

GO
DISTRICT COUNCIL
RE

ANNUAL REPORT

FOR THE YEAR ENDING 30 JUNE 2020



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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.

Executive Staff:

Chief Executive

Stephen Parry

General Manager Infrastructure

Ramesh Sharma

General Manager Regulatory & Community Services

Vacant

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 2020 fairly reflect the financial position and operations of the Gore District Council.



Tracy Hicks JP
MAYOR

10 November 2020

Date



Stephen Parry
CHIEF EXECUTIVE

10 November 2020

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 2019/20 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.

A year of extraordinary events

The 2020 calendar year will resonate in history due to the outbreak of the COVID-19 pandemic. The outbreak of this invisible enemy has seen countries shut their borders, economies brought to their knees and at the time of writing, just over one million people lose their lives.

For the Gore District Council, it meant public facilities such as the Gore Aquatic Centre, MLT Event Centre and libraries were closed to the public during a lockdown period that occurred from late March through to May.

The Council was able to provide essential services remotely, but the lack of revenue from the Gore Multisports Complex and regulatory services has made its presence felt.

In response to this unprecedented economic and health crisis, the Council quickly moved into gear by offering a rates deferral scheme and establishing a business and community support hub named Te Kāpehu. It is somewhat of a relief and pleasing to be able to report that to date both initiatives have been lightly patronised by members of the community.

A bigger event for the Gore District locally, in terms of damaging cost, was the Southland floods that occurred in early February. This event, which involved the evacuation of residents of both Gore and Mataura, was the largest of its type since the 1978 flood. Both Gore and Mataura communities were lucky to escape the full velocity and volume of the water passing down the Mataura River, although some residents in both communities did incur flood damage to their properties and have had their lives severely disrupted.

The flood event not only involved a huge amount of human response via the Council's emergency management operation, but also wreaked havoc with the District's infrastructure. Approximately \$1.8 million of damage was sustained to community infrastructure. Whilst there has been funding assistance received from the Government, there has been a shortfall of around \$800,000 that has had to be absorbed.

Financial performance

Our financial statements record a modest surplus of \$20,000. This is considerably less than the forecast surplus of \$2.694 million. This result reflects the unpredictable nature of the year under review. Both flood costs and a loss in value of the interest rate swaps held by the Council, together with higher depreciation based on a revaluation of assets, have all had an impact.

Total borrowings at year end were \$22.5 million, which is \$8,352,000 less than what was forecast. This difference is due to delays in executing some of the major capital works, all of which were to a degree affected by the COVID-19 lockdown.

Statement of service performance – Wastewater and Stormwater

It has been disappointing to record that the Council has received a qualification to its annual report in regard to some performance measures in the wastewater and stormwater areas which centre on timeliness in responding to customer complaints. The details of the performance measures which are subject to the qualification can be found on pages 36 and 40.

The qualification pertains to the unreliability of the data that the Council has to be able to report achievement or otherwise against the performance measures stated. It is disappointing that our auditors were unable to take cognisance of the extraordinary pressure that the Council found itself in during and post the February flood event, where the emphasis was on responding to very high number of service requests and endeavouring to meet demands with limited resources. This coupled with key staff leaving the organisation at this point in time placed considerable pressure on processes and systems. The qualification also needs to be placed against the backdrop of high levels of public satisfaction about how the Council responded to the flood event.

With new staff on board processes to accurately record when customer service requests have been received and completed, have now been put in place.

Environment

In last year's Annual Report we were able to disclose that a contract had been entered into with Australian-based company Inalco Processing Limited for the removal of 10,000 tonnes of ouvea premix, left abandoned at the former Mataura Paper Mill when Taha Fertiliser Industries Limited went into liquidation. The removal contract has proceeded in line with contract expectations and despite a five-week interruption during Level 4 COVID-19 lockdown, at the end of the financial year under review, good progress had been achieved. As at 30 June 2020, a total of 1,210 tonnes had been removed. It is expected that by the end of the 2020 calendar year close to 3,000 tonnes would have been removed from Mataura.

The flood event in February brought home the perils of having this toxic substance stored in a building right next to the Mataura River. The Council is acutely aware of community concern and has been actively engaged in discussions since the flood event to expedite the removal process. At the time of writing, the Council was a participant in Environment Court mediation to ascertain whether agreement can be reached for an accelerated removal process to eliminate the unacceptable level of risk to the residents of Mataura

New Pyramid Bridge

A significant highlight of the past year has been the completion of the new Pyramid Bridge. The new bridge was built under budget and on time and was officially opened in June 2020. The new structure replaces the old bridge that was washed away in a flood event in February 2018.

We acknowledge the patience and frustrations of both Gore District and Southland District residents in having to operate without a bridge at Pyramid for nearly two and a half years.

Water treatment

Last year we reported the Council had made a key decision to centralise its water treatment plants in Gore on the East Gore Treatment Plant. Desirability of centralising treatment on one plant stems from the need to upgrade the treatment process significantly to achieve compliance with the New Zealand Drinking Water Standards. Towards the end of the year under review, the Council's Capital Works Committee recommended acceptance of a tender for the supply and installation of a new membrane plant at the East Gore treatment plant.

Following close behind in this project is the provision of a new bridge structure to carry water pipes to and from the East Gore plant over the Mataura River. At the same time the Council has taken advantage of a change in the Government Policy Statement on Land Transport that provides for funding for increased walking and cycling opportunities. Therefore the Council is proposing to proceed with an architecturally designed bridge that will both serve the purpose of conveying water pipes while also providing cycling and walking opportunities, and improving safety and connectivity between east and west Gore. At the time of writing the Council was in the midst of a resource consent application process. It is hoped to be able to complete construction of the bridge in 2021.

Civic administration building

Another significant milestone in the previous year was the decision by Council in November 2019 to accept a tender for the comprehensive renovation and expansion of the Council's civic administration building. This \$6 million project has been on Council's books for 10 years. Whilst the 1968 building is structurally sound, it is badly outdated, too small and does not work well in a functional sense. Completion is expected by the end of 2020.

Shovel-ready funding

The Council had some success in accessing the Government's shovel-ready funding scheme, which was created to stimulate the economy in response to the Covid-19 pandemic. Two of the projects put forward by the Council were successful in securing funding. One of these projects was deferred maintenance at the Gore Multisports Complex which involves roof replacement at the event centre and upgrading ventilation in the aquatic centre plant room. The Council received 100% funding of \$1 million for this project.

The Council also received approval for a grant of \$3 million to upgrade the James Cumming Wing for incorporation of both a new library and community rooms. With financial contributions from Mataura Valley Milk Limited of nearly \$1 million, which has already been targeted for use within an upgraded library, the Council has a strong financial platform to launch this exciting project. Community engagement on a proposed design for the upgraded building is currently being undertaken.



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 2020

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 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 10 November 2020. This is the date on which we give our report.

Unmodified opinion on the audited information other than the statement of service performance

In our opinion:

- the financial statements on pages 69 to 107:
 - present fairly, in all material respects:
 - the District Council's financial position as at 30 June 2020;
 - 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 109, 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;
- the statement about capital expenditure for each group of activities on pages 25 to 68, 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 25 to 68, 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.

Qualified opinion on the statement of service performance

In our opinion, except for the matters described in the Basis for our qualified opinion section of our report, the statement of service performance on pages 25 to 68:

- presents fairly, in all material respects, the District Council's levels of service for each group of activities for the year ended 30 June 2020, 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.

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 12 to 19, 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.

Basis for our unmodified opinion on the audited information and qualified opinion on the statement of service performance

The District Council has included the following performance targets for providing a reliable service and an effective response to customer requests, which are measured through the timeliness of responding and resolving these requests:

- Wastewater: Customer requests for blockages or faults that are urgent should be responded to within 120 minutes, and non-urgent requests, within 8 hours (pg 36);
- Wastewater: Customer requests for blockages or faults that are urgent should be resolved within 8 hours, and non-urgent requests, within 5 days (pg 36); and
- Stormwater: Customer requests for flooding events should be responded to within 60 minutes (pg 40).

The data used to generate the results for the above-mentioned performance measures contain a number of irregularities, such as negative response and resolution times and requests dated prior to the current year. We have been unable to obtain sufficient appropriate evidence to determine whether the reported results are materially correct, due to the way that the data was captured. There were no practical alternative audit procedures we could perform.

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.

Emphasis of Matter - Impact of Covid-19

Without modifying our opinion, we draw attention to the disclosures about the impact of Covid-19 on the District Council as set out in Note 24 to the financial statements.

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 Performance, 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 3 to 7, 20 to 24 and 111 to 113, but does not include the audited information and the disclosure requirements.

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: *International 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 engagement in the areas of 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 2020

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.

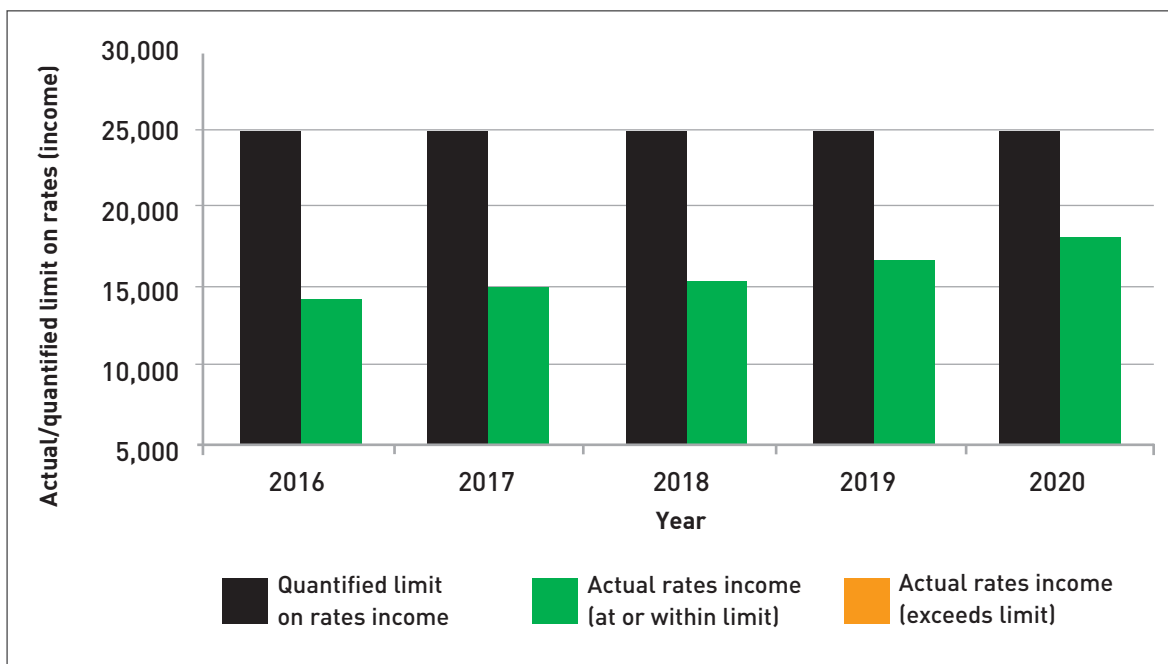
Rates affordability benchmark

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.

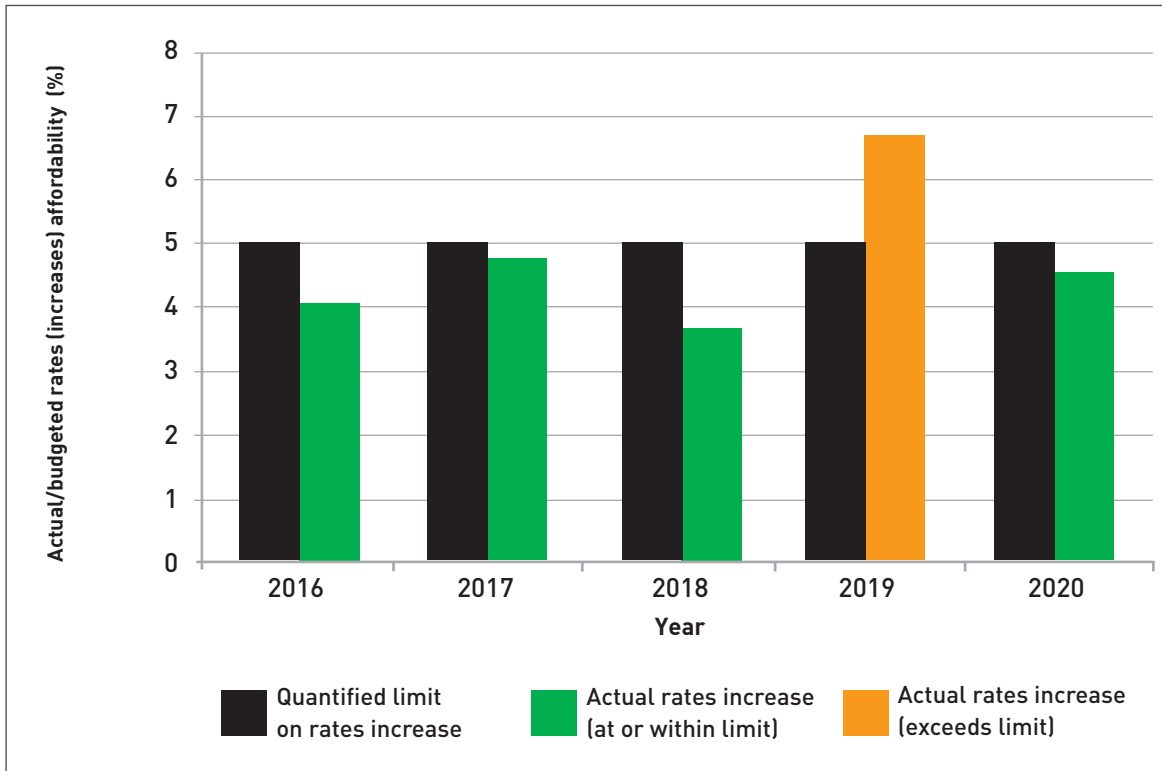


Comment

The Council set a limit of \$25 million for this benchmark as part of the 2015-2025 10-Year-Plan and the 2018-2028 10-Year-Plan. The Council met this benchmark in the 2020 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%.



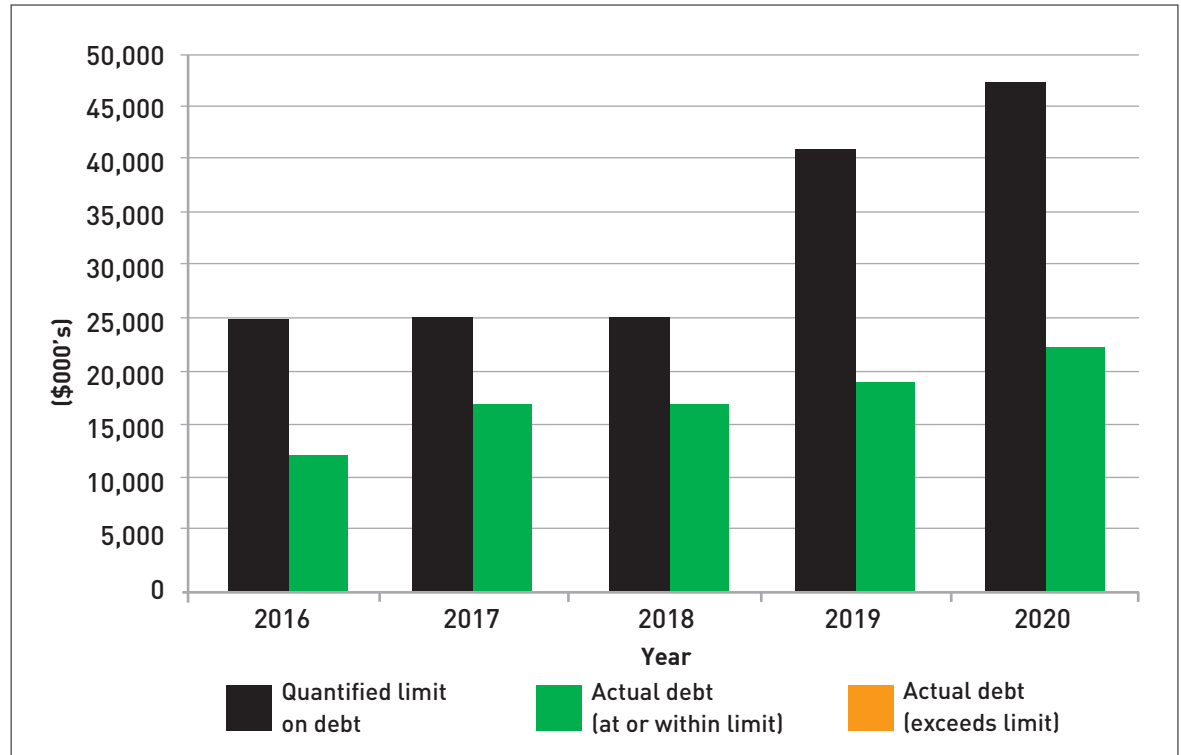
Comment

In 2020 the Council achieved this benchmark as the Council planned for a 4.95% increase for the 2020 year in its 2015-2025 10-Year-Plan and also the 2018-2028 10-Year-Plan. In 2019 the Council did not achieved 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 the measures can be compared, each measure has been converted into the total maximum borrowing amount in dollars for that year.

For the years 2016, 2017 and 2018 the measure was \$4,200 of debt per rating unit (\$25 million, \$24.8 million and \$24.85 million respectively).

For the 2018-2028 10-Year-Plan, the Council adopted the Local Government Funding Agencies 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 \$47 million.

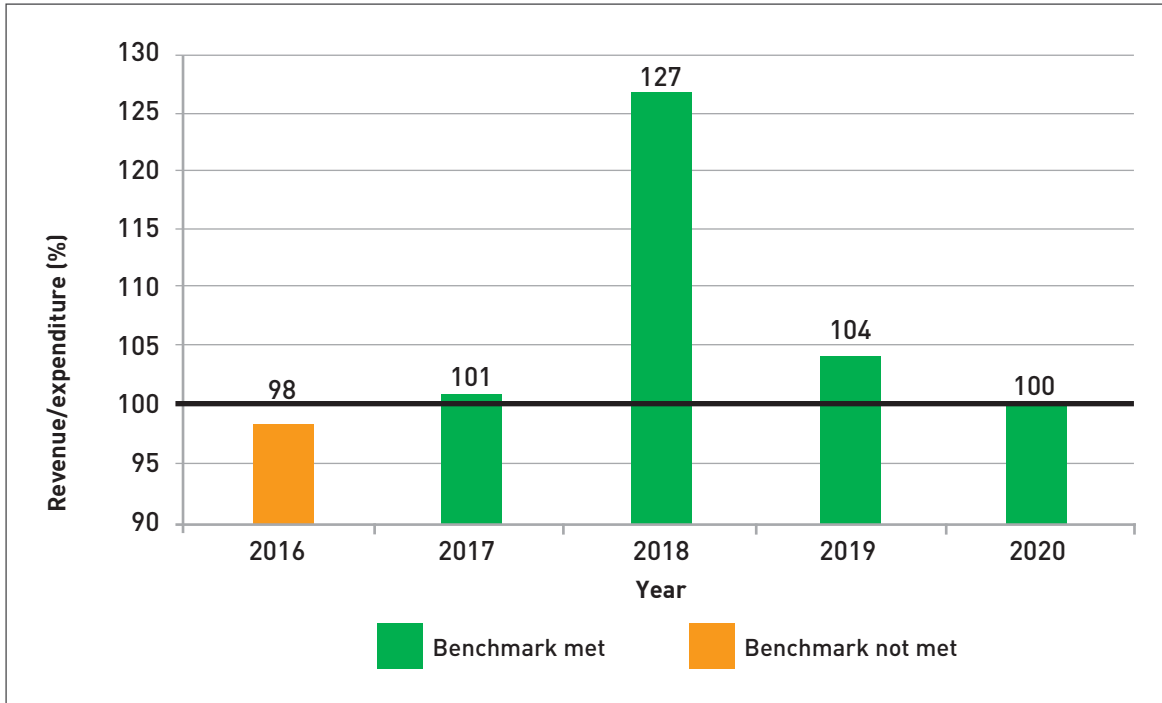
Comment

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

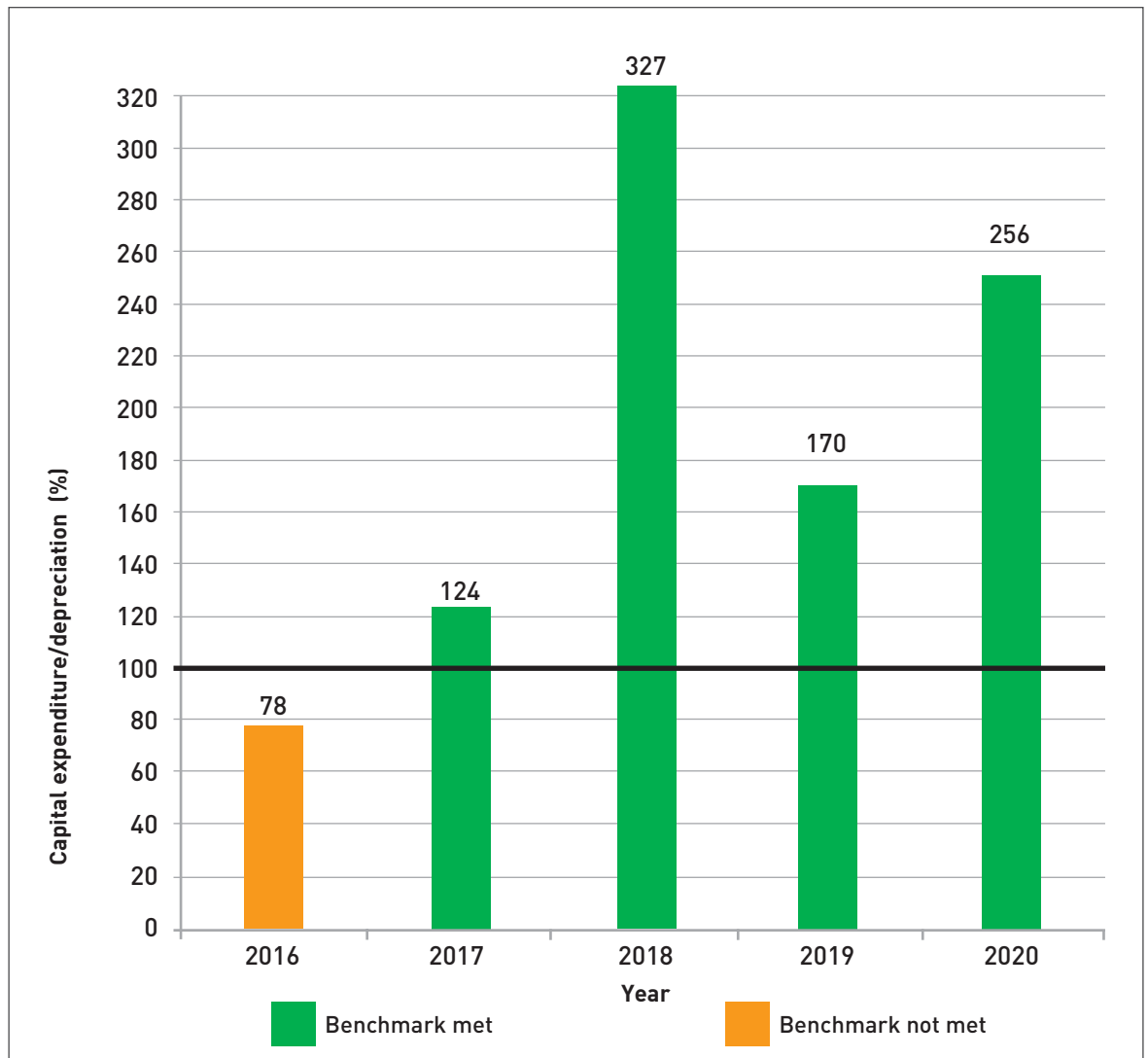
The Council met this benchmark in 2020. The Council's financial strategy in both the 2015-2025 10-Year-Plan and 2018-2028 10-Year-Plan focused on returning to balanced budgets by the 2018 financial year by changing the way the Council funded the interest costs on its borrowing. 2019 was the first year where interest costs will be funded directly by rates rather than by depreciation.

2016 financial year - the Council budgeted for a deficit in the 2016 year due to the mix of different funding sources for various activities.

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 it's capital expenditure on network services equals or is greater than depreciation on network services.



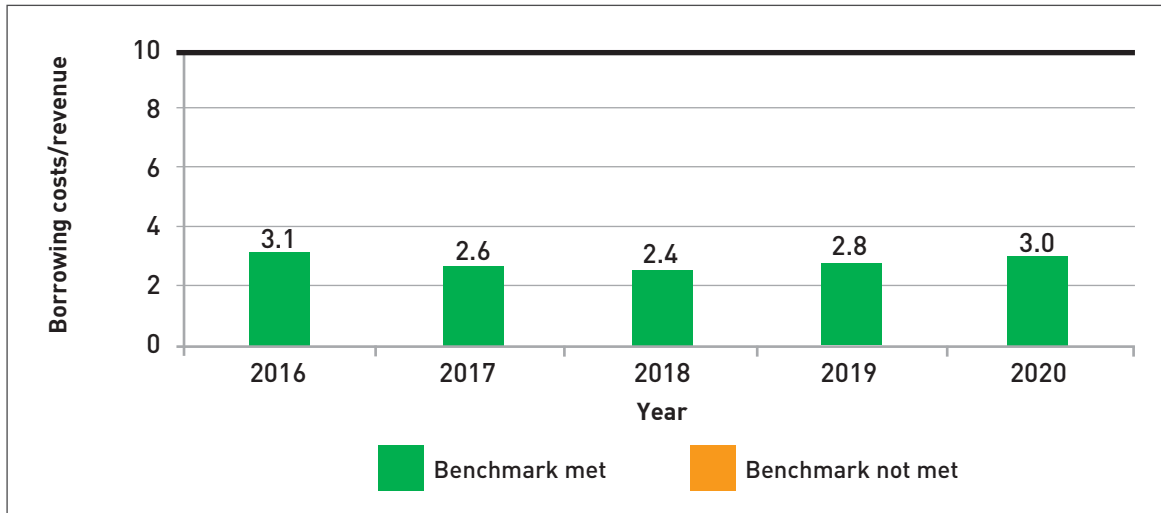
Comment

The Council met this benchmark in 2020. The 2018-2028 10-Year-Plan outlines a significant capital programme, focused heavily on 3 Waters infrastructure.

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.



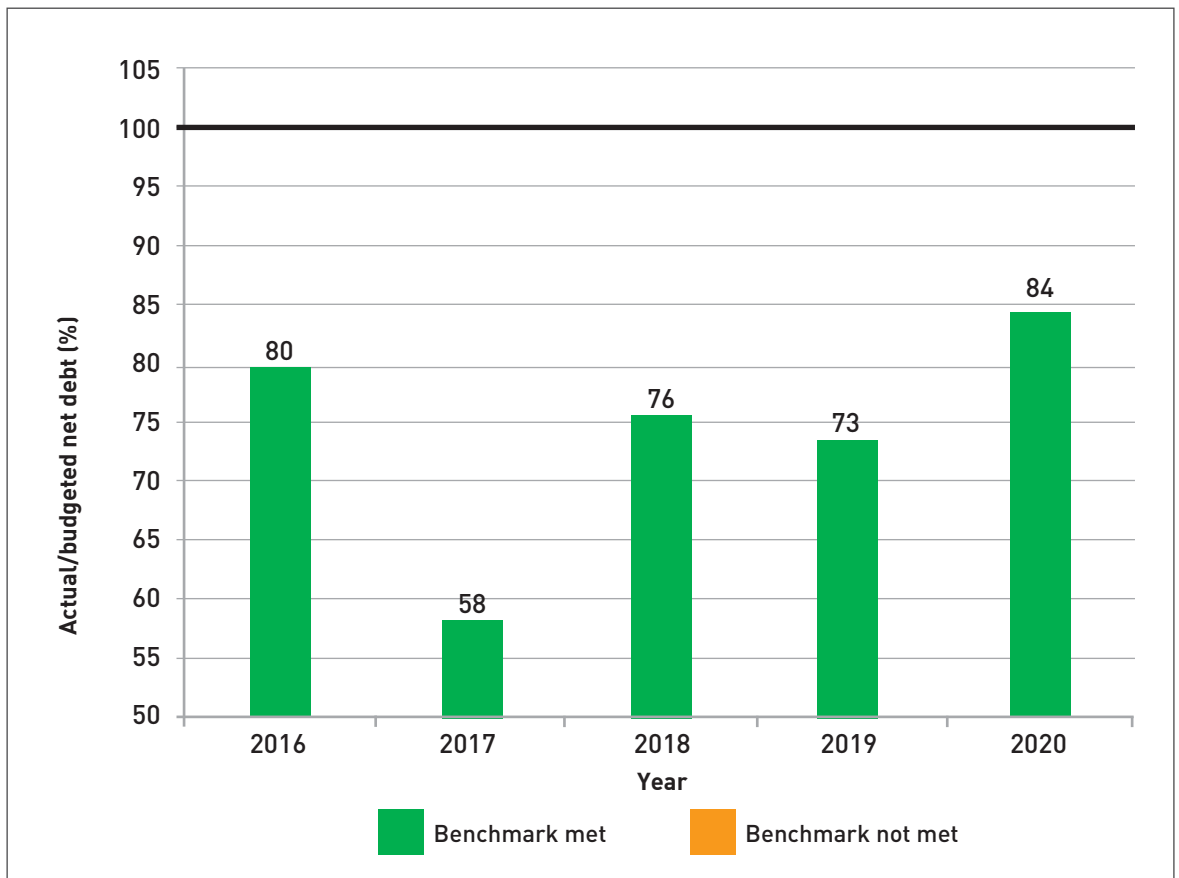
Comment

The Council met this benchmark in 2020. The Council's debt servicing (interest cost) remains low due to relatively low levels of debt. The slight increase is due to planned higher levels of borrowing for 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.



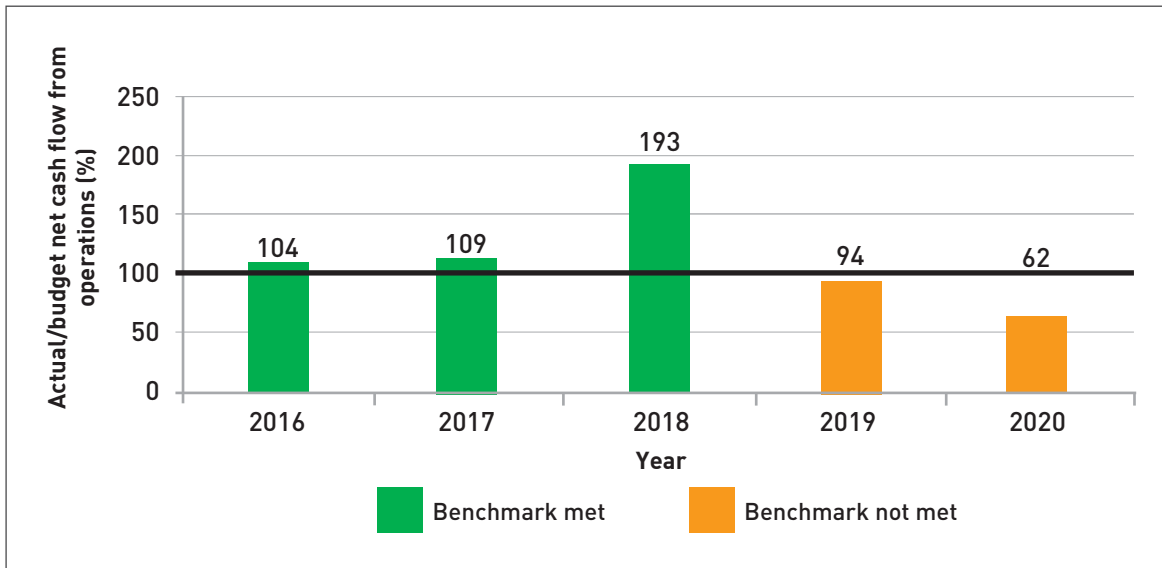
Comment

The Council met this benchmark in 2020. Delays to capital projects such as the library re-roof and Gore water treatment plant upgrades, 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

While the Council strives to keep rates affordable and debt low, there is limited scope in the budget for expenditure arising outside of the normal course of business.

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 permanent hold during the year.

COLLABORATION ACROSS COUNCILS - SHARED SERVICES

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.

Gore District Council (GDC), Invercargill City Council (ICC) 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.

During 2019/20 EMS managed two major emergencies – flooding, which affected the wider Southland region, and COVID-19.

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 projects that were completed during the past year were:

- a shared review of backup and disaster recovery capabilities. This resulted in running a joint Request or 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 is to increase the Southland population by 10,000 more 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, Matura 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, Maitaha 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 \$1.55 million 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

The Council acknowledges the importance of tikanga Māori and values its relationship with both Ngāi Tahu (through the four Southland papatipu rūnanga) and ngā matawaka (other Māori who are not Ngāi Tahu) living within Murihiku/Southland.

Charter of Understanding

To help promote and develop its relationship with Māori, Gore District Council, Environment Southland and five other local authorities in Southland/Otago, namely Southland District Council, Invercargill City Council, Gore District Council, Queenstown Lakes District Council, Clutha District Council and Otago Regional Council signed with Te Ao Mārama Inc the Charter of Understanding He Huarahi mō Ngā Uri Whakatapu - A Pathway for the Generations Coming Through.

The revised Charter was re-signed by all the parties at Hokonui runanga marae on 7 March 2016. The new Charter will be signed in late 2020.

The Charter of Understanding provides:

- the basis for an ongoing relationship between the seven councils and the tangata whenua of Murihiku to assist in developing the capacity of Māori to contribute to decision-making processes;
- a foundation for consultation on a wide range of local government issues;
- for the recognition and willingness of Te Ao Mārama Inc to assist all councils in consultation with all ngā matawaka living in Murihiku. This is important in terms of Māori contribution to decision-making in the Southland region, particularly as the Local Government Act responsibilities of the Council in relation to Māori are with all Māori, not solely the local Iwi.

Te Roopū Taiao is the collaborative structure put in place for the purposes of giving effect to the Charter of Understanding and the obligations of the parties to the charter. Senior Councillors and Council staff involved in resource management regularly attend Te Roopū Taiao meetings.

Consistent with the changes to the Charter referred to above, Te Roopū Taiao includes ngā matawaka (other Māori who are not Ngāi Tahu) representatives; and meetings are usually held quarterly.

Fostering Māori Capacity

The points below highlight progress with a number of initiatives undertaken during 2019/20 aimed at fostering Māori capacity to contribute to decision-making processes:

- continued to hold regular liaison meetings between Te Ao Mārama Inc managers and Council Executive, and weekly contact at staff level;
- invited Māori representatives to attend Council hui (meetings) and wananga (workshops) to become familiar with Council kawa (protocol);
- provided for hearing commissioners with tikanga Māori skills to be appointed on key issues, such as major resource consent applications or plan developments that have issues of iwi significance;
- continued the partnership with Te Ao Mārama Inc in the development of the Southland Water and Land Plan project; the People, Water and Land Programme; and the Whakamana te Waituna programme.
- maintained existing protocols with Māori in relation to the ways in which Council undertakes its statutory duties;
- referred to and reported against Te Tangi a Tauira, the Ngāi Tahu Murihiku Resource Management Plan when assessing resource consent applications;
- maintained our commitment to ongoing funding of Te Ao Mārama Inc, with Environment Southland acting as the central financial manager for all the Councils' contributions and distribution of funds to Te Ao Mārama Inc;

- Council continued to offer the 50/50 shared arrangement to fund the Iwi Policy Officer position within Te Ao Mārama Inc. to assist with the development of the proposed Regional Water and Land Plan;
- Council continued to chair Te Roopū Taiao hui (meetings);
- Supporting iwi involvement in the People, Water and Land Programme.

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 well-being.
- 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 the water services as vital to maintaining the community's health and well-being.

The Council owns and manages water supply assets valued at \$18.4 million, and acts as the maintenance contractor for the Otama Rural Water Supply. The management and operation of the water supplies are mainly through the Council with only Otama 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 consents.

The Mataura and Gore schemes treat this raw water prior to 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.

The Otama rural water scheme is chlorinated. The Council is working through a process to determine the best solution for the scheme to comply with the New Zealand Drinking Water Standards.

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 collection, treatment and distribution of potable water are essential services for the benefit of residents and businesses throughout the District. The Council's water supply activity protects the health and well-being of the community and is indispensable to economic growth and development.

The following key issues are associated with the water supplies:

- Compliance with the Health Act and meeting the DWSNZ
- A forecast cost of \$9.64m to centralise the Gore water treatment plants
- Renewal of the Hillbre Avenue Reservoir
- Increased operation and maintenance costs associated with the new treatment plants
- Improving asset data and management

- Investigating and implementing improved efficiencies
- Ongoing affordability of the water supply.
- Managing water demand.

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 every local authority's duty 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

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 2020 year:

Normal operations have been significantly disrupted in the first half of 2020 due to the floods in February followed shortly after by the COVID-19 pandemic.

Steady progress has been made on the Council vision to centralise its water treatment plants. A contract has now been awarded to install a membrane treatment system at the East Gore Water Treatment Plant with an anticipated completion date of July 2021. Detailed design and applications for the required resource consents for a pipeline and river crossing to connect the Jacobstown Well and Hilbre Reservoir with the East Gore Treatment plant are also progressing, with construction on these portions of the project expected to begin in the next 12 months. However following a change in strategy and completion of detailed design the forecast cost to centralise the Gore water treatment plants is now forecast to cost \$9.64 million. In addition to this the Council must also upgrade the Mataura water treatment plant and replace the Hilbre Avenue reservoir.

An application for funding to replace the Hilbre Avenue Reservoir and for the installation of a pipeline which would allow Mataura township to be supplied from the upgraded East Gore Water Treatment Plant has been submitted to the Government's "Shovel Ready" scheme. Unfortunately the Council has recently received notification that this application has been declined. As a result of this the Council is currently considering options to ensure the Mataura township water supply meets the New Zealand Drinking Water Standards.

Resource consents for water takes from the Pleura Dam and Waikana Stream for the Mataura Water Supply have been renewed.

The temporary pipe installed across the Mataura River for the Otama scheme has now been replaced with a permanent pipe as part of the Pyramid Bridge project.

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 is currently working towards meeting the various requirements set out in the member's bill that must be met before ownership can be transferred. While it was initially anticipated that the transfer of ownership would occur on 1 July 2020 this has now been delayed until 1 July 2021.

STATEMENT OF SERVICE PERFORMANCE - WATER

Council Outcome	Customer Levels of Service	Performance Measures	Target 2020	Results
We have a quality infrastructure with potential for growth.	A potable water supply is provided in urban areas.	Compliance with the bacterial criteria of the NZDWS: (NFPM 1a)		Preliminary results only, report from MOH yet to be completed.
		1) Wentworth St WTP (Gore East)	100%	Target achieved. Distribution Zone Bacterial Compliance = Yes Plant Bacterial Compliance = Yes
		2) Hilbre Ave WTP (Gore West)	100%	Target achieved. Distribution Zone Bacterial Compliance = Yes Plant Bacterial Compliance = Yes
		3) 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 30 June 2021. Preliminary results only, report from MOH yet to be completed - Targets not achieved.
		1) Wentworth St WTP (Gore East)	0%	Not applicable until June 2021
		2) Hilbre Ave WTP (Gore West)	0%	Not applicable until June 2021
		3) Mataura	0%	Not applicable until June 2021

STATEMENT OF SERVICE PERFORMANCE - WATER continued ...

Council Outcome	Customer Levels of Service	Performance Measures	Target 2020	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	4.3 complaints – Target achieved.
	A 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	16.0 mins (median value used) – Target achieved.
		Resolution of an urgent customer request (Urban, no water) (NFPM 3b)	8 working hours	0.91 hours (median value used) – Target achieved.
		Response to a non-urgent customer request (NFPM 3c)	5 days	6.2 days (median value used) – Target not achieved.
		Resolution of a non-urgent customer request (NFPM 3d)	14 days	11.1 days (median value used) – Target achieved.
		Average consumption of drinking water (NFPM 5)	500 L/p/day	467 L/p/day – Target achieved.

FUNDING IMPACT STATEMENT - WATER

	2020 Actual \$'000	2020 Annual Plan \$'000	2020 LTP \$'000	2019 Actual \$'000	2019 LTP \$'000
SOURCES OF OPERATING FUNDING					
General rates, uniform annual general charge, rates penalties	-	-	-	-	-
Targeted rates	1,740	1,744	1,692	1,579	1,575
Subsidies and grants for operating purposes	6	-	-	-	-
Fees and charges	398	334	334	366	327
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-
Interest and dividends from investments	-	-	-	-	-
Internal charges and overheads recovered	-	-	-	-	-
Total operating funding (A)	2,144	2,078	2,026	1,945	1,902
APPLICATIONS OF OPERATING FUNDING					
Payments to staff and suppliers	832	801	755	775	741
Finance costs	138	115	144	50	37
Other operating funding applications	-	-	-	-	-
Internal charges and overheads applied	647	647	606	600	593
Total applications of operating funding (B)	1,617	1,562	1,506	1,426	1,370
Surplus (deficit) of operating funding (A-B)	527	516	520	520	533
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	256	3,993	3,893	2,139	2,221
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
Total sources of capital funding (C)	256	3,993	3,893	2,139	2,221
APPLICATIONS OF CAPITAL FUNDING					
Capital expenditure to meet additional demand	971	-	-	116	102
Capital expenditure to replace existing assets	318	414	414	181	512
Capital expenditure to improve the level of service	53	4,069	3,969	823	2,107
Increase (decrease) in reserves	(559)	26	30	1,539	33
Increase (decrease) in investments	-	-	-	-	-
Total applications of capital funding (D)	783	4,509	4,413	2,659	2,754
Surplus (deficit) of capital funding (C-D)	(527)	(516)	(520)	(520)	(533)
Funding balance ((A-B)+(C-D))	-	-	-	-	-

WASTEWATER

Activities:

The Council owns and manages wastewater assets valued at \$27.2 million. Wastewater services are provided for about 5,000 households and businesses in Gore, Mataura and Waikaka.

The network collects untreated wastewater. It is both pumped and gravity fed to three treatment plants for treatment prior to being discharged to the environment. The disposal of wastewater is closely monitored and controlled by discharge consents 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:

The collection, treatment and disposal of wastewater are essential services for the benefit of residents and businesses throughout the District. The Council's wastewater activity protects the health and physical environment of the community and is indispensable to economic growth and development.

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 every local authority's duty 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 environment 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

Significant negative effects:

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

To mitigate the potentially negative effects of discharging treated wastewater into the Maitai 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 socioeconomic 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 2020 year:

Normal operations have been significantly disrupted in the first half of 2020 due to the floods in February followed shortly after by the COVID-19 pandemic.

Since commissioning of the Council's new industrial hub wastewater treatment plant, in late 2018, there have been intermittent odour issues associated with the plant. While some improvements have been made to resolve this issue a project to make further improvements is currently underway.

The capacity upgrade of the Ajax pump station, including renewal of the rising main, trunk main and a upgrade to the inlet screen was completed in late 2019.

A pH correction system has been installed at the Gore wastewater treatment plant to optimise the performance of the Actiflo treatment system.

Projects to renew wastewater mains in Irwell Street and Culling Terrace have been completed with a further project to renew a portion of a large trunk main in Wigan Street currently underway.

Some performance issues with both the Gore wastewater treatment plant have been experienced over the past 12 months. Due to this, investigations and where possible improvements are being made to the treatment plants. An extensive project to renew both the existing discharge consents for the Gore and Maitai wastewater treatment plants is also now underway. It is expected an application to renew these consents will be submitted to Environment Southland in early 2021.

STATEMENT OF SERVICE PERFORMANCE - WASTEWATER

Council Outcome	Customer Levels of Service	Performance Measures	Target 2020	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	No overflows – Target achieved.
		Response to a customer request (Blockage or fault) (NFPM 3a) (Median Value Used)	Urgent <120 mins General < 8 hrs	Urgent minutes – 882 mins (median value used), target not achieved. General – 895 hours (average value used), target not achieved.
		Resolution of a customer request (Blockage or fault) (NFPM 3b) (Median Value Used)	Urgent < 8 hrs General <5 days	Urgent hours – 15.4 hours (median value used), target not achieved. General – 7 days (median value used), target not achieved.
	Wastewater systems are effective and comply with environmental standards.	Wastewater complaints received (per 1,000 connections) (NFPM 4)	< 10	4.3 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

	2020 Actual \$'000	2020 Annual Plan \$'000	2020 LTP \$'000	2019 Actual \$'000	2019 LTP \$'000
SOURCES OF OPERATING FUNDING					
General rates, uniform annual general charge, rates penalties	-	-	-	-	-
Targeted rates	1,662	1,663	1,718	1,622	1,624
Subsidies and grants for operating purposes	12	-	-	1	-
Fees and charges	772	521	521	1,416	516
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-
Interest and dividends from investments	-	-	-	-	-
Internal charges and overheads recovered	-	-	-	-	-
Total operating funding (A)	2,446	2,184	2,239	3,039	2,140
APPLICATIONS OF OPERATING FUNDING					
Payments to staff and suppliers	738	437	439	827	430
Finance costs	227	282	332	264	328
Other operating funding applications	-	-	-	-	-
Internal charges and overheads applied	402	402	377	374	369
Total applications of operating funding (B)	1,367	1,121	1,148	1,465	1,127
Surplus (deficit) of operating funding (A-B)	1,078	1,064	1,091	1,574	1,014
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	111	(153)	(483)	(492)	(292)
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
Total sources of capital funding (C)	111	(153)	(483)	(492)	(292)
APPLICATIONS OF CAPITAL FUNDING					
Capital expenditure to meet additional demand	142	-	-	7	102
Capital expenditure to replace existing assets	601	451	451	155	542
Capital expenditure to improve the level of service	904	488	157	2,362	113
Increase (decrease) in reserves	(457)	(28)	-	(1,442)	(35)
Increase (decrease) in investments	-	-	-	-	-
Total applications of capital funding (D)	1,189	910	608	1,082	722
Surplus (deficit) of capital funding (C-D)	(1,078)	(1,064)	(1,091)	(1,574)	(1,014)
Funding balance ((A-B)+(C-D))	-	-	-	-	-

STORMWATER

Activities:

The Council owns and manages stormwater assets valued at \$9.9 million. Stormwater services are provided for about 5,000 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.

Although there is a forecast declining/static population, there is the possibility of population growth from industry developments. Supporting industries may create demands on the network from increased hardstand areas and an increased risk of discharge quality contamination.

Rationale:

The collection and disposal of stormwater is an essential service for the benefit of residents and businesses throughout the District. The Council's stormwater activity protects the health and physical environment of the community and is indispensable to economic growth and development.

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 every local authority's duty 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 environment 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 potential for growth.

Outcome 6: We value and respect our environment.

Significant negative effects:

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

To mitigate the potentially negative effects of discharging stormwater into the Maitai 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 socioeconomic 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 2020 year:

Normal operations have been significantly disrupted in the first half of 2020 due to the floods in February followed shortly after by the COVID-19 pandemic.

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

- The design of a project to separate the combined drainage system in Elizabeth Street. Construction on this project is expected to start in late 2020. This project will include the construction of a stormwater infiltration basin at the intersection of Elizabeth and Broughton Street.
- The development of an implementation plan that sets out the aspects of the SMP that will be completed over the next 10 years. The implementation plan will be feed into the Council's 2021 – 2031 stormwater asset management plan and long term plan.
- 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 four private property cross-connections have been identified and resolved with a further eight suspected connections currently under investigation.

STATEMENT OF SERVICE PERFORMANCE - STORMWATER

Council Outcome	Customer Levels of Service	Performance Measures	Target 2020	Results
We have quality infrastructure with potential for growth.	A reliable service and effective response to queries.	Response to a customer request (Flooding event) (NFPM 3) as measured by the CRM database.	< 60 min	82% (9 out of 11 requests responded to in 60 minutes) - target not achieved.
		Stormwater complaints received (per 1,000 properties connected) (NFPM 4) Faults or blockages as measured by the CRM database.	< 8	2.2 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	29 complaints received – target not achieved.
		Number of habitable floors affected per 1,000 connected properties (per event) (NFPM 1b) as measured by the CRM database.	< 2	No complaints – 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 - 0 – target achieved. Infringement Notice - 0 – target achieved. Enforcement Orders - 0 – target achieved. Convictions - 0 – target achieved.

FUNDING IMPACT STATEMENT - STORMWATER

	2020 Actual \$'000	2020 Annual Plan \$'000	2020 LTP \$'000	2019 Actual \$'000	2019 LTP \$'000
SOURCES OF OPERATING FUNDING					
General rates, uniform annual general charge, rates penalties	-	-	-	-	-
Targeted rates	593	593	587	564	565
Subsidies and grants for operating purposes	73	-	-	-	-
Fees and charges	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-
Interest and dividends from investments	-	-	-	-	-
Internal charges and overheads recovered	-	-	-	-	-
Total operating funding (A)	666	593	587	564	565
APPLICATIONS OF OPERATING FUNDING					
Payments to staff and suppliers	341	127	127	98	166
Finance costs	-	-	-	-	-
Other operating funding applications	-	-	-	-	-
Internal charges and overheads applied	97	97	91	90	89
Total applications of operating funding (B)	438	224	218	188	254
Surplus (deficit) of operating funding (A-B)	228	369	369	376	311
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	(172)	401	181	(321)	(44)
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
Total sources of capital funding (C)	(172)	401	181	(321)	(44)
APPLICATIONS OF CAPITAL FUNDING					
Capital expenditure to meet additional demand	-	-	-	-	-
Capital expenditure to replace existing assets	22	79	79	29	-
Capital expenditure to improve the level of service	137	692	472	26	307
Increase (decrease) in reserves	(102)	-	-	-	(40)
Increase (decrease) in investments	-	-	-	-	-
Total applications of capital funding (D)	56	771	551	55	267
Surplus (deficit) of capital funding (C-D)	(228)	(369)	(369)	(376)	(311)
Funding balance ((A-B)+(C-D))	-	-	-	-	-

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 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.

As much as NZTA's "One Network Road Classification" does influence the maintenance priorities we place on the roads across the network, the majority of our roads fall within some the lower categories.

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, stock truck effluent transfer sites, alternative detour routes, regional development initiatives, and monitoring passenger and mobility services.

Rationale:

Roads, bridges, and footpaths are provided and maintained to ensure 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, flooding 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 an on-going awareness of the possible risks and to ensure that mitigation measures are implemented to the extent appropriate.

Key points from the 2020 year:

The past year there has been more challenge from external forces rather than changes in the roading sector. That said the aging demographics and bridge structures, and increase in high productivity motor vehicles (HPMVs) on our network are challenges we face going forward.

Fulton Hogan remains as the Council 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, 2019/20 being their second year in a three year contract. The standard of line marking achieved in the 2018/19 season put the network in good stead to last out the network interruptions in 2020.

This year's construction work achieved on sealed roads saw 39km of road resurfaced and 2,100m² of footpath renewals being completed. Under our concrete works contract, we replaced 788m of kerb and channel and renewed 42 vehicle crossings.

The unsealed section of our network saw 7,500m³ of metal being applied to our roads, over 1,391km of grading was achieved, 47m of our older culverts were replaced, and 11,500m of drainage channel cleaned out.

We are still working with the road safety message made in the 2018 Government policy statement with our work along-side Southland District Council and Invercargill City Council with Road Safety Southland. A number of initiatives being directed at reducing the growing rates of vehicle accidents on our southern roads.

In addressing the change in demographics with our aging population, great emphasis remains on the upgrade of the District's footpaths, this work is progressing well with the advanced funding from NZTA. Active modes has also received a boost from NZTA (Innovative Streets Funds) promoting safer and better connected and vibrant communities.

The Pyramid Bridge, lost during flooding in February 2018, was replaced during the year. NZTA supported this replacement work with a higher financial assistance rate due to the emergency nature of the work, the remainder of the cost was shared between GDC and SDC.

Other capital works completed around the network was the seal extension work along Falconer Road, and the rehabilitation of Avon Street.

The design of the Longford shared path and bridge has been progressed to a stage where we have a project fully designed and tendered with funding support approved from both the Council and NZTA. This project is presently in a consenting process.

Rural roads suffered badly in February after the network encountering one of the largest flooding events the District has ever faced. Many sections of sealed road were uplifted, deep scouring in the metal roads with a big loss of running coarse (metal). Many of the bridge and drainage assets were tested with damage limited to a number of culverts and one bridge, Howe Road Bridge, on the Waikaka Stream broke under the weight of flood debris. Luckily bridging resource working in the district made short work of the repair. COVID-19 held up much of the remedial work as well as delaying some of our programmed works.

STATEMENT OF SERVICE PERFORMANCE - ROADING

Council Outcome	Customer Levels of Service	Performance Measures	Target 2020	Results
We have a quality infrastructure with potential for growth.	Mandatory Performance Measure 1 (Road Safety), Maintain the road surfaces free of defects requiring evasive behaviour (eg: potholes, showing, edgebreak, ponding, bumps).	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.	Number of Fatal and Serious Crashes 0	7 serious crashes and 1 fatal - Target not achieved.
	Mandatory Performance Measure 2 (Road Condition) An appropriate level of ride comfort is maintained.	The average quality of ride on a sealed local network, measured by smooth travel exposure.	Urban < 220 NAASRA Rural < 120 NAASRA	87.2 - Target achieved. 60.5 - Target achieved.
	Mandatory Performance Measure 3 (Road Maintenance). The yearly resurfacing programme is at a rate that maintains the integrity of our sealed road asset.	The percentage of the sealed local road network that is resurfaced.	6.2%	5.45% resealed - Target not achieved
	Mandatory Performance Measure 4 (Footpaths). Footpath hazards (trip or surfacing) are identified and mitigated.	The percentage of footpaths within the district that fall within the level of service standard for the condition of footpaths.	Increasing trend	Increasing (with over 2,000m ² replaced) - Target achieved.
	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.	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.	95%	82% - Target not achieved.
Residents are satisfied with the metalled road network through the identification and mitigation of driver hazards.	The percentage of respondents to the Gore District Council annual Resident Survey within the range of neutral to very satisfied.	78%	72% - Target not achieved.	

FUNDING IMPACT STATEMENT - ROADING

	2020 Actual \$'000	2020 Annual Plan \$'000	2020 LTP \$'000	2019 Actual \$'000	2019 LTP \$'000
SOURCES OF OPERATING FUNDING					
General rates, uniform annual general charge, rates penalties	-	-	-	-	-
Targeted rates	2,574	2,573	2,660	2,529	2,517
Subsidies and grants for operating purposes	1,074	1,090	1,023	1,000	1,001
Fees and charges	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	225	144	144	171	141
Interest and dividends from investments	-	-	-	-	-
Internal charges and overheads recovered	214	214	205	201	201
Total operating funding (A)	4,088	4,021	4,032	3,901	3,860
APPLICATIONS OF OPERATING FUNDING					
Payments to staff and suppliers	2,834	2,159	2,424	2,035	2,373
Finance costs	57	71	110	52	52
Other operating funding applications	-	-	-	-	-
Internal charges and overheads applied	527	532	504	505	494
Total applications of operating funding (B)	3,418	2,762	3,038	2,592	2,919
Surplus (deficit) of operating funding (A-B)	670	1,260	994	1,310	942
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure	3,838	4,142	1,677	1,877	2,879
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	533	964	79	35	1,153
Gross proceeds from sale of assets	(2)	-	-	(291)	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
Total sources of capital funding (C)	4,368	5,106	1,756	1,621	4,031
APPLICATIONS OF CAPITAL FUNDING					
Capital expenditure to meet additional demand	-	-	-	-	-
Capital expenditure to replace existing assets	2,546	2,731	2,364	2,910	2,364
Capital expenditure to improve the level of service	3,148	3,684	396	431	2,639
Increase (decrease) in reserves	(656)	(49)	(10)	(411)	(30)
Increase (decrease) in investments	-	-	-	-	-
Total applications of capital funding (D)	5,038	6,366	2,749	2,930	4,973
Surplus (deficit) of capital funding (C-D)	(670)	(1,260)	(994)	(1,309)	(942)
Funding balance ((A-B)+(C-D))	-	-	-	-	-

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, Mataura, Waimumu, Waikaka, Pukerau, Mandeville and Kaiwera, and the surrounding areas.

Council buildings, public conveniences and recreation facilities are located within Gore and Mataura. 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.

The Council's central administration activities are delivered, in the main, from the Civic Centre offices in Bowler Avenue. Following an unfavourable earthquake risk assessment, the Council approved a major upgrade in late 2019.

Key points from the 2020 year:

General district playgrounds have continued to see the scheduled redevelopment of play assets and soft-fall areas. The major component replacement of a junior playground is at the Eccles Street Playground where a new modular play unit has been installed along with rubberised soft-fall. The new junior playground was opened prior to Christmas 2019.

The major park development was the installation of two dog parks. One at Henderson Park in Mataura, the other at Hamilton Park in Gore. Both have received good reviews from their respective communities and anecdotally, utilisation is high.

Other projects underway include the installation of kiosks at Charlton Park and Mataura cemeteries and one at the Mataura Cenotaph site. When complete these will house information relevant to the site and aid the public experience when using these sites.

Another completed project was expansion plans for both Mataura and Charlton Park cemeteries. These plans and associated rough order costing is now included in the just completed iteration of the 2021-31 Asset Management Plan for Parks, Property and Recreation.

The redevelopment of the Council Civic Administration Building is underway. All staff vacated the building (Project Vacate) to the James Cumming Wing prior to Christmas 2019. Staff shall continue to operate from there until repopulating the renovated Civic Administration Building early 2021. Lockdown delays has meant that the proposed finish date is now just prior to Christmas 2020.

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.

The onset of two extraordinary events (unprecedented flooding and COVID-19) in early 2020 saw Council facilities close, revenue diminish and at year end it still presents challenges where the outcomes are unknown. As the Council was unaware how long restrictions would last or the community's reaction after restrictions were lifted, a decision was made in the aquatic and MLT events centre area to make a number of staff redundant with a view to re-employing them when conditions allowed.

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

Council Outcome	Customer Levels of Service	Core Value	Measured by	Target 2020	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.	Accessibility Quality Customer Service Health and Safety	Five key technical measures that reflect the core values This includes: <ul style="list-style-type: none"> Pool availability <ul style="list-style-type: none"> – open for a minimum of 260 days Customer satisfaction 90% Swimming course enrolments > 1,900 Health and safety incidents <ul style="list-style-type: none"> - no serious incidents causing death Pool safe accreditation maintained 	5/5 Indicators achieved	2019-2020 Year to date - 4/5 Four indicators have been achieved. The unexpected February flooding combined with the global crisis COVID-19, heavily impacted the pools availability.
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.	Quality	Percentage of community that are satisfied across the range of property and recreation criteria surveyed. This includes: satisfaction levels for: <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	2019-20 – Overall the specified criteria surveyed surpassed the target of 90% by collectively achieving 94%. The only individual item that rated below 90% was public conveniences with a score of 87%. The other four criteria ranged between 93-99%. Other activity satisfaction levels are: <ul style="list-style-type: none"> • Parks and Reserves 98% • Sports Reserves 99% • Playgrounds 98% • Cemeteries 94% • JCW and Community Halls 93%

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

	2020 Actual \$'000	2020 Annual Plan \$'000	2020 LTP \$'000	2019 Actual \$'000	2019 LTP \$'000
SOURCES OF OPERATING FUNDING					
General rates, uniform annual general charge, rates penalties	1,587	1,627	1,596	1,605	1,591
Targeted rates	3,233	3,200	3,183	3,079	3,068
Subsidies and grants for operating purposes	89	98	98	126	96
Fees and charges	745	815	815	832	799
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	1,423	-	711
Interest and dividends from investments	-	-	-	-	-
Internal charges and overheads recovered	1,451	1,451	1,401	1,370	1,370
Total operating funding (A)	7,106	7,191	8,515	7,012	7,636
APPLICATIONS OF OPERATING FUNDING					
Payments to staff and suppliers	3,925	3,812	3,797	3,892	3,922
Finance costs	254	280	262	213	281
Other operating funding applications	-	-	-	-	-
Internal charges and overheads applied	2,301	2,315	2,215	2,196	2,167
Total applications of operating funding (B)	6,480	6,406	6,274	6,301	6,371
Surplus (deficit) of operating funding (A-B)	626	785	2,241	710	1,266
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	16	-	-	7	-
Increase (decrease) in debt	1,723	2,506	1,944	627	1,265
Gross proceeds from sale of assets	42	-	-	33	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING (C)	1,781	2,506	1,944	666	1,265
APPLICATIONS OF CAPITAL FUNDING					
Capital expenditure to meet additional demand	48	24	689	206	1,765
Capital expenditure to replace existing assets	2,686	3,295	3,522	746	758
Capital expenditure to improve the level of service	37	20	20	554	81
Increase (decrease) in reserves	(364)	(47)	(47)	(129)	(73)
Increase (decrease) in investments	-	-	-	-	-
Total applications of capital funding (D)	2,407	3,291	4,185	1,377	2,530
Surplus (deficit) of capital funding (C-D)	(626)	(785)	(2,241)	(710)	(1,266)
Funding balance ((A-B)+(C-D))	-	-	-	-	-

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.

Sold 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)

- Recycling Management (Sorting of Kerbside collections)

(Southland Disability Enterprises undertake the above task as part of the Southland-wide Recycling management contract they have with Wastenet – contract ceased end of June 2020.)

- 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 owns a transfer station in Gore and four closed landfill sites in Gore, Mataura, Waikaka and Pukerau. 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 could include some remediation work that has been carried out on several sites after the flooding in February 2020.

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. 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.

Civil defence was just coming through the effects of the flood and recovery when a worldwide pandemic, COVID-19 hit our shores. It reignited Civil Defence operation centres as a National State of Emergency was declared by the National Emergency Management Authority (NEMA). In this event it was welfare taking the lead with the most pressing need of assistance.

Significant negative effects:

The Council recognises there are negative impacts associated with the collections 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 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 transfer station. 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.

Key points from the 2020 year:

Over the last eight years 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 acts on behalf of this collective in administering the two waste contracts - recycling and kerbside collection. Both Contracts were up for renewal during the year.

The kerbside collection contract with Bonds Contracting was renegotiated and rolled over, due to the general satisfaction of the contractor's performance.

There were a number of concerns with the recycling contract (Southland Disability) which led to it being retendered. The outcome of the tender did not meet the satisfaction of all parties and the Council made the decision to exit the process. This leaves the district with limited capacity to sort its waste streams, especially with no facility to sort mixed products.

Presently we are taking cardboard, aluminium and glass out of the waste stream through separate collections, green waste is being received at our transfer station at no charge and general waste continues to be collected through the kerb side collection with increased monthly pickups (three per month). Waste is then shipped to AB Lime landfill.

The major civil defence risks for Gore are flood and earthquake followed closely by pandemic. The February 2020 flood tested to the maximum, local flood defences. Gore's floodbanks were designed to withstand a 1 in 100 year event forecast to be a flow of 2,400 cumecs. The February 2020 flood topped the 2,400 cumec level – eclipsing all previously documented floods. The over-design event now has the Regional Council, Environment Southland working up plans to enable increased river flows to pass through – without overtopping flood control structures. To this end, the Regional Council has received approximately \$22 million from the Shovel Ready Government fund to expedite improvements throughout Southland. The February flood was the first region-wide response since the inception of the shared service model, Emergency Management Southland.

STATEMENT OF SERVICE PERFORMANCE - SOLID WASTE AND OTHER DISTRICT ASSETS

Council Outcome	Customer Levels of Service	Performance Measures	Target 2020	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)	728 kg per capita – target not achieved.

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

	2020 Actual \$'000	2020 Annual Plan \$'000	2020 LTP \$'000	2019 Actual \$'000	2019 LTP \$'000
SOURCES OF OPERATING FUNDING					
General rates, uniform annual general charge, rates penalties	279	280	276	272	271
Targeted rates	1,367	1,372	1,357	1,331	1,329
Subsidies and grants for operating purposes	240	48	48	64	47
Fees and charges	733	625	625	718	613
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-
Interest and dividends from investments	-	-	-	-	-
Internal charges and overheads recovered	1,437	1,437	1,347	1,333	1,317
Total operating funding (A)	4,058	3,761	3,654	3,718	3,576
APPLICATIONS OF OPERATING FUNDING					
Payments to staff and suppliers	3,512	2,750	2,687	2,886	2,635
Finance costs	79	94	94	80	86
Other operating funding applications	-	-	-	-	-
Internal charges and overheads applied	758	765	720	723	704
Total applications of operating funding (B)	4,348	3,609	3,501	3,689	3,426
Surplus (deficit) of operating funding (A-B)	(291)	153	153	29	151
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	234	(40)	(40)	(4)	62
Gross proceeds from sale of assets	(3)	-	-	25	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING (C)	230	(40)	(40)	21	62
APPLICATIONS OF CAPITAL FUNDING					
Capital expenditure to meet additional demand	-	-	-	-	-
Capital expenditure to replace existing assets	85	170	170	206	332
Capital expenditure to improve the level of service	-	-	-	-	-
Increase (decrease) in reserves	(145)	(58)	(58)	(156)	(119)
Increase (decrease) in investments	-	-	-	-	-
Total applications of capital funding (D)	(60)	112	112	50	212
Surplus (deficit) of capital funding (C-D)	291	(153)	(153)	(29)	(151)
Funding balance ((A-B)+(C-D))	-	-	-	-	-

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 Matura Museum upgrade winning a major national award.

The appointment of an events and promotions coordinator has played a key role in ensuring locals and overseas visitors, as well as the rest of New Zealand, are aware of the opportunities offered in the Gore District.

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 much of the District's heritage facilities, namely:

- 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 Matura 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, Gore Library has operated from temporary premises in the James Cumming Wing hall, adjacent to the Council Office. Awarding of a post COVID-19 central government funding package will allow for the library to be rebuilt in the James Cumming Wing, and this is scheduled for 2021.

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.

Matura 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 Matura Community Centre and Elderly Citizens Centre. The public area of the Matura 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.

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 \$10 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 2020 year:

Arts & Heritage

The detailed design phase for the three stage Maruawai Project continued throughout the year, with complementary contestable funding initiatives for Stage One and Stage Two gleaning \$749,000 and \$919,000 respectively from the Provincial Growth Fund, and \$250,000 from Community Trust South for Stage One (Hokonui Moonshine Museum redevelopment). Community Trust South has also just confirmed an additional \$250,000 for Stage Two. This builds on Council's budgeted \$500,000 contribution towards this project.

The Eastern Southland Gallery facilitated 10 exhibitions and 7 events and performances throughout the year. A further 4 events were cancelled due to COVID-19 restrictions. The Department of Arts and Heritage 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 District Libraries

Visiting speakers included Ray Caird of Nelson speaking about his book *Blood of the flax*, a history of Southern flaxmilling and the Harakeke plant; as part of Southland Heritage Month Gore District Council's Bruce Cavanagh gave a presentation about online and in-library family history resources.

Significant promotions included wrapped books, *Elfred's Antics*, Okapua fossil shells on loan from Brian Kelly, Movember's books especially for men. Reading with Walter in the July 2019 school holidays provided opportunity for children to read aloud to Walter the dog, with confidence because of the non-judgemental audience. Story Time for kids with the Youth Librarian was provided weekly on Facebook live during lockdown and at level 2. Australian children's author Deano Yipadee, unable to attend in person due to lockdown, instead provided an online kids music & story 'party' tailored for Gore children.

A library customer survey in January 2020 invited feedback on a number of topics and results were reported to Council in May 2020.

The Southland major flood event in February 2020 resulted in the libraries being closed for four days from 5 to 8 February, with staff deployed to Emergency Management and supporting local welfare initiatives. The libraries themselves were not impacted by flooding.

During the COVID-19 lockdown, from 23 March to 17 May, when the libraries were closed, many borrowers discovered eBooks and eAudiobooks for the first time. Library staff working from home developed online resources and activities to help meet the needs of people confined to their homes and unable to borrow books. The library's online presence via facebook and the Library website had a significant increase in use during lockdown.

From 18 May to 8 June at COVID-19 Level 2, the libraries reopened with limited hours and services, taking precautions to keep people safe and collecting contact tracing information as required. Children were not yet permitted in the libraries and returned books were quarantined for two days before being made available to the public. A 'Call and collect' service was provided for all who asked, and loans were also delivered on request. Full hours and services including WiFi access resumed for both libraries at Level 1 on 9 June 2020.

Gore Visitor Centre

The Gore Visitor Centre has faced significant challenges due to the flooding in February, then COVID-19. The latter will have a long term impact on the visitor centre and tourism figures for the Gore District.

That said, the majority of visitors to the District are domestic, which should cushion the impact to some extent.

Another factor that has hit the visitor centre, in terms of its visitor and sales figures, has been the closure of the Hokonui Moonshine Museum for refurbishment, and moving the visitor centre to the former Salvation Army building next door.

After COVID-19 lockdown, the visitor centre hours were reduced to five days a week, instead of being open at weekends as well. There was also a reduction in part-time staff, due to not replacing a staff member who left earlier this year.

The visitor centre continues to be highly regarded by locals, as evidenced in the 2020 Residents' Survey where it achieved a 98% satisfaction rating.

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.

Events

The 2019/20 year was unique in terms of events. The first half of the financial year saw the Council roll out the traditional popular community events – the Gore District Community Awards, the Santa Parade and Christmas in the Park.

There was also considerable progress in working with the New Zealand Country Music Festival Trust to present Tussock Country. The 2020 Tussock Country was to have been a celebration of the traditional events, such as the MLT New Zealand Gold Guitar Awards and Freeze Ya Bits Off Busking, as well as some new events. However, the 2020 festival had to be cancelled due to COVID-19.

The Council's new events coordinator continues to closely work with the Trust and on the Council-run busking for 2021.

Other events were impacted by the February flooding and COVID-19 in the year in review. However, this enabled both events and visitor centre staff to focus on community and business support during these testing times.

It is hoped that next year will see the Council's stable of events return. These are:

- Gore District Community Awards,
- Santa Parade and Christmas in the Park,
- Gore Youth Awards,
- Hokonui Culture Feast,
- On the Fly,
- Freeze Ya Bits Off Busking, and
- Hokonui Moonshiners' Festival.

Grants

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

SCHEDULE OF GRANTS

Recipient	Amount Paid
Amenity Hire Refunds	3,500
Children's Day	500
Clematis Cottage	2,000
Community Networking Trust	10,000
Country Music & Songwriters	5,000
Croydon Aviation annual loan write off	3,000
Croydon Aviation Heritage Trust	6,000
Cycle Tour Southland	1,000
Eastern Southland Art Gallery	20,000
Enviro Schools	5,000
Free Swim School - Primary School	28,832
Gold Guitar Awards	5,000
Gore A & P Association	83,073
Gore Counselling Centre	1,500
Gore Hospice Rates grant	1,000
Gore Museum	11,000
Healthy Homes initiative	15,000
Heartland Life Education Trust	2,500
Hokonui Fashion Design Awards Grant	9,104
Hokonui Heritage Centre Trust	6,500
Hokonui Pioneer Park	5,000
Hospice Southland (Transfer station fees)	1,000
Hospital Incentives	2,000
John Money Wing	10,000
Mataura Heritage Centre	7,500
Mataura School Bus for swim lessons	4,000
Moonshine Committee	24,500
Pakeke Lions Recycling Services	25,282
Rural Halls	17,704
Safe in the South operational grant	6,000
Salvation army (transfer station)	2,500
Scholarships \$750	1,500
Southland Regional Heritage Trust*	22,236
SPCA Grant	2,500
Total Mobility	18,118
Waikaka Domain Board	12,500
Total	\$381,849

* Net amount shown.

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

Council Outcome	Customer Levels of Service	Performance Measures	Target 2020	Results
<p>We value our history and heritage.</p> <p>We live in a creative place.</p>	<p>Educating the public about how 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>99% 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>96% of surveyed residents were satisfied with the quality of library service, and 98% of surveyed library users (Jan 2020) were satisfied with the overall service. The target was achieved.</p>
<p>We have a choice of quality places to go and things to do.</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 76.5% of opening hours were achieved. The target was not achieved due to flood and COVID-19 lockdown closures.</p>

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

	2020 Actual \$'000	2020 Annual Plan \$'000	2020 LTP \$'000	2019 Actual \$'000	2019 LTP \$'000
SOURCES OF OPERATING FUNDING					
General rates, uniform annual general charge, rates penalties	2,033	1,972	1,880	2,013	1,778
Targeted rates	632	632	644	595	593
Subsidies and grants for operating purposes	207	216	216	214	212
Fees and charges	143	122	122	178	120
Local authorities fuel tax, fines, infringement fees, and other receipts	2	7	7	3	7
Interest and dividends from investments	46	-	-	-	-
Internal charges and overheads recovered	-	-	-	-	-
Total operating funding (A)	3,063	2,949	2,870	3,003	2,709
APPLICATIONS OF OPERATING FUNDING					
Payments to staff and suppliers	1,622	1,595	1,392	1,641	1,360
Finance costs	28	29	125	25	28
Other operating funding applications	585	592	617	618	640
Internal charges and overheads applied	587	596	563	570	550
Total applications of operating funding (B)	2,822	2,813	2,697	2,854	2,577
Surplus (deficit) of operating funding (A-B)	241	137	172	149	132
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	264	2,316	347	55	2,019
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING (C)	264	2,316	347	55	2,019
APPLICATIONS OF CAPITAL FUNDING					
Capital expenditure to meet additional demand	-	-	-	-	-
Capital expenditure to replace existing assets	305	2,038	104	115	2,066
Capital expenditure to improve the level of service	56	400	400	50	70
Increase (decrease) in reserves	144	15	15	38	15
Increase (decrease) in investments	-	-	-	-	-
Total applications of capital funding (D)	505	2,453	519	204	2,151
Surplus (deficit) of capital funding (C-D)	(241)	(137)	(172)	(149)	(132)
Funding balance ((A-B)+(C-D))	-	-	-	-	-

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 1981	<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;
- Issuing building warrants of fitness and 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 2020 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 approximately 15.3 days (on average) also within the legal requirement of 20 working days. There were however some 20 day exceedances due to staff absences, Southland-wide flooding/state of emergency event in February 2020 and the effects of Covid-19. These were managed as well as could be expected under unprecedented conditions.

From a policy perspective, the planning department commenced the start of the District Plan review, which includes a review of over 80 topic areas. In conjunction with all the Southland Councils for cost efficiency purposes, a number of District Plan studies were finalised in the reporting year, including biodiversity and important landscape mapping, to inform the review of the District Plan. In addition, a major study on the potential effects of climate change in Southland was also completed. The latter work is informing a range of workstreams in both planning policy and infrastructure decision making. Building control prepared for the roll-out of the priority area for earthquake-prone buildings.

Two dog parks have been constructed and are operational - one in Gore and one in Mataura. This has allowed dog owners to exercise their dogs in a safe environment. The new fee structure for the registration of working or non-working dogs was implemented on 1 July 2020. This offers a greater discount for desexed dogs.

STATEMENT OF SERVICE PERFORMANCE – REGULATORY AND PLANNING

Council Outcome	Customer Levels of Service	Performance Measures	Target 2019	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>Target not achieved. 3 applications not completed in timeframe. However, all applicants agreed to the time extension in advance.</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>2019-20 – 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).</p>	<p>Accreditation maintained and continued to improve QA systems and processes towards the June 2020 IANZ assessment.</p>	<p>In June 2020 the Council's Building Consent Authority was audited by IANZ. IANZ have indicated the Council will be re-accredited once several general non-compliances are dealt with. 2019 – 2020 target not achieved.</p>

FUNDING IMPACT STATEMENT - REGULATORY AND PLANNING

	2020 Actual \$'000	2020 Annual Plan \$'000	2020 LTP \$'000	2019 Actual \$'000	2019 LTP \$'000
SOURCES OF OPERATING FUNDING					
General rates, uniform annual general charge, rates penalties	688	688	663	629	628
Targeted rates	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-
Fees and charges	863	988	980	958	961
Local authorities fuel tax, fines, infringement fees, and other receipts	36	73	53	56	52
Interest and dividends from investments	-	-	-	-	-
Internal charges and overheads recovered	537	620	379	531	350
Total operating funding (A)	2,124	2,369	2,075	2,174	1,992
APPLICATIONS OF OPERATING FUNDING					
Payments to staff and suppliers	1,521	1,621	1,198	1,348	1,309
Finance costs	15	23	17	15	11
Other operating funding applications	-	-	-	-	-
Internal charges and overheads applied	939	1,029	764	922	727
Total applications of operating funding (B)	2,476	2,673	1,979	2,285	2,047
Surplus (deficit) of operating funding (A-B)	(352)	(303)	97	(111)	(55)
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	298	746	266	8	109
Gross proceeds from sale of assets	6	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
Total sources of capital funding (C)	304	746	266	8	109
APPLICATIONS OF CAPITAL FUNDING					
Capital expenditure to meet additional demand	5	-	-	-	-
Capital expenditure to replace existing assets	48	388	348	-	15
Capital expenditure to improve the level of service	36	40	-	-	-
Increase (decrease) in reserves	(137)	15	15	(103)	39
Increase (decrease) in investments	-	-	-	-	-
Total applications of capital funding (D)	(48)	443	363	(103)	54
Surplus (deficit) of capital funding (C-D)	352	303	(97)	111	55
Funding balance ((A-B)+(C-D))	-	-	-	-	-

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 2020

In advance of the relocation of all staff from the civic administration building to the James Cumming Wing, a small staff group was assembled in June 2019 to work through the logistical challenges presented. There was a lot of work required prior to Christmas in order to minimise the disruption to both ratepayers and staff. The relocation was completed on time.

Construction work for the major refurbishment of the civic administration building commenced in January 2020. Progress has been very good and is due for completion by Christmas 2020.

The February flooding event required a huge commitment from many staff. The Council's Emergency Operations Centre (EOC) was activated to coordinate a response for the District and ensure the community was informed and supported. It remained operational for two weeks. The agility of the Council organisation came to the fore with the deployment of staff into a range of positions to assist with the response.

Soon after the flood event had concluded, the COVID-19 pandemic generated a Government instruction for a national lockdown from 25 March. Again, the EOC was activated and a small group of senior Council staff met daily for a total of seven weeks. A welfare group was established with representation from many community organisations to ensure adequate support was available for those people who needed it. Again, the agility of the organisation was evident in ensuring local people were available and able to provide local solutions for the challenges Alert Levels 3 and 4 presented.

STATEMENT OF SERVICE PERFORMANCE - DEMOCRACY AND ADMINISTRATION

Council Outcome	Customer Levels of Service	Performance Measures	Target 2019	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%	78% - target not achieved.

FUNDING IMPACT STATEMENT - DEMOCRACY AND ADMINISTRATION

	2020 Actual \$'000	2020 Annual Plan \$'000	2020 LTP \$'000	2019 Actual \$'000	2019 LTP \$'000
SOURCES OF OPERATING FUNDING					
General rates, uniform annual general charge, rates penalties	1,332	1,325	1,096	1,113	1,064
Targeted rates	-	-	-	-	-
Subsidies and grants for operating purposes	36	44	4	95	4
Fees and charges	73	24	24	28	24
Local authorities fuel tax, fines, infringement fees, and other receipts	12	-	-	19	-
Interest and dividends from investments	128	102	102	137	100
Internal charges and overheads recovered	3,072	3,121	2,944	2,985	2,880
Total operating funding (A)	4,653	4,616	4,170	4,377	4,072
APPLICATIONS OF OPERATING FUNDING					
Payments to staff and suppliers	3,955	3,957	3,538	3,719	3,448
Finance costs	8	9	9	10	11
Other operating funding applications	-	-	-	-	-
Internal charges and overheads applied	454	462	435	442	426
Total applications of operating funding (B)	4,417	4,428	3,982	4,171	3,884
Surplus (deficit) of operating funding (A-B)	236	188	188	207	187
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	254	254	(46)	(46)	(46)
Gross proceeds from sale of assets	(3)	-	-	15	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
Total sources of capital funding (C)	251	254	(46)	(31)	(46)
APPLICATIONS OF CAPITAL FUNDING					
Capital expenditure to meet additional demand	2	-	-	-	-
Capital expenditure to replace existing assets	214	436	136	151	41
Capital expenditure to improve the level of service	-	-	-	-	-
Increase (decrease) in reserves	271	5	5	24	100
Increase (decrease) in investments	-	-	-	-	-
Total applications of capital funding (D)	487	441	141	175	141
Surplus (deficit) of capital funding (C-D)	(236)	(188)	(188)	(207)	(187)
Funding balance ((A-B)+(C-D))	-	-	-	-	-

FINANCIAL STATEMENTS

GORE DISTRICT COUNCIL STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE For the Financial Year Ended 30 June 2020

	Notes	2020 \$'000	2020 Budget \$'000	2019 \$'000
REVENUE				
Rates	3 (a)	17,310	17,329	16,561
Subsidies and grants	3 (a)	5,575	5,638	3,378
Development and financial contributions		16	-	7
Other revenue	3 (a)	4,588	4,095	5,252
Other gains/(losses)	3 (b)	(550)	-	(1,194)
Total revenue		26,939	27,062	24,004
EXPENSES				
Employee benefits expense	3 (c)	(7,163)	(6,901)	(6,652)
Depreciation and amortisation expense	3 (d)	(6,247)	(5,615)	(5,423)
Finance costs	3 (e)	(806)	(902)	(711)
Other expenses	3 (f)	(12,703)	(10,950)	(11,187)
Total expenses		(26,919)	(24,368)	(23,973)
Surplus/(Deficit)		20	2,694	31
OTHER COMPREHENSIVE REVENUE AND EXPENSE				
<i>Items that will not be reclassified to surplus/(deficit)</i>				
Gain/(loss) on property, plant and equipment revaluation	17(a)	(636)	-	47,822
Total other comprehensive revenue and expense		(636)	-	47,822
Total comprehensive revenue and expense		(616)	2,694	47,853

STATEMENT OF CHANGES IN NET ASSETS/EQUITY For the Financial Year Ended 30 June 2020

	2020 \$'000	2020 Budget \$'000	2019 \$'000
Equity at beginning of year	430,446	414,772	382,593
Total Comprehensive (Deficit)/Income for the year	(616)	2,694	47,853
Equity at end of year	429,830	417,466	430,446

The accompanying notes form part of these financial statements.

GORE DISTRICT COUNCIL

STATEMENT OF FINANCIAL POSITION

For the Financial Year Ended 30 June 2020

	Notes	2020 \$'000	2020 Budget \$'000	2019 \$'000
CURRENT ASSETS				
Cash and cash equivalents	21(a)	2,305	2,926	2,885
Trade and other receivables	7	4,266	2,193	1,658
Inventories	8	225	139	252
Other financial assets	9	1,724	1,682	3,709
Other current assets	10	226	173	391
Total current assets		8,746	7,114	8,895
NON-CURRENT ASSETS				
Other financial assets	9	417	339	348
Property, plant and equipment	11	450,782	445,146	445,295
Total non-current assets		451,199	445,485	445,643
Total assets		459,945	452,598	454,538
CURRENT LIABILITIES				
Trade and other payables	13	4,098	2,847	2,379
Employee entitlements	14	730	569	571
Borrowings	15	11,000	6,000	9,000
Provisions	16	135	-	55
Other financial liabilities	9	-	11	-
Total current liabilities		15,963	9,427	12,005
NON-CURRENT LIABILITIES				
Borrowings	15	11,500	24,852	10,000
Provisions	16	74	85	85
Other financial liabilities	9	2,578	769	2,002
Total non-current liabilities		14,152	25,706	12,087
Total liabilities		30,115	35,133	24,092
Net assets		429,830	417,465	430,446
EQUITY				
Reserves	17	294,355	278,564	297,048
Retained earnings	18	135,475	138,901	133,398
		429,830	417,465	430,446

The accompanying notes form part of these financial statements.

GORE DISTRICT COUNCIL

CASH FLOW STATEMENT

For the Financial Year Ended 30 June 2020

	Notes	2020 \$'000	2020 Budget \$'000	2019 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from rates revenue		17,154	17,186	16,506
Receipts from other revenue		3,568	3,850	6,152
Subsidies and grants		4,059	5,638	3,729
Interest received		101	102	137
Payments to suppliers and employees		(19,123)	(17,692)	(19,482)
Finance costs		(806)	(902)	(711)
Net cash inflow/(outflow) from operating activities	21(c)	5,052	8,181	6,331
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from maturity of other financial assets		1	-	(1)
Proceeds from sale of property, plant and equipment		-	-	156
Purchase of property, plant and equipment		(11,144)	(19,417)	(8,665)
Purchase of other financial assets		1,955	-	(2,047)
Net cash inflow/(outflow) from investing activities		(9,188)	(19,417)	(10,557)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from borrowings		5,065	12,485	3,260
Repayment of borrowings		(1,509)	(1,498)	(1,228)
Net cash inflow / (outflow) from financing activities		3,556	10,988	2,032
Net increase (decrease) in Cash and cash equivalents		(580)	(249)	(2,194)
Cash and cash equivalents at the beginning of the financial year		2,885	3,175	5,079
Cash and cash equivalents at the end of the financial year	21(a)	2,305	2,926	2,885

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

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.

Comparative figures may be reclassified to reconcile with additional disclosures made in the current financial year.

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 IFRS 9 Financial Instruments. PBE IFRS 9 replaces PBE IPSAS 29 Financial Instruments: Recognition and Measurement. PBE IFRS 9 is effective for annual period beginning on or after 1 January 2021, 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 plans to apply this standard in preparing the 30 June 2022 financial statements. The Council has not yet assessed the effects of the new standard.

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.

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.

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 and bequests are recognised when control over the asset is obtained.

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 significant risk of causing a material 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

For the Financial Year Ended 30 June 2020

	Notes	2020 \$'000	2019 \$'000
Summary Cost of Services by Activity			
Income			
Water		2,144	1,945
Wastewater		2,446	3,039
Stormwater		666	564
Roading		7,711	5,577
Parks, Reserves, Aquatic Facilities, Civic Buildings and Recreation		5,670	5,648
Other district assets including Solid Waste and Civil Defence		2,621	2,385
Community services - Arts & Heritage, Libraries, Promotions and Grants		3,063	3,003
Regulatory and Planning		1,587	1,643
Democracy and Administration		1,582	1,392
Total activity income		27,489	25,197
Add			
Net change in fair value of financial assets carried at fair value through surplus or deficit (interest rate swaps)		(554)	(980)
Net change in fair value of assets held for sale (shares)		(36)	4
Gain on disposal of property, plant and equipment		40	(218)
		(550)	(1,194)
Total Income		26,939	24,002
Expenditure			
Water		1,807	1,397
Wastewater		1,962	1,928
Stormwater		873	450
Roading		5,321	4,449
Parks, Reserves, Aquatic Facilities, Civic Buildings and Recreation		5,010	4,837
Other district assets including Solid Waste and Civil Defence		3,812	3,159
Community services - Arts & Heritage, Libraries, Promotions and Grants		2,398	2,453
Regulatory and Planning		1,586	1,409
Democracy and Administration		4,151	3,892
Total activity expenditure		26,919	23,973
Total Operating Expenditure		26,919	23,973

3. SURPLUS FROM OPERATIONS

NOTES	2020 \$'000	2019 \$'000
(a) Revenue		
Revenue consisted of the following items:		
Rates Revenue:		
General rates	5,509	5,262
Targeted rates for metered water supply	-	-
All other targeted rates (i)	11,801	11,299
	17,310	16,561
(i) Targeted rates attributable to activities		
Water	1,740	1,579
Wastewater	1,662	1,622
Stormwater	593	564
Roading	2,574	2,529
Parks, Reserves, Aquatic Facilities, Civic Buildings and Recreation	3,233	3,079
Other district assets including Solid Waste and Civil Defence	1,367	1,331
Community services - Arts & Heritage, Libraries, Promotions and Grants	632	595
Regulatory and Planning	-	-
Democracy and Administration	-	-
	11,801	11,299
Other Revenue:		
Revenue from renderings of services:		
Licence fees, and other revenue	4,213	4,834
	4,213	4,834
Operating lease rental revenue	152	156
Interest revenue:		
Bank deposits	101	137
Other loans and receivables	-	-
	101	137
Dividend revenue	-	-
Petroleum tax	122	125
	4,588	5,252

3. SURPLUS FROM OPERATIONS continued...

	NOTES	2020 \$'000	2019 \$'000
Subsidies and grants:			
Government grants – NZ Transport Agency		4,911	2,888
Other grants		664	490
		5,575	3,378

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

Total revenue comprises:

Revenue from non-exchange transactions

Rates		17,310	16,561
Subsidies and grants		5,575	3,378
Development and financial contributions		16	7
Other revenue		4,427	5,097
Total revenue from non-exchange transactions		27,328	25,043

Revenue from exchange transactions

Interest		101	137
Other revenue		60	18
Total revenue from exchange transactions		161	155

Other gains/(losses)		(550)	(1,194)
Total revenue		26,939	24,004

(b) Other Gains/(Losses)

Net gain on disposal of property, plant and equipment		40	(218)
Net change in fair value of available for sale assets (shares)		(36)	4
Net change in fair value of derivative financial instruments classified at fair value through surplus or deficit (interest rate swaps)		(554)	(980)
		(550)	(1,194)

c) Employee Benefits Expense

Salaries and wages		6,952	6,454
Defined contribution plans		211	198
		7,163	6,652

d) Depreciation and Amortisation Expense

Depreciation of property, plant and equipment	12	6,247	5,423
		6,247	5,423

3. SURPLUS FROM OPERATIONS continued...

	NOTES	2020 \$'000	2019 \$'000
(e) Finance Costs			
Interest on loans carried at amortised cost		817	714
Provisions: discount unwinding (Note 16)		(10)	(3)
		806	711
(f) Other Expenses			
Net bad and doubtful debts (recovered)		9	7
Minimum lease payments operating lease rental		151	149
Grants		587	668
Roading repairs and maintenance		2,791	2,039
Other operating expenses		9,165	8,324
		12,703	11,187

Expenses by activity are disclosed under Note 2.

Audit fees are disclosed under Note 6.

(g) Financial Instruments

(Deficit)/surplus for the year includes the following income and expenses arising from financial instruments classified as:

Loans and receivables:			
Interest revenue	3(a)	101	137
		101	137
Financial assets at fair value through surplus or deficit:			
Change in fair value of financial assets	3(b)	(554)	(980)
		(554)	(980)
Financial liabilities at amortised cost:			
Interest expense	3(e)	(806)	(711)
		(806)	(711)

4. LEASES

(a) Leasing Arrangements

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.

	NOTES	2020 \$'000	2019 \$'000
(b) Non-Cancellable Operating Lease Payments			
Not longer than 1 year		20	59
Longer than 1 year and not longer than 5 years		81	-
Longer than 5 years		-	-
		101	59

4. LEASES continued...

NOTES	2020 \$'000	2019 \$'000
(c) Non-Cancellable Finance Lease Payments		
Not longer than 1 year	-	-
Longer than 1 year and not longer than 5 years	-	-
Longer than 5 years	-	-
	-	-

5. PERSONNEL COMPENSATION

Employee Benefits Expense	2020 \$'000	2019 \$'000
Salaries and wages	6,952	6,454
Defined contribution plans	211	198
	7,163	6,652

During the year to 30 June 2020, 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:

<i>Elected Representatives</i>	2020 \$'000	2019 \$'000
Tracy Hicks JP (Mayor)	92,136	82,677
B A Reid (Deputy Mayor)	30,289	18,157
C S Bolger	28,973	25,188
B R Highsted	28,038	22,376
N J Davis	23,426	22,376
G K Dickson	22,268	18,157
D I Grant	22,023	18,157
J C Gardyne	22,023	18,157
N G Phillips	22,023	18,157
R O McPhail	20,598	
S J MacDonell	15,986	
N W J Grant	15,986	
P A Grant	7,176	22,376
R J Beale	5,823	18,157
G E Sharp	5,823	18,157
	362,591	302,092

Chief Executive

Stephen Parry, the Chief Executive of the Council appointed under Section 42 of the Local Government Act 2002 received a salary of \$274,647 (2019: \$270,747).

5. PERSONNEL COMPENSATION continued...

	2020 \$'000	2019 \$'000
<i>Staff employed by salary band as at 30 June</i>		
\$120,000 - 279,999	5	5
\$100,000 - 119,999	7	6
\$80,000 - 99,999	6	4
\$60,000 - 79,999	19	21
\$59,999 and less	80	99
	117	135

The salary bands between \$120,000 and \$279,000 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 2020 was 96 (2019: 100) where 37.5 hours a week is considered full time.

SEVERANCE PAYMENTS

For the year ended 30 June 2020 Council made severance payments to zero employees (2019: 2, \$22,000).

6. REMUNERATION OF AUDITORS

Audit fees for financial statement audit	110	108
Long Plan Term audit	-	-
Audit Fees for assurance and related services	5	5
	115	113

The auditor of Gore District Council, for and on behalf of the Office of the Auditor-General, is M Hoshek of Deloitte Limited Assurance and related services for the Debenture Trust Register of Stock and Debenture Trust Deed Assurance Reports.

7. TRADE AND OTHER RECEIVABLES

	2020 \$'000	2019 \$'000
Trade receivables (i)	809	575
Rates receivables	763	606
Allowance for doubtful debts (ii)	(62)	(53)
	1,510	1,128
NZTA Subsidy	1,868	352
Sundry receivables and accruals	-	-
Goods and services tax (GST) receivable	888	178
Community Funding	-	-
	4,266	1,658

7. TRADE AND OTHER RECEIVABLES continued...

	2020 \$'000	2019 \$'000
Total receivables comprise:		
<i>Receivables from non-exchange transactions -</i> this includes outstanding amounts for rates, grants, infringements, and fees and charges that are partly subsidised by rates	4,264	1,646
<i>Receivables from exchange transactions -</i> this includes outstanding amounts for commercial sales and fees and charges that have not been subsidised by rates	2	12

(i) Trade receivables are non-interest bearing and generally on monthly terms.

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.

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

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.

The age of these trade and other receivables that are past due, but are not impaired, are as follows:

	2020 \$'000	2019 \$'000
Past due 1 to 3 months	1,711	737
Past due 3 to 6 months	134	145
Past due 6 to 9 months	96	85
Past due 9 to 12 months	73	58
Past due > 12 months	194	132
Total	2,208	1,157

(ii) Movement in the allowance for doubtful debts:

Balance at beginning of year	53	46
Amounts written off during year	-	-
Increase/(decrease) in allowance recognised in Statement of Income and Expenditure	9	7
Balance at end of year	62	53

7. TRADE AND OTHER RECEIVABLES continued...

An allowance has been made for estimated irrecoverable amounts and has been calculated based on expected losses. Expected losses have been determined based on reference to past default experience and review of specific debtors.

In determining the recoverability of a trade receivable the Council considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date.

Other than the New Zealand Transport Agency, the Council has no significant concentrations of credit risk, as it has a large number of credit customers, mainly ratepayers. The Council believes no further credit provision is required in excess of the allowance for doubtful debts.

8. INVENTORIES

	2020 \$'000	2019 \$'000
Essential Services (at cost)	174	182
Other (at cost)	51	70
	225	252

The carrying amount of inventories pledged as security for liabilities is \$Nil (2019: \$Nil).

9. OTHER FINANCIAL ASSETS/(LIABILITIES)

	2020 \$'000	2019 \$'000
<i>At fair value through surplus or deficit:</i>		
<u>Current</u>		
Interest Rate Swaps	-	-
	-	-
<u>Non Current</u>		
Interest Rate Swaps	(2,516)	(1,961)
	(2,516)	(1,961)
<i>Available-for-Sale at fair value:</i>		
<u>Non Current</u>		
Equity securities - NZ Local Government Insurance Company shares	51	87
Southland Regional Development Shares	27	-
	78	87
<i>Loans and receivables at Amortised Cost:</i>		
<u>Current</u>		
Short Term Deposits (i)	1,724	3,709
Finance leases	-	-
	1,724	3,709

9. OTHER FINANCIAL ASSETS/(LIABILITIES) continued...

	2020 \$'000	2019 \$'000
<u>Non Current</u>		
Loans to Community Groups	108	143
Less Provision for Impairment	(100)	(132)
	8	11
LGFA borrower notes	264	208
Clean air loans receivable	67	42
Clean air loans payable	(62)	(40)
Finance leases	-	-
	277	221
	(437)	2,055

Disclosed in the financial statements as:

Assets

Current	1,724	3,709
Non-current	417	348

Liabilities

Current	-	-
Non-current	(2,578)	(2,002)
	(437)	2,055

Other than the allowance for impairment on loans to community groups, there are no impairment provisions for other financial assets.

(i) The total value of Short Term Deposits that can only be used for a specified purpose as outlined in the relevant trust deeds is \$231,000 (2019: \$224,000).

10. OTHER CURRENT ASSETS

	2020 \$'000	2019 \$'000
Prepayments	226	391
	226	391

11. PROPERTY PLANT AND EQUIPMENT

	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)	1,865
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)	41,870
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)	450,783

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

11. PROPERTY PLANT AND EQUIPMENT

	Cost/Valuation 1 July 2018	Cost/Valuation 30 June 2019	Revaluation	Disposals	Additions	Revaluation	Cost/Valuation 30 June 2019	Accumulated depreciation and impairment charges 1 July 2018	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 2019	Carrying amount 30 June 2019
	\$ '000s	\$ '000s	\$ '000s	\$ '000s	\$ '000s	\$ '000s	\$ '000s	\$ '000s	\$ '000s	\$ '000s	\$ '000s	\$ '000s	\$ '000s
Council Operational Asset At Cost													
Land	-	-	-	-	-	-	-	-	-	-	-	-	-
Buildings	200	7	-	-	7	-	207	(158)	-	(9)	-	(167)	40
Plant and equipment	3,792	431	(150)	(150)	431	-	4,073	(2,086)	-	(248)	126	(2,208)	1,865
Motor vehicles	1,757	318	(260)	(84)	318	-	1,815	(1,189)	-	(274)	211	(1,252)	563
Office furniture and equipment	2,167	145	(84)	(84)	145	-	2,228	(1,577)	-	(152)	84	(1,645)	583
Recreation and Cultural	731	663	-	-	663	-	1,394	(530)	-	(22)	-	(552)	842
Library books	913	83	-	-	83	-	996	(404)	-	(74)	-	(478)	518
Work in progress Buildings	254	299	(25)	(25)	299	-	528	-	-	-	-	-	528
Work in progress Office Equipment	-	6	-	-	6	-	6	-	-	-	-	-	6
Work in progress Recreation & Cultural	76	17	(76)	(76)	17	-	17	-	-	-	-	-	17
Work in progress Subdivision	223	159	-	-	159	-	382	-	-	-	-	-	382
At Valuation													
Land	12,847	72	3,382	-	72	3,382	16,301	-	-	-	-	-	16,301
Buildings	17,107	131	720	-	131	720	17,958	(1,332)	-	(518)	1,850	-	17,958
Total Operational Assets	40,067	2,331	4,102	(595)	2,331	4,102	45,905	(7,276)	-	(1,297)	2,271	(6,302)	39,603
Council Infrastructural Assets At Valuation													
Water Reticulation	13,177	1,033	4,601	-	1,033	4,601	18,811	(1,067)	-	(570)	1,637	(1)	18,810
Sewerage Reticulation	16,238	8,246	(1,408)	-	8,246	(1,408)	23,076	(1,316)	-	(836)	1,992	(161)	22,915
Stormwater Reticulation	9,685	55	651	-	55	651	10,391	(701)	-	(352)	1,054	-	10,391
Roads - Formation	181,000	2	16,494	-	2	16,494	197,496	-	-	-	-	-	197,496
Roads - Pavement (Non depreciable)	21,508	12	7,368	-	12	7,368	28,888	-	-	-	-	-	28,888
Roads - Pavement (Depreciable)	64,309	1,561	256	-	1,561	256	66,126	(2,433)	-	(1,295)	3,728	-	66,126
Roads - Footpaths, Kerbs, Bridges, Culverts	30,857	1,146	1,955	-	1,146	1,955	33,957	(1,909)	-	(898)	2,806	(1)	33,956
Roads - Signs, Roadmarkings, Streetlights	1,806	604	315	(323)	604	315	2,402	(288)	-	(156)	444	-	2,402
Land under roads	18,752	-	-	-	-	-	18,752	-	-	-	-	-	18,752
Refuse - at cost	1,105	-	-	-	-	-	1,105	(255)	-	(19)	-	(274)	831
Work in progress - at cost	10,786	2,271	(7,933)	(7,933)	2,271	-	5,124	-	-	-	-	-	5,124
Total Infrastructural Assets	369,224	14,930	30,231	(8,256)	14,930	30,231	406,129	(7,969)	-	(4,126)	11,660	(437)	405,692
Total Council Property, Plant and Equipment	409,291	17,261	34,333	(8,851)	17,261	34,333	452,034	(15,245)	-	(5,423)	13,931	(6,739)	445,295

11. PROPERTY PLANT AND EQUIPMENT continued...

	2020 \$'000	2019 \$'000
Heritage Assets		
The following assets and their carrying values are included in the schedules on the preceding pages:		
Dolamore Park	324	350
Eastern Southland Gallery	102	107
Trout statue on Medway Street Triangle	19	18
	445	475

COMMITMENTS FOR EXPENDITURE

(a) Capital and Other Expenditure Commitments

Capital and other expenditure commitments at 30 June 2020 were \$3,807,000 (2019: \$4,356,000).

(b) Lease Commitments

Finance lease liabilities and non-cancellable operating lease commitments are disclosed in Note 4 to the financial statements.

12. DEPRECIATION AND AMORTISATION EXPENSE BY GROUP OF ACTIVITY

	2020 \$'000	2019 \$'000
Water	837	571
Wastewater	997	836
Stormwater	532	352
Roading	2,429	2,362
Parks, Reserves, Aquatic Facilities, Civic Buildings and Recreation	833	731
Other district assets including Solid Waste and Civil Defence	221	192
Community services - Arts & Heritage, Libraries, Promotions and Grants	163	170
Regulatory and Planning	47	47
Democracy and Administration	188	162
	6,247	5,423

13. TRADE AND OTHER PAYABLES

	2020 \$'000	2019 \$'000
Trade payables (i)	3,111	1,528
Other accrued charges	587	407
Rates in advance	273	305
Deposits and retentions	44	46
Accrued interest	83	93
	4,098	2,379

13. TRADE AND OTHER PAYABLES continued...

	2020 \$'000	2019 \$'000
<i>Payables and deferred revenue under exchange transactions</i>		
Trade payables and accrued expenses	4,098	2,379

Payables and deferred revenue under non-exchange transactions
Rates and grants received in advance

(i) The average credit period on purchases is 30 days.

14. EMPLOYEE ENTITLEMENTS

	2020 \$'000	2019 \$'000
Accrued salary and wages	200	131
Annual leave	458	372
Long service leave	37	35
Retirement gratuities	35	33
	730	571

15. BORROWINGS

	2020 \$'000	2019 \$'000
At amortised cost		
Secured borrowings (i)	22,500	19,000
Unsecured borrowings	-	-
	22,500	19,000

Disclosed in the financial statements as:

Current	11,000	9,000
Non-current	11,500	10,000
	22,500	19,000

(i) The Council's borrowings are secured through a debenture trust deed over rates.

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 30 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 2020, NZLGFA had borrowings totalling \$10,899m (2019: \$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.

Interest is charged on a floating rate basis. At balance date the current weighted average effective interest rate on the bank borrowings is 3.72% (2019: 4.04%).

The Council has a credit card facility with Westpac with a credit limit of \$70,000 (2019: \$70,000).

16. PROVISIONS

	2020 \$'000	2019 \$'000
Landfill aftercare provision (i)		
Balance at beginning of year	85	88
Unwinding of discount and effect of changes in the discount rate	(11)	(3)
Balance at end of year	74	85

(i) Provision for landfill aftercare costs.

Due to the implementation of the Transfer Station, the landfills are now closed.

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% (2019: 4%).

Ouvea Premix removal provision (ii)

Balance at beginning of year	55	55
Increase/(decrease) in provision	(5)	-
Balance at end of year	50	55

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.

Infrastructure retentions provision (iii)

Balance at beginning of year	-	-
Increase/(decrease) in provision	85	-
Balance at end of year	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.

17. RESERVES

	2020 \$'000	2019 \$'000
Available-for-sale revaluation reserve	-	-
Asset revaluation reserve (a)	288,718	289,354
Restricted Reserves (b)	4,647	6,610
Council Created Reserves (c)	989	1,084
	294,355	297,048

17. RESERVES continued...

2020
\$'000

2019
\$'000

(a) Asset Revaluation Reserve

Balance at beginning of year	289,354	241,532
Revaluation increase / (decrease)		
Land	-	3,382
Buildings	(636)	2,570
Infrastructure	-	41,870
	(636)	47,822
Balance at end of year	288,718	289,354

The asset revaluation reserve arises on the revaluation of land and buildings and infrastructural assets. Where a revalued asset is sold that portion of the asset revaluation reserve which relates to that asset, and is effectively realised, is transferred directly to retained earnings.

The revaluation in 2020 was to true up the prior year's valuation to align with Council records.

	Water Reticulation	Wastewater and Stormwater Reticulation	Roads Bridges and Lighting	Land	Buildings	Total
Balance at 30 June 2017	9,635	12,809	201,227	8,720	9,141	241,532
Revaluation increase/ (decrease)	-	-	-	-	-	-
Balance at 30 June 2018	9,635	12,809	201,227	8,720	9,141	241,532
Revaluation increase/ (decrease)	6,238	2,288	33,345	3,382	2,570	47,822
Balance at 30 June 2019	15,873	15,096	234,572	12,102	11,711	289,354
Revaluation increase/ (decrease)	-	-	-	-	(636)	(636)
Balance at 30 June 2020	15,873	15,096	234,572	12,102	11,075	288,718

2020
\$'000

2019
\$'000

(b) Restricted Reserves

Balance at beginning of year	6,610	6,849
Transfer from/(to) Retained Earnings	(1,963)	(241)
Balance at end of year	4,647	6,610

Restricted reserves include:

- trust and bequest funds that have been provided to the Council by various people for specific purposes.
- funds for different areas of benefit are used where there is a discrete set of rate or levy payers as distinct from the general rate.

17. RESERVES continued...

	2020 \$'000	2019 \$'000
(c) Council Created Reserves		
Balance at beginning of year	1,084	1,105
Transfer from/(to) Retained Earnings	(95)	(21)
Balance at end of year	989	1,084

Council created reserves funds are built up annually from general rates and are made available for specific events or purposes.

18. RETAINED EARNINGS

	2020 \$'000	2019 \$'000
Retained Earnings		
Balance at beginning of year	133,398	133,106
Net (deficit)/ surplus for the year	20	31
Transfers from/(to) reserves: Restricted and Council Created Reserves	2,058	261
Balance at end of year	135,476	133,398

19. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Contingent Assets: Nil (2019: Nil).

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 2020 the water scheme assets have a carrying value of \$3,531,000 (2019: \$3,643,000) and the Council holds reserves of \$404,000 (2019: \$366,000) 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.

Guarantees

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 and it has a current credit rating from Standard and Poor's of AA+. See note 15 for further details.

Worksafe Case

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 or a guilty plea is entered prior to the trial then a fine could be in the range of \$350,000 to \$450,000.

20. RELATED PARTY DISCLOSURES

(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:

	2020 \$'000	2019 \$'000
Southern Office Products Depot (owned by Councillor Nicky Davis) - purchase of stationery items	(20)	(51)
Paper Plus Gore (owned by Councillor Doug Grant) - purchase of stationery items	(11)	(16)

(b) Other Transactions Involving Related Parties

Phoenix Aviation (Councillor Peter Grant is a Director) – Lease of Airport	8	8
Central Saleyard Limited (Councillor Peter Grant is a Director)	8	8
Community Networking Trust (Councillor Glenys Dickson is a Trustee)	(18)	-
Equip GP Limited (His Worship is a Director)	-	(3)
Southern REAP (Councillor Glenys Dickson is a Board Chair)	1	2
Gore Health Limited (Councillors Glenys Dickson and Bret Highsted are Directors)	(0)	(3)
Gore River Valley Lions (Councillor Bronwyn Reid is a Member)	(1)	(2)

Section 3 of the Local Authorities (members interest) Act 1968 limits the value of all contracts with an elected member to \$25,000, including GST, in any financial year. If the value of contracts will exceed or is likely to exceed this threshold prior approval is obtained from Auditor General. During the year the Auditor General gave approval to the following contract limits: none.

	2020 \$'000	2019 \$'000
Key management personnel compensation		
<i>Councillors</i>		
Remuneration	363	302
Full time equivalent members	12	12
<i>Senior Management Team, including the Chief Executive</i>		
Remuneration	839	958
Full time equivalent members	5	6
Total key management personnel remuneration	1,202	1,260
Total full time equivalent personnel	17	18

Due to the difficulty in determining the full time equivalent for Councillors, the full time equivalent figures is taken as the number of Councillors.

21. NOTES TO THE CASH FLOW STATEMENT

(a) Reconciliation of Cash and Cash Equivalents

For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand and in bank and short term deposits with maturity dates of three months or less, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the Cash Flow Statement is reconciled to the related items in the Statement of Financial Position as follows:

	2020 \$'000	2019 \$'000
Cash and cash equivalents	2,305	2,885
	2,305	2,885

(b) Borrowings – Facilities

Secured bank overdraft facility with Westpac Banking Corporation, payable at call.

Amount unused	600	600
	600	600

Secured bank loan facilities with ANZ maturing on 30 June 2021 and which may be extended by mutual agreement:

Amount used	-	-
Amount unused	3,000	3,000
	3,000	3,000

(c) Reconciliation of Surplus for the Period

Deficit for the year	20	31
<i>Add/(less) non-cash items:</i>		
Depreciation	6,247	5,423
Gain on sale of property, plant and equipment	(40)	218
Net change in fair value of available for sale assets (shares)	36	(4)
Net change in fair value of derivative financial instruments	554	980
Net change in ouvea premix provision	(5)	-
Net change in the landfill provision	10)	(3)
	6,782	6,614
Movement in working capital:		
Trade and other receivables	(2,607)	1,326
Inventories	26	(113)
Other current assets	165	(218)
Trade and other payables	1,719	(758)
Finance leases	-	(21)
Employee entitlements	160	12
Other revenue received in advance	-	14
Other	-	7
	(537)	248
Items classified as investment activities:		
Movement in property, plant and equipment included in trade and other payables	(1,213)	(561)
Net cash inflow from operating activities	5,052	6,331

22. FINANCIAL INSTRUMENTS

(a) Capital Risk Management

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

The Local Government Act 2002 (the Act) requires the 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. Retained earnings 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 by 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 asset classes 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 10-Year-Plan (10YP), also known as its Long Term Plan (LTP) and in its annual plan (where applicable) to meet the expenditure needs identified in those plans. The Act sets out the factors that 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.

The Council has the following Council created reserves:

- Reserves for different areas of benefit; and
- Trust and bequest reserves.

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

Trust and bequest reserves are set up where the 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.

The Council's overall strategy remains unchanged from 2018.

(b) Significant Accounting Policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, and the basis of measurement applied in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial statements.

(c) Categories of Financial Instruments

Financial assets

	2020 \$'000	2019 \$'000
Cash and cash equivalents	2,305	2,885
Trade and other receivables - loans and receivables	4,266	1,657
Other financial assets - loans and receivables	2,063	3,969
Other financial assets - available for sale	78	87

22. FINANCIAL INSTRUMENTS continued...

	2020 \$'000	2019 \$'000
Financial liabilities		
Trade and other payables	4,098	2,378
Borrowings	22,500	19,000
Other financial liabilities - loans and payables	62	40
Other financial liabilities - fair value through surplus or deficit	2,516	1,962

(d) Financial Risk Management Objectives

The Council has a series of policies to manage the risks associated with financial instruments. The Council is risk adverse and seeks to minimise exposure from its treasury activities. The Council has established Council approved Liability Management and Investment policies. These provide a framework for prudent debt management and the management of financial resources in an efficient and effective way.

The Council does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

(e) Market Risk

Interest Rate Risk

The Council is exposed to interest rate risk as it borrows funds at floating interest rates and also invests cash in short-term deposits at fixed interest rates.

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Investments at fixed interest rates expose the Council to fair value 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 issued at variable interest rates expose the Council to cash flow interest rate risk. The risk is managed by the use of floating to fixed interest rate swaps contracts with a range of terms. These swaps have the economic effect of converting borrowings from floating rate to fixed rates. Under the interest rate swaps contracts, the 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 notional principal amounts.

Interest Rate Swap Contracts

Under interest rate swap contracts, the Council agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Council to mitigate the risk of changing interest rates on debt held. The fair value of interest rate swaps are based on market values of equivalent instruments at the reporting date and are disclosed below. The average interest rate is based on the outstanding balances at the start and end of the financial year.

Currency Risk

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

Other Price Risks

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices.

The Council is exposed to price risks arising from equity securities which are designated as available for sale.

The following tables detail the notional principal amounts and remaining terms of interest rate swap contracts outstanding as at reporting date:

Outstanding floating for fixed contracts	Average Contract Fixed Interest Rate		Notional Principal Amount		Fair Value	
	2020 %	2019 %	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Less than 1 year	-	4.29%	-	2,000	-	(41)
1 to 2 years	-	-	-	-	-	-
2 to 5 years	3.58%	3.58%	17,900	17,900	(2,516)	(1,921)
			17,900	19,900	(2,516)	(1,962)

Hedge accounting has not been adopted.

(f) Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Council.

Other than the New Zealand Transport Agency, the Council has no significant concentrations of credit risk arising from trade receivables, as it has a large number of credit customers, mainly ratepayers, and the Council has powers under the Local Government (Rating) Act 2002 to recover outstanding debts from ratepayers.

The Council is exposed to credit risk as a guarantor of all of LGFA's borrowings. Information about this exposure is explained in note 15.

The carrying amount of financial assets recorded in the financial statements, net of any allowance for losses, represents the Council's maximum exposure to credit risk without taking account of the value of any collateral obtained.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

(g) Liquidity Risk Management

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

The Council manages liquidity risk by maintaining adequate funds on deposit, reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in Note 21 is a listing of additional undrawn facilities that the Council has at its disposal to further reduce liquidity risk.

The Council is exposed to liquidity risk as a guarantor of all of LGFA's borrowings. This guarantee becomes callable in the event of the LGFA failing to pay its borrowings when they fall due. Information about this exposure is explained in note 15.

The maturity profiles of the Council's interest-bearing investments and borrowings are disclosed below.

Maturity Profile of Financial Instruments

The following tables detail the Council's remaining contractual maturity for its non-derivative financial liabilities. The tables below have been drawn up based on the undiscounted contractual maturities of the financial liabilities except where the Council is entitled and intends to repay a liability before its maturity. The 'adjustment' column reconciles the undiscounted cash flows to the total carrying amount recognised.

2020	Weighted Average Effective Interest Rate %	Less than 1 year \$'000	Fixed maturity dates including interest			
			1-2 years \$'000	2-5 years \$'000	Adjustment \$'000	Total \$'000
Financial Liabilities						
Bank Overdraft	-	-	-	-	-	-
Trade and other payables	-	4,098	-	-	-	4,098
Borrowings	3.72%	11,837	5,837	7,337	(2,511)	22,500

2019	Weighted Average Effective Interest Rate %	Less than 1 year \$'000	Fixed maturity dates including interest			
			1-2 years \$'000	2-5 years \$'000	Adjustment \$'000	Total \$'000
Financial Liabilities						
Bank Overdraft	-	-	-	-	-	-
Trade and other payables	-	2,378	-	-	-	2,378
Borrowings	4.04%	6,768	8,768	5,768	(2,303)	19,000

(h) Fair Value of Financial Instruments

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly, (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2020	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets at FVTPL Shares	-	-	78	78
Financial liabilities at FVTPL Interest rate swaps	-	(2,516)	-	(2,516)
	-	(2,516)	78	(2,438)

2019

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets at FVTPL Shares	-	-	87	87
Financial liabilities at FVTPL Interest rate swaps	-	(1,962)	-	(1,962)
	-	(1,962)	87	(1,875)

There were no transfers between any levels in the period.

Level 3 fair value assessments have been calculated by taking the Council's shareholding as a proportion of the total equity securities issued in New Zealand Local Government Insurance Company Limited and applying it against the net assets of the company at year end.

Reconciliation of Level 3 fair value measurements of financial assets

	2020 \$'000	2019 \$'000
Equity Securities		
Balances at the beginning of the year	86	83
Gains/(losses) recognised in comprehensive revenue and expense	(36)	3
Shares applied for	27	-
Balance at the end of the year	77	86

Of the total gains or losses for the period, \$4,000 relates to assets and liabilities held at the end of the reporting period. Fair value gains or losses on those assets and liabilities are included in other revenue and other expenses in the statement of comprehensive surplus and deficit. All gains and losses relate to equity securities held at the end of the reporting period.

(i) 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 \$81,000 (2019: \$71,000). This is mainly attributable to the Council's exposure to interest rates on its borrowings.
- Other equity reserves would remain unaffected.

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 (2019: \$9,000) 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.

23. EXPLANATION OF MAJOR VARIANCES AGAINST BUDGET

Explanation of major variations from Council's estimated figures in the 2019/2020 budget, as reflected in the Annual Plan, are as follows:

Statement of Comprehensive Revenue and Expense

- Other revenue is higher than budget by \$493,000. This is mainly due to tradewaste fees charged to Mataura Valley Milk being higher than budgeted, along with Project ARK reimbursements received from the Southland Regional Heritage Committee.
- Other gains/(losses) is lower than budget by \$550,000. Interest rate swaps were revalued and with interest rates being lower, the Council has realised a loss on the swaps held.
- Depreciation and amortisation expense is higher than budget by \$632,000. The budget was set prior to the revaluation at the end of the 2019 financial year, and increase in depreciation expense is a continuation of that process.
- Finance costs are lower than budget by \$96,000 due to capital project delays. This links to lower than forecasted debt levels, and lower than forecasted interest rates.
- Other expenses are higher than budget by \$1,753,000. The main contributors are the additional expenses as a result of the February 2020 floods which included repairs to Howe Bridge, remediation work on an historical landfill site, and the cost of pumping to remove stormwater. Other contributing expenses to the variance are the unbudgeted expenses associated with the District Plan (\$150k) and the end of the recycling contract charges.

Statement of Financial Position

- Current assets are higher than budget by \$1,632,000. This is primarily due to accounts receivable being higher than last year with provisions for the end of year NZTA invoice and the flooding claim with NEMA.
- Property, plant and equipment are higher than budget by \$5,636,000. The timing of the three-yearly asset revaluation has impacted on the financial year with higher values than expected for some property, plant and equipment.
- Accounts payable is higher than budget by \$1,251,000 as a result of increased activity post COVID-19 lockdown, to catch up on delayed projects.
- Total borrowings is lower than budget by \$8,352,000 due to delays to projects as a result of the country-wide lockdown due to COVID-19.

Statement of Cash Flows

- Cash flow from operating activities is lower than budget by \$3,129,000. This is mainly 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.
- Cash flow from investing activities is lower than budget by \$10,229,000. The major contributor is the reduced spending on the purchase of property, plant and equipment due to delays in capital projects, in particular the water treatment plant.
- Cash flow from financing activities is lower than budget by \$7,432,000 due to lower than budgeted borrowings because of the delay in capital projects, which was partially due to the government's decision to put the country in lockdown in an attempt to manage the spread of the COVID-19 virus.

24. IMPACT OF COVID-19 PANDEMIC ON COUNCIL

There has been a minor impact on Council as a result of COVID-19 pandemic.

The COVID-19 pandemic developed rapidly in the first half of 2020, with a significant number of cases. Measures taken by the New Zealand Government to contain the virus has affected economic activity. The Council has taken a number of measures to monitor and mitigate the effects of COVID-19, such as health and safety measures for our employees (such as social distancing and working from home).

At this stage, the impact on the Council has not been significant, and based on our experience to date we expect this to remain the case. The Council activities impacted the most by the various alert levels are the aquatic centre, MLT events centre, parking, and solid waste/transfer station. As the Council was unaware how long restrictions would last or the community's reaction after restrictions were lifted, a decision was made in the aquatic and MLT events centre area to make a number of staff redundant with a view to re-employing them when conditions allowed. A summary of the key area's impacted compared to budget has been presented below:

Activity	2020 Actual Net Operating Total \$'000	2020 Budget Net Operating Total \$'000	Variance \$'000
Gore Multisports Aquatic Centre	(13)	25	38
MLT Event Centre	(96)	(12)	(84)
Parking	(51)	6	(57)
Solid Waste (Transfer Station)	(237)	(20)	(217)
Total surplus/(deficit)	(397)	(1)	(396)

The council will continue to follow the various government policies and advice, and in parallel, do our utmost to continue our operations in the best and safest way possible without jeopardising the health of our people and community.

The impact COVID-19 has had on Council levels of service has been recorded in the Statement of Service Performance section.

OTHER LEGISLATIVE DISCLOSURES

Additional information concerning core assets

	Closing Book Value 30 June 2020 \$'000	Additions constructed by Council \$'000	Additions transferred to Council \$'000	Estimated replacement cost \$'000
Water supply				
Treatment plants and facilities	2,732	204	-	6,297
Water supply				
Other assets (such as reticulation systems)	15,709	262	-	46,187
Wastewater				
Treatment plants and facilities	15,194	4,855	-	10,760
Wastewater				
Other assets (such as reticulation systems)	12,037	458	-	40,536
Stormwater drainage	9,901	41	-	32,515
Roads & Footpaths	350,758	5,565	-	413,694

Rating base information

	2020	2019
Total Capital Value	3,814,939,450	3,524,844,050
Total Land Value	2,215,866,700	2,112,791,750
Number of Rating Units	6,019	6,019

Insurance on assets

The cost of the Canterbury earthquakes highlighted the importance of good risk management and the part insurance and/or risk financing plays when it comes to rebuilding public assets. In many instances, councils can provide services in the future only through the continuing use of their assets. Public entities have had to think carefully about how they are managing their risks, and how they are using the insurance and risk finance options available to them.

Water, Wastewater and Stormwater assets

These activities have a total asset value for insurance purposes of \$144,491,708 and a book value of \$55,570,000. The Council insures these assets through the Civic Assurance Local Authority Protection Programme (LAPP). The Council also has a self-insurance reserve of \$51,000.

Land, Buildings, Plant and Equipment

This activity has an asset value for insurance purposes of \$64,506,500 and a book value of \$34,299,000. The Council insures these assets through Allianz New Zealand Limited.

Vehicles and mobile plant and equipment

This activity has an asset value for insurance purposes of \$2,365,458 and a book value of \$2,368,000. The Council insures these assets through Vero Insurance New Zealand Limited.

FUNDING IMPACT STATEMENT - COUNCIL WIDE

	2020 Actual \$'000	2020 Annual Plan \$'000	2020 LTP \$'000	2019 Actual \$'000	2019 LTP \$'000
SOURCES OF OPERATING FUNDING					
General rates, uniform annual general charge, rates penalties	5,920	5,891	5,510	5,631	5,332
Targeted rates	11,801	11,777	11,841	11,299	11,272
Subsidies and grants for operating purposes	1,738	1,496	1,389	1,500	1,359
Fees and charges	3,727	3,429	3,422	4,497	3,360
Local authorities fuel tax, fines, infringement fees, and other receipts	276	224	1,627	249	912
Interest and dividends from investments	173	102	102	137	100
Total operating funding (A)	23,636	22,919	23,891	23,313	22,335
APPLICATIONS OF OPERATING FUNDING					
Payments to staff and suppliers	19,281	17,258	16,357	17,221	16,383
Finance costs	806	902	1,093	711	833
Other operating funding applications	585	592	617	618	640
Total applications of operating funding (B)	20,672	18,763	18,067	18,550	17,856
Surplus (deficit) of operating funding (A-B)	2,964	4,166	5,824	4,763	4,479
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure	3,838	4,142	1,677	1,877	2,879
Development and financial contributions	16	-	-	7	-
Increase (decrease) in debt	3,500	10,988	6,141	2,000	6,446
Gross proceeds from sale of assets	40	-	-	(218)	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
Total sources of capital funding (C)	7,393	15,130	7,818	3,666	9,325
APPLICATIONS OF CAPITAL FUNDING					
Capital expenditure to meet additional demand	1,168	24	689	330	1,969
Capital expenditure to replace existing assets	6,823	10,001	7,589	4,492	6,630
Capital expenditure to improve the level of service	4,371	9,392	5,414	4,246	5,317
Increase (decrease) in reserves	(2,005)	(121)	(50)	(639)	(111)
Increase (decrease) in investments	-	-	-	-	-
Total applications of capital funding (D)	10,357	19,296	13,642	8,429	13,804
Surplus (deficit) of capital funding (C-D)	(2,964)	(4,166)	(5,824)	(4,763)	(4,479)
Funding balance ((A-B)+(C-D))	-	-	-	-	-

RECONCILIATION BETWEEN COUNCIL WIDE FUNDING IMPACT STATEMENT AND FINANCIAL STATEMENTS

	Actual 2020 \$'000	LTP 2020 \$'000	Actual 2019 \$'000
INCOME			
Total operating income per Statement of Financial Performance	26,939	25,568	24,003
Less			
NZTA Subsidy received for capital expenditure	(3,838)	(1,677)	(1,877)
Net change in fair value of financial assets carried at fair value through surplus or deficit (Interest rate swaps)	554	-	980
Net change in fair value of available for sale assets carried at fair value through surplus or deficit (Shares)	36	-	(4)
Assets vested in Council	-	-	-
Gross proceeds from sale of assets	(40)	-	218
Development and financial contributions	(16)	-	(7)
	(3,303)	(1,677)	(691)
Total operating income per Council Wide Funding Impact Statement	23,636	23,891	23,313
EXPENDITURE			
Total operating expenditure per Statement of Financial Performance	26,919	23,742	23,973
Less			
Depreciation	(6,247)	(5,675)	(5,423)
Decrease in investments	-	-	-
	(6,247)	(5,675)	(5,423)
Total operating expenditure per Council Wide Funding Impact Statement	20,672	18,067	18,550

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 2020.

Details of the Council's debt are disclosed in note 15 of the Financial Statements. Further information in relation to interest rate risk and fair values of the Council's debt is disclosed in note 22 of the Financial Statements.

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

Borrowing Limits

	Actual 30 June 2020	Limit
Net Debt as a percentage of total revenue	75%	< 175%
Net interest as a percentage of total revenue	2.99%	< 20%
Net interest as a percentage of rates	4.66%	< 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

There were no material variations or departures from the Council's Investment Policy during the year to 30 June 2020.

SCHEDULE OF SPECIAL RESERVE FUND MOVEMENTS

		Sum of 1 July 2019 \$'000	Additions \$'000	Withdrawals \$'000	Sum of 30 June 2020 \$'000
(a) Special bequests					
A M A Dolamore	Maintenance and improvement of Dolamore Park	65	2	-	67
C A Coster	Provision or extension of amenities in Maitua area	97	3	-	100
Dolamore Trust	Purchase of Library Books	5	-	-	5
Dorothy Newman Trust	Maintenance and improvement of Gore Parks and Reserves	18	1	-	18
J H Dolamore	Maintenance and improvement of Gore Parks and Reserves	39	1	-	40
(a) Special bequests Total		224	7	-	231
(b) Council created reserves					
Airport reserve	Funding future operations	6	6	-	13
Council wide asset replacement and maintenance reserves	Funding long term maintenance and replacement of Council assets	6,350	1,014	(3,121)	4,243
Creative New Zealand	Funding of cultural activities	2	-	-	2
Drainage contributions reserve	Funding additional connections to drainage network	62	-	-	62
Insurance excess reserve	Funding for self insurance of below ground assets	51	-	-	51
Maitua Initiatives Reserve	Funding future initiatives in Maitua	11	5	-	17
Otama Water Scheme	Funding capital works on Otama Water Scheme	366	38	-	404
Parks and Reserves development reserve	Funding future development requirements	101	-	(50)	51
Rural Halls Reserve	Funding future maintenance costs of rural halls	1	12	-	13
Rural Special Fund	Provision of amenities in rural areas of the District	497	15	-	512
Rural Roding reserve	Funding future roding works	-	-	(10)	(10)
Sister City reserve	Funding future Sister City initiatives	9	-	-	9
Website reserve	Funding future development of the Council website	10	27	-	38
Young Ambassador reserve	Funding future young ambassador initiatives	1	-	-	1
(b) Council created reserves Total		7,469	1,118	(3,181)	5,406
Grand Total		7,693	1,125	(3,181)	5,637