

# GO ANNUAL DISTRICT COUNCIL REPORT RE SUMMARY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014



## 38 POSITIVE POW WOWS

We held 12 Council meetings,  
20 committee meetings  
and the Matura Community  
Board met six times.

The Gore District Council's Annual Report for the last financial year sets out our achievements against the measures and budgets we set in our Annual Plan.

This is a summary of the key points. For a complete picture of the Council's performance it is important to read the full Annual Report. This can be downloaded from the Council's website [www.goredc.govt.nz](http://www.goredc.govt.nz) or you can get a copy from our main office, in Gore.

In the 2013/14 year the Council recorded a deficit of \$344,000. There is a modicum of comfort to be taken from the fact this is \$53,000 less than the deficit we had forecast in the Annual Plan. This is due to funding some activities from reserves and financing loan interest payments from depreciation.

We also faced some unexpected costs during the year, which had an impact on our bottom line. These were the legal process we had to go through to gain the designation of land around Cooper's Wells, which is the main water source for Gore; the employment of a senior planner and a restructuring of senior management. These resulted in extra expenditure of \$467,000, however, it was able to be absorbed within the forecast budget.

Water – looking after what we have for Gore's domestic and commercial supply, and improving our ability to get rid of it after it has been used – has been the focus of ongoing negotiations. As well as the much publicised Cooper's Well designation, there has been a lot of work put into increasing the capacity of the Ajax pump station, in south Gore. This work is critical to improving wastewater disposal to West Gore and removing a barrier to potential residential and industrial development in the area.

For a complete picture of the Council's performance it is important to read the full Annual Report. This can be downloaded from the Council's website:

[www.goredc.govt.nz](http://www.goredc.govt.nz)

or you can get a copy from our main office, in Gore.

# MAYORAL & EXECUTIVE FOREWORD

We are pleased to be able to provide a brief commentary on some of the more notable achievements and progress with key projects that occurred during the 2013/14 financial year. A full commentary and disclosure of the Council's financial and non-financial performance in the year under review can be found in the following pages. Some of the key milestones and issues that occurred during the year, which we would like to draw readers' attention to are:


## 1 Financial Performance

The financial statements record an accounting deficit of \$344,000, which compares favourably to the forecasted deficit of \$397,000 contained in the 2013/14 Annual Plan. It needs to be emphasised that the deficit is due to accounting treatment as opposed to a cash shortfall. The forecast and actual deficits recorded have been due to funding some activities from reserves and financing interest payments on loans from depreciation. Both of these mechanisms, while having a positive effect in terms of minimising the requirement for rates funding, do have an adverse impact on the statement of income and expenditure.

Overall the financial result for the year ending 30 June 2014, is considered pleasing given the Council faced extraordinary costs, which had not been contemplated at the time budgets for the year under review were set. These extraordinary costs were the designation of land surrounding Cooper's Wells and the employment of a senior planner and senior management restructuring. Both of these matters resulted in extra expenditure of \$467,000, which was able to be absorbed within the forecast budget.

## 2 Water Supply

Running in parallel with efforts to increase the reliability of the Council's water supply during the summer months in particular, the Council has also been devoting considerable resources to protecting the integrity of its water supply at Cooper's Wells. Efforts over the past few years have been made to reach an enduring agreement with the adjoining land owner to ensure that farming practices, which may have an adverse impact on the quality of water the Council draws, are minimised. The stumbling block in the negotiations has been the reluctance of the owner to have any agreement registered against the certificate of title in respect of the land, which from the Council's viewpoint, is essential to ensure it is binding on future owners.



**WELL PUMPED**  
We pumped just over **927 million litres** of water from Cooper's Wells and **445 million litres** from Jacobstown. That's enough to fill **371 Olympic sized swimming pools!**

Once this impasse was reached, the Council believed it had no realistic return but to proceed with a Notice of Requirement, under the Resource Management Act, to designate the land in close proximity to Cooper's Wells. This was an expensive and time consuming process but by the end of the financial year under review, the Council had been successful in having this land designated. The designation provides a number of conditions that will assist in protecting the water supply, which to hitherto could be viewed as being vulnerable to the impacts of intensification of land use.

At the time of writing negotiations were due to commence with the adjoining land owner, the Sharp Trust, to give effect to the designation conditions.

### 3 Wastewater Reticulation Upgrade

Last year we reported on the pressing problem of capacity of the wastewater reticulation servicing West Gore. To free up capacity priority was given to upgrading the Ajax pump station, located adjacent to State Highway One at the South entrance to Gore, together with expanding pipes that feed to and from this critical junction point.

Unfortunately, progress on the project has been stalled due to negotiations with a land owner in regard to an easement required for a new pipeline running from the upgraded Ajax pump station.

Should the present trend continue, the Council may be left with no alternative but to utilise the provisions of the Public Works Act 1981 to secure this easement, which is crucial to providing relief to the congested wastewater system servicing West Gore.

### 4 New Council/District Brand

At a function held at the Thomas Green on 5 February 2014, the Council launched the new brand, complete with the catch phrase Rural City Living. The brand reflects the Council and community's view of being less conservative and defensive and wanting to let the outside world know that the District offers a sophisticated rural experience.

It is acknowledged that some local people have questioned the merit of the new brand, particularly the stacking of the name Gore in a vertical manner. However, the brand has attracted considerable positive comment from people outside the District and was the subject of prominent coverage on national television.

The brand has since been rolled out to Council departments and is now a prominent feature on Council vehicles. The brand theme of Rural City Living will continue to be a touch stone for the Council to ensure its future decisions line up with this objective.

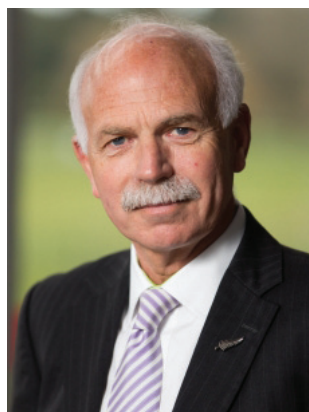
### 5 Changes to District Plan

In last year's Annual Report it was mentioned that the Council had publicly notified a suite of plan changes designed to bolster the Gore District Plan so that it adequately safeguards the public from any adverse effects of proposed developments. A total of 115 submissions were received to the proposed changes with hearings held in 2013. Decisions on the hearings were released during the financial year under review with the changes to the District Plan becoming operative on 27 March 2014.

Further changes in the pipeline are the creation of a mixed commercial and industrial zone in Mataura and zoning for more residential land in Waimea Street, Gore .

### 6. Financial Benchmarks

A new feature of this Annual Report is the inclusion of disclosure statements providing information on the Council's performance against specific financial benchmarks. These benchmarks have been set by central Government and are designed to give ratepayers information about financial performances that can be compared to other Councils. These disclosures and relevant explanations can be found on pages 13 to 20 of the full Annual Report.



**Tracy Hicks JP**  
Gore District Mayor



**Stephen Parry**  
Chief Executive



# SIGNIFICANT PERFORMANCE MEASURES

## A selection of the major service performance measures recorded in the last financial year:

**ARTS AND HERITAGE:** 75% service level targets (3 out of 4) achieved.

**LIBRARY:** 100% of service level targets (3 out of 3) achieved.

**PLANNING AND REGULATORY:** 80% of service level targets (4 out of 5) were achieved. The fifth target scored 99.5% out of 100%.

**AQUATIC SERVICES:** 67% service level targets (2 out of 3) achieved. The targeted number of swims could not be reached due to the shutdown of the Gore pool.

**PARKS AND RESERVES:** 100% of service level targets (5 out of 5) achieved.

**CEMETERIES:** 100% of service level targets (2 out of 2) achieved.

**PUBLIC CONVENIENCES:** 100% of service level targets (2 out of 2) achieved.

**COMMUNITY AND CIVIC BUILDINGS:** 100% of service level targets (3 out of 3) achieved.

**DEMOCRACY:** 100% of service level targets (2 out of 2) achieved.

**CIVIL DEFENCE:** 100% of service level targets (2 out of 2) achieved.

Some of the performance measures for the Council's four significant activities (listed below) were tracked differently in the last financial year compared to previous years.

This has revealed that some measures are outdated and as a result they will be reviewed as part of the 2015/25 Long Term Plan.

In the case of roads and footpaths a thorough condition assessment of our network, based on national standards, was undertaken during the year by independent roading engineers. Our network was rated as one of the best in the country in terms of the quality of our sealed roads, the network's safety and the cost to provide the network. This clearly indicates our current performance measures are not adequately capturing the true level of service provided.

**ROADING AND FOOTPATHS:** 17% of service level targets (1 out of 6) achieved.

Eight levels of service for 3 Waters were not met during the year for a variety of reasons. Some of these factors were outside the Council's control, such as the delay in granting an amendment to Mataura's wastewater discharge permit.

The presence of manganese in one of the Jacobstown wells periodically resulted in complaints about water discoloration in West Gore. Response time targets were not met due to issues with a paper based job management system and we are now making changes to eliminate these problems.

**WATER SUPPLY:** 29% of service level targets (2 out of 7) achieved.

**WASTEWATER AND STORMWATER:** 57% of service level targets (4 out of 7) achieved.

**SOLID WASTE:** 25% of service level targets (1 out of 4) achieved.



**TRAVEL SAFE**  
We graded 2,530km of gravel roads and resealed 22.5km of road. That's about eight return trips to Dunedin.

# HOW DID THE COUNCIL PERFORM?

## OUR SERVICES

Each year we undertake a Residents Survey the get information to help us provide effective and efficient services to the community.

### You told us:

The services/facilities you were most satisfied with were:

- Arts and Heritage
- Gore District Libraries
- Kerbside recycling
- Parks and Reserves

The services/facilities you were least satisfied with were:

- Gravel roads
- Footpaths
- Stormwater services
- Public toilets

You identified the high priority issues as:

- Roading
- Water issues
- Footpaths
- Expenditure/rates

## HOW WE COMMUNICATE

You told us that more people are using email, the website and social media to contact the Council while less people are visiting our office or telephoning. However, the latter two methods were still the most popular.

### You told us you were satisfied or very satisfied:

When you telephoned us  
– 85 percent (83 percent in 2013)

When you visited our office  
– 91 percent (94 percent 2013)

When you emailed us  
– 85 percent (no data for 2013)

When you visited our website  
– 81 percent (76 percent in 2013)

## QUALITY OF LIFE

We asked residents what they thought about living in the Gore District.

### You agreed or strongly agreed that:

The Gore District is a great place to live  
– 93 percent (96 percent in 2013)

The Gore District is a safe place to live  
– 92 percent (88 percent in 2013)

The Gore District has good recreation opportunities  
– 89 percent (82 percent in 2013)

There is a great sense of community where I live  
– 85 percent (86 percent in 2013)



**MAKING A SPLASH!**

If you went for a swim in the Gore or Mataura pools you were one of

**99,160**

visitors to these facilities last year.

# FINANCIAL OVERVIEW

## WHAT IT COSTS TO RUN THE DISTRICT

**TABLE 1** shows the operating and capital expenditure for each of the Council's group of activities. Over half of the Council's expenditure is on services which includes essential infrastructure.

**TABLE 1 EXPENDITURE BY GROUP OF ACTIVITIES**

ACTUAL 30 June 13 \$'000		ANNUAL PLAN 30 June 14 \$'000	ACTUAL 30 June 14 \$'000
	<b>OPERATING EXPENDITURE</b>		
3,495	<b>Community Services</b> (Arts and Heritage, Library, District Promotions, Grants, Regulatory)	3,554	3,676
13,986	<b>District Assets</b> (Aquatic Services, Property, Civil Defence and Rural Fire, Parks and Reserves, Cemeteries, Public Conveniences, Solid Waste, Water and Drainage)	14,872	14,639
2,972	<b>Leadership</b> (Democracy and Central Administration)	3,020	3,439
<b>20,453</b>	<b>Total Activity Expenditure</b>	<b>21,446</b>	<b>21,754</b>
	Less		
(2,184)	Internal Expenditure	(2,155)	(2,284)
<b>18,269</b>	<b>Total Operating Expenditure</b>	<b>19,291</b>	<b>19,470</b>

## FINANCIAL STATEMENTS

TABLES 2, 3 and 4 provide a summary of the comparative financial performance of the Council. The summary shows the operating revenue and expenditure as well as other transactions that have impacted on the Council's net wealth.

**TABLE 2 STATEMENT OF INCOME AND EXPENDITURE**

ACTUAL 30 June 13 \$'000		ANNUAL PLAN 30 June 14 \$'000	ACTUAL 30 June 14 \$'000
12,523	Rate Revenue	13,159	13,153
5,090	Other Revenue	5,772	5,776
253	Other Gains/ (Losses)	-	197
<b>17,866</b>	<b>Total operating revenue</b>	<b>18,931</b>	<b>19,126</b>
(5,193)	Employee Benefits	(5,051)	(5,280)
(4,621)	Depreciation and amortisation expense	(4,754)	(4,820)
(660)	Finance costs	(740)	(660)
(7,795)	Other Expenses	(8,783)	(8,710)
<b>(18,269)</b>	<b>Total operating expenditure</b>	<b>(19,328)</b>	<b>(19,470)</b>
<b>(403)</b>	<b>(Deficit) for the year</b>	<b>(397)</b>	<b>(344)</b>

**TABLE 3 STATEMENT OF COMPREHENSIVE INCOME**

ACTUAL 30 June 13 \$'000		ANNUAL PLAN 30 June 14 \$'000	ACTUAL 30 June 14 \$'000
(403)	Surplus/ (deficit) for the year	(397)	(344)
	Other Comprehensive Income		
-	Available for sale financial assets valuation gain/ (loss) taken to equity	-	-
30,664	Gain/ (loss) on property, plant and equipment	-	-
30,664	Other Comprehensive Income	-	-
<b>30,261</b>	<b>Total Comprehensive Income for the year</b>	<b>(397)</b>	<b>(344)</b>

**TABLE 4 STATEMENT OF CHANGES IN EQUITY**

ACTUAL 30 June 13 \$'000		ANNUAL PLAN 30 June 14 \$'000	ACTUAL 30 June 14 \$'000
333,809	Equity at beginning of year	371,851	364,070
30,261	Total Comprehensive Income for the year	(397)	(344)
<b>364,070</b>	<b>Equity at end of year</b>	<b>371,454</b>	<b>363,726</b>

**CASH FLOW**

TABLE 5 summarises how Council generated and used cash. The cash surpluses generated from operating activities, being cash received from all sources less cash payments made for the supply of goods and services, were planned to be invested in new capital expenditure, referred to as investing activities.

**TABLE 5 STATEMENT OF CASH FLOWS**

ACTUAL 30 June 13 \$'000		ANNUAL PLAN 30 June 14 \$'000	ACTUAL 30 June 14 \$'000
3,864	Net cash flow from operating activities	4,363	5,088
(3,271)	Net cash flow from investing activities	(4,562)	4,207
(148)	Net cash flow from financing activities	366	336
<b>445</b>	<b>Net movement in cash</b>	<b>167</b>	<b>1,217</b>

**FINANCIAL POSITION**

TABLE 6 provides a summary of the Council's financial position representing what the Council owns and owes. The Council's financial position will remain strong with increases to equity and asset values and minimal change to liabilities.

**TABLE 6 STATEMENT OF FINANCIAL POSITION**

ACTUAL 30 June 13 \$'000		ANNUAL PLAN 30 June 14 \$'000	ACTUAL 30 June 14 \$'000
4,152	Current Assets	3,825	4,666
373,851	Non-current Assets	381,789	373,197
<b>378,003</b>	<b>Total Assets</b>	<b>385,614</b>	<b>377,863</b>
2,406	Current Liabilities	2,370	2,306
11,527	Non-current Liabilities	11,790	11,831
<b>13,933</b>	<b>Total Liabilities</b>	<b>14,160</b>	<b>14,137</b>
<b>364,070</b>	<b>Net assets/equity</b>	<b>371,454</b>	<b>363,726</b>

# NOTES

1. Section 98 (4) (b) of the Local Government Act 2002 requires the Council to make publicly available a summary of the information contained in its Annual Report.
2. The specific disclosures included in the summary report have been extracted from the full financial report completed on 14 October 2014
3. The summary financial report cannot be expected to provide as complete an understanding as provided by the full financial report. The full financial report dated 14 October 2014 has received an unqualified audit report. A full copy of the financial report may be obtained from the Council's offices or on its website ([www.goredc.govt.nz](http://www.goredc.govt.nz)).
4. This summary financial report has been examined by the auditor for consistency with the full financial report. An unqualified auditor's report is included with this summary.
5. The Council's full financial report has complied with NZ GAAP and new Zealand equivalents to International Financial Reporting Standards as applicable for public benefit entities.
6. The Summary Financial Report Complies With FRS 43 Summary Financial Statements.
7. The presentation currency of the Summary Financial Statements is New Zealand dollars.
8. The Summary Financial Statements were authorised on 14 October 2014.

## EXPLANATION OF MAJOR VARIANCES AGAINST BUDGET

Explanation of major variations from Council's estimated figures in the 2013/2014 budget, as reflected in the Annual Plan, are as follows:

### Statement of Income and Expenditure

Other gains/ (losses) is higher than budget by \$197,000. This is due to the revaluation of the Council's interest rate swaps. As interest rates increase the fixed rate swaps become more valuable.

Employee benefits expense is higher than budget by \$229,000 due to the employment of a senior planner during the year and reorganisation of the corporate services department.

Depreciation is higher than budget by \$66,000 due to higher than expected depreciation rates for Wastewater and Stormwater assets from the 30 June 2013 asset revaluation. Depreciation is used to fund capital works.

Finance costs are lower than budget by \$80,000 due to the lower floating and swap interest rates.

Other expenses are lower than budget by \$73,000. The largest contributor is 3 Waters where maintenance projects were deferred.

### Statement of Financial Position

Current assets are higher than budget by \$841,000. This is due primarily to cash and cash equivalents being \$1,135,000 more than budgeted due to timing of expenditure.


Property, plant and equipment are lower than budget by \$8,488,000. The major contributor is the lower than expected revaluation as at 30 June 2013, this results from the inflationary increases being lower than those foreseen when the Long Term Plan budgets were set.

### Statement of Cash Flows

Cash flow from operating activities are higher than budget by \$725,000. The major contributor is an increase in receipts from customers by \$678,000 due to more prompt collection of debtors.

Cash flow from investing activities are higher than budget by \$355,000. The major contributors are the increase of proceeds from sale of property, plant and equipment of \$102,000, and \$252,000 less expenditure relating to purchase of property, plant and equipment due to delays in capital projects.

Cash flow from financing activities is lower than budget by \$30,000 due to lower than budgeted borrowings and slightly higher than budgeted repayments because of the delay in capital projects.



**I HEART GORE**  
The Eastern Southland Gallery  
hosted **13 exhibitions** and  
**10 performances** last year.