



## SUMMARY OF ANNUAL REPORT 2009

*Year ended 30 June 2009*

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### Report from the Mayor and Chief Executive

#### **FINANCIAL RESULT**

In overall terms the Council recorded a surplus of \$57,000 for the 2008/09 financial year. It needs to be emphasised that this lower than expected surplus is attributable to the accounting treatment of the short term decrease in value of the Council's financial derivative instrument which are a corner stone of its longer term debt financing. These instruments, which are also known as swaps, were secured in 2003 and 2008 and cover approximately 80% of the Council's debt. Due to interest rate movements that have occurred over the past 12 months the value of these financial instrument to the Council has reduced. Thus this is shown in the Income and Expenditure Statement for the year under review, the decrease in value being \$615,000.

This loss in value is a book entry only and has no impact on the Council's cash position. If this loss in value was not recorded in the Income and Expenditure Statement (along with \$500,000 of external funding provided for the completion of the Matura Community Centre), the Council's financial result for the year would have been a surplus of \$172,000. We believe this core surplus of \$172,000 is a better result for readers to interpret against the projected surplus of \$302,000, and is a reflection of council's adherence to its budget projections for the year.

#### **SEWERAGE TREATMENT UPGRADES**

The 2008/09 financial year was notable for the successful completion of upgrading the sewerage treatment processes at both Gore and Matura. At the Gore Oxidation Ponds a new state of the art Actiflo Plant was commissioned in late 2008 as part of the Council's new resource consent to continue to discharge treated effluent into the Matura River. The new plant, which cost \$1,539,000, was welcomed by environmental groups and Environment Southland, who were keen to see the Council improve the quality of effluent discharge into the Matura River. The completion of this project now satisfies a key condition of the resource consent which allows for the Council to continue treating sewerage in this manner for the next 15 years.

Similarly, in Matura a wetland has been created to improve the quality of effluent being discharged into the Matura River. Once again this project, which cost \$564,000, was warmly welcomed by environmental and fishing interest groups.

These two capital projects have been in the Council's immediate planning horizon for some time, so it has been satisfying to be able to complete these projects and provide certainty for both the community and the recreational and environmental interests associated with the Matura River.

## **MATAURA COMMUNITY CENTRE**

Another long awaited project successfully completed in the past year was the construction of a new Community Centre in Mataura. The proposed location of this Centre, in particular, was the subject of years of debate and discussion however it was heartening to witness the support for the new Community Centre once the siting issue had been resolved.

The new Centre which takes pride of place in McQueen Avenue was opened in November 2008 and has quickly become an integral part of the fabric of the Mataura community. It is hoped that the new Community Centre will provide a solid foundation for the restoration of community pride and rejuvenation within the Mataura business area.

## **MAIN STREET TOILETS, GORE**

Continuing the theme of long awaited capital projects being successfully completed in the past year, new toilets in Main Street, Gore were installed in March 2009. Once again, this project has been the subject of considerable debate and discussion in respect of the location and design of the new facility.

However, the new toilets have been well received by the public and visitors, with very little if any sympathy being reserved for the old toilets, which were demolished to make way for the new facilities.

The completion of this project has finally removed the one continuing blight on the Gore streetscape and improves immensely the infrastructure provided for visitors to Gore.

## **REGULATORY SERVICES**

During the year in review a couple of significant milestones were achieved by the Council's regulatory services team. First, an agreement was reached with Trustpower in relation to conditions of a resource consent to construct a wind farm at Kaiwera Downs. This agreement which focused on financial contributions, together with the withdrawal of the only other appellant to the resource consent, meant that a formal hearing before the Environment Court was not necessary. This saved the Council considerable expense and now provides a clear pathway for the large development being proposed by Trustpower, to proceed.

The other notable milestone in the regulatory services area was the achievement of accreditation as a Building Consent Authority, which occurred in January 2009. Accreditation proved to be a demanding task for Council staff and the workload involved had to be accommodated amongst a buoyant building economy placing further pressure on the resources available within the Building Control Department. We record our appreciation for the commendable efforts of building control and administrative staff in being able to achieve accreditation.

## **LONG TERM COUNCIL COMMUNITY PLAN**

The 2008/09 financial year was also notable for the production of the Council's second generation of the Long Term Council Community Plan. This project involved a lot of intense planning by both senior staff and elected members to produce a plan that is robust, credible and above all meets the lofty expectations of the Office of the Auditor and Controller-General in financial management, asset management and performance assessment. It was pleasing to receive positive feedback from our auditors about the approach that the Council used. Further, the 2009-19 Long Term Council Community Plan (LTCCP), which was adopted by the Council in June is a further extension of the 2006

version of the LTCCP and provides the Council with a strong and certain platform from which to conduct its activities and actions over the next 10 year period.



27 October 2009

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**Tracy Hicks JP**  
**MAYOR**

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**Date**



27 October 2009

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**Stephen Parry**  
**CHIEF EXECUTIVE**

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**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.

<b>TABLE 1 Expenditure by group of activities per statement of service performance</b>			
<b>ACTUAL</b>		<b>BUDGET</b>	<b>ACTUAL</b>
<b>30 June 2008</b>		<b>30 June 2009</b>	<b>30 June 2009</b>
<b>\$000</b>		<b>\$000</b>	<b>\$000</b>
3,109	<b>Community Services</b> (Arts & Heritage, Library, District promotions, Grants, Regulatory)	2,675	2,803
10,724	<b>District Assets</b> (Aquatic Services, Parks & Reserves, Roading, Water, Waste & Storm Water, Solid Waste, Civil Defence, Cemeteries, Public Conveniences, Property)	11,424	11,680
<u>2,286</u>	<b>Leadership</b> (Democracy, Central Administration)	<u>2,448</u>	<u>2,526</u>
<u>16,119</u>	<b>Total Activity Expenditure</b>	<u>16,547</u>	<u>17,009</u>
	<b>Less</b>		
<u>(1,560)</u>	Internal Expenditure	<u>(1,930)</u>	<u>(1,916)</u>
<u>14,559</u>	<b>Total Operating Expenditure</b>	<u>14,617</u>	<u>15,093</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.

<b>TABLE 2 Financial Performance</b>			
<b>ACTUAL</b>		<b>BUDGET</b>	<b>ACTUAL</b>
<b>30 June 2008</b>		<b>30 June 2009</b>	<b>30 June 2009</b>
<b>\$000</b>		<b>\$000</b>	<b>\$000</b>
9,377	Rate Revenue	9,919	10,076
5,990	Other Revenue	5,078	5,696
<u>(136)</u>	Other gains / (losses)	<u>(79)</u>	<u>(622)</u>
<u>15,231</u>	<b>Total Income</b>	<u>14,918</u>	<u>15,150</u>
(3,761)	Employee Benefits Expense	(3,955)	(4,094)
(3,591)	Depreciation	(3,605)	(3,767)
(516)	Finance Costs	(769)	(725)
<u>(6,691)</u>	Other Expenses	<u>(6,288)</u>	<u>(6,507)</u>
<u>(14,559)</u>	<b>Total Operating Expenditure</b>	<u>(14,617)</u>	<u>(15,093)</u>
<u>672</u>	<b>Operating Surplus / (Deficit)</b>	<u>302</u>	<u>57</u>

**TABLE 3** Changes in Equity

<b>ACTUAL</b> 30 June 2008 \$000		<b>BUDGET</b> 30 June 2009 \$000	<b>ACTUAL</b> 30 June 2009 \$000
301,508	Equity at beginning of year	302,450	302,114
672	Surplus for year	302	57
10	Movement in Available-for-sale Revaluation Reserve	-	-
(76)	Movement in Hedging Reserve	-	(76)
-	Movement in Asset Revaluation Reserve	-	(104)
<b>606</b>	<b>Total recognised income and expenses</b>	<b>302</b>	<b>(123)</b>
<b>302,114</b>	<b>Equity at end of year</b>	<b>302,752</b>	<b>301,991</b>

### 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

<b>ACTUAL</b> 30 June 2008 \$000		<b>BUDGET</b> 30 June 2009 \$000	<b>ACTUAL</b> 30 June 2009 \$000
4,413	Net Cash inflow/ (outflow) from operating activities	4,163	4,094
(5,001)	Net Cash inflow/ (outflow) from investing activities	(3,922)	(5,918)
<u>1,789</u>	Net Cash inflow/ (outflow) from financing activities	<u>77</u>	<u>665</u>
<b>1,201</b>	<b>Net Cash Flow for the year</b>	<b>318</b>	<b>(1,159)</b>

### Financial Position

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

**TABLE 5** Financial Position

<b>ACTUAL</b> 30 June 2008 \$000		<b>BUDGET</b> 30 June 2009 \$000	<b>ACTUAL</b> 30 June 2009 \$000
4,838	Total Current Assets	2,279	3,679
<u>309,912</u>	Total Non-Current Assets	<u>312,998</u>	<u>311,825</u>
<b>314,750</b>	<b>Total Assets</b>	<b>315,277</b>	<b>315,504</b>
2,436	Total Current Liabilities	1,525	2,642
<u>10,200</u>	Total Non-Current Liabilities	<u>11,000</u>	<u>10,871</u>
<b>12,636</b>	<b>Total Liabilities</b>	<b>12,525</b>	<b>13,513</b>
<b>302,114</b>	<b>Net Assets/Equity</b>	<b>302,752</b>	<b>301,991</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 the 27<sup>th</sup> October 2009.
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 27<sup>th</sup> October 2009 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.

## Explanation of Variances in Reported Results

A summary of the major variations is as follows:

### Statement of Financial Performance

Actual Other Revenue includes contributions from external parties for the completion of the Maitua Community Centre of \$500,000, additional sales in the Aquatic Services section of \$60,000, recoveries in the Central Administration section of \$66,000, along with a number of smaller sales increases across other sections of the Council.

Actual Other Gains/Losses includes \$615,000 from the decrease in value of the Council's SWAP agreements at 30 June 2009. This is very markedly influenced by the current historically low short term interest rates caused by the global economic recession. Whilst 90 bank bill rates are currently around 3% they have generally been around 7-8% over the last five years and we would realistically expect rates to revert to a level much closer to those rates over the short to medium term. When this occurs a positive adjustment will result in the valuation of our SWAPs so the current year is seen as an aberration rather than an ongoing trend in that it will be corrected over time as interest rates increase and the rate of interest we are required to pay remains relatively constant for the next four years.

Actual Other Expenses includes costs incurred in hearings for the Wind Farm activity of \$43,000, increased rural road maintenance costs of \$207,000, increased costs in the Central Administration section of \$60,000 and smaller increases across other sections of the Council.

### Statement of Financial Position

Actual Trade and other receivables includes contributions to the completion of the Maitua Community Centre of \$500,000.

## Service Performance Overview

There were 65 service performance measures in the Annual Plan 2008/09 on which the Council intended to report. Of these, 78% were achieved. The table below summarises our performance.

Summary	Achieved	Not Achieved	Total	
Annual Report 2008/09	51	14	65	78% achieved

Output Area	Service Levels Achieved	How we did
<b>Arts &amp; Heritage</b>		
Arts and Heritage is a department within the Council that facilitates the sustainable development of community-owned, non-profit arts and heritage enterprises, facilities and infrastructures. It also manages, in partnership with key public providers, cultural property and programmes for the benefit of the people of Gore District, and visitors to the area.	4 of 4	Another solid year in review with all performance targets met.
<b>Library</b>		
The Council provides and maintains two libraries, one in Gore and the other in Matura, which also serves as a Council Service Centre. In addition, a book bus service is provided to the residents of the four rural communities of Pukerau, Waikaka, Willowbank and Te Tipua by arrangement with neighbouring Southland District Libraries.	2 of 5	A year in which planning was undertaken for improvements to the library physical environment, along with planning for the introduction of free internet services.
<b>Visitor Services</b>		
This activity consists of a number of categories and roles. The department manages the District's Visitors Centre which is part of the national i-SITE Visitor Centre network.	4 of 6	Another solid year in review with the Hokonui Moonshiners Festival being its usual highlight on the Gore event calendar.
<b>Regulatory</b>		
The Regulatory Services Department administers The Council's statutory and regulatory responsibilities.  It includes the Council's resource management, building approval and inspection functions, environmental health, animal control, inspection of food premises, liquor licensing, and noise control.	4 of 7	A very busy year in review with very strong business activity. Attainment of building accreditation has been a highlight.
<b>Aquatic Services</b>		
The Gore District Council operates two public swimming facilities, the Matura War Memorial Pool and the Gore swimming pool (located in the Gore District Multisports Complex) as part of its overall aim to ensure that residents of the District have access to a full range of recreational and sporting opportunities.	5 of 6	Another solid year in review with 83% of performance targets being achieved. Some staffing issues occurred with our Matura facility and impacted on the number of days the facility was available for use.
<b>Parks &amp; Reserves</b>		
Under the Reserves Act 1977, the Council has responsibility for the provision, maintenance, and preservation of reserves on behalf of the	5 of 5	Another very busy year with all performance targets being achieved.

community. The types of reserves administered by the Council include: <ul style="list-style-type: none"> <li>• Sports grounds</li> <li>• Parks</li> <li>• Rural reserves</li> <li>• Playgrounds</li> <li>• Roding and esplanade reserves</li> <li>• Public open spaces</li> </ul>		
<b>Roding</b>		
The Gore District roding network comprises 341 km sealed roads and 553 km gravelled roads. Major work (including reseals, seal widening, shape correction and bridge renewals) is subject to competitive tendering. Design and supervision of major works are undertaken by consultants.	4 of 6	A busy year in review with 67% of performance targets being achieved. During the year gravel road classification assessments were reviewed in response to feedback from rural ratepayers. Changes to classifications were signalled for the 2009/10 rating year to increase the proposed standards of these road surfaces.
<b>Water</b>		
The Council's water supply activity provides sustainable and safe water for domestic, commercial and industrial use, as well as for fire fighting purposes.  Drinking water is supplied to urban areas of the District through two Council operated schemes: the Gore and the Matura schemes. The Council also operates the Otama rural water scheme which supplies water for livestock.	6 of 7	Another solid year in review with 86% of performance targets being achieved.
<b>Wastewater &amp; Stormwater</b>		
The Council's waste and storm water drainage activities consist of the collection, treatment and disposal of waste water, storm water and sewerage in order to safeguard public health and safety, and protect property, while minimising to the extent possible, adverse environmental impacts arising from these activities.	4 of 4	A busy year in review with the completion of the Matura wetlands project, along with the completion and commissioning of the Actiflo plant in Gore for the improved treatment of sewerage outflow.
<b>Solid Waste</b>		
The Council operates a transfer station located in Gore and contracts out the provision of a household kerbside bag collection in Gore and Matura. A skip bin service operates in Matura on Sunday afternoons at the old landfill site and a private contractor offers a kerbside wheelie bin service throughout the District including the villages of Mandeville, Pukerau and Waikaka.	3 of 4	A steady year in review with 75% of performance targets being met.
<b>Civil Defence</b>		
The Civil Defence activity is conducted under the Civil Defence Emergency Management Act 2002. All Southland Councils contribute to the employment of a Principle Rural Fire officer for the Areas and ensure there are sufficiently trained fire fighters in this District.	3 of 3	A solid year in review with all performance targets being met.
<b>Cemeteries</b>		
The Gore District has five designated cemeteries.	2 of 2	A solid year in review with all



There is a total of 20.15ha of designated cemetery within the Gore District, however only 10.1ha of that is currently in use.		performance targets being met.
<b>Public Conveniences</b>		
The Council provides 14 individual blocks of public toilets in high usage visitor areas throughout the District.	1 of 2	The highlight for the year was the completion of new toilet facilities in Gore's Main Street, an ongoing project over the last couple of years.
<b>Property</b>		
The Gore District Council owns a number of properties within the District. Properties include the civic offices in Gore, the service centre and library in Mataura, the Gore library and Carnegie building, as well as community halls, leasehold properties, and rental housing.	1 of 1	Another solid year in review, with the highlight being the completion of the Mataura Community Centre
<b>Democracy</b>		
Democracy is the political arm of the Council's Operations, comprising: <ul style="list-style-type: none"> <li>o the Mayor, elected at large over the District,</li> <li>o eleven Councillors elected from wards within the District,</li> <li>o the Chief Executive and support services provided by the Council staff.</li> </ul>	3 of 3	Undoubtedly, the highlight was the completion of the 2009-19 Long Term Council Community Plan, a huge undertaking for the Council and its stakeholders.

## AUDIT REPORT

### TO THE READERS OF GORE DISTRICT COUNCIL'S SUMMARY ANNUAL FINANCIAL STATEMENTS, PERFORMANCE INFORMATION AND THE OTHER REQUIREMENTS FOR THE YEAR ENDED 30 JUNE 2009

We have audited the summary financial statements, performance information and the other requirements as set out in pages 4 to 9.

#### Unqualified Opinion

In our opinion:

- the summary financial statements, performance information and the other requirements represent, fairly and consistently, the information regarding the major matters dealt with in the annual report; and
- the information reported in the summary financial statements, performance information and the other requirements complies with FRS-43: *Summary Financial Statements* and is consistent with the full financial statements from which it is derived.

We expressed an unqualified audit opinion, in our report dated 27 October 2009, on:



- the full financial statements;
- the performance information; 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 taxation compliance 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 those summary financial statements, performance information and the other requirements. These responsibilities arise from the Local Government Act 2002.

P F Heslin  
Partner, Deloitte  
On behalf of the Auditor-General  
Dunedin, New Zealand  
27 October, 2009

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

*This audit report relates to the summary financial statements, performance information and the other requirements of Gore District Council for the year ended 30 June 2009 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 summary financial statements, performance information and the other requirements since they were initially presented on the website.*

*The audit report refers only to the summary 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 summary 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 summary financial statements, performance information and the other requirements as well as the related audit report dated 27 October, 2009 to confirm the information included in the audited summary 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.*

## Contact Us

**Address:** Gore District Council, 29 Civic Avenue, Gore  
Mataura Service Centre, 1 Bridge Street, Mataura

**Postal Address:** PO Box 8  
Gore

**Telephone:** (03) 209 0330

**Facsimile:** (03) 209 0357

**e-mail:** [info@goredc.govt.nz](mailto:info@goredc.govt.nz)

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