514	4,813	5,225
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	2,829	3,000	4,520
Finance costs	93	110	106
Internal charges and overheads	578	580	43
Other operating funding applications	-	-	-
Total applications of operating funding	3,500	3,690	4,669
Surplus (deficit) of operating funding	1,014	1,123	556
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	2,897	1,932	1,472
Development and financial contributions	-	-	-
Increase/(decrease) in debt	1,201	361	355
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	4,098	2,293	1,827
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	-	-	38
- to improve the level of service	2,566	723	48
- to replace existing assets	2,530	2,677	2,452
Increase/(decrease) in reserves	16	16	(155)
Increase/(decrease) of investments	-	-	-
Total applications of capital funding	5,112	3,416	2,383
Surplus / (deficit) of capital funding	(1,014)	(1,123)	(556)
Funding balance	-	-	-

PARKS, RESERVES, AQUATIC FACILITIES, CIVIC BUILDINGS AND 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. 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, Matura, Waimumu, Waikaka, Pukerau, Mandeville and Kaiwera, and the surrounding areas.

Council buildings, public conveniences and recreation facilities are located within Gore and Matura. 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 provide recreational opportunities for the people in the District, and subsidised swimming programmes.

Assets provided within the network include:

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

Rationale

The Parks, Property and Recreation activity is identified as a core service in terms of Section

11A of the Local Government Act 2002. The Parks Property and Recreation activity has many benefits for the community and provides opportunities for social interaction, 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.

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.

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, staff applying herbicides are GROWSAFE® or equivalently 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 while focused on timely delivery of results.

The main rose beds in the Gore Public Gardens are managed on a fully organic basis. This trial organic operation is now in its twelfth year and results to date are quite positive which will potentially lead to an overall reduction in the use of chemicals.

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.

Key points from the 2022/2023 year

We had some staff changes in the cemetery operation early in the financial year, this has allowed us to focus more on the look and presentation of the cemeteries. It is a work in progress and while we have completed most of the remedial works our focus is now on new plantings and trying to address drainage issues on Charlton Park. A highlight has been The Pukerau Cemetery Support Group Trust picking up the Community Awards at the national cemeteries conference. The judges' comments were very complimentary of the work undertaken by the group in conjunction with council. New concrete beams have been installed at Charlton Park, Mataura and Pukerau Cemeteries.

Tree work remains a focus for Parks staff and specialist arborist contractors. Remedial work has targeted some of our older trees such as the aviary elm, this tree has

had wire bracing installed and the end weight removed from outer branches. We have completed significant works programme of planting 120 mature grade trees in park and road reserve land. The Hamilton Park revegetation programme has carried on with 1ha planted this year. This equates to 2,600 native plants in the ground and the positive aspect is we have had broader and increased support from schools, community, and business groups this year.

Development works have been a focus with new plantings around the James Cumming Community Centre and Library, with over 3,500 plants, seating and boulders all installed before the opening. The Matai Ridge subdivision was another large landscape project undertaken with around 1,000 native plants in the reserve and around the detention pond, street trees were planted and berms sowed. The Bannerman Park Hosta collection area has been redeveloped and extended and is now one of the most significant collections in NZ.

District wide playground development is ongoing, in East Gore we are working with the NPS group to improve both the Oxford Street and Hamilton Street playgrounds. Gravel walking paths have been installed through both reserves to enhance pedestrian linkage to the local roads. A basketball and netball half court has been installed at Oxford Street. Playground equipment has been sourced for Hamilton Park, Hamilton Street Playground and Mandeville and are now awaiting an installer to finish these projects.

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

Council Outcome	Customer Levels of Service	Measured by	Target/Result 2021	Target 2022	Target Achieved
<p>Aquatic & Multisport</p> <p>We have a choice of quality places to go and things to do</p>	<p>To provide safe, quality, accessible swimming pools with good opportunities for learning</p>	<p>Five key technical measures that reflect the core values</p> <p>This includes:</p> <ul style="list-style-type: none"> • Customer satisfaction 90%. • Swimming course enrolments up 1% • Gore Aquatic Centre patronage up 1% • MLT Event Centre Patronage up 1% • Pool safe accreditation maintained. 	<p>5/5 indicators achieved</p> <p>Achieved</p> <p>2/5 indicators achieved</p> <p>Complications due to pandemic affecting 3 targets.</p>	<p>5/5 indicators achieved</p>	<p>Year to date – 5/5 achieved</p> <ul style="list-style-type: none"> • Customer Satisfaction – 95% Aquatic Facility and 97% MLT Event Centre • Swimming course enrolments up 40% • Gore Aquatic Centre patronage up 40% • MLT Event Centre Patronage up 14% • Pool Safe accreditation maintained
<p>Parks & Reserves</p> <p>We have a choice of quality places to go and things to do</p>	<p>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</p>	<p>Percentage of community that are satisfied across the range of property and recreation criteria surveyed.</p> <p>This includes satisfaction levels for:</p> <ul style="list-style-type: none"> • Parks and Reserves/Sportsgrounds • Playgrounds • Cemeteries • Public conveniences • The provision of community buildings or halls 	<p>> 90% across the 5 criteria surveyed</p> <p>4/5 indicators achieved</p>	<p>>90% average the 5 criteria surveyed</p>	<p>Achieved - 92% average</p> <ul style="list-style-type: none"> • Parks and Reserves – 97% Sportsgrounds – 97% • Playgrounds – 94% • Cemeteries – 92% • Public conveniences – 81% - not met • The provision of community buildings or halls – 94% <p>4/5 indicators achieved</p>

GORE DISTRICT COUNCIL
FUNDING IMPACT STATEMENT - PARKS, RESERVES, AQUATIC FACILITIES, CIVIC BUILDINGS & RECREATION
For the Financial Year Ended 30 June 2023

SOURCES OF OPERATING FUNDING	LTP 2021-22 \$'000	LTP 2022-23 \$'000	Actual 2022-23 \$'000
General Rates, Uniform annual general charges, rates penalties	2,054	2,147	2,143
Targeted rates	3,510	3,629	4,012
Subsidies and grants for operating purposes	35	36	312
Fees and charges	778	799	627
Internal charges and overheads recovered	1,541	1,572	1,828
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	836
Total Operating Funding	7,918	8,183	9,758
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	4,202	4,310	5,232
Finance costs	209	214	531
Internal charges and overheads	2,535	2,578	2,873
Other operating funding applications	-	-	-
Total applications of operating funding	6,946	7,102	8,636
Surplus (deficit) of operating funding	972	1,081	1,122
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	300
Development and financial contributions	-	-	-
Increase/(decrease) in debt	234	767	3,319
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	234	767	3,619
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	183	363	214
- to improve the level of service	131	85	131
- to replace existing assets	739	1,597	5,077
Increase/(decrease) in reserves	153	(197)	(681)
Increase/(decrease) of investments	-	-	-
Total applications of capital funding	1,206	1,848	4,741
SURPLUS / (DEFICIT) OF CAPITAL FUNDING	(972)	(1,081)	(1,122)
FUNDING BALANCE	-	-	-

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 glass collection
- Kerbside residual waste collection
- Transfer Station management
- Landfill operations

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

- Cardboard collection and recycling
- Aluminium cans collection and recycling (GDC supporting local recycling management)
- Education and advocacy (waste minimisation group)
- 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, Mataura, Waikaka and Pukerau. No Emission Trading Scheme effects are emanating from these sites.

The costs of maintenance, renewal or replacement are funded through user fees and 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 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 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 and 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.

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

Outcome 6: We value and respect our environment.

Significant negative effects

The Council recognises there are negative impacts associated with the collection 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.

The minimising of waste through active recycling is proving to be challenging in the existing environment, especially with the closing up of viable markets to handle collected material. While there is a risk that leachate from closed landfills may leach into streams and the water table, such risks are mitigated by 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 installation of wind fencing also mitigates the nuisance caused by windblown litter from waste disposal areas. The Council in recognising the inherent risk of transporting uncompacted loads to the landfill site, has recently installed a compactor to ensure the safe and efficient transport of our waste.

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

Key Points from the 2022/23 year

Over the last eight years, the Gore District Council has taken care of its waste through several shared service contracts we hold with Southland District Council and Invercargill District Council. WasteNet still acts on behalf of this collective in the administration of contractual issues and in regulatory matters with regional representation.

Over the past 18 months, the Council has been investigating the options to reintroduce an increased level of recycling for the residents of Gore and Mataura. It is anticipated to be a key focus for Council as part of its Long Term Plan development process.

General waste continues to be collected through the kerbside collection with increased monthly pickups (three collections per month). Waste is then shipped to the AB Lime landfill.

The major civil defence risks for Gore remain flood and earthquake, followed by ongoing threats associated with the Covid-19 pandemic.

Environment Southland is presently working up plans to enable increased river flows to pass through the region without overtopping flood control structures. The structural integrity of the existing stopbanks has been assessed by Environment Southland and ongoing improvements to stopbank structures within the Gore District are occurring.

With the significant flooding events and the worldwide pandemic that has hit our shores over recent years, we have seen the importance of having well trained and able staff ready to assist the Civil Defence operation in the areas of welfare and maintaining critical infrastructure.

STATEMENT OF SERVICE PERFORMANCE - SOLID WASTE AND OTHER DISTRICT ASSETS

Level of Service	How it Contributes to our Council Outcomes	Performance Measures	Target/Result 2022	Target 2023	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) 838.1kg per capita (across Southland) Not achieved Note: Gore District's figure was 590.1kg per capita	Material discarded <650kg per capita (across Southland)	576.81 kg per capita (across Southland) Target achieved

GORE DISTRICT COUNCIL

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

For the Financial Year Ended 30 June 2023

SOURCES OF OPERATING FUNDING	LTP 2021-22 \$'000	LTP 2022-23 \$'000	Actual 2022-23 \$'000
General Rates, Uniform annual general charges, rates penalties	387	369	357
Targeted rates	1,659	1,698	1,643
Subsidies and grants for operating purposes	50	51	128
Fees and charges	741	760	1,030
Internal charges and overheads recovered	1,583	1,603	1,203
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	77
Total Operating Funding	4,420	4,481	4,438
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	3,234	3,314	3,626
Finance costs	37	32	131
Internal charges and overheads	866	877	801
Other operating funding applications	-	-	-
Total applications of operating funding	4,137	4,223	4,558
Surplus (deficit) of operating funding	283	258	(120)
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	135
Development and financial contributions	-	-	-
Increase/(decrease) in debt	(122)	(157)	1
Gross proceeds from the sale of assets	-	-	5
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	(122)	(157)	141
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	-	-	2
- to improve the level of service	-	-	-
- to replace existing assets	119	74	120
Increase/(decrease) in reserves	42	27	(101)
Increase/(decrease) of investments	-	-	-
Total applications of capital funding	161	101	21
Surplus / (deficit) of capital funding	(283)	(258)	120
Funding balance	-	-	-

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

Activities

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

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

The 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:

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

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

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

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 served as a front of house for the moonshiners' museum prior to the museum's closure for renovations.

Since the precinct Library building closed due to mould and asbestos problems in May 2019, the Gore Library has operated from temporary premises. It is currently located in a church hall while the James Cumming Wing is undergoing major redevelopment to house a new library and community centre.

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.

Mataura 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 Mataura Community Centre and Elderly Citizens Centre. The public area of the Mataura Library was refurbished in May 2020. It has new shelving, the children's area has been relocated to the front with child-friendly furniture, and a dedicated conference room has been made available for public use.

Events and Marketing

The Council owns and manage seven community events. These events have the heart of the community in mind. Community events focus on bringing the community together, utilising community facilities/assets, showcase talent, achievement or creativity. They are free or ticketed at a low cost.

The Events Coordinator ensures the Council's events are delivered to a high standard. The role also sees liaison with organisers of the District's premier events, such as Tussock Country.

The Council has an exciting vision to put Gore district on the map as a district that offers 'City Events in a Rural Environment.' This vision would assist in placing Gore as the town that provides the best Rural City Living in New Zealand.

Rural city living encapsulates the luxuries that city life has to offer alongside the lifestyle that rural community living provides. In achieving this, Gore District would be attracting a wide variety of cultural, lifestyle and sporting event options to the town and the region.

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 \$12 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 2022/2023 year

Arts & Heritage

Despite significant disruptions to our facilities through varying degrees of structural redevelopment, the Department of Arts & Heritage was able to meet its annual target of 10 exhibitions per annum and exceed its target of 10 performances/events and engagement with 50 schools and special interest groups per annum. A significant public interest in art education and mana whenua history programs has ensured that related engagements and events have been fully subscribed, with the annual Residents' Survey gleaming a satisfaction rate of 95%. The department also provided support for a range of regional heritage activities including on-going professional support for Southland's Roving Museum Officer and the digitization of volunteer-run museum collections through the Project Ark initiative.

Earthquake strengthening work has been completed on the Council's historic Carnegie building so the Eastern Southland Gallery has been free to undertake a busy exhibition program throughout the 2022-23 financial year.

The three stage Māruawai Project has progressed with welcome financial support from a number of external agencies and funding bodies. This activity has facilitated fire rating, fire systems and re-wiring of the heritage collection and archives area within the Hokonui Heritage Centre's Win Hamilton Wing, as well as a full structural refurbishment and fit-out of the Hokonui Moonshine Museum. Further support for the structural redevelopment of Stage Two (Māruawai Centre) has come via a \$1,200,000 grant from the government's Better Off Funding, \$919,000 from the Provincial Growth Fund and further generous support from Community Trust South, the Mātaura Licensing Trust, and various donors. Staff members and project trustees will continue to provide heritage and community engagement services from temporary premises and facilitate fundraising activities throughout the 2023-24 financial year.

Gore Libraries

COVID-19

In mid-2022 the libraries resumed normal opening hours post-COVID, and cautiously restarted community outreach and children's activities. COVID restrictions such as face masks and vaccine mandates ended in September. However by November case numbers were on the rise making library visitors cautious again, and affecting staffing levels.

New Gore Library building

The Gore Library moved into the newly rebuilt Library and Community Rooms building adjacent to the Council Office in January 2023 with the expectation of opening in mid-February. But with the final building work affected by building materials delays holding up the granting of building compliance, the library opening to the public was delayed until the end of March.

At a total cost of \$7.7m the James Cumming Community Centre and Library was funded by the Government Shovel-Ready \$3m, Mātaura Valley Milk's financial contribution \$958,000 and Council \$3.7m. This was an opportunity taken for the benefit of residents for the next 30-50+ years and solved both the question about where the library would go, and what to do about the outdated James Cumming Wing. In recognition of substantial funding the Children's Activity Room was named for Mātaura Valley Milk

The official Opening of The James Cumming Community Centre and Library was held on 24 March 2023 with the Minister for Regional Development Kiri Allen, Mana Whenua representative Jo Brand, Mātaura Valley Milk CEO Bernard May, and Gore Mayor Ben Bell giving speeches following Gore High School's stunning Kapa Haka performance. Mayor Bell announced a three-month fees-free period for borrowers. This was followed in July 2023 by the removal of lending fees for new fiction and magazines, a move that has been greeted with grateful appreciation by borrowers.

Matu Coleman-Clark from Hokonui Rūnanga led a ceremonial blessing of the first floor of the library, after which invited guests and visitors were free to walk around the new library. In the afternoon Public Libraries New Zealand Executive Director Hilary Beaton and Gore Arts and Heritage Curator Jim Geddes gave public talks in the Library's Hokonui Rūma Hui. Hilary's talk was about the value of a public library in a community, and Jim gave a fascinating glimpse into the history of Gore Library, including the people who strove to provide improved library buildings, from the town's early beginnings right through to the present day.

The library opened to the public on 27 March. It has dedicated spaces for teens and children, and school visits can easily be accommodated. There are lots of quiet study/reading spaces. On the first floor the Hokonui Rūma Hui is used for meetings and public talks. The adjacent room - Te Puna o Tūtemākohu - houses the Māori nonfiction and New Zealand history books and is used as a study/research room.

People have expressed pride in the new library and are clearly enjoying using it. Comments have been overwhelmingly positive – spacious, light, and comfortable are recurring descriptors. This positive

feedback has been refreshing after years of 'making do' in temporary premises.

Radio Frequency Identification

All books in both libraries were tagged with Radio Frequency Identification (RFID) tags for use with the RFID issue kiosks and returns SmartShelf which were installed in the new library. This technology means people can return and borrow books themselves, with staff available to assist or complete transactions as preferred.

The New Zealand Libraries Partnership Programme

The New Zealand Libraries Partnership Programme led by the National Library of New Zealand to support librarians and library services across New Zealand during COVID closed their programme of work on 30 June 2022, and Gore was fortunate to receive a final grant for Transition and Hardship into the 2022-23 year. This was used to provide a further 12 month subscription to databases, and to provide a fixed term Library Assistant with responsibility for developing local history library resources, which will add value for residents and visitors to the District.

Culturally relevant art works

Hokonui Rūnanga provided culturally relevant art works on the first-floor internal walls, for which initiative the Council was successful in receiving Better Off funding. Interpretive panels explain the meaning behind the artwork. This project, valuable in itself, was also an opportunity for the library to develop a working relationship with Hokonui Rūnanga.

Events, visits, and tours

In the new Gore Library Hokanui Rūma Hui is being used as anticipated for library and community meetings and author talks. Both Gore and Maitāwhiri library meeting rooms are well-patronised. Almost all use to date is for community or library events/meetings and as such are not charged. The \$30 hourly fee as set by Council has been used for the Hokanui Rūma Hui for fee-charged events.

The new library has attracted regular sessions, such as the Reading Revolution group, Justice of the Peace, adult tutoring, Closing the Gaps employment assistance, and a wide range of children's activities. Children's activities and programmes support literacy development and reading enjoyment. School classes make use of both libraries, some booking time with the Youth Librarian, some coming for an occasional visit and others a regular visit. Gore Library is becoming known as a place to meet, for example the Embroiderers' Guild meet to stitch together and welcome people interested in their craft. It is positive to be able to offer a place for people to use their library in this way, especially on a cold winter's day.

Tours and speaking engagements have been in demand for local and visiting groups, the StoryWalk® continues to attract interest as it takes people through the Gore gardens and green belt, Ancestry.com and Find-My-Past databases are available for tracing family history, and a community outreach schedule delivers books to those unable to visit the library in person.

Statistical trends

The libraries hold 46,400 physical items, almost all of which can be borrowed. They have a total of 4,767 members, equating to 38% of residents, a conservative number considering a single membership is sometimes shared by a household.

As expected visitor numbers and book issues have shown an increase in the new library. Annual visitor numbers increased in 2022-23 to 68,064, the previous year being low due to COVID-19 closures. The number of issues per population was 6.5 per annum.

People using their own devices on the free library Wi-Fi has increased by 102%. This marked increase is attributable to the increase in space for people to sit with their device for study, work, reading and leisure.

The pattern is that eLoans continue to increase. This is attributable to library closures during COVID, the growing comfort of readers to engage with online reading/listening, and the wider range of resources since the member libraries of the consortia Gore Libraries belong to have all increased contributions. The number of eBooks and eAudiobooks available increased by 50% to 35,150 in the 2022-23 year.

In 2022-23 the libraries have held 98 events with 1741 people attending. Events show an increase of 188% from 2021-22, and the number of people attending events increased by 227%.

Maitāwhiri Library

Refurbished in May 2020, the Maitāwhiri Library and Service Centre is a key facility in the town, and popular with locals and visitors alike. It was far busier than normal during January-March 2023, when Gore residents responded to the invitation to visit Maitāwhiri while the Gore Library was closed.

As well as traditional use as a library/research facility the library is an administrative hub for locals and visitors. They appreciate printing, scanning, accessing online government sites, and the assistance library staff can offer. The meeting room Huihuinga is also a drawcard for studying students, driving/career tutors, and Work Bridge appointments.

Gore Visitor Centre

The 2022/23 years saw the creation of the Gore visitor experience team to streamline customer service across the District's visitor assets.

A new role of Visitor Experience Manager was created. This person looks after staff who provide front-of-house services at the District's visitor attractions ie the Hokonui Moonshine Museum, Croydon Aviation Heritage Centre and visitor centre.

The visitor experience team ensures a pool of dedicated, skilled staff working across multiple facilities to enhance the visitor experience. There has been an improved focus on high levels of customer service, offering a complete visitor experience rather than just a destination to pick up brochures. This includes the change of retail to reflect local offerings and getting people interested in a return visit when the moonshine museum is fully operational.

The visitor centre continues to be well-used by locals and tourists. The centre received a 98% approval rating in the 2023 Residents' Satisfaction Survey, demonstrating it fills a need for the local community. There continues to be a steady flow of enquiries that previously may have been handled by a citizens' advice bureau.

Events

The events calendar was back in full force for 2022/2023, as an end to COVID restrictions meant all Council-owned events could be delivered normally.

The events team delivered eight community events during the financial year, including the biennial Gore District Community Awards. Public attendance ranged from a few hundred (Freeze Ya Bits Off Busking, Discover Dolamore) to up to 5,000 (Christmas Carnival).

Events are critical to the ongoing wellbeing of the community through bringing people together, creating new experiences, supporting the local economy and encouraging celebration of local identity.

The last financial year saw positive progress towards the Events Strategy and Action Plan 2021 – 2024, with the creation of a new position within the events team. The Events Assistant was hired in March 2023 to provide additional support with event planning, sponsorship and funding proposals, as well as resourcing for event delivery. Already the Events Assistant has made remarkable progress towards sponsorship goals within the strategy through sourcing new funding opportunities for events, as well as improving event promotion.

The first event to be held in the financial year was the Hokonui Culture Feast, having been postponed from April. A surprise dumping of snow created some logistical challenges on the day, however the overall turnout and feedback were superb. This event has fantastic potential for growth and investigation has now begun for revitalising the event in 2024.

In early November the first Gore District Community Awards was held since becoming biennial. The event received high-calibre nominees across all categories and was almost a sell-out, thanks to many supporters attending to celebrate those nominated.

Christmas in the Park went through an entire rebrand, becoming the Christmas Carnival with free rides and entertainment, food trucks, Santa's Grotto, stage performances and more. The result was an outstanding success, with an estimated 3,000 – 5,000 attendees on the day to both the Carnival and Santa Parade.

The beginning of March brings the start of Parks Week, a national event. The Council focussed solely on Dolamore Park this year, with a giant insect scavenger hunt set up for people to seek out during the event. Great weather meant many families, schools and groups participated in the event and next year will see a new park highlighted, with a different theme.

The On the Fly Mataura River Festival also had a bit of a rebrand this year, as it was reduced to key elements to try and solidify the events identity. After testing new ideas on the public to see the overall response, it has been decided to bring the event back to a more community-centric approach.

Freeze Ya Bits Off Busking took place over King's Birthday Weekend in June, with the final moved to the SBS St James Theatre on the Sunday afternoon. Survey feedback suggested the change in days and venue were well received, cementing its new calendar position on Friday – Sunday.

Finally, the second Kāhui Whetū Matariki celebrations occurred in July. While technically outside of the fiscal year, all costs were in 2022/2023 budget so for the sake of reporting, it has been included. Approximately 2,500 people attended – a significant increase from last year – and survey feedback returned an 82/100 for overall event satisfaction.

Grants

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

Recipient	Actual \$ 2023	Annual Plan \$ 2023
Active Southland	40,000	40,000
Amenity Hire Refunds	2,705	3,000
Catholic Diocese – Canning Street flats rates relief	4,865	-
Children’s Day – Mataariki event at Waimumu	2,174	2,265
Community Networking Trust	10,000	10,000
Country Music & Songwriters	5,000	5,000
Croydon Aviation annual loan write off	2,000	3,000
Croydon Aviation Heritage Trust	6,000	6,000
Cycle Tour Southland	1,000	1,000
Eastern Southland Art Gallery	40,000	40,000
Enviro Schools	5,100	5,000
Free Swim School - Primary School	28,832	28,832
Gold Guitar Awards	5,000	5,000
Gore A & P Association	89,984	87,620
Gore Counselling Centre	-	1,500
Gore Hospice Rates grant	-	1,000
Gore Museum	11,000	11,000
Healthy Homes initiative	15,000	15,000
Heartland Life Education Trust	2,500	2,500
Hokonui Fashion Design Awards Grant	10,000	9,104
Hokonui Heritage Centre Trust	6,500	6,500
Hokonui Pioneer Park	5,000	5,000
Hospice Southland (Transfer station fees)	-	1,000
Hospital Incentives	-	2,000
Lakes District Helicopter Trust	10,000	-
Mataura Heritage Centre & Clematis Cottage	9,500	9,500
Mataura School Bus for swim lessons	8,000	8,000
Moonshine Committee	105,500	24,500
Pakeke Lions Recycling Services	12,961	25,282
Rural Halls	12,000	18,419
Scholarships	2,000	2,000
Southern Indoor Charity Dog Trials	500	-
Southland Regional Heritage Trust*	41,836	22,792
Total Mobility		24,000
Tussock Country	23,077	50,000
Waikaka Domain Board	12,878	12,878
Total	\$528,912	\$486,810

* Net amount shown

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

Council Outcome	Customer Levels of Service	Performance Measures	Target/Result 2022	Target 2023	Results
We value our history and heritage We live in a creative place	Educating the public about arts & heritage contributes to the Council outcome of valuing our history and heritage	The public appreciates the services and assets of arts and heritage as recorded in the annual resident survey	90% satisfaction rate 99% Achieved	90% satisfaction rate	95% satisfaction rate – Target achieved
	Residents and visitors have valued library experiences. Friendly, knowledgeable staff ensure the libraries are a positive choice in terms of quality places to go & things to do	Survey of residents and library users indicates a quality service is provided as indicated in the annual resident survey and targeted library surveys	90% satisfaction rate 97% Achieved	90% satisfaction rate	94% of surveyed residents were satisfied with the quality of library service Target achieved Considering the 3 month closure before opening in the new building this is a very good response
	The library service is accessible to residents and visitors, including children, young adults, adults, the elderly, housebound, people who work business hours	Library opening hours per week Gore 50.75 Mataura 35	95% of opening hours are achieved 89.5% opening hours were achieved, due to COVID-19 related alert level compliance Target not achieved	Target 95% of opening hours are achieved	86% of opening hours was achieved Target not achieved due to Gore Library closure Jan-March for moving to new building and delays to achieving building compliance, an unavoidable consequence of COVID 19 building materials delays

GORE DISTRICT COUNCIL FUNDING IMPACT STATEMENT - ARTS & HERITAGE, LIBRARIES, PROMOTIONS & GRANTS

For the Financial Year Ended 30 June 2023

SOURCES OF OPERATING FUNDING	LTP 2021-22 \$'000	LTP 2022-23 \$'000	Actual 2022-23 \$'000
General Rates, Uniform annual general charges, rates penalties	2,026	2,090	2,094
Targeted rates	732	752	713
Subsidies and grants for operating purposes	191	196	2,006
Fees and charges	442	449	42
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	571
Total Operating Funding	3,391	3,487	5,426
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	2,437	2,466	2,708
Finance costs	93	132	242
Internal charges and overheads	687	695	723
Other operating funding applications	-	-	-
Total applications of operating funding	3,217	3,293	3,673
Surplus (deficit) of operating funding	174	194	1,753
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	3,982	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	1,296	1,938	907
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	5,278	1,938	907
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	-	-	1,171
- to improve the level of service	-	293	1,634
- to replace existing assets	5,449	1,836	1,054
Increase/(decrease) in reserves	3	3	(1,199)
Increase/(decrease) of investments	-	-	-
Total applications of capital funding	5,452	2,132	2,660
Surplus / (deficit) of capital funding	(174)	(194)	(1,753)
Funding balance	-	-	-

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
- Local Government Act Act 1974/2002
- Dog Control Act 1996
- Reserves Act 1977
- Food Act 2014
- 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;
- Receiving building warrants of fitness and issuing 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 2022/23 year

The reporting period saw the main regulatory functions of the Council continue to perform in challenging circumstances in relation to resource and building consent processing times. Resource consents were, on average, processed within 15.3 days of the 20-day legal requirement with building consents processed in 15.1 days (on average) also within the legal requirement of 20 working days.

A key planning task for the 2022/2023 financial year was continuing the District Plan review project. A draft District Plan was circulated to iwi, the community and

stakeholders for feedback in September 2022. The Council's District Plan Subcommittee had numerous workshops to discuss the policy issues and options, and responses to iwi, public and stakeholder feedback on the draft District Plan. Representatives from Hokonui Rūnanga were involved in each subcommittee workshop. These workshops informed and endorsed the Proposed District Plan. Formal notification of the Proposed District Plan is expected to occur at the end of August 2023.

STATEMENT OF SERVICE PERFORMANCE - REGULATORY AND PLANNING

Council Outcome	Customer Levels of Service	Performance Measures	Target/Result 2022	Target 2023	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% Achieved</p>	<p>100%</p>	<p>100% 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 issued)</p>	<p>Accreditation maintained Achieved</p>	<p>Accreditation maintained</p>	<p>Achieved</p>

GORE DISTRICT COUNCIL

FUNDING IMPACT STATEMENT - REGULATORY AND PLANNING

For the Financial Year Ended 30 June 2023

SOURCES OF OPERATING FUNDING	LTP 2021-22 \$000	LTP 2022-23 \$000	Actual 2022-23 \$'000
General Rates, Uniform annual general charges, rates penalties	607	546	537
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	1,106	1,134	1,405
Internal charges and overheads recovered	558	565	882
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	(27)
Total Operating Funding	2,271	2,245	2,797
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	1,587	1,354	2,821
Finance costs	63	70	70
Internal charges and overheads	1,028	1,041	1,372
Other operating funding applications	-	-	-
Total applications of operating funding	2,678	2,465	4,264
Surplus (deficit) of operating funding	(407)	(220)	(1,467)
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	243
Increase/(decrease) in debt	480	245	1,090
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	480	245	1,333
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	73	25	52
Increase/(decrease) in reserves	-	-	(186)
Increase/(decrease) of investments	-	-	-
Total applications of capital funding	73	25	(134)
Surplus / (deficit) of capital funding	407	220	1,467
Funding balance	-	-	-

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 in February 2018.

The next triennial elections are due to be held in October 2022.

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 2022/23

The 2022/2023 year has again been heavily focused on the Government's significant 3 Waters reforms along with an overhaul of the Resource Management Act. In terms of the 3 Waters issue, there is a huge amount of information still to be received and considered by the Council. The Government has consulted on a proposal to transfer the responsibility of delivering 3 Waters services from the existing 67 territorial authorities across the country into ten publicly owned multi-regional entities.

In tandem with the water reforms is a major change to resource management. Again, while the Government has only recently issued an exposure draft about the proposed new legislation, the Council will need a lot more information and time to consider the impact of this review and how it will affect the delivery of regulatory and planning services for the Gore District.

The three yearly local body elections were held in October 2022. For this Council the results provided five new elected members to the Council table.

STATEMENT OF SERVICE PERFORMANCE - DEMOCRACY AND ADMINISTRATION

Council Outcome	Customer Levels of Service	Performance Measures	Target/Result 2022	Target 2023	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	70% Achieved 66% Not achieved	70% satisfaction	58% - Target Not Achieved

GORE DISTRICT COUNCIL

FUNDING IMPACT STATEMENT - DEMOCRACY & ADMINISTRATION

For the Financial Year Ended 30 June 2023

SOURCES OF OPERATING FUNDING	LTP 2021-22 \$000	LTP 2022-23 \$000	Actual 2022-23 \$'000
General Rates, Uniform annual general charges, rates penalties	1,437	1,473	1,776
Targeted rates	-	-	-
Subsidies and grants for operating purposes	8	8	476
Fees and charges	74	76	20
Internal charges and overheads recovered	3,593	3,636	3,767
Local authorities fuel tax, fines, infringement fees and other receipts	76	78	417
Total Operating Funding	5,188	5,271	6,456
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	4,433	4,494	6,301
Finance costs	(11)	1	35
Internal charges and overheads	531	538	569
Other operating funding applications	-	-	-
Total applications of operating funding	4,953	5,033	6,905
Surplus (deficit) of operating funding	235	238	(449)
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	976	(77)	859
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	976	(77)	859
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure			
- to meet additional demand	20	-	54
- to improve the level of service	-	-	2
- to replace existing assets	293	169	292
Increase/(decrease) in reserves	898	(8)	62
Increase/(decrease) of investments	-	-	-
Total applications of capital funding	1,211	161	410
Surplus / (deficit) of capital funding	(235)	(238)	449
Funding balance	-	-	-

FINANCIAL STATEMENTS

GORE DISTRICT COUNCIL STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE For the Financial Year Ended 30 June 2023

REVENUE	Notes	Actual 2023 \$'000	Budget 2023 \$'000	Actual 2022 \$'000
Rates	3	20,498	20,344	19,319
Subsidies and grants	4	6,421	4,653	9,487
Fees and charges	5	4,360	3,219	3,688
Finance revenue	6	307	25	46
Other revenue	7	2,980	1,602	922
Other gains/(losses)	8	355	-	1,303
Total revenue		34,921	29,843	34,765
EXPENSES				
Personnel costs	10	8,603	7,786	7,521
Finance expense	11	1,889	1,216	1,036
Other expenses	12	18,492	14,601	17,068
Depreciation and amortisation expense	19.a	8,370	7,003	6,695
Total expenses		37,354	30,606	32,320
Surplus/(deficit) before tax		(2,433)	(763)	2,445
Income tax credit (expense)		-	-	-
Surplus/(deficit)		(2,433)	(763)	2,445
OTHER COMPREHENSIVE REVENUE AND EXPENSE				
<i>Items that will not be reclassified to surplus/(deficit)</i>				
Gains/(losses) on revaluations of assets	19	-	-	66,670
Total other comprehensive revenue and expense		-	-	66,670
Total comprehensive revenue and expense		(2,433)	(763)	69,115

STATEMENT OF CHANGES IN EQUITY For the Financial Year Ended 30 June 2023

	Actual 2023 \$'000	Budget 2023 \$'000	Actual 2022 \$'000
Equity at beginning of year	499,279	-	430,164
Total comprehensive revenue	(2,433)	(763)	69,115
Equity at end of year	496,846	(763)	499,279

The accompanying notes form part of these financial statements.

GORE DISTRICT COUNCIL

STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	Notes	Actual 2023 \$'000	Budget 2023 \$'000	Actual 2022 \$'000
CURRENT ASSETS				
Cash and cash equivalents	13	2,291	2,295	1,810
Receivables	14	3,901	4,520	4,997
Inventories	15	774	226	550
Prepayments	16	495	225	482
Other financial assets	17	1,866	1,802	1,731
Derivative financial instruments	18	46	-	7
Total current assets		9,373	9,068	9,577
NON-CURRENT ASSETS				
Property, plant and equipment	19	542,122	504,272	530,767
Other financial assets	17	987	339	748
Derivative financial instruments	18	405	-	242
Total non-current assets		543,514	504,611	531,757
Total assets		552,887	513,679	541,334
CURRENT LIABILITIES				
Payables and deferred revenue	21	4,827	4,342	5,355
Employee benefit liabilities	22	1,016	750	897
Provisions	23	48	135	48
Borrowings	24	13,500	11,000	11,000
Total current liabilities		19,391	16,227	17,300
NON-CURRENT LIABILITIES				
Employee benefit liabilities	22	22	-	39
Provisions	23	66	74	68
Borrowings	24	36,500	39,269	24,500
Other financial liabilities	-	62	-	62
Derivative financial instruments	18	-	2,578	86
Total non-current liabilities		36,650	41,921	24,755
Total liabilities		56,041	58,148	42,055
Net assets		496,846	455,531	499,279
EQUITY				
Accumulated funds	26	138,374	142,518	139,594
Reserves	26	3,863	313,013	5,076
Revaluation reserves	26	354,609	-	354,609
Total equity		496,846	455,531	499,279

The accompanying notes form part of these financial statements.

GORE DISTRICT COUNCIL

STATEMENT OF CASH FLOWS

For the Financial Year Ended 30 June 2023

	Notes	Actual 2023 \$'000	Budget 2023 \$'000	Actual 2022 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from rates revenue		20,625	20,216	19,178
Receipts from other revenue		7,202	4,821	4,355
Subsidies and grants received		6,421	4,653	7,181
Interest received		307	25	46
Payments to suppliers and employees		(28,750)	(22,254)	(24,994)
Finance costs		(1,889)	(1,216)	(1,036)
Net cash inflow/(outflow) from operating activities	30	3,916	6,245	4,730
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of financial assets		11	-	17
Proceeds sale of investments		-	-	2,909
Purchase of property, plant and equipment		(17,555)	(15,801)	(11,782)
Purchase of investments		(391)	-	-
Net cash inflow/(outflow) from investing activities		(17,935)	(15,801)	(8,856)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from borrowing		25,500	20,551	15,000
Repayment of borrowings		(11,000)	(11,000)	(12,000)
Net cash inflow/(outflow) from financing activities		14,500	9,551	3,000
Net increase/(decrease) in cash held		481	(5)	(1,126)
Opening cash balance 1 July		1,810	2,300	2,936
Closing cash balance 30 June		2,291	2,295	1,810
Represented by cash & cash equivalents	13	2,291	2,295	1,810

The accompanying notes form part of these financial statements.

GORE DISTRICT COUNCIL

FUNDING IMPACT STATEMENT - COUNCIL WIDE

As at 30 June 2023

	Budget 2021-22 \$'000	Actual 2021-22 \$'000	Budget 2022-23 \$'000	Actual 2022-23 \$'000
SOURCES OF OPERATING FUNDING				
General rates, uniform annual general charges, rates	6,510	6,532	6,643	6,907
Targeted rates (other than metered water supply rates)	12,826	12,787	13,701	13,591
Subsidies and grants for operating purposes	2,011	2,446	2,198	4,514
Fees and charges	3,959	3,522	4,821	4,314
Interest and dividends from investments	-	46	-	307
Local authorities fuel tax, fines, infringements & other receipts	76	1,805	25	1,674
Total Operating Funding	25,382	27,138	27,388	31,307
APPLICATIONS OF OPERATING FUNDING				
Payments to staff and suppliers	20,275	24,589	22,377	27,096
Finance costs	1,008	1,036	1,216	1,889
Other operating funding applications	-	-	-	-
Total applications of operating funding	21,283	25,625	23,593	29,985
Surplus / (deficit) of operating funding	4,099	1,513	3,795	2,322
SOURCES OF CAPITAL FUNDING				
Subsidies and grants for capital expenditure	6,879	6,707	2,455	1,907
Development and financial contributions	-	3	-	243
Increase/(decrease) in debt	9,134	3,000	9,551	14,500
Gross proceeds from the sale of assets	-	1	-	5
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total non-current liabilities	16,013	9,711	12,006	16,655
APPLICATIONS OF CAPITAL FUNDING				
Capital expenditure				
- to meet additional demand	204	52	356	1,478
- to improve the level of service	6,756	3,055	11,196	6,541
- to replace existing assets	13,152	10,568	4,249	12,557
Increase/(decrease) in reserves	0	(2,451)	-	(1,599)
Increase/(decrease) of investments	-	-	-	-
Total applications of capital funding	20,112	11,224	15,801	18,977
Surplus / (deficit) of capital funding	(4,099)	(1,513)	(3,795)	(2,322)
Funding balance	-	-	-	-

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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.

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.

Implementation of new accounting standards

No new or amended accounting standards were adopted in the current financial year.

Standards issued but not yet effective

The Council will adopt the following accounting standard in the reporting period after the effective date.

2022 Omnibus Amendments to PBE standards, issued June 2022

The 2022 Omnibus Amendments include several general updates and amendments to several Tier 1 and Tier 2 PBE accounting standards. The revised PBE standards are effective from the year ending 30 June 2024. They are not expected to have any significant impact on the Council’s financial statements.

PBE IFRS 17 Insurance Contracts

PBE IFRS 17 Insurance Contracts for public sectors was issued in June 2023. This standard establishes principles for the recognition, measurement, presentation, and disclosure of insurance contracts. It is effective for the reporting periods beginning on or after 1 January 2026 with early adoption permitted. The Council has not assessed in detail the effect of the

new standard.

Changes in accounting policies

There have been no changes in accounting policies.

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.

Fees and charges and 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.

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

Grants and subsidies

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 are recognised when they become receivable unless there is an obligation in substance to return the funds if conditions of the grants and subsidies are not met. If there is such an obligation, the grants and subsidies are initially recorded in the statement of financial position when received at fair value as grants and subsidies received in advance. As the conditions are satisfied, the carrying amount of the liability is reduced and an equal amount recognised as revenue.

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 assets/financial liabilities

The Council shall recognise a financial asset or a financial liability in its statement of financial position when, and only when, the Council becomes party to the contractual provisions of the instrument.

At initial recognition, the Council shall measure a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus/(deficit), transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Financial assets are classified as either:

1. Amortised cost
2. Fair value through surplus or deficit, FVTSD, or
3. Fair value through other comprehensive revenue and expenses, FVTOCRE.

A financial asset shall be measured at amortised cost if both of the following conditions are met:

- a. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- b. The contractual terms of the financial asset given rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset shall be measured at FVTSD unless it is measured at amortised cost or at FVTOCRE.

However, an entity may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured FVTSD to present subsequent changes in FVTOCRE.

Subsequent measurement of financial assets at amortised cost.

Term deposits and community loans

Financial assets classified at amortised cost are subsequently measured at amortised cost using the effective interest method, less any expected credit losses. Where applicable, interest accrued is added to the investment balance. Instruments in this category include term deposits, community loans, and loans to subsidiaries and associates.

Subsequent measurement of financial assets at FVTSD

Financial assets in this category are subsequently measured at fair value gains and losses recognised in surplus or deficit. Interest revenue and dividends are recognised from these financial assets are separately presented within revenue. Other than unlisted shares, bonds and interest rate swaps, the Council has no assets in this category.

Subsequent measurement of financial assets at FVTOCRE

Listed and unlisted shares and bonds

Financial assets in this category that are debt instruments (Bonds) are subsequently measured at fair value with fair value gains and losses recognised in other comprehensive revenue and expense, there is no assessment for impairment when fair value falls below the cost of the investment. When sold, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is reclassified to surplus and deficit.

Financial Assets in this category that are equity instruments designated as FVTOCRE are subsequently measured at fair value with fair value gains and losses recognised in other comprehensive revenue and expense. This is no assessment for impairment when fair value falls below the cost of the investment. When sold, the cumulative gain or loss previously recognised in the other comprehensive revalue and expense is transferred to accumulated funds within equity.

Expected credit loss allowance (ECL)

The Council recognises an allowance for ECLs for all debt instruments not classified as FVTSD. ECLs are the probability-weighted estimate of credit losses, measure at the present value of cash shortfalls, which is the difference between the cash flows due to the Council in accordance with the contract and the cash flows it expects to receive.

ECLs are discounted at the effective interest rate of the financial asset.

ECL's are recognised in two stages. ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). However, if there has been a significant increase in credit risk since initial recognition, the loss allowance is based on losses possible for the remaining life of the financial asset (Lifetime ECL).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Council considers reasonable and supportable information that is relevant without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Council's historical experience and informed credit assessment and included forward-looking information.

The Council considers a financial asset to be in default when the financial asset is more than 90 days past due. The Council may determine a default occurs prior to this if internal or external information indicates the entity is unlikely to pay its credit obligations in full.

Financial liabilities are classified as either:

1. Amortised cost, or
2. Fair value through comprehensive revenue and expenditure

Financial liabilities are generally classified and measured at amortised cost, unless they meet the criteria for classification at fair value through profit or loss.

A financial liability is classified as a financial liability at fair value through profit or loss if it meets one of the following conditions:

- It is held for trading, or
- It is designated by the entity as at fair value through comprehensive revenue and expenditure (note that such a designation is only permitted if specified conditions are met).

A financial liability is held for trading if it meets one of the following conditions:

- It is incurred principally for the purpose of repurchasing it in the near term

- On initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking, or
- It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

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.

The Council currently has sections held for sale in inventory as part of the Matai Ridge subdivision development.

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 2022. 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 WSP Limited as at 30 June 2023. 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
Infrastructural assets	
Water Reticulation	10 - 100
Wastewater Reticulation	15 - 60
Stormwater Reticulation	15 - 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 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 risk of causing an 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.

Infrastructural assets (except for land under roads) were subject to a fair value desktop assessment by WSP Limited as at 30 June 2023. The carrying value was not materially different from the fair value assessment and therefore the Council has not adjusted the carrying values.

2. SUMMARY REVENUE AND EXPENDITURE FOR GROUPS OF ACTIVITIES

	Actual 2023 \$'000	Actual 2022 \$'000
REVENUE		
Water	2,329	4,820
Wastewater	2,158	2,285
Stormwater	763	892
Roading	6,537	5,898
Parks, Reserves, Aquatic Facilities, Civic Buildings and Recreation	8,019	8,595
Other district assets including Solid Waste and Civil Defence	3,435	2,917
Regulatory and Planning	2,152	1,785
Democracy and Administration	2,992	3,810
Community services - Arts & Heritage, Libraries, Promotions and Grants	6,536	3,764
Total activity revenue	34,921	34,766
EXPENDITURE		
Water	3,162	2,743
Wastewater	3,742	3,364
Stormwater	930	742
Roading	7,328	6,685
Parks, Reserves, Aquatic Facilities, Civic Buildings and Recreation	7,940	6,867
Other district assets including Solid Waste and Civil Defence	3,604	3,087
Regulatory and Planning	3,445	2,965
Democracy and Administration	3,345	2,338
Community services - Arts & Heritage, Libraries, Promotions and Grants	3,859	3,529
Total expenditure	37,355	32,320

This shows a breakdown of the Total Revenue and Operating Expenditure, as shown on the Statement of Comprehensive Revenue and Expense, between each Group of Activities.

3. RATES

	Actual 2023 \$'000	Actual 2022 \$'000
General rates	6,616	6,395
Targeted rates		
- Water	2,062	2,265
- Wastewater	1,217	1,292
- Stormwater	763	892
- Roading	3,181	2,406
- Parks, Reserves, Aquatic Facilities, Civic Buildings and Recreation	4,012	3,533
- Other district assets including Solid Waste and Civil Defence	1,643	1,665
- Community services - Arts & Heritage, Libraries, Promotions and Grants	713	734
Rates penalties	291	137
	20,498	19,319

RATINGS BASE

Revenue from rates for Gore District Council was billed on the following information:

Number of rating units at end of preceding year	6,669	6,638
Total capital value of rating units at end of preceding year	3,855,340	3,840,183
Total land value of rating units at end of preceding year	2,221,300	2,219,864

4. SUBSIDIES AND GRANTS

	Actual 2023 \$'000	Actual 2022 \$'000
New Zealand Transport Roading subsidies	3,059	3,268
Stimulus Funding	136	129
Shovel Ready Funding	-	2,674
Other subsidies and grants	3,226	3,416
Total subsidies and grants	6,421	9,487

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

5. FEES AND CHARGES

	Actual 2023 \$'000	Actual 2022 \$'000
Regulatory and planning	1,298	1,182
Water connections and usage	267	429
Wastewater - tradewaste	936	864
Recreation fees and charges	431	217
Other fees and charges	1,428	996
Total fees, charges and metered water supply	4,360	3,688

6. FINANCE REVENUE

	Actual 2023 \$'000	Actual 2022 \$'000
Finance revenue	307	46
Total finance revenue	307	46

7. OTHER REVENUE

	Actual 2023 \$'000	Actual 2022 \$'000
Regulatory and planning	322	20
Water	-	13
Wastewater	5	1
Recreation	431	74
Rental revenue	142	154
Petroleum tax	114	107
Financial contributions	243	-
Vested assets	1,110	-
Other revenue	613	553
Total other revenue	2,980	922

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

7a. OPERATING LEASES AS LEASOR

	Actual 2023 \$'000	Actual 2022 \$'000
Not later than one year	111	113
Later than one year and not later than five years	417	427
Later than five years	975	1,076
Total operating leases as lessor	1,502	1,616

8. OTHER GAINS/(LOSSES)

	Actual 2023 \$'000	Actual 2022 \$'000
Gain / (loss) disposal of PPE	72	(317)
Gain / (loss) fair value financial instruments	283	1,620
Total gains/(losses)	355	1,303

9. REVENUE EXCHANGE/NON-EXCHANGE

	Actual 2023 \$'000	Actual 2022 \$'000
REVENUE FROM NON-EXCHANGE TRANSACTIONS		
Other revenue	142	154
Finance revenue	307	46
Other gains/(losses)	283	1,620
Total revenue non-exchange	732	1,820
REVENUE FROM EXCHANGE TRANSACTIONS		
Rates revenue	20,498	19,319
Subsidies and grants	6,421	9,487
Other revenue	2,838	768
Fees and charges	4,360	3,688
Other gains/(losses)	72	(317)
Total revenue exchange	34,189	32,945

10. PERSONNEL COSTS

	Actual 2023 \$'000	Actual 2022 \$'000
Salaries and wages	8,321	7,302
Defined contribution plan employer contributions	282	219
Total personnel costs	8,603	7,521

Employer contributions to defined contributions plans include contributions to Kiwisaver.

During the year 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:

	Actual 2023 \$'000	Actual 2022 \$'000
ELECTED REPRESENTATIVES REMUNERATION		
J T Hicks JP (Mayor)*	27,643	98,710
B A Reid	27,533	35,863
C S Bolger*	8,822	30,368
B R Highsted**	20,151	30,368
N J Davis*	6,763	23,282
G K Dickson	26,890	23,282
D I Grant*	6,763	23,282
J C Gardyne	26,890	23,282
N G Phillips	23,879	23,282
R O McPhail	25,937	30,368
S J MacDonell	26,890	23,282
N W J Grant*	6,763	23,282
B R Bell (Mayor)^	80,007	-
K J Hovell^	22,121	-
R J M McKenzie^	17,115	-
P N McPhail^	17,115	-
J D Stringer^	17,115	-
	388,397	388,654

* elected member up to 8 October 2022

** resigned 3 April 2023

^ elected member from 8 October 2022

Chief Executive total remuneration paid or payable for the year	300,101	290,135
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	Actual 2023 \$'000	Actual 2022 \$'000
REMUNERATION FOR EMPLOYEES BY BAND AS AT 30 JUNE		
\$300,000 and over	1	-
\$200,000 to \$299,999	-	1
\$140,000 to \$199,999	7	2
\$100,000 to \$139,999	7	8
\$80,000 to \$99,999	13	11
\$60,000 to \$79,999	34	25
\$59,999 and less	91	83
	153	130

The salary bands between \$100,000 and \$139,999, and \$140,000 and \$199,999 have been combined due to there being 5 or fewer employees in those bands.

The number of full time equivalent (FTE) employees as at 30 June 2023 was 106 (2022: 99) where 37.5 hours a week is considered full time.

For the year ended 30 June 2023 Council made severance payments to one employee totalling \$33,022 (2022: Three employees totalling \$229,178.63).

The value of each of this severance payment for the year ended 30 June 2023 was \$33,022.

The severance payments were not disclosed last year due to a difference in interpretation which has since been clarified. The value of each of the severance payments for the year ended 30 June 2022 were \$5,000, \$41,678.63, and \$182,500 (of which \$100,000 was partial reimbursement of legal costs).

11. FINANCE EXPENSE

	Actual 2023 \$'000	Actual 2022 \$'000
Finance expense	1,889	1,038
Provisions discount unwinding	-	(2)
Total finance expense	1,889	1,036

12. OTHER EXPENSES

	Actual 2023 \$'000	Actual 2022 \$'000
EXPENSES INCLUDE:		
<i>Fees to principal auditor</i>		
Audit fees for financial statement audit	171	120
Audit fees for Long Term Plan audit	-	29
Audit fees for assurance and related services	-	10
Insurance	511	398
Grants	722	717
Minimum lease payments	47	39
Solid waste operations	2,600	2,505
Roading operations	4,085	3,938
Impairment of assets	-	98
Other operating expenses	10,356	9,214
Total other expenses	18,492	17,068

The auditor of Council, for and on behalf of the Office of the Auditor-General, is M Hoshek of Deloitte Limited.

12a. OPERATING LEASES AS LEASEE

	Actual 2023 \$'000	Actual 2022 \$'000
Not later than one year	61	40
Later than one year and not later than five years	41	55
Total revenue non-exchange	102	95

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.

13. CASH AND CASH EQUIVALENTS

	Actual 2023 \$'000	Actual 2022 \$'000
Cash at bank and in hand	2,291	1,810
Total cash and cash equivalents	2,291	1,810

The carrying value of short-term deposits with maturity dates of 3 months or less approximates their fair value.

The total value of cash and cash equivalents that can only be used for a specified purpose as outlined in the relevant trust deeds is \$265,000 (2022: \$237,000).

14. RECEIVABLES

	Actual 2023 \$'000	Actual 2022 \$'000
Rates receivables	1,053	1,180
Other receivables	2,559	3,565
GST receivable	439	396
Allowance for doubtful debts	(150)	(144)
Total receivables	3,901	4,997

TOTAL RECEIVABLES COMPRISE:

Receivables from non-exchange transactions - this includes outstanding amounts for rates, grants, infringements, and fees and charges that are partly subsidised by rates	3,860	4,981
Receivables from exchange transactions - this includes outstanding amounts for commercial sales and fees and charges that have not been subsidised by rates	41	16
	3,901	4,997

Fair value

Debtors and other receivables are non-interest bearing and receipt is normally on 30 days terms, therefore their carrying value approximates their fair value.

Expected Credit Losses

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

The Council does not provide for any ECL's 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 chief executive approved the write-off of rates receivable during the year under the LG(R)A 2002 as follows:

- * Section 90A: \$1,054 (2022: \$Nil)
- * Section 90B: \$Nil (2022: \$Nil)

The ECL rates for other receivables at 30 June 2023 and 1 July 2022 are based on the payment profile of revenue on credit over the prior two years at the measurement date and the corresponding historical credit losses experienced for that period. The historical loss rates are adjusted for current and forward-looking macroeconomic factors that might affect the expected recoverability of receivables. Given the short period of credit risk exposure, the effects of macroeconomic factors are not considered significant.

The allowance for credit losses on the Councils receivables (excluding rates), based on the credit matrix is as follows:

	Current	31 to 60 days	61- 90 days	More than 90 days	Total
COUNCIL - 30 JUNE 2023					
Gross receivable amount (\$000)	1,718	808	6	27	2,559
COUNCIL - 30 JUNE 2022					
Gross receivable amount (\$000)	2,088	1,420	10	47	3,565

Movement in the allowance for credit losses is as follows:

	Actual 2023 \$'000	Actual 2022 \$'000
Balance at 1 July	144	94
Additional provisions made during year	6	50
Balance at 30 June	150	144

15. INVENTORIES

	Actual 2023 \$'000	Actual 2022 \$'000
Essential services (at cost)	154	125
Other (at cost)	578	380
Matai ridge (at cost)	42	45
Total inventories	774	550

The carrying amount of inventories pledged as security for liabilities is \$Nil (2021: \$Nil).

The inventories cost has been amended for net realisable value.

16. PREPAYMENTS

	Actual 2023 \$'000	Actual 2022 \$'000
Prepayments	495	482
Total prepayments	495	482

17. OTHER FINANCIAL ASSETS

	Actual 2023 \$'000	Actual 2022 \$'000
CURRENT PORTION		
Short term deposits	1,866	1,731
Total current portion	1,866	1,731
NON-CURRENT PORTION		
<i>Investments in CCOs and similar entities</i>		
LFGA Borrower Notes	890	634
NZLG Ins Corp Ltd (unlisted shares)	49	53
Southland Regional Development (shares)	27	27
Total investments in CCOs and similar entities	966	714
<i>Investments in CCOs and similar entities</i>		
Community loans	25	52
Community loans impairment provision	(25)	(50)
Clean air	21	31
Total investment in other entities	21	33
Total non-current portion	987	747

Fair value

Short term deposits

The carrying amount of short term deposits approximates their fair value.

Community loans

Community loans have recognised an impairment provision of \$25,000 (2022: \$50,000). The Council does not hold any collateral for the impaired loans. There were no other impairment expenses or provisions made for other financial assets.

18. DERIVATIVE FINANCIAL INSTRUMENTS

	Actual 2023 \$'000	Actual 2022 \$'000
Current asset portion	46	7
Interest rate swaps	46	7
Non-current asset portion	405	242
Interest rate swaps	405	242
Total derivative financial instrument assets	451	249
Current liability portion		
Interest rate swaps	-	-
Non-current liability portion	-	86
Interest rate swaps	-	86
Total derivative financial instrument liability	-	86

The notional principal amounts of the outstanding interest rate swap contracts at 30 June 2023 were \$15,900,000 (2022: \$17,900,000). Maturity dates range from September 2023 to December 2025 (2022: March 2023 to December 2025).

At 30 June 2023, the interest rates for interest rate swaps vary from 2.85% to 4.79% (2022: 2.85% to 4.79%).

The fair value of interest rate swaps have been determined by calculating the expected cashflows under the terms of the swaps and discounting these values to present value.

19. PROPERTY, PLANT AND EQUIPMENT

2023

	Cost /Valuation 1 July 2022	Transfers	Additions	Disposals	Revaluation	Cost /Valuation 1 July 2023	Accumulated depreciation and impairment charges 1 July 2022	Impairment losses charged in Statement of Comprehensive Equity	Depreciation expense	Accumulated depreciation and impairment charges reversed/ on disposal/ revaluation	Accumulated depreciation and impairment charges 30 June 2023	Carrying amount 30 June 2023
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
COUNCIL OPERATIONAL ASSETS AT COST												
Buildings	233	-	-	-	-	233	(167)	-	(4)	-	(171)	61
Plant and equipment	4,770	-	352	(49)	-	5,073	(2,604)	-	(320)	18	(2,906)	2,167
Motor vehicles	2,051	-	404	(238)	-	2,217	(1,231)	-	(333)	196	(1,367)	850
Office furniture and equipment	2,791	-	757	-	-	3,548	(2,115)	-	(230)	-	(2,345)	1,203
Recreation and cultural	1,697	-	240	-	-	1,937	(743)	-	(111)	-	(854)	1,083
Library books	1,152	-	27	-	-	1,179	(738)	-	(84)	-	(822)	357
Work in progress buildings	6,196	5,664	2,300	-	-	2,832	-	-	-	-	-	2,832
Work in progress office equipment	9	-	-	(3)	-	6	-	-	-	-	-	6
Work in progress recreation & cultural	-	-	22	-	-	22	-	-	-	-	-	23
Work in progress land	42	-	121	-	-	163	-	-	-	-	-	163
AT VALUATION												
Land	24,450	-	845	-	-	25,295	-	-	-	-	-	25,295
Buildings	34,189	5,664	4,934	-	(578)	44,787	(578)	-	(776)	-	(1,354)	43,433
Total operational assets	77,580	-	10,020	(289)	-	87,292	(8,176)	-	(1,858)	214	(9,820)	77,472

COUNCIL INFRASTRUCTURAL ASSETS

	Cost /Valuation 1 July 2022	Transfers	Additions	Disposals	Revaluation	Cost /Valuation 1 July 2023	Accumulated depreciation and impairment charges 1 July 2022	Impairment losses charged in Statement of Comprehensive Equity	Depreciation expense	Accumulated depreciation and impairment charges reversed/ on disposal/ revaluation	Accumulated depreciation and impairment charges 30 June 2023	Carrying amount 30 June 2023
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
AT VALUATION												
Water reticulation	18,207	6,032	776	-	-	25,015	(30)	-	(901)	-	(931)	24,084
Wastewater reticulation	46,160	-	173	-	-	46,333	(3)	-	(2,085)	-	(2,088)	44,245
Stormwater reticulation	11,934	-	17	-	-	11,951	-	-	(722)	-	(722)	11,229
Roads - formation	222,982	-	-	-	-	222,982	-	-	-	-	-	222,982
Roads - pavement (non depreciable)	36,168	-	-	-	-	36,168	-	-	(39)	-	(39)	36,129
Roads - pavement (depreciable)	57,911	-	1,683	-	-	59,594	-	-	(1,382)	-	(1,383)	58,212
Roads - footpaths, kerbs, bridges & culverts	38,194	-	547	-	-	38,742	(1)	-	(1,174)	-	(1,175)	37,567
Roads - signs, road markings and streetlights	1,669	-	240	-	-	1,909	-	-	(181)	-	(181)	1,728
Land under roads	18,752	-	13	-	-	18,765	-	-	(10)	-	(10)	18,755
Refuse - at cost	1,105	-	-	-	-	1,105	(330)	-	(19)	-	(349)	756
Work in progress stormwater	815	-	2,116	-	-	2,931	-	-	-	-	-	2,931
Work in progress roads	919	-	-	(918)	-	-	-	-	-	-	-	-
Work in progress wastewater	604	-	2,871	-	-	3,475	-	-	-	-	-	3,475
Work in progress water	6,306	(6,032)	2,282	-	-	2,556	-	-	-	-	-	2,556
Total infrastructural assets	461,727	-	10,719	(918)	-	471,526	(365)	-	(6,512)	214	(6,877)	464,650
Total council property, plant and equipment	539,307	-	20,720	(1,207)	-	558,818	(8,540)	-	(8,370)	214	(16,696)	542,122

19. PROPERTY, PLANT AND EQUIPMENT

2022

	Cost /Valuation 1 July 2021	Transfers	Additions	Disposals	Revaluation	Cost /Valuation 30 June 2022	Accumulated depreciation and impairment charges 1 July 2021	Impairment losses charged in Statement of Comprehensive Equity	Depreciation expense	Accumulated depreciation and impairment charges reversed/ on disposal/ revaluation	Accumulated depreciation and impairment charges 30 June 2022	Carrying amount 30 June 2022
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
COUNCIL OPERATIONAL ASSETS AT COST												
Buildings	210	-	-	-	23	233	(176)	-	(3)	13	(167)	66
Plant and equipment	4,711	371	(312)	(469)	-	4,770	(2,510)	-	(295)	202	(2,604)	2,166
Motor vehicles	1,892	628	(469)	-	-	2,051	(1,324)	-	(246)	339	(1,231)	820
Office furniture and equipment	2,611	180	-	-	-	2,791	(1,923)	-	(192)	-	(2,115)	676
Recreation and cultural	1,641	56	-	-	-	1,697	(648)	-	(94)	-	(743)	954
Library books	1,124	28	-	-	-	1,152	(647)	-	(91)	-	(738)	414
Work in progress buildings	253	4,480	-	-	-	6,196	-	-	-	-	-	6,196
Work in progress office equipment	6	3	-	-	-	9	-	-	-	-	-	9
Work in progress recreation & cultural	1,463	(1,463)	-	-	-	-	-	-	-	-	-	-
Work in progress subdivision	380	-	-	(338)	-	42	-	-	-	-	-	42
AT VALUATION												
Land	17,116	100	(481)	-	7,715	24,450	(3)	-	-	3	-	24,450
Buildings	23,918	37	-	-	10,234	34,189	(1,795)	-	(662)	1,879	(578)	33,611
Total operational assets	55,326	-	5,883	(1,600)	17,971	77,580	(9,027)	-	(1,584)	2,436	(8,176)	69,404

COUNCIL INFRASTRUCTURAL ASSETS

	Cost /Valuation 1 July 2021	Transfers	Additions	Disposals	Revaluation	Cost /Valuation 30 June 2022	Accumulated depreciation and impairment charges 1 July 2021	Impairment losses charged in Statement of Comprehensive Equity	Depreciation expense	Accumulated depreciation and impairment charges reversed/ on disposal/ revaluation	Accumulated depreciation and impairment charges 30 June 2022	Carrying amount 30 June 2022
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
AT VALUATION												
Water reticulation	19,517	1,112	-	(98)	(2,323)	18,207	(1,689)	-	(863)	2,522	(30)	18,177
Wastewater reticulation	29,353	1,627	-	-	15,108	46,160	(2,224)	-	(1,086)	3,307	(3)	46,157
Stormwater reticulation	10,469	113	-	-	1,352	11,934	(1,064)	-	(533)	1,597	-	11,934
Roads - formation	197,497	-	-	-	25,486	222,982	-	-	-	-	-	222,982
Roads - pavement (non depreciable)	28,894	-	-	-	7,273	36,168	-	-	-	-	-	36,168
Roads - pavement (depreciable)	69,536	1,566	-	-	(13,190)	57,911	(2,534)	-	(1,345)	3,878	-	57,911
Roads - footpaths, kerbs, bridges & culverts	37,835	759	-	-	(400)	38,194	(2,097)	-	(1,112)	3,208	(1)	38,193
Roads - signs, roadmarkings and streetlights	2,821	163	-	-	(1,468)	1,669	(301)	-	(155)	456	-	1,670
Land under roads	18,752	-	-	-	-	18,752	-	-	-	-	-	18,752
Refuse - at cost	1,105	-	-	-	-	1,105	(312)	-	(19)	-	(330)	775
Work in progress stormwater	120	695	-	-	-	815	-	-	-	-	-	815
Work in progress roads	1,713	(154)	-	(790)	-	918	-	-	-	-	-	918
Work in progress wastewater	596	(73)	-	-	-	604	-	-	-	-	-	604
Work in progress water	4,311	1,995	-	-	-	6,306	-	-	-	-	-	6,306
Total infrastructural assets	422,519	(1)	8,188	(888)	31,838	461,727	(10,221)	-	(5,111)	14,968	(365)	461,363
Total council property, plant and equipment	477,845	(1)	14,071	(2,489)	49,809	539,307	(19,248)	-	(6,695)	17,403	(8,540)	530,767

CORE INFRASTRUCTURE ASSET DISCLOSURES

Included in the Council infrastructure assets are the following core assets:

	Closing Book Value	Additions: constructed by Council	Additions: transferred to Council	Most recent replacement cost estimate for revalued assets
2023				
WATER:				
- treatment plants and facilities	9,015	6,439	-	14,255
- other assets (such as reticulation systems)	15,071	369	-	54,087
WASTEWATER:				
- treatment plants and facilities	16,569	72	-	25,699
- other assets (such as reticulation systems)	27,676	101	-	101,379
STORMWATER:				
Flood protection and controls works**	-	-	-	-
Roads and footpaths	375,362	2,484	-	459,405
2022				
WATER:				
- treatment plants and facilities	2,723	50	-	7,816
- other assets (such as reticulation systems)	15,456	1,061	-	53,718
WASTEWATER:				
- treatment plants and facilities	17,142	53	-	25,627
- other assets (such as reticulation systems)	29,015	1,647	-	101,278
STORMWATER:				
Flood Protection and controls works**	-	-	-	-
Roads and footpaths	375,664	2,642	-	456,921

** Council does not own any assets in this class.

WORK IN PROGRESS

Property, plant, and equipment in the course of construction by class of asset is detailed below:

	Actual 2023 \$'000	Actual 2022 \$'000
Buildings	2,832	6,196
Office equipment	6	9
Recreation and cultural	23	-
Subdivision	163	42
Roads	-	919
Wastewater	3,474	604
Water	2,558	6,306
Stormwater	2,931	815
	11,987	14,891

INSURANCE ON ASSETS

	Actual 2023 \$'000	Actual 2022 \$'000
The following information relates to the insurance of Council assets as at 30 June.		
The maximum amount to which insured assets are insured	284,788	246,407
The total value of all Council assets covered by insurance contracts	131,287	137,217
Value of funds maintained for self insurance	57	57

CAPITAL COMMITMENTS

The amount of contractual commitments for acquisition of property, plant and equipment is:

Capital and other expenditure commitments	1,657	10,146
	1,657	10,146

Three waters reform programme

A 2016 campylobacter outbreak in Havelock North made over 5,000 people ill and was linked to three deaths. The inquiry into the outbreak concluded New Zealand's drinking water regulatory system was failing to provide necessary assurances that drinking water across the country is safe and reliable. In 2019 Cabinet agreed to create a new water services regulator called Taumata Arowai. One of its roles is to enforce drinking water standards nationally. Its premise is that councils have the funding and support to get the balance right.

"The New Zealand Government is implementing a water services reform programme that is intended to ensure all New Zealanders have safe, clean and affordable water services. The Government believes this will be achieved by establishing new public entities to take on the delivery of drinking water, wastewater and stormwater services across New Zealand. The reform will be enacted by three pieces of legislation: The New Zealand Government is implementing a water services reform programme that is intended to ensure all New Zealanders have safe, clean and affordable water services. The Government believes this will be achieved by establishing new public entities to take on the delivery of drinking water, wastewater and stormwater services across New Zealand. The reform will be enacted by three pieces of legislation:

- The Water Services Entities Act 2022, which (as amended by the Water Services Entities Amendment Act 2023 on 23 August 2023) establishes ten publicly owned water services entities and sets out their ownership, governance and accountability arrangements. A water services entity is established (for transitional purposes) on the date on which the appointment of the entity's establishment board takes effect, and its establishment date (operational date) will be a date between 1 July 2024 and 1 July 2026.
- The Water Services Legislation Act 2023, which amended the Water Services Entities Act 2022 on 31 August 2023 to provide for the transfer of water services assets and liabilities to the water services entities.
- The Water Services Economic Efficiency and Consumer Protection Act 2023, which provides the economic regulation and consumer protection framework for water services. The consumer protection framework will come into force on 1 July 2024 and the rest of the Act came into force on 31 August 2023."

For more information on the Government reforms visit <https://www.dia.govt.nz/Three-Waters-Reform-Programme>.

19A. DEPRECIATION AND AMORTISATION EXPENSE

	Actual 2023 \$'000	Actual 2022 \$'000
Water	907	863
Wastewater	2,085	1,086
Stormwater	722	533
Roading	2,820	2,629
Parks, reserves, aquatic facilities, civic buildings and recreation	1,132	941
Other district assets including solid waste and civil defence	249	206
Regulatory and planning	63	41
Democracy and administration	206	204
Community services - arts & heritage, libraries, promotions and grants	186	192
	8,370	6,695

20. JOINT OPERATIONS

The Council has a joint arrangement with KLFT for the Matai Ridge subdivision.

The Council's interest in the joint operations are as follows:

	Actual 2023 \$'000	Actual 20221 \$'000
Current assets (inventories)	578	380
Current asset (accounts receivable)	413	-
Revenue (section sales)	532	-
Expenses (COGS)	429	-

21. PAYABLES AND DEFERRED REVENUE

	Actual 2023 \$'000	Actual 2022 \$'000
Trade creditors	3,512	4,188
Accrued charges	412	354
Rates in advance	357	595
Deposits and retentions	56	41
Accrued interest	490	177
Total trade and other payables	4,827	5,355

Trade payables and deferred revenue are non-interest bearing and are normally settled on 30-day terms, therefore the carrying value of trade and deferred revenue approximates their fair value.

22. EMPLOYEE BENEFIT LIABILITIES

	Actual 2023 \$'000	Actual 2022 \$'000
Accrued salaries and wages	377	348
Annual leave	568	505
Long service leave	47	44
Retiring gratuities	46	39
Total employee benefits	1,038	936
COMPRISING:		
Current	1,016	897
Non-current	22	39
Total employee benefits	1,038	936

23. PROVISIONS

	Actual 2023 \$'000	Actual 2022 \$'000
A. LANDFILL AFTERCARE PROVISION		
Opening balance	68	68
Discount unwinding	[2]	-
Closing balance	66	68

Due to the implementation of the Transfer Station, the landfills are now closed. The Council has responsibility to provide ongoing maintenance and monitoring of the landfills post-closure of the sites.

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% (2022: 4%).

	Actual 2023 \$'000	Actual 2022 \$'000
B. OUVEA PREMIX REMOVAL PROVISION		
Opening balance	48	47
Amounts used during the year	-	[1]
Closing balance	48	46

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. This is deemed to be a current liability.

TOTAL PROVISIONS

Current	48	48
Non-current	66	68
Total provisions	114	116

24. BORROWINGS

	Actual 2023 \$'000	Actual 2022 \$'000
AT AMORTISED COST		
CURRENT		
Secured loans	13,500	11,000
Total current borrowings	13,500	11,000
NON-CURRENT		
Secured loans	36,500	24,500
Total borrowings	50,000	35,500

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

The current borrowings will be refinanced in the upcoming financial year. The borrowings are likely to be refinanced to a longer term depending on interest rates at the time of maturity. The Council has headroom of \$12 million over and above the combined current and non-current borrowing of \$50 million.

Long term borrowings are at market rates, therefore carrying amounts approximate their fair values.

Interest is charged on a floating rate basis. At balance date the current weighted average effective interest rate on the bank borrowings is 4.41% (2022: 3.15%).

The Council has a credit card facility with Westpac with a credit limit of \$100,000 (2022: \$100,000).

25. CONTINGENCIES

LOCAL GOVERNMENT FUNDING AGENCY

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+.

As at 30 June 2023 the Council is one of 30 local authority shareholders and 54 local authority guarantors of the LGFA. The New Zealand Government also has a 20% shareholding in the LGFA. It has uncalled capital of \$1.0 million. When aggregated with the uncalled capital of other shareholders, \$20.0 million is available in the event that an imminent default is identified. Also, together with the other shareholders and guarantors, the Council is a guarantor of all of the LGFA's borrowings. At 30 June 2023, NZLGFA had borrowings totalling \$17,684m (2022: \$15,789m).

PBE Accounting Standards require the Council to initially recognise the guarantee liability by applying the 12-month expected credit loss (ECL) model (as fair value could not be reliably measured at initial recognition), and subsequently at the higher of the provision for impairment at balance date determined by the ECL model and the amount initially recognised. The Council has assessed the 12-month ECL of the guarantee liability, based on market information of the underlying assets held by the LGFA. The estimated 12-month expected credit losses are immaterial due to the very low probability of default by the LGFA in the next 12 months. Therefore, the Council 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:

- it is 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.”

St James Theatre

On 9 June 2021 the Council resolved to underwrite the St James Theatre Trust redevelopment project to a maximum amount of \$236,000.

Hokonui Moonshine Museum Trust

On 6 October 2022 the Council approved bridging finance of up to \$85,000 to enable the finishing touches of the upgraded museum to be completed.

Contingent assets

There are no contingent assets at balance date (2022: \$Nil).

26. EQUITY

	Actual 2023 \$'000	Actual 2022 \$'000
ACCUMULATED FUNDS		
As at 1 July	139,594	135,209
Surplus/(deficit) for the year	(2,433)	2,444
Separate funds	1,213	1,941
As at 30 June	138,374	139,594
COUNCIL RESERVES		
As at 1 July	5,076	7,017
Transfers from reserves	(1,535)	(3,325)
Transfers to reserves	322	1,384
As at 30 June	3,863	5,076
ASSET REVALUATION RESERVES		
As at 1 July	354,609	287,938
Revaluation gains/(losses)	-	70,297
Revaluation reserve gains/(losses)	-	(3,626)
As at 30 June	354,609	354,609
Total equity	496,846	499,279

ASSET REVALUATION RESERVES CONSIST OF:

Water Reticulation	16,071	16,071
Wastewater and Stormwater Reticulation	36,460	36,460
Roads, Bridges and Lighting	259,813	259,813
Land	19,820	19,820
Buildings	22,445	22,445
Total	354,609	354,609

Capital Management

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

The Local Government Act 2002 (the Act) requires 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. Ratepayer's funds 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 in 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 classes of assets 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) and in its annual plan (where applicable) to meet the expenditure needs identified in those plans. And the Act sets out the factors 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 in the Council's 10YP.

Council has the following Council created reserves:

- reserves for different areas of benefit;
- self-insurance reserves; and
- trust and bequest reserves.

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

Self-insurance reserves are built up annually from general rates and are made available for specific unforeseen events.

Trust and bequest reserves are set up where 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.

Information about reserve funds held for a specific purpose is provided below:

		Sum of 30 June 2022	Additions \$,000	Withdrawals \$,000	Sum of 30 June 2023
(A) SPECIAL BEQUESTS					
A M A Dolamore	Maintenance and improvement of Dolamore Park	69	8	-	77
C A Coster	Provision or extension of amenities in Maitara area	103	12	-	115
Dolamore Trust	Purchase of library books	5	1	-	6
Dorothy Newman Trust	Maintenance and improvement of Gore parks and reserves	18	2	-	20
J H Dolamore	Maintenance and improvement of Gore parks and reserves	42	5	-	47
(a) Special Bequests Total		237	28	-	265
(B) COUNCIL CREATED RESERVES					
Airport reserve	Funding future operations	13	-	-	13
Council wide asset replacement and maintenance reserves	Funding long term maintenance and replacement of council assets	3,707	225	(1,073)	2,859
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	57	-	-	57
Maitara initiatives reserve	Funding future initiatives in Maitara	(2)	-	-	(2)
Otama water scheme	Funding capital works on Otama water scheme	443	-	(443)	-
Parks and reserves development reserve	Funding future development requirements	19	-	(19)	-
Rural halls reserve	Funding future maintenance costs of rural halls	13	7	-	20
Rural special fund	Provision of amenities in rural areas of the district	526	62	-	588
Rural roading reserve	Funding future rural roading works	(11)	-	-	(11)
Sister city reserve	Funding future sister city initiatives	9	-	-	9
Young ambassador reserve	Funding future young ambassador initiatives	1	-	-	1
(B) council created reserves total		4,839	294	(1,535)	3,598
Grand total		5,076	322	(1,535)	3,863

27. RELATED PARTY TRANSACTIONS

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:

	Actual 2023 \$'000	Actual 2022 \$'000
Yrless Limited (owned by Councillor Joe Stringer)		
- purchase of IT services	(6)	-
Cave FM Limited (owned by Councillor Robert McKenzie)		
- purchase of advertising services	(1)	-
Southern Office Products Depot (owned by Councillor Nicky Davis)		
- purchase of stationery items	(12)	(31)
PaperPlus Gore (owned by Councillor Doug Grant)		
- purchase of stationery items	(5)	(26)
NG Plumbing & Heating Services Limited (owned by Councillor Nick Grant)		
- purchase of stationery items	-	-

(B) OTHER TRANSACTIONS INVOLVING RELATED PARTIES

		Actual 2023 \$'000	Actual 2022 \$'000
Community Networking Trust (Councillor Glenys Dickson is a Trustee)	Payments	(12)	(12)
	Receipts	4	
Gore Health Limited (Councillor Glenys Dickson is a Director)		19	-
Southern REAP (Councillor Glenys Dickson is a Board Chair)		(7)	(1)
Gore River Valley Lions (Councillor Bronwyn Reid is a Member)		(1)	-
SBS St James Theatre (Councillor Paul McPhail)	Payments	(5)	
	Receipts	1	-
Tussock Country (Councillor Bronwyn Reid is a Trustee)		(10)	
Otama Rural Water Limited (Councillor John Gardyne is a Director)		6	
Stoney Creek Station (Councillor Bret Highsted is a Director)		-	(2)

No provision has been required, nor any expense recognised for impairment of receivables for any loans or other receivables to related parties (2022: No).

KEY MANAGEMENT PERSONNEL COMPENSATION

	Actual 2023 \$'000	Actual 2022 \$'000
COUNCILLORS		
Full-time equivalent members	12	12
Remuneration	389	389
SENIOR MANAGEMENT TEAM, INCLUDING THE CHIEF EXECUTIVE		
Full-time equivalent members	6	4
Remuneration	1,147	731
Total full-time equivalent personnel	18	16
Total key management personnel remuneration	1,536	1,120

Due to the difficulty in determining the full time equivalent for Councillors, the full time equivalent figures is taken as the number of Councillors.

28. EVENTS AFTER BALANCE DATE

Three Waters reform

“The New Zealand Government is implementing a water services reform programme that is intended to ensure all New Zealanders have safe, clean and affordable water services. The Government believes this will be achieved by establishing new public entities to take on the delivery of drinking water, wastewater and stormwater services across New Zealand. The reform will be enacted by three pieces of legislation: The New Zealand Government is implementing a water services reform programme that is intended to ensure all New Zealanders have safe, clean and affordable water services. The Government believes this will be achieved by establishing new public entities to take on the delivery of drinking water, wastewater and stormwater services across New Zealand. The reform will be enacted by three pieces of legislation:

- The Water Services Entities Act 2022, which (as amended by the Water Services Entities Amendment Act 2023 on 23 August 2023) establishes ten publicly owned water services entities and sets out their ownership, governance and accountability arrangements. A water services entity is established (for transitional purposes) on the date on which the appointment of the entity’s establishment board takes effect, and its establishment date (operational date) will be a date between 1 July 2024 and 1 July 2026.
- The Water Services Legislation Act 2023, which amended the Water Services Entities Act 2022 on 31 August 2023 to provide for the transfer of water services assets and liabilities to the water services entities.
- The Water Services Economic Efficiency and Consumer Protection Act 2023, which provides the economic regulation and consumer protection framework for water services. The consumer protection framework will come into force on 1 July 2024 and the rest of the Act came into force on 31 August 2023.”

Ongoing obligation relating to New Zealand Mutual Liability Riskpool scheme

Riskpool provides public liability and professional indemnity insurance to its members. The Council was a member of Risk Pool until 30/6/2017. The Trust Deed of Risk Pool provides that, if there is a shortfall (whereby claims exceed contributions of members and reinsurance recoveries) in any Fund year, then the Board may make a call on members for the fund year. The Council received a letter on 2 August 2023 stating that Riskpool’s appeal to the Supreme Court regarding a liability claim concerning both weathertight and non-weathertight defects has been dismissed. Riskpool’s reinsurers have reserved their position regarding cover for the claim, which means that Riskpool may be required to make a call to pay the claim. The amount of the claim is yet to be quantified. There is a hearing set down in the High Court on 11 December 2023 to resolve that issue.

By-election 13 July 2023

A by-election was held to replace Gore Ward Councillor Bret Highsted who resigned 3 April 2023. The successful candidate was Andy Fraser who was sworn in as a councillor on 18 August 2023.

Breach of statutory reporting deadline

The Council was required under section 98 amended (Annual report) Local Government Act 2002 to complete its audited financial statements and service performance information by 31 October 2023. This timeframe was not met, with the adoption date being 2 November 2023.

29. FINANCIAL INSTRUMENTS

	Actual 2023 \$'000	Actual 2022 \$'000
FINANCIAL ASSETS		
<i>Mandatorily measured at FVTSD (2022: Held for Trading)</i>		
Derivative financial instrument assets - not hedged accounted	451	249
Other financial assets:		
- Investments in debt securities	-	-
Total at FVTSD (2022: Held for Trading)	451	249
 <i>Amortised Cost (2022: Loans and Receivables)</i>		
Cash and cash equivalents	2,291	1,810
Trade and other receivables	3,901	4,997
Other financial assets:		
- Term deposits	1,866	1,731
- Community loans	21	33
- Investment in other entities	890	634
Total at amortised cost	8,969	9,205
 <i>FVTOCRE</i>		
Other financial assets:		
- Listed bonds		
- Unlisted shares	76	80
Total at FVTOCRE	76	80
 FINANCIAL LIABILITIES		
<i>Mandatorily measured at FVTSD (2022: Held for trading)</i>		
- Derivative financial instrument liabilities – not hedge accounted	-	86
 AMORTISED COST		
Trade and other payables	4,827	5,355
Borrowings:		
- Bank overdraft	-	-
- Lease liabilities	-	-
- Secured loans	50,000	35,500
Other financial liabilities	62	62
Total financial liabilities at amortised cost	54,889	40,917

Fair value

The Council carries certain financial assets and financial liabilities at fair value. In accordance with PBE IPSAS 30 - Fair Value Measurement, Council uses various methods in estimating the fair value of its financial instruments. The methods comprise:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value

measurement is directly or indirectly observable.

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The following table analyses the basis of the valuation of classes of financial instruments measured at fair value in the statement of financial position:

	Total	VALUATION TECHNIQUE		
		Quoted market price	Observable inputs	Significant non-observable inputs
	\$000	\$000	\$000	\$000
30 JUN 2022 - COUNCIL				
FINANCIAL ASSETS				
Derivatives	451	-	451	-
Investments in debt securities	-	-	-	-
Shares	76	-	-	76
FINANCIAL LIABILITIES				
Derivatives	-	-	-	-
30 JUN 2022 - COUNCIL				
FINANCIAL ASSETS				
Derivatives	249	-	249	-
Investments in debt securities	-	-	-	-
Shares	81	-	-	81
FINANCIAL LIABILITIES				
Derivatives	(86)	-	(86)	-

There were no transfers between the different levels of the financial hierarchy.

Valuation techniques with significant non-observable inputs (level 3)

The table below provides a reconciliation from the operating balance to the closing balance for the level 3 fair value measurements:

	2023 \$'000	2022 \$'000
Balance as at 1 July	81	79
Gain and losses recognised in the surplus or deficit	(5)	2
Balance as at 30 June	76	81

Changing a valuation assumption to a reasonable possible alternative assumption would not significantly change fair value.

FINANCIAL INSTRUMENTS RISKS

Council has a series of policies to manage the risks associated with financial instruments. Council is risk averse and seeks to minimise exposure from its treasury activities. Council has established Council approved Liability Management and Investment policies. These policies do not allow any transactions that are speculative in nature to be entered into.

Market risk

Currency risk

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

Interest rate risk

Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Borrowings and investments issued at fixed rates expose the Council to fair value interest rate risk. Council's Liability Management policy outlines the level of borrowing that is to be sourced using fixed rate instruments.

Cash flow 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 and investments issued at variable interest rates expose

Council to cash flow interest rate risk.

Council manages its cash flow interest rate risk on borrowings by using floating to fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings at floating rates and swaps them into fixed rates that are generally lower than those available if Council borrowed at fixed rates directly. Under the interest rate swaps, 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 national principal amounts.

Credit risk

Credit risk is the risk that a third party will default on its obligation to Council, causing the Council to incur a loss. Council has no significant concentrations of risk, as it has a large number of customers, mainly ratepayers, and the Council has powers under the Local Government (Rating) Act 2002 to recover outstanding debts from ratepayers.

Council invests funds in accordance with its Investment policy which limits the amount of credit exposure to any one institution and ensures dispersion and minimisation of risk.

Council has no other collateral or other credit enhancements for financial instruments that give rise to credit risk. Apart from the LGFA exposure as disclosed in Note 25.

Council's maximum credit exposure for each class of financial instrument is as follows:

	Actual 2023 \$'000	Actual 2022 \$'000
Cash at bank and term deposits	4,157	3,541
Trade and other receivables	3,901	4,997
Community loans	21	33
- Investment in other entities	890	634
Investments in debt securities	-	-
Derivative financial instrument assets	451	249
Total credit risk	9,420	9,454

All cash at bank and term deposits are neither past due nor impaired and are made with registered banks with Standard and Poor's credit ratings of A1 or better short term.

All investments in debt securities are neither past due nor impaired and are made with counterparties with Standard and Poor's credit ratings of BBB or better long term or with other local authorities.

Community loans are with counterparties with no defaults in the past.

LIQUIDITY RISK

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

In meeting its liquidity requirements, the Council maintains a target level of investments that must mature within the next 12 months and ensure all investments are readily tradable.

Council manages its borrowing in accordance with its funding and financial policies, which include a Liability Management policy. These policies have been adopted as part of the Council's Long Term Plan.

Contractual maturity analysis of financial liabilities, excluding derivatives

The table below analyses Council's financial liabilities into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date.

	Carrying amount \$000	Less than 1 year \$000	1-2 years \$000	2-5 years \$000	More than 5 years \$000
COUNCIL 2023					
Trade and other payables	4,827	4,827	-	-	-
Secured loans	50,000	13,500	5,000	23,500	8,000
Total	54,827	18,327	5,000	23,500	8,000

COUNCIL 2022

Trade and other payables	5,355	5,355	-	-	-
Secured loans	35,500	11,000	5,000	16,500	3,000
Total	40,855	16,355	5,000	16,500	3,000

Contractual maturity analysis of derivative financial instruments

The table below analyses Council's maturity dates for interest rate derivative financial instruments.

	Carrying amount \$000	Less than 1 year \$000	1-2 years \$000	2-5 years \$000	More than 5 years \$000
Council 2023	451	46	99	306	-
Council 2022	(163)	(7)	20	(176)	-

Contractual maturity analysis of financial assets

The table below analyses Council's financial assets into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date.

	Carrying amount \$000	Less than 1 year \$000	1-5 years \$000	More than 5 years \$000
COUNCIL 2023				
Cash and cash equivalents	2,291	2,291	-	-
Trade and other receivables	3,901	3,901	-	-
Unlisted shares	76	-	-	76
Other financial assets:				
- term deposits	1,866	1,866	-	-
- community loans	21	-	21	-
- investment in debt securities	979	89	690	200
Total	9,134	8,147	711	276

COUNCIL 2022

Cash and cash equivalents	1,810	1,810	-	-
Trade and other receivables	4,997	4,997	-	-
Unlisted shares	81	-	-	81
Other financial assets:				
- term deposits	1,731	1,731	-	-
- community loans	33	-	33	-
- investment in debt securities	634	-	559	75
Total	9,286	8,538	592	156

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 \$197,200 (2022: \$103,600). 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 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 \$5,000 (2022: \$5,000) 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.

30. EXPLANATION OF MAJOR VARIANCES AGAINST BUDGET

Explanation of major variations from Council's estimated figures in the 2022/2023 budget, as reflected in the Annual Plan, are as follows:

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

The Council made a net deficit of (\$2.433m) budgeted deficit of (\$763k) before other comprehensive revenue - gain on asset revaluations. The Council made a net surplus of (\$2.433m) budgeted deficit of (\$763k) after other comprehensive revenue.

The difference in revenue arose in three main areas - grants (\$1.8m), other revenue (\$1.4m) and fees and charges (\$1.1m). The Council received Better Off Funding grants (\$1.2m), Shovel Ready grants (\$350k) and 3Waters transition funding grant (\$200k). All of these were unbudgeted in the 2022/23, mostly due to the announcement of funding being made after the Council had adopted the 2022/23 Annual Plan. The movement in Other Revenue was largely due to the vesting of the Hokonui Moonshine Museum building to Council. Quotable Value NZ has a recorded capital value of that building as \$1.1m, which needed to be recognised in the Council's income. There were a number of activities that contributed to the fees and charges received being greater than budget including the transfer station (\$164k), resource consents (\$158k), late penalties received on rates (\$158k), trade waste charges (\$95k) and other regulatory charges (\$79k).

There were a number of factors that contributed to the increase in expenditure against the Council's Annual Plan. These included:

- Additional depreciation costs of \$1.3m due to the revaluation of the Council's assets at 30 June 2022.
- \$1.0m in urban roading maintenance relates to the Mataura River Crossing project. Expenditure to date (\$919k) on this project had been recorded as work in progress and would have been capitalised had the project to build a bridge across the Mataura River progressed. At its meeting on 16 May 2023, the Council resolved to drill under the Mataura River to get the water pipelines from East Gore to the Jacobsown Well. This meant the Council had to assign the costs incurred in pursuing the bridge option, as expenditure. The Council had previously received \$514k in funding income from Waka Kotahi which offsets a portion of the expenditure incurred.
- \$817k for personnel costs with a number of positions coming onstream including the new tier two management structure, a digital media specialist, a planning graduate, roading operations personnel. There were also a number of fixed term positions in Events, Ready for Living, policy analyst and library. The remainder can be explained by significant movement in the recruitment market with wage inflation of up to 30% felt in some areas.
- \$732k in the regulatory area, with resource planning and consent contractors \$408k over budget (note that this is partially offset by the increase in resource consent income) and district plan \$324k over budget.
- \$673k unbudgeted increase in interest expenditure. At the time that the Council's 2022/23 Annual Plan was adopted, there was no indication that the interest rates would increase at the speed and level that eventuated.
- \$443k unbudgeted payment to Otama Rural Water Supply, with the scheme moving into private ownership on 1 July 2022.

STATEMENT OF FINANCIAL POSITION

Current assets are higher than annual plan primarily due to transferring sections from the Matai Ridge subdivision to inventory, ready for sale.

Property, plant and equipment higher than the annual plan given the revaluation of assets that were undertaken at 30 June 2022.

Whilst overall borrowings are close to the annual plan figure, the split between current and non-current borrowings is different with more borrowings being recognised as being due in the next 12 months and therefore less in the non current borrowings. This has resulted in current liabilities recording higher than annual plan figures, and non-current recording lower.

31. RECONCILIATION OF NET SURPLUS/(DEFICIT) AFTER TAX TO NET CASH FLOW FROM OPERATING ACTIVITIES

	Actual 2023 \$'000	Actual 2022 \$'000
Surplus/(deficit) after tax	(2,433)	2,445
Add/(less) non-cash items:		
Depreciation and amortisation	8,370	6,695
Vested assets	(1,110)	-
(Gains)/losses in fair value of financial instruments	(283)	(1,620)
Other	(987)	(712)
Add/(less) items classified as investing or financing activities:		
(Gains)/losses on disposal of property, plant and equipment	(72)	317
Add/(less) movements in working capital items:		
Accounts receivable	1,096	(1,423)
Inventories	(224)	(331)
Prepayments	(13)	(179)
Accounts payable	(528)	(617)
Employee entitlements	102	153
Provisions	(2)	2
Net cash inflow/(outflow) from operating activities	3,916	4,730

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 2021- 2031 10-Year-Plan.

Performance

There were no material variations or departures from the Council's Borrowing Policy during the year to 30 June 2023.

Details of the Council's debt are disclosed in note 23 of the Financial Statements. Further information in relation to interest rate risk and fair values of the Council's debt is disclosed in note 28 of the Financial Statements.

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

	Actual 30 June 2023	Limit
Net debt as a percentage of total revenue	143.2%	<175%
Net interest as a percentage of total revenue	4.5%	<10%
Net interest as a percentage of rates	7.7%	<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 2021-2031 10-Year-Plan.

Performance

This policy was reviewed and updated during the year. There were no material variations or departures from the Council's Investment Policy during the year to 30 June 2023.

