



*Summary*  
**ANNUAL PLAN**  
2011/2012



**Our Vision – Our Future**

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We are pleased to provide a brief summary of the 2011/12 Annual Plan. The Annual Plan is prepared under the provisions of the Local Government Act 2002 and the overarching provisions of the current Long Term Council Community Plan (LTCCP) 2009-2019.

As this is a summary document we would encourage you to read the complete Annual Plan should you require more detailed information on any activity. Copies can be downloaded from the Council's website [goredc.govt.nz](http://goredc.govt.nz) or alternatively, a copy is available on request.

### Financial

The LTCCP predicted a total increase in rates of 3.15% for 2011/12. The total increase in rates in the Annual Plan is 4.68%. The difference between what was forecast in the LTCCP and what is being proposed now is due in the main to an extra \$99,000 being allocated in the Council's legal services budget. This increase in allocation has been made due to the need to retain highly specialised legal advice in the areas of challenging water take consents that may be issued by Environment Southland and planning processes associated with lignite developments being proposed.

In addition, the Council is proposing to commence repayments of the principal debt owed in respect of the Gore Aquatic Centre. A sum of \$50,000 has been allocated to commence the debt retirement programme on this facility. Notwithstanding that the long term projections of the LTCCP provide for an orderly decrease in the Council's debt profile, it is proposed to expedite this programme in order that public concern in relation to interest only payments being made on the Aquatic Centre, can be allayed.

It is highly likely that further debt retirement programmes in respect of those assets that are currently the subject of interest only payments, will be instigated over the next couple of years.

Another unexpected event has been the Christchurch earthquakes. The two major

earthquakes in September 2010 and February 2011 have depleted the reserves held in the Local Authority Protection Programme (LAPP). This scheme provides Council members, including Gore District, insurance cover for pipeline assets. It has had exposure to the magnitude of \$180 million due to the Christchurch quakes.

To rebuild the LAPP Fund the Council has opted to answer the call of the Fund Administrator and increased its annual contribution from \$37,439 to \$77,718. This will necessitate an additional \$40,279 being required from ratepayers. The Council believes it is prudent to remain a member of LAPP, through good times and bad.

### Planning for District Growth

In the past six months the Council has spent a good deal of time thinking about how it can be best prepared to meet the challenges and opportunities posed by potential large scale lignite development projects in the District. The next 12 months will see the Council commissioning a range of studies to better understand these challenges and opportunities. Additionally, these studies and the development of a District Growth Strategy will provide a solid platform for the production of a Long Term Plan in 2012.

Further details about what is being proposed can be found on page 19 of the Annual Plan.

### Recycling

In October 2010 the Council made the significant decision to approve in principle the introduction of a two bin kerbside recycling service for the urban areas of the Gore District. This decision followed extensive investigations and consultation with the public on how best the Council could respond to central government urgings to reduce waste going to a landfill. The Annual Plan does not provide for any budgetary allocation for the new service because it is not due to be introduced until 1 July 2012.

However, the Council is utilising the time that it has available to work through issues of concern that were raised during the consultation process in 2010. These issues relate to the likes of the

retention of the service provided by Pakeke Lions, handling of green waste, customising the service to suit the requirements of low volume waste generators and ascertaining whether Paddy's Bins Limited can be incorporated into the new regional recycling service. At the time of writing most of these issues were at the advanced phases of being satisfactorily resolved.

The forthcoming financial year will be heavily focussed on planning the implementation of the new service and communicating the Council's intentions on how it will operate, to the public. A communications strategy will be prepared to ensure that as best as possible, the recipients of the new service are well informed about what the changes will mean for them, come 1 July 2012.

### Organisational Capacity

Continuing a theme from last year, the Council proposes to increase its organisational capacity in the area of communications. Up until now the Council has not had a dedicated communications professional within its organisation. With the large projects connected with lignite development now appearing on the planning horizon and the growing public and media interest that is generated by these projects, the Council believes that the demand for information and development of strategies to ensure that all stakeholders are informed, now necessitates the employment of a specialised Communications Officer.

The Annual Plan therefore provides for the employment of a Communications Officer. The timing for this to take place is anticipated to be towards the end of the 2011 calendar year. This would coincide with what is expected to be advancement in the planning of one of the larger lignite development projects.

The Annual Plan also provides for an increase in funding to assist the Council in co-ordinating and promoting key District events. No person will be specifically employed for this task. Rather, it is proposed that the sum of \$20,000 will be incorporated into the District Arts and Heritage

budget to enable the manager of that department to engage a contracting resource when required to support and facilitate key events.

### Rating Boundaries

The Council has recently established an Urban Rating Boundary Review Working Party, which as the name suggests is to review whether the current boundaries of the urban rating area within the Gore District, are still appropriate. The boundaries have not changed since the Gore District was established in 1989 and it appears that in the Gore Township in particular, urban development has in some instances encroached over the current boundary. The Council's Working Party is expected to report back to the Council later in 2011. It is anticipated that the results of the Working Party and any revised boundaries will be profiled in the 2012 Long Term Plan for public submission.

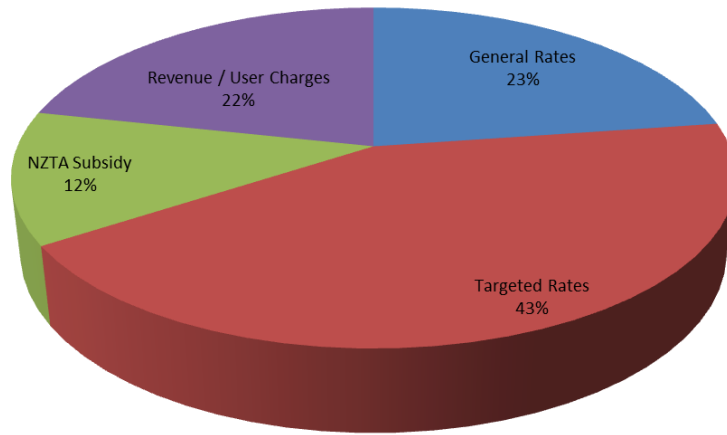


Tracy Hicks JP  
**MAYOR OF GORE DISTRICT**

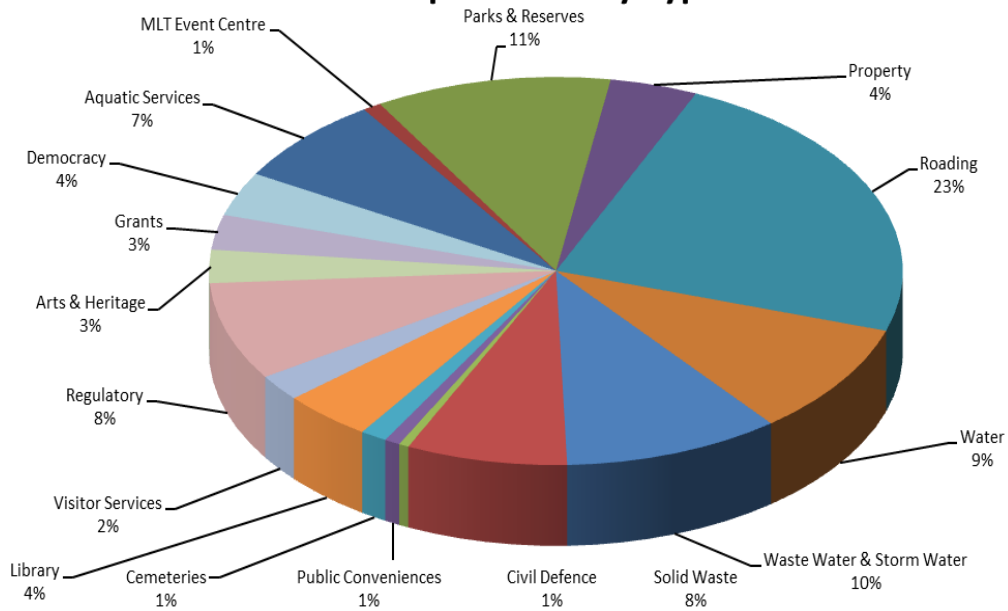


Stephen Parry  
**CHIEF EXECUTIVE**

### Revenue by Type



### Expenditure By Type



## PROSPECTIVE SUMMARY FINANCIAL INFORMATION

### What it costs to run the district

TABLE 1 shows the operating and capital expenditure for each of the Council's group of activities. The majority of Council expenditure is in District Assets which includes essential infrastructure.

**Table 1 Expenditure by group of activities**

YE 30 June 11 ANNUAL PLAN \$000		YE 30 June 12 LTCCP FORECAST \$000	YE 30 June 12 ANNUAL PLAN \$000
<b>OPERATING EXPENDITURE</b>			
3,194	<b>Community Services</b> (Arts and Heritage, Library, District Promotions, Grants, Regulatory)	3,159	3,493
12,605	<b>District Assets</b> (Aquatic Services, Property, Civil Defence and Rural Fire, Parks and Reserves, Cemeteries, Public Conveniences, Solid Waste, Water and Drainage)	12,690	13,141
806	<b>Leadership</b> (Democracy and Central Administration)	873	883
<b>16,605</b>	<b>Total Operating Expenditure</b>	<b>16,722</b>	<b>17,517</b>
<b>CAPITAL EXPENDITURE</b>			
292	<b>Community Services</b>	110	110
4,195	<b>District Assets</b>	3,555	3,581
138	<b>Leadership</b>	34	534
<b>4,625</b>	<b>Total Capital Expenditure</b>	<b>3,699</b>	<b>4,225</b>

### Prospective Financial Performance

TABLE 2 provides a summary of the prospective financial performance.

The summary shows the operating revenue and expenditure as well as other transactions that impact the Council's net wealth.

**Table 2 Prospective Financial Performance and Movements in Equity**

YE 30 June 11 ANNUAL PLAN \$000		YE 30 June 12 LTCCP FORECAST \$000	YE 30 June 12 ANNUAL PLAN \$000
3,706	General Rates	3,840	3,989
7,319	Targeted Rates	7,418	7,553
5,429	Other Revenue	5,640	5,993
<b>16,454</b>	<b>Total operating revenue</b>	<b>16,898</b>	<b>17,534</b>
694	Interest Expense	707	726
4,127	Depreciation	4,127	0
11,784	Other	11,888	16,791
<b>16,605</b>	<b>Total operating expenditure</b>	<b>16,722</b>	<b>17,517</b>
<b>(151 )</b>	<b>Operating surplus/(deficit)</b>	<b>176</b>	<b>17</b>
0	Movement in equity reserves	0	0
<b>(151 )</b>	<b>Total recognised revenues and expenses</b>	<b>176</b>	<b>17</b>
336,459	Equity at the beginning of the year	344,229	336,308
<b>336,308</b>	<b>Equity at the end of the year</b>	<b>344,404</b>	<b>336,325</b>

### Prospective Cash flows

TABLE 3 summarises how Council plan to generate and use cash. The majority of the cash surpluses generated from operating activities, being cash received from all sources less cash payments made for the supply of goods and services, is planned to be invested in new capital expenditure, referred to as investing activities.

**Table 3 Prospective Cash flows**

YE 30 June 11 ANNUAL PLAN \$000		YE 30 June 12 LTCCP FORECAST \$000	YE 30 June 12 ANNUAL PLAN \$000
4,051	Net cash flow from operating activities	4,379	4,220
(4,625)	Net cash flow from investing activities	(3,699)	(4,225)
624	Net cash flow from financing activities	(628)	55
<b>50</b>	<b>Net movement in cash</b>	<b>52</b>	<b>50</b>

### Prospective Financial Position

TABLE 4 provides a summary of the Council's prospective financial position representing what Council owns and owes.

The Council's prospective financial position will remain strong with increases to equity and asset values and minimal change to liabilities.

**Table 4 Prospective Financial Position**

YE 30 June 11 ANNUAL PLAN \$000		as at 30 June 12 LTCCP FORECAST \$000	as at 30 June 12 ANNUAL PLAN \$000
2,252	Current Assets	2,338	2,227
347,271	Non-current Assets	354,543	347,369
<b>349,523</b>	<b>Total Assets</b>	<b>356,881</b>	<b>349,596</b>
1,525	Current Liabilities	1,525	1,525
11,690	Non-current Liabilities	10,952	11,745
<b>13,215</b>	<b>Total Liabilities</b>	<b>12,477</b>	<b>13,270</b>
<b>336,308</b>	<b>Net assets/equity</b>	<b>344,404</b>	<b>336,325</b>

#### NOTES

1. Council is required to make publicly available a summary of the information contained in its LTCCP.
2. The specific disclosures included in the summary prospective financial report have been extracted from the full prospective financial report as contained in the 2010-11 Annual Plan.
3. The summary prospective financial report cannot be expected to provide as complete an understanding as provided by the full prospective financial report.

**Table 5 Projected Rates Increase 2011-2012**

YE 30 June 11 ANNUAL PLAN \$000		YE 30 June 12 LTCCP FORECAST	YE 30 June 12 ANNUAL PLAN
6.31%	General Rates Increase (Decrease)	4.07%	7.62%
2.66%	Targeted Rates Increase (Decrease)	2.69%	3.20%