

GO
DISTRICT COUNCIL
RE

ANNUAL REPORT

FOR THE YEAR ENDING 30 JUNE 2021



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GORE DISTRICT COUNCIL DIRECTORY

Mayor

Tracy Hicks JP

Councillors

Cliff Bolger

Nicky Davis

Glenys Dickson

John Gardyne

Doug Grant JP

Bret Highsted

Neville Phillips

Bronwyn Reid

Nick Grant

Richard McPhail

Stewart MacDonell

The Mayor and Councillors were elected for a three year term from October 2019.

Chief Executive: Stephen Parry

Bankers: Westpac Limited,
Mersey Street, Gore

Auditors: Mike Hoshek of Deloitte Limited on behalf of the Auditor General

Solicitors: Bannerman Cruickshank Pryde,
Fairfield Street, Gore

Postal Address: Gore District Council,
PO Box 8, Gore 9740

Locations: 29 Bowler Avenue, Gore
1 Bridge Street, Mataura

STATEMENT OF COMPLIANCE AND RESPONSIBILITY

Compliance

The Council and management of the Gore District Council confirm that all the statutory requirements of the Local Government Act 2002 regarding financial management and borrowing have been complied with.

Responsibility

The Council and management of the Gore District Council are responsible for the preparation of the annual financial statements and for the judgements used in them.

The Council and management of the Gore District Council are responsible for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of the financial reporting.

In the opinion of the Council and management of the Gore District Council, the annual financial statements for the year ending 30 June 2021 fairly reflect the financial position and operations of the Gore District Council.



Tracy Hicks JP
MAYOR

23 December 2021

Date



Stephen Parry
CHIEF EXECUTIVE

23 December 2021

Date

MAYORAL AND EXECUTIVE FOREWORD

We are pleased to be able to provide a brief commentary on some of the more notable achievements and progress on the key projects that occurred during the 2020/21 financial year. 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 of this Annual Report.

Financial performance

Our financial statements record a modest surplus of \$334,000. This is a pleasing improvement on the forecast deficit of \$730,000. This result reflects the unpredictable nature of the year under review.

Total borrowings at year end were \$32.5 million, which is \$5.67 million less than what was forecast. This difference is due to delays in executing three waters projects, some of which we touch on below.

Subsidies and grants were higher than budget by \$2.04 million. This is mainly due to the Shovel Ready funding from the Government for the MLT Event Centre re-roof, the redevelopment of the Gore library and community rooms, funding for Mayor's Taskforce for Jobs, and the stimulus funding received for 3Waters.

Other gains/(losses) were higher than budget by \$1.06 million. Interest rate swaps were revalued, delivering a gain on the swaps held.

Other expenses are higher than budget by \$1.83 million. The main contributors to the variance include the additional \$650,000 granted to the Hokonui Moonshine Museum Charitable Trust for the redevelopment of the Hokonui Moonshine Museum and Distillery and a net increase of \$327,000 in the expenses relating to solid waste disposal.

Ouvea premix removal

Since 2014 there were 10,000 tonnes of ouvea premix stored in the former Mataura paper mill. Following the February 2020 floods, a concerted effort was made to accelerate the removal process, to alleviate the high risk to the Mataura community. This resulted in Environment Court sanctioned mediation following proceedings instituted by the New Zealand Environmental Defence Society. After an exhaustive process, which saw eight separate mediations being convened by a retired Environment Court judge, an agreement was struck for the ouvea premix to be rapidly removed back to Tiwai Point. Rio Tinto and the Ministry for the Environment agreed to fund this.

The last bag of ouvea premix left the Mataura premises at the end of June this year, bringing to a close a sad chapter in the history of Mataura, where the Council was faced with the daunting prospect of seeking cooperation and funding for the removal process from parties who did not believe they had any role to play.

Bridge over troubled water

The proposed Longford Shared Path Bridge dominated political discussion in the first six months of the year under review. It was satisfying to secure consent by the independent commissioners for the new bridge after what had become a heated community debate, punctuated by factual inaccuracies put out by opponents in an endeavour to put the Council off-stride.

It is interesting to note that with the passage of time, a large segment of the community appears to be relaxed to a point of being excited by this ambitious new design. However, a small number of opponents have appealed the decision to the Environment Court. It is hoped that a decision on a resource consent for the new structure will be issued early in 2022. The delay in securing consent for the bridge has had a knock-on effect with completing the long awaited Gore Water Treatment Plant upgrade. By year end, the installation of the new membrane plant was well advanced, but the bridge and the new pipeline it will carry cannot be commenced until the contested resource consent application is resolved.

Civic administration building

The comprehensive upgrade and expansion of the Council's civic administration building was completed at the end of 2020, with an open day being held for the public early in 2021. This modern facility will provide a good standard of accommodation for staff, elected members and visitors. The final cost of \$6.189 million was slightly over the budget of \$6 million.

New library and community rooms

As reported last year, the Council was successful in obtaining a grant of \$3 million from the Government's Shovel Ready Fund to convert the James Cumming Wing into a modern library and community rooms. The same design and project management teams that worked on the neighbouring civic administration building have been engaged for the James Cumming Wing project.

Despite some misgivings within the community, once the concept design was released to the public in the St James Theatre it proved to be a winner in terms of public appeal. A contract was let late in 2021, with completion of the new \$7.7 million facility expected in the latter half of 2022.

Once completed, the new library and community rooms will form part of a civic precinct encapsulating the civic administration building. This will provide the community with three distinct precincts – being the Gore Multisports Complex, Arts and Heritage Precinct and Civic Precinct – and will be the culmination of about 20 years of careful planning.

Streets Alive

This project was once again conceived within the April 2020 lockdown. However, unlike the library/community rooms project, Streets Alive seemed to just stir up and provoke an agitated community.

In hindsight, it was ambitious to undertake this project. This comment is offered on the basis of both the extent of the changes put before the community and the timing which, from a Council point of view, could not have been worse. To embark on such a large project involving enormous amounts of community engagement and deployment of staff resources, whilst the Council was in the midst of trying to develop its 10-Year-Plan, was certainly ambitious.

In the end, Waka Kotahi NZTA, despite funding 90% of the project, was conspicuous by its absence in partnering with the Council to try explain the rationale for changes to an increasingly intolerant and angry community. While the controversial trial was completed in June 2021, it is hoped funding from Waka Kotahi of permanent aspects that found favour with the community, such as the Irk Street furniture and roundabouts, will be forthcoming.

Three Waters reform

Throughout the last 12 months, debate on Three Waters reform has been raging, both within the sector and in central government circles. There has been a torrent of information released about the reforms although the accuracy and utility in regard to this information is questionable. The topic has been a regular feature on Council agendas in 2021. The Council has endeavoured to sum up the key points for the community in the reform process without being dragged into the arguments of others which may not have any effect on the Gore District. Digesting the information churned out by the Department of Internal Affairs has taken some time and placed pressure on a small council.

In the end, the Government has opted to make the Three Waters reform mandatory, with four new entities proposed to be established in 2024 to govern, manage and deliver three water services throughout New Zealand. This will have a significant impact on all councils. Further information on how this reform will impact on Gore District Council can be expected to be revealed in future annual plans and reports.

Community empowerment

Over the past year, the Council has taken big strides in growing the capacity of the community. This has largely been due to the efforts of Newcomers Network Coordinator, Mr Mark McCann whose title was recently changed to, Community Empowerment Coordinator. This new title reflects the great work performed in both supporting newcomers to the district but also placing young people into jobs via matching them with employers through the Closing the Gaps programme. This employment initiative was spawned via the Mayor's Taskforce for Jobs and has been incredibly successful in making sure young people don't fall through the gaps in the community and are given the chance to secure an employment lifeline. This in turn has widened the Council's network in the community with ongoing contact being made with employers to ensure good outcomes for the young employees involved in this programme.



Tracy Hicks JP
MAYOR



Stephen Parry
CHIEF EXECUTIVE

AUDIT REPORT



TO THE READERS OF GORE DISTRICT COUNCIL'S ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2021

The Auditor-General is the auditor of Gore District Council (the District Council). The Auditor-General has appointed me, Mike Hoshek, using the staff and resources of Deloitte Limited, to report on the information in the Gore District Council's annual report that we are required to audit under the Local Government Act 2002 (the Act). We refer to this information as "the audited information" in our report.

We are also required to report on:

- whether the District Council has complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- the completeness and accuracy of the District Council's disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014.

We refer to this information as "the disclosure requirements" in our report.

We completed our work on 23 December 2021. This is the date on which we give our report.

Opinion on the audited information

In our opinion:

- the financial statements on pages 73 to 114:
 - present fairly, in all material respects:
 - the District Council's financial position as at 30 June 2021;
 - the results of its operations and cash flows for the year ended on that date; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Reporting Standards;
- the funding impact statement on page 76, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's Annual Plan;
- the Statement of Service Provision on pages 26 to 72:
 - presents fairly, in all material respects, the District Council's levels of service for each group of activities for the year ended 30 June 2021, including:
 - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
 - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and

- complies with generally accepted accounting practice in New Zealand; and
- the statement about capital expenditure for each group of activities on pages 26 to 72, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the District Council's Long-term plan; and
- the funding impact statement for each group of activities on pages 26 to 72, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's Long-term plan.

Report on the disclosure requirements

We report that the District Council has:

- complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- made the disclosures about performance against benchmarks as required by the Local Government (Financial Reporting and Prudence Regulations 2014) on pages 13 to 20, which represent a complete list of required disclosures and accurately reflects the information drawn from the District Council's audited information and, where applicable, the District Council's long-term plan and annual plans.

Emphasis of Matter – Three waters reform

Without modifying our opinion, we draw attention to note 27 on page 107, which outlines that subsequent to year-end, the Government announced it will introduce legislation to establish four publicly owned water services entities to take over responsibilities for service delivery and infrastructure from local authorities from 1 July 2024. The impact of these reforms, once legislated, will mean that the District Council will no longer deliver three waters services.

Basis for our opinion on the audited information

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. We describe our responsibilities under those standards further in the "Responsibilities of the auditor for the audited information" section of this report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the audited information.

Responsibilities of the Council for the audited information

The Council is responsible for meeting all legal requirements that apply to its annual report.

The Council's responsibilities arise under the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014.

The Council is responsible for such internal control as it determines is necessary to enable it to prepare the information we audit that is free from material misstatement, whether due to fraud or error.

In preparing the information we audit the Council is responsible for assessing its ability to continue as a going concern. The Council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to amalgamate or cease all of the functions of the District Council or there is no realistic alternative but to do so.

Responsibilities of the auditor for the audited information

Our objectives are to obtain reasonable assurance about whether the audited information, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of this audited information.

For the budget information reported in the audited information, our procedures were limited to checking that the budget information agreed to the District Council's Long-term plan.

We did not evaluate the security and controls over the electronic publication of the audited information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District Council's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We determine the appropriateness of the reported intended levels of service in the Statement of Service Provision, as a reasonable basis for assessing the levels of service achieved and reported by the District Council.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the District Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the audited information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the District Council to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Information

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 4 to 8, 21 to 25 and 115 to 116, but does not include the audited information and the disclosure requirements, and our auditor's report there on.

Our opinion on the audited information and our report on the disclosure requirements do not cover the other information.

Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the audited information and the disclosure requirements, or our knowledge obtained during our work, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the District Council in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

In addition to our audit and our report on the disclosure requirements, we have carried out assurance engagements in the areas of the Long Term Plan 2021-2031, Debenture Trust Deed Reporting and Registry Audit, which are compatible with those independence requirements. Other than these engagements, we have no relationship with or interests in the District Council.



Mike Hoshek

Deloitte Limited

On behalf of the Auditor-General

Christchurch, New Zealand

ANNUAL REPORT DISCLOSURE STATEMENT FOR YEAR ENDING 30 JUNE 2021

What is the purpose of this statement?

The purpose of this statement is to disclose the Council's financial performance in relation to various benchmarks to enable the assessment of whether the Council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings. The Council is required to include this statement in its annual report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

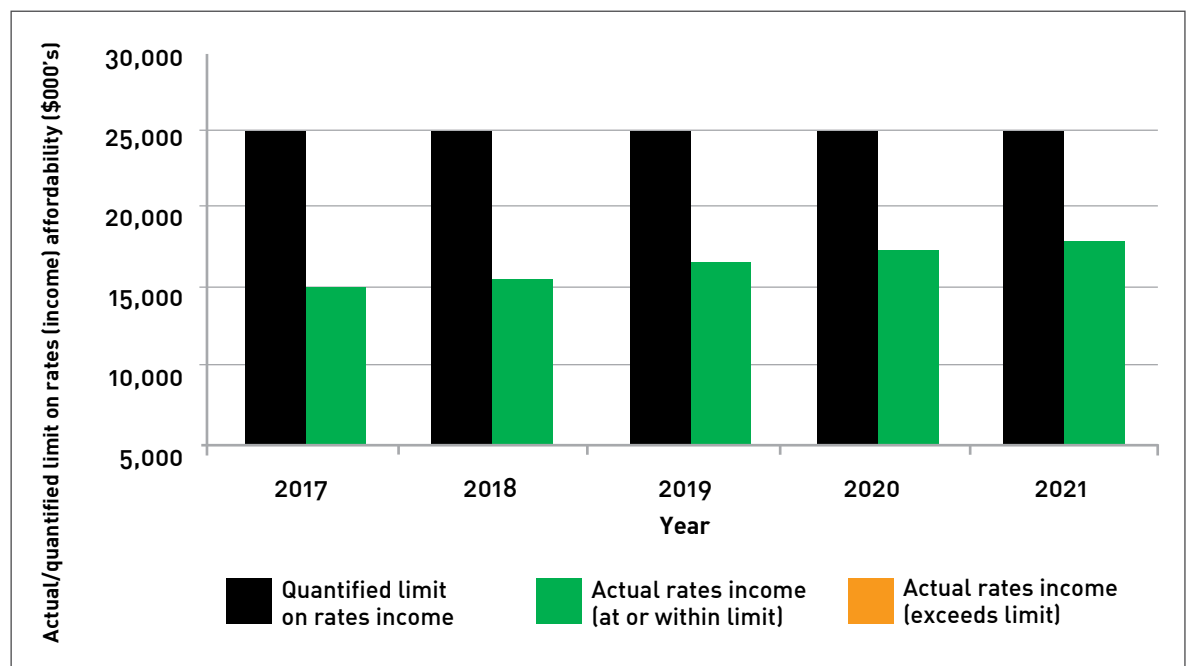
Rates affordability benchmark

The Council meets the rates affordability benchmark if -

- its actual rates income equals or is less than each quantified limit on rates; and
- its actual rates increases equal or are less than each quantified limit on rates increases.

Rates (income) affordability

The following graph compares the Council's actual rates income with a quantified limit on rates contained in the financial strategy included in the Council's 10-Year-Plan.

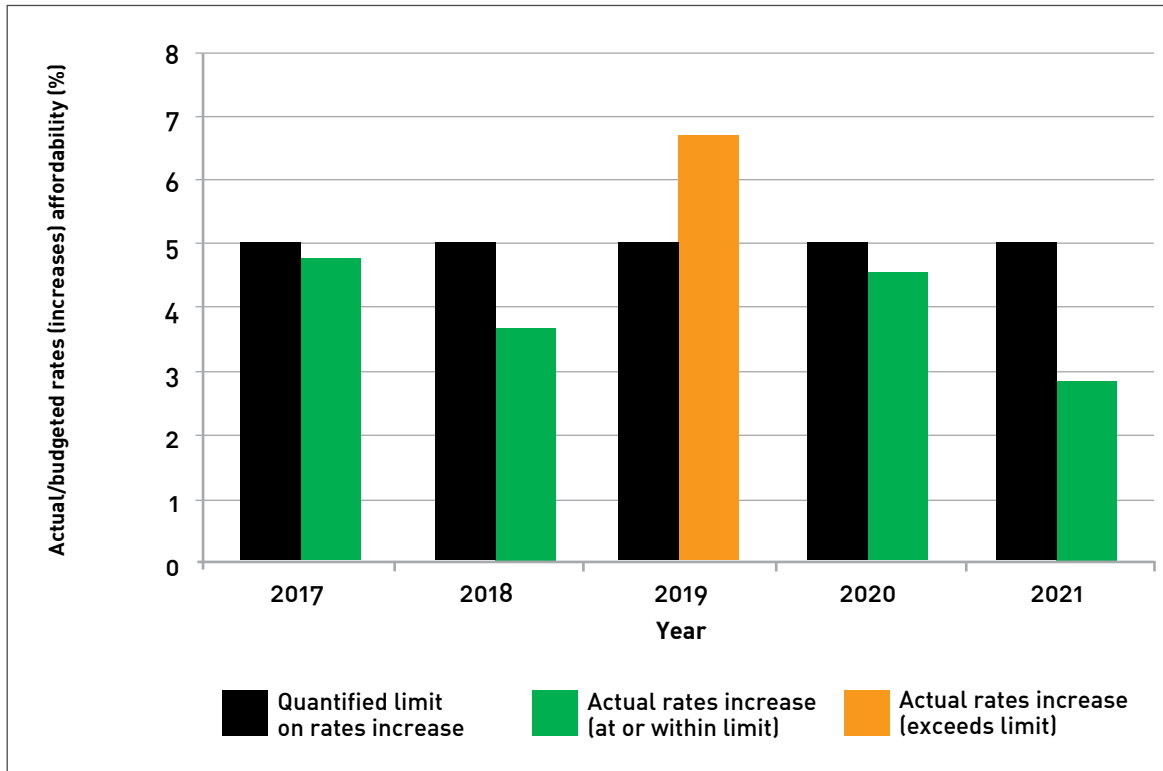


Comment

The Council set a limit of \$25 million for this benchmark as part of the 2015 -2025 and 2018-2028 10-Year-Plans. The Council met this benchmark in the 2021 year.

Rates (increases) affordability

The following graph compares the Council's actual rates increases with a quantified limit on rates increases, included in the financial strategy in the Council's 10-Year-Plans. The quantified limit is 5%.



Comment

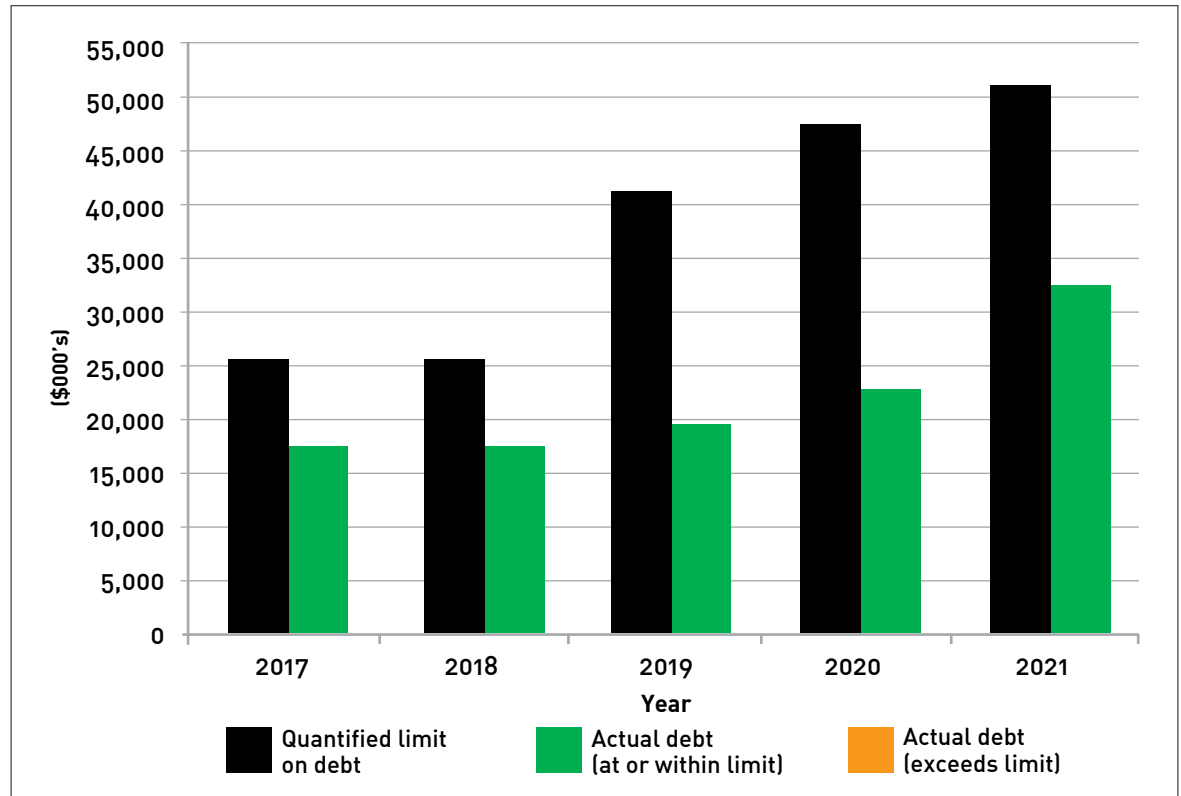
In 2021 the Council achieved this benchmark as the Council planned for a 2.84% increase in the 2020/2021 Annual Plan. This was significantly lower than the 4.53% that was forecasted in the 2018-2028 10-Year-Plan. The reason for this variance was that Council made a concerted effort to reduce the rates in the 2020/2021 year because of the impact of COVID-19 on the community.

In 2019 the Council did not achieve this benchmark as the Council planned for a 6.5% increase. The increase was to fund interest costs on loans separately from funds collected for depreciation and was part of the Council's financial strategy to balance its budget and make more funds available for investment in infrastructure.

Debt affordability benchmark

The Council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing.

The following graph compares the Council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the Council's 10-Year-Plan. The quantified limit is that net debt shall be less than 175% of revenue.



Note concerning the graph

The Council has expressed its limit on debt in different ways in the last two 10-Year-Plans. So that the measures can be compared, each measure has been converted into the total maximum borrowing amount in dollars for that year.

For the years 2017 and 2018 the measure was \$4,200 of debt per rating unit (\$24.8 million and \$24.85 million respectively). For the 2018-2028 10-Year-Plan, the Council adopted the Local Government Funding Agency's limit on debt as its own debt limit. This means the Council's net debt is limited to 175% of its income, which is approximately \$51 million.

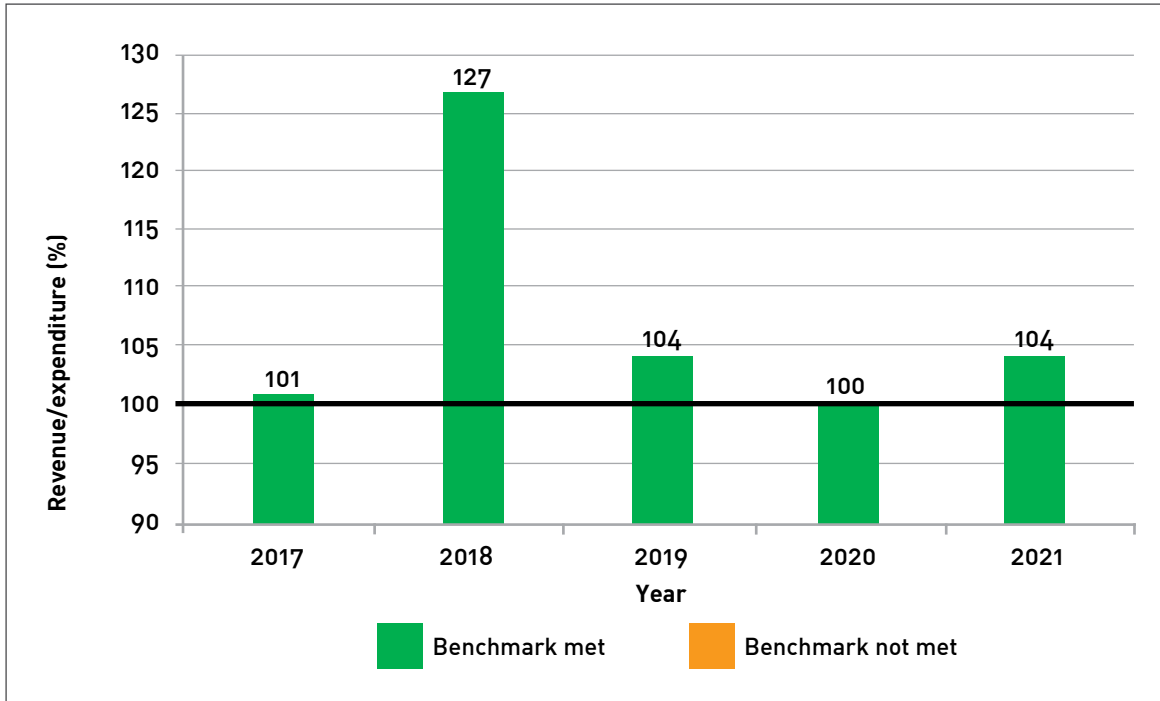
Comment

The Council has met this measure in all five years, and debt continues to remain well inside its quantified limit on borrowing.

Balanced budget benchmark

The following graph displays the Council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment) as a proportion of operating expenses (excluding losses on derivative financial instruments and revaluation of property, plant, or equipment).

The Council meets this benchmark if its revenue equals or is greater than its operating expenses.



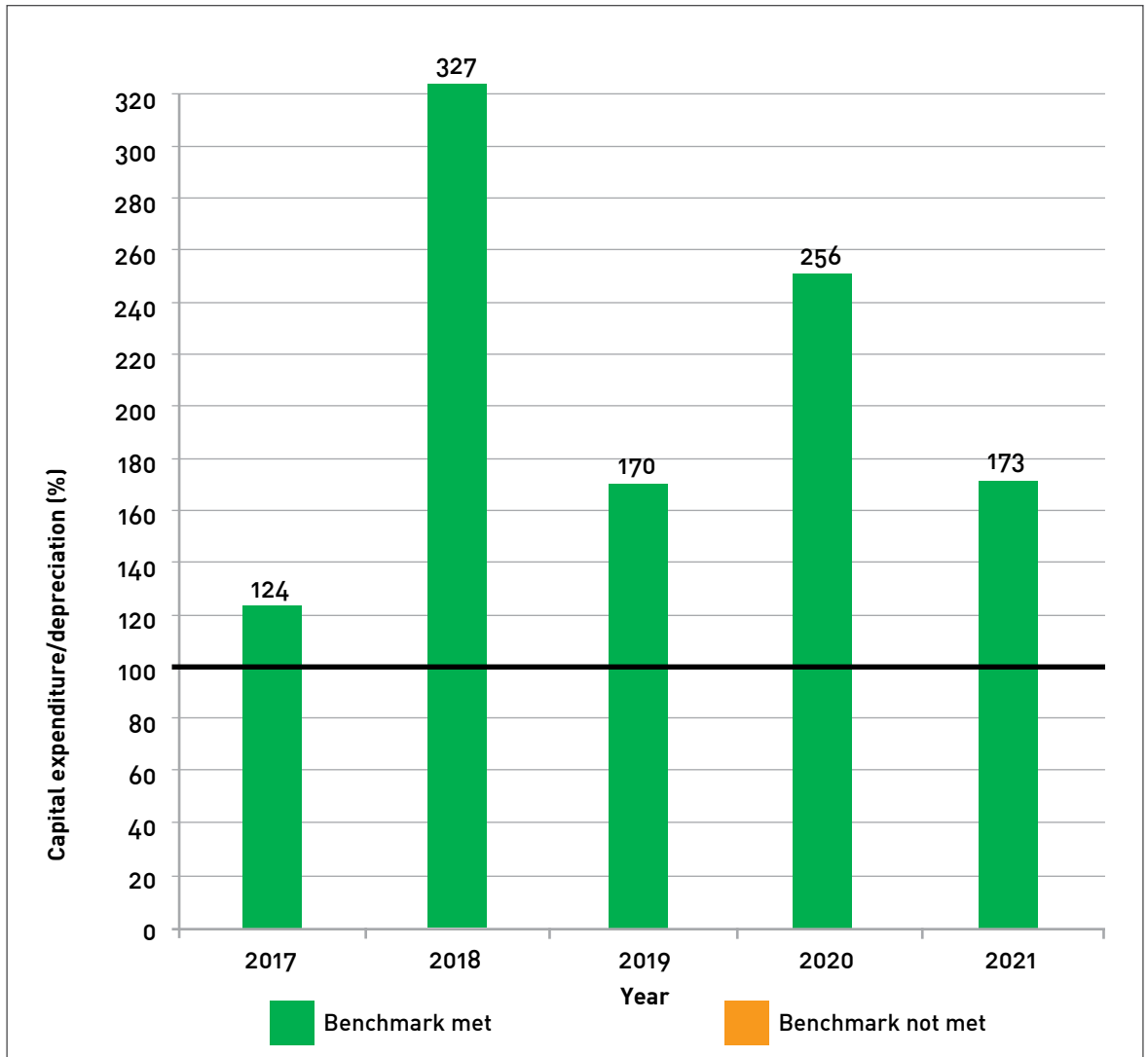
Comment

The Council met this benchmark in 2021. The Council's financial strategy in both the 2015-2025 10-Year-Plan and 2018-2028 10-Year-Plan focused on returning to balanced budgets by the 2018 financial year. This was achieved by changing the way the Council funded the interest costs on its borrowing. The 2019 year was the first year where interest costs will be funded directly by rates rather than by depreciation.

Essential services benchmark

The following graph displays the Council's capital expenditure on network services as a proportion of depreciation on network services.

The Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services..



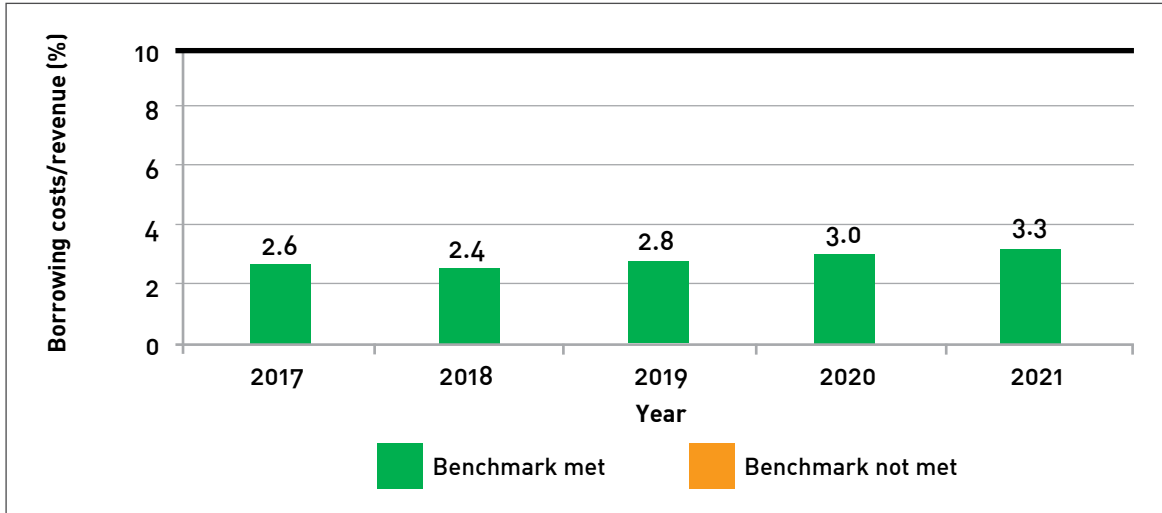
Comment

The 2018-2028 10-Year-Plan outlines a significant capital programme, focused heavily on 3Waters infrastructure. In 2021, there were a number of projects that have been started and are in progress, including the stormwater and wastewater separation project and the proposed new bridge across the Mataura River.

Debt servicing benchmark

The following graph displays the Council's borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment).

Given Statistics New Zealand projects the Gore District's population will grow slower than the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue.



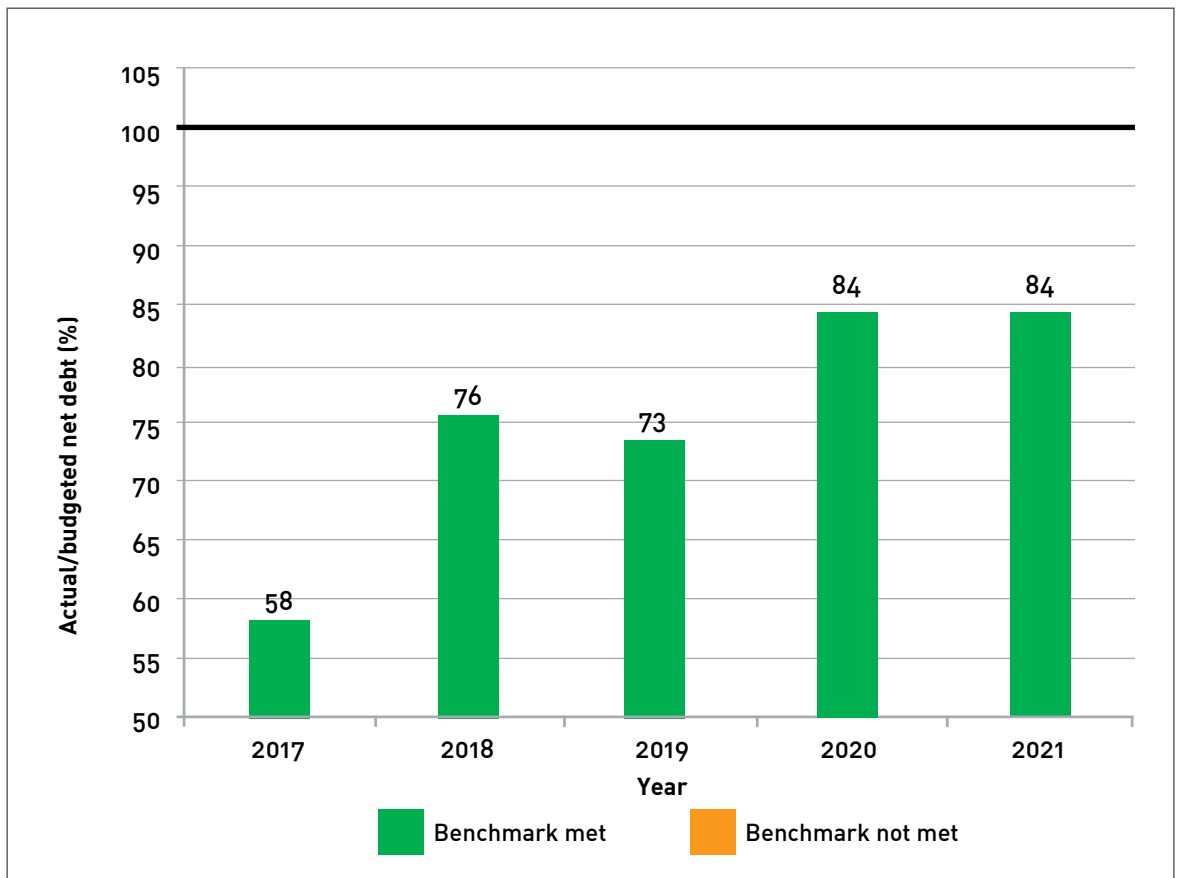
Comment

The Council met this benchmark in 2021. The Council's debt servicing (interest cost) remains low due to relatively low interest rates, and debt not being taken out as projected due to delays in infrastructure projects.

Debt control benchmark

The following graph displays the Council's actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables).

The Council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



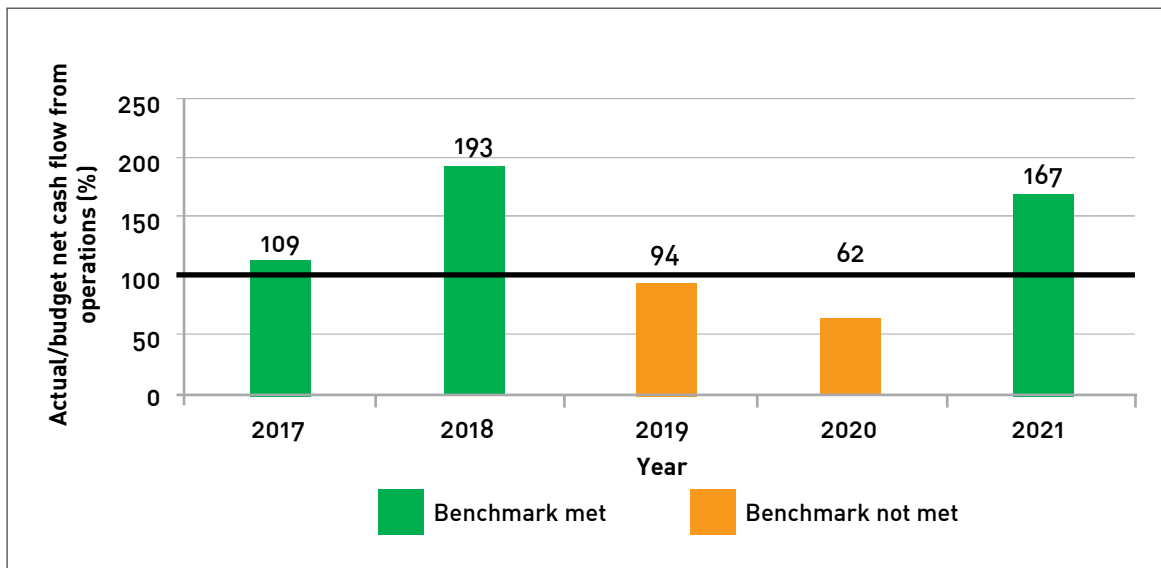
Comment

The Council met this benchmark in 2021. Delays to capital projects such as the new bridge across the Mataura River and stormwater and wastewater separation projects, meant the Council did not borrow as much as it planned.

Operations control benchmark

This graph displays the Council's actual net cash flow from operations as a proportion of its planned net cash flow from operations.

The Council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations.



Comment

The Council met this benchmark in 2021, largely due to additional grants income received from central government for various initiatives including:

- 3Waters stimulus funding
- Shovel Ready funding for the Library and Community Rooms redevelopment
- Shovel Ready funding for the re-roof and building management system upgrade at the Multisports Centre
- Mayor's Taskforce for Jobs: Closing the Gaps funding.

The main reason for the 2020 benchmark not being met was due to lower than expected income received from the aquatic centre, MLT events centre, parking and solid waste. The lower income was attributable to facilities and activities being closed or having reduced levels of service through the various COVID-19 alert levels.

The benchmark was not met in 2019 due to a lack of sales revenue from the Matai Ridge subdivision, which was placed on hold during the year.

COLLABORATION ACROSS COUNCILS - SHARED SERVICES

The Council fully participates in relevant shared service arrangements via the Southland Triennial Agreement and a Memorandum of Understanding with the other local authorities locally and nationally. There is better value obtained through those services than trying to undertake the work on our own. The following are examples of some of those collaborations.

Building Control

Four southern territorial authorities continue to work closely together on building control matters in terms of both information sharing and staff exchanges to support each other at busy times.

Invercargill City Council (ICC), Gore District Council (GDC) and Southland District Council (SDC) with Clutha District Council (CDC) have developed a combined process and quality manual as well as shared regulation forms, which all four councils have adopted.

The shared manual and forms standardise the consent processing methodology and quality assurance processes and has been the subject of formal IANZ reaccreditation reviews with all four councils. IANZ has complimented the shared manual approach and has referred several other building consent authorities to seek a copy of the manual.

The subsequent step was consideration of a shared approach to building consent fees across the councils, which is being considered as part of the Southland Regional Development Strategy Ease of Doing Business work.

Emergency Management

Emergency Management Southland (EMS) is a shared service between Invercargill City Council, Southland District Council, Environment Southland and Gore District Council. It focuses on ensuring resilience in communities by preparing for emergencies and ensuring communities are able to respond to and recover from these when they do happen. Specific actions include public education and ensuring a pool of trained personnel.

Information Technology

The IT Shared Services Operations Sub-Committee has over the past 12 months undertaken some activities that will align the operations of member councils and the ability to provide a more collaborative platform moving forward.

Shared Services initiatives that were completed during the past year were:

- a shared review of backup and disaster recovery capabilities. This resulted in running a joint Request for Proposal to identify a suitable service which fulfilled the requirement to improve member councils' business continuity capability. The Request for Proposal was largely performed during the COVID-19 lockdown, benefiting from the ability to work remotely during this time;
- discussion has continued around a shared Geographic Information System portal to provide a comprehensive graphical view of member councils' information;
- member councils supported each other during the COVID-19 lockdown period to ensure high availability of networks and services to enable staff members to work effectively from remote locations;
- worked on closer alignment of services. Southland District Council was integrating with Environment Southland on a solicitor web portal to provide a single source for property rating information.

Iwi Liaison

All four Southland councils have continued to fund and support Te Ao Mārama Inc, the agency approved by Te Runanga o Ngāi Tahu to act on iwi liaison matters in Murihiku/Southland under the Resource Management Act 1991 and the Local Government Act 2002. Since its inception, Queenstown Lakes District Council, Otago Regional Council and Clutha District Council have also joined supporting Te Ao Mārama Inc.

The four papatipu rūnanga and the participant councils continue to meet quarterly at the Te Roopū Taiao hui, which provides for excellent partnership and exchange of information. The key focus is to give these meetings more of a strategic focus and less focus on day-to-day operational/retrospective reporting back. There is a potential change (which will become clearer during the 2020/21 year) to the membership of Te Ao Mārama being considered with one of the rūnanga stepping out of the structure in order to manage its own resource management involvements directly with the local authority it is situated within.

SouthLib Library Consortium

The consortium came together to share a range of services during 2014/15 and these originally included the Symphony Library Management system, which allowed access to the complete catalogues of Dunedin, Invercargill, Queenstown Lakes, Central Otago and Southland District Libraries for all residents.

Differing demands by various councils saw a very amiable split from this in 2016/17 although most consortium members still use the symphony management system. Dunedin City, Central Otago and Queenstown Lakes Districts and Southland District have joined the national consortium, Kōtui, which provides enhanced support, searching and ongoing enhancements.

A range of other opportunities are also being explored between the districts and these include integrated holiday and reading programmes, requests and holds able to be placed across boundaries and the possibility of staff exchanges. Purchase of large print, audio, e-book and e-audio collections have long been shared by the consortium and these collections are exchanged, or made available, to all members. Authors visits are co-ordinated to minimise costs/travel and accommodation.

Although consortium membership remains unchanged, member authorities do some things slightly differently. However, this is unlikely to impact upon the level of service members of the public receive. Reciprocal membership is available at all libraries from Waitaki south for any resident of those local authorities.

Training and professional development is at the forefront of SouthLib activities, as this reduces costs, allows access to national and international speakers and offers benchmarking opportunities, which would possibly be outside the scope of a single authority. This also allows for networking and a spirit of collegiality for staff who often work in isolation.

Regional Development

In October 2015, the Southland Mayoral Forum published the Southland Regional Development Strategy. The major goal of the Strategy and its subsequent Action Plan was to increase the Southland population by 10,000 people by 2025, through creating more jobs and taking up more development opportunities.

The Southland Regional Development Agency (branded as “Great South”) which integrates the former Venture Southland, was formed and directors appointed taking effect as of 1 July 2019. Great South is a council-controlled organisation with a broad range of shareholders helping to drive regional growth including the Invercargill City Council, Southland District Council, Gore District Council, Environment Southland, Invercargill Licensing Trust, Maitauru Licensing Trust, Southland Chamber of Commerce and the Southern Institute of Technology. Great South also has the support of Community Trust South which is a member of the shareholder committee.

In response to COVID-19, Great South introduced short-term goals alongside its long-term goals to grow the population, diversify the economy, grow innovative businesses and build a skilled workforce:

1. retain jobs and a skilled workforce;
2. support the economic recovery of the Southland region;
3. facilitate economic restart and rebuild;
4. champion significant projects;
5. identify opportunities for diversification and to build economic resilience.

FUTURE CHALLENGES			
Water and Land Plan implementation and monitoring	Adapting to impacts of climate change	Implementation of Te Mana o te Wai	Direct involvement in Council decision-making

Great South

With a vision of “even better lives through sustainable development”, the long-term goals for Southland’s Regional Development Agency, Great South, are to diversify the Southland economy, create exciting jobs, grow innovative businesses, and grow the population. To achieve in these areas, Great South incorporates the Southland Regional Tourism Organisation and central government’s Regional Business Partner (RBP) Network, delivers a range of events and regional initiatives, and runs a number of government-funded contracts that pave the way for regional growth.

In its first year of operation, Great South has been at the forefront of regional planning, working alongside its broad range of shareholders, which includes the Gore District Council, Southland District Council, Invercargill City Council, Environment Southland, Matura Licensing Trust, and Invercargill Licensing Trust. This included establishing a Regional COVID-19 business response, which engaged with over 1,300 businesses and, for the reporting period, distributed over \$290,000 of COVID-19 Advisory funding.

The organisation also played a key role in building the region’s connectivity, partnering with Air New Zealand and key Southland leaders to establish a direct jet service between Auckland and Invercargill. This work, alongside the innovative and captivating promotional activity that was developed and delivered, and the support provided to the Southland events sector, contributed to the Southland region gaining significant exposure across a wide variety of channels.

As part of the Regional Business Partner Network, Great South connected local businesses with the resources, networks and experts needed to build capability and grow. This included working with New Zealand Trade and Enterprise (NZTE), Callaghan Innovation and Business Mentors New Zealand to encourage local businesses to innovate, explore research and development opportunities, and develop long term strategies for success.

Great South’s commitment to supporting the region’s labour force was significantly boosted during the year with \$1.55million being awarded to the organisation’s careers exploration programme, Southland Youth Futures, over a three-year period. This is enabling the programme to strengthen its connections between education and employment, which includes hosting employer talks in schools, coordinating workplace visits and helping to develop pre-employment skills and career exploration opportunities for Southland youth.

Given the continuously evolving direct societal and economic impacts of the COVID-19 pandemic, and the agreed premise of Great South as being one that is responsive and agile, Great South has identified four short-term strategic goals which will direct its work programme for the coming year. These complement the long term objectives of the organisation and will play a significant role in the region’s economic restart and recovery. It is with this revised direction and continued support of its shareholders that Great South is looking forward to building on its first year of operations in 2020/2021.

INVOLVING MAORI IN OUR DECISION MAKING

Māori & Gore District Council

The Local Government Act provides principles and requirements for local authorities that are intended to facilitate participation by Māori in local authority decision-making processes. This is to recognise and respect the Crown's responsibility to take appropriate account of the principles of the Treaty of Waitangi and to maintain and improve opportunities for Māori to contribute to local government decision-making processes.

These principles and requirements are outlined as follows:

- Local authority decision-making – where, in the course of the decision-making process, a significant decision relates to land or a body of water, the Council will take into account the relationship of Māori and their culture and traditions with their ancestral land, water, sites, wāhi tapu, valued flora and fauna, and other taonga.
- Contributions to and involvement in decision-making processes – the Council will provide opportunities for Māori to contribute to and be involved in the decision-making processes of the council and will also consider ways to foster the development of Māori capacity. This includes tangata whenua appointments to hearing panels, and appointments on to Standing Committees.
- Consultation with Māori – the Council has in place processes for consulting with Māori which are in accordance with the principles of consultation as set out in section 82 of the Local Government Act.
- Supporting implementation, use and understanding of Te Tangi a Tauira – The Cry of the People Ngāi Tahu ki Murihiku Resource and Environmental Management Plan 2008.
- Supporting projects initiated by Māori that involve direct management of the region's natural resources.
- Development of Māori capacity to contribute to the decision-making processes of the local authority. These opportunities include:
 - Provision of information to all Māori to underpin processes that assist effective contribution to the decision-making processes of the Council;
 - The Council, where practicable, will continue to make available resources such as maps and GIS services;
 - Building capacity to enable contribution of all Māori to the decision-making processes of the Council. Related to this process is the need for the Council to gain a clear understanding of expectations through hui and ongoing relationships with all Māori to agree and commit to practicable steps to building capacity. This includes shared capacity support for an Iwi Policy Officer position;
 - Support for the development of Independent Hearing Commissioners within tangata whenua.
 - Ongoing consideration on a case-by case basis for the provision of support to assist all Māori with resourcing, opportunities for training and engagement and promotion of matters that are of mutual benefit;
 - Ongoing promotion and education of staff and governors to develop skills in Māoritanga, Tikanga Māori and Te Reo Māori and gain an appreciation of the needs and expectations of all Māori in relation to the Local Government Act and the Resource Management Act;
 - Effective and efficient consultation to improve existing relationships, processes and protocols related to local government and resource management issues.

Tangata whenua & Gore District Council's Relationship

While the Local Government Act sets out provisions relating to all Māori, it is recognised that within the Southland region, Ngāi Tahu are the tangata whenua. They have a special status in terms of the Council's resource management activities, and are not just another interest group. The evolution of the relationship between the Council and tangata whenua has reached the point where that relationship is now recognised as a productive partnership.

In the first half of 2021, the Council has been working closely with Hokonui Rūnanga to develop a new Charter of Understanding. This Charter provides a foundation for the Council and Hokonui Rūnanga to work in partnership and collaboration in relation to activities and opportunities. It also respects and acknowledges the respective roles, responsibilities and mana of both the Rūnanga and the Council in the respective takiwā.

A formal signing ceremony is expected to occur by the end of the calendar year.

GORE DISTRICT COUNCIL COMMUNITY OUTCOMES

Detailed below are the six identified Council community outcomes, which are a cornerstone of the development of the 10-Year-Plan and Annual Report. Progress towards the attainment of these outcomes is reported to Council via its standing Committees, which meet quarterly, and via two bulletins, which managers contribute to. These progress reports culminate in the annual report where a twelve-month review of what has been achieved is given.

OUTCOME 1

We value our history and heritage

OBJECTIVES

- a. To ensure that early life in the District is captured via writings, artefacts and attractive exhibitions in order that greater awareness and appreciation of our heritage and history is cultivated.
- b. To work with community organisations and interest groups to bolster and expand the District's historical infrastructure in the forms of research facilities, exhibitions based on a specific theme (e.g. fishing, moonshine whiskey or aviation) and the provision of buildings to facilitate sensitive storage of artefacts and opportunities for public access.
- c. To actively work with the owners of historic buildings to encourage their retention, while maintaining a modicum of flexibility to allow their adaptation to meet contemporary needs.

OUTCOME 2

We live in a creative place

OBJECTIVES

- a. To continue to establish Gore as a regional epicentre of art by conducting and promoting art exhibitions at the Eastern Southland Art Gallery and maintaining a high visitor appeal in the John Money Wing.
- b. To foster interest and participation in the performing arts by the provision of advice, staff support and funding of key areas such as fashion, music and drama.

OUTCOME 3

We have a choice of quality places to go and things to do

OBJECTIVES

- a. To provide high-class recreational facilities at the Gore Multisports Complex and to promote and pursue an increase in participation at the Gore Aquatic Centre and adjoining MLT Event Centre.
- b. To provide a library service in the District that informs and stimulates an interest in reading, both for leisure and personal growth.
- c. To provide support for events in the District, which cater to local residents and visitors, offer fun and entertainment, together with engendering pride in the District and what it has to offer.

OUTCOME 4

We have a quality infrastructure with potential for growth

OBJECTIVES

- a. To ensure Activity Management Plans are accurate, updated regularly and factor in anticipated growth in the foreseeable future.

- b. To ensure the Council makes optimum use of existing infrastructure and sets out the location and investment required for new infrastructure to accommodate anticipated demand.
- c. To investigate new sources of water to ensure that a reliable water supply is available to a growing community.

OUTCOME 5

We live in a compassionate, caring community

OBJECTIVES

- a. Where appropriate, consider grants to organisations in order to build community capacity and cohesion and promote social and cultural wellbeing.
- b. To maintain an active community development programme which harnesses and empowers volunteer effort in social well-being and fosters a sense of inclusion amongst marginalised groups.
- c. To proactively advocate on behalf of citizens who may be disadvantaged by changes in government policy and/or procedure.

OUTCOME 6

We value and respect our environment

OBJECTIVES

- a. To provide and maintain to high standard parks, reserves and gardens which both beautify the environment and provide a respite from built infrastructure.
- b. To update the District Plan in order that it strengthens the balance between facilitating development and effectively limiting adverse effects that may flow from unbridled development.
- c. To maintain a regulatory culture that places emphasis on education, empowerment and collaboration over-rigid application of rules and implementation of sanctions.

The next section/chapter on the 'Council's Activities' provides a summary of each of the different activities undertaken by the Council and the ways in which these activities contribute to achieving the six Council community outcomes.

In addition to the services and legislative or regulatory functions performed by the Council, which are detailed in the subsequent sections of this report, the Council also promotes the achievement of community outcomes by:

- providing leadership, representing, and being an advocate for community interests;
- providing information necessary for sustainable development and other activities within the District;
- acting as a facilitator, mediator, organiser and/or motivator of community-based initiatives and/or collaboration at the grassroots level;
- engaging in partnerships with key agencies, and community groups; and
- monitoring and reporting on progress towards the achievement of community outcomes.

Each of the activity summaries included in the next section/chapter provides details on the following:

- an introduction: which explains the type/nature of the service provided;
- a rationale for the service: why is the service provided?
- its contribution to Council community outcomes;
- the levels of service and performance measures over the 10-year duration of the plan;
- how the services are funded;
- a summary of the key points from the year in review.

GROUPS OF ACTIVITIES

This Annual Report lets you know how the Council performed against the budgets and targets set in our 2018-2028 10-Year-Plan. The 10-Year-Plan (Long Term Plan) is our 10-year comprehensive business plan detailing the Council's policies and outlining the work programmes, budgets and non-financial targets. The plan also provides detailed information about each activity and the contribution it makes to achieve the Council's Community Outcomes.

The financial and non-financial results are reported here by each group of activities. There may be one or more activities included in each activity group.

WATER SUPPLY

Activities

How and where water for human, agricultural, cultural and recreational uses is sustainably managed is of considerable importance. The Council has consistently regarded the provision of water services as vital to maintaining the community's health and well-being.

The Council owns and manages water supply with an estimated optimised replacement value of \$52.5 million. The management and operation of the water supplies are mainly through the Council with only Otama Rural Water Scheme managed through a private scheme committee. Reticulated water supply services are provided to approximately 5,000 properties for domestic and industrial use with firefighting capabilities in the townships of Gore and Mataura. It is estimated that 74% of the usually resident population receive their water from the Council's reticulated water supplies.

The water supply network collects untreated water from both surface and groundwater sources. The volume of water abstracted is closely controlled and monitored through consent.

The Mataura and Gore schemes treat this raw water before distribution throughout the towns' distribution networks. The treatment of water is also closely monitored to ensure appropriate treatment standards are in place to protect public health. Water is gravity fed to the majority of consumers. However, it is pumped to some suburbs at higher levels.

All of the Council's treatment plants do not currently meet the requirements of the New Zealand Drinking Water Standards. Plans are underway to progressively upgrade the Gore and Mataura water treatment plant to ensure compliance with the standards. A strategy for the Otama Rural Water Scheme to meet the drinking water standards will be developed once the long term ownership structure of the scheme is known.

Assets provided within the network include:

- Pipes (gravity and rising mains)
- Valves
- Hydrants
- Meters
- Water reservoirs
- Water intakes, bores and wells
- Control Equipment
- Water treatment plants and pumping stations.

Rationale

The Council has a legal obligation under the Health Act 1956 to improve, promote and protect public health within the District. The Health (Drinking Water) Amendment Act 2007 places a further obligation on the Council to comply with the Drinking Water Standards for New Zealand. The Council provides water supply services ostensibly to protect public health through the sustainable collection, treatment and distribution of potable water. It also supports economic development, particularly for water-intensive industries.

The Local Government Act 2002 (Amendment 2010) determines infrastructure services, including water supply, to be a core service provided by local authorities and this legislation provides guidance on the way the service is managed and reported upon.

Section 23 of the Health Act 1956 also dictates that it is the duty of every local authority to “improve, promote, and protect public health within its district”.

This permits the Council to make bylaws for the protection of public health and requires it to present reports from time to time to provide the Medical Officer of Health with an understanding of diseases, drinking water and sanitary conditions within the District.

Therefore, the reasons that the Council continues to provide water supply services include:

- to address legislative requirements
- to protect public health
- to support and enable economic growth.

The Council's objectives for the community under this 10-Year-Plan and this Infrastructure Strategy are:

- a district ready to grow and prosper
- to shape the place we live in now and into the future
- balance the need for significant investment in public infrastructure with sustainable debt levels and affordable rates.

The Council Community Outcome, to which this group of activities contributes, is:

Outcome 4: We have a quality infrastructure with potential for growth

Key challenges that the Gore District Council must take steps to address concerning the water supply activity over the next ten years are as follows:

- Upgrading of water treatment plants to ensure they met the requirements of the Drinking Water Standards for New Zealand
- Meeting the monitoring and compliance requirements of the newly created water regulator
- Replacement of critical trunk mains that are at the end of their useful lives
- Optimising the use of the Councils existing raw water supplies through a reduction in leakage rates
- Developing a strategy to ensure the Council water supply is resilient against the potential impacts of climate change.
- Improvements in the accuracy of its asset data ensuring long-term sustainable decisions can be made for the activity.

Significant negative effects

While the Council acknowledges its water supply activity may have some adverse impacts, these relatively minimal impacts are outweighed by the public good that is served by the benefits of managing water supply, and most notably, public health and safety.

To mitigate the potentially negative effects of water abstraction from ecosystems, the Council is required to operate within consent requirements in accordance with the requirements of the Resource Management Act. As per the requirements of the Resource Management Act, local Iwi is consulted during resource consenting processes.

Key points from the 2021 year and the year ahead

Over the past 12 months, the Government has been working with Councils on the future of 3Waters service delivery across the country. This work has shown the 3Waters Service delivery model, as it currently stands, will not be able to sustainably meet the future legislative requirements and customer expectations in the medium to long term and substantial change is required. The Government has consulted on a proposal to transfer the responsibility of delivering 3Waters services from the existing 67 territorial authorities across the country into four publicly owned multi-regional entities. A decision was made towards the end of 2021, allowing the new entities to be established and operating by July 2024.

Steady progress has been made over the past 12 months on the Council's vision to centralise its water treatment plants. Construction of a new membrane treatment plant at the East Gore Water Treatment Plant site is now well progressed with the new plant expected to be brought into service in early 2022. Unfortunately, the resource consent the Council obtained for the proposed bridge, which will allow a connection between the Jacobstown Well and the East Gore Treatment Plant, has been appealed in the Environment Court. Due to this, the installation of this pipeline and the decommissioning of the Hilbre Ave treatment plant is currently on hold.

The Council has now started the design process of a \$1.6 million project to replace the Hilbre Ave Reservoir. However, construction of the proposed new reservoir will not be able to begin until the treatment plant on this site has been decommissioned. Additionally, the detailed design of a \$2.2 million upgrade of the Mataura water treatment plant is now underway with construction expected to begin in late 2022.

The Council has also now awarded contracts for two major reticulation projects. The \$2.6 million Wigan Street project, which includes the replacement of approximately 1000m of watermain, is now under construction and is expected to be completed in early 2022. Additionally, the construction of Stage 1 of the Elizabeth Street project is expected to begin in early 2022 taking approximately eight months to complete. This work will include the replacement of approximately 700m of watermains.

In May 2020 a successful trial using an alternative methodology to desilt the Pleura Dam was completed. As a result of this trial further desilting of the dam will be completed in the upcoming summer. Over the past 12 months, the Council has also been considering options to improve the resilience of both the Gore and Mataura raw water sources. As a result of this investigation drilling for alternative water sources is expected to be completed in late 2021.

In 2018 a local member's bill was passed by Parliament allowing ownership of the Otama Rural Waters Scheme to be transferred to a new company with directors appointed by the scheme consumers. The scheme committee has now developed a transfer plan in accordance with the rules set out in the member's bill. As a result of this, a referendum to determine the scheme users preferred ownership structure will be held in late 2021. Should the scheme's users vote to transfer the scheme into the new company it is anticipated this will occur on 1 July 2022.



STATEMENT OF SERVICE PERFORMANCE - WATER

Council Outcome	Customer Levels of Service	Performance Measures	Target 2021	Results
We have a quality infrastructure with growth potential.	A potable water supply is provided in urban areas	Compliance with the bacterial criteria of the NZDWS: (NFPM 1a)		
		Wentworth St WTP (Gore East)	100%	Target achieved. Distribution Zone Bacterial Compliance = Yes Plant Bacterial Compliance = Yes
		Hilbre Ave WTP (Gore West)	100%	Target achieved. Distribution Zone Bacterial Compliance = Yes Plant Bacterial Compliance = Yes
		Mataura WTP	100%	Mataura - Target achieved. Distribution Zone Bacterial Compliance = Yes Plant Bacterial Compliance = Yes
		Compliance with the protozoa criteria of the NZDWS: (NFPM 1b)		Note – All of the Council's treatment plants do not meet protozoa compliance. As a result of this, upgrades are planned to achieve compliance by the following dates.
		Wentworth St WTP (Gore East)	0%	Upgrade expected to be completed by February 2022.
		Hilbre Ave WTP (Gore West)	0%	Proposed upgrades are currently delayed due to the resource consent obtained for this being appealed in the Environment Court. At this stage, the estimated completion date is late 2023 but this is subject to change.
		Mataura	0%	Upgrade expected to be completed by June 2023.



STATEMENT OF SERVICE PERFORMANCE - WATER continued ...

Council Outcome	Customer Levels of Service	Performance Measures	Target 2021	Results
		Water quality complaints received (per 1,000 connections) concerning water clarity, taste, odour, pressure, flow, continuity of supply and the Council's response (NFPM 4)	8	4.38 complaints – Target achieved.
	Reliable service and effective response to queries	Real water losses from the reticulation network (NFPM 2)	30%	43% – Target not achieved. Based on average daily consumption of 250L/p/day (Refer to 6.3.5.6 of NZS4404:2010)
		Response to an urgent customer request (Urban, no water) (NFPM 3a)	60 min	42 mins (median-value used) – Target achieved.
		Resolution of an urgent customer request. (Urban, no water) (NFPM 3b)	8 working hours	11.57 hours (median-value used) – Target not achieved.
		Response to a non-urgent customer request (NFPM 3c)	5 days	4.5 Days (median-value used) – Target achieved.
		Resolution of a non-urgent customer request (NFPM 3d)	14 days	5.6 Days (median-value used) – Target achieved.
		Average consumption of drinking water (NFPM 5)	500 L/p/day	476 L/p/day – Target achieved.

FUNDING IMPACT STATEMENT - WATER

	LTP 2019-20 \$'000	LTP 2020-21 \$'000	Actual 2020-21 \$'000
SOURCES OF OPERATING FUNDING			
General rates, uniform annual general charge, rates penalties	-	-	-
Targeted rates	1,692	2,100	1,891
Subsidies and grants for operating purposes	-	-	-
Fees and charges	334	341	474
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	8
Total operating funding (A)	2,026	2,441	2,373
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	756	877	839
Finance costs	144	346	143
Internal charges and overheads applied	606	628	649
Other operating funding applications	-	-	-
Total applications of operating funding (B)	1,506	1,851	1,631
Surplus (deficit) of operating funding (A-B)	520	590	741
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	7
Increase (decrease) in debt	3,893	2,532	3,819
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	3,893	2,532	3,826
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure to meet additional demand	-	-	(188)
Capital expenditure to improve the level of service	3,969	2,596	3,519
Capital expenditure to replace existing assets	414	499	232
Increase (decrease) in reserves	30	27	1,004
Increase (decrease) in investments	-	-	-
Total applications of capital funding	4,413	3,122	4,567
Surplus (deficit) of capital funding	(520)	(590)	(741)
Funding balance	-	-	-

WASTEWATER

Activities

The Council owns and manages wastewater assets with an optimised replacement value of \$47.8 million. Wastewater services are provided for about 5,066 households and businesses in Gore, Mataura and Waikaka.

The wastewater network collects untreated wastewater from private households and businesses across the three townships. This wastewater is both pumped and gravity fed to three treatment plants for treatment before being discharged to the environment. The disposal of wastewater is closely monitored and controlled by discharge consents that are managed by Environment Southland.

Assets provided within the network include:

- Pipes (gravity and rising mains)
- Manholes
- Mud tanks (for the combined wastewater and stormwater network)
- Cleaning eyes
- Pump stations (including buildings and pumps)
- Control equipment
- Wastewater treatment plants.

Rationale

Council has a legal obligation under the Health Act 1956 to improve, promote, and protect public health within the District. Council provides wastewater services ostensibly to protect public health and safety and to minimise the resultant impact of managing the service on the environment by ensuring that wastewater is appropriately collected, treated and disposed of.

The Local Government Act 2002 determines infrastructure services, including wastewater, to be a core service provided by local authorities and this legislation provides guidance on the way the service is managed and reported upon.

Section 23 of the Health Act 1956 also dictates that it is the duty of every local authority to “improve, promote, and protect public health within its district”.

This permits the Council to make bylaws for the protection of public health and requires the Council to present reports from time to time to provide the Medical Officer of Health with an understanding of diseases, drinking water and sanitary conditions within the District.

Therefore, the reasons that the Council continues to provide wastewater services include:

- to address legislative requirements;
- to protect public health;
- to afford the environmental protection; and
- to support economic growth.

The Council objectives for the community under this 10-Year-Plan and accompanying Infrastructure Strategy are:

- a district ready to grow and prosper
- to shape the place we live in now and into the future
- to balance the need for significant investment in public infrastructure with sustainable debt levels and affordable rates.

The Council Community Outcomes to which this group of activities contributes are:

Outcome 4: We have a quality infrastructure with potential for growth

Outcome 6: We value and respect our environment.

Key challenges that the Gore District Council must take steps to address in relation to the wastewater activity over the next ten years are as follows:

- Reduction in inflow and infiltration into the wastewater network to minimise overflows and optimise the performance of its treatment plants
- Upgrading of the Council's wastewater treatment plant to ensure they meet legislative requirements and the communities expectations
- Replacement of critical trunk mains that are at the end of their useful lives
- Improvements in the accuracy of its asset data ensuring long term sustainable decisions can be made for the activity.

Significant negative effects

The Council acknowledges its wastewater activity may have some adverse impacts however these impacts must be considered against a scenario where wastewater in urban environments is not managed through a reticulated wastewater system. It is generally accepted that the public and environmental good that is provided by a reticulated network in an urban environment, and in particular the public health benefits outweigh the adverse impacts. In saying this, where practicable, the Council is committed to minimising any adverse impacts its wastewater system may have.

To mitigate the potentially negative effects of discharging treated wastewater into the Mataura River and the Waikaka Stream, the Council has established a robust system for monitoring discharges in accordance with the requirements of the Resource Management Act.

As treated wastewater is discharged into rivers and waterways, the Council's wastewater and stormwater activities potentially have negative effects on the socio-economic and cultural interests of tangata whenua. In accordance with the requirements of the Resource Management Act, local Iwi is consulted during resource consenting processes.

Key points from the 2021 year and the year ahead

Over the past 12 months, the Government has been working with Councils on the future of 3Waters service delivery across the country. This work has shown the 3Waters Service delivery model, as it currently stands, will not be able to sustainably meet the future legislative requirements and customer expectations in the medium to long term and substantial change is required. The Government has consulted on a proposal to transfer the responsibility of delivering 3Waters services from the existing 67 territorial authorities across the country into four publicly owned multi-regional entities. A decision was made towards the end of 2021, allowing the new entities to be established and operating by July 2024.

In January 2021 the Council submitted a consent application to renew its wastewater discharge consents for the Gore and Mataura wastewater treatment plants. As part of the Council's application, it proposed to invest between \$48 and \$63 million over the next 30 years replacing the Gore Oxidation Pond treatment system with a Biological Nutrient Removal Plant and expanding the existing wetland system at the Mataura Wastewater Treatment Plant. Through the development of the Council's consent application, attempts to ensure consultation with the Hokonui Rūnanga were made.

However, for a variety of reasons this consultation process was not able to be as robust as both parties would have liked. While the Hokonui Rūnanga believes the Council's proposed treatment system will provide an acceptable level of treatment to Ecological contaminants, the proposed ongoing discharge to the Mataura River does not address the Hokonui Rūnanga's cultural concerns. Due to this, a technical working group has been established to investigate land disposal options. Environment Southland has agreed to put the processing of the Council's consent application on hold until the outcome of the consultation with Hokonui Rūnanga is known.

Since the commissioning of the Council's new industrial hub wastewater treatment plant, in late 2018, there have been intermittent odour issues associated with the plant. In partnership with one of Council's key tradewaste users, the Council has undertaken several improvement projects to resolve this issue. This has seen a reduction in the intermittent odour issues. However, further work is planned in this space over the next 12 months.

A full replacement of the control system, improved automation and the commissioning of a UV unit on the Actiflo plant at the Gore Wastewater Treatment Plant has been completed in the last 12 months. As a result of this work, we have already seen a significant reduction in E-coli concentrations in the treated wastewater being discharged into the Mataura River.

Construction to replace 800m of the DN1000 wastewater main in Wigan Street is now underway with design work to replace the next section up to the intersection of Ardwick and Eccles streets also underway.

A project to develop a robust renewals plan for the Gore and Mataura reticulated network is underway. This involves reviewing existing condition data and completing condition assessments of a further 20km of wastewater mains in the network.

Design and procurement for the Elizabeth Street 3Waters Service upgrade, which includes the replacement of 900m of wastewater main, are now complete. Construction on this project is programmed to begin in early 2022.

STATEMENT OF SERVICE PERFORMANCE - WASTEWATER

Council Outcome	Customer Levels of Service	Performance Measures	Target 2021	Results
We have a quality infrastructure with potential for growth.	A reliable service: effective response to queries.	The number of dry weather overflows from Council's sewerage system, (per 1,000 connections) (NFPM 1)	1	1 dry weather overflow – Target achieved.
		Response to a customer request. (Blockage or fault) (NFPM 3a) (Median Value Used)	Urgent <120 mins General < 8 hrs	12.63 hours – Target not achieved. 6.95 Hours – Target achieved.
		Resolution of a customer request. (Blockage or fault) (NFPM 3b) (Median Value Used)	Urgent < 8 hrs General <5 days	1 hour – Target achieved. 1 day – Target achieved.
	Wastewater systems are effective and comply with environmental standards.	Wastewater complaints received (per 1,000 connections) (NFPM 4)	< 10	2.4 complaints – Target achieved.
We value and respect our environment.	Our waterways and environment are protected from adverse impacts of providing the wastewater service.	Compliance with Council's resource consents for discharge from its sewerage system measured by the number of abatement notices, infringement notices, enforcement orders and convictions (NFPM 2)	Abatement Notice - 0 Infringement Notice - 0 Enforcement Orders - 0 Convictions - 0	Abatement Notice – 0 – Target achieved. Infringement Notice – 0 – Target achieved. Enforcement Orders – 0 – Target achieved. Convictions – 0 – Target achieved.

FUNDING IMPACT STATEMENT - WASTEWATER

	LTP 2019-20 \$'000	LTP 2020-21 \$'000	Actual 2020-21 \$'000
SOURCES OF OPERATING FUNDING			
General rates, uniform annual general charge, rates penalties	-	-	-
Targeted rates	1,718	1,716	1,630
Subsidies and grants for operating purposes	-	-	-
Fees and charges	521	526	811
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	226
Total operating funding (A)	2,239	2,242	2,667
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	439	447	964
Finance costs	332	325	221
Internal charges and overheads applied	377	391	404
Other operating funding applications	-	-	-
Total applications of operating funding (B)	1,148	1,163	1,589
Surplus (deficit) of operating funding (A-B)	1,091	1,079	1,078
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	12
Increase (decrease) in debt	(483)	103	(37)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	(483)	103	(25)
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure to meet additional demand	-	-	-
Capital expenditure to improve the level of service	157	333	111
Capital expenditure to replace existing assets	451	874	893
Increase (decrease) in reserves	-	(25)	49
Increase (decrease) in investments	-	-	-
Total applications of capital funding	608	1,182	1,053
Surplus (deficit) of capital funding	(1,091)	(1,079)	(1,078)
Funding balance	-	-	-

STORMWATER

Activities

The Council owns and manages stormwater assets with an optimised replacement value of \$32.5 million. Stormwater services are provided for about 5,113 households and businesses in Gore, Mataura, Waikaka, Pukerau and Mandeville.

The stormwater network collects stormwater runoff from roads as well as households and businesses. It is both pumped and gravity fed to discharge into the environment. The quality of discharge is monitored and controlled by discharge consents that are managed by Environment Southland.

Assets provided within the network include:

- Pipes (gravity and rising mains)
- Manholes
- Cleaning eyes
- Pump stations (including buildings and pumps)
- Control equipment
- Outfalls.

The Council has an ongoing long term stormwater separation project, which will see combined wastewater and stormwater assets separated. As this project progresses, more stormwater will be entering the network. Demand on stormwater pump stations will need to be monitored to ensure this extra capacity can be managed.

Rationale

The Council provides Stormwater services ostensibly to protect public health and safety and to minimise the resultant impact of managing the service on the environment by ensuring that stormwater is appropriately collected, treated and disposed of.

The Local Government Act 2002 determines infrastructure services, including stormwater, to be a core service provided by local authorities and this legislation provides guidance on the way that the service is managed and reported upon.

Section 23 of the Health Act 1956 also dictates that it is the duty of every local authority to “improve, promote, and protect public health within its district”.

This permits the Council to make bylaws for the protection of public health and requires the Council to present reports from time to time to provide the Medical Officer of Health with an understanding of diseases, drinking water and sanitary conditions within the District.

Therefore, the reasons that the Council continues to provide stormwater services include:

- to address legislative requirements
- to protect public health
- to afford the environmental protection
- to support economic growth.

The Council objectives for the community under this 10-Year-Plan and this Infrastructure Strategy are:

- a district ready to grow and prosper
- to shape the place we live in now and into the future
- to balance the need for significant investment in public infrastructure with sustainable debt levels and affordable rates.

The Council Community Outcomes to which this group of activities contributes are:

Outcome 4: We have a quality infrastructure with growth potential.

Outcome 6: We value and respect our environment.

Key challenges that the Gore District Council must take steps to address concerning the stormwater activity over the next ten years are as follows:

- Replacement/upgrading of the existing combined stormwater and wastewater system to achieve separation
- Identification and resolution of historical wastewater cross-connections in the SW network
- Identification and management of secondary overflows paths
- Improvements in the accuracy of its asset data ensuring long-term sustainable decisions can be made for the activity.

Significant negative effects

The Council acknowledges its stormwater activity may have some adverse impacts. However, these impacts must be considered against a scenario where stormwater in urban environments is not managed through a reticulated system. It is generally accepted that the public and environmental good that is provided by a reticulated network in an urban environment, and in particular the public health benefits outweigh the adverse impacts. In saying this, where practicable, the Council is committed to minimising any adverse impacts its stormwater system may have.

To mitigate the potentially negative effects of discharging stormwater into the Mataura River and the Waikaka and Pukerau Streams, the Council has established a robust system for monitoring discharges in accordance with the requirements of the Resource Management Act.

As stormwater discharges into rivers and waterways, the Council's stormwater activity potentially has negative effects on the socio-economic and cultural interests of Tangata Whenua. In accordance with the requirements of the Resource Management Act, local Iwi are consulted during resource consenting processes.

Key points from the 2021 year and the year ahead

Over the past 12 months, the Government has been working with Councils on the future of 3Waters service delivery across the country. This work has shown the 3Waters Service delivery model, as it currently stands, will not be able to sustainably meet the future legislative requirements and customer expectations in the medium to long term and substantial change is required. The Government has consulted on a proposal to transfer the responsibility of delivering 3Waters services from the existing 67 territorial authorities across the country into four publicly owned multi-regional entities. A decision was made towards the end of 2021, allowing the new entities to be established and operating by July 2024.

In late 2018 the Council adopted Stage 1 of the Stormwater Master Plan (SMP). This SMP was a fast-track approach to identify the limitations and impact of the capacity issues in the Council's existing drainage network and provide a blueprint for future improvement works. Following on from the adoption of Stage 1 of the SMP, the following work is currently underway:

- Design and procurement of a project to separate the combined drainage system in Elizabeth Street have been completed. Construction on this project is programmed to start in early 2022 and is expected to take approximately six months to complete.
- As part of the 2021 Long Term Plan, the Council has resolved to invest approximately \$10.9 million in stormwater separation works over the next 10 years. Investigation and scoping of high priority projects for this funding will be completed over the next 12 – 18 months.
- Consideration of options to assist private property owners with achieving stormwater separation.

Following ongoing compliance issues with E-coli levels in discharges from the Council's stormwater networks over the past 12 months, the Council has undertaken extensive investigations into the cause of these. As a result of these investigations six different issues, which were identified as potential sources for cross-contamination between the wastewater and stormwater network, have been identified and resolved.

Following an investigation into ongoing complaints from the public regarding stormwater discharge into Cronin's Creek (more commonly known as Falconer Creek) in October 2020 Environment Southland issued the Council with a formal warning and abatement notice. As a result of this the Council has completed or is currently progressing the following working:

- Implemented a sampling programme within the Falconer Road Catchment to better understand the source(s) of contamination.
- Developing a Stormwater Bylaw, which will provide the appropriate policy framework to manage stormwater discharges from private properties, including being able to require improvements to be completed by landowners to ensure compliance with its resource consent conditions. It is expected the Bylaw will be ready for consultation in late 2021.
- Undertaken a trial installation of 'drain guards' in roadside sumps as a temporary measure to reduce the risk of further sediment runoff for a period of six months from the date of the notice.

As a result of this work, a much greater understanding of the contamination issues in Falconer Creek has been gained. It is now clear this issue is not confined to a few properties, but is widespread throughout the catchment and is likely to require significant investment from both the Council and individual properties owners to resolve it. It is also clear this issue is historical and has previously been acceptable. Due to increasing regulation and environmental expectations, this is no longer the case. However, it is also noted that given the scale of the issue a staged approach will need to be taken to improving the quality of stormwater discharges.

STATEMENT OF SERVICE PERFORMANCE - STORMWATER

Council Outcome	Customer Levels of Service	Performance Measures	Target 2021	Results
We have quality infrastructure with potential for growth.	Reliable service and effective response to queries.	Response to a customer request (Flooding event) (NFPM 3) as measured by the CRM database.	< 60 min	No complaints received – Target achieved.
		Stormwater complaints received (per 1,000 properties connected) (NFPM 4) Faults or blockages as measured by the CRM database.	< 8	2 complaints – Target achieved.
We value and respect our environment.	Homes and properties are not affected by surface flooding caused by the Stormwater Activity.	Number of flooding events (NFPM 1a) as measured by the CRM database.	< 3	No complaints received – Target achieved.
		Number of habitable floors affected per 1,000 connected properties (per event) (NFPM 1b) as measured by the CRM database.	< 2	No complaints received – Target achieved.
	Our waterways and environment are protected from adverse impacts of providing the Stormwater service.	Compliance with Council's resource consents for discharge from its stormwater system measured by the number of abatement notices, infringement notices, enforcement orders and convictions (NFPM 2a-d)	Abatement notice - 0 Infringement notice - 0 Enforcement orders - 0 Convictions - 0	Abatement Notice - 1 – Target not achieved. Infringement Notice - 0 – Target achieved. Enforcement Orders - 0 – Target achieved. Convictions - 0 – Target achieved.

FUNDING IMPACT STATEMENT - STORMWATER

	LTP 2019-20 \$'000	LTP 2020-21 \$'000	Actual 2020-21 \$'000
SOURCES OF OPERATING FUNDING			
General rates, uniform annual general charge, rates penalties	-	-	-
Targeted rates	587	608	630
Subsidies and grants for operating purposes	-	-	-
Fees and charges	-	-	-
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
Total operating funding (A)	587	608	630
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	126	130	97
Finance costs	-	6	(5)
Internal charges and overheads applied	91	94	97
Other operating funding applications	-	-	-
Total applications of operating funding (B)	217	230	189
Surplus (deficit) of operating funding (A-B)	370	378	441
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	181	105	181
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	181	105	181
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure to meet additional demand	-	-	-
Capital expenditure to improve the level of service	472	483	383
Capital expenditure to replace existing assets	79	-	38
Increase (decrease) in reserves	-	-	201
Increase (decrease) in investments	-	-	-
Total applications of capital funding	551	483	622
Surplus (deficit) of capital funding	(370)	(378)	(441)
Funding balance	-	-	-

ROADING AND FOOTPATHS

Activities

The Gore District roading network comprises of approximately 900 kilometres of roads, of which about 538 kilometres is unsealed. All work is procured in accordance with the Council's New Zealand Transport Authority (NZTA) approved Procurement Strategy. Design and supervision of major work is generally undertaken by consultants.

The Council supports the objectives of the Land Transport Strategy, Road Safety Strategy 2020 and the New Zealand Transport Agency to improve road safety and sustainable transport throughout the region. The Council's staff work with other councils and transport stakeholders to further New Zealand Transport Agency initiatives through the development and implementation of the Road Safety Action Plan, which addresses issues such as excessive speed, drink driving campaigns, developing and promoting safety management systems.

NZTA's "One Network Road Classification" was established to influence the maintenance priorities we place on certain roads across the network, under this framework, the majority of Gore's roads fell within the lower categories of roads. This is one of the reasons why the industry is moving to another platform to categorise our roads. One Network Framework (ONF) looks to put more emphasis on place and the function of the road not only the volume of traffic.

The Council compiles a triennial land transport programme to give it access to government partnership finance. The programme takes into consideration transport initiatives, strategy development and monitoring, travel demand assessments, road safety issues, alternative detour routes, regional development initiatives, monitoring passenger transport and building a network fit for multi-modal mobility.

Rationale

Roads, bridges, and footpaths are provided and maintained to ensure the safe and efficient passage of people and goods throughout the community, contributing to the effective functioning of the community and economy. Public ownership of the roading network ensures appropriate property access and freedom of travel throughout the District for all residents and visitors. Well maintained roads, footpaths, and street lighting provide for the safe and efficient travel of motor vehicles, cyclists, and pedestrians.

As the Council is the road controlling authority under the Local Government Act 1974, it has responsibility for all of the roads (state highways excluded) in the Gore District.

Significant negative effects

Despite the benefits the Council's roading activities bring, in terms of providing transportation infrastructure that is needed to support the everyday lives and livelihoods of residents in the District, roading activities are inevitably associated with a number of negative effects.

These negative effects include crashes causing injuries or death, noise, congestion, stock truck effluent, dust and vehicle emissions. The Council's asset management plan identifies a number of actions for managing these negative effects.

It is pertinent to note these negative effects are mostly caused by road users and are not caused by a deficiency in the road network itself. The Council's policy is to monitor and maintain ongoing awareness of the possible risks and to ensure that mitigation measures are implemented to the extent appropriate.

Key points from the 2021 year

The key features of the past year were climate change, national initiatives, the pandemic and asset management planning. On top of these, we have experienced changes in how the maintenance contract is being delivered. That said, the ageing demographics and bridge structures, and increase in high productivity motor vehicles (HPMVs) on our network are still the main challenges we face going forward.

There was a significant amount of time and effort through this year in developing the asset management plan for the 2021/24 continuous programme.

An Innovative Streets project consumed a significant amount of the team's time over the last 12 months. Streets Alive was an ambitious roading initiative trialling traffic calming devices within the road reserve across the whole town. The endeavour was to improve liveability by introducing a streetscape that appealed to all road users, making these spaces more user friendly and vibrant to a wider spectrum of our community.

Flooding still featured earlier this year with seasons of consistent and heavy rain, a reminder of the impact climate change is having across all regions.

Fulton Hogan remains the Council's contractor for both the seal repair and the resurfacing work. This complements their existing lead role with the Council's maintenance contract. Even with Fulton Hogan's presence, there is still a good portion of the Council's road work that is being carried out by local or smaller contractors, such as routine maintenance, vegetation control and footpath/kerbing work.

The District's road marking contract is with New Zealand Roadmarkers, from Nelson. Its second year 2019/20 was missed due to regional flooding and the onset of the Covid pandemic. The standard of line marking achieved in the 2018/19 season put the network in good stead to last to its second remarking in 2020. Because of the lost season, it has been agreed to extend the length of the contract for another season in 2021.

This year's construction work achieved on sealed roads saw 35.6km of road resurfaced and 1,852 m² of footpath renewals being completed. Under our concrete works contract, we replaced 137 m of kerb and channel and renewed 32 vehicle crossings.

The unsealed section of our network saw 7,434 m³ of metal being applied to our roads, over 1,012 km of grading was achieved, 140m of our older culverts were replaced, and 1,673 m of drainage channel cleaned out.

We are still working alongside Southland District Council and Invercargill City Council with Road Safety Southland on a number of initiatives to reduce the growing rates of vehicle accidents on our southern roads.

In addressing the change in demographics with our ageing population, the great emphasis remains on upgrading the District's footpaths. Moderate progress was made over the year with certain areas being held back to be coordinated with extensive reticulation work planned. Active modes have also received a boost from Waka Kotahi NZTA this year with Innovative Streets promoting safer and better connected and vibrant communities.

The design of the Longford shared path and bridge has progressed to a stage where we have a project fully designed and tendered with funding support approved by both the Council and Waka Kotahi. Our preferred contractor is primed and ready to go subject to the outcome of the appeal before the Environment Court.

As much as New Zealand was generally free of Covid-19 for much of 2020/21, programming and catch-up work did impact our progress in several activities.

STATEMENT OF SERVICE PERFORMANCE - ROADING

Council Outcome	Customer Levels of Service	Performance Measures	Target 2021	Results
We have a quality infrastructure with potential for growth.	<p>Mandatory Performance Measure 1 (Road Safety). Maintain the road surfaces free of defects requiring evasive behaviour (eg: potholes, shoving, edgebreak, ponding, bumps).</p>	<p>The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network, expressed as a number.</p>	<p>Number of Fatal and Serious Crashes 0</p>	<p>7 serious crashes and 0 fatal - Target not achieved.</p>
	<p>Mandatory Performance Measure 2 (Road Condition) An appropriate level of ride comfort is maintained.</p>	<p>The average quality of ride on a sealed local network, measured by smooth travel exposure.</p>	<p>Urban < 220 NAASRA Rural < 120 NAASRA</p>	<p>87.2 - Target achieved (previous year's readings). 60.5 - Target achieved (previous year's readings).</p>
	<p>Mandatory Performance Measure 3 (Road Maintenance). The yearly resurfacing programme is at a rate that maintains the integrity of our sealed road asset.</p>	<p>The percentage of the sealed local road network that is resurfaced.</p>	<p>6.2%</p>	<p>5.94% resealed - Target not achieved.</p>
	<p>Mandatory Performance Measure 4 (Footpaths). Footpath hazards (trip or surfacing) are identified and mitigated.</p>	<p>The percentage of footpaths within the district that fall within the level of service standard for the condition of footpaths.</p>	<p>Increasing trend</p>	<p>Increasing (with over 1,852m² replaced) - Target achieved.</p>
	<p>Mandatory Performance Measure 5 (Response to Service Requests). We respond to all customer requests relating to footpath and roads in a timely and efficient manner.</p>	<p>The percentage of customer service requests relating to roads and footpaths to which the territorial authority responds within the timeframe specified in the 10-Year-Plan.</p>	<p>95%</p>	<p>77.04% - Target not achieved.</p>
	<p>Residents are satisfied with the metalled road network through the identification and mitigation of driver hazards.</p>	<p>The percentage of respondents to the Gore District Council Annual Resident Survey within the range of neutral to very satisfied.</p>	<p>78%</p>	<p>63% - Target not achieved.</p>

FUNDING IMPACT STATEMENT - ROADING

	LTP 2019-20 \$'000	LTP 2020-21 \$'000	Actual 2020-21 \$'000
SOURCES OF OPERATING FUNDING			
General rates, uniform annual general charge, rates penalties	-	-	-
Targeted rates	2,660	2,629	2,525
Subsidies and grants for operating purposes	1,023	1,045	2,613
Fees and charges	-	-	-
Internal charges and overheads recovered	205	207	179
Local authorities fuel tax, fines, infringement fees, and other receipts	144	147	224
Total operating funding (A)	4,032	4,028	5,541
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	2,424	2,478	2,457
Finance costs	110	119	72
Internal charges and overheads applied	504	510	248
Other operating funding applications	-	-	-
Total applications of operating funding (B)	3,038	3,107	2,777
Surplus (deficit) of operating funding (A-B)	994	921	2,764
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	1,677	1,599	768
Development and financial contributions	-	-	-
Increase (decrease) in debt	79	64	114
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	1,756	1,663	882
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure to meet additional demand	-	-	-
Capital expenditure to improve the level of service	396	195	1,362
Capital expenditure to replace existing assets	2,364	2,434	1,987
Increase (decrease) in reserves	(10)	(45)	297
Increase (decrease) in investments	-	-	-
Total applications of capital funding	2,750	2,584	3,646
Surplus (deficit) of capital funding	(994)	(921)	(2,764)
Funding balance	-	-	-

PARKS, RESERVES, AQUATIC FACILITIES, CIVIC BUILDINGS & RECREATION

Activities

The Gore District has an excellent range of open spaces and community facilities. The open spaces provide an assortment of recreation opportunities, and the property and community facilities assets serve the community well.

Among the Parks, Property and Recreation portfolio, the Gore Gardens and Eastern Southland Gallery are nationally recognised; Dolamore Park, the MLT Events Centre and the Gore Multisports Complex are of regional benefit; and there are key facilities in the District such as the James Cumming Wing. These high-profile sites are supplemented with a range of district and local parks and facilities.

The Council owns and manages property, parks and recreation assets valued at over \$40 million. Parks, property and recreational activities are provided for in Gore, Matura, Waimumu, Waikaka, Pukerau, Mandeville and Kaiwera, and the surrounding areas.

Council buildings, public conveniences and recreation facilities are located within Gore and Matura. Cemeteries are located in these two towns, as well as Waikaka and Pukerau. All four areas have recreation reserves. In addition to the parks and reserves, the Council maintains one public swimming pool, which provide recreational opportunities for the people in the District, and subsidised swimming programmes.

Assets provided within the network include:

- Buildings
- Public conveniences
- Playgrounds
- Cemeteries
- Recreation facilities
- Aquatic facilities
- MLT Event Centre.

Rationale

The Parks, Property and Recreation activity is identified as a core service in terms of Section 11A of the Local Government Act 2002. The Parks Property and Recreation activity has many benefits for the community and provides opportunities for social interaction, active and passive recreation. The activity also plays a major role in the appearance and attractiveness of the District. How residents feel about the District is heavily influenced by the activity, which is positive. In attracting people to the District, as visitors and residents, the provision of quality open spaces and recreation opportunities is a key determinant. This is an important consideration in terms of the manner in which Gore promotes itself and the lifestyle available.

Parks and reserves are provided by local government to ensure open spaces in urban areas, opportunities for recreation and sport, and to enhance community pride. Sports centres and parks provide opportunities for sports clubs and other recreation and community groups. Providing these services is believed to enhance the general health and well-being of the community where a private enterprise may not be viable.

Community and civic buildings are provided to meet the operational need of the Council and provide the community with communal meeting spaces.

Public conveniences are an essential service and are utilised by both locals and visitors.

Councils are required to provide cemeteries by the Burial and Cremation Act 1964. Cemeteries are provided to protect public health and provide a location for bereavement within close proximity to the community.

Significant negative effects

The Council acknowledges that some adverse impacts are possible as a result of operations to provide the services for the local community. However, these relatively minimal impacts are outweighed by the public good that is served by the benefits of providing safe areas for passive and active recreation that are accessible throughout the year.

To mitigate the potentially negative effects of necessary maintenance operations, staff applying herbicides are GROWSAFE® or equivalently certified, earthworks operations are carried out during the summer months, and appropriate erosion and sediment control measures are in place. Noise restrictions and working hour restrictions are also enforced to mitigate potential effects on local residents. Upgrade works on sports fields, and re-vegetation in passive reserves are carried out to industry best-practice to minimise erosion and the duration of the works while focused on timely delivery of results.

As per the requirements of the Resource Management Act, local Iwi is consulted during resource consenting processes for works not considered to be permitted activities in parks and reserves.

Key points from the 2021 year

Project work has been a focus for Parks staff with the Streets Alive temporary landscaping and new plantings around the redeveloped main administration building.

Upgrades have continued for the District's playgrounds, with the scheduled redevelopment of play equipment at Sword Street and Hamilton Park. The Sword Street playground is a completely new development targeting seven to 11-year-olds. It was developed after a community consultation process that saw two smaller and older playgrounds (Moa Street and Merlin Place) in the same area removed. The Hamilton Park playground work involved refurbishing an existing unit that had been damaged by flooding and the installation of new equipment. This playground is the first in the district to have wheelchair access.

The Parks team have also assisted the Pukerau Cemetery Trust with the development of the eastern boundary shrubbery and the road access to the Catholic section of the cemetery.

The redevelopment of the Council's office building was completed with staff repopulating the building in early February 2021.

A major task for the year was the completion of updating asset management plans. Completion required the compilation of many different tranches of work such as review and independent assessment of the building maintenance plan, updated schedule and assessment of playground stocks, review of the entire Council fleet, and a schedule review of all built assets on Reserves and Council owned property.

In late 2020 funding was secured from the Government's Shovel Ready fund for the Gore Multisports Complex. The project successfully put forward was the re-roofing of the MLT Event Centre, replacing all the seagull flashings over the Gore Aquatic Centre pool hall, replacement of the plantroom roof and the upgrade and improvement of the ventilation for the Gore Aquatic Centre plant room and main pool hall. This work started in early February 2021 and was expected to be finished by the end of this calendar year.

One of our biggest challenges through 2020/21 was working through the industry guidelines and expectations for operations at the different levels through COVID-19. There was a need to balance between the guidelines from Sport NZ, Recreation Aotearoa and SOLGM to provide what service we can under these restrictions. We remain connected with other facilities throughout NZ to maintain consistency and to seek clarity with inconsistencies.

The 2021-31 Asset Management Plan for the Gore Multisports Complex has been completed. This outlines major maintenance work to be completed over the next 10 years. Part of this is putting in consistent shut down times for major work and inspections to be complete. It is a living document and will be reviewed to ensure we are on track with our maintenance needs and limit any surprise work or issues that could come up.

All of the Gore Multisports Complex Normal Operational Procedure manual, Emergency Action plan, Health and Safety Risk charts and Pool Risk Management plans have been reviewed internally as part of our annual reviews by the Pool operations supervisor and the Aquatics manager. This has been followed up by a Pool safe audit and Yard stick audit by an external organisation and means that we have once again maintained our Pool safe award, which is the industry standard for pool facilities in New Zealand.

STATEMENT OF SERVICE PERFORMANCE - PARKS, RESERVES, AQUATIC FACILITIES, CIVIC BUILDINGS AND RECREATION

Council Outcome	Customer Levels of Service	Core Value	Measured by	Target 2021	Results
AQUATIC CENTRES					
We have a choice of quality places to go and things to do.	To provide safe, quality, accessible swimming pools with good opportunities for learning.	<p>Accessibility</p> <p>Quality</p> <p>Customer Service</p> <p>Health and Safety</p>	<p>Five key technical measures that reflect the core values</p> <p>This includes:</p> <ul style="list-style-type: none"> • Pool availability – open for a minimum of 260 days • Customer satisfaction 90% • Swimming course enrolments > 1,900 • Health and safety incidents - no serious incidents causing death • Pool safe accreditation maintained 	5/5 indicators achieved.	<p>Year to date - 4/5 - Target not achieved.</p> <p>Four indicators have been achieved. The global COVID-19 pandemic, heavily impacted the pools availability.</p>
PARK & RESERVES, CEMETERIES AND PUBLIC CONVENIENCES					
We have a choice of quality places to go and things to do.	Parks, reserves and cemeteries provide a sense of place; active recreation spaces, as well as opportunities to interact with and beautify urban environments; facilities are safe, well-maintained and appropriate for their use with high levels of public satisfaction	<p>Quality</p>	<p>Percentage of community that are satisfied across the range of property and recreation criteria surveyed.</p> <p>This includes satisfaction levels for:</p> <ul style="list-style-type: none"> • Parks and Reserves/ Sportsgrounds • Playgrounds • Cemeteries • Public conveniences • The provision of community buildings or halls 	> 90% across the 5 criteria surveyed.	<p>Overall, the specified criteria surveyed surpassed the target of 90% by collectively achieving 94%. The only individual item that rated below 90% was the James Cumming Wing and Community Halls with a score of 89%. The lower score for this activity is likely to be in part due to the closure of the JWC facility. The other four criteria ranged between 92-98%.</p> <p>Other activity satisfaction levels are:</p> <ul style="list-style-type: none"> • Parks and Reserves 98% • Sports Reserves 98% • Playgrounds 95% • Cemeteries 92% • JCW and Community Halls 89%

FUNDING IMPACT STATEMENT - PARKS, RESERVES, AQUATIC FACILITIES, CIVIC BUILDINGS & RECREATION

	LTP 2019-20 \$'000	LTP 2020-21 \$'000	Actual 2020-21 \$'000
SOURCES OF OPERATING FUNDING			
General rates, uniform annual general charge, rates penalties	1,596	1,777	1,777
Targeted rates	3,183	3,303	3,231
Subsidies and grants for operating purposes	98	100	35
Fees and charges	815	832	428
Internal charges and overheads recovered	1,401	1,429	1,428
Local authorities fuel tax, fines, infringement fees, and other receipts	1,423	711	1,317
Total operating funding (A)	8,516	8,152	8,216
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	3,798	4,213	3,660
Finance costs	262	396	330
Internal charges and overheads applied	2,215	2,255	2,364
Other operating funding applications	-	-	-
Total applications of operating funding (B)	6,275	6,864	6,354
Surplus (deficit) of operating funding (A-B)	2,241	1,288	1,862
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	3
Increase (decrease) in debt	1,944	1,850	4,326
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	1,944	1,850	4,329
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure to meet additional demand	689	24	29
Capital expenditure to improve the level of service	20	20	9
Capital expenditure to replace existing assets	3,523	3,186	5,990
Increase (decrease) in reserves	(47)	(92)	163
Increase (decrease) in investments	-	-	-
Total applications of capital funding	4,185	3,138	6,191
Surplus (deficit) of capital funding	(2,241)	(1,288)	(1,862)
Funding balance	-	-	-

OTHER DISTRICT ASSETS INCLUDING SOLID WASTE AND CIVIL DEFENCE

Activities

The Gore District Council contributes to other significant activities for residents, namely solid waste service and Civil Defence.

Solid Waste

Responsibilities that fall under the solid waste management umbrella include:

- Kerbside recycling collection service delivery
- Kerbside residual waste collection service delivery
- Transfer Station service delivery
- Landfill operations
(Bond Contracting Ltd manage these tasks as part of the Southland-wide solid waste management contract they have with Wastenet.)
- Responsible Management of Recyclable Material.
Gore presently does not have a facility to sort its recycling products. We collect glass only at the kerbside, cardboard and aluminium at several drop off points around the district.
- Education and advocacy (waste minimisation)
- Waste Audits
- Management of the two waste contracts.
(The above tasks are carried out by Wastenet as a joint initiative of the three Southland Councils.)

The Council operates a transfer station in Gore and provides a drop off station at Maitua, four other landfill sites in Gore, Maitua, Waikaka and Pukerau are closed. No Emission Trading Scheme effects are emanating from these sites.

The costs of maintenance, renewal or replacement are funded primarily through user fees and supplemented by rates contributions. This included remediation work carried out on several sites after the flooding in February 2020. There remains flood protection work to be carried out at the site.

Civil Defence

The Council is part of a Shared Services for Civil Defence and Emergency Management, which is delivered through Emergency Management Southland (EMS). EMS was established in 2009 as a means to a more coordinated approach by the four Councils in Southland to Emergency Management. The Council provides staff for training and, in the event of an incident, the staff are deployed to support response and recovery.

Rationale

The Gore District faces the challenges of using resources while ensuring that our environment and our health are not harmed, through inefficient use or by the waste generated. The disposal of solid waste in a way that protects the health of the community and the environment is a fundamental requirement for community wellbeing.

Under the Local Government Act 2002 and the Waste Minimisation Act 2008, the Council is required to encourage and promote effective and efficient waste management and minimisation within its district.

The Gore District Council maintains a “hands-on” approach to this activity because it considers that waste can be most effectively and efficiently managed by the Council, where long term benefits can be obtained for the community.

Regarding civil defence, a greater focus is being made on the reduction of risks and hazards affecting the safety and welfare of the District's residents. Coordination of activities between civil defence and resource management as well as the identification of management of earthquake-prone buildings are key actions being undertaken over the next few years, with the aim of avoiding unnecessary risks and improving the quality and safety of the District's building stock.

On the natural hazard front, the majority of the residents of the District reside in a river valley floodplain. Therefore, floods are an expected occurrence in times of heavy rainfall. With climate change now becoming ever more evident, we are seeing less frequent but more intense weather events occurring. Council is working closely with Environment Southland ensuring areas of weaknesses in our flood defences are shored up further.

Just like the record-breaking February 2020 flood, which saw nearly three thousand people evacuated from Gore and about fifteen hundred from Mataura, we now have a vivid glimpse into what our future holds. As a Council, we are now more aware than ever that we increase our focus on retaining a core of suitably qualified staff able to respond, working under the civil defence model – to look after the welfare of our community in times of disaster.

Significant negative effects

The Council recognises there are negative impacts associated with the collection and disposal of solid waste. At the same time, it needs to be recognised that it is essential to have efficient and effective means of disposing of solid waste. In short, any negative effects must be weighed against such need.

While there is a risk that leachate from closed landfills may leach into streams and the water table, such risks are mitigated by strict adherence to resource consent testing requirements pertaining to the landfills.

The Council also strives to minimise nuisances such as noise, dust and odour from transfer station operations by closely monitoring the operation of the refuse area. The nuisance caused by windblown litter from waste disposal areas is also mitigated by the installation of wind fencing.

With regard to the risk of vermin such as rats and/or seagulls, the Council conducts regular checks for vermin and lays bait to minimise colonisation in waste disposal areas or facilities by vermin. The Council also keeps solid waste disposal areas clean and tidy. With the recent installation of a compactor, all material is packed into a transportation container every day.

Key Points from the 2021 year

Over the last eight years, the Gore District Council has taken care of its waste through several shared service contracts we hold with Southland District Council and Invercargill District Council. Wastenet still acts on behalf of this collective in the administration of contractual issues and in regulatory matters with regional representation.

This year saw the breakdown of traditional recycle links reducing the number of products that we could responsibly and efficiently recycle. Much of this change came with the impact of Covid-19 on our world.

Presently, we are taking cardboard, aluminium and glass out of the waste stream through separate collections, while green waste and clean fill are being received at the Gore Transfer Station. General waste continues to be collected through the kerbside collection with increased monthly pickups (three collections per month). Waste is then shipped to the AB Lime landfill.

The addition of a pneumatic compactor has addressed several safety and efficiency issues with our operation.

The major civil defence risks for Gore remain flood and earthquake, followed closely now by the pandemic.

Environment Southland is presently working up plans to enable increased river flows to pass through the region without overtopping flood control structures. The hope is the \$22 million dollars from the Shovel Ready will expedite improvements throughout Southland.

With the significant flooding events and the worldwide pandemic that has hit our shores over recent years, we have seen the importance of having well trained and able staff ready to assist the Civil Defence operation in the areas of welfare and maintaining critical infrastructure.

STATEMENT OF SERVICE PERFORMANCE - SOLID WASTE AND OTHER DISTRICT ASSETS

Level of Service	How it Contributes to our Council Outcomes	Performance Measures	Target 2021	Result
Waste minimisation is promoted to improve the environment.	The reduction of waste disposed of reduces costs to residents and places less pressure on the environment. This has a positive impact on economic and environmental outcomes.	Volume of waste per capita being disposed of at the regional landfill as measured by regional landfill weighbridge records.	Material discarded <650kg per capita (across Southland).	782kg per capita – Target not achieved.

FUNDING IMPACT STATEMENT - OTHER DISTRICT ASSETS INCLUDING SOLID WASTE AND CIVIL DEFENCE

	LTP 2019-20 \$'000	LTP 2020-21 \$'000	Actual 2020-21 \$'000
SOURCES OF OPERATING FUNDING			
General rates, uniform annual general charge, rates penalties	276	283	275
Targeted rates	1,357	1,388	1,353
Subsidies and grants for operating purposes	48	49	73
Fees and charges	626	638	717
Internal charges and overheads recovered	1,347	1,395	1,443
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	19
Total operating funding (A)	3,654	3,753	3,880
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	2,687	2,767	3,090
Finance costs	94	97	77
Internal charges and overheads applied	720	736	806
Other operating funding applications	-	-	-
Total applications of operating funding (B)	3,501	3,600	3,973
Surplus (deficit) of operating funding (A-B)	153	153	(93)
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(40)	(40)	305
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	(40)	(40)	305
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure to meet additional demand	-	-	31
Capital expenditure to improve the level of service	-	-	327
Capital expenditure to replace existing assets	171	77	149
Increase (decrease) in reserves	(58)	36	(295)
Increase (decrease) in investments	-	-	-
Total applications of capital funding	113	113	212
Surplus (deficit) of capital funding	(153)	(153)	93
Funding balance	-	-	-

COMMUNITY SERVICES - ARTS & HERITAGE, LIBRARIES, PROMOTIONS AND GRANTS

Activities

The Gore District hosts a significant range of award-winning cultural facilities, museums and collections. These have, in no small way, made Gore a destination in its own right for aficionados of arts. It is also the key to some of the District's main promotions and events.

The Council sees the development of heritage tourism as one of the key drivers of economic development in the District and, looking into the future, believes it can build on successes to date. Such successes include the Mataura Museum upgrade winning a major national award.

The Council arts and heritage department manages, in partnership with key public providers, cultural property and programmes for the benefit of the people of District, and visitors to the area. The department is also a pivotal link between local cultural interests and public sector agencies that govern policy surrounding the management and funding of cultural property and related infrastructures.

Staff in the department play a pivotal role in facilitating the development of arts, culture and heritage resources in the District. They actively seek capital funding from external sources for arts and heritage initiatives in the District, perform project management functions in the implementation phase of building arts and heritage facilities, as well as provide ongoing management of related collections and programmes.

The heritage precinct is home to:

- The Hokonui Heritage Centre – containing the Hokonui Moonshine Museum, Gore Historical Museum, Hokonui Heritage Research Centre and Fishing Museum
- The Eastern Southland Gallery – containing the John Money Wing, the Ralph Hotere Collection and the Gallery exhibition space.

Other facilities or areas where the department offers support include the Mataura Museum, Croydon Aviation Heritage Centre, the East Gore arts centre and Hokonui Pioneer Park.

The heritage precinct is also home to the Gore Visitor Centre.

The visitor centre serves as a booking outlet for residents and visitors to make their domestic travel arrangements, as well as being a source of professional tourism related advice and recommendations. It also served as a front of house for the moonshiners' museum prior to the museum's closure for renovations.

Since the precinct Library building closed due to mould and asbestos problems in May 2019, the Gore Library has operated from temporary premises. It is currently located in a church hall while the James Cumming Wing is undergoing major redevelopment to house a new library and community centre.

Gore Libraries offer a wide range of books, magazines, DVDs and other resources. They provide free use of internet computers and 24/7 Wi-Fi. Ancestry.com is available for tracing family history. For children Encyclopedia Britannica Online and TumbleBooks are available for visual/auditory learning and reading experiences.

Children's areas are customised to be especially welcoming to children. A number of children's activities and programmes support literacy development and reading enjoyment.

Mataura Library and Service Centre is a branch library that offers Council services, including rates payments, dog registration, information about Council facilities and faults reporting. It is also the booking agent for the Mataura Community Centre and Elderly Citizens Centre. The public area of the Mataura Library was refurbished in May 2020. It has new shelving, the children's area has been relocated to the front with child-friendly furniture, and a dedicated conference room has been made available for public use.

Events and Marketing

The Council owns and manage seven community events. These events have the heart of the community in mind. Community events focus on bringing the community together, utilising community facilities/assets, showcase talent, achievement or creativity. They are free or ticketed at a low cost.

The Events Coordinator ensure the Council's events are delivered to a high standard. The role also see liaison with organisers of the District's premier events, such as Tussock Country.

The Council has an exciting vision to put Gore district on the map as a district that offers 'City Events in a Rural Environment.' This vision would assist in placing Gore as the town that provides the best Rural City Living in New Zealand.

Rural city living encapsulates the luxuries that city life has to offer alongside the lifestyle that rural community living provides. In achieving this, Gore District would be attracting a wide variety of cultural, lifestyle and sporting event options to the town and the region.

The Council provides grants to selected organisations to assist with the provision of economic, social (health and recreation), and cultural services to the community.

The provision of grants to organisations assists in providing valuable community services which are not provided by the Council or Central Government, and/or where there are significant gaps in service delivery.

Rationale

The current arts and heritage infrastructure in the Gore District is the result of considerable investment on the part of individuals, groups, businesses, public sector funding agencies and major philanthropists.

The current combined arts and heritage asset value of \$12 million is the product of gifts and donations from the people of Gore and key supporters of the District. In the interests of preserving, promoting and interpreting these holdings, a partnership has been developed between the Gore District Council and local culture and heritage organisations to provide a professional service for the management, care and development of facilities and collections.

Collectively these assets and services combine to provide the District's residents an avenue for preserving, appreciating and demonstrating their cultural heritage. This cannot be easily replicated by private or commercial providers.

Further, the investment in arts and heritage has given the Gore District a distinct point of difference and advantage in attracting visitors and instilling local pride.

The provision of an events and promotions role compliments the tourism support services delivered via the visitor centre. The combination assists in developing the arts and heritage profile of the District and encourages visitor, residential and commercial growth.

The library service directly contributes to the Council's aspiration to provide opportunities for creativity, leisure, diversity and being involved. It is also a part of the aspiration to welcome newcomers as it is often one of the first places visited by new residents.

The libraries serve the community's cultural, economic and social needs by:

- supporting recreational reading
- providing a repository for local history
- enriching the Gore District's cultural heritage through the acquisition and preservation of items in the library's collections
- providing opportunities for lifelong learning and the development of literacy and information skills
- maintaining relationships with the community

Significant negative effects

The Council has not identified any negative effects from these activities.

Key points from the 2021 year

Arts & Heritage

Following the relaxation of Covid 19 restrictions in 2020 the Eastern Southland Gallery remained closed so that earthquake strengthening work could be undertaken on the Council's historic Carnegie building. Staff were relocated to other areas within the precinct, and this provided an opportunity for off-site display development and further fit-out work at the East Gore Art Centre. With 100% NBS achieved, the Gallery was re-opened in November with the site-specific *Long Hee Lee* installation by Sue Cooke and an accompanying programme of events and art education activities. This was followed by the only South Island showing of Te Papa's *Lost in the Dark – the Art of Tony Fomison*.

Concurrent to this structural work, work began on Stage One of the three stage *Maruawai Project*. With \$749,000 external investment from Provincial Growth Fund, a draw-down of \$400,000 from the Council's 2007 - 2017 LTP precinct allocation, \$250,000 from Community Trust South and \$200,000 from Matakura Licensing Trust, the redevelopment of the Hokonui Moonshine Museum was able to be realised. A further grant of \$919,000 from the Provincial Growth Fund has been allocated to the Stage Two development of the *Maruawai Centre* museum facility and this project has been further supported by an additional grant of \$250,000 from Community Trust South. Further fundraising is continuing.

With the aid of temporary premises, the Department of Arts & Heritage was able to meet its annual target of 10 exhibitions per annum and exceed its target of 10 performances/events per annum. A high public interest meant that many events were fully, or over, subscribed and the annual Residents' Survey gleaned a satisfaction rate of 98% for precinct facilities. The department also provided support for a range of regional heritage activities including the digitisation and on-line hosting of volunteer-run museum collections through the Project Ark initiative.

Gore Libraries

Gore Libraries offer a wide range of books, magazines, DVDs, and other resources. They provide free use of internet computers and 24/7 Wi-Fi. Children's areas are customised to be especially welcoming to children, and age-targeted activities and programmes support their literacy development and reading enjoyment. A suite of eResources for adults and children is available through the website www.gorelibraries.govt.nz on the library computers, on home computers or personal devices. The libraries also regularly engage with the public via Facebook posts.

During 2020-21 Gore Library continued to operate from temporary premises in the James Cumming Wing Hall, adjacent to the Council Office. This was following the 2019 Norfolk Street building closure in response to black mould and asbestos contamination. During 2020 Council deliberated on the future of the library. Councillors considered feedback from community engagement and endorsed the concept that a modern public library should be more people-focussed with spaces for interactivity, while still providing a wide range of books.

The Council was awarded \$3 million central government Shovel Ready funding for the library to be reconstructed in the James Cumming Wing location. Along with Matakura Valley Milk's financial contribution of \$958,000, it was decided to proceed with architectural plans for the rebuild. This was to be done within the footprint and utilising the basic structure of the entire James Cumming Wing. Plans were finalised in April 2021.

So, in May 2021, after a short closure for moving, Gore Library reopened in 11 Jacob Street, its second temporary location. This move was to vacate the JC Wing hall so work could start on the rebuild project. Gore Library shares this location with the building owner, Encounter New Life Church, which moved its activities to a smaller part of the same building for the duration. Although the size of both temporary locations was limited, all the collections and most library services were made available in both the hall and at Jacob Street. Concessions were made primarily in the areas of hosting events, public study spaces, and staff work areas.

The Mataura Library and Service Centre continued to thrive as a community facility, offering Council services such as rates payment, dog registration, and faults reporting. It is also the booking agent for the Mataura Community Centre and Elderly Citizens Centre. The internal refurbishment in May 2020 saw new shelving, a more vibrant children's area, and the conversion of an underused office into a dedicated meeting/study room. These changes resulted in positive community feedback ongoing into 2021 and has attracted Gore, as well as local, residents. With Gore Library space-compromised while in temporary premises, the upper-level storage area at Mataura Library houses older 'stack' books. These are retained to meet occasional requests, and for research and local history purposes.

In 2020 New Zealand Libraries Partnership Programme (NZLPP) <http://natlib.govt.nz/about-us/collaborative-projects/new-zealand-libraries-partnership-programme> was established. The National Library was tasked to lead and support COVID-19 recovery work across New Zealand's library system, especially public libraries, with a funding package of \$58.8 million, over two to four years. The funding is to support librarians and library services to be retained in NZ libraries and assist them to support community recovery.

In 2021 Gore Library was successful in its application for a temporary full-time position to assist in three of the NZLPP-approved focus areas: digital inclusion, community engagement and supporting wellbeing through reading for pleasure. The position was filled in December 2020 for a period expected to conclude in June 2022. Associated with this position additional funding was won for support materials and equipment - devices for teaching digital skills, filming equipment, games for children and families, and a walking frame for disabled visitors. NZLPP also waived charges for online support and training for the secondment position. Additionally, the library benefitted from fee waivers for subscription databases, the provision of new databases, and fee waivers for specialised National Library services.

Along with much of the country Gore enjoyed long periods of Alert Level 1 during the year July 2020-June 2021. These were interrupted by three periods of Alert Level 2: 12 August - 21 September 2020, 14 - 17 February 2021, and 28 February - 7 March 2021. At Alert Level 1 the libraries operated with a relative level of normality, but at Level 2 precautions were taken to keep the library community as safe as possible. The good fortune New Zealand experienced during this year of the pandemic meant the libraries remained open throughout. With the experience of the previous year's lockdown the library team developed online resources and activities. These can be accessed at any time, but are particularly relied upon by residents during Levels 3 and 4 lockdowns.

The library service directly contributes to the Council's aspiration to provide opportunities for creativity, leisure, diversity and being involved. It is also a part of the aspiration to welcome newcomers as it is often one of the first places visited by new residents.

The libraries serve the community's cultural, economic, and social needs by:

- providing opportunities for lifelong learning
- encouraging the development of literacy, information, and digital skills
- supporting recreational reading, and fostering a love of reading
- maintaining & developing relationships with the community
- providing a repository for local history
- enriching the Gore District's cultural heritage through the acquisition and preservation of collection items

With the exciting promise of a new library and community spaces building to come, it is expected that the facility will be able to provide extensive opportunities to meet these needs and support our community, as well as providing a welcoming facility for visitors.

Gore Visitor Centre

The Gore Visitor Centre continued to face significant challenges due to COVID-19. That said, the majority of the District's visitors have been domestic and there was a steady stream of visitors from the latter part of 2020 onwards.

The closure of the Hokonui Moonshine Museum for refurbishment and moving the visitor centre to the former Salvation Army building next door, provided staff and customers with a large space full of natural light. The area has been well utilised over the year, serving as a hub for events and a meeting area.

The visitor centre continues to be highly regarded by locals. While the 2021 Residents' Survey 96% satisfaction rating is down slightly on recent years, it is reflective of the centre's changing operating and physical environments.

Tourism-focused activities included:

- Gathering industry feedback, upskilling local operators by providing valuable insights e.g. annual mid-year accommodation providers catch up
- Staying social online all year round (continuing to post inspiring scenic photos of the District and creating remarkable content).
- Increasing the District's presence on consumer channels by having valuable conversations with tour operators.
- Increasing promotion of Gore's motor home friendly status to tap into the domestic market more.

The visitor centre continues to enjoy positive coverage in local newspapers, media and Trip Advisor.

With the impending new developments in the heritage precinct, a review of visitor services across the entire Council will be undertaken early in the new financial year. This is to ensure the Council effectively and efficiently delivers a coordinated and quality visitor experience.

Events

Coming out of COVID-19 restrictions enabled the Council to deliver some much-needed feel good events for the District.

The 2020 Gore District Community Awards was, without a doubt, the most successful to date and earned the Council praise from all sectors of the community. The awards not only celebrated the District's high achievers, but all the essential services workers and emergency response teams who went above and beyond during the 2020 February flood and COVID-19 lockdown.

A highlight of the awards was delivering showcases of the events cancelled due to COVID-19, such as the Hokonui Fashion Design Awards.

The Council's first foray into Parks Week was also hugely successful, with well over 500 families enjoying the week-long hunt for goblins and fairies living in Gore's parks. This event is a finalist in the 2021 New Zealand Event Association Award of Excellence for best local government event.

The inaugural Tussock Country music festival was an outstanding success, as was the Council's cornerstone event Freeze Ya Bits Off Busking. There was a record eight schools entered as well as buskers from all over New Zealand.

The Council's new events coordinator will continue to closely work with the Trust and on the Council-run busking for 2022.

Among the other events delivered in a challenging year were:

- Santa Parade and Christmas in the Park,
- Gore Youth Awards,
- Hokonui Culture Feast (which was a sell out with over 700 people attending), and
- On the Fly Maitara River Day.

Grants

A schedule of other grants paid during the year is included below:

SCHEDULE OF GRANTS

Recipient	Actual \$ 2021	Annual Plan \$ 2021
Amenity Hire Refunds	2,021	3,000
Children's Day	-	2,265
Community Networking Trust	10,000	10,000
Country Music & Songwriters	5,000	5,000
Croydon Aviation annual loan write off	3,000	3,000
Croydon Aviation Heritage Trust	6,000	6,000
Cycle Tour Southland	1,000	1,000
Eastern Southland Art Gallery	40,000	40,000
Eastern Southland Hockey	8,696	10,000
Emergency Housing	-	2,500
Enviro Schools	-	5,000
Free Swim School - Primary School	30,627	28,832
Gold Guitar Awards	5,000	5,000
Gore A & P Association	85,315	85,316
Gore Hospice Rates grant	-	1,000
Gore Museum	11,000	11,000
Healthy Homes initiative	15,000	15,000
Heartland Life Education Trust	2,500	2,500
Hokonui Fashion Design Awards Grant#	10,000	-
Hokonui Heritage Centre Trust	656,500	6,500
Hokonui Pioneer Park	5,000	5,000
Hospice Southland (Transfer station fees)	-	1,000
Hospital Incentives	-	2,000
Mataura Heritage Centre & Clematis Cottage	9,500	9,500
Mataura School Bus for swim lessons	-	4,000
Moonshine Committee	36,750	24,500
Pakeke Lions Recycling Services	27,078	25,282
Rural Halls	29,000	18,058
Safe in the South operational grant	8,000	8,000
Scholarships	2,000	2,000
Southland Regional Heritage Trust* (+ cataloguing project)	34,809	29,128
Total Mobility	-	18,118
Waikaka Domain Board	12,688	12,688
Total	\$1,056,484	\$402,187

* Net amount shown.

Grant was budgeted in prior year and held over due to COVID-19

STATEMENT OF SERVICE PERFORMANCE - COMMUNITY SERVICES – ARTS & HERITAGE, LIBRARIES, PROMOTIONS AND GRANTS

Council Outcome	Customer Levels of Service	Performance Measures	Target 2021	Results
<p>We value our history and heritage.</p> <p>We live in a creative place.</p>	<p>Educating the public about arts & heritage contributes to the Council outcome of valuing our history and heritage.</p>	<p>The public appreciates the services and assets of arts and heritage as recorded in the annual resident survey.</p>	<p>90% satisfaction rate</p>	<p>98% satisfaction rate – Target achieved.</p>
<p>We have a choice of quality places to go and things to do.</p>	<p>Residents and visitors have valued library experiences. Friendly, knowledgeable staff ensure the libraries are a positive choice in terms of quality places to go & things to do.</p>	<p>Survey of residents and library users indicates a quality service is provided as indicated in the annual resident survey and targeted library surveys.</p>	<p>90% of surveyed residents or users are satisfied with the quality of library service</p>	<p>94% of surveyed residents were satisfied with the quality of library service. The target was achieved.</p>
	<p>The library service is accessible to residents and visitors, including children, young adults, adults, the elderly, housebound, people who work business hours.</p>	<p>Library opening hours per week Gore 50.75 Mataura 35</p>	<p>95% of opening hours are achieved.</p>	<p>Only 93.7% of opening hours were achieved, a little under target. This was due to closing Gore Library for moving and three periods of COVID-19 Level 2 limited hours.</p>

FUNDING IMPACT STATEMENT ARTS & HERITAGE, LIBRARIES, PROMOTIONS AND GRANTS

	LTP 2019-20 \$'000	LTP 2020-21 \$'000	Actual 2020-21 \$'000
SOURCES OF OPERATING FUNDING			
General rates, uniform annual general charge, rates penalties	1,880	1,960	1,872
Targeted rates	644	663	639
Subsidies and grants for operating purposes	216	221	87
Fees and charges	122	109	45
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	7	7	573
Total operating funding (A)	2,869	2,960	3,216
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	1,392	1,434	2,895
Finance costs	125	149	40
Internal charges and overheads applied	563	571	647
Other operating funding applications	617	631	-
Total applications of operating funding (B)	2,697	2,785	3,582
Surplus (deficit) of operating funding (A-B)	172	175	(366)
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	2,000	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	347	(53)	945
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	347	1,947	945
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure to meet additional demand	-	-	(17)
Capital expenditure to improve the level of service	400	2,000	26
Capital expenditure to replace existing assets	104	140	474
Increase (decrease) in reserves	15	(18)	96
Increase (decrease) in investments	-	-	-
Total applications of capital funding	519	2,122	579
Surplus (deficit) of capital funding	(172)	(175)	366
Funding balance	-	-	-

REGULATORY AND PLANNING

Activities

The Regulatory Services Department administers the Council's statutory and regulatory responsibilities in respect of the following legislation:

<ul style="list-style-type: none">• Building Act 2004	<ul style="list-style-type: none">• Litter Act 1979
<ul style="list-style-type: none">• Dangerous Goods Act 1974	<ul style="list-style-type: none">• Local Government Act 2002
<ul style="list-style-type: none">• Dog Control Act 1996	<ul style="list-style-type: none">• Reserves Act 1977
<ul style="list-style-type: none">• Food Act 2014	<ul style="list-style-type: none">• Resource Management Act 1991
<ul style="list-style-type: none">• Health Act 1956	<ul style="list-style-type: none">• Sale and Supply of Alcohol Act 2012
<ul style="list-style-type: none">• Council Bylaws	

It includes the Council's resource management, building approval and inspection functions, environmental health, animal control, inspection of food premises, alcohol licensing, and noise control.

The work undertaken in this area includes, but is not limited to

- Providing Land Information Memoranda in accordance with the requirements of the Local Government Official Information and Meetings Act 1987;
- Keeping property files up to date and available for public inquiries;
- Providing advice on planning matters to prospective applicants, affected neighbours and other agencies;
- Promoting the sustainable management of natural and physical resources in the Gore District via the District Plan;
- Processing resource consent applications for land use and subdivision;
- Providing advice and administering the Building Act 2004, including checking that buildings comply with the New Zealand Building Code;
- Processing applications for Project Information Memoranda (PIMS) and Building Consents, including on-site inspections at the building stage, and issuing code compliance certificates upon completion;
- Receiving building warrants of fitness and issuing compliance schedules;
- Investigating complaints related to unauthorised building work;
- Responding to noise complaints;
- Controlling the sale and supply of liquor via the Sale and Supply of Alcohol Act 2012;
- Processing applications for on, off club and special licenses, processing manager's certificates and renewals, and monitoring licensed premises for compliance;
- Promoting the principle of alcohol harm reduction through inter-agency liaison and licence conditions;
- Reviewing the Council's liquor ban bylaw to allow appropriate enforcement.

Rationale

The provision of these activities is required under the legislation listed above and provides for the protection and safety of the people and resources that make up the Gore District.

The Council is charged with providing the activities in this group to ensure public health and safety, and economic activity and development occur in a way that does not place people or the environment at risk. This activity group makes a primary contribution to the community outcomes of a safe and supportive community and a sustainable environment.

Significant negative effects

The Council has not identified any significant negative effects resulting from this activity.

Key points from the 2021 year

The reporting period saw the main regulatory functions of the Council continue to perform exceptionally well relating to resource and building consent processing times. Resource consents were, on average, processed within 14 days of the 20-day legal requirement, and buildings consents processed in 14.9 days (on average) also within the legal requirement of 20 working days. However, there were some 20-day exceedances due to staff shortages, the increase in construction demand following the boom in the sector post the Covid-19 lockdown. These were managed as well as could be expected under unprecedented conditions.

The Building Control department introduced the GoGet mobile inspections module in late 2019 and staff have been utilising it throughout the 2020 period. Since implementation, progress continued with planning and background configuration work for the online building consent processing suite, which is electronic from start to finish. Part of that process included the digitisation of the Council's hard copy property files, which commenced at the same time as staff relocated to an adjacent premise for the pending civic administration building upgrade. Files were batched and sent to Auckland where the contractor completed the task and returned in electronic format.

This project has been very successful and once returned, the file formatting and storage configurations were handled in-house by staff with some technical assistance from external consultants. The end result was vital for the success of the electronic building consent system, scheduled for introduction in August 2021.

Work on the District Plan review, which includes a review of over 80 topic areas, was advanced during the year. The District Plan Review Committee met regularly to navigate its way through a number of key topics, with further work and analysis expected to occur through most of 2021/22.

During the year, the Council witnessed the retirement of long-serving senior planning consultant Mr Keith Hovell. The District Plan Review Committee was involved, along with Hokonui Runanga, in the selection process for the engagement of a new consultant. The Property Group was consequently appointed as the Council's new resource management consultant.

STATEMENT OF SERVICE PERFORMANCE – REGULATORY AND PLANNING

Council Outcome	Customer Levels of Service	Performance Measures	Target 2021	Results
<p>We value and respect our environment.</p> <p>A key objective under this outcome is to maintain a regulatory culture that places an emphasis on education, empowerment and collaboration over rigid application of rules and implementation of sanctions.</p>	<p>The Council provides a timely resource consent processing service.</p>	<p>Percentage of resource consent applications processed in accordance with statutory timeframes (within 20 days of filing).</p>	<p>100%</p>	<p>92.3%. Target not achieved. Six applications out of a total of 78, were not completed within the prescribed timeframe.</p>
	<p>The Council ensures the objectives of the District Plan are being met.</p>	<p>Percentage of land use consent holders complying with consent conditions. Based on a monitoring programme sampling 50% of land use consents each year.</p>	<p>50%</p>	<p>2020-21 – 0% target not achieved.</p>
	<p>The Council processes, inspects and certifies building work in the Gore District.</p>	<p>The Gore District Council maintains its processes so that it meets Building Control Authority accreditation every two years. (IANZ accreditation certificate issued)</p>	<p>Accreditation maintained and continued to improve QA systems and processes towards the June 2020 IANZ assessment.</p>	<p>Achieved. In June 2020 the Council's Building Consent Authority was audited by IANZ. IANZ subsequently issued its accreditation letter to the Authority on 1 December 2020.</p>

FUNDING IMPACT STATEMENT - REGULATORY AND PLANNING

	LTP 2019-20 \$'000	LTP 2020-21 \$'000	Actual 2020-21 \$'000
SOURCES OF OPERATING FUNDING			
General rates, uniform annual general charge, rates penalties	663	697	732
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	980	1,000	820
Internal charges and overheads recovered	379	364	515
Local authorities fuel tax, fines, infringement fees, and other receipts	53	54	192
Total operating funding (A)	2,075	2,115	2,259
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	1,197	1,312	1,601
Finance costs	17	21	22
Internal charges and overheads applied	764	755	958
Other operating funding applications	-	-	-
Total applications of operating funding (B)	1,978	2,088	2,581
Surplus (deficit) of operating funding (A-B)	97	27	(322)
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	266	11	370
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	266	11	370
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure to meet additional demand	-	-	-
Capital expenditure to improve the level of service	-	-	-
Capital expenditure to replace existing assets	348	-	11
Increase (decrease) in reserves	15	38	37
Increase (decrease) in investments	-	-	-
Total applications of capital funding	363	38	48
Surplus (deficit) of capital funding	(97)	(27)	322
Funding balance	-	-	-

DEMOCRACY AND ADMINISTRATION

Activities

Democracy is the political arm of the Council's operations, comprising:

- the Mayor, elected at large from the District;
- three Councillors elected at large over the District;
- eight Councillors elected from wards within the District;
- the Chief Executive and support services provided by Council staff.

The Gore District has one community board, that being the Mataura Community Board. It comprises a chairman and four members, as well as the Council's Mataura ward elected representative.

Councillors oversee the performance of activities and assets to ensure that it represents the best operation, maintenance and use of community resources. This and other important decision-making takes place at Council and committee meetings.

Councillors are representatives of their communities, and an important part of their role is communicating with residents, informing them of the reasons for Council decisions and advocating on their behalf.

The Council is required to review its representation structure at six-yearly intervals under Section 19 of the Local Electoral Amendment Act 2002. The Council completed its six-yearly review of its representation arrangements in February 2018.

The next triennial elections are due to be held in October 2022.

The administrative activities of the Council include customer service functions for Council services, accounting and finance, information technology, human resources, corporate support, communications and senior management functions. The operational costs for this activity have been allocated across the other activities performed by the Council.

Rationale

Councillors and community board members provide leadership for the District. They have a major role in helping the District and its communities develop and move forward. Decisions are made in the interests of the entire district with current and future generations in mind.

They set priorities and make decisions on the scope and levels of services, as well as how to spread the cost of these services and activities as equitably as practicable.

Significant negative effects

The Council has not identified any significant negative effects resulting from this activity.

Key events in 2021

The Covid-19 pandemic had a slight impact on the completion of the civic administration building refurbishment. With the national lockdown and subsequent supply chain issues, the completion date was delayed until late January 2021. This was only about five weeks later than initially expected. The building was open to the public for viewing on the afternoon of Friday 29 January when an estimated 500 people took the opportunity to visit. On 1 and 2 February, the building was closed to the public to enable a smooth transition of all staff from the James Cumming Wing into the new building.

The latter part of the 2020-21 year has been heavily focused on the Government's significant 3Waters reforms along with an overhaul of the Resource Management Act. In terms of the 3Waters issue, there is a huge amount of information still to be received and considered by the Council. The Government has consulted on a proposal to transfer the responsibility of delivering 3Waters services from the existing 67 territorial authorities across the country into four publicly owned multi-regional entities. A decision was made towards the end of 2021, allowing the new entities to be established and operating by July 2024. The Council will also need time to meaningfully understand the full impact of the Government's intentions for what will be a significant change in the way water services are delivered in New Zealand.

In tandem with the water reforms is a major change to resource management. Again, while the Government has only recently issued an exposure draft about the proposed new legislation, the Council will need a lot more information and time to consider the impact of this review and how it will affect the delivery of regulatory and planning services for the Gore District.

Looking ahead, the library development project will likely commence in the near future. This project has been accelerated due to the Shovel Ready fund providing a \$3 million grant to the Council in 2020. The project, based on a complete redevelopment of the former James Cumming Wing and including a new, fit for the future library and community rooms, is expected to take 18 months to complete. Preliminary works in the form of asbestos removal and some demolition has already been undertaken. The Council will consider tenders for the reconstruction in September 2021.

STATEMENT OF SERVICE PERFORMANCE - DEMOCRACY AND ADMINISTRATION

Council Outcome	Customer Levels of Service	Performance Measures	Target 2021	Result
We live in a compassionate, caring community.	Direction is set to determine what activities the Council should engage in.	Percentage of residents and ratepayers satisfied with the Council's decisions and actions. As measured the annual resident survey within the range of neutral to very satisfied.	80%	68% - target not achieved.

FUNDING IMPACT STATEMENT - DEMOCRACY AND ADMINISTRATION

	LTP 2019-20 \$'000	LTP 2020-21 \$'000	Actual 2020-21 \$'000
SOURCES OF OPERATING FUNDING			
General rates, uniform annual general charge, rates penalties	1,096	1,013	1,387
Targeted rates	-	-	-
Subsidies and grants for operating purposes	4	4	420
Fees and charges	24	25	21
Internal charges and overheads recovered	2,944	2,988	3,383
Local authorities fuel tax, fines, infringement fees, and other receipts	102	104	152
Total operating funding (A)	4,170	4,134	5,363
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	3,538	3,497	4,681
Finance costs	9	7	19
Internal charges and overheads applied	435	442	500
Other operating funding applications	-	-	-
Total applications of operating funding (B)	3,982	3,946	5,201
Surplus (deficit) of operating funding (A-B)	188	188	162
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(46)	(46)	(22)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	(46)	(46)	(22)
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure to meet additional demand	-	-	6
Capital expenditure to improve the level of service	-	(1)	-
Capital expenditure to replace existing assets	137	155	244
Increase (decrease) in reserves	5	(13)	(110)
Increase (decrease) in investments	-	-	-
Total applications of capital funding	142	141	140
Surplus (deficit) of capital funding	(188)	(188)	(162)
Funding balance	-	-	-

FINANCIAL STATEMENTS

GORE DISTRICT COUNCIL STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE For the Financial Year Ended 30 June 2021

	Notes	Actual 2021 \$'000	Budget 2021 \$'000	Actual 2020 \$'000
REVENUE				
Rates	3	17,943	17,821	17,444
Subsidies and grants	4	5,198	3,159	4,998
Fees and charges	5	3,474	-	3,223
Finance revenue	6	75	-	101
Other revenue	7	1,332	4,128	1,716
Other gains/(losses)	8	1,110	-	(550)
Total revenue		29,132	25,108	26,932
EXPENSES				
Personnel costs	10	7,004	7,336	7,131
Finance expense	11	920	1,002	806
Other expenses	12	13,619	11,228	12,728
Depreciation and amortisation expense	19.a	6,475	6,272	6,247
Total expenses		28,018	25,838	26,912
Surplus/(Deficit) before Tax		1,114	(730)	20
Income Tax credit (Expense)		-	-	-
Surplus/(Deficit)		1,114	(730)	20
OTHER COMPREHENSIVE REVENUE AND EXPENSE				
<i>Items that will not be reclassified to surplus/(deficit)</i>				
Gains/(Losses) On Revaluations Of Assets	19	(780)	-	(636)
Total other comprehensive revenue and expense		(780)	-	(636)
Total comprehensive revenue and expense		334	(730)	(616)

STATEMENT OF CHANGES IN EQUITY For the Financial Year Ended 30 June 2021

	Actual 2021 \$'000	Budget 2021 \$'000	Actual 2020 \$'000
Equity at beginning of year	429,830	433,140	430,446
Total comprehensive revenue	334	(730)	(616)
Equity at end of year	430,164	432,410	429,830

The accompanying notes form part of these financial statements.

GORE DISTRICT COUNCIL

STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	Notes	Actual 2021 \$'000	Budget 2021 \$'000	Actual 2020 \$'000
CURRENT ASSETS				
Cash and cash equivalents	13	2,936	2,962	2,305
Receivables	14	3,574	2,023	4,266
Inventories	15	219	232	225
Prepayments	16	303	391	226
Other financial assets	17	4,714	1,682	1,724
Total current assets		11,746	7,290	8,746
NON-CURRENT ASSETS				
Property, plant and equipment	19	458,596	468,681	450,782
Other financial assets	17	688	339	417
Total non-current assets		459,284	469,020	451,199
Total assets		471,030	476,310	459,945
CURRENT LIABILITIES				
Payables and deferred revenue	20	5,972	3,017	4,098
Employee benefit liabilities	21	746	572	695
Provisions	22	46	55	135
Borrowings	23	6,000	6,000	11,000
Total current liabilities		12,764	9,644	15,928
NON-CURRENT LIABILITIES				
Employee benefit liabilities	21	37	-	35
Provisions	22	68	84	74
Borrowings	23	26,500	32,170	11,500
Other financial liabilities	-	42	-	62
Derivative financial instruments	18	1,455	2,002	2,516
Total non-current liabilities		28,102	34,256	14,187
Total liabilities		40,866	43,900	30,115
Net assets		430,164	432,410	429,830
EQUITY				
Accumulated funds	25	135,209	135,739	135,476
Reserves	25	7,017	6,926	5,636
Revaluation reserves	25	287,938	289,745	288,718
Total equity		430,164	432,410	429,830

The accompanying notes form part of these financial statements.

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GORE DISTRICT COUNCIL

CASH FLOW STATEMENT

For the Financial Year Ended 30 June 2021

	Notes	Actual 2021 \$'000	Budget 2021 \$'000	Actual 2020 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from rates revenue		17,784	17,909	17,154
Receipts from other revenue		6,696	4,110	3,568
Subsidies and grants received		3,967	3,159	4,059
Interest received		75	104	101
Payments to suppliers and employees		(17,866)	(18,446)	(19,024)
Finance costs		(920)	(1,002)	(806)
Net cash inflow/(outflow) from operating activities	30	9,736	5,834	5,052
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of financial assets		25	-	-
Proceeds sale of investments		(3,305)	-	1,956
Purchase of property, plant and equipment		(15,825)	(19,104)	(11,144)
Net cash inflow/(outflow) from investing activities		(19,105)	(19,104)	(9,188)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from borrowings		12,014	15,320	5,065
Repayment of borrowings		(2,014)	(2,014)	(1,509)
Net cash inflow / (outflow) from financing activities		10,000	13,306	3,556
Net increase (decrease) IN CASH HELD		631	36	(580)
Opening cash balance 1 July		2,305	2,926	2,885
		2,936	2,962	2,305
REPRESENTED BY				
Cash & cash equivalents	13	2,936	2,962	2,305

The accompanying notes form part of these financial statements.

GORE DISTRICT COUNCIL

FUNDING IMPACT STATEMENT - COUNCIL WIDE

As at 30 June 2021

	Budget 2019-20 \$'000	Actual 2019-20 \$'000	Budget 2020-21 \$'000	Actual 2020-21 \$'000
SOURCES OF OPERATING FUNDING				
General rates, uniform annual general charges, rates penalties	5,891	5,920	6,265	6,044
Targeted Rates (other than metered water supply rates)	11,777	11,801	11,921	11,899
Subsidies and grants for operating purposes	1,496	1,738	1,525	3,229
Fees and charges	3,429	3,727	3,432	3,316
Interest and dividends from investments	102	173	104	75
Local authorities fuel tax, fines, infringement fees and other receipts	224	276	227	2,636
Total Operating Funding	22,919	23,636	23,474	27,199
APPLICATIONS OF OPERATING FUNDING				
Payments to staff and suppliers	17,259	19,281	17,948	19,254
Finance costs	902	806	1,002	920
Other operating funding applications	652	585	616	-
Total applications of operating funding	18,813	20,672	19,566	20,174
Surplus / (deficit) of operating funding	4,106	2,964	3,908	7,025
SOURCES OF CAPITAL FUNDING				
Subsidies and grants for capital expenditure	4,142	3,837	1,634	768
Development and financial contributions	-	16	-	22
Increase/(decrease) in debt	11,048	3,500	13,306	10,000
Gross proceeds from the sale of assets	-	40	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding	15,190	7,393	14,940	10,790
APPLICATIONS OF CAPITAL FUNDING				
Capital expenditure				
- to meet additional demand	24	1,168	24	(138)
- to improve the level of service	10,001	6,823	7,711	5,738
- to replace existing assets	9,392	4,371	11,369	10,018
Increase/(decrease) in reserves	(121)	(2,005)	(256)	2,197
Increase/(decrease) of investments	-	-	-	-
Total applications of capital funding	19,296	10,357	18,848	17,815
Surplus/(deficit) of capital funding	(4,106)	(2,964)	(3,908)	(7,025)
Funding balance	-	-	-	-

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

1. SUMMARY OF ACCOUNTING POLICIES

Reporting entity

The Gore District Council ("the Council" or "GDC") is a local territorial authority governed by the Local Government Act 2002, and the Local Government (Ratings) Act 2002. It is domiciled and operates in New Zealand. The primary objective of the Council is to provide goods or services for the community or social benefit, rather than making a financial return. Accordingly, the Council has designated itself as a Public Benefit Entity (PBE) for the purposes of Financial Reporting.

Basis of preparation

The preparation of financial statements in conformity with New Zealand equivalents to International Public Sector Accounting Standards (NZ IPSAS) requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and in future periods if the revision affects both current and future periods.

The financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements. The financial statements are presented in New Zealand dollars, due to rounding to the nearest thousand dollars (\$000), the notes may not reconcile to the statements by \$1,000. New Zealand dollars are the Council's functional currency.

The presentation of the financial statements has been changed to provide more relevant and reliable information to the reader. Comparative figures may have been reclassified, however this has not impacted on the overall financial result presented by the Council.

Statement of compliance

These financial statements of the Gore District Council have been prepared in accordance with the requirements of the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP). The Council is a Tier 2 reporting entity but has elected to report under Tier 1.

These financial statements comply with PBE Standards.

Standards and interpretations effective in the current period

There were no new or revised Standards or Interpretations effective in the current period that had a material impact on this annual report.

Standards issued and not yet effective and not early adopted

Standards and amendments, issued by the New Zealand Accounting Standards Board, but not yet effective and that have not been early adopted, and which are relevant to the Council are:

PBE IPSAS 2 *Cash Flow Statement*. An amendment to PBE IPSAS 2 requires entities to provide disclosures that enable users of financial statement to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The amendment is effective for the year ending 30 June 2022, with early application permitted. This amendment will result in additional disclosures. The Council will not early adopt this amendment.

PBE FRS 48 *Service Performance Reporting*. PBE FRS 48 replaces the service performance reporting requirements of PBE IPSAS 1 *Presentation of Financial Statements* and is effective for the year ending 30 June 2023, with early application permitted. The Council has not yet determined how application to PBE FRS 48 will affect its statement of service performance. It does not plan to adopt the standard early.

PBE IFRS 9 Financial Instruments. PBE IFRS 9 replaces PBE IPSAS 29 Financial Instruments: Recognition and Measurement. PBE IFRS 9 is effective for the year ending 30 June 2023, with early application permitted. The main changes under PBE IFRS 9 are:

- New financial asset classification requirements for determining whether an asset is measured at fair value or amortised cost.
- A new impairment model for financial assets based on expected losses which may result in the earlier recognition of impairment losses.
- Revised hedge accounting requirements to better reflect the management of risks.

The Council is not planning to apply this standard and will instead early adopt PBE IPSAS 41 *Financial Instruments* in preparing the 30 June 2022 financial statements. The Council has not yet assessed the effects of the new standards.

In March 2019, The NZASB issued PBE IPSAS 41 Financial Instruments. When applied, this standard superseded parts of PBE IPSAS 29 *Financial Instruments: Recognition and Measurement*. The main changes under PBE IPSAS 41 are:

- New financial asset classification requirements for determining whether an asset is measured at fair value or amortised cost.
- A new impairment model for financial assets based on expected losses which may result in the earlier recognition of impairment losses.
- Revised hedge accounting requirements to better reflect the management of risks.

The Council plans to early adopt this standard in preparing its 30 June 2022 financial statements instead of adopting PBE IFRS 9. The Council has not yet assessed the effect of the new standards.

SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and GST.

Where a physical asset is acquired for nil or nominal consideration the fair value of the asset received is recognised as revenue. Assets vested in the Council are recognised as revenue when control over the asset is obtained.

Rates revenue

Rates revenue is recognised when it is levied.

Fees and charges and other revenue

Revenue from services rendered is recognised when it is probable that the economic benefits associated with the transaction will flow to the entity. The stage of completion at balance date is assessed based on the value of services performed to date as a percentage of the total services to be performed.

Licences and fees are recognised as income when supplies and services have been rendered.

Grants and subsidies

Government grants are recognised when eligibility is established. The Council receives government grants from the New Zealand Transport Agency, which subsidises part of the Council's costs in maintaining the local roading infrastructure. The New Zealand Transport Agency roading subsidies are recognised as conditions pertaining to eligible expenditure have been fulfilled.

Other grants are recognised when they become receivable unless there is an obligation in substance to return the funds if conditions of the grants and subsidies are not met. If there is such an obligation, the grants and subsidies are initially recorded in the statement of financial position when received at fair value as grants and subsidies received in advance. As the conditions are satisfied, the carrying amount of the liability is reduced and an equal amount recognised as revenue.

Dividends are recognised when the entitlement to the dividend is established.

Interest revenue is recognised on a time proportionate basis using the effective interest method.

Other gains and losses

Net gains or losses on the sale of property, plant and equipment, property intended for sale and financial assets are recognised when an unconditional contract is in place, and it is probable that the Council will receive the consideration due.

Revenue from exchange and non-exchange transactions

PBE standards distinguish between revenue from exchange and revenue from non-exchange transactions. These two types of revenue are accounted for under two different accounting standards. PBE IPSAS 9 provides guidance on accounting for revenue from exchange transactions, and PBE IPSAS 23 provides guidance on accounting for revenue from non-exchange transactions.

Professional judgement has been exercised in determining whether the substance of a transaction is that of a non-exchange or an exchange transaction.

The Council discloses the revenue from exchange transactions and revenue from non-exchange transactions separately. The Council has also disclosed separately the trade and other receivables and trade and other payables associated with exchange and non-exchange transactions.

The sale of goods and the rendering of services are normally classified as exchange transactions. If, however, the transaction is conducted at a subsidised price, that is, a price that is not approximately equal to the fair value of the goods or services sold, that transaction falls within the definition of a non-exchange transaction.

Fees received from the following activities are recognised as revenue from exchange transactions:

- Airport lease revenue
- Resource consent revenue

Non-exchange revenue from grants is deferred and recognised as a liability if there is a condition attached to the grant that requires the Council to use the grant as specified by the grantor or return of the cash (or other resources transferred under the grant) if the entity does not perform as specified.

Grant expenditure

Non-discretionary grants are those that are awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received.

Discretionary grants are those grants where the Council has no obligation to award on receipt of the grant application and are recognised as expenditure when a successful applicant has been notified of the Council's decision.

Leasing

Leases which effectively transfer to the lessee substantially all the risks and benefits incident to ownership of the leased item are classified as finance leases.

Leases where the lessor effectively substantially retains all the risks and benefits of ownership of the leased items are classified as operating leases.

(a) The Council as Lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Council's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Council's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

(b) The Council as Lessee

Assets held under finance leases are recognised as assets of the Council at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the Statement of Financial Position as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

(c) Lease Incentives

Benefits received and receivable as an incentive to enter into an operating lease are recognised in surplus as a reduction or rental expense over the lease term.

Borrowing costs

All borrowing costs are recognised in the statement of comprehensive revenue and expense in the period in which they are incurred.

Taxation

The Council is exempt from Income Tax in accordance with the Income Tax Act 2007, Section CW39.

Goods and services tax

Revenues, expenses, assets and liabilities are recognised net of the amount of goods and services tax (GST), except for receivables and payables which are recognised inclusive of GST. Where GST is not recoverable as an input tax, it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the IRD is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from, the IRD, including GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand; cash in banks and other short-term highly liquid investments that are readily convertible to a known amount of cash.

Financial instruments

Financial assets and liabilities are recognised in the Council's Statement of Financial Position when the Council becomes a party to contractual provisions of the instrument. The Council is party to financial instruments as part of its normal operations. These financial instruments include cash and cash equivalents (including bank overdraft), trade and other receivables, other financial assets, trade and other payables and borrowings. The relevant accounting policies are stated under separate headings.

Investments are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs, except for those financial assets classified as fair value through profit or loss which are initially valued at fair value.

(i) Financial assets

Financial Assets are classified into the following specified categories: financial assets 'at fair value through surplus or deficit', 'held to maturity' investments, 'available for sale' financial assets, and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

The effective interest method, referred to below, is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the interest rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Financial assets at fair value through surplus or deficit

Financial assets are classified as financial assets at fair value through surplus or deficit where the financial asset:

- Has been acquired principally for the purpose of selling in the near future;
- Is a part of an identified portfolio of financial instruments that the Council manages together and has a recent actual pattern of short-term profit-taking; or
- Is a derivative that is not a designated and effective hedging instrument.

Financial assets at fair value through surplus or deficit are stated at fair value, with any resultant gain or loss recognised in the surplus or deficit for the period. The net gain or loss is recognised in the surplus for the period and incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described later in this note.

Held to maturity investments

Investments are recorded at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis. The Council does not hold any financial assets in this category.

Available for sale financial assets

Equity securities held by the Council are classified as being available for sale are stated at fair value. Fair value is determined in the manner described later in this note. Gains and losses arising from changes in fair value are recognised in other comprehensive revenue and expense, with the exception of interest calculated using the effective interest method and impairment losses which are recognised directly in the surplus or deficit for the period. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is included in the surplus or deficit for the period.

Dividends on available for sale equity securities are recognised in the surplus or deficit for the period when the Council's right to receive payments is established.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. An allowance for doubtful debts is established when there is objective evidence that the Council will not be able to collect all amounts due according to the original terms of the receivables. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the allowance is expensed in the surplus for the period.

Loans, including loans to community organisations made by Council at nil, or below market interest rates are initially recognised at the present value of their expected future cash flows and discounted at the current market rate of return for a similar asset/investment. They are subsequently measured at amortised cost using the effective interest method. The difference between the face value and present value of expected future cash flows of the loan is recognised in the surplus for the period as a grant.

Short-term deposits are included within this classification.

Impairment of financial assets

Financial assets, other than those at fair value through surplus or deficit, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the surplus or deficit for the period.

With the exception of fair value through other comprehensive revenue and expense equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the surplus for the period to the extent the carrying amount of the investment at the date of impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(ii) Financial liabilities

Trade and other payables

Trade payables and other accounts payable are recognised when the Council becomes obliged to make future payments resulting from the purchase of goods and services.

Trade and other payables are initially recognised at fair value and are subsequently measured at amortised cost, using the effective interest method.

Borrowings

Borrowings are recorded initially at fair value, net of transaction costs. Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in the surplus for the year over the period of the borrowings using the effective interest method.

(iii) Derivative financial instruments

The Council enters into certain derivative financial instruments to manage its exposure to interest rate risk, including interest rate swaps. Further details of derivative financial instruments are disclosed in the financial statements.

The Council does not hold derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value at each balance date.

The resulting gain or loss is recognised in the surplus or deficit for the period immediately unless the derivative is designated and effective as a hedging instrument, in which the timing of the recognition in the surplus for the period depends on the nature of the hedge relationship.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the

balance date. The quoted market price used for financial assets held by the Council is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Council uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market price or dealer quotes for similar instruments are used for long term investment and debt instruments held. The fair value of interest rate swaps is the estimated amount that the Council would receive or pay to terminate the swap at the reporting date, taking into account current interest rates.

Embedded derivatives

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of host contracts, and the host contracts are not measured at fair value with changes in fair value recognised in the surplus for the period.

Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on a weighted average basis with an appropriate allowance for obsolescence and deterioration.

Inventories acquired through non-exchange transactions are measured at fair value at the date of acquisition.

The amount of any write-down for the loss of service potential or from cost to net realisable value is recognised in the surplus or deficit in the period of the write-down.

Property, plant and equipment

The Council has the following classes of property, plant and equipment:

(a) Operational Assets

Operational assets include land, buildings, plant and equipment, motor vehicles, office furniture and equipment, recreational and cultural and library books.

(b) Infrastructural Assets

Infrastructural assets are the fixed utility systems owned by the Council. Each asset type includes all items that are required for the network to function:

- Water reticulation
- Wastewater reticulation
- Stormwater reticulation
- Roads, bridges and lighting
- Land under roads
- Refuse.

The nature of land under roads is considered the equivalent to land improvements, and as such, they do not incur a loss of service potential over time. Accordingly, land under roads assets is not depreciated.

Cost/valuation

Property, plant and equipment, are recorded at cost or valuation (as appropriate) less accumulated depreciation and any accumulated impairment losses.

Additions

Cost includes expenditure that is directly attributable to the acquisition of the assets. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value at the date of acquisition.

Costs incurred in obtaining any resource consents are capitalised as part of the asset to which they relate. If a resource consent application is declined, then all capitalised costs are written off.

Revaluation

All assets are valued at historical cost, except for the following:

- Land and buildings have been valued by Quotable Value Limited (Registered Valuers) at market value or depreciated replacement cost as at 30 June 2019. Subsequent additions are recognised at cost. Land and buildings are re-valued every three years.
- Infrastructural assets (except for land under roads) have all been valued at depreciated replacement cost by Opus International Consultants Limited as at 30 June 2019. Subsequent additions are recognised at cost. Infrastructural assets are re-valued every 3 years.

All valuations are carried out or reviewed by independently qualified valuers and are carried out at least tri-annually. Valuations will be undertaken more regularly if necessary, to ensure that no individual item within a class is included at a valuation that is materially different to its fair value.

The Council accounts for revaluations of property, plant and equipment on a class of asset basis.

The results of revaluing are credited or debited to an asset revaluation reserve (via other comprehensive revenue and expense) for that class of asset. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed in the surplus for the period.

Any subsequent increase on revaluation that offsets a previous decrease in value recognised in the surplus or deficit for the period will be recognised first in the surplus for the period up to the amount previously expensed, and then credited to other comprehensive revenue and expense for that class of asset.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment other than land and library books. Rates are calculated to allocate the cost (or valuation) less estimated realisable value over their estimated useful life.

Expenditure incurred to maintain these assets at full operating capability is charged to the surplus for the period in the year incurred.

The following estimated useful lives are used in the calculation of depreciation:

	Life (years)
Land under roads.....	N/A
Refuse	100
Operational assets	
Land	N/A
Buildings	20 - 50
Plant and Equipment	4 - 25
Motor Vehicles	4 - 8
Office Furniture and Equipment	4 - 20
Recreational and Cultural	5 - 20
Library Books.....	10
Infrastructural assets	
Water Reticulation	10 - 100
Sewerage Reticulation.....	15 - 60
Stormwater Reticulation	15 - 60
Refuse	10 - 50
Roads – Formation.....	N/A
Roads – Pavement (non-depreciable)	N/A
Roads – Pavement (depreciable)	7 - 60
Roads – Footpaths, Kerbs, Bridges and Culverts	50 - 100
Roads – Signs, Road markings and Street lighting.....	20 - 100

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period

Disposal

An item of property, plant and equipment is derecognised upon disposal or recognised as impaired when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the surplus or deficit for the period in the period the asset is derecognised.

Impairment of non-financial assets

At each reporting date, the Council reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent of other assets, the Council estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. The value in use is depreciated replacement cost of an asset where the future economic benefits or service potential of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where the entity would, if deprived of the asset, replace its remaining future economic benefits or service potential.

An impairment loss is recognised for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in the surplus or deficit for the period immediately, unless the relevant asset is carried at fair value, in which case the reversal or deficit of the impairment loss is treated as a revaluation increase, via comprehensive revenue and expense.

Superannuation schemes

Defined contribution schemes

Contributions to defined contribution superannuation schemes are expensed when incurred.

Provisions

Provisions are recognised when the Council has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received, and the amount of the receivable can be measured reliably.

Landfill post-closure costs

The Council, as operator of the District's landfill, has a legal obligation under the resource consent to provide on-going maintenance and monitoring services at the landfill site after closure. A provision for post-closure costs is recognised as a liability when the obligation for post-closure care arises.

The provision is measured based on the future cash flows expected to be incurred, taking into account future events including new legal requirements and known improvements in technology. The provision includes all costs associated with the landfill closure.

Amounts provided for the landfill post-closure are capitalised to the landfill asset. Components of this are depreciated over their useful lives.

The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the Council.

Employee entitlements

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required, and they are capable of being measured reliably. Provisions made in respect of employee benefits expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Council in respect of services provided by employees up to reporting date.

Cash flow statement

Cash means cash balances on hand, held in bank accounts and demand deposits the Council invests in as part of its day-to-day cash management.

Operating activities include cash received from all income sources of the Council and record the cash payments made for the supply of goods and services.

Investing activities are those activities relating to the acquisition and disposal of non-current assets.

Financing activities comprise the change in equity and debt structure of the Council.

Equity

Equity is the community's interest in the Council and is measured as total assets less total liabilities. Equity is disaggregated and classified into a number of reserves.

Reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by the Council.

The components of equity are:

- Retained earnings
- Available for sale revaluation reserve
- Asset revaluation reserve
- Restricted reserves
- Council created reserves.

Reserves

Reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by the Council.

Restricted reserves are subject to specific conditions which may not be revised by the Council without reference to the courts or a third party. Transfers from these reserves may be made only for certain specified purposes. The Council created reserves are reserves established by Council decision. The Council may alter them without reference to the third party. Transfers to and from these reserves are at the discretion of the Council.

Budget figures

The budget figures are those approved by the Council at the beginning of the year in the annual plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the Council for the preparation of the financial statements.

Allocation of overheads

Corporate overheads for central and engineering administration have been allocated to the other significant activities in the funding impact statements and statement of comprehensive revenue and expense. The allocation is calculated on the basis of estimated administration staff hours provided to each activity.

Critical accounting estimates and assumptions

In preparing these financial statements, the Council has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a risk of causing an adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

- Infrastructural Assets

There are a number of assumptions and estimates used when performing Depreciated Replacement Cost (DRC) valuations over infrastructural assets. These include:

- The physical deterioration and condition of an asset, for example, the Council could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets, which are not visible, for example, stormwater, wastewater and water supply pipes that are underground. This risk is minimised by the Council performing a combination of physical inspections and condition modelling assessments of underground assets;
- Estimating any obsolescence or surplus capacity of an asset; and
- Estimates of the remaining useful lives over which the asset will be depreciated. These estimates can be impacted by the local conditions, for example, weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then the Council could be over or underestimating the annual depreciation charge recognised as an expense in the Statement of comprehensive revenue and expense. To minimise this risk the Council's infrastructural asset, useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group and have been adjusted for local conditions based on past experience. Asset inspections, deterioration, and condition modelling are also carried out regularly as part of the Council's asset management planning activities, which gives the Council further assurance over its useful life estimates.

Experienced independent valuers perform the Council's infrastructural asset revaluations.

2. SUMMARY REVENUE AND EXPENDITURE FOR GROUPS OF ACTIVITIES

	Actual 2021 \$'000	Budget 2021 \$'000	Actual 2020 \$'000
Summary Cost of Services by Activity			
Revenue			
Water	2,380	2,233	2,144
Wastewater	2,679	2,156	2,446
Stormwater	630	630	666
Roading	6,131	5,431	7,717
Parks, Reserves, Aquatic Facilities, Civic Buildings and Recreation	6,759	5,742	5,730
Other district assets including Solid Waste and Civil Defence	2,452	2,401	2,627
Regulatory and Planning	1,744	1,738	1,534
Democracy and Administration	3,132	1,626	1,020
Community services - Arts & Heritage, Libraries, Promotions and Grants	3,225	3,151	3,048
Total Activity Revenue	29,132	25,108	26,932
Expenditure			
Water	2,483	2,384	2,453
Wastewater	2,655	2,105	2,364
Stormwater	721	782	970
Roading	5,131	4,988	5,642
Parks, Reserves, Aquatic Facilities, Civic Buildings and Recreation	6,373	6,129	5,879
Other district assets including Solid Waste and Civil Defence	2,731	2,494	3,142
Regulatory and Planning	2,109	2,084	1,927
Democracy and Administration	2,059	1,663	1,565
Community services - Arts & Heritage, Libraries, Promotions and Grants	3,756	3,209	2,970
Total Expenditure	28,018	25,838	26,912

This shows a breakdown of the Total Revenue and Operating Expenditure, as shown on the Statement of Comprehensive Revenue and Expense, between each Group of Activities.

3. RATES

	Actual 2021 \$'000	Actual 2020 \$'000
General rates	5,906	5,509
Targeted rates		
Water	1,891	1,740
Wastewater	1,630	1,662
Stormwater	630	593
Roading	2,525	2,574
Parks, Reserves, Aquatic Facilities, Civic Buildings and Recreation	3,231	3,233
Other district assets including Solid Waste and Civil Defence	1,353	1,367
Community services - Arts & Heritage, Libraries, Promotions and Grants	639	632
Rates Penalties	138	134
	17,943	17,444

Ratings base

Revenue from rates for Gore District Council was billed on the following information:

Number of rating units at end of preceding year	6,032	6,019
Total capital value of rating units at end of preceding year	3,816,126	3,814,939
Total land value of rating units at end of preceding year	2,215,504	2,215,867

4. SUBSIDIES AND GRANTS

New Zealand Transport Roading subsidies	3,382	4,911
Stimulus Funding	225	-
Other subsidies and grants	1,591	87
Total Subsidies and Grants	5,198	4,998

There are no unfulfilled conditions and other contingencies attached to government grants recognised.

5. FEES AND CHARGES

Regulatory and Planning	953	784
Water connections and usage	480	398
Wastewater - tradewaste	811	764
Recreation fees and charges	436	487
Other Fees and Charges	794	790
Total Fees, Charges and Metered Water Supply	3,474	3,223

6. FINANCE REVENUE

Finance Revenue	75	101
Total Finance Revenue	75	101

7. OTHER REVENUE

	Actual 2021 \$'000	Actual 2020 \$'000
Regulatory and Planning	59	56
Water	9	6
Wastewater	13	20
Recreation	436	487
Rental revenue	162	152
Petroleum Tax	117	122
Other Revenue	536	873
Total Other Revenue	1,332	1,716

In 2021 a new financial template was utilised for the preparation of external financial reporting. At set up a review was completed on the mapping of all accounts. Comparatives have been re-stated to reflect the new mappings. The overall result is unaffected and the new presentation provides better readability.

7.a OPERATINGS LEASES AS LEASOR

Revenue from exchange transactions		
Not later than one year	136	165
Later than one year and not later than five years	435	468
Later than five years	1,178	1,280
Total Operating leases as lessor	1,749	1,913

8. OTHER GAINS/(LOSSES)

Gain / (loss) Disposal of PPE	48	40
Gain / (loss) fair value financial instruments	1,062	(590)
Total gains/(losses)	1,110	(550)

9. REVENUE EXCHANGE/NON-EXCHANGE

Revenue from non-exchange transactions		
Other Revenue	162	152
Finance revenue	75	101
Total revenue non-exchange	237	253

Revenue from exchange transactions		
Rates Revenue	17,943	17,444
Subsidies and Grants	5,198	4,998
Other Revenue	1,137	1,564
Total revenue exchange	24,278	24,006

10. PERSONNEL COSTS

	Actual 2021 \$'000	Actual 2020 \$'000
Salaries and wages	6,793	6,920
Defined contribution plan employer contributions	211	211
Total personnel costs	7,004	7,131

Employer contributions to defined contributions plans include contributions to Kiwisaver.

During the year the total remuneration and value of other non-financial benefits received by or payable to the Mayor, other Councillors, and Chief Executive of the Council were as follows:

Elected representatives remuneration

Tracy Hicks JP (Mayor)	98,070	92,136
B A Reid (Deputy Mayor)	36,792	30,289
C S Bolger	31,154	28,973
B R Highsted	31,154	28,038
N J Davis	23,885	23,426
G K Dickson	24,094	22,268
D I Grant	28,537	22,023
J C Gardyne	23,885	22,023
N G Phillips	23,885	22,023
R O McPhail	31,154	20,598
S J MacDonell	23,885	15,986
N W J Grant	23,885	15,986
P A Grant	-	7,176
R J Beale	-	5,823
G E Sharp	-	5,823
	400,380	362,591
Chief Executive total remuneration paid or payable for the year	290,513	274,647

Remuneration for employees by band as at 30 June

\$120,000 - 299,999	9	5
\$100,000 - 119,999	3	7
\$80,000 - 99,999	7	6
\$60,000 - 79,999	21	19
\$59,999 and less	87	80
	127	117

The salary bands between \$120,000 and \$299,999 have been combined due to there being 5 or fewer employees in those bands.

The number of full time equivalent (FTE) employees as at 30 June 2021 was 95 (2020: 96) where 37.5 hours a week is considered full time.

For the year ended 30 June 2021 Council made severance payments to one employee of \$5,000 (2020: \$0).

11. FINANCE EXPENSE

	Actual 2021 \$'000	Actual 2020 \$'000
Finance expenses		
Finance expense	926	816
Provisions discount unwinding	(6)	(10)
Total Finance Expense	920	806

12. OTHER EXPENSES

Expenses include:

Fees to principal auditor		
Audit fees for financial statement audit	110	110
Audit fees for Long Term Plan audit	97	-
Audit fees for Assurance and related services	3	5
Insurance	382	344
Grants	1,240	558
Minimum lease payments	15	49
Solid Waste Operations	2,144	2,470
Roading Operations	2,112	2,724
Impairment of Assets	580	-
Other operating expenses	6,936	6,468
Total other expenses	13,619	12,728

The auditor of Council, for and on behalf of the Office of the Auditor-General, is M Hoshek of Deloitte Limited.

In 2021 a new financial modelling tool was utilised for the preparation of external financial reporting. A set up a review was completed on the mapping of all accounts. Comparatives have been re-stated to reflect the new mappings. The overall result is unaffected and the new presentation provides better readability.

12.a OPERATING LEASES AS LEASEE

Not later than one year	48	20
Later than one year and not later than five years	60	81
Total revenue non-exchange	108	101

Operating leases relate to property and equipment leases. All operating lease contracts contain market review clauses in the event that the Council exercises its option to renew.

13. CASH AND CASH EQUIVALENTS

Cash at bank and in hand	2,936	2,305
Total cash and cash equivalents	2,936	2,305

The carrying value of short-term deposits with maturity dates of 3 months or less approximates their fair value. The total value of cash and cash equivalents that can only be used for a specified purpose as outlined in the relevant trust deeds is \$224,000 (2020: \$225,000).

14. RECEIVABLES

	Actual 2021 \$'000	Actual 2020 \$'000
Rates receivables	1,039	763
Other receivables	2,189	809
Subsidy receivable	196	1,868
GST receivable	244	888
Allowance for doubtful debts	(94)	(62)
Total receivables	3,574	4,266
Total receivables comprise:		
Receivables from non-exchange transactions - this includes outstanding amounts for rates, grants, infringements, and fees and charges that are partly subsidised by rates	3,566	4,264
Receivables from exchange transactions - this includes outstanding amounts for commercial sales and fees and charges that have not been subsidised by rates	8	2
	3,574	4,266

Fair value

Debtors and other receivables are non-interest bearing and receipt is normally on 30 days terms, therefore their carrying value approximates their fair value.

Impairment

The Council holds no collateral as security or other credit enhancements over receivables that are either past due or impaired.

The Council does not provide for any impairment on rates receivable as it has various powers under the Local Government (Rating) Act 2002 to recover any outstanding debts. Ratepayers can apply for payment plan options in special circumstances. Where such payment plans are in place, debts are discounted to the present value of future repayments.

Included within the Council's trade and other receivable balance are debtors which are past due at the reporting date for which the Council has not provided as there has not been a significant change in credit quality and the Council believes that the amounts are still considered recoverable.

14. RECEIVABLES continued...

The status of receivables (excluding rates) as at 30 June are detailed below:

	Gross \$'000	Impairment \$'000	Net \$'000
2021 Council			
Not past due	2,035	-	2,035
Past due 1 - 3 months	323	-	323
Past due 3 to 6 months	23	-	23
Past due → 6 months	17	(13)	4
Total	2,398	(13)	2,385
2020 Council			
Not past due	2,566	-	2,566
Past due 1 - 3 months	48	-	48
Past due 3 to 6 months	18	-	18
Past due → 6 months	56	(11)	45
Total	2,688	(11)	2,677

The impairment provision has been calculated based on the expected losses for Council's pool of debtors. Expected losses have been determined based on an analysis of Council's losses in previous periods, and a review of specific debtors.

Movement in the provision for impairment of receivables are as follows:

	Actual 2021 \$'000	Actual 2020 \$'000
Balance at 1st July	62	53
Additional provisions made during year	32	9
Balance at 30th June	94	62

15. INVENTORIES

Essential Services (at cost)	168	175
Other (at cost)	51	50
Total inventories	219	225

The carrying amount of inventories pledged as security for liabilities is \$nil (2020: \$nil).

16. PREPAYMENTS

	Actual 2021 \$'000	Actual 2020 \$'000
Prepayments	303	226
Total prepayments	303	226

17. OTHER FINANCIAL ASSETS

Current portion

Short term deposits	4,714	1,724
Total Current Portion	4,714	1,724

Non-current portion

Investments in CCOs and similar entities

LFGA Borrower Notes	559	265
NZLG Ins Corp Ltd (Unlisted shares)	52	51
Southland Regional Development (shares)	27	27
Total investments in CCOs and similar entities	638	342

Investments in other entities

Community Loans	80	108
Community Loans impairment provision	(75)	(100)
Clean Air	45	67
Total investment in other entities	50	75
Total Non-Current Portion	688	417

Fair Value

Short term deposits

The carrying amount of short term deposits approximates their fair value.

Community loans

Community loans have recognised an impairment provision of \$75,000 (2020: \$100,000). The Council does not hold any collateral for the impaired loans. There were no other impairment expenses or provisions made for other financial assets.

18. DERIVATIVE FINANCIAL INSTRUMENTS

	Actual 2021 \$'000	Actual 2020 \$'000
<i>Current liability portion</i>	-	-
<i>Non-current liability portion</i>		
Interest Rate Swaps	1,455	2,516
Total derivative financial instrument liability	1,455	2,516

The notional principal amounts of the outstanding interest rate swap contracts at 30 June 2021 were \$17,900,000 (2020: \$17,900,000). Maturity dates range from March 2023 to December 2025 (2020: June 2021 to April 2025).

At 30 June 2021, the interest rates for interest rate swaps vary from 2.85% to 4.79% (2020: 0.97% to 6.82%).

The fair value of interest rate swaps have been determined by calculating the expected cashflows under the terms of the swaps and discounting these values to present value.

19. PROPERTY PLANT AND EQUIPMENT

2021

	Cost/Valuation 1 July 2020	Additions	Disposals	Revaluation	Cost/Valuation 30 June 2021	Accumulated depreciation and impairment charges 1 July 2020	Impairment losses charged in Statement of Comprehensive Equity	Depreciation expense	Accumulated depreciation and impairment charges reversed on disposal/ revaluation	Accumulated depreciation and impairment charges 30 June 2021	Carrying amount 30 June 2021
	\$ '000s	\$ '000s	\$ '000s	\$ '000s	\$ '000s	\$ '000s	\$ '000s	\$ '000s	\$ '000s	\$ '000s	\$ '000s
Council Operational Asset At Cost											
Land	-	-	-	-	-	-	-	-	-	-	-
Buildings	210	-	-	-	210	(173)	-	(3)	(176)	34	
Plant and equipment	4,266	728	(283)	-	4,711	(2,430)	-	(281)	(2,510)	2,201	
Motor vehicles	1,796	344	(248)	-	1,892	(1,264)	-	(243)	(1,324)	568	
Office furniture and equipment	2,505	225	(119)	-	2,611	(1,819)	-	(201)	(1,923)	688	
Recreation and Cultural	1,495	146	-	-	1,641	(591)	-	(57)	(648)	993	
Library books	1,074	50	-	-	1,124	(559)	-	(88)	(647)	477	
Work in progress Buildings	2,862	-	(2,609)	-	253	-	-	-	-	253	
Work in progress Office Equipment	6	-	-	-	6	-	-	-	-	6	
Work in progress Recreation & Cultural	-	1,463	-	-	1,463	-	-	-	-	1,463	
Work in progress Subdivision	380	-	-	-	380	-	-	-	-	380	
At Valuation											
Land	17,061	55	-	-	17,116	-	-	(3)	(3)	17,113	
Buildings	17,653	7,046	-	(780)	23,918	(603)	(580)	(613)	(1,795)	22,123	
Total Operational Assets	49,309	10,057	(3,259)	(780)	55,326	(7,439)	(580)	(1,490)	481	(9,027)	46,299
Council Infrastructural Assets At Valuation											
Water Reticulation	19,277	240	-	-	19,517	(838)	-	(851)	(1,689)	17,827	
Sewerage Reticulation	28,389	963	-	-	29,353	(1,158)	-	(1,066)	(2,224)	27,129	
Stormwater Reticulation	10,432	38	-	-	10,469	(532)	-	(532)	(1,064)	9,405	
Roads - Formation	197,496	1	-	-	197,497	-	-	-	-	197,497	
Roads - Pavement (Non depreciable)	28,891	3	-	-	28,894	-	-	-	-	28,894	
Roads - Pavement (Depreciable)	68,094	1,442	-	-	69,536	(1,243)	-	(1,291)	(2,534)	67,002	
Roads - Footpaths, Kerbs, Bridges, Culverts	37,322	513	-	-	37,835	(1,021)	-	(1,076)	(2,097)	35,738	
Roads - Signs, Roadmarkings, Streetlights	2,631	190	-	-	2,821	(151)	-	(150)	(301)	2,520	
Land under roads	18,752	-	-	-	18,752	-	-	-	-	18,752	
Refuse - at cost	1,105	-	-	-	1,105	(293)	-	(19)	(312)	793	
Work in Progress Stormwater	-	120	-	-	120	-	-	-	-	120	
Work in Progress Roads	471	1,242	-	-	1,713	-	-	-	-	1,713	
Work in Progress Wastewater	556	281	(241)	-	596	-	-	-	-	596	
Work in Progress Water	733	3,580	(11)	-	4,311	-	-	-	-	4,311	
Total Infrastructural Assets	414,149	8,613	(252)	-	422,519	(5,236)	-	(4,985)	-	(10,221)	412,298
Total Council Property, Plant and Equipment	463,458	18,670	(3,511)	(780)	477,845	(12,675)	(580)	(6,475)	481	(19,248)	458,596

Refer to the 'Critical accounting estimates and assumptions' accounting policies for details on the valuation methodology and underlying assumptions within the valuation.

19. PROPERTY PLANT AND EQUIPMENT

	2020										
	Cost/Valuation 1 July 2019	Additions	Disposals	Revaluation	Cost/Valuation 30 June 2020	Accumulated depreciation and impairment charges 1 July 2019	Impairment losses charged in Statement of Comprehen- sive Equity	Depreciation expense	Accumulated depreciation and impairment charges reversed/ on disposal/ revaluation	Accumulated depreciation and impairment charges 30 June 2020	Carrying amount 30 June 2020
	\$ '000s	\$ '000s	\$ '000s	\$ '000s	\$ '000s	\$ '000s	\$ '000s	\$ '000s	\$ '000s	\$ '000s	\$ '000s
Council Operational Asset At Cost											
Land	-	-	-	-	-	-	-	-	-	-	-
Buildings	207	3	-	-	210	(170)	-	(3)	-	(173)	37
Plant and equipment	4,073	274	(81)	-	4,266	(2,208)	-	(274)	52	(2,430)	1,836
Motor vehicles	1,815	315	(334)	-	1,796	(1,252)	-	(272)	260	(1,264)	532
Office furniture and equipment	2,228	277	-	-	2,505	(1,645)	-	(174)	-	(1,819)	686
Recreation and Cultural	1,394	101	-	-	1,495	(552)	-	(39)	-	(591)	904
Library books	996	78	-	-	1,074	(478)	-	(81)	-	(559)	515
Work in progress Buildings	528	2,396	(62)	-	2,862	-	-	-	-	-	2,862
Work in progress Office Equipment	6	-	-	-	6	-	-	-	-	-	6
Work in progress Recreation & Cultural	17	-	(17)	-	-	-	-	-	-	-	-
Work in progress Subdivision	382	(2)	-	-	380	-	-	-	-	-	380
At Valuation											
Land	16,301	816	(56)	-	17,061	-	-	-	-	-	17,061
Buildings	17,958	359	(29)	(636)	17,652	3	-	(606)	-	(603)	17,050
Total Operational Assets	45,905	4,618	(578)	(636)	49,308	(6,302)	-	(1,449)	312	(7,439)	41,869
Council Infrastructural Assets At Valuation											
Water Reticulation	18,811	466	-	-	19,227	(1)	-	(837)	-	(838)	18,439
Sewerage Reticulation	23,076	5,313	-	-	28,389	(161)	-	(997)	-	(1,158)	27,231
Stormwater Reticulation	10,391	41	-	-	10,432	-	-	(532)	-	(532)	9,900
Roads - Formation	197,496	-	-	-	197,496	-	-	-	-	-	197,496
Roads - Pavement (Non depreciable)	28,888	3	-	-	28,891	-	-	-	-	-	28,891
Roads - Pavement (Depreciable)	66,126	1,968	-	-	68,094	-	-	(1,243)	-	(1,234)	66,851
Roads - Footpaths, Kerbs, Bridges, Culverts	33,957	3,365	-	-	37,322	(1)	-	(1,020)	-	(1,021)	36,301
Roads - Signs, Roadmarkings, Streetlights	2,402	229	-	-	2,631	-	-	(151)	-	(151)	2,480
Land under roads	18,752	-	-	-	18,752	-	-	-	-	-	18,752
Refuse - at cost	1,105	-	-	-	1,105	(274)	-	(19)	-	(293)	812
Work in progress - at cost	5,125	878	(4,243)	-	1,760	-	-	-	-	-	1,760
Total Infrastructural Assets	406,129	12,263	(4,243)	-	414,149	(437)	-	(4,798)	-	(5,236)	408,913
Total Council Property, Plant and Equipment	452,034	16,880	(4,821)	(636)	463,457	(6,739)	-	(6,247)	312	(12,675)	450,782

Refer to the 'Critical accounting estimates and assumptions' accounting policies for details on the valuation methodology and underlying assumptions within the valuation.

19. PROPERTY, PLANT AND EQUIPMENT

Core infrastructure asset disclosures

Included in the Council infrastructure assets are the following core assets:

	Closing Book Value \$'000	Additions: constructed by Council \$'000	Additions: transferred to Council \$'000	Most recent replacement cost estimate for revalued assets * \$'000
2021				
Water:				
- treatment plants and facilities	2,766	149	-	6,297
- other assets (such as reticulation systems)	15,064	90	-	46,187
Wastewater:				
- treatment plants and facilities	15,184	458	-	10,760
- other assets (such as reticulation systems)	11,944	505	-	40,536
Stormwater	9,406	38	-	32,515
Flood Protection and controls works**	-	-	-	-
Roads and footpaths	350,390	2,149	-	413,694
2020				
Water:				
- treatment plants and facilities	2,732	204	-	6,297
- other assets (such as reticulation systems)	15,709	262	-	46,187
Wastewater:				
- treatment plants and facilities	15,194	4,855	-	10,760
- other assets (such as reticulation systems)	12,037	458	-	40,536
Stormwater	9,901	41	-	32,515
Flood Protection and controls works**	-	-	-	-
Roads and footpaths	350,758	5,565	-	413,694

** Council does not own any assets in this class.

	Actual 2021 \$'000	Actual 2020 \$'000
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Work in progress

Property, plant, and equipment in the course of construction by class of asset is detailed below:

Buildings	253	2,863
Office Equipment	6	6
Recreation and Cultural	1,463	-
Subdivision	380	380
Roads	1,713	471
Wastewater	596	556
Water	4,320	733
Stormwater	120	-
	8,851	5,009

Actual 2021 \$'000	Actual 2020 \$'000
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Insurance on Assets

The following information relates to the insurance of Council assets as at 30 June.

The maximum amount to which insured assets are insured	216,303	211,362
The total value of all Council assets covered by insurance contracts*	96,399	92,237
Value of funds maintained for self insurance	51	51

Capital Commitments

The amount of contractual commitments for acquisition of property, plant and equipment is:

Capital and other expenditure commitments	11,251	3,807
	11,251	3,807

Three waters reform programme

A 2016 campylobacter outbreak in Havelock North made over 5,000 people ill and was linked to three deaths. The inquiry into the outbreak concluded New Zealand's drinking water regulatory system was failing to provide necessary assurances that drinking water across the country is safe and reliable. In 2019 Cabinet agreed to create a new water services regulator called Taumata Arowai. One of its roles is to enforce drinking water standards nationally. Its premise is that councils have the funding and support to get the balance right.

Following the announcement by the Local Government Minister on 27 October 2021 regarding central government proceeding with the three waters service delivery reforms using a legislated "all in" approach, Council continues to recognise its three waters assets at 30 June 2021 in accordance the Council's accounting policies set out at Note 1. There has been no adjustment in these financial statements to reflect the expected future transfer of assets to the new water entity. It is expected central government will develop details around the mechanism for the transfer of the water assets and this will be completed prior to 1 July 2024. As further details are established this may require adjustments to Council's three water assets either in respect of disclosure or measurement.

For more information on the Government reforms visit <https://www.dia.govt.nz/Three-Waters-Reform-Programme>.

19.a DEPRECIATION AND AMORTISATION EXPENSE

Water	851	837
Wastewater	1,067	997
Stormwater	532	532
Roading	2,533	2,429
Parks, Reserves, Aquatic Facilities, Civic Buildings and Recreation	867	833
Other district assets including Solid Waste and Civil Defence	201	221
Regulatory and Planning	43	47
Democracy and Administration	208	188
Community services - Arts & Heritage, Libraries, Promotions and Grants	173	163
	6,475	6,247

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GO RURAL
DISTRICT COUNCIL
CITY
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LIVING

20. PAYABLES AND DEFERRED REVENUE

Exchange Transactions

Trade creditors	2,662	3,111
Accrued charges	2,868	587
Rates in advance	284	273
Deposits & retentions	47	44
Accrued interest	111	83
Total trade and other payables	5,972	4,098

Trade payables and deferred revenue are non-interest bearing and are normally settled on 30-day terms, therefore the carrying value of trade and deferred revenue approximates their fair value.

21. EMPLOYEE BENEFIT LIABILITIES

Accrued salaries and wages	219	200
Annual leave	484	458
Long service leave	43	37
Retiring gratuities	37	35
Total employee benefits	783	730

Comprising:

Current	746	695
Non-current	37	35
Total employee benefits	783	730

22. PROVISIONS

a) Landfill aftercare provision

Opening balance	74	85
Discount unwinding	(6)	(11)
Closing balance	68	74

Due to the implementation of the Transfer Station, the landfills are now closed. The Council has responsibility to provide ongoing maintenance and monitoring of the landfills post-closure of the sites.

The cash outflows for landfill post-closure are expected to occur in between 2007 and 2033. The long-term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred. The provision has been estimated taking into account existing technology and using a discount rate of 4% (2020: 4%).

b) Ouvea Premix removal provision

Opening balance	50	55
Amounts used during the year	(4)	(5)
Closing balance	46	50

Actual 2021 \$'000	Actual 2020 \$'000
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The Council has agreed to contribute \$55,000 to fund the removal of Ouvea premix stored in various locations around Southland, including in the former Mataura Paper mill. Other parties are also contributing to the removal, including New Zealand Aluminium Smelters Limited, the Ministry for the Environment, landlords of the various properties where the goods are stored, Environment Southland, Southland District Council and the Invercargill City Council. The Council does not own the Ouvea premix. This is deemed to be a current liability.

c) Infrastructure retentions

Opening balance	85	85
Amounts used during the year	(85)	-
Closing balance	-	85

The Council holds retentions back from large construction projects for a period of time. In the future the retention is highly likely to be released as part of the contract.

TOTAL Provisions

Current	46	135
Non-current	68	74
Total Provisions	114	209

23. BORROWINGS

At amortised cost

Current

Secured Loans	6,000	11,000
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Non-current

Secured loans	26,500	11,500
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Total borrowings	32,500	22,500
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The Council's borrowings are secured through a debenture trust deed over rates.

Long term borrowings are at market rates, therefore carrying amounts approximate their fair values.

Interest is charged on a floating rate basis. At balance date the current weighted average effective interest rate on the bank borrowings is 3.12% (2020 : 3.72%).

The Council has a credit card facility with Westpac with a credit limit of \$70,000 (2020 : \$70,000).

24. CONTINGENCIES

Contingent Liabilities

Otama Rural Water Scheme

In May 2019 the Otama Rural Water Supply Bill received royal assent. The bill provides a process whereby the Otama Rural Water Supply scheme can be transferred to the users of the scheme, despite section 130 of the Local Government Act 2002, and provides for certain related matters if the scheme is transferred. At 30 June 2021 the water scheme assets have a carrying value of \$3,427,579 (2020: \$3,531,000) and the Council holds reserves of \$442,005 (2020 : \$404,000) which are transferrable to the Otama Rural Water Scheme in the event that the Local Member's Bill passes. The timing of when this Bill will complete the Parliamentary process is unknown.

Local Government Funding Agency

The Council is a guarantor of the New Zealand Local Government Funding Agency Limited (NZLGFA). The NZLGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand. It has a current credit rating from both Standard and Poors and Fitch rating agencies of AA+.

NZLGFA shareholders consist of the New Zealand Government (20%) and local authority shareholders (80%). The New Zealand Government shareholding is fully paid. The uncalled capital of local authority shareholders is \$20m and this is available in the event that an imminent default is identified. Also, together with the shareholders and guarantors, the Council is a guarantor of all of NZLGFA's borrowings. At 30 June 2021, NZLGFA had borrowings totalling \$13,610m (2020 : \$9,531m).

"Financial reporting standards require the Council to recognise the guarantee liability at fair value. However, the Council has been unable to determine a sufficiently reliable fair value for the guarantee, and therefore has not recognised a liability. The Council considers the risk of NZLGFA defaulting on repayment of interest or capital to be very low on the basis that:

- we are not aware of any local authority debt default events in New Zealand; and
- local government legislation would enable local authorities to levy a rate to recover sufficient funds to meet any debt obligations if further funds were required."

The council has been charged by WorkSafe and entered a not guilty plea. The matter is still before the court and a trial date has not been allocated. If the Court were to find the Council guilty a fine could be in the range of \$350,000 to \$450,000.

Contingent assets

There are no contingent assets at balance date (2020: Nil)

25. EQUITY

	Actual 2021 \$'000	Actual 2020 \$'000
Accumulated funds		
As at 1 July	135,476	133,398
Surplus/(deficit) for the year	1,114	22
Reserve Transfers		
Separate funds	(1,381)	2,056
As at 30 June	135,209	135,476
Restricted reserves		
As at 30 June	-	-
Council reserves		
As at 1 July	5,636	7,692
Transfers from Reserves	(1,671)	1,118
Transfers to Reserves	3,052	(3,174)
As at 30 June	7,017	5,636
Asset revaluation reserves		
As at 1 July	288,718	289,354
Revaluations gains/(losses)	-	-
Revaluation reserve gains/(losses)	(779)	(636)
As at 30 June	287,938	288,718

	Actual 2021 \$'000	Actual 2020 \$'000
Asset revaluation reserves consist of		
Water Reticulation	15,873	15,873
Wastewater and Stormwater Reticulation	15,096	15,096
Roads, Bridges and Lighting	234,571	234,572
Land	12,102	12,102
Buildings	10,296	11,075
Total	287,938	288,718
Total Equity	430,164	429,830

Capital Management

The Council's capital is its equity (or ratepayers' funds), which comprise retained earnings and reserves. Equity is represented by net assets.

The Local Government Act 2002 (the Act) requires Council to manage its revenue, expenses, assets, liabilities, investments and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayer's funds are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments and general financial dealings.

The objective of managing these items is to achieve intergenerational equity, which is a principle promoted in the Act and applied by the Council. Intergenerational equity requires today's ratepayers to meet the costs of utilising the Council's assets and not expecting them to meet the full cost of long term assets that will benefit ratepayers in future generations. Additionally, the Council has in place asset management plans for major classes of assets detailing renewal and maintenance programmes, to ensure ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

The Act requires the Council to make adequate and effective provision in its Long Term Plan (LTP) and in its annual plan (where applicable) to meet the expenditure needs identified in those plans. And the Act sets out the factors the Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the funding and financial policies in the Council's LTP.

Council has the following Council created reserves

- reserves for different areas of benefit
- self-insurance reserves; and
- trust and bequest reserves.

Reserves for different areas of benefit are used where there is a discrete set of rate payers as distinct from the general rate. Any surplus or deficit relating to these separate areas of benefit is applied to the specific reserves.

Self-insurance reserves are built up annually from general rates and are made available for specific unforeseen events.

Trust and bequest reserves are set up where Council has been donated funds that are restricted for particular purposes. Interest is added to trust and bequest reserves where applicable and deductions are made where funds have been used for the purpose they were donated.

Information about reserve funds held for a specific purpose is provided below:

SCHEDULE OF SPECIAL RESERVE FUND MOVEMENTS

	Sum of 30 June 2020	Additions \$'000	Withdrawals \$'000	Sum of 30 June 2021
(a) Special bequests				
A M A Dolamore	67	1		68
C A Coster	100	1		101
Dolamore Trust	5			5
Dorothy Newman Trust	18			18
J H Dolamore	40			40
(a) Special bequests total	231	2		233
(b) Council created reserves				
Airport reserve	13			13
Council wide asset replacement and maintenance reserves	4,243	3,001	(1,600)	5,644
Creative New Zealand	2			2
Drainage contributions reserve	62			62
Insurance excess reserve	51			51
Mataura Initiatives Reserve	17			17
Otama water scheme	404	42		446
Parks and Reserves development reserve	51		(32)	19
Rural Halls Reserve	13			13
Rural Special Fund	512	6		518
Rural Roading reserve	(10)		(1)	(11)
Sister City reserve	9			9
Website Reserve	38		(38)	-
Young Ambassador reserve	1			1
(b) Council created reserves total	5,406	3,049	(1,671)	6,784
Grand total	5,637	3,051	(1,671)	7,017

26. RELATED PARTY TRANSACTIONS

	Actual 2021 \$'000	Actual 2020 \$'000
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(a) Transactions with Related Parties

During the year Councillors and key management were involved in minor transactions (for example payment of rates) with the Council as part of a normal customer relationship.

During the year the following (payments)/receipts were made (to)/from local businesses in which Councillors are co-owners:

Southern Office Products Depot (owned by Councillor Nicky Davis) - purchase of stationery items	(31)	(20)
PaperPlus Gore (owned by Councillor Doug Grant) - purchase of stationery items	(26)	(11)

(b) Other Transactions Involving Related Parties

Community Networking Trust (Councillor Glenys Dickson is a Trustee)	(77)	(18)
Southern REAP (Councillor Glenys Dickson is a Board Chair)	(5)	1
Gore River Valley Lions (Councillor Bronwyn Reid is a Member)	(2)	(1)

No provision has been required, nor any expense recognised for impairment of receivables for any loans or other receivables to related parties (2020: No).

Key management personnel compensation

Councillors

Full-time equivalent members	12	12
Remuneration	400	363

Senior management team, including the Chief Executive

Full-time equivalent members	6	5
Remuneration	1,005	839

Total full-time equivalent personnel	18	17
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Total key management personnel remuneration	1,405	1,202
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Due to the difficulty in determining the full time equivalent for Councillors, the full time equivalent figures is taken as the number of Councillors.

27. EVENTS AFTER BALANCE DATE

On 17 August 2021 all of New Zealand moved to Covid Delta alert level 4. On 31 August 2021 all of New Zealand south of Auckland moved to alert level 3. On 7 September 2021 New Zealand, except for Auckland, moved to alert level 2, on which Gore District still complies with. No significant impact of these level changes are anticipated.

On 27 October 2021, the Minister for Local Government announced that central government will proceed with the three waters service delivery reforms using a legislated “all in” approach. The three waters reform involves the creation of four statutory water services entities to be responsible for the service delivery and infrastructure from local authorities from 1 July 2024. There is still a number of uncertainties associated with the new three waters delivery model, including the mechanism for how assets will be transferred to the newly established entities and the control and governance of these entities. Notwithstanding the current uncertainty the announcement once legislated will mean Council is no longer responsible for the delivery and infrastructure of three water services from 1 July 2024.

The Council’s 2021 - 2031 Long Term Plan was adopted on 21 July 2021. This breached section 93(3) of the Local Government Act 2002, as the Long Term Plan was not adopted before the commencement of the first year to which it relates.

28. FINANCIAL INSTRUMENTS

The carrying amounts of financial assets and liabilities in each of the financial instrument categories are as follows:

	Actual 2021 \$'000	Actual 2020 \$'000
FINANCIAL ASSETS		
<i>Fair value through surplus or deficit - Held for trading</i>		
Derivative financial instrument assets	-	-
Other financial assets:		
- Investments in debt securities	-	-
Total fair value through surplus or deficit	-	-
<i>Loans and receivables</i>		
Cash and cash equivalents	2,936	2,305
Trade and other receivables	3,574	4,266
Other financial assets:		
- Term deposits	4,714	1,724
- Community loans	50	75
- Investment in other entities	559	265
Total loans and receivables	11,833	8,635
<i>Fair value through other comprehensive revenue</i>		
Other financial assets:		
- listed bonds		
- Unlisted shares	79	78
Total fair value through other comprehensive revenue and expense	79	78

28. FINANCIAL INSTRUMENTS continued...

	Actual 2021 \$'000	Actual 2020 \$'000
FINANCIAL LIABILITIES		
<i>Fair value through surplus or deficit - Held for trading</i>		
- Derivative financial instrument liabilities – not hedge accounted	1,455	2,516
Financial liabilities at amortised cost		
Trade and other payables	5,972	4,098
Borrowings:		
- Bank overdraft	-	-
- Lease liabilities	-	-
- Secured loans	32,500	22,500
Other financial liabilities	42	62
Total financial liabilities at amortised cost	38,514	26,660

Fair value

The Council carries certain financial assets and financial liabilities at fair value. In accordance with PBE IPSAS 30 - Fair Value Measurement, Council uses various methods in estimating the fair value of its financial instruments. The methods comprise:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The following table analyses the basis of the valuation of classes of financial instruments measured at fair value in the statement of financial position:

28. FINANCIAL INSTRUMENTS continued...

	Total \$'000	Quoted market price \$'000	Observable inputs \$'000	Significant non-observable inputs \$'000
30 Jun 2021 - Council				
Financial assets				
Derivatives	-	-	-	-
Investments in debt securities	-	-	-	-
Shares	79	-	-	79
Financial liabilities				
Derivatives	(1,455)	-	(1,455)	-
30 Jun 2020 - Council				
Financial assets				
Derivatives	-	-	-	-
Investments in debt securities	-	-	-	-
Shares	78	-	-	78
Financial liabilities				
Derivatives	(2,516)	-	(2,516)	-

There were no transfers between the different levels of the financial hierarchy.

Valuation techniques with significant non-observable inputs (level 3)

The table below provides a reconciliation from the operating balance to the closing balance for the level 3 fair value measurements:

	Actual 2021 \$'000	Actual 2020 \$'000
Balance as at 1 July	78	86
Gain and losses recognised in the surplus or deficit	1	(35)
Purchases	-	27
Balance as at 30 June	79	78

Changing a valuation assumption to a reasonable possible alternative assumption would not significantly change fair value.

FINANCIAL INSTRUMENTS RISKS

Council has a series of policies to manage the risks associated with financial instruments. Council is risk averse and seeks to minimise exposure from its treasury activities. Council has established Council approved Liability Management and Investment policies. These policies do not allow any transactions that are speculative in nature to be entered into.

Market risk

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Council is not exposed to currency risk as it does not enter into foreign currency transactions.

28. FINANCIAL INSTRUMENTS continued...

Interest rate risk

Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Borrowings and investments issued at fixed rates expose the Council to fair value interest rate risk. Council's Liability Management policy outlines the level of borrowing that is to be sourced using fixed rate instruments.

Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Borrowings and investments issued at variable interest rates expose Council to cash flow interest rate risk.

Council manages its cash flow interest rate risk on borrowings by using floating to fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings at floating rates and swaps them into fixed rates that are generally lower than those available if Council borrowed at fixed rates directly. Under the interest rate swaps, Council agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed national principal amounts.

Credit risk

Credit risk is the risk that a third party will default on its obligation to Council, causing the Council to incur a loss. Council has no significant concentrations of risk, as it has a large number of customers, mainly ratepayers, and the Council has powers under the Local Government (Rating) Act 2002 to recover outstanding debts from ratepayers.

Council invests funds in accordance with its Investment policy which limits the amount of credit exposure to any one institution and ensures dispersion and minimisation of risk.

Council has no other collateral or other credit enhancements for financial instruments that give rise to credit risk.

Council's maximum credit exposure for each class of financial instrument is as follows:

	Actual 2021 \$'000	Actual 2020 \$'000
Cash at bank and term deposits	7,650	4,029
Trade and other receivables	3,574	4,266
Community loans	50	75
- Investment in other entities	559	265
Investments in debt securities	-	-
Derivative financial instrument assets	-	-
Total credit risk	11,833	8,635

All cash at bank and term deposits are neither past due nor impaired and are made with registered banks with Standard and Poor's credit ratings of A1 or better short term.

All investments in debt securities are neither past due nor impaired and are made with counterparties with Standard and Poor's credit ratings of BBB or better long term or with other local authorities.

Community loans are with counterparties with no defaults in the past.

28. FINANCIAL INSTRUMENTS continued...

Liquidity risk

Liquidity risk is the risk that Council will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Council aims to maintain flexibility in funding by keeping committed credit lines available.

In meeting its liquidity requirements, the Council maintains a target level of investments that must mature within the next 12 months and ensure all investments are readily tradable.

Council manages its borrowing in accordance with its funding and financial policies, which include a Liability Management policy. These policies have been adopted as part of the Council's Long Term Plan.

Contractual maturity analysis of financial liabilities, excluding derivatives

The table below analyses Council's financial liabilities into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date.

	Carrying amount \$'000	Less than 1 year \$'000	1-2 years \$'000	2-5 years \$'000	More than 5 years \$'000
Council 2021					
Bank overdraft	5,875	5,875	-	-	-
Secured loans	32,500	6,000	5,000	15,500	6,000
Total	38,375	11,875	5,000	15,500	6,000
Council 2020					
Trade and other payables	4,098	4,098	-	-	-
Secured loans	22,500	11,837	5,837	4,826	-
Total	26,598	15,935	5,837	4,826	-

Contractual maturity analysis of derivative financial instruments

The table below analyses Council's maturity dates for interest rate derivative financial instruments.

	Carrying amount \$'000	Less than 1 year \$'000	1-2 years \$'000	2-5 years \$'000	More than 5 years \$'000
Council 2021	1,455	-	274	1,181	-
Council 2020	2,515	-	-	1,674	841

28. FINANCIAL INSTRUMENTS continued...

Contractual maturity analysis of financial assets

The table below analyses Council's financial assets into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date.

	Carrying amount \$'000	Less than 1 year \$'000	1-5 years \$'000	More than 5 years \$'000
Council 2021				
Cash and cash equivalents	2,936	2,936	-	-
Trade and other receivables	3,478	3,478	-	-
Unlisted shares	79	-	-	79
- term deposits	4,714	4,714	-	-
- community loans	50	-	50	-
- investment in debt securities	559	-	409	150
Total	11,816	11,128	459	229
Council 2020				
Cash and cash equivalents	2,305	2,305	-	-
Trade and other receivables	4,266	4,266	-	-
Unlisted shares	78	-	-	78
- community loans	70	-	70	-
- investment in debt securities	264	80	184	-
Total	6,983	6,651	254	78

Sensitivity Analysis

The Council is exposed to interest rate risk arising from borrowing funds at floating interest rates and investing cash in short-term deposits at fixed interest rates.

The Council believes there is no material sensitivity to interest rate movements in relation to at the year end due to the following:

- The majority of interest rate related exposures relate to borrowings.
- The majority of floating rate borrowings are economically hedged with interest rate swap contracts.
- Any adverse / positive impact arising from the sensitivity to interest rate risk on floating rate borrowings will be offset by an equal and opposite movement in the fair value of the interest rate swap contracts.

The sensitivity analysis below has been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period.

At reporting date, if interest rates had been 10% higher or lower and all other variables were held constant, the Council's:

- Surplus would decrease/increase by \$92,000 (2020: \$81,000). This is mainly attributable to the Council's exposure to interest rates on its borrowings.
- Other equity reserves would remain unaffected.

28. FINANCIAL INSTRUMENTS continued...

The Council's sensitivity to interest rates has not changed significantly from the prior year.

The sensitivity analysis below has been determined based on the exposure to equity price risks at the reporting date.

At reporting date, if equity prices had been 10% higher or lower and all other variables were held constant, the Council's:

- Surplus would have been unaffected.
- Other equity reserves would have increased/decreased by \$5,000 (2020: \$5,000) as the equity investments are classified as available for sale investments.

The Council's sensitivity to equity prices has not changed significantly from the prior year.

29. EXPLANATION OF MAJOR VARIANCES AGAINST BUDGET

Explanation of major variations from Council's estimated figures in the 2020/2021 budget, as reflected in the Annual Plan, are as follows:

Statement of Comprehensive Revenue and Expense

Council made a net surplus of \$334,000 (budgeted deficit of -\$730,000).

Subsidies and grants is higher than budget by \$2.04m. This is mainly due to the Shovel Ready funding from Government for the multisports centre re-roof, the redevelopment of the Library and Community rooms, funding for Mayor's Taskforce for Jobs, Streets Alive and the stimulus funding received for 3Waters.

Other gains/(losses) is higher than budget by \$1.06m. Interest rate swaps were revalued and with the Council realising a gain on the swaps held.

Depreciation and amortisation expense is higher than budget by \$783k. This is largely due to the \$580k impairment on the James Cumming Wing with the redevelopment of that building underway.

Salaries and wages are favourable by \$324k due to a number of vacancies throughout the organisation.

Other expenses are higher than budget by \$1.83m. The main contributors to the variance include the additional \$650k granted to the Hokonui Moonshine Museum Charitable Trust for the redevelopment of the Moonshine Museum and Distillery. A net increase of \$327k in the expenses relating to solid waste disposal. Expenditure for Mayor's Taskforce for Jobs of \$221k (offset by grant funding received). The number of vacancies within the organisation, Council in a number of cases were required to hire consultants to ensure that work was completed. This has resulted in expenditure on consultants being \$387k over budget. The stimulus funding received for 3Waters has also resulted in an increase in operating expenditure in wastewater to the value of \$305k.

Statement of Financial Position

Current assets are higher than budget by \$4.3m. This is primarily due to the Council having an additional \$3m in short term deposits at year end than was budgeted for.

Property, plant and equipment are \$10m lower than budget. Key contributors to the variance are the delay in the Longford Bridge project which is awaiting resource consent. Delays were also experienced in the footpath and drainage programme as a flow-on effect from COVID-19 in 2020, and also the Streets Alive initiative.

Accounts payable is higher than budget by \$2.8m, and up \$1.7m on 2020 actuals. Of this \$1.4m is income received in advance for the Shovel Ready and stimulus funding projects.

Total borrowings is lower than budget by \$6m due to delays in the 3Waters projects.

30. RECONCILIATION OF NET SURPLUS/(DEFICIT) AFTER TAX TO NET CASH FLOW FROM OPERATING ACTIVITIES

	Actual 2021 \$'000	Actual 2020 \$'000
Surplus/(deficit) after tax	1,114	20
Add/(less) non-cash items:		
Depreciation and amortisation	6,475	6,247
Impairment charges	580	-
(Gains)/losses in fair value of financial instruments	(1,062)	590
Movement in provision	(94)	(15)
Add/(less) items classified as investing or financing activities:		
(Gains)/losses on disposal of property, plant	(829)	(40)
Add/(less) movements in working capital items:		
Accounts receivable	538	(2,607)
Inventories	7	26
Prepayments	(77)	165
Accounts payable	2,251	506
Employee Entitlements	53	160
Net cash inflow/(outflow) from operating activities	8,956	5,052

31. COVID-19 DISCLOSURE

On 11 March 2020, the World Health Organisation declared a global pandemic as a result of the outbreak of and spread of COVID-19. Following this, the New Zealand Government's response resulted in periods of lockdown and/or restrictions which caused disruption to businesses, public services, and economic activity. During the current financial period the Council's operations were not affected by lockdowns.

LIABILITY MANAGEMENT POLICY

Background

Section 104 of the Local Government Act 2002 requires each local authority to have a Liability Management Policy that includes policies for:

- Interest rate exposure
- Liquidity
- Credit exposure
- Debt repayment
- Specific borrowing limits
- Giving of securities

Full details of this policy can be found in the 2018 – 2028 10-Year-Plan.

Performance

There were no material variations or departures from the Council's Borrowing Policy during the year to 30 June 2021.

Details of the Council's debt are disclosed in note 23 of the Financial Statements. Further information in relation to interest rate risk and fair values of the Council's debt is disclosed in note 28 of the Financial Statements.

The Council borrows from the New Zealand Local Government Funding Agency.

Borrowing Limits

	Actual 30 June 2021	Limit
Net Debt as a percentage of total revenue	85.3%	<175%
Net interest as a percentage of total revenue	3.2%	<20%
Net interest as a percentage of rates	5.1%	<25%

INVESTMENT POLICY

Background

The Council manages funds for the following purposes:

- Day to day working capital management
- Part of an investment strategy
- Debt mitigation
- To meet debt repayments
- To fund short term and long term commitments identified in the Council's Annual Plan and 10-Year-Plan.

Full details of this policy can be found in the 2018-2028 10-Year-Plan.

Performance

This policy was reviewed and updated during the year. There were no material variations or departures from the Council's Investment Policy during the year to 30 June 2021.