



SUMMARY OF ANNUAL REPORT 2006

Year ended 30 June 2006

Report from the Mayor and Chief Executive

“The Council has had a tremendous year with financial results in particular being a significant feature of this success”

Financial Results

Council has recorded a surplus of \$853,000 for the year. This represents a \$398,000 improvement on the Annual Plan target. This is a very satisfactory result. A small portion of the surplus is due to some work being delayed to the 2006/07 financial year, but overall the surplus is due to Council management being financially prudent with a commitment to not exceed Annual Plan targets. Additionally the level of public debt as at 30 June 2006 was better than anticipated when compared with the projected opening balance contained in the Long Term Council Community Plan, as at 1 July 2006 being \$9.069 million. The actual level of public debt as profiled in this report is \$8.4 million. Given the level of attention afforded to the Council's public debt levels in recent years, this is a very gratifying result.

New Refuse Transfer Station

The 2005/06 year was notable for the completion of construction of a new transfer station on the existing Gore landfill site. The new facility became operational in the latter half of July. The completion of the transfer station and its successful operation cements in place a significant change in the manner in which the Council processes and disposes of its solid waste. Whilst the costs for both the construction of the new transfer station and the establishment of a regional landfill near Winton have been considerable, *“this new system will produce both positive environmental outcomes and has created a solid waste infrastructure that will service the district for many years to come”*

Public Toilets

In the foreword to the 2005/06 Annual Plan we announced that the Council had established a working party to investigate options to address concerns about the standard of public toilet facilities in Gore. This working party was established following a community survey which highlighted a significant degree of dissatisfaction with the quality of toilet facilities in the township. During the course of the last year this working party completed its deliberations and recommended that both the Exeloo toilets in Ordsal Street and the Main Street toilets adjacent to the intersection with Mersey Street should be replaced. Both of these sites were endorsed by the working party as being most appropriate for accommodating public toilet facilities.

District Plan

The new Gore District Plan was all but operative by the end of the 2005/06 financial year. It is a fact of some frustration and a little embarrassment that the District Plan and its promised introduction regularly featured in forewords of Annual Reports of the Council.

In the previous year's Annual Report we commented that the new District Plan was expected to become operational in September 2005, subject to any appeals that may be lodged by submitters. Several appeals were however received to the Plan which meant that it could not be declared operational. During the course of the last year these appeals have been the subject of considerable negotiation between the appellants and the Council's Hearings Committee. As at the close of the financial year under review virtually all of the matters contained in the four appeals received had been resolved to the satisfaction of all parties concerned.

The new Gore District Plan was therefore poised to be declared operational by the Council very early in the subsequent financial year.

Recycling

In the foreword to the Annual Plan to which this report relates, the comment was made that it was anticipated that consideration would be given to the strategies that could be usefully employed to take advantage of growing community interest in recycling initiatives. Towards the end of the financial year in review the Council considered a report on possible options for recycling initiatives in the District. The Council did not endorse any one specific option but agreed that widespread consultation should take place with the community to ascertain views and priorities on this important topic. It is hoped that further progress will be made in defining and articulating the Council's priorities in this area over the next twelve months and that this progress can be documented in the next Annual Report.

Building Issues

The impact of the enactment of the Building Act 2004 was keenly felt during the year in review. This new legislation has placed greater responsibility on local government in terms of ensuring that building inspections are undertaken in accordance with prescribed standards. There is an auditing function that has now been introduced in the new legislation which means that Councils now have to have very good records of their processes and procedures.

This new legislation, coupled with very buoyant levels of building activity in the district, has placed significant pressure on the Council's building inspectorate staff. As a consequence the Council during the last year decided to employ an extra building inspector to assist with the sharply increased workloads.

As a consequence the Council endorsed the recommendations of the working party and resolved to replace the Exeloo toilets before the end of the second quarter of the 06/07 financial year.

In addition and perhaps more importantly, the Council also resolved to provide new public toilets on the existing Main/Mersey Street site. Planning for this new facility, which will be sympathetic to the architecture within the existing streetscape, has now commenced in earnest.

"This is a significant decision which will have positive ramifications for visitors to Gore in particular"

It also finally resolves the problem of an outmoded toilet facility that is a relic of a bygone era and which has caused this Council and its predecessors considerable consternation.

Representation Review

A major representation review in accordance with the Local Electoral Act 2001 was completed in the 2005/06 financial year. This review, conducted by an independent committee, culminated in a decision to reduce the elected members from 11 to 10, to abolish wards in the district and have an election at large.

This particular revised electoral model is a major departure from past practice.

"One of the key reasons behind this reform is to enable all voters in the district to have an equal say in the make-up of the Council"

At the time of writing, appeals to the Council's final determination had been received and therefore this very important matter will now be determined by the Local Government Commission.

"It is pleasing to report that the quality of service provided to the district's builders and residents has not suffered through this increase in building activity and the higher legislative demands on this area"

Long Term Council Community Plan

No commentary on the 2005/06 year would be complete without making specific mention of the development of the Council's first Long Term Council Community Plan. This was a major undertaking for the Council organisation which dominated the latter part of the year under review. The Plan, which had to provide a ten year view of the community and the Council's role within it, complete with asset management plans, community outcomes, key assumptions and adjustments for inflation, was a massive undertaking. However the final product, which also had to be audited, has provided a very solid and certain platform for the future.

"Indeed the ten-year projections provided in the Plan, which starts as this commentary signs off, reveals that the Gore district has never been in a better financial position"

Given the year we have just had the future outlook, although challenging, provides every reason to be confident and optimistic.

Tracy Hicks
MAYOR

Date 26 September 2006



Steve Parry
CHIEF EXECUTIVE

Date 26 September 2006



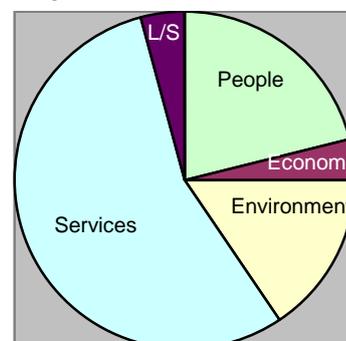
Financial Overview

What it costs to run the district

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

| TABLE 1 Expenditure by group of activities per statement of service performance | | | |
|---|--|---------------------------------|-------------------------------|
| ACTUAL 30 June 05 \$000 | | ESTIMATE 30 June 06 \$000 | ACTUAL 30 June 06 \$000 |
| 2,708 | People (Arts and Heritage, Library, Aquatic Services, Property, Civil Defence and Rural Fire) | 2,457 | 2,613 |
| 397 | Economy (District Promotions, Grants) | 512 | 468 |
| 2,099 | Environment (Regulatory, Parks and Reserves) | 1,902 | 1,938 |
| 6,512 | Services (Cemeteries, Public Conveniences, Solid Waste, Rooding, Water, Waste and Storm Water) | 6,885 | 6,807 |
| 471 | Leadership (Democracy and Administration) | 430 | 512 |
| 12,187 | Total | 12,186 | 12,338 |

Expenditure Breakdown



Financial Performance

TABLE 2 provides 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 Council's net wealth.

Council's operating revenue was above budget. High levels of activity continued in many sectors. This resulted in higher revenues for building inspections and regulatory services. Interest income and rates penalties were also higher than anticipated.

Council's operating expenditure was on target.

| Table 2 Financial Performance and Movements in Equity | | | |
|---|---|---------------------------------|-------------------------------|
| ACTUAL 30 June 05 \$000 | | ESTIMATE 30 June 06 \$000 | ACTUAL 30 June 06 \$000 |
| 8,030 | Rates revenue | 8,276 | 8,278 |
| 4,309 | Other operating revenue | 4,365 | 4,913 |
| 12,339 | Total operating revenue | 12,641 | 13,191 |
| 3,172 | Depreciation | 3,257 | 3,300 |
| 487 | Interest Expense | 491 | 485 |
| 8,528 | Other expenditure | 8,438 | 8,553 |
| 12,187 | Total operating expenditure | 12,186 | 12,338 |
| 152 | Operating surplus/(deficit) | 455 | 853 |
| 66,954 | Movement in equity reserves | 0 | 0 |
| 67,106 | Total recognised revenues and expenses | 455 | 853 |
| 176,246 | Equity at the beginning of the year | 245,152 | 243,352 |
| 243,352 | Equity at the end of the year | 245,607 | 244,205 |

Cash flows

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

| Table 3 | | Cash flows | | | |
|------------|---|-------------|--|--------------|--|
| ACTUAL | | ESTIMATE | | ACTUAL | |
| 30 June 05 | | 30 June 06 | | 30 June 06 | |
| \$000 | | \$000 | | \$000 | |
| 3,042 | Net cash flow from operating activities | 4,099 | | 3,793 | |
| (2,917) | Net cash flow from investing activities | (3,702) | | (4,162) | |
| 4 | Net cash flow from financing activities | (415) | | (4) | |
| 129 | Net cash flow for the year | (18) | | (373) | |

Financial Position

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

The Council's financial position is very strong.

| Table 4 | | Financial Position | | | |
|----------------|--------------------------|--------------------|--|----------------|--|
| ACTUAL | | ESTIMATE | | ACTUAL | |
| 30 June 05 | | 30 June 06 | | 30 June 06 | |
| \$000 | | \$000 | | \$000 | |
| 2,347 | Current Assets | 1,429 | | 1,997 | |
| 251,768 | Non-current Assets | 254,011 | | 252,292 | |
| 254,115 | Total Assets | 255,440 | | 254,289 | |
| 2,685 | Current Liabilities | 1,474 | | 1,996 | |
| 8,078 | Non-current Liabilities | 8,359 | | 8,088 | |
| 10,763 | Total Liabilities | 9,833 | | 10,084 | |
| 243,352 | Net assets/equity | 245,607 | | 244,205 | |

NOTES

1. Section 98 (4) (b) of the Local Government Act 2002 requires Council to make publicly available a summary of the information contained in its Annual Report.
2. The specific disclosures included in the summary financial report have been extracted from the full financial report completed on 26 September 2006.
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 26 September 2006 has received an unqualified audit report. A full copy of the financial report may be obtained from Council's offices or on its website (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.

Audit Report



AUDIT REPORT TO THE READERS OF GORE DISTRICT COUNCIL'S SUMMARY ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2006

We have audited the summary annual report.

UNQUALIFIED OPINION

In our opinion:

- the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report; and
- the information reported in the summary financial statements complies with FRS-39: *Summary Financial Reports* and is consistent with the full financial statements from which it is derived.

We expressed an unqualified audit opinion, in our report dated 26 September 2006, on:

- the full financial statements; and
- the Council's compliance with the other requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report.

Basis of Opinion

Our audit was conducted in accordance with the Auditor-General's Auditing Standards, which include New Zealand Auditing Standards. In addition to the audit we have carried out assignments in the areas of conducting the audit of the Long Term Council Community Plan, provision of financial reporting advice and human capital advisory services which are compatible with these independence requirements. Other than the audit and these assignments, we have no relationship with or interests in Gore District Council.

Responsibilities of the Council and the Auditor

The Council is responsible for preparing the summary annual report and we are responsible for expressing an opinion on that report. These responsibilities arise from the Local Government Act 2002.

A handwritten signature in blue ink, appearing to read "P F Heslin".

A handwritten signature in blue ink, appearing to read "Deloitte".

P F Heslin
Partner, Deloitte
On behalf of the Auditor-General
Dunedin, New Zealand

Contact us

Address: Gore District Council
29 Civic Avenue, Gore

Mataura Service Centre
1 Bridge Street, Mataura

Postal Address: P O Box 8
Gore

Telephone: (03) 209 0330
Facsimile: (03) 209 0357

E-mail: info@goredc.govt.nz
Website: www.goredc.govt.nz