



SUMMARY OF ANNUAL REPORT 2008

Year ended 30 June 2008

Report from the Mayor and Chief Executive

FINANCIAL RESULT

The Council recorded an operating surplus for the year of \$672,000 as compared to a budgeted surplus of \$4,000. It needs to be emphasised that this bigger than expected surplus includes funding of \$492,000 received towards the purchase of the former Smiths City building at 28 Irwell Street, Gore. The acquisition of this building took place a year earlier than expected and therefore for true comparative purposes when measuring the Annual Report result against the Annual Plan budget, the operating surplus would be \$180,000.

COMMUNITY SATISFACTION SURVEY

Towards the end of the financial year under review the Council commissioned a comprehensive community satisfaction survey to ascertain resident satisfaction with services provided by the Council. The survey was a commitment given in the 2007/16 LTCCP to conduct a resident satisfaction survey on a bi-annual basis with the results being included in the next relevant annual report of the Council.

It is pleasing to report that overall the Council received a good level of support for its performance. The average level of satisfaction in regard to the overall performance of the Gore District Council was 3.38, on a scale where 1 is very dissatisfied and 5 is very satisfied. Additionally, the results provided the Council with a good level of intelligence in respect of confirming that it is on the right track in regard to the emphasis it places on the likes of parks and reserves, arts and heritage, aquatic facilities and library services to enhance the quality of life for residents.

Details of the specific result of the survey for each Council activity can be found in the Statements of Service Performance contained in the Annual Report.

ARTS AND HERITAGE

As alluded to in the foreword of the 2007/08 Annual Plan, a special consultative procedure was undertaken at the commencement of the year under review to ascertain community views on the desirability of purchasing the former Smiths City building located at Irwell Street, Gore. The availability of this building for purchase was earlier than anticipated and as a result of the consultation undertaken, the Council proceeded to acquire this property as a strategic purchase. The successful purchase of the property now means that all land in what is known as the arts and heritage precinct is now in public ownership. This acquisition allows the Council to advance its development plans for the Arts and Heritage Precinct. Further details on timing and the concept of this development can be expected to be disclosed in the next iteration of the Long Term Council Community Plan in 2009.

WASTE WATER

In 2007/08 the Council entered into a contract to purchase and install an Actiflo Plant at the Gore oxidation ponds as part of a planned upgrade of its treatment process to comply with a new and extended resource consent to discharge effluent into the Mataura River. The upgraded treatment facility at Gore is expected to be commissioned by October 2008.

At the time of writing tenders for the construction of a wetlands at the Mataura oxidation pond, site were being considered. The development of the wetland to enhance the effluent treatment process is expected to be completed before the end of February 2009.

MATAURA COMMUNITY CENTRE

This long running project, which has waxed and waned for the best part of 10 years, finally received the green light from the community to proceed with the construction of a new Community Centre in McQueen Avenue. The approval of the strategy was a watershed event, which it is hoped will prove to be a catalyst for the revitalisation of the Mataura community. At the time of writing it is pleasing to report and witness the rapid progress being made with the construction of the new Community Centre, which is due to be opened in November 2008.

NEW TOILETS

As reported in the opening remarks to the 2007/08 Annual Plan, the standard of toilet facilities in Main Street, Gore has been the subject of abject frustration and very pointed criticism by both locals and visitors. This dissatisfaction was borne out in the recent community satisfaction survey where public toilets recorded the second lowest satisfaction rate.

In 2006/07 the Council made partial progress in upgrading toilet facilities in the township. New Novaloo toilets were installed adjacent to the Hands of Fame statue at the north end of the commercial business district.

However, the replacement of the toilets at the south end of the Main Street continued to pose problems for the Council's Public Convenience Working Party. The ultimate design of a new public toilet facility proved to be prohibitive from a cost point of view and has necessitated a revision of the overall toilet provision strategy. At the time of writing the working party was due to make a final recommendation to the Council on the scope of the new facility to replace the very outmoded and much unloved toilet facilities next to Sharp's Dairy on Main Street, Gore. It is sincerely hoped that we may be able to report on completion of this long awaited project in next year's Annual Report.

REGULATORY SERVICES

During the past year the Council was involved in two particularly resource hungry issues that deserve special mention. The first of these was the application by the Council to be accredited as a Building Consent Authority under the Building Act 2004. This large tranche of work started in the latter half of the previous year and continued unabated throughout the course of the year under review. The chaotic nature of 73 territorial local authorities having to be audited in respect of their processes and accredited as a Building Consent Authority by 30 June 2008 was recognised by the government and resulted in an extension of the timeline for accreditation until 31 March 2009. The accreditation process arriving in the midst of a building boom and staff shortages has taxed the Council's Building Control Department. However, at the close of the 2007/08 financial year the Council had an increased complement of four building inspectorate staff and was due to receive a final visit by the Accreditation Agency, IANZ, in November 2008.

The other main and extraordinary issue that arose in the regulatory services area in 2007/08 was a resource consent submitted by Trustpower for the development and construction of an 83 turbine wind farm at Kaiwera Downs. This was a large consent process that demanded a huge amount of time and energy of the Council's Planning Consultant, Hearings Commissioner and the three Councillors who formed part of the hearings panel. It was pleasing to see that the resource consent application process was completed within a six month period and at the close of the appeal period only two were received. The large and complex nature of the resource consent

application provided a stern test of the Council's regulatory and governance processes. We believe it is appropriate to record that these processes performed admirably under such a searching examination.



21 October 2008

Tracy Hicks JP
MAYOR

Date



21 October 2008

Stephen Parry
CHIEF EXECUTIVE

Date

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		BUDGET	ACTUAL
30 June 2007		30 June 2008	30 June 2008
\$000		\$000	\$000
2,393	Community Services (Arts & Heritage, Library, District promotions, Grants, Regulatory)	2,620	3,109
10,084	District Assets (Aquatic Services, Parks & Reserves, Roading, Water, Waste & Storm Water, Solid Waste, Civil Defence, Cemeteries, Public Conveniences, Property)	10,730	10,724
2,394	Leadership (Democracy, Central Administration)	2,312	2,286
<u>14,871</u>	Total Activity Expenditure	<u>15,662</u>	<u>16,119</u>
	Less		
(1,619)	Internal Expenditure	(1,609)	(1,560)
<u>13,252</u>	Total Operating Expenditure	<u>14,053</u>	<u>14,559</u>

Financial Performance

TABLES 2 and 3 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 Financial Performance			
ACTUAL		BUDGET	ACTUAL
30 June 2007		30 June 2008	30 June 2008
\$000		\$000	\$000
8,655	Rate Revenue	9,232	9,377
4,772	Other Revenue	4,825	5,990
324	Other gains / (losses)	-	(136)
<u>13,751</u>	Total Income	<u>14,057</u>	<u>15,231</u>
(3,548)	Employee Benefits Expense	(3,708)	(3,761)
(3,560)	Depreciation	(3,651)	(3,591)
(485)	Finance Costs	(587)	(516)
(5,659)	Other Expenses	(6,107)	(6,691)
<u>(13,252)</u>	Total Operating Expenditure	<u>(14,053)</u>	<u>(14,559)</u>
<u>499</u>	Operating Surplus / (Deficit)	<u>4</u>	<u>672</u>

TABLE 3 Changes in Equity

ACTUAL 30 June 2007 \$000		BUDGET 30 June 2008 \$000	ACTUAL 30 June 2008 \$000
244,520	Equity at beginning of year	246,587	301,508
499	Surplus for year	4	672
12	Movement in Available-for-sale Revaluation Reserve	-	10
(44)	Movement in Hedging Reserve	-	(76)
<u>56,521</u>	Movement in Asset Revaluation Reserve	<u>13,024</u>	<u>-</u>
<u>56,988</u>	Total recognised income and expenses	<u>13,028</u>	<u>606</u>
<u>301,508</u>	Equity at end of year	<u>259,615</u>	<u>302,114</u>

Cash Flows

TABLE 4 summarises how council generated and used cash. The cash surpluses generated from the 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 4 Cash Flows

ACTUAL 30 June 2007 \$000		BUDGET 30 June 2008 \$000	ACTUAL 30 June 2008 \$000
4,235	Net Cash inflow/ (outflow) from operating activities	3,539	4,413
(3,893)	Net Cash inflow/ (outflow) from investing activities	(5,560)	(5,001)
<u>(102)</u>	Net Cash inflow/ (outflow) from financing activities	<u>1,997</u>	<u>1,789</u>
<u>240</u>	Net Cash Flow for the year	<u>(24)</u>	<u>1,201</u>

Financial Position

TABLE 5 provides a summary of the Council's financial position representing what the Council owns and owes.

TABLE 5 Financial Position

ACTUAL 30 June 2007 \$000		BUDGET 30 June 2008 \$000	ACTUAL 30 June 2008 \$000
3,683	Total Current Assets	1,939	4,838
<u>308,398</u>	Total Non-Current Assets	<u>270,343</u>	<u>309,912</u>
<u>312,081</u>	Total Assets	<u>272,282</u>	<u>314,750</u>
2,756	Total Current Liabilities	1,525	2,436
<u>7,817</u>	Total Non-Current Liabilities	<u>11,142</u>	<u>10,200</u>
<u>10,573</u>	Total Liabilities	<u>12,667</u>	<u>12,636</u>
<u>301,508</u>	Net Assets/Equity	<u>259,615</u>	<u>302,114</u>

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 the 14th October 2008.
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 14th October 2008 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)
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.

EXPLANATION OF VARIANCES IN REPORTED RESULTS

Explanation of major variations from Council's estimated figures in the 2007/2008 budget, as reflected in the Long Term Council Community Plan, are as follows:

Statement of Financial Performance

Actual Other Revenue includes \$258,000 of recoveries from the proposed Wind Farm hearings, along with \$492,000 of Outside Funding provided for the purchase of the Smiths City building. Actual Other Expenses includes \$258,000 of costs incurred in the Wind Farm hearings.

Statement of Financial Position

In 2007 the revaluation of the Infrastructural Assets was brought forward to fairly reflect the asset carrying value. The amount of the revaluation was \$56,521,000. This revaluation was budgeted to be completed in the 2007/08 year.

Statement of Changes in Equity

In 2007 the revaluation of the Infrastructural Assets was brought forward to fairly reflect the asset carrying value. The amount of the revaluation was \$56,521,000. This revaluation was budgeted to be completed in the 2007/08 year.



AUDIT REPORT

TO THE READERS OF GORE DISTRICT COUNCIL'S SUMMARY ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2008

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-43: *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 14 October 2008, 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 incorporate the 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 the 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.

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

Matters Relating to the Electronic Presentation of the Audited Financial Statements, Performance Information and the Other Requirements

This audit report relates to the financial statements, performance information and the other requirements of Gore District Council for the year ended 30 June 2008 included on the Gore District Council's website. Gore District Council is responsible for the maintenance and integrity of the Gore District Council website. We have not been engaged to report on the integrity of the Gore District Council website. We accept no responsibility for any changes that may have occurred to the financial statements since it was initially presented on the website.

The audit report refers only to the financial statements, performance information and the other requirements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements, performance information and the other requirements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements, performance information and the other requirements as well as the related audit report dated 14 October, 2008 to confirm the information included in the audited financial statements, performance information and the other requirements presented on this website.

Legislation in New Zealand governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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