People First
Southland District Council
Te Rohe Pōtae O Murihiku

SOUTHLAND DISTRICT COUNCIL

ANNUAL REPORT 2011/12

About Southland

One of the essential characteristics of Southland District is its strong community ethic. Each of Southland"s communities has a special character, ranging from the popular coastal township of Riverton, the bustle of a busy tourist destination in Te Anau, to the quiet yet beautiful town of Waikaia, and tranquillity of Oban, Stewart Island/Rakiura. In all these communities it is the norm to know your neighbours; people are open and friendly and can be relied upon. This sense of community has created a reputation of Southland being one of the safest family environments in the country. The spirit of community is also seen in the way in which people work together for the development of their township and local area.

One of the attractions of living in Southland is the lifestyle. Outdoor pursuits abound in Southland, from trout fishing in the Mataura River, water skiing at Lake Manapouri, a huge range of walks and tramps, and a large number of golf courses. Residents are generally active, typically involved in a range of sporting and recreational activities such as rugby, golf, netball and bowls. Southlanders also value arts and cultural activities and participation in community activities is high with interests ranging from the fellowship of service groups to the creativity of arts groups.

Agriculture remains the cornerstone of the Southland economy with agriculture, forestry and fishery workers being the most numerous occupational groups in the District. The continued expansion and development of the dairying industry, in particular, looks likely to underpin future growth. At the same time, with exploration for lignite, gas, oil, coal, the recent development of wind power and a well established hydroelectric power station, energy opportunities also look likely to play an increased role in the District economy in the future. With six iconic tourist destinations (Milford Sound, Doubtful Sound, Fiordland National Park, Southern Scenic Route, the Catlins and Stewart Island) located in Southland, the District continues to be well-known for its unique and diverse tourist attractions.

Key Statistics	
Population	28,440[1]
Māori	9%[2]
European	79%[2]
Other ethnic groups[3]	19%[2]
Median household income	$48,700[1]
Median house price	$190,000[4]
Land area of District	30,198 km^2
Length of coastline of District	2,877 km
Average annual rainfall	1,112 mm[5]
Average annual sunshine hours	1,614[5]
Average summer temperature high	19°C[5]
Average winter temperature high	10°C[5]
Number of Councillors and Community Development Area Subcommittees	12 (CBs) 16 (CDAs)
Total Rateable Rating Units	20,689[6]
Non-Contiguous Rating Units	15,944[6]
Area of Parks and Reserves	1,249 ha
Number of sports fields and playgrounds	63
Number of libraries	12
Length of sealed roads	1,958 km
Length of gravel roads	2,973 km
Length of footpaths	200 km
Number of bridges (includes 202 underpasses)	1,059
Number of street lights	2,293
Length of sewerage pipes	235 km
Length of stormwater pipes	109 km
Length of water pipes	665 km

1. Census 2006.
2. Adds to more than 100% as respondents can choose more than one ethnic group.
3. „New Zealander" responses in the Census form part of the „Other ethnicity" category.
4. www.interest.co.nz home loan affordability series May 2012.
5. www.nzs.com/new-zealand-weather/southland.
6. June 2012 SDC rating information database.

ISSN 1178-5209 (Online)
ISSN 1171-4387 (Print)

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Overview

The overview describes key highlights from the past year and gives a summary of how Council has performed against its financial and service performance measures. The section also reports on progress made towards achieving community outcomes, reports on opportunities for Māori to contribute to decision-making and explains other related documents. The section finishes off with a report from Audit New Zealand which gives an opinion on whether the financial statements and service performance information fairly represent the Council"s financial position and complies with generally accepted accounting practice and also how accurately we have monitored and reported on our activities.

From the Mayor and Chief Executive

The 2011/2012 year has been another rollercoaster with a myriad of issues being addressed and confronted by Council. Ongoing fallout from the Christchurch earthquakes continues to reshape our world, not only by challenging us to ensure we have appropriate systems in place if a similar disaster hit Southland but also by the change of regulation that is expected to flow. It has taken a long time for Christchurch to seriously begin the recovery process but long term plans seem to be slowly falling into place. Our thoughts are with those in Christchurch who have suffered loss and we have supported our colleagues in the affected councils when possible.

Central Government issued its "Better Local Government" reform package in March 2012. This eight point reform work programme has created a significant amount of work for both councillors and staff. It is important that Southland District Council ratepayers and residents are appropriately represented as a number of the reforms could significantly impinge on rural New Zealand. Response to these reforms will be ongoing for 24 months and are likely to take a while to implement. Unfortunately there appears to be little benefit to Southland, rural New Zealand and in fact to local government in these proposed reforms.

Under legislation Council has to review its representation system every six years. This process started early in 2012 and incorporated an intensive consultation process. Unfortunately the status quo is not considered a viable or legal option and therefore some change to the way Council, community boards and community development area subcommittees are elected is necessary. Each household received a publication outlining potential options and this was followed up with public meetings throughout the District. A strong theme that came through the public meetings was the desire of communities to make their own decisions about their own communities. The final outcome from the representation review will not be known until February 2013 but Council will endeavour to accommodate a variety of wishes of the residents and ratepayers.

Worldwide economic crises continue to affect all of us. Council has had significant increases in insurance and from next year will have a reduction in the financial assistance rates for roading. This will place an even bigger challenge on Council to minimise any rates increase. As part of the local government planning cycle Council prepared its Long Term Plan for the next three years and has made it a priority to minimise costs so that any rate rise will be kept as a minimum. It is pleasing to see that the rate rise was significantly below that projected three years ago.

Southland remains robust, resilient and stable and continues to grow in economy and diversity. Southland continues to welcome people from all around the world and a large number of these choose to celebrate the gaining of the New Zealand citizenship with Council. These ceremonies are one of the highlights throughout the year.

This Annual Report shows that Council remains in a strong financial position. Surplus for the year was approximately $920,000 above budget but this predominantly related to savings and financial costs, which were carried over from the previous year and a lower than expected depreciation expense. Council remains externally debt free.

Council has not sat back on its laurels and has worked hard to look for efficiencies and effectiveness. It is incredibly pleasing that after approximately 20 years the Stewart Island visitors levy legislation finally passed through Parliament. Council is working hard to put the levy in place as soon as possible. It is also doing significant work around economic modelling of its road network to ensure investment provides maximum value for money, and is working with the New Zealand Transport Agency to develop strategies that provide the best long term lowest cost solutions for our roading maintenance.

Council continues to look at every opportunity for shared services with its neighbours to provide a unified, easily understood and cost-effective service to ratepayers and is also looking in detail at every internal cost to ensure efficiency and effectiveness are delivered.

Council is still pursuing a number of community initiatives including Around the Mountain cycle trail, Curio Bay reserve development, a joint office on Stewart Island and Discover Fiordland. Work on all of these projects is still progressing but some will be slower than others due to the current economic times. There have, however, been some major successes during the year including the completion of the flood protection works of Milford. These works have been in the pipeline for many years and it is pleasing to be able to congratulate the Department of Conservation on a job well done.

There are a number of proposed economic initiatives happening throughout the District. Council has examined these and then acted in the interests of its residents, ratepayers and New Zealand as a whole. Some of these have been more controversial than others but it is important that legislation is adhered to and a holistic perspective is taken incorporating the environment, the economy and the social and cultural needs of our community.

We recommend that you read this Annual Report as it gives you a detailed view of the significant progress made by Southland District Council on behalf of its residents and ratepayers. Council and staff are proud of the year"s achievements and recognise the ongoing provision of services, empowerment of the community, protecting the environment and responding to Council"s growing communities" needs are a journey and not the destination. We would like to thank councillors, community board and CDA subcommittee members and staff for the commitment towards “working together for a better Southland”.

Frana Cardno, QSO JP
MAYOR

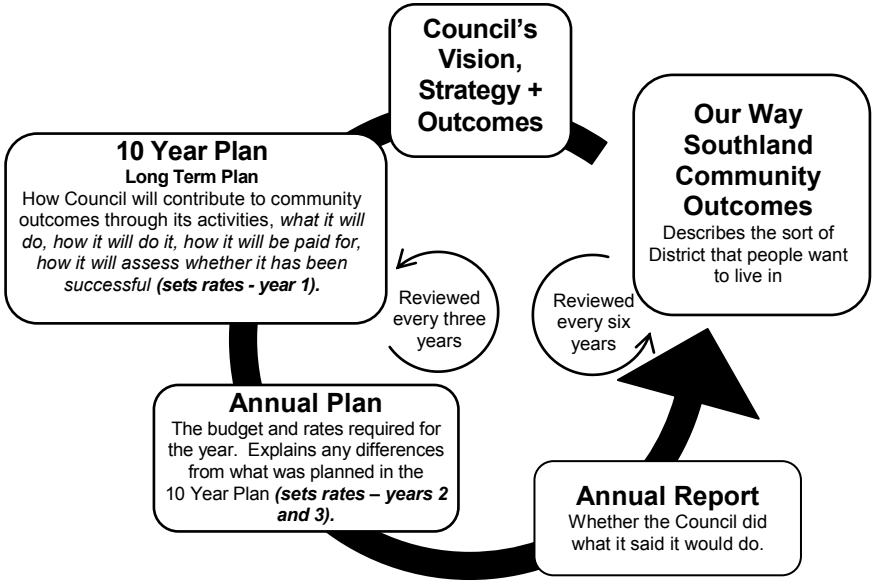
David Adamson
CHIEF EXECUTIVE

What is an Annual Report?

This Annual Report tells you and us how well we did against what we said we were going to do in our Annual Plan 2011/2012, how much it cost to do this and how we paid for it.

Audit New Zealand gives its opinion on whether the financial statements fairly reflect the Council"s financial performance and financial position and comply with generally accepted accounting practice. Additionally, the opinion is given on how accurately we have monitored and reported on our activities and whether what we have reported on is a good reflection of our performance.

This document reports on the Council"s activities during the year 1 July 2011 to 30 June 2012.



Vision, Mission and Guiding Principle

Key Highlights

This section describes some of the Council"s key achievements, events and projects which occurred in 2011/2012. Details about all activities and other projects can be found in the Activity Sections from page **29**.

Funding for Transport and Water and Waste
A key challenge over the year has been to look at alternative options to sustainably fund Council"s infrastructure that is affordable to ratepayers in the long term.

Transport – Council"s focus has been to realign the overall maintenance and renewal programme to better manage Council"s overall roading network, increase pavement life by five years, and manage the programme of expenditure for operations and maintenance. The National Land Transport Programme (NLTP) is a planning and investment partnership between local authorities and the New Zealand Transport Agency (NZTA). It has been a challenge to keep up maintenance and renewals within the budget constraints. The Government, through the NZTA capped the level of financial assistance available to Council for the three year period 2009-2012. Council had to give up $1.2M of funding due to work not being able to be carried out because of unsuitable weather and NZTA did not allow carry-over to 2012/2013. This work still has to be completed and will be an early draw on 2012-2015 funds.

NZTA has also set a flat line cap to funding for 2012-2015 meaning there is no allowance for inflation or growth regardless of cost increases or roading maintenance or renewal needs. Furthermore NZTA indicated there will be another 1% reduction in the Financial Assistance Rate to the Southland District Council over the coming three years. It also proposed a flat line approach on funding for the next three years with key areas of innovation for asset management and level of service changes. In response to this fiscal constraint, Council has been proactive and strategic in its approach to preparing the District"s land transport plan with a focus on improving value for money, increasing efficiency in service delivery and improving long term outcomes for the network.

A Government Taskforce setup to identify opportunities for efficiency and effectiveness improvements identified four key areas for improvement.
- Adapting the business models used to deliver maintenance, renewals and operations.
- Improved procurement practices, also in support of new business models.
- Improved prioritisation and optimisation through levels of service differentiation.
- Consistent introduction of advanced asset management practices.

Southland District Council is already well advanced in areas by:
- Developing alliance contracts for road maintenance to achieve improved long life performance.
- Exploring clustering with its neighbouring roading authorities.
- Advanced asset management planning using Economic Network Planning analysis to understand the function of roads in supporting agriculture and industry that earns export dollars.

Water and Waste – During the year Council completed an upgrade on the Browns wastewater treatment plant resulting in a significant improvement to the discharge quality. Council also worked towards upgrading a number of other treatment systems (notably Winton and Riversdale) to improve compliance with standards for schemes. In reviewing the capital renewal programme, Council was however faced with the issue of affordability of water and sewerage scheme improvements (particularly for the smaller schemes) given that the Ministry of Health financial subsidies are no longer available.

Property
As part of the Long Term Plan, Council also approved the move to District funding of Council"s public conveniences to ensure the infrastructure is paid for on an equitable basis.

Recycling and Waste Minimisation
In May 2011 the new two bin kerbside waste and recycling service was introduced with over 9,100 properties now receiving the service. The new kerbside service comprises of two 240 litre bins - a waste bin and a recycling bin. The Council provides a fortnightly rubbish and recycling service to townships and voluntary refuse collections to properties on vehicles" travel routes, with the exception of Stewart Island, where Council provides a weekly kerbside refuse bag, recycling and food scrap collection.

The new service has demonstrated a significant reduction in waste going to landfill largely because it is convenient and easy for people to use. For the financial year, 2,264 tonnes of recyclable material were diverted from landfill. Recycling is taken to a new materials recovery facility operated by Southland Disabilities Limited (SDEL) for sorting and on-selling.

The Council is also a member of WasteNet Southland (Joint Committee of the Invercargill City, Southland and Gore District Councils) which provides the mechanism for councils in the region to work together collectively on waste issues, including delivering solid waste services and waste minimisation. In addition, WasteNet updated and adopted its 2012 Waste Management and Minimisation Plan which sets a future target of 40% waste diverted from landfill.

Earthquake-Prone Buildings
During the year, the Christchurch earthquake continued to impact on building control in Southland. The impact has included insurance premium increase and development of policy. Council completed a district-wide survey to identify potentially earthquake-prone buildings and 106 buildings were identified as potentially earthquake-prone. The building owners have been given timeframes ranging between 15-30 years to provide an Initial Evaluation Procedure (IEP) assessment from a Chartered Professional Engineer demonstrating the building either meets 34% of new building standard, is structurally upgraded or is to be removed. Some of these buildings are Council-owned buildings and the Council will be actively moving to address these to ensure they are suitably strengthened within the timeframes specified in the Policy. The Royal Commission of Enquiry into the earthquake strengthening performance in the Christchurch earthquake continues, which may mean further review of Council"s earthquake-prone building policy may be necessary, and possibly expansion of the District"s building stock survey.

Curio Bay
During the year, a shared vision for Curio Bay developed between Southland District Council, Department of Conservation and the South Catlins Development and Environmental Charitable Trust. This was cemented by the signing of a Memorandum of Understanding so that the groups can work together to provide the required infrastructure for the area. Council also decided to contribute around $300K in 2012/2013 towards a sewerage system in Curio Bay. This project will be a key part in the expansion of economic growth in the District as well as protecting a significantly important recreational and scientific reserve for all of New Zealand.

District Plan
In 2011/2012 the review of the District Plan was progressed and a Draft Second Generation District Plan prepared. The Second Generation Southland District Plan will be presented to Council for approval for public notification at the Council meeting on 31 October 2012, with formal public notification to follow in early November 2012.

Building Control and Resource Planning
During the year there were fewer resource consent and building applications. This reflects the national economic, development and construction trends. There was a slight decrease in the number of resource consents processed with 261 consents processed compared to 280 in 2010/2011.

In line with the slow down in the global economy there were less complex notified consents (seven compared to 23). At the end of July 2010 the new Resource Management Discount regulations came into effect which requires Councils to refund 1% of consent fees for each day they are late. Council issued two discounts for the year compared to nine last year (out of 261 consents); these amounted to a total of $21. Under the Dangerous, Insanitary and Earthquake-prone Building Policy there were 11 investigations and two demolitions, one was a building situated on Council road reserve land on Stewart Island, which was demolished on 18 April 2012. One dangerous building notice was issued and the owner demolished a building in Nightcaps. There was a slight overall decrease in the number of building consents issued in the 2011/2012 year of 1,306 compared to 1,432 for 10/2011. However, overall values were up from $93 million in 10/2011 to $97 million in 2011/2012.

Combined Dog Pound

The new 27 kennel dog pound facility at Clifton was nearly complete by the end of the financial year and was formally opened on 18 July 2012. The pound is a joint initiative by Invercargill City Council and Southland District Council.

Venture Southland

Venture Southland undertakes economic development, destinational marketing and community development and events for the Southland region as a whole. In May 2012, Paul Casson took the helm as Venture Southland"s new Chief Executive.

Highlights for Venture Southland included delivery of Southland and Invercargill Rugby World Cup activities along with events such as the Burt Munro Challenge, Southland A & P Show, and ILT Kidzone. Venture Southland also completed a number of key strategies for the region including the Aquaculture Strategy, the Energy Strategy and Rural Broadband Initiative. In addition, input was provided to a wide range of community projects such as the Rakiura Information and Heritage Centre and precinct development, Curio Bay Heritage Centre development, South Coast Environment Centre operational review, Winton Moores Reserve combined ball sports facility development and Te Anau tennis/netball court development. These outcomes were achieved through a wide range of partnerships that included the Community Trust of Southland, Government agencies, national funding agencies, schools and numerous community groups.

Representation

During the year, the Council began consultation on the review of its representation arrangements. This involved publication of a discussion document which was circulated to all households and involved nine public meetings throughout the District as well as individual meetings with key stakeholders. Council will issue its Initial Proposal in August 2012.

Library Services

Council"s libraries continued to develop as more than just a place where people get books. During the year, an increasing number of people came to the library for other services including computing, wifi, browsing, genealogy, reading newspapers and magazines. In addition, programmes and partnerships such as Aotearoa People"s Network Kaharoa, Wriggle and Rhyme and SouthLib Consortia became available at more libraries throughout the District. Records show that there were over 11,000 new books, magazines and videos added to the Southland District collection during 2010/2011 which is 1,500 more than the number added the year before. In addition, all branches of the library are exchanging resources on an eight weekly cycle to keep the collections fresh and current. Issues increased by more than 10,000 during the 2011/2012 year and there were a number of special promotions featuring visiting authors and/or local historical publications. The use of the free internet in the libraries has also stayed stable at around 58,000 individual sessions throughout the year. The Southland District has approximately 621 eBook titles exclusively for their own users and the SouthLib consortia have a total of 900 titles.

Stewart Island Visitor Levy

The Council progressed the development of a Stewart Island/Rakiura visitor levy which is to help pay for infrastructure, services and amenities that are used by visitors. Due to an increasing number of visitors coming to the Island, including from cruise ships, significant pressure has been put on the Island"s infrastructure and a visitor levy is seen as a fair and efficient way of ensuring the cost of visitors is not unfairly borne by residents and ratepayers alone. Parliament enacted the Southland District Council (Stewart Island/Rakiura Visitor Levy) Empowering Act on 26 March 2012. Subsequently, Council developed a discussion document on how to implement the levy and commenced targeted consultation with key stakeholders, feedback was received and workshops were held.

Around the Mountain Cycle Trail

The „Around the Mountain" cycle trail project which is planned to go from Walter Peak to Kingston has been progressed during the year 2011/2012. The project was the subject of a joint hearing with Environment Southland at the end of April/early May 2012 before an Independent Hearing Commissioner. This was for resource consent for the construction along the preferred alignment

Local Government Reform

At the beginning of 2012, the Government announced potential reform of local government which may result in significant changes over the next few years. The first phase of legislation, the Local Government Act 2002 Amendment Bill entered Parliament and was referred to the Local Government and Environment Committee. Council will make a submission on the Bill raising its concerns about the proposed changes to the purpose statement of local government which removes the reference to the community"s wellbeing, as well as the proposals for amalgamation which could undermine rural interests. The Council will continue to keep abreast of the proposed changes and proactively participate to ensure Southland District"s residents and ratepayers interests are represented.

Summary Activity Report

The Annual Plan 2011/2012 included 149 projects for the year as well as 158 service performance targets (of which 111 were measured, the 47 other measures were part of several surveys that happen either every two or every three years) for its 27 activities. The graphs and table opposite and below provide a snapshot of the status of projects and achievement of targets as at 30 June 2012. More detail about the individual results including commentary on specific projects is included in the Activity Sections.

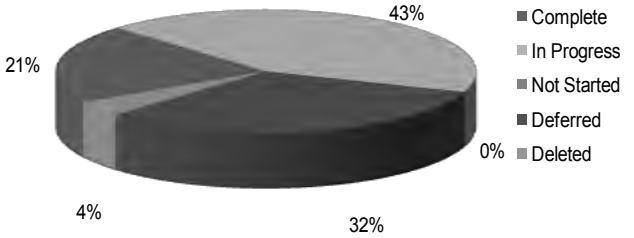
Overall nearly a quarter of all projects were completed by the end of the year, with a large proportion of projects (particularly for Stormwater, Wastewater and Water) still in progress or deferred and due to be completed in 2012/2013. Generally projects which were not completed are multi-year projects.

In terms of service performance targets, over two thirds of these targets were achieved which a slight improvement on last year. Some of those "Not achieved" were very close to being achieved. The table below groups the Council"s 27 activities into eight and shows the performance breakdown in different areas.

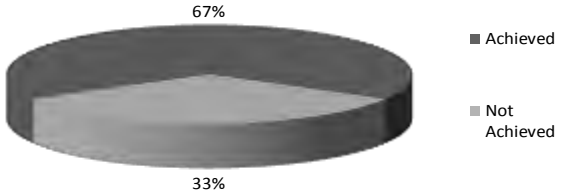
Activity	Complete[1]	In Progress	Not Started[2]	Achieved	Not Achieved
Roading and Transport	6	5	9	7	0
Solid Waste Management	0	0	0	1	1
Other District Services	0	0	1	19	6
Stormwater, Wastewater, Water	18	54	30	6	8
Other Local Services	7	5	14	13	7
Regulatory Services	0	0	0	7	11
Governance, Strategy, Communication	0	0	0	4	1
Grants and Donations	0	0	0	17	3
Total 2011/2012	**31** (21%)	**64** **(43%)**	**54** (36%)	**74** (67%)	**37** (33%)
Total 2010/2011	**28** (22%)	**55** **(44%)**	**43** (34%)	**96** (65%)	**51** (35%)

1. In addition to the 31 projects identified for 2011/2012 being completed, Council also completed several projects carried forward from previous years. Details of individual projects are included in the project tables in the Activity.
2. Includes projects which were not started (0), deferred (48) or deleted (6).

Project Status 2011/2012



Key Service Performance Targets Met 2011/2012



Activity Grouping:

Other District Services includes Civil Defence, Community Housing, District Support, Forestry, Libraries and Work Schemes.

Other Local Services includes Beautification, Cemeteries, Community Centres, Airports, Parks and Reserves, Public Conveniences, SIESA and Council Buildings and Property.

Regulatory Services includes Building Control, Dog Control, Health Regulation and Resource Management.

Financial Overview

The financial overview provides a summary of the year end financial results for the Southland District Council. The information contained in this overview has been extracted from the full financial statements which contain detailed information about Council"s finances and service performance. The financial results include information about the Council, Stewart Island Electricity Supply Authority and Venture Southland. The table shows the financial year end results, as at 30 June 2012 and includes comparisons from the previous financial year and the 2011/2012 Annual Plan budget.

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar.

Full details of the Council"s accounting policies can be found on page 143.

The Annual Report has been prepared in accordance with NZ GAAP. The Annual Report complies with NZ International Financial Reporting Standards as appropriate for public benefit entities.

The information included in the summary report has been prepared in accordance with FRS 43: Summary Financial Standards.

FINANCIAL SUMMARY

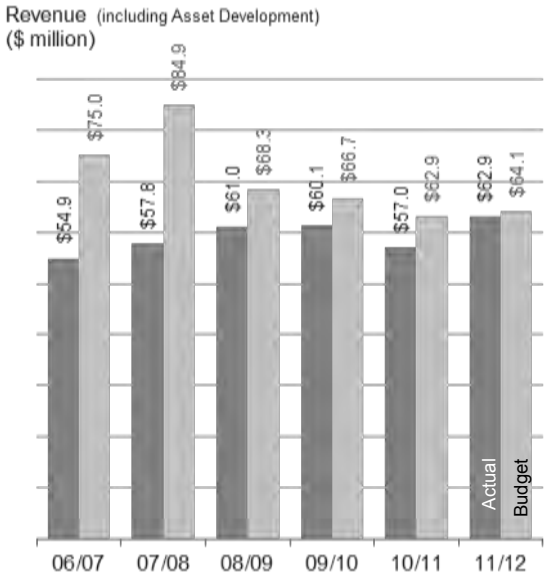
Actual 2010/2011		Actual 2011/2012	Budget 2011/2012
	COMPREHENSIVE INCOME		
56,952,555	Revenue Earned (incl Asset Development)	62,938,512	64,126,172
(58,621,070)	*Less* Total Expenditure	61,252,686	(62,912,908)
(30,830)	*Less* Finance Costs	94,401	(541,871)
(323)	*Plus* Share of Associate Surplus/(Deficit)	(255)	-
(1,699,667)	Net Deficit after Tax	1,591,169	671,393
241,339	Movement in Fair Value Reserve	3,574	-
34,905,319	Movement in Asset Revaluation Reserve	37,410,731	59,723,892
33,446,990	**Comprehensive Income**	**39,005,474**	**60,395,285**
	CHANGES IN EQUITY		
1,296,660,497	Equity at Start of Year	1,330,107,487	1,381,180,658
33,446,990	Total Comprehensive Income	39,005,474	60,395,285
1,330,107,487	**Equity at the End of the Year**	**1,369,112,961**	**1,441,575,943**
	FINANCIAL POSITION		
1,330,107,487	**Total Equity**	**1,369,112,961**	**1,441,575,943**
9,858,270	Current Assets	12,633,863	10,375,886
1,331,383,039	Non-Current Assets	1,367,454,013	1,456,569,176
1,341,241,309	**Total Assets**	**1,380,087,876**	**1,466,945,062**
10,732,689	Current Liabilities	10,783,364	10,406,452
401,133	Non-Current Liabilities	191,554	14,962,667
11,133,822	**Total Liabilities**	**10,974,918**	**25,369,119**
1,330,107,487	**Net Assets (Assets less Liabilities)**	**1,369,112,961**	**1,441,575,943**
	CASH FLOW		
18,759,994	Operating Cashflow	22,239,876	21,408,360
(19,658,891)	Investing Cashflow	(21,482,161)	(29,401,670)
(245,011)	Financing Cashflow	(219,987)	8,824,260
(1,143,908)	**Net Cashflow Increase/(Decrease)**	**537,728**	**830,950**
2,490,416	**Opening Cash Balance**	**1,346,508**	**1,772,816**
1,346,508	**Closing Cash Balance**	**1,884,236**	**2,603,766**

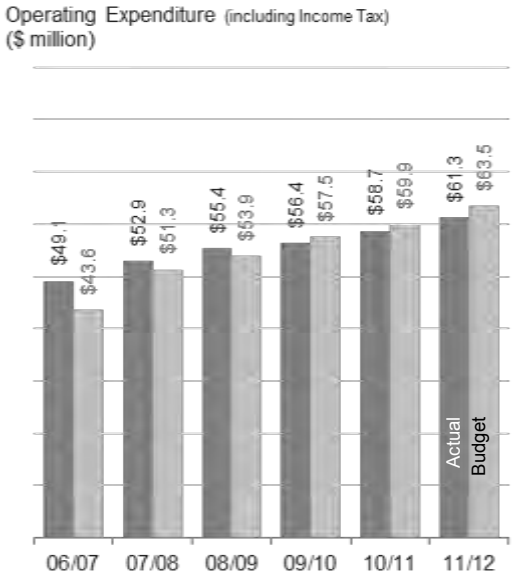
COMPREHENSIVE INCOME
what income Council has left after operational costs are paid

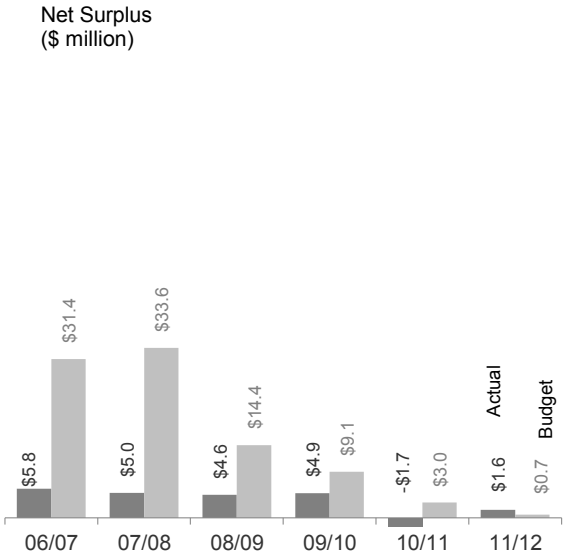
EQUITY
net assets owned by ratepayers

FINANCIAL POSITION
what Council owns and what it owes at the end of the year

CASHFLOW
how Council generated and used cash during the year







Surplus

2011/2012 financial year resulted in a net surplus after tax of $1.6 million compared to the budgeted surplus of $0.7 million.

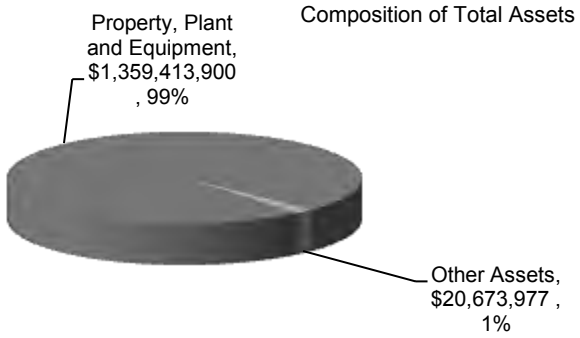
Revenue

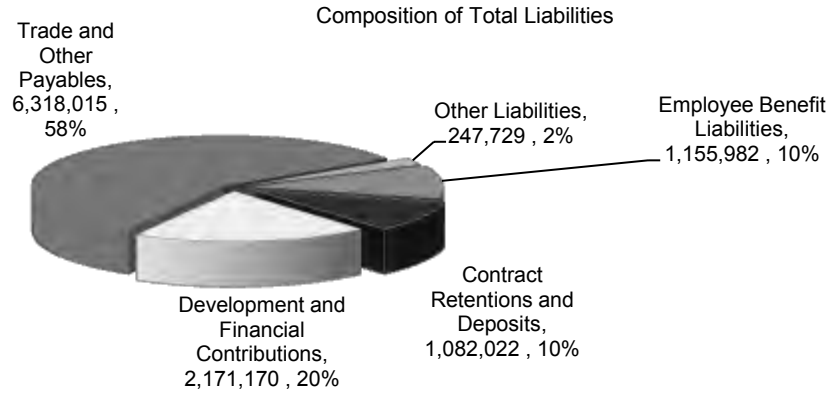
Overall Revenue is $1.2 million less than budget. This is predominantly due to vested assets received being $2.2 million less than budgeted as a result of less than expected subdivisions being competed. This decrease has been offset by increased grants and subsidies of $0.7 million predominantly being in relation to Around the Mountain Cycle Trail, Stewart Island Heritage Building (both of which we receive to offset project specific costs) as well as a grant from Meridian Energy towards the Tuatapere water supply.

Operational Expenditure

$61.3 million was spent on operating expenditure with nearly half of this going to Roading and Transport services (45%). Overall operating expenditure was under budget by $2.2 million. Key variances are summarised below:

Increases	Decreases
▪ $1.2 million relating to 42% share of Venture Southland"s expenses. (Note that Council"s Annual Plan does not include information on Venture Southland"s budgets, however Council is required in its Annual Report to consolidate its 42% share of Venture in its results, hence showing a variance).	▪ $1.5 million less depreciation than budgeted primarily relating to roading. ▪ $1.0 million less operating expenditure (as a result of underspends in various activities). ▪ $0.5 million less external finance costs due to utilisation of internal funding rather than external funding. ▪ $0.3 million less staff costs which includes contractor payments, community board honorarium (budgeted in other Council expenditure), as well as and extraordinary staff costs.





Net Assets and Equity

Overall, total net assets have increased from last year. This is mainly due to an increase in the revaluation of Council"s infrastructural assets (included within non-current assets). Additionally, as a result of internally funding projects from existing cash reserves, long term projected external borrowings were not required, this meant that non-current liabilities are lower than expected in the budget (refer to the Financial Summary table on page 13).

Cash Flow

Net cash inflow from operating activities is higher than budget by $0.8 million. This is primarily due to $2.1 million more than budgeted other income as well increases in all other income streams. This increase is offset by NZTA receipts being $1.9 million lower than budget. This is because 30 June 2012 was the end of the three-year NZTA approved roading programme, and therefore a final reconciliation resulted in a funding accrual at year end significantly larger than budgeted. The net cash outflow from investing activities is lower than budget by $7.9 million due to the deferral/delay of a number of water/wastewater and roading capital projects. Net cash inflows from financing activities is $9.0 million below budget. The budget had assumed external financing of capital projects however, the maturity of investments and lower capital expenditure has enabled Council to utilise its cash reserves to fund projects (internal funding) and repay existing debt, rather than seek external sources.

Overall, Council has ended the year with a cash balance of $1.9 million which is $0.7 million lower than budget.

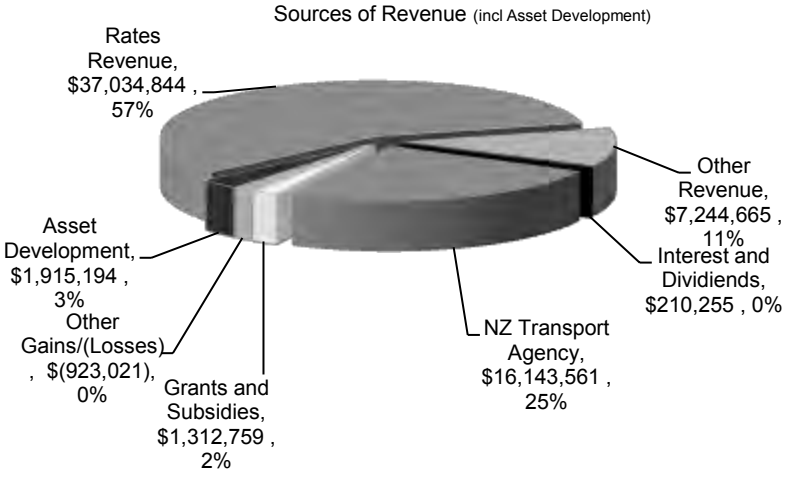
Where the revenue came from

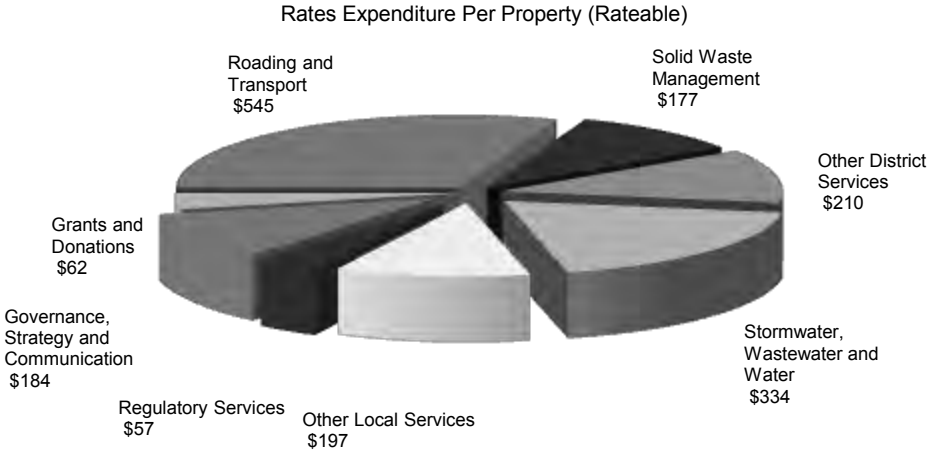
Council"s consolidated revenue this year is $62.9 million, including $37.0 million from rates. The breakdown of this revenue is shown in the pie chart (right).

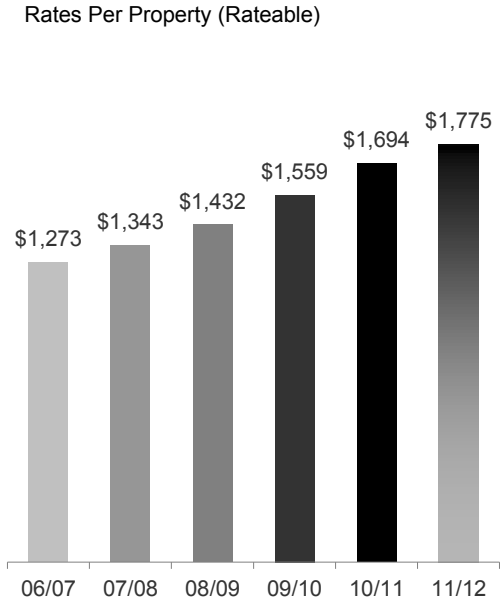
Where your rates were spent

The average annual rates per property for the past six years are shown in the graph (below right). The pie chart (below left) shows the breakdown of where the average rates of $1,775 per property was spent in 2011/2012. Spending on Roading and Transport topped the list, followed by Stormwater/Water and Wastewater, Other District Services, Other Local Services, Governance, Strategy and Communication and Solid Waste Management. "Other District Services" groups together the Civil Defence, District Support and Library activities. "Other Local Services" groups together community buildings, pools, water structures, jetties etc.

The majority of Council"s expenditure (operational and capital) is on essential infrastructure such as roads, wastewater and water.

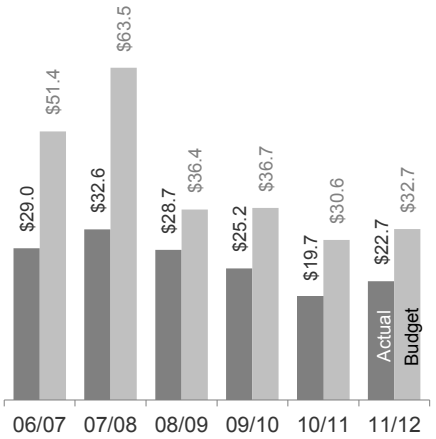




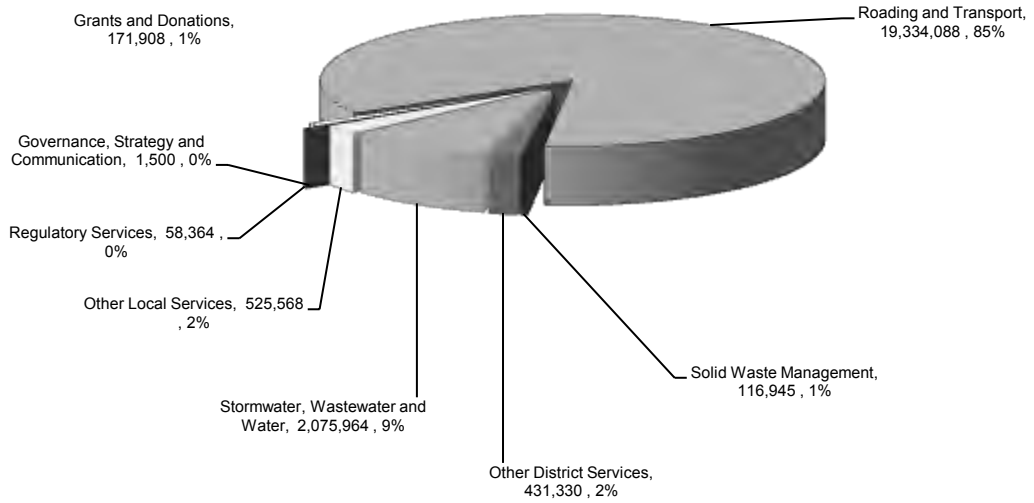


Council spent $22.7 million on capital projects in 2011/2012. Of this total, $19.3 million (85%) was spent on roading and transport projects throughout the District and $2.1 million (9%) was spent on stormwater, water and wastewater projects in local townships. The capital project spending was lower than the $32.7 million budgeted in the Annual Plan, due to a delay of roading works as a result of weather and land ownership issues ($2.8 million). A number of stormwater, water and wastewater capital projects are still in progress or not yet started as at 30 June 2012 ($7.1 million). Additionally, the level of vested assets is $2.2 million less than budgeted. More detail on these are shown in the activity reports.

Capital Expenditure (including Vested Assets)
($ million)



Activity Capital Expenditure
(including Vested Assets)



Our Way Southland Community Outcomes

Since 2003, Southland"s regional community outcomes have been identified and monitored by Our Way Southland. This project is supported by Environment Southland, the Invercargill City Council, the Southland District Council and the Gore District Council, and is a vehicle for local government to work together with Government agencies, organisations and groups to improve community social, economic, environmental and cultural wellbeing. Our Way Southland reports to the Shared Services Forum, the collaborative arm of Southland"s local authorities.

Seven broad Our Way Southland community outcomes were identified in August 2005 as a result of extensive community consultation. The following seven major outcomes, and associated intermediate outcomes, are incorporated into the 10 Year Plans and Annual Plans as guiding principles to ensure that Southland"s councils take the communities" identified priorities and desired outcomes into account when setting programmes and activities.

Outcome One: "Southland is a great place to live"

1.1 We value our history and heritage
1.2 We have a choice of quality places to go and things to do
1.3 We embrace and respect a diverse community
1.4 We are proud to be Southlanders
1.5 We live in a creative place

Outcome Two: "A diverse economy built from our strengths for growth and prosperity"

2.1 We have a quality infrastructure with potential for growth
2.2 We have an innovative and vibrant culture that supports business
2.3 We have a business friendly environment in which to operate
2.4 We have an economy built on our competitive advantage
2.5 We have full employment and rewarding careers
2.6 We retain and build on our skills base
2.7 We keep the things about living here that we value

Outcome Three: "Safe places in a caring society that is free from crime"

3.1 We have safe roads
3.2 We have safe homes
3.3 We have public places safe for children and families
3.4 We apprehend and hold law breakers appropriately accountable
3.5 We support the victims of crime

Outcome Four: "We are healthy people"

4.1 We are able to live healthy lifestyles
4.2 We have good quality affordable housing
4.3 We live in a compassionate caring community
4.4 We have equity of access to health services

Outcome Five: "Strong, effective leadership taking us into the future"

5.1 Citizens and communities are inspired, motivated and empowered
5.2 Decisions are progressive, forward looking and robust
5.3 The community has confidence in its leaders

Outcome Six: "A treasured environment which we care for and which supports us now and into the future"

6.1 We have an informed community caring for the environment
6.2 We have a healthy, safe and accessible built environment
6.3 We have an environment protected from the negative effects of human activities

Outcome Seven: "A well-educated and skilled community continually seeking further opportunities to learn"

7.1 We have accessible learning opportunities
7.2 We have high quality learning opportunities available to meet community needs and demands
7.3 We deliver innovative, integrated and effective learning programmes
7.4 We have a culture of continuous learning

Project Progress

Regional Projects – Parenting, Leadership and Youth

Projects to address the key regional issues of parenting, leadership and youth, first identified at the 2009 Regional Leaders" Forum, have been coordinated by Our Way Southland with the assistance of focus groups comprised of government, community and business sector representatives. All three projects promote the collaborative whole of community approach, and are underpinned by a sound evidential base of consultation and research.

The **Strengthening Parenting in Southland** project is working towards whole of community support for parents and families by means of a regional parenting strategy and charter for children. The cross-section of some 24 government, health and community agencies involved with the project recognise the multitude of benefits which will accrue to the community when parents are better supported as citizens, ratepayers, employees and customers. The research phase of this project has been completed as follows:

During September 2011, Versus Research of Hamilton surveyed 753 parents and caregivers across Southland - 700 randomised interviews by telephone, 10 on-line completions, and the remainder by assisted face to face surveys with „at risk" families. The face to face survey completions were undertaken with the assistance of those Southland-based agencies involved with the Strengthening Parenting in Southland project. The questions were designed to find out the opinions of parents and caregivers about the availability of support and resources, key concerns about parenting, the current pressures on families, and how the community can better strengthen families across Southland. Eight key conclusions and recommendations highlighted the strengths and needs of Southland"s parents and caregivers:

- Build on the positive aspects of parenting in the region through local and regional strategies which consider how parents can be supported.
- Ensure „grass roots" support is available for all parents in the region.
- Provide support for parents through collaborations with school, early childhood education centres and childcare centres.
- Develop support systems and information packages specifically for fathers.
- Ensure those in remote areas can access parenting support services and that communication between service providers and clients is clear.
- Explore ways to identify and provide support parents experiencing high levels of stress.
- Identify ways in which to support those struggling with financial pressures.
- Investigate ways to support teenagers and parents of teenagers.

The report was launched to approximately 55 representatives from parent-support agencies and councils on 1 November 2011, in conjunction with a special „Become a Parent Coach" presentation by Pio Terei from Parents Inc.

During March-May 2012, the Centre for Research on Children and Families, University of Otago, with the assistance of the Southern Institute of Technology, held 21 focus groups across the region to ascertain the views of 137 children and young adults (ages 7-24) on their experiences of growing up and living in Southland and their views about parenting. Eight key findings highlighted both the benefits and challenges faced by young Southlanders:

- The children and young people were generally positive about growing up and living in Southland.
- The children and young people showed a strong sense of connectedness and belonging to their community and saw this as a positive feature of Southland.
- Sports and outdoor activities were important in the children and young people"s lives.
- The children and young people wanted more entertainment/recreational facilities and venues for them to socialise.
- Transport was an issue for many children, young people and their families, particularly when living in rural areas, and for working parents.
- Parenting was viewed as a difficult and challenging role.

- Children and young people thought that parents face lots of challenges - both in their parenting and from other stresses, particularly work and financial pressures.
- Children and young people wanted their parents to spend time with them, yet they knew that it was hard for parents to balance their work and home life.

The preliminary findings of the focus group work were presented during the Southland Fathering Forum which was jointly hosted by Our Way Southland and the New Zealand Families Commission at the Ascot Park Hotel on 1 May 2012. The final report was presented to a meeting of the Strengthening Parenting in Southland Focus Group on 17 May 2012, which was attended by Bruce Pilbrow, the Chief Executive Officer of the Parenting Place, Auckland.

A draft charter has been prepared for consideration at the 2012 Regional Leaders" Forum, and it is anticipated that consultation on and the delivery of the regional parenting strategy will be undertaken from 2013 in conjunction with the Centre for Research and Families, University of Otago. Work continues to progress separately on the establishment of a database of parenting-support services throughout Southland for use by agencies and the general public.

The **Leadership in Southland** project is designed to identify, stimulate and mentor current and future leadership within communities, while at the same time strengthening community networks and groups and thereby community resilience. The flaxroots leadership incubator concept which has been developed by the Leadership Focus Group utilises existing community resources to identify, train and develop potential leaders. The first trial of the leadership incubator commenced on 23 July 2012 in Mataura, with the support of the Mataura Taskforce, offering an eight week programme to individuals whose leadership potential had been identified by their parent agencies or organisations. Further trials are planned for Invercargill and Western Southland once the Mataura trial is completed and assessed.

The **Regional Youth** project has promoted the provision of support for teenagers and the parents of teenagers. Our Way Southland therefore continues to liaise with youth-related projects across Southland, and assisted in coordinating a number of initiatives between these projects, particularly the Southland Youth Offending Team"s proposal for an Integrated Response Process for the multi-agency management of youth (ages 14-18) showing early signs of at risk behaviour, and the multi-sector Youth Trials in Gore. Our Way Southland, together with Venture Southland and the Southland Youth Offending Team, also helped to organise the Southland Youth Summit for 27 July 2012. The summit was hosted by the Mayors' Taskforce for Jobs, with guest speaker Principal Youth Court Judge Andrew Becroft. A panel discussion and open forum canvassed local opportunities for the integrated delivery of services for youth - based on a collaborative inter-agency approach to ensure zero waste of Southland youth.

Region-Wide Monitoring

The monitoring work of Our Way Southland provides regional benchmark reports on three-yearly cycles, including Southland"s Community Outcomes Monitoring Report and the Our Way Southland Quality of Life Report. An updated Southland Outcomes Monitoring Report has been prepared for the period 2009-2012, and will be presented to the Regional Leaders" Forum on 13 September 2012.

Region-Wide Consultation

A key function of Our Way Southland is the facilitation of high-level community discussion of regional priorities and desired outcomes by means of regional forums. A second Regional Leaders" Forum has therefore been organised for 13 September 2012 in order to revisit the key issues of parenting, leadership and youth, and to identify new community challenges and collaborative opportunities.

Liaison and Collaboration

The Community Outcomes Regional Coordinator (CORC) has served *ex officio* on a number of community projects within Southland. The appointment of the CORC as one of two local authority representatives on the Otago and Southland region Community Response Model Forum (Ministry of Social Development) concluded on 30 June 2012, when the focus of the Forum shifted from Southland to Central Otago.

Our Way Southland has since continued to liaise with the Community Response Model Forum on Southland-related matters. The CORC has acted as the independent chair of the Invercargill Multi-Agency Group, a new initiative which seeks to bring other non-government agencies together to work more collaboratively across Southland. The CORC has also assisted with the consultation and research work of *South Alive*, the urban rejuvenation project based in South Invercargill, and is a member of the project Steering Group. Our Way Southland is proud to have assisted with the completion of the Settling in Eastern Southland Migrant Community Social Services Report, prepared by Family and Community Services, Ministry of Social Development, and launched by the Hon. Bill English on 24 April 2012.

Council's contribution to Community Outcomes (Performance Management Framework)

It is up to a wide range of organisations, groups and people to work towards community outcomes. As one of the key players, Council identifies the role that it will play and how it will allocate resources to contribute towards achieving community outcomes in its own plans. The table below shows that most of Council's activities contribute to more than one outcome to varying degrees. The primary outcome **(●)** is where Council believes that activity has the most impact. The shading shows the level of contribution to community outcomes. **(O)** indicates where the activity contribution has an associated level of service and key performance indicator link. More information about the contributions can be found under „Why we do it" in each Activity Statement.

COMMUNITY OUTCOME	1. Lifestyle and Culture					2. Economy and Employment							3. Law and Order					4. Health and Wellbeing				5. Leadership			6. Employment			7. Education and Training			
INTERMEDIATE OUTCOME	1.1	1.2	1.3	1.4	1.5	2.1	2.2	2.3	2.4	2.5	2.6	2.7	3.1	3.2	3.3	3.4	3.5	4.1	4.2	4.3	4.4	5.1	5.2	5.3	6.1	6.2	6.3	7.1	7.2	7.3	7.4
Beautification				●O											O																
Building Control								O																		O					O
Cemeteries	O	O		O				O							O			●O		O											
Civil Defence Emergency Management														O				●O		O				O				O			
Community Centres		●O													O																
Community Housing														O					●O												
District Support																						●O									
Dog and Animal Control													O	O	●O	O											O	O			
Forestry									●O																		O				
Grants	●O											●O										●O									
Grants (Venture Southland)	O	●O	O	O			●O		O	O	O							●O				●O									
Health Regulation																O		●O		O							O				
Library Service		●O																									O	O		O	O
Parks and Reserves		●O													O			O													
Public Conveniences																		O								●O					
Representation and Advocacy				O		O																●O	O	O							
Resource Management	O		O					O				O						O				O	O	O	O	O	●O				
Roading and Transport		O				●O							●O							O											
SIESA						●O		O																			O				
Solid Waste Management						O									O			O							O	O	●O	O			
Stormwater						O							O	O	O			O								●O	O				
Strategy and Communication				O																		●O	●O	O	O						
Te Anau Airports						●O									O											O					
Wastewater						O		O										●O								O	O				
Water Supply						O			O					O	O			●O								O					
Work Schemes		●O		O							O				O	●O				O								●O		O	
Other Local Services						●O									O											O					
WELLBEING INFLUENCE																															
Social																															
Environmental																															
Cultural																															
Economic																															

KEY TO SHADING OUTCOMES	Outcome Contribution
	Negligible (1) - Negligible/very limited contribution to community outcomes.
	Minor (2) - Minor contribution to community outcomes.
	Moderate (3) - Moderate contribution to community outcomes.
	Major (4) - Major contribution to achieving the community outcomes.
	Extreme (5) - Widespread contribution/effect on community outcomes.

KEY TO SHADING WELLBEING INFLUENCE	Wellbeing Influence
	Shows where community outcomes influences wellbeing.
	Shows where wellbeing influences community outcomes.

Opportunities for Māori to Contribute to Decision Making

Introduction

9% of the Southland District‟s population is Māori, with Ohai, Nightcaps and Riverton having a higher proportion of Māori than other areas of Southland at 42%, 19% and 18% respectively. The Southland District 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. The Council has a Māori name „Te Rohe Pōtae o Murihiku‟ and a Charter of Understanding with Te Ao Mārama Incorporated.

Māori Name - 'Te Rohe Pōtae o Murihiku'

The Council was officially gifted its Māori name „Te Rohe Pōtae o Murihiku‟ at a naming ceremony at Takutai o te Tītī marae at Colac Bay/Ōraka in November 2005, strengthening links between Council and the tangata whenua and emphasising the importance of Council‟s partnership with Ngāi Tahu. The Māori name acknowledges the Council‟s role as an all-embracing shelter ("umbrella/lid") for the District. The four Ngāi Tahu Papatipu Rūnanga of Murihiku deliberated over several years before authorising the phrase Te Rohe Pōtae o Murihiku, which gives it special significance. The Council‟s logo has been updated to include the Māori name and official signage will be updated progressively, along with Council‟s stationery.

Charter of Understanding

To help promote and develop its relationship with Māori, the Southland District Council (together with four other local authorities in Southland/Otago, namely Environment Southland, Invercargill City Council, Gore District Council and Queenstown Lakes District Council) is an active participant and signatory to the charter of understanding „He Huarahi mō Ngā Uri Whakatapu (A Pathway for the Generations Coming Through)‟ between the five councils and Te Ao Mārama Incorporated.

The charter was revised in 2003 to incorporate the wider responsibilities under the Local Government Act 2002; and underpins all dealings between the Council and Te Ao Mārama. The charter of understanding provides:

- The basis for an ongoing relationship between the five 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 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 District, 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, with minutes reported back to the participant councils.

Fostering Māori Capacity

The table below highlights progress with a number of initiatives aimed at fostering Māori capacity to contribute to decision-making processes:

• Continue to hold regular liaison meetings between Te Ao Mārama and Southland District Council Executive and Senior Managers (at least once per annum).	Achieved. Te Ao Mārama staff and SDC staff have regular monthly contact sessions at the SDC Invercargill office.
• Provide an interpreter on request should Māori wish to present submissions to Council in Te Reo Māori.	Achieved. Interpreter available on request.
• Invite Māori to attend Council meetings and hearings to become familiar with Council protocol.	Achieved. Standing invitation.
• Give consideration to appointment of Iwi representatives to act as hearing commissioners on key issues, such as major resource consent applications that have issues of iwi significance. In this regard, an approach has been made to Te Ao Mārama to identify parties who may be suitable from an Iwi perspective to act in this role.	Not Achieved. A request has been made for Te Ao Mārama to identify persons who would be suitable to act as hearing commissioners. Council is yet to receive a response.
• Maintain existing protocols with Māori in relation to the ways in which Council undertakes its statutory duties, and continue with the integration of protocols into the Southland District Council organisation (e.g. information in HR Manual, GIS, Ngāi Tahu Claims Settlement Act 1998, training and displays).	Partially Achieved. Existing protocols maintained and updated. Now need to make Ngāi Tahu training available to all new staff.
• Regularly refer to and report against Te Tangi a Tauira, the new Ngāi Tahu Murihiku Resource Management Plan when assessing resource consent applications.	Achieved. Te Tangi a Tauira is factored into the resource management staff assessment of each resource consent application. For major notified applications, the provisions of Te Tangi a Tauira and assessment of the application against these is part of the standard reporting template.
• Maintain its commitment to ongoing funding of Te Ao Mārama Incorporated, the Ngāi Tahu (Murihiku) Resource Management Agency.	Achieved. Council has continued its commitment to co-fund Te Ao Mārama and also to co-fund the operation of Te Roopu Taiao, the joint Runaka/Council management committee, as articulated in the 2012-2022 Long Term Plan.
• Provide training to all new staff and Councillors on marae protocol, local history and related legislation.	Not Achieved. The Council"s HR section will be developing a timetable for this training to ensure that all staff and councillors are regularly exposed to Ngāi Tahu training opportunities, as the last training session was held on October 2010.
• Provide regular monthly contact sessions for SDC staff to interact with Te Ao Mārama staff on topical matters of mutual interest, so as to maintain and enhance the relationship between the agencies.	Achieved. Te Ao Mārama staff and SDC staff have regular monthly contact sessions at the SDC Invercargill office.
• Display Ngāi Tahu taonga items, following agreement with Murihiku Ngāi Tahu Papatipu Rūnanga at its Invercargill office and all Area Offices, to acknowledge the strength and importance of its relationship with Ngāi Tahu.	Not Achieved. Awaiting collection of pounamu for Invercargill office and arrangement for display of other taonga items.

Audit Report

AUDIT NEW ZEALAND

Mana Arotake Aotearoa

Independent Auditor's Report

To the readers of
Southland District Council
annual report
for the year ended 30 June 2012

The Auditor-General is the auditor of Southland District Council (the District Council). The Auditor-General has appointed me, Blair Postney, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements, non-financial performance information and other information required by schedule 10 of the Local Government Act 2002 (other information) of the District Council on her behalf.

We have audited:

- the financial statements of the District Council on pages 29 to 198, that comprise the statement of financial position as at 30 June 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies, explanatory information and particular information required by schedule 10 of the Local Government Act 2002; and
- the non-financial performance information of the District Council on pages 29 to 132 that includes particular information required by schedule 10 of the Local Government Act 2002;
- the other information that comprises reporting progress in achieving community outcomes, opportunities for Maori to contribute to decision making, and the statement of compliance and responsibility, on pages 18 to 24 and 27.

Opinion on the financial statements, non-financial performance information and other information

In our opinion:

- the financial statements of the District Council on pages 29 to 198:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect:
    - the District Council's financial position as at 30 June 2012; and
    - the results of its operations and cash flows for the year ended on that date.
- the non-financial performance information of the District Council on pages 29 to 132:
  - complies with generally accepted accounting practice in New Zealand; and
  - fairly reflects the District Council's levels of service for the year ended 30 June 2012, including:
    - the levels of service as measured against the intended levels of service adopted in the long-term council community plan; and
    - the reasons for any significant variances between the actual service and the expected service.
- the other information of the District Council on pages 18 to 24 and 27 that comprises reporting progress in achieving community outcomes, opportunities for Maori to contribute to decision making, and the statement of compliance and responsibility, complies with the requirements of Schedule 10 of the Local Government Act 2002 applicable to the annual report and fairly reflects the required information.

Our audit was completed on 31 October 2012. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Council and our responsibilities, and explain our independence.

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements, non-financial performance information and other information are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements, non-financial performance information and other information. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements, non-financial performance information and other information. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements, non-financial performance information and other information, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the District Council financial statements, non-financial performance information and other information that fairly reflect the matters to which they relate. We consider internal control 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.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Council;
- the adequacy of all disclosures in the financial statements, non-financial performance information and other information;
- determining the appropriateness of the reported non-financial performance information within the Council's framework for reporting performance; and
- the overall presentation of the financial statements, non-financial performance information and other information.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements, non-financial performance information and other information. We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Council

The Council is responsible for ensuring:

- financial statements and non-financial performance information that:
  - comply with generally accepted accounting practice in New Zealand;
  - fairly reflect the District Council's financial position, financial performance and cash flows;

- fairly reflect its service performance, including achievements compared to its forecast; and

- other information in accordance with Schedule 10 of the Local Government Act 2002 that fairly reflects the required information.

The Council is responsible for such internal control as it determines is necessary to enable the preparation of financial statements, non-financial performance information and other information that are free from material misstatement, whether due to fraud or error.

The Council's responsibilities arise from the Local Government Act 2002.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements, non-financial performance information and other information and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001 and section 99 of the Local Government Act 2002.

Independence

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the New Zealand Institute of Chartered Accountants.

Other than the audit and carrying out the audit of the long term plan, we have no relationship with or interests in the District Council.

Blair Keanmy
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand

Statement of Compliance and Responsibility

Compliance
The Council and management of the Southland District Council confirm that all the statutory information requirements in Section 101 of the Local Government Act 2002 regarding financial management have been complied with.

Responsibility
The Council and management of the Southland District Council accept responsibility for the preparation of the annual financial statements and the judgements used in them.

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

In the opinion of the Council and Management of the Southland District Council, the annual financial statements for the year ended 30 June 2012 fairly reflect the financial position and operations of the Southland District Council.

F G Cardno
MAYOR

Date: 31 October 2012

D P Adamson
CHIEF EXECUTIVE

Date: 31 October 2012

Activity Reports

This section looks at each of Council"s activities in more detail and compares the year"s results against what was intended in the Annual Plan 2011/2012. It includes how Council performed against key service performance indicators (and describes any additional factors that show how Council performed during the year), the status of key projects, any key achievements and any identified effects the activities have had on community wellbeing. It also includes financial tables showing the cost of service for the past year, and explains any variations from the budget.

Resident Survey
A number of the key service performance indicators are measured through the Resident and Satisfaction Survey. The Residents" Satisfaction and Opinion Survey is conducted every three years. The survey consists of 56 questions and involves a self-completion postal survey amongst residents over the age of 18 who reside in the Southland District.

Questionnaires were sent to 2,978 residents in the Southland District (260 to each of 11 wards, 118 to the Stewart Island Ward), 842 questionnaires were completed and returned. The survey period took place between February and March 2011.

The results for this period of the study (n=842) have a margin of error of 3.38% at the 95% confidence level.

Projects
Please note that projects written in bold italics in the project reports in the activity sections indicate that the project was carried forward from the previous financial year (2010/2011).

Beautification

Aim: Provide features which contribute to townships' visual theme and attractiveness.

What we do

Beautification can be described as enhancing public areas within the community. For example plantings, flower baskets or gardens; mowing and maintenance of grassed areas; planting and maintenance of trees and hedges; structures like walkways and seating areas; and the development of urban design principles are all part of the beautification activity.

Why we do it

Beautification features contribute to making Southland a great place to live by enhancing the visual appeal of townships which also helps to build community pride. These features also contribute to safe places (by indicating a residential area - traffic calming) and a treasured environment (through use of native plants or plantings which help to reduce noise).

How well we did

The performance of the Beautification activity is assessed against a number of key performance indicators and projects set out in the Council"s Annual Plan as well as the activity"s financial results compared to the budget. Overall, the table below shows that beautification features looked good and were well maintained, with beautification features inspected being maintained to contractual standards and most vandalism requests being responded to promptly. The table also shows that residents are highly satisfied with beautification in their local township and agree they are well maintained. These results show the activity has had a positive effect on social, cultural and environmental wellbeing. Of the three projects planned, one was still in progress as at 30 June 2012 and the other two were deferred to the next financial year.

Primary outcome: Southland is a great place to live (1) Intermediate outcome: We are proud to be Southlanders (1.4)			
What Council will provide	**How Council will measure the service provided**		**How Council performed**
Level of Service	**Key Performance Indicator**	**Target**	
Quality Beautification features enhance the township features and provide visual and/or physical enjoyment.	Percentage of residents who agree that beautification features enhance the local township (Survey - Resident).	85%	Not measured in 2011/2012 as the survey is undertaken three yearly. In 2010/2011 the result was 95%.
Responsiveness Vandalism and graffiti is responded to promptly.	Percentage of reports of vandalism and graffiti responded to within two working days (Pathways).[1]	80%	Not Achieved - 63%. Most vandalism complaints were about signs. The majority of those not responded to within two working days were remedied within the following one-three days. The delay was due to external factors such as sourcing replacement signs.

Primary outcome: Southland is a great place to live (1) Intermediate outcome: We are proud to be Southlanders (1.4)			
What Council will provide	**How Council will measure the service provided**		**How Council performed**
Level of Service	**Key Performance Indicator**	**Target**	
Quality Beautification features look good and are well maintained.	Percentage of residents who are satisfied with the maintenance of beautification features (Survey - Resident).	85%	Not measured in 2011/2012 as the survey is undertaken three yearly. In 2010/2011 the result was 90%.
	Percentage of beautification features that are maintained in accordance with contractual standards (Audit Inspections).	90%	Achieved - 98%.
1. Reports of vandalism or graffiti may relate to a range of activities such as parks, playgrounds, public conveniences, community housing, community halls and other buildings. Reporting on vandalism or graffiti of signs also began in 2011/2012. For the purposes of reporting, all reports related to these have been grouped together in beautification.			

Project Report

Asset Acquisition Projects - Caused by changes to levels of service		
Project Description	**Budget**	**Status**
Te Anau - Town square upgrade - 610.B	***$103,100***	***Deferred. Deferred to 2012/2013 year after lengthy consultation.***
Te Anau - Replace concrete wall blocks around garden plots main street - 611.B	$4,231	Deferred. Consultant commissioned to provide advice. Deferred to 2012/2013.
Wallace (Otautau) - Township walking tracks - 651.A	$5,000	In Progress. Entranceways and mowing of the stopbanks has started. Pricing barriers, getting consent from Environment Southland and KiwiRail.

Variations from the Budget

Other operating costs were under budget due to a concerted effort to reduce costs where appropriate, mainly gardening and refuse collection. Level of service capital acquisitions were under budget due to the deferral of the above project and the walking tracks at Otautau still in progress. Reserve movements are associated with the transition away from rates smoothing causing the variance to budget.

What did it cost?

Actual 2010/2011	Beautification	Actual 2011/2012	Annual Plan 2011/2012
	REVENUE AND EXPENSE		
	Operating Revenue		
800,555	Rates	711,711	711,848
3,574	Activity Revenue	2,197	-
5,000	Grants and Donations	6,566	13,000
809,129	**Total Operating Revenue**	720,474	724,848
8,003	Depreciation	8,933	18,534
655,056	Other Operating Costs	639,936	707,973
663,059	**Less Total Operating Expenditure**	648,869	726,507
146,071	**Operating Surplus/(Deficit)**	71,605	(1,659)
146,071	Operating Surplus/Deficit transferred to/(funded from) Reserves	71,605	(1,659)
	CAPITAL AND RESERVES		
2,420	Acquisition-Level of Service	27,774	34,219
2,420	**Total Capital Expenditure**	27,774	34,219
181,514	Transfers to Reserves	75,209	1,391
181,514	**Total Capital Movements**	75,209	1,391
-	Operating Deficit	-	1,659
183,934	**Total Funding Required**	102,983	37,269
	Funded By		
8,003	Non Cash Expenditure	8,933	18,534
29,860	Transfers from Reserves	22,444	18,735
146,071	Operating Surplus	71,605	-
183,934	**Total Funding Applied**	102,983	37,269

Building Control

Aim: To provide a safe built environment.

What we do

The Building Control activity involves the regulation of building work through processing and issuing consents, carrying out inspections and certifying work to ensure that buildings are safe and sanitary. In 2007 Council became an accredited Building Consent Authority, and to remain accredited, the Council is regularly reviewed in terms of its processes and competency. The activity also involves inspections of amusement devices to ensure they have appropriate barriers and are sited safely.

Why we do it

Building Control contributes to a treasured environment by helping to create a healthy, safe and accessible built environment. Building consents and inspections ensure new buildings and building work in the District are of good quality so that they are safe, do not endanger public health and have appropriate facilities for their intended use. The activity also contributes to creating safe public places by ensuring appropriate provisions are made to enable people to escape in the event of fire. In the activity, the Council must comply with the legal requirements of the Building Act 2004, New Zealand Building Code, Building Regulations 2004, Machinery Act 1950, Amusement Device Regulations 1978 and Fencing of Swimming Pools Act 1987.

How well we did

The performance of the Council for this activity is assessed against a number of key performance indicators set out in the Council"s plan for that year as well as the activity"s financial results compared to the budget. Overall the performance of the building control activity has been strong, particularly with processing a very high majority of consents within timeframes and maintaining its accreditation as a building consent authority. Improvements have also been made in relation to meeting timeframes for final inspections. The main areas for improvement now include meeting timeframes for Certificate of Acceptance (COA) applications and reducing the number of potential liability claims made against Council. Not meeting these targets may have had a minor effect on economic and social wellbeing where delays have affected the cost of the related building projects or where buildings may not have complied with the Building Act or Code. Overall this activity most contributes to environmental wellbeing of the District.

Council completed a district-wide survey to identify potentially earthquake-prone buildings during 2011/2012 financial year. This process has been completed and 106 have been identified. Buildings identified as potentially earthquake-prone have timeframes ranging between 15-30 years to provide an Initial Evaluation Procedure (IEP) assessment from a Chartered Professional Engineer demonstrating the building either meets 34% of new building standard, is structurally upgraded or removed. Some of these are Council-owned buildings and the Council will be actively moving to address these to ensure they are suitably strengthened within the timeframes specified in the Policy. This is important, as the Council needs to consistently apply the Policy, including to its own buildings, and to show community leadership on this important safety matter. The Royal Commission of Enquiry into the earthquake strengthening performance in the Christchurch earthquake continues, which may mean further review of Council"s Earthquake-prone Building Policy may be necessary, and possible expansion of the District"s building stock survey.

<table>
<tr><td colspan="4">Primary outcome: A treasured environment which we care for and which supports us now and into the future (6)</td></tr>
<tr><td colspan="4">Intermediate outcome: We have a healthy, safe and accessible built environment (6.2)</td></tr>
<tr><td>What Council will provide</td><td colspan="2">How Council will measure the service provided</td><td>How Council performed</td></tr>
<tr><td>Level of Service</td><td>Key Performance Indicator</td><td>Target</td><td></td></tr>
<tr><td>Responsiveness
Process all applications lodged under the Building Act within the timeframes specified within the Act.</td><td>Percentage of Building consents, Project Information Memoranda (PIMs), Land Information Memoranda (LIMs) and Certificate of Acceptance (COA) applications processed within statutory timeframes (Quarterly Report).[1]</td><td>100%</td><td>Not Achieved - 99%.
<table><tr><th>Type</th><th>Applications Received</th><th>Issued in Timeframe</th><th>%</th></tr><tr><td>Building Consents</td><td>1275</td><td>1265</td><td>99</td></tr><tr><td>PIM"s</td><td>16</td><td>16</td><td>100</td></tr><tr><td>LIMs</td><td>478</td><td>478</td><td>100</td></tr><tr><td>COA's</td><td>22</td><td>14</td><td>64</td></tr><tr><td>TOTAL</td><td>1791</td><td>1773</td><td>99</td></tr></table>Whilst 100% is ideal efficiency, Council"s achievement complies substantively in terms of Building Controls IANZ audits which are in the 95% to 100% range, recognising that 100% efficiency is very difficult to sustain over the 12 month period.</td></tr>
<tr><td rowspan="2">Responsiveness
Undertake inspections in a timely manner.</td><td>Percentage of final inspections on completed building work carried out within 20 working days of application (Quarterly Report).</td><td>100%</td><td>Not Achieved - 96%. 546 of the 583 Code of Compliance inspections were carried out within 20 working days. Although the target was not achieved the result is a significant improvement on 2010/2011 result of when only 76% of inspections were completed within the timeframe. Continued improvement will be targeted through ongoing reporting and monitoring. Whilst 100% is ideal efficiency, Council"s achievement complies substantively in terms of Building Control"s IANZ audits which are in the 95% to 100% range, recognising that 100% efficiency is very difficult to sustain over the 12 month period.</td></tr>
<tr><td>Percentage of applicants agree that on-site building control officers provide a consistent, timely and professional service (Survey - User).</td><td>80%</td><td>Not measured in 2011/2012 as the survey is undertaken two yearly. In 2010/2011 the result was 80%.</td></tr>
</table>

Primary outcome: A treasured environment which we care for and which supports us now and into the future (6)			
Intermediate outcome: We have a healthy, safe and accessible built environment (6.2)			
Responsiveness Appropriate and timely guidance is provided regarding building control matters as requested by customers.	Percentage of applicants satisfied with the service provided (Survey - User).	80%	Not measured in 2011/2012 as the survey is undertaken two yearly. In 2010/2011 the result was 75%.
Quality Ensure that the Council remains a Building Consent Authority to help ensure buildings are safe.	Maintain accreditation as a Building Consent Authority (Accreditation).	Yes	Achieved.
Quality Ensure that building work complies with the Building Code to ensure communities are safe.	Number of potential liability claims against Council (Register).	0	Not Achieved. Five potential claims were noted. These were passed on to Council"s insurer where a customer has suggested a liability to Council resulting from decisions made under the Building Act or Code. These may not proceed to a claim for loss against Council. Potential liability claim notifications are passed onto Council"s insurer where a customer has suggested a liability to Council resulting from decisions made under the building act or code. It is important to note that these are *potential* claims and may not proceed to a claim for loss against Council. In 2011/2012 out of the five potential claims notified to Council"s insurer it is unlikely any will progress to court action against Council.
1. Statutory timeframes for the various applications are as follows - PIM"s (12 working days), LIMs (10 working days), Building Consents (20 working days) and Certificates of Acceptance (20 working days).			

Project Report

There were no projects planned for Building Control in 2011/2012.

Variations from the Budget

Activity revenue was under budget due to the reduction of building activity in the District subsequently causing a reduction in income. This has been offset by a reduction in Other Operating Costs. Vehicle renewals were the cause of the under spend against the 2011/2012 budgeted renewals. The variance associated with Transfer to Reserves is a combination of the transition away from rates smoothing and the overall approach of combining District reserves where possible.

What did it cost?

Actual 2010/2011	Building Control	Actual 2011/2012	Annual Plan 2011/2012
	REVENUE AND EXPENSE		
	Operating Revenue		
249,445	Rates	270,607	270,327
971,910	Activity Revenue	934,907	1,038,242
1,221,354	**Total Operating Revenue**	1,205,513	1,308,569
29,725	Depreciation	30,507	32,111
1,254,015	Other Operating Costs	1,225,216	1,308,405
1,283,740	**Less Total Operating Expenditure**	1,255,723	1,340,516
(62,385)	**Operating Surplus/(Deficit)**	(50,209)	(31,947)
(62,385)	Operating Surplus/Deficit transferred to/(funded from) Reserves	(50,209)	(31,947)
	CAPITAL AND RESERVES		
-	Acquisition-Level of Service	-	650
31,142	Renewals	58,364	66,568
31,142	**Total Capital Expenditure**	58,364	67,218
13,082	Transfers to Reserves	882,708	17,457
13,082	**Total Capital Movements**	882,708	17,457
62,385	Operating Deficit	50,209	31,947
106,610	**Total Funding Required**	991,281	116,622
	Funded By		
-	Loans Raised	500,647	-
4,776	Non Cash Expenditure	16,117	1,554
101,834	Transfers from Reserves	474,517	115,068
106,610	**Total Funding Applied**	991,281	116,622

Cemeteries

Aim: To provide burial facilities that meets the needs of the community.

What we do

This activity involves providing burial and interment facilities for the 21 cemeteries administered by the Council. The activity also involves ensuring interments are carried out to an acceptable standard and that the cemetery grounds are maintained and accurate records of interments are kept.

Why we do it

The cemetery activity contributes to ensuring public health by providing appropriate facilities for interments, as well as encouraging a compassionate and caring community by providing facilities where families and friends can remember others. The activity also contributes to making Southland a great place to live by providing a record of a community"s history and heritage as well as information for people interested in their ancestry. In the activity, the Council must comply with the legal requirements of the Burial and Cremation Act 1964 and the Health Act 1956.

How well we did

The performance of the Cemeteries activity is assessed against a number of key performance indicators and projects set out in the Council"s Annual Plan as well as the activity"s financial results compared to the budget. Overall in 2011/2012 cemeteries were well maintained, funeral directors" satisfaction with contractor and Council performance was high and access to cemetery records continued on the Council"s website. Achieving the performance measures set has social and cultural benefits to the District"s communities in having well presented cemeteries available to people in times of emotional stress. The project planned to tidy up trees and hedges in Woodlands was deferred while awaiting local input into the project.

Primary outcome: We are healthy people (4) Intermediate outcome: We are able to live healthy lifestyles (4.1)			
What Council will provide	**How Council will measure the service provided**		**How Council performed**
Level of Service	**Key Performance Indicator**	**Target**	
Quality The cemeteries are pleasant areas with appropriate grassed areas for mourners.	Percentage of community satisfied with the appearance of cemeteries (Survey - Resident).	90%	Not measured in 2011/2012 as the survey is undertaken three yearly. In 2010/2011 the result was 94%.
	Percentage of cemeteries where lawns are mown as specified in maintenance contracts (Audit inspections).	90%	Achieved. 24 out of 24 inspections undertaken showed that the lawns were mown in accordance with maintenance contracts.
Reliability Requests for burial plots are dealt with as requested.	Percentage of funeral directors satisfied with the service provided (Survey - Funeral Directors).	100%	Achieved. All five funeral directors that the Council deals with were surveyed and all were satisfied with the service provided.
	Percentage of burial plots prepared by the time requested (Quarterly Report).	100%	Achieved. All 100 plots were prepared within the time requested.

Primary outcome: We are healthy people (4) Intermediate outcome: We are able to live healthy lifestyles (4.1)			
What Council will provide	**How Council will measure the service provided**		**How Council performed**
Level of Service	**Key Performance Indicator**	**Target**	
Accessibility Cemetery records are kept up to date and held in an appropriate format to allow ongoing access.	Provide access to cemetery records through the Council website (Council website statistics).	Yes	Achieved. Access to cemetery records is available on the Council"s website. In 2011/2012 the total number of page views was 37,353.

Project Report

Operational and Maintenance Projects		
Project Description	**Budget**	**Status**
Woodlands - Tree and Hedge Tidy up - 704.A	$5,000	Deferred. Waiting for local input to determine extent of work. The Community Development Area Sub-Committee has asked that work be staged to limit visual impact. Area Engineer to find affordable option.

Variations from the Budget

Reserve movements are associated with the transition away from rates smoothing causing the variance to budget. There were no other significant variances between the Annual Plan budget and actual expenditure incurred.

What did it cost?

Actual 2010/2011	Cemeteries	Actual 2011/2012	Annual Plan 2011/2012
	REVENUE AND EXPENSE		
	Operating Revenue		
68,090	Rates	65,807	65,835
108,895	Activity Revenue	128,115	122,529
2,150	Grants and Donations	2,665	1,150
179,135	**Total Operating Revenue**	196,587	189,514
10,826	Depreciation	10,668	3,480
169,297	Other Operating Costs	184,478	192,070
180,123	**Less Total Operating Expenditure**	195,146	195,550
(988)	**Operating Surplus/(Deficit)**	1,440	(6,036)
(988)	Operating Surplus/Deficit transferred to/(funded from) Reserves	1,440	(6,036)
	CAPITAL AND RESERVES		
10,424	Acquisition-Level of Service	9,582	-
10,424	**Total Capital Expenditure**	9,582	-
21,249	Transfers to Reserves	28,142	-
21,249	**Total Capital Movements**	28,142	-
988	Operating Deficit	-	6,036
32,661	**Total Funding Required**	37,724	6,036
	Funded By		
10,826	Non Cash Expenditure	10,668	3,480
21,835	Transfers from Reserves	25,616	2,556
-	Operating Surplus	1,440	-
32,661	**Total Funding Applied**	37,724	6,036

Civil Defence Emergency Management

Aim: To ensure planning, systems and resources are in place for individuals and communities to proactively respond to and recover from emergencies that threaten life, property or infrastructure.

What we do

Civil Defence Emergency Management focuses on ensuring that communities are prepared for emergencies and that they are able to respond to and recover from these when they do happen. The activity also involves reducing the potential risks which may occur to people and property through lifelines planning. Southland"s councils along with key emergency services (Fire, Police, Ambulance) and other agencies work together to deliver emergency management services across communities and co-ordinate the response efforts. One of the key aspects of preparedness in Southland (because of its geographic spread and potential for isolation) is having a pool of appropriately trained personnel available throughout the District who are able to respond locally and educating residents on what to do in an emergency.

Southland District Council now delivers its civil defence responsibilities under the Civil Defence and Emergency Management Act 2002 via its participation in Emergency Management Southland, which is a shared service funded by Environment Southland, Invercargill City Council, Gore District Council and Southland District Council. Emergency Management Southland"s Emergency Operations Centre is based at Environment Southland located at the corner of North Road and Price Street in Invercargill.

Emergency Management Southland produces an annual Business Plan outlining its proposed activities and operates under a Heads of Agreement between the four councils, and employs four full time staff as well as managing a large network of volunteers.

Why we do it

The activity mitigates negative impacts on many community outcomes in the event of civil emergency. Council promotes the need for individuals and communities to prepare for emergencies and assists them to build their capacity to effectively respond to and recover quickly from emergency events. Council also has in place systems and processes to help co-ordinate and respond to emergency events. This contributes to restoring quality infrastructure, safe roads, safe homes, healthy lifestyles, access to health services, and ensuring a safe, healthy and accessible built environment. Preventative/proactive work reduces the costs of recovering from emergencies.

The Council also has a responsibility to protect life, health and property under the Civil Defence Emergency Management Act 2002. The activity must also give effect to the Civil Defence Emergency Management Group Plan.

How well we did

The performance of the Civil Defence Emergency Management activity is assessed against a number of key performance indicators and projects set out in the Council"s Annual Plan as well as the activity"s financial results compared to the budget. Overall it shows that training and planned exercises were undertaken to ensure Southland is well prepared to respond in a civil defence emergency, public education was undertaken, and there was high demand for public speaking engagements from community groups which Emergency Management Southland was able to meet. The lifelines project continues towards completing the vulnerability assessment with a number of infrastructure providers including Southland District Council assessing their risk to various hazards and reliance on other infrastructure. Training was delivered to sector volunteers with an emphasis on having people in each township who know how to open up and manage a welfare centre. The new Emergency Management Information System (EMIS) was adopted by Emergency Management Southland who tested various functions that it can deliver on.

In addition to these results, Emergency Management Southland received and forwarded on 146 weather warnings to various response agencies and volunteers. Some of these warnings were a prelude to the snow which fell in July and August 2011 and strong winds in June 2012. The Emergency Operations Centre was activated for these storms and it coordinated information especially around supplying advice to the public about how they should respond and deal with road closures and power outages. The activity has a positive effect on social wellbeing of the community.

Primary outcome: We are healthy people (4) Intermediate outcome: We are able to live healthy lifestyles (4.1)			
What Council will provide	**How Council will measure the service provided**		**How Council performed**
Level of Service	**Key Performance Indicator**	**Target**	
Access Provide Civil Defence Emergency Management services throughout the District via a distributed organisational system.	Number of Civil Defence Sectors capable of responding to an emergency (Audit).[1]	15	Achieved - 18.
Readiness Ensure that Civil Defence Emergency Management personnel are adequately trained.	Percentage of District Emergency Operations Centre personnel trained to Co-ordinated Incident Management System (Level 2)	80%	Achieved.
	Percentage of Sector personnel trained to Co-ordinated Incident Management System (Level 2)	80%	Achieved. Nine sectors were put through an exercise in the last year. Change of training format has meant that CIMS 2 now incorporated in the exercises.
Readiness Provide public education on hazards, hazard reduction and emergency event readiness.	Number of public education activities delivered to residents, schools and interest groups	10	Achieved. 20 public education activities delivered. Of note was the three days at the Southern Field Days.
	Percentage of residents aware of the need to be prepared for a Civil Defence emergency (Survey - Resident).	80%	Not measured in 2011/2012 as the survey is undertaken three yearly. In 2010/2011 the result was 94%. Emergency Management Southland also undertook a survey of 600 people of which 190 or 32% were from the Southland District area which asked if households have an emergency plan and the result was 41%.

Primary outcome: We are healthy people (4) Intermediate outcome: We are able to live healthy lifestyles (4.1)			
What Council will provide	**How Council will measure the service provided**		**How Council performed**
Level of Service	**Key Performance Indicator**	**Target**	
	Percentage of residents prepared for a civil defence emergency (Survey - Resident).	80%	Not measured in 2011/2012 as the survey is undertaken three yearly. In 2010/2011 the result was 61%. Emergency Management Southland also undertook a survey of 600 people of which 190 or 32% were from the Southland District area which asked if households have emergency supplies and 92% said they have emergency supplies around the house. 33% had them in a pre- prepared kit.
Readiness Provide Emergency Operations Centres to enable the management of civil defence emergencies.	Number of primary emergency operations centres, emergency power generator and alternative communication systems available (Audit).	EOC - 1 Power - 1 Comms - 3	Achieved.
	Percentage of District and Sector Emergency Operations Centres with required number of standard operating procedures (SOPs) (Audit).[2]	100%	Achieved.
Responsiveness Maintain a level of preparedness to ensure a timely and effective emergency response is able to be delivered when required.	Facilitate an annual Civil Defence exercise to test readiness/response arrangements (Report to CDEM Committee).	1	Achieved. SDC sectors have completed a localised exercise
	Participate in national exercise programmes to test readiness/response arrangements (Report to CDEM Committee).	1	Not Achieved. Exercises are only carried out every two years. NZ Shakeout scheduled for 26 September 2012 - Southland District Council signed up to participate.

1. "Capable of responding" means having a sector Emergency Operations Centre (EOC) with a Sector Manager and 10 - 20 volunteer staff.
2. Total of 20 SOP's required (five held in the District EOC; 15, one in each of the Sector EOCs)

Project Report

There were no projects planned for Civil Defence in 2011/2012.

Variations from the Budget

There were no significant assets acquired during 2011/2012. Other operating costs are under budget due to an under spend in miscellaneous grants. Reserve movements are associated with the transition away from rates smoothing causing the variance to budget as this activity had a negative reserve balance an internal loan was raised to repay the reserve.

What did it cost?

Actual 2010/2011	Civil Defence and Emergency Management	Actual 2011/2012	Annual Plan 2011/2012
	REVENUE AND EXPENSE		
	Operating Revenue		
263,081	Rates	296,067	296,042
263,081	**Total Operating Revenue**	296,067	296,042
-	Depreciation	-	2,553
345,071	Other Operating Costs	329,404	345,687
345,071	**Less Total Operating Expenditure**	329,404	348,240
(81,991)	**Operating Surplus/(Deficit)**	(33,336)	(52,198)
(81,991)	Operating Surplus/Deficit transferred to/(funded from) Reserves	(33,336)	(52,198)
	CAPITAL AND RESERVES		
-	**Total Capital Expenditure**	-	-
12,066	Loans Repaid	13,060	13,060
819	Transfers to Reserves	317,588	-
12,885	**Total Capital Movements**	330,648	13,060
81,991	Operating Deficit	33,336	52,198
94,875	**Total Funding Required**	363,984	65,258
	Funded By		
-	Loans Raised	317,588	-
-	Non Cash Expenditure	-	2,553
94,875	Transfers from Reserves	46,396	62,705
94,875	**Total Funding Applied**	363,984	65,258

Community Centres

Aim: Provide facilities that meet the social, cultural, recreational and educational needs of the community.

What we do

The Council owns (on behalf of local communities) community centres in 35 locations throughout the District and contributes funding to various other community owned halls. The operation of these halls is generally carried out by individual Hall Committees or local Community Board or Community Development Area Subcommittee members. These groups manage bookings and use of the halls and work with Council Property staff regarding maintenance of the buildings involved.

Why we do it

Community Centres contribute to making Southland a great place to live by providing accessible facilities for communities, clubs, organisations and individuals to enjoy sporting, social, cultural, educational and recreational pursuits. Community centres also contribute to community pride as they form a physical heart of a community and serve as a record of the community"s achievements. In addition they provide safe public places for children and families as well as contributing to healthy lifestyles by hosting active recreational pursuits.

How well we did

The performance of the Community Centres activities is assessed against a number of key performance indicators and projects set out in the Council"s Annual Plan as well as the activity"s financial results compared to the budget. The table below shows that all community centres inspected passed Fire and Building Act requirements at the end of the year and in the last resident satisfaction survey there was high satisfaction with the quality and access of community centres.

There was only one project planned; to undertake seismic upgrading of the Otautau hall and this project has been deleted as the Community Board decided not to proceed with the upgrade and the hall is now closed for use. This is unlikely to have a significant negative effect on the social wellbeing of the community as alternative options for a community hall are being looked into. Overall this activity contributes to the social, economic and environmental wellbeing of the community.

Primary outcome: Southland is a great place to live (1) Intermediate outcome: We have a choice of quality places to go and things to do (1.2)			
What Council will provide	**How Council will measure the service provided**		**How Council performed**
Level of Service	**Key Performance Indicator**	**Target**	
Quality The community centres are appropriate to the community needs.	Percentage of residents satisfied with the standard of their local hall/community centre for public use (Survey - Resident).	90%	Not measured in 2011/2012 as the survey is undertaken three yearly. In 2010/2011 the result was 93%.
Access The community centres are available for public use.	Percentage of residents satisfied with the availability of their local hall/community centre for public use (Survey - Resident).	90%	Not measured in 2011/2012 as the survey is undertaken three yearly. In 2010/2011 the result was 96%.
Safety All facilities are safe.	Percentage of community centres that are safe (Annual Inspections).[1]	100%	Achieved - 100%.
1. "Safe" means meeting Fire and Building Act requirements.			

Project Report

Operating and Maintenance Projects		
Project Description	**Budget**	**Status**
Wallace (Otautau) - Seismic upgrade - hall0018.A	$270,000	Deleted. The Community Board has closed the hall for use.

Variations from the Budget

There were no significant assets acquired during 2011/2012. Operating income was ahead of budget primarily due to Grants and Donations. The decision to close the Otautau Hall (as mentioned above) means the seismic upgrade is no longer required, and therefore other operating costs and loans raised are under budget for 2011/2012. Reserve movements are associated with the transition away from rates smoothing causing the variance to budget.

What did it cost?

Actual 2010/2011	Community Centres	Actual 2011/2012	Annual Plan 2011/2012
	REVENUE AND EXPENSE		
	Operating Revenue		
343,149	Rates	319,420	319,722
79,809	Activity Revenue	59,085	51,261
33,322	Grants and Donations	24,549	-
456,280	**Total Operating Revenue**	403,054	370,983
129,104	Depreciation	129,821	122,575
370,198	Other Operating Costs	414,592	605,767
499,301	**Less Total Operating Expenditure**	544,413	728,342
(43,021)	**Operating Surplus/(Deficit)**	(141,358)	(357,359)
(43,021)	Operating Surplus/Deficit transferred to/(funded from) Reserves	(141,358)	(357,359)
	CAPITAL AND RESERVES		
29,632	Acquisition-Level of Service	-	-
29,632	**Total Capital Expenditure**	-	-
275,652	Loans Repaid	-	-
108,053	Transfers to Reserves	92,772	42,112
383,705	**Total Capital Movements**	92,772	42,112
43,021	Operating Deficit	141,358	357,359
456,358	**Total Funding Required**	234,131	399,471
	Funded By		
-	Loans Raised	-	270,000
129,104	Non Cash Expenditure	129,821	122,575
327,255	Transfers from Reserves	104,309	6,896
456,358	**Total Funding Applied**	234,131	399,471

Community Housing

Aim: Provide affordable community housing where needed.

What we do

The activity provides 69 housing units located in Edendale, Lumsden, Nightcaps, Ohai, Otautau, Riversdale, Riverton, Tuatapere, Winton and Wyndham. These units are let primarily to those persons who are on a pension, or those that are not on a pension but for some reason require this type of housing. The units are inexpensive and suit those on a fixed income and the small size suits those that are unable to maintain large properties. Rents from tenants are used to maintain and upgrade the units as required.

Why we do it

Community housing contributes to a healthy community by providing good quality affordable housing to a group with specific needs. It also fosters a compassionate caring community by allowing people, where possible, to remain living in their local community if their family home becomes inappropriate for their individual circumstances. The Council also has a responsibility under the Residential Tenancies Act 1986. The activity is also associated with the New Zealand Housing Strategy.

How well we did

The performance of the Community Housing activity is assessed against a number of key performance indicators and projects set out in the Council"s Annual Plan as well as the activity"s financial results compared to the budget. Overall, tenants received prompt responses to identified problems and the average occupancy rate for all housing was high. A Community Housing tenant"s survey was undertaken during the year and the results showed tenants were very satisfied with their units and results were above targets for maintenance, occupancy and feelings of safety/security. The result for satisfaction with surroundings was 79% which is lower than 2010 where it was 96% but similar to previous year"s results which ranged from 73-83%. The efficient management and high performance of this activity would have had a positive effect on the social wellbeing of the tenants.

Primary outcome: We are healthy people (4) Intermediate outcome: We have good quality affordable housing (4.2)			
What Council will provide	**How Council will measure the service provided**		**How Council performed**
Level of Service	**Key Performance Indicator**	**Target**	
Quality Suitable housing is provided for tenants which have pleasant surroundings.	Percentage of tenants who believe that the housing facilities are maintained satisfactorily and are suitable for use (Survey - Tenant).2	80%	Achieved - 80%. Residents were satisfied with the maintenance of the housing facilities and 93% said it was suitable for their needs.
	Percentage of tenants who are satisfied with the surroundings in which they live (Survey - Tenant).2	80%	Not Achieved - 79%. The result for satisfaction with surroundings was 79% which is lower than 2010 where it was 96% but similar to previous year"s results which ranged from 73-83%.
Safety A safe environment is provided.	Percentage of residents who feel safe and secure when living in the Community Housing building (Survey - Tenant)2.	80%	Achieved - 98%. This was similar to previous year"s results. In 2010 the result was 99%.
Responsiveness Tenants receive prompt response to identified problems.	Percentage of requests for maintenance actioned within agreed timeframes (Quarterly Report).[1]	90%	Achieved - 100%.
Cost Efficiency There is efficiency and economy in how Community Housing is managed.	Average occupancy rate for rental housing (Quarterly Report).	80%	Achieved - 97%.

1. "Agreed Timeframes" means urgent matters are responded to within four hours and other matters are responded to within five days. Response refers to contacting the tenant regarding their request and does not include actioning the request.
2. The survey is conducted every two years. 68 surveys were sent out by post and 40 returned giving a response rate of 59%. The margin of error is +/- 10%.

Project Report

There were no projects planned for Community Housing in 2011/2012.

Variations from the Budget

There were no significant assets acquired during 2011/2012. Rental income was ahead of budget for the 2011/2012 year. Reserve movements are associated with the shift away from rates smoothing causing the variance to budget. Reserve movements are associated with the transition away from rates smoothing causing the variance to budget.

What did it cost?

Actual 2010/2011	Community Housing	Actual 2011/2012	Annual Plan 2011/2012
	REVENUE AND EXPENSE		
	Operating Revenue		
46,658	Rates	47,080	47,065
235,609	Activity Revenue	257,021	240,157
282,267	**Total Operating Revenue**	304,101	287,222
45,444	Depreciation	45,505	43,343
245,515	Other Operating Costs	253,037	248,246
290,959	**Less Total Operating Expenditure**	298,542	291,589
(8,692)	**Operating Surplus/(Deficit)**	5,559	(4,367)
(8,692)	Operating Surplus/Deficit transferred to/(funded from) Reserves	5,559	(4,367)
	CAPITAL AND RESERVES		
14,430	Acquisition-Level of Service	-	11,205
14,430	**Total Capital Expenditure**	-	11,205
24,174	Loans Repaid	25,850	25,850
72,591	Transfers to Reserves	110,664	146,588
96,765	**Total Capital Movements**	136,514	172,438
8,692	Operating Deficit	-	4,367
119,887	**Total Funding Required**	136,514	188,010
	Funded By		
45,444	Non Cash Expenditure	45,505	43,343
74,443	Transfers from Reserves	85,450	144,667
-	Operating Surplus	5,559	-
119,887	**Total Funding Applied**	136,514	188,010

District Development Services

Aim: Work with groups and organisations to identify opportunities and facilitate the development of projects and initiatives that will enhance the prosperity and quality of life of Southland communities.

What we do

Currently the Southland District Council has a level of service agreement with Venture Southland to deliver District Development Services which includes Regional Development, Destination Promotion and Economic Development. The Council also places extra emphasis on community development in the Regional Development area to reflect the work needed for the diverse communities in the District to ensure local priorities are identified and addressed. Venture Southland is a joint initiative of the Invercargill City, Southland District and Gore District Councils and the region-wide level of delivery enables economies of scale, and a stronger voice for Southland and this delivery is overseen by a joint committee of the three councils. More detail of Venture"s activities can be found in Venture Southland"s Strategy for Development and annual Action Plan. The Council has input into the Priorities, Strategies and Action Plans of Venture Southland through its appointees on the Joint Committee (Mayor, two Councillors, and two appointed independent persons) as well as the Subcommittee known as the Directorate. The Directorate has two of these Council appointees sitting on it and it has delegated authority to monitor and overview the implementation of the annual Action Plan.

Why we do it

District Development Services contributes to making Southland a great place to live by promoting Southland's image, supporting creative and heritage activities, developing recreational activities and assisting with development initiatives for communities. The activity also supports a diverse economy by facilitating infrastructure improvements, identifying and promoting areas of competitive advantage, facilitating job creation and attracting/retaining a skilled labour force and promoting Southland as a tourism destination, as well as a place to live and invest. It also contributes to strong effective leadership by empowering citizens and communities and supporting project development and seeking engagement through concept plans which promotes community cohesion and pride. The activity also influences a treasured environment through working with businesses to improve their resource use and projects that assist in working with the environment.

How well we did

The performance of the District Development Services activity is assessed against a number of key performance indicators and projects set out in the Council"s Annual Plan as well as the activity"s financial results compared to the budget. Highlights of the year included delivery of Southland and Invercargill Rugby World Cup activities along with successful events such as the Burt Munro Challenge, Southland A & P Show, and ILT Kidzone. Key strategies were completed including an Aquaculture Strategy, the Energy Strategy and the Rural Broadband Initiative. Input was also given into a wide range of community projects such as Rakiura Information and Heritage Centre and precinct development, Curio Bay Heritage Centre development, South Coast Environment Centre operational review, Winton Moores Reserve combined ball sports facility development and Te Anau Tennis/Netball Court development. Paul Casson was appointed as Venture Southland"s new Chief Executive in May 2012.

These outcomes are achieved through a wide range of partnerships that include the Community Trust of Southland, government agencies, national funding agencies, schools and numerous community groups that see Venture Southland as a means of working with a regional organisation that has local government support without actually being a part of it. This activity contributes to all four wellbeings (economic, social, cultural and environmental) of the community.

Primary outcome:	Southland is a great place to live (1) A diverse economy built from our strengths for growth and prosperity (2) Strong, effective leadership taking us into the future (5)		
What Council will provide	**How Council will measure the service provided**		**How Council performed**
Level of Service	**Key Performance Indicator**	**Target**	
Governance			
Accountability - Maintain strong Governance overview of Venture Southland.	Representative"s attendance on Venture Southland Joint Committee (Attendance Register).	20	Achieved. 23 Attendances recorded at five meetings by elected and appointed representatives.
Regional Development			
Support and assist groups and organisations to identify and develop opportunities, events and provide advocacy for community services and to assist in destination management and visitor industry development.	Outcome[2] - Number of community groups assisted (Annual Report).	80	Achieved. Over 100 community groups were assisted.
	Output[1] - Number of programmed Concept Plan reviews carried out (Annual Report).	100%	Not Achieved. A new schedule is being developed based on communities of interest identified as part of the Representation Review process.
	Output[1] - Percent of programmed events carried out (Annual Report).	100%	Achieved - 100%. Events included Southland Festival of the Arts, Burt Munro Challenge and ILT Kidzone.
	Outcome[2] - Number of people attending Venture Southland events each year (Annual Report).	8,000	Achieved. Over 10,000 attendees.
Economic Development			
Proactively identify and promote opportunities for diversification, employment and business growth in Southland.	Output[1] - Number of sector groups engaged with (Annual Report).	5	Achieved. Nine covering aquaculture, oats, Southland Energy Consortium, Southland Engineering Group, sustainable business programme, Food Network South, dairy, film and biotechnology.
	Output[1] - Number of initiatives identified and developed (Annual Report).	12	Achieved. 14 initiatives developed were Rural Broadband and cellular phone coverage extensions, Stewart Island Energy Options, Waste to Energy, Wood Energy Opportunities, Support for rural schools, Transport investigations, High Value Oat product development, Topoclimate - soils classification and advice, Aquaculture opportunities, Sustainable Business Programme, Silica opportunities, Southland Digital Forum, Southland Engineering Group and LEAN Manufacturing.

Primary outcome:	Southland is a great place to live (1) A diverse economy built from our strengths for growth and prosperity (2) Strong, effective leadership taking us into the future (5)		
What Council will provide	**How Council will measure the service provided**		**How Council performed**
Level of Service	**Key Performance Indicator**	**Target**	
Governance			
	Outcome[2] - Growth and diversity of businesses evidenced by economic growth statistics comparing favourably with similar regions (Annual Report).	Compare favourably	Achieved. Southland"s GDP increased 2.7% to the year to June 2012 compared with a national increase of 1.7%. The region continues to have the highest workforce participation rate at 73.6% and employment rate at 70.5% compared to the national average of 68.4% and 63.3% respectively. The region"s unemployment rate is the second lowest in the country at 4.3% compared to the national average of 6.8%.
	Output[1] - Training programmes meet the needs of local business (Survey - User).	90%	Achieved. Overall satisfaction with the Regional Business Partner Network rated at 100%.
Promote the positive aspects of Southland, and identify and facilitate the development of projects of regional significance in association with local organisations.	Output[1] - Number of Strategic Projects facilitated (Annual Report).	4	Achieved. Facilitated eight strategic projects: Southland Energy Strategy, Waste to Energy Strategy, Wood Energy Demand Assessment, Aquaculture Strategy, Dairy Sector Employment initiative, Stewart Island Energy Futures, Southland Digital Leadership Forum, and Southland Future Farms Forum.
	Output[1] - Inwards investment opportunities identified and promoted (Annual Report).	2	Achieved. Three proposals: High Purity High Value Silica, Otsuka Porcin cell development and Oat Industry Development presented.
Destination Promotion			
Promote Southland as a quality destination for visitors, skilled migrants, investors, students, and conferences and events.	Output[1] - Percent of programmed promotional activities undertaken (trade shows, publications, electronic promotions) (Annual Report).	100%	Not Achieved. Two most appropriate consumer shows cancelled following the 2011 earthquake. Domestic campaign delivered with good operator support and feedback.
	Output[1] - Number of conferences and events assisted (Annual Report).	10	Achieved. 22 bids assisted, 19 successful, one pending, 65 smaller events/conferences assisted.
	Outcome[2] - Perceptions of Southland study shows improving results (suggesting Venture is targeting the right areas) (Annual Report).	Increasing trend	Not measured. The perception study is undertaken every two years. Ten measures were about 50% in 2010/2011 compared with eight in 2008/2009.

Primary outcome:	**Southland is a great place to live (1)** **A diverse economy built from our strengths for growth and prosperity (2)** **Strong, effective leadership taking us into the future (5)**		
What Council will provide	**How Council will measure the service provided**		**How Council performed**
Level of Service	**Key Performance Indicator**	**Target**	
Governance			
	Outcome[2] - Average length of stay and spend for tourist"s increases over time (Annual Report).	Increasing trend	Not measured. Previous research company no longer operating. New data source being developed.

1. Outputs are indicators related to activities which Venture is directly accountable for.
2. Outcome indicators can be affected by factors other than Venture"s activities such as opportunities in other regions, fuel costs, availability of finance for key projects, the exchange rate, labour mobility etc. Consideration will also be given to these other factors, and Council will benchmark data against other regions. The Economic growth statistics were sourced from the Department of Labour – Household Labour Force Survey June 2012

Project Report

There were no capital projects planned for District Development Services in 2011/2012.

Variations from the Budget

Activity Revenue and Operating Expenditure have no significant variances for the 2011/2012 financial year. Renewals are in relation to an unbudgeted vehicle purchase which has subsequently resulted in unbudgeted depreciation. Reserves movements are associated with the minor surplus and vehicle purchase.

What did it cost?

Actual 2010/2011	District Development Services	Actual 2011/2012	Annual Plan 2011/2012
	REVENUE AND EXPENSE		
	Operating Revenue		
1,663,965	Rates	1,698,815	1,698,562
212,697	Activity Revenue	239,810	199,310
-	Grants and Donations	14,000	14,000
1,876,662	**Total Operating Revenue**	1,952,625	1,911,872
15,572	Depreciation	6,551	-
1,668,986	Other Operating Costs	1,930,851	1,911,872
1,684,558	**Less Total Operating Expenditure**	1,937,402	1,911,872
192,104	**Operating Surplus/(Deficit)**	15,223	-
192,104	Operating Surplus/Deficit transferred to/(funded from) Reserves	15,223	-
	CAPITAL AND RESERVES		
-	Renewals	51,162	-
-	**Total Capital Expenditure**	51,162	-
6,327	Transfers to Reserves	16,769	-
6,327	**Total Capital Movements**	16,769	-
6,327	**Total Funding Required**	67,931	-
	Funded By		
(190,550)	Non Cash Expenditure	1,546	-
4,772	Transfers from Reserves	51,162	-
192,104	Operating Surplus	15,223	-
6,327	**Total Funding Applied**	67,931	-

District Support

Aim: Provide convenient access to Council information and services and support for local communities.

What we do

District support covers the operation of eight Area Offices as a first point of contact for residents and ratepayers (located in Invercargill, Winton, Te Anau, Otautau, Lumsden, Wyndham, Stewart Island and Riverton) as well as District reserves and various corporate services including information management, records and financial services. Many of the Council"s services are provided through the office staff, including enquiries, rate rebate applications, dog registration and fire permits. Staff also provide secretarial support for Community Boards, Community Development Area Subcommittees, Committees of Council and other organisations. All Area Offices except the main Invercargill office, Te Anau office and the office on Stewart Island are accommodated with local libraries, following the Council"s "one-stop shop" concept.

Why we do it

District support contributes to strong effective leadership by providing support to local decision-makers. The activity also strengthens Council"s links with the numerous communities in Southland by having local staff situated in local offices in or near these communities. The activity also contributes to a diverse economy by making the Council"s services and information more easily accessible across the District.

How well we did

The performance of the District Support activity is assessed against a number of key performance indicators and projects set out in the Council"s Annual Plan as well as the activity"s financial results compared to the budget. The Residents" Satisfaction survey was not undertaken in 2011/2012. In 2010/2011 the survey results showed residents are very satisfied with their access to Council and the contact that they have had. This demonstrates the value of the area offices around the District and the customer focus of staff. Council has improved on the time it takes to deal with requests and queries from the community. This activity has had a positive effect on the social and economic wellbeing of the community. One project was completed and the other was deferred.

Primary outcome: Strong, effective leadership taking us into the future (5) Intermediate outcome: Citizens and communities are inspired, motivated and empowered (5.1)			
What Council will provide	**How Council will measure the service provided**		**How Council performed**
Level of Service	**Key Performance Indicator**	**Target**	
Access Access to services during normal business hours.	Percentage of residents satisfied with the hours of operation (Survey - Resident).	90%	Not measured in 2011/2012 as the survey is undertaken three yearly. In 2010/2011 the result was 97%.
Responsiveness All requests, issues, queries and faults dealt with in a timely fashion.	Percentage of response times kept within defined limits (Quarterly Report).[1]	85%	Achieved - 86%. Out of the 5,993 requests for service for the year, 5,164 were resolved within defined limits.
	Percentage of customers who are satisfied with response to enquiries (Survey - Customer).[2]	80%	Achieved. Of the 146 customers surveyed 95% were satisfied with the helpfulness of staff, 81% were satisfied with the time that it took to resolve their request and 85% were satisfied with the outcome.

Primary outcome: Strong, effective leadership taking us into the future (5) Intermediate outcome: Citizens and communities are inspired, motivated and empowered (5.1)			
What Council will provide	**How Council will measure the service provided**		**How Council performed**
Level of Service	**Key Performance Indicator**	**Target**	
	Percentage of residents satisfied with contact with Council (visits and telephone calls) (Survey - Resident).	85%	Not measured in 2011/2012 as the survey is undertaken three yearly. In 2010/2011 the result was 96%.
1. The "defined limit" for responses is five working days for correspondence and other requests. This will not include requests that are resolved at first point of contact. 2. The survey is conducted by telephone and undertaken by the Customer Services Interdepartmental Support Officers six times a year.			

Project Report

Operating and Maintenance Projects		
Project Description	**Budget**	**Status**
Invercargill Office - Improvements (revamp of front foyer) - CS0001.A	$61,980	Deferred. Delayed in 2011/2012 year due to uncertainty with seismic testing outcome for the Invercargill building.

Line of Service		
Project Description	**Budget**	**Status**
Tokanui - Improve fire fighting capacity - 199.A1	***$15,000***	***Completed. Three tanks installed February. Existing hard stand sufficient. Total cost $6.8K.***

Variations from the Budget

Operating revenue is higher than budgeted. This is primarily due to Development and Financial contributions, General Recoveries and Debt Collection Recoveries.

In compiling the budget, computer equipment lease payments were treated as an operating expense, however the nature of the lease means that it is treated like a capital asset and depreciated. As such, operating costs are less than budgeted and depreciation expenditure is higher than budgeted. Additionally Other Operating Costs are also under budget due to savings in Salaries. Finance costs are under budget, the 2011/2012 budget required significant external debt to achieve Council"s Annual Plan. However due to the timing of projects Council has been able to fund the majority of projects internally.

Renewal capital expenditure was in relation to vehicle replacements which were paid from existing reserves. Level of service capital expenditure was predominantly for software and computer equipment purchases.

Reserve movements are associated with the transition away from rates smoothing causing the variance to budget as this activity had a negative reserve balance an internal loan was raised to repay the reserve.

What did it cost?

Actual 2010/2011	District Support	Actual 2011/2012	Annual Plan 2011/2012
	REVENUE AND EXPENSE		
	Operating Revenue		
2,982,033	Rates	2,905,605	2,805,345
266,215	Activity Revenue	241,478	216,571
-	Development & Financial Cont	210,234	-
184,217	Interest & Dividends	167,451	85,345
900	Grants and Donations	13,069	-
3,433,365	**Total Operating Revenue**	3,537,836	3,107,261
535,585	Depreciation	485,612	281,933
30,539	Finance Costs	93,968	541,871
1,681,982	Other Operating Costs	1,455,605	2,089,619
2,248,107	**Less Total Operating Expenditure**	2,035,184	2,913,423
1,185,258	**Operating Surplus/(Deficit)**	1,502,652	193,838
1,185,258	Operating Surplus/Deficit transferred to/(funded from) Reserves	1,502,652	193,838
	CAPITAL AND RESERVES		
96,224	Acquisition-Level of Service	35,189	84,317
98,989	Renewals	97,528	92,348
195,213	**Total Capital Expenditure**	132,716	176,665
12,849	Loans Repaid	-	-
3,516,444	Transfers to Reserves	6,098,087	1,472,813
3,529,293	**Total Capital Movements**	6,098,087	1,472,813
3,724,506	**Total Funding Required**	6,230,804	1,649,478
	Funded By		
-	Loans Raised	2,652,639	106,178
313,848	Non Cash Expenditure	344,635	442,833
2,225,400	Transfers from Reserves	1,730,877	906,629
1,185,258	Operating Surplus	1,502,652	193,838
3,724,506	**Total Funding Applied**	6,230,804	1,649,478

Dog Control

Aim: To protect public safety and reduce nuisances.

What we do

This activity is about providing controls for dogs and stock to reduce any risks to public safety. The activity involves registering dogs, investigating complaints about dogs and wandering stock, formulating policy on issues relating to nuisance dogs and legal responsibilities, as well as promoting responsible dog ownership. There are around 13,000 dogs registered in Southland.

Why we do it

Dog and Animal Control contributes to creating safe places (homes, public places and roads) through education, registration of dogs and Dog Control Officer activities and responding to instances of wandering stock. The activity also contributes to a treasured environment where control activities also help to protect wildlife. In the activity, the Council must comply with the legal requirements of the Dog Control Act 1996 and associated amendments and the Impounding Act 1955.

How well we did

The performance of the Dog Control activity is assessed against a number of key performance indicators set out in the Council"s plan for that year as well as the activity"s financial results compared to the budget. Overall the table below shows that Council had an increase in the number of complaints and a decrease in meeting investigation timeframes. The target for the number of hours spent on public education was achieved. Dog complaints can either be about dog attacks, barking and wandering dogs or found and impounded dogs.

Council is continuing to take a harder line on following up on unregistered dogs. A large number of infringement notices were issued in 2011/2012 (379 compared to 290 in 2010/2011). This focus on compliance will make the District a safer place and therefore contribute towards improved social and economic wellbeing. Wandering stock instances increased to 238 compared to 222 in 2010/2011 which shows an ongoing awareness on the importance of reporting these instances by the public.

Council continued free micro-chipping during the year to encourage people to have their dogs micro-chipped. This continues to receive a positive response with a number of people not required to microchip taking up the option which has helped Dog Control staff identify the owners of wandering or dangerous dogs. The ICC/SDC shared dog pound facility at Clifton was 90% complete and will be formally opened on 19 July 2012. Other activities included the implementation of legislative amendments to the Dog Control Act 1996 and the changes to the Southland District Council Dog Control Bylaw. As a result of members of the public being better informed of Dog Control activities and Council"s free phone number, the reporting of incidents has increased slightly through the past 12 months.

Primary outcome: Safe places in a caring society that is free from crime (3) Intermediate outcome: We have public places safe for children and families (3.3)			
What Council will provide	**How Council will measure the service provided**		**How Council performed**
Level of Service	**Key Performance Indicator**	**Target**	
Quality Actively control the actual and potential nuisance from dogs and animals.	Percentage decrease in the number of complaints concerning dog control and wandering stock received each year (Quarterly Report).	10% Decrease	Not Achieved. 4% increase (from 776 complaints in 2010/2011 to 806 in 2011/2012). This increase indicates an ongoing awareness by the general public of the responsibilities of dog owners.

Primary outcome: Safe places in a caring society that is free from crime (3) Intermediate outcome: We have public places safe for children and families (3.3)			
What Council will provide	**How Council will measure the service provided**		**How Council performed**
Level of Service	**Key Performance Indicator**	**Target**	
	Percentage of residents satisfied with the service provided (Survey - Resident).	Dog - 75% Stock - 80%	Not measured in 2011/2012 as the survey is undertaken three yearly. In 2010/11 the result was 79% for Dog Control and 87% for Stock Control.
Responsiveness All complaints are addressed in a timely manner.	Percentage of complaints investigated within set timeframe. (Quarterly Report).[1]	80%	Not Achieved - 67%. 539 of 806 complaints were investigated within set timeframes. The number of complaints was higher than the previous year when there were 776 complaints which shows the public are more aware and reporting more incidents on the free 0800 number.
Responsiveness Facilitate and provide appropriate guidance and advice on Dog and Animal Control matters.	Hours of public education activities carried out per year (Quarterly Report).	72	Achieved - 79 hours.
1. The timeframe for investigation of complaints is 24 hours.			

Project Report

There were no projects planned for Dog Control in 2011/2012.

Variations from the Budget

There were no significant assets acquired during 2011/2012. Activity revenue is predominantly above budget due to increased infringement revenue for unregistered dogs with penalties for late payment and increased registration income. Operating expenditure is under budget due to saving across various areas including the payment to Invercargill City Council in relation to the combined dog pound and ranger expenses. The above has the effect of an increased transfer to reserves additionally with the grant to ICC not occurring in the 2011/2012 financial year there is no requirement for a transfer from reserves.

What did it cost?

Actual 2010/2011	Dog Control	Actual 2011/2012	Annual Plan 2011/2012
	REVENUE AND EXPENSE		
	Operating Revenue		
26,621	Rates	24,918	24,940
346,343	Activity Revenue	398,501	316,347
372,964	**Total Operating Revenue**	423,419	341,287
8,509	Depreciation	8,223	7,650
284,514	Other Operating Costs	278,177	393,805
293,023	**Less Total Operating Expenditure**	286,401	401,455
79,940	**Operating Surplus/(Deficit)**	137,018	(60,168)
79,940	Operating Surplus/Deficit transferred to/(funded from) Reserves	137,018	(60,168)
	CAPITAL AND RESERVES		
-	**Total Capital Expenditure**	-	-
81,900	Transfers to Reserves	138,692	933
81,900	**Total Capital Movements**	138,692	933
-	Operating Deficit	-	60,168
81,900	**Total Funding Required**	138,692	61,101
	Funded By		
1,960	Non Cash Expenditure	1,674	1,101
-	Transfers from Reserves	-	60,000
79,940	Operating Surplus	137,018	-
81,900	**Total Funding Applied**	138,692	61,101

Forestry

Aim: Maximise return on funds whilst operating forests in a sustainable and environmentally friendly manner.

What we do

The Southland District Council manages around 1,800 hectares of land (1,300 hectares of this is planted in introduced plantation species).

Why we do it

Forestry operations provide alternative income to offset rates but also support the achievement of other Council or community goals. This activity links most strongly with the community outcome of Southland"s diverse economy being built from our strengths for growth and prosperity, as well as contributing to a treasured environment.

How well we did

The performance of the Forestry activity is assessed against a number of key performance indicators set out in the Council"s plan for the year as well as the activity"s financial results compared to the budget. The table below shows that Council achieved its targets in relation to forestry returns in 2011/2012 which is very positive after the impact the economic downturn had on this activity over the last couple of years. This will also have a good impact on the economic wellbeing of the community as there will be money available to help offset rates. In terms of other performance, Council almost achieved all of its Forestry Management Business Plan objectives and there were no environmental issues notified.

All of the Council"s production forests in its four main blocks have been registered under the Emissions Trading Scheme, either as pre-1990 or post-1989 stands as dictated by their date of establishment. Council has had confirmation of the applications for New Zealand Units from the Ministry of Primary Industries in 2012 and a carbon trading policy for Council has been presented. Due to a significant drop in carbon prices no activity in this area is predicted in the short term. The mining of coal from part of the Ohai Forest has not been advanced. The company New Brighton Collieries Ltd indicated plans to extract a significant volume of coal over a 15 year period. In light of the recent downturn in coal extraction it is likely that this initiative will be parked for a period. It has been recommended that forest operations continue as normal to protect the forest asset.

Primary outcome: A diverse economy built from our strengths for growth and prosperity (2)			
Intermediate outcome: We have an economy built on our competitive advantage (2.4)			
What Council will provide	**How Council will measure the service provided**		**How Council performed**
Level of Service	**Key Performance Indicator**	**Target**	
Commercial Return To ensure that the forests are managed in a business-like way with a long term focus.	Percentage of returns met (Business Plan Reports).[1]	100%	Achieved.
Sustainable Management To achieve an appropriate balance	Percentage of Forestry Management Business Plan objectives met (Management Reports).[2]	100%	Achieved. All objectives met.

Primary outcome: A diverse economy built from our strengths for growth and prosperity (2)			
Intermediate outcome: We have an economy built on our competitive advantage (2.4)			
What Council will provide	**How Council will measure the service provided**		**How Council performed**
Level of Service	**Key Performance Indicator**	**Target**	
between harvesting and restocking Council and Community forests.	Number of environmental issues notified (Management Reports).	0	Achieved. No environmental issues notified.

1. The target returns figure is calculated according to the 10-year harvesting programme"s planned volume (cubic metres) sold, multiplied by estimated likely value. Percentage of Returns met is actual return divided by the Business Plan"s target returns figure for the year.
2. Objectives relate to periodical review of Forestry Management Plan, forestry asset replacement and observation of environmental protocols.

Project Report

There were no projects planned for Forestry in 2011/2012.

Variations from the Budget

There were no significant assets acquired during 2011/2012. Activity revenue was below budget as a result of the budgeted volumes of timber harvested at Waikaia not being achieved. The actual revaluation amount reflects the changes to log prices since the budget was prepared.

What did it cost?

Actual 2010/2011	Forestry	Actual 2011/2012	Annual Plan 2011/2012
	REVENUE AND EXPENSE		
	Operating Revenue		
1,413,418	Activity Revenue	690,804	970,800
1,413,418	**Total Operating Revenue**	690,804	970,800
5,445	Depreciation	3,505	5,445
331,120	Other Operating Costs	686,498	328,481
336,564	**Less Total Operating Expenditure**	690,003	333,926
417,860	Forestry Revaluation	1,188,000	692,240
658,994	**Operating Surplus/(Deficit)**	(1,187,199)	(55,366)
658,994	Operating Surplus/Deficit transferred to/(funded from) Reserves	(1,187,199)	(55,366)
	CAPITAL AND RESERVES		
-	**Total Capital Expenditure**	-	-
735,176	Transfers to Reserves	641,930	776,112
735,176	**Total Capital Movements**	641,930	776,112
-	Operating Deficit	1,187,199	55,366
154,564	Less Non-cash transactions	(1,545,882)	(692,240)
889,740	**Total Funding Required**	283,247	139,238
	Funded By		
-	Non Cash Expenditure	-	-
230,746	Transfers from Reserves	283,247	139,238
658,994	Operating Surplus	-	-
889,740	**Total Funding Applied**	283,247	139,238

Grants and Donations

Aim: Provide assistance to a range of organisations for projects and activities which promote community wellbeing.

What we do

Council provides funding for scholarships, grants, and donations so that District residents have access to community funding and to help finance cultural, social, and recreational services. An annual grant is also provided to the Southland Regional Heritage Trust who is a strong supporter of museums in Southland and supports specific heritage projects that preserve or promote the Story of Southland. Specific activities of the Trust include making grants to community groups, provision of a Roving Museum Officer who supports small, community-based museums, and grants to the region"s major museums. An annual contribution is also made to the Southern Rural Fire Authority to manage rural fire responsibilities at a regional level, including training fire fighters and public education. By supporting a regional effort, the District benefits from economies of scale.

Why we do it

Primarily this activity empowers citizens and communities by providing financial assistance for their activities, which in turn may promote any of the seven community outcomes, depending on the nature of the project. Scholarships promote a well-educated and skilled community; and other grants promote better community facilities, community self help, and encouragement of young people to contribute to making Southland a great place to live. The Regional Heritage Grant contributes to making Southland a great place to live, by valuing Southland"s history and heritage, and supporting a range of quality places to go and things to do. The grant also supports a well educated community by providing high quality and ongoing learning opportunities through museums, heritage publications and other activities. As Rural Fire protects economic assets, it supports the outcome of a diverse economy and by protecting against and responding to hazardous fire also supports a treasured environment.

How well we did

The performance of the Council for this activity is assessed against a number of key performance indicators and projects set out in the Council"s plan for that year as well as the activity"s financial results compared to the budget. Overall, Council continued to support heritage activities and the Southern Rural Fire Authority (SRFA) by giving a grant to the Southland Regional Heritage Committee and reviewing the SRFA"s Statement of Intent and Reports. The Roving Museum Officer has spent the majority of the year working with Wallace Early Settlers Association"s adze collection at Te Hikoi Heritage Museum in Riverton and Rakiura Museum assisting with the museum redevelopment on Stewart Island and smaller projects at the Wyndham and Waikawa museums. The Southern Rural Fire Authority (SRFA) met nearly all of its targets with the exception being to decrease the number of rural fire vegetation calls which was due to the 2011-2012 fire season being extraordinarily dry and unseasonal, resulting in multiple fires simultaneously over an extended time.

The Southern Rural Fire Authority (SRFA) inaugural awards ceremony was held on the evening of 28 September with approximately 100 people attending from most stakeholder and volunteer organisations. Members of the Waikawa Volunteer Rural Fire Forces (VRFF) held the official opening of their renovated fire station in October. The opportunity was taken to present FRFANZ service medals to past and present members for their contribution with the VRFF serving their community. Dave Adamson officially opened the fire station and the CEO and Operations Coordinator presented service awards. During the period, the Authority was successful in applying for charitable status with the Charities Commission. The activity has had a positive effect on the social, cultural, economic and environmental wellbeing of the community.

The „Around the Mountain" cycle trail project which is planned to go from Walter Peak to Kingston has been progressed during the year 2011/2012. The project was the subject of a joint hearing with Environment Southland at the end of April/early May 2012 before an Independent Hearing Commissioner. This was for resource consent for the construction along the preferred alignment.

Primary outcome:	**Southland is a great place to live (1)** **A diverse economy built from our strengths for growth and prosperity (2)** **Strong, effective leadership taking us into the future (5)**		
What Council will provide	**How Council will measure the service provided**		**How Council performed**
Level of Service	**Key Performance Indicator**	**Target**	
Regional Heritage and Grants			
Access - Support heritage activities.	Provide funding annually to Southland Regional Heritage Committee (Annual Report).	Yes	Achieved.
Access and Equity - Enhance the quality of life through grants/donations to community and regional organisations.	Percentage of residents that are aware of the availability of grants (Survey - Resident).	60%	Not measured in 2011/2012 as the survey is undertaken three yearly. In 2010/2011 the result was 68%.
Rural Fire			
Readiness - Support Southern Rural Fire Authority to prepare and respond to rural fires.	Annually review and approve the Southern Rural Fire Authority's Statement of Intent (SOI) and monitor its performance through the Authority's half yearly and annual reports (Annual Report).[1]	SOI - 30 May HYr - 30 Feb ARep - 30 Sep	Achieved. SOI approved and distributed. Half yearly report provided in January 2012. Annual report provided in August 2012.
Quantity - Provide Rural Fire organisation resources that are adequate to manage fire events anticipated within the SRFD.	Number of rural fire personnel (SRFA training register).[2]	No less than 250	Achieved. 285 personnel on training programmes and recorded on SRFA training database.
Reduction - Provide public education on fire risks, risk reduction and fire event readiness.	Number of public education initiatives completed (File).[3]	One leaflet drop 650 radio slots five education visits	Achieved. 17 media opportunities November 2011-June 2012 (seven months); 2,000+ radio slots during January and February 2012 Fire Ban period. Other activities included talks to farm discussion groups, schools and a community post a significant fire. Three Firewise community initiatives were commenced where the SRFA works with local communities and other departments and organisations to improved fire safety.
	Decreasing number of rural fire vegetation calls (Quarterly Report).[4]	95	Not Achieved. 178 vegetation calls were made, up from 141 in 2010/2011. The 2011/2012 fire season was extraordinarily dry and unseasonal, resulting in multiple fires simultaneously over an extended time.

Primary outcome:	Southland is a great place to live (1) A diverse economy built from our strengths for growth and prosperity (2) Strong, effective leadership taking us into the future (5)		
What Council will provide	**How Council will measure the service provided**		**How Council performed**
Level of Service	**Key Performance Indicator**	**Target**	
Readiness - Ensure that Rural Fire personnel are adequately trained.	Percentage of key rural fire personnel that are trained to or training towards the appropriate Fire and Rescue Services Industry Training Organisation (FRSITO) Unit Standards for their duties (Training Register).[5]	100%	Achieved. All personnel are targeted for fireground positions and a training plan identifies individual and agency training requirements for a one-five year timeframe.
Response - Ensure that the Rural Fire organisation responds appropriately to fire events.	Percentage of initial attacks on fires commenced within 30 minutes of receiving a fire call (Fire Log FIRS).	100%	Achieved - 100%.

1. Southern Rural Fire is required to prepare a draft Statement of Intent and deliver this to stakeholders by 1 March each year. Council is required to provide any comment on this by 30 May. "SOI" - Statement of Intent, "HYR" - Half Year Report, "ARep" - Annual Report.
2. 170 Firefighters, 40 Crew Leaders, 40 Incident Management.
3. "Public education initiatives" include one information leaflet drop annually to all rural properties, radio advertising campaign of at least 25 daytime slots per week from 1 October to 30 March, 10 education visits (rural residents, schools and interest groups) annually.
4. This is the annual average for vegetation calls which relates to the objectives of the SRFA, who has a target that over a five year rolling average, the number of rural fires should decrease.
5. "Key Rural Fire Personnel" includes the Principal Rural Fire Officer (PRFO), Deputy Principal Rural Fire Officers (DPRFO's), Rural Fire Officers (RFO's) and Fire Fighters (FF's).

Project Report

Project Description	Actual	Budget
Grants		
Citizens Advice Bureau	$2,200	$2,200
Friendship Committee	$13,403	$17,202
Gore Counselling Services	$1,000	$1,000
IWI Funding	$36,815	$37,177
Life Education Trust	$5,000	$5,000
Miscellaneous Grants	$1,450	$2,000
Southland Indoor Leisure Centre	$50,000	$50,000
St John Ambulance	$1,600	$1,400
Southland Regional Heritage Committee	$394,337	$394,337
Lifelines	-	$30,000
Warm Homes Trust	$35,000	$35,000
Swim Safe	$17,400	$17,400
Southland Coastal Heritage Inventory	$15,000	$15,000
Te Hikoi	$44,000	$44,000
Cycling Southland	$10,000	$10,000
Scholarships		
Bursaries	$2,000	$4,500
Community Service Award	$103	$1,000
Debating Competition	$533	$600
Outward Bound Scholarship	$6,255	$8,000
Funding Assistance		
Contribution to Public Toilets	$402,483	$280,934
Contribution to Dog/Animal Control	$31,832	$31,832
Holiday Programmes	$20,000	$20,000
Santa Parade Trust	$700	$2,400
Contribution to Stewart Island Jetties	-	$5,000
Contribution to Parks and Reserves	$14,891	$14,891
Destination Fiordland	$11,738	$25,738
Allocation Grants		
Amenity Development*	-	$38,800
Community Development	$134,100	$70,000
Contributions and Levies	-	$15,000
Creative Communities	$24,650	$21,030
Ohai Railway Fund [1]	$31,350	$80,058
Northern Southland Development Fund	$18,049	$15,000
Other		
Southern Rural Fire Authority	$205,418	$205,417

Variations from the Budget

During the year Council commenced the development of the Round the Mountain Cycle Trail. As this project was not included in the budget, it has resulted in increased grant income from the Ministry of Economic Development to fund the associated capital expenditure. Operating costs are higher than expected as a result of increased expenditure in Community Development and Toilet Contributions. Reserve movements are associated with the transition away from rates smoothing causing the variance to budget as the activity had a negative reserve balance an internal loan was raised to repay the reserve.

What did it cost?

Actual 2010/2011	Grants and Donations	Actual 2011/2012	Annual Plan 2011/2012
	REVENUE AND EXPENSE		
	Operating Revenue		
1,193,574	Rates	1,293,868	1,294,231
44,356	Activity Revenue	54,918	48,408
161,427	Grants and Donations	209,946	33,230
1,399,357	**Total Operating Revenue**	1,558,731	1,375,869
4,869	Depreciation	3,281	6,640
1,476,163	Other Operating Costs	1,823,659	1,685,044
1,481,032	**Less Total Operating Expenditure**	1,826,940	1,691,684
(81,675)	**Operating Surplus/(Deficit)**	(268,209)	(315,815)
(81,675)	Operating Surplus/Deficit transferred to/(funded from) Reserves	(268,209)	(315,815)
	CAPITAL AND RESERVES		
131,642	Acquisition-Level of Service	171,908	-
131,642	**Total Capital Expenditure**	171,908	-
25,721	Transfers to Reserves	319,643	-
25,721	**Total Capital Movements**	319,643	-
81,675	Operating Deficit	268,209	315,815
239,038	**Total Funding Required**	759,760	315,815
	Funded By		
-	Loans Raised	318,176	-
4,869	Non Cash Expenditure	3,281	6,640
234,169	Transfers from Reserves	438,303	309,175
239,038	**Total Funding Applied**	759,760	315,815

Health Regulation

Aim: To improve, promote, and protect public health, reduce liquor abuse and prevent or manage the adverse effects of hazardous substances.

What we do

The activity involves registration and inspection of licensed premises, liquor licensing (including monitoring compliance), and controlling nuisances in the District such as noise, insanitary conditions and hazardous substance activities. The activity also undertakes school water and pool testing and provides advice on environmental health and hazardous substances, particularly during the resource consent and building consent process. The Council also carries out a range of education and information activities.

Why we do it

Health regulation contributes to having healthy people by protecting public health through registration and inspection of premises that prepare or sell food, licensing and monitoring premises that sell alcohol to ensure that they conduct their business to required standards and carrying out hazardous substance inspection and enforcement on behalf of Occupational Safety and Health. The investigation of nuisance complaints such as noise, smoke, odours and pests also contribute to a healthy community and a treasured environment by minimising the effect of such nuisances on people or the receiving environment. Council also works together actively with the Police and Public Health South to address licensing issues, compliance matters and alcohol harm reduction initiatives in the community. In the activity, the Council must comply with the legal requirements of the Sale of Liquor Act 1989, Health Act 1956, Food Act 1981 and Hazardous Substances and New Organisms Act 1996.

How well we did

The performance of the Health Regulation activity is assessed against a number of key performance indicators set out in the Council"s plan for the year as well as the activity"s financial results compared to the budget. Council responded well on responsiveness meeting all targets; however the targets for public awareness initiatives and time taken to deal with complaints were not met. Customer helpfulness satisfaction continues to receive very good feedback, and it is pleasing to see an increase in the "very satisfied" category. Progress in the voluntary implementation of food control plans is continuing to go well, with a number of food premises operating under them. Council"s hours of trading accord for taverns and hotels has been signed by all 24 hour premises, with no negative feedback received. The freedom camping project was successful with a large reduction in illegal freedom camping in the Te Anau Basin. The activity contributes to the social and economic wellbeing of the community. There were no projects planned for Health Regulation in 2011/2012.

Primary outcome: We are healthy people (4) Intermediate outcome: We are able to live healthy lifestyles (4.1)			
What Council will provide	**How Council will measure the service provided**		**How Council performed**
Level of Service	**Key Performance Indicator**	**Target**	
Quality Implement actions and measures that provide for the health, safety and wellbeing of the community.	Number of public awareness initiatives undertaken (Quarterly Report).	Radio - 3 Schools - 5 Publication - 4	Not Achieved. Four radio slots, 0 school visits and nine publications. The Environmental Health team has focussed on the First Edition for public awareness. The Environmental Health team collect drinking water samples from 15 schools every month and some school pools and there is some opportunity for informal education during this activity

Primary outcome: We are healthy people (4) Intermediate outcome: We are able to live healthy lifestyles (4.1)			
What Council will provide	**How Council will measure the service provided**		**How Council performed**
Level of Service	**Key Performance Indicator**	**Target**	
	Percentage of customers satisfied with how their nuisance complaints have been dealt with (Survey - Customer).	80%	Not Achieved. Out of the 78 customers surveyed 83% were satisfied with the helpfulness of staff and 64% were satisfied with the time taken to deal with the complaint. This is a slight decline on last year"s results (83% helpfulness of staff and 70% for time taken). Note that 112 were telephoned, of which 78 were able to be contacted and responded to the survey. The margin of error was 11%. Reasons for this include insufficient follow up in some cases, the difficulty in enforcing the „Keeping of Animals" Bylaw, and some customers who do not notify Council of continuing problems.
Quality Ensure that all premises operating under the requirements of the Health Act, Food Act, Sale of Liquor Act and associated regulations operate in accordance with the requirements of the legislation.	Percentage of registered premises inspected annually (Quarterly Report).[1]	100%	Not Achieved - 99%. 333 out of 334 were inspected annually.
Responsiveness Process all applications lodged under the Sale of Liquor Act administered by Health Regulation within the timeframes specified within the relevant Act.	Percentage of applications for liquor licensing and managers" certificates are processed within 35 working days (Quarterly Report).	95%	Achieved - 96%.
Responsiveness All complaints are assessed in a timely manner.	Percentage of complaints responded to within 24 hours (or within the timeframe advised when the complaint was lodged (Quarterly Report).[2]	95%	Achieved - 95%.

1. Registered premises include food premises, camping grounds, hairdressers, offensive trade premises and premises selling liquor.
2. "Responded to" means contacting the customer/complainant.

Project Report
There were no projects planned for Health Regulation in 2011/2012.

Variations from the Budget
Operating Revenue for the activity was under budget primarily due to the loss of a significant contract. Operating Expenditure was also under budget due to the loss of the Hazardous Substances contract. The vehicle renewal was delayed to offset the impact of the lost contract. Reserve movements are associated with the transition away from rates smoothing causing the variance to budget.

Operating Revenue for the activity was under budget primarily due to the loss of a significant contract. Operating Expenditure was also under budget due to deliberate under expenditure in a number of categories as a response to the loss of contract. The vehicle renewal budget was unnecessary as one vehicle was replaced ahead of schedule, due to the operational requirement for a four wheel drive vehicle for the new position of Compliance Officer. Reserve movements are associated with the transition away from rates smoothing causing the variance to budget.

What did it cost?

Actual 2010/2011	Health Regulation	Actual 2011/2012	Annual Plan 2011/2012
	REVENUE AND EXPENSE		
	Operating Revenue		
152,588	Rates	154,281	154,414
228,155	Activity Revenue	246,066	292,721
380,743	**Total Operating Revenue**	400,347	447,135
11,375	Depreciation	15,580	13,797
393,044	Other Operating Costs	407,100	437,639
404,419	**Less Total Operating Expenditure**	422,680	451,436
(23,676)	**Operating Surplus/(Deficit)**	(22,333)	(4,301)
(23,676)	Operating Surplus/Deficit transferred to/(funded from) Reserves	(22,333)	(4,301)
	CAPITAL AND RESERVES		
75,565	Renewals	-	30,916
75,565	**Total Capital Expenditure**	-	30,916
29,955	Transfers to Reserves	12,967	19,137
29,955	**Total Capital Movements**	12,967	19,137
23,676	Operating Deficit	22,333	4,301
129,197	**Total Funding Required**	35,300	54,354
	Funded By		
23,126	Non Cash Expenditure	1,079	-
106,071	Transfers from Reserves	34,221	54,354
129,197	**Total Funding Applied**	35,300	54,354

Library Service

Aim: To connect residents to local, national and global communities, information and ideas.

What we do

The co-ordinated District Library Service includes 12 local community libraries, a Mobile Library Service and access to library resources via the internet. The proposed update of the Southland District Council web pages this year will allow greater on-line access to Library Services and bring more awareness to what is available. A reciprocal membership arrangement gives free membership to all libraries within the Southland, Gore, Clutha and Waitaki District Councils and also Invercargill and Dunedin City Council areas. This brings access to a very extensive range of resources throughout the region and most of these are provided without, or having nominal, charges.

The libraries are free to access by all members of the community and act as community hubs, providing social spaces where people meet and relax and refresh. The libraries are recognised as safe and trusted places which offer programmes and events that promote reading as an enjoyable activity and provide materials for reading, listening and viewing. They provide information about the local community as well as connecting people to national and global communities. Library staff guide and support people to access information and help users to participate in the digital world. Libraries support formal education and encourage lifelong learning. The development of skills, creativity and confidence are also a source of local information and history and connect people to their heritage/whakapapa.

Southland District libraries have a number of partnership agreements which provide an extended range of opportunities for residents of the district. These include:

- **Aotearoa People's Network Kaharoa**, in association with National Library of New Zealand/Dept of Internal Affairs, giving access to free internet services to library users and visitors alike. Terminals are situated at Lumsden, Otautau, Riverton, Stewart Island, Te Anau, Winton and Wyndham and wireless access is also available at Stewart Island, Te Anau and Winton. This service has been universally embraced by both residents and travellers and as well as providing internet access, allows for the use of SKYPE and also high speed downloads in digital formats.
- **Wriggle and Rhyme, in association with Sports Southland and SPARC**. This is a targeted programme for babies and toddlers bringing together music and movement with books and also the opportunity for social networking for young mums. Led by trained facilitators this programme stimulates hand/eye co-ordination in a relaxed, fun environment. The programme is delivered weekly at Winton and Te Anau. Riverton, Otautau and Lumsden Libraries have monthly sessions.
- **SouthLib Consortia**, a partnership between Dunedin and Invercargill City Libraries, Queenstown Lakes, Central Otago, Waitaki, Gore, Clutha and Southland District Libraries has resulted in the shared purchase and installation of a sophisticated Library Management System giving all residents of the area access to an extensive range of resources. The new system went live and has been operating in Southland libraries since April 2010. Investigation into the shared supply of multi-media resources including large print books, audio recordings, e-books and other digitally recorded items is presently under way and should add to the range of formats already on offer in the coming year.
- **South Island Downloadable Zone**. A collaboration between nine public library districts in the South Island to provide a selection of e-resources, available to residents on a 24/7 basis accessed from their place of choice. E-books and e-audios are both available. The collective purchasing power of a wider group has allowed for a greater range to be selected.

Why we do it

The Library Service contributes to making Southland a great place to live by providing quality places to go and things to do through the services provided as well as a place where history and heritage is recorded. As a community recreation facility they are accessible and their services can enrich people"s lives and expand their horizons. As public spaces they allow for social contact and are a reflection of the local community identity.

The Library Service also assists in creating a well-educated and skilled community by providing access to a range of resources and information as well as making learning opportunities accessible and delivering innovative programmes. Libraries also contribute to creating a diverse economy by supporting skill development, empowering people to be self-sufficient and providing information relevant to both individuals and businesses.

How well we did

The performance of the library service activity is assessed against a number of key performance indicators set out in the Council"s plan for the year as well as the activity"s financial results compared to the budget. The table below shows that residents and users of the library service are highly satisfied with location and access to libraries, the choice of books, as well as the comfort of libraries. Issues increased by >10,000 during the 2011/2012 year. In addition, a number of special promotions featuring visiting authors and/or local historical publications were a special highlight of the year. These includes the publication on the life and trials of Minnie Dean (attended by 120 members of the public) authors" visits by Kyle Mewburn and James Norcliffe, Jenny Pattrick and illustrator husband Laurie, DVD maker Aaron Broad, Cilla McQueen poetry readings in Te Anau and a range of other talents people sharing their specific interests.

Council"s libraries have become more than just a place where people get books. There are an increasing number of people who come to the library for other services including computing, wifi, browsing, genealogy, reading newspapers and magazines. They also use the library to simply relax and often meet with friends. A very successful group of bookworms meet for tea and tales on a monthly basis and young mums gather for stories regularly. Schools have long been strong supporters of library activities and this continues to be the case with groups in excess of 150 attending most organised functions. There are a number of other factors which show how the library is providing its promised level of service to the community. For example the number of different programmes and partnerships available (such as Aotearoa People"s Network Kaharoa, Wriggle and Rhyme - which has become available at more libraries - and SouthLib Consortia (as explained above)) show that libraries are trying hard to meet the changing needs of the community. In addition records show that there were over 11,000 new books, magazines and videos added to the Southland District collection during 2010/2011 which is 1,500 more than the number added the year before. In addition, all branches of the library are exchanging resources on an eight weekly cycle which keeps the collections fresh and current. The use of the free internet in the libraries has also stayed stable at around 58,000 individual sessions in 2011/2012 showing that public libraries are recognised as key providers of high quality internet services. The Council decided to retain the Bookbus service. All of these factors have ensured libraries have had a general positive effect on social, environmental, cultural and economic wellbeing. There were no projects planned for the Library Service in 2011/2012.

Primary outcome: Southland is a great place to live (1) Intermediate outcome: We have a choice of quality places to go and things to do (1.2)			
What Council will provide	**How Council will measure the service provided**		**How Council performed**
Level of Service	**Key Performance Indicator**	**Target**	
Access Library services are available at convenient times and locations.	Percentage of residents who identify opening hours as a barrier to using libraries (Survey - Resident).	Less than 10%	Not measured in 2011/2012 as the survey is undertaken three yearly. In 2010/2011 the result was 5%.
	Percentage of residents satisfied with the location of libraries in Southland and/or the ability to access the Mobile Library (Survey - Resident).	80%	Not measured in 2011/2012 as the survey is undertaken three yearly. In 2010/2011 the result was 98%.
Quality Library facilities are clean and comfortable.	Percentage of users satisfied with look, cleanliness and comfort of libraries (Survey - User).	90%	Not measured in 2011/2012 as the survey is undertaken two yearly. In 2010/2011 the result was 97% for the look of libraries, 99% for the cleanliness and 98% for comfort.
Quality A wide range of books and materials, in a variety of formats, are able to be accessed by users.	Percentage of users satisfied with the choice of books and other resources available (Survey - User).	90%	Not measured in 2011/2012 as the survey is undertaken two yearly. In 2010/2011 the result was 97%.
	Percentage of fiction less than three years old (Quarterly Report).	33%	Not Achieved - 32%.
Quantity Library services are being increasingly used.	Percentage of population who use the library (Survey - Resident).	60%	Not measured in 2011/2012 as the survey is undertaken three yearly. In 2010/2011 the result was 52%.
	Turnover rate (the number of books issued divided by the total stock held) increases (Quarterly Report).	2.6	Not Achieved 2.2. Library stocks have not had significant clearing out in some areas, giving artificially high stock numbers.
	Percentage increase in the number of issues over the previous year (Quarterly Report).	1.5%	Achieved - 4%. The number of issued increased from 266,971 to 276,700.

Project Report

There were no projects planned for the Library Service in 2011/2012.

Variations from the Budget

Operating Revenue for the activity was down predominantly due to the expected proceeds from the sale of the book bus consequently the expected asset renewal for the book bus did not occur causing the variance. Capital expenditure was over budget due to the purchase of additional software and books for the 2011/2012 financial year. Reserve movements are associated with the transition away from rates smoothing causing the variance to budget as the activity had a negative reserve balance an internal loan was raised to repay the reserve.

What did it cost?

Actual 2010/2011	Library Service	Actual 2011/2012	Annual Plan 2011/2012
	REVENUE AND EXPENSE		
	Operating Revenue		
1,058,381	Rates	1,098,631	1,099,723
49,714	Activity Revenue	30,962	79,553
4,876	Grants and Donations	52,413	3,201
1,112,972	**Total Operating Revenue**	1,182,006	1,182,477
206,500	Depreciation	222,117	191,149
1,022,538	Other Operating Costs	1,033,449	1,078,426
1,229,037	**Less Total Operating Expenditure**	1,255,566	1,269,575
(116,065)	**Operating Surplus/(Deficit)**	(73,560)	(87,098)
(116,065)	Operating Surplus/Deficit transferred to/(funded from) Reserves	(73,560)	(87,098)
	CAPITAL AND RESERVES		
190,340	Acquisition-Level of Service	295,051	202,432
31,263	Renewals	-	85,000
221,603	**Total Capital Expenditure**	295,051	287,432
8,349	Loans Repaid	9,009	8,451
13,570	Transfers to Reserves	530,852	-
21,918	**Total Capital Movements**	539,861	8,451
116,065	Operating Deficit	73,560	87,098
359,587	**Total Funding Required**	908,472	382,981
	Funded By		
-	Loans Raised	565,255	65,000
196,782	Non Cash Expenditure	210,150	173,601
162,805	Transfers from Reserves	133,068	144,380
359,587	**Total Funding Applied**	908,472	382,981

Parks and Reserves

Aim: To provide a mix of parks and reserves that provide for quality recreation while at the same time enhancing Southland's natural landscape.

What we do

The activity involves providing and maintaining areas for active and passive recreation throughout Southland. These areas include parks, reserves, green spaces, playgrounds and sports fields.

Why we do it

Parks and reserves contribute to making Southland a great place to live because they give the community a choice of quality places to go and things to do. They provide areas for people to socialise and participate in a range of recreation and sporting activities which also supports healthy lifestyles. They also contribute to a treasured environment where reserves and open spaces give people an appreciation of the natural environment and also provide protection for specific areas of native flora and fauna. The maintenance of parks and reserves also ensures that they are public places which are safe for children and families. Parks and reserves also contribute to a diverse economy by providing places of interest for tourists as well as forming part of the Southland lifestyle that helps to attract and retain the workforce. In the activity, the Council must comply with the legal requirements of the Reserves Act 1977.

How well we did

The performance of the Parks and Reserves activity is assessed against a number of key performance indicators and projects set out in the Council"s plan for that year as well as the activity"s financial results compared to the budget. As shown in the table below overall parks, reserves, playgrounds and sports fields are being well maintained. The percentage of maintenance requests carried out within timeframes were not met; however there were only five requests and these were overdue because the time taken to effect repairs was one to two hours more than the performance measure. The Residents" Satisfaction and Opinion Survey from 2010/2011 also showed that residents were very satisfied with the quality of parks and reserves and the variety of recreational facilities available.

Six projects, such as the new playground equipment in Lumsden and Ohai, native planting at Greenheart Reserve and the Kepler footpath were completed during the year. One was deleted and others are in progress or will continue into 2012/2013. Overall, with parks and reserves being well maintained, resident satisfaction being high and new developments and plans being completed during the year, the activity has had a positive effect on social, economic and environmental wellbeing.

Primary outcome: Southland is a great place to live (1) Intermediate outcome: We have a choice of quality places to go and things to do (1.2)			
What Council will provide	**How Council will measure the service provided**		**How Council performed**
Level of Service	**Key Performance Indicator**	**Target**	
Quality High quality parks, reserves, playgrounds and sports fields.	Percentage of residents satisfied with the reserves, parks, sports fields and playgrounds (Survey - Resident).	85%	Not measured in 2011/2012 as the survey is undertaken three yearly. In 2010/2011 the result was 93%.
	Percentage of parks, reserves, playgrounds and sports fields that are maintained in accordance with contractual standards (Audit Inspections).[1] (Quarterly Report)	90%	Not Achieved - 89%. 194 out of 219 inspections achieved a satisfactory or exceeds expectations rating, 24 received a needs work rating and one was rated as unsatisfactory.
Safety and Responsiveness Maintenance, safety, queries and faults dealt with promptly.	Percentage of repairs are carried out within required timeframes (Quarterly Report).[2]	90%	Not Achieved - 40%. There were five requests for repairs and two were carried out within timeframes. The three repairs not meeting the target were completed within one to two hours of the performance timeframes.
Quantity Provide a wide variety of recreational facilities.	Percentage of residents satisfied with the choice of parks, recreational facilities and open spaces (Survey - Resident).	85%	Not measured in 2011/2012 as the survey is undertaken three yearly. In 2010/2011 the result was 95%.

1. "Contractual standards" cover lawn mowing, weed removal and equipment inspection and maintenance.
2. "Timeframes" means urgent repairs (those affecting safety) are fixed within two days; and non urgent repairs fixed within 10 days.

Project Report

Operating and Maintenance Projects		
Project Description	**Budget**	**Status**
Nightcaps - Upgrade to building at McGregor Park- 639.S	***$5,165***	***Deferred. The structure is on private land and the CDA Subcommittee is discussing how to best proceed with this project.***
Tuatapere - Greenheart Reserve native planting development - 703.A	$2,000	Complete (actual cost $1,913).
Wallace (Otautau) - Internal painting and floor vinyl replacement - 652.S	$18,493	Deferred to see if work is required.
Wallace (Otautau) - External repaint for amenity building - 653.S	$7,397	Deferred to see if work is required.
Riverton - Upgrade Memorial - 660.S	***$10,000***	***In Progress. Work will be completed in two stages. Lower work has been completed. $2,809 spent to date.***
Wallace (Otautau) - Carpark resealing - 659.A	$147,711	Complete (actual cost $52,152). Originally scheduled for 2016/17 but moved forward and completed in 2011/2012.

Maintenance, Renewal and Replacement Projects		
Project Description	**Budget**	**Status**
Lumsden - Replace fall area with pea gravel - Lmspg	$6,183	Complete (actual cost $5,333).
Lumsden - New playground equipment - Lmspg1	$10,000	Complete (actual cost $7,035).
Te Anau - Gum Trees - Trimming and replacement - 705.A	$15,867	Deferred. All priority hazards dealt with. No further work needed at present.

Asset Acquisition - Caused by changes to levels of service		
Project Description	**Budget**	**Status**
Te Anau - Completion of Kepler footpath - 614.B	***$25,775***	***Complete (actual cost $39,969).***
Lumsden - Upgrade railway reserve - 79.A	$25,000	Deferred. Ongoing development with Venture Southland and Community Board. Tables priced and landscaping plan being drawn up.
Nightcaps - Playground upgrade - 687.A	$10,578	Deferred. Community Development Area Subcommittee deferred project to 2012/2013.
Ohai - Playground equipment - 640.S	$6,347	Complete (actual cost $1,069).
Te Anau - Henry Street play equipment - 615.B	$52,890	Deleted due to a change of policy with the new Community Board.

Asset Acquisition Projects - Caused by changes in demand		
Project Description	**Budget**	**Status**
Te Anau - Play equipment Boat Harbour Reserve - 612.B	***$51,550***	***In Progress. Waiting for large boulder delivery.***

Variations from the Budget

Demand capital acquisitions were over budget due to the timing of three projects. Accordingly, development and financial contribution revenue is also ahead of budget. Operating expenditure was under budget due predominantly due to reduced maintenance and depreciation expenditure. Reserve movements are associated with the transition away from rates smoothing causing the variance to budget.

What did it cost?

Actual 2010/2011	Parks and Reserve	Actual 2011/2012	Annual Plan 2011/2012
	REVENUE AND EXPENSE		
	Operating Revenue		
664,063	Rates	697,549	697,632
51,322	Activity Revenue	48,669	56,104
-	Development & Financial Cont	26,800	-
10,751	Grants and Donations	3,000	-
726,136	**Total Operating Revenue**	776,019	753,736
107,539	Depreciation	106,702	128,749
577,242	Other Operating Costs	590,607	613,063
684,781	**Less Total Operating Expenditure**	697,309	741,812
41,355	**Operating Surplus/(Deficit)**	78,710	11,924
41,355	Operating Surplus/Deficit transferred to/(funded from) Reserves	78,710	11,924
	CAPITAL AND RESERVES		
57,278	Acquisition-Demand	43,715	-
10,763	Acquisition-Level of Service	55,095	69,611
6,396	Renewals	12,369	76,562
74,437	**Total Capital Expenditure**	111,178	146,173
184,949	Transfers to Reserves	435,739	60,385
184,949	**Total Capital Movements**	435,739	60,385
259,386	**Total Funding Required**	546,917	206,558
	Funded By		
100,860	Non Cash Expenditure	105,532	122,070
117,171	Transfers from Reserves	362,676	72,564
41,355	Operating Surplus	78,710	11,924
259,386	**Total Funding Applied**	546,917	206,558

Public Conveniences

Aim: To provide good quality public toilets at key locations.

What we do

There are 70 public conveniences in the Southland District that are operated and maintained by Council. In addition, Council provides a small amount of funding for cleaning of three privately owned toilets which are available for public use. These facilities are located along key travel routes and at key destinations such as reserves, beaches and other public gathering spots. A number of toilets are also located at playgrounds or recreation areas in townships. The Council manages the cleaning and maintenance of these facilities.

Why we do it

Public conveniences contribute to a treasured environment, in particular a healthy safe environment by providing facilities to appropriately deal with human waste from visitors and residents. The conveniences, located throughout Southland, also minimise the negative effects of human activities and help to protect public health by preventing contamination caused by indiscriminate fouling, which could otherwise pollute waterways, roadsides and recreational areas throughout the District.

How well we did

The performance of the Public Conveniences activity is assessed against a number of key performance indicators set out in the Council"s plan for the year as well as the activity"s financial results compared to the budget. As part of the Long Term Plan, Council also approved the move to District funding of Council"s public conveniences to ensure the infrastructure is paid for on an equitable basis and this will take effect from 1 July 2012. Overall, public conveniences were maintained in a clean condition with the majority of toilets inspected being cleaned to contractual standards and only 27 cleanliness, repairs or maintenance requests being received for the year. A sufficient number of toilets were also available across the District with almost all key travel routes having a toilet available within three quarters of an hour drive of each other. Two of the five toilet projects planned have been completed with others either in progress, or deferred. Although these projects have not been completed it is unlikely to have a negative affect on community wellbeing as alternative public conveniences have been available. Overall this activity impacts social, economic and environmental wellbeing.

Primary outcome: A treasured environment which we care for and which supports us now and into the future (6) Intermediate outcome: We have a healthy, safe and accessible built environment (6.2)			
What Council will provide	**How Council will measure the service provided**	**How Council performed**	
Level of Service	**Key Performance Indicator**	**Target**	
Quality Maintain public conveniences in a good and clean condition.	Number of complaints about the cleanliness and safety of public conveniences (Quarterly Report).	Less than 10	Not Achieved. 27 requests received. It is difficult to reach this target given there are 70 toilets open for use 365 days of the year.
	Percentage of toilets that are cleaned in accordance with contractual standards (Audit inspections).	90%	Achieved - 97%.

Primary outcome: A treasured environment which we care for and which supports us now and into the future (6) Intermediate outcome: We have a healthy, safe and accessible built environment (6.2)			
What Council will provide	**How Council will measure the service provided**	**How Council performed**	
Level of Service	**Key Performance Indicator**	**Target**	
Quantity Provide sufficient toilets at convenient locations.[1]	Percentage of Council public toilets within 65 km of each other along key travel routes (GIS Map).	97%	Achieved - 97%. The only key travel route without a Council public toilet is on Milford Road however a DOC toilet is available.

1. "Sufficient" means within 65 km of each other on key travel routes (3/4 hour travel time if travelling at 85 km/hr) - there are 30 toilets on these routes. Sufficient can also relate to having enough pans to meet normal demand at each location and being in other key locations (such as playgrounds).

Project Report

Asset Acquisition Projects - Caused by changes to levels of service		
Project Description	**Budget**	**Status**
Manapouri - Pearl Harbour toilet upgrade - 577.Z	***$41,240***	***Complete (actual cost $30,628)***
Colac Bay - Toilet upgrade - 570.Z	$25,000	Deferred. Area Engineer has met the adjacent land owner with a view to purchasing a small section of land to put the toilet on. To be partially funded from development levies. Area Engineer met with Property Manager and now sorting out boundaries and resource consent issues.
Lumsden - Painting inside and out and new hand dryers - 735.A	$15,000	In Progress. Hand dryers purchased, collating quotes. Problem with power supply being sorted before actual installation can proceed
Tokanui - Playground toilet upgrade - 594.Z	$5,289	Complete (actual cost $1,000). Toilets in good condition. Replaced toilet roll dispensers and new soap dispensers.

Operating and Maintenance Projects		
Project Description	**Budget**	**Status**
Tuatapere - Paint mural (main street toilets) - 661.Z	$4,000	In Progress. Murals on west and north facing walls complete. South facing wall has been undercoated. Community Board deputy chair in discussion with artist - voluntary job reliant on artist.

Variations from the Budget

The Lions Park user pays toilet did not return the expected revenue due to the decrease in tourist numbers and the user pays system decreasing demand.

Activity revenue was under budget predominantly as a result of user pays income not achieving budget. Operational Expenditure was lower than budgeted due to a larger than budgeted contribution from Council which is offset against Other Operational Costs. There were no other significant variances between the Annual Plan budget and actual expenditure incurred. Reserve movements are associated with the transition away from rates smoothing causing the variance to budget.

What did it cost?

Actual 2010/2011	Public Conveniences	Actual 2011/2012	Annual Plan 2011/2012
	REVENUE AND EXPENSE		
	Operating Revenue		
117,111	Rates	126,689	127,141
30,517	Activity Revenue	38,689	148,467
21,528	Development & Financial Cont	-	-
169,156	**Total Operating Revenue**	165,378	275,608
52,022	Depreciation	72,145	121,574
291	Finance Costs	434	-
115,619	Other Operating Costs	66,819	206,993
167,931	**Less Total Operating Expenditure**	139,397	328,567
1,225	**Operating Surplus/(Deficit)**	25,981	(52,959)
1,225	Operating Surplus/Deficit transferred to/(funded from) Reserves	25,981	(52,959)
	CAPITAL AND RESERVES		
21,528	Acquisition-Demand	-	-
780,392	Acquisition-Level of Service	44,640	45,274
801,920	**Total Capital Expenditure**	44,640	45,274
5,616	Loans Repaid	38,707	27,341
29,784	Transfers to Reserves	27,860	-
35,399	**Total Capital Movements**	66,567	27,341
-	Operating Deficit	-	52,959
837,319	**Total Funding Required**	111,207	125,574
	Funded By		
776,919	Loans Raised	-	-
52,022	Non Cash Expenditure	72,145	121,574
7,154	Transfers from Reserves	13,081	4,000
1,225	Operating Surplus	25,981	-
837,319	**Total Funding Applied**	111,207	125,574

Representation and Advocacy

Aim: Represent communities and provide leadership and advocacy on their behalf. Provide for local decision-making and encourage local involvement to ensure decision-makers are aware of and understand local views. Provide opportunities for young people to participate and develop leadership skills.

What we do

The purpose of the Council is to enable democratic local decision-making and action on behalf of local communities in an open and transparent manner and to promote the wellbeing of communities. The Mayor and Councillors fulfil a governance role, which involves representing the community, setting direction, and monitoring and reviewing Council performance. Council also encourages decision-making at a range of levels, centrally by Council (Mayor plus 12 Councillors elected via Wards), and at local levels, through its 12 Community Boards, 16 Community Development Area Subcommittees (six members on each) and various other committees. This is to ensure, as far as practicable, that those paying for and receiving services are also making the decisions about those services. Council also seeks input from young people in the District through the Youth Council and provides support to other representative groups such as the Milford Community Trust.

The Council also plays a strong advocacy role in representing local interest by way of submissions, deputations and lobbying regional and central government and other agencies on issues affecting the residents and ratepayers of the District. Council is proactive in ensuring that there is appropriate representation on national working parties and organisations so that a southern and rural perspective is heard.

Key aspects of the activity include three yearly elections for the Mayor, Councillors, Community Boards and Community Development Area Subcommittees, six yearly representation reviews to determine the representation structure, as well as Council"s delegations for decisions.

Why we do it

This activity primarily contributes to strong, effective leadership, by empowering and enabling local people to make decisions and encouraging youth participation. Decentralised decision-making structures tend to make community leaders more accessible therefore helping to build confidence in them and the Youth Council helps to build future leaders. It also contributes to Southland being a great place to live, by ensuring that local perspectives are considered in decisions and a Southland perspective is heard in national decision-making. In the activity, the Council must comply with the legal requirements of the Local Government Act 2002, Local Government Official Information and Meetings Act 1987 and Local Electoral Act 2001.

How well we did

The performance of the Representation and Advocacy activity is assessed against a number of key performance indicators set out in the Council"s plan for the year as well as the activity"s financial results compared to the budget. In 2011/2012 the resident survey was not undertaken as it is conducted every three years. The table below therefore has been unable to be filled out. Results from our previous survey indicate that Council achieved or almost achieved all of its targets in relation to the percentage of residents satisfied with Council and local committees and the percentage agreeing decisions are being made locally. The activity has had a positive effect on the social, economic, environmental, and cultural wellbeing of the community as communities are represented and involved in local decision making.

During this year Council began its representation review, a process that is required every six years. The representation review looks at the way the Council elects its Councillors, community boards, Council choose to also include the way that community development area subcommittees were elected as it felt these were an integral part of Southland District"s local democracy. Discussion documents were prepared and distributed and a number of public meetings held. There was a strong support for the current system particularly the way Council delegates local decision-making to local communities. By year-end the representation review had not been completed but there was definitely a strong indication of the importance to our community of the local communities been able to make local decisions.

Council continues its commitment to engaging with youth by fully supporting and participating in the Borland Alive project and supporting the Southland District Council Youth Council.

During the year a significant amount of work went into continuing to develop the legislation so that a visitor levy can be set up for Stewart Island. The legislation was finalised and passed by government, and extensive consultation has been undertaken with the community and affected parties. It is hoped that a policy and bylaw will be passed by Council late in 2012.

Council has provided leadership and advocacy on a number of major issues affecting residents by making submissions to central government and other agencies during the year. Central government is proposing a number of very significant reforms to local government and this has taken an enormous amount of Council and staff time. The release of central government's "Better Local Government" discussion document and its subsequent eight work streams have concerned Council in that a number of the proposals contained within the document are unlikely to benefit Southland District's communities.

Council represented ratepayers and residents at a number of national and regional forums. They also represented residents and ratepayers on a number of regional boards such as the stadium trust, Museum committees, heritage committees and emergency management groups. At a national level, Council participated in a myriad of forums. It also looked at opportunities in the South Island to build strategic alliances. One of the major regional initiatives was to look at opportunities to share services with Southland District's neighbours to try and provide a cost-effective and efficient service.

Some of the submissions that Council made during the year are as follows:

- Invercargill City Council Draft Recreation Strategy
- Proposed Invercargill City Council District Plan
- Proposed Gore District Plan
- Invercargill City Centre Outline Action Plan
- Review of Local Authority Remuneration Setting Discussions Document

Council undertakes a significant amount of stakeholder liaison. This includes businesses such as Fonterra Co-operative Group, Meridian Energy Ltd, Shell, Alliance Group Ltd, Bathurst Resources Ltd as well as significant interest groups including Federated Farmers of New Zealand, Chamber of Commerce and local industry groups. The Council's Community Boards and other committees have also made decisions on major projects in their area which are listed out under each activity in this Annual Report and the Annual Plan 2011/2012.

Primary outcome: Strong, effective leadership taking us into the future (5) Intermediate outcome: Citizens and communities are inspired, motivated and empowered (5.1)			
What Council will provide	**How Council will measure the service provided**		**How Council performed**
Level of Service	**Key Performance Indicator**	**Target**	
Access Maintain a structure that allows for local decision-making.	Percentage of resident satisfaction with the performance of Community Boards and local Committees (local decision-making and planning) (Survey - Resident).	85%	Not measured in 2011/2012 as the survey is undertaken three yearly. In 2010/2011 the result was 85%.
	Percentage of agreement that Council allows decisions to be made locally by local people (Survey - Resident).	75%	Not measured in 2011/2012 as the survey is undertaken three yearly. In 2010/2011 the result was 72%.

Primary outcome: Strong, effective leadership taking us into the future (5) Intermediate outcome: Citizens and communities are inspired, motivated and empowered (5.1)			
What Council will provide	**How Council will measure the service provided**		**How Council performed**
Level of Service	**Key Performance Indicator**	**Target**	
Leadership Council to provide leadership and advocacy on major issues affecting residents.	Percentage of resident satisfaction with Council decision making and leadership (Survey - Resident).	85%	Not measured in 2011/2012 as the survey is undertaken three yearly. In 2010/2011 the result was 81%.
	Percentage of residents who agree Council represents the interests, values and desires of residents (Survey - Resident).	85%	Not measured in 2011/2012 as the survey is undertaken three yearly. In 2010/2011 the result was 84%.

Project Report

There were no local projects planned for the Representation and Advocacy in 2011/2012.

Variations from the Budget

Reserve movements are associated with the transition away from rates smoothing causing the variance to budget as the activity had a negative reserve balance an internal loan was raised to repay the reserve. There are no other significant variances compared to the budget.

What did it cost?

Actual 2010/2011	Representation and Advocacy	Actual 2011/2012	Annual Plan 2011/2012
	REVENUE AND EXPENSE		
	Operating Revenue		
2,455,220	Rates	2,576,721	2,575,902
123,051	Activity Revenue	20,803	22,969
130	Grants and Donations	-	-
2,578,402	**Total Operating Revenue**	2,597,524	2,598,871
26,310	Depreciation	33,343	17,068
2,842,460	Other Operating Costs	2,672,854	2,667,658
2,868,770	**Less Total Operating Expenditure**	2,706,197	2,684,726
(290,368)	**Operating Surplus/(Deficit)**	(108,673)	(85,855)
(290,368)	Operating Surplus/Deficit transferred to/(funded from) Reserves	(108,673)	(85,855)
	CAPITAL AND RESERVES		
-	Acquisition-Level of Service	1,500	-
86,178	Renewals	-	-
86,178	**Total Capital Expenditure**	1,500	-
102,766	Transfers to Reserves	2,201,842	58,600
102,766	**Total Capital Movements**	2,201,842	58,600
290,368	Operating Deficit	108,673	85,855
479,313	**Total Funding Required**	2,312,015	144,455
	Funded By		
-	Loans Raised	1,284,391	-
54,693	Non Cash Expenditure	16,107	487
424,619	Transfers from Reserves	1,011,517	143,968
479,313	**Total Funding Applied**	2,312,015	144,455

Resource Management

Aim: To ensure the development of the District and use of its resources is carried out in a sustainable manner that is compatible with community values.

What we do

The Resource Management activity involves the preparation and updating of the District Plan and processing resource consent applications. The District Plan is reviewed and changed to ensure it remains current, relevant, legally robust and addresses all relevant environmental issues appropriately. Resource consent applications are processed under the Resource Management Act 1991 (RMA) to ensure sustainable management of natural and physical resources is achieved.

Why we do it

The Resource Management activity contributes to a treasured environment by ensuring sustainable management of natural and physical resources in a way that retains the unique values, character and biodiversity of the District. This is managed through the District Plan and resource consent processing, both of which help to ensure that land use is appropriate, that there is sound planning surrounding land development and any effects on the environment are monitored. The activity also contributes to healthy people (through a clean environment), a great place (by protecting significant heritage sites), safe places (by setting development standards), and a diverse economy (by having clear and stable regulation). The Resource Management activity also contributes to strong effective leadership by ensuring that people can have input into the management of Southland"s natural resources. In the activity, the Council must comply with the legal requirements of the Resource Management Act 1991, Ngāi Tahu Claims Settlement Act 1998, Local Government Act 2002 and Local Government Official Information and Meetings Act 1987. The activity must also give effect to Environment Southland"s Regional Policy Statement.

How well we did

The performance of the Resource Management activity is assessed against a number of key performance indicators set out in the Council"s plan for the year as well as the activity"s financial results compared to the budget. The majority of complaints were investigated within timeframes. 256 out of 261 consents were processed within required timeframes. There was a slight decrease in the number of consents processed with 261 consents processed compared to 280 in 2010/2011. In line with the slow down in the global economy there were less complex notified consents (seven compared to 23). During the year the Council continued the review of its District Plan, however, the collaboration with Environment Southland and its Regional Policy Statement was reduced due to the need to concentrate on the specifics of the policies and rules. A draft Second Generation District Plan prepared. The Second Generation Southland District Plan will be presented to Council for approval for public notification at the Council meeting on 31 October 2012, with formal public notification to follow in early November 2012.

At the end of July 2010 the new Resource Management Discount Regulations came into effect which requires councils to refund 1% of consent fees for each day they are late. Council issued two discounts for the year compared to nine last year (out of 261 consents); these amounted to a total of $21. The resident survey results were Not measured in 2011/2012 as the survey is undertaken three yearly. Overall, the results in this Annual Report show that the Department has continued its improved performance of last year in meeting consent processing timeframes. There were no projects (apart from the District Plan Review commented on above) planned for Resource Management in 2011/2012. The activity has had a positive effect on the economic, cultural, environmental, and social wellbeing of the community.

Primary outcome: A treasured environment which we care for and which supports us now and into the future (6) Intermediate outcome: We have an environment protected from the negative effects of human activities (6.3)			
What Council will provide	**How Council will measure the service provided**		**How Council performed**
Level of Service	**Key Performance Indicator**	**Target**	
Sustainability Ensure that natural and heritage value of the District is protected and amenity levels for residents are maintained through the provisions in the District Plan.	Percentage of residents who agree that the quality of environment in Southland District is being maintained or getting better (Survey - Resident).	80%	Not measured in 2011/2012 as the survey is undertaken three yearly. In 2010/2011 the result was 63%.
Quality Provide assistance and information to help applicants understand the District Plan rules and consent process.	Percentage of users satisfied with the overall service provided, performance of staff and the information provided (Survey - User).	70%	Not measured in 2011/2012 as the survey is undertaken two yearly. In 2010/2011 the result was 77% for the overall service provided, 79% for the performance of staff and 71% for information.
Quality Ensure adequate opportunities are provided for public and Iwi input into policy development and consent processes.	Number of procedural errors (Quarterly Report).	0	Achieved. There were no errors made in relation to consultation or notification processes (ie no successful judicial reviews).
Quality Provide and maintain an operative District Plan that is consistent with sustainability and community values.	Report on the appropriateness of the District Plan, any changes required and recommended implementation plan (Report to Council).	By 30 June	Not Achieved. The District Plan has been reviewed and is due to be publicly notified in October 2012.
	Regularly review subdivision standards to reflect best practice (Report to Council).	-	Not Achieved. A review of the subdivision and land development bylaw was undertaken in 2011/2012 but will not be completed until September 2012.
Quality Monitor resource consents to ensure that they comply with conditions.	Percentage of applications monitored where resource consent conditions are met or follow up action is taken (Quarterly Report).	100%	Achieved - 100%. 189 out of 189 consents were monitored during the year of which 174 complied with conditions.
Efficiency Ensure consents are processed efficiently.	Percentage of applications processed within required timeframes (Quarterly Report). [1]	90%	Achieved - 98%. 256 out of 261 consents were processed within required timeframes.
Responsiveness Provide appropriate and timely guidance and advice as requested.	Percentage of users who agree that timely guidance and assistance is provided by Resource Planning staff (Survey - User).	70%	Not measured in 2011/2012 as the survey is undertaken two yearly. In 2010/2011 the result was 71%.

Primary outcome: A treasured environment which we care for and which supports us now and into the future (6) Intermediate outcome: We have an environment protected from the negative effects of human activities (6.3)			
What Council will provide	**How Council will measure the service provided**		**How Council performed**
Level of Service	**Key Performance Indicator**	**Target**	
Responsiveness All public complaints about effects on the environment are investigated and reported on, in a timely/professional manner.	Percentage of complaints investigated within five working days or the timeframe advised (Quarterly Report).	100%	Not Achieved - 97%. 34 out of 35 complaints were investigated within timeframes
1. Timeframes for processing non-notified resource consent applications is 20 working days. "Receipt" means all the required information has been supplied.			

Project Report

There were no projects (apart from the District Plan Review commented on above) planned for Resource Management in 2011/2012.

Variations from the Budget

Activity revenue was under budget predominantly due to a reduction in Project Information Memorandums. Operational expenditure is under budget due to the timing of the District Plan and associated costs. Reserve movements are associated with the transition away from rates smoothing causing the variance to budget as the activity had a negative reserve balance an internal loan was raised to repay the reserve.

What did it cost?

Actual 2010/2011	Resource Management	Actual 2011/2012	Annual Plan 2011/2012
	REVENUE AND EXPENSE		
	Operating Revenue		
826,788	Rates	897,159	896,880
296,481	Activity Revenue	337,902	376,887
1,123,269	**Total Operating Revenue**	1,235,062	1,273,767
4,409	Depreciation	4,409	5,291
1,300,812	Other Operating Costs	1,435,370	2,236,209
1,305,220	**Less Total Operating Expenditure**	1,439,779	2,241,500
(181,951)	**Operating Surplus/(Deficit)**	(204,717)	(967,733)
(181,951)	Operating Surplus/Deficit transferred to/(funded from) Reserves	(204,717)	(967,733)
	CAPITAL AND RESERVES		
-	**Total Capital Expenditure**	-	-
554,030	Transfers to Reserves	1,688,128	-
554,030	**Total Capital Movements**	1,688,128	-
181,951	Operating Deficit	204,717	967,733
735,982	**Total Funding Required**	1,892,845	967,733
	Funded By		
-	Loans Raised	1,307,746	701,836
735,982	Transfers from Reserves	585,099	265,897
735,982	**Total Funding Applied**	1,892,845	967,733

Roading and Transport

Aim: Provide a land transport network that enables people and goods to be moved throughout the District safely, conveniently, comfortably and efficiently.

What we do

The activity involves the administration and maintenance of the District"s roading and bridging network, excluding State Highways and National Park roads.[2] The activity also provides other infrastructure such as footpaths, carparks and streetlights and ensures that roadside pest plants are controlled as well as making a contribution to the Total Mobility scheme which helps to ensure that transportation is available for all members of our community, including those with limited mobility.

The activity ensures that the network is maintained through regular maintenance and is renewed and improved through a programme of resealing, pavement rehabilitation, widening and minor safety works. This work aims to ensure that the network provides safe and comfortable travel. The Council has prepared a Land Transport Activity Management Plan which determines the level of funding that is required to maintain the network to the required standard. The Council receives financial assistance for most transportation activities from the New Zealand Transport Agency (NZTA) which subsidises road maintenance, renewal and construction work between 53% and 63% which means that the true cost of the activity is around double that funded by rates.

Why we do it

This activity contributes to a diverse economy by providing an effective network for moving goods and services and a corridor for utility companies to establish their networks. It also contributes to safe places, by maintaining the roads so that they are safe. The activity, through the total mobility scheme and disabled parking, contributes to healthy people by assisting with transport for those who are less mobile. Active aspects of the network (walkways, footpaths, cycleways) also assist people to be active and healthy. The activity also contributes to making Southland a great place to live by providing people with access to their land, homes, schools, social centres and recreational centres. In the activity, Council must comply with the New Zealand Transport Act 2003, Land Transport Act 1998, Transport Act 1962 and the Local Government Act 2002. The activity must also give effect to the New Zealand Transport Strategy, Government Policy Statement and Regional Land Transport Strategy.

How well we did

The performance of the Roading and Transport activity is assessed against a number of key performance indicators set out in the Council"s plan for the year as well as the activity"s financial results compared to the budget. The performance of the Roading and Transport activity is assessed against a number of key performance indicators and projects set out in the Council"s plan for the year as well as the activity"s financial results compared to the budget. Overall, the table below shows that targets have been achieved in relation to timeframes to fix roading surface faults and the percentage of sealed roads providing a smooth and comfortable ride, the five year average of crashes where road factors were a contributor showed a reducing trend. Of the 26 footpath, kerbing and streetlight projects planned for completion by the end of 2011/2012, eight were completed, eight were in progress, three were deleted and seven were deferred.

2011/2012 was the third year of the 2009-2012 National Land Transport Programme. There were some holdups to planned work in the first two years of the programme and the aim of year three was to optimise the remaining funding. The increased work carried out (14.7 km of rehabilitation were completed with another 8.3 km completed to various stages along with 175 km of reseals, and nine bridges upgraded or replaced) resulted in just 3 % under expenditure of the National Land Transport Programme (maintenance, renewals and Minor Improvements excluding special purpose roads) against the entire programme. In addition, an extra $575K was required for emergency works and preventive maintenance (unbudgeted). This was funded from under spends in other capital expenditure work. The activity has had a positive effect on the economic, cultural, environmental, and social wellbeing of the community.

[2] State Highways are operated and maintained by the New Zealand Transport Agency while National Park roads are owned and managed by the Department of Conservation.

Key strategic deliverables for the year:

- Internal Debt Recovery Strategy; repay rate smoothing debt $8M by end of next long term plan: UNDERWAY
- Strategically extend pavement life by an five additional years COMPLETED
- Strategic Increase all Drainage programmes COMPLETED
- Advance Pre-Reseal Repair programme over the next two years to be one year ahead YEAR ONE COMPLETE.
- Deploy Economic Network Plan, optimisation and future investment hierarchy DONE
- Strategic Alliance Recovery Plan: all regions operating with Hybrid Alliance Contracts (initially 1) COMPLETED
- Rewrite and deploy New Maintenance Alliance Hybrid Contract for NorthWest Region DONE
- Rewrite and Deploy New Professional Service Contract for Engineering consultancy DONE
- High Speed Condition Rating for sealed road network and video – "Roadrunner" DONE
- Rewrite Service Level Agreement for Internal Professional Services Area Engineers COMPLETED
- Instituted Safety Request for Service Programme(ongoing) DONE
- Initiated Safety Review for Entire Network (ongoing) DONE
- Joint Safety Review with Police & Coroner for each serious crash and fatality ONGOING
- Instituted Safety Programme for Council Network "User Vulnerability" ONGOING
- Initiated "Eyes & Ears" Programme and request for service with Fonterra DONE
- One Page A3 Reporting with Key Result Areas 3X3 Key Performance Indicators reporting for all three Maintenance Alliances contracts: DONE
- Professional Services Seamless integration excellent results savings of 50% administration reporting ONGOING

Primary outcome:	**A diverse economy built from our strengths for growth and prosperity (2)** **Safe places in a caring society that is free from crime (3)**		
Intermediate outcome:	We have a quality infrastructure with potential for growth (2.1) We have safe roads (3.1)		
What Council will provide	**How Council will measure the service provided**		**How Council performed**
Level of Service	**Key Performance Indicator**	**Target**	
Accessibility Roads to provide a smooth and comfortable ride quality.	Percentage of sealed roads providing a smooth and comfortable ride (Roughness Rating Survey RAMM Database).[1]	100%	Achieved. RAMM is measured from smooth travel exposure rating which sets a level for different classes of road for acceptability of roughness/bumpiness of sealed roads. Standards are set nationally.
	Percentage of requests to fix roading surface faults are completed within the timeframe specified in contracts (Pathways).	85%	Achieved - 88%. Last year the target was 80% and the result was 82%. Pathways measures the request from time received by Council, different response times and priorities for different types of fault

Primary outcome:	A diverse economy built from our strengths for growth and prosperity (2) Safe places in a caring society that is free from crime (3)		
Intermediate outcome:	We have a quality infrastructure with potential for growth (2.1) We have safe roads (3.1)		
What Council will provide	**How Council will measure the service provided**		**How Council performed**
Level of Service	**Key Performance Indicator**	**Target**	
	Percentage of gravel road tests where the roughness of the road meets acceptable standards (RCames). [3]	85%	Achieved. RCames has been used as a substitute this year for Optigrade (electronic measuring system) due to equipment malfunction issues. RCames is an audit by staff which reviews defects in the road and assigns a level of compliance based on the number of faults such as potholes etc.
	Response to defects identified by customer service request system within timeframes (as measured by the time between receiving the complaint and the time that the customer is advised of response being taken) (Pathways).[2]	85%	Not measured. Council"s customer service system only recorded when requests were received and resolved; not when customers were advised of response being taken.
Accessibility To provide an adequate level of streetlighting for safe and efficient movement of vehicles, cyclists and pedestrians.	Percentage of residents satisfied with basic lighting levels in urban streets (Survey - Resident).	80%	Not measured in 2011/2012 as the survey is undertaken three yearly. In 2010/2011 the result was 92%.
Accessibility Footpaths to be provided where needed - wide enough to carry users, and free of overhanging obstructions.	Percentage increase of resident satisfaction with footpaths over the previous year (Survey - Resident).	Increasing trend	Not measured in 2011/2012 as the survey is undertaken three yearly. In 2010/2011 the result was a decrease of 1%. The result decreased from 66% in 2009 to 65% in 2011.
Accessibility Roads to be maintained to an appropriate standard.	Percentage of residents that agree that sealed roads are adequately maintained (Survey - Resident).	75%	Not measured in 2011/2012 as the survey is undertaken three yearly. In 2010/2011 the result was 68%.
	Length (or percentage) of the roading network rehabilitated this year compared with targets (RAMM).	70%	Achieved - 70%. Fully completed with additional 8.3 km completed to various stages due to a range of issues including weather, contractor performance and land issues.
	Length (or percentage) of the roading network resealed this year compared with targets (RAMM).	99%	Achieved. Overachieved against original target. Programme increased during construction season meant to maximise available funding.

Primary outcome:	**A diverse economy built from our strengths for growth and prosperity (2)** **Safe places in a caring society that is free from crime (3)**		
Intermediate outcome:	We have a quality infrastructure with potential for growth (2.1) We have safe roads (3.1)		
What Council will provide	**How Council will measure the service provided**		**How Council performed**
Level of Service	**Key Performance Indicator**	**Target**	
Accessibility Assistance is provided for people with impairments to get around.	Funding assistance provided for transport within Southland via the Total Mobility initiative (Quarterly Report).	Yes	Achieved.
Road Safety Roads and bridges to provide a safe roading network for all users.	Reducing number of total injury crashes due to road factors (five year average) (NZTA reports).[4]	Reducing trend	Achieved. In 2010 the average for the Southland District (including state highways) was 47.6 and in 2011 the average number was 42.2. For local roads (which Council is responsible for) the average has decreased from 19.6 to 18.4

1. "Smooth and comfortable" for sealed roads means roads that meet the NAASRA counts are lower than 220 for urban roads and 120 for rural roads
2. Response times are set out in contracts and vary from two working days to several weeks depending on the type of fault and the type of road.
3. The acceptable standard for gravel roads is a road which scores 90 or less in the Optigrade survey. The KPI compares the number of road sections scoring 90 or less (acceptable) versus the total number of road sections sampled in a six monthly survey. RCames has been used as a substitute this year for Optigrade (electronic measuring system) due to equipment malfunction issues. RCames is an audit by staff which reviews defects in the road and assigns a level of compliance based on the number of faults such as potholes etc.
4. Information is obtained for a calendar year, ie January to December.

Project Report

Project Description	Annual Plan	Actual
Roading - Operating and Maintenance Projects		
Sealed Pavement Maintenance	$2,415,167	$3,026,593
Unsealed Pavement Maintenance	$2,059,021	$2,012,588
Routine Drainage Maintenance	$913,886	$615,863
Structures Maintenance	$259,035	$137,560
Environmental Maintenance	$1,164,654	$1,346,784
Traffic Services Maintenance	$455,000	$398,996
Cycle Path Maintenance	0	0
Level Crossing Warning Devices	$25,825	$6,904
Network and Asset Management	$1,707,263	$1,968,413
Studies & Strategies	$158,826	$194,456
Emergency Reinstatement	0	$85,699
Total Operational Expenditure	**9,158,677**	**9,793,856**
Roading - Renewal and Capital Expenditure Projects		
Associate Improvements	$400,000	$437,097
Drainage - Acquisition LOS	$96,125	$627,641
Drainage - Renewal	$96,125	$214,181
Minor Improvements - Acquisition LOS	$2,077,000	$1,753,119
Minor Improvements - Renewals	$170,000	$30,275
Pavement Rehabilitation - Renewal	$4,222,160	$3,671,364
Sealed Road Resurface - Renewal	$5,900,000	$6,193,271
Sealed Roads - Acquisition LOS	0	$11,355
Structure Component - Renewal	$477,946	$213,582
Traffic Services - Acquisition LOS	$67,265	0
Traffic Services - Renewal	$932,735	$519,945
Unsealed Road Metal - Renewal	$3,052,522	$2,404,808
Preventative Maintenance	$300,000	$715,894
Bridges - Acquisition LOS	$863,500	$812,771
Bridges - Renewal	$51,500	0
Road Reconstruction	0	$73,320
Work In Progress - Roading		$240,326
Total Capital Expenditure	**$18,514,628**	**$17,918,949**
TOTAL	**$27,673,305**	**$27,712,805**

Southland District Council's NZTA approved spend was 27.7M.

Maintenance, Renewal and Replacement Projects		
Project Description	**Budget**	**Status**
Edendale - Footpath upgrade - 633.S	$10,568	In Progress. Was being priced for completion over winter, but will not be completed this financial year. Community Board have been advised.
Ohai - Upgrade footpaths - 681.Z	$6,300	In Progress. Ongoing job being done by a local contractor over a period of time. Sites have been identified and concrete cut by a separate contractor. Repairs ongoing.
Orepuki - Information kiosk - 641.S	$8,000	In Progress. Progressing this in conjunction with a subcommittee and Heritage Group.
Riverton - Footpaths upgrade - 717.A	$42,270	In Progress. Work has commenced on several paths.
Te Anau - Footpath repairs - 671.S	***$15,495***	***Complete - (actual cost $9,016)***
Te Anau - Concrete kerbing - 604.S	$6,869	Complete - (actual cost $3,938)
Tokanui - Upgrade existing footpaths - 635.S	$16,005	Complete - (actual cost $16,043)
Tuatapere - Footpath upgrade - 701.S	$6,700	Deleted.- Funds towards Upgrade/renewal information centre
Wyndham - Footpaths upgrade - 721.A	$6,269	Complete - (actual cost $41,071). Final asphalt work completed end June/early July. Note that Board has approved use of reserve funds for a much larger package of work.

Maintenance, Renewal and Replacement Projects		
Project Description	**Budget**	**Status**
Wallace - King Street accessway, pipe bridge and renewals - 28914.A (old 655A)	***$103,300***	***In Progress. Funding has been approved by Council for two new bridges, $105k. The Wallace Board has made another $10k available if a third bridge would be possible (this would save legal fees and two less easements). Area Engineer to meet with the Roading team and progress.***

Asset Acquisition Projects - Caused by changes to levels of service		
Project Description	**Budget**	**Status**
Woodlands - New footpath - 636.S	***$7,000***	***In Progress. Future new footpath work will be discussed at the next Community Development Area Sub-Committee meeting***
Lumsden - Footpath Replacement - 78.A	$35,000	In Progress. Completed lotto shop and toilet, Maria Street to carry forward
Manapouri - Streetlights - 733.A	***$5,000***	***Deferred by Community Development Area Sub-Committee.***
Manapouri - View Street footpath upgrade - 600.S	$400,000	Complete (actual cost $360,820).
Manapouri - View Street kerb upgrade - 601.S	$250,000	Deleted. NZTA declined subsidy application.
Nightcaps - Footpath upgrade - 686.A	$47,354	Deferred. Project delayed until 2012/2013 year ALSO project size is to be downscaled
Stewart Island - New footpaths - 657.A	$10,568	Deferred. Waiting for stormwater project to be completed before replacing the adjoining footpath.
Stewart Island - Streetlights - 658.A	$8,454	In Progress. Seven new street lights installed but costs will not be incurred until 2012/2013 year. Further work will be undertaken with the remaining funds in the

Asset Acquisition Projects - Caused by changes to levels of service		
Project Description	**Budget**	**Status**
		2012/2013 year.
Te Anau - Streetlights - 719.A	***$10,330***	***In Progress. Bollard lamp replacements completed***
Thornbury - Footpath opposite museum - 648.S	$4,000	Deferred. Delayed due to fibre optic cable laying. Priority now is a new path at the toilets
Tuatapere - Concrete kerbs - 702.S	$2,695	Deleted. Funds towards Upgrade /renewal information centre
Tuatapere - Upgrade frontage at Information Office - 736.A	$6,500	Complete (actual cost $15,422 ex GST).
Wallacetown - Footpath upgrade - 668.S	$42,270	Deferred. Dalry Street footpath upgrade. Awaiting Community Board sign off in terms of design.
Wallacetown - Kerb and channel - Dunlop Street upgrade -	$52,838	Deferred. Awaiting Community Board sign off in terms of design and NZTA subsidy.
Winton - Essex Street upgrade. - RT00077	***$70,300***	***Complete (actual cost $16,760). Completed December 2011. Essex Street is now sealed.***
Winton - Concrete kerbs - 720.A	$5,284	Complete (actual cost $8,955). Completed December 2011.

Variations from the Budget

Operating revenue was below budget due to a reduction in vested asset income the flow on effect is that Capital Expenditure is also reduced by the same amount. Capital expenditure and depreciation are significantly below budget due to the deferral of projects to the 2012/2013 financial year and changed market costs which resulted in lower than budgeted depreciation costs. As a result of reduced capital works, additional operational expenditure was required in order to minimise the impact on levels of service additionally weather events also contributed to increased operational expenditure. Loans repaid were higher than budgeted due to applying reserve funds to the existing internal loan.

What did it cost?

Actual 2010/2011	Roading and Transport	Actual 2011/2012	Annual Plan 2011/2012
	REVENUE AND EXPENSE		
	Operating Revenue		
10,608,200	Rates	11,368,541	11,388,974
225,176	Activity Revenue	218,290	53,414
12,813,959	NZ Transport Agency	16,143,561	15,995,821
-	Development & Financial Cont	70,216	-
308,499	Grants and Donations	1,137,407	2,612,810
23,955,834	**Total Operating Revenue**	28,938,015	30,051,019
16,123,667	Depreciation	15,944,225	17,608,185
11,137,707	Other Operating Costs	11,834,287	10,611,920
27,261,374	**Less Total Operating Expenditure**	27,778,512	28,220,105
(3,305,539)	**Operating Surplus/(Deficit)**	1,159,503	1,830,914
(3,305,539)	Operating Surplus/Deficit transferred to/(funded from) Reserves	1,159,503	1,830,914
	CAPITAL AND RESERVES		
6,600	Acquisition-Demand	55,251	-
1,519,445	Acquisition-Level of Service	3,429,333	3,840,048
-	Vested Assets	779,505	2,250,000
11,528,033	Renewals	15,069,999	16,087,540
13,054,078	**Total Capital Expenditure**	19,334,088	22,177,588
848,118	Loans Repaid	690,336	411,499
110,116	Transfers to Reserves	178,836	13,000
958,234	**Total Capital Movements**	869,172	424,499
3,305,539	Operating Deficit	-	-
17,317,851	**Total Funding Required**	20,203,260	22,602,087
	Funded By		
-	Loans Raised	369,286	571,689
16,115,669	Non Cash Expenditure	15,935,058	17,594,703
1,202,182	Transfers from Reserves	2,739,413	2,604,781
-	Operating Surplus	1,159,503	1,830,914
17,317,851	**Total Funding Applied**	20,203,260	22,602,087

Sewerage

Aim: Provide a reliable, effective and environmentally friendly sewage collection, treatment and disposal system which protects public health.

What we do

The Sewerage activity involves collecting, treating and disposing of sewage from residential properties, business properties and public sanitary facilities. The sewerage systems consist of pipes, pump stations and treatment and disposal processes. Seventeen towns within the District are reticulated with Council owned and maintained infrastructure. The sewerage system also deals with industrial liquid wastes (often known as trade wastes) from industry in the District.

Why we do it

Sewerage services contribute to healthy people as sewerage systems prevent the spread of disease. They also contribute to a treasured environment by treating sewage to reduce harmful nutrients, bacteria and odours before it is discharged into the environment. The discharge is also monitored to ensure that it is not harmful and controlled to reduce the likelihood of overflows and odours which otherwise may affect the environment. Sewerage services also support a diverse economy as sewerage systems are essential for business development, including tourism, and reticulated systems provide economies of scale. In the activity, the Council must comply with the legal requirements of the Local Government Act 2002, the Health Act 1956 and the Resource Management Act 2001. The activity must comply with Environment Southland"s Regional Policy Statement and Regional Water Plan for Southland.

How well we did

The performance of the Council for this activity is assessed against a number of key performance indicators and projects set out in the Council"s plan for the year as well as the activity"s financial results compared to the budget. On the whole, the results show that although a large number of planned projects are not complete and some schemes did not meet effluent consent requirements Council is ensuring that the systems are being maintained and are not having any noticeable negative effects on customers. Council aims to meet consent conditions set by Environment Southland for its sewerage schemes and take a leadership role in protecting the environment.

During the year Council completed a significant upgrade on the Browns wastewater treatment plant resulting in a significant improvement to the discharge quality and as a result contributing to an improved environmental outcome. Council is also working towards upgrading a number of our other treatment systems (notably Winton and Riversdale) to improve compliance with standards for schemes however, Council is still faced with the issue of affordability for these improvements (particularly for smaller schemes), given that financial subsidies previously available to help pay for these are no longer available from the Ministry of Health. This year was the second year of the new operations and maintenance contract for all schemes with a new contractor (Downer Ltd) now responsible for the operation and maintenance of Council"s water supplies. Downer is continuing to familiarise itself with all of Council"s schemes and is now working at introducing improved quality assurance procedures and additional monitoring and reporting procedures that will help to continue to deliver a high level of service to Council.

The activity has had a positive effect on the social, economic and environmental wellbeing of the community. Seven out of the 37 projects were completed, 18 are in progress and 12 were deferred.

Primary outcome: We are healthy people (4) Intermediate outcome: We are able to live healthy lifestyles (4.1)			
What Council will provide	**How Council will measure the service provided**		**How Council performed**
Level of Service	**Key Performance Indicator**	**Target**	
Reliability Provide a reliable sewerage service.	Percentage of customers satisfied with the service (Survey - Resident).	90%	Not measured in 2011/2012 as the survey is undertaken three yearly. In 2010/2011 the result

<table>
<tr><td colspan="4">Primary outcome: We are healthy people (4)
Intermediate outcome: We are able to live healthy lifestyles (4.1)</td></tr>
<tr><td>What Council will provide</td><td colspan="2">How Council will measure the service provided</td><td>How Council performed</td></tr>
<tr><td>Level of Service</td><td>Key Performance Indicator</td><td>Target</td><td></td></tr>
<tr><td></td><td></td><td></td><td>was 94%.</td></tr>
<tr><td>Quality and Safety
Provide a sewerage reticulation and treatment system that is safe and promotes public health.</td><td>Percentage of effluent tests which comply with relevant resource consent conditions (Quarterly Report).[1]</td><td>100%</td><td>Not Achieved - 89%. 494 out of 552 tests complied with requirements compared to 85% in 2010/2011. Results by scheme:

<table><tr><th rowspan="2">Scheme</th><th>Tests</th><th colspan="2">Complied</th></tr><tr><th>No.</th><th>No.</th><th>%</th></tr><tr><td>Balfour</td><td>40</td><td>40</td><td>100</td></tr><tr><td>Browns</td><td>18</td><td>18</td><td>100</td></tr><tr><td>Edendale/Wyndam</td><td>72</td><td>68</td><td>94</td></tr><tr><td>Gorge Road</td><td>18</td><td>18</td><td>100</td></tr><tr><td>Lumsden</td><td>26</td><td>16</td><td>62</td></tr><tr><td>Manapouri</td><td>29</td><td>29</td><td>100</td></tr><tr><td>Monowai</td><td>3</td><td>1</td><td>33</td></tr><tr><td>Nightcaps</td><td>20</td><td>17</td><td>85</td></tr><tr><td>Oban - Stewart Island</td><td>36</td><td>26</td><td>72</td></tr><tr><td>Ohai</td><td>40</td><td>33</td><td>83</td></tr><tr><td>Otautau</td><td>64</td><td>52</td><td>81</td></tr><tr><td>Riverton Rocks</td><td>36</td><td>35</td><td>97</td></tr><tr><td>Riverton Town</td><td>4</td><td>4</td><td>100</td></tr><tr><td>Riversdale</td><td>18</td><td>17</td><td>94</td></tr><tr><td>Te Anau</td><td>32</td><td>26</td><td>81</td></tr><tr><td>Tokanui</td><td>33</td><td>33</td><td>100</td></tr><tr><td>Tuatapere</td><td>36</td><td>35</td><td>97</td></tr><tr><td>Winton</td><td>27</td><td>26</td><td>96</td></tr></table>Non-compliance was due to several factors including ammonia levels and e-coli counts exceeding consent limits, and plant performance. Council is working towards an upgrade of treatment systems in the next few years for some townships.</td></tr>
<tr><td>Responsiveness
Prompt response to complaints.</td><td>Percentage of complaints responded to within required timeframes (Quarterly Report).[2]</td><td>90%</td><td>Not Achieved - 88%. Of the 16 complaints received, 14 were responded to within required timeframes.</td></tr>
</table>

Primary outcome: We are healthy people (4) Intermediate outcome: We are able to live healthy lifestyles (4.1)			
What Council will provide	**How Council will measure the service provided**		**How Council performed**
Level of Service	**Key Performance Indicator**	**Target**	
Quantity Provide a sewerage reticulation and treatment system that has sufficient capacity for the reasonable flows from the serviced area.	Number of system failures and pollution incidents (overflows) per year across all schemes (Hansen IMS).	Less than 20	Achieved. 10 reports received of blocked mains and no reports of overflows were received.
	Percentage of scheme improvement projects completed in order to maintain safe and adequate collection and disposal of wastewater (Quarterly Report).	90%	Not Achieved - 19%. 7 out of 37 projects were completed, 18 are in progress and 12 were deferred (see below table for more detail on these projects). Generally projects are not reported as completed as they can be multi year projects with additional work undertaken in prior or future years, or focus should be placed on those projects of higher priority.
1. The target is an average for all sewerage schemes where the quality of effluent is monitored. The requirements for schemes differ throughout the District, with schemes having varying consent requirements including the number of tests taken and acceptable limits. 2. Response times are set out in contract conditions and vary according to the type of problem.			

Project Report

Maintenance, Renewal and Replacement Projects		
Project Description	**Budget**	**Status**
Balfour - Reticulation renewal - 22377.A (old plw4A)	$18,338	In Progress. Downer presently investigating.
Manapouri - Reticulation renewal - 24775.A (old plw44A)	$10,300	Deferred. Scheduled for completion by Downer in 2012/2013. CCTV completed.
Manapouri - Reticulation condition assessment - 24776.A (old plw44C)	$15,399	Deferred. Scheduled for completion by Downer 2012/2013.
Manapouri - Electrical upgrade - 24780.A (old plw46A)	$33,353	In Progress. External consultant to prepare contract documentation.
Manapouri - Electrical upgrade - 24781.B (old plw46B)	$33,353	In Progress. External consultant to prepare contract documentation.
Ohai - Reticulation renewal - plw84.A	$10,300	In Progress. Scheduled for completion by Downer by end August, 2012.
Ohai - Treatment upgrade - plw93.A	$30,827	Complete (actual cost $8,827)
Ohai - Renew/reconfigure wetwell at PS1 - 25580.A (old plw88A)	$24,353	Deferred. Under investigation by Downer prior to commencing work possibly in 13/14.
Riversdale - Reticulation renewals (condition assessment and I/I) - 26172.A - plw114	***$34,500***	***Complete (actual cost $9,490)***
Riverton - Electrical upgrade - 26374.A (old plw132A)	$146,120	In Progress. Tender received negotiations in progress. Work to be completed in 2012/2013.
Riverton - Electrical upgrade - 26375.A (old plw132B)	$219,180	In Progress. Tender received negotiations in progress. Work to be completed in 2012/2013.
Stewart Island - Reticulation Renewal (subject to I/I)	***$10,300***	***Deferred.***
Te Anau - Reticulation renewal - 26877.A (old plw172A)	$10,588	Complete (actual cost $12,100)
Winton - Equipment upgrade - renew aerators - 29483.A (old plw230A)	$41,576	Deferred. External consultant to prepare contract documentation.
Winton - Electrical upgrade switchboard upgrade - 29484.A (old plw231A)	$146,120	Deferred. External consultant to prepare contract documentation.
Winton - Treatment upgrade waveband repairs - 29487.A (old plw232A)	$13,735	In Progress. Scheduled for completion by Downer by end June 2012.
Winton - Reticulation condition assessment (AC sample) - 29470.A - plw229	$11,845	In Progress. Samples taken and sent away for material testing

Asset Acquisition Projects - Caused by changes in demand		
Project Description	**Budget**	**Status**
Te Anau - Te Anau/Manapouri Treatment and Disposal Project - engineering - 26874.A (old plw204B)	$72,968	In Progress. Groundwater survey ongoing. Awaiting MWH report.

Asset Acquisition Projects - Caused by changes in levels of service		
Project Description	**Budget**	**Status**
Browns - Treatment upgrade - 22575.A (old plw14A)	$ 80,000	In Progress. Trickling filter has been constructed. Rising main installed. Plant was commissioned early May 2012. Council approved budget of $90,000.
Nightcaps - Address inlet hydraulic restriction - Plw73.A	***$2,168***	***In Progress. Contractor has commenced.***
Ohai - Scheme management plan - plw85.A	$2,000	Complete.
Ohai - Infiltration investigations - plw99.A	$35,535	In Progress. Scheduled for completion by Downer by end August 2012.
Riversdale - Sludge removal - 26173.A (old plw121A)	$142,467	Deferred. Consultant initial report requested. Will be commenced in 13/14 year

Asset Acquisition Projects - Caused by changes in levels of service		
Project Description	**Budget**	**Status**
Riverton - Scheme management plan - 26370.A - plw129	$5,923	Complete. Draft document has been compiled. Costs are with main project.
Stewart Island - Odour control - 26674.A (old plw153A)	$6,088	In Progress. Contract out to tender. Recommendation to Community Board end July, 2012
Stewart Island - Scheme Management Plan - 26671.A - plw149	***$11,845***	***In Progress. Draft document has been compiled.***
Stewart Island - Scheme capacity upgrade (additional stand-by generation/storage at critical station) - 26670.A - plw150	$150,000	In Progress. Project to be re-scoped and completed 2012/2013.
Te Anau - Te Anau/Manapouri Treatment & Disposal Project - engineering - 26873.A (old plw203A)	$55,046	In Progress. Groundwater survey ongoing. Awaiting MWH report.
Tokanui - Disposal upgrade - 27870.A - plw219	$10,466	In Progress. Project to be moved to the 2015/16 year. Need to investigate flow monitoring of discharge from pond in 2012/2013 year.
Tokanui - Compile Scheme Management plan + investigate land disposal options - 27870.B - plw219		investigate flow monitoring of discharge from pond in 2012/2013 year.
Winton - Infiltration investigations - 29470.A - plw90	$46,000	In Progress. Initial investigations underway. Work continues into 2012/2013.
Winton - Scheme capacity upgrade - 29486.B (old plw231B)	$91,325	Deferred. Four projects combined to optimise upgrades. Work commencing 2012/2013 (Multi Year Project)
Winton - Treatment upgrade auto screen pond - 29488.A (old plw232B)	$60,883	Deferred. Four projects combined to optimise upgrades. Work commencing 2012/2013 (Multi Year Project)
Winton - Electrical upgrade Install SCADA at ponds - 29489.C (old plw232C)	$24,343	Deferred. Four projects combined to optimise upgrades. Work commencing 2012/2013 (Multi Year Project)
Winton - Treatment upgrade - 29491.D (old plw232D)	$2,117,680	Deferred. Four projects combined to optimise upgrades. Work commencing 2012/2013 (Multi Year Project)

Variations from the Budget

Total Capital Expenditure for the activity is significantly under budget due predominantly to staffing levels and the resources of contractors (Christchurch rebuild). Activity revenue is ahead of budget due to the early repayment of rate type loans. Grants and donations income behind budget due to there being no vested assets received for the financial year. Depreciation is ahead of budget due to increased values caused by a greater than anticipated revaluation of assets. Operating costs increased due to unplanned maintenance. The transition to district funding has resulted in the reserve transfers and internal loan movements being greater than originally budgeted.

What did it cost?

Actual 2010/2011	Sewerage	Actual 2011/2012	Annual Plan 2011/2012
	REVENUE AND EXPENSE		
	Operating Revenue		
3,039,860	Rates	3,231,226	3,238,029
212,335	Activity Revenue	160,869	-
-	Development & Financial Cont	8,626	72,968
(229,814)	Grants and Donations	-	376,340
3,022,381	**Total Operating Revenue**	3,400,721	3,687,337
1,328,083	Depreciation	1,610,319	1,437,038
1,948,360	Other Operating Costs	2,160,993	2,133,388
3,276,443	**Less Total Operating Expenditure**	3,771,311	3,570,426
(254,062)	**Operating Surplus/(Deficit)**	(370,590)	116,911
(254,062)	Operating Surplus/Deficit transferred to/(funded from) Reserves	(370,590)	116,911
	CAPITAL AND RESERVES		
10,210	Acquisition-Demand	8,626	72,968
1,560,965	Acquisition-Level of Service	244,812	2,843,006
1,774	Vested Assets	-	376,340
277,738	Renewals	63,231	995,387
1,850,688	**Total Capital Expenditure**	316,668	4,287,701
625,768	Loans Repaid	3,860,413	484,654
687,148	Transfers to Reserves	5,937,879	371,277
1,312,916	**Total Capital Movements**	9,798,293	855,931
254,062	Operating Deficit	370,590	-
3,417,665	**Total Funding Required**	10,485,551	5,143,632
	Funded By		
2,093,217	Loans Raised	145,276	2,476,698
1,559,671	Non Cash Expenditure	1,610,319	1,437,038
(235,223)	Transfers from Reserves	8,729,957	1,112,985
-	Operating Surplus	-	116,911
3,417,665	**Total Funding Applied**	10,485,551	5,143,632

SIESA (Stewart Island Electricity Supply Authority)

Aim: To provide a reliable and viable electricity supply for Stewart Island.

What we do

The Stewart Island Electrical Supply Authority (SIESA) activity involves the supply of electricity and installation of reticulation to consumers on Stewart Island. This activity also involves the investigation and promotion of alternative generation to reduce the reliance of fossil fuels and energy efficiency on the Island with a specific focus on healthier homes. SIESA also undertakes other commercial activities on Stewart Island, including waste collection and operation of the Rakiura Resource Recovery Centre.

Why we do it

A reliable and economically viable electricity supply is an important component of community wellbeing and as such contributes to several outcomes. The supply contributes to a diverse economy by generating and supplying electricity which enables both business and industry to operate on Stewart Island. By providing a single electricity supply with multiple consumers, the committed costs are shared, which reduces costs to individuals thereby assisting the local economy. The service also contributes to healthy people through energy efficient initiatives which have benefits by creating warmer, healthier homes. In addition, one reliable electricity supply also contributes to a treasured environment by negating the necessity of each individual supplying their own generating system which could generate more carbon emissions and noise. In the activity, Council must comply with the Electricity Act 1992 and also give effect to the New Zealand Energy Strategy to 2050 - Powering Our Future.

How well we did

The performance of the SIESA activity is assessed against a number of key performance indicators set out in the Council"s plan for the year as well as the activity"s financial results compared to the budget. Overall, the performance indicators show that customers were provided with a reliable and continuous service and that the Council is ensuring SIESA operates in a cost effective manner. Options for a more efficient generation system continue to be explored. An energy futures workshop was held during the year which provided the community with information about options for generation. The engine of generator number three was reconditioned to help the reliability of electricity supply. SIESA purchased a fuel tanker to reduce the cost of fuel deliveries. This should be self funding in the first year and produce significant savings to the fuel costs from year two on. The are two projects in progress and four deferred. The activity has had a positive effect on the social and economic wellbeing of the community

Primary outcome: A diverse economy built from our strengths for growth and prosperity (2) Intermediate outcome: We have a quality infrastructure with potential for growth (2.1)			
What Council will provide	**How Council will measure the service provided**		**How Council performed**
Level of Service	**Key Performance Indicator**	**Target**	
Affordability SIESA is able to operate in a cost effective manner.	Ongoing reduction in financial deficit (Financial Accounts).	Decrease	Not Achieved. The operating deficit was ($12,359). This was greater than last year"s operating profit of $58,394. This was mainly due to the increased cost of electricity generation.
Responsiveness SIESA is responsive to customers needs.	Percentage of complaints/requests responded to within agreed timeframes (Monthly Reports).	90%	Not measured. A system to record complaints information is being developed for commencement in July 2012.

Primary outcome: A diverse economy built from our strengths for growth and prosperity (2) Intermediate outcome: We have a quality infrastructure with potential for growth (2.1)			
What Council will provide	**How Council will measure the service provided**		**How Council performed**
Level of Service	**Key Performance Indicator**	**Target**	
Reliability All SIESA consumers connected are provided with reliable and continuous service.	Number of unplanned interruptions (Monthly Reports).	Less than 6	Achieved - Five unplanned interruptions.
	Percentage of service interruptions reinstated within eight hours (Monthly Reports).	100%	Not Achieved. There were five unplanned interruptions of which one (caused by damage from a tree) that exceeded eight hours.
Sustainability Maximise the use of renewable energy sources for electricity generation.	Reduce the amount of diesel used to generate electricity per kilowatt (Financial Accounts).[1]	10%	Not Achieved. The fuel consumption per kilowatt hour remained fairly constant throughout the year. The new unit three is proving to be 10% more efficient than unit one.

1. The target to reduce diesel use is dependent on the economic viability of obtaining funding for additional wind turbines as well as encouraging reduced energy use through initiatives such as home insulation. Over the next 10 years there is a programme of investigation and implementation for wind turbines which sees the targets of reduction in diesel use changing over the period depending on the phase.

Project Report

Maintenance, Renewal and Replacement Projects		
Project Description	**Budget**	**Status**
Replacement generator/turbine - 710.A	$260,000	In Progress. Power Services has completed the installation and testing of the new Unit 3, which has been operating successfully for several weeks. It should be noted that the replacement of Unit 4 has not been completed and should not be confused with Unit 3. It is recommended that the Council considers replacing Unit 4 with a new engine and generator and to schedule the new Unit 4 for installation in early 2013.
Surge arrestors - 708.1	$5,000	In Progress. Site inspections have been completed and Power Services recommends installing the Surge Arrestors - possibly at the same time as the modifications to Generator 5, but this is in the design stage. (If the design for the generator 5 connection is going to take too long, then the installation of the Surge Arrestors should proceed).
Day tank replacement - SIESA713.A	$40,000	Deferred. This activity continues to stay on-hold until other issues with the fuel system (bunding, pipework, alarm systems, etc.) are addressed.
Modifications to generator 5 - SIESA715.A	$20,000	Deferred. The options to modify Generator 5 and to design the changes to the Circuit Breakers have had a preliminary review and further work is required before presenting the options.
Replace circuit breakers on 400V Main switchboard - SIESA714.A	$76,590	Deferred. Currently reviewing the options to include the modifications to Generator 5 and incorporate both jobs, depending on supply of suitable components and associated costs.
Fit Blackstart relays to all large loads - SIESA716	$7,500	Deferred. A review of demand spikes has been conducted and the results indicate that the demand can be of sufficient load to auto-start a generator. Fitting a blackstart relay will prevent the demand spike and level-out the generator workload. Further checks need to be conducted to find suitable componentry and determine the associated costs.

Variations from the Budget

Renewal acquisitions are under budget as a result of the delay in the replacement of the generator/turbine and associated projects. Operating costs were over budget predominantly due to the increase in fuel cost.

What did it cost?

Actual 2010/2011	SIESA	Actual 2011/2012	Annual Plan 2011/2012
	REVENUE AND EXPENSE		
	Operating Revenue		
1,163,807	Activity Revenue	1,176,877	1,174,578
40,238	Interest & Dividends	35,948	28,120
231,588	Grants and Donations	-	-
1,435,633	**Total Operating Revenue**	1,212,825	1,202,698
82,926	Depreciation	82,297	145,661
1,145,651	Other Operating Costs	1,225,184	1,143,673
1,228,577	**Less Total Operating Expenditure**	1,307,481	1,289,334
207,056	**Operating Surplus/(Deficit)**	(94,656)	(86,636)
207,056	Operating Surplus/Deficit transferred to/(funded from) Reserves	(94,656)	(86,636)
	CAPITAL AND RESERVES		
3,999	Acquisition-Level of Service	38,288	-
-	Renewals	71,182	409,090
3,999	**Total Capital Expenditure**	109,470	409,090
285,983	Transfers to Reserves	(100,751)	43,970
285,983	**Total Capital Movements**	(100,751)	43,970
-	Operating Deficit	94,656	86,636
289,982	**Total Funding Required**	103,376	539,695
	Funded By		
82,926	Non Cash Expenditure	103,376	-
-	Transfers from Reserves	-	539,695
207,056	Operating Surplus	-	-
289,982	**Total Funding Applied**	103,376	539,695

Solid Waste Management

Aim: To reduce waste to landfill and provide reliable and convenient waste collection methods to ensure proper disposal.

What we do

The activity involves promoting waste minimisation, collecting waste from households and transfer stations, collecting recyclables from drop-off centres and creating compost from greenwaste sites. The activity also involves the safe disposal of hazardous substances. The Council provides a fortnightly rubbish and recycling service to townships and voluntary refuse collections to properties on vehicles" travel routes, with the exception of Stewart Island, where Council provides a weekly kerbside refuse bag, recycling and food scrap collection. In addition, the District is serviced by seven transfer stations with integrated refuse, greenwaste and recycling services, 11 recycling drop-off centres with unrestricted access (including three at transfer stations) and two greenwaste sites. Residential waste is transported to the regional landfill operated by AB Lime at Kings Bend (near Winton) for disposal. Recycling is taken to a new materials recovery facility operated by Southland Disabilities Limited (SDEL) for sorting and on-selling. The Council is also a member of WasteNet Southland (Joint Committee of the Invercargill City, Southland and Gore District Councils) which provides the mechanism for councils in the region to work together collectively on waste issues, including delivering solid waste services and waste minimisation.

Why we do it

Solid waste management contributes to a treasured environment which we care for, through the controlled disposal of waste (kerbside collections and transfer stations), reducing litter and illegal dumping and ensuring resources are used efficiently through initiatives to minimise waste such as recycling drop-off centres and possible kerbside collection of recyclables and organics. Solid waste management also contributes to healthy people (by reducing the risk of diseases spreading), safe public places and quality places to go (by reducing litter and illegal dumping) as well as a diverse economy (by ensuring that business and industry have access to secure waste disposal services to support their operations).

In the activity, Council must comply with the Waste Minimisation Act 2008 and Health Act 1956. The activity must also give effect to the New Zealand Waste Strategy and Regional Solid Waste Management Plan. A summary of the Council"s Waste Management and Minimisation Plan is included in the Council"s 10 Year Plan 2009-2019. This Plan makes provision for the collection of waste produced within the District and the reduction, re-use, recycling, recovery, treatment and disposal of waste.

How well we did

The performance of the Council for this activity is assessed against a number of key performance indicators and projects set out in the Council"s plan for the year as well as the activity"s financial results compared to the budget. The performance of the Council for this activity is assessed against a number of key performance indicators and projects set out in the Council"s plan for the year as well as the activity"s financial results compared to the budget. No resident"s survey was carried out in 2011/2012. The target for the number of public education initiatives completed was met with ten schools being visited through the Enviroschools programme. Overall these results may have had a positive impact on environmental wellbeing by encouraging people to minimise waste and extending the life of landfills in the region.

In May 2011 the new two bin kerbside waste and recycling service was introduced with over 9,100 properties now receiving the service. The new kerbside service comprises of two 240 litre bins - a waste bin and a recycling bin - with each bin collected on alternate weeks. The new service has demonstrated a significant reduction in waste going to landfill largely because it is convenient and easy for people to use. For the financial year 2,264 tonnes of recyclable material were diverted from landfill. Each year the government levies every tonne of rubbish going to landfill, with half of the money collected across the country to be returned to individual Council"s on a population basis to undertake waste minimisation initiatives in their area.

During 2010/2011 approximately $84,000 was returned to Council for this purpose, and is being used to assist with the funding of the new recycling service. In addition WasteNet updated and adopted its 2012 Waste Management and Minimisation Plan which sets a future target of 40% waste diverted from landfill. The activity has had a positive effect on the social, economic and environmental wellbeing of the community. There were no projects planned for Solid Waste Management in 2011/2012.

Primary outcome: A treasured environment which we care for and which supports us now and into the future (6) Intermediate outcome: We have an environment protected from the negative effects of human activities (6.3)			
What Council will provide	**How Council will measure the service provided**		**How Council performed**
Level of Service	**Key Performance Indicator**	**Target**	
Access Provide convenient solid waste management facilities and solutions throughout the District.	Percentage of resident satisfaction with the services provided (Survey - Resident).[1]	W Bins - 80% TS Lcn - 80% TS Hrs - 80% Rec Lcn - 80%	Not measured in 2011/2012 as the survey is undertaken three yearly. In 2010/2011 the result was 93% for wheelie bins, 81% for transfer stations location, 71% for transfer station opening hours and 77% for recycling drop-off centres location.
Quantity Provide for the sustainable minimisation and management of solid waste quantity being generated within the District.	Percentage of residents that agree that the amount of waste going to landfill is being minimised (Survey - Resident).	80%	Not measured in 2011/2012 as the survey is undertaken three yearly. In 2010/2011 the result was 63%.
	Percentage of waste recovered at transfer stations and recycling drop off centres which is saved from landfill (Quarterly Report).	15%	Not measured. Separate information was not obtained following the introduction of kerbside recycling. However, overall 29% of waste was recovered from landfill.
	Percentage of waste collected at kerbside that is diverted from landfill (Quarterly Report).	20%	
Quantity Provide guidance to the public about quality solid waste management practices.	Number of public education initiatives completed (Quarterly Report).[2]	10 school visits One information brochure	Achieved. 10 schools visited through the year. Ten schools were visited through the Enviroschools campaign which Council supports. These were Limehills, Riverton, Waianiwa, Garston, Te Anau, Mararoa, Lumsden, Dipton, Lochiel primary schools and Fiordland College. WasteNet Southland have updated the Southland Resource Directory which is available online and in printed form. WasteNet Southland have also produced a Bin Placement Guide in support of the new kerbside collection arrangements.
Responsiveness Provide new or replacement wheelie bins in response to legitimate requests.	Percentage of wheelie bins provided within seven working days of a request being received (GEAC Pathway).[3]	90%	Not Achieved - 70%. Of the 347 requests 244 were provided within seven working days. This was largely due to high demand in the first quarter for this service. The new two bin kerbside waste and recycling service was introduced in May 2011.

1. "Services provided" means wheelie bins, transfer stations (locations and hours) and recycling centres (location).
2. "Public education initiatives" include at least one additional information brochure every two years and at least 10 school visits per year.
3. Request timeframes will only be met where all the appropriate information is provided to the Council.

Project Report

There were no projects planned for Solid Waste Management in 2011/2012.

Variations from the Budget

Activity revenue is under budget due to lower levels of refuse fees received at the seven district refuse stations. This is offset by a corresponding underspend in operating costs for the refuse stations. Capital acquisitions are higher than budget due to the purchase of additional wheelie bins, not originally anticipated to be owned by Council. Reserve movements are associated with the transition away from rates smoothing causing the variance to budget as the activity had a negative reserve balance an internal loan was raised to repay the reserve.

What did it cost?

Actual 2010/2011	Solid Waste Management	Actual 2011/2012	Annual Plan 2011/2012
	REVENUE AND EXPENSE		
	Operating Revenue		
3,159,090	Rates	3,701,441	3,670,028
501,123	Activity Revenue	306,565	531,150
3,660,213	**Total Operating Revenue**	4,008,006	4,201,178
88,840	Depreciation	136,692	74,219
3,692,596	Other Operating Costs	4,085,319	4,419,138
3,781,435	**Less Total Operating Expenditure**	4,222,011	4,493,357
(121,223)	**Operating Surplus/(Deficit)**	(214,005)	(292,179)
(121,223)	Operating Surplus/Deficit transferred to/(funded from) Reserves	(214,005)	(292,179)
	CAPITAL AND RESERVES		
845,876	Acquisition-Level of Service	116,945	-
845,876	**Total Capital Expenditure**	116,945	-
162,511	Loans Repaid	541,738	231,387
334,444	Transfers to Reserves	1,125,746	28,465
496,955	**Total Capital Movements**	1,667,484	259,852
121,223	Operating Deficit	214,005	292,179
1,464,054	**Total Funding Required**	1,998,435	552,031
	Funded By		
355,000	Loans Raised	942,724	-
83,560	Non Cash Expenditure	121,141	58,675
1,025,494	Transfers from Reserves	934,571	493,356
1,464,054	**Total Funding Applied**	1,998,435	552,031

Stormwater

Aim: Provide a reliable stormwater system with adequate capacity, to protect people and property from flooding.

What we do

A total of 27 towns within the District have reticulated stormwater infrastructure that is owned and maintained by Council. This infrastructure manages the disposal of surface water, particularly after periods of sustained heavy rainfall. This helps reduce surface flooding that can lead to risks to public health and safety, damage to property and to avoid dangerous road conditions. A number of other smaller towns have partial services, and the Council manages open watercourses in several rural catchments.

Why we do it

Stormwater makes a contribution to ensuring a treasured environment by preventing rainfall from causing flooding. As such, the activity protects people"s property (the built environment), improves safety by reducing likelihood of flooding and prevents accessibility problems which may otherwise be caused during flooding events. In addition, the system helps to protect the environment and protect public health by disposing of stormwater in a controlled process. The prevention of flooding also contributes to a diverse economy by protecting businesses and infrastructure from flooding. In the activity, the Council must comply with the legal requirements of the Local Government Act 2002 and the Health Act 1956. The activity must also give effect to the Regional Water Plan.

How well we did

The performance of the Council for this activity is assessed against a number of key performance indicators and projects set out in the Council"s plan for the year as well as the activity"s financial results compared to the budget. Overall, while there were more complaints about flooding than the previous year due to weather conditions. Council has submitted applications for resource consents for stormwater discharges in 17 townships and has provided further information to Environment Southland so that consent conditions can be finalised. Collecting these samples can be a difficult process as they can only be collected during certain weather conditions. Once finalised, the consents will require monitoring to determine the quality of the stormwater which is released into waterways and in some places may require additional work to improve the quality of discharges. Budgets for these consents have been carried forward into 2012/2013. Two of the 34 stormwater projects were completed during the year. Of those not completed twenty four are in progress and eight have been deferred. This may have had an affect on the environmental and economic wellbeing of the community, particularly where property was affected or the projects were required to ensure that stormwater did not have contaminants (particularly for the projects related to obtaining resource consent). Overall this activity impacts on the environmental, economic and social wellbeing of the community.

Primary outcome: A treasured environment which we care for and which supports us now and into the future (6) Intermediate outcome: We have a healthy, safe and accessible built environment (6.2)			
What Council will provide	**How Council will measure the service provided**		**How Council performed**
Level of Service	**Key Performance Indicator**	**Target**	
Reliability Maintain the drainage system to protect public and property during periodic rainfall events.	Number of complaints about flooding in urban areas (Pathways).[1]	Less than 50	Not Achieved - 55. There was a flooding event in late autumn and high leaf fall which blocked gutters which lead to a number of reports.
Responsiveness Prompt response to complaints about flooding.	Percentage of complaints that meet response timeframes (Pathways).[2]	90%	Not Achieved. Of the 55 complaints 20 met response timeframes.

Primary outcome: A treasured environment which we care for and which supports us now and into the future (6) Intermediate outcome: We have a healthy, safe and accessible built environment (6.2)			
What Council will provide	**How Council will measure the service provided**		**How Council performed**
Level of Service	**Key Performance Indicator**	**Target**	
Quality Minimise effects on the environment by complying with discharge permits and resource consents.	Percentage of monitoring results that show compliance with resource consent conditions (Quarterly Report).[3]	60%	Not measured. Stormwater resource consents are currently being obtained from Environment Southland. Once these are granted stormwater discharges will be monitored
Quantity Provide a drainage system with adequate capacity to protect public and property from major storms.[4]	Percentage of scheme improvement projects completed in order to maintain safe and adequate collection and disposal of stormwater (Quarterly Report).	90%	Not Achieved - 6%. Two of the 34 stormwater projects were completed during the year. Of those not completed 24 are in progress and eight deferred. The majority of the in progress projects were to obtain resource consent for various township stormwater systems and Council are currently waiting for draft consent conditions from Environment Southland before these projects can be completed..

1. Urban areas are townships that are serviced by a piped stormwater network with service connections (STWUS - Urban Stormwater). Rural areas are townships and rural areas serviced by roadside ditches, swales and sumps.
2. Response times vary according to the type of problem.
3. Council has a new requirement (under Environment Southland"s Regional Fresh Water Plan) to obtain resource consents for, and monitor discharges from, reticulated stormwater systems. As the Council is still in the process of obtaining resource consent, the targets that have been set are indicative only. These targets will be revised once further information is known.
4. Major storms mean a 1 in 50 ARI year event. This does not cover flooding of areas influenced by river flooding or failure of river works. Council has yet to establish the percentage of properties protected from major storms and as such the targets aim at reaching 100% compliance by 2015.

Project Report

Maintenance, Renewal and Replacement Projects		
Project Description	**Budget**	**Status**
Balfour - Condition assessment - 22321.A (old pls2)	$6,076	Deferred. CCTV investigation to be carried out at same time as other scheme investigations.
Stewart Island - Reticulation Renewal (Main Street) - 26614.A (old 551B)	$62,100	In Progress. Survey completed. Contract documents being prepared by Opus Consultants. Tenders to be sought.
Te Anau - Reticulation Renewal (Main Street) - 26820.A (old pls65A)	$10,840	Deferred. Areas to have CCTV inspections to be established in conjunction with RFS frequency.
Te Anau - Replace stormwater sump leads - 2683.A (old pls81A)	$5,000	Deferred. To be carried out by area engineers in known problem areas.
Te Anau - Reticulation renewal (town centre) - 26831.B - pls65	$133,860	Deferred. Further investigation required prior to action being initiated.
Winton - Reticulation renewal - 29417 (old pls99A)	$121,527	Deferred. Presently being assessed by Area Engineers.
Wyndham - Condition assessment - 29919.A (old pls114A)	$36,458	In Progress. Water blasting and CCTV reporting presently being carried out in conjunction with other scheme investigations.

Asset Acquisition Projects - Caused by changes in levels of service		
Project Description	**Budget**	**Status**
Balfour - Resource Consent Project - 22320.A (old pls1)	$9,816	In Progress. Formal resource consent applications have been submitted to Environment Southland. Section 92 sampling results sent to MWH on 6 July 2012.
Browns - Resource Consent Project - 22515.A (old pls115A)	$2,392	In Progress. Formal resource consent applications have been submitted to Environment Southland. Section 92 sampling results sent to MWH on 6 July 2012.

Asset Acquisition Projects - Caused by changes in levels of service		
Project Description	**Budget**	**Status**
Dipton - Resource Consent Project - 22914.A (old pls5A)	$3,000	In Progress. Formal resource consent applications have been submitted to Environment Southland. Section 92 sampling results sent to MWH on 6 July 2012.
Edendale - Resource Consent Project - 23314.A (old pls7A)	$10,000	In Progress. Formal resource consent applications have been submitted to Environment Southland. Section 92 sampling results sent to MWH on 6 July 2012.
Lumsden - Resource Consent Project - 24314.A (pls10A)	$5,500	In Progress. Formal resource consent applications have been submitted to Environment Southland. Section 92 sampling results sent to MWH on 6 July 2012.
Manapouri - Resource Consent Project - 24714.A (old pls17A)	$13404	In Progress. Formal resource consent applications have been submitted to Environment Southland. Section 92 sampling results sent to MWH on 6 July 2012.
Manapouri - Upgrade capacity of View Street west end - pls2.A	***$37,053***	***In Progress. Main project complete in 2010/2011. CDA have agreed to extend project to include repairs to stormwater outfall. Consent from Environment Southland granted for this work. To be completed 2011/2012.***
Mossburn - Resource Consent Project - 25114.A (pls24A)	$9,815	In Progress. Formal resource consent applications have been submitted to Environment Southland. Section 92 sampling results sent to MWH on 6 July 2012.
Nightcaps - Resource Consent Project - 25314.A (old pls29A)	$9,816	In Progress. Formal resource consent applications have been submitted to Environment Southland. Section 92 sampling results sent to MWH on 6 July 2012.

Asset Acquisition Projects - Caused by changes in levels of service		
Project Description	**Budget**	**Status**
Ohai - Resource Consent Project - 25514.A (old pls34A)	$9,816	In Progress. Formal resource consent applications have been submitted to Environment Southland. Section 92 sampling results sent to MWH on 6 July 2012.
Riversdale - Resource Consent Project - 26114.A (old pls46A)	$9,816	In Progress. Formal resource consent applications have been submitted to Environment Southland. Section 92 sampling results sent to MWH on 6 July 2012.
Riversdale - Reticulation Upgrade - New soakholes - 26113.A pls47	$3,450	In Progress. Carried out as required by Area Engineers.
Te Anau - Resource Consent Project - 26814.A (old pls62A)	$21,076	In Progress. Formal resource consent applications have been submitted to Environment Southland. Section 92 sampling results sent to MWH on 6 July 2012.
Te Anau - Strategic assessment - 26819 (old pls64A)	$64,626	In Progress. Report on strategy for commercial area was presented to Community Board in September.
Te Anau - Improve discharge quality - 26830.B (old pls67B)	$238,405	Deferred. Upgrade requirements will be clarified after consent hearing with Environment Southland. Work will possibly commence 14/15.
Te Anau - Pukutahi Bvd upgrade - 26822.A (old pls66)	***$245,250***	***In Progress. Initial proposal has been discussed with Te Anau Community Board.***
Te Anau - Flooding relief SH94 crossing (Caswell Rd intersection) - 26813.A - pls63	$73,172	In Progress. Project ongoing, initial proposal has been discussed with Te Anau Community Board.
Te Anau - Stormwater connection identification project - 26813.A - pls83	$30,000	Deferred. Awaiting outcome of discussions with Environment Southland. Expected to commence 14/15.

Asset Acquisition Projects - Caused by changes in levels of service		
Project Description	**Budget**	**Status**
Tokanui - Resource Consent Project - 27814.A (old pls84A)	$2,392	In Progress. Formal resource consent applications have been submitted to Environment Southland. Section 92 sampling results sent to MWH on 6 July 2012.
Tuatapere - Resource Consent Project - 28014.A (old pls85A)	$13,403	In Progress. Formal resource consent applications have been submitted to Environment Southland. Section 92 sampling results sent to MWH on 6 July 2012.
Waikaia - Resource Consent Project - 28614.A (old pls88)	$10,000	In Progress. Formal resource consent applications have been submitted to Environment Southland. Section 92 sampling results sent to MWH on 6 July 2012.
Wallace (Otautau) - Resource Consent Project - 28916.A (old pls37A)	$5,656	In Progress. Formal resource consent applications have been submitted to Environment Southland. Section 92 sampling results sent to MWH on 6 July 2012.
Wallace (Otautau) - Reticulation upgrade (Clitheroe St Upgrade - Phase 1) - 28917.A (old pls40A)	$35,450	Complete - (actual cost $41,704).
Wallace (Otautau) - Reticulation upgrade (Clitheroe St Upgrade - Phase 2) - 28918.A (old pls40B)	$62,445	Complete - (actual cost $55,355).
Wallacetown - Resource Consent Project - 29114.A (old pls94A)	$5,656	In Progress. Formal resource consent applications have been submitted to Environment Southland. Section 92 sampling results sent to MWH on 6 July 2012.
Winton - Resource Consent Project - 29414.A (pls96A)	$9,239	In Progress. Formal resource consent applications have been submitted to Environment Southland. Section 92 sampling results sent to MWH on 6 July 2012.
Winton - Essex Street Stormwater - 29418.A (pls200)	$10,671	Deferred. Presently being assessed by Area Engineers.

Variations from the Budget

Capital acquisitions are under budget due to the delay of the projects additionally vested assets were under budget. Due to a lower than expected asset revaluation, depreciation is under budget. Operating costs were under budget due to lower than expected monitoring, network management and maintenance costs. Reserve movements are associated with the transition away from rates smoothing causing the variance to budget as the activity had a negative reserve balance an internal loan was raised to repay the reserve.

What did it cost?

Actual 2010/2011	Stormwater	Actual 2011/2012	Annual Plan 2011/2012
	REVENUE AND EXPENSE		
	Operating Revenue		
555,040	Rates	1,124,568	1,124,891
1,876	Activity Revenue	25,473	-
-	Grants and Donations	-	256,155
556,916	**Total Operating Revenue**	1,150,041	1,381,046
333,526	Depreciation	344,982	548,888
75,567	Other Operating Costs	86,027	325,617
409,093	**Less Total Operating Expenditure**	431,010	874,505
147,823	**Operating Surplus/(Deficit)**	719,031	506,541
147,823	Operating Surplus/Deficit transferred to/(funded from) Reserves	719,031	506,541
	CAPITAL AND RESERVES		
19,255	Acquisition-Level of Service	145,699	669,016
-	Vested Assets	-	256,155
5,317	Renewals	6,155	375,861
24,571	**Total Capital Expenditure**	151,854	1,301,032
47,133	Loans Repaid	115,330	20,331
467,213	Transfers to Reserves	923,152	3,500
514,346	**Total Capital Movements**	1,038,482	23,831
538,918	**Total Funding Required**	1,190,336	1,324,863
	Funded By		
-	Loans Raised	42,718	-
333,526	Non Cash Expenditure	344,982	548,888
57,569	Transfers from Reserves	83,605	269,434
147,823	Operating Surplus	719,031	506,541
538,918	**Total Funding Applied**	1,190,336	1,324,863

Strategy and Communication

Aim: Ensure Council's direction is in line with community expectations and that communities are kept informed of Council issues and have the opportunity to contribute to decisions which affect or interest them.

What we do

The Council's planning processes, along with the development of policy, are the main ways that Council, Community Boards and Community Development Area Subcommittees have of ensuring community requirements and priorities are identified and met.

The Council's 10 Year Plan (LTCCP) which is produced every three years (as required under the Local Government Act 2002) sets out the communities' desired outcomes and how Council activities will contribute to their achievement, including associated 10 year financial forecasts and targets to achieve these. In other years an Annual Plan is prepared, which contains the proposed annual budget and performance targets, noting any variation from the 10 Year Plan in particular. An Annual Report is prepared that details achievement against targets for the previous year. In addition, Council is required to monitor and report on progress being made towards community outcomes every three years.

Public input is a vital element in the formation of plans and policies that relate to community requirements. The Council communicates with residents and ratepayers in a variety of ways, to keep the public informed and enable people to participate in the consultation process from a sound base of knowledge.

Why we do it

The Strategy and Communication activity contributes to strong effective leadership by ensuring decisions are forward looking and in line with the communities' expectations. As this activity enables the community to engage with decision-making, it also empowers citizens. Robust strategy and communication in particular also enhance the communities' confidence in their leaders by ensuring that people are informed of Council's decisions and have the opportunity to participate. In the activity, the Council must comply with the legal requirements of the Local Government Act 2002 and Local Government Official Information and Meetings Act 1987.

How well we did

The performance of the Council for this activity is assessed against a number of key performance indicators and projects set out in the Council's plan for the year as well as the activity's financial results compared to the budget. There were a number of strategic projects undertaken by Council during the year which will benefit the whole of the District. Significant resources have been put into the rewriting of the District Plan. A large amount of work has been committed to the Around the Mountain cycle trail both by Council and staff from Venture Southland. Council attended the opening of the Cleddau River flood protection scheme which helps to build the sustainability of Milford, one of the jewels in New Zealand's crown.

The Council produced a Long Term Plan which sets out the communities' desired outcomes and how Council activities will contribute to their achievement, including associated 10 year financial forecasts and targets to achieve these. The process involved reviewing Asset Management Plans for each activity, developing a Financial Strategy and reviewing a number of policies such as the Development and Financial Contributions Policy.

Throughout the year, residents were kept informed on Council issues and matters of interest by regular publications of the First Edition newsletter and media releases. The Council received good feedback about the content and reliability of its Long Term Plan. Council has issued two community service awards.

The Council progressed the development of a Stewart Island/ Rakiura visitor levy which is to help pay for infrastructure, services and amenities that are used by visitors. Due to an increasing number of visitors coming to the Island, including from cruise ships, significant pressure has been put on the Island"s infrastructure and a visitor levy is seen as a fair and efficient way of ensuring the cost of visitors is not unfairly borne by residents and ratepayers alone.

Parliament enacted the Southland District Council (Stewart Island/ Rakiura Visitor Levy) Empowering Act on 26 March 2012. The Council then developed a discussion document on how to implement the levy and commenced targeted consultation with key stakeholders. The activity has had a positive effect on the cultural and social wellbeing of the community.

Primary outcome: Strong, effective leadership taking us into the future (5) Intermediate outcome: Citizens and communities are inspired, motivated and empowered (5.1)			
What Council will provide	**How Council will measure the service provided**		**How Council performed**
Level of Service	**Key Performance Indicator**	**Target**	
Quantity The community is regularly kept informed of Council issues and matters of interest.	Percentage of residents satisfied with how well they have been kept informed of Council activities (Survey - Resident).	85%	Not measured in 2011/2012 as the survey is undertaken three yearly. In 2010/2011 the result was 87%.
	Percentage of residents who have read at least one issue of the Council"s newsletter First Edition (Survey - Resident).	85%	Not measured in 2011/2012 as the survey is undertaken three yearly. In 2010/2011 the result was 77%.
	Number of publications of Council's newsletter First Edition produced annually (Quarterly Report).	4	Achieved. Four editions completed.
	Percentage of media releases published (Quarterly Report).[1]	90%	Not Achieved - 86%. 81 releases produced and 70 were published
Quantity Ensure that community volunteers are recognised.	Number of community service awards (Quarterly Report).	2	Achieved. Two awards completed for the year.
Quality The community is provided with opportunities to input into decisions and Council encourages feedback.	Percentage of residents who agree that their views and preferences have been received with an open mind and given due consideration by Council (Survey Resident).	80%	Not measured in 2011/2012 as the survey is undertaken three yearly. In 2010/2011 the result was 78%.
	Percentage of residents satisfied with the level of consultation with the community, undertaken by Council, over important issues (Survey - Resident).	80%	Not measured in 2011/2012 as the survey is undertaken three yearly. In 2010/2011 the result was 74%.
Quality Council encourages input into its planning.	Percentage of residents satisfied with Council (decision-making, planning and leadership) (Survey - Resident).	85%	Not measured in 2011/2012 as the survey is undertaken three yearly. In 2010/2011 the result was 81%.
	Percentage of submitters to the 10 Year Plan or Annual Plan satisfied with the content and readability of the plan (Survey - User).	80%	Achieved - 82%. 14% of submitters found the process very easy and 68% found it easy.
Quality Council planning looks long term and considers future generations.	10 Year Plan is prepared in accordance with the Local Government Act (Audit Opinion).	Unqualified audit	Achieved.

1. The number of press releases produced annually varies depending on the issues.

Project Report

There were no projects planned for Strategy and Communication in 2011/2012.

Variations from the Budget

Operating expenditure is over budget predominantly due to increased consultant costs. There were no significant assets acquired during 2011/2012 and there were no significant variances between the Annual Plan budget and actual revenue received.

What did it cost?

Actual 2010/2011	Strategy and Communication	Actual 2011/2012	Annual Plan 2011/2012
	REVENUE AND EXPENSE		
	Operating Revenue		
1,236,044	Rates	1,267,839	1,267,444
11,095	Activity Revenue	-	2,066
1,247,139	**Total Operating Revenue**	1,267,839	1,269,510
2,540	Depreciation	1,019	48
1,240,576	Other Operating Costs	1,441,087	1,358,126
1,243,116	**Less Total Operating Expenditure**	1,442,106	1,358,174
4,023	**Operating Surplus/(Deficit)**	(174,267)	(88,664)
4,023	Operating Surplus/Deficit transferred to/(funded from) Reserves	(174,267)	(88,664)
	CAPITAL AND RESERVES		
-	Renewals	-	4,000
-	**Total Capital Expenditure**	-	4,000
8,744	Transfers to Reserves	1,650	20,000
8,744	**Total Capital Movements**	1,650	20,000
-	Operating Deficit	174,267	88,664
8,744	**Total Funding Required**	175,917	112,664
	Funded By		
2,540	Non Cash Expenditure	1,019	48
2,181	Transfers from Reserves	174,898	112,616
4,023	Operating Surplus	-	-
8,744	**Total Funding Applied**	175,917	112,664

Te Anau Airport

Aim: Provide a safe and reliable airport in the Te Anau Basin.

What we do

The Council owns and manages the Te Anau Airport at Manapouri as well as the old Waiau Airport site. Currently the Te Anau Airport (Manapouri) functions as an airport for heavy aircraft, turbo prop and medium weight jet aircraft under charter to tour companies, our main charter client being Tauck Tours operated by Air National Ltd. Occasional one-off flights are carried out by other operators on an as-needed basis. While the Council owns both airfields, it is in the process of exiting the operation of the Waiau site. The airport must meet standards associated with Civil Aviation rules and safety monitoring programmes.

Why we do it

The airport contributes to the community outcome of a diverse economy as it provides a transportation service to local tourism operators, industries and residents. The activity also contributes to safe places as the airports provide for air-based emergency access which can act as an alternative to road transport in an emergency.

How well we did

The performance of the Te Anau Airport activity is assessed against a number of key performance indicators set out in the Council"s plan for that year as well as the activity"s financial results compared to the budget. The airport is functioning to a high standard operational and as a business unit, recognised by the New Zealand Civil Aviation Authority by extending their annual surveillance schedule out to two yearly inspections. Large aircraft that frequent Te Anau now prefer to overnight in Te Anau instead of ferrying to Queenstown as we can cater for overnight stops to a standard equivalent to the larger airports. With the recent investment in a new global positioning satellite instrument approach to be commission in early 2013 the airport will be more accessible in more weather conditions than ever before by a more diverse range of aircraft. Waiau (former Te Anau Airstrip) is now closed and the primary focal point for most of the regions aviation activities is now at the Te Anau Airport which will provide a safe, enabling, adaptive, secure aviation environment for a community focused sustainable business to develop. This will support our vision as the "Gateway to Fiordland" and our mission to enable social and economic growth through the sustainable operation of a vibrant people focused air hub.

Both of the projects have been completed. The increased activity and access at the airport may have a positive effect on the economic, environmental and social wellbeing of the area.

Primary outcome: A diverse economy built from our strengths for growth and prosperity (2) Intermediate outcome: We have a quality infrastructure with potential for growth (2.1)			
What Council will provide	**How Council will measure the service provided**		**How Council performed**
Level of Service	**Key Performance Indicator**	**Target**	
Reliability and Safety Provide accessible, reliable and safe air facilities and operations for the Te Anau Basin.	Percentage of Civil Aviation Authority guidelines complied with (Audit - Civil Aviation Authority).	100%	Achieved. This is through NZCAA extending the audit schedule out to two years.
	Number of airports servicing the Te Anau Basin (Council property records).	1	Achieved. This is through the closure of Waiau.

Project Report

Maintenance, Renewal and Replacement Projects		
Project Description	**Budget**	**Status**
Te Anau Stage 2 - extend taxiways - AIR1.A	***$400,000***	***Complete***
Te Anau - Pavement repairs - 624.A	$45,652	Complete - (actual cost $8,688). Work was to repair breaking up seal at junction of apron and rejuvenate the oldest part of the airport runway seal. This has been completed by applying a bitumen rich slurry overcoat to the old seal. At the same time the extent of work was increased while sealing equipment was on site to also reseal the 2002 runway widening using already budgeted monies brought forward by one year.

Variations from the Budget

Level of Service acquisitions were over budget due to the garage project which was an unbudgeted project. Activity expenditure was under budget predominantly due to the non completion of the maintenance project. Reserve movements are associated with the transition away from rates smoothing causing the variance to budget. There were no other significant variances between the Annual Plan budget and actual revenue received.

What did it cost?

Actual 2010/2011	Te Anau Airports	Actual 2011/2012	Annual Plan 2011/2012
	REVENUE AND EXPENSE		
	Operating Revenue		
409,892	Rates	404,337	404,337
127,395	Activity Revenue	115,582	119,667
537,288	**Total Operating Revenue**	519,919	524,004
539,207	Depreciation	558,931	518,641
167,060	Other Operating Costs	194,037	231,904
706,267	**Less Total Operating Expenditure**	752,967	750,545
(168,979)	**Operating Surplus/(Deficit)**	(233,048)	(226,541)
(168,979)	Operating Surplus/Deficit transferred to/(funded from) Reserves	(233,048)	(226,541)
	CAPITAL AND RESERVES		
340,112	Acquisition-Level of Service	19,883	-
340,112	**Total Capital Expenditure**	19,883	-
567,886	Transfers to Reserves	629,684	292,100
567,886	**Total Capital Movements**	629,684	292,100
168,979	Operating Deficit	233,048	226,541
1,076,976	**Total Funding Required**	882,615	518,641
	Funded By		
539,157	Non Cash Expenditure	558,931	518,641
537,820	Transfers from Reserves	323,684	-
1,076,976	**Total Funding Applied**	882,615	518,641

Water Supply

Aim: Provide a reliable and adequate supply of water, which in urban areas is also safe to drink.

What we do

The Council operates 13 drinking-water supplies (11 urban and two rural) some of which share treatment facilities. It also controls nine untreated rural water schemes which are provided for stock-water where the use of water for domestic purposes is prohibited.

Why we do it

The Water Supply activity contributes to healthy people through the provision of safe drinking-water as well as water to clean with. It also contributes to a diverse economy, where water supply infrastructure in urban areas provides reliable water in sufficient capacity to meet domestic, commercial and industrial needs and in rural areas, provide untreated water for stock. Public water supplies also assist in creating safe places by providing water for fire fighting which helps protect communities and visitors. It also contributes to making Southland a great place, with a choice of quality places to go and things to do, where reticulated water is used for recreational activities (swimming pools etc). In the activity, the Council must comply with the legal requirements of the Local Government Act 2002 and the Health Act 1956. The activity must also give effect to the Drinking-water Standards National Policy Statement in Freshwater Management and Regional Water Plan.

How well we did

The performance of the Council for this activity is assessed against a number of key performance indicators and projects set out in the Council"s plan for the year as well as the activity"s financial results compared to the budget. Overall the Council"s water supplies were reliable and safe to drink with all scheme test samples complying with requirements, work continuing on schemes to ensure that they are capable of meeting drinking water standards and residents" satisfied with the reliability of supplies. Water was also readily available for fire fighting in urban areas.

During the year a number of large projects were completed including the new Ohai Nightcaps water treatment plant and the upgrade to the Manapouri water treatment plant. Ministry of Health subsidy funding criteria has been restricted to those communities with a deprivation index or score (DI) of 7 and above (based on geographical meshblock areas) and Council is now working through the revised criteria to determine the scale of the impact on our community water supplies. A number of projects were deferred pending the outcome of their review. The quantity and quality of water in Southland is a long term issue and Council continues to work with Environment Southland and other organisations in an effort to protect community drinking water resources for the future.

This year was the second year of the new operations and maintenance contract for all schemes with a new contractor (Downer Ltd) now responsible for the operation and maintenance of Council"s water supplies. Downer is continuing to familiarise itself with all of Council"s schemes and are now working at introducing improved quality assurance procedures and additional monitoring and reporting procedures that will help to continue to deliver a high level of service to Council.. Of the 39 water supply projects, 14 were completed, 10 were deferred mainly due to collecting further information or combining with other projects, one was deleted and 14 were in progress. The activity has had a positive effect on the social, environmental and economic wellbeing of the community.

Primary outcome: We are healthy people (4)
Intermediate outcome: We are able to live healthy lifestyles (4.1)

<table>
<tr><th>What Council will provide</th><th>How Council will measure the service provided</th><th></th><th>How Council performed</th></tr>
<tr><th>Level of Service</th><th>Key Performance Indicator</th><th>Target</th><th></th></tr>
<tr><td>Quality
Provide urban water supplies that are safe and promote public health.</td><td>Percentage of urban water supply tests that meet the requirements of the NZ Drinking-water Standards 2005 (WINZ).[1]</td><td>100%</td><td>Achieved - 100%. All tests complied with requirements. Results by scheme:
<table>
<tr><th rowspan="2">Scheme</th><th>Tests</th><th colspan="2">Complied</th></tr>
<tr><th>No.</th><th>No.</th><th>%</th></tr>
<tr><td>Eastern Bush/Otahu Flat</td><td>32</td><td>32</td><td>100</td></tr>
<tr><td>Edendale/Wyndham</td><td>104</td><td>104</td><td>100</td></tr>
<tr><td>Lumsden</td><td>16</td><td>16</td><td>100</td></tr>
<tr><td>Lumsden/Balfour</td><td>16</td><td>16</td><td>100</td></tr>
<tr><td>Manapouri</td><td>16</td><td>16</td><td>100</td></tr>
<tr><td>Mossburn</td><td>16</td><td>16</td><td>100</td></tr>
<tr><td>Nightcaps/Ohai/Wairio</td><td>48</td><td>48</td><td>100</td></tr>
<tr><td>Orawia</td><td>16</td><td>16</td><td>100</td></tr>
<tr><td>Otautau</td><td>56</td><td>56</td><td>100</td></tr>
<tr><td>Riverton</td><td>55</td><td>55</td><td>100</td></tr>
<tr><td>Te Anau</td><td>55</td><td>55</td><td>100</td></tr>
<tr><td>Tuatapere</td><td>56</td><td>56</td><td>100</td></tr>
<tr><td>Winton</td><td>55</td><td>55</td><td>100</td></tr>
</table></td></tr>
<tr><td></td><td>Percentage of urban water supplies that are capable of meeting the NZ Drinking-water Standards 2005 (WINZ).[2]</td><td>80%</td><td>Not Achieved - 33%. This compares to 15% in 2010/2011. Upgrades of seven water treatment plants are expected to be undertaken over the next three years to fully meet the requirements of the Standards. The review of Ministry of Health subsidy funding arrangements has identified that none of the planned upgrades will qualify for subsidy funding. Council has a programme of works scheduled over several years for its supplies with the target aiming at reaching 100% capability by 1 July 2015. The quantity and quality of water in Southland is a long term issue and Council continues to work with Environment Southland and other organisations in an effort to protect community drinking water resources for the future.</td></tr>
<tr><td>Quality
Drinking-water quality is acceptable</td><td>Percentage of customers satisfied with the quality of urban water supplies (Survey - Resident).</td><td>90%</td><td>Not measured in 2011/2012 as the survey is undertaken three yearly. In 2010/2011 the result was 68%.</td></tr>
</table>

Primary outcome: We are healthy people (4) Intermediate outcome: We are able to live healthy lifestyles (4.1)			
What Council will provide	**How Council will measure the service provided**		**How Council performed**
Level of Service	**Key Performance Indicator**	**Target**	
to users.	Number of complaints about drinking water quality across all schemes (Quarterly Report).	Less than 65	Achieved. There were no complaints received regarding taste, odour or colour.
Reliability Provide a reliable water supply.	Percentage of resident satisfaction with the reliability of water supply (Survey - Resident).	90%	Not measured in 2011/2012 as the survey is undertaken three yearly. In 2010/2011 the result was 91%.
	Total number of non-notified shutdowns across all urban schemes (Hansen IMS).	20	Achieved. No shutdowns.
Responsiveness Prompt response to complaints.	Percentage of complaints responded to within required timeframes (Hansen IMS).[3]	90%	Achieved. 96% of complaints responded to within timeframes.
Quantity Provide an adequate quantity of water for daily use.	Number of complaints about supply quantity and pressure per scheme (Hansen IMS).[4]	Less than 130	Not Achieved. 172 calls received regarding quantity (136) and pressure (36) across urban and rural water schemes; 70 of these related to quantity for rural schemes.
Quantity Provide a water supply adequate for fire fighting in urban areas.	Percentage of successful urban fire hydrant tests.[5]	90%	Achieved - 100%. 1,002 tested and 1,002 met functionality requirements. Functionality tests check whether the hydrant is unobstructed, can open and close easily, and whether water flows at a rate that could reasonably be used to suppress a fire.

1. Water Information New Zealand (WINZ) is a national database of all community drinking-water supplies used to determine the public health grading. WINZ is managed by ESR on behalf of the MOH. This measure reports against e-coli results for tests within the reticulation zone.
2. Capability to meet the standards is determined by whether improvement works identified in the relevant public health risk assessments (needed to minimise any risks to the public health) have been carried out and completed for each supply. Council has a programme of works scheduled over several years for its supplies with the target aiming at reaching 100% capability by 1 July 2015. Once this work is done, Council will formally assess its water supplies against the NZ Drinking-water Standards 2005.
3. Resolution times are set out in contract conditions and vary according to the type of problem.
4. Council has 13 water supplies that are treated for drinking (11 urban schemes and two rural schemes). The target figure is a total across all schemes and uses a target of no more than five complaints per scheme for quality and 10 complaints per scheme for quantity and pressure.
5. "Successful" is defined as hydrants being in an operational state with water available when valves are exercised.

Project Report

Maintenance, Renewal and Replacement Projects		
Project Description	**Budget**	**Status**
Eastern Bush - Reticulation renewal - 28164.A (old pl137A)	$307,164	Deferred. Further condition assessment being carried out. Main work possibly scheduled for 14/15.
Manapouri - Pump replacement - pl215.A	$50,000	Complete (actual cost $23,873). SCADA work also completed October 2011.
Manapouri - Condition assessment - 24764.A (old pl216A)	$4,871	Complete (actual cost $4,670).
Matuku - Electrical upgrade (renew SCADA intake) - 23562.A - pl114	$19,500	Complete (actual cost $19,440).
Mossburn - Reticulation renewal Bedford St - 25167.A (old pl122A)	$17,656	Deferred. Downer presently investigating.
Ohai/Nightcaps/Wairio WS - Reticulation renewal - 25769.A (old pl131A)	$52,942	Deferred. Initial condition testing and investigation prior to renewing.
Ohai/Nightcaps/Wairio WS - Reticulation renewal Programme - 25770.A (old pl136A)	$5,294	In Progress. Condition sampling underway
Ohai/Nightcaps/Wairio WS - Treatment upgrades - Renew SWBD/SCADA - 25767.A - pl142	***$40,250***	***Complete. Contract for construction of water treatment plant awarded. Switchboard installed and operational.***
Te Anau Rural Water Supply - Storage improvements at RES - 26980.B (old pl62B)	$48,707	Deferred. Detailed condition assessment being carried out by Downer. Works to commence 2012/2013.
Te Anau Rural Water Supply (Duncraigen RWS) - 26968	***$19,500***	***Complete (actual cost $19,328).***
Te Anau Rural Water Supply (Homestead RWS) - 26972	***$19,500***	***Complete (actual cost $22,085).***
Te Anau Rural Water Supply (Takitimu RWS) - 26963	***$19,500***	***Complete (actual cost $19.817).***
Te Anau Rural Water Supply (Mount York RWS) - 26976	***$19,500***	***Complete (actual cost $31,458).***

Maintenance, Renewal and Replacement Projects		
Project Description	**Budget**	**Status**
Te Anau Rural Water Supply (Princhester) - Electrical upgrade (renew SWBD/SCADA - Intake and booster) - 26970.A - pl155	$92,000	Complete (actual cost $49,717).
Te Anau Rural Water Supply (Ramparts) - Electrical upgrade (renew SWBD/SCADA - Intake and booster) - 26977.A - pl159	$92,000	Complete (actual cost $70,297).
Te Anau Rural Water Supply - Kakapo - Electrical upgrade (renew SCADA - Intake) - 26973.A - pl19	$19,500	Complete (actual cost $11,434).
Wallace (Otautau) - Condition assessment - 28964.A (old pl146A)	$5,559	Complete (actual cost $5,550). Areas requiring sampling selected and samples taken.
Winton - Electrical upgrade - 29466.A (old pl233A)	$177,675	Deferred. To be combined with upgrade works commencing 2012/2013
Winton - Water tower maintenance project - PL230.A	$50,000	Deferred. Awaiting advice from Community Board relating to Telecom leasing of tower.

Asset Acquisition Projects - Caused by changes in demand		
Project Description	**Budget**	**Status**
Riverton - Scheme improvements (treatment plant, rising main, intake) - 26363.A (old pl164B)	$77,305	In Progress. Three projects combined to optimise upgrades. Work commencing 2012/2013.

Asset Acquisition Projects - Caused by changes in levels of service		
Project Description	**Budget**	**Status**
Lumsden - Public Health Risk Management Plan - 24367.A (old pl22A)	$1,059	In Progress. PHRMP Drafted - Due for submission to MOH then await response.
Lumsden/Balfour RWS - Public Health Risk Management Plan - 24569.B (old pl22B)	$3,177	In Progress. PHRMP Drafted - Due for submission to MOH then await response.
Manapouri - Equipment upgrade (install turbidity meter) - 24760.A -	$11,500	Deleted. Combined with another project (pl225.a)

Asset Acquisition Projects - Caused by changes in levels of service		
Project Description	**Budget**	**Status**
pl225		
Manapouri - Public Health Risk Management Plan - 24765.A - pl106	$10,300	In Progress. PHRMP drafted. Current upgrade works are completed.
Manapouri - Construct hydraulic model - 24763.A (old pl14A)	$10,588	Deferred. Held over until 13/14 due to resourcing constraints.
Mossburn - Public Health Risk Management Plan - 25160.A - pl116	$10,000	In Progress. PHRMP drafted; due for submission to MOH then await response.
Ohai/Nightcaps/Wairio WS - Treatment upgrades phase 2 - 25765.A (old pl128B)	$819,000	In Progress. New building completed. Package treatment plant on-site and being installed. New water treatment plant has been commissioned.
Ohai/Nightcaps/Wairio WS - Resource Consent Project (variation to water permit) - 25766.A (old pl129A)	$20,500	In Progress. Application has been sent out to key stakeholders, prior to lodging with Environment Southland.
Ohai/Nightcaps/Wairio WS - Intake upgrade - 25768.A (old pl143A)	$301,450	Deferred. Investigating prior to design commitment.
Riverton - Treatment upgrade (DWAP app for Phase 2) - 26361.A (old pl108A)	$10,187	In Progress. Three projects combined to optimise upgrades. Work commencing 2012/2013.
Riverton - Scheme improvements (treatment plant, rising main, intake) - 26362.A (old pl164A)	$1,144,923	In Progress. Three projects combined to optimise upgrades. Work commencing 2012/2013.
Te Anau - Public Health Risk Management Plan + DWAP - 26860.A - pl24	$5,000	In Progress. PHRMP drafted; due for submission to MOH then await response.
Te Anau - Te Anau Water Strategy - 26860.B - pl24	$10,000	In Progress. Downer investigating.
Te Anau - Equipment upgrade (install venturi tubes on chlorine dosing line on each pumping line) - 26860.A - pl29	$11,500	Complete (actual cost $5,437).
Tuatapere - Rising main project - PL238.A	$10,000	Complete (actual cost $9,550). First stage complete

Asset Acquisition Projects - Caused by changes in levels of service		
Project Description	**Budget**	**Status**
Wallace (Otautau) - Treatment upgrade-design - 28965.A (old pl27E)	$50,000	Deferred. Deferred to 2012/2013. Work has commenced on design.
Winton - Intake Upgrades - Well-head security (pending PHRMP) - 29461.A (old pl208A)	***$236,900***	***In Progress. 95% complete.***
Winton - Public Health Risk Management Plan - 29462.A (old pl217A)	***$12,000***	***In Progress.- To be drafted.***
Winton - Winton Water Strategy - 29463.B (old pl217B)	***$10,000***	***Deferred.***

Variations from the Budget

Changes to the timing of projects generally from 2011/2012 to 2012/2013 as outlined above, has resulted in a decrease in capital costs, loans raised associated with capital and revenue from additional funding sources such as Council (contributions) and the Ministry of Health. Operational costs were ahead of budget predominantly due to saving in electricity, repairs and maintenance. The transition to district funding has resulted in the reserve transfers and internal loan movements being greater than originally budgeted.

What did it cost?

Actual 2010/2011	Water Supply	Actual 2011/2012	Annual Plan 2011/2012
	REVENUE AND EXPENSE		
	Operating Revenue		
2,510,859	Rates	2,616,510	2,612,963
217,669	Activity Revenue	239,030	171,498
-	Development & Financial Cont	20,437	77,305
(20)	Interest & Dividends	-	-
531,718	Grants and Donations	964,523	1,563,025
3,260,226	**Total Operating Revenue**	3,840,500	4,424,791
836,627	Depreciation	1,094,445	1,151,155
2,109,861	Other Operating Costs	1,978,685	2,294,746
2,946,488	**Less Total Operating Expenditure**	3,073,130	3,445,901
313,738	**Operating Surplus/(Deficit)**	767,369	978,890
313,738	Operating Surplus/Deficit transferred to/(funded from) Reserves	767,369	978,890
	CAPITAL AND RESERVES		
5,862	Acquisition-Demand	5,000	77,305
1,550,696	Acquisition-Level of Service	1,209,417	2,429,184
1,472	Vested Assets	-	90,628
243,760	Renewals	393,025	990,817
1,801,790	**Total Capital Expenditure**	1,607,442	3,587,934
110,504	Loans Repaid	3,177,355	151,148
2,184,895	Transfers to Reserves	4,935,150	273,043
2,295,399	**Total Capital Movements**	8,112,504	424,191
4,097,189	**Total Funding Required**	9,719,947	4,012,125
	Funded By		
1,652,898	Loans Raised	1,806,290	915,818
836,627	Non Cash Expenditure	1,094,445	1,151,155
1,293,927	Transfers from Reserves	6,051,842	966,262
313,738	Operating Surplus	767,369	978,890
4,097,189	**Total Funding Applied**	9,719,947	4,012,125

Work Schemes

Aim: Co-ordinate community based projects which provide opportunities for individuals to fulfil community service commitments or gain work experience.

What we do

The Council is involved in government funded work schemes, which involves providing community work and community service clients with the opportunity to work on various projects throughout the Southland community. The scheme provides work experience placement for community work clients (from Work and Income New Zealand) to improve their employment skills. In addition, the scheme provides community service clients with a way of completing their Court directed community services sentences. The scheme also makes it possible for small communities to undertake projects where they otherwise would not be able to due to costs or lack of resources.

Why we do it

This activity contributes to making Southland a great place to live through the completion of community projects such as weed control and township maintenance. Work schemes also contribute to a diverse economy (through developing people"s skills and lowering unemployment), healthy people (through increased self-esteem of participants) and safe places (by providing accountability for crimes).

How well we did

The performance of the Council for this activity is assessed against a number of key performance indicators set out in the Council"s plan for the year as well as the activity"s financial results compared to the budget. Overall, the majority of targets were met with clients being highly satisfied with the work completed for them, all community work participants increasing their skill base, and those with a community service sentence entering the scheme on to their preferred start date. Although not all clients said that the work undertaken for them was community based (some work was undertaken for Council offices) the amount of time spent on these tasks was minimal and the number of respondents to the survey was small. Although not shown below, clients surveyed also agreed that the costs were fair and reasonable and some commented that if the work scheme was not available a lot of repairs and maintenance would not be carried out due to community funds. This activity has had a positive impact on environmental, cultural, social and economic wellbeing by increasing skills of participants and creating pride in townships where beautification or maintenance work has been done. There were no projects planned for Work Schemes in 2011/2012.

Primary outcome:	**Southland is a great place to live (1)** **Safe places in a caring society that is free from crime (3)** **A well-educated and skilled community continually seeking further opportunities to learn (7)**		
Intermediate outcome:	We have a choice of quality places to go and things to do (1.2) We apprehend and hold law breakers appropriately accountable (3.4) We have accessible learning opportunities (7.1)		
What Council will provide	**How Council will measure the service provided**		**How Council performed**
Level of Service	**Key Performance Indicator**	**Target**	
Access Provide a workforce to carry out a range of community projects.	Percentage of clients who indicate the work undertaken is largely community based (not-for-profit) (Survey - User).	80%	Not Achieved - 50%. A number of projects undertaken were not community based.
Access The scheme provides opportunities for community service sentences to be served.	Percentage of community service clients who gain entry to the work scheme within 10 working days of their preferred start date (Quarterly Report).	95%	Achieved -100%.
Quality Provide opportunities for individuals to develop their skills.	Percentage of community work participants who increase their skill base (Participant assessment).	100%	Achieved - 100%. The one community work participant who had left the scheme increased their skill base.
Quality Work completed through the Work Scheme is 'fit-for-purpose'.	Percentage of clients satisfied that the work is completed according to the specifications (Survey - User).	90%	Not Achieved - 75%. Some clients rated in the neutral category.

Project Report

There were no projects planned for Work Schemes in 2011/2012.

Variations from the Budget

Activity revenue was under budget due to the reorganisation of the scheme, additionally vehicle renewals were abandoned. Operating expenditure was behind budget due to internal revenue from council activities being lower than expected. There were no significant assets acquired during 2011/2012. Reserve movements are associated with the transition away from rates smoothing causing the variance to budget.

What did it cost?

Actual 2010/2011	Work Schemes	Actual 2011/2012	Annual Plan 2011/2012
	REVENUE AND EXPENSE		
	Operating Revenue		
35,659	Rates	40,202	40,189
40,326	Activity Revenue	33,260	77,163
75,985	**Total Operating Revenue**	73,462	117,352
22,255	Depreciation	18,412	21,939
36,864	Other Operating Costs	49,625	43,854
59,119	**Less Total Operating Expenditure**	68,037	65,793
16,866	**Operating Surplus/(Deficit)**	5,425	51,559
16,866	Operating Surplus/Deficit transferred to/(funded from) Reserves	5,425	51,559
	CAPITAL AND RESERVES		
1,561	Acquisition-Level of Service	3,562	-
-	Renewals	-	112,671
1,561	**Total Capital Expenditure**	3,562	112,671
22,935	Transfers to Reserves	129,843	52,012
22,935	**Total Capital Movements**	129,843	52,012
24,496	**Total Funding Required**	133,405	164,683
	Funded By		
846	Non Cash Expenditure	10,845	453
6,784	Transfers from Reserves	117,134	112,671
16,866	Operating Surplus	5,425	51,559
24,496	**Total Funding Applied**	133,405	164,683

Other Local Services

Aim: Provide water structures which enable recreational and commercial use. Provide facilities that support Council's activities.

What we do

„Other Local Services" covers Council buildings and property, Riverton Harbour, Stewart Island jetties and other water structures and engineering advice provided to community groups. Buildings include depots, offices, libraries and other miscellaneous buildings. Riverton Harbour and water structures cover the provision of boat ramps, jetties, associated marine walls and navigation aids. The provision and maintenance of the assets and operation of the Riverton Harbour is carried out by the Riverton Harbour Committee. The activity also includes contributions to assist with the operation of swimming pools not owned by Council.

Why we do it

This activity contributes to a diverse economy by having infrastructure (boat ramps, jetties, wharves and navigation aids) which enable recreational and commercial access to waterways as well as buildings needed to deliver activities and services (such as libraries and service centres). The activity also contributes to a treasured environment (by having stopbanks and marine walls which protect the environment from flooding) as well as contributing to safe places (by having aids which improve navigation safety).

How well we did

The performance of the Council for this activity is assessed against a number of key performance indicators and projects set out in the Council"s plan for the year as well as the activity"s financial results compared to the budget.

Council provided facilities continue to meet the required standards in almost all cases and when there have been issues these have been quickly addressed and remedied. Ensuring regular inspections and high levels of maintenance ensures the integrity of buildings and facilities is maintained and therefore safe to use. There were no projects planned for Other Local Services in 2011/2012. The activity has had a positive effect on the economic, environmental, and social wellbeing of the community.

Primary outcome: **A diverse economy built from our strengths for growth and prosperity (2)** Intermediate Outcome: We have a quality infrastructure with potential for growth (2.1)			
What Council will provide	**How Council will measure the service provided**		**How Council performed**
Level of Service	**Key Performance Indicator**	**Target**	
Safety Buildings are safe to use.	Percentage of buildings that comply with warrant of fitness checks (Audit).	90%	Achieved - 96%
Access and Safety Harbour facilities and jetties are accessible and safe to use.	Number of access or safety issues reported (Reports).	0	Achieved. No issues reported.

Project Report

There were no projects planned for Other Local Services in 2011/2012.

Variations from the Budget

Activity Revenue is ahead of budget predominantly due to the sale of Council owned properties in Winton and Garston. Grants and donations income is above budget as a result of the inclusion of income received from the government for the Stewart Island Heritage Centre which was not budgeted. Operating costs were under budget predominantly due to under spends in repairs in maintenance. Level of service capital expenditure was predominantly in relation to the Stewart Island Heritage Centre and the unbudgeted upgrade of the Winton Medical Centre car park. Renewal capital expenditure was in relation to unbudgeted costs associated with the upgrade of Ulva Island and Fred"s Camp wharves. Reserve movements are associated with the transition away from rates smoothing causing the variance to budget.

What did it cost?

Actual 2010/2011	Other Local Services	Actual 2011/2012	Annual Plan 2011/2012
	REVENUE AND EXPENSE		
	Operating Revenue		
95,616	Rates	95,251	95,346
429,150	Activity Revenue	503,139	345,268
111,575	Grants and Donations	271,757	103,002
636,340	**Total Operating Revenue**	870,147	543,615
261,359	Depreciation	277,994	214,123
366,945	Other Operating Costs	347,401	571,796
628,303	**Less Total Operating Expenditure**	625,394	785,919
8,037	**Operating Surplus/(Deficit)**	244,752	(242,304)
8,037	Operating Surplus/Deficit transferred to/(funded from) Reserves	244,752	(242,304)
	CAPITAL AND RESERVES		
111,394	Acquisition-Level of Service	288,175	20,037
40,902	Renewals	97,290	-
152,296	**Total Capital Expenditure**	385,465	20,037
-	Loans Repaid	3,994	4,110
361,525	Transfers to Reserves	493,797	186,315
361,525	**Total Capital Movements**	497,791	190,425
-	Operating Deficit	-	242,304
513,822	**Total Funding Required**	883,256	452,766
	Funded By		
53,452	Loans Raised	-	-
243,313	Non Cash Expenditure	278,511	195,910
209,020	Transfers from Reserves	359,993	256,856
8,037	Operating Surplus	244,752	-
513,822	**Total Funding Applied**	883,256	452,766

Council Controlled Organisations

A Council controlled organisation (CCO) is a company or organisation in which a Council or Councils control directly or indirectly 50% or more of the voting rights or can appoint 50% or more of the trustees, directors or managers. Council is involved with the Milford Community Trust and Southland Flood Relief Fund which in 2011/2012 were considered to be CCOs under the definition of the Local Government Act 2002.

A report on the implementation of significant policies and objectives in regard to the ownership of these organisations, the activities they undertook and their performance in relation to key service performance targets and measures is outlined below. Note that the Southland Flood Relief Fund is exempt from the planning and reporting requirements of the Local Government Act 2002 as it is not involved in any trading activities and is essentially a term investment.

Milford Community Trust

Background

The Milford Community Trust was established in 2007 to provide leadership and governance, and supply infrastructure services for the Milford community. The Trust allows local people to determine their priorities and provides appropriate consultation and open public meetings, similar to one of the Council"s community boards.

Ownership and control of the organisation

The Milford Community Trust was established following a process of consultation with residents, agencies and businesses with interests in Milford in accordance with the special consultation process set out in the Local Government Act 2002. In terms of the Local Government Act, the Trust is defined as a Council Controlled Organisation reporting to the Southland District Council. The Trust was incorporated under the Charitable Trusts Act 1957 on 18 May 2007. The Charities Commission has approved the Trust as being exempt for tax purposes. The Trust is governed by a board of seven Trustees. Current representatives from stakeholder groups are shown in the table opposite:

Designation	Name	Term Expires
Independent Chair	Michael Schuck	30 May 2014
Te Anau Ward Councillor	Diane Ridley	30 Oct 2013
Milford Community Association elected representative	Lou Huia	30 June 2013
Milford Community appointee	Natalie Shanks	30 June 2015
Milford Community appointee	Rob Burnell	30 June 2015
Milford Community appointee	Vacant	
Milford Community appointee	Vacant	

Significant policies

The Trust has developed a Communications Policy of its own in relation to its activities. It is expected that a full set of all relevant policies will be developed within the period covered by this statement. The Council itself does not have any significant policies in relation to the ownership and control of the organisation except for the Trust Deed which sets out the way in which business of the Trust is to be conducted.

Nature and scope of activities

Progress against planned activities set out in the Statement of Intent for 2011/2012 is as follows:

Activity Description	Status
Prepare set of values, significant policy statements and Code of Ethics.	Achieved. A number of policy statements have been produced and will continue to be monitored. The Trust did not consider any policy statements in 2011/2012. A set of values has been produced which includes the objective to present the interests of the Milford community to ensure that the natural environments and outstanding values of Milford Sound are safeguarded and protected for all residents and visitors to the area. Code of Ethics are outlined in the SOI and the Annual Report.
Complete a co-ordinated emergency response plan for fire, medical, civil defence and other events.	Achieved. Coordinated response team operational and under continuing training.

Activity Description	Status
Facilitate the purchase of emergency response equipment (including 4WD vehicle and garage to house vehicle).	Not Achieved. Assets included in 2011-2012 budget and Statement of Intent. Fire Appliance funding application to NRFA successful (66% of cost). Project working group established to progress building proposal. Agreement signed with builder for building construction and MCT for funding and ownership. New 4WD fire appliance delivered early June 2012. Building construction delayed due to funding application requirements and builder commitments, now scheduled later in 2012. Department of Conservation concession granted. Applications to Central Lakes Trust and Otago Community Trust for funding lodged but unlikely to hear results of applications until late October 2012. If positive construction could commence late November/December 2012.
Facilitate village improvements in conjunction with flood protection works on the Cleddau River Delta area.	Not Achieved. Trustees have decided that village improvements will be looked at when river protection works are complete.
Facilitate improvements in the public facilities at Deepwater Basin through the Concept Plan for this area.	Not Achieved. Trust Working Party currently working on this project in liaison with DOC; preliminary plan presented to June Trust meeting; further investigations being pursued.
Advocate for public toilets and shelter at the airport and completion of the walking track to the Lodge.	Not Achieved. Concept Plan prepared; project is still a work in progress.

Performance

Primary outcome: **A treasured environment which we care for and which supports us now and into the future (6)**			
What MCT provides	**How MCT will measure the service provided**		**How MCT performed**
Level of Service	**Key Performance Indicator**	**Target**	**Performance**
Access Maintain a structure that facilitates local decision-making.	Hold public forums in Milford each year (agenda/minute records on file).[1]	1	Achieved. Public forum held 4 November - five in attendance.
Quality Keep the Milford community informed about Trust plans and outcomes.	Number of Community newsletters produced annually (Agenda/minute records on file).[2]	3	Not Achieved. Two newsletters were produced, one in October 2011 and a further newsletter January 2012. These were inserted in the Fiordland Advocate and also onto the SDC website. There was insufficient news to justify an insert for a third edition in the financial year.
Leadership Provide leadership and advocacy on major issues.	Number of Milford Community Trust meetings held annually (Agenda/minute records on file).	4	Achieved. Four meetings held during the year.
Responsiveness Response to issues raised by the community.	Percentage of issues raised at Milford Community Association meetings responded to prior to next meeting (action sheets).	85%	Achieved 100%. Issues raised by the community for 2011/2012 year were dealt with through the Trust's internal Action Sheet

1. Public forums will be held annually in April to consult over the Statement of Intent and November for planning processes.
2. Community newsletters to be released in February, June and October annually.

Southland Flood Relief Fund

The Southland Flood Relief Fund is a fund that holds money left over from the donations and grants received to provide financial relief for the people of Southland who suffered financial hardship due to loss or damage as a result of the extensive and severe flooding that occurred in the Southland province in January 1984. At the time of the 1984 flood the government of the day enabled the establishment of the Southland Flood Relief Committee and granted it power to establish a Flood Relief Fund. The original Committee comprised the Mayor of the City of Invercargill, the Chairman of the Southland County, and the Chairman of the Wallace County. The Southland Flood Relief Fund"s powers were subsequently widened in scope by the Southland Flood Relief Committee Empowering Act 1992 (the Act) which effectively discharged the Southland Flood Relief Committee from the administration of the fund and appointed Trustees to administer the unexpended balance of the fund.

The Trustees of the Southland Flood Relief Fund are the Mayors of the Southland District, Invercargill City and Gore District Councils. The Trustees are required to administer the fund in their absolute discretion to meet any unpaid claims on the Fund made by persons suffering financial hardship due to loss or damage from recurrences of flooding in any area or areas of Southland, and by persons suffering financial hardship due to loss or damage from flooding, storm, or other natural disaster, but excluding subsidence, in any area of New Zealand.

Until recently, the fund has been treated as a Council Controlled Organisation (CCO). As the fund is not involved in trading activities and is essentially a term investment (with legislative control over the use of funds), in January 2009 the Council resolved to exempt the Fund from the planning and reporting requirements of the Local Government Act 2002.

The Act that governs the fund expired on 23 March 2012. The legislation provided that if there were any unapplied money remaining in the fund at the time of expiry, the Trustees were to wind up the fund and apply the unexpended balance towards such charitable purpose or purposes in Southland as the Trustees saw it in their absolute discretion. Pursuant to section 8 of the Southland Flood Relief Committee Empowering Act 1992 the Trustees of the Southland Flood Relief Fund subsequently resolved that the unexpired balance of the fund shall be held by them in their capacities as Mayors of ICC, GDC and SDC as a joint mayoral fund and shall be applied towards any charitable purpose in Southland as they in their discretion see fit.

As of June 2012, the balance of the term investment of the fund was $156,363 (excluding accrued interest).

Financial Information

This section presents the financial statements for the 2011/2012 year, comparing actuals to budget. These include statements of comprehensive income, changes in equity, financial position and cashflows. Following the statements are notes explaining these in more detail. The section also includes the Accounting Policies used to prepare the financial information.

Statement of Accounting Policies For the Year Ended 30 June 2012

Reporting Entity

The Southland District Council (referred to as "SDC" or "Council") is a territorial local authority governed by the Local Government Act 2002. The primary objective of the Council is to provide goods or services for the community or social benefit rather than making a financial profit. Accordingly, Southland District Council has designated itself as a public benefit entity for the purposes of New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

The financial statements represent the results of the Council"s 27 significant activities (detailed on pages 27 to 132) including the Stewart Island Electrical Supply Authority (SIESA) and Venture Southland. SIESA is a business unit of the Council, which generates and reticulates electricity to the majority of Stewart Island residents and industry. Venture Southland is a joint venture with Invercargill City Council and Gore District Council, for the development and promotion of Southland in terms of enterprise, tourism and the people of the province.

The financial statements of the Southland District Council are for the year ended 30 June 2012. The financial statements were authorised for issue by Council on 31 October 2012.

Basis of Preparation

The financial statements have been prepared in accordance with the requirements of the Local Government Act 2002: Part 6, Section 98 and Part 3 of Schedule 10, which includes the requirement to comply with New Zealand Generally Accepted Accounting Practice (NZ GAAP).

These financial statements have been prepared in accordance with NZ GAAP. They also comply with NZ IFRS, and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Measurement Base

The financial statements have been prepared on a historical cost basis, modified by the revaluation of heritage assets, certain infrastructural assets, and biological assets.

Functional and Presentation Currency

The financial statements are presented in New Zealand dollars (the functional currency of the Southland District Council) and all values are rounded to the nearest dollar.

Changes in Accounting Policies

There have been no changes to the accounting policies during the year.

Council has adopted the following revisions to accounting standards during the financial year, which have had only a presentational or disclosure effect:

- Amendments to NZ IAS 1 Presentation of Financial Statements. The amendments introduce a requirement to present, either in the statement of changes in equity or the notes, for each component of equity, an analysis of other comprehensive income by item. The Council has decided to present this analysis in Note 8.

- FRS-44 New Zealand Additional Disclosures and Amendments to NZ IFRS to harmonise with IFRS and Australian Accounting Standards (Harmonisation Amendments) - The purpose of the new standard and amendments is to harmonise Australian and New Zealand accounting standards with source IFRS and to eliminate many of the differences between the accounting standards in each jurisdiction. The main effect of the amendments on the Council is that certain information about property valuations is no longer required to be disclosed. Note 14 has been updated for these changes.

- Amendments to NZ IFRS 7 *Financial Instruments: Disclosures* - The amendment reduces the disclosure requirements relating to credit risk. Note 25 has been updated for the amendments.

Standards, amendments, and interpretations issued that are not yet effective and have not been early adopted

Standards, amendments, and interpretations issued but not yet effective that have not been early adopted, and which are relevant to Council, are:

- NZ IFRS 9 *Financial Instruments* will eventually replace NZ IAS 39 *Financial Instruments: Recognition and Measurement*. NZ IAS 39 is being replaced through the following three main phases: Phase 1 Classification and Measurement, Phase 2 Impairment Methodology, and Phase 3 Hedge Accounting. Phase 1 on the classification and measurement of financial assets has been completed and has been published in the new financial instrument standard NZ IFRS 9. NZ IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in NZ IAS 39. The approach in NZ IFRS 9 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The financial liability requirements are the same as those of NZ IAS 39, except for when an entity elects to designate a financial liability at fair value through the surplus/deficit. The new standard is required to be adopted for the year ended 30 June 2016. However, as a new Accounting Standards Framework will apply before this date, there is no certainty when an equivalent standard to NZ IFRS 9 will be applied by public entities.

The Minister of Commerce has approved a new Accounting Standards Framework (incorporating a Tier Strategy) developed by the External Reporting Board (XRB). Under this Accounting Standards Framework, the Council is classified as a Tier 1 reporting entity and it will be required to apply full Public Benefit Entity Accounting Standards (PAS).
These standards are being developed by the XRB based on current International Public Sector Accounting Standards. The effective date for the new standards for public sector entities is expected to be for reporting periods beginning on or after 1 July 2014. This means the Council expects to transition to the new standards in preparing its 30 June 2015 financial statements. As the PAS are still under development, the Council is unable to assess the implications of the new Accounting Standards Framework at this time.

Due to the change in the Accounting Standards Framework for public benefit entities, it is expected that all new NZ IFRS and amendments to existing NZ IFRS will not be applicable to public benefit entities. Therefore, the XRB has effectively frozen the financial reporting requirements for public benefit entities up until the new Accounting Standard Framework is effective. Accordingly, no disclosure has been made about new or amended NZ IFRS that exclude public benefit entities from their scope.

Basis of Consolidation

The purchase method is used to prepare the consolidated financial statements, which involves adding together like items of assets, liabilities, equity, income and expenses on a line-by-line basis. All significant intragroup balances, transactions, income and expenses are eliminated on consolidation.

Associates

Southland District Council accounts for investments in associates in the consolidated financial statements using the equity method. An associate is an entity over which the Council has significant influence and that is neither a subsidiary nor an interest in a joint venture. The investment in an associate is initially recognised at cost and the carrying amount is increased or decreased to recognise Council"s share of the surplus or deficit of the associate after the date of acquisition. SDC„s share of the surplus or deficit of the associate is recognised in SDC„s statement of comprehensive income.

Distributions received from an associate reduce the carrying amount of the investment. If SDC„s share of deficits of an associate equals or exceeds its interest in the associate, SDC discontinues recognising its share of further deficits. After SDC„s interest is reduced to zero, additional deficits are provided for, and a liability is recognised, only to the extent that SDC has incurred legal or constructive obligations or made payments on behalf of the associate.
If the associate subsequently reports surpluses, SDC will resume recognising its share of those surpluses only after its share of the surpluses equals the share of deficits not recognised.

SDC„s share in the associate"s surplus or deficits resulting from unrealised gains on transactions between the SDC and its associates is eliminated.

SDC"s investments in associates are carried at cost in the "parent entity" financial statements. Venture Southland has one associate, Crops for Southland, which has a balance date of 30 June. The audited financial statements of Crops for Southland have been used in preparing Venture Southland"s consolidated financial statements.

Joint ventures

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. For jointly controlled operations the Southland District Council recognises in its financial statements the assets it controls, the liabilities and expenses it incurs, and the share of income that it earns from the joint venture.

Council has a 42% interest in Venture Southland joint venture. The audited financial statements of Venture Southland as of 30 June have been accounted for in the Council"s financial statements using the proportionate method of consolidation.

Specific Accounting Policies

(a) Revenue

Rates are set annually by a resolution from Council and relate to a financial year. All ratepayers are invoiced within the financial year to which the rates have been set. Rates revenue is recognised when payable.

Revenue from the rendering of services is recognised by reference to the stage of completion of the transaction at balance date, based on the actual service provided as a percentage of the total services to be provided.
Interest is recognised using the effective interest method.

Subsidies from New Zealand Transport Agency and grants from other Government agencies are recognised as revenue upon entitlement, which is when conditions pertaining to eligible expenditure have been fulfilled.

Other grants and bequests, and assets vested in the Council - with or without conditions - are recognised as revenue when control over the assets is obtained.

Development and Financial Contributions are recognised at the later of the point when the Council is ready to provide the service for which the contribution was levied, or the event that will give rise to a requirement for a development or financial contribution under the legislation.

Dividends are recognised when the right to receive payment has been established.

(b) Borrowing Costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

(c) Grant Expenditure

Non-discretionary grants are those grants 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 SDC"s decision.

(d) Leases

- *Finance Leases*

  Finance leases effectively transfer to the lessee substantially all the risks and benefits incident to the ownership of the leased item, whether or not title is eventually transferred**.** At the commencement of the lease term, the Council recognises finance leases as assets and liabilities in the statement of financial position at the lower of the fair value of the leased item or the present value of the minimum lease payments.

  The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether SDC will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

- *Operating Leases*

  An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

(e) Equity

Equity is the community"s interest in the Council as measured by total assets less total liabilities. Equity is disaggregated and classified into a number of reserves to enable clearer identification of the specified uses that the Council makes of its accumulated surpluses. The components of equity are:

- Retained earnings
- Council created reserves (general reserve, separate account balances and rates appropriation balance)
- Special reserves (managed by allocation committees)
- Asset revaluation reserves

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

Council created reserves may be altered without reference to any third party or the courts. Transfers to and from these reserves are at the discretion of the Council.

Special reserves are subject to specific conditions accepted as binding by the Council, which may not be revised by the Council without reference to the courts or third party. Transfers from these reserves may be made only for specified purposes or when certain conditions are met.

(f) Cash and Cash Equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

(g) Trade and Other Receivables

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

Loans, including loans to community organisations made by SDC at nil, or below-market interest rates are initially recognised at the present value of their expected future cash flows, 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 statement of comprehensive income as a grant.

A provision for impairment of receivables 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 receivables. The amount of the provision is the difference between the asset"s carrying amount and the present value of estimated future cash flows, discounted using the effective interest method.

(h) Inventories

Inventories (such as spare parts and other items) held for distribution or consumption in the provision of services that are not supplied on a commercial basis are measured at the lower of cost and current replacement cost.

The write down from cost to current replacement cost is recognised in the statement of comprehensive income.

(i) Financial Assets

SDC classifies its financial assets into the following four categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and financial assets at fair value through equity. The classification depends on the purpose for which the investments were acquired.

Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Financial assets are initially measured at fair value plus transaction costs unless they are carried at fair value through profit or loss in which case the transaction costs are recognised in the statement of comprehensive income. Purchases and sales of investments are recognised on trade-date, the date on which SDC commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Council has transferred substantially all the risks and rewards of ownership.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. SDC uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The four categories of financial assets are:

- Financial assets at fair value through profit or loss

  This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

After initial recognition they are measured at their fair values. Gains or losses on re-measurement are recognised in the statement of comprehensive income.

- Loans and receivables

  These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

  After initial recognition they are measured at amortised cost using the effective interest method. Gains and losses when the asset is impaired or derecognised are recognised in the statement of comprehensive income. Loans and receivables are classified as "trade and other receivables" in the statement of financial position.

- Held to maturity investments

  Held to maturity investments are assets with fixed or determinable payments and fixed maturities that SDC has the positive intention and ability to hold to maturity.

  After initial recognition they are measured at amortised cost using the effective interest method. Gains and losses when the asset is impaired or derecognised are recognised in the statement of comprehensive income.

- Financial assets at fair value through equity

  Financial assets at fair value through equity are those that are designated as fair value through equity or are not classified in any of the other categories above.

  This category encompasses:
  - Investments that SDC intends to hold long-term but which may be realised before maturity; and
  - Shareholdings that SDC holds for strategic purposes. SDC"s investments in its associate companies are not included in this category as they are held at cost (as allowed by NZ IAS 27 Consolidated and Separate Financial Statements and NZ IAS 28 Investments in Associates) whereas this category is to be measured at fair value.

  After initial recognition these investments are measured at their fair value, unless fair value cannot be reliably measured, in which case, the investments are measured at historical cost.

  Gains and losses are recognised directly in equity except for impairment losses, which are recognised in the statement of comprehensive income. In the event of impairment, any cumulative losses previously recognised in equity will be removed from equity and recognised in the statement of comprehensive income even though the asset has not been derecognised.

  On de-recognition the cumulative gain or loss previously recognised in equity is recognised in the statement of comprehensive income.

  Council"s investments in this category include: Civic Assurance (formerly the New Zealand Local Government Insurance Corporation Limited) and Milford Sound Development Authority.

(j) Impairment of Financial Assets

At each balance sheet date SDC assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. Any impairment losses are recognised in the statement of comprehensive income.

(k) Non-current Assets Held For Sale

Non-current assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction, not through continuing use.
Non-current assets held for sale are measured at the lower of their carrying amount and fair value less disposal costs.

Any impairment losses for write-downs of non-current assets held for sale are recognised in the statement of comprehensive income.

Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

(l) Goods and Services Tax (GST)

The financial statements have been prepared exclusive of GST with the exception of receivables and payables, which are stated inclusive of GST. When GST is not recoverable as an input tax then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (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 the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

(m) Property, Plant and Equipment

Property, plant and equipment consist of:

- *Infrastructure Assets*

  Infrastructure assets are those systems taken as a whole that are intended to be maintained indefinitely.
  These assets include the Council"s roading and bridge networks and the fixed utility systems owned by the Council.

  Each asset type includes all items that are required for the network to function. For example, sewerage reticulation includes reticulation piping and sewer pump stations.

- *Operational Assets*

  These include land, buildings, improvements, library books, plant and equipment, and motor vehicles.

- *Restricted Assets*

  Restricted assets are parks and reserves owned by the Council, which cannot be disposed of because of legal or other restrictions and provide a benefit or service to the community.

Property, plant and equipment is shown at cost or valuation, less accumulated depreciation and impairment losses.

Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to SDC and the cost of the item can be measured reliably.

In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the statement of comprehensive income. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to retained earnings.

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to SDC and the cost of the item can be measured reliably.

Depreciation

Depreciation is provided on a straight line basis on all property, plant and equipment except land and heritage assets, at rates which will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Estimated Economic Life, Depreciation, Asset Category (years) Percent Method

Operational Assets

Improvements	10	10.00%	SL
Buildings	40	2.50%	SL
Light Vehicles	5-7	9.00%-20.00%	SL
Other Plant	7	6.67%-33.33%	SL
Furniture and Fittings	7	13.50%-18.00%	SL
Office Equipment	7	10.00%-13.50%	SL
Computer Equipment	6	10.00%-50.00%	SL
SCADA Equipment	6	18.00%	SL
Other Equipment	6-7	13.50%-18.00%	SL
Library Books	10	10.00%	SL

Infrastructural Assets

Electrical Generation Plant	10-100	1.00% -10.00%	SL or DV
Sealed Roads	2-80	1.25%-50.00%	SL
Unsealed Roads	4-5	20.00%-25.00%	SL
Bridges	40-120	0.83%-2.50%	SL
Footpaths	12-60	1.67%-8.33%	SL
Street Lighting	20-40	2.50%-5.00%	SL
Sewerage Schemes	5-100	2.06%-7.02%	SL
Stormwater Schemes	20-100	5.00%-20.00%	SL
Water Supply Schemes	5-100	1.00%-20.00%	SL
Marine Assets	5-50	2.00%-20.00%	SL
Transfer Stations	10	2.50%	SL
Landfill Sites	10-40	2.50%-10.00%	SL

SIESA assets have the following useful lives and associated depreciation rates of major classes of assets for accounting purposes.

Asset Category	Estimated Economic Life (years)	Depreciation Percent	Method
Plant	2-25	5.00% - 39.60%	SL or DV
Vehicles	5-8	12.00% - 21.60%	DV
Buildings	25-76	1.00% - 4.00%	SL or DV

The residual value and useful life of an asset is reviewed, and adjusted, if applicable, at each financial year-end.

Revaluations

Roads, water reticulation, sewerage reticulation and stormwater systems are revalued on an annual basis. Heritage assets are valued on a three yearly valuation cycle. All other asset classes are carried at depreciated historical cost. The carrying values of revalued items are reviewed each balance date to ensure that those values are not materially different to fair value. The valuation basis for the different asset categories are described in more detail below.

- *Land and Buildings*

  The deemed cost of land and buildings was established by registered valuers from Quotable Value in accordance with the requirements of the Institute of Chartered Accountants of New Zealand Standards, as at 30 June 1993. Purchases made since 30 June 1993 are recorded at cost.

  Endowment lands are vested in Council for specific purposes for the benefit of various communities. These vestings have been made under various pieces of legislation which restrict both the use of any revenue and any possible dispositions.

- *Infrastructural Assets*

  Appropriately qualified personnel from MWH New Zealand Limited have completed a revaluation of District roading, footpaths and bridge asset networks as at 30 June 2012. This revaluation established a depreciated replacement cost to component level for those infrastructural assets as at 30 June 2012.

  Appropriately qualified personnel from MWH New Zealand Limited have completed a revaluation as at 30 June 2012 of the water supply, sewerage scheme and stormwater assets. This revaluation established a depreciated replacement cost to component level for those infrastructural assets as at 30 June 2012.

  Revaluations of roading, water, sewerage and stormwater assets are carried out annually.

  All other infrastructural assets (electrical generation plant, street lighting and marine assets) are valued at their deemed cost, based on a revaluation of assets undertaken by appropriately qualified personnel from Royds Garden Limited in 1993.

- *Plant and Vehicles (including Electrical Generation Plant)*

  Items are shown at historical cost less provision for depreciation.

- *Library Books*

  Books have been valued by Southland District Council staff on a depreciated replacement cost basis, using New Zealand Library Association guidelines, as at 30 June 1993 representing deemed cost. Additions to library book stocks since 30 June 1993 are recorded at cost.

- *Heritage Assets*

  The only assets to be included under this category are art works owned by the Council, which have been valued by an independent valuer, Mr R Thomson of International Art Centre, Auckland, as at 30 June 2010 and recorded at fair value in accordance with NZ IAS 16.

  Other assets, which would normally be classified under heritage assets, for example war memorials, have been included under „Other Assets".

  Because of the nature of the item art works are revalued on a three to five yearly cycle and not depreciated.

- *Other Assets*

  Other assets are shown at historic cost or depreciated replacement cost, less a provision for depreciation. Additions and deletions to other assets since 30 June 1993 are recorded at cost.

- *Accounting for revaluations*

  SDC 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 for that class of asset. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed in the statement of comprehensive income.

Any subsequent increase on revaluation that off-sets a previous decrease in value recognised in the statement of comprehensive income will be recognised first in the statement of comprehensive income up to the amount previously expensed, and then credited to the revaluation reserve for that class of asset.

(n) Work in Progress

Assets under construction are not depreciated. The total cost of a project is transferred to the relevant asset class on its completion and then depreciated.

(o) Intangible Assets

Software acquisition and development

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs associated with maintaining computer software are recognised as an expense when incurred. Costs that are directly associated with the development of software for internal use by the Council are recognised as an intangible asset. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

	Estimated Economic, Life	Depreciation, Asset Category (years)	Percent	Method
Computer software	2.5 - 10 years	10.00% - 40.00%	SL	

Emissions Trading Scheme

Council has approximately 1,384 hectares of pre-1990 forest land. This land is subject to the provisions of the New Zealand emissions trading scheme („ETS"). The implication of this for the financial accounts is twofold:

1) Should the land be deforested (ie: the land is changed from forestry to some other purpose), a deforestation penalty will arise.
2) Given the deforestation restriction, compensation units are being provided from the Government.

The deforestation contingency is not recognised as a liability on the statement of financial position as there is no current intention of changing the land use subject to the ETS. However, the estimated liability that would arise should deforestation occur has been estimated in the notes to the accounts.

Compensation units received are recognised based on the market value at balance date (30 June). They are recognised as income in the financial statements. Any income from the receipt or sale of these units is not taxable.

(p) Forestry Assets

Forestry assets are revalued annually at fair value less estimated point of sale costs. Appropriately qualified personnel from Chandler Fraser Keating Limited have completed a revaluation of as at 30 June 2012. Fair value is determined based on the present value of expected net cash flows discounted at a current market determined pre-tax rate.

Gains or losses arising on initial recognition of biological assets at fair value less estimated point of sale costs and from a change in fair value less estimated point of sale costs are recognised in the statement of comprehensive income.

The costs to maintain the forestry assets are included in the statement of comprehensive income.

(q) Investment Property

Properties leased to third parties under operating leases are classified as investment property unless the property is held to meet service delivery objectives, rather than to earn rentals or for capital appreciation. Properties leased to third parties to meet service delivery objectives are classified as property, plant and equipment.

Investment property is measured initially at its cost, including transaction costs.

After initial recognition, Southland District Council measures all investment property at fair value as determined annually by an independent valuer.

Gains or losses arising from a change in the fair value of investment property are recognised in the statement of comprehensive income.

(r) Impairment of Non-Financial Assets

Non-financial assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset"s 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.

Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the assets 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.

The value in use for cash-generating assets is the present value of expected future cash flows.

If an asset"s carrying amount exceeds its recoverable amount the asset is impaired and the carrying amount is written down to the recoverable amount. For revalued assets the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the statement of comprehensive income.

For assets not carried at a revalued amount, the total impairment loss is recognised in the statement of comprehensive income.

The reversal of an impairment loss on a revalued asset is credited to the revaluation reserve. However, to the extent that an impairment loss for that class of asset was previously recognised in statement of comprehensive income, a reversal of the impairment loss is also recognised in the statement of comprehensive income.

For assets not carried at a revalued amount the reversal of an impairment loss is recognised in the statement of comprehensive income.

(s) Employee Benefits

Short-term benefits

Employee benefits that the Southland District Council expects to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, retiring and long service leave entitlements expected to be settled within 12 months.

Long-term benefits

- Long service leave and retirement leave

  Entitlements that are payable beyond 12 months, such as long service leave and retiring leave; have been calculated by in-house staff. The calculations are based on:

  - likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlements information; and
  - the present value of the estimated future cash flows. A discount rate of 7% and an inflation factor of 3% were used.

- Superannuation schemes

  Defined contribution schemes - Obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the statement of comprehensive income as incurred.

(t) Provisions

SDC recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditures will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The change in the provision due to the passage of time is recognised in the statement of comprehensive income.

Financial Guarantee Contracts

A financial guarantee contract is a contract that requires Southland District Council to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are initially recognised at fair value. If a financial guarantee contract was issued in a stand-alone arm's length transaction to an unrelated party, its fair value at inception is equal to the consideration received. When no consideration is received a provision is recognised based on the probability the Council will be required to reimburse a holder for a loss incurred discounted to present value. The portion of the guarantee that remains unrecognised, prior to discounting to fair value, is disclosed as a contingent liability.

Financial guarantees are subsequently measured at the initial recognition amount less any amortisation, however if SDC assesses that it is probable that expenditure will be required to settle a guarantee, then the provision for the guarantee is measured at the present value of the future expenditure.

Landfill Post-Closure Costs

The Council, as operator, has a legal obligation under its resource consent to provide ongoing maintenance and monitoring services at their landfill sites after closure. A provision for post-closure costs is recognised as a liability when the obligation for post-closure arises.

The provision is measured based on the present value of 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 landfill post closure.

Amounts provided for landfill post-closure are capitalised to the landfill asset where they give rise to future economic benefits to be obtained. Components of the capitalised landfill asset 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.

(u) Borrowings

Borrowings are initially recognised at their fair value. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

Repayments

Most borrowings are repaid on a table basis (ie each repayment instalment consists of a mixture of both principal and interest). The one exception are the roading business unit loans, which are interest payments only.

(v) Budget Figures

The budget figures are those approved by the Council at the beginning of the year after a period of consultation with the public as part of the Annual Plan process. The budget figures have been prepared in accordance with New Zealand Generally Accepted Accounting Practice and are consistent with the accounting policies adopted by the Council for the preparation of financial statements.

(w) Cost Allocation

SDC has derived the cost of service for each significant activity of Council using the cost allocation system outlined below.

Direct costs are those costs directly attributable to a significant activity. Indirect costs are those costs, which cannot be identified in an economically feasible manner, with a specific significant activity.

Direct costs are charged directly to significant activities. Indirect costs have been allocated to all significant activities in two ways. Where appropriate, indirect costs are directly apportioned to activities. The remaining indirect costs are allocated either on a gross cost or activity/usage basis.

(x) Critical Accounting Estimates and Assumptions

In preparing these financial statements Southland District 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 Council performing a combination of physical inspections and condition assessments of underground assets;

- estimating any obsolescence or surplus capacity of an asset; and

- estimates are made when determining 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 SDC could be over or under estimating the annual deprecation charge recognised as an expense in the statement of comprehensive income.

To minimise this risk SDC"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 SDC"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.

(y) Critical Judgements in Applying SDC"s Accounting Policies

Management has exercised the following critical judgements in applying the Council"s accounting policies for the period ended 30 June 2012:

Classification of property

Southland District Council owns a number of properties, which are maintained primarily to provide housing to pensioners. The receipt of rental income from these properties is incidental to holding these properties. These properties are held for service delivery objectives as part of the Council"s social housing policy. These properties are accounted for as property, plant and equipment.

(z) Statement of Cash Flows

Operating activities include cash and cash equivalents (as defined in (g) above) received from all the Council"s income sources 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 capital structure of the Council.

(aa) Cost of Services Statements

The cost of services statements, as provided in each of the statements of service performance, report the net cost of services for each of the Council"s significant activities, and are represented by the costs of providing the service less all revenue that can be allocated to these activities.

(ab) Rounding

Some rounding variances may occur in financial statements due to the use of decimal places in the underlying financial data.

Financial Statements

Statement of Comprehensive Income for the year ended 30 June 2012

Actual 2010/2011		Note	Actual 2011/2012	Budget 2011/2012
	Income			
34,561,580	Rates Revenue	1	37,034,844	36,927,810
8,177,379	Other Revenue	2	7,244,920	6,557,867
230,105	Interest and Dividends		210,255	113,465
12,813,959	NZ Transport Agency		16,143,561	15,995,821
710,438	Grants and Subsidies		1,312,759	530,393
(261,095)	Other Gains/(Losses)	3	(923,021)	(594,977)
3,246	Vested Assets		779,505	2,973,123
21,528	Development and Financial Contributions		336,313	150,273
530,246	MOH Subsidy for Sewerage/Water Schemes		686,357	1,472,397
165,170	Scheme Capital Recovery for Sewerage/Water Schemes		113,019	-
56,952,555			**62,938,512**	**64,126,172**
	Expenditure			
10,807,560	Employee Benefit Expenses		10,382,636	9,531,924
20,826,801	Depreciation and Amortisation		21,263,571	22,721,789
30,831	Finance Costs		94,401	541,871
26,986,709	Other Council Expenditure	4	29,606,480	30,659,195
58,651,901			**61,347,087**	**63,454,779**
(1,699,346)	**OPERATING SURPLUS/(DEFICIT)**		**1,591,424**	**671,393**
(323)	Share of Associate Surplus/(Deficit)	17	(255)	-
(1,699,669)	**SURPLUS/(DEFICIT) BEFORE TAX**		**1,591,169**	**671,393**
-	Income Tax Benefit	6	-	-
(1,699,669)	**SURPLUS/(DEFICIT) AFTER TAX**		**1,591,169**	**671,393**
241,339	Financial assets at fair value through other comprehensive income	8	3,573	-
34,905,319	Gain/(Loss) on Property, Plant and Equipment Revaluations	8	37,410,731	59,723,892
33,446,990	**TOTAL COMPREHENSIVE INCOME**		**39,005,473**	**60,395,285**

Statement of Changes in Equity for the year ended 30 June 2012

Actual 2010/2011		Note	Actual 2011/2012	Budget 2011/2012
1,296,660,497	**Balance at 1 July**		1,330,107,487	1,381,180,658
33,446,990	Total Comprehensive Income for the year		39,005,474	60,395,285
1,330,107,487	**Balance at 30 June**		**1,369,112,961**	**1,441,575,943**

Statement of Financial Position as at 30 June 2012

Actual 2010/2011		Note	Actual 2011/2012	Budget 2011/2012
	Equity			
720,311,338	Retained Earnings	**8**	718,429,047	734,365,463
588,755,975	Asset Revaluation Reserves	**8**	626,166,706	694,235,167
241,338	Fair Value Reserves	**8**	244,911	-
20,798,836	Other Reserves	**9**	24,272,297	12,975,313
1,330,107,487			**1,369,112,961**	**1,441,575,943**
	Current Assets			
1,346,508	Cash and Cash Equivalents	**10**	1,884,232	2,603,766
7,368,075	Trade and Other Receivables	**11**	7,912,782	7,389,888
125,027	Inventories	**12**	90,826	361,964
21,607	Work in Progress		610,397	20,268
997,053	Other Financial Assets	**13**	2,135,626	-
9,858,270			12,633,863	10,375,886
	Non-Current Assets			
1,320,859,196	Property, Plant and Equipment	**14**	1,359,413,900	1,445,111,813
735,753	Intangible Assets	**15**	440,581	378,921
8,776,890	Forestry Assets	**16**	7,588,890	11,072,590
5,529	Investments in Associates	**17**	5,274	5,852
1,005,671	Other Financial Assets	**13**	5,369	-
1,331,383,039			1,367,454,013	1,456,569,176
1,341,241,309	**TOTAL ASSETS**		**1,380,087,876**	**1,466,945,062**
	Current Liabilities			
5,673,190	Trade and Other Payables	**18**	6,318,013	5,834,777
999,386	Contract Retentions and Deposits		1,082,022	988,970
1,666,871	Employee Benefit Liabilities	**19**	1,031,379	1,653,637
2,153,170	Development & Financial Contributions	**20**	2,171,170	1,915,068
14,000	Provision for Decommissioning	**22**	14,000	14,000
226,072	Borrowings	**21**	166,777	-
10,732,689			10,783,361	10,406,452
	Non-Current Liabilities			
165,834	Employee Benefit Liabilities	**19**	124,602	276,417
74,561	Provision for Decommissioning	**22**	64,289	64,289
160,738	Borrowings	**21**	2,663	14,621,961
401,133			191,554	14,962,667
11,133,822	**TOTAL LIABILITIES**		**10,974,915**	**25,369,119**
1,330,107,487	**NET ASSETS**		**1,369,112,961**	**1,441,575,943**

Statement of Cashflows for the year ended 30 June 2012

Actual 2010/2011		Note	Actual 2011/2012	Budget 2011/2012
	Cash Flows from Operating Activities			
	Cash was Provided from:			
34,427,198	Receipts from Rates Revenue		37,044,859	36,928,664
13,254,582	Receipts from NZ Transport Agency Funding		14,124,569	15,995,821
225,782	Interest and Dividends		208,820	113,465
259,628	Contribution from Developers		354,315	150,273
8,604,646	Receipts from Other Revenue		10,672,569	8,570,169
-	Income Tax		-	-
9,092	GST (Net)		-	-
56,780,927			62,405,132	61,758,392
	Cash was Disbursed to:			
(37,990,103)	Payment to Suppliers & Employees		(39,727,553)	(39,808,161)
(30,830)	Interest Paid		(94,401)	(541,871)
-	GST (Net)		(343,301)	-
(38,020,933)			(40,165,255)	(40,350,032)
18,759,994	***Net Cash Inflow (Outflow) from Operating Activities***	**24**	**22,239,876**	**21,408,360**
	Cash Flows from Investing Activities			
	Cash was Provided from:			
264,794	Sale of Property, Plant and Equipment		440,550	97,263
-	Sale of Investments		-	-
264,794			440,550	97,263
	Cash was Disbursed to:			
(19,848,044)	Purchase of Property, Plant and Equipment		(21,724,929)	(29,415,150)
(13,933)	Purchase of Investments		(134,697)	-
(61,708)	Purchase of Intangible Assets		(63,085)	(83,783)
(19,923,685)			(21,922,711)	(29,498,933)
(19,658,891)	***Net Cash Inflow (Outflow) from Investing Activities***		**(21,482,161)**	**(29,401,670)**
	Cash Flows from Financing Activities			
	Cash was Provided from:			
-	Proceeds from Borrowings		-	8,824,260
21,338	Proceeds from Finance Lease Liabilities		8,012	-
21,338			8,012	8,824,260
	Cash was Disbursed to:			
-	Repayment of Borrowings		-	-
(266,349)	Repayment of Finance Lease Liabilities		(227,999)	-
(266,349)			(227,999)	-
(245,011)	***Net Cash Inflow (Outflow) from Financing Activities***		**(219,987)**	**8,824,260**
(1,143,908)	**Net Increase/(Decrease) in Cash and Cash Equivalents**		**537,728**	**830,950**
2,490,416	Cash and Cash Equivalents at the beginning of the year	**10**	1,346,508	1,772,816
1,346,508	**Cash and Cash Equivalents at the end of the year**	**10**	**1,884,236**	**2,603,766**

The accompanying notes form part of these financial statements

Notes to the Financial Statements for the year ended 30 June 2012

1. Rates Revenue

	2012	2011
General Rates	**28,654,812**	**27,748,734**
Targeted Rates attributable to activities		
Water	2,616,510	2,336,915
Sewerage	3,229,862	2,423,926
Refuse	2,092,092	1,672,878
Septic tank cleaning	1,364	1,381
Rates penalties	440,204	377,746
Total Revenue from Rates	**37,034,844**	**34,561,580**

Rates revenue is shown net of rates remissions. Southland District Council's rates remission policy, as set out in the Long Term Council Community Plan, allows the Southland District Council to consider the remission of rates in a number of circumstances. These include land which is voluntarily protected for Natural, Historical or Cultural Conservation purposes, properties that can be, but are not connected to water and sewerage schemes, Sports Associations who have liquor licences and licensed halls owned by General Clubs, Societies or Associations. Remissions will also be considered where extreme financial hardship can be shown or natural calamities. Rates remissions during the year totalled $393,652 (2011 $325,493), rates on non-rateable land is included in these figures.

In accordance with the Local Government (Rating) Act 2002 certain properties cannot be rated for general rates. This includes schools, places of worship, public gardens and reserves. These non-rateable properties, where applicable, may be subject to targeted rates in respect of sewerage, water or refuse.

2. Other Revenue

	2012	2011
Regulatory Income	1,370,112	1,290,639
Other Income (including Council"s 42% share in Venture Southland)	2,464,781	3,245,829
Provision of Services	497,017	701,873
Rental and Hire Income	660,894	659,314
User Charges	1,457,740	1,349,197
Sales Revenue	687,902	839,994
Fines and Infringements	106,474	90,533
Total Other Revenue	**7,244,920**	**8,177,379**

3. Other Gains / (Losses)

	2012	2011
Gain/(Loss) on changes in fair value of forestry assets (note 16)	(1,188,000)	(417,860)
Gain/(Loss) on disposal of property, plant and equipment	264,979	156,765
Gain/(Loss) on disposal of properties intended for sale	-	-
Total Gains / (Losses)	**(923,021)**	**(261,095)**

4. Other Council Expenditure

	2012	2011
Audit Fee – Southland District Council Annual Report	108,000	106,000
Audit Fee – Venture Southland Group Annual Report	17,336	16,580
Audit Fee – LTP	80,000	-
Operating Lease Costs	336,859	350,282
Donations	25,856	35,705
Inventories	7,702	67,401
Impairment of Receivables	(22,374)	34,539
Loss on fair value of emission trading units	361,284	-
Other	28,691,817	26,376,202
Total Other Expenses	**29,606,480**	**26,986,709**

5. Remuneration – Mayor, Councillors and Chief Executive

Chief Executive

The Chief Executive of the Southland District Council appointed under Section 42 of the Local Government Act 2002 received a salary of $255,973 (2011: $252,484) plus an „at-risk" payment of $21,685 (2011: $19,738).

In terms of his contract, the Chief Executive also received the following additional benefits:

	Cost during the financial year	
	2012	**2011**
Vehicle (including FBT)*	3,725	3,017
Kiwi saver (Council Contribution)	5,514	5,153

* Net of private contribution

For the year ended 30 June 2012, the total annual cost including fringe benefit tax to the Southland District Council of the remuneration package being received by the Chief Executive is calculated at $286,897 (2011: $280,392).

Elected Representatives

	2012	**2011**
Mayor: Frana Cardno (incl FBT)	92,019	85,610
Drummond B	-	5,879
Ridley D*	34,238	32,810
Copland J*	33,838	32,988
Bailey L*	24,142	23,126
Duffy P*	25,111	24,778
Dillon B	19,962	19,860
Harpur G	19,173	19,153
Dobson R*	21,077	21,303
McPherson G*	20,431	21,397
Douglas J*	22,278	20,330
Ford B	19,173	19,153
Jack W	19,173	19,153
Baird S	19,173	12,905
Annual Cost	**369,788**	**358,445**

Remuneration for Councillors who are members of the Council"s Resource Management Committee* may be shown as higher than that for other Councillors. This additional remuneration is related to the number of hours that these Councillors spend in hearings and meetings for resource consent applications. These additional costs are recovered from resource consent applicants via a separate Resource Consent Hearing Charge. The per hour fee is set by the Remuneration Authority at $100 per hour for chairpersons (2011: $85) and $80 per hour for members (2011: $68). Travel reimbursements are excluded from the above totals.

6. Taxation

Southland District Council and its associated entities are exempt from income tax.

7. Reconciliation of Cost of Service Statements to Statement of Comprehensive Income

Actual 2010/2011 Revenue[1]	Actual 2010/2011 Expenditure	Actual 2010/2011 Surplus/ (Deficit)	Activity	Actual 2011/2012 Revenue[1]	Actual 2011/2012 Expenditure	Actual 2011/2012 Surplus/ (Deficit)
809,129	663,059	146,071	Beautification	720,474	648,869	71,605
1,221,354	1,283,740	(62,385)	Building Control	1,205,513	1,255,723	(50,209)
179,135	180,123	(988)	Cemeteries	196,587	195,146	1,440
263,081	345,071	(81,991)	Civil Defence and Emergency Management	296,067	329,404	(33,336)
456,280	499,301	(43,021)	Community Centres	403,054	544,413	(141,358)
282,267	290,959	(8,692)	Community Housing	304,101	298,542	5,559
-	-	-	District Development Services	1,952,625	1,937,402	15,223
3,433,365	2,248,107	1,185,258	District Support	3,537,836	2,035,184	1,502,652
372,964	293,023	79,940	Dog Control	423,419	286,401	137,018
995,558	336,564	658,994	Forestry	(497,196)	690,003	(1,187,199)
3,276,018	3,165,589	110,429	Grants and Donations	1,558,731	1,826,940	(268,209)
380,743	404,419	(23,676)	Health Regulation	400,347	422,680	(22,333)
1,112,972	1,229,037	(116,065)	Library Service	1,182,006	1,255,566	(73,560)
636,340	628,303	8,037	Other Local Services	870,147	625,394	244,752
726,136	684,781	41,355	Parks and Reserve	776,019	697,309	78,710
169,156	167,931	1,225	Public Conveniences	165,378	139,397	25,981
2,578,402	2,868,770	(290,368)	Representation and Advocacy	2,597,524	2,706,197	(108,673)
1,123,269	1,305,220	(181,951)	Resource Management	1,235,062	1,439,779	(204,717)
23,955,834	27,261,374	(3,305,539)	Roading and Transport	28,938,015	27,778,512	1,159,503
1,435,633	1,228,577	207,056	SIESA	1,212,825	1,307,481	(94,656)
3,660,213	3,781,435	(121,223)	Solid Waste Management	4,008,006	4,222,011	(214,005)
556,916	409,093	147,823	Stormwater	1,150,041	431,010	719,031
1,247,139	1,243,116	4,023	Strategy and Communication	1,267,839	1,442,106	(174,267)
537,288	706,267	(168,979)	Te Anau Airports	519,919	752,967	(233,048)
3,022,381	3,276,443	(254,062)	Wastewater	3,400,721	3,771,311	(370,590)
3,260,226	2,946,488	313,738	Water Supply	3,840,500	3,073,130	767,369
75,985	59,119	16,866	Work Schemes	73,462	68,037	5,425
55,767,784	**57,505,911**	**(1,738,128)**	**Total of Activities**	**61,739,021**	**60,180,914**	**1,558,108**
2,238,640	2,199,857	38,783	Plus: 42% Share of Venture Southland	2,282,213	2,248,896	33,317
(1,053,869)	(1,053,869)	-	Less: Inter-entity Transactions	(1,082,722)	(1,082,722)	-
56,952,555	**58,651,900**	**(1,699,345)**	**Operating Surplus per Statement of Comprehensive Income**	**62,938,512**	**61,347,087**	**1,591,424**

[1] Revenue includes the Forestry Revaluation Gain/(Loss).

8. Changes in Equity and Reserves

Retained earnings	**2012**	**2011**
As at 1 July	720,311,338	723,238,996
Transfers to reserves	(3,473,461)	(1,227,990)
Transfers from reserves	-	-
Operating surplus for the year	1,591,169	(1,699,668)
As at 30 June	**718,429,046**	**720,311,338**

Asset Revaluation Reserves	**2012**	**2011**
As at 1 July	588,755,975	553,850,659
Revaluation surplus	37,410,731	34,905,316
As at 30 June	**626,166,706**	**588,755,975**
Asset revaluation reserves consist of:		
Infrastructural Assets		
Sewerage System	33,271,274	19,741,749
Water System	22,803,889	15,989,789
Stormwater System	10,428,991	9,931,346
Roading Network	559,656,252	543,086,791
Other Assets		
Artwork	6,300	6,300
Total	**626,166,706**	**588,755,975**

Fair Value through Statement of Comprehensive Income Reserve	**2012**	**2011**
As at 1 July	241,338	244,358
Net revaluation gains/(losses)	3,573	(3,020)
Reclassification to surplus/(deficit) on disposal	-	-
As at 30 June	**244,911**	**241,338**

9. Other Reserves

	2012	2011
As at 1 July	20,798,836	19,570,842
Transfers from Retained Earnings	3,473,461	1,227,994
Transfers to Retained Earnings	-	-
As at 30 June	**24,272,297**	**20,798,836**
Reserves consist of :		
General Reserves	21,140,565	18,252,003
Allocation Committees	2,992,492	2,407,593
Venture Southland Reserve Fund	139,240	139,240
Total	**24,272,297**	**20,798,836**

10. Cash and Cash Equivalents

	2012	2011
Cash and bank overdrafts include the following for the purposes of the cash flow statement:		
Cash at bank and in hand	584,232	666,508
Short term deposits and other investments maturing within three months	1,300,000	680,000
Total cash and cash equivalents	**1,884,232**	**1,346,508**

The carrying value of short-term deposits with maturity dates of three months or less approximates their fair value.

Refer to note 13 for weighted average effective interest rate for cash and cash equivalents.

11. Trade and Other Receivables

	2012	2011
Rates Receivables	1,659,665	1,671,182
General Receivables	966,162	2,990,512
Other Receivables	5,235,732	2,581,639
Prepayments	186,967	266,099
	8,048,526	**7,509,432**
Less Provision for Doubtful Debts	(135,743)	(141,357)
Net Trade and Other Receivables	**7,912,783**	**7,368,075**

12. Inventories

	2012	2011
Properties Intended for Sale	-	26,500
Roading	54,084	51,864
Other	36,742	46,663
	90,826	**125,027**

The carrying amount of inventories held for consumption that are measured at current replacement cost as at 30 June 2012 amounted to $90,826 (2011: $98,528). The carrying amount of inventories pledged as security for liabilities is Nil (2011: Nil). The carrying amount of property intended for sale that are measured at cost as at 30 June 2012 amounted to Nil (2011: $26,500).

13. Other Financial Assets

	2012	2011
Current Portion		
Loans and Receivables		
External loans with maturities 4-12 months	1,875,000	740,000
*Available for sale^*		
Shares in Civic Assurance*	21,640	22,903
Shares in Milford Sound Development Authority*	238,986	234,150
Total Current Portion	**2,135,626**	**997,053**
Non-Current Portion		
Loans & Receivables		
External Loans with maturities greater than 1 year	5,369	5,671
Fair value through equity		
Investments with maturities greater than 1 year	-	1,000,000
Total Non-Current Portion	**5,369**	**1,005,671**
Total Other Financial Assets	**2,140,995**	**2,002,724**

* Under NZ International Accounting Standard 39, these investments met the criteria to be classified as Available for Sale financial assets, but it is not Council"s intention to sell these shares in the foreseeable future.

Maturity Analysis and Effective Interest Rates

This analysis is for short term deposits and other investments held with banking institutions, government stock or company bonds and incorporate the following:

	Short term deposits	Other Term deposits	Stocks & Bonds	Total 2012		Short term deposits	Other Term deposits	Stocks & Bonds	Total 2011
Short term deposits with maturities 3 months or less *	1,300,000			1,300,000		680,000			680,000
weighted average effective interest rate	*2.48%*					*2.50%*			
Short term deposits with maturities of 4 - 12 months*									
weighted average effective interest rate									
Investments maturing within 3 months or less		1,875,000		1,875,000			740,000		740,000
weighted average effective interest rate		*6.78%*					*4.50%*		
Investments maturing within 4 - 12 months									
weighted average effective interest rate									
Investments maturing after one year but less than five years								1,000,000	1,000,000
weighted average effective interest rate								*8.23%*	
	1,300,000	**1,875,000**		**3,175,000**		**680,000**	**740,000**	**1,000,000**	**2,420,000**

*These short term deposits and investments are included in cash and cash equivalents (refer to note 10).

14. Property, Plant and Equipment – Southland District Council

2011/2012	Cost/ Revaluation 1-Jul-11	Current Year Additions	Vested Assets	Current Year Disposals	Revaluation	Cost/ Revaluation 30-Jun-12	Accumulated Depreciation And Impairment Charges 1-Jul-11	Current Year Depreciation	Current Year Disposals	Revaluation Reserve	Accumulated Depreciation And Impairment Charges 30-Jun-12	Carrying Amount 30-Jun-12	Carrying Amount 1-Jul-11
Operational Assets													
Art	66,330	1500	-	-	-	67,830	-	-	-	-	-	67,830	66,330
Buildings	14,378,340	218,590	-	-	-	14,596,930	(4,937,559)	(359,809)	-	-	(5,297,368)	9,299,563	9,440,781
EDP Hardware	955,958	23,195	-	(174,839)	-	804,314	(495,406)	(264,330)	165,847	-	(593,890)	210,425	460,552
Furniture and Fittings	861,985	26,682	-	(122,276)	-	766,392	(674,532)	(48,255)	122,276	-	(600,511)	165,880	187,453
Improvements	4,614,798	166,830	-	-	-	4,781,627	(2,398,027)	(375,229)	-	-	(2,773,256)	2,008,372	2,216,771
Land	10,624,792	21,576	-	-	-	10,646,368	-	-	-	-	-	10,646,368	10,624,792
Library	1,965,982	258,246	-	(342,567)	-	1,881,661	(1,120,622)	(166,850)	317,290	-	(970,181)	911,480	845,360
Motor Vehicles	1,744,831	240,602	-	(413,051)	-	1,572,382	(940,459)	(225,652)	348,215	-	(817,895)	754,487	804,372
Office Equipment	285,965	-	-	(13,158)	-	272,807	(221,079)	(21,260)	12,295	-	(230,044)	42,763	64,886
Other Equipment	440,661	14,285	-	(14,701)	-	440,245	(306,444)	(29,975)	14,701	-	(321,719)	118,526	134,216
Other Plant	1,128,698	140,989	-	(7,514)	-	1,262,173	(259,357)	(71,880)	7,514	-	(323,723)	938,450	869,342
Landfill Sites	115,298	-	-	-	-	115,298	(115,298)	-	-	-	(115,298)	-	-
Transfer Stations	457,085	-	-	-	-	457,085	(345,495)	(45,708)	-	-	(391,203)	65,882	111,590
	37,640,724	1,112,495	-	(1,088,106)	-	37,665,113	(11,814,277)	(1,608,948)	988,138	-	(12,435,087)	25,230,026	25,826,447

2011/2012	Cost/ Revaluation 1-Jul-11	Current Year Additions	Vested Assets	Current Year Disposals	Revaluation	Cost/ Revaluation 30-Jun-12	Accumulated Depreciation And Impairment Charges 1-Jul-11	Current Year Depreciation	Current Year Disposals	Revaluation Reserve	Accumulated Depreciation And Impairment Charges 30-Jun-12	Carrying Amount 30-Jun-12	Carrying Amount 1-Jul-11
Infrastructural Assets at Valuation													
Bridges	94,238,120	1,026,354	-	-	2,517,899	97,782,373	-	(1,706,427)	-	-	(1,706,427)	96,075,946	94,238,120
Footpaths	19,856,248	605,427	-	-	(782,202)	19,679,473	-	(553,048)	-	-	(553,048)	19,126,425	19,856,248
Sewerage Systems	58,072,415	316,668	-	-	13,529,525	71,918,608	-	(1,610,318)	-	-	(1,610,318)	70,308,290	58,072,415
Water Systems	39,657,785	1,607,442	-	-	6,814,100	48,079,327	-	(1,094,445)	-	-	(1,094,445)	46,984,882	39,657,785
Stormwater Systems	14,214,578	151,853	-	-	497,645	14,864,076	-	(344,982)	-	-	(344,982)	14,519,094	14,214,578
Unsealed Roads	391,596,803	3,120,702	-	-	3,531,699	398,249,204	-	(3,291,020)	-	-	(3,291,020)	394,958,184	391,596,803
Sealed Roads	671,142,176	13,569,876	779,505	-	10,983,960	696,475,517	-	(10,200,134)	-	-	(10,200,134)	686,275,383	671,142,176
Street Lighting	1,168,651	3,130	-	-	186,462	1,358,243	-	(77,584)	-	-	(77,584)	1,280,659	1,168,651
	1,289,946,776	20,401,452	779,505	-	37,279,088	1,348,406,821	-	(18,877,958)	-	-	(18,877,958)	1,329,528,863	1,289,946,776
Infrastructural Assets at Cost													
Marine	611,741	97,290	-	-	-	709,031	(226,198)	(25,390)	-	-	(251,588)	457,443	385,543
Runways	5,139,346	-	-	(80,000)	-	5,059,346	(1,673,877)	(505,935)	80,000	-	(2,099,812)	2,959,504	3,465,469
	5,751,087	97,290	-	(80,000)	-	5,768,377	(1,900,075)	(531,325)	80,000	-	(2,351,400)	3,416,947	3,851,012
Total SDC	**1,333,338,587**	**21,611,237**	**779,505**	**(1,168,106)**	**37,279,088**	**1,391,840,311**	**(13,714,352)**	**(21,018,230)**	**1,068,138**	**-**	**(33,664,445)**	**1,358,175,836**	**1,319,624,234**

Property, Plant and Equipment – SIESA and Venture Southland

2011/2012	Cost/ Revaluation 1-Jul-11	Current Year Additions	Vested Assets	Current Year Disposals	Revaluation	Cost/ Revaluation 30-Jun-12	Accumulated Depreciation And Impairment Charges 1-Jul-11	Current Year Depreciation	Current Year Disposals	Revaluation Reserve	Accumulated Depreciation And Impairment Charges 30-Jun-12	Carrying Amount 30-Jun-12	Carrying Amount 1-Jul-11
SIESA													
Buildings	773,041	-	-	-	-	773,041	(195,188)	(10,574)	-	-	(205,762)	567,279	577,853
Land	61,000	-	-	-	-	61,000	-	-	-	-	-	61,000	61,000
Motor Vehicles	56,584	35,276	-	-	-	91,860	(37,538)	(7,410)	-	-	(44,948)	46,912	19,046
Electrical Generation Plant	3,096,369	74,194	-	(233,586)	-	2,936,977	(2,558,496)	(64,313)	212,507	-	(2,410,302)	526,675	537,873
SIESA Total	**3,986,994**	**109,470**	**-**	**(233,586)**	**-**	**3,862,878**	**(2,791,222)**	**(82,297)**	**212,507**	**-**	**(2,661,012)**	**1,201,866**	**1,195,772**
Venture Southland													
Furniture and Fittings	93,674	1,995	-	-	-	95,669	(89,848)	(1,253)	-	-	(91,101)	4,568	3,826
Plant and Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-
Office Equipment	10,903	1,055	-	-	-	11,958	(6,867)	(1,098)	-	-	(7,965)	3994	4,037
Other Equipment	19,184	1,172	-	(567)	-	19,789	(7,720)	(2,363)	-	-	(10,083)	9,706	11,464
Setup Cost	41,596	-	-	-	-	41,596	(41,596)	-	-	-	(41,596)	-	-
Building	8,400	-	-	-	-	8,400	(1,330)	(420)	-	-	(1,750)	6,650	7,070
Venture Sthd Charitable Trust	21,490	-	-	-	-	21,490	(8,695)	(1,515)	-	-	(10,210)	11,281	12,796
Venture Southland Total	**195,247**	**4,222**	**-**	**(567)**	**-**	**198,902**	**(156,055)**	**(6,649)**	**-**	**-**	**(162,704)**	**36,198**	**39,192**
Total SIESA & Venture	**4,182,241**	**113,692**	**-**	**(234,153)**	**-**	**4,061,780**	**(2,947,277)**	**(88,946)**	**212,507**	**-**	**(2,823,716)**	**1,238,063**	**1,234,964**
TOTAL GROUP	**1,337,520,828**	**21,724,929**	**779,505**	**(1,402,259)**	**37,279,088**	**1,395,902,091**	**(16,661,630)**	**(21,107,176)**	**1,280,645**	**-**	**(36,488,161)**	**1,359,413,900**	**1,320,859,198**

2010/2011	Cost/ Revaluation 1-Jul-10	Current Year Additions	Vested Assets	Current Year Disposals	Revaluation	Cost/ Revaluation 30-Jun-11	Accumulated Depreciation And Impairment Charges 1-Jul-10	Current Year Depreciation	Current Year Disposals	Revaluation Reserve	Accumulated Depreciation And Impairment Charges 30-Jun-11	Carrying Amount 30-Jun-11	Carrying Amount 1-Jul-10
Operational Assets													
Art	66,330	-	-	-	-	66,330	-	-	-	-	-	66,330	66,330
Buildings	13,600,011	778,329	-	-	-	14,378,340	(4,597,135)	(340,424)	-	-	(4,937,559)	9,440,781	9,002,876
EDP Hardware	1,164,853	34,488	-	(243,383)	-	955,958	(442,140)	(295,545)	242,279	-	(495,406)	460,552	722,713
Furniture and Fittings	1,113,346	40,460	-	(291,821)	-	861,985	(916,377)	(49,407)	291,252	-	(674,532)	187,453	196,969
Improvements	4,355,517	259,281	-	-	-	4,614,798	(2,048,897)	(349,129)	-	-	(2,398,027)	2,216,771	2,306,620
Land	10,471,712	153,080	-	-	-	10,624,792	-	-	-	-	-	10,624,792	10,471,712
Library	1,810,548	180,711	-	(25,277)	-	1,965,982	(985,254)	(160,645)	25,277	-	(1,120,622)	845,360	825,294
Motor Vehicles	1,848,125	350,927	-	(454,221)	-	1,744,831	(1,061,156)	(229,261)	349,909	-	(940,509)	804,322	786,968
Office Equipment	402,012	-	-	(116,047)	-	285,965	(312,741)	(24,111)	115,773	-	(221,079)	64,886	89,271
Other Equipment	462,484	10,912	-	(32,735)	-	440,661	(307,011)	(30,398)	30,965	-	(306,444)	134,216	155,473
Other Plant	273,268	855,430	-	-	-	1,128,698	(236,631)	(22,675)	-	-	(259,307)	869,392	36,637
Landfill Sites	115,298	-	-	-	-	115,298	(115,298)	-	-	-	(115,298)	-	-
Transfer Stations	457,085	-	-	-	-	457,085	(299,786)	(45,708)	-	-	(345,495)	111,590	157,299
	36,140,589	2,663,618	-	(1,163,484)	-	37,640,724	(11,322,427)	(1,547,305)	1,055,455	-	(11,814,277)	25,826,447	24,818,162

2010/2011	Cost/ Revaluation 1-Jul-10	Current Year Additions	Vested Assets	Current Year Disposals	Revaluation	Cost/ Revaluation 30-Jun-11	Accumulated Depreciation And Impairment Charges 1-Jul-10	Current Year Depreciation	Current Year Disposals	Revaluation Reserve	Accumulated Depreciation And Impairment Charges 30-Jun-11	Carrying Amount 30-Jun-11	Carrying Amount 1-Jul-10
Infrastructural Assets at Valuation													
Bridges	90,541,670	23,004	-	-	5,349,296	95,913,970	-	(1,675,850)	-	-	(1,675,850)	94,238,120	90,541,670
Footpaths	18,586,457	154,678	-	-	1,676,376	20,417,511	-	(561,263)	-	-	(561,263)	19,856,248	18,586,457
Sewerage Systems	60,629,655	1,848,914	-	-	(3,078,070)	59,400,498	-	(1,328,083)	-	-	(1,328,083)	58,072,415	60,629,655
Water Systems	35,713,744	1,800,318	-	-	2,980,350	40,494,412	-	(836,627)	-	-	(836,627)	39,657,785	35,713,744
Stormwater Systems	14,928,425	24,571	-	-	(404,893)	14,548,103	-	(333,526)	-	-	(333,526)	14,214,578	14,928,425
Unsealed Roads	383,319,348	2,063,014	-	-	9,607,617	394,989,979	-	(3,393,176)	-	-	(3,393,176)	391,596,803	383,319,348
Sealed Roads	651,993,094	10,879,171	-	-	18,589,106	681,461,371	-	(10,319,195)	-	-	(10,319,195)	671,142,176	651,993,094
Street Lighting	1,043,363	7,300	-	-	188,784	1,239,447	-	(70,796)	-	-	(70,796)	1,168,651	1,043,363
	1,256,755,755	16,800,971	-	-	34,908,566	1,308,465,292	-	(18,518,516)	-	-	(18,518,516)	1,289,946,776	1,256,755,755
Infrastructural Assets at Cost													
Marine	575,372	36,369	-	-	-	611,741	(208,634)	(17,564)	-	-	(226,198)	385,543	366,737
Runways	4,806,599	332,747	-	-	-	5,139,346	(1,186,945)	(486,933)	-	-	(1,673,877)	3,465,469	3,619,654
	5,381,971	369,116	-	-	-	5,751,087	(1,395,579)	(504,496)	-	-	(1,900,075)	3,851,012	3,986,392
Total SDC	**1,298,278,315**	**19,833,705**	**-**	**(1,163,484)**	**34,908,566**	**1,351,857,103**	**(12,718,006)**	**(20,570,317)**	**1,055,455**	**-**	**(32,232,868)**	**1,319,624,234**	**1,285,560,309**

Property, Plant and Equipment – SIESA and Venture Southland

2010/2011	Cost/ Revaluation 1-Jul-10	Current Year Additions	Vested Assets	Current Year Disposals	Revaluation	Cost/ Revaluation 30-Jun-11	Accumulated Depreciation And Impairment Charges 1-Jul-10	Current Year Depreciation	Current Year Disposals	Revaluation Reserve	Accumulated Depreciation And Impairment Charges 30-Jun-11	Carrying Amount 30-Jun-11	Carrying Amount 1-Jul-10
SIESA													
Buildings	733,041	-	-	-	-	773,041	(184,432)	(10,757)	-	-	(195,188)	577,853	588,610
Land	61,000	-	-	-	-	61,000	-	-	-	-	-	61,000	61,000
Motor Vehicles	56,584	-	-	-	-	56,584	(34,106)	(3,432)	-	-	(37,538)	19,046	22,478
Electrical Generation Plant	3,092,370	3,999	-	-	-	3,096	(2,489,758)	(68,738)	-	-	(2,558,496)	537,873	602,612
SIESA Total	**3,982,995**	**3,999**	**-**	**-**	**-**	**3,986,994**	**(2,708,296)**	**(82,926)**	**-**	**-**	**(2,791,222)**	**1,195,772**	**1,274,699**
Venture Southland													
Furniture and Fittings	93,435	239	-	-	-	93,674	(88,602)	(1,246)	-	-	(89,848)	3,826	4,833
Plant and Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-
Office Equipment	10,302	601	-	-	-	10,903	(5,901)	(966)	-	-	(6,867)	4,037	4,401
Other Equipment	9,684	9,500	-	-	-	19,184	(6,254)	(1,466)	-	-	(7,720)	11,464	3,430
Setup Cost	41,596	-	-	-	-	41,596	(41,378)	(218)	-	-	(41,596)	-	218
Building	8,400	-	-	-	-	8,400	(910)	(420)	-	-	(1,330)	7,070	7,490
Venture Sthd Charitable Trust	21,490	-	-	-	-	21,490	(7,180)	(1,515)	-	-	(8,695)	12,796	14,310
Venture Southland Total	**184,907**	**10,340**	**-**	**-**	**-**	**195,247**	**(150,225)**	**(5,830)**	**-**	**-**	**(156,055)**	**39,192**	**34,682**
Total SIESA & Venture	**4,167,902**	**14,339**	**-**	**-**	**-**	**4,182,241**	**(2,858,521)**	**(88,756)**	**-**	**-**	**(2,947,278)**	**1,234,964**	**1,309,381**
TOTAL GROUP	**1,302,446,217**	**19,848,044**	**-**	**(1,163,484)**	**34,908,566**	**1,356,039,344**	**(15,576,527)**	**(20,659,073)**	**1,055,455**	**-**	**(35,180,146)**	**1,320,859,198**	**1,286,869,690**

Urban Portions of the State Highway Network

The ownership of urban portions of the State Highway network is unclear although there is legal opinion indicating that the ownership rests with local authorities. NZ Transport Agency maintains these highways in their entirety without any costs accruing to local authorities.

As a consequence, even if ownership resides with local authorities, in practice NZ Transport Agency controls the economic resources. Pending clarification of ownership and further consideration of the accounting issues that may arise, the Southland District Council has not recognised the urban portion of the State Highway network as an asset in these financial statements.

15. Intangible Assets

Computer Software	**2012**	**2011**
Opening Cost at 1 July	1,687,602	1,743,262
Additions	63,084	61,708
Disposals	(53,957)	(117,368)
Closing cost at 30 June	1,696,729	1,687,602
Accumulated amortisation and impairment	(1,470,691)	(1,363,489)
Net Book Value at 30 June	226,038	324,113

Emission Trading Units	**Units**	**2012**	**2011**
Opening Cost at 1 July	22,494	411,640	-
Additions	9,290	164,186	411,640
Disposals	-	-	-
Closing cost at 30 June	31,784	575,826	411,640
Accumulated amortisation and impairment	-	(361,284)	-
Net Book Value at 30 June	**31,784**	214,542	411,640
Total		**440,580**	**735,753**

9,290 units (2011: 22,494 units) were received during the year on 406 hectares (2011: 978 hectares) of pre-1990 land. This represents 11% (2011: 38%) of the full allocation entitlement (the remaining 62%, 51,130 units, are to be received in 2013). The units have been valued at the balance sheet date based on the estimated market value of $6.75 per unit (subsequent to balance date the market value of the units has further decreased to $3.30 per unit). These units have been allocated as compensation units under the emissions trading scheme. No tax is payable on the receipt or sale of these units.

16. Forestry Assets

	2012	2011
Balance at 1 July	8,776,890	9,194,750
Increase due to purchases	-	-
Gains/(losses) arising from changes in fair value less estimated harvest costs attributable to physical changes and price changes	(1,188,000)	(417,860)
Balance at 30 June	**7,588,890**	**8,776,890**

Southland District Council owns 1,790.4 hectares of forest located in four areas: Dipton, Gowan Hill, Ohai and Waikaia, which are managed as one forest. The tree crop covers 1334.3 hectares (2011: 1,466.6 hectares). The predominant species grown in these four blocks is radiata pine followed by Douglas fir, eucalyptus, and macrocarpa. The age of the tree crop range from one year to 32 years. In the year ending 30 June 2012, Council sold 23.9 hectares of timber for $679,094 (2011: 34.9 hectares of timber for $839,994). Council instructed Chandler Fraser Keating Limited (CFK), to independently value its forestry assets. CFK is a firm of forestry consultants and valuation experts who have extensive experience valuing forests nationally and internationally. The valuation was undertaken in a manner consistent with International Accounting Standard 41: Agriculture (NZIAS 41), which reflects the carrying value of the forest at its fair value. Fair value is the amount for which an asset can be exchanged between knowledgeable willing in an arm"s length transaction. The valuation date is 30 June 2012. When valuing Council"s forestry assets CFK used a pre-tax discount rate of 12%.

Council acknowledges the discount rate applied by CFK but has chosen to use a pre-tax discount rate of 10.5% (2011: 8.2% to 9.4%) to determine a present value of the expected future cash flows. In Council"s opinion 12.0% is a significant increase from historical rates used, and overstates the risk to the value of Council"s forestry assets. The reduction of 1.5% in the discount rate results in Council"s forestry valuation increasing by $749,000 over the valuation provided by CFK. The valuation does not take into account any value added from future carbon credit trading under the Central Government"s proposed Emissions Trading Scheme for Forestry.

Financial Risk Management Strategies

The normal risks to forests in New Zealand are assumed to be incorporated into the discount rates chosen for the valuation. Forest fire is covered by way of insurance and the annual premiums are included as a part of the overhead costs.

17. Investments in Associates

Southland District Council has a 21% (2011: 21%) interest in Crops for Southland through its joint venture, Venture Southland, which owns 50% (2011: 50%) of Crops for Southland. Crops for Southland is a research and development entity with a balance sheet date of 30 June.

	2012	2011
Balance at 1 July	5,529	5,852
Share of Associate"s Deficit	(255)	(323)
Balance at 30 June	**5,274**	**5,529**

Summarised financial information of Crops for Southland is as follows:

	2012	2011
Assets	27,544	27,978
Liabilities	2,390	1,650
Revenues	1,934	678
Surplus/(deficit)	(1,216)	(1,538)

Associates Contingencies:
Details of any contingent liabilities arising from the Council"s involvement in the associate are disclosed separately in note 28.

18. Trade and Other Payables

	2012	2011
Trade Payables	5,560,383	4,612,731
Accrued Expenses	690,601	719,098
Other Payables	67,029	341,361
Total Trade and Other Payables	**6,318,013**	**5,673,190**

19. Employee Benefit Liabilities

	2012	2011
Retirement Gratuity	96,503	121,566
Long Service Leave	26,237	41,853
Long Service Leave (potential)	28,098	44,267
Holiday Pay Accrual	983,459	1,291,447
Wages Accrual	21,685	333,572
Total Employment Entitlements	**1,155,982**	**1,832,705**
Made up of:		
Current Portion	1,031,381	1,666,871
Non-Current Portion	124,601	165,834
	1,155,982	**1,832,705**

20. Development and Financial Contributions

	2012	2011
Roading Contributions	452,917	505,317
Sewerage Contributions	772,997	547,211
Water Contributions	384,988	366,967
Reserves Contributions	560,268	475,626
Lump Sum Contributions	-	258,049
Total Development and Financial Contributions	**2,171,170**	**2,153,170**

21. Borrowings

	2012	2011
Current		
Lease Liabilities	166,777	226,072
	166,777	**226,072**
Non-Current		
Lease Liabilities	2,663	160,738
	2,663	**160,738**
TOTAL	**169,440**	**386,810**

Finance Lease Liabilities	2012	2011
Total minimum lease payments are payable:		
Not later than one year	164,804	228,669
Later than one and not later than five years	3,177	160,758
Later than five years	-	-
	167,981	389,427
Future finance charges	1,459	(2,617)
Present value of minimum lease payments	**169,440**	**386,810**
Present value of minimum lease payments are payable:		
Not later than one year	166,777	226,072
Later than one and not later than five years	2,663	160,738
Later than five years	-	-
Total	**169,440**	**386,810**

Southland District Council has entered into finance leases for computer equipment (and photocopiers in 2008/2009). The net carrying amount of these leased assets are included within the relevant class of property, plant, and equipment per note 14.

Note:

Internal loans total $24,037,587 (2011: $22,260,647). These loans are not represented in the Statement of Financial Position. The interest rate applied to these loans was 6.18% (2011: 6.76%). A summary of these internal loans follows:

	Balance 2011	New Advances	Principal Paid	Balance 2012
Strategy	-	1,307,746	-	1,307,746
Building Regulation	-	500,647	-	500,647
Representation	-	1,284,391	-	1,284,391
Development and Promotion	-	318,176	-	318,176
Waste Management	-	356,725	-	356,725
Council Offices	-	2,652,639	-	2,652,639
District Library	39,598	565,255	9,009	595,844
Civil Defence	74,099	317,588	13,060	378,627
Council Water & Sewerage	5,215,884	212,106	186,740	5,241,250
District Water	-	1,441,261	-	1,441,261
District Sewerage	-	158,787	-	158,787
Elderly Persons Housing	25,850	-	25,850	-
Wheelie Bins	355,000	373,892	355,000	373,892
Roading	2,577,176	-	257,368	2,319,808
Gorge Road Sewerage	28,870	-	2,479	26,391
Local Water	2,776,054	-	2,776,054	-
Local Sewerage	3,429,920	-	3,429,920	-
Stewart Island Sewerage	404,064	-	49,002	355,062
Otautau Sewerage	85,454	-	42,675	42,779
Wallacetown Sewerage	436,472	-	29,257	407,215
Tuatapere Sewerage	849,609	-	67,155	782,454
Wyndham Sewerage	1,556,937	-	113,902	1,443,035
Edendale Sewerage	1,676,211	-	129,872	1,546,339
Wyndham Sewerage	380,027	-	31,509	348,518
Edendale Water	287,386	-	25,071	262,315
Five Rivers Ward	63,130	-	8,977	54,153
Riverton/Aparima Community Board	464,140	-	62,393	401,747
Te Anau Community Board	1,224,473	369,286	366,613	1,227,146
Te Anau Rural Water Supply	-	20,310	-	20,310
Wallace (Otautau) Community Board	35,479	-	8,071	27,408
Winton Community Board	274,814	42,718	154,610	162,922
	22,260,647	**9,921,527**	**8,144,587**	**24,037,587**

22. Provisions

Non-Current provisions are represented by:	2012	2011
Opening Balance - Landfill aftercare provision	88,561	98,344
Unused amounts reversed during the year	(10,272)	(9,783)
Closing Balance - Landfill aftercare provision	**78,289**	**88,561**
Current	14,000	14,000
Non-Current	64,289	74,561
Closing Balance	**78,289**	**88,561**

All Southland District Council landfill sites have been closed. The Council has a responsibility, under the various consents, to provide ongoing maintenance and monitoring of the sites after they are closed. There are closure and post closure responsibilities such as the following:

Closure Responsibilities

- Final cover application and vegetation.
- Incremental drainage control features.
- Completing facilities for leachate collection and monitoring.
- Completing facilities for water quality monitoring.

Post Closure Responsibilities

- Treatment and monitoring of leachate.
- Ground water and surface monitoring.
- Implementation of remedial measures such as cover and control systems.
- Ongoing site drainage and final cover and vegetation.

The cash outflows for post closure costs are expected to occur until 2025. The long-term nature of the liability means there are inherent uncertainties in estimating costs that will be incurred. For instance, some sites may not be required to be continually monitored for the full 20 years, if the results are found to be within appropriate levels. The provision has been estimated taking this into account and is discounted using a discount rate of 5%.

23. Joint Venture

The Council has a 42% (2011: 42%) participating interest in Venture Southland a joint committee of Council. The principal activity of Venture Southland is to promote a coordinated approach to economic development in Southland.

The Council"s interest in the joint venture is disclosed in the financial statements under the classifications shown below:

	2012	2011
Share of Income	2,282,213	2,238,317
Share of Expenses	2,248,896	(2,199,857)
Share of Surplus/(Deficit)	**33,317**	**38,460**
Share of:		
Current Assets	831,688	835,801
Non-Current Assets	41,766	45,720
Current Liabilities	(456,223)	(497,352)
Equity	**417,231**	**384,169**

Details of joint initiative commitments and contingencies are disclosed in their respective notes. The Venture Southland Financial Statements include Venture Southland Charitable Trust which has been consolidated on a line by line basis.

24. Reconciliation between the Operating Surplus (from the Statement of Comprehensive Income) and Net Cash from Operating Activities (from the Statement of Cash Flows)

	2012	2011
Operating Surplus	1,591,169	(1,699,667)
Add/(Less) Non Cash Items		
Share of Associate Surplus/(Deficit)	255	323
Depreciation and Amortisation	21,263,571	20,826,801
Vested Assets	(779,505)	(3,246)
Forestry Revaluation	1,188,000	417,860
Emission Trading Units received	(164,186)	(411,640)
Add/(Less) Movements in Working Capital Items		
Trade and Other Receivables	(47,261)	(632,705)
Interest Receivable	(1,435)	(4,323)
Inventories and Work in Progress	(554,589)	235,598
Trade and Other Payables	659,844	47,698
Net GST	(343,297)	9,092
Development & Financial Contributions	18,002	238,100
Other		
Movement in Employee Benefit Liabilities	(676,724)	(97,349)
(Gains)/Losses on Disposal of Property, Plant and Equipment	96,305	(156,765)
(Gains)/Losses on Disposal of Investments	-	-
Movement in Provision for Decommissioning	(10,272)	(9,783)
Net Cash Inflow/(Outflow) from Operating Activities	**22,239,876**	**18,759,994**

25. Financial Instruments

The Council has a series of policies providing risk management for interest rates and the concentration of credit risk. The Council is risk averse and seeks to minimise exposure from its treasury activities. The Council has established a treasury policy specifying what transactions can be entered into. The policy does not allow any transactions that are speculative in nature to be entered into.

- *Fair Value Interest Rate Risk*
  Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. This could particularly impact on the cost of borrowing or the return from an investment. The Council"s exposure to fair value rate risk is limited to its short term bank deposits at floating interest rates and a bank advance facility.

  The interest rates on the Council"s investments are disclosed in note 13. There are no interest rate options or interest rate swap agreements in place at 30 June 2012. (2011: Nil).

  Sensitivity analysis

  The table below illustrates the potential profit and loss and equity (excluding retained earnings) impact for reasonably possible market movements, with all other variables held constant, based on the Council"s financial exposures at the balance date.

Interest Rate Risk	**2012**		**2011**	
	-100 bps	**+100 bs**	**-100 bs**	**+100 bs**
Cash and Cash Equivalents	($13,000)	$13,000	($6,800)	$6,800
Borrowings	-	-	-	-

  Explanation of Sensitivity Analysis

  Cash and cash equivalents include short term deposits at call totalling $1,300,000 (2011: $680,000) which are at floating rates. A movement in interest rates of plus or minus 1.0% has an effect on interest income of $13,000 (2011: $6,800). However, no interest income has been included in the financial statements for these deposits due to their on-call nature and the uncertainty surrounding the balance that will reach maturity. Therefore, the potential profit and loss exposure per the above table is nil.

  Council has a bank advance facility of $5,000,000 plus a loan facility of $15,000,000. Both are able to be drawn down on when required. At 30 June 2012 the loan facility was fully repaid (2011: fully repaid). Therefore, a movement in interest rates of plus or minus 1.0% has a nil potential effect on interest expense (2011: $0). All other borrowings are finance leases with fixed interest rates.

- *Currency Risk*
  Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Council has minimal transaction in the overseas market therefore the exposure to this risk is very low.

- *Credit Risk*

Credit risk is the risk that a third party will default on its obligations to the Council causing the Council to incur a loss.

The Southland District Council has minimal credit risk in its holdings of various financial instruments. These financial instruments include bank balances and company bonds.

The Council limits the amount of credit exposure to any one institution by using a risk weighting methodology based on Standard and Poors credit ratings.

In the normal course of business the Council incurs credit risk with both general and rates debtors. The Council has approved a credit control policy to monitor and manage its exposure to this credit risk and has special legislative powers to collect rates.

The Council"s maximum exposure to each class of financial instruments is as follows:

	Note	2012	2011
Cash and Cash Equivalents	10	1,884,232	1,346,508
Trade and Other Receivables	11	7,912,783	7,368,075
Other Financial Assets (excluding shares in companies)	13	1,880,369	1,745,671
Total Credit Risk		**11,677,384**	**10,460,254**

- *Liquidity Risk*

Liquidity risk is the risk that the Council will encounter difficulty in raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, and the ability to access investment funds whenever necessary.

Contractual maturity analysis of financial assets and liabilities

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

	Note	Less than 1 Year	1 – 2 Years	2 – 5 Years	Total 2012
Financial Assets					
Cash and Cash Equivalents	10	1,884,232			1,884,232
Trade and Other Receivables	11	7,912,783			7,912,783
Other Financial Assets (excluding shares in companies)	13	1,875,000	5,369		1,880,369
Financial Liabilities					
Trade and Other Payables	18	6,318,013			6,318,013
Borrowings	21	166,777	2,663		169,440

	Note	Less than 1 Year	1 – 2 Years	2 – 5 Years	Total 2011
Financial Assets					
Cash and Cash Equivalents	10	1,346,508			1,346,508
Trade and Other Receivables	11	7,368,075			7,368,075
Other Financial Assets (excluding shares in companies)	13	740,000	1,005,671		1,745,671
Financial Liabilities					
Trade and Other Payables	18	5,673,190			5,673,190
Borrowings	21	226,072	160,738		386,810

26. Related Parties

The Council has a 42% interest in Venture Southland and carried out the following transactions with this related party:

Venture Southland	2012	2011
Interest paid to SDC	-	-
Funding provided by SDC	1,744,300	1,700,100
Services provided by SDC	224,840	206,370
Accounts payable to SDC	393,181	338,443
Accounts receivable from SDC	-	7,610

During the year Councillors and key management, as part of a normal customer relationship, were involved in transactions with the Council. These transactions related to normal type transactions in the normal course of business for such things as rates, and other fees and charges that are charged by Council in its day-to-day operations. No other transactions occurred between Councillors, key management and Council (2011: Nil).

Key Management Personnel	2012	2011
Salaries and other short term employee benefits	1,204,448	1,129,390
Post employment benefits	-	-
Other long term benefits	-	-
Termination benefits	-	-

Key management personnel include the Mayor, Councillors, Chief Executive, Group Manager Customer and Financial Services, Group Manager Environment and Community, Group Manager Services and Assets.

27. Events After Balance Date

Subsequent to balance date, Erik Barnes ceased employment as Group Manager Services and Assets in August 2012, and was replaced by Ian Marshall. An unconditional sale and purchase agreement for the Waiau Airport was entered into in May 2012. Settlement will occur on 18 October 2012. No other significant events have taken place after balance date (2011: Nil).

Joint Venture Events After Balance Date

Subsequent to balance date, Venture Southland"s associate company, Crops for Southland resolved to go into voluntary liquidation.

Crops for Southland further resolved that the residual funds of Crops for Southland be distributed to Venture Southland and that those funds of approximately $25,000. be allocated each year for approximately the next six years, by way of grant, to anyone interested in developing new crops or researching or marketing existing crops.

28. Statement of Contingencies

Contingencies as at 30 June 2012

A contingency represents future expenditure that either:

- May, or may not, be expended, in part or in full, at some future date; or
- Future expenditure that will be incurred at a future date, but which is unable to be quantified at this time.

Contingent Liabilities

(a) Guarantees

There are no guarantees as at 30 June 2012 (2011: Nil).

(b) Building Act Claims

The Building Act 2004 imposes certain obligations and liabilities on local authorities in respect to the issue of building consents and inspection of work done. At the date of this report there were several matters under this Act indicating potential liabilities to Council of $242,500 (2011: $231,500). These potential claims have been brought to the Southland District Council insurer"s attention. No action has been taken by any claimant to date.

(c) Unquantified Claims

The Weather-tight Homes Resolution Service (WHRS) receives claim applications and provides mediation services to resolve leaky home disputes as an alternative to the courts. Included in the Building Act potential liability noted in (b) above are potentially for Weather-tight Home claims. However, as of 30 June 2012 (2011: Nil), no claims have been lodged with the WHRS against the Council. If, in future, there are claims against Council, it is expected the successful claims will be substantially covered under the Southland District Council"s insurance policies.

(d) Call on Council Mutual Insurance Fund – Riskpool

Council is a member of a mutual liability fund, Riskpool. This organisation was established in 1997 to provide councils with commercial insurance options for risk issues facing them. With the number of claims facing local authorities on the weather-tightness of homes, the fund has been depleted to a level that has resulted in a call being made on members. Council"s share of this call is $49,063 and was made in July 2011 (2011: $49,063). Riskpool has also indicated a further call will be made on Council in July 2012, July 2013 and July 2014 of approximately $49,064 per annum.

(e) Emission Trading Scheme

Council owns approximately 1,384 hectares of forest, all of which is pre-1990 land under the emissions trading scheme. Should this land be de-forested, a de-forestation penalty would be incurred. At the balance sheet date, this liability would amount to $127,015 (2011: $504,351). There is no intention of de-foresting the pre-1990 forest land.

(f) Joint Venture Contingent Liabilities

Venture Southland does not have any contingent liabilities as at 30 June 2012 (2011: Nil).

Contingent Assets

(a) Emission units

Under the current rules administering the emission trading scheme Council is entitled to receive 82,914 units as at 30 June 2012. To date 31,784 (38%) have been received with a further 51,130 (62%) anticipated to be received in 2013. The value of these contingent assets at balance date equates to $345,128 (2011: $934,032).

(b) Joint Venture Contingent Assets

Venture Southland does not have any contingent assets as at 30 June 2012 (2011: Nil).

29. Capital Commitments and Operating Leases

A commitment exists where the Council has entered into contracts but the goods and/or services have not been provided by balance date.

	2012	2011
Capital Commitments		
Commitments for capital expenditure contracted, but not provided for	2,919,407	5,655,834
	2,919,407	**5,655,834**
Operating Commitments		
Commitments for non-cancellable operating leases and other operating commitments		
Not later than one year	5,233,682	7,473,622
Later than one year and not later than two years	5,116,170	3,711,884
Later than two years and not later than five years	13,474,983	9,443,994

	2012	2011
	23,874,835	**20,629,500**
Other Commitments		
Iwi Funding	38,508	37,177
Regional Heritage	409,350	394,337
	447,858	**431,514**

The Council has agreed to fund other commitments in the 2012/2013 financial year of $3,395,162, subject to certain criteria being met.

(a) Joint Venture Commitments

Venture Southland has a commitment in regards to costs not yet incurred against self funding projects where the full income associated with the project has either been received or accrued in the accounts to June 2012. In particular, these relate to the self funded projects financed from the Community Trust. The commitment associated with these projects is estimated to be $196,560 (2011: $168,518).

30. Severance payments

One severance payment of $5,000 was made during the year (2011: $36,345).

31. Explanation of Major Variances against Budget

Statement of Comprehensive Income

	Note	2012
Income (excluding Asset Development Revenue)	(a)	1,492,939
Asset Development Revenue		
Vested Assets	(b)	(2,193,618)
Development and Financial Contributions	(b)	186,040
MOH Subsidies	(b)	(786,040)
Scheme Capital Recoveries	(b)	113,019
Expenditure	(c)	(2,107,692)
Net impact of variance on Surplus/(Deficit)		919,777
Revaluation surplus	(d)	(20,525,115)
Total variance in Statement of Comprehensive Income		(19,601,766)

Explanatory notes

Statement of Comprehensive Income

(a) Income

Income was $1.5 million more than budgeted mainly due to the following factors:

Increases: $1.2 million unbudgeted 42% share of Venture Southland"s income.
$0.2 million unbudgeted property sales.
$0.7 million unbudgeted grants for one-off projects including, Around the Mountain Cycle Trail, Stewart Island Heritage building and Tuatapere water supply.

Decreases: $0.3 million lower than budgeted transfer station income of as a result of reduced volume of refuse, now being collected by way of wheelie bin service.
$0.3 million less forestry sales.
$0.5 million variance in the forestry revaluation. There was a forestry revaluation deficit for the year of $1.2 million, compared to a budgeted deficit of $0.7 million.

(b) Asset Development Revenue

When compiling the Annual Plan, a number of assumptions were made in regards to when developments requiring resource consents would be started or completed and the value of contributions or infrastructure assets vested in Council would be received. This has affected Vested Assets and Development and Financial Contributions as described below.

Vested Assets
A lower number of subdivision developments completed during the year lead to the $2.2 million variance in Vested Assets.

Development and Financial Contributions
Development and Financial Contributions are contributions which are paid to the Council where a development (such as a subdivision) generates demand for infrastructure (such as water and wastewater or reserves). They aim to collect the costs of capital projects, which are planned, or have been undertaken, from those that are creating the demand. The budget estimated the amount of contributions revenue for the year based on the amount of planned demand capital projects. The number and cost of demand capital projects during the year were more than anticipated and therefore related revenue is $0.2 million greater than budgeted.

Ministry of Health (MOH) Subsidies
In 2011/2012 financial year, MOH income was $0.8 million below budget due to the delayed commencement of 2 projects in Ohai/Nightcaps and Riverton which are eligible for subsidies from MOH.

(c) Expenditure

Overall operating expenditure was $2.1 million less than budgeted mainly due to the following factors:

Increases: $1.2 million related to an unbudgeted 42% share of Venture Southland's expenses.

Decreases: $0.3 million relating to staff costs, which is net of contractor payments and community board honorarium budgeted as other Council expenditure, as well as unbudgeted extraordinary staff costs funded from reserves.
$1.5 million less depreciation, primarily relating to roading.
$0.5 million of external finance costs due to internal borrowing, rather than external borrowing.
$1.0 million of underspends on various operational costs (including maintenance etc).

(d) Revaluation surplus on Property, Plant and Equipment

In developing the budget, assumptions were made on the programmed capital works and expected market conditions. Current market conditions and cost changes have been built into the revaluation which has seen actual increases less than those budgeted.

Statement of Changes in Equity

Changes in Equity are reflected in the variance analysis of the Statement of Comprehensive Income above.

Statement of Financial Position

Assets and Liabilities

Property, Plant & Equipment is $85.7 million lower than budgeted predominantly as a result of the revaluation of infrastructural assets. Council's forestry assets are $3.5 million less than budgeted as a result of changes in market conditions and costs since the budgeted valuation was undertaken. Council's approach to internally borrow for capital projects in progress has resulted in no long term external borrowings being required, and therefore $14.4 million less than budgeted.

Other Information

This section includes information about the Southland District, the Mayor and Councillors, the structure of Council, Community Boards and other Subcommittees and Management.

About the Council

Role of the Council

The purpose of the Southland District Council is to enable democratic decision-making to promote the social, economic, environmental and cultural wellbeing of communities within the District in the present and for the future.

To accomplish this, the Council has overall responsibility and accountability in a variety of roles including:

- Planning the District"s strategic direction alongside local communities within the District as part of developing the Long Term Council Community Plan to promote the social, economic, environmental and cultural wellbeing of communities.
- Facilitating solutions to local issues and needs.
- Advocacy on behalf of the local community with central government, other local authorities and other agencies.
- Providing prudent stewardship and the efficient and effective use of resources within the District in a sustainable way.
- Risk management.
- Management of local infrastructure including network infrastructure (e.g. roads, sewage disposal, water, stormwater) and community infrastructure (e.g. libraries, reserves and recreational facilities).
- Administering various legal and regulatory requirements.
- Ensuring the integrity of management control systems.
- Informing and reporting to communities, ratepayers and residents.

Governance Systems

Council

The Council consists of a Mayor and 12 Councillors - one from each of the District"s wards - elected by Southland District residents/ratepayers triennially. The Council believes that its democratic election ensures that it is able to operate in the best interests of the District. The Council is responsible for:

- Representing the interests of the District.
- Developing and approving Council policy.
- Determining the expenditure and funding requirements of the Council through the planning process.
- Monitoring the performance of the Council against its stated objectives and policies.
- Employing, overseeing and monitoring the Chief Executive"s performance (under the Local Government Act the local authority employs the Chief Executive, who in turn employs all other staff on its behalf).

Council Committees

A number of committees have been established by the Council to assist with conducting the business of the Council; these are listed in the diagram on the following page.

Community Boards

The Council has 12 Community Boards. Five of these have responsibility for an entire ward; the remaining seven have responsibility for their township only. Community Boards prepare local budgets, recommend local rates and exercise decision-making power on issues specifically delegated by the Council. The Council has a policy of decentralising responsibilities where practical to provide an effective means of ensuring local input into decision-making and the setting of priorities for issues of local concern.

Community Development Area Subcommittees (CDAs)

Throughout the District 16 Community Development Areas have been identified and established, which include local townships and surrounding areas. The purpose of CDAs is to further encourage local input in addressing the needs of local communities and assessing priorities. Subcommittees operate with powers mainly limited to recommendations to Community Boards and/or Council depending on their locality.

Water Supply Committees

The Council has constituted seven Water Supply Committees, which are each responsible for the overall governance of the respective water supply scheme and set priorities for the operations of the schemes in accordance with the policies of the Council.

Other Committees

Youth Council - A Southland District Youth Council was established in 2007/2008. It is made up of 12 representatives from the six secondary schools across the District and meets on a quarterly basis.

Hall and Reserve Committees

The Council has a working relationship with 56 Community Centre and Hall Committees and 16 Reserves Committees.

COUNCIL
Mayor and 12 Councillors

Community Boards and Committees

Community Boards responsible for Wards:

Stewart Island	*Te Anau*
Tuatapere	*Winton*
Wallace	

Community Boards responsible for Townships:

Balfour	*Edendale*
Lumsden	*Riversdale*
Riverton/Aparima	*Wallacetown*
Wyndham	

Community Development Area Subcommittees:

Athol	*Browns*
Colac Bay	*Dipton*
Garston	*Gorge Road & Districts*
Limehills	*Manapouri*
Mossburn	*Nightcaps*
Ohai	*Orepuki*
Thornbury	*Tokanui*
Waikaia	*Woodlands*

Water Supply Committees:
Te Anau (Rural - Untreated)
Five Rivers (Rural - Untreated)
Orawia (Urban - Treated)
Matuku (Rural - Untreated)
Lumsden/Balfour (Rural - Treated)
Ohai/Nightcaps/Wairio (Urban - Treated)
Eastern Bush/Otahu Flat (Rural - Treated)

Other Committees
Monowai Village Committee

Council Committees

Activities Performance Audit Committee (APAC)
Chair: Cr Lyall Bailey

Allocations Committee
Chair: Cr Rodney Dobson

Executive Committee
Chair: Mayor Frana Cardno

Forestry Committee
Chair: Cr Brian Dillon

Policy Review Committee
Chair: Cr Paul Duffy

Resource Management Committee
Chair: Cr Diane Ridley

Friendship Committee
Chair: Cr Paul Duffy

Ohai Railway Fund Committee
Chair: Mr W S Mather

Riverton Harbour Committee
Mr N White

Stewart Island Jetties Committee
Chair: Cr Bruce Ford

Joint Committees

Venture Southland

Shared Services Forum

Te Roopū Taiao
(Iwi Liaison Joint Committee)

Emergency Management Group

WasteNet

Southland Regional Heritage Committee

Youth Representation

Southland District Youth Council

Council Controlled Organisations

Milford Community Trust
Southland Flood Relief Fund

Mayor

Frana G Cardno, QSO JP
15 Fergus Square, Te Anau 9600
Telephone: (03) 249 8378
email:frana.cardno@southlanddc.govt.nz

Wards and Councillors

Te Tipua
Jim Copland, JP (Deputy Mayor)
Rannoch Retreat, 36 Nicholson Road, Croydon, RD 7, Gore 9777
Telephone: (03) 208 9033
email: copland@woosh.co.nz

Riverton
Rodney Dobson
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Stewart Island
Bruce Ford
5 Argyle Street, PO Box 91, Halfmoon Bay, Stewart Island 9846
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email: brucef@southnet.co.nz

Te Anau
Diane Ridley, JP
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email: ridleyd@woosh.co.nz

Toetoes
Paul Duffy
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email: paul_alison@farmside.co.nz

Tuatapere
George Harpur
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email: jg2003@xtra.co.nz

Waihopai
Wallace Jack
144 Evans Road, Tisbury, RD 11
Invercargill 9877
Telephone: (03) 216 9968
email: thejacks@xtra.co.nz

Waikaia
Brian Dillon
1032 Riversdale Ardlussa Road, Ardlussa, RD 6, Gore 9776
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email: bjd@woosh.co.nz

Wallace
Stuart Baird
741 Otautau Wreys Bush Road
RD 1, Otautau 9689
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sbaird@woosh.co.nz

Five Rivers
John Douglas
"Westridge," 3869 Wreys Bush Mossburn Road, RD2, Lumsden 9792
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email:jrdouglaswestridge@clear.net.nz

Wallacetown
Gavin Macpherson
570 Argyle-Otahuti Road, RD 4, Invercargill 9874
Telephone: (03) 235 2789
email: macsoe@woosh.co.nz

Winton
Lyall Bailey, JP
114 Great North Road, PO Box 62, Winton 9741
Telephone: (03) 236 0960
Email: lyall.lenore@woosh.co.nz

Council Operations

The Council has appointed a Chief Executive to be in charge of Council operations and has delegated certain powers of management to that position. The Chief Executive implements and manages the Council"s policies and objectives within the budgetary constraints established by the Council.

The Chief Executive is responsible for:

- Implementing the decisions of the Council.
- Providing advice to the Council and Community Boards.
- Ensuring that all responsibilities, duties and powers delegated to the Chief Executive or to any person employed by the Chief Executive, or imposed or conferred by any act, regulation or bylaw are properly performed or exercised.
- Managing the activities of the Council effectively and efficiently.
- Maintaining systems to enable effective planning and accurate reporting of the financial and service performance of the Council.
- Providing leadership for the staff of the Council.
- Employing staff (including negotiation of the terms of employment for the staff).

The management of the Council is structured under three groups. Each group is led by a Group Manager and their areas of responsibility are shown in the table. The three groups are:

- Environment and Community
- Services and Assets
- Customer and Financial Services

The Management Team (comprising the Chief Executive, three Group Managers and Human Resources Manager) reviews all general organisation issues, providing a link between the Council and the staff.

Chief Executive David Adamson			
Human Resources Henry Pipkin	Group Manager Environment and Community Bruce Halligan	Group Manager Services and Assets Erik Barnes*	Group Manager Customer and Financial Services Bede Carran
	Area Offices Building Control Dog and Animal Control Health Regulation Library Services Resource Management Emergency Management	Beautification Cemeteries Community Centres Community Housing Forestry Parks and Reserves Public Conveniences Roading and Transport Solid Waste Management Stormwater Airports Wastewater Water Supply Work Schemes Stewart Island Electrical Supply Authority (SIESA)	Accounting Services Administration Customer Services District Support Finance Grants and Donations Information Technology Policy Purchasing Rates Records and Archives Strategy and Communication Word Processing Communications

* Erik Barnes was replaced by Ian Marshall as Group Manager of Services and Assets in August 2012

Glossary

Activity: Goods or services provided by or on behalf of Council.

Advocate: Council acts as an advocate when it represents the views of community groups, organisations and residents to a range of organisations such as regional council, and central government.

Annual Plan: Produced in the intervening years between 10 Year Plans. Explains variations from the activities or budgets in the current 10 Year Plan and confirms arrangements for raising revenue for the financial year. It also includes the forecast financial statements and other relevant information for the year.

Annual Report: Reports on the performance of Council against the objectives, policies, activities, performance measures, indicative costs, and sources of funds outlined in the Annual Plan and the 10 Year Plan.

Asset: A resource owned by the Council such as roads, drains, parks and buildings.

Asset Acquisition: Capital expenditure on assets. Usually because of extra demand or to improve the level of service provided.

Activity/Asset Management Plan: A long term planning document for managing Council"s assets and activities to ensure capacity to provide a service is maintained, and that costs over the life of the asset are kept to a minimum (e.g. water services).

Assumptions: A statement that is used as the basis for making particular predictions that may or may not occur.

Capital value: The estimated value of land and improvements (that it may realise at sale) assessed for rating purposes.

Catchment: The area of land that collects rain which then flows into a waterway.

Capital Costs: These include transactions that have an effect on the longer term (ie greater than 12 months) financial position of Council. Items include the repayment of loan principal, transfer of funds to reserve accounts and the purchase or construction of assets.

Capital Expenditure: Money spent to build or buy a new asset or to improve the standard of an existing asset.

Capital Financing: This includes transactions that have an effect on the long term financial position of Council. Items include the raising of loan funds and transfers from reserve accounts.

Community Board (CB)/Community Development Area Subcommittee (CDA): People elected to represent a specific community. CB"s are elected every three years by postal vote, CDA"s are elected three yearly at public meetings.

Community Outcomes: A set of aspirations that reflect the communities" desires for economic, social, environmental and cultural wellbeing.

Community Wellbeing: The overall wellbeing of the community including economic, cultural, social and environmental wellbeing.

Contract Standards: The standards defined in specific contracts for service delivery by contractors.

Council Controlled Organisations: Organisations in which one or more local authorities control 50% or more of the voting rights or appoint 50% or more of the directors.

Current Assets: Assets which can be readily converted to cash, or will be used up during the year. These include cash, stock, debtors, and operational investments.

Current Liabilities: Creditors and other liabilities due for payment within the financial year. Public debt to be refinanced within the financial year is excluded.

Delineation: Visual road markings such as marker posts and reflective cat"s eyes.

Design Life: The period of time for which an asset is expected to perform its intended function.

Depreciation: Depreciation is an accounting concept to recognise the consumption or loss of economic benefits embodied in items of property, plant and equipment. Depreciation spreads the cost of items such as property, plant and equipment over their useful lives as an operating expense.

Development Contributions: A contribution from developers to cover the cost of servicing growth.

Differential (Rating): A technique used to „differentiate" or change the relative rates between different categories of rateable land in order to adjust the rating burden on one or more groups of ratepayers.

Distribution of Benefits: The degree or scope to which a Council activity generates benefits of individuals, parts of the community or the District as a whole.

District Plan: A plan under the Resource Management Act 1991 that manages, through objectives, policies and rules, the adverse impact of land uses on the environment of the District. The Southland District Plan became operative on 27 June 2001.

Drinking-water Standards: Standards about drinking-water quality/treatment.

Economic Life: The period of time during which an asset will have economic value and be usable.

Emissions Trading Scheme: An administrative approach used to control pollution by providing economic incentives for achieving reductions in the emissions of pollutants. Creates permits for units of greenhouse pollution that can be traded.

Estimated Remaining Life: The estimated remaining life is an estimation of when buildings or assets would no longer be suitable to use. In the case of buildings, the remaining life of a building is when it is considered no longer suitable for the intended use, even though the building itself may still be structurally sound.

Equity: A financial term, also known as net worth. The total value of assets less total liabilities.

Facilitator: When Council works collaboratively or in partnership with others to organise, encourage or assist in projects or programmes which help to achieve the outcomes for the District, it acts as a facilitator.

Fixed Assets: These consist of land and buildings and infrastructural assets including sewer and water systems, and the transport network. Sometimes referred to as capital assets.

Funder: Council"s funding role includes funding of core business and providing financial assistance to a range of organisations for various projects and programmes through grants.

Funding Impact Statement: A document that includes information that discloses revenue and financing mechanisms and indicates the level or amount of funds to be produced by each mechanism.

Infrastructural Assets: Infrastructural assets are utility service networks, ie water, sewerage, stormwater and roading. They also include associated assets such as pump stations, the treatment plant, streetlighting and bridges.

Impairment: Where the book value of an asset exceeds its recoverable amount - can be caused by such things as a decline in market value.

Improved Value: The estimated value of improvements (that it may realise at sale) assessed for rating purposes. Does not include the value of any land.

Investment Policy: A document that states Council's policies in respect to investments.

Iwi: People or tribe.

Key Performance Indicators: The measures by which Council"s performance is assessed. Council uses these measures when reporting on how it has performed in its various activities.

Land Value: The estimated value of land (that it may realise at sale) assessed for rating purposes. Does not include the value of any improvements.

Levels of Service: The defined quality for a particular activity or service area against which performance may be measured. „Levels of Service" usually relate to quality, quantity, reliability, responsiveness, environmental acceptability and cost.

Liability Management Policy: A document that states Council's policies concerning the management of both borrowing and other liabilities.

Lifelines: Lifelines are the essential infrastructure and services that support the life of our community - utility services such as water, wastewater and stormwater, electricity, gas, telecommunications, and transportation networks including road, rail, airports and ports.

Local Authority: A regional, district or city council.

Local Government Act 2002 (LGA 2002): The Local Government Act 2002 received royal assent on 24 December 2002. It is the primary legislation that governs Council"s operations and actions.

Monitor: Council has a monitoring role under the LGA to monitor and report three yearly on the progress made towards achieving community outcomes.

Non-Cash Expenditure: Expenditure that is identified for accounting purposes, but for which no cash (such as rates) are collected to pay for it, e.g. depreciation. Southland District Council pays for capital expenditure projects each year instead of accumulating depreciation funding for replacements in the future.

Operating Expenditure: Money spent to deliver a service, maintain an asset, or any other expenditure, which does not buy, or build on, a new asset.

Operating Revenue: Money earned through the activities in return for a service provided, or by way of a grant or subsidy to ensure particular services or goods are provided. For example, New Zealand Transport Agency subsidies, rental income, permits and fees.

Operating Surplus/(Deficit): The expressions "operating surplus" and "operating deficit" are accounting terms meaning the excess of income over expenditure and excess expenditure over income respectively. Income and expenditure in this context exclude "capital" items such as the receipt or repayment of loans, the cost of capital works and transfers to and from reserves. An operating surplus/deficit is inclusive of non-cash items such as income and expenditure owing but not paid and depreciation.

Optimisation Strategies: Looking at ways to get the most out of assets.

Outcomes: See Community Outcomes.

Pavement: Paved surface usually either a footpath or description of seal on a roadway.

Period of Benefits: Time over which the benefit of engaging in a Council activity will occur. If required by statute, the activity's period of benefit may be ongoing as opposed to finite.

Potable: Suitable for drinking.

Rates smoothing: Averaging out year by year changes in the rates required to establish a consistent percentage change needed over the 10 year period to fund the required programme.

Rehabilitation: Rebuilding of a road and restoring it to the original slope and natural drainage patterns.

Regulatory role: Council has a regulatory role as it operates under and enforces a range of legislation.

Renewal: Restore to a new condition.

Resealing: Putting a new layer of seal on a road. Involves spraying bitumen over existing sealed sections, and then applying a surfacing layer to help maintain resistance to water and cracking.

Resources: These are the assets, staff and funds needed to contribute to the activities of Council including goods, services and policy advice.

Reserves (financial): Monies held for specific purposes either for Council or on behalf of local communities.

Residual Waste: Remaining waste material once activities to reduce, re-use, recycle, recover and treat have been undertaken.

Reticulated: Piped networks.

Revenue and Financing Policy: A comprehensive policy stating how each activity of Council is to be funded - from rates, user charges, subsidies, other income or a combination of these. It also includes details of the various rating mechanisms used by Council.

RMA: Resource Management Act 1991.

Rural Water Supply (RWS): This is an untreated supply which is provided primarily for stock-water.

Service Provider: Council provides services as required by law, e.g. sewerage, or by community mandate, e.g. parks.

Scheme Capital Recovery: Payment towards capital project/expenditure (generally related to a water or wastewater scheme).

Shared Services Forum: This is a collaborative arm of the four councils in Southland (Southland District Council, Gore District Council, Invercargill City Council and Environment Southland). The forum is made up of representatives of each Council who meet regularly to discuss common issues and opportunities for inter-Council collaboration.

Significance: The degree of importance attached by Council to an issue, proposal, decision or other matter in terms of its likely impact on the wellbeing of the district.

Significance Policy: Sets out how Council determines how significant a project or decisions are and therefore the level of consultation and analysis required.

Significant Decision: A Council decision that has a high degree of importance in terms of economic, social, environmental or cultural wellbeing.

SOLGM: Society of Local Government Managers.

Special Consultative Procedure: A process required by the Local Government Act 2002. This sets out a series of steps that a local authority must take when consulting on certain types of decisions.

Statutory/Legislative Requirements: Requirements identified and defined in law.

Survey - Residents: The residents" survey involves approximately 3,000 questionnaires posted to residents in Southland and undertaken by an independent market research company. The survey is a key source of information on resident perceptions and satisfaction with Council services and is carried out three yearly.

Survey - User (Key User): A targeted survey of customers or people who use a service. These surveys may use a variety of methods and have various timing.

Sustainable Development: Endeavouring to balance the social, cultural, economic and environmental objectives for both future and current generations in Council"s planning processes, decision-making and operations.

10 Year Plan (Long Term Council Community Plan or LTCCP): A 10 Year Plan sets out Council"s response to community outcomes and how Council will manage its finances and the communities" resources. The requirement for the Long Term Plan was introduced by the LGA 2002. The first Long Term Plan was adopted on June 2004 as required by the LGA 2002.

Territorial Authority: A city council or a district council.

Vested Assets: Vested assets are the assets which are given to Council by developers at the completion of their development, such as roads, water, sewerage and stormwater reticulation.

Wellbeing: In this document wellbeing includes the social, economic, cultural and environmental aspects of a community. The community outcomes are factors of wellbeing.

People First

Southland District Council

Te Rohe Pōtae O Murihiku

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